



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

## **Second Surveillance Audit**

[www.sbp-cert.org](http://www.sbp-cert.org)



**The promise of good biomass**



# 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](http://www.sbp-cert.org)*

## *Document history*

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# 1 Overview

Certification Body (CB) Name:	Preferred by Nature OÜ
Primary CB contact for SBP:	Pilar Gorria Serrano
Primary CB contact email:	pgorria@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:	16 Apr 2024
Audit cycle:	Second Surveillance 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)
<b>Primary Activity:</b>	Biomass Producer	<input type="checkbox"/>
<b>Approved Standards:</b>	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"/>
<b>Includes Supply Base Evaluation (SBE):</b>	No	<input type="checkbox"/>
<b>Includes REDII scheme</b>	Yes	<input type="checkbox"/>
<b>Includes REDII SBE</b>	No	<input type="checkbox"/>
<b>Includes communication of Dynamic Batch Sustainability Data (DBSD)</b>	Yes	<input type="checkbox"/>
<b>Includes Group Scheme</b>	No	<input type="checkbox"/>
<b>Products</b>	Pellets	<input type="checkbox"/>

<b>Feedstock types:</b>	Secondary	<input type="checkbox"/>
<b>Feedstock origin (countries):</b>	Canada	<input type="checkbox"/>
<b>SBP-endorsed Regional Risk Assessments used:</b>	Not applicable	<input type="checkbox"/>
<b>Public link:</b> <a href="https://sbp-cert.org/documents/standards-documents/risk-assessments/">https://sbp-cert.org/documents/standards-documents/risk-assessments/</a>		<input type="checkbox"/>
<b>Chain of custody system implemented:</b>	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 secondary feedstock (pin chips, sawdust and shavings). 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 bags of pellets, but these are not sold as SBP.

## 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 evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP and REDII Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the BP's management procedures for SBP and REDII;
- Review of the production processes, production site visit;
  
- Review of the mass balance requirements;
- Review of PEFC system control points,
- Interviews with responsible staff;
  
- Review of the DTS records;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis and assessment of compliance with ID 5E;

## 4 Evaluation process

### 4.1 Timing of evaluation activities

Audit Level of Effort (LoE)		
Activity	Auditors	Auditor hours
1. Preparation	Yves Bouthillier	8.0
2. On-site (excl. travel time)	Yves Bouthillier	8.0
3. Report writing	Yves Bouthillier	8.0
4. Other	N/A	

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	On-site	Yves Bouthillier	16 Apr 2024/8:45
<i>Review of procedures, systems, non-conformances, on-site tour of facilities, interviews with staff and workers</i>	On-site	Yves Bouthillier	16 Apr 2024/9:00
<i>Closing meeting</i>	On-site	Yves Bouthillier	16 Apr 2024/15:30



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 BP's SBP REDII management system works in parallel with its PEFC CoC system. Audit started with an opening meeting attended by the person in charge of the SBP certificate for the BP, management and relevant staff. During the opening meeting the audit team leader introduced himself, discussed the audit schedule, methodology, use of triangulation for evidence review, auditor qualification, confidentiality issues, and assessment methodology and clarified certification scope. The audit team leader explained CB's accreditation related issues.

After that auditor went through all applicable requirements of the SBP standards #2, 4, 5, Instruction Document 5e and REDII covering input classification, existing chain of custody system, COC Critical Control Points (feedstock entrance, inputs identification and claims, control system, conversion factors and sales) management system, record keeping/mass balance requirements, emission and energy data and categorization of input and verification of SBP-compliant biomass. During the process, overall responsible person for SBP system and other staff were interviewed. Supply Base Report (SBR) and the SBP Audit Report (SAR) documentation energy consumption and moisture levels were reviewed.

At the end of the audit, a closing meeting was held during when findings were summarized, and preliminary audit conclusions were communicated to the person in charge of the SBP certificate for the BP, management and relevant staff.

