



NEPCon Evaluation of Vanderwell Contractors (1971) Ltd. 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

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1 Overview

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Primary contact for SBP: Ondrej Tarabus

Current report completion date: 02/11/2020

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Name of the Company: Vanderwell Contractors (1971) Ltd.

Company contact for SBP: Mike Haire, Woodlands Manager Ph: (780) 849-3824 Email: mike.haire@vanderwell.com

Certified Supply Base: Province of Alberta, Canada

SBP Certificate Code: SBP-07-17

Date of certificate issue: 04/Mar/2019

Date of certificate expiry: 03/Mar/2024

This report relates to the Second Surveillance Audit

2 Scope of the evaluation and SBP certificate

The scope of the SBP certificate is production of wood pellets from secondary feedstock by the Biomass Producer's pellet mill in Slave Lake, Alberta, Canada. All feedstock is sourced as PEFC certified or as PEFC Controlled Sources under the BP's PEFC Due Diligence System, and the BP does not implement a SBE. The BP implements a PEFC Volume Credit System. The BP has defined a single endpoint rail side at the mill location, and the scope of the certification does not include the use of remote storage or logistics sites.

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.

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of the production processes,
- Production and storage site evaluation (carried out remotely);
- Review of CoC system control points, analysis of the existing PEFC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis;
- Instruction Document 5E (v1.1)

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

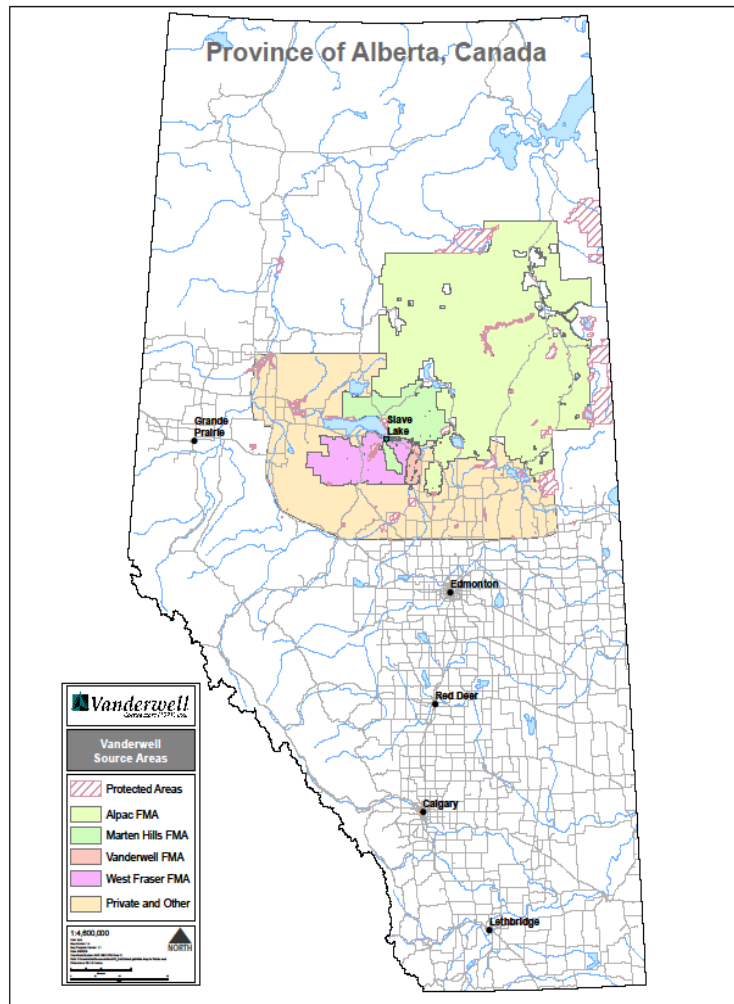
Vanderwell Contractors (1971) Ltd. operates a saw mill and pellet mill with a nominal capacity of 40,000 MT/year and acts as a Biomass Producer with production of wood pellets from the sawdust secondary feedstock near the city of Slave Lake, Alberta, Canada. The feedstock for the production of wood pellets is sawdust exclusively sourced from the BP's own sawmill located at the same site as the pellet mill. The feedstock is dried using the same feedstock. The feedstock includes material from a Supply Base fully contained within the province of Alberta. The scope of the certification does not include the use of storage or logistics sites.

