



# SCS Global Services Evaluation of Shaw Resources, Belledune Compliance with the SBP Framework: Public Summary Report

Fourth 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](http://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: Maggie Schwartz, mschwartz@SCSglobalservices.com

Current report completion date: 07/Apr/2020

Report authors: Ciara McCarthy

Name of the Company: Shaw Resources (A Division of The Shaw Group Limited) – Belledune Pellet Facility.

Company contact for SBP: Julie Griffiths

Certified Supply Base: Nova Scotia, New Brunswick, Prince Edward Island, Quebec

SBP Certificate Code: SBP-04-15

Date of certificate issue: 15/Nov/2017

Date of certificate expiry: 19/Oct/2021

This report relates to the Fourth Surveillance Audit

## 2 Scope of the evaluation and SBP certificate

This certificate covers the trade and production of wood pellets, for use in energy production, at Shaw Resources Belledune and transportation to the Port of Belledune. It also covers a Supply Base Evaluation for the sourcing of feedstock from south-eastern Québec (QC), New Brunswick (NB) and Nova Scotia.

The scope of the audit included an on-site visit to the pellet mill in Belledune, New Brunswick, Canada, a walkthrough of the Port of Belledune, review of procedures, records and interviews with staff.

### 3 Specific objective

The specific objective of this surveillance audit was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of SBP Standards 2: Verification of SBP-compliant Feedstock, 4: Chain of Custody, and 5: Collection and Communication of Data (including Instruction Documents 5A: Collection and Communication of Data, 5B: Energy of GHG Data, 5C: Static Biomass Profiling Data) are implemented across the entire scope of certification. This was achieved by collecting assessment information, generating assessment findings, preparing the assessment report SBP Public Summary, and verifying the SAR and Biomass Profiling Datasheet through empirical data.

The following critical control points were identified and audited:

- 1) Feedstock procurement. Procurement procedures, PEFC due diligence system and operations were audited. Further information on the critical control point are given in section 5.
- 2) Receiving of feedstock and storage: Material is received at the plant via truck and segregated according to physical characteristics, e.g. sawdust and shavings.
- 3) Accounting of volumes: Accomplished via a PEFC Credit Ledger. See section 5.4 for more information.
- 4) Documentation of transactions. Accomplished via the DTS and invoices
- 5) Collection and reporting of energy and greenhouse gas data. BP is certified to SBP Standard 5 and has been audited to that standard.

## 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

Shaw Resources Belledune manufactures industrial wood pellets for export to European power utilities. The supply base is considered south-eastern Québec (QC), New Brunswick (NB), and Nova Scotia (NS). Primary feedstock (round wood) and secondary feedstock (sawmill residuals) are used in the production of wood pellets in Belledune.

## 5.2 Description of Company's Supply Base

### New Brunswick Forestry

The NB provincial government proclaimed the Crown Lands and Forests Act in 1982; this is the legal foundation for Crown forest management in the province. The Act divides NB's Crown land into 10 timber licences; each license is leased through a 25 year forest management agreement to a large forest based company called a Licensee. On a 5 year cycle, the New Brunswick Department of Natural Resources (NBDNR) will re-assess the forest management practices, and if satisfied, will renew the agreement for another 5 year period. Licensees are required to have a forest management plan that covers a 25 year period that is sustainable for an 80 year planning horizon. The licensees' annual operating plans are reviewed to ensure that all regulations and standards are followed. All forest operations on Crown land are ISO 14001 certified, as well as to a sustainable Forest Management (SFM) System (i.e. CSA, FSC, and SFI). NB is one of the first jurisdictions in the world to require certification of licensee operations.

The provincial government sets the annual allowable cut (AAC) for both Crown and private woodlots based on on-going forest inventory research. Data obtained from aerial photography analysis and ground sample plots chart the province's timber growth and yield. These are updated on an annual cycle using a computerized geographical information system (GIS).

