# SCS Global Services Evaluation of Pinnacle Renewable Energy Inc (Entwistle Division) 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*

*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/Sep/2020 |
| Report authors: | Ciara McCarthy |
| Name of the Company: | Pinnacle Renewable Energy - Entwistle Division |
| Company contact for SBP: | Joseph Aquino |
| Certified Supply Base: | Alberta |
| SBP Certificate Code: | SBP-04-33 |
| Date of certificate issue: | 28/Aug/2018 |
| Date of certificate expiry: | 27/Aug/2023 |

This report relates to the Second Surveillance Audit

# 2 Scope of the evaluation and SBP certificate

Scope of evaluation:

First annual surveillance audit to assess the CH's conformance to SBP standards 2, 4, and 5 and respective Instruction Notes and Documents. The audit included assessment of the pellet mill in Entwistle. Port facility, Fibreco Export Inc. in Vancouver, BC, Canada was also visited as part of this audit.

Scope of certificate:

This certificate covers production and distribution of wood pellets, for use in energy production, at Pinnacle pellet mill in Entwistle and rail transportation to port facility Prince Rupert and/or Fibreco Export Inc. for storage, aggregation and seafaring vessel loadout. The scope of the certificate does not include Supply Base Evaluation. It does include the communication of dynamic batch sustainability data.

# 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

The overall system in Pinnacle procurement, production and sales process include several critical control points. The feedstock is received from several different suppliers and is stored in the warehouse. The material is weighed on the truck scaled and a load slip is issued which includes supplier name, address, origin, type of feedstock and quantity.

Volume accounting method

the volumes are recorded on the inventory spreadsheets and for PEFC certification, PEFC credit table has been developed.

Documentation of transactions

The DTS is used for any SPB related transactions and all transactions are recorded in DTS.

Energy data collection and reporting

The Energy data is recorded on GHG spreadsheet. Auditor reviewed GHG spreadsheet, DTS, PEFC ledger and load slips to ensure material is tracked throughout critical control points.

# 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

N/A

# 5 Description of Company, Supply Base and Forest Management

## 5.1 Description of Company

Pinnacle owns and operates seven pellet plants, one deep-water port and leases space at another port all in the British Columbia ("BC"). Collectively the pellet plants produce more than one and a half million tonnes annually. All Pinnacle plants operate 24 hours a day, seven days a week. The pellet plants are located in the BC communities of Houston, Burns Lake, Meadowbank, Williams Lake, Smithers, Armstrong and Lavington. Smithers just started operating in 2018. In total, more than 250 people are employed by Pinnacle in those communities. In addition to the production facilities, Pinnacle operates a port in Prince Rupert called Westview Wood Pellet Port where pellets from Pinnacle's northern facilities (Houston & Burns Lake) are transported. Pinnacle also leases space at Fiberco Export Inc., a deep-water port in Vancouver, B.C. Pellets produced at the southern plants are transported to Fiberco.

The Entwistle wood pellet production facility ("Entwistle") is located in Entwistle, AB. The Entwistle facility has a production capacity of over 300,000 metric tons of pellets per year. Pellets produced at this plant are transported by rail to either Westview in Prince Rupert, BC or Fiberco in Vancouver, BC for export to European utilities.

In 2020, the organization added Northern Pellet Limited Partnership as one of the plants they own and operate in Canada.

## 5.2 Description of Company's Supply Base

All primary fibre supplied to Pinnacle Renewable Energy Inc.- Entwistle Division originates in the Province of Alberta (AB), Canada. The supply base is the Province of Alberta, which has a total land base of 66.1 million hectares of which 53% or (35 million hectares is forested, where approximately 77% are within forest management agreement areas. Approximately 77% of Alberta Forests are within the Boreal-mixed forests, which includes several tree species such as white and black spruce, aspen, balsam poplar, lodgepole pine, jack pine, balsam fir, larch and tamarack. There are numerous parks and protected areas within the Province totalling 9.5 million hectares or approximately 14% of the total land base.

The Province of Alberta owns all public forested land within the Province totalling 35.2 million hectares. Alberta has a robust sustainability and certification program covering all managed forest lands in the Province. Alberta Agriculture and Forestry has ISO 9001 certification for all ten offices in the Province conducting compliance monitoring on managed forest lands. Many licensees operating on managed forest lands also have voluntary certification schemes such as SFI, FSC or CSA that monitor forest management activities.

Entwistle procures their feedstock from secondary sources only. Pinnacle's internal fiber procurement group is responsible for implementing and maintaining conformance to the Programme for the Endorsement of Forest Certification (PEFCTM) CoC Standard, which operates as the platform to the Sustainable Biomass Partnership Standards. Secondary feedstock is sourced through their PEFC Due Diligence system from a

variety of sawmill suppliers. Sawmills source high-quality logs from the forest and mill them into products like two-by-fours. Entwistle procures the sawdust and shavings generated by these sawmills.

## 5.3 Detailed description of Supply Base

Currently 100% of the fibre procured by PREI – Entwistle Division is secondary fibre. Secondary fibre is residual material or bi-products from the lumber, plywood and remanufacturing industry in the form of bark, sawdust, shavings and hog. EC and UK feedstock types correspond to PREI feedstock types as follows:

In total, approximately 500,000 oven dry tonnes (odt's) of fibre are converted to biomass fuel in the form of wood pellets. Approximately 95% of the fibre procured by PREI – Entwistle Division is forest management certified and is accompanied by chain of custody claim certificates. The fibre supply accompanied with a PEFC CoC claim certificate represents the tonnage of SBP compliant material produced. The portion received without a PEFC CoC claim is considered SBP controlled as determined by the PEFC DDS regional risk assessment covering the Province of Alberta. All fibre supplied to Entwistle Division originates from within the supply base area.

