



Supply Base Report: Canfor Energy North Limited Partnership

Fourth Surveillance Audit

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Completed in accordance with the Supply Base Report Template Version 1.4

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

Document history

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1 Overview

Producer name: Canfor Energy North Limited Partnership

Producer address: 9312-259 Road RR1, Site 13, Compartments 2, V1J 4M6 Fort St John, Canada

SBP Certificate Code: SBP-06-24

Geographic position: 56.247300, -120.834200

Primary contact: Brittany Burnett,+1 250 962 3480,brittany.burnett@canfor.com

Company website: www.canfor.com

Date report finalised: 21 Nov 2022

Close of last CB audit: 24 Nov 2022

Name of CB: Control Union Certifications BV

SBP Standard(s) used: SBP Standard 2: Verification of SBP-compliant Feedstock, SBP Standard 4: Chain of Custody, SBP Standard 5: Collection and Communication of Data Instruction, Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5

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

SBP Endorsed Regional Risk Assessment: Not applicable

Weblink to SBR on Company website: N/A

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

2 Description of the Supply Base

2.1 General description

Feedstock types: Secondary

Includes Supply Base evaluation (SBE): No

Feedstock origin (countries): Canada

2.2 Description of countries included in the Supply Base

Country: Canada

Area/Region: British Columbia/Alberta

Exclusions: No

- CENLP's feedstock comes exclusively from sawmilling residual fibre created in Canada. The input is received onsite from Canfor Fort St. John (~89%) with some residuals shipped from other sawmilling facilities in British Columbia and Alberta when required. CENLP does not undertake harvesting activities.

The majority of forest management and harvesting within the Supply Base Area is conducted on Crown Lands which are owned and controlled by the province of British Columbia or Alberta. Harvesting of the crown lands in the British Columbia supply base is either conducted directly by the Province through their BC Timber Sales (BCTS) Program, or by companies which hold timber harvest licences issued by the Province. Harvesting of the crown lands in the Alberta supply base are done by companies which hold timber harvest licences issued by the Province. The log supply for the local Canfor sawmills originate from TFL #48, Dawson Creek TSA, Fort St John TSA, Fort Nelson TSA, Mackenzie TSA, Prince George TSA, and West Central Alberta, FMA 8800025 and FMA 9900037. The Timber harvesting licences can either be area-based licences or volume-based licences, with the management and harvesting rates being directly controlled by the Province through Forest Legislation and Regulation. A minor component of wood delivered to the sawmills originate as purchase from private landowners clearing for agriculture/other purposes and from salvage from other industrial land clearing such as oil/gas companies or mining. A detailed description of the fibre supply areas for both British Columbia and Alberta can be found in the current timber supply review documents which are located at:

- <https://www2.gov.bc.ca/gov/content/industry/forestry/managing-our-forest-resources/timber-supply-review-and-allowable-annual-cut>
- <https://www.alberta.ca/forestry.aspx?cat1=Forest%20Management&cat2=Forest%20Management%20Agreements&cat3=FMA%20Holders>

The Fibre Supply area includes the Fort St. John, Dawson Creek, Fort Nelson, Mackenzie and Prince George TSA's and TFL's #30 & #48 in British Columbia and FMA's 9900037 & 8800025 in West Central Alberta. Maps illustrating the fibre supply area for both pellet mills can be found at:

- https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/timber-tenures/tree-farm-licence/managementunitsmap_ftb_2022.pdf
- <https://open.alberta.ca/publications/forest-management-agreement-boundaries-map>

The BC fibre supply area is bordered by the Cassiar, Nass, Kispiox, Bulkley, Lakes TSA's to the west, the Quesnel and Robson valley TSA's to the south. To the east the Rocky Mountains form the provincial boundary in the south with a straight-line boundary starting east of Prince George up to the Yukon and Northwest Territory borders.

In the northwest (Cassiar/Nass/Kispiox TSA's) the area is mountainous, and forests are largely dominated by western hemlock with some spruce, cedar and aspen/birch. Generally, the forest lands are Interior Cedar Hemlock (ICH) biogeoclimatic subzones with Engelman Spruce Subalpine fir (ESSF) biogeoclimatic subzones at higher elevations. The forest industry is not well developed in these TSA's.

To the southwest, the Bulkley, Morice, Lakes and Quesnel TSA's are moderately mountainous with broad valleys supporting pine and spruce stands with some birch and aspen with spruce balsam stands at higher elevations. The TSA's are largely sub boreal spruce (SBS) biogeoclimatic subzones with the ESSF subzones at higher elevations. To the southeast the Robson Valley TSA is similar to the Cassiar/Nass/Kispiox TSA's dominated by hemlock and cedar with some spruce, aspen and birch. Terrain is mountainous.

The forests to the east of the fibre supply area are in Alberta and are largely sub boreal/boreal forests dominated by pine and spruce with some aspen. The terrain is generally flat and rolling and is within Alberta's Green Zone (forests) that is bordered by the White Zone (grassland/agriculture).