## 4.3 Sampling methodology

The BP only sources secondary feedstock (pin chips, 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 reviewed the the external supplier's documentation 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 its parent organization, Boisaco and its 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 boilers.

### **5.4 Competency of involved personnel**

BP staff showed understanding of applicable SBP requirements. The BP's staff includes forest engineers and is from the parent company, Boisaco, a sawmill that has been operating since 1985. See NCs issued. The BP is supported by an external consultant, INCOS Stratégies (Nicolas Blanchette) who created the SBP Québec RRA.

## **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-004511 (92743)		NC Grading: Major
<b>Standard:</b>	SBP Standard 2: Verification of SBP-compliant Feedstock	
<b>Requirement:</b>	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	
<b>Description of Non-conformance and Related Evidence:</b>		
2023 audit: 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		
<b>Timeline for Conformance:</b>	3 months from the report finalisation	
<b>Evidence Provided by Company to close NC:</b>	EXH 12 Supply Base Report-Granulco Inc.-Second Surveillance Audit-2024 Communications with the BP staff and consultant	
<b>Findings for Evaluation of Evidence:</b>	2024 audit: In their SBR, Section 2.2 Description of countries included in the Supply Base, the BP indicates that their Supply Base is from the 2 regions of Saguenay and Côte-Nord in the province of Québec, Canada. However, the BP only mentions shared of roundwood in the supply base used for bioenergy from the total industries for the region Côte-Nord. This NC cannot be closed during the 2024 annual surveillance audit (April 16, 2024) and is upgraded to Major.	
<b>NC Status:</b>	Open	

NC number NC-004507 (99051)		NC Grading: Minor
<b>Standard:</b>	SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0	
<b>Requirement:</b>	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 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. N/A N/A N/A
<b>Description of Non-conformance and Related Evidence:</b>	
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.	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	- Procedures (EXH 01), Section 4.2 - Sign at unloading site - Interviews with staff and consultant - Interviews with workers
<b>Findings for Evaluation of Evidence:</b>	The BP has developed an instruction under Section 4.2 of its procedure (EXH 01) for handling non-compliant feedstock or documentation: - Immediately notify the person responsible for receiving co-products; - Contact the supplier to reach an agreement on how to dispose of the non-conforming volume received; - Fully segregate the non-conforming volume received from other products until its complete disposal; - Notify the CB, if applicable. The staff and workers interviewed were aware of this instruction. This NC is closed.
<b>NC Status:</b>	Closed

<b>NC number NC-004508 (99052)</b>	
<b>NC Grading: Minor</b>	
<b>Standard:</b>	SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0
<b>Requirement:</b>	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. N/A N/A N/A
<b>Description of Non-conformance and Related Evidence:</b>	
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.	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	- Procedures (EXH 01) - Suppliers documentation (EXH 14) - Purchases documentation (EXH 07) - Interviews with staff and consultant - Interviews with workers
<b>Findings for Evaluation of Evidence:</b>	A supplier audit would only be required if it started receiving chips where there is a risk it could come from primary processing. The BP is only sourcing secondary feedstock (sawdust, shavings, pin chips), no tertiary feedstock. All material is verified by visual inspection and classified as secondary feedstock. The BP has only 2 suppliers. If the BP has to engage with a new supplier, it would make sure it's secondary feedstock before receiving new deliveries. See EXH 01 Section 3.4. The auditor observed on site how this process is implemented on-site at the mill where different types of feedstock are unloaded in dedicated areas, interviewed staff and workers relevant to implementation of this requirement. This NC is closed.
<b>NC Status:</b>	Closed

