Compliance with the SBP Framework: Public Summary Report

Control Union Certifications BV Evaluation of Premium Pellet Ltd

Fourth Surveillance Audit

Sustainable Biomass Program
sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 2.1 and SBP Bridging Requirements for Meeting the Directive EU/2023/2413 (REDIII)

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

Certification Body (CB) Name:	Control Union Certifications BV
Primary CB contact for SBP:	Evaline Okumu
Primary CB contact email:	eokumu@controlunion.com
Audit team leader:	Henrique Silva
Audit team members:	-
Name of the Company:	Premium Pellet Ltd
Company legal address:	2301 Campbell Road, V0J 3A0 Vanderhoof, Canada
Company contact for SBP:	Michael Fantillo
Company contact email:	michael.fantillo@sinclar.com
Company website:	www.premiumpellet.com
Date of installation:	08 May 2026
SBP Certificate Code:	SBP-06-11
Date of certificate issue:	16 Mar 2022
Date of certificate expiry:	15 Mar 2027
Audit closing meeting date:	08 May 2026
Audit cycle:	Fourth Surveillance Audit

2 Audit conclusions

2.1 Certification decision

Based on the auditor's recommendation and the Certification Body's technical review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Bruna Scarparo
Date of decision:	31 Jul 2026
Other comments:	N/A

2.2 Open non-conformities and observations

NC number 9271	NC Grading: Minor
Standard:	SBP Standard 4: Chain of Custody v2.0
Requirement:	4.5 The Organisation shall ensure that the quantity of physical inputs and outputs are tracked and documented and that only eligible inputs are used in products sold with an SBP claim and within the scope of the certificate. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
Evidence of Non-Conformity During the audit of the 2025-PPL Fiber tracking records, a discrepancy was identified regarding the supplier Canfor Plateau. The physical input quantities recorded in the tracking system showed a variance of 4 ODT (Oven Dry Tonnes) compared to the volume effectively invoiced. The Organization failed to ensure that the quantity of physical inputs was accurately tracked and reconciled with the supporting documentation. According to Requirement 4.5, all physical inputs and outputs must be precisely documented to maintain the integrity of the SBP claim. A discrepancy of 4 ODT, regardless of magnitude, indicates a lapse in the rigorous monitoring of mass balance data within the scope of the certificate.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open
Original Due Date:	2027-07-31
Closing Date:	N/A
Upgrade Date:	N/A
Update Date:	N/A

NC number 9272	NC Grading: Observation
Standard:	SBP Standard 1: Feedstock Compliance v2.0

Requirement:	N/A N/A 2 Feedstock sourcing does not harm the environment 22 Ecosystem productivity, functions, and services are maintained or enhanced. 222 Ecosystems, their health, vitality, functions and services in the Supply Base shall be maintained or enhanced.
Description of Non-conformance and Related Evidence:	
Evidence-During the field visit and site inspections, it was observed that a small number of healthy, non-targeted trees were felled but not extracted or utilized (left on the forest floor). During interviews with site personnel, it was explained that this occurred due to specific logistical constraints and operational maneuvers typical of local Canadian silviculture practices. While the volume of affected timber is not statistically representative of the total harvest and does not constitute a systemic failure, the practice is not fully aligned with the principles of Reduced Impact Logging (RIL). The SBP Standard 1 requires that harvesting operations be conducted in a manner that seeks to prevent unnecessary damage to the residual stand and the wider ecosystem (2.2.2). Felling healthy trees that are not part of the commercial harvest or silvicultural prescription—even for logistical convenience—represents an avoidable impact on forest vitality and resource efficiency.	
Timeline for Conformance:	N/A
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open
Original Due Date:	N/A
Closing Date:	N/A
Upgrade Date:	N/A
Update Date:	N/A

2.2 Closed non-conformities

2.3 Actions taken by Organisation Prior to Report Finalisation

N/A

2.4 Notes for the next Audit

Closure of the NC

3 Scope of the audit and SBP certificate

Scope item	Check all that apply to the Certificate scope
Primary activity	Biomass Producer
Secondary activity	Trader
Approved Standards	SBP Standard 1: Feedstock Compliance v2.0; SBP Standard 2: Feedstock Verification v2.0; SBP Standard 4: Chain of Custody v2.0; SBP Standard 5: Collection and Communication of Data v2.0; Instruction Document 5E: Collection and Communication of Energy and Carbon data. v2.1; Instruction Document EU RED: Bridging Requirements for Meeting the Directive EU/2023/2413
Product Group IDs	☒ Forest feedstock (1A) ☐ Trees outside forest (TOF) - Urban and landscape feedstock (2A) ☐ Trees outside forest (TOF) - Agricultural land feedstock (3A) ☒ Processing residues feedstock (4A) ☐ Post-consumer feedstock (5A) ☐ Other (please specify)
SBP Feedstock types	☒ SBP Compliant; ☒ SBP Controlled
Includes Supply Base Evaluation (SBE)	Yes
Includes EU RED Scheme	Yes
Includes EU RED Supply Base Evaluation (SBE)	No
Products	WB 1.1 Wood pellets
Feedstock origin (countries):	Canada
SBP-endorsed Regional Risk Assessments used: **Public link:** https://sbp-cert.org/documents/standards-documents/risk-assessments/	Not applicable
Chain of custody system	☐ Physical separation ☒ Mass balance
Outsourcing	Yes
Changes in the scope	N/A

3.1 Description of the company

Guidance: Please describe the type, structure and operations of the company including its role in the supply chain, its inputs and outputs as they related to SBP Standards.

Premium Pellet Ltd. (“Premium Pellet” or “Premium”) is based in Vanderhoof, British Columbia, Canada. Premium Pellet manufactures approximately 140,000 tonnes/year of wood pellets from secondary feedstock, including sawmill sawdust, planer shavings, and chip fines (white wood waste). Premium Pellet is a subsidiary of L&M Lumber Ltd. and Nechako Lumber Co Ltd., which have two production facilities located on the same physical site as Premium Pellet. The three entities share a common multi-site chain of custody management system and the two production facilities provide a significant portion of Premium Pellets’ feedstock. Additional secondary feedstock is currently procured from three other primary or secondary production facilities in the region. The pellet mill is positioned on a major highway and a major rail line and has been designed for efficient operations, shipping and handling. Premium utilizes 100% secondary feedstock from lumber production or remanufacturing facilities, and are in the process of collecting some primary material either inwood chips from branches and some low grade round wood. All sawmill residues and inwood chips and low grade roundwood used as raw materials for the pellets are sourced from certified companies (SFI Forest Management and PEFC CoC). All suppliers sign purchase wood agreements with a statement that the fiber originates from non-controversial sources. Certified suppliers provide claims attached to invoices and the credits are transferred to the organization. Premium Pellet supplies the market with SBP-compliant or controled biomass upon request.

3.2 Site details

Legal entity name	Address	Site Activity	Visited during the audit
Premium Pellets	2301 Cambell Road, V0J 3AO, Vanderhoof, BC	Pellet Mill	☒
Westview Port	Westview Ferry Terminal, is located at 4465 Willingdon Avenue, Powell River, British Columbia, V8A 2M7	Harbour	☐
Fiberco Port	1209 McKeen Ave, North Vancouver, BC V7P 3H9	Harbour	☒

3.3 Detailed description of the Chain of Custody system and Product Groups

Guidance: Please describe the operation of the CoC system including details of the mass balance management and a list of established Product Groups.

The Organisation is holding valid PEFC Chain of Custody certificate system which they share through a group scheme with the two related production facilities at the same physical location. Valid PEFC system description and other documents exist. All wood fiber is tracked through the process from the district of origin through the mill to the final bill of sale. Premium considers only the following feedstock inputs to be SBP compliant feedstock: • Feedstock received with an SBP-approved Forest Management Scheme claim • Feedstock received with an SBP-approved Chain of Custody (CoC) System claim. The organization also verifies PEFC Controlled Sources through a DDS including a risk assessment covering the supply base in British Columbia. All wood fibre is tracked through the process from the District of Origin through the mill to the final bill of sale. The organization uses a database to gather and control information related to the feedstock such as supplier name, scale tickets, fibre type, certification,

and district of origin. The organization has appropriate control mechanisms to calculate output volumes, claims and trademark/logo approval. The Organizations PEFC Chain of Custody system is based on the Volume Credit method, and all inputs to the production site are either received as XX% PEFC certified or sourced as PEFC Controlled Sources under the BP's PEFC Due Diligence System. All incoming feedstock from their saw mill and from most other locations is secondary and consists of sawdust, shavings, wood chips and hog. The organization has detailed and comprehensive procedures and databases to cover the necessary requirements regarding the SBP-approved Chain of Custody system. They also are now in the process of collecting some primary material either inwood chips from branches and some low grade round wood.

4 Specific objective of the audit

The specific objective of this evaluation was to determine whether the Biomass Producer's management system continues to effectively implement and maintain the requirements of the applicable SBP Standards and Instruction Documents across the certified scope.
The evaluation assessed the organisation's ability to ensure the integrity, traceability and sustainability of feedstock sourcing, production activities, Chain of Custody controls, sustainability reporting and compliance with applicable EU RED requirements.
The scope of the evaluation included:

- Review of the documented management system, procedures and records relevant to the applicable SBP Standards and Instruction Documents;
- Review of feedstock sourcing controls, supplier verification processes and implementation of the Supply Base Evaluation (SBE);
- Review of the updated Supply Base Report (SBR) and supporting evidence;
- Evaluation of supplier risk assessments, field verification records and GIS-based constraint mapping activities;
- Verification of processing residue sourcing controls and supplier monitoring activities;
- Assessment of the PEFC Chain of Custody system, SBP control points, traceability mechanisms and mass balance controls;
- Review of operational records, calculations, conversion factors and product classification controls;
- Verification of Sustainability Attribute Report (SAR) data, greenhouse gas (GHG) information and data collection methodologies;
- Assessment of compliance with applicable EU RED requirements;
- Interviews with personnel responsible for feedstock procurement, supplier verification, sustainability reporting, Chain of Custody implementation and operational management;
- Site inspections and verification of relevant operational activities and supporting records.

The evaluation was conducted through document review, transaction testing, site inspections, personnel interviews and verification of supporting evidence to determine continued conformity with the applicable certification requirements

5 Evaluation process

5.1 Timing and duration of evaluation activities

Audit Level of Effort (LoE)		
Activity	**Auditors**	**Auditor hours**
1. Preparation	Henrique Silva	4.0
2. On-site (excl. travel time)	Henrique Silva	32.0
3. Report writing	Henrique Silva	4.0

5.2 Auditor team qualification

Auditor qualification		
Auditor name	**Role**	**Qualification**
Henrique Silva	Lead auditor	FSC®, PEFC, SBP, SURE,GGL and ENplus® Lead auditor

5.3 Description of evaluation activities

The surveillance audit was conducted through a combination of on-site verification activities, document review, interviews with responsible personnel, transaction testing and evaluation of operational records relevant to the certified scope.
The audit included visits to the pellet production facility and administrative offices in Vanderhoof, British Columbia, the Sinclair office in Prince George, British Columbia, and the Fibreco terminal in North Vancouver, British Columbia. A remote evaluation was also conducted for the Westview terminal in Prince Rupert. During the opening meeting, the audit scope, objectives, applicable standards and audit methodology were confirmed with the organisation.
The evaluation included review of the documented management system, operational procedures, internal audit records, training records, supplier verification procedures, procurement controls and applicable SBP documentation. The auditor assessed the implementation of the organisation's feedstock verification programme, including supplier risk assessments, field verification activities, procurement controls, supplier inspection reports and monitoring procedures.
The Supply Base Evaluation (SBE) and associated Supply Base Report (SBR) were reviewed to evaluate the effectiveness of risk identification, risk mitigation and sourcing controls. Sampled sourcing areas were assessed through review of purchase risk assessments, biological constraint mapping, stand-level information and supporting sourcing documentation. The evaluation included review of documentation associated with sampled areas EH6051 (A17842), A94502 and K5P010 (BM19, BM20 and P4).
Chain of Custody implementation was evaluated through review of incoming feedstock records, supplier claims, inventory controls, production records, traceability systems, mass balance calculations and outgoing sales documentation. Transaction testing was performed to verify the integrity and traceability of feedstock and biomass products throughout the supply chain. Electronic traceability records and supporting operational systems were reviewed and cross-checked against source documentation.

