SCS Global Services Evaluation of Shaw Resources Eastern Embers Compliance with the SBP Framework: Public Summary Report

Fourth 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

Version 1.0: published 26 March 2015

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

Table of Contents

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:	08/Feb/2021
Report authors:	Kyle Meister
Name of the Company:	Shaw Resources Eastern Embers
Company contact for SBP:	Julie Griffiths
Certified Supply Base:	New Brunswick, Nova Scotia, and Prince Edward Island
SBP Certificate Code:	SBP-04-16
Date of certificate issue:	30/Aug/2017
Date of certificate expiry:	29/Aug/2022

This report relates to the Fourth Surveillance Audit

2 Scope of the evaluation and SBP certificate

This certificate covers the production of ☒ wood pellets and/or ☐ woodchips, for use in energy production, at Shaw Resources, Eastern Embers and transport to Port of Halifax or Port of Belledune for ☒ storage, ☒ aggregation, ☒ vessel loading, ☒ shipping, and ☐ other storage/handling processes: Describe.

It also covers a Supply Base Evaluation for sourcing feedstock from: COUNTRY(IES)/STATES/PROVINCES/TERRITORIES.	☐ Yes ☒ No
The scope includes communication of Dynamic Batch Sustainability Data.	☒ Yes ☐ No

As already stated on the cover page and the overview page, the evaluation was a/an:	☐ Evaluation audit	☒ Surveillance audit
	☐ Re-Evaluation audit	☐ Other: Describe
The scope of this audit included a review of procedures (e.g., data collection, chain of custody, Due Diligence System (DDS), etc.), documentation (e.g., risk assessments), records (e.g., supplier contracts, SAR), and databases to ensure the organization's management system is appropriate to ensuring conformance to applicable SBP Standards cited in section 4.1.		
Other audit methods that may have been used include field audits, inspection of production facilities (remotely and/or onsite), and interviews with relevant staff, supplier representatives and stakeholders/rightsholders.		

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 over scope of certification.

If applicable, the following *pre-audit activities* were conducted: ☐ pre-assessment; ☐ site visits ☒ N/A

The following Critical Control Points (CCPs) were identified and evaluated (edit list as appropriate and describe how the organization controls each point and how it was evaluated). Note that you may identify other CCPs for a particular client which you should also describe in the report:

CCP	**Description, including how evaluated by SCS**
Processes for procurement and processing, transport and storage	Procurement procedures, PEFC due diligence system (DDS), risk assessment (RA), and operations were evaluated. The BP purchases 100% secondary/tertiary feedstock within the scope of its PEFC COC control system and DDS/RA; however, some feedstock is sourced from suppliers without COC certification. Therefore, certified feedstock is classified as SBP-compliant secondary feedstock and un-certified feedstock may be classified as SBP-controlled secondary feedstock. Material is received at the plant via truck and segregated according to physical characteristics, such as particle size and moisture content (e.g. sawdust and shavings). Finished biomass product is transported via truck to the selected Port, at which point it is either stored in an area under the BP's control or transferred to the buyer's ownership.
Volume accounting method	The BP uses its PEFC credit account to manage all transactions. Whenever a customer requests PEFC and/or SBP-compliant finished biomass product, deductions are made from the credit account per PEFC rules. Such product caries the 100% PEFC claim, which is also considered SBP-compliant.
Documentation of transactions	All SBP transactions are registered in DTS and invoices. DTS refers to applicable invoices, which were also reviewed during the evaluation.
Energy data collection and reporting	BP is certified to SBP ST 5. The SAR and supporting data, calculations, and records were reviewed to evaluate greenhouse gas (GHG) measurements.

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

☐ Name of SBP-endorsed Regional Risk Assessment (RRA):

☒ N/A, no SBP-endorsed RRA.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Shaw Resources operates two wood pellet manufacturing plants, one in Belledune, New Brunswick and one in Milford, Nova Scotia with a corporate/central office in Milford, Nova Scotia. The Belledune pellet plant was also assessed to the SBP Framework, but it has a separate SBP certificate and related documents. Shaw Resources holds a multi-site certification to the Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody (COC) Standard and for the central office and two pellet plants.
The subject of this certificate, the Eastern Embers, NS plant (Eastern Embers), procures feedstock in New Brunswick (NB), Nova Scotia (NS), and Prince Edward Island (PEI) and transports its finished pellets to the Port of Belledune, NB or Port of Halifax, NS.