5.2 Description of Company's Supply Base

A Detailed description of the BP's Supply Base can also be found in the Supply Base Report, which will be available online for download from www.sbp-cert.org/accreditations-and-certifications/certificate-holders/ and from the biomass producer's website at <http://www.vanderwell.com/home/responsibility/>

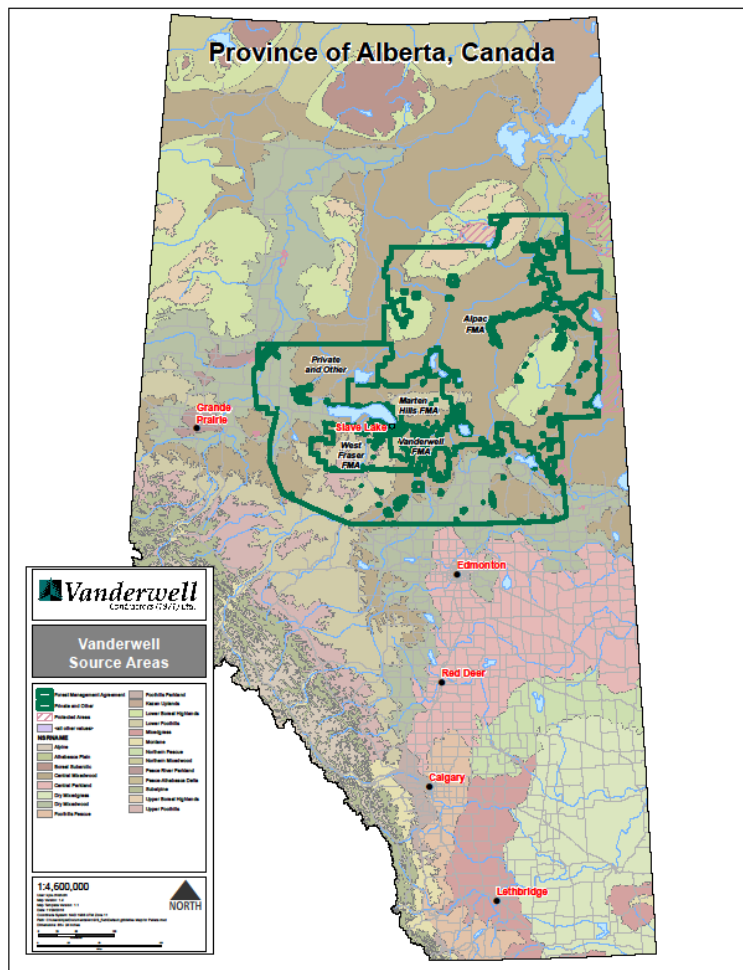
The supply base for the company's sawmill operations is within the province of Alberta, Canada. Generally, all required logs for the sawmill come from the Slave Lake region of Alberta located in the North Central part of the province which is in the boreal forest. The majority of the forest is government owned crown land that is managed by the forest companies operating in the region under long term tenure agreements. There are minor amounts of forested private land within the region as well that form a portion of the supply base. The main forest -based industry operating on crown land within the forest is the local forest industry. The other main industry that is very active within the forest is the Oil and Gas industry in both development and ongoing operations of oil and gas fields. These two industries are the main industries within the region along with agriculture, tourism and other service industries.

Complete Supply Base Region, Vanderwell Contractors (1971) Ltd.



*The supply base is part of the boreal forest where it consists of conifer, conifer/deciduous mixed wood and deciduous dominated stands. The commercial tree species present within the forest is White Spruce (*Picea glauca*), Black Spruce (*Picea mariana*), Lodgepole Pine (*Pinus contorta*), Jack Pine (*Pinus banksiana*), Balsam Fir (*Abies balsamia*), Trembling Aspen (*Populus tremuloides*), Balsam Poplar (*Populus balsamifera*) and White Birch (*Betula papyrifera*). There is no presence of any tree species listed on CITES.*

Complete Supply Region with Ecoregions, Vanderwell Contractors (1971) Ltd.