Compliance with SBP Standard 5 and applicable energy and carbon reporting requirements was assessed through review of the Sustainability Attribute Report (SAR), supporting calculation files, greenhouse gas (GHG) reporting records and data collection methodologies. Data sources, calculation approaches and associated controls were reviewed to verify the completeness, accuracy and consistency of sustainability and carbon reporting.
Interviews were conducted with personnel responsible for feedstock procurement, supplier verification, sustainability reporting, Chain of Custody implementation, GHG data management and operational activities. Competency was evaluated through interviews, training records and verification of understanding of applicable SBP and EU RED requirements.
The audit also included verification of applicable EU RED requirements, including review of sourcing controls, feedstock classification, sustainability data management and supporting documentation used to demonstrate compliance with the SBP EU RED framework.
The audit concluded with a closing meeting during which the audit findings, observations and certification conclusions were presented and discussed with management representatives of the organisation. Eleven SBP deliveries to non-certified clients performed during the reporting period were reviewed as part of the evaluation

5.4 List of forest management units and feedstock suppliers visited

☐ N/A – No forest sites or suppliers visited during this evaluation

Site name
Stand EH6051-C123-PULP
Site location
North Chilco
Site description
Recent clear cut
Rationale and focus of visit
Verify the operations and SBE evaluation
Description of audit activity
During the audit the operation were evaluated and related to the SBE, verification of the documents and the forest technicians evaluation.

Site name
Stand GP7014-C001-PULP
Site location
North Chilco
Site description
Recent clear cut
Rationale and focus of visit
Verify the operations and SBE evaluation

Description of audit activity
During the audit the operation were evaluated and related to the SBE, verification of the documents and the forest technicians evaluation.

Site name
Stand GP7014-C002-PULP
Site location
North Chilco
Site description
Recent clear cut
Rationale and focus of visit
Verify the operations and SBE evaluation
Description of audit activity
During the audit the operation were evaluated and related to the SBE, verification of the documents and the forest technicians evaluation.

Site name
Stand GP7014-C005A-PULP
Site location
North Chilco
Site description
Recent clear cut
Rationale and focus of visit
Verify the operations and SBE evaluation
Description of audit activity
During the audit the operation were evaluated and related to the SBE, verification of the documents and the forest technicians evaluation. Plantation done on 2022

Site name
Stand K5P010-BM19-PULP
Site location
British Columbia
Site description
Recent clear cut
Rationale and focus of visit
Verify the evaluation made for that location
Description of audit activity

During the audit the operation were evaluated and related to the SBE, verification of the documents and the forest technicians evaluation.

Site name
Stand K5P010-BM20-PULP
Site location
British Columbia
Site description
Recent clear cut
Rationale and focus of visit
Verifiy the opertaions, evaluation reports for EU RED compliant
Description of audit activity
During the audit the operation were evaluated and related to the SBE, verification of the documents and the forest technicians evaluation.

5.5 Describe audit sampling methodology used

During audit preparation, a risk-based sampling plan was developed considering the structure of the Supply Base Evaluation (SBE), supplier categories, feedstock types, sourcing areas, and reported sustainability and GHG data. Audit activities included: Review of Sustainability Attribute Report (SAR) data and supporting calculation records for the selected reporting period; Verification of inputs, outputs, mass balance records, transport documentation, invoices and traceability records; Review of sales documentation and verification of SBP claims; Review of raw material procurement records, supplier verification activities and risk assessments; On-site inspection of the pellet production facility and interviews with responsible personnel; Verification visit to the Fibreco terminal, North Vancouver, British Columbia. A sample of six Forest Management Units (FMUs) was selected from a population of forty-nine FMUs. Sample selection considered geographic representation, feedstock sourcing volumes and the results of pre-verification activities conducted under the SBE. Sampled FMUs included EH6051 (A17842), A94502 CP14 and K5P010 (BM19, BM20 and P4), for which supporting risk assessments, field verification records and constraint mapping documentation were reviewed. Processing residue suppliers were also sampled. Four suppliers were selected from a total population of thirteen processing residue suppliers. Sampling considered supplier type, material category and contribution to feedstock supply. Associated supplier verification records and inspection reports were reviewed as part of the audit. Interviews were conducted with personnel responsible for: SBP system management; Feedstock procurement and supplier verification; Chain of Custody implementation; Sustainability data collection and GHG reporting; Production operations. Interview evidence was evaluated together with documented procedures, training records, internal audit records and operational records

5.6 CB stakeholder engagement

☒ N/A – Certification Body stakeholder consultation not applicable for this evaluation

Guidance: Please specify the number and types of stakeholders engaged, method of engagement and its outcomes.

5.7 Stakeholder feedback and response

☒ N/A – Certification Body stakeholder consultation not applicable for this evaluation

5.8 Main strengths and weaknesses of the management system and operations

The audit demonstrated a generally effective implementation of the requirements of SBP Standards 1, 2, 4 and 5, together with applicable SBP Instruction Documents. Reasonable and objective evidence was available to support conformity with the applicable requirements evaluated during this audit.
Key strengths observed during the evaluation included:

- An established and mature PEFC Chain of Custody system integrated within operational processes;
- SFI-certified sourcing arrangements and established supplier verification procedures supported by documented supplier risk assessments;
- Use of GIS-based constraint mapping, pre-verification activities and field verification processes to support implementation of the Supply Base Evaluation (SBE);
- Established systems for traceability, mass balance, sustainability data collection and GHG reporting;
- Availability of documented supplier inspection records, purchase risk assessments and monitoring activities;
- Integration of environmental management practices, supported by the organisation's ISO 14001 environmental management system and existing operational controls.

The combined implementation of the PEFC Chain of Custody system, SFI-certified sourcing framework and ISO 14001 environmental management system provides a strong foundation supporting the organisation's overall conformity with the applicable SBP requirements.

5.9 Summary of evaluation activities for robustness of the Supply Base Evaluation

☐ N/A – Standard 1 not in the scope of the evaluation

The robustness of the Supply Base Evaluation (SBE) was assessed through evaluation of the Supply Base Report (SBR), supplier risk assessments, field verification activities, biological constraint mapping, supplier inspection records and sourcing controls implemented by the Certificate Holder.
The audit verified that the risk assessment process is supported by documented pre-verification activities, GIS-based analysis, supplier-specific purchase risk assessments and field verification procedures. Sampled FMUs and supplier records were reviewed to confirm consistency between identified risks, implemented control measures and sourcing decisions.
The auditor reviewed supporting documentation for sampled sourcing areas, including risk assessments associated with EH6051 (A17842), A94502 CP14 and K5P010 (BM19, BM20 and P4), together with associated biological constraint maps and supplier verification records.
Based on the evidence evaluated, the auditor concluded that the SBE is supported by documented procedures, field verification activities, supplier monitoring processes and risk evaluation mechanisms, providing a reasonable level of assurance that feedstock sourcing is managed in accordance with the applicable SBP requirements.

5.10 Summary of evaluation activities for Processing residues and/or Post-consumer feedstock requirements per Standard 2 and EU RED

Processing residue sourcing was evaluated through review of supplier verification activities, supplier risk assessments, procurement records, traceability documentation and supplier inspection reports. Four suppliers were sampled from a population of thirteen processing residue suppliers.
The audit assessed the effectiveness of the controls applied to confirm the origin, classification and traceability of processing residues entering the SBP supply chain. Supplier evaluation records, purchase risk assessments and documented inspection reports were reviewed to confirm implementation of the organisation's feedstock verification procedures.

Sampled suppliers demonstrated documented controls for the identification and handling of processing residues, and supporting records provided evidence that supplied material was consistent with the feedstock categories declared by the Certificate Holder.
The evidence reviewed provided reasonable assurance that processing residue sourcing is subject to appropriate verification, monitoring and procurement controls, and that the requirements applicable to processing residues under SBP Standard 2 were effectively implemented.

5.11 Summary of evaluation activities for chain of custody system per Standard 4

The Chain of Custody (CoC) system was evaluated against the requirements of SBP Standard 4 through review of documented procedures, traceability records, procurement documentation, mass balance calculations, product group controls and supporting operational records.
The audit included verification of incoming feedstock records, supplier declarations, certification claims, purchase documentation, production records, inventory controls and outgoing sales documentation. Traceability was tested through sample transactions covering receipt of feedstock, production activities and final product dispatch.
The organisation's PEFC Chain of Custody system, integrated with its SBP management procedures, was reviewed to confirm the implementation of material accounting controls, claim management procedures and segregation requirements applicable to SBP-compliant and SBP-controlled biomass.
Supporting electronic records, including sourcing and traceability data maintained within the organisation's operational systems, were reviewed and were found to be consistent with documented procedures and transaction records.
Based on the evidence reviewed, the auditor concluded that the organisation has implemented effective Chain of Custody controls to ensure traceability, integrity and accurate communication of SBP claims throughout the supply chain. Procedures, records and mass balance controls were found to be consistent with the requirements of SBP Standard 4.

5.12 Summary of evaluation activities for collection and communication of data per Standard 5

The evaluation of compliance with SBP Standard 5 and the applicable energy and carbon data requirements included a review of the Sustainability Attribute Report (SAR), supporting calculation files, operational records, traceability systems and documented procedures governing the collection, verification and communication of sustainability, energy and greenhouse gas (GHG) data.
Audit activities included verification of data collection processes associated with feedstock sourcing, transportation, pellet production, storage and handling activities, and transportation to port facilities. The auditor reviewed the data sources, calculation methodologies and internal controls used to ensure the completeness, consistency and accuracy of reported sustainability and GHG information. Documentation supporting reported values was cross-checked against operational records and traceability information maintained by the organisation.
Interviews were conducted with personnel responsible for sustainability reporting, operational data management and carbon accounting. The auditor reviewed how data is collected, validated, maintained and reported, including the controls implemented to ensure data quality and consistency across reporting periods.
The organisation maintains documented procedures for sustainability and carbon data management and demonstrated effective implementation of these procedures during the audit. Supporting systems and records were found to provide appropriate evidence to support reported SAR values and associated sustainability information. The responsible personnel demonstrated a good understanding of the applicable SBP requirements and reporting methodologies. Previous experience with other sustainability schemes, including GGL, further supports the organisation's competence in the collection and communication of energy and carbon data.
Based on the evidence reviewed, the auditor concluded that the organisation has implemented effective controls for the collection, verification and communication of sustainability, energy and greenhouse gas data and demonstrated conformity with the applicable requirements of SBP Standard 5.