NC number NC-004513 (99053) NC Grading: Minor	
<b>Standard:</b>	SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0
<b>Requirement:</b>	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
<b>Description of Non-conformance and Related Evidence:</b>	
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.	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	- Procedures (EXH 01) - Suppliers documentation (EXH 14) - Purchases documentation (EXH 07) - Interviews with staff and consultant - Interviews with workers
<b>Findings for Evaluation of Evidence:</b>	A supplier audit would only be required if it started receiving chips where there is a risk it could come from primary processing. The BP is only sourcing secondary feedstock (sawdust, shavings, pin chips), no

	tertiary feedstock. All material is verified by visual inspection and classified as secondary feedstock. The BP has only 2 suppliers. If the BP has to engage with a new supplier, it would make sure it's secondary feedstock before receiving new deliveries. See EXH 01 Section 3.4. The auditor observed on site how this process is implemented on-site at the mill where different types of feedstock are unloaded in dedicated areas, interviewed staff and workers relevant to implementation of this requirement. This NC is closed.
<b>NC Status:</b>	Closed

<b>NC number NC-004506 (99518) NC Grading: Minor</b>	
<b>Standard:</b>	SBP Standard 2: Verification of SBP-compliant Feedstock
<b>Requirement:</b>	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
<b>Description of Non-conformance and Related Evidence:</b>	
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.	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	EXH 12 Supply Base Report-Granulco Inc.-Second Surveillance Audit-2024 Communications with the BP staff and consultant
<b>Findings for Evaluation of Evidence:</b>	The BP has filled Annex II Section 2. REDII for secondary and tertiary feedstock. The BP has also filled out Annex II Section 1. REDII Supply Base Evaluation in preparation for including REDII primary feedstock in an upcoming audit. REDII primary feedstock was not included in the scope of the 2024 annual surveillance audit (April 16, 2024). This NC is closed.
<b>NC Status:</b>	Closed



NC number NC-004643 (106698)		NC Grading: Major
<b>Standard:</b>	SBP Standard 2: Verification of SBP-compliant Feedstock	
<b>Requirement:</b>	IN2C; 2.1 The SBR shall be made available in English, and at least one official language of the country in which the BP is located. N/A N/A N/A	
<b>Description of Non-conformance and Related Evidence:</b>		
The SBR provided is in French. However, per requirement 2.1 of Instruction Note 2C: The SBR shall be made available in English, and at least one official language of the country in which the BP is located. Major NC is issued.		
<b>Timeline for Conformance:</b>	3 months from the report finalisation	
<b>Evidence Provided by Company to close NC:</b>	Pending	
<b>Findings for Evaluation of Evidence:</b>	Pending	
<b>NC Status:</b>	Open	

NC number NC-004644 (106696)		NC Grading: Major
<b>Standard:</b>	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5	
<b>Requirement:</b>	6.9.1 Different types of fuels may be used in the plant. Either fossil fuels, such as: - diesel oil; - gasoline; - natural gas; - propane; - LPG; - butane, - other to be specified. Or biomass fuels, such as: - sawmill residues; - forest residues; - imported bark - bark from onsite debarking of roundwood - diverted biomass product (e.g. material exiting the dryer); - non-wood biomass to be specified - biodiesel; - bioethanol; - other to be specified For every type of fuel used, specify fuel consumption during the reporting period in: - litres; - kg; or - Nm <sup>3</sup> / metric tonne biomass. For every type of fuel used, specify the process: - chipping/crushing, - handling, - burner for drying, - boiler, - onsite CHP, - 3rd party CHP, - emission control, - offsite chipping, - multiple or other use to specify N/A N/A N/A	
<b>Description of Non-conformance and Related Evidence:</b>		
Per industry data and averages, diesel consumption is considered high and over the threshold values. Gas consumption is also considered too low. This shall be justified in the SAR. Major NC is issued.		

<b>Timeline for Conformance:</b>	3 months from the report finalisation
<b>Evidence Provided by Company to close NC:</b>	Pending
<b>Findings for Evaluation of Evidence:</b>	Pending
<b>NC Status:</b>	Open

## 8 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:

<b>Certification decision:</b>	N/A
<b>Certification decision by (name of the person):</b>	N/A
<b>Date of decision:</b>	N/A
<b>Other comments:</b>	N/A