



# NEPCon OÜ Evaluation of La Crete Sawmills Ltd Compliance with the SBP Framework: Public Summary Report

Second Surveillance Audit

[www.sbp-cert.org](http://www.sbp-cert.org)



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## Completed in accordance with the CB Public Summary Report Template v1.5

*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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*Version 1.1: published 30 January 2018*

*Version 1.2: published 4 April 2018*

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# 1 Overview

Certification Body (CB) Name:	NEPCon OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	<a href="mailto:otarabus@preferredbynature.org">otarabus@preferredbynature.org</a>
Audit team leader:	Ondrej Tarabus
Audit team members:	Ondrej Tarabus
Name of the Company:	NEPCon OÜ
Company legal address:	Filosoofi 31 Tartu
Company contact for SBP:	Ondrej Tarabus
Company contact email:	<a href="mailto:otarabus@preferredbynature.org">otarabus@preferredbynature.org</a>
Company website:	<a href="https://preferredbynature.org/">https://preferredbynature.org/</a>
SBP Certificate Code:	SBP-07-18
Date of certificate issue:	2019-03-04
Date of certificate expiry:	2024-03-03
Audit closing meeting date:	2020-10-16
Audit cycle:	Second Surveillance Audit

## 2 Scope of the evaluation and SBP certificate

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
<b>Primary Activity:</b>	Biomass Producer	<input type="checkbox"/>
<b>Approved Standards:</b>	SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction	<input type="checkbox"/>
<b>Includes Supply Base Evaluation (SBE):</b>	No	<input type="checkbox"/>
<b>Includes communication of Dynamic Batch Sustainability Data (DBSD)</b>	Yes	<input type="checkbox"/>
<b>Includes Group Scheme</b>	No	<input type="checkbox"/>
<b>Products</b>	Pellets	<input type="checkbox"/>

<b>Feedstock types:</b>	Secondary	<input type="checkbox"/>
<b>Feedstock origin (countries):</b>	Canada	<input type="checkbox"/>
<b>SBP-endorsed Regional Risk Assessments used:</b>  <b>Public link:</b> <a href="https://sbp-cert.org/documents/standards-documents/risk-assessments/">https://sbp-cert.org/documents/standards-documents/risk-assessments/</a>	Not applicable	<input type="checkbox"/>
<b>Chain of custody system implemented:</b>	PEFC: SAI-PEFC-1616436	<input type="checkbox"/>
	Credit	<input type="checkbox"/>

## 2.1 Description of the company

La Crete Sawmills Ltd. operates a pellet mill and acts as a Biomass Producer with production of wood pellets from secondary feedstock in the town of La Crete, Alberta, Canada. The production capacity is 80k tones of wood pellets. The feedstock for the production of wood pellets is sourced from the BP's own sawmill located at the same site as the pellet mill and from few other primary and secondary wood industries, all located in the province of Alberta. The feedstock includes material from a Supply Base consisting areas fully contained within the province of Alberta. The scope of the certification includes the use of logistics site at the rail yard in High Level, Alberta. Input material is sawdust, shavings and wood chips - only secondary feedstock is sourced. The same material is used in the dryer. The end point includes the gate or the pellet mill in La Crete, Vancouver port or Prince Rupert port.

## 2.2 Detailed description of the Chain of Custody system

The Biomass Producer's PEFC Chain of Custody system is based on the Volume Credit method, and all inputs to the production site are either received as XX% PEFC certified or sourced as PEFC Controlled Sources under the BP's PEFC Due Diligence System. Material is received from own saw mill where the certification status is verified and based on the claim on the delivery documents credit account is updated. The organization has established a conversion factor for the saw mill production based on which the amount of feedstock used in the biomass production is calculated. This value is doublechecked by recalculating the produced biomass and comparing the input feedstock and stock. There is a separate credit account for pellets based on PEFC rules.

### 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 Evaluation process

### 4.1 Timing of evaluation activities

Audit Level of Effort (LoE)		
Activity	Auditors	Auditor hours
1. Preparation	ot	8
2. On-site (excl. travel time)	ot	8
3. Report writing	ot	8
4. Other		

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	Teams	ot	2020-10-15/9:00
<i>Documents and procedures review, including review</i>	Teams	ot	2020-10-15/9:30
<i>Virtual site tour</i>	Teams	ot	2020-10-15/12:00
<i>Review of „SAR“</i>	teams	ot	2020-10-16/9:00
<i>Interview with Sales and Marketing</i>	teams	ot	2020-10-16/12:00
<i>Closing meeting</i>	teams	ot	2020-10-16/13:00

Auditor qualification		
Auditor name	Role	Qualification
Ondrej Tarabus	Lead Auditor	Czech citizen, graduated in University of Life Sciences Prague, The Faculty of Forestry. He has participated in several FSC, ISCC, SBP, PEFC and Carbon footprint audits. Ondřej Tarabus successfully completed SBP training course and he has practical experience with



		carbon footprint certification as well as biofuels certification.
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## 4.2 Description of evaluation activities

Due the COVID-19 travel restriction it was not possible the conduct this annual audit onsite and therefore in line with the SBP COVID-19 interpretation, the audit was conducted remotely.

