



**Control Union
Certifications B.V.
Evaluation of Canfor
Energy North Limited
Partnership – Chetwynd
Operations Compliance
with the SBP Framework:
Public Summary Report**



The promise of good biomass



Second Surveillance Audit

www.sbp-cert.org

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

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Table of Contents

1	Overview
2	Scope of the evaluation and SBP certificate
3	Specific objective
4	SBP Standards utilised
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
5	Description of Company, Supply Base and Forest Management
5.1	Description of Company
5.2	Description of Company's Supply Base
5.3	Detailed description of Supply Base
5.4	Chain of Custody system
6	Evaluation process
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
7	Results
7.1	Main strengths and weaknesses
7.2	Rigour of Supply Base Evaluation
7.3	Compilation of data on Greenhouse Gas emissions
7.4	Competency of involved personnel
7.5	Stakeholder feedback
7.6	Preconditions
8	Review of Company's Risk Assessments
9	Review of Company's mitigation measures
10	Non-conformities and observations
11	Certification recommendation

1 Overview

CB Name and contact: Control Union Certifications; Meeuwenlaan 4-6; P.O.Box 161, 8000AD Zwolle, Netherlands.

Primary contact for SBP: Andrea Ferrazzo

Current report completion date: 24/Dec/2020

Report authors: ing. Koen Jongste (Lead Auditor) and Mr. Hubert Jurczyszyn (Certifier)

Name of the Company: Canfor Energy North Limited Partnership – Chetwynd Operations

Company contact for SBP: Brittany Burnett

Certified Supply Base: TFL #48, Dawson Creek TSA, Fort St John TSA, Fort Nelson TSA, Mackenzie TSA, Prince George TSA, and West Central Alberta, FMA 8800025 and FMA 9900037

SBP Certificate Code: SBP-06-25

Date of certificate issue: 27/Feb/2019

Date of certificate expiry: 26/Feb/2024

This report relates to the Second Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope of evaluation: Surveillance audit to assess the CH's conformance to SBP standards 2, 4, and 5 and respective Instruction Notes and Documents. Because of the Covid-19 situation the evaluation was done remotely and included the pellet plant in Chetwynd, BC, Canada and the port facilities called Fibreco Export Inc. in North Vancouver, BC, Canada.

Scope of certificate: The following SBP standards are applicable and form the scope of the evaluation and thus, the SBP certificate: Standard 2, Standard 4 and Standard 5. This certificate covers production and distribution of wood pellets, for use in energy production, at Canfor Energy North Limited Partnership – Chetwynd Operations, BC, Canada and rail transport to Fibreco Export Inc. for storage, aggregation, vessel loading and shipping of pellets. The scope of the certificate does not include a Supply Base Evaluation

SBP certificate: SBP-06-25

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 the 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;
- Review of SBP system control points and an analysis of the existing PEFC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients; and
- GHG data collection analysis - Instruction Document 5E: Collection and Communication of Energy and Carbon Data Version: 1.3

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 - No SBP endorsed Regional Risk Assessment was used for this assessment: all raw materials for SBP are received under their PEFC CoC.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Forest Products Ltd (Canfor). Canfor Energy North Limited Partnership (CENLP) owns two pellets plants Canfor Energy North Limited Partnership Fort Saint John and Canfor Energy North Limited Partnership Chetwynd.