Harvesting from private forest sources is monitored through 1 of 7 regional marketing boards. The marketing boards offer assistance to private woodlot owners with forest management planning; this includes, but is not limited to, calculating timber inventory, defining harvest layout, and developing management plans. The marketing boards will also offer programs that promote sustainable forest management. The provincial government partners with private woodlot owners and marketing boards to fund silviculture treatments. A Landowner Agreement must be signed with the NB Department of Energy and Resource Development (ERD) to be eligible for silviculture treatment on a private woodlot. Any woodlot that has received silviculture funding may be inspected to ensure best management practices (BMPs) and guidelines outlined in the New Brunswick Private Woodlots Silviculture Manual (ERD, 2018) are being followed.

### Quebec Forestry

With the implementation of Quebec's Sustainable Forest Development Act in 2010, the Minister of Natural Resources (MRN) has greater control and responsibility over Crown forest management. This includes maintaining ecosystem-based management plans that maintain ecosystem biodiversity and viability. The MRN offers technical and financial support to woodlot owners that practice sustainable forest management. This support is presented through regional agencies (similar to regional marketing boards in NB) that help with the preparation of a protection and development plan and financial and technical support. Only certified private forests have access to these government programs.

92% of Quebec's forests are publicly owned; ~8% are private forests. By August 2017, 93% of the province's publicly managed forest was SFM certified (FSC or SFI). The Federation of Forest Producers of Québec (Fédération des producteurs forestiers du Québec, FPFQ) is the provincial organization that promotes the interests of the 130,000 private woodlot owners, which includes 35,000 forest producers. There are 13 regional agencies that were formed to help with the protection and enhancement of Québec's private forests.

Municipal by-laws regulate cutting of trees to limit the size of cut blocks and protect riparian zones and sensitive environments. Permits for logging on private lands are required in all municipalities. The Civil Code of Québec provides recourse for logging performed on private property without the consent of the landowner.

### Nova Scotia Forestry

The enforcement of the NS Forests Act on Crown and private lands supports the development of a healthy productive forest capable of yielding high volumes of high quality product. The enforcement division of NSDNR completes regular inspections to harvest sites to enforce the Forests and Crown Lands Acts.

Nova Scotia's Code of Forest Practice is a guide for sustainable forest management (SFM) in the province. SFM is required on Crown lands and highly encouraged on private woodlots in Nova Scotia. The majority of primary wood products supplied to industry are from privately sources. The provincial government develops forest management training programs and financial incentives to further encourage the sustainable use of private woodlots.

The Nova Scotia Registry of Buyers requires businesses to inventory all primary forest products acquired for processing. Registered buyers contribute to a silviculture fund based on a volume of wood acquired basis. The Registry of Buyers' annual report outlines the volumes of wood harvested throughout the province. The registry provides reliable data on market demands and estimates on sustainable harvest levels.

## 5.3 Detailed description of Supply Base

### New Brunswick Supply Base

a. *Total Supply Base Area (ha): Cumulative forest area of all forest types within SB*

6 of the 7 million hectares of land in New Brunswick are forested; 83% of forest cover (NBDNR). The remaining 17% is made up of agricultural and urban areas.

