

SCS Global Services Evaluation of Groupe Savoie Inc. Compliance with the SBP Framework: Public Summary Report

Second Surveillance Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.4

*For further information on the SBP Framework and to view the full set of documentation see
www.sbp-cert.org*

Document history

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1 Overview

CB Name and contact: SCS Global Services, 2000 Powell St. Ste 600 Emeryville, CA 94608

Primary contact for SBP: *Sarah Harris, SHarris@scsglobalservices.com*

Current report completion date: 06/Mar/2019

Report authors: Theodore Brauer

Name of the Company: Groupe Savoie Inc.

Company contact for SBP: Danny Perron

Certified Supply Base: New-Brunswick, south-eastern Québec, Ontario, Nova Scotia and Prince Edward Island in Canada and states of Maine, Connecticut, Vermont, New Hampshire, New Jersey, New York, Massachusetts and Pennsylvania in the United States

SBP Certificate Code: SBP-04-05

Date of certificate issue: 06/Jun/2017

Date of certificate expiry: 05/Jun/2022

This report relates to the Second Surveillance Audit

2 Scope of the evaluation and SBP certificate

This certificate covers production and distribution of wood pellets, for use in energy production, at Groupe Savoie Inc. pellet mill and road transportation to port facility Port of Belledune for storage, aggregation and seafaring vessel loadout. The scope of the certificate does not include Supply Base Evaluation.

3 Specific objective

The specific objective of this audit was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The following critical control points were identified and evaluated:

- Processes for procurement and processing, transport and storage
 - o Review of supplier documentation and observations during facility walkthrough, interview with staff
- Volume accounting method
 - o Review of credit accounts and production reports, interview with staff
- Documentation of transactions
 - o Review of sales documentation and DTS, interview with staff
- Energy data collection and reporting
 - o Review of SAR and energy invoices, interview with staff

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

Not Applicable

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Groupe Savoie Inc. manufactures industrial wood pellets for export to European power utilities and residential wood pellets for domestic markets. Groupe Savoie's main operation site is located in Saint-Quentin, New Brunswick (N.B.) Canada, where a pellet mill, two sawmills, a components plant, a pallet plant and dry kiln are located. Groupe Savoie also operates a component plant and a dry kiln in Kedgwick, N.B., one pallet production and recycling plant in Moncton, N.B., and one sawmill in Westville, Nova-Scotia. The organization sources primary material, such as tree tops and branches through external suppliers and secondary material such as sawdust, shavings and bark through their own operation and from other sawmills. Feedstock for the pellet mill is composed mainly of primary feedstock from the province of New-Brunswick. To a lesser extent, feedstock is sourced from south-eastern Québec, Ontario, Nova Scotia and Prince Edward Island in Canada and the New England states of Maine, Connecticut, Vermont, New Hampshire, New Jersey, New York, Massachusetts and Pennsylvania. Groupe Savoie's sawmill residuals (sawdust, shavings and bark) and forest operation residuals (branches and tops) are the primary feedstock for the Saint-Quentin wood pellet plant. All feedstock is sourced through Groupe Savoie's PEFC Chain of Custody certificate which covers PEFC certified input as well as PEFC Controlled sources, which are sourced through a risk assessment. Both PEFC certified material and PEFC controlled sources constitute input for pellet production. The organization operates a PEFC chain of custody percentage-based method with volume credit method and has sufficient credit to sell all pellets with an SBP-compliant claim. The organization transports pellets from the Saint-Quentin plant to the port Belledune where they are stored in a warehouse. The pellets changes ownership to Groupe Savoie's customers upon loading of the ship. Transport, unloading, and loading of pellets is outsourced to Eastern Canada Stevedoring. A representative of Groupe Savoie will be witnessing the loading of ships with pellets.