There are no species listed in the CITES appendices found in BC and Alberta. BC and Alberta do not follow the ICUN but rather the Canadian Species at Risk Act with management plans identifying the species at risk within each management unit applicable to the public tenure area held by each licensee.

The predominant harvest system is clear-cut with reserves within the BC and Alberta fibre supply area. In BC, cutblock size is regulated at a maximum net area of 60 hectares in the Northern Interior Forest Region as per the Forest Planning and Practices regulation sec. 64(1)(b) (https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/14_2004#section64). Maximum cutblock size can vary however when spatial/temporal cutblock patterning is used or for salvage of insect infestations, wildfires and other natural disturbances. Spatial/temporal cutblock patterning relies on patch size ranges for natural disturbance regimes and is directed by Forest Planning and Practices regulation sec. 64(2)(a)(i & ii). Within the Alberta portion of the fibre supply area there is no maximum cutblock size but rather spatial/temporal cutblock patterning is used guided by patch size and seral stage ranges and is specified in each licensee's forest management plan for their Forest Management Agreement (FMA) areas.

Regeneration in both BC and Alberta is a condition of the licence agreement with the Crown and explicitly specified in the licence agreements. Government sets regeneration standards in both provinces with milestone dates for achieving regenerated stands and free growing/successfully established young stands. In BC timelines vary by site but are generally four years from the date of harvest to establish a

regenerated stand and 20 years to ensure the stand is free growing. In Alberta timelines are generally eight years to establish a stand and 15 years for a successfully regenerated stand. Once stands are successfully regenerated/free growing the licence holder has met their obligation and the young stand reverts back to the Crown.

Bioenergy has become established in BC however harvesting for biomass does not generally occur. Mill residues and low-grade logs from sawmilling harvesting may be used for bioenergy as are waste piles in cutblocks however they must be located within each pellet mill's economic margin. The waste logs also compete with pulp mills who use pulp logs for whole log chips. Biomass represents <5% of the annual harvest in each management unit. Within the fibre supply area there are three pellet mills. Two operated by Canfor Energy North LP (Chetwynd Pellet/Dawson Creek TSA and Fort St. John Pellet/Fort St. John TSA's) and one by Drax (Meadowbank/Prince George TSA). The former Pacific Bioenergy pellet plant in Prince George closed in early 2022 due to a shortage of economic raw material

More detailed descriptions of the forest cover, geography, biogeoclimatic subzones, non-timber resources, socio-economic conditions, set asides for conservation and biodiversity, species at risk, riparian areas, etc. is found in the detailed Timber Supply Reviews for each Management Unit (BC management units are TSA's and TFL's) and in Forest Management Plans for FMA's in Alberta.

TSR's for the fibre supply area can be found at

- Mackenzie TSA – https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/16tsra_2019_partition_amendment.pdf
- Prince George TSA - https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/prince_george_tsa_rationale_2017.pdf
- Dawson Creek TSA - https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/dawson_creek_tsa_rationale.pdf
- Fort St. John TSA - https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/ft_st_john_tsa_rationale_2018.pdf
- Fort Nelson TSA - https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/08tsra_2019.pdf
- TFL #30 - <https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/tree-farm-license/30tfra14.pdf>
- TFL #48 - <https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/tree-farm-license/48tf15ra.pdf>

TSR's for the adjacent areas/outside the fibre supply area can be found at:

- Quesnel TSA - https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/quesnel_tsa_rationale.pdf

- • Cassiar TSA - https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/cassiar_tsa_rationale_aac.pdf
- • Kispiox TSA - https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/kispiox_tsa_rationale.pdf
- • Morice TSA - https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/morice_tsa_rationale.pdf
- • Nass TSA - https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/nass_tsa_rationale.pdf
- • Bulkley TSA - https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/bulkley_tsa_aac_rationale.pdf
- • Lakes TSA - https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/14tsra_2019.pdf
- • Robson Valley TSA - https://alpha.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/stewardship/forest-analysis-inventory/tsr-annual-allowable-cut/robson_valley_tsa_rationale.pdf

Forest Management Plans for FMA's #9900037 (Canfor) and #8800025 (West Fraser Mills) can be found at:

- • <https://open.alberta.ca/publications/canadian-forest-products-ltd-2015-forest-management-plan>
- • <https://open.alberta.ca/publications/west-fraser-mills-ltd-hinton-2014-forest-management-plan>

CENLP uses primarily SPF residuals (spruce/pine/balsam fir) with minor inputs of other coniferous species (douglas-fir, hemlock). Occasionally there may be some hardwood species in the residuals where sawmills have milled species such as aspen, cottonwood or paper birch.

CENLP's feedstock is largely SBP-compliant (98% certified from 2 suppliers) as the residuals are transferred as certified under Canfor Corporation's PEFC™ Chain of Custody certificate. A portion of the residuals transfer that is not PEFC™ certified is PEFC™ controlled (~1.5% controlled from 1 supplier) and the remaining volume (~.6%) is uncertified and has been screened through Canfor's PEFC™ due diligence system. The licensees who provide the residuals harvest timber from their certified forestlands and purchase some amount of logs from other certified or uncertified forestlands.

