



Supply Base Report: Premium Pellet Ltd.

Fourth 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

Document history

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1 Overview

Producer name: Premium Pellet Ltd.

Producer location: 2301 Campbell Road, Vanderhoof, B.C., Canada

Geographic position: [54°00'52"N 124°00'32"W](#)

Primary contact: Tammy Scott, Vanderhoof, B.C., Canada
+1-250-570-6122
tammy.scott@sinclar.com

Company website: www.sinclar.com

Date report finalised: 13/Apr/2020

Close of last CB audit: 28/Mar/2019

Name of CB: Control Union Certifications B. V.

Translations from English: N/A

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/standards-documents/standards>

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"/>	<input type="checkbox"/>	<input type="checkbox"/>	X

2 Description of the Supply Base

2.1 General description

Premium Pellet Ltd. (Premium Pellet) Supply Base is in the geographical centre of British Columbia (BC), Canada and is made up of the Prince George, Lakes and Mackenzie Timber Supply Area's (TSA's). Premium Pellet utilizes 100% secondary feedstock from local primary facilities (lumber sawmills) or other secondary facilities (lumber remanufacturers). There are seven potential suppliers of secondary feedstock in the area including a related sawmill and planer mill, Nechako Lumber, located on the same site in Vanderhoof, B.C. as Premium Pellet. These two entities, along with Nechako Green Energy, are collectively known of as the Nechako Group of Companies. Additionally, secondary fibre is also obtained from an external sawmills and a remanufacturing facility in Vanderhoof from Canfor Plateau, Lakeland Mills in Prince George, BC, Apollo Forest Products and Conifex in Fort St James, BC.

The majority of the forest management and harvesting in the Supply Base Area is conducted on Government of British Columbia crown lands, which are managed by either the government through their BC Timber Sales (BCTS) program, or by forest companies with area or volume based licenses awarded by government. The BCTS program and all local forest companies have their operations certified to Sustainable Forest Management (SFM) programs such as Sustainable Forestry Initiative® (SFI) or Canadian Standards Association (CSA). For 2018 more than 95% of the fibre utilized by the sawmill and planer mill located on the same site as Premium Pellet was obtained from tenures awarded and managed by the Province of British Columbia. The majority of the fibre harvested is pine, spruce and subalpine fir with a smaller component of Douglas-fir. In addition to the SFM and Programme for the Endorsement of Forest Certification (PEFC™) Chain of Custody (CoC) systems certifications held by government and local forest companies, SFM plans and practices are also legislated in BC and there are no species harvested in BC that are on the CITES or IUCN lists.

There is a small amount of private land (i.e. farms) in the Supply Base Area and there are private woodlots and First Nations reserves and licenses, therefore the primary facilities in the region around Vanderhoof, BC may purchase a small amount of primary fibre for their facilities from uncertified lands that are not managed under a tenure issued by the Ministry of Forests, Lands, Natural Resource Operations & Rural Development (MFLNRORD). These lands are not classified as forest land but are private lands with forests and can be used by the owner for agricultural purposes once harvesting is complete. In 2018 for example, the sawmill and planer mill on the same site as Premium Pellet received less than 5% of their supply from uncertified but controlled sources that were not harvested from tenures issued and monitored by MFLNRORD.

Of the seven potential secondary feedstock suppliers to Premium Pellet, four of them have PEFC, Chain of Custody (CoC) systems. Premium Pellet and the two solid wood production facilities that share the same site have a common multi-site CoC PEFC system. Premium Pellet receives a supplier assertion confirming that feed stock that is either sourced through processes that meet the PEFC criteria and have a risk assessment carried out at the supplier level to confirm that it is obtained from non-controversial sources. Approximately 96% of the feedstock is certified compliant and 4%, which is used at the Nechako Green Energy and for bagged pellets, which does not have any SBP claims, is controlled.