5.2 Description of Company's Supply Base

Groupe Savoie Inc.'s supply base covers the Canadian provinces of New-Brunswick and Québec, Ontario, Nova Scotia and Prince Edward Island and the US states Maine, Connecticut, Vermont, New Hampshire, New Jersey, New York, Massachusetts and Pennsylvania. Primary feedstock is sourced as PEFC certified and PEFC Controlled Sources through external suppliers through the organization's PEFC COC system including a risk assessment in the PEFC DDS. Secondary feedstock is sourced from Groupe Savoie's own sawmills, components and pallet plants and external sawmills and wood processing facilities. Main species that are sourced from the supply base are *Acer saccharum*, *Acer rubrum*, *Betula alleghaniensis*, *Betula papyrifera*, *Populus tremuloides*, *Populus balsamea*, *Fagus grandifolia* and *Fraxinus* spp. The supply base covers both crown lands (state owned land), private land industrial freehold and federal lands.

5.3 Detailed description of Supply Base

The following list provides a few summary statistics of the supply base. Please refer to the BP's Supply Base Report for more information.:

Primary Feedstock:

Certified to an SBP-approved Forest Management Scheme: 93.70% (2018)

Not certified to an SBP-approved Forest Management Scheme: 6.30% (2018)

Volume of feedstock:

Total: 130 191 metric tonnes (2018)

Primary: 13 368 metric tonnes (2018)

5.4 Chain of Custody system

The organization uses the PEFC COC system as their underlying COC system for SBP. The organization operates the percentage-based method for controlling PEFC claims based on volume credits. Groupe Savoie also verifies PEFC Controlled Sources through a DDS including a risk assessment covering the aforementioned provinces and states in Canada and the US and additional ones. The organization operates a scale where all incoming material is weighed and registered. Upon receipt a transportation certificate is issued which constitutes a legal document. This document lists the supplier, delivered quantity, the origin of the material and –if applicable- the name of the primary wood processor. Received volume and claim are entered into the PEFC credit account. The origin of the material is indicated as codes that represent a certain area in the supply base. A PEFC credit account is used to account for volumes sold with PEFC and SBP claims. Sales of SBP-compliant biomass are deducted from the PEFC credit and the organization covers all their sales of SBP-compliant biomass via their PEFC credits. The BP has implemented comprehensive procedures covering all aspects of the COC system. SBP procedures are integrated within the PEFC procedural system. The COC system is administered by the Quality & Process Improvement Manager. The organizations PEFC management system and procedures were previously evaluated by another certification body and no nonconformities were identified

Since material is tracked via a credit account, PEFC certified and controlled sources material is not kept separate on site. Outgoing pellets are loaded onto trucks and are weighed on the scale. The transportation certificate gets entered into the credit account and is subtracted from the credits. Transportation Supplier declarations, signed by both parties are in place.

6 Evaluation process

6.1 Timing of evaluation activities

Site Name or Location:	251 Route 180, Saint-Quentin, NB E8A2K9 Canada	
Date and Time of Audit:	DAY 1: 10:00 AM – 20-February-2019	
Audit Activity	Items to Review / Actions	Approx. Start Time
Opening meeting	Introductions, auditor review of audit scope, audit plan and intro/update to SBP, FSC, and SCS standards and protocols, client description of organization	10:00 AM
Review of CoC/SBP procedures, products and material accounting	Written procedures, work instructions, feedstock description (see ID 5B section 4), product group list, accounting system (transfer, percentage or credit; physical separation, percentage method)	10:30 AM
Lunch		12-1 PM
Evaluation of trademarks	Review of auditor-selected sample of SBP and/or SCS on-product and/or promotional trademark uses; review of any on-site trademark uses such as banners, posters, entryway signs	1:00 PM
Review of material balances and records	Auditor-selected sample of the following: material tracking system, summary of purchases and sales, invoices, shipping documents, training records, outsourcing agreements, other applicable SBP/CoC systems, procedures and records, tracebacks from certified outputs to eligible inputs	2:00 PM
Walkthrough of facility	Review of physical inputs and outputs, material receipt, processing, storage, credit account (if applicable), sale, and overall control. Verify GHG inventory.	2:30 PM
Verification of calculations and transactions	Auditor-selected sample and verification of calculations for conversion factors, percentage claims, and credit accounts, as applicable, review of DTS transactions	3:00 PM
Brief summary of DAY 1		5:40
End of DAY 1		6:00 PM
Site Name or Location:	251 Route 180, Saint-Quentin, NB E8A2K9 Canada	
Date and Time of Audit:	DAY 2: 8:00 AM – 21-February-2019	
Audit Activity	Items to Review / Actions	Approx. Start Time
SBP ST 5, ID5A, ID5B, & ID5C	Review of GHG data collection	8:00 AM
Lunch		12-1 PM
Port storage facility	Review of inputs and outputs, material receipt, processing, storage, credit account, sales, GHG inventory verification, interview with port manager.	1:00 PM
Review of nonconformities	<ul style="list-style-type: none"> ▪ Review open nonconformities. ▪ General discussion of nonconformities. 	3:00 PM