## 5.4 Chain of Custody system

Joseph Aquino, Head of Sustainability, is the person responsible for implementing the PEFC Chain of Custody system and also manages the organizations SBP management system. The organization operates the percentage based method for controlling PEFC claims based on volume credits. Pinnacle also verifies PEFC Controlled Sources through a DDS including a risk assessment covering British Columbia.

All wood fibre is tracked through the process from the District of Origin through the mill to the final bill of sale. Pinnacle uses a database to gather and control information related to the feedstock such as supplier name, scale tickets, fibre type, certification, and district of origin. Pinnacle has appropriate control mechanisms to calculate output volumes, claims and trademark/logo approval. Additionally, Pinnacle conducts an annual Management Review of the commitments, programs and procedures to evaluate the overall effectiveness of the SBP management system.

The organizations PEFC management system and procedures were previously evaluated by another certification body and no open nonconformities exist. The organization has detailed and comprehensive procedures and databases to cover the necessary requirements regarding the SBP-approved Chain of Custody system.

# 6 Evaluation process

## 6.1 Timing of evaluation activities

The full scope of the certificate was evaluated through a virtual audit due to the COVID-19 Pandemic. The total audit time was approximately 40h. See below for a detailed description of evaluation activities:

| **Site Name or Location: Entwistle** | |
|---|---|
| **Date and Time of Audit: 20th May 2020** | |
| **Audit Activity** | **Items to Review / Actions** |
| Document review | Individual review of records (9am to 12pm ET) |
| 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 (1pm ET start) |
| 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) |
| 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 |
| 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 |
| Walkthrough of facility | Review of physical inputs and outputs, material receipt, processing, storage, credit account (if applicable), sale, and overall control. Verify GHG inventory. |
| 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 |
| SBP ST 5, ID5A, ID5B, & ID5C | Review of GHG data collection (1pm ET start) |
| Port storage facility | Review of inputs and outputs, material receipt, processing, storage, credit account, sales, GHG inventory verification, interview with port manager. |
| Review of nonconformities | ▪ Review open nonconformities.<br>▪ General discussion of nonconformities. |
| Closing meeting preparation | Auditor takes time to consolidate notes and review audit findings for presentation at closing meeting |
| Closing meeting and review of findings | Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps |

## 6.2 Description of evaluation activities

Evaluation activities included document review and staff interviews. The following documents were available and reviewed during the audit:

- Copy of PEFC Chain of Custody certificate & last CoC audit report
- Documented Chain of Custody procedures
- Occupational Health and Safety procedures and records of training
- Policy on internal corruption rules (ex: employees taking bribes, etc.)
- Product groups/Feedstock types - description of the physical product
- Supplier list
- Supplier contracts
- Supply Base Report (SBR)
- Supply Base description/map
- Records of complaints
- Stakeholder list
- Stakeholder notification records, comments and responses
- Risk assessments / DDS
- Record of staff training on SBP procedures
- Records of purchases, production, and sales (or invoice mockups if no purchases/ sales)
- SAR
- Energy and transport data
- Access to online Data Transfer System (DTS) at audit

## 6.3 Description of evaluation activities

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 would be filtered to omit any stakeholders that are not geographically relevant to the certificate holder/applicant's supply base. A stakeholder notification would be sent out to all identified stakeholders after the BP's stakeholder consultation period has ended. Stakeholder comments that are received outside of regular stakeholder consultation periods are fully taken into account. No SHC was conducted for this audit.

## 6.4 Process for consultation with stakeholders

N/A

# 7 Results

## 7.1 Main strengths and weaknesses

The organization is cooperative, extremely well organized, and has an effective management system in place to ensure all SBP requirements are met. The organization has implemented and excellent control system to determine the origin of all input material. All personnel involved in the SBP process are competent and received adequate training to perform their functions.

For weaknesses, see the non-conformity and observation section of the report below.

## 7.2 Rigour of Supply Base Evaluation

N/A

## 7.3 Collection and Communication of Data

The organization developed and maintains databases to record data values and calculate energy data as required by Standard 5 and keeps records that substantiate the data. All data is collected and verified by the certification manager and the project manager. All data submission was supported with verifiable evidence and all records were available for review during the audit.

## 7.4 Competency of involved personnel

Pinnacle's fibre procurement team are registered professional foresters in the Province of British Columbia with local forestry experience and knowledge of ecological and social values associated with the supply base, applicable laws and regulations, business management practices, operation of suppliers, and the local forest resource. Pinnacle assigned management with appropriate skills and competency to implement and execute the management and control systems relating to SBP compliance. Management interviewed during the assessment were found to be knowledgeable of the SBP requirements.

## 7.5 Stakeholder feedback

No stakeholder feedback was received. No other comments from stakeholders came to the attention of SCS and the audit team.

## 7.6 Preconditions

None.

# 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.*

N/A

**Table 1. Final risk ratings of Indicators as determined BEFORE 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 |

**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

N/A

# 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** *Enter number* | **NC Grading:** *Choose grading.* |
|---|---|
| **Standard & Requirement:** | *Click to enter SBP standard and requirement reference* |
| **Description of Non-conformance and Related Evidence:** | |
| *Click or tap here to enter NC description.* | |
| **Timeline for Conformance:** | *Choose NC timeline.* |
| **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:** | *Choose status.* |

# 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):** | Theodore Brauer |
| **Date of decision:** | 03/Feb/2021 |
| **Other comments:** | *Click or tap here to enter text.* |