Supply Base Report:
Granules Combustibles Energex inc

Second Surveillance Audit

www.sbp-cert.org

Completed in accordance with the Supply Base Report Template Version 1.5

For further information on the SBP Framework and to view the full set of documentation see www.sbp-cert.org

Document history

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1 Overview

Producer name: Granules Combustibles Energex inc

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

SBP Certificate Code: SBP-08-39

Geographic position: 45.576620, -70.867290

Primary contact: Gilbert Lucie, +1 (819) 583-5131 ext 11705,lgilbert@lignetics.com

Company website: https://energex.com

Date report finalised: 15 May 2023

Close of last CB audit: 28 Feb 2023

Name of CB: Preferred by Nature OÜ

SBP Standard(s) used: SBP Standard 1: Feedstock Compliance Standard, SBP Standard 2: Verification of SBP-compliant Feedstock, SBP Standard 4: Chain of Custody, SBP Standard 5: Collection and Communication of Data Instruction

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

SBP Endorsed Regional Risk Assessment: Quebec, Canada

Weblink to SBR on Company website: https://portal.sbp-cert.org/FileHandler.ashx?id=A62AF3F6-C7B7-4A8A-B524-AE8DA3B13778

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations					
Main (Initial) Evaluation	**First Surveillance**	**Second Surveillance**	**Third Surveillance**	**Fourth Surveillance**	**Re-assessment**
☐	☐	☒	☐	☐	☐

2 Description of the Supply Base

2.1 General description

Feedstock types: Secondary, Primary

Includes Supply Base evaluation (SBE): Yes

Includes REDII: Yes

Includes REDII SBE: Yes

Feedstock origin (countries): Canada, United States

2.2 Description of countries included in the Supply Base

Country: Canada

Area/Region: Quebec

Sub-Scope: N/A

Exclusions: Yes, Forêt privées du Québec

La matière première du producteur de biomasse se compose uniquement de sous-produits générés par des usines de première et de deuxième transformation. Le fournisseur achète la matière première de ces fabricants qui livrent directement à ses installations au Lac-Mégantic. Les origines de la matière première primaire sont déterminées grâce à l'information publique sur les installations fournies par le gouvernement du Québec et les réponses obtenues des sous-fournisseurs aux sondages concernant leur panier d'approvisionnement. Il est enregistré et cartographié sur originesdubois.com. Ces informations nous permettent de définir les forêts d'approvisionnement en termes de tenure, de province/état et de pays.

L'évaluation régionale des risques SBP du Québec a conclu à de faibles risques pour tous les indicateurs liés aux matières premières provenant de la forêt publique de la province. À l'exception des unités d'aménagement forestier 06151, 05151, toutes les UAF sont certifiées FSC, SFI ou aux deux programmes de certification forestière. La zone couvre les biomes des forêts boréales et mixtes. Cela comprend les forêts boréales de transition de l'est, les forêts des basses terres de l'est des Grands Lacs, les forêts de la Nouvelle-Angleterre/Acadie et les forêts de l'Est du Canada.

Uniquement 2,4 % du volume alloué en forêt publique est destiné à des fins énergétiques. Il est constitué de bois non marchands tels que les branchages et 2% est destiné aux producteurs de biomasse (réf. Garantie d'approvisionnement MFFP 2018-2023). Le secteur forestier est un moteur économique important au Canada. Au Québec, elle représentait 8,9 % de la main-d'œuvre avec plus de 11 % des salaires en 2019.

