

Supply Base Report

Canfor Energy North Limited Partnership – Chetwynd Operations

January 13, 2020

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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1 Overview:

Producer name: Canfor Energy North - Limited Partnership - Chetwynd facility
 Producer location: 4700 50th St./Box 180, Chetwynd, BC, Canada, V0C1J0
 Geographic position: 550 42`3`N 1210 37`29`W
 Primary contact: Brittany Burnett
 Company website: <https://www.canfor.com/products/energy/pellets>
 Date report finalised: January 13, 2020
 Close of last CB audit: November 30, 2018
 Name of CB: Control Union Certifications B.V.
 Translations from English: No
 SBP Standard(s) used: Standards #2/4/5
 Weblink to Standard(s) used: <https://sbp-cert.org/documents/standards-documents/standards>
 SBP Endorsed Regional Risk Assessment: N/A
 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"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

CENLP's feedstock comes exclusively from sawmill waste created in Canada. The primary input is received onsite from Canfor Corporation's Chetwynd sawmill (>40%) with some inputs from other Canfor sawmill facilities, West Fraser's Chetwynd Industries sawmill and minor inputs from other sawmills in Alberta from time to time (<15%). CENLP does not undertake harvesting activities.

The majority of forest management and harvesting within the Supply Base Area is conducted on Crown Lands which are owned and controlled by the province of British Columbia or Alberta. Harvesting of the crown lands in the British Columbia supply base is either conducted directly by the Province through their BC Timber Sales (BCTS) Program, or by companies which hold timber harvest licences issued by the Province. Harvesting of the crown lands in the Alberta supply base are done by companies which hold timber harvest licences issued by the Province. The log supply for Canfor's and West Fraser's sawmill originate from TFL #48, Dawson Creek TSA, Fort St John TSA, Fort Nelson TSA, Mackenzie TSA, Prince George TSA, and West Central Alberta, FMA 8800025 and FMA 9900037. The Timber harvesting licences can either be area-based licences or volume-based licences, with the management and harvesting rates being directly controlled by the Province's through Forest Legislation and Regulation. A minor component of logs delivered to the sawmills originate as purchase from private landowners clearing for agriculture/other purposes and from salvage from other industrial land clearing such as oil/gas companies or mining. A detailed description of the fibre supply areas for both British Columbia and Alberta can be found in the current timber supply review documents which are located at: (<https://www2.gov.bc.ca/gov/content/industry/forestry/managing-our-forest-resources/timber-supply-review-and-allowable-annual-cut>), (<https://www.agric.gov.ab.ca/app21/forestrypage?cat1=Forest%20Management&cat2=Forest%20Management%20Agreements&cat3=FMA%20Holders>).

CENLP uses primarily SPF residuals (Spruce/pine/balsam fir) with minor inputs of other coniferous species (black spruce). Occasionally there may be some hardwood species in the residuals where sawmills have milled species such as Aspen, cottonwood or paper birch. No softwood or hardwood species in British Columbia or Alberta are listed in CITES.

CENLP's feedstock is largely SBP-compliant (92% certified from 6 suppliers) as the residuals are transferred as certified under each supplier's PEFC™ Chain of Custody certificate. Any portion of the residuals transferred that is not PEFC™ certified is PEFC™ controlled (8% controlled from 2 suppliers) and has been screened through Canfor's PEFC™ due diligence system. The licensees who provide the residuals harvest timber from their certified forestlands and purchase some amount of logs from others certified or uncertified forestlands.

CENLP uses 100% secondary feedstock and does not procure any feedstock that is not PEFC™ certified or PEFC™ controlled.

