



Preferred by Nature OÜ Evaluation of Granulco Inc. Compliance with the SBP Framework: Public Summary Report

Scope Change Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.8

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

Version 1.5: published 22 October 2020

Version 1.7: published 12 November 2022

Version 1.8: published 26 April 2023

Table of Contents

- 1 Overview**
- 2 Scope of the evaluation and SBP certificate**
 - 2.1 Description of the company
 - 2.2 Detailed description of the Chain of Custody system
- 3 Specific objective**
- 4 Evaluation process**
 - 4.1 Timing of evaluation activities
 - 4.2 Description of evaluation activities
 - 4.3 Sampling methodology
 - 4.4 CB stakeholder engagement
 - 4.5 Stakeholder feedback
- 5 Results**
 - 5.1 Main strengths and weaknesses
 - 5.2 Rigour of Supply Base Evaluation
 - 5.3 Collection and communication of data
 - 5.4 Competency of involved personnel
- 6 Review of company's risk assessments**
 - 6.1 Overview of company's risk assessments and mitigation measures
 - 6.2 Specified risk indicators and mitigation measures
- 7 Non-conformities and observations**
- 8 Certification decision**

1 Overview

Certification Body (CB) Name:	Preferred by Nature OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Yves Bouthillier
Audit team members:	Yves Bouthillier
Name of the Company:	Granulco Inc.
Company legal address:	648 ch. du Moulin, G0T1Y0 Sacré-Coeur, Canada
Company contact for SBP:	Isabelle Courcy
Company contact email:	certification@granulco.com
Company website:	N/A
Installation date:	N/A (production of heat, cooling or electricity from biomass has started)
SBP Certificate Code:	SBP-08-72
Date of certificate issue:	27 May 2022
Date of certificate expiry:	26 May 2027
Audit closing meeting date:	11 Dec 2023
Audit cycle:	Scope Change Audit

2 Scope of the evaluation and SBP certificate

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
Primary Activity:	Biomass Producer	<input type="checkbox"/>
Approved Standards:	SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction; Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5; SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0	<input type="checkbox"/>
Includes Supply Base Evaluation (SBE):	No	<input type="checkbox"/>
Includes REDII scheme	Yes	<input type="checkbox"/>
Includes REDII SBE	No	<input type="checkbox"/>
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	<input type="checkbox"/>
Includes Group Scheme	No	<input type="checkbox"/>
Products	Pellets	<input type="checkbox"/>

Feedstock types:	Secondary	<input type="checkbox"/>
Feedstock origin (countries):	Canada	<input type="checkbox"/>
SBP-endorsed Regional Risk Assessments used:	Not applicable	<input type="checkbox"/>
Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/		<input type="checkbox"/>
Chain of custody system implemented:	PEFC: PBN-PEFC-COC-068116	<input type="checkbox"/>
	Credit	<input type="checkbox"/>

2.1 Description of the company

Granulco is located in Sacré-Coeur, Quebec and produces granules from softwood chips - secondary feedstock. The Organization is part of the industrial complex of Boisaco, sister company that holds an SFI certificate. The certified pellets are currently sold to another SBP BP based in Québec, Canada, who ships it overseas from Port de Québec. The Organization also manufactures bagging hardwood pellets, but these are not part of the certificate.

2.2 Detailed description of the Chain of Custody system

The Organization currently holds a valid PEFC Chain of Custody certification. The organization uses the credit system to control declarations. PEFC certificate details: <https://pefc.org/find-certified/details?cbResetParam=1&CID=C-NB8Q39&LID=&EID=E-T2PQCR>

3 Specific objective

The specific objective of this audit is to REDII to the certificate scope. The BP is only using secondary feedstock from 2 suppliers: one is the parent company Boisaco located on the same industrial site and the other one is a sawmill owned by another company, located 200 km away by road.