Plusieurs espèces en péril sont présentes forêts publiques. Pour en nommer que quelques-unes sensibles aux opérations forestières, on retrouve le ginseng américain (Panax quinquefolius), la pédiculaire de Furbish (Pedicularis furbishiae), le caribou des bois (Rangifer tarandus caribou), la tortue des bois (Glyptemys insculpta) et la tortue mouchetée (Emydoidea blandingii) . Des plans de rétablissement et de

saines pratiques sont mis en œuvre pour atténuer les risques des opérations forestières sur ces espèces. L'orme d'Amérique (Ulmus americana) et le frêne blanc (Fraxinus americana) sont répertoriés comme étant en voie de disparition par l'UICN, mais ne sont pas identifiés comme tel par les gouvernements fédéral et provinciaux ni par le Comité sur la situation des espèces en péril au Canada (COSEPAC). Selon l'UICN, les menaces qui pèsent sur le frêne blanc et l'orme d'Amérique proviennent d'espèces/maladies non indigènes/étrangères envahissantes non liées aux pratiques forestières. Ces espèces se trouvent davantage au sud des régions d'approvisionnement du producteur dans des peuplements mixtes et peuvent être récoltées bien qu'elles soient généralement de dimensions non commerciales.

Country: United States

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

Sub-Scope: N/A

Exclusions: No

Toutes les livraisons de matières premières sont reçues soit FSC Mix ou FSC Controlled Wood chez le producteur de biomasse. L'approvisionnement est géré et approvisionné par un fournisseur unique, un fabricant de panneaux certifié FSC, situé dans la même localité que le producteur de biomasse à Lac-Mégantic, Québec, Canada. La majorité des sous-fournisseurs sont situés le long de la frontière américaine dans le sud du Québec avec seulement 7% d'entre eux situés dans les états du New Hampshire et du Maine.
Les régions d'approvisionnement ont été confirmées à l'aide du portail originesdubois.com et avec les documents et informations colligés auprès des fournisseurs tels que des bons de livraison et des formulaires douaniers. L'origine forestière de la fibre de bois provient des États américains suivants : New York, Pennsylvanie, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island et Maine. Les forêts d'État de New York, de Pennsylvanie et du Massachusetts ont une double certification de gestion forestière sous FSC et SFI. Des forêts certifiées sur des terres privées se trouvent dans les huit États faisant partie de des régions d'approvisionnement. Le biome végétal est composé de forêts mixtes de résineux et de feuillus. Il y a une plus grande diversité et de qualité d'espèces d'arbres dans ces régions (par exemple, érables, chênes, noyers, bouleaux, peupliers, pins, épinettes).

ÉTATS	**Superficies forestières productives**	**Mètre cube de bois en forêt**	**Aires protégées[1]**
Maine (2015)	Stable depuis 1960	+5.8% vs 2010	11%
New Hampshire (2017)	Perte de 1.5%	+1.8% depuis 2012	25%
Vermont (2017)	Perte de 1.9%	+1% depuis 2012	15%
New York (2019)	Perte de 1.6%	-	13%
Massachusetts (2017)	Stable	+5.5%	15%
Rhode Island (2017)	+ 0.8%	+6.4%	9%
Connecticut (2017)	+ 2.9%	+6.7%	8%

[1] Classes 1, 2 and 3 (https://usforests.maps.arcgis.com/)

Les forêts nationales sont gérées par le US Forest Service. Les forêts domaniales et autres terres boisées sont gérées en vertu de la législation de l'État. Les récoltes de bois dans tous les États sont

commercialisées principalement pour le bois à pâte et les grumes de sciage. La récolte de biomasse fait partie du paysage depuis plus de 20 ans et dans certains cas représentent plus de 25% du total des produits récoltés.

Dans le Maine, le secteur forestier génère 8,5 milliards de dollars et représente 27 % des exportations totales de l'État. Au New Hampshire, l'industrie forestière et les loisirs rapportent 3,8 milliards de dollars à l'économie. Au Vermont, le secteur forestier maintient plus de 10 000 emplois directs avec une production annuelle dans l'économie de 1,5 milliard de dollars. À New York, plus de 41 000 emplois directs et génère plus de 13,1 milliards de dollars en production directe dans l'économie. En Pennsylvanie, 10 % de la main-d'œuvre totale de l'État provient de l'industrie forestière. Plus de 12 000 emplois proviennent directement de l'industrie forestière du Connecticut avec une production de 3,3 milliards de dollars dans l'économie. Dans le Massachusetts, c'est plus de 26 000 emplois et plus de 5,2 milliards de dollars de production économique. Avec une petite assise forestière, le Rhode Island génère encore près de 5 000 emplois et plus de 1 milliard de dollars dans l'économie.

