



Supply Base Report: La Crete Sawmills Ltd.

Third 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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Version 1.1 published 22 February 2016

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1 Overview

Producer name: La Crete Sawmills Ltd.

Producer address: Box 1090, 15121 TWP RD 1055, T0H 2H0 La Crete, Canada

SBP Certificate Code: SBP-07-18

Geographic position: N/A

Primary contact: Aaron Doepel, +1 780 928 2292 or +1 780 926 0112, aarond@lacretesawmills.com

Company website: <http://lacretesawmills.com>

Date report finalised: 03 Nov 2021

Close of last CB audit: N/A

Name of CB: NEPCon OÜ

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

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

SBP Endorsed Regional Risk Assessment: Not applicable

Weblink to SBR on Company website: <http://lacretesawmills.com/products/pellets/>

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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: Alberta

Exclusions: No

The province of Alberta is made up of 66.2 million hectares which is further split into Green area (forested) and White area (settled). The Green area represents 58% (35.2 million hectares) of the total area of which only 37.8% is available for harvest. More than ninety rural and indigenous communities are supported by the Alberta forest products' sector. Protected areas in Alberta make up 12.4% of the province. More than three quarters of provincially owned forests are certified. The forest sector generate \$6.5 billion from harvesting to the sale of wood products and bioenergy. 90% of the timber in the province is sourced from provincial lands. More than 770 businesses are directly related to the forest industry, with more than 17,500 direct jobs and more than 23,900 supported jobs across the economy. Alberta sawmills manufacture 9.7 million cubic meters of softwood lumber in 2020, representing approximately 16% of the country's production. Wood pellet continues to expand in the province growing from 200k MT in 2017 to more than 800k MT in 2020 (Alberta's forest economy 2021, Government of Alberta).

La Crete Sawmills Ltd. is located in Northwest Alberta where most of the forest activities are centered in La Crete and High Level. Aside from La Crete Sawmills Ltd., we find Norbord inc., Evergreen Lumber, Tolko Industries, Northern Pellet Limited Partnership and Crestview Mills. All fibre supplied to La Crete Sawmills Ltd. originates in the north western portion of the Province of Alberta, Canada (see supply base map on next page). Approximately 93% of the supply base is on public land and certified under the SFI certification program. The rest of the supply base is uncertified of which 5% is public and 2% is private land.

Caribou are listed as an IUCN species as well as Threatened under both the federal *Species at Risk Act* and the provincial *Wildlife Act* and is present within the supply base. A Detailed Forest Management Plan (DFMP) is implemented to address wildlife habitat in both the short and long term at the landscape level. The initial caribou sub-regional task forces submitted their recommendations to the government in 2020 with public and indigenous consultation occurring in early 2021. Other sub-regional task forces created in 2019 are still developing recommendations for other planning areas. Until they are approved, Alberta Operating Ground Rules and the companies Species of Special Management Concern Plan (SSMCP)

approved by the province, must be followed. Other species such as the grizzly bear, trumpeter swan, artic grayling are addressed in the SSMCP.

