

# Supply Base Report: Groupe Savoie

## Second Surveillance Audit

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## Completed in accordance with the Supply Base Report Template Version 1.3

*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

**Producer name:** Groupe Savoie Inc.  
**Producer location:** 251 Route 180  
 Saint-Quentin, N.B. Canada  
 E8A 1W4  
  
**Geographic position:** 47.47900 latitude -67.35344 longitude  
**Primary contact:** Danny Perron  
[danny.perron@groupesavoie.com](mailto:danny.perron@groupesavoie.com)  
 (506) 235-1067  
  
**Company website:** [www.groupesavoie.com](http://www.groupesavoie.com)  
**Date report finalised:** March 2017 (Updated April 2018, January 2019)  
**Close of last CB audit:** 31/May/ 2018  
**Name of CB:** SCS Global Services  
**Translations from English:** No  
**SBP Standard(s) used:** Standard 2 version 1.0, Standard 4 version 1.0, Standard 5 version 1.0  
**Weblink to Standard(s) used:** <https://sbp-cert.org/documents>  
**SBP Endorsed Regional Risk Assessment:** Not Applicable  
**Weblink to SBE on Company website:** Not Applicable

| Indicate how the current evaluation fits within the cycle of Supply Base Evaluations |                          |                     |                          |                          |
|--|--------------------------|---------------------|--------------------------|--------------------------|
| Main (Initial) Evaluation  | First Surveillance       | Second Surveillance | Third Surveillance       | Fourth Surveillance      |
| <input type="checkbox"/>   | <input type="checkbox"/> | <b>X</b>            | <input type="checkbox"/> | <input type="checkbox"/> |

## 2 Description of the Supply Base

### 2.1 General description

Groupe Savoie Inc. manufactures industrial wood pellets for export to European power utilities and residential wood pellets for domestic markets. Feedstock for the pellet mill is composed mainly of primary feedstock from the province of New-Brunswick. To a lesser extent, feedstock is sourced from south-eastern Québec, Ontario, Nova Scotia and Prince Edward Island in Canada and the New England states of Maine, Connecticut, Vermont, New Hampshire, New Jersey, New York, Massachusetts and Pennsylvania.

Table 1. Summary of the origin of sawlogs and biomass for Groupe Savoie’s Saint-Quentin production facilities for calendar year 2016.

| SUMMARY - ORIGIN     | Quantity (Kg)      | Percentage (%) |
|----------------------|--------------------|----------------|
| New-Brunswick        | 580 453 596        | 88,95%         |
| Quebec               | 31 169 419         | 4,78%          |
| Nova Scotia          | 5 290 804          | 0,81%          |
| Prince Edward Island | 5 290 804          | 0,81%          |
| Ontario              | 602 365            | 0,09%          |
| United-States        | 29 729 599         | 4,56%          |
| <b>TOTAL</b>         | <b>652 536 587</b> | <b>100,00%</b> |

Table 2. Summary of the origin of sawlogs and biomass for Groupe Savoie’s Saint-Quentin production facilities for calendar year 2017.

| SUMMARY - ORIGIN     | Quantity (mt)  | Percentage (%) |
|----------------------|----------------|----------------|
| New-Brunswick        | 154 598        | 82,80%         |
| Québec               | 15 532         | 8,32%          |
| Prince Edward Island | 5 602          | 3,00%          |
| Nova Scotia          | 1 120          | 0,60%          |
| Ontario              | 1 120          | 0,60%          |
| United States        | 8 748          | 4,69%          |
| <b>TOTAL</b>         | <b>186 721</b> | <b>100,00%</b> |

Table 3. Summary of the origin of sawlogs and biomass for Groupe Savoie’s Saint-Quentin production facilities for calendar year 2018.

| Summary - Origin     | Quantity (Kg)    | Percentage (%) |
|----------------------|------------------|----------------|
| New-Brunswick        | 442603380        | 87.44%         |
| Quebec               | 30978187         | 6.12%          |
| Nova Scotia          | 5719829          | 1.13%          |
| Prince Edward Island | 5669211          | 1.12%          |
| Ontario              | 1619774          | 0.32%          |
| United-States        | 19589148         | 3.87%          |
| <b>Total</b>         | <b>506179528</b> | <b>100.00%</b> |

Groupe Savoie's sawmill residuals (sawdust, shavings and bark) and forest operation residuals (branches and tops) are the primary feedstock for the Saint-Quentin Wood Pellet Plant.

## 2.2 Actions taken to promote certification amongst feedstock supplier

Groupe Savoie have been certified to the SFI® Fiber Sourcing standard since 2004, and manage a chain of custody management system certified to the PEFC™ ST2002:2013 standard.