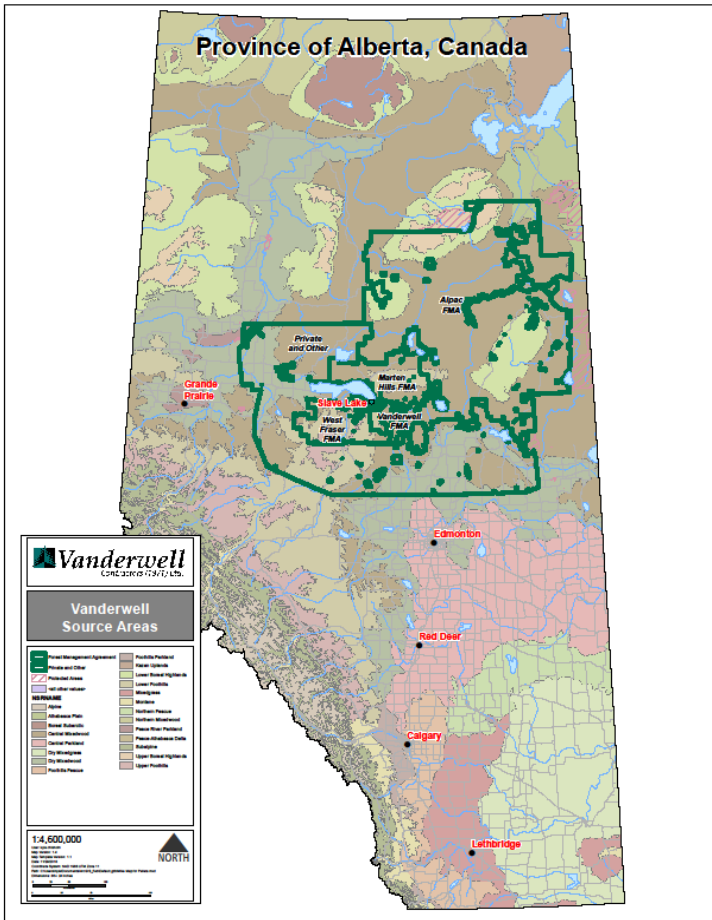
As a requirement of tenure agreements with the Government of Alberta all Forest Management Agreement holders must develop long term Forest Management Plans for the specific FMA's. These management plans are required to meet the government standards and provide for a sustainable harvest level for each FMA that also address other non-timber values etc. All management plans are monitored on a periodic basis coupled with a new management plan developed every 10 years for the FMA. This process helps to ensure the harvesting and management practices are sustainable in both the short and long term. As part of government regulation all companies operating on crown land are required to reforest harvest areas within 2 years of harvest coupled with regulated monitoring and reporting of growth at specified intervals. This forms part of the continual improvement of sustainable forest management to ensure growth rates used in long term forecasting are being achieved on an ongoing basis.

The company's sawmill only utilizes conifer (Spruce, Pine and Fir) logs to manufacture dimensional lumber. The majority of the logs, approximately 95%, that are sourced for the sawmill come from either the company's operations which are certified to the SFI Forest Management Standard or purchased logs from 2 other major companies operations that come from either SFI or FSC certified forests. There are minor amounts purchased, approximately 5%, that come from small operators on crown land, private land-owners and other industrial activities. The number of these suppliers varies greatly from year to year but range from 5-10 different suppliers. The company is also certified to the SFI Fibre Sourcing Standard along with PEFC Chain of Custody. Within the PEFC CoC system 80% of the logs are considered SFI certified with 15% being uncertified from an FSC managed forest and approximately 5% uncertified from other sources. 100% of the

logs are considered SBP compliant or SBP controlled because they are either certified or controlled and fall within the companies SFI Fibre Sourcing and PEFC certification.

The pellet plant only consumes residual material in the form of sawdust and shavings from the company's own sawmill. No other sawmill residuals are sourced for the manufacture of pellets nor is there any processing of logs specifically for the manufacture of pellets. All the residual material is considered secondary feedstock for the production of biomass (white wood pellets).

Complete Supply Region with Ecoregions, Vanderwell Contractors (1971) Ltd.