The organisation is a legal entity located in: Nova Scotia, Canada.

The following descriptions and activities apply to the organisation:

Biomass activity	**Feedstock sourced** ☐ NA, trader only	**Feedstock claims*** ☐ NA, trader only	**Relationship to other SBP-certified biomass producers/traders**
☒ Pellet producer & trader ☐ Stationary/ ☐ Mobile Woodchip producer & trader ☐ Pellet trader ☐ Woodchip trader	☐ Primary ☒ Secondary ☒ Pre/ ☐ Post-consumer tertiary	☐ FSC 100%/Mix Credit ☐ FSC Mix x% ☒100% PEFC[1]/Volume Credit ☒ SFI Forest Management or 100% ☐ ATFS ☒ Other SFI or PEFC: Controlled Sources	☐ NA, not linked via ownership and/or agreement to other SBP-certified entities; or ☒ Organisation is linked to other SBP-certified entities via ownership or agreement: The BP has two certified entities: SBP-04-15 and SBP-04-16.

*This refers to feedstock claims that the BP may receive per the scope of its Chain of Custody (COC) certificate(s) and not necessarily to claims actually received during the audit period. Equivalents to FSC Controlled Wood or PEFC Controlled Sources must also qualify per an SBE and/or RRA to qualify as SBP-compliant feedstock. See section 5.4 for more details.

Feedstock is sourced from the following regions by administrative unit: Country(ies)	Canada
States/Provinces/Territories	New Brunswick (NB), Nova Scotia (NS), and Prince Edward Island (PEI)
Number of counties sourced from in case only a portion of an administrative unit is in the SB	N/A – entire administrative unit included

[1] PEFC recognizes SFI Forest Management, American Tree Farm Standard (ATFS), and CAN/CSA Z809 SFM as 100% PEFC in North America. Other duly recognized standards may be found here: https://www.pefc.org/ (e.g., CERFLOR Brazil, CERFOAR Argentina, CertforChile, PEFC Estonia, PEFC Latvia, PEFC Lithuania, PEFC Uruguay, Responsible Wood Australia, New Zealand NZFCA, etc.).

5.2 Description of Company's Supply Base

Brief description of the Supply Base within the regional context
Shaw Resources Eastern Embers supply base is the Canadian provinces of New Brunswick, Nova Scotia, and Prince Edward Island. The BP does not procure any primary feedstock. Instead, only secondary and tertiary feedstock is procured from sawmill residues such as sawdust and shavings within the supply base area. Most (99%) of sawmill residues are supplied by sawmills within a 100-km economic haul distance from both Crown and private woodlots from Nova Scotia. Smaller amounts of sawmill residues may originate from New Brunswick (<8%) and Prince Edward Island (<1%). Each of the 3 provinces where fibre is procured, have provincial acts and legislation which aid in the protection of the region's forests, land titles and use, and also to ensure the scaling and transportation of logs and wood fibre is documented. Forest management plans are required on Crown lands and highly encouraged on all private lands. Silviculture program funding and guidance are available to private woodlot owners to assist with forest management. Additional detail is provided in Shaw Resources Eastern Embers Supply Base Report (SBR).
Description of how the producer sources feedstock
From the BP's Supply Base Report: *Shaw Resources - Eastern Embers, located in Hardwood Lands, Nova Scotia, manufactures and supplies wood pellets primarily to the Atlantic Canada region and some are exported to European markets. Sawmill residuals (I.e. sawdust, shavings, flakes, woodchips, bark) supplied by locally sourced sawmills (Nova Scotia and New Brunswick) are the only feedstock used in wood pellet production at Eastern Embers. A small amount of fibre from Nova Scotia sawmills may originate from Prince Edward Island forests. Currently, about 20-40% of Eastern Embers secondary feedstock has originated from certified forests and is SBP-compliant, whereas the other 60-80% is SBP-controlled.* <u>Nova Scotia Forestry</u> *The Nova Scotia Department of Natural Resources (NSDNR) has the authority over Crown forests in Nova Scotia. They monitor and enforce activities to prevent unauthorized harvest. Harvesting companies with Crown allocations must pay stumpage royalties for the timber products that they harvest. However, the majority of primary wood products supplied to industry in Nova Scotia are from privately owned woodlots. The provincial government has developed forest management strategies to encourage and assist private woodlot owners to manage their land effectively.* *The Nova Scotia Registry of Buyers is where businesses and individuals report on the primary forest products that they've acquired for processing. The registry helps to build reliable data to understand wood demand, estimate sustainable harvest levels, and assist with long-term forest management in Nova Scotia. Registered buyers also contribute to a silviculture program (Sustainable Forest Fund) based on a rate per volume basis. Silviculture and training programs encourage the sustainable use of Nova Scotia Forests. At the current state, harvest levels on Crown, industrial and private lands are sustainable.* *Nova Scotia's Code of Forest Practice are the guidelines for sustainable forest management, which are mandatory on Crown lands (administered by NSDNR), and highly encouraged on private woodlots in Nova Scotia. The Code is implemented through various provincial and federal legislation and regulations. The Nova Scotia Forests Act was implemented to develop a healthy productive forest capable of yielding high volumes of high quality product and is directed towards both private woodlot owners and Crown lands in the province. The enforcement division of NSDNR completes regular visits to areas being harvested on both Crown and private lands to ensure that both the Forests Act and the Crown Lands Act are adhered to.*