5.13 Summary of audit findings for competency of involved personnel

The organisation has designated personnel with defined responsibilities for the implementation and maintenance of the SBP management system. During the audit, the auditor reviewed organisational responsibilities, training records and evidence of competence relevant to the implementation of the applicable SBP requirements. Interviews were conducted with personnel responsible for feedstock procurement, supplier verification, Chain of Custody implementation, sustainability reporting, GHG data management and operational activities related to the SBP programme. Personnel demonstrated familiarity with the applicable procedures, operational controls and reporting requirements relevant to their responsibilities.

Training records were reviewed and confirmed that personnel involved in the implementation of the SBP system had received training and instruction relevant to their roles. Training activities were supported by documented procedures and internal management systems, and associated records were maintained by the organisation.

The auditor also reviewed the results of the internal audit process and associated corrective actions to verify ongoing awareness and maintenance of competence within the organisation. Key personnel demonstrated a good understanding of SBP requirements, feedstock verification activities, Chain of Custody controls and sustainability reporting obligations.

Based on the interviews conducted and evidence reviewed, the auditor concluded that personnel involved in the implementation of the SBP programme possess the knowledge, training and competence necessary to effectively perform their assigned responsibilities and support conformity with the applicable SBP requirements.

5.14 Summary of audit findings for GHG methodology per Standard 6 (if applicable)

☒ N/A – Standard 6 not in the scope

6 Detailed evaluation of BP's Supply Base Evaluation (if applicable)

☐ N/A – Supply Base Evaluation not in the scope of the evaluation

6.1 Overview of BP's risk assessments and mitigation measures including EU RED scope

I confirmed that the Biomass Producer operates within the sourcing area covered by the SBP-recognised Regional Risk Assessment (RRA) for British Columbia, Canada. During the audit, I reviewed the organisation's Supply Base Evaluation (SBE), supplier risk assessments, supplier verification activities, field inspection records and supporting sourcing documentation to verify the continued implementation of the feedstock verification programme.

I reviewed supplier-specific Purchase Risk Assessments, biological constraint mapping records, supplier verification reports and field inspection records for the sampled sourcing areas and suppliers. Based on the evidence examined, I confirmed that identified sourcing risks are appropriately evaluated and managed through documented procurement controls, supplier verification procedures and ongoing monitoring activities.

I assessed the indicators listed in Section 6.2 as part of the organisation's Supply Base Evaluation and associated feedstock verification system. I verified that these indicators are effectively addressed through the implementation of documented sourcing controls, supplier verification procedures, risk assessment processes and monitoring activities.

For the EU RED scope, I confirmed that the sourcing area falls within the geographical scope of the applicable SBP-recognised Regional Risk Assessment. Based on the approved RRA, the evidence reviewed during the audit and the controls implemented by the organisation, I concluded that the applicable EU RED indicators are assessed as low risk. Therefore, no additional risk mitigation measures were required beyond the controls already implemented within the organisation's feedstock verification programme.

Based on the evidence reviewed, I confirmed that the organisation has effectively implemented its Supply Base Evaluation and maintains appropriate records to demonstrate compliance with the applicable SBP and EU RED requirements. I concluded that the organisation's sourcing controls, supplier verification activities and monitoring processes provide reasonable assurance that feedstock sourcing is conducted in accordance with the applicable SBP and EU RED requirements.

6.2 CB evaluation of specified risk indicators and mitigation measures

Country
Canada
Area/Sub-Scope
British Columbia
Indicator
2.1.3 Key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be maintained or enhanced.
Specified risk description
The BC Regional Risk Assessment has designated this indicator as Specified Risk, split into multiple categories and will be addressed by Premium Pellet Ltd. in the same manner. Forest operations activities, as well as the activities by other sectors, may pose a threat to key ecosystems and habitats through fragmentation, the direct and indirect effects associated with access, and loss or degradation of key ecological attributes for ecosystems and habitats sensitive disturbance. Private Managed Forest Land primary feedstock is not a source of feedstock for Premium Pellet

Ltd. and has been adjusted to low risk and will not be further discussed. Mapping Analysis Premium Pellet Ltd. completed a mapping analysis to determine biodiversity risks designated as Specified Risk from the BC Regional Risk Assessment. The mapping analysis utilized the following publicly available government datasets. Premium Pellet Ltd. has mapped landscape level Species at Risk – Caribou species, Intact Forest Landscapes (IFL's), and Old Growth Management Areas against the Timber Harvesting Landbase (THLB), as well as Other Private Land within their Supply Base Area with the following datasets: I. Approved Ungulate Winter Ranges relating to Caribou species (https://www.env.gov.bc.ca/wld/frpa/uwr/approved_uwr.html), II. Intact Forest Landscapes of British Columbia as defined by the Forest Stewardship Council's Controlled (https://ca.fsc.org/ca-en/forest-management/intact-forest-landscapes), III. Current legal Old Growth Management Areas (OGMAs) as defined by the Government of British Columbia (https://catalogue.data.gov.bc.ca/dataset/old-growth-managementareas-legalcurrent), Crown Land Landscape Level – SAR – Caribou Within Premium Pellet Ltd.'s Supply Base Area, provincially approved Caribou habitat polygon data was used to complete a GIS analysis to determine current and future harvest operations on Crown land, and Other Private Land (SBV: Critical Habitat Map – THLB). In British Columbia, forest management operations on Crown land are legislatively bound by the Forest Range and Practices Act, the Forest Practices Regulation, and GAR Orders, which are specific to regional areas within the province. Harvesting is allowed when practices meet or exceed the Federal Recovery Plan and/or provincial GAR orders. The following GAR orders and Wildlife Habitat Areas (WHA's) specific to Caribou are identified are within Premium Pellet Ltd.'s Supply Base Area: Lakes Timber Supply Area: - Chelaslie Caribou Migration Corridor used by the Tweedsmuir Caribou Herd Mackenzie Timber Supply Area: - Caribou Permanent Deferral Area of 33,645 ha within the caribou moratorium recovery zones in the South-East portion of the TSA Prince George Timber Supply Area: - 3 GAR Orders related to Caribou - Wildlife Habitat Area which protects a mountain caribou mineral lick Quesnel Timber Supply Area: - Mountain Caribou (Eastern Herd) - Mountain Caribou (Western Herd) As a result from the mapping analysis, Crown Land landscape level Species at Risk – caribou species remains as specified risk within Premium Pellet Ltd.'s Supply Base Area. Landscape Level - In-Tact Forest Landscapes Intact Forest Landscapes (IFL's) were determined to be specified risk because they are not provincially recognized and there are no requirements to conserve them. Premium Pellet Ltd. has used the publicly available logic, data and polygons for the identification of all IFL's within the Supply Base Area (SBV: Premium IFLs – THLB Map) from the FSC National Risk Assessment. Provincial Timber Harvesting Landbase (THLB) polygons were overlaid on the IFL polygons to determine the maximum potential hectares that could impact an IFL, if the entire THLB was harvested over time (SBV: see the table provided on the Premium IFL's – THLB Map). Based on this mapping exercise and adopting the logical for risk designation by FSC NRA, it has resulted in four IFL's being Specified Risk (SBV: NAM). Further, the Premium Pellet Ltd. mapping exercise confirmed that IFL's did not intersect any private land (both other private land and PMFL sub-scopes). Based on this mapping exercise and adopting the logic for risk designation by the FSC NRA, it has resulted in 4 IFL's being Specified Risk within Premium Pellet Ltd.'s Supply Base Area. As per Premium Pellet Ltd.'s Standard Operating Procedure for the Protection of Ecological, Geological, Historical, Culturally Species Sites/Wildlife Habitat and Biological Diversity/Water Management/Soil Conservation. Stand Level – Local/Endemic Premium Pellet Ltd. has a Species at Risk Field Guide within their Environmental Management System Guidebook. There are mammals and birds that are either Red or Blue listed and found within Premium Pellet Ltd.'s Supply Base Area. The local/endemic level of Species at Risk are identified below: - Grizzly bear - Wolverine - Fisher - Woodland Caribou - Big Horn Sheep - Northern Myotis - Long-billed Curlew - American Bittern - Great Blue Heron - Short-eared Owl - Broad-winged hawk - Peregrine Falcon - Bobolink - Rusty Blackbird - Barn Swallow - Caspian Tern - California Gull - Sharp-tailed Grouse - Crumpled Tarpaper - Lichen Stand Level – Key Habitat Attributes & Old Growth Management Areas Old Growth Management Areas (OGMA's) are defined as areas that contain or are managed to attain specific structural old-growth attributes. These areas are excluded from commercial timber harvesting to protect biological diversity, plant ecosystems, wildlife habitat and cultural values. All Timber Supply Areas within Premium Pellet Ltd.'s Supply Base area have spatially identified Old Growth Management Area Polygons. The following information was produced from reviewing Timber Supply Reviews published by the British Columbia Ministry of

Forests: Lakes TSA: 55,357 ha Mackenzie TSA: 46,294 ha Prince George TSA: 12,474 ha Quesnel TSA: 83,881 ha

Detailed description of a mitigation measure

Crown Land Primary Feedstock
Premium Pellet Ltd. will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind with their Procurement Policy that informs the supplier of the specified risks within Premium Pellet Ltd.'s Supply Base Area and the requirement to mitigate any risk prior to procurement (RMM1).

As per Premium Pellet Ltd.'s Risk Management Plan (RMP), pre-verification of potential feedstock will be conducted. Verification of suppliers' strategic, tactical &/or operational/implementation plans include review of company Forest Stewardship Plans via the Ministry of Forests Forest Stewardship Plan Tracking System Access, to ensure that applicable legislative and operational requirements are being met. Individual site plans may be reviewed (RMM2).

Premium Pellet Ltd. will use the following Risk Management Measures for Crown Land Primary Feedstock: RMM 1 – Procurement Policy & Provide to Suppliers
RMM 2 – Verify Suppliers Strategic, Tactical &/or Operational/Implementation Plan
RMM 3 – Develop Best Management Practices and provide to Suppliers
RMM 4 – Establish Threshold & Phase Out Feedstock Sourcing RMM 7 – Field Verification
RMM 8 – Establish an Annual Threshold

Species At Risk – Caribou
The company's Procurement Policy (RMM1) is provided to suppliers. After the mapping exercise has been conducted by Premium Pellet Ltd., if there is risk of accepting primary feedstock from SAR areas, additional RMM's will be used to mitigate the risk. Verification of suppliers' strategic, tactical, &/or operational/implementation plans will be conducted by Premium Pellet Ltd. (RMM2).

Prior to procurement, Premium Pellet Ltd. will provide a set of Best Management Practices &/or direct the suppliers to address the deficiency of the specified risk (RMM3). Additionally, Premium Pellet Ltd. will complete a field checklist verification (RMM7), which depending on the scale and intensity of the specified risk will be completed pre-procurement and/or post-harvest, or possibly a GIS/desk exercise (as per Risk Management Plan).

Depending on the location of the feedstock in question, if it is located within the Woodland Caribou areas identified spatially, RMM 12 (no sourcing) will be utilized by Premium Pellet Ltd.

Intact Forest Landscapes
The company's Procurement Policy (RMM1) is provided to suppliers. After the mapping exercise has been conducted by Premium Pellet Ltd., if there is risk of accepting primary feedstock that may fragment in-tact forest landscape areas, additional RMM's

will be used to mitigate the risk.