5.3 Detailed description of Supply Base

All feedstock for the production of wood pellets is sourced as secondary feedstock from the BP's own sawmill. The feedstock includes material from a Supply Base consisting of an area fully contained within the province of Alberta.

Quantification of Supply Base:

- a. Total Supply Base area (ha): 7,435,817 ha
- b. Tenure by type (ha): 7,385,817 ha Crown Land and 50,000 ha Private Land. There are no known or published amounts of forested private land in the region. The 50,000 ha is an estimate of the potential area.
- c. Forest by type (ha): 7,435,817 ha boreal
- d. Forest by management type (ha): 7,435,817 managed natural
- e. Certified forest by scheme (ha): 1,473,063 ha SFI Certified and 5,912,754 ha FSC Certified

Data that quantifies the BP's Supply Base can also be found in the Supply Base Report, which will be available online for download from www.sbp-cert.org/accreditations-and-certifications/certificate-holders/ and from the biomass producer's website at <http://www.vanderwell.com/home/responsibility/>

5.4 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 PEFC, SFI or FSC certified or sourced as PEFC Controlled Sources under the BP's PEFC Due Diligence System.

6 Evaluation process

6.1 Timing of evaluation activities

The annual surveillance audit was carried out remotely via MS Teams with additional phone interviews due to the COVID-19 pandemic. The auditing process was conducted largely in accordance with the audit agenda below which had been provided to the BP prior to the audit.

Tuesday, October 20, 2020			
8:00 – 8:30	Opening meeting <i>It is expected that a management representative will be present during opening and closing meetings.</i>	Remotely using Microsoft Teams	CR, YB
8:30 – Noon	Documents and procedures review, including review of: <ul style="list-style-type: none"> - Overview of management System for PEFC and SBP - Training Records - Supply Base Report and annual update - Review of supplier lists, certificates, purchase invoices and transport documents - Review of Internal audit reports and management review - Interview with feedstock reception department, production and shipping. 	Remotely using Microsoft Teams	CR, YB
Wednesday, October 21, 2020			
8:00 - 10:00	Review of "SAR" and GHG calculations, including review of documentation: <ul style="list-style-type: none"> - Production records for the reporting period - Transport data from the forest of origin to the pellet mill - Records of and invoices for: <ul style="list-style-type: none"> o electricity o diesel o natural gas (if applicable) o propane (if applicable) o biomass (for drying) - Transport data from the pellet mill to end-points 	Remotely using Microsoft Teams	CR, YB

	- Samples of transport documents / invoices (finished products)		
10:00 – 11:00	Interview with Sales and Marketing department representatives: - Preparation of invoices for SBP wood pellets - Review of sample of issued invoices - Use of DTS for SPB claims - SBP and FSC Trademark use	Remotely using Microsoft Teams	CR, YB
11:00 - 12:00	Audit team meeting		
12:00 - 12:30	Closing meeting <i>It is expected that a management representative will be present during opening and closing meetings.</i>	Remotely using Microsoft Teams	CR, YB

6.2 Description of evaluation activities

The annual surveillance audit was carried out remotely via MS Teams with additional phone interviews due to the COVID-19 pandemic. The audit started with an opening meeting on Tuesday October 20, 2020 at 8:00 - 8:30 with attendance from the Financial Controller and the Woodlands Manager, who is the main responsible person for the BP's CoC and SBP procedures.

The audit consisted of an extensive review of documents relating to the BP's CoC system and the sourcing of feedstock and check of calculations in regard to the GHG emission data reported by the BP. 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 Wednesday, October 21, 2020 with a closing meeting with attendance by the Woodlands Manager, Managing Director and the Financial Controller. During the closing meeting the auditor presented the conclusions of the audit, including the Observation and two minor points for follow-up.