Il existe plusieurs espèces en péril dans la région du nord-est des États-Unis, par exemple les chauves-souris nordiques (Myotis septentrionalis) et les chauves-souris de l'Indiana (Myotis sodalis), les tortues ponctuées (Clemmis guttata) et les tortues à carapace molle à épines (Apalone spinifera).), le scinque pentaligne (Plestodon fasciatus), le crotale des bois (Crostalus horridus), le ginseng américain (Panax quinquefolius) et la petite pogonie verticillée (Isotria medeoloides). Une désignation à faible risque pour les espèces en péril dans la région a été déterminée par la version 1.0 de l'évaluation nationale des risques du FSC aux États-Unis.

Country: Canada

Area/Region: Ontario, Québec (forêts privées), Nouveau-Brunswick

Sub-Scope: N/A

Exclusions: Yes, Forêt publiques du Québec

Les régions d'approvisionnement ont été confirmée avec le portail originesdubois.com et avec les documents et informations colligés auprès des sous-traitants tels que les bons de livraison et les formulaires douaniers. Les régions d'approvisionnement comprennent les écorégions WWF suivantes : les forêts de transition boréales de l'est, les forêts des basses terres de l'est des Grands Lacs, les forêts de la Nouvelle-Angleterre/Acadie, les forêts de l'est du Canada et les forêts des basses terres du golfe du Saint-Laurent. En termes de biomes, on retrouve une faible proportion de forêt boréale au Québec et au Nouveau-Brunswick. Les autres sont considérées comme des forêts mixtes d'essences de feuillus et de résineux. Les arbres les plus communs sont le sapin baumier, les épinettes, les érables, les trembles, les mélèzes, les pruches, les chênes, les frênes, les saules, etc.

L'étendue des régions d'approvisionnement vers l'Ouest comprennent que la partie sud-est de la province de l'Ontario. L'approvisionnement en bois de la province du Québec se fait majoritairement dans les régions méridionales allant jusqu'à la Côte-Nord au Nord-Est et la Gaspésie à l'Est. C'est là que se trouve le biome boréal représentant 13 % de la base d'approvisionnement totale du producteur de biomasse. L'approvisionnement en bois provient de l’ensemble de la province du Nouveau-Brunswick.

En Ontario, au Québec et au Nouveau-Brunswick, l'approvisionnement des forêts publiques provient principalement de superficies certifiées. En Ontario, toutes les unités d'aménagement forestier faisant partie des régions d'approvisionnement (4) sont certifiées dont trois sont FSC et une est CSA (approuvée par PEFC). Au cours de la période de 5 ans entre 1995 et 2020, 2 % de l'allocation totale de bois en Ontario était destinée à la biomasse, dont moins de la moitié provenait d'unités de gestion forestière faisant

partie des régions d'approvisionnement (Rapport sur la gestion forestière, Ontario). Toutes les unités d'aménagement forestier sauf deux au Québec (06151, 05151) et au Nouveau-Brunswick (licence no 5) ne sont certifiées en vertu d'aucun programme de certification forestière. Au Québec, 2,4 % du volume total alloué en forêt publique est en branches de bois non marchand généralement pour la production d'énergie et 2 % est pour les producteurs de biomasse (réf. Garantie d'approvisionnement MFFP 2018-2023). Quant aux boisés privés, plusieurs détenteurs de certificats forestiers sont situés en Ontario, au Québec et au Nouveau-Brunswick. Au Nouveau-Brunswick, la possibilité annuelle totale de coupe sur les terres de la Couronne est de 5,7 Mm3, dont environ 1 % est alloué aux producteurs de biomasse.

