

Supply Base Report: Template for Biomass Producers

www.sbp-cert.org



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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Contents

1	Overview	1
2	Description of the Supply Base	2
2.1	General description	2
2.2	Actions taken to promote certification amongst feedstock supplier	2
2.3	Final harvest sampling programme	4
2.4	Flow diagram of feedstock inputs showing feedstock type [optional]	4
2.5	Quantification of the Supply Base	5
3	Requirement for a Supply Base Evaluation	7
4	Supply Base Evaluation	8
4.1	Scope	8
4.2	Justification.....	8
4.3	Results of Risk Assessment.....	8
4.4	Results of Supplier Verification Programme	8
4.5	Conclusion.....	8
5	Supply Base Evaluation Process	9
6	Stakeholder Consultation	10
6.1	Response to stakeholder comments	10
7	Overview of Initial Assessment of Risk	10
8	Supplier Verification Programme	12
8.1	Description of the Supplier Verification Programme	12
8.2	Site visits	12
8.3	Conclusions from the Supplier Verification Programme.....	12
9	Mitigation Measures	12
9.1	Mitigation measures	13
9.2	Monitoring and outcomes	13
10	Detailed Findings for Indicators	14
11	Review of Report	15
11.1	Peer review.....	15
11.2	Public or additional reviews.....	15
12	Approval of Report	15

13	Updates	17
13.1	Significant changes in the Supply Base	17
13.2	Effectiveness of previous mitigation measures	17
13.3	New risk ratings and mitigation measures.....	17
13.4	Actual figures for feedstock over the previous 12 months	17
13.5	Projected figures for feedstock over the next 12 months	18

1 Overview

On the first page include the following information:

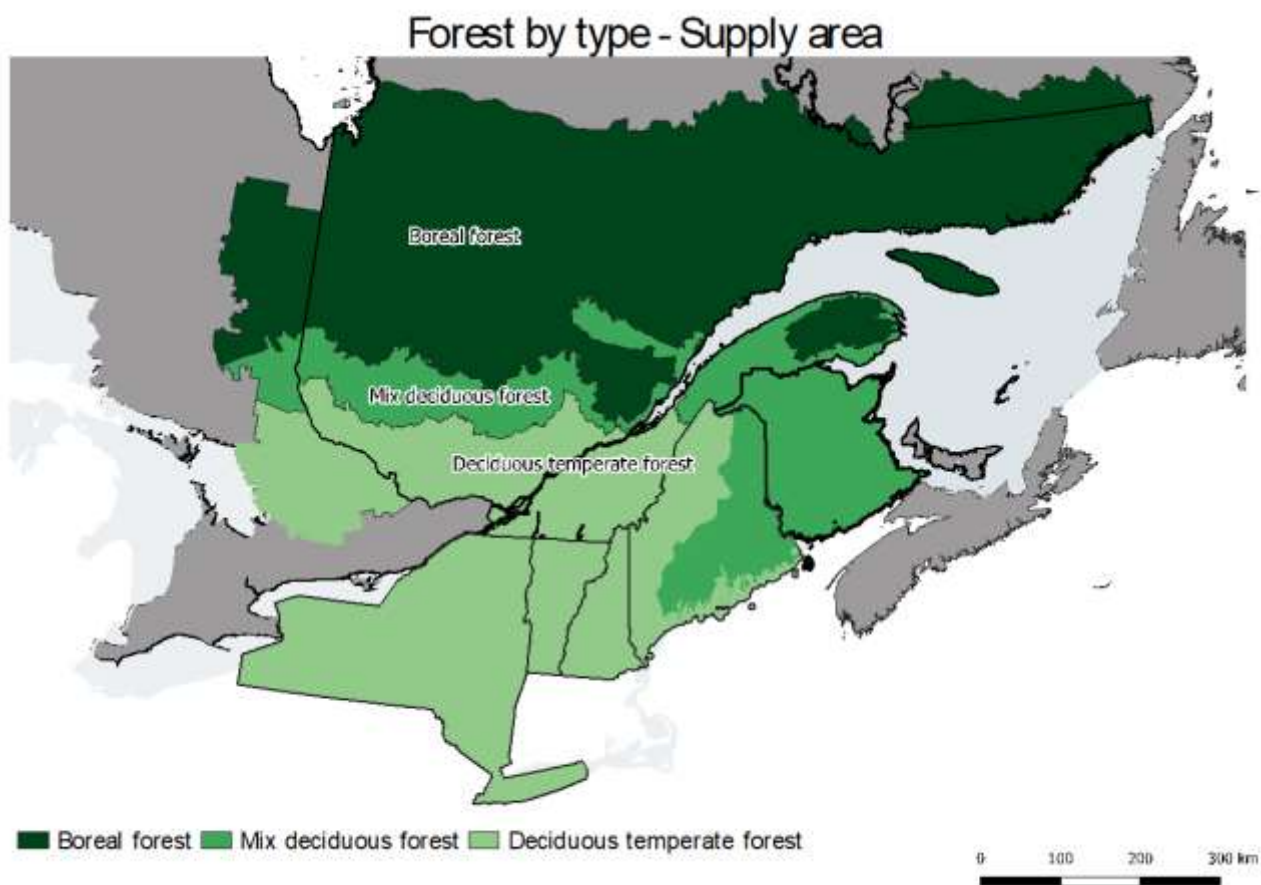
Producer name: Granules LG inc.
 Producer location: 750 Chemin de la Moraine, St-Félicien (Québec) G8K 0A1
 Geographic position: 48.640761, -72.4158
 Primary contact: André L'Heureux, alheureux@granuleslg.com, tel.: (418) 275-5222 ext. 331
 Company website: www.granuleslg.com
 Date report finalised: 27/06/2019
 Close of last CB audit: 03/07/2019 St-Félicien, Quebec, Canada
 Name of CB: Nepcon
 Translations from English: No
 SBP Standard(s) used: Standard 2 version 1, Standard 4 version 1, Standard 5 version 1
 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: www.granuleslg.com/