b. *Tenure by type (ha): Privately owned/Public/Community concession*

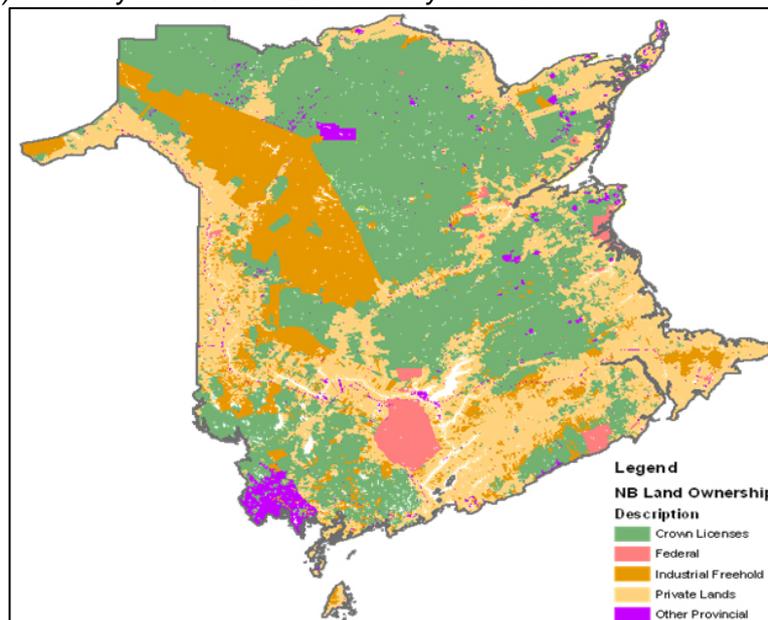


Figure 2 - Map of NB Land Tenure by Type (from [www.nbforestry.com](http://www.nbforestry.com))

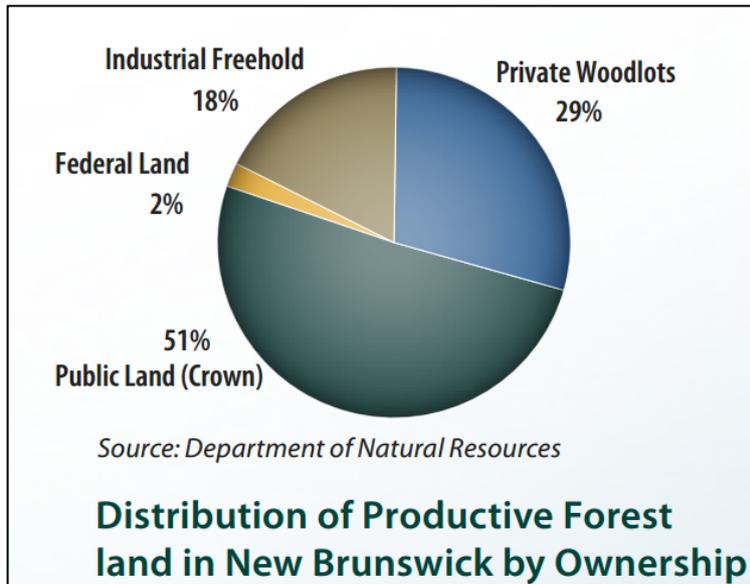


Figure 3 - Tenure by type (from State of the Forest Report, NBDNR, 2008)

c. Forest by type (ha): Boreal/Temperate/Tropical

The maritime provinces are designated as the Atlantic Maritime Eco zone. They are made up of two major regions: Appalachians and coastal plains. About 50% of NB, most of NS, and some regions in QC are made up of Acadian forest. The Acadian forest can be described as a transitional forest between boreal spruce-fir to the north and deciduous forest to the south.