Le secteur forestier est très important pour ces provinces. Au Québec, elle représentait 8,9 % de la main-d'œuvre avec plus de 11 % des salaires en 2019. Les exportations de produits forestiers représentaient plus de 10 % des exportations totales. Au Nouveau-Brunswick, plus de 7 % de la main-d'œuvre provient de l'industrie forestière (2016). Les entreprises du secteur représentent 8 % de toutes les entreprises de la province. En Ontario, le secteur forestier maintient plus de 150 000 emplois représentant plus de 21 % de la main-d'œuvre forestière totale du pays et plus de 12 milliards de dollars dans l'économie ontarienne.

Au Canada, la gestion forestière relève de la responsabilité constitutionnelle des gouvernements provinciaux. Les lois, les communications et leur application font partie des responsabilités des gouvernements provinciaux. Les plans de gestion forestière et la conformité aux règlements sont entrepris par leurs ministères respectifs, le ministère des Richesses naturelles et des Forêts de l'Ontario, le ministère des Forêts, de la Faune et des Parcs du Québec et le ministère des Ressources naturelles et du Développement de l'énergie du Nouveau-Brunswick. La gestion durable des forêts est mise en œuvre avec un ensemble complet de lois, de règlements et de lignes directrices pour chaque province. La grande majorité des terres forestières sont des forêts gérées naturellement. Les opérations de récolte sont un mélange de coupes partielles et finales. Une très faible proportion de la superficie forestière commerciale totale est constituée de plantations également appelées forêts de production intensive. Ceux-ci se trouvent principalement sur des terrains privés.

2.3 Actions taken to promote certification amongst feedstock supplier

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

2.4 Quantification of the Supply Base

Supply Base

a. **Total Supply Base area (million ha)**: 203.91
b. **Tenure by type (million ha):**144.87 (Privately owned), 59.04 (Public)
c. **Forest by type (million ha):**140.02 (Temperate), 63.89 (Boreal)
d. **Forest by management type (million ha):**203.91 (Managed natural)
e. **Certified forest by scheme (million ha):**12.12 (FSC), 16.06 (SFI), 0.44 (PEFC)

Describe the harvesting type which best describes how your material is sourced: Mix of the above
Explanation: Harvesting in boreal forests mimic natural disturbance patterns and intensity. Harvest blocks vary in size from 150-200ha to a more common 50ha. Clearcuts are more common in the boreal forest where

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

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

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

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

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

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

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

What is the estimated amount of REDII-compliant sustainable feedstock that could be harvested annually in a Supply Base (estimated): 22000.00 tonnes

Explanation: Estimate is based on deliveries of SBE compliant feedstock from previous reference period.

Feedstock

Reporting period from: 01 Jan 2022

Reporting period to: 31 Dec 2022

a. **Total volume of Feedstock**: 1-200,000 tonnes
b. **Volume of primary feedstoc**k: 1-200,000 tonnes
c. **List percentage of primary feedstock, by the following categories.**
    - Certified to an SBP-approved Forest Management Scheme: 20% - 39%
    - Not certified to an SBP-approved Forest Management Scheme: 60% - 79%
d. **List of all the species in primary feedstock, including scientific name:** Betula papyrifera (White Birch); Acer saccharum (Sugar Maple); Acer saccharinum (Red Maple); Betula alleghaniensis (yellow birch);
e. **Is any of the feedstock used likely to have come from protected or threatened species?** No