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

2 Description of the Supply Base

2.1 General description

The supply base includes the provinces of Québec, New Brunswick and Eastern Ontario as well as the North Eastern states of New York, Vermont, New Hampshire and Maine (see approximation of supply base in figure below). All direct suppliers of the organization is located in the Saguenay-Lac-St-Jean administrative region. Subsuppliers are sawmills located throughout the provinces of Quebec and New Brunswick.

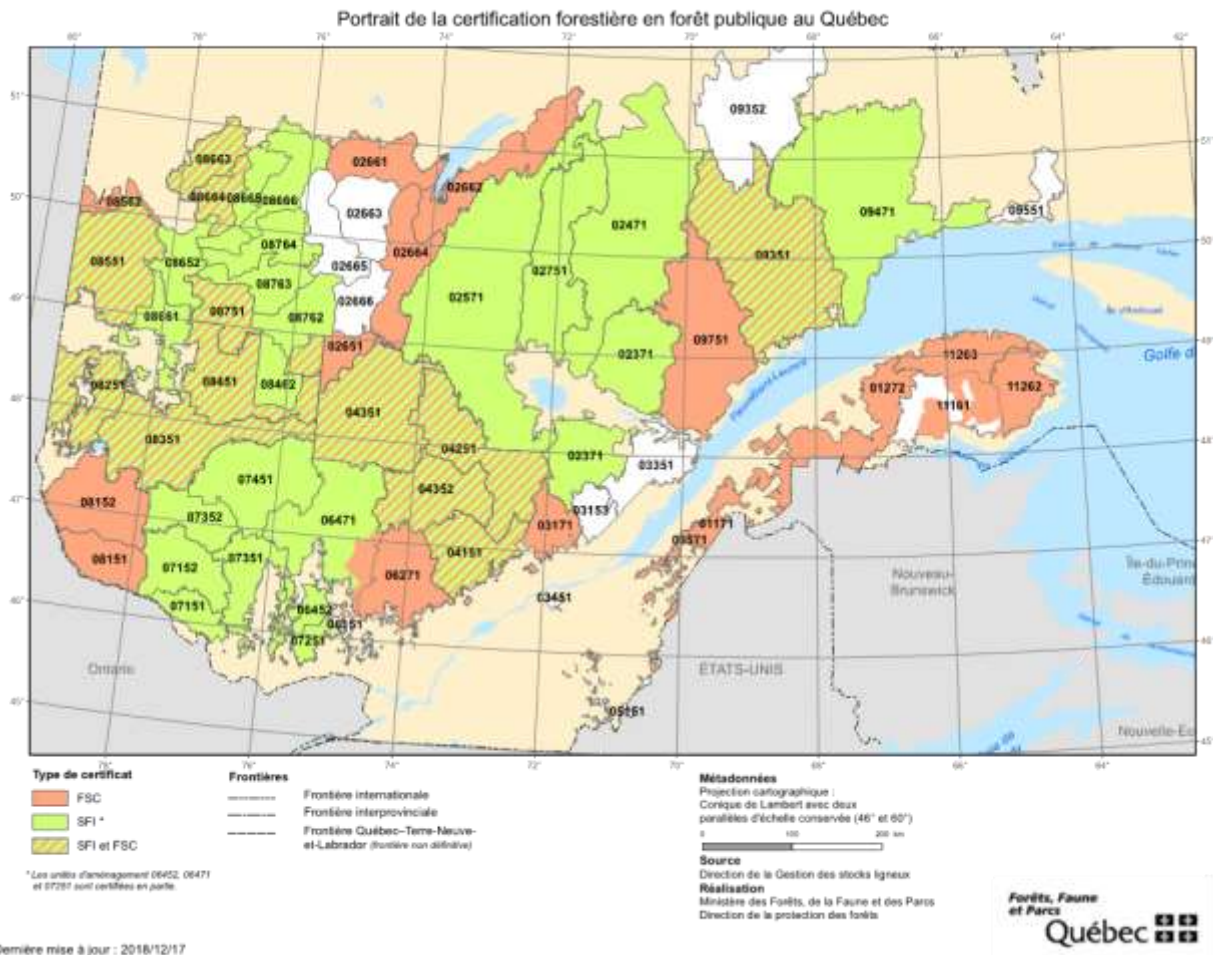


The total land base of Québec is 1 667 441 km² of which 46%¹ is considered forested with 761 100 km². The boreal forest type represent 72% of this forested area, the mix deciduous 15% and deciduous temperate forest 13%. Roughly 45% of forest area is considered accessible productive forests of which 80% are of public tenure.

The map below dated of December 2018 shows almost all of the public forests are certified FSC, PEFC or SFI. Since then, management units 2663, 2665 and 2666 have been certified under SFI. Many private forests are certified under the three main certification programs and all are monitored by regional marketing boards. The majority of primary, secondary and tertiary forest products processing companies in Québec have in recent years established chain of custody certification (i.e. FSC, PEFC and SFI) of their products in order to

¹ <http://www.cifq.com/fr/industrie/presentation-generale>

demonstrate the sustainable, responsible nature of the fibres that make up their supplies. Such certification guarantees that the companies control the origin of their supplies and that the certified products that they market do not contain wood from controversial sources.



