



Supply Base Report: Premium Pellet Ltd

Re-assessment

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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: Premium Pellet Ltd

Producer address: 1343 Hwy 16 West, V0J 3A0 Vanderhoof, B.C, Canada

SBP Certificate Code: N/A

Geographic position: 54.014100, -124.048200

Primary contact: Michael Fantillo, +1 (250) 570 7012, michael.fantillo@sinclar.com

Company website: www.premiumpellet.com

Date report finalised: 16 Dec 2021

Close of last CB audit: 10 Feb 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
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

Exclusions: No

Premium Pellet Ltd. (Premium Pellet) Supply Base is in the geographical centre of British Columbia (BC), Canada and is made up of the Prince George, Lakes and Mackenzie Timber Supply Area's (TSA's). The forests in this region generally consist of Spruce, Pine and Balsam with a minor component of Douglas Fir. The adjacent TSA's are the Robson Valley, Bulkley Valley, Fort Nelson, Ft. St. John, Dawson Creek, Morice, Nass and Cassiar TSA's. The surrounding TSA's have similar species composition as those that Premium Pellet obtains its feedstock from. Premium Pellet currently utilizes 100% secondary feedstock from local primary facilities (lumber sawmills) and other secondary facilities (lumber remanufacturers). Within the region, the Bioenergy sector made up of Pellet producers utilize a minute share of the harvested timber. There is one Bioenergy plant in the region which harvests an Annual Allowable Cut to supplement its feedstock but that share of the harvested timber is also quite small. There are several potential suppliers of secondary feedstock in the area, including a related sawmill and planer mill, Nechako Lumber, located on the same site in Vanderhoof, B.C. as Premium Pellet. These two entities, along with Nechako Green Energy, are collectively known of as the Nechako Group of Companies. Additionally, secondary fibre is also obtained from external sawmills. These facilities include, Canfor Plateau in Vanderhoof, BC, Lakeland Mills in Prince George, BC and Apollo Forest Products, in Fort St James, BC.

The majority of the forest management and harvesting in the Supply Base Area is conducted on Government of British Columbia crown lands, which are managed by either the government through their BC Timber Sales (BCTS) program, or by forest companies with area or volume-based licenses awarded by government. The BCTS program and all local forest companies have their operations certified to Sustainable Forest Management (SFM) programs such as Sustainable Forestry Initiative® (SFI) or Canadian Standards Association (CSA). For the last number of years, more than 95% of the fibre utilized by the sawmill and planer mill located on the same site as Premium Pellet was obtained from tenures awarded and managed by the Province of British Columbia. The majority of the fibre harvested is pine, spruce and subalpine fir with a smaller component of Douglas-fir. In addition to the SFI and Programme for the Endorsement of Forest Certification (PEFCTM) Chain of Custody (CoC) systems certifications held by government and local forest companies, SFM plans and practices are also legislated in BC and there are no species harvested in BC that are on the CITES or IUCN lists.

There is a small amount of private land (i.e. farms) in the Supply Base Area and there are private woodlots and First Nations reserves and licenses, therefore the primary facilities in the region around Vanderhoof, BC may purchase a small amount of primary fibre for their facilities from uncertified lands that are not

managed under a tenure issued by the Ministry of Forests, Lands, Natural Resource Operations & Rural Development (MFLNRORD). These lands are not classified as forest land but are private lands with forests and can be used by the owner for agricultural purposes once harvesting is complete. Typically the sawmill and planer mill on the same site as Premium Pellet received less than 5% of their supply from uncertified but controlled sources that were not harvested from tenures issued and monitored by MFLNRORD.

Of the potential secondary feedstock suppliers to Premium Pellet, four of them have PEFC, Chain of Custody (CoC) systems. Premium Pellet and the two solid wood production facilities that share the same site have a common multi-site CoC PEFC system. Premium Pellet receives a supplier assertion confirming that feedstock that is either sourced through processes that meet the PEFC criteria and have a risk assessment carried out at the supplier level to confirm that it is obtained from non-controversial sources. Approximately 96% of the feedstock is certified compliant and 4%, which is used at the Nechako Green Energy and for bagged pellets, which does not have any SBP claims, is controlled.

2.3 Actions taken to promote certification amongst feedstock supplier

Premium Pellet Ltd. achieved PEFC CoC certification in 2009. In order to ensure an adequate amount of certified fibre for its operation, Premium Pellet, promotes certification, including SFI, with our suppliers. Premium Pellet, through Nechako Lumber Co. Ltd., requires operations to be conducted by loggers trained in accordance with the programs developed by the Western Canada SFI Implementation Committee (WCSIC). It is a requirement of Premium Pellet Ltd's fibre purchase contract that all non-certified fibre is sourced from non-controversial sources as defined by PEFC. Prior to purchasing fibre, the supplier goes through another risk assessment to ensure compliance with all standards and the supplier's past compliance history.

In a case where the fibre supplied to our company are considered "high" risk of being obtained from controversial sources, the supplier will provide our company with the necessary information to identify the forest management unit(s) of origin as well as the whole supply chain of the raw material relating to the "high" risk supply. Should our company require on-site inspection of the associated operations, the supplier will assist in the coordination, as needed.

2.4 Quantification of the Supply Base

Supply Base

- a. **Total Supply Base area (million ha):** 8.87
- b. **Tenure by type (million ha):** 0.17 (Privately owned), 8.70 (Public)
- c. **Forest by type (million ha):** 8.87 (Temperate)
- d. **Forest by management type (million ha):** 8.87 (Managed natural)
- e. **Certified forest by scheme (million ha):** 8.09 (SFI)

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

Explanation: Premium Pellet utilizes 100% secondary feedstock for which its primary purpose is lumber manufacturing. The harvesting type used is clear-cut with reserves with a minor component of selective cutting.

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

Explanation: Premium Pellet utilizes 100% secondary feedstock for which its primary purpose is lumber manufacturing.

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: In British Columbia, it is a requirement that all crown lands are required to be reforested as per the Forest and Range Practise Act.

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: Harvesting in the supply base has fiber from salvaged or pest/disease control measures with a total scale of about 25%.

Feedstock

Reporting period from: 01 Nov 2020

Reporting period to: 31 Oct 2021

- 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: 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 Evaluation (SBE) %	FSC %	PEFC %	SFI %
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:	Erik Andersen	Forestry Manager	15 Dec 2021
	Name	Title	Date
<p>The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.</p>			
Report approved by:	Michael Fantillo	Pellet Certification Coordinator	16 Dec 2021
	Name	Title	Date

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A