Groupe Savoie promotes certification through their participation in the SFI Maritime Implementation Committee. Furthermore, procurement personnel proceed to send documentation promoting certification to non-certified suppliers. Wood producer training, endorsed by the Maritime SFI Implementation Committee is provided to promote the use of Qualified Logging Professionals.

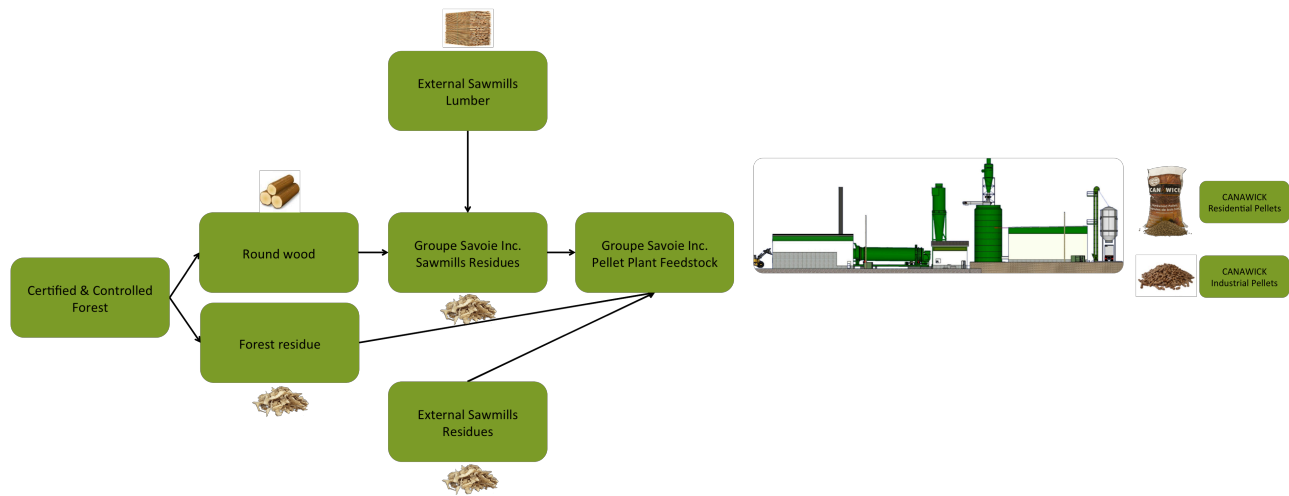
## 2.3 Final harvest sampling programme

As part of their legal obligation in the context of their forest management agreement and in respect to the Crown Lands and Forest Act, the licensees implement a harvest monitoring process. Each block will undergo final cut inspection to ensure adequate implementation of the forest management plan, as well as compliance to applicable legal requirements.

The regional marketing boards complete surveys on a random selection of private woodlots chosen by the Maritime SFI Implementation Committee (MARSIC) on an annual basis. These surveys are compiled by MARSIC and available as an annual report. The New Brunswick Department of Energy and Resource Development (NB ERD) is responsible for monitoring and enforcing activities on Crown lands, all of which are FM-certified.

Private producers of primary raw materials are classified under the Forest Products Marketing Boards for those operating in the Province of New Brunswick and under forestry syndicates for those operating in the Province of Quebec. To ensure sound management of private woodlots, Groupe Savoie conducts field visits on private woodlots and provides training to producers to ensure sustainable forest management. In the case of a field visit where Groupe Savoie is aware of illegal activities at the level of a private producer or of potentially conflicting wood source such as trespassing or theft, Groupe Savoie undertakes to refuse the latter's raw material as stipulated in the procurement policy.

## 2.4 Flow diagram of feedstock inputs showing feedstock type [optional]



## 2.5 Quantification of the Supply Base

### Supply Base

|              | Supply Base Area (ha) |                   | Tenure by Type (ha) |                   |              | Management type | Certified forest by scheme (ha) |                   |
|--------------|-----------------------|-------------------|---------------------|-------------------|--------------|-----------------|---------------------------------|-------------------|
|              | TOTAL                 | Forest            | Private             | Public            | Forest type  |                 | FSC                             | SFI               |
| <b>NB</b>    | 7 100 000             | 6 100 000         | 2 900 000           | 3 200 000         | Acadian      | Natural         | 0                               | 4 200 000         |
| <b>QC</b>    | 166 700 000           | 34 800 000        | 6 600 000           | 28 200 000        | Boreal/Mixed | Natural         | 24 000 000                      | 27 000 000        |
| <b>NS</b>    | 5 527 360             | 4 275 000         | 2 281 000           | 1 994 000         | Acadian      | Natural         | 598 457                         | 1 172 319         |
| <b>PEI</b>   | 568 600               | 250 084           | 217 073             | 33 011            | Acadian      | Natural         | 616                             | 0                 |
| <b>TOTAL</b> | <b>179 895 960</b>    | <b>45 425 084</b> | <b>11 998 073</b>   | <b>33 427 011</b> |              |                 | <b>24 599 073</b>               | <b>32 372 319</b> |