The *Sustainable Forest Development Act* (SFDA) and the *Regulation respecting standards of forest management for forests in the domain of the State* (RS) make provision for several restriction and adapted practices measures concerning harvesting operations and road networks in public forests. The *Act respecting the marketing of agricultural, food and fish products* and regulations governing timber marketing by producers in each administrative region of Québec provides the framework for forest harvesting on privately owned lands. The *Act respecting threatened or vulnerable species* applies to all of Québec's territory. The province adopted a legal and regulatory framework, forest management strategies, procedures to attain the Aichi Targets established within the framework of the *Convention on Biological Diversity*. No tree species found in the organisation's feedstock are included in CITES nor IUCN species at risk.

WWF Ecoregions NA0605 – Eastern Canadian Forests, NA0410 – New England Acadian Forests and NA0408 Gulf of Saint-Lawrence Lowland Forests are found in the province of New Brunswick. Forests cover 86% of

the province². All Crown forests are certified SFI. In total, 4.2 million ha of forests are SFI certified in New Brunswick. The *Crown Lands and Forests Act* was proclaimed in 1982 and is administered by the Department of Energy and Resource Development. Private woodlots must comply with the *Clean Water Act*. There are seven Forest Product Marketing Boards who apply levies on the sale of forest products by woodlot owners. New Brunswick is legally bound to respect UN Convention on Biological Diversity 10-year plan signed by Canada in 2010. 17% of New Brunswick land and fresh water should be protected by 2020.

In Eastern Ontario, the supply base reaches into the WWF Ecoregions NA0602, NA0406 and NA0407 of which 69% is located in the boreal forest, 27% in the mix deciduous forest type and 4% in the deciduous forest type. All Crown management units but one certified under the FSC or CSA forest management standards.