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Yves Bouthillier	1.0
2. On-site (excl. travel time)	Yves Bouthillier	2.5
3. Report writing	Yves Bouthillier	5.0
4. Other	Yves Bouthillier	2.0

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>Audit planning and document review</i>	Remote	Yves Bouthillier	07 Dec 2023/8:00
<i>Remote audit</i>	Remote	Yves Bouthillier	11 Dec 2023/8:30
<i>Follow-up</i>	Remote	Yves Bouthillier	14 Dec 2023/8:30

Auditor qualification		
Auditor name	Role	Qualification
Yves Bouthillier	Team Leader	Yves is a Senior Sustainability Specialist with Preferred by Nature (PbN) and a biologist with a specialization in conservation and environment and a master's degree in Earth Sciences. He has been working in the field of environmental certifications since 2014. Yves is qualified to audit the following standards: - FSC FM, CoC, CW - SBP - CoC for PEFC, SFI and RA SC

4.2 Description of evaluation activities

The REDII scope change remote audit started remotely on Zoom on Dec. 11, 2023. The audit began with an opening meeting, during which the audit plan, objectives and scope were presented and discussed with Isabelle Courcy, environment coordinator, Bastien Deschênes, CEO, Karl Gauthier, general manager, Eddy Gauthier, plant manager, Jean-François Fortier, sales manager, Marie-Ève Fortin, accountant and Nicolas Blanchette, the BP's consultant for its PEFC and SBP systems. The organization's conformance with the SBP REDII Bridging requirements was evaluated with this checklist. Purchase records (invoices, bills of lading) were collected and reviewed. The BP provided photos of the critical control points. Employees with responsibilities for the SBP system were interviewed remotely. closAg meeting was held with the same personnel present during the opening meeting to discuss the findings and follow-up actions. The representative for the sole external supplier was interviewed in the following days and the BP provided additional evidence and explanations.

4.3 Sampling methodology

The BP only sources secondary feedstock (sawdust and shavings) and has 2 suppliers: Boisaco, the parent company located on the same industrial site, and another sawmill located 200 km away by road. The auditor interviewed the BP's staff who is involved in the Boisaco operations and the external supplier to confirm the supply agreement between both companies.

4.4 CB stakeholder engagement

N/A, the BP only sources secondary feedstock (sawdust and shavings).

4.5 Stakeholder feedback

N/A

5 Results

5.1 Main strengths and weaknesses

BP is a small organization backed by a larger organization (Boisaco), management staff and qualified personnel. This gives the BP agility and short reaction time to adapt. For weaknesses see the NCR section if applicable.

5.2 Rigour of Supply Base Evaluation

N/A, no SBE used

5.3 Collection and communication of data

The following energy sources are used by the BP:

- Electricity for pellet production;
- Diesel for feedstock handling;
- Diesel for biomass transportation to customer;
- Biofuel for heating.

5.4 Competency of involved personnel

BP staff showed understanding of applicable SBP requirements. See NCs issued. For this scope change audit, the BP is supported by an external consultant, INCOS Stratégies (Nicolas Blanchette).

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

N/A, no SBE used

6.2 Specified risk indicators and mitigation measures

Country:

N/A

Indicator:

N/A

Specific risk description:

N/A

Mitigation measure:

N/A

7 Non-conformities and observations

NC number NC-004001 (2022.1)	NC Grading: Observation
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.1 The BP shall implement a management and monitoring system to maintain compliance with the requirements of this and all other relevant SBP Standards, together with a process of review and feedback into planning (CPET S6b). N/A N/A N/A
Description of Non-conformance and Related Evidence:	
During the internal audit, the organization raised non-conformities. Two non-conformities were still open at the time of the external audit, however corrective actions were in process. The Organization must ensure that these non-conformities are corrected within the required time frame.	
Timeline for Conformance:	N/A
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	N/A

NC number NC-004005 (2022.2)	NC Grading: Observation
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.3 The BP management system shall document all necessary procedures. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The internal audit procedure for internal audits indicates that internal non-conformities will be closed before the external audit. In reality, the Organization does not necessarily close non-conformities before the external audit. The procedure for closing internal nonconformities does not reflect the current process.	
Timeline for Conformance:	N/A
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	N/A