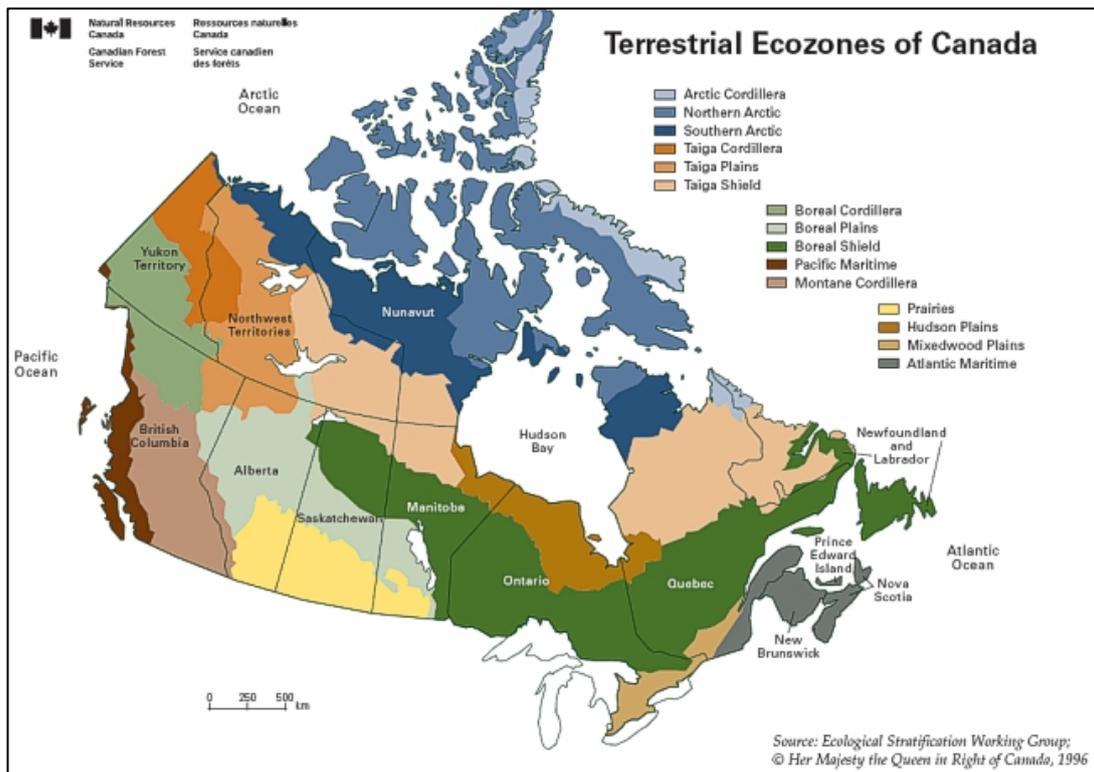


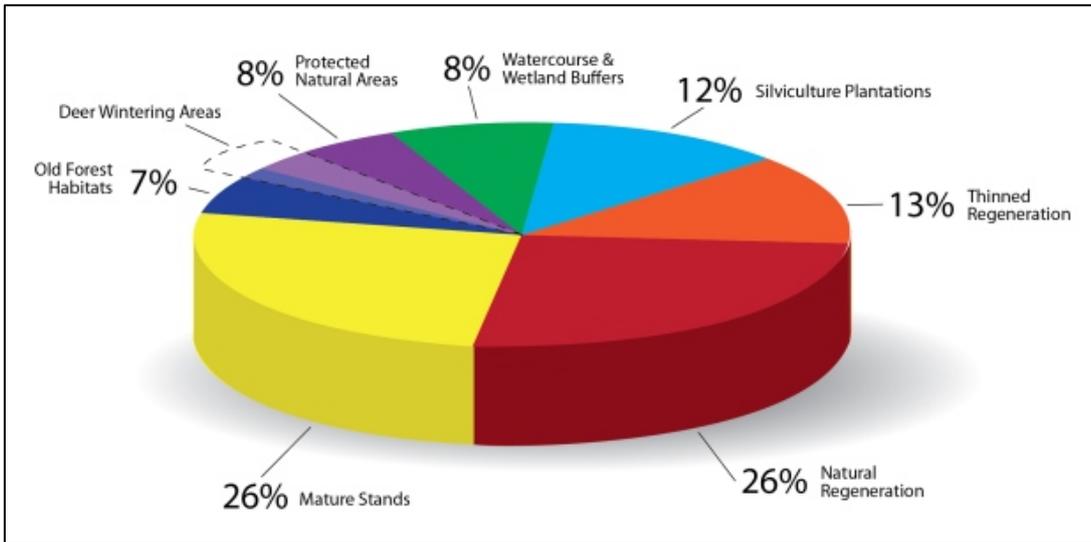
Figure 4 - Eco zones of Canada (from Ecological Stratification Working Group, NBDNR 1996)

d. Forest by management type (ha): Plantation/Managed Natural/Natural

There are 6.1 million hectares of forest in New Brunswick, 3.2 million hectares are Crown and the remaining 2.9 million hectares are private. The government projects that of the 3.2 million hectares of Crown forest,