Forestry is a big economic driver in Nova Scotia, employing 11,500 Nova Scotians directly and indirectly. In 2015, the Nova Scotia forest industry generated over $2 billion in economic impact (NS Forest Industry Economic Impact, 2016).The three major export producers are pulp and paper, wood-fabricated materials, and primary wood products. (https://novascotia.ca/natr/forestry/reports/State_of_the_Forest_2016.pdf). Economically, the Eastern Embers pellet plant is an important part of the forest products supply chain; it directly employs 10 local workers and employs many others indirectly (i.e. local contractors and tradespeople).

The harvest of primary forest products in Nova Scotia are primarily for sawmills (53%), pulp mills (34%), and energy generation (~6%) (Registry of Buyers Report 2020). Wood pellets are generally made from secondary forest products that would have normally been wasted: sawmill residues (sawdust and shavings) and low-grade timber from harvest sites that have no other economic value. The primary source for fibre at the Eastern Embers plant is sawmill residuals. The scale of wood pellet operations is usually dependent on the availability of fibre sources; however pellet plants in Eastern Canadian provinces have an annual production in the range of 50,000 to 100,000 mt/yr.

New Brunswick Forestry
In New Brunswick, the forest industry has been described as one of the province's biggest economic drivers, creating 24,000 jobs with 600 forest companies, and more than 2500 in the supply chain. Forest products are one of the top private GDP generators in New Brunswick (Economic Impacts of the NB Forest Sector, 2016).

The New Brunswick provincial government proclaimed the Crown Lands and Forests Act in 1982, and this is the legal foundation of Crown forest management in New Brunswick. 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 assesses how the licensee has managed the Crown forest during the previous five years, and if satisfactory, will renew the agreement for another 5 year period. Each licensee must produce a forest management plan that covers a 25 year period, and it must be sustainable over an 80 year planning horizon. Annual operating plans are also required of licensees and are monitored by the government to ensure that each licensee is following the regulations and standards. All forest operations on Crown land must be ISO 14001 certified and certified under an independent sustainable Forest Management System (i.e. CSA, FSC, SFI), making NB the first jurisdiction 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 research on forest inventory. New Brunswick has one of the best forest inventory programs in Canada. Data obtained from aerial photography analysis and ground sample plots chart the province's timber growth and yield and are updated on an annual cycle using a computerized geographical information system.

All feedstock originating from private sources in New Brunswick is monitored through 1 of 7 regional marketing boards. The marketing boards provide forest management assistance to private woodlot owners such as calculating timber inventory, harvesting layout, management plan development and programs that encourage the improved management of woodlots. Private woodlot owners operating under regional marketing boards can also obtain annual subsidies for silviculture programs.

Prince Edward Island Forestry
A very small percentage (<1%) of secondary feedstock originates from Prince Edward Island (PEI). Most of PEI's forests are privately owned (87%). The provincial government provides technical advice and assistance to land owners. Most of PEI's commercial softwood is sold to mills in NB and NS. As required by the Forest Renewal Program Regulations, commercial softwood harvested from private and public

lands are subject to a cord fee. The fee is reinvested into forest management programs on both private and public lands.