Canfor Energy North Limited Partnership – Chetwynd (4701 50th St. NW, Chetwynd, BC V0C 1J0) is a pellet plant, whereas the Canfor Energy North Limited Partnership cooperate office activities are located at the pellet plant in Fort St. John. The plant receives Sawdust/shavings and Planer Chips directly from the Canfor Sawmill next door as well as by truck from other sawmills in the area. The pellet plant has 3 Andritz pellet presses and a pellet production capacity of approximately 125 000 mt/yr. The production started in Dec 28, 2015 and uses pine, spruce, fir. Sawdust and dry wood shavings and planer chips are 100% from soft wood and used to make 6 mm diameter pellets. The belt dryer uses heat from their CHP plant utilizing bark. The electricity of the CHP is used by CENLP-Chetwynd for pellet production and excess electricity is delivered to the Canfor Saw mill next door. The pellets are loaded on trains to be shipped to the external storage facility of Fibreco in the port Vancouver. The logistics of the pellets is handled by Pacific BioEnergy as an cargo agent. The pellets are stored at the Fibreco as part of the comingling agreement between Pacific BioEnergy and Fibreco and at Fibreco the sea going vessels are loaded. Canfor Energy North Limited Partnership only utilizes sawmill residuals. A large portion of the material can be traced back to sustainable Forest management system. Canfor Energy North Limited Partnership has a PEFC credit system to manage their Chain of Custody.

5.2 Description of Company's Supply Base

CENLP's feedstock comes exclusively from sawmill residuals created in Canada. The primary input is received onsite from Canfor Corporation's Chetwynd sawmill (>45%) with some inputs from other Canfor sawmill facilities (>45%) in British Columbia and Alberta, and the remainder from West Fraser's Chetwynd Industries sawmill. CENLP does not undertake harvesting activities.

The majority of forest management and harvesting within the Supply Base Area is conducted on Crown Lands which are owned and controlled by the province of British Columbia or Alberta. Harvesting of the crown lands in the British Columbia supply base is either conducted directly by the Province through their BC Timber Sales (BCTS) Program, or by companies which hold timber harvest licences issued by the Province. Harvesting of the crown lands in the Alberta supply base are done by companies which hold timber harvest licences issued by the Province. The log supply for the local sawmills at both Canfor and West Fraser originate from:

- Dawson Creek (TSA & TFL #48)
- Mackenzie TSA
- Fort St John TSA
- Fort Nelson TSA
- Prince George TSA (#30 and #53)

West Central Alberta (FMA 8800025 and FMA 9900037). The Timber harvesting licences can either be area-based licences or volume-based licences, with the management and harvesting rates being directly controlled by the Province through Forest Legislation and Regulation. A minor component of wood delivered to the sawmills originate as purchase from private landowners clearing for agriculture/other purposes and from salvage from other industrial land clearing such as oil/gas companies or mining. A detailed description of the fibre supply areas for both British Columbia and Alberta can be found in the current timber supply review documents which are located at: (<https://www2.gov.bc.ca/gov/content/industry/forestry/managing-our-forest-resources/timber-supply-reviewand-allowable-annual-cut>), (<https://www.agric.gov.ab.ca/app21/forestrypage?cat1=Forest%20Management&cat2=Forest%20Management%20Agreements&cat3=FMA%20Holders>).

CENLP uses primarily SPF residuals (spruce/pine/balsam fir) with minor inputs of other coniferous species (black spruce). Occasionally there may be some hardwood species in the residuals where sawmills have milled species such as aspen, cottonwood or paper birch. No softwood or hardwood species in British Columbia or Alberta are listed in CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora). CENLP's feedstock is largely SBP-compliant (94% certified from 6 suppliers) as the residuals are transferred as certified under each supplier's PEFC™ Chain of Custody certificate. Any portion of the residuals transferred that is not PEFC™ certified is PEFC™ controlled (6% controlled from 1 supplier) and has been screened through Canfor's PEFC™ due diligence system. The licensees who provide the residuals harvest timber from their certified forestlands and purchase some amount of logs from other certified or uncertified forestlands. CENLP uses 100% secondary feedstock and does not procure any feedstock that is not PEFC™ certified or PEFC™ controlled. The company's Supply Base Report can be found at <https://www.canfor.com/products/energy/pellets>

5.3 Detailed description of Supply Base

A quantitative description of the company's supply base can be found at <https://www.canfor.com/products/energy/pellets>

