SCS Global Services Evaluation of Altus Renewables Limited Compliance with the SBP Framework: Public Summary Report

Third 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

Version 1.0: published 26 March 2015

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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:	Maggie Schwartz, mschwartz@SCSglobalservices.com
Current report completion date:	15/Mar/2020
Report authors:	Ciara McCarthy
Name of the Company:	Altus Renewables
Company contact for SBP:	David Valentine
Certified Supply Base:	Queensland, Australia
SBP Certificate Code:	SBP-04-08
Date of certificate issue:	11/Oct/2017
Date of certificate expiry:	10/Oct/2022

This report relates to the Third Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope of the evaluation: The evaluation included on-site visits and walkthroughs of the Tuan pellet mill in and the port of Bundaberg. It included a review of the BP's management system as it pertains to fulfil the SBP requirements via interview with appropriate staff, record and database review and visual observations on-site.

Certification scope: This certificate covers the production and distribution of wood pellets, for use in energy production, at Altus Renewables Limited, Tuan mill and transportation to and temporary storage and sea-faring vessel loadout at the Port of Bundaberg. The scope of the certificate does not include Supply Base Evaluation.

3 Specific objective

The specific objective of this evaluation 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.

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 in this region.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Altus Renewables Limited ("Altus" or "Company") operates a single wood pellet production facility located in the Tuan Plantation Forest resource approximately 15km southeast of the town of Maryborough, Queensland. The Tuan plant was built adjacent to one of Australia's largest softwood sawmills owned by Hyne and Son Pty Ltd. Altus' fibre (SBP-compliant Secondary Feedstock) is procured directly from the sawmill in the form of sawdust and wood shavings using a series of conveyors and storage silos.

5.2 Description of Company's Supply Base

Due to the Tuan plants raw material utilisation profile, Altus' fibre procurement catchment indirectly includes the coastal region of southeast Queensland, Australia stretching from the town of Bundaberg in the north to the city of Brisbane in the south. This region supports a large area of intensively managed softwood plantations which are owned and managed by Hancock Queensland Plantations Pty Ltd (HQPlantations).

This region is unique in that there is only one significant owner of plantation forests in the region. HQPlantations holds a 99-year Plantation Licence to manage, harvest and re-grow plantation timber on Government-owned lands in Queensland. HQPlantations manages 339,436 hectares of land of which 209,358ha is utilised (or planned) for softwood and hardwood plantation production. Each year some 2.5 million tonnes of wood is available for harvesting for sawn timber, plywood, reconstituted panels and woodchip products fordomestic and international markets.

HQPlantations meets environmental, social and economic criteria and requirements for wood production as specified in the following standards:
• Australian Forestry Standard for Sustainable Forest Management (AFS) AS 4708 - 2013; and
• Forest Stewardship Council (FSC) Principles and Criteria for Forest Stewardship (FSC International Standard FSC-STD-01-001).

Southern Pines

Southern Pines are grown for sawlog production over a 26-28 year rotation. A typical silviculture regime is as follows:
• 3 year tactical harvest plan sets out areas scheduled for harvesting and re-establishment and identifies any key planning considerations that may be required such as major roading projects, social impact assessments, planned nursery stock/seed demand;
• Operational planning commences 12 months prior to harvesting, on a site by site basis, how a plantation will be harvested and re-established with regard to a range of legislative, environmental, social and economic criteria;
• Site preparation, with a focus on debris retention and minimal inputs needed for effective establishment. Where possible, re-planting occurs along existing mounds or rows;
• Pre-plant tending, typically via aerial herbicide application;
• Hand planting when soil moisture is acceptable;
• Survival counts and refilling where required;
• A single fertiliser application within the first 12 months on some sites depending on soil type and past fertiliser history; and
• Post plant weed control using a combination of chemical and mechanical techniques. Generally, weed control occurs within the first 12 months plus a later age tend if woody weeds are a problem.