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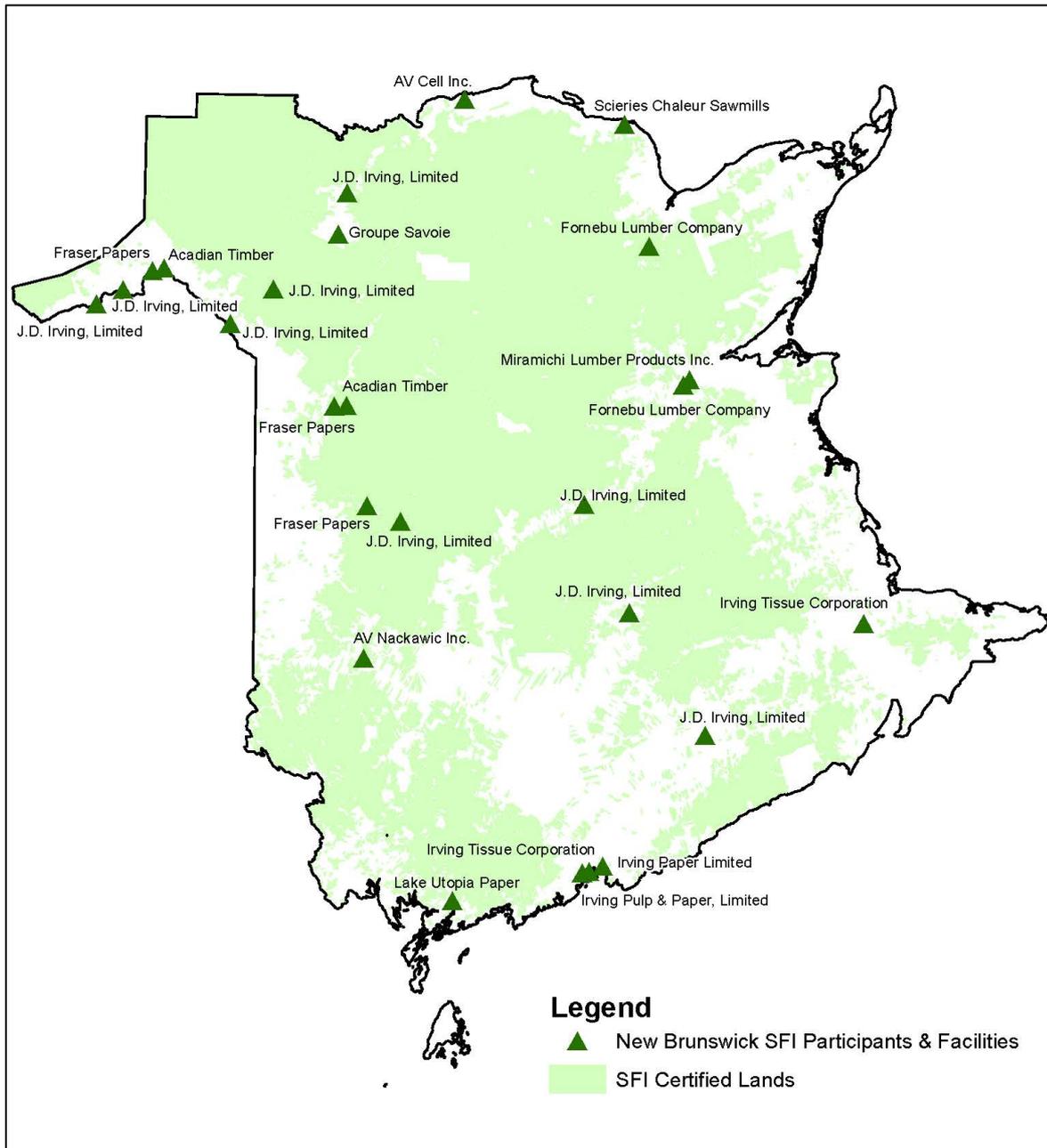
26% are natural regeneration forests, 26% are mature stands, 13% are thinned regenerations, 12% have silviculture plantations and the remaining are conservation areas (protected natural areas, watercourses and wetland buffers, deer wintering areas, and old forest habitats).