2.2 Actions taken to promote certification amongst feedstock supplier

Promotion of forest certification is ongoing in the region for more than a decade. The Quebec Forest Industry Council (CIFQ) adopted the objective of the complete certification of the private and public territory. It is a realistic way to position the Quebec forestry industry as a leader in terms of responsible forestry, in addition to projecting the image of progressive forestry. The Quebec government supports certification of public forest as it complements Quebec's forest regime and further recognizes the quality of sustainable forest management. It also contributes to the improvement of forestry practices. The great majority of Granules LG inc. suppliers and sub-suppliers are FSC, PEFC or SFI certified. In New Brunswick, the government legislation requires all Crown lands to be certified under ISO, FSC, SFI or PEFC forest certification programs. In Ontario, all Crown lands included in the supply base evaluation is certified FSC or SFI. Forest certification in the states part of the supply base is present on state and private lands.

Granules LG inc. is a member of the Quebec Wood Export Bureau and the Wood Pellet Association of Canada involved in developing and promoting forest certification programs.

No feedstock sourced from final fellings is used in wood pellet production.

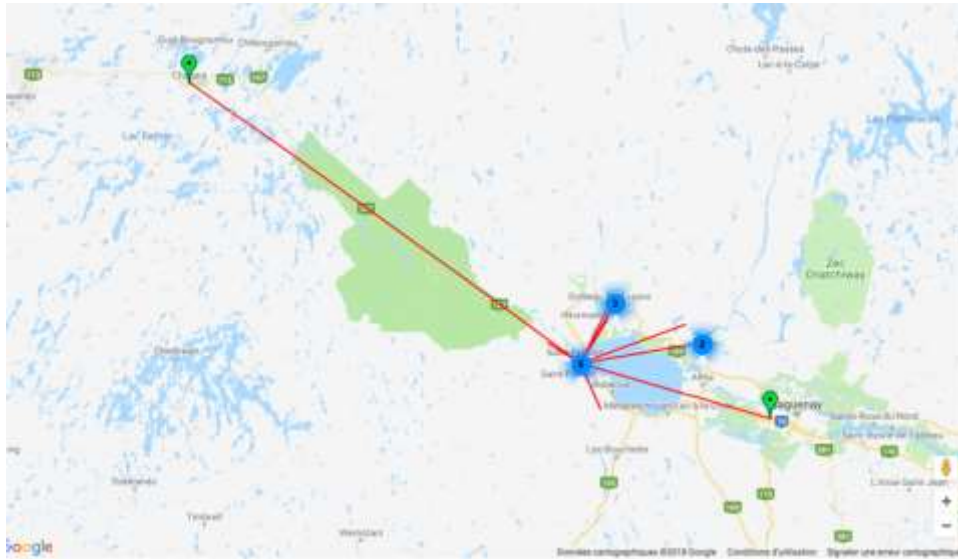
2.3 Final harvest sampling programme

N/A

2.4 Flow diagram of feedstock inputs showing feedstock type

All direct suppliers process logs or lumber. They are located on the map below generated by the platform www.woodsupplychain.com.

² www.sfmcanada.org



source: woodsupplychain.com

2.5 Quantification of the Supply Base

Provide metrics for the Supply Base including the following. Where estimates are provided these shall be justified.

Supply Base

- a. Total Supply Base area (ha): 177 Million ha
- b. Tenure by type (ha): 145.9 million ha public forests and 31.1 million ha private forests
- c. Forest by type (ha): Quebec³ : 55.1 million ha boreal, 9.9 million ha mix deciduous forests and 11.1 million ha deciduous temperate forests // New Brunswick: 6.3 million ha mix deciduous forests// Ontario 50 million ha boreal, 20 million ha mix deciduous forests and 3 million ha deciduous forests // Maine: 4.1 million ha mix deciduous forests and 3 million ha deciduous forests// New Hampshire 1.9 million ha deciduous forests // Vermont 1.8 million ha deciduous forests // New York 7.7 million ha deciduous forests
- d. Forest by management type (ha): managed natural

Certified forest by scheme (ha)⁴⁵: Quebec⁶: 28 million ha SFI/21 million ha FSC / New Brunswick⁷: 4 234 837 ha SFI / Ontario: 5 819 668 ha FSC, 6 924 574 ha SFI and 765 300 ha CSA. / New York: 775 873 ha FSC and 588 190 ha SFI / Vermont: 101 000 ha FSC and 45 256 ha SFI / New Hampshire: 7 310 ha FSC and 77 314 ha SFI / Maine: 1 122 000 ha FSC and 2 4328 867 ha SFI

Feedstock

- e. Total volume of Feedstock: between 80,000 to 100,000 tonnes metric anhydre (TMA)