Araucaria

On the best sites, Araucaria is grown for high value clearwood over a 45-50 year rotation. Elsewhere, a standard sawlog regime is favoured. A typical silviculture regime is as follows:

• Tactical and operational planning as for Southern Pines;
• Site preparation, with a focus on maximum debris retention and minimal inputs needed for effective establishment;
• Pre-plant tending, typically via aerial herbicide application;
• Hand planting when soil moisture is acceptable;
• Fertiliser is generally not required, except on specific sites (e.g. compacted ramp sites);
• Post plant weed control using a combination of chemical and mechanical techniques. Generally, two to three treatments are applied within the first 12 months plus one or two later age treatments for access, woody weed control or to reduce habitat suitability for rats which can damage young plantations. Araucaria can tolerate a number of herbicides that are used to target a wide weed spectrum, allowing post plant aerial spraying to occur. This has significant H&S and economic benefits, especially on steep slopes where access is difficult;
• On high productivity sites (typically the best 15 percent depending on location and terrain), pruning is carried out on the most vigorous, straight 350 to 400 stems per hectare at age 10-12 years, to a height of 4.8m; and • Pre-commercial thinning (PCT), involving the early removal of unpruned stems, at around pruning age,

occurs on areas that are pruned to encourage clearwood production on the pruned section of the remaining stems. Unpruned stands are grown on until clearfall (i.e. no commercial thinning). For older stands that did not receive PCT, commercial thinning is an option, subject to access constraints and market conditions.

Hardwoods

Hardwood plantations are being established to produce high value timber products, including sawlogs, roundwood and composite products. Current plantations are still too young to harvest. The expected rotation age is around 25 years. As a consequence, suitable processing facilities have not yet been established. A typical silviculture regime is as follows:

• Tactical and operational planning as for Southern Pines;
• Site preparation typically involves some form of row cultivation on the contour as soils tend to be hardsetting;
• Pre-plant weed control involves combinations of slashing and herbicide application. Knock-down and residual herbicides are applied to row lines, or as an overall spray to control vigorous weeds;
• Hand planting occurs under favourable soil moisture and weather conditions;
• Fertiliser is applied within 3 months of planting. The main deficient element on hardwood sites is phosphorus, with boron, zinc and, to a much lesser extent, potassium and copper on specific sites. The type and rate of fertiliser applied varies based on results of soil analyses. Remedial fertiliser application may be applied later in the rotation if nutritional disorders are detected;
• Post plant weed control occurs using a combination of chemical and mechanical techniques. Generally, 2 to 3 treatments are applied within the first 12 months on ex-grazing or cultivated sites;
• Form pruning may be undertaken when plantations are young to maximise the number of trees that have a single leader;
• On some sites, pruning occurs in two lifts (ground pruning and carry up pruning to a height of 6m); and
• On productive areas pre-commercial thinning is generally carried within 1-2 years of pruning to remove unwanted stems and maintain residual stem vigour and stocking; the remainder is grown on until clearfall.

Plantation management aims to produce a range of forest products including sawlog, plylog and pulpwood. Options exist in managing the crop in regard to thinning and age of events. Such options can be utilised to enhance product development, stand health and commercial results.

Clearfall typically occurs at age 26 to 28 years for Southern Pines. For Araucaria, clearfall age is around 50 years, although 40–45 years is targeted for areas planted with improved genetic stock that have grown under a low stocking regime from an early age. Harvesting of hardwood plantations is still some years away.

Harvesting is conducted within environmental guidelines to limit on and off-site disturbance and to maintain site productivity. Guidelines relate to implementation of buffer zones, limits on the placement of harvest extraction tracks, restrictions on locations where log processing can occur and guidelines on tree felling adjacent to sensitive areas such as native forests.

Most harvesting operations are fully mechanised and provide highly productive and safe work environments. Exceptions occur in some older plantations and on difficult terrain where either tree size or access is beyond safe machinery capabilities. In these cases, felling and/or log making occurs manually with chainsaws.
The key harvesting systems fall broadly into two categories:
• Ground-based harvesting; and
• Cable harvesting.
Selection of the appropriate system for a particular plantation unit is based on consideration of:
• environmental impact;
• customer requirements;
• cost;
• safety; and
• productivity in relation to terrain, slope and soil conditions.

Ground based harvest systems vary from long or tree length harvest to cut-to-length forwarder based operations. These systems utilise low ground pressure and other modern harvesting machinery and integrated harvesting systems (mechanical falling, processing, forwarding, loading and hauling) to minimise site disturbance and maximise operational flexibility during wet conditions. Cable extraction or shovel logging systems that utilise specialised equipment on a level-swing excavator are used on sites too steep for standard ground based systems.