**Figure 5 - New Brunswick Crown forests projection (GNB, 2014)**

e. *Certified forest by scheme (ha): Hectares of FSC or PEFC certified*

4.2 of the 6.1 million hectares of forest lands are certified to the SFI standard in New Brunswick.



**Figure 6 - SFI Certified Lands and Participants in NB (From NBSIC, 2009)**

**Quebec Supply Base**

*a. Total Supply Base Area (ha): Cumulative forest area of all forest types within SB*

Quebec forests cover about 76.1 million hectares of the provinces 166.7 million hectares of land.

*b. Tenure by type (ha): Privately owned/Public/Community concession*

Of the 76.1 million hectares of forest, 70 million hectares are public and 6.1 million hectares are private.

*c. Forest by type (ha): Boreal/Temperate/Tropical*

Quebec's forests extend over three major bio-climatic zones. The three forest types are the boreal forest, the mixed wood forest, and the hardwood forest.

*d. Forest by management type (ha): Plantation/Managed Natural/Natural*

The forest management strategy in Quebec emphasizes natural regeneration. 100% of public forests must be regenerated after logging. When natural regeneration is insufficient, reforestation is introduced.

*e. Certified forest by scheme (ha): Hectares of FSC or PEFC certified*

By 2017, 93% of all productive areas in Quebec's public forests were certified.

### **Nova Scotia Supply Base**

*a. Total Supply Base Area (ha): Cumulative forest area of all forest types within SB*

There are 4.275 million hectares of forest in Nova Scotia

*b. Tenure by type (ha): Privately owned/Public/Community concession*

1,994,000 ha (47%) of the forested lands is public, and the remaining 2,281,000 ha (53%) is private.

*c. Forest by type (ha): Boreal/Temperate/Tropical*

The forested area is part of the Acadian Forest region and common species include spruce, balsam fir, white pine, maple and birch.

*d. Forest by management type (ha): Plantation/Managed Natural/Natural*

The majority of forest woodlots in NS are replanted forests, while some are naturally regenerated forests.

*e. Certified forest by scheme (ha): Hectares of FSC or PEFC certified*

As of 2014, 1.3 million hectares of land in Nova Scotia were certified to CSA, FSC, or SFI.

## **5.4 Chain of Custody system**

Shaw Resources Belledune has implemented the requirements of the PEFC CoC Standard. A database is used to gather and control feedstock information such as supplier name, scale tickets, fibre type, certification, and district of origin. Belledune has appropriate control mechanisms to verify the input material sources, calculate output volumes, certification claims and trademark/logo approval. Additionally, Shaw Resources Belledune conducts an annual management review of the commitments, programs and procedures to evaluate the overall effectiveness of the SBP management system. Material volume accounting is accomplished through the PEFC credit ledger which has been reviewed during the audit

Shaw Resources Belledune has a management system and documented procedures that are fully capable of determining feedstock compliance. Secondary feedstock is tracked through the process from the district of origin, through production to the final bill of sale. Finished pellets are transported via truck from Shaw Resources Belledune to the Port of Belledune where they are stored and then loaded onto vessels.

## 6 Evaluation process

### 6.1 Timing of evaluation activities

The third surveillance evaluation occurred 30th September to 2nd October 2019, and the 20th December 2019. The Port of Belledune was visited first to confirm end-point chain of custody (COC) and Greenhouse Gas (GHG) measurement points. The auditor visited harvest sites, reviewed relevant harvest documentation and records, and interviewed staff. The auditor then evaluated supply base, COC, and GHG emission points and data at Belledune pellet mill through observation, documentation and record review, and interviews with staff. 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. She met with Shaw representative Julie Griffiths and other personnel including the Belledune plant manager, customer service representative, accountant, quality and safety coordinator, control Room Operator, site Supervisor Belledune and Quality Assurance Technician.