Supply Base

- a. Total Supply Base area (ha): TFL #48, Dawson Creek TSA, Fort St John TSA, Fort Nelson TSA, Mackenzie TSA, Prince George TSA, and West Central Alberta TSA - 33,406,058 ha.
- b. Tenure by type (ha): 100% all public tenures (Forest Licence, Tree Farm Licence, Woodlot Licences, Community Forests, Forest Management Agreements [Alberta], etc.).
- c. Forest by type (ha): 100% sub-boreal
- d. Forest by management type (ha): 100% managed natural forest
- e. Certified forest by scheme (ha): Approximately 95% of the TSA's are SFI FM certified.

TSA/Mgmt Unit	TFL/FMA/FMU	Total Area (ha)	Licensee	Certification Type	Comments
Dawson Creek	#48 TSA	643,239 2,300,000	LP Canada	SFI	
			West Fraser	SFI	
			BCTS	SFI	
			Canfor	SFI	
Mackenzie	-	6,410,000	Canfor	SFI	
			BCTS	SFI	
			Conifex	SFI	
			Mackenzie Fibre	SFI	
Fort St. John	-	4,600,000	Canfor	SFI	
			BC Timber Sales	SFI	
			Fort St John Pilot Project	SFI	
Fort Nelson		9,800,000	Canfor	SFI	
Prince George	#30 #53	7,970,000	Canfor	SFI	Includes the PG/Vanderhoof and Fort St. James Forest Districts
			Sinclair Group	SFI	
			BCTS	SFI	
			Conifex	SFI	
			L&M Lumber	SFI	
			Carrier Lumber	SFI	
			West Fraser	SFI	
			Dunkley	SFI	
West Central Alberta	FMA 8800025	1,022,465	West Fraser Mills Ltd.	SFI	Operates as Hinton Wood Products
	FMA 9900037	660,354	Canfor	SFI	

5.4 Chain of Custody system

The Organisation is holding valid PEFC Chain of Custody certificate system (which was issued on 14-05-2018) and the person responsible for implementing the PEFC Chain of Custody system and also manages the organizations SBP management system. The organization also verifies PEFC Controlled Sources through a DDS including a risk assessment covering British Columbia and Alberta. All wood fibre is tracked through the process from the District of Origin through the mill to the final bill of sale. The organization 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. The organization has appropriate control mechanisms to calculate output volumes, claims and trademark/logo approval. The Organizations 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. All incoming feedstock is secondary and consists of sawdust, shavings, wood chips and hog. 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 audit was performed remotely from 21-12-2020 till 23-12-2020 by the Control Union auditor. This report is the result of the findings of a certification evaluation carried out by an independent lead auditor and team of auditors representing Control Union Certifications. The purpose of the assessment was to evaluate the compliance of the client with respect to the standards used within the scope of the certificate

Activity	Site	Date/Time
Preparation of the audit and request for documents	Rotterdam	11/11/2020
Offline review of documents by auditor of the requested system documents.		
	Remote	Monday 21-12-20
Day's Opening meeting		09:00-09:15
Agreement on Scope		09:15-09:30
Management system overview		09:30-10:00
Chain of Custody registrations		10:00-11:00
Output claims		11:00-11:30
Logo/Trademark use		11:30-12:15
Complaints procedures		12:15-12:30
Introduction into Supply Base		11:30-12:15
Day's closing meeting		12:15-13:30
Offline review of documents by auditor		
	Remote	Tuesday 22-12-20
Day's Opening meeting		09:00-09:15
Supply Base report		09:15-10:30

Business integrity, social, health and safety requirements		10:30-11:00
Suppliers and suppliers certificates		11:00-11:30
Incoming material claims		11:30-11:45
Incoming raw material registration		11:45-12:15
Day's closing meeting		12:15-12:30
Offline review of documents by auditor		
	Remote	Wednesday 24-12-20
Day's Opening meeting		09:00-09:15
GHG data registrations		09:15-11:30
Finalization GHG data audit Verification of missing items		11:30-12:00
Closing meeting		12:30-12:30
Offline review of documents by auditor		
Closing meeting		16:30-17:30
Offline report writing by auditor		

6.2 Description of evaluation activities

The audit consisted of an opening meeting, during which the scope was confirmed. The auditor also explained the methods to be employed during the audit.

