



Supply Base Report: **Granules Combustibles Energex inc**

Main (Initial) Audit

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Completed in accordance with the Supply Base Report Template Version 1.4

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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Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

Version 1.3 published 14 January 2019; re-published 3 April 2020

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1 Overview

Producer name: Granules Combustibles Energex inc

Producer address: 3891 Président Kennedy, G6B 3B8 Lac-Mégantic (Québec), Canada

SBP Certificate Code: N/A

Geographic position: 45.576620, -70.867290

Primary contact: Gilbert Lucie, (819) 583-5131 ext 605,lgilbert@lignetics.com

Company website: <https://energex.com>

Date report finalised: 12 May 2021

Close of last CB audit: 07 May 2021

Name of CB: NEPCon OÜ

SBP Standard(s) used: SBP Standard 2: Verification of SBP-compliant Feedstock, SBP Standard 4: Chain of Custody, SBP Standard 5: Collection and Communication of Data Instruction

Weblink to Standard(s) used: <https://sbp-cert.org/documents/standards-documents/standards>

SBP Endorsed Regional Risk Assessment: N/A

Weblink to SBR 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	Re-assessment
☒	☐	☐	☐	☐	☐

2 Description of the Supply Base

2.1 General description

Feedstock types: Secondary

Includes Supply Base evaluation (SBE): No

Feedstock origin (countries): Canada, United States

2.2 Description of countries included in the Supply Base

Country:Canada

Area/Region: Eastern Ontario, Quebec and New Brunswick provinces

Exclusions: No

Granules Combustibles Energex inc. supply is composed of 100% secondary feedstock. All the raw material is delivered with an FSC claim either FSC Mix or FSC Controlled Wood. Supply is managed and sourced by a unique supplier, a panel manufacturer FSC certified, located in the same town as the biomass producer in Lac-Mégantic, Québec, Canada. The majority of sub suppliers are located along the american border in Southern Quebec with only 7% of them located in the states of New Hampshire and Maine.

The supply base was confirmed with the portal woodsupplychain.com and with the documents and information collected from suppliers such as transport tickets and customs forms. The supply base includes the following WWF Ecoregions: the Eastern Boreal Transition Forests, the Eastern Great Lakes Lowland Forests, the New England/Acadian Forests, the Eastern Canadian Forests and the Gulf of St-Lawrence Lowland Forests. In terms of biomes, we find a small proportion of boreal forest in Quebec and New Brunswick. The remainder are considered mixed forests of hardwood and softwood tree species. Most common trees are Balsam Fir, spruces, maples, aspens, larches, hemlock, oaks, ashes, willows, etc.

The extent of the supply base to the West includes only the south eastern part of the province of Ontario. Wood supply from the province of Quebec is mostly in the meridional regions going as far as the Côte-Nord region to the North East and the Gaspé peninsula to the East. This is where the boreal biome is found accounting for 13% of the total supply base of the biomass producer. Wood supply origin is from anywhere in the province of New Brunswick. As for the wood fibre originating from the United States, the following states have been included in the supply base: New York, Pennsylvania, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, and Maine.

In Ontario, Quebec and New Brunswick, supply from public forests is mainly from certified lands. In Ontario, all forest management units part of the supply base (4) are certified of which three are FSC and one is CSA (approved by PEFC). During the 5-year period between 1995 and 2020, 2% of the total wood allocation in Ontario was for biomass of which less than half was allocated from forest management units part of the supply base (Report on forest management, Ontario). All but two forest management unit in Quebec (06151, 05151) and in New Brunswick (License #5) are not certified under any forest certification schemes. In Quebec, 2.4% of the total volume allocated on public forest is in branches of un-merchantable wood generally for energy production and 2% is for biomass producers (ref. MFFP Supply Guarantee 2018-2023). As for private woodlots, several forest certificate holders are located in Ontario, Quebec and New Brunswick. In New Brunswick, the total annual allowable cut on Crown land is 5.7Mm3 of which an estimated 1% is allocated to biomass producers.

In Canada, forest management is the constitutional responsibility of the provincial governments. Laws, communications and their application are part of the provincial governments responsibilities. Forest management plans and regulation compliance are undertaken by their respective ministries, the Ministry of Natural Resources and Forestry in Ontario, the Ministry of Forests, Wildlife and Parks in Quebec and the Department of Natural Resources and Energy Development in New Brunswick. Sustainable forest management is implemented with a comprehensive set of laws, regulations and guidelines for each province. The great majority of forest lands are naturally managed forests. Harvest operations are a mixture of partial and final cuts. A very small proportion of the total commercial forest area consist of plantations also called intensive production forests. These are mostly found on private lands.