### Feedstock

Total volume of Feedstock:

- 176,982 metric tonnes (calendar year 2016)
  - 186 721 metric tonnes (calendar year 2017)
  - 130 191 metric tonnes (calendar year 2018)
- a. Volume of primary feedstock: 0-200 000 metric tonnes
    - 38,293 metric tonnes (calendar year 2016)
    - 26,307 metric tonnes (calendar year 2017)
    - 13 368 metric tonnes (calendar year 2018)
  - b. List percentage of primary feedstock (g), by the following categories. - percentages may be shown in a banding between XX% to YY% if a compelling justification is provided\*. Subdivide by SBP-approved Forest Management Schemes:



|   |  |
|---|--|
| Certified to an SBP-approved Forest Management Scheme     | 93.83 % (2016)<br>71,92% (2017)<br>93.70% (2018) |
| Not certified to an SBP-approved Forest Management Scheme | 6.17% (2016)<br>28,08% (2017)<br>6.30% (2018)    |

c. List all species in primary feedstock, including scientific name

|              |                       |
|--------------|-----------------------|
| Sugar maple  | Acer saccharum        |
| Red maple    | Acer rubrum           |
| Yellow birch | Betula alleghaniensis |
| White birch  | Betula papyrifera     |
| Poplar       | Populus tremuloides   |
| Aspen        | Populus balsamea      |
| Beech        | Fagus grandifolia     |
| Ash          | Fraxinus sp.          |

d. Volume of primary feedstock from primary forest

**100%**

e. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:

|   |  |
|---|--|
| Certified to an SBP-approved Forest Management Scheme     | 93.83 % (2016)<br>71,92% (2017)<br>93.70% (2018) |
| Not certified to an SBP-approved Forest Management Scheme | 6.17% (2016)<br>28,08% (2017)<br>6.30% (2018)    |

f. Volume of secondary feedstock: specify origin and type - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided\*.

- **85,424 metric tonnes (2016)**
- **56,949 metric tonnes (2017)**
- **85,075 metric tonnes (2018)**

g. Volume of tertiary feedstock: specify origin and composition - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided\*.

- **96,248 metric tonnes (2016)**
- **64,165 metric tonnes (2017)**
- **31748 metric tonnes (2018)**

### 3 Requirement for a Supply Base Evaluation

| SBE completed            | SBE not completed |
|--------------------------|-------------------|
| <input type="checkbox"/> | <b>X</b>          |

A Supply Base Evaluation was not conducted. Groupe Savoie procure approximately 72% of the feedstock as PEFC certified material, which in turn is SBP-compliant. Currently, this proportion of certified material is sufficient to meet the demand of our clients for SBP-certified biomass. The non-certified feedstock is procured under the scope of the PEFC certified Due Diligence System and is therefore controlled material. Furthermore, there is a proportion of FSC certified feedstock as well as feedstock coming from a SFI chain of custody that is not being counted as SBP-compliant. If required, Groupe Savoie can account for this feedstock.

Summary of certified and controlled sources feedstock for the Groupe Savoie pellet production facility for 2016.

| SUMMARY - CERTIFIED/CONTROLLED SOURCES | Quantity (Kg)      | Percentage (%) |
|--|--------------------|----------------|
| Certified Sources                      | 469 659 780        | 71,97%         |
| Controlled Sources                     | 182 876 807        | 28,03%         |
| <b>TOTAL</b>                           | <b>652 536 587</b> | <b>100,00%</b> |

Summary of certified and controlled sources feedstock for the Groupe Savoie pellet production facility for 2017.

| SUMMARY - CERTIFIED/CONTROLLED SOURCES | Quantity (Kg)      | Percentage (%) |
|--|--------------------|----------------|
| Certified Sources                      | 421 455 205        | 71,92%         |
| Controlled Sources                     | 164 557 418        | 28,08%         |
| <b>TOTAL</b>                           | <b>586 012 623</b> | <b>100,00%</b> |

Summary of certified and controlled sources feedstock for the Groupe Savoie pellet production facility for 2018.

| Summary - Certified/Controlled Sources | Quantity (Kg)    | Percentage (%) |
|--|------------------|----------------|
| Certified Sources                      | 394075190        | 77.85%         |
| Controlled Sources                     | 112104338        | 22.15%         |
| <b>Total</b>                           | <b>506179528</b> | <b>100.00%</b> |