CENLP uses 100% secondary feedstock with only a small volume of feedstock that is not PEFC™ certified or PEFC™ controlled.

2.3 Actions taken to promote certification amongst feedstock supplier

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

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

2.4 Quantification of the Supply Base

Supply Base

- a. **Total Supply Base area (million ha):** 35,47
- b. **Tenure by type (million ha):**35.47 (Public)
- c. **Forest by type (million ha):**35.47 (Boreal)
- d. **Forest by management type (million ha):**35.47 (Managed natural)
- e. **Certified forest by scheme (million ha):**33.69 (SFI)

Describe the harvesting type which best describes how your material is sourced: Clearcutting

Explanation: The predominant harvest system is clear-cut with reserves within the BC and Alberta fibre supply area. In BC, cutblock size is regulated at a maximum net area of 60 hectares in the Northern Interior Forest Region as per the Forest Planning and Practices regulation sec. 64(1)(b) (https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/14_2004#section64). Maximum cutblock size can vary however when spatial/temporal cutblock patterning is used or for salvage of insect infestations, wildfires and other natural disturbances. Spatial/temporal cutblock patterning relies on patch size ranges for natural disturbance regimes and is directed by Forest Planning and Practices regulation sec. 64(2)(a)(i & ii). Within the Alberta portion of the fibre supply area there is no maximum cutblock size but rather spatial/temporal cutblock patterning is used guided by patch size and seral stage ranges and is specified in each licensee's forest management plan for their Forest Management Agreement (FMA) areas.

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

Explanation: Primary market is the lumber market with minor volume of low grade logs directed to the pulp market.

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: Regeneration in both BC and Alberta is a condition of the licence agreement with the Crown and explicitly specified in the licence agreements. Government sets regeneration standards in both provinces with milestone dates for achieving regenerated stands and free growing/successfully established young stands. In BC timelines vary by site but are generally four years from the date of harvest to establish a regenerated stand and 20 years to ensure the stand is free growing. In Alberta timelines are generally eight years to establish a stand and 15 years for a successfully regenerated stand. Once stands are successfully regenerated/free growing the licence holder has met their obligation and the young stand reverts back to the Crown

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: Some mountain pine beetle and spruce bark beetle salvage still occurring.

Feedstock

Reporting period from: 01 Oct 2021

Reporting period to: 30 Sep 2022

- a. **Total volume of Feedstock:** 1-200,000 tonnes
- b. **Volume of primary feedstock:** 0 N/A
- c. **List percentage of primary feedstock, by the following categories.**
 - Certified to an SBP-approved Forest Management Scheme: N/A
 - Not certified to an SBP-approved Forest Management Scheme: N/A
- d. **List of all the species in primary feedstock, including scientific name:** N/A
- e. **Is any of the feedstock used likely to have come from protected or threatened species?** N/A
 - Name of species: N/A
 - Biomass proportion, by weight, that is likely to be composed of that species (%): N/A
- f. **Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%):** N/A
- g. **Softwood (i.e. coniferous trees): specify proportion of biomass from (%):** N/A
- h. **Proportion of biomass composed of or derived from saw logs (%):** N/A
- i. **Specify the local regulations or industry standards that define saw logs:** N/A
- j. **Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):** N/A
- k. **Volume of primary feedstock from primary forest:** N/A N/A
- l. **List percentage of primary feedstock from primary forest, by the following categories. Subdivide by SBP-approved Forest Management Schemes:**
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: N/A
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: N/A
- m. **Volume of secondary feedstock:** 1-200,000 tonnes
 - Physical form of the feedstock: Chips, Sawdust, Other (specify)
- n. **Volume of tertiary feedstock:** 0 N/A
 - Physical form of the feedstock: N/A

Proportion of feedstock sourced per type of claim during the reporting period

Feedstock type	Sourced by using Supply Base	FSC %	PEFC %	SFI %

	Evaluation (SBE) %			
Primary	0,00	0,00	0,00	0,00
Secondary	0,00	0,00	100,00	0,00
Tertiary	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00

3 Requirement for a Supply Base Evaluation

Is Supply Base Evaluation (SBE) is completed? No

N/A

4 Supply Base Evaluation

4.1 Scope

Feedstock types included in SBE: N/A

SBP-endorsed Regional Risk Assessments used: Not applicable

List of countries and regions included in the SBE:

Country: N/A

Indicator with specified risk in the risk assessment used:
N/A

Specific risk description:

4.2 Justification

N/A

4.3 Results of risk assessment and Supplier Verification Programme

N/A

4.4 Conclusion

N/A

5 Supply Base Evaluation process

N/A

6 Stakeholder consultation

N/A

6.1 Response to stakeholder comments

N/A

7 Mitigation measures

7.1 Mitigation measures

N/A

7.2 Monitoring and outcomes

N/A

8 Detailed findings for indicators

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

Is RRA used? N/A

9 Review of report

9.1 Peer review

N/A

9.2 Public or additional reviews

N/A

10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	Brittany Burnett	Divisional Accountant	14 Nov 2022
	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:	Mark Thom	General Manager	21 Nov 2022
	Name	Title	Date

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A