There are several species at risk found in the supply base. Sensitive to forest operations, we have the American ginseng (*Panax quinquefolius*), Furbish's Lousewort (*Pedicularis furbishiae*), the Pale-belly Frost Lichen (*Physconia subpallida*), the woodland caribou (*Rangifer tarandus caribou*), the Wood turtle (*Glyptemys insculpta*) and the Blanding's turtle (*Emydoidea blandingii*). Best management practices and regulations are implemented to mitigate the risk of forest operations on these species. The American elm (*Ulmus Americana*), White ash (*Fraxinus americana*) are listed as endangered by the IUCN but neither by federal and provincial governments nor by the Committee on the Status of Endangered Wildlife in Canada (COSEWIC). According to the IUCN, threats to White Ash and American elm are from invasive non-native/alien species/diseases and not related to forestry practices. These species are found in the southern part of the supply base in mixed stands and can be harvested although they are usually of non commercial dimensions.

Country:United States

Area/Region: New York, Pennsylvania, Vermont, New Hampshire, Maine, Massachusetts, Connecticut, Rhode Island

Exclusions: No

Granules Combustibles Energex inc. supply consist of 100% secondary feedstock. All the raw material is delivered with an FSC claim either FSC Mix or FSC Controlled Wood. Supply is managed and sourced by a unique supplier, a panel manufacturer FSC certified, located in the same town as the biomass producer in Lac-Mégantic, Québec, Canada. The majority of sub suppliers are located along the american border in Southern Quebec with only 7% of them located in the states of New Hampshire and Maine.

The supply base was confirmed with the portal woodsupplychain.com and with the documents and information collected from suppliers such as transport tickets and customs forms. Wood fibre sourced from the United States is from New York, Pennsylvania, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, and Maine. State forests in New York, Pennsylvania and Massachusetts have dual forest management certifications under FSC and SFI. Certified forests on private land are found in all eight states part of the supply base. The vegetation biome is mixed softwood and hardwood forests. There is a greater diversity and quality of tree species in this part of the supply base (e.g. maples, oaks, walnuts, birches, poplars, pines, spruces).

STATES	TIMBERLAND AREA	CUBIC FEET OF WOOD IN FOREST	PROTECTED LANDS ¹
Maine	Stable since 1960	+5.8% increase from 2010	11%
New Hampshire (2012)	Loss of 1.5%	+1.8% since 2012	25%
Vermont (2012)	Loss of 1.9%	+1% increase since 2012	15%
New York (2014)	Loss of 1.6%	-	13%
Massachusetts (2012)	Stable	+5.5% increase	15%
Rhode Island (2017)	+ 0.8%	+6.4% increase	9%
Connecticut (2017)	+ 2.9%	+6.7% increase	8%

¹ Gap classes 1, 2 and 3
(<https://usforests.maps.arcgis.com/>)

National Forests are managed by the US Forest Service. State Forests and other woodlands are managed under state legislation. Wood harvests in all states is marketed mainly for pulpwood and sawlogs. Biomass is part of the landscape for over 20 years and some cases represent more than 25% of total products harvested.

There are several species at risk found in the North East region of the United States for example the Northern long-eared and Indiana bats, the spotted and spiny soft-shell turtles, the common five-lined skink, the timber rattlesnake, the American ginseng and small whorled pogonia. A low risk designation for species at risk in the region has been determined by the FSC US National Risk Assessment version 1.0.

2.3 Actions taken to promote certification amongst feedstock supplier

Promotion of forest certification is ongoing in the region for more than two decades. The Quebec Wood Export Bureau (QWEB), the provincial and federal governments promote and support businesses throughout the forest value chain to become certified. The great majority of public forests in the supply base from the provinces of Ontario, Quebec and New Brunswick are certified under FSC and SFI forest certification schemes. The biomass producer is a QWEB member and its direct and only supplier is FSC certified.

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

2.4 Quantification of the Supply Base

Supply Base

- a. **Total Supply Base area (million ha):** 203,91
- b. **Tenure by type (million ha):**144.87 (Privately owned), 59.04 (Public)
- c. **Forest by type (million ha):**6.89 (Boreal), 197.02 (Temperate)
- d. **Forest by management type (million ha):**203.91 (Managed natural)
- e. **Certified forest by scheme (million ha):**12.12 (FSC), 16.06 (SFI), 0.44 (PEFC)

Describe the harvesting type which best describes how your material is sourced: Mix of the above

Explanation: Harvesting in boreal forests mimic natural disturbance patterns and intensity. Harvest blocks vary in size from 150-200ha to a more common 50ha. Clearcuts are more common in the boreal forest where natural disturbances can impact forests at a landscape level. Forest management is based on ecosystem

based management and integrated in the Quebec Forest Act. In the mixed hardwood forests of the southern part of the supply base in Ontario, Quebec, New Brunswick and North eastern states, harvest areas are on average smaller in size and where selective cutting is more common practice. This is because natural disturbances are smaller in size in terms of patches or groups of trees. Stand composition is also more diverse in terms of species and structure.