There are currently no tree species listed in CITES found in Nova Scotia, New Brunswick, or Prince Edward Island.

Suppliers recognize that Eastern Embers is certified to PEFC chain of custody and Sustainable Biomass Program standards. Sustainability is common practice amongst many of the current suppliers; suppliers continue to seek third party sustainable forest management certifications (CSA, FSC, and SFI) where possible. Suppliers are asked to sign quarterly supplier declarations and scoping-in agreements as part of the PEFC chain of custody certification. Furthermore, all suppliers are required to sign a supplier's assertion, which declares that feedstock originates from within the defined supply base and is not from controversial sources.

Shaw Resources has implemented training programs company-wide to ensure that employees understand objectives of each of the certifications. Shaw Resources has a sustainability mission statement that is publicly available and posted on the company website.

A detailed description of how the BP sources feedstock is available in the SBR, and in the previous excerpt. The BP sources feedstock via its PEFC Due Diligence System (DDS) and Risk Assessment (RA). PEFC certified material is tracked in the BP's credit account. Non-certified material is verified as controlled via PEFC DDS/RA.

General description of the forest resources and forest management practices within the Supply Base

Land use: Per review of the BP's SBR, the Supply Base is within the Acadian Forest Region. This region consists of a mix of land uses, including managed and unmanaged forest, agricultural land, and urban/human settlements. More information on land use in Canada can be found through McGill University (https://www.mcgill.ca/library/find/maps/landuse), GeoNB (http://www.snb.ca/geonb1/e/index-E.asp), GeoNova (https://geonova.novascotia.ca), and Prince Edward Island (https://www.princeedwardisland.ca/en/topic/land-use).

Ownership status: As mentioned in the BP's SBR, forestland ownership consists mostly of industrial freehold (i.e., privately owned/managed), crown (i.e., publicly owned/managed), and small private woodlots. There are several resources on land ownership available online, such as the New Brunswick land registry (https://www2.snb.ca/content/snb/en/sites/land-registry.html), the PEI land inventory services (https://www.princeedwardisland.ca/en/topic/land-inventory-services), and Nova Scotia land registry (https://novascotia.ca/sns/access/land/land-services-information/land-registry.asp),.

Socioeconomic conditions: The supply base can be described as rural overall, but with small towns and cities scattered throughout. While mining, forest products, and agriculture are important, the service-related occupations are dominant, contributing over 70% of provincial GDP for New Brunswick, Nova Scotia, and Quebec (Statistics Canada, viewed 8 Feb. 2021). More information can be found via government websites (e.g., Statistics Canada (https://www.statcan.gc.ca/eng/start).

Forest Composition: A list of timber species is provided in the BP's SBR, such as (Abies balsamea - Balsam Fir; Picea rubens - Red Spruce; Picea glauca - White Spruce; Picea mariana - Black Spruce; Picea abies - Norway Spruce; Pinus banksiana - Jack Pine; Pinus strobus – White Pine; Pinus resinosa – Red Pine; Larix laricina – Tamarack; Tsuga canadensis – Hemlock; Thuja occidentalis – Eastern White Cedar; Acer saccharum - Sugar Maple; Acer rubrum - Red Maple; Acer pensylvancium – Striped Maple; Betula alleghaniensis - Yellow Birch; Betula papyrifera - White Birch; Betula populifolia – Grey Birch; Fagus grandifolia – Beech; Quercus rubra - Red Oak; Quercus macrocarpa - Bur Oak; Populus tremuloides – Trembling Aspen; Populus balsamifera – Balsam Poplar; Populus grandidentata – Large Tooth Aspen; and Ostrya virginiana – Ironwood.