2.2 Actions taken to promote certification amongst feedstock supplier

Premium Pellet Ltd. achieved PEFC CoC certification in 2009. In order to ensure an adequate amount of certified fibre for its operation, Premium Pellet, promotes certification, including SFI, with our suppliers. Premium Pellet, through Nechako Lumber Co. Ltd., requires operations to be conducted by loggers trained in accordance with the programs developed by the Western Canada SFI Implementation Committee (WCSIC). It is a requirement of Premium Pellet Ltd's fibre purchase contract that all non-certified fibre is sourced from non-controversial sources as defined by PEFC. Prior to purchasing fibre, the supplier goes through another risk assessment to ensure compliance with all standards and the supplier's past compliance history.

In a case where the logs supplied to our company are considered "high" risk of being obtained from controversial sources, the supplier will provide our company with the necessary information to identify the forest management unit(s) of origin as well as the whole supply chain of the raw material relating to the "high" risk supply. Should our company require on-site inspection of the associated operations, the supplier will assist in the coordination, as needed.

2.3 Final harvest sampling programme

Premium Pellet only utilizes secondary feedstock therefore, this is not applicable.

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

Not applicable

2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 8.87 million hectares of Timber Harvesting Landbase (THLB)
- b. Tenure by type (ha):
 - Privately Owned: 2%, 173,000 ha
 - Publicly Owned: 98%, 8.70 million ha (THLB)
 - Community Concession: 0%, 0 ha
- c. Forest by type (ha): 100% Temperate (8.87 million ha)
- d. Forest by management type (ha): 100% Managed Natural (8.873 million ha)
- e. Certified forest by scheme (ha): 91% CSA & SFI FM-certified forest (8.09 million ha)

Currently the Majority of Licensee's in the Supply Base Area are certified to either SFI or CSA certification standard. Certified Licensee's in the supply base area include British Columbia Timber Sales, Carrier Lumber Ltd., Canadian Forest Products Ltd, Conifex Timber Inc, Nechako Lumber Ltd., Mackenzie Fibre Ltd., Sinclair Group Forest Products Ltd and West Fraser Timber Ltd.

All forests are classified within the Temperate Conifer Forest region and none of the forest types include classified CITES or IUCN species. Certain fauna and plant species are listed as either endangered or threatened in the supply base by federal and provincial sources. Forest operations are bound by provincial and federal legislation associated with forestry practices including listed species at risk. This legal framework is enforced to prevent and deter illegal harvesting within protected areas and unadapted practices associated with species at risk habitat^[1].

[1] <http://www.registrelp-sararegistry.gc.ca> - <https://www.for.gov.bc.ca/> - <https://www2.gov.bc.ca/>

Feedstock

- f. Total volume of Feedstock: 136,598.82 odt's (sawdust 67.33%, shavings 32.67%)
- g. Volume of primary feedstock: 0 odt's
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme: 0%
 - Not certified to an SBP-approved Forest Management Scheme: 0%
- i. List all species in primary feedstock, including scientific name: N/A
- j. Volume of primary feedstock from primary forest: 0 odt's
- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: 0%
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: 0%
- l. Volume of secondary feedstock: 136,598.82 odt's (sawdust 67.33%, shavings 32.67%)
- m. Volume of tertiary feedstock: 0 odt's

- * 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 for (f) and (g) are:

1. 0 – 200,000 tonnes or m³
2. 200,000 – 400,000 tonnes or m³
3. 400,000 – 600,000 tonnes or m³
4. 600,000 – 800,000 tonnes or m³
5. 800,000 – 1,000,000 tonnes or m³
6. >1,000, 000 tonnes or m³

Bands for (h), (l) and (m) are:

1. 0%-19%
2. 20%-39%
3. 40%-59%
4. 60%-79%
5. 80%-100%

NB: Percentage values to be calculated as rounded-up integers.

3 Requirement for a Supply Base Evaluation

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

Premium Pellet receives 100% PEFC certified secondary fibre and therefore does not require an SBE.