Closing meeting preparation	Auditor takes time to consolidate notes and review audit findings for presentation at closing meeting	3:30 PM
Closing meeting and review of findings	Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps	4:00 PM
End		

Participants:

Groupe Savoie:
 Danny Perron, Quality Manager
 Christine Dufour, Accountant
 Pierre Levasseur, OSHA representative
 Anne Lebourque, truck scale administrator
 Jean-Francois Martel, vendor
 Serge Laplante, VP Procurement

Abies Consultants:
 Daniel Martin

SCS:
 Theodore Brauer, lead auditor
 Ciara McCarthy SCS witness auditor

6.2 Description of evaluation activities

The desk review consisted of a review of the Supply Base Report (SBR), Audit Report on Energy and GHG Data (SAR), Static Biomass Profiling Data sheet, PEFC and SBP procedures, OSHA procedures, suppliers list, product groups PEFC certificate validity check and review of last PEFC audit report. These documents were submitted by the organization before the audit.

On-site audit:

The on-site surveillance audit included an audit of the SBR, documented management system, work instructions, training plan and training records, health and safety procedures and commitment, and procedures on collection and communication of greenhouse gas data. The appropriate personnel were interviewed to cover all aspects of the audit and certificate scope and the SBP requirements.

Also included was a tour of the site including a tour of the pellet plant from receiving, storage, hammer mills, dryers, palletisation, cooling, storage to loading. Furthermore, the scale was inspected, and records reviewed at the scale house. The port was not visited during this audit. The BP rents out a warehouse and only SBP-compliant pellets are stored there. The material accounting of the BP is robust and there is no risk of mixing biomass at the port.

The audit methods consisted of review of documentation, records, websites, emails, databases and staff interviews. The site tour and visits were evaluated by review of documentation, monitoring results, observations, and interviews.

6.3 Process for consultation with stakeholders

No stakeholder consultation has been performed for the surveillance audit by BP or SCS.

7 Results

7.1 Main strengths and weaknesses

The organization has a very comprehensive and detailed management and procedural system in place which covers all aspects of the SBP audit scope and the underlying PEFC chain of custody certification. The databases to keep track of qualitative and quantitative information are well managed, readily accessible and featured all information as requested by the auditor. Procedures, commercial documentation, records on paper were also easily accessible throughout the audit. The interviewed Chain of Custody Administrator has very good knowledge of all processes and requirements needed to achieve conformity to the SBP standards included in the scope of the certificate. All other personnel involved showed good awareness of requirements pertaining to their roles.

Weaknesses and opportunities for improvement have been recorded as nonconformities and observations and are discussed in section 10.

7.2 Rigour of Supply Base Evaluation

Not Applicable

7.3 Collection and Communication of Data

Groupe Savoie is fully committed to collecting and reporting all energy data as required by SBP standards and their customers. The company uses databases and spreadsheet-based programs to collect the data and will communicate those to the client in form of the SAR and Static Biomass Profiling Datasheet (SBPD). The Quality & Process Improvement Manager is responsible for maintaining and collecting energy data and is supported by staff.