- Name of species: N/A
- Biomass proportion, by weight, that is likely to be composed of that species (%):

f. Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%): 22.06

g. Softwood (i.e. coniferous trees): specify proportion of biomass from (%): 77.94

h. Proportion of biomass composed of or derived from saw logs (%): 0.01

i. Specify the local regulations or industry standards that define saw logs: Exclusion of sawlogs: Primary feedstock is chips from low grade stemwood as issued by the ministry of Natural resources and Forests (see (2020, MFFP. Manuel de mesurage des bois récoltés sur les terres du domaine de l'État, p. 313)).

j. Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%): 0.00

k. Volume of primary feedstock from primary forest: 760 tonnes

l. List percentage of primary feedstock from primary forest, by the following categories. Subdivide by SBP-approved Forest Management Schemes:

- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: 1% - 19%
- Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: 80% - 100%

m. Volume of secondary feedstock: 1-200,000 tonnes

- Physical form of the feedstock: Chips, Sawdust, Other (specify)

n. Volume of tertiary feedstock: 0 N/A

- Physical form of the feedstock:

o. **Estimated amount of REDII-compliant sustainable feedstock that could be collected annually by the BP:** 22000.00tonnes

Proportion of feedstock sourced per type of claim during the reporting period				
Feedstock type	**Sourced by using Supply Base Evaluation (SBE) %**	**FSC %**	**PEFC %**	**SFI %**
Primary	0.00	0.00	0.00	0.00
Secondary	82.02	17.98	0.00	0.00
Tertiary	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00

3 Requirement for a Supply Base Evaluation

Note: Annex 1 is generated by the system if the SBE is used without Region Risk Assessment(s). Annex 2 is generated if RED II SBE is in the scope.

Is Supply Base Evaluation (SBE) is completed? Yes

The biomass producer sources chips as primary feedstock and wood residues generated by primary and secondary processing facilities. Less thant 1% of chips as primary feedstock is from two suppliers. An in depth analysis of the sub suppliers located in the province of Quebec sourcing wood from public forests was undertaken to determine the proportion of their total feedstock sourced from public forests. Once this proportion is appropriately supported, it is used to calculate the amount of the deliveries that can be considered sourced from public forests.

Is REDII SBE completed? No

N/A

4 Supply Base Evaluation

Note: Annex 2 is generated if RED II is in the scope.

4.1 Scope

Feedstock types included in SBE: Secondary, Primary

SBP-endorsed Regional Risk Assessments used: Quebec, Canada

List of countries and regions included in the SBE:

Country: Canada

Indicator with specified risk in the risk assessment used:
1.6.1 The BP has implemented appropriate control systems and procedures to ensure that feedstock is not sourced from areas where there are violations of traditional or civil rights.

Specific risk description:
Even though some Nations have signed consultation and accommodation agreements, the assessment is not able to conclude that there is a low risk that forest activities violate the rights of First Nations in private forests.

Country: Canada

Indicator with specified risk in the risk assessment used:
2.1.1 The BP has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation value in the Supply Base are identified and mapped.

Specific risk description:
Forest activities may be carried out without assistance programs, such as those for private woodlot development and property tax refunds. As a result, these activities are not subject to the same requirements of sound forestry practices and the same frequency of professional monitoring. Even though these activities must comply with development plans, municipal by-laws and other laws and regulations associated with logging in private woodlots, it is difficult to ascertain whether HCVs are identified and mapped on these properties.

Country: Canada

Indicator with specified risk in the risk assessment used:
2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.

Specific risk description:
According to the information analyzed on harvesting operations in uncertified private forests without an assistance program, there is a specified risk that the potential threats of forest development activities to HCVs are not adequately taken into account by current procedures and control systems (see indicator

2.1.1).

Country: Canada

Indicator with specified risk in the risk assessment used:
2.2.1 The BP has implemented appropriate control systems and procedures to verify that feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them.

Specific risk description:
A specified risk in private forests to the extent that monitoring mechanisms need to be identified and, in the case of work not carried out under a program, the identification of potential impacts and the appropriate planning are uncertain.