Premium Pellet Ltd. will provide a set of BMPs &/or direct the suppliers to address the deficiency (RMM3). Premium Pellet Ltd. will maintain volume estimates of primary feedstock received from IFLs, and utilize RMM8, Establish an annual threshold.

Depending on the location of the feedstock in question, if it is located near an IFL that is at risk, RMM 12 (no sourcing) will be utilized by Premium Pellet Ltd.

SAR – local/endemic
The company's Procurement Policy (RMM1) is provided to suppliers. After the mapping exercise has been conducted by Premium Pellet Ltd., if there is risk of accepting primary feedstock from local/endemic SAR areas, additional RMM's will be used to mitigate the risk. Verification of suppliers' strategic, tactical, &/or operational/implementation plans will be conducted by Premium Pellet Ltd. (RMM2).

Prior to procurement, Premium Pellet Ltd. will provide a set of Best Management Practices, which includes Premium Pellet Ltd.'s SFM/EMS Guidebook, &/or direct the suppliers to address the deficiency of the specified risk (RMM3). Additionally, Premium Pellet Ltd. will complete a field checklist verification (RMM7), which depending on the scale and intensity of the specified risk will be completed pre-procurement and/or post-harvest, or possibly a GIS/desk exercise (as per Risk Management Plan).

Depending on the location of the feedstock in question, if it is located within the local/endemic SAR areas identified spatially, RMM 12 (no sourcing) will be utilized by Premium Pellet Ltd.

Key Habitat Attributes & Old Growth
The company's Procurement Policy (RMM1) is provided to suppliers. After the mapping exercise has been conducted by Premium Pellet Ltd., if there is risk of accepting primary feedstock from Old Growth Management Areas (OGMA's), additional RMM's will be used to mitigate the risk. Verification of suppliers' strategic, tactical, &/or operational/implementation plans will be conducted by Premium Pellet Ltd. (RMM2).

Prior to procurement, Premium Pellet Ltd. will provide a set of Best Management Practices, which includes Premium Pellet Ltd.'s SFM/EMS Guidebook, &/or direct the suppliers to address the deficiency of the specified risk (RMM3). Additionally, Premium Pellet Ltd. will complete a field checklist verification (RMM7), which depending on the scale and intensity of the specified risk will be completed pre-procurement and/or post-harvest, or possibly a GIS/desk exercise (as per Risk Management Plan).

Depending on the location of the feedstock in question, if it is located within the OGMA's identified spatially, RMM 12 (no sourcing) will be utilized by Premium Pellet Ltd.

Crown Land Secondary
Premium Pellet Ltd. will provide all suppliers of secondary feedstock with their

Procurement Policy that informs the supplier of the specified risks within Premium Pellet Ltd.'s Supply Base Area and the need to mitigate any risk prior to procurement (RMM1). Premium Pellet Ltd. acknowledges that some sawmills may or may not be forest managers and can control the forest management practices, however, based on Premium Pellet Ltd.'s GIS analysis, they are able to pre-determine potential specified risk polygons and identify the organization that is the licensee.
Premium Pellet Ltd. acknowledges that sawmills which produce secondary feedstock may procure roundwood from Crown Lands. All Crown Land roundwood is identified by a timbermark and is traceable via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from Crown Land will not be segregated during processing resulting in a mix within the sawmill residue pile.
Although it would not be possible to remove that Crown Land specified risk feedstock from secondary feedstock deliveries, the volume of Crown Land over a period could be estimated. Premium Pellet Ltd. will maintain volume estimates of Crown Land for secondary feedstock received.

Private Managed Forest Land Secondary
Premium Pellet Ltd. acknowledges that sawmills which produce secondary feedstock may procure roundwood from Private Managed Forest Land (PMFL). All Private Managed Forest Land
roundwood is identified by a timbermark and is traceable via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from PMFL will not be segregated during processing resulting in a mix within the sawmill residue pile. Although it would not be possible to remove that PMFL specified risk feedstock from secondary feedstock deliveries, the volume of private land over a period could be estimated. Premium Pellet Ltd. will maintain volume estimates of PMFL for secondary feedstock received.
Other Private Land Primary

Species At Risk – Caribou
The company's Procurement Policy (RMM1) is provided to suppliers. After the mapping exercise has been conducted by Premium Pellet Ltd., if there is risk of accepting primary feedstock from SAR areas, additional RMM's will be used to mitigate the risk. Verification of suppliers' strategic, tactical, &/or operational/implementation plans will be conducted by Premium Pellet Ltd. (RMM2).

Prior to procurement, Premium Pellet Ltd. will provide a set of Best Management Practices &/or direct the suppliers to address the deficiency of the specified risk (RMM3). Additionally, Premium Pellet Ltd. will complete a field checklist verification (RMM7), which depending on the scale and intensity of the specified risk will be completed pre-procurement and/or post-harvest, or possibly a GIS/desk exercise (as per Risk
Management Plan).

Depending on the location of the feedstock in question, if it is located within the Woodland Caribou areas identified spatially, RMM 12 (no sourcing) will be utilized by

Premium Pellet Ltd.

Intact Forest Landscapes
The company's Procurement Policy (RMM1) is provided to suppliers. After the mapping exercise has been conducted by Premium Pellet Ltd., if there is risk of accepting primary feedstock that may fragment in-tact forest landscape areas, additional RMM's will be used to mitigate the risk.

Premium Pellet Ltd. will provide a set of BMPs &/or direct the suppliers to address the deficiency (RMM3). Premium Pellet Ltd. will maintain volume estimates of primary feedstock received from IFLs, and utilize RMM8, Establish an annual threshold.

Depending on the location of the feedstock in question, if it is located near an IFL that is at risk, RMM 12 (no sourcing) will be utilized by Premium Pellet Ltd.

SAR – local/endemic
The company's Procurement Policy (RMM1) is provided to suppliers. After the mapping exercise has been conducted by Premium Pellet Ltd., if there is risk of accepting primary feedstock from local/endemic SAR areas, additional RMM's will be used to mitigate the risk. Verification of suppliers' strategic, tactical, &/or operational/implementation plans will be conducted by Premium Pellet Ltd. (RMM2).

Prior to procurement, Premium Pellet Ltd. will provide a set of Best Management Practices, which includes Premium Pellet Ltd.'s SFM/EMS Guidebook, &/or direct the suppliers to address the deficiency of the specified risk (RMM3). Additionally, Premium Pellet Ltd. will complete a field checklist verification (RMM7), which depending on the scale and intensity of the specified risk will be completed pre-procurement and/or post-harvest, or possibly a GIS/desk exercise (as per Risk Management Plan).

Depending on the location of the feedstock in question, if it is located within the local/endemic SAR areas identified spatially, RMM 12 (no sourcing) will be utilized by Premium Pellet Ltd.

Key Habitat Attributes & Old Growth
The company's Procurement Policy (RMM1) is provided to suppliers. After the mapping exercise has been conducted by Premium Pellet Ltd., if there is risk of accepting primary feedstock from Old Growth Management Areas (OGMA's), additional RMM's will be used to mitigate the risk. Verification of suppliers' strategic, tactical, &/or operational/implementation plans will be conducted by Premium Pellet Ltd. (RMM2).

Prior to procurement, Premium Pellet Ltd. will provide a set of Best Management Practices, which includes Premium Pellet Ltd.'s SFM/EMS Guidebook, &/or direct the suppliers to address the deficiency of the specified risk (RMM3). Additionally, Premium Pellet Ltd. will complete a field checklist verification (RMM7), which depending on the scale and intensity of the specified risk will be completed pre-procurement and/or post-harvest, or possibly a GIS/desk exercise (as per Risk Management Plan).

Depending on the location of the feedstock in question, if it is located within the

OGMA's identified spatially, RMM 12 (no sourcing) will be utilized by Premium Pellet Ltd.

Other Private Land Secondary
Premium Pellet Ltd. acknowledges that sawmills which produce secondary feedstock may procure roundwood from Other Private Lands. All Other Private Land roundwood is identified by a timbermark and is traceable via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from the private land will not be segregated during processing resulting in a mix within the sawmill residue pile. Although it would not be possible to remove that Other Private Land specified risk feedstock from secondary feedstock deliveries, the volume of Other Private Land over a period could be estimated.
Premium Pellet Ltd. will maintain volume estimates of Other Private Land for secondary feedstock received

Detailed description of CB evaluation of mitigation measure and its conclusions

The mitigation measures proposed are aligend to the Interim RRA, the group have resources and knowlege to implement efective measures. The organization is supported by an experienced consultant

Country

Canada

Area/Sub-Scope

British Columbia

Indicator

2.2.1 Feedstock shall not be sourced from land that had one of the following statuses in January 2008 and no longer has that status due to land conversion: a. Forests b. Wetlands c. Peatlands d. Highly biodiverse grasslands.

Specified risk description

The BC Regional Risk Assessment has designated all landownership types as Specified Risk. FSC National Risk Assessment for Canada indicates that forest conversion is generally not a problem in Canada. Conversion of natural forest may reduce or eliminate the biological diversity associated with the natural forest and reduce or eliminate any social benefits from the area. Extensive deforestation continues to be an important global contributor to climate change. The intent of this indicator is to reduce incentives for extensive conversion of natural forest to non-forest use. Treed areas are predominantly under agricultural or urban land use are not forest. Area of forest, therefore, is not the same as area of tree cover. Consequently, area of forest is not easily mapped using satellite imagery. The scale and rate of conversion depends on local factors. Negative impacts of conversion include deforestation, fragmentation, altered or degraded habitat and ecosystems, reduced productive forest areas, and increased carbon emissions. The SBP glossary defines forest as "land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. It does not include land that is predominantly under agriculture or urban landuse." On other private land, specifically on treed lands being converted for agricultural purpose, the downed fibre is often left to decompose or burned. Both these actions result in increased GHG emission, as well as poor utilization of a resource. Conversion to non-forest lands is more likely to occur on other private land due to land use change as the driver by the private landowner. There is no legislation restricting

conversion, or Best Management Practices at the local level, or data on conversion to non-forest lands nor readily available conformance data. Premium Pellet has implemented a Forest Conversion Commitment and Assessment Procedure, a landscape level assessment which determines ecological impacts and prohibits conversion if there would be negative impacts. Depending on the scale of the proposed forest conversion, appropriate consultation with local communities, Indigenous Peoples, and other stakeholders who could be affected by such activities will take place. The Forest Conversion Commitment and Assessment Procedure indicates that Premium Pellet will not convert one forest cover type to another forest cover type unless an assessment has been conducted to determine ecological impacts as per the attached procedure, an appropriate justification has been developed, and approval at the manager level or above has been granted. This indicator remains as specified risk for all landownership and feedstock types, with the exception of Private Managed Forest Land primary feedstock as it is not a source of feedstock within Premium Pellet Ltd.'s Supply Base Area.