³ <https://mffp.gouv.qc.ca/publications/forets/chiffres-cles.pdf>

⁴ <http://sfidatabase.com>

⁵ <http://info.fsc.org>

⁶ <https://mffp.gouv.qc.ca/publications/enligne/forets/criteres-indicateurs/5/537/537.asp>

⁷ <http://certificationcanada.org/wp-content/uploads/2019/04/2018-Yearend-SFM-Certification-Detailed-Report-NB.pdf>

Focusing on sustainable sourcing solutions

- Maximum annual feedstock is estimated at 105,000 TMA
- Total consumption is dependent on climate, production and market demand
- f. Volume of primary feedstock: 0 tonnes
- g. List percentage of primary feedstock (g): n/a
- h. List all species in primary feedstock, including scientific name: n/a
- i. Volume of primary feedstock from primary forest: n/a
- j. List percentage of primary feedstock from primary forest (j): n/a
- k. Volume of secondary feedstock:
 - 2.5% 100% PEFC Certified
 - 1% 100% SFI Certified
 - 7% FSC Mix
- l. Volume of tertiary preconsumer feedstock:
 - 47.5% 100% PEFC Certified
 - 20% FSC Mix
 - 4% 100% SFI Certified

3 Requirement for a Supply Base Evaluation

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

Provide a concise summary of why a SBE was determined to be required or not required.

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

Table 1. Overview of results from the risk assessment of all Indicators (prior to SVP)

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
1.1.1			
1.1.2			
1.1.3			
1.2.1			
1.3.1			
1.4.1			
1.5.1			
1.6.1			
2.1.1			
2.1.2			
2.1.3			
2.2.1			
2.2.2			
2.2.3			
2.2.4			
2.2.5			
2.2.6			
2.2.7			
2.2.8			
2.2.9			

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
2.3.1			
2.3.2			
2.3.3			
2.4.1			
2.4.2			
2.4.3			
2.5.1			
2.5.2			
2.6.1			
2.7.1			
2.7.2			
2.7.3			
2.7.4			
2.7.5			
2.8.1			
2.9.1			
2.9.2			
2.10.1			

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

Non applicable.

11.2 Public or additional reviews

Non applicable.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Nicolas Blanchette, ing. f., INCOS Strategies</i>	<i>Consultant</i>	<i>1 July 2019</i>
	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:	<i>André L'Heureux</i> 	<i>R&D Director</i>	<i>4 July 2019</i>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	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

After confirmation from suppliers, the supply base includes parts of the province of Ontario, New York, Vermont, New Hampshire and Maine states. All direct suppliers and primary manufacturing mills part of the supply chain are located in the province of Quebec. Sub suppliers were contacted to confirm their regions of supply and validated with official documents (e.g. bills of lading, government volume allocation) and wood supply declarations. Tertiary pre consumer feedstock come from trees harvested in Quebec and outside of the province. Secondary feedstock is generated solely from trees harvested within the province of Quebec.

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

Feedstock

- a. Total volume of Feedstock: 105,000 tonnes metric anhydre (TMA)
 - Maximum annual feedstock is estimated at 105,000 TMA
 - Total consumption is dependent on climate, production and market demand
- b. Volume of primary feedstock: 0 tonnes
- c. List percentage of primary feedstock (g): n/a
- 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): n/a
- g. Volume of secondary feedstock:
 - 44% 100% PEFC Certified
 - 11% FSC Mix
- h. Volume of tertiary preconsumer feedstock:
 - 14% 100% PEFC Certified
 - 16% FSC Mix

13.5 Projected figures for feedstock over the next 12 months

We estimate similar amount of feedstock in the upcoming year between 104,000 TMA and 110,000 TMA.

- i. Total volume of Feedstock: between 104,000 to 110,000 tonnes metric anhydre (TMA)
 - Maximum annual feedstock is estimated at 105,000 TMA
 - Total consumption is dependent on climate, production and market demand
- j. Volume of primary feedstock: 0 tonnes
- k. List percentage of primary feedstock (g): n/a
- l. List all species in primary feedstock, including scientific name: n/a
- m. Volume of primary feedstock from primary forest: n/a
- n. List percentage of primary feedstock from primary forest (j): n/a
- o. Volume of secondary feedstock:
 - 44% 100% PEFC Certified
 - 11% FSC Mix
- p. Volume of tertiary preconsumer feedstock:
 - 14% 100% PEFC Certified
 - 16% FSC Mix