It is a requirement for harvesting operators to demonstrate competency from a safety, environmental and operational perspective. Contractors are expected to operate with a high degree of self-management and to embrace these commitments by providing a high standard of production and operating performance.
Timber harvesting is carried out by contractors directly engaged by HQPlantations and by contractors engaged by log purchasers.

The scope of this certification is sustainable forest management operations associated with plantation and custodial lands managed by HQPlantations. This includes the major plantation assets under Plantation Licence as well as HQPlantations' freehold properties, joint ventures and land rentals.
HQPlantations defined forest area comprises:
• 203,582 ha (61%) of plantation production land, including land to be planted; and
• 129,199 ha (39%) of custodial lands (comprising buffer areas of mainly native forest) and infrastructure such as roads and forest offices.
In 2015-16, the direct value of output generated by the Queensland forest industry at the point of sale of primary processed products was $743 million, increasing to $1,762 million when flow-on effects generated in other industries as a result of spending by the forest industry are included. This total included $432 million in the South East, $112 million in the Southern, $775 million in the Wide Bay Burnett, $60 million in the Central and $70 million in the Northern region. The forest industry in Queensland generated a total of 3,661 direct jobs up to the point of primary processing in 2017. A further estimated 5,137 further direct jobs were generated by secondary processing activities that use wood and fibre products both from the Queensland forest industry and imported from interstate or overseas (as of August 2016), based on data from the ABS Census.

Prevalent land use includes Conservation and natural environments 8.20 %, Grazing native vegetation 60.98, Production forestry 11.37 %, Production from dryland agriculture and plantations 34,023 4.87 %, Agricultural Intensive uses 10.6 %.

5.3 Detailed description of Supply Base

a. Total Supply Base area (ha): 332,781 Ha
b. Tenure by type (ha): 332,781 Ha Leased (Government owned)
c. Forest by type (ha): 332,781 Ha Subtropical
d. Forest by management type (ha): 203,582 plantation/managed
otary Dryer
e. Certified forest by scheme (ha): 332,781 PEFC certified forest

Feedstock

f. Total volume of Feedstock: tonnes or m3 – 53,933 tonnes (July 18 – June 19)
g. Volume of primary feedstock: tonnes or m3 – 0m3
h. List percentage of primary feedstock (g) - Not applicable
i. List all species in primary feedstock, including scientific name – Not applicable
j. Volume of primary feedstock from primary forest – Not applicable
k. List percentage of primary feedstock from primary forest (j) - Not applicable
l. Volume of secondary feedstock: specify origin and type –53,933 mt wood residue from Hyne sawmill and AKD, Caboolture sawmill.
m. Volume of tertiary feedstock: specify origin and composition – Not applicable

Please refer to the company's SBR on the SBP website https://sbp-cert.org/certificate-holders/altus-renewables-limited-sbp-04-08

5.4 Chain of Custody system

Altus has an adequate management system and documented procedures to determine feedstock compliance to SBP requirements. The organization uses its PEFC Chain of Custody certificate as a base for its SBP certificate. All secondary feedstock, is tracked from the place of harvesting, through the pellet mill, and to the port.

Feedstock is brought in via conveyor belts linked to Hyne Sawmill. After pelletizing the material is loaded onto a truck to the Port of Bundaberg to be loaded onto a ship. Altus owns their own storage facilities at the port. The legal point of sale is at the loading of the vessel, GHG information is gathered to that point. Altus uses detailed Excel sheets to gather and control information related to feedstock, such as supplier name, scale tickets, input type (sawdust / shavings), certification.

The moisture content is analyzed per shift. Weight scales are available at different stages in the process, among others the conveyor belts linked to the sawmill. Truck tickets available for all truck loads transported to Bundaberg Port, based on weigh bridge information. The combination of methods employed by the company allow tracking and tracing of input and output volumes. The organization does not intend to use SBP Trademarks, but might do so in future.

6 Evaluation process

6.1 Timing of evaluation activities

The third surveillance evaluation occurred 9th and 10th March 2020. The auditor evaluated supply base, COC, and GHG emission points and data at Altus Renewables Ltd in Tuan pellet mill through observation, documentation and record review, and interviews with staff. The Port was visited first to confirm end-point chain of custody (COC) and Greenhouse Gas (GHG) measurement points. The audit team presented its findings during a closing meeting with the BP's representative on the final day. The audit team consisted of Ciara McCarthy as lead auditor and Graeme Lea as trainee auditor. The audit team met with David Valentine and other personnel including the plant manager, customer service representative, accountant, quality and safety coordinator, control Room Operator, site Supervisor Belledune and Quality Assurance Technician.