Detailed description of a mitigation measure

For any type of feedstock, a purchase agreement is signed by both parties (Premium Pellet Ltd. and the seller). A clause of the agreement is a supplier declaration that the material is not from controversial sources. Within Premium Pellet's Procurement Policy, it details that material is avoided from areas where forest conversions occur, in other than justified circumstances where the conversion:

- Is in compliance with national and regional policy and legislation applicable for landuse and forest management
- Does not have negative impacts on ecologically important forest areas, culturally and socially significant areas or other protected areas, and
- Does not destroy areas of significantly high carbon stock. If any material is coming from an area with the potential for conversion of non-forest land use from industrial development, it would not be considered SBP compliant material and would be tracked as SBP controlled material in Premium Pellet Ltd.'s Chain of Custody.
- Does not have negative impacts on ecologically important forest areas, culturally and socially significant areas or other protected areas, and
- Does not destroy areas of significantly high carbon stock.

If any material is coming from an area with the potential for conversion of non-forest land use from industrial development, it would not be considered SBP compliant material and would be tracked as SBP controlled material in Premium Pellet Ltd.'s Chain of Custody.

Premium Pellet Ltd. has implemented a Forest Conversion Commitment and Assessment Procedure, indicating that the company will not convert one forest cover type to another forest cover type unless an assessment has been conducted to determine ecological impacts as per the attached procedure, an appropriate justification has been developed, and approval at the manager level or above has been granted. The Assessment Procedure is a landscape level assessment which determines ecological impacts and prohibits conversion if there would be negative impacts. Depending on the scale of the proposed forest conversion, appropriate consultation with local communities, Indigenous Peoples, and other stakeholders who could be affected by such activities will take place.

Crown Land – Primary Feedstock

Premium Pellet will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind) with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet's SBA and the need to mitigate any risk prior to procurement (RMM1).

Depending on the scale and intensity of the specified risk for Crown Land primary feedstock, Premium Pellet Ltd. may establish a threshold and phase out (RMM6) or set as an annual threshold (RMM8).

Depending on the location of the feedstock in question, if it is known that conversion from natural forest to non-forest use is occurring, RMM12 (no sourcing) will be utilized by Premium Pellet Ltd.

Crown Land – Secondary Feedstock

Premium Pellet Ltd. acknowledges that sawmills which produce secondary feedstock may procure roundwood from Crown Lands. All Crown Land roundwood is identified by a timbermark and is traceable via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from Crown Land will not be segregated during processing resulting in a mix within the sawmill residue pile.
Although it would not be possible to remove that Crown Land specified risk feedstock from secondary feedstock deliveries, the volume of Crown Land over a period could be estimated. Premium Pellet Ltd. will maintain volume estimates of Crown Land for secondary feedstock received.
An analysis of the BC Harvest Billing System (HBS) will be completed on an annual basis to review cutting permits which have been accepted as secondary feedstock to Premium Pellet Ltd. Types of cutting permits are publicly available and can be determined as a potential source of conversion.

Private Manged Forest Land – Secondary Feedstock

Premium Pellet Ltd. acknowledges that sawmills which produce secondary feedstock may procure roundwood from Private Managed Forest Land (PMFL). All Private Managed Forest Land
roundwood is identified by a timbermark and is traceable via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from PMFL will not be segregated during processing resulting in a mix within the sawmill residue pile. Although it would not be possible to remove that PMFL specified risk feedstock from secondary feedstock deliveries, the volume of private land over a period could be estimated. Premium Pellet Ltd. will maintain volume estimates of PMFL for secondary feedstock received.
An analysis of the BC Harvest Billing System (HBS) will be completed on a annual basis to review cutting permits which have been accepted as secondary feedstock to Premium Pellet Ltd. Types of cutting permits are publicly available and can be determined as a potential source of conversion.

Other Private Land – Secondary Feedstock

Premium Pellet Ltd. will provide all suppliers of secondary feedstock (i.e. sawmill residues, as well as offcuts & trim), with their Procurement Policy that informs the

supplier of the specified risks associated with private lands within Skeena Bioenergy's SBA and the need to mitigate any risk prior to procurement (RMM1).

Premium Pellet acknowledges that sawmills which produce secondary feedstock may procure roundwood from Other Private Lands. All Other Private Land roundwood is identified by a timbermark and is traceable via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from the private land will not be segregated during processing resulting in a mix within the sawmill residue pile. Although it would not be possible to remove that Other Private Land specified risk feedstock from secondary feedstock deliveries, the volume of Other Private Land over a period could be estimated. Premium Pellet Ltd. will maintain volume estimates of Other Private Land for secondary feedstock received.

An analysis of the BC Harvest Billing System (HBS) will be completed on a annual basis to review cutting permits which have been accepted as secondary feedstock to Premium Pellet Ltd. Types of cutting permits are publicly available and can be determined as a potential source of conversion.

Detailed description of CB evaluation of mitigation measure and its conclusions

-The mitigation measures proposed are aligend to the Interim RRA, the group have resources and knowlege to implement efective measures. The organization is suported by experimented consultancy

Country

Canada

Area/Sub-Scope

British Columbia

Indicator

2.2.3 Soil quality in the Supply Base shall be maintained or enhanced

Specified risk description

The BC Regional Risk Assessment has identified Other Private Land as specified risk. Premium Pellet Ltd. has mapped all forested and non-forested private land parcels within the Supply Base Area. The potential for primary or secondary feedstock to be sourced from Other Private Land is probable. Crown and Private Managed Forest Lands will not be further discussed as they have been designated as Low Risk from the BC Regional Risk Assessment. Potential threats from forest management activities (i.e. harvesting and road building) can include on and off-site negative impacts to soil productivity, hydrology, watersheds and ecological values. Disturbances such as landslides, erosion and sedimentation can result in public safety and/or infrastructure damage. Feedstock Purchase from Other Private Land Premium Pellet will complete and document a Purchase Wood Risk Assessment, including confirmation of origin and any actions required to ensure that feedstock meets the SBP requirements. All feedstock sources will be included in an auditing process which will be used to evaluate and verify management practices and any potential risk of non-conformance to the SBP Standards. All information gathered will be documented on the Purchase Wood/Feedstock Agreement Checklist. Premium Pellet Ltd. will provide the feedstock supplier with a package that includes maps with the feedstock source area and the specified risk overlap areas identified, the company Wood Producer Information Package which includes Best

Management Practices, Sustainable Forest Management Certification information, reference to applicable Forest Management Legislation, reference to Safety and Labour Laws, and Species at Risk awareness training for appropriate personnel and measures to protect biodiversity and wildlife habitat. Specific to soil quality, the Wood Producer Information Package details Best Management Practices regarding weather conditions and risk of soil disturbance (such as excessive rutting and compaction), consideration of seasonal harvesting (winter harvesting on wet ground to better support equipment), and type of equipment use to minimize soil disturbance. Premium Pellet promotes the use of Qualified Logging Professionals and Qualified Resource Professionals. Qualified Logging Professional Training is a requirement for all contractors. To receive QLP status, a logging contractor must successfully take the QLP Training Program and maintain continuing education every 2 years. Premium Pellet Ltd. maintains a digital QLP training list that is updated regularly. Premium Pellet Ltd. Fibre Supply Contract Prior to accepting any feedstock, a Premium Pellet Fibre Supply Contract will be signed. An element of the contract is a Suppliers Assertion which includes a commitment to implement Best Management Practices where required, a commitment to meet provincial and federal legal and sustainability requirements, a commitment to avoid the conversion of the source area to non-forest use and granting Premium Pellet access to carry out onsite inspections/audits as needed. The contract will also state that failure to meet the legal or environmental commitments agreed to in the contract may result in contract termination. Risk Assessment and Field Verification Supplier information gathered during the Purchase Wood Risk Assessment and for the Purchase Fibre Supply Contract will be used to determine the potential field inspection requirement, dependent on a list of forest management related questions. The scale and intensity of the source area and of the specified risk as well as local knowledge may also impact the requirement for a field inspection. Feedstock sources less than 1,000 m3, do not require a field visit. Using the Premium Pellet Ltd. Field Inspection Checklist, field inspections will focus on the commitments made in the contract and the implementation of risk management measures. All non-conformities will be documented and reviewed by the Fibre Supply Manager. Past nonconformities will be considered and may impact future dealings with the Fibre Supplier. All private land roundwood is identified by a timbermark and is traceable via the provincial Harvest Billing System. The Provincial government cutblock data (HBS) was used to complete a GIS analysis to determine current and future harvest operations. The analysis has provided a listing of the organizations that may be harvesting in or overlapping with private land (SBV: Supplier List). The assessment of Premium Pellet's current practices associated with Other Private Land primary and secondary feedstock procurement has designated this indicator as Low Risk.

Detailed description of a mitigation measure

Other Private Land - Primary Feedstock

Premium Pellet Ltd. will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind) with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet's SBA and the need to mitigate any risk prior to procurement (RMM1). Prior to procurement, Premium Pellet Ltd. will provide suppliers with the WCSIC Wood Producer Information Package, which includes a set of Best Management Practices to address deficiencies of specified risks (RMM3). Additionally, Premium Pellet will complete a field checklist verification, which depending on the outcome of the company's fibre purchase risk assessment, will be completed pre-procurement and/or post- harvest (RMM7).

Other Private Land - Secondary Feedstock

Processing residues (secondary feedstock) carrying a valid PEFC claim can be considered as SBP- compliant feedstock, as per Evaluation of the Programme for the Endorsement of Forest Certification (PEFC) scheme using the Framework for benchmarking and recognition of certification schemes relevant to the scope of SBP certification (RMM11).

Premium Pellet Ltd. will provide all suppliers of secondary feedstock (i.e. sawmill residues, as well as offcuts & trim), with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet's SBA and the need to mitigate any risk prior to procurement (RMM1).
Premium Pellet acknowledges that sawmills which produce secondary feedstock may procure roundwood from Other Private Lands. All Other Private Land roundwood is identified by a timbermark and is traceable via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from the private land will not be segregated during processing resulting in a mix within the sawmill residue pile. Although it would not be possible to remove that Other Private Land specified risk feedstock from secondary feedstock deliveries, the volume of Other Private Land over a period could be estimated. Premium Pellet Ltd. will maintain volume estimates of Other Private Land for secondary feedstock received

Detailed description of CB evaluation of mitigation measure and its conclusions

-The mitigation measures proposed are aligend to the Interim RRA, the group have resources and knowlege to implement efective measures. The organization is suported by experimented consultancy

Country

Canada

Area/Sub-Scope

British Columbia

Indicator

2.2.5 Quality and quantity of ground water, surface water and water downstream shall be maintained or enhanced.

Specified risk description

The BC Regional Risk Assessment has identified Other Private Land as specified risk. Premium Pellet has mapped all forested and non-forested private land parcels within the Supply Base Area. The potential for primary or secondary feedstock to be sourced from Other Private Land is probable. Crown and Private Managed Forest Lands will not be further discussed as they have been designated as Low Risk from the BC Regional Risk Assessment. Forest management activities may negatively affect water quality and/or quantity through increased sedimentation, loss of riparian habitat and function, loss/degradation of fish habitat, and alteration of peak flows that may result increased flooding. Feedstock Purchase from Other Private Land Premium Pellet will complete and document a Purchase Wood Risk Assessment, including confirmation of origin and any actions required to ensure that feedstock meets the SBP requirements. All feedstock sources will be included in an auditing process which will be used to evaluate and verify management practices and any potential risk of non-conformance to the SBP Standards. All information gathered will be documented on the Purchase Wood/Feedstock Agreement Checklist. Premium Pellet will provide the feedstock supplier with a package that includes maps with the feedstock source area and the specified risk overlap areas identified, the company Wood Producer Information Package which includes Best Management Practices, Sustainable Forest Management Certification information, reference to applicable Forest Management Legislation, reference to Safety and Labour Laws, and Species at Risk awareness training for appropriate personnel and measures to protect biodiversity and wildlife habitat. Specific to water quality/quantity, the Wood Producer