According to the Loo and Ives (2003; *The Forestry Chronicle*; viewed 8 Feb. 2021), "The Acadian Forest Region comprises the three Maritime Provinces of Canada, each of which has a distinct history resulting in

different patterns of land ownership, land use, and impacts on the forest. The region encompasses a high degree of physiographic and biological diversity, being situated where the warm, moist influence of the Gulf Stream from the south collides with the cold Labrador Current and the boreal forest gradually gives way to mostly deciduous forest. Natural forest types in the Acadian Forest Region include rich tolerant hardwood, similar to the deciduous forests to the south; spruce-fir forest, similar to boreal forest to the north; and an array of coniferous, deciduous, and mixed intermediate types." Profile of adjacent lands: Per review of the BP's SBR, the Supply Base is within the Acadian Forest Region. This region consists of a mix of land uses, including managed and unmanaged forest, agricultural land, and urban/human settlements. More information on land use in Canada can be found through McGill University (https://www.mcgill.ca/library/find/maps/landuse), GeoNB (http://www.snb.ca/geonb1/e/index-E.asp), Prince Edward Island (https://www.princeedwardisland.ca/en/topic/land-use), and GeoNova (https://geonova.novascotia.ca). As mentioned in the BP's SBR, forestland ownership consists mostly of industrial freehold (i.e., privately owned/managed), crown (i.e., publicly owned/managed), and small private woodlots. There are several resources on land ownership available online, such as the New Brunswick land registry (https://www2.snb.ca/content/snb/en/sites/land-registry.html), PEI land inventory services (https://www.princeedwardisland.ca/en/topic/land-inventory-services), and Nova Scotia land registry (https://novascotia.ca/sns/access/land/land-services-information/land-registry.asp),
Link to BP's Supply Base Report
BP's webpage: https://shawresources.ca SBP certificate page: https://sbp-cert.org/certificate-holders/shaw-resources-eastern-embers-sbp-04-16

5.3 Detailed description of Supply Base

A quantitative description of the Supply Base can be found in the organisation's Supply Base Report (SBR) file located on its entry page of the SBP Certificate Database. The following are summary statistics from the SBR:

Nova Scotia Supply Base

a. Total Supply Base Area (ha): Cumulative forest area of all forest types within SB
4,275,000 ha

b. Tenure by type (ha): Privately owned/Public/Community concession
1,994,000 ha (47%) of forest lands are public and 2,281,000 ha (53%) are private.

c. Forest by type (ha): Boreal/Temperate/Tropical
The forest type is Acadian. Common species include spruce, balsam fir, white pine, maple and birch.

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

e. Certified forest by scheme (ha): Hectares of FSC or PEFC certified
1,300,000 ha are certified (FSC/SFI)

New Brunswick Supply Base

a. Total Supply Base Area (ha): Cumulative forest area of all forest types within SB
6,100,000 ha

b. Tenure by type (ha): Privately owned/Public/Community concession 3,200,000 ha of forest lands are public and 2,900,000 ha are private.

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

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

e. Certified forest by scheme (ha): Hectares of FSC or PEFC certified
4,200,000 ha are certified to the SFI.

Prince Edward Island Supply Base

a. Total Supply Base Area (ha): Cumulative forest area of all forest types within SB
250,084 ha

b. Tenure by type (ha): Privately owned/Public/Community concession
33,011 ha of forest lands are public and 217,073 ha are private.
c. Forest by type (ha): Boreal/Temperate/Tropical
Acadian
d. Forest by management type (ha): Plantation/Managed Natural/Natural
Natural management
e. Certified forest by scheme (ha): Hectares of FSC or PEFC certified
616 ha are certified to the FSC.

5.4 Chain of Custody system

As applicable, all material is subject to the organization's COC procedures for sourcing certified and non-certified material. The organization sources material from certified sources under its valid COC certificate(s) per the following systems: ☐ FSC ☒ PEFC and/or ☐ SFI.

As applicable, any non-certified sources have been evaluated under the BP's COC Due Diligence System (DDS) or Controlled Wood procedures, as well an ☐ SBE and/or duly approved ☐ Regional Risk Assessment.

6 Evaluation process

6.1 Timing of evaluation activities

Auditor name:	Kyle Meister	**Auditor role**:	Lead auditor

Supplier audits	Primary supplier FMUs visited and Secondary/Tertiary supplier interviews: N/A – all feedstock sourced via PEFC DDS/RA and finished biomass product sold as 100% PEFC via credit account, and is thus SBP-compliant
Supplier sampling is determined using SBP sampling formulas described or cited in SBP Standard 3. Audit teams ensure to sample across the variety of forest ecosystems and/or feedstocks from which the organization sources, including by selecting different land ownership/management (e.g., small, public, private, etc.), harvesting types (thinning, final harvest), and feedstock type (primary, secondary, tertiary, hardwood, softwood, etc.).	