Was the forest in the Supply Base managed for a purpose other than for energy markets? Yes - Majority

Explanation: The great majority of forest harvests in the supply base is for sawlogs, veneer, pulp logs and biomass. As mentioned above, a very small proportion of volume allocated on public forests in Canada is for biomass purposes (below 5%). In the United States, state reports suggest forest biomass harvest can represent up to 30% of the total volume harvested in individual states included in the supply base. A small percentage of this 30% is dedicated to pellet manufacturers, the majority supplying energy generation facilities.

For the forests in the Supply Base, is there an intention to retain, restock or encourage natural regeneration within 5 years of felling? Yes - Majority

Explanation: Forest management legislation in Canada and the United States on both public and private land require sites to remain productive and regenerated within 5 years of felling.

Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation? Yes - Minority

Explanation: Natural disturbances occur at various scales, intensities and time frames across the supply base. It is not uncommon to find large areas in the boreal forest impacted by fires, pest outbreaks or wind-throws. Salvage logging is prescribed when possible depending on accessibility and the rate at which the timber can be harvested. Not all affected stands are salvaged and for multiple reasons such as for conservation objectives and accessibility or lack thereof. Generally, salvage logging should occur within 2 years of the disturbance. In mixed-hardwood forests, large wind-throw areas do occur but are less common than large disturbances found in the boreal forest. This is why salvage logging in this part of the supply base is extraordinary.

Feedstock

Reporting period from: 01 Jan 2020

Reporting period to: 31 Dec 2020

- a. **Total volume of Feedstock:** 1-200,000 tonnes
- b. **Volume of primary feedstock:** 0 N/A
- c. **List percentage of primary feedstock, by the following categories.**
 - Certified to an SBP-approved Forest Management Scheme: N/A
 - Not certified to an SBP-approved Forest Management Scheme: N/A
- d. **List of all the species in primary feedstock, including scientific name:** N/A
- e. **Is any of the feedstock used likely to have come from protected or threatened species?** N/A
 - Name of species: N/A
 - Biomass proportion, by weight, that is likely to be composed of that species (%): N/A
- f. **Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%):** N/A
- g. **Softwood (i.e. coniferous trees): specify proportion of biomass from (%):** N/A
- h. **Proportion of biomass composed of or derived from saw logs (%):** N/A
- i. **Specify the local regulations or industry standards that define saw logs:** N/A

- j. Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%): N/A
- k. Volume of primary feedstock from primary forest: N/A N/A
- l. List percentage of primary feedstock from primary forest, by the following categories. Subdivide by SBP-approved Forest Management Schemes:
- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: N/A
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: N/A
- m. Volume of secondary feedstock: 1-200,000 tonnes
- Physical form of the feedstock: Chips, Sawdust, Clean chips or dust
- n. Volume of tertiary feedstock: 1-200,000 tonnes
- Physical form of the feedstock: Shavings, Sawdust (dry)

Proportion of feedstock sourced per type of claim during the reporting period				
Feedstock type	Sourced by using Supply Base Evaluation (SBE) %	FSC %	PEFC %	SFI %
Primary	0,00	0,00	0,00	0,00
Secondary	0,00	34,00	0,00	0,00
Tertiary	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00

3 Requirement for a Supply Base Evaluation

Is Supply Base Evaluation (SBE) is completed? No

N/A

4 Supply Base Evaluation

4.1 Scope

Feedstock types included in SBE: N/A

SBP-endorsed Regional Risk Assessments used: N/A

List of countries and regions included in the SBE:

N/A

4.2 Justification

N/A

4.3 Results of risk assessment and Supplier Verification Programme

N/A

4.4 Conclusion

N/A

5 Supply Base Evaluation process

N/A

6 Stakeholder consultation

N/A

6.1 Response to stakeholder comments

N/A

7 Mitigation measures

7.1 Mitigation measures

N/A

7.2 Monitoring and outcomes

N/A

8 Detailed findings for indicators

Detailed findings for each Indicator are given in Annex 1 in case the Regional Risk Assessment (RRA) is not used.

Is RRA used? N/A

9 Review of report

9.1 Peer review

N/A

9.2 Public or additional reviews

N/A

10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	Stewart McIntosh	Manager	12 May 2021
	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:	Stewart McIntosh	Manager	12 May 2021
	Name	Title	Date

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A