Country: Canada

Indicator with specified risk in the risk assessment used:
2.2.2 The BP has implemented appropriate control systems and procedures for verifying that feedstock is sourced from forests where management maintains or improves soil quality (CPET S5b)

Specific risk description:
Specified risk in private forests to the extent that monitoring mechanisms need to be identified and, in the case of work not carried out under the program, the identification of possible impacts and the requisite planning are uncertain.

Country: Canada

Indicator with specified risk in the risk assessment used:
2.2.4 The BP has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).

Specific risk description:
According to information analyzed on harvesting in uncertified private forests that do not benefit from an assistance program, there is a specified risk that these forest practices will not ensure protection and maintenance of biodiversity. Municipalities or RCMs may have by-laws governing such practices, but such by-laws are specific to each as are the resources deployed to check compliance by forest owners.

Country: Canada

Indicator with specified risk in the risk assessment used:
2.2.5 The BP has implemented appropriate control systems and procedures for verifying that the process of residue removal minimises harm to ecosystems.

Specific risk description:
Forest activities may be carried out without assistance programs, such the programs for the private forest management program and the property tax refund program. As a result, these activities are not subject to he same requirements of sound forest practices and the same frequency of professional monitoring. Even though these activities must comply with development plans, by-laws and other laws and regulations associated with logging in private forests, it is difficult to verify whether the harvesting of forest biomass in private forests without development assistance minimizes impacts on the forest environment.

Country: Canada

Indicator with specified risk in the risk assessment used:
2.2.6 The BP has implemented appropriate control systems and procedures to verify that negative impacts on ground water, surface water and water downstream from forest management are minimised (CPET S5b).

Specific risk description:
Forest activities may be carried out without assistance programs, such as the managing private forests assistance program and the property tax refund program. Such activities must comply with development plans, municipal by- laws and other laws and regulations associated with logging in private forests. As a result of uneven monitoring of forest operations in private forests without development assistance, it is not possible to verify whether negative impacts on the water system are minimized in such forests.

4.2 Justification

The SBP RRA for the province of Quebec conducted the analysis and was not modified by the biomass producer.

4.3 Results of risk assessment and Supplier Verification Programme

Not applicable. The SBP Quebec RRA conclusions were used. As no unspecified risk was found, an SVP was not required.

4.4 Conclusion

The biomass producer used the conclusions of the SBP Quebec RRA.

5 Supply Base Evaluation process

The SBP Quebec RRA was used.

6 Stakeholder consultation

Stakeholder consultation by the biomass producer was undertaken in 2022 via email or by phone to inform them about the adopted mitigation measure to only account for the proportion of deliveries originally sourced from public forests.

6.1 Response to stakeholder comments

7 Mitigation measures

7.1 Mitigation measures

Country:
Canada

Specified risk indicator:
1.6.1 The BP has implemented appropriate control systems and procedures to ensure that feedstock is not sourced from areas where there are violations of traditional or civil rights.

Specific risk description:
Even though some Nations have signed consultation and accommodation agreements, the assessment is not able to conclude that there is a low risk that forest activities violate the rights of First Nations in private forests.

Mitigation measure:
Exclure la masse/le volume des livraisons des sous-fournisseurs équivalant à la proportion déterminée de matières premières qui origine des boisés privés de la province du Québec.

Country:
Canada

Specified risk indicator:
2.1.1 The BP has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation value in the Supply Base are identified and mapped.

Specific risk description:
Forest activities may be carried out without assistance programs, such as those for private woodlot development and property tax refunds. As a result, these activities are not subject to the same requirements of sound forestry practices and the same frequency of professional monitoring. Even though these activities must comply with development plans, municipal by-laws and other laws and regulations associated with logging in private woodlots, it is difficult to ascertain whether HCVs are identified and mapped on these properties.

Mitigation measure:
Exclure la masse/le volume des livraisons des sous-fournisseurs équivalant à la proportion déterminée de matières premières qui origine des boisés privés de la province du Québec.