NC number NC-003998 (N/A)	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	7.5 The SBR shall be updated at least annually (i.e. every 12 months). N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The Biomass Producer (BP) has not updated its Supply Base Report (SBR) for the last audit period (January 1st, 2022 to December 31st, 2022). The last update to its SBR is from the last audit, which covered the audit period for 2021.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	SBR updated by SBP responsible in the CH
Findings for Evaluation of Evidence:	Interviews with annual auditor auditor shown that the responsible staff is well aware of the requirement to update annually the SBR. Before the NCR Verification audit the SBR for the 2022 reporting period has been updated. Information requested about the description of the Supply Base is sufficient to approve the SBR. As conclusion corrective action is sufficient to close the NCR. During SB revision it was

	identified that the shared of roundwood in the supply base used for bioenergy from the total of other industries is not detailed. Auditor understands that for the BP scope sourcing 100% of secondary feedstock this requirement maybe not very relevant but as the requirement is at the level of the Supply Base (not only the biomass producer purchase program) one minor NCR is raised.
NC Status:	Closed

NC number NC-004004 (NC-003124)	NC Grading: Major
Standard:	SBP Standard 4: Chain of Custody
Requirement:	IN 4B; 1.3 The SBP trademarks shall not be used in a way that could cause confusion, misinterpretation or loss of credibility to the SBP. SBP reserves the right to suspend or terminate permission to use the SBP trademarks if the organisation is failing to comply with the SBP trademark requirements as set out in this document. The interpretation of these rules is at the sole discretion of SBP. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The BP is using only promotional SBP trademarks on its website. However, the BP has not requested approval from SBP regarding the use of SBP trademarks on its website.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Logo use approval request from the BP and emails communications with SBP
Findings for Evaluation of Evidence:	BP responsible staff is now aware about the requirement to obtain SBP approval prior to each SBP logo use. During the NCR verification audit, communications with SBP regarding the logo use and the specific request to changes where shared with auditor. BP finally also shared the logo approval from SBP. The NCR is considered closed.
NC Status:	Closed

NC number NC-004006 (85774)	NC Grading: Major
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5

Requirement:	6.1.1 BPs shall record data in an "SBP Audit Report (SAR) for Energy and Carbon data" using the latest version of the SAR appropriate to the production process. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The Biomass Producer (BP) has not updated its SBP Audit Report (SAR) for the last audit period (January 1st, 2022 to December 31st, 2022). The last update to its SAR is from the last audit, which covered the audit period for 2021.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	SAR for the last audit period (January 1st, 2022 to December 31st, 2022)
Findings for Evaluation of Evidence:	The BP provided a SAR to the CB for the last audit period (January 1st, 2022 to December 31st, 2022). The SAR is available on the DTS (Radix-Tree). This NC is closed. However, see new Major NC issued related to the information provided in this SAR.
NC Status:	Closed

NC number NC-003999 (91774)	NC Grading: Major
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	6.1.4 The SAR shall not be approved by the CB if one or more of the following non-conformances are raised: 1. Incoming mass flows of feedstock and outgoing product cannot be reconciliated together with moisture content information on the basis of consistent and verifiable data. 2. The BP cannot provide consistent and verifiable figures on the use of fossil fuels for processing (including drying). 3. The BP cannot provide consistent and verifiable data for the transport of the feedstock. 4. The BP cannot provide consistent and verifiable data for the transport of the product. 5. The BP has used falsified or incorrect evidence for justifying data in the SAR. 6. The claims that were established in the DTS by the BP in the reporting period do not correspond to the effective production. 7. It is established that the BP has used feedstock, electricity or fossil fuels whose records have deliberately been hidden from the CB. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The BP provided a SAR for the last audit period (January 1st, 2022 to December 31st, 2022). However, there is some information provided in the SAR appearing as inaccurate or generic (ex. feedstock type, weighted average distance for feedstock origin). Since this information is essential for the integrity of the SBP supply chain, this NC is a Major with a 3 months timeline.	
Timeline for Conformance:	3 months from the report finalisation

Evidence Provided by Company to close NC:	- Updated SAR - Communications with the Organization
Findings for Evaluation of Evidence:	The BP has updated its SAR, including the feedstock type, weighted average distance for feedstock origin and the SDIs. This NCR is closed.
NC Status:	Closed