7.4 Competency of involved personnel

The SBP management administrator has several years of managing the PEFC Chain of Custody, the SFI Fibre Sourcing and other certifications for Groupe Savoie. He was very knowledgeable of SBP requirements and manages most of the aspects of the certification. He manages clean and comprehensive databases of records and data pertaining to the SBP and PEFC certifications. All other personnel involved showed good awareness of PEFC and SBP requirements pertaining to their roles. Regarding SBP, the organization is consulted by Daniel Martin (Abies Consultants Inc.) who has several years of experience in forestry in the region and different forestry management certifications, such as FSC, PEFC, SFI and SBP.

7.5 Stakeholder feedback

No stakeholder feedback has been received or come to the attention of SCS.

7.6 Preconditions

Not Applicable

8 Review of Company's Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB's final risk ratings in Table 1, together with the Company's final risk ratings. Default for each indicator is 'Low', click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

Not Applicable

9 Review of Company's mitigation measures

Not Applicable.

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- applicable requirement(s)
- grading of the non-conformity (major or minor) or observation with supporting rationale
- timeframe for resolution of the non-conformity
- a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

NC number 1	NC Grading: Minor
Standard & Requirement:	SBP ID 5B, 5.5.2 and 5.5.1
Description of Non-conformance and Related Evidence:	
The electricity consumption for the Granule Burner was incorrectly reported for May 2018. The invoice indicates a total consumption of 475,654 kWh but was recorded as 430,675 kWh “2018 pellet plant electricity consumption” datasheet. Consequently, the total electricity consumption in the SAR is incorrect. Review of the 2018 – Pellet Plant Electricity consumption, May 2018 electricity invoice, and SAR. Review of the 2018 Pellet Plant Electricity consumption, May 2018 electricity invoice, and SAR.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Review of updated SAR and “2018 Pellet Plant Electricity Consumption” datasheet
Findings for Evaluation of Evidence:	The organization corrected the electricity consumption on the SAR to 9,576,681 kWh.
NC Status:	Closed

NC number 2	NC Grading: Minor
Standard & Requirement:	SBP ID 5A, 2.2.5 & 2.2.6

Description of Non-conformance and Related Evidence:	
The SDI are in the form: SBP-XX-YY-ZZ. However, ZZ has been not been allocated in ascending linear numerical order. The organization the went from 01 to 18 (04-05-01 to 04-05-18). The organization misunderstood that ZZ could represent the year the SAR is approved. Review of the SAR and DTS transaction report.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Review of updated SAR
Findings for Evaluation of Evidence:	Review of updated SAR. The organization corrected the 2018 SDI to 04-05-03. The SDI stated in Section C on page 33 is not identical to the one stated on the top page of the SAR. Also in the static biomass profiling datasheet, the incorrect or outdated SDI is used. CAR remains open.
NC Status:	Open

NC number 3	NC Grading: Observation
Standard & Requirement:	SBP ID 5A, 2.3.1
Description of Non-conformance and Related Evidence:	
The organization is not communicating Dynamic Batch Sustainability Data to end-users (EU Member States) but completed part 4 of the SAR. Part 4 of the SAR is not applicable and could create confusion to end-users in the future. Review of the 2018 SAR – Part 4	
Timeline for Conformance:	Other Optional
Evidence Provided by Company to close NC:	Updated SAR
Findings for Evaluation of Evidence:	The organization removed the data in Part 4 of the SAR.
NC Status:	Closed

NC number 4	NC Grading: Observation
Standard & Requirement:	SBP IN 2C, 4.1

Description of Non-conformance and Related Evidence:	
In section 2.4 of the SBR, information about the supply base that is located in the US is not included in the table, however, the supply base is correctly described and quantified in section 2.1.	
Timeline for Conformance:	Other Optional
Evidence Provided by Company to close NC:	
Findings for Evaluation of Evidence:	
NC Status:	Open

NC number 5	NC Grading: Minor
Standard & Requirement:	SBP ID 5B 4.2.1
Description of Non-conformance and Related Evidence:	
The feedstock with ID # "TERTIARY FEEDSTOCK" on page 11 of the SAR has been incorrectly classified as primary feedstock under 1)TYPE	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Sebastian Häfele
Date of decision:	07/Mar/2019
Other comments:	The submission of the SAR and SBPD to approval is contingent upon the correction of the issues identified in the nonconformities.