The audit started with an opening meeting on Thursday October 15 with attendance from the Managing Director, Woodlands Manager and main responsible, Sales Manager and other staff with responsibilities within the BP's CoC and SBP procedures, and the BPs external consultant.

The audit included extensive documents review and check of calculations in regard to the GHG emission data reported by the BP. The audit also included a virtual site tour, with review of production facilities and equipment, weighbridge and feedstock reception, feedstock storage and final product storage. Interviews were conducted with all staff relevant to the critical control points and key responsibilities in relation to the reception, production, storage and sales of the certified products.

The audit was concluded on Friday October 16 with a closing meeting with attendance by the Woodlands Manager and the BPs external consultant. During the closing meeting the auditor presented the conclusions of the audit, including the NCRs and Observation and a few points for follow-up.

## 4.3 Sampling methodology

Sampling was used to select different purchasing or sales documents, DTS records or training records.

## 4.4 CB stakeholder engagement

No comments were received from stakeholder during or prior this annual audit. No stakeholder consultation is conducted prior to this surveillance evaluation.

## 4.5 Stakeholder feedback

No feedback from stakeholders.

## 5 Results

### 5.1 Main strengths and weaknesses

The main strength of the BP lies within its relatively simple scope and its use of secondary feedstock, which is all received as PEFC Certified or as PEFC Controlled Sources and therefore can be sourced without the need for a Supply Base Evaluation. There is access to necessary information regarding the forest management area (FMA), quota area or private area of origin through own records, publicly available records of felling permits and the tool [www.woodsupplychain.com](http://www.woodsupplychain.com). With this, the geographical location of the stand can be confirmed as being inside the defined Supply Base.

For weaknesses, please see the NCRs mentioned below in this report

### 5.2 Rigour of Supply Base Evaluation

N/A

### 5.3 Collection and Communication of Data

Since the BP uses secondary feedstock only, has documentation for all energy and most fuel use in the production of pellets, and a simple transport scheme with endpoints at the BP pellet mill in La Crete and the train yard in High Level, Alberta, the accuracy and completeness of GHG data is evaluated as good.

### 5.4 Competency of involved personnel

The BP does not implement an SBE. The Woodland Manager Aaron Doepel has been appointed overall responsible for the SBP and PEFC CoC systems and was found to have very detailed knowledge of all aspects of the feedstock sourcing, pellet production and final product characteristics and logistics. He is supported by the external consultant Nicolas Blanchette, INCOS Strategies, who showed very good understanding of both the overall objectives and specific requirements of the SBP system and standards.

## 6 Review of Company's Risk Assessments

### 6.1 Overview of company's risk assessments and mitigation measures

N/A

### 6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
N/A	N/A	N/A	N/A

## 7 Non-conformities and observations

NC number NC-000006 NC Grading: Minor	
<b>Standard:</b>	SBP Standard 4: Chain of Custody
<b>Requirement:</b>	5.1.2 The legal owner shall implement all aspects of the SBP-approved CoC system requirements for the SBP feedstock and biomass. Where there is a conflict between the requirements in the SBP-approved CoC system requirements and those specified in the SBP standards, the SBP standards shall have precedence. Note: SBP feedstock or biomass will not necessarily enter into the scope of the SBP-approved CoC system certification, but the SBP-approved CoC system CoC processes and requirements shall extend to SBP feedstock and biomass.
<b>Description of Non-conformance and Related Evidence:</b>	
While reviewing the credit account set up, it was revealed that the BP has used rolling percentage system where the % should be calculated for the last 12 months. However, the organization is resetting the calculation after 12 months and is calculating the % for specific 12 months which is not in line with the requirements of rolling percentage system. The auditor reviewed what would be the difference in the % value in case the appropriate calculation would be applied and the result is that the difference would be very minor as the certified % of received material is very stable. Therefore the auditor decided to issue minor NCR.	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	
<b>Findings for Evaluation of Evidence:</b>	
<b>NC Status:</b>	Open

NC number NC-000198 NC Grading: Minor	
<b>Standard:</b>	Instruction Document 5E: Collection and Communication of Energy and Carbon Data
<b>Requirement:</b>	6.2.7 The Legal Owner shall record the most operationally specific and detailed data that is practically available. Variable data shall never be older than 18 months. The methodology used and the justification for the data selection shall be recorded in the SAR. All mass and energy flows must be evaluated for the complete Reporting Period. Any derogation must be justified and recorded in the SAR.