After this introduction, all relevant requirements of the applicable SBP standard(s) were verified on compliance through the use of a report template and checklists. With special attention to the identified critical control points: Sourcing and input check, Reception and storage, Volume control, Labelling, Invoicing and shipping. Next to this detailed review of the SAR and SBR, as well as the deliveries in DTS a was performed.

The audit was completed by filling in the audit report and discussing the audit results.

1. Critical control points, summary	
<i>Identified CCP</i>	<i>Evaluation CCP</i>
Sourcing and input check	Check prior to sending the material by supplier and check upon request
Reception and storage	Reception and storage of material based on credit control system.
Volume control	FSC Credit control system, but 100% certified input material
Labelling	Trademark agreement has not been signed. Risk of unauthorized trademark use.
Invoicing and shipping	No sales to date. Certified materials are either SBP Controlled or SBP Compliant

6.3 Process for consultation with stakeholders

Consultation with stakeholders' was conducted by Control Union on October 9, 2018, with a final date for submitting comments on November 19, 2018.

The process for stakeholder consultation consisted of sending direct email to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions.

No stakeholder comment was received.

7 Results

7.1 Main strengths and weaknesses

The audit of CENLP demonstrated a good level of compliance with the required criteria of Standard 2, 4 and 5. There was reasonable evidence provided to support compliance where a Non-Conformity was not detected. The Non-Conformities presented in this report identify actions that must be taken in order to comply with the SBP system and its standards. The existence of a PEFC Chain of Custody system is considered a main strength with respect to CENLP 's overall conformity with the relevant SBP standards. The company is also GGL certified

7.2 Rigour of Supply Base Evaluation

/A, no SBE in the scope of the certificate

7.3 Collection and Communication of Data

The organization has in depth procedures for this in depth procedures for this. The auditor confirmed the Greenhouse Gas (GHG) sources for feedstock input from the forest, production at the facility, transportation to the port and storage and handling at the port and reviewed how the input data was measured. Findings were substantiated by on-site staff interviews with operations personnel on the overview of the operations at the facility, historical operations, changes to operations, procedures and processes used to maintain the facility, and procedures and processes used to ensure data quality. CENLP demonstrated full competency to analyse and report the required data on Greenhouse Gas emissions

7.4 Competency of involved personnel

The company has one person who has the main responsibility related to the SBP system. All personnel that is involved with SBP have received appropriate training whereby all relevant procedures and requirements have been covered. All training and instructions are based on the procedures as identified in company manuals, and training is provided by internal resources and recorded accordingly. Key personnel showed decent knowledge of SBP requirements.

7.5 Stakeholder feedback

See 6.3 above.

7.6 Preconditions

N/A, no preconditions.

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: all SBP raw material received under their PEFC scope (either PEFC certified or PEFC controlled).

9 Review of Company's mitigation measures

Not applicable. No SBE in the scope of the certificate.