2.2 Actions taken to promote certification amongst feedstock supplier

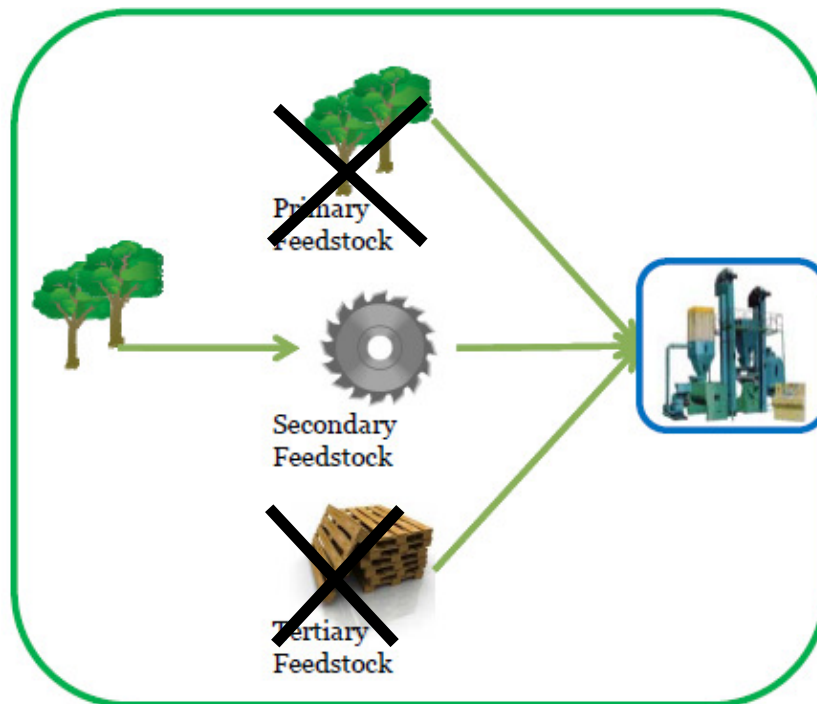
No actions taken or required. All residual fibre inputs come from sawmilling/planer mill waste. Canfor Corporation and the other suppliers hold forest management (SFI® FM) certification as well as PEFC™ chain of custody certification.

Forest certification is common in North America and in Canada with some of the largest tracts of forestland certified to the SFI® forest management standard and to a lesser extent, Canada's FSC® forest management standard.

2.3 Final harvest sampling programme

A sampling program is not required as there is no harvesting for residuals. All residual fibre inputs come from sawmilling/planer mill waste. Canfor Corporation is SFI FM and PEFC™ certified as identified earlier and subject to audits on their forestlands. The transfer of residuals is done under supplier's PEFC™ CoC certificates providing assurance that the feedstock is non-controversial.

2.4 Flow diagram of feedstock inputs showing feedstock type



2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): TFL #48, Dawson Creek TSA, Fort St John TSA, Fort Nelson TSA, Mackenzie TSA, Prince George TSA, and West Central Alberta TSA - 33,406,058 ha.
- b. Tenure by type (ha): 100% all public tenures (Forest Licence, Tree Farm Licence, Woodlot Licences, Community Forests, Forest Management Agreements [Alberta], etc.).
- c. Forest by type (ha): 100% sub-boreal
- d. Forest by management type (ha): 100% managed natural forest
- e. Certified forest by scheme (ha): (e.g. hectares of FSC or PEFC-certified forest) Approximately 95% of the TSA's are SFI FM certified.

TSA/Mgmt Unit	TFL/FMA/FMU	Total Area (ha)	Licensee	Certification Type	Comments
Dawson Creek	#48 TSA	643,239 2,300,000	LP Canada	SFI	
			West Fraser	SFI	
			BCTS	SFI	
			Canfor	SFI	
Mackenzie	-	6,410,000	Canfor	SFI	
			BCTS	SFI	
			Conifex	SFI	
			Mackenzie Fibre	SFI	
Fort St. John	-	4,600,000	Canfor	SFI	
			BC Timber Sales	SFI	
			Fort St John Pilot Project	SFI	
Fort Nelson		9,800,000	Canfor	SFI	
Prince George	#30 #53	7,970,000	Canfor	SFI	Includes the PG/Vanderhoof and Fort St. James Forest Districts
			Sinclair Group	SFI	
			BCTS	SFI	
			Conifex	SFI	
			L&M Lumber	SFI	
			Carrier Lumber	SFI	
			West Fraser	SFI	
Dunkley	SFI				
West Central Alberta	FMA 8800025	1,022,465	West Fraser Mills Ltd.	SFI	Operates as Hinton Wood Products
	FMA 9900037	660,354	Canfor	SFI	