### 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 this consultation was filtered to omit any stakeholders that were 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. Phone calls with suppliers were undertaken.

# 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. Staff have demonstrated a strong knowledge of the forestry industry practices and have a good awareness of suppliers operating in the region and have limited the number of fibre suppliers.

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

The BP has prepared a Supply Base Evaluation (SBE) for Belledune, which covers New Brunswick, Nova Scotia, and south-eastern Quebec. The SBE concludes low risk for all indicators, which the audit team confirmed through review of the means of verification (MOV) that the BP defined, and information gathered during the audit from field observation, interviews with staff and contractors, and document and record review. It was found that the SBE contains much detail, but still lacks some information that was either not completely explained or omitted from the SBE. However, none of the evidence reviewed revealed any material differences in the conclusions of the SBE.

## 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), SBP Audit report on Energy and GHG Data for Supplied Biomass (SREG) and SBP Static Biomass Profiling Data sheet (SBPD). At the audit, there were nonconformities issued to SBP Standard 5 and associated Instruction Documents (see section 10).

## 7.4 Competency of involved personnel

Shaw Resources 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.*

SCS assessed risk for the Indicators by reviewing the means of verification the BP developed, its knowledge of national/regional publicly available sources of information, interviews with relevant staff, and conducting onsite field audits of forest suppliers.

**Table 1. Final risk ratings of Indicators as determined BEFORE the SVP and any mitigation measures.**

Indicator	Risk rating (Low or Specified)		Indicator	Risk rating (Low or Specified)	
	Producer	CB		Producer	CB
1.1.1	Low	Low	2.3.3	Low	Low
1.1.2	Low	Low	2.4.1	Low	Low
1.1.3	Low	Low	2.4.2	Low	Low
1.2.1	Low	Low	2.4.3	Low	Low
1.3.1	Low	Low	2.5.1	Low	Low
1.4.1	Low	Low	2.5.2	Low	Low
1.5.1	Low	Low	2.6.1	Low	Low
1.6.1	Low	Low	2.7.1	Low	Low
2.1.1	Low	Low	2.7.2	Low	Low
2.1.2	Low	Low	2.7.3	Low	Low
2.1.3	Low	Low	2.7.4	Low	Low
2.2.1	Low	Low	2.7.5	Low	Low
2.2.2	Low	Low	2.8.1	Low	Low
2.2.3	Low	Low	2.9.1	Low	Low
2.2.4	Low	Low	2.9.2	Low	Low
2.2.5	Low	Low	2.10.1	Low	Low
2.2.6	Low	Low			
2.2.7	Low	Low			
2.2.8	Low	Low			
2.2.9	Low	Low			
2.3.1	Low	Low			
2.3.2	Low	Low			

**Table 2. Final risk ratings of Indicators as determined AFTER the SVP and any mitigation measures.**

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

## 9 Review of Company's mitigation measures

NA – the BP has not needed to develop mitigation measures.

## 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 <i>Enter number</i>	NC Grading: <i>Choose grading.</i>
<b>Standard &amp; Requirement:</b>	<i>Click to enter SBP standard and requirement reference</i>
<b>Description of Non-conformance and Related Evidence:</b>	
<i>Click or tap here to enter NC description.</i>	
<b>Timeline for Conformance:</b>	<i>Choose NC timeline.</i>
<b>Evidence Provided by Company to close NC:</b>	<i>Click or tap here to enter description provided by Company to close the NC.</i>
<b>Findings for Evaluation of Evidence:</b>	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
<b>NC Status:</b>	<i>Choose status.</i>

# 11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:

<b>Certification decision:</b>	Certification approved
<b>Certification decision by (name of the person):</b>	Theodore Brauer
<b>Date of decision:</b>	01/Aug/2020
<b>Other comments:</b>	<i>Click or tap here to enter text.</i>