Information Package details Best Management Practices regarding riparian habitat, fish, and fish habitat. Water and erosion control Best Management Practices are provided for road construction, and deactivation. Premium Pellet will, on request, support suppliers in identifying qualified resource professionals to assist in preparing prescriptions to manage riparian habitat. Premium Pellet promotes the use of Qualified Logging Professionals and Qualified Resource Professionals. Qualified Logging Professional Training is a requirement for all contractors. In order to receive QLP status, a logging contractor must successfully take the QLP Training Program and maintain continuing education every 2 years. Premium Pellet Ltd. maintains a digital QLP training list that is updated regularly. Premium Pellet Ltd. Fibre Supply Contract Prior to accepting any feedstock, a Premium Pellet Ltd. Fibre Supply Contract will be signed. An element of the contract is a Suppliers Assertion which includes a commitment to implement Best Management Practices where required, a commitment to meet provincial and federal legal and sustainability requirements, a commitment to avoid the conversion of the source area to non-forest use and granting Premium Pellet access to carry out onsite inspections/audits as needed. The contract will also state that failure to meet the legal or environmental commitments agreed to in the contract may result in contract termination. Risk Assessment and Field Verification Supplier's information gathered during the Purchase Wood Risk Assessment and for the Purchase Fibre Supply Contract will be used to determine the potential field inspection requirement, dependent on a list of forest management related questions. The scale and intensity of the source area and of the specified risk as well as local knowledge may also impact the requirement for a field inspection. Feedstock sources less than 1,000 m3, do not require a field visit. Using the Premium Pellet Field Inspection Checklist, field inspections will focus on the commitments made in the contract and the implementation of risk management measures. All non-conformities will be documented and reviewed by the Fibre Supply Manager. Past nonconformities will be considered and may impact future dealings with the Fibre Supplier. All private land roundwood is identified by a timbermark and is traceable via HBS. The Provincial government cutblock data (HBS) was used to complete a GIS analysis to determine current and future harvest operations. The analysis has provided a listing of the organizations that may be harvesting in or overlapping with private land (SBV: HBS Client list). From this list, Premium Pellet Ltd. has identified potential suppliers by sub-scope. Premium Pellet Ltd. has mapped all forested and non-forested private land parcels within the SBA (SBV: Premium OPL map).

Detailed description of a mitigation measure

Other Private Land Primary Feedstock

Premium Pellet will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind) with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).

Premium Pellet Ltd. will provide suppliers with the company's Wood Producer Information Package, which includes a set of Best Management Practices to address deficiencies of specified risks (RMM3).

Additionally, Premium Pellet will complete a field checklist verification, which depending on the outcome of the company's fibre purchase checklist, will be completed pre-procurement and/or post-harvest (RMM7).

Other Private Land Secondary Feedstock

Processing residues (secondary feedstock) carrying a valid PEFC claim can be considered as SBP- compliant feedstock, as per Evaluation of the Programme for the Endorsement of Forest Certification (PEFC) scheme using the Framework for benchmarking and recognition of certification schemes relevant to the scope of SBP certification (RMM11).

Premium Pellet Ltd. will provide all suppliers of secondary feedstock (i.e. sawmill

residues, as well as offcuts & trim), with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet's SBA and the need to mitigate any risk prior to procurement (RMM1).
Premium Pellet Ltd. acknowledges that sawmills which produce secondary feedstock may procure roundwood from Other Private Land. All Other Private Land roundwood is identified by a timbermark and is traceable via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from the private land will not be segregated during processing resulting in a mix within the sawmill residue
pile. Although it would not be possible to remove that private land specified risk feedstock from secondary feedstock deliveries, the volume of private land over a period could be estimated. Premium Pellet will maintain volume estimates of private land for secondary feedstock received.

Detailed description of CB evaluation of mitigation measure and its conclusions

-The mitigation measures proposed are aligend to the Interim RRA, the group have resources and knowlege to implement efective measures. The organization is suported by experimented consultancy

Country

Canada

Area/Sub-Scope

British Columbia

Indicator

2.2.9 Harvesting levels shall be justified as to how they can be sustained with reference to inventory and growth data for the Supply Base.

Specified risk description

The BC Regional Risk Assessment has identified Other Private Land as specified risk. Premium Pellet has mapped all forested and non-forested private land parcels within the Supply Base Area. The potential for primary or secondary feedstock to be sourced from Other Private Land is probable. Crown and Private Managed Forest Lands will not be further discussed as they have been designated as Low Risk from the BC Regional Risk Assessment. Timber harvesting that exceeds the long-term sustainable harvest level of the forest is unsustainable and will erode the productivity of the forest, ecosystem services and the timber supply it produces. Due to limited legislation, and lack of best management practices, monitoring and/or data on other private land, a specified risk is designated. Premium Pellet Ltd. has mapped all forested and non-forested private land parcels within the SBA (SBV: Private Property Maps). All private land roundwood is identified by a timbermark and is traceable via HBS. The Provincial government cutblock data (HBS) was used to complete a GIS analysis to determine current and future harvest operations. The analysis has provided a listing of the organizations that may be harvesting in or overlapping with private land (SBV: HBS Client list). From this list, Premium Pellet Ltd. has identified potential suppliers by sub-scope. Premium Pellet has implemented a Forest Conversion Commitment and Assessment Procedure, a landscape level assessment which determines ecological impacts and prohibits conversion if there would be negative impacts. Depending on the scale of the proposed forest conversion, appropriate consultation with local communities, Indigenous Peoples, and other stakeholders who could be affected by such activities will take place. The Forest Conversion Commitment and Assessment Procedure indicates that Premium Pellet will not convert one forest

cover type to another forest cover type unless an assessment has been conducted to determine ecological impacts as per the attached procedure, an appropriate justification has been developed, and approval at the manager level or above has been granted.

Detailed description of a mitigation measure

Other Private Land Primary Feedstock
Premium Pellet Ltd. will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind) with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).

Premium Pellet Ltd. will also provide suppliers with the company's Wood Producer Information Package, which includes a set of Best Management Practices to address deficiencies of specified risks. Additionally, Premium Pellet will complete a field checklist verification, which depending on the outcome of the company's fibre purchase checklist, will be completed pre-procurement and/or post-harvest (RMM7).

Other Private Land Secondary Feedstock
Premium Pellet Ltd. will provide all suppliers of secondary feedstock (i.e. sawmill residues, as well as offcuts & trim), with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).

Premium Pellet acknowledges that sawmills which produce secondary feedstock may procure roundwood from Other Private Lands. All Other Private Land roundwood is identified by a timbermark and is traceable via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from the private land will not be segregated during processing resulting in a mix within the sawmill residue pile. Although it would not be possible to remove that Other Private Land specified risk feedstock from secondary feedstock deliveries, the volume of Other Private Land over a period could be estimated. Premium Pellet Ltd. will maintain volume estimates of Other Private Land for secondary feedstock received.

Detailed description of CB evaluation of mitigation measure and its conclusions

-The mitigation measures proposed are aligend to the Interim RRA, the group have resources and knowlege to implement efective measures. The organization is suported by experimented consultancy

Country

Canada

Area/Sub-Scope

British Columbia

Indicator

2.2.10 Harvested areas shall be regenerated

Specified risk description

The BC Regional Risk Assessment has identified Other Private Land as specified risk. Premium Pellet has mapped all forested and non-forested private land parcels within the Supply Base Area. The potential for primary or secondary feedstock to be sourced from Other Private Land is probable. Crown and Private Managed Forest Lands will not be further discussed as they have been designated as Low Risk from the BC Regional Risk Assessment. Forest management activities may negatively affect forest ecosystems if inadequate regeneration occurs. Negative impacts include a considerable time delay following harvest, unacceptable species, inadequate control of competing vegetation and significantly uneven density. Feedstock Purchase from Other Private Land Premium Pellet will complete and document a Purchase Wood Risk Assessment, including confirmation of origin and any actions required to ensure that feedstock meets the SBP requirements. All feedstock sources will be included in an auditing process which will be used to evaluate and verify management practices and any potential risk of non-conformance to the SBP Standards. All information gathered will be documented on the Purchase Wood/Feedstock Agreement Checklist. Premium Pellet Ltd. will provide the feedstock supplier with a package that includes maps with the feedstock source area and the specified risk overlap areas identified, the company Wood Producer Information Package which includes Best Management Practices, Sustainable Forest Management Certification information, reference to applicable Forest Management Legislation, reference to Safety and Labour Laws, and Species at Risk awareness training for appropriate personnel and measures to protect biodiversity and wildlife habitat. The Wood Producer Information Package provides information related to reforestation and afforestation. Other Private Landowners are encouraged to reforest areas; however, there is no legal requirement to reforest on Other Private Land. Premium Pellet will, on request, support suppliers in identifying qualified resource professionals to assist with regeneration efforts of private landowners. Premium Pellet promotes the use of Qualified Logging Professionals and Qualified Resource Professionals. Qualified Logging Professional Training is a requirement for all contractors. In order to receive QLP status, a logging contractor must successfully take the QLP Training Program and maintain continuing education every 2 years. Premium Pellet Ltd. maintains a digital QLP training list that is updated regularly. Premium Pellet Ltd. Fibre Supply Contract Prior to accepting any feedstock, a Premium Pellet Fibre Supply Contract will be signed. An element of the contract is a Suppliers Assertion which includes a commitment to implement Best Management Practices where required, a commitment to meet provincial and federal legal and sustainability requirements, a commitment to avoid the conversion of the source area to non-forest use and granting Premium Pellet Ltd. access to carry out onsite inspections/audits as needed. The contract will also state that failure to meet the legal or environmental commitments agreed to in the contract may result in contract termination. Risk Assessment and Field Verification Supplier's information gathered during the Purchase Wood Risk Assessment and for the Purchase Fibre Supply Contract will be used to determine the potential field inspection requirement, dependent on a list of forest management related questions. The scale and intensity of the source area and of the specified risk as well as local knowledge may also impact the requirement for a field inspection. Feedstock sources less than 1,000 m3, do not require a field visit. Using the Premium Pellet Ltd. Field Inspection Checklist, field inspections will focus on the commitments made in the contract and the implementation of risk management measures. All non-conformities will be documented and reviewed by the Fibre Supply Manager. Past nonconformities will be considered and may impact future dealings with the Fibre Supplier. All private land roundwood is identified by a timbermark and is traceable via HBS. The Provincial government cutblock data (HBS) was used to complete a GIS analysis to determine current and future harvest operations. The analysis has provided a listing of the organizations that may be harvesting in or overlapping with private land (SBV: HBS Client list). From this list, Premium Pellet has identified potential suppliers by sub-scope. Premium Pellet Ltd. has mapped all forested and non-forested private land parcels within the SBA (SBV: Premium Pellet OPL).

Detailed description of a mitigation measure

Other Private Land Primary Feedstock

Premium Pellet will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind) with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).

Premium Pellet will provide suppliers with the company's Wood Producer Information Package, which includes a set of Best Management Practices to address deficiencies of specified risks (RMM3).
Additionally, Premium Pellet will complete a field checklist verification, which depending on the outcome of the company's fibre purchase checklist, will be completed pre-procurement and/or post-harvest (RMM7).