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 2019-01	NC Grading: Minor
Standard & Requirement:	Std 2, 5.1
Description of Non-conformance and Related Evidence:	
<p>Canfor Energy North Limited Partnership Chetwynd’s Supply Base is the interior of British Columbia and north western Alberta, Canada and is made up of Fort St John TSA, Dawson Creek TSA, Prince George TSA, Fort Nelson TSA, MacKenzie TSA, TFL # 48 in Dawson Creek, west central Alberta. However, the organization has not filled in section “2.1Description of the Supply Base” according to guidelines given in the template for Supply Base Reports (SBR).Guideline indications are: "Provide a general description of the supply base within the regional context including country of harvest.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 (land use and ownership status, socio-economic conditions, forest composition, profile of adjacent lands). The description must include a description of the forestry management practices or land management practices used and the presence of any CITES or IUCN species. Include an overview of the proportions of SBP feedstock product groups (Controlled Feedstock, SBPcompliant Primary Feedstock, SBP-compliant Secondary Feedstock, SBP-compliant Tertiary Feedstock, SBP non-compliant Feedstock) showing the proportions of each which are certified and uncertified.Provide an indication of the number of suppliers for each SBPfeedstock product group. Include species mix.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Supply-Base-Report-Chet_2020.pdf2019-1 SBPCUNCCLOSE.F01_EN_v1_chet_complete.docxemail
Findings for Evaluation of Evidence:	NC can be closed: see email. Supply-Base-Report-Chet_2020.pdf complies. See NC form:Root cause of non-conformity, Corrections taken, Corrective Actions (Measures for preventing a recurrence), Evidence Received

NC Status:	Closed
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NC number 2019-02	NC Grading: Minor
Standard & Requirement:	Std 4, 5.3.3
Description of Non-conformance and Related Evidence:	
Only one production site for this BP but the PEFC credit account in CENLP_Volume Credit Account_2019.xls is shared between two sites, Fort St John and Chetwynd, thus are not site specific for SBP calculation including data of inputs and outputs.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	CENLP Volume Credit Account_2020v1.1.xlsx2019-2 SBPCUNCCLOSE.F01_EN_v1_chet_complete.docx RE Re. Re. Re. External PEFC report.msg
Findings for Evaluation of Evidence:	NC can be closed. CENLP Volume Credit Account_2020v1.1.xlsx complies.
NC Status:	Closed

NC number 2019-03	NC Grading: Minor
Standard & Requirement:	Std 4, 1,1/1,2
Description of Non-conformance and Related Evidence:	
Trademark licence agreement was signed on 20/12/2018. SUSTAINABLE BIOMASS PROGRAM (SBP) and Sustainable Biomass Program (SBP) used on https://www.canfor.com/products/energy/pellets , without approval as specified in the document "SBP certification mark and trade mark use Guidance for Certificate Holders".	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	RE Re. Re. Re. External PEFC report.msg SBPCUNCCLOSE.F01_EN_v1_chet_complete.docx
Findings for Evaluation of Evidence:	NC can be closed. External Re CENLP Trademarks approval.msg solves the issue. See NC form:Root cause of non-conformity, Corrections taken, Corrective Actions (Measures for preventing a recurrence), Evidence Received

NC Status:	Closed
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NC number 2019-04	NC Grading: Minor
Standard & Requirement:	ID5D, 1.1
Description of Non-conformance and Related Evidence:	
<p>"Feedstock is recorded into LIMS upon delivery. Each month, the feedstock is compiled into the CENLP_Chetwynd_Audit Data_2019.xls, and transferred into tab ID5D, where feedstock is identified as CAT 5 NL Biomass Sustainability Regulation. The Maximum accounting period is 12 Months as per Canfor Energy North Limited Partnership Chetwynd PEFC COC system. The system explaining how feedstock may be allocated to biomass as Dynamic Batch Sustainability Data (DBS) is not well described in Canfor Energy North Limited Partnership Chetwynd management system. "</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	CENLP CoC Management System October 2020 V1.9.docx email 2019-4
Findings for Evaluation of Evidence:	NC can be closed: CENLP CoC Management System October 2020 V1.9.doc solves the issue. See NC form:Root cause of non-conformity, Corrections taken, Corrective Actions (Measures for preventing a recurrence), Evidence Received
NC Status:	Closed

No NC's were identified during this remote verification.

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):	Hubert Jurczyszyn
Date of decision:	24/Feb/2021
Other comments:	<i>Click or tap here to enter text.</i>