	Start time
Day 1, March 9, 2020	
Opening meeting	10.30
Review of previous nonconformities	11
Review of SBP procedures, products and material accounting	11.15
Review of material balances and records	
Walkthrough of facility	12
Staff interviews	13.15
LUNCH Break	14
Verification of calculations	15
SBP ST 5, ID5A, ID5B, & ID5C	16.15
End of day closing meeting and review of findings	16.30
Day 2 March 10, 2020	
Travel to port	7.30
Port Facility Walkthrough	9.30
Evaluation of trademarks	10.30
Closing meeting preparation	10.45
Closing meeting and review of findings	11

6.2 Description of evaluation activities

The onsite audit included evaluation of the documented management system, collection and communication of energy data, chain of custody system, material procurement, monitoring activities, and Supply Base Evaluation. Audit methods consisted of observation of harvest sites, pellet mills, transport activities and port facilities, review of documentation (e.g., studies, assessments, surveys, monitoring records, websites, emails, databases, etc.), and interviews. Critical control points for material procurement and handling, and GHG emissions were evaluated at all sites visited.

6.3 Process for consultation with stakeholders

SCS relies on its Master Stakeholder List, which contains stakeholders that are identified by type, e.g. ENGO, Government/regulatory, Educational/Academic, Industry, Indigenous/Aboriginal/Tribal, etc. This list is categorized by country and state/province at the very least, and for any consultation would be filtered to omit any stakeholders that are not geographically relevant to the certificate-holder/applicant's supply base. SCS did not conduct a stakeholder consultation prior to the audit date. No other comments were received or came to the attention of SCS or the auditor.

7 Results

7.1 Main strengths and weaknesses

The strength of BP's program is the integration of SBP requirements into its existing fibre sourcing management system and procedures designed to meet requirements of applicable laws and regulations in the supply base and the requirements of PEFC CoC Standard

The BP has the organizational capacity to systematically meet performance objectives and SBP requirements based on the elements of the SBP Standards that were tested. Weaknesses were identified as nonconformities and reported in section 10.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Collection and Communication of Data

The BP collects and reports all GHG emissions data deemed necessary by its customers and regulators. The BP uses proprietary software to collect and communicate data, and records data in SBP Audit Report on Energy and GHG data (SAR). At the audit, there were nonconformities issued to SBP Standard 5 and associated Instruction Documents (see section 10).

7.4 Competency of involved personnel

Altus Renewables assigned personnel with appropriate skills and competency to implement and execute the management and control systems relating to SBP compliance. Staff interviewed during the assessment were found to be knowledgeable of the SBP requirements. Additionally, a consultant competent in forestry supply chains, forestry practices and SBP was involved with the internal auditing process.

7.5 Stakeholder feedback

None received.

7.6 Preconditions

No preconditions were issued.

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.

No supply base evaluation undertaken.

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 01	**NC Grading:** Major
Standard & Requirement:	Section ST 5, 5.1 & ID 5E, 6.2.6
Description of Non-conformance and Related Evidence:	
Organization developed SAR from captured data throughout the process. No value was provided for lower heating value, and diesel consumption was not recorded in the correct section of the SAR. Full invoice information on diesel consumption was not available at audit and data behind the SAR.Th	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 02	**NC Grading:** Minor
Standard & Requirement:	ID 5E, 6.1.1
Description of Non-conformance and Related Evidence:	
A new version of the SAR template with updated logo was approved by SBP since the audit took place and available on the SBP website.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date

Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 03	**NC Grading:** Minor
Standard & Requirement:	ID 5E, 6.2.1
Description of Non-conformance and Related Evidence:	
The start date exceeds 18 months before the audit onsite closing meeting date as indicated in the SAR.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 04	**NC Grading:** Minor
Standard & Requirement:	IN 2C, 4.1
Description of Non-conformance and Related Evidence:	
Some required information is not included in the SBR: • Section 2.2: socio-economic conditions and profile of adjacent lands	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 05	**NC Grading:** Minor
Standard & Requirement:	ID 5E, 4.1.9
Description of Non-conformance and Related Evidence:	
The BP has not defined an SDI for the end of the BP's factory gate.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
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:	27/Aug/2020
Other comments:	*Click or tap here to enter text.*