



Supply Base Report: La Crete Sawmills Ltd.

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

Document history

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1 Overview

Producer name: La Crete Sawmills Ltd

Producer location: 15121 Township Rd 1055, La Crête, AB T0H 2H0

Geographic position: 58°09'05.6"N 116°21'13.0"W

Primary contact: Aaron Doepel, (780) 928-2292, aarond@lacreteresawmills.com

Company website: <http://lacreteresawmills.com>

Date report finalised: 28/Oct/2020

Close of last CB audit: 16/Oct/2020

Name of CB: NEPCon

Translations from English: N/A

SBP Standard(s) used: Standard 2 version 1.1, 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: N/A

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

2 Description of the Supply Base

2.1 General description

The province of Alberta is made up of 66.2 million hectares which is further split into Green area (forested) and White area (settled). The Green area represents 58% (35.2 million hectares) of the total area of which only 37.8% is available for harvest. All of these forests are publicly owned. Protected areas in Alberta make up 12.4% of the province. More than three quarters of provincially owned forests are certified. The forest sector generate \$6.5 billion from harvesting to the sale of wood products and bioenergy. More than fifty rural communities are supported by the Alberta forest products' sector.

La Crete Sawmills Ltd. is located in Northwest Alberta where most of the forest activities are centered in La Crete and High Level. Aside from La Crete Sawmills Ltd., we find Norbord inc., Evergreen Lumber, Tolko Industries, Northern Pellet Limited Partnership and Crestview Mills. All fibre supplied to La Crete Sawmills Ltd. originates in the north western portion of the Province of Alberta, Canada (see supply base map on next page). Approximately 93% of the supply base is on public land and certified under the SFI certification program. The rest of the supply base is uncertified of which 5% is public and 2% is private land.

Caribou are listed as an IUCN species and is present within the supply base. A Detailed Forest Management Plan (DFMP) is implemented to address wildlife habitat in both the short and long term at the landscape level. New Caribou range plans are currently being developed. Until they are approved, Alberta Operating Ground Rules and the companies Species of Special Management Concern Plan (SSMCP) approved by the province, must be followed. Other species such as the grizzly bear, trumpeter swan, arctic grayling are addressed in the SSMCP.