Other Private Land Secondary Feedstock
Processing residues (secondary feedstock) carrying a valid PEFC claim can be considered as SBP- compliant feedstock, as per Evaluation of the Programme for the Endorsement of Forest Certification (PEFC) scheme using the Framework for benchmarking and recognition of certification schemes relevant to the scope of SBP certification (RMM11).

Premium Pellet Ltd. will provide all suppliers of secondary feedstock (i.e. sawmill residues, as well as offcuts & trim), with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).

Premium Pellet Ltd. acknowledges that sawmills which produce secondary feedstock may procure roundwood from private lands. All private land roundwood is identified by a timbermark and is traceable
via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from the private
land will not be segregated during processing resulting in a mix within the sawmill residue pile. Although it would not be possible to remove that private land specified risk feedstock from secondary feedstock deliveries, the volume of private land over a period could be estimated. Premium Pellet Ltd. will maintain volume estimates of private land for secondary feedstock received.

Detailed description of CB evaluation of mitigation measure and its conclusions

-The mitigation measures proposed are aligend to the Interim RRA, the group have resources and knowlege to implement efective measures. The organization is suported by experimented consultancy

Country

Canada

Area/Sub-Scope

British Columbia

Indicator
3.2.2 Primary feedstock shall not be sourced from forest areas where site productivity is low and, according to local definitions or norms, the areas are classified as low-productive or difficult to regenerate.
Specified risk description
The BC Regional Risk Assessment has identified Other Private Land as specified risk. Premium Pellet has mapped all forested and non-forested private land parcels within the Supply Base Area. The potential for primary or secondary feedstock to be sourced from Other Private Land is probable. Crown and Private Managed Forest Lands will not be further discussed as they have been designated as Low Risk from the BC Regional Risk Assessment. Forest management activities may negatively impact the renewal of a slow-growing stand which accumulates sufficient carbon stocks to replace those removed. Harvesting from forests that are difficult to regenerate results in uncertain renewal prospects and therefore uncertain future carbon stocks. Due to limited legislation, and lack of best management practices, monitoring and/or data on other private land, a specified risk is designated. Premium Pellet Ltd. has mapped all forested and non-forested private land parcels within the SBA (SBV: Private Property Maps). All Other Private Land roundwood is identified by a timbermark and is traceable via HBS. The Provincial government cutblock data (HBS) was used to complete a GIS analysis to determine current and future harvest operations. The analysis has provided a listing of the organizations that may be harvesting in or overlapping with private land (SBV: HBS Client list). From this list, Premium Pellet Ltd. has identified potential suppliers by sub-scope.
Detailed description of a mitigation measure
Other Private Land Primary Feedstock Premium Pellet Ltd. will not accept primary feedstock (RMM12) from Other Private Land in areas where there is low site productivity.
Detailed description of CB evaluation of mitigation measure and its conclusions
-The mitigation measures proposed are aligend to the Interim RRA, the group have resources and knowlege to implement efective measures. The organization is suported by experimented consultancy

Country
Canada
Area/Sub-Scope
British Columbia
Indicator
3.2.3 feedstock shall not be sourced from forest areas in the Supply Base which, according to local definitions or norms, are classified as having combined attributes of high carbon stocks and high conservation value (HCV).
Specified risk description
The BC Regional Risk Assessment has identified Other Private Land as specified risk. Premium Pellet has mapped all forested and non-forested private land parcels within the Supply Base Area. The potential for primary or secondary feedstock to be sourced from Other Private Land is probable. Crown and Private Managed Forest Lands will not be further discussed as they have been designated as Low Risk from the BC Regional Risk Assessment. Areas considered High Carbon Stocks for the purposes of the Supply Base Evaluation are Old-Growth areas. Old Growth

Management Areas (OGMA's) are spatially defined within Premium Pellet Ltd.'s Supply Base Area. High Carbon Stock areas are defined as Key Habitat Attributes & Old Growth for the purposes of Premium Pellet Ltd.'s Supply Base Evaluation. Old Growth Management Areas (OGMA's) are spatially defined within Premium Pellet Ltd.'s Supply Base Area. The remaining High Conservation Values (HCV's) are identified in Indicator 2.1.3, and are both stand and landscape level. Forest management activities may negatively impact the renewal of a slow-growing stand which accumulates sufficient carbon stocks to replace those removed. Harvesting from forests that are difficult to regenerate results in uncertain renewal prospects and therefore uncertain future carbon stocks.

Detailed description of a mitigation measure

For any type of feedstock, a purchase agreement is signed by both parties (Premium Pellet Ltd. and the seller). A clause of the agreement is a supplier declaration that the material is not from controversial sources. Within Premium Pellet Ltd.'s Chain of Custody Policy, it details that material is avoided from areas where forest conversions occur, in other than justified circumstances where the conversion:

- Is in compliance with national and regional policy and legislation applicable for landuse and forest management
- Does not have negative impacts on ecologically important forest areas, culturally and socially significant areas or other protected areas, and
- Does not destroy areas of significantly high carbon stock.

Crown Land – Primary Feedstock

Premium Pellet Ltd. will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind) with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet's SBA and the need to mitigate any risk prior to procurement (RM#1).

Prior to procurement, Premium Pellet Ltd. will provide a set of BMPs &/or direct the suppliers to address the deficiency (RM#3) of all specified risks. Additionally, based on the results of Premium Pellet Ltd.'s Feedstock Purchase Checklist, Premium Pellet Ltd. will complete a field checklist verification (RMM7).

Premium Pellet Ltd. will not accept primary feedstock (RMM12) from Crown Land in areas which are considered HCS or HCV.

Other Private Land – Primary Feedstock

Premium Pellet Ltd. acknowledges that sawmills which produce secondary feedstock may procure roundwood from Other Private Lands. All Other Private Land roundwood is identified by a timbermark and is traceable via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from the private land will not be segregated during processing resulting in a mix within the sawmill residue pile. Although it would not be possible to remove that Other Private Land specified risk feedstock from secondary feedstock deliveries, the volume of Other Private Land over a period could be estimated.

Premium Pellet Ltd. will maintain volume estimates of Other Private Land for secondary feedstock received.

Premium Pellet Ltd. will not accept primary feedstock (RMM12) from Other Private Land in areas which are considered HCS or HCV.

Detailed description of CB evaluation of mitigation measure and its conclusions

-The mitigation measures proposed are aligend to the Interim RRA, the group have resources and knowlege to implement efective measures. The organization is suported by experimented consultancy

Country

Canada

Area/Sub-Scope

British Columbia

Indicator

4.1.10 Safeguards shall be put in place to protect the health and safety of workers by developing, communicating and implementing policies and procedures.

Specified risk description

From the BC Regional Risk Assessment, Other Private Land has been designated as Specified Risk. Health and safety is important for ensuring the well-being of workers. Workers in an unsafe and unhealthy environment will increase lost time. An effective health and safety program reduces costs and liabilities that firms would incur associated with accidents and the result of following unsafe practices.

Detailed description of a mitigation measure

Premium Pellet Ltd. will complete and document a pre-verification evaluation of all potential feedstock suppliers prior to receiving any feedstock. A **Purchase Wood Risk Assessment** will be completed, including confirmation of origin and any actions required to ensure that feedstock meets the SBP requirements. As part of the **Purchase Wood Agreement Checklist**, Premium Pellet Ltd. will ensure that the supplier's contractor hired to conduct the logging has a valid WorkSafe BC Clearance Letter, indicating compliance with all Health & Safety requirements in BC (RMM9). WorkSafe BC Clearance Letters will be retained digitally by Premium Pellet Ltd.

Other Private Land Primary Feedstock

Premium Pellet will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind) with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).

Premium Pellet Ltd. will also provide suppliers with the company's Wood Producer Information Package, which includes a set of Best Management Practices to address deficiencies of specified risks. Additionally, Premium Pellet will complete a field checklist verification, which depending on the outcome of the company's fibre purchase checklist, will be completed pre-procurement and/or post-harvest.

Other Private Land Secondary Feedstock
Premium Pellet Ltd. will provide all suppliers of secondary feedstock (i.e. sawmill residues, as well as offcuts & trim), with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).

Detailed description of CB evaluation of mitigation measure and its conclusions

-The mitigation measures proposed are aligend to the Interim RRA, the group have resources and knowlege to implement efective measures. The organization is suported by experimented consultancy

Country

Canada

Area/Sub-Scope

British Columbia

Indicator

4.2.1 Negative social and community impacts shall be identified and avoided.

Specified risk description

The BC Regional Risk Assessment has identified Private Managed Forest Land and Other Private Land as specified risk. Premium Pellet has mapped all forested and non-forested private land parcels within the Supply Base Area. The potential for primary or secondary feedstock to be sourced from Other Private Land is probable. Crown Lands will not be further discussed as it have been designated as Low Risk from the BC Regional Risk Assessment. Negative impacts to communities may occur is sustainable and responsible forestry practices are not conducted, including loss of tenure and use rights, loss of access to areas with cultural, social, heritage, and economic values used by communities, loss of employment and economic opportunities, health and welfare impacts on communities, and loss of adequate access for recreation. Primary feedstock is not received by the company from Private Managed Forest Land and is considered to be low risk.

Detailed description of a mitigation measure

Private Managed Forest Land Primary Feedstock
Premium Pellet Ltd. will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind) with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).
Premium Pellet Ltd. will also provide suppliers with the company's Wood Producer Information Package, which includes a set of Best Management Practices to address deficiencies of specified risks (RMM3). Additionally, Premium Pellet will complete a field checklist verification, which depending on the outcome of the company's fibre purchase checklist, will be completed pre-procurement and/or post-harvest (RMM7).

Private Managed Forest Land Secondary Feedstock
Processing residues (secondary feedstock) carrying a valid PEFC claim can be considered as SBP- compliant feedstock, as per Evaluation of the Programme for the Endorsement of Forest Certification (PEFC) scheme using the Framework for

benchmarking and recognition of certification schemes relevant to the scope of SBP certification.

Other Private Land Primary Feedstock
Premium Pellet Ltd. will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind) with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).

Premium Pellet Ltd. will also provide suppliers with the company's Wood Producer Information Package, which includes a set of Best Management Practices to address deficiencies of specified risks (RMM3). Additionally, Premium Pellet will complete a field checklist verification, which depending on the outcome of the company's fibre purchase checklist, will be completed pre-procurement and/or post-harvest (RMM7).

Premium Pellet Ltd. has mapped all forested and non-forested private land parcels within the SBA (SBV: Private Property Maps).

Other Private Land Secondary Feedstock
Processing residues (secondary feedstock) carrying a valid PEFC claim can be considered as SBP- compliant feedstock, as per Evaluation of the Programme for the Endorsement of Forest Certification (PEFC) scheme using the Framework for benchmarking and recognition of certification schemes relevant to the scope of SBP certification

Detailed description of CB evaluation of mitigation measure and its conclusions

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Country
Canada
Area/Sub-Scope
British Columbia
Indicator
4.2.3 Food, water supply or high conservation values (HCV) that are essential for the fulfilment of basic needs of communities shall be maintained or enhanced
Specified risk description
Premium Pellet Ltd. has mapped all forested and non-forested private land parcels within the SBA (SBV: Private Property Maps).
Detailed description of a mitigation measure
Other Private Land Primary Feedstock Premium Pellet Ltd. will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind) with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s

SBA and the need to mitigate any risk prior to procurement (RMM1).
Premium Pellet Ltd. will also provide suppliers with the company's Wood Producer Information Package, which includes a set of Best Management Practices to address deficiencies of specified risks (RMM3).
Additionally, Premium Pellet will complete a field checklist verification, which depending on the outcome of the company's fibre purchase checklist, will be completed pre-procurement and/or post-harvest (RMM7).