## 4 Supply Base Evaluation

### 4.1 Scope

N/A

### 4.2 Justification

N/A

### 4.3 Results of Risk Assessment

N/A

### 4.4 Results of Supplier Verification Programme

N/A

### 4.5 Conclusion

N/A

## 5 Supply Base Evaluation Process

N/A

## 6 Stakeholder Consultation

N/A

### 6.1 Response to stakeholder comments

N/A

## 7 Overview of Initial Assessment of Risk

N/A

## 8 Supplier Verification Programme

### 8.1 Description of the Supplier Verification Programme

N/A

### 8.2 Site visits

N/A

### 8.3 Conclusions from the Supplier Verification Programme

N/A

## 9 Mitigation Measures

### 9.1 Mitigation measures

N/A

### 9.2 Monitoring and outcomes

N/A



## 10 Detailed Findings for Indicators

N/A

## 11 Review of Report

### 11.1 Peer review

An external review was conducted M. Gaetan Pelletier, General Director of the Northern Hardwood Research Institute, based in Edmundston, New Brunswick.

Gaetan Pelletier joined the Institute as Director at the very beginning in August 2012 after a successful 28-year career with the forest industry where he successively held various positions such as silviculture forester, district forester, district superintendent and manager of R&D and continuous improvement.



He is a technical expert in forest management, silviculture and ecology and, over the years, has developed leading edge, large-scale practices and management strategies for planted stands, natural mixedwoods and hardwoods. He is certified in lean and six-sigma methodology and has a passion for cutting edge technology, designing management systems, decision support tools and using precision forestry concepts to integrate new knowledge into complete solutions that consider the full forest products value chain.

Gaetan is currently completing a Master's Degree in Science of Forestry at Université de Moncton – Edmundston campus, has a degree in management studies and a technology degree in forest management.

### 11.2 Public or additional reviews

N/A

## 12 Approval of Report

| Approval of Supply Base Report by senior management  |   |                                   |                        |
|--|---|-----------------------------------|------------------------|
| Report Prepared by:  |  | [title]                           | [date]                 |
|  | Name <u>Daniel Martin</u>   | Title <u>Agri Consultants Ltd</u> | Date <u>19/02/2019</u> |
| The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report. |   |                                   |                        |
| Report approved by:  |  | [title]                           | [date]                 |
|  | Name  | Title <u>Quality Manager</u>      | Date <u>19-02-2019</u> |
| Report approved by:  | [name]  | [title]                           | [date]                 |
|  | Name  | Title                             | Date                   |
| Report approved by:  | [name]  | [title]                           | [date]                 |
|  | Name  | Title                             | Date                   |

## 13 Updates

### 13.1 Significant changes in the Supply Base

There are no significant changes to the Supply Base. The only change is in the volume of supplies from specific regions. No new districts of origin have been added.

### 13.2 Effectiveness of previous mitigation measures

N/A

### 13.3 New risk ratings and mitigation measures

N/A

### 13.4 Actual figures for feedstock over the previous 12 months

Using the categories in Section 2.5 'Quantification of the Supply Base' (above), give an update on the actual figures for the previous 12 month period. Volume may be shown in a banding between XXX,000 to YYY,000 tonnes or m<sup>3</sup> if a compelling justification is provided\*

Biomass reception: 13,368 mt

Secondary feedstock reception: 85,075 mt

Tertiary feedstock reception: 31,748 mt

### 13.5 Projected figures for feedstock over the next 12 months

Biomass input: 25,000 mt

Secondary feedstock input: 100,000 mt

Tertiary feedstock input: 50,000 mt

| Summary - Origin     | Quantity (Kg)    | Percentage (%) |
|----------------------|------------------|----------------|
| New-Brunswick        | 442603380        | 87.44%         |
| Quebec               | 30978187         | 6.12%          |
| Nova Scotia          | 5719829          | 1.13%          |
| Prince Edward Island | 5669211          | 1.12%          |
| Ontario              | 1619774          | 0.32%          |
| United-States        | 19589148         | 3.87%          |
| <b>Total</b>         | <b>506179528</b> | <b>100.00%</b> |

- \* Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands are:

1. 0 – 200,000 tonnes or m<sup>3</sup>
2. 200,000 – 400,000 tonnes or m<sup>3</sup>
3. 400,000 – 600,000 tonnes or m<sup>3</sup>
4. 600,000 – 800,000 tonnes or m<sup>3</sup>
5. 800,000 – 1,000,000 tonnes or m<sup>3</sup>
6. >1,000, 000 tonnes or m<sup>3</sup>