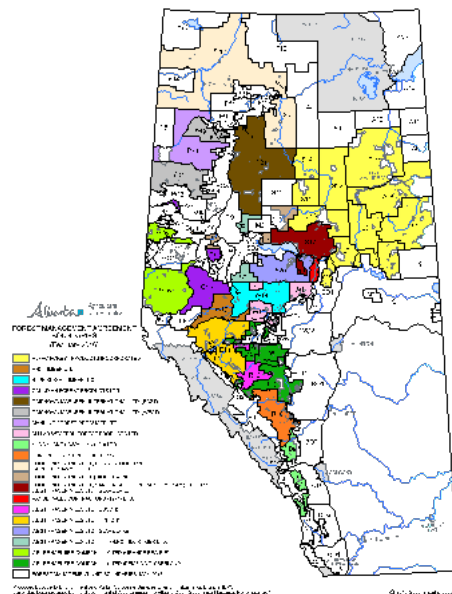
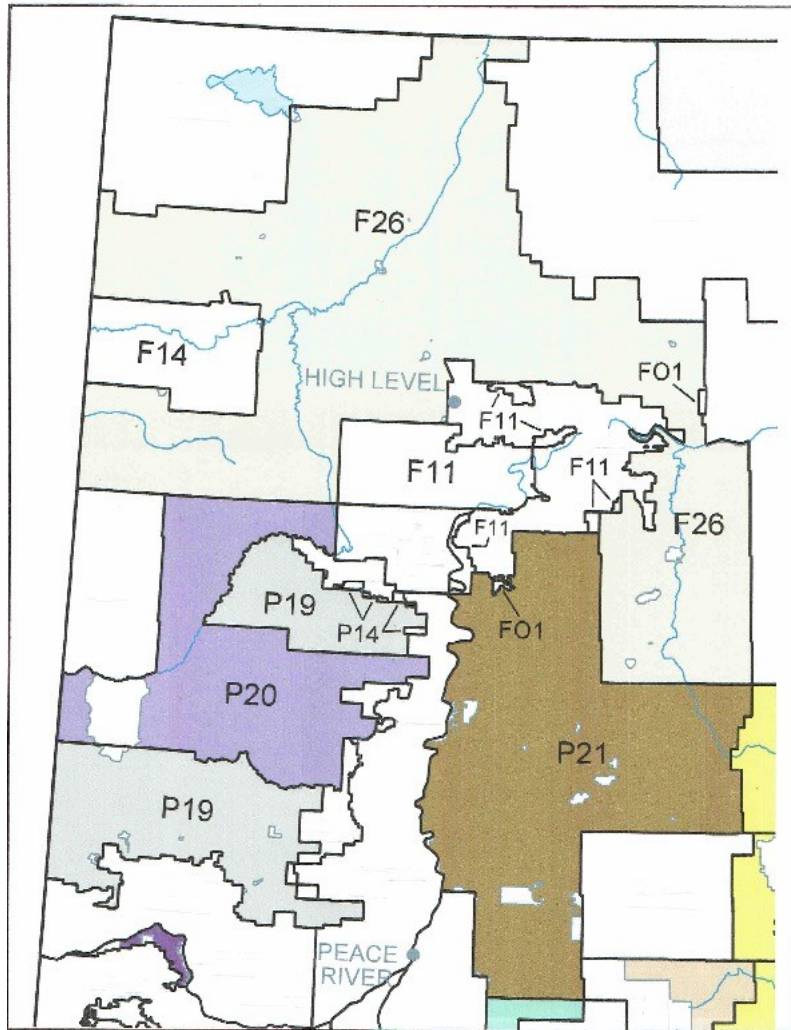
Annual supply assertions are collected from suppliers to confirm the supply base area of the mill. La Crete Sawmills Ltd. validates declared origins of supply with various sources of information such as supplier websites, supply licenses, Alberta government agencies such as the Ministry of Agriculture and Forestry and woodsupplychain.com portal. All log deliveries to the mill are linked to actual cutblocks on Crown land and at least down to quarter sections for private lands. Finally, section 164.1(1) of the Timber Management Regulation was also considered to justify the low possibility of logs imported from outside the defined supply base area.

For the reporting period of the SBR, on average 91% of the feedstock used in the production of pellets was certified under PEFC Chain of Custody 2002:2013, CSAZ809 SFM, SFI 2015-2019 Forest Management Standards and Fibre Sourcing Standards, all SBP approved schemes. The remainder of the feedstock is considered from non-controversial sources in compliance with the organization's Due Diligence System required by PEFC Chain of Custody 2002:2013 standard. 100% of the supply is secondary feedstock generated from its own sawmill operations and three other sawmills.

Total annual supply procured by La Crete Sawmills Ltd. for the pellet mill is approximately 206,854 Mtonnes solely of secondary feedstock made up of waste residue procured from sawmilling, planning, chipping, and fines left over from screening procedures – there is no primary feedstock used. Feedstock may be made up of the following species:

- Softwood species are supplied by La Crete Sawmills Ltd. sawmill operations and four other suppliers and include: White Spruce (*Picea glauca*), Black Spruce (*Picea mariana*), Lodgepole Pine (*Pinus contorta*) Jack Pine (*Pinus banksiana*), Balsam Fir (*Abies balsamea*), Tamarack (*Larix laricina*)
- Hardwood Species are supplied only by La Crete Sawmills Ltd. sawmill operations may include: Trembling Aspen (*Populus tremuloides*), Balsam Poplar (*Populus balsamifera*)

Supply Base in Northern Alberta



2.2 Actions taken to promote certification amongst feedstock supplier

La Crete Sawmills Ltd is a member of the Wood Pellet Association of Canada (WPAC) and of the Alberta Forest Products Association (AFPA). Forest certification is promoted by both associations. The number of certified area and of organizations in Alberta is a demonstration of the importance of forest certification for the forest sector.

2.3 Final harvest sampling programme

No harvest sampling program undertaken since no primary feedstock is sourced.