A. Number of days spent on-site for evaluation:	1
B. Number of auditors participating in on-site evaluation:	1
C. Number of days spent by any technical experts (in addition to amount in line A):	0
D. Additional days spent on preparation, stakeholder consultation, and follow-up:	1
E. Total number of person days used in evaluation (A * B + C + D):	2

Site Name or Location:	Shaw Resources Eastern Embers	
Date and Time of Audit:	1 February 2021: 9:30am EST/10:30am AST 2, 3, and 5 February 2021: documentation review and interviews, as necessary 8 February 2021: closing meeting	
Audit Activity	**Items to Review / Actions**	**Approx. Start Time**
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, Review of evidence of corrective actions taken by organization to close open nonconformities since previous audit (records, documents, pictures, etc.)	30 min
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)	60 min
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	30 min
Verification of calculations	Auditor-selected sample and verification of calculations for conversion factors, percentage claims, and credit accounts, as applicable	30 min
SBP ST 5, ID5E	Review of GHG data collection	120 min
Evaluation of trademarks	Review of auditor-selected sample of SBP/FSC/PEFC and/or SCS on-product and/or promotional trademark uses; review of any on-site trademark uses such as banners, posters, entryway signs	30 min

Remote inspection of facility	Review of physical inputs and outputs, material receipt, processing, storage, credit account (if applicable), sale, and overall control	60 min
Staff interviews (1 February 2021)	Interviews with appropriate number and diversity of staff to assess knowledge of CoC procedures related to their position	90 min
Closing meeting preparation	Auditor takes time to consolidate notes and review audit findings for presentation at closing meeting	30 min
Closing meeting and review of findings	Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps	30 min
End		

6.2 Description of evaluation activities

Refer to the audit itinerary above. For all SBP evaluations, SCS may collect evidence using a combination of direct observation, document and record review, and interviews with stakeholders, rightsholders and the organization's personnel & service providers. As reviewing all operations would be cost-prohibitive, SCS implements sampling techniques to ensure that all CCPs are assessed during evaluations. When relevant, other areas and locations are sampled during sequential audits to ensure that different aspects of the organization's control systems are evaluated. If a pre-evaluation visit was conducted, results are described below.

☒ N/A, no pre-evaluation visits.

☐ Results of any pre-evaluation visits:

6.3 Process for consultation with stakeholders

SCS relies on its Master Stakeholder List, which contains interested parties such as stakeholders and/or rightsholders 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/territory at the very least, and for this consultation was filtered to omit any interested parties that were not geographically relevant to the certificate holder/applicant's supply base. A notification is sent out to all identified interested parties after the BP's consultation period has ended. Comments from interested parties that are received outside of regular consultation periods are fully considered. Methods used to communicate with interested parties may include, but are not limited to, public, private or semi-private meetings, email, telephone, written correspondence, and/or messaging application.

Consultation that may have been conducted by the BP during the audit period may be described in the BP's SBR. Sometimes, formal and informal consultation may not be documented in the BP's SBR due to confidentiality concerns of interested parties.

The following consultation activities occurred as a part of this audit:

☐ Consultation has been conducted by SCS Global Services.

☒ Consultation has been conducted by SCS Global Services, but interested parties did not respond to any communications and/or did not provide permission to include comments in the report.

☐ No consultation has been conducted by SCS Global Services.

7 Results

7.1 Main strengths and weaknesses

Strengths	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.	Refer to section 10.

7.2 Rigour of Supply Base Evaluation

☒ N/A, no Supply Base Evaluation (SBE) conducted.

7.3 Collection and Communication of Data

The auditors confirm that Shaw Resources has a sufficient data collection and record keeping system. During the audit it was reviewed how energy demand along the life cycle of the pellets including the sourcing of feedstock input from the forest, production at the facility, transportation to the port and storage and handling at the port. SCS concluded that Shaw Resources Eastern Embers has the competency to analyse and accurately report the required data on energy required throughout their operations. Several nonconformities and observations were issued to SBP ST5 and highlight areas that need improvement.

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.

7.5 Stakeholder feedback

☒ No stakeholder comments were received before, during or after the evaluation.

☐ The following comments were received as described in the table below:

Stakeholder Comment	SCS Response

7.6 Preconditions

☒ No preconditions were issued.