Feedstock

- f. Total volume of Feedstock: tonnes or m3 – 106,228 ODT's
- g. Volume of primary feedstock: tonnes or m3 – 0 ODT's
- h. List percentage of primary feedstock:
 - 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:
 - Lodgepole pine – *Pinus contorta*
 - Hybrid white spruce – *Picea glauca x engelmannii*
 - Engelmann Spruce – *Picea engelmannii*
 - Black spruce – *Picea mariana*
 - Sub-alpine fir (Balsam) – *Abies lasiocarpa de minimums*
 - Paper Birch – *Betula papyrifera*
 - Trembling Aspen – *Populus tremuloides*
 - Black Cottonwood – *Populus trichocarpa*
- j. Volume of primary feedstock from primary forest: 0 ODT's
- k. List percentage of primary feedstock from primary forest:
 - 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: 106,228 ODT's
- m. Volume of tertiary feedstock: 0 ODT's

3 Requirement for a Supply Base Evaluation

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

The Wood Pellet Association of Canada is currently completing a Regional Risk Assessment for British Columbia and Alberta on behalf of its members. Once complete CENLP may complete a Supply Base Evaluation supported by the RRA. In addition and as identified in standard #2 at clause 8.2, as CENLP sources its secondary feedstock within the scope of their PEFC™ ST 2002:2013 chain of custody all feedstock is exempt from the requirement for a SBE however a SBP-certified claim cannot be used for the PEFC-controlled portion of the feedstock, rather a SBP-controlled claim.

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

Although no SBE was produced, the last consultation with stakeholders was conducted by Control Union back in 2018. No comments from the stakeholders were received at that time, and no further consultation has been conducted since.

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

CENLP's Divisional Accountant completed a review of this Supply Base Report.

11.2 Public or additional reviews

No external/additional review was completed or warranted.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	 Glen Warkentin	Controller	Jan. 13/2020
	Name	Title	Date
<p>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.</p>			
Report approved by:	 France Antoniazzi	General Manager – Operations	Jan 13/20
	Name	Title	Date

13 Updates

13.1 Significant changes in the Supply Base

No significant changes in the supply base.

13.2 Effectiveness of previous mitigation measures

N/A – No mitigation measures required.

13.3 New risk ratings and mitigation measures

N/A – No risk ratings or mitigation measures required.

13.4 Actual figures for feedstock over the previous 12 months - (October 2018 – September 2019)

- a. Total volume of Feedstock: 106,228 ODT's
- b. Volume of primary feedstock: 0 ODT's
- c. List percentage of primary feedstock:
 - 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:
 - Lodgepole pine – *Pinus contorta*
 - Hybrid white spruce – *Picea glauca x engelmannii*
 - Engelmann Spruce – *Picea engelmannii*
 - Black spruce – *Picea mariana*
 - Sub-alpine fir (Balsam) – *Abies lasiocarpa de minimums*
 - Paper Birch – *Betula papyrifera*
 - Trembling Aspen – *Populus tremuloides*
 - Black Cottonwood – *Populus trichocarpa*
- e. Volume of primary feedstock from primary forest: 0 ODT's
- f. List percentage of primary feedstock from primary forest:
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme – 0%. 92.2% of the secondary feedstock originates from lands certified to a SBP recognized FM scheme and was transferred on suppliers PEFC CoC certificates.
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme – 0%. 7.8 % of the secondary feedstock originates from uncertified forest lands and was transferred as PEFC-Controlled.
- g. Volume of secondary feedstock: 106,228 ODT's
- h. Volume of tertiary feedstock: 0 ODT's

13.5 Projected figures for feedstock over the next 12 months (October 2019 – September 2020)

- a. Total volume of Feedstock: 106,697 ODT's
- b. Volume of primary feedstock: 0 ODT's
- c. List percentage of primary feedstock:
 - 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:
 - Lodgepole pine – *Pinus contorta*
 - Hybrid white spruce – *Picea glauca x engelmannii*
 - Engelmann Spruce – *Picea engelmannii*
 - Black spruce – *Picea mariana*
 - Sub-alpine fir (Balsam) – *Abies lasiocarpa de minimums*
 - Paper Birch – *Betula papyrifera*
 - Trembling Aspen – *Populus tremuloides*
 - Black Cottonwood – *Populus trichocarpa*
- e. Volume of primary feedstock from primary forest: 0 ODT's
- f. List percentage of primary feedstock from primary forest:
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme – 0%. >90% of the secondary feedstock will originate from lands certified to a SBP recognized FM scheme.
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme – 0%. <10 % of the secondary feedstock will originate from uncertified forest lands.
- g. Volume of secondary feedstock: 106,697 ODT's
- h. Volume of tertiary feedstock: 0 ODT's