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

Non applicable

2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 7,658,450 ha
- b. Tenure by type (ha): 7,534,450 ha public / 124,000 ha private
- c. Forest by type (ha): 7,658,450 ha Boreal
- d. Forest by management type (ha): 7,658,450 ha managed natural forests
- e. Certified forest by scheme (ha): (e.g. hectares of SFI, FSC or PEFC-certified forest)
 - o 7,149,847 ha are certified under the SFI FM/FS 2015:2019 Standard
 - i. Tolko SFI Forest Management Standard Cert#PRI-SFI-FM-078
 - ii. Mercer SFI Forest Management Standard East and West FMA Cert#PRI-SFI-FM-061
 - iii. West Fraser - Manning Forest Products (FMA) PRI-SFI-FM-010

Feedstock

- f. Total volume of Feedstock: 206,854 MT
- g. Volume of primary feedstock: N/A
- h. List percentage of primary feedstock (g), by the following categories. N/A
 - o Forest Management Schemes:
 - o Certified to an SBP-approved Forest Management Scheme
 - o Not certified to an SBP-approved Forest Management Scheme
- i. List all species in primary feedstock, including scientific name: N/A
- j. Volume of primary feedstock from primary forest: N/A
- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes: N/A
 - o Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme
 - o Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme
- l. Volume of secondary feedstock: specify origin and type – 206,854 MT from La Crete Sawmill Ltd and surrounding mills.
- m. Volume of tertiary feedstock: N/A

3 Requirement for a Supply Base Evaluation

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

No SBE required as 100% of the wood supply is from secondary feedstock.

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

Brenda Hopkin, RPF reviewed the draft SBR and SAR to ensure they were thorough and comprehensive. Recommendations were provided to add clarity to the SBR. Brenda is an experienced independent natural resource professional, providing services in the areas of Certification (Forest Management and Chain of Custody) Auditing, Regulatory Compliance, Standards and Procedures Development and Implementation. She is a BC Registered Professional Forester.

11.2 Public or additional reviews

N/A.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	Nicolas Blanchette	INCOS Strategies, consultant	28 October 2020
	Name	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:	Aaron Doepel	Woodlands Manager	28 oct. 2020
	Name	Title	Date
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

The area of the supply base is the same as the last reporting period. Feedstock consumption was higher than the previous reporting period. LCSM sawmill supply had more than usual fire salvaged timber and because of the amount of char found in chips they were unable to sell them to a local pulpmill. As a result they became available as feedstock and stocked piled onsite as such.

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

2018-2019

- a. Total volume of Feedstock: 91,000 MT
- b. Volume of primary feedstock: N/A
- c. List percentage of primary feedstock (g), by the following categories. N/A
 - o Forest Management Schemes:
 - o Certified to an SBP-approved Forest Management Scheme
 - o Not certified to an SBP-approved Forest Management Scheme
- d. List all species in primary feedstock, including scientific name: N/A
- e. Volume of primary feedstock from primary forest: N/A
- f. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes: N/A
 - o Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme
 - o Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme
- g. Volume of secondary feedstock: specify origin and type – 91,000 MT from surrounding mills.
- h. Volume of tertiary feedstock: N/A

13.5 Projected figures for feedstock over the next 12 months

2020-2021

- a. Total volume of Feedstock: 0 – 200,000 MT
- b. Volume of primary feedstock: N/A
- c. List percentage of primary feedstock (g), by the following categories. N/A
 - o Forest Management Schemes:
 - o Certified to an SBP-approved Forest Management Scheme
 - o Not certified to an SBP-approved Forest Management Scheme
- d. List all species in primary feedstock, including scientific name: N/A

- e. Volume of primary feedstock from primary forest: N/A
- f. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes: N/A
 - o Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme
 - o Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme
- g. Volume of secondary feedstock: 0 – 200,000 MT from surrounding mills.
- h. Volume of tertiary feedstock: N/A

Total feedstock projected for the next 12 months is forecasted to be below last year's input. It is expected feedstock from fire salvage will be below what was experienced during 2019-2020. The construction of a new pellet mill in the region might also reduce the amount of secondary feedstock from other sawmills. These factors will reduce our projected feedstock within the 0 – 200,000 MT for 2020-2021.