Composition of the audit team:

Name	Experience	Role
Christian Rahbek	M.Sc. (Forestry) from University of Copenhagen. Has passed NEPCoN Lead Auditor Training for FSC and FSC FM and CoC certification and has passed SBP Lead Auditor exam. Experience from more than 10 years of FSC, FSC and SBP certification audits in Denmark, Europe and Canada.	SBP Lead Auditor
Yves Bouthillier	Biol., M.Sc. Yves is a Forestry Associate for NEPCoN, biologist and a FSC Forest Management Senior Lead Auditor and Chain-of-Custody Lead Auditor (ISO 19011). Since January 2014, Yves has completed more than 80 FSC forest management and chain-of-custody audits. Prior to his master in forest ecology at the Research Centre on Water, Earth, and the Environment of the INRS University, Yves completed a baccalaureate in biology, with a concentration in conservation	SBP Auditor in training

	and environment at Laval University. He is a member of the Québec's association of biologists and fluent in English and French.	
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Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: <http://www.nepcon.org/impartiality-policy>

Dispute resolution: If NEPCon clients encounter organisations or individuals having concerns or comments about NEPCon services, these parties are strongly encouraged to contact the relevant NEPCon regional office or any member of the NEPCon Chain of Custody Programme. Formal complaints and concerns should be sent in writing.

6.3 Process for consultation with stakeholders

No consultation was conducted for this surveillance audit and no comments were received from any stakeholder during the period between audits.

7 Results

7.1 Main strengths and weaknesses

The main strength of the BP lies within its relatively simple scope and its use of secondary feedstock from the BP's own sawmill, where all inputs are received as PEFC, SFI or FSC Certified or PEFC Controlled Sources and therefore can be sourced without the need for a Supply Base Evaluation. There is access to all necessary information regarding the forest management unit of origin through the specialized system Log Inventory Management System (L.I.M.S.) With this system, the geographical location of the stand is recorded and can be confirmed as being inside the defined Supply Base.

For weaknesses, please see the NCRs in Section 10 of this report.

7.2 Rigour of Supply Base Evaluation

Not applicable

7.3 Collection and Communication of Data

Since the BP uses secondary feedstock only, has documentation for most energy and fuel use in the production of pellets, and a simple transport scheme to the endpoint at the BP pellet mill in Slave Lake, Alberta, the accuracy and completeness of GHG data is evaluated as good. However, see OBS 04/20 regarding the proportion of biomass used as fuel in the dryer.

7.4 Competency of involved personnel

The BP does not implement an SBE. The Woodlands Manager Mike Haire 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. The BP has been supported by the external consultant Nicolas Blanchette, INCOS Strategies, who did not attend the surveillance audit but has previously demonstrated good understanding of both the overall objectives and specific requirements of the SBP system and standards.

7.5 Stakeholder feedback

No consultation was conducted for this surveillance audit and no comments were received from any stakeholder during the period between audits.

7.6 Preconditions

There are no pre-conditions from this annual surveillance audit.

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 – SBE not implemented.

9 Review of Company's mitigation measures

Not applicable – SBE not implemented.

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 01/20	NC Grading: Minor
Standard & Requirement:	SBP Instruction Document 5E, requirement 6.2.4: 7.5 The SAR shall expire 15 months after the audit onsite closing meeting – as indicated in the SAR and shall not be provided to customers or End-users after the expiration date. The BP shall not supply biomass with SDIs from expired SARs.
Description of Non-conformance and Related Evidence:	
The BP received an audit waive for the first annual surveillance audit (2019), and promptly informed NEPCon as required once they started making claims. A new SAR was provided for NEPCon’s review and approval during the 2020 second surveillance audit, but in time between the BP starting making SBP certification claims and the audit, the BP has provided the costumer with PBIDs referencing an outdated SAR. Since this has only affected a small number of invoices, and there are only minor differences in the two SARS, a minor NCR is raised.	
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:	PENDING
Findings for Evaluation of Evidence:	PENDING
NC Status:	Open

NC number 04/20	NC Grading: Observation
Standard & Requirement:	SBP Instruction Document 5E, requirement 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:	
The BP has provided the most operationally specific and detailed information available in the SAR, but the volume of biomass used in the burner for the rotary dryer is based on estimated number based on a trial, rather than actual and continuous metering. Since the volume of biomass used for heating the dryer has a significant impact on the GHG profile of the pellets produced, it is recommended that the BP further validates the assumptions made through additional trials or metering.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	PENDING
Findings for Evaluation of Evidence:	PENDING
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):	Ondrej Tarabus
Date of decision:	02/Nov/2020
Other comments:	<i>Click or tap here to enter text.</i>