Description of Non-conformance and Related Evidence:	
<p>The BP has provided the most operationally specific and detailed information available in the SAR, but the volume of biomass used for drying of the feedstock seems to be quite low (0.194 t of biomass to dry 1 tone of pellets). The auditor was going after this value to review if this is appropriate. The BP does not record the amount of biomass entering to the dryer but calculates the values instead based on the expected efficiency of the burner. Calculation was provided to the auditor and it was not identified that there would be an error in the calculation itself but considering the fact that the value is quite low and the calculation is based on the estimated values, this is raised as minor NCR. The organization should submit stronger evidence how the volume of biomass used in the dryer was calculated or provide hard data about biomass used.</p>	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	
<b>Findings for Evaluation of Evidence:</b>	
<b>NC Status:</b>	Open

NC number NC-000007 NC Grading: Major	
<b>Standard:</b>	SBP Standard 2: Verification of SBP-compliant Feedstock
<b>Requirement:</b>	IN2C; 2.1 The SBR shall be made available in English, and at least one official language of the country in which the BP is located.
Description of Non-conformance and Related Evidence:	
<p>The SBR presented prior the audit was mostly in compliance with the SBP requirements, however following aspects of section 2.1 were not fully addressed: • Include a comparison of the scale of harvesting compared to other forest based industries in the region. • Provide a general description of the forest resources (socio-economic conditions, forest composition, profile of adjacent lands). • Provide an indication of the number of suppliers for each SBP feedstock product group. Include species mix.</p>	
<b>Timeline for Conformance:</b>	3 months from the report finalisation
<b>Evidence Provided by Company to close NC:</b>	The BP has update the SBR just after the audit and provided the updated version to the auditor.
<b>Findings for Evaluation of Evidence:</b>	As all the above points were addressed in the updated SBR, the auditor decided to close this nonconformity.
<b>NC Status:</b>	Closed

NC number NC-000008	NC Grading: Minor
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<b>Standard:</b>	Instruction Document 5E: Collection and Communication of Energy and Carbon Data
<b>Requirement:</b>	6.4.3 For each Feedstock Group the following parameters are recorded: a) ID b) Feedstock Type c) Origin d) Physical Description e) Country of harvest (new row for each country) f) Raw mass as received in metric tonnes g) Moisture as received (weighted average, single figure) h) Weighted average distance (km) , i) Maximum distance (km) j) Type of vehicle used k) Fuel or driving force used by the vehicle, l) Weighted average truckload, m) Any pre- processing (chipping, drying, none)
<b>Description of Non-conformance and Related Evidence:</b>	
The BP has not provided the weighted average distance and weighted average truckload but simple average instead.	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	The updated SAR was provided just after the audit and correct averages were provided as verified by the auditor.
<b>Findings for Evaluation of Evidence:</b>	The updated SAR was reviewed and it was seen that weighted average was correctly applied.
<b>NC Status:</b>	Closed

NC number NC-000009 NC Grading: Observation	
<b>Standard:</b>	SBP Standard 4: Chain of Custody
<b>Requirement:</b>	5.1.2 The legal owner shall implement all aspects of the SBP-approved CoC system requirements for the SBP feedstock and biomass. Where there is a conflict between the requirements in the SBP-approved CoC system requirements and those specified in the SBP standards, the SBP standards shall have precedence. Note: SBP feedstock or biomass will not necessarily enter into the scope of the SBP-approved CoC system certification, but the SBP-approved CoC system CoC processes and requirements shall extend to SBP feedstock and biomass.
<b>Description of Non-conformance and Related Evidence:</b>	
PEFC credit system was implemented by the BP. The auditor reviewed the entries from both own sawmill and external suppliers, the way the certified material was updated to the credit and how sales were done using the applicable claims. During the audit it was revealed that when it comes to the conversion factor used for the material from own sawmill, this remain without any updated since 2.5 years ago. While the conclusion of the auditor is that the conversion factor is credible, it might have change since the last recalculation.	
<b>Timeline for Conformance:</b>	

<b>Evidence Provided by Company to close NC:</b>	
<b>Findings for Evaluation of Evidence:</b>	
<b>NC Status:</b>	

## 8 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>	Olesja Puiso
<b>Date of decision:</b>	2020-11-23
<b>Other comments:</b>	