Other Private Land Secondary Feedstock
Premium Pellet Ltd. will provide all suppliers of secondary feedstock (i.e. sawmill residues, as well as offcuts & trim), with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).

Premium Pellet Ltd. acknowledges that sawmills which produce secondary feedstock may procure roundwood from private lands. All private land roundwood is identified by a timbermark and is traceable
via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from the private
land will not be segregated during processing resulting in a mix within the sawmill residue pile. Although it would not be possible to remove that private land specified risk feedstock from secondary feedstock deliveries, the volume of private land over a period could be estimated. Premium Pellet will maintain volume estimates of private land for secondary feedstock received.

Processing residues (secondary feedstock) carrying a valid PEFC claim can be considered as SBP- compliant feedstock, as per Evaluation of the Programme for the Endorsement of Forest Certification (PEFC) scheme using the Framework for benchmarking and recognition of certification schemes relevant to the scope of SBP certification

Detailed description of CB evaluation of mitigation measure and its conclusions

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Country
Canada
Area/Sub-Scope
British Columbia
Indicator
4.2.4 Legal, customary, and traditional tenure and use rights of Indigenous Peoples and local communities related to the Supply Base shall be identified, documented, and respected.
Specified risk description

The BC Regional Risk Assessment has identified Private Managed Forest Land and Other Private Land as specified risk. Premium Pellet has mapped all forested and non-forested private land parcels within the Supply Base Area. The potential for primary or secondary feedstock to be sourced from Other Private Land is probable. Crown Lands will not be further discussed as they have been designated as Low Risk from the BC Regional Risk Assessment. Forest Management activities may cause negative impacts including the possibility that customary and traditional tenure and use rights may not be identified or only partially identified. This could lead to the unidentified rights being violated or becoming a source of contention. Another threat is that identified rights are not documented. These potential scenarios could lead to violations of legal, customary and traditional tenure and use rights. Premium Pellet Ltd. in conjunction with Sinclar Group Forest Products Ltd. has both Principles for First Nation Relationships, and First Nations Program. The First Nations Program will be further discussed in Indicator 4.2.6. Principles for First Nation Relationships is a policy that identifies the following: - Recognizes and advances Rights and Title and Interests of local First Nations - Recognizes and incorporates traditional knowledge and cultural values in all First Nation engagements - Develops mutually beneficial partnerships and relationships built on respect and understanding of each party, supported by transparent, open and timely communication. - Establishes supportive processes and encourages First Nation management of their respective Traditional territories. - Develops long-term business arrangements that support full participation in all aspects of the forest economy - Engages and supports First Nation communities. This policy applies to all employees, consultants and contractors.

Detailed description of a mitigation measure

Private Managed Forest Land Secondary Feedstock

Processing residues (secondary feedstock) carrying a valid PEFC claim can be considered as SBP- compliant feedstock, as per Evaluation of the Programme for the Endorsement of Forest Certification (PEFC) scheme using the Framework for benchmarking and recognition of certification schemes relevant to the scope of SBP certification (RMM11).

Other Private Land Primary Feedstock

Premium Pellet Ltd. will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind) with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).

Premium Pellet Ltd. will also provide suppliers with the company's Wood Producer Information Package, which includes a set of Best Management Practices to address deficiencies of specified risks (RMM3). Additionally, Premium Pellet will complete a field checklist verification, which depending on the outcome of the company's fibre purchase checklist, will be completed pre-procurement and/or post-harvest (RMM7).

Other Private Land Secondary Feedstock

Premium Pellet Ltd. will provide all suppliers of secondary feedstock (i.e. sawmill residues, as well as offcuts & trim), with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).

Premium Pellet Ltd. acknowledges that sawmills which produce secondary feedstock may procure roundwood from private lands. All private land roundwood is identified by a timbermark and is traceable

via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from the private
land will not be segregated during processing resulting in a mix within the sawmill residue pile. Although it would not be possible to remove that private land specified risk feedstock from secondary feedstock deliveries, the volume of private land over a period could be estimated. Premium Pellet will maintain volume estimates of private land for secondary feedstock received.

Processing residues (secondary feedstock) carrying a valid PEFC claim can be considered as SBP- compliant feedstock, as per Evaluation of the Programme for the Endorsement of Forest Certification (PEFC) scheme using the Framework for benchmarking and recognition of certification schemes relevant to the scope of SBP certification (RMM11).

Detailed description of CB evaluation of mitigation measure and its conclusions

-The mitigation measures proposed are aligend to the Interim RRA, the group have resources and knowlege to implement efective measures. The organization is suported by experimented consultancy

Country

Canada

Area/Sub-Scope

British Columbia

Indicator

4.2.6 Where Indigenous Peoples' rights are identified in the Supply Base, and Free Prior and Informed Consent (FPIC) has not been achieved for the proposed and planned activities, a consultation and, if required, accommodation process shall be put in place.

Specified risk description

The BC Regional Risk Assessment has identified Private Managed Forest Land and Other Private Land as specified risk. Premium Pellet has mapped all forested and non-forested private land parcels within the Supply Base Area. The potential for primary or secondary feedstock to be sourced from Other Private Land is probable. Crown Lands will not be further discussed as they have been designated as Low Risk from the BC Regional Risk Assessment. In the absence of FPIC or a consultation process, existing Indigenous rights may not be respected, potentially leading to violations of tenure and use rights. Premium Pellet Ltd., in conjunction with Sinclar Group Forest Products, has a First Nations Program implemented. The intent of the Program is to meet or exceed the legal requirements for communication and information sharing with all potentially affected First Nations. If the legal requirements or a commitment by the Provincial or Federal Government, or by Sinclar Group Forest products comes into effect after the implementation of the Program, the Program will be updated to meet the new commitment. Communication and information sharing is fundamental in the First Nations Program; the following procedures are in place: - Identify First Nations who may be affected by proposed forest management activities - Communicating and Information sharing with the potentially impacted First Nations. - Documentation – all communications will be documented with each First Nation. Staff and Contractor training is an element of the Program. Training content may include the following: - Understanding and respect for traditional forest knowledge - Identifying and protecting spiritually, historically, and culturally important sites - Addressing the use of non-timber forest

products of value - Recognizing and understanding frameworks or rights outlined in UNDRIP ' - Communication that respect First Nation institutions, or Providing opportunities to review forest management plans and forest management practices Premium Pellet Ltd. is responsible for planning and information sharing, however, the BC Provincial government is responsible for consultation. If there is a conflict between implemented policies and this Program, the Policy takes precedence.

Detailed description of a mitigation measure

Other Private Land Primary Feedstock
Premium Pellet Ltd. will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind) with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).
Premium Pellet Ltd. will also provide suppliers with the company's Wood Producer Information Package, which includes a set of Best Management Practices to address deficiencies of specified risks (RMM3). Additionally, Premium Pellet will complete a field checklist verification, which depending on the outcome of the company's fibre purchase checklist, will be completed pre-procurement and/or post-harvest (RMM7).

Other Private Land Secondary Feedstock
Premium Pellet Ltd. will provide all suppliers of secondary feedstock (i.e. sawmill residues, as well as offcuts & trim), with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1).

Premium Pellet Ltd. acknowledges that sawmills which produce secondary feedstock may procure roundwood from private lands. All private land roundwood is identified by a timbermark and is traceable
via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from the private
land will not be segregated during processing resulting in a mix within the sawmill residue pile. Although it would not be possible to remove that private land specified risk feedstock from secondary feedstock deliveries, the volume of private land over a period could be estimated. Premium Pellet will maintain volume estimates of private land for secondary feedstock received.

Processing residues (secondary feedstock) carrying a valid PEFC claim can be considered as SBP- compliant feedstock, as per Evaluation of the Programme for the Endorsement of Forest Certification (PEFC) scheme using the Framework for benchmarking and recognition of certification schemes relevant to the scope of SBP certification (RMM11).

Detailed description of CB evaluation of mitigation measure and its conclusions

-The mitigation measures proposed are aligend to the Interim RRA, the group have resources and knowlege to implement efective measures. The organization is suported by experimented consultancy

Country
Canada
Area/Sub-Scope
British Columbia
Indicator
2.2.2 Ecosystems, their health, vitality, functions and services in the Supply Base shall be maintained or enhanced.
Specified risk description
The BC Regional Risk Assessment has identified Other Private Land as specified risk. Premium Pellet Ltd. has mapped all forested and non-forested private land parcels within the Supply Base Area. The potential for primary or secondary feedstock to be sourced from Other Private Land is probable. Crown and Private Managed Forest Lands will not be further discussed as they have been designated as Low Risk from the BC Regional Risk Assessment. Management that impedes, alters, or disrupts ecological functions reduces the ability of forests to sustain healthy and vital ecological services. Consequently, ecosystems are more susceptible to degradation and irreversible losses or damage. This indicator has been evaluated more specifically in other Criterion 2.2 indicators, including: 2.2.3 - Soil Quality Maintained or Enhanced 2.2.4 - Residue Removal Minimises Neg. Impact to Ecosystem 2.2.5 - Water Quality/Quantity Maintained or Enhanced 2.2.9 - Long-Term Production Capacity 2.2.10 - Regen after harvest 2.2.11 - Natural Processes are managed
Detailed description of a mitigation measure
Other Private Land Primary Feedstock Premium Pellet Ltd. will provide all suppliers of primary feedstock (i.e. pulpwood, low grade roundwood &/or bush grind) with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1). Premium Pellet Ltd. will also provide suppliers with the company's Wood Producer Information Package, which includes a set of Best Management Practices to address deficiencies of specified risks. Additionally, Premium Pellet will complete a field checklist verification, which depending on the outcome of the company's fibre purchase checklist, will be completed pre-procurement and/or post-harvest (RMM7). **Other Private Land Secondary Feedstock** Premium Pellet Ltd. will provide all suppliers of secondary feedstock (i.e. sawmill residues, as well as offcuts & trim), with their Procurement Policy that informs the supplier of the specified risks associated with private lands within Premium Pellet Ltd.'s SBA and the need to mitigate any risk prior to procurement (RMM1). Premium Pellet acknowledges that sawmills which produce secondary feedstock may procure roundwood from Other Private Lands. All Other Private Land roundwood is identified by a timbermark and is traceable via HBS by legal sawmill scale site. Further it is acknowledged that sawmills may not subscribe to the same certification requirements as Premium Pellet Ltd. and for this reason the roundwood from the private

land will not be segregated during processing resulting in a mix within the sawmill residue pile. Although it would not be possible to remove that Other Private Land specified risk feedstock from secondary feedstock deliveries, the volume of Other Private Land over a period could be estimated. Premium Pellet Ltd. will maintain volume estimates of Other Private Land for secondary feedstock received.
Detailed description of CB evaluation of mitigation measure and its conclusions
-The mitigation measures proposed are aligend to the Interim RRA, the group have resources and knowlege to implement efective measures. The organization is suported by experimented consultancy