4 Supply Base Evaluation

4.1 Scope

Not applicable

4.2 Justification

Not applicable

4.3 Results of Risk Assessment

Not applicable

4.4 Results of Supplier Verification Programme

Not applicable

4.5 Conclusion

Not applicable

5 Supply Base Evaluation Process

Not applicable

6 Stakeholder Consultation

Not applicable

6.1 Response to stakeholder comments

Not applicable

7 Overview of Initial Assessment of Risk

Not applicable

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

Not applicable

8.2 Site visits

Not applicable

8.3 Conclusions from the Supplier Verification Programme

Not applicable

9 Mitigation Measures

9.1 Mitigation measures

Not applicable

9.2 Monitoring and outcomes

Not applicable

10 Detailed Findings for Indicators

Not applicable

11 Review of Report

11.1 Peer review

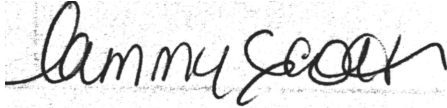



A peer review was completed prior to the finalization of the SBR by Les Dillabaugh, RPF Forestry Manager, Sinclar Group Forest Products Ltd, Nechako Lumber Co Ltd and Premium Pellet. Mr. Dillabaugh was responsible for all certification initiatives while working for Sinclar and has successfully completed the EN Plus, Green Gold and PEFC Certification for Premium Pellet. Mr. Dillabaugh is a Registered Professional Forester (RPF) with 30 years' experience in the BC Forest Industry and has been the lead on the various certification initiatives for Sinclar Group Forest Products Ltd. for the past four years.

The SBR was then reviewed by the rest of the Senior Management Team.

11.2 Public or additional reviews

Not applicable

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:		<i>Controller</i>	<i>21/04/2020</i>
	Name: Tammy Scott	Title	Date
Report Prepared by:		<i>Pellet Certification Coordinator</i>	<i>21/04/2020</i>
	Name: Michael Fantillo	Title	Date
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:		<i>Sales Manager</i>	<i>21/04/2020</i>
	Name: Gregg Koehler	Title	Date
Report approved by:		<i>Interim Site Manager</i>	<i>21/04/2020</i>
	Name: George Scott	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date

13 Updates

Note: Updates should be provided in the form of additional pages, either published separately or added to the original public summary report.

13.1 Significant changes in the Supply Base

No significant changes in the supply base have occurred since the initial audit.

13.2 Effectiveness of previous mitigation measures

Not applicable

13.3 New risk ratings and mitigation measures

Not applicable

13.4 Actual figures for feedstock over the previous 12 months

- a. Total volume of Feedstock: **154,313.69 odt's (sawdust 52.71%, shavings 47.29%)**
- b. Volume of primary feedstock: **0 odt's**
- c. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme: **0%**
 - Not certified to an SBP-approved Forest Management Scheme: **0%**
- d. List all species in primary feedstock, including scientific name: **N/A**
- e. Volume of primary feedstock from primary forest: **0 odt's**
- f. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: **0%**
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: **0%**
- g. Volume of secondary feedstock: **154,313.69 odt's (sawdust 52.71%, shavings 47.29%)**
- h. Volume of tertiary feedstock: **0 odt's**

13.5 Projected figures for feedstock over the next 12 months

- a. Total volume of Feedstock: **155,000.00 odt's (sawdust 52.71%, shavings 47.29%)**
- b. Volume of primary feedstock: **0 odt's**
- c. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme: **0%**
 - Not certified to an SBP-approved Forest Management Scheme: **0%**

- d. List all species in primary feedstock, including scientific name: **N/A**
- e. Volume of primary feedstock from primary forest: **0 odt's**
- f. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: **0%**
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: **0%**
- g. Volume of secondary feedstock: **155,000.00 odt's (sawdust 52.71%, shavings 47.29%)**
- h. Volume of tertiary feedstock: **0 odt's**

* 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:

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