Country:
Canada

Specified risk indicator:
2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.

Specific risk description:
According to the information analyzed on harvesting operations in uncertified private forests without an assistance program, there is a specified risk that the potential threats of forest development activities to HCVs are not adequately taken into account by current procedures and control systems (see indicator

2.1.1).

Mitigation measure:
Exclure la masse/le volume des livraisons des sous-fournisseurs équivalant à la proportion déterminée de matières premières qui origine des boisés privés de la province du Québec.

Country:
Canada

Specified risk indicator:
2.2.1 The BP has implemented appropriate control systems and procedures to verify that feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them.

Specific risk description:
A specified risk in private forests to the extent that monitoring mechanisms need to be identified and, in the case of work not carried out under a program, the identification of potential impacts and the appropriate planning are uncertain.

Mitigation measure:
Exclure la masse/le volume des livraisons des sous-fournisseurs équivalant à la proportion déterminée de matières premières qui origine des boisés privés de la province du Québec.

Country:
Canada

Specified risk indicator:
2.2.2 The BP has implemented appropriate control systems and procedures for verifying that feedstock is sourced from forests where management maintains or improves soil quality (CPET S5b)

Specific risk description:
Specified risk in private forests to the extent that monitoring mechanisms need to be identified and, in the case of work not carried out under the program, the identification of possible impacts and the requisite planning are uncertain.

Mitigation measure:
Exclure la masse/le volume des livraisons des sous-fournisseurs équivalant à la proportion déterminée de matières premières qui origine des boisés privés de la province du Québec.

Country:
Canada

Specified risk indicator:
2.2.4 The BP has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).

Specific risk description:
According to information analyzed on harvesting in uncertified private forests that do not benefit from an assistance program, there is a specified risk that these forest practices will not ensure protection and maintenance of biodiversity. Municipalities or RCMs may have by-laws governing such practices, but such by-laws are specific to each as are the resources deployed to check compliance by forest owners.

Mitigation measure:
Exclure la masse/le volume des livraisons des sous-fournisseurs équivalant à la proportion déterminée de matières premières qui origine des boisés privés de la province du Québec.

Country:
Canada

Specified risk indicator:
2.2.5 The BP has implemented appropriate control systems and procedures for verifying that the process of residue removal minimises harm to ecosystems.

Specific risk description:
Forest activities may be carried out without assistance programs, such the programs for the private forest management program and the property tax refund program. As a result, these activities are not subject to he same requirements of sound forest practices and the same frequency of professional monitoring. Even though these activities must comply with development plans, by-laws and other laws and regulations associated with logging in private forests, it is difficult to verify whether the harvesting of forest biomass in private forests without development assistance minimizes impacts on the forest environment.

Mitigation measure:
Exclure la masse/le volume des livraisons des sous-fournisseurs équivalant à la proportion déterminée de matières premières qui origine des boisés privés de la province du Québec.

Country:
Canada

Specified risk indicator:
2.2.6 The BP has implemented appropriate control systems and procedures to verify that negative impacts on ground water, surface water and water downstream from forest management are minimised (CPET S5b).

Specific risk description:
Forest activities may be carried out without assistance programs, such as the managing private forests assistance program and the property tax refund program. Such activities must comply with development plans, municipal by- laws and other laws and regulations associated with logging in private forests. As a result of uneven monitoring of forest operations in private forests without development assistance, it is not possible to verify whether negative impacts on the water system are minimized in such forests.

Mitigation measure:
Exclure la masse/le volume des livraisons des sous-fournisseurs équivalant à la proportion déterminée de matières premières qui origine des boisés privés de la province du Québec.

7.2 Monitoring and outcomes

Les sous-fournisseurs sont tenus de signer un formulaire de déclaration d'approvisionnement en bois confirmant l'origine forestière de leur approvisionnement en bois et la proportion de leur matière première provenant de tenures foncières publiques et privées de la province du Québec. Les déclarations sont mises à jour annuellement. Ils s'engagent également à fournir une notification si leurs régions d'approvisionnement changent en cours d’année.