NC number NC-004002 (92743)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	7.1 The BP shall prepare a Supply Base Report (SBR) which shall be made readily accessible on the BP's website. Commercially sensitive and confidential information may be excluded from the SBR. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
During SB revision it was identified that the shared of roundwood in the supply base used for bioenergy from the total of other industries is not detailed. Auditor understands that for the BP scope sourcing 100% of secondary feedstock this requirement maybe not very relevant but as the requirement is at the level of the Supply Base (not only the biomass producer purchase program) one minor NCR is issued	
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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-004007 (99051)	NC Grading: Minor
Standard:	SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0
Requirement:	7.1.2 Verification shall include the following elements: a) For each supplier, the BP shall define the necessary evidence, actions and record keeping procedures to show that feedstock received complies with the SBP definitions of secondary and tertiary. These records shall

	<p>specify: i. Name and address of the supplier ii. Type of Supplier (e.g. purchaser/ collector from point of reclamation, trader) iii. Categories of feedstock supplied iv. Level of control required (e.g. visual inspection upon receipt, supplier audits – see 7.2 and 7.3). v. Self-declaration that the feedstock qualifies as processing residue or waste according to the REDII b) The BP shall monitor the compliance of its suppliers with SBP definitions and purchase specifications and shall have a contingency plan to cater for non-compliant feedstock or documentation. For example, the BP might classify feedstock as non-eligible input for SBP products, request correction of purchase documents, or invalidate suppliers temporarily or permanently.</p> <p>N/A N/A N/A</p>
Description of Non-conformance and Related Evidence:	
<p>The staff explained to the auditor what would happen if non-compliant feedstock or documentation would be provided: since each delivery is checked upon receipt, it would be rejected and would not enter the BP's yard and if documentation has missing or misleading information, the BP's would communicate as soon as possible with its suppliers. However, these contingency measures are not documented and the various staff had similar but sometimes different responses on what measures would be implemented. Since the BP has only one external supplier, this is a Minor NC.</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:	PENDING
Findings for Evaluation of Evidence:	PENDING
NC Status:	Open

NC number NC-004000 (99052)	NC Grading: Minor
Standard:	SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0
Requirement:	<p>7.3.1 The legal owner shall perform annual or more frequent on-site audit of the suppliers as part of the supplier audit for secondary and tertiary feedstock (including overseas suppliers) based on a justified sampling approach.</p> <p>N/A N/A N/A</p>
Description of Non-conformance and Related Evidence:	
<p>The BP only sources secondary feedstock (sawdust and shavings) and has 2 suppliers: Boisaco, the parent company located on the same industrial site, and another sawmill located 200 km away by road. The BP has not yet performed any internal audit of its suppliers, but its procedures plan internal audits of its suppliers (EXH 01 Section 3.3). Since the secondary feedstock delivered is only sawdust and shaving, the risk is low. Minor NC is issued.</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:	PENDING
Findings for Evaluation of Evidence:	PENDING
NC Status:	Open

NC number NC-004003 (99053)	NC Grading: Minor
Standard:	SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0
Requirement:	7.3.6 A declaration from the supplier, even if part of the contractual agreement, is not considered sufficient proof of origin and feedstock category. However, it can be used as additional evidence to demonstrate compliance of the feedstock with SBP definitions. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The BP has a supplier agreement and signed self-declaration with its suppliers to ensure only secondary feedstock eligible to these requirements is provided. (EXH 01 Section 3.3 and Suppliers list). Minor NC is issued since the current supplier internal audit program does not plan explicitly on requesting demonstration for proof of origin.	
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:	PENDING
Findings for Evaluation of Evidence:	PENDING
NC Status:	Open

NC number NC-004029 (99518)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	IN2C; 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest version of the SBR template for Biomass Producers downloaded from the SBP website. N/A

	N/A N/A
Description of Non-conformance and Related Evidence:	
The BP did not update the list of standards list and indicated all sections in Annex II relevant to secondary/tertiary feedstock suppliers as NA whereas it is in fact applicable. As in general the management system of working with the secondary/tertiary feedstock suppliers exists and the updated SBR has been provided by the BP, a minor NCR has been raised.	
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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

8 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):	Mikhail Rai
Date of decision:	29 Dec 2023
Other comments:	N/A