☐ Preconditions were issued, which remain *open* as described in the Major NCRs noted in section 10.

☐ Preconditions were issued, all of which the organization *closed* as described in the Major NCRs noted in Section 10.

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, no SBE conducted.

9 Review of Company's mitigation measures

☒ N/A, no mitigation measures.

☐ The organization implements the following 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 2021.1	**NC Grading:** Minor
Standard & Requirement:	ST 2, 7.1
Description of Non-conformance and Related Evidence:	
The BP uses pre-consumer tertiary feedstock (e.g., shavings from kiln-dried lumber) as defined by SBP. These are incorrectly classified as secondary in the SBR. **Evidence**: SBR, section 2.5	
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:	The SBR has been updated. Kiln-dried shavings are now classified as tertiary fiber sources and have been updated where applicable in the SBR.
Findings for Evaluation of Evidence:	The relevant data on tertiary feedstock has been included the in the SBR, section 2.5
NC Status:	Closed

NC number 2021.2	**NC Grading:** Minor
Standard & Requirement:	ID 5E, 4.1.8 and 5.2.4
Description of Non-conformance and Related Evidence:	
DBSD was reported in the SAR, section 5. However, in the DTS, the BP has not used a PBid 'AA' value of '99' to indicate that DBSD was included with the transaction. Rather, the standard code "00" was used. **Evidence**: SAR, section 5, DTS transaction report, and combined invoice 2003 (16/Sep/2020)	
Timeline for Conformance:	Other Prior to finalization of SAR
Evidence Provided by Company to close NC:	The customer ended up accepting the transaction as '00' and did not require a DBSD claim. The SAR was updated to reflect that no biomass has been sold with DBSD.
Findings for Evaluation of Evidence:	Confirmed via review of SAR, section 5, that 0 metric tonnes of DBSD have been claimed. DTS report reflects that no DBSD has been sold.
NC Status:	Closed

NC number 2021.3	**NC Grading:** Minor
Standard & Requirement:	ID 5E, 6.8.3
Description of Non-conformance and Related Evidence:	
Electricity values reported in the SAR and GHG data spreadsheet are based on an internal power allocation spreadsheet. This data comes from internal electricity meters (i.e., not used by the power company to determine electricity use), which accounting staff use to determine electricity use for each of the organisation's businesses that operate on the site. An explanation of this was not provided in the SAR. **Evidence**: SAR, table 3.2, GHG data spreadsheet, electricity invoices sampled, and power allocation spreadsheet based on internal metering, and interviews with staff	
Timeline for Conformance:	Other Prior to finalization of SAR
Evidence Provided by Company to close NC:	An explanation has been included in the SAR: The pellet mill has its own power meters (two) since the power bill needs to be split between three separate sites. Each month the power usage is documented on the month end sheet and tared. This data is transferred to the power allocation sheet to calculate each divisions payment.
Findings for Evaluation of Evidence:	The auditor verified that the explanation is now in table 3.2.
NC Status:	Closed

NC number 2021.4	**NC Grading:** Minor
Standard & Requirement:	ID 5E, 6.2.6 and 6.9.2
Description of Non-conformance and Related Evidence:	
The final moisture content (MC) of the finished biomass product could not be replicated with the data provided (EE_PelletMoisture_QATests_2019-20 in Cell S999). The data demonstrate a slightly higher final MC than was reported in the SAR (Tables 3.3.b and Table 3.5). For MC at the dryer outlet, a value was assumed based on engineering targets. An explanation of this was not provided in the SAR, section 3.3.1. **Evidence**: SAR, table 3.3.b and supporting Excel files with calculations	
Timeline for Conformance:	Other Prior to finalization of SAR
Evidence Provided by Company to close NC:	*The SAR has been updated the description for MC at the dryer outlet. These targets are engineered estimates that are needed to acquire the target moisture of the final product. Table 3.3 has been updated and the quality assurance testing spreadsheet has been provided.*
Findings for Evaluation of Evidence:	The updated SAR (updated explanation and updated the value for MC of final product) was verified in Table 3.3. The supporting Excel file was reviewed to validate the moisture used for the final product for the reporting period.
NC Status:	Closed

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:	16/Mar/2021
Other comments:	*Click or tap here to enter text.*