Pour renouveler leur permis de transformation, chaque usine est tenue par la loi de remplir une enquête annuelle confirmant les origines de leur approvisionnement en bois en termes de tenure, de provinces et d'états. En accord avec le producteur de biomasse, les représentants de l'État ont créé des groupements de sous-fournisseurs pour définir leur part moyenne de matière première issue de la forêt publique. Ces proportions sont ensuite utilisées pour déterminer la quantité de chaque livraison qui peut être considérée comme provenant des forêts publiques et de la biomasse conforme au SBP.

8 Detailed findings for indicators

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

Is RRA used? Yes

9 Review of report

9.1 Peer review

NA

9.2 Public or additional reviews

NA

10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	**Nicolas Blanchette**	**INCOS Strategies, procurement specialist**	**15 May 2023**
	Name	**Title**	**Date**
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:	**Stewart McIntosh**	**Director, International Sales & Logistics**	**15 May 2023**
	Name	**Title**	**Date**

Annex 1: Detailed findings for Supply Base Evaluation indicators

Annex 2: Detailed findings for REDII Supply Base Evaluation

Section 1. RED II

Country:	
(i) The legality of harvesting operations	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☐ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	N/A
(ii) Forest regeneration of harvested areas	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☐ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	N/A
(iii) That areas designated by international or national law or by the relevant competent authority for nature protection purposes, including in wetlands and peatlands, are protected unless evidence is provided that the harvesting of that raw material does not interfere with those nature protection purposes	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☐ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	N/A
(iv) That harvesting is carried out considering the maintenance of soil quality and biodiversity with the aim of minimising negative impacts	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☐ Level B – management system at forest sourcing area level

Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	N/A
(v) That harvesting maintains or improves the long-term production capacity of the forest.	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☐ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	N/A
LULUCF criteria 29(7)	
Type of Risk Assessment used	☐ Level A – proof at national or sub-national level ☐ Level B – management system at forest sourcing area level
Level A risk assessment description	N/A
Level B management system at the level of the forest sourcing area	N/A

Section 2. RED II detailed findings for secondary and tertiary feedstock

10.1 Verification and monitoring of suppliers

All sub suppliers are ordinarily visited during the year. As COVID-19 is now a thing of the past, supplier visits will occur for 2023.

10.2 Feedstock inspection and classification upon receipt

The quality manager:
d) Checks the quality of each delivery.
- A sample of the delivery is bagged and analyzed.
- Samples, analyzes are archived and available for verification by the Registrar.
e) Completes the non-compliance sheet when:
- The quality or type of raw material does not meet the expectations of the organization
- If it is impossible to confirm at the time of receipt the category of the material delivered, the material will not be accepted otherwise an on-site audit of the supplier will be undertaken.

10.3 Supplier audit for secondary and tertiary feedstock

7.03 Audit of secondary and tertiary material suppliers

- A secondary and tertiary material supplier audit will be carried out when it is impossible to confirm the primary or secondary/tertiary category of this material upon receipt.

- The organization will justify the intensity of the audits it will carry out of these suppliers

- Intermediaries who do not take possession of the material may be assessed remotely

- The audit can be carried out by a subcontractor.

- A sub-supplier assessment will be conducted when the supplier has taken possession of the material with a secondary/tertiary category designation.

- The following criteria will be taken into consideration:

- The supplier's procedures/instructions for classifying the category of the raw material

- The following elements of the supplier will be examined:

- The procedures/instructions implemented to control and classify the secondary or tertiary material

- The training given to staff to carry out this control and classification

- Records confirming the origins of the material

- The audits will be documented specifying the date they were carried out, the observations, names and qualifications of the auditors and examples of evidence confirming the classification of the material.