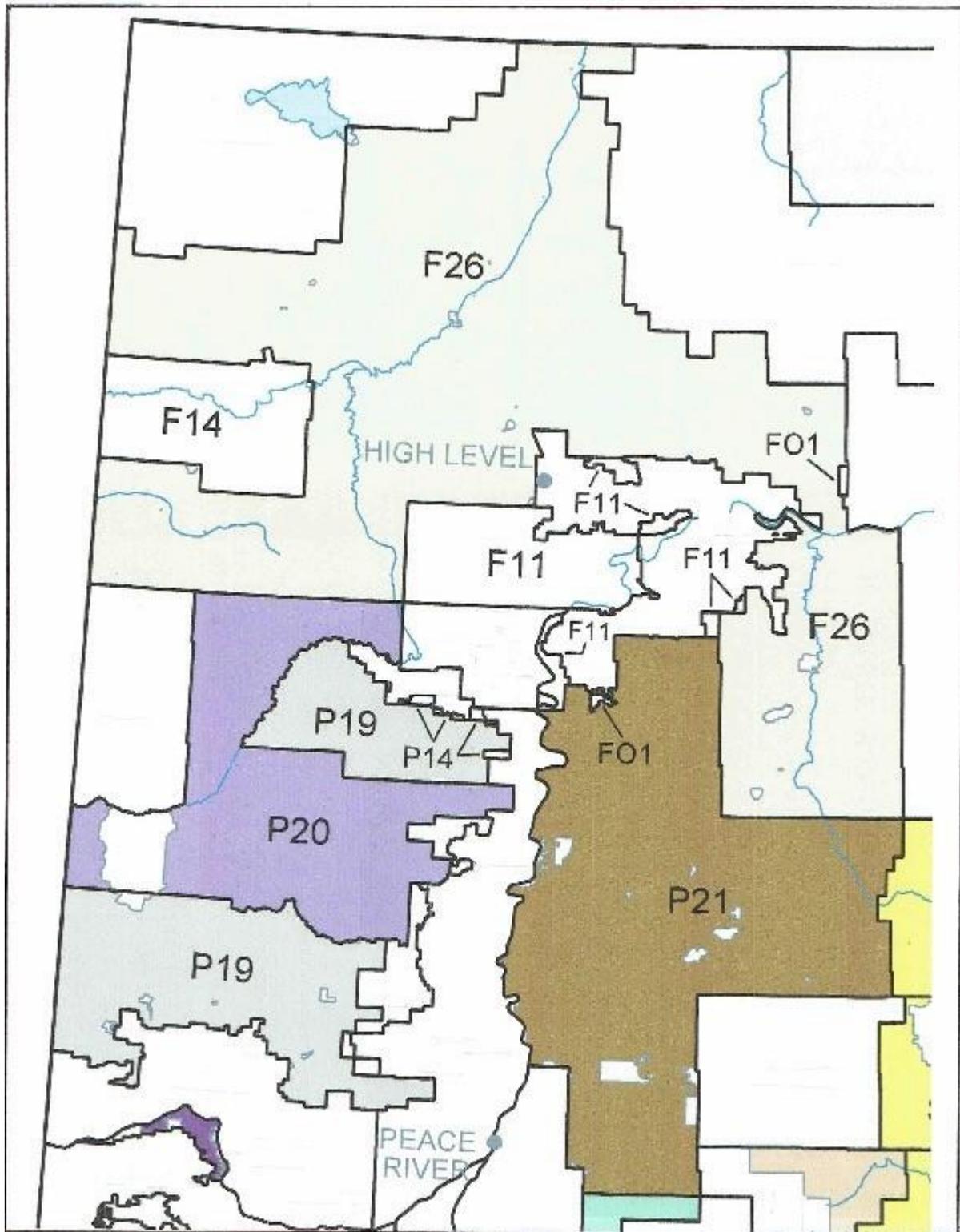
Annual supply assertions are collected from suppliers to confirm the supply base area of the mill. La Crete Sawmills Ltd. validates declared origins of supply with various sources of information such as supplier websites, supply licenses, Alberta government agencies such as the Ministry of Agriculture and Forestry and woodsupplychain.com portal. All log deliveries to the mill are linked to actual cutblocks on Crown land and at least down to quarter sections for private lands. Finally, section 164.1(1) of the Timber Management Regulation was also considered to justify the low possibility of logs imported from outside the defined supply base area.

For the reporting period of the SBR, on average 93% of the feedstock used in the production of pellets was certified under PEFC Chain of Custody 2002:2013, CSAZ809 SFM, SFI 2015-2019 Forest Management Standards and Fibre Sourcing Standards, all SBP approved schemes. The remainder of the feedstock is considered from non-controversial sources in compliance with the organization's Due Diligence System required by PEFC Chain of Custody 2002:2013 standard. 100% of the supply is secondary feedstock generated from its own sawmill operations and two other sawmills.

Total annual supply of raw material sourced for the pellet mill is approximately 145,000 GMtonnes solely of secondary feedstock made up of waste residue procured from sawmilling, planning, chipping, and fines left over from screening procedures – there is no primary feedstock used. Feedstock may be made up of the following species:

- Softwood species are supplied by La Crete Sawmills Ltd. sawmill operations and four other suppliers and include: White Spruce (*Picea glauca*), Black Spruce (*Picea mariana*), Lodgepole Pine (*Pinus contorta*) Jack Pine (*Pinus banksiana*), Balsam Fir (*Abies balsamea*), Tamarack (*Larix laricina*)
- Hardwood Species are supplied only by La Crete Sawmills Ltd. sawmill operations may include: Trembling Aspen (*Populus tremuloides*), Balsam Poplar (*Populus balsamifera*)

Supply Base in Northern Alberta



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.

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 logs and bolts and the rest mainly for pulpwood with less than 1% as firewood. A very small proportion of volume allocated on public forests in Canada is for biomass purposes (below 5%).

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 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.

Feedstock

Reporting period from: 01 Jul 2020

Reporting period to: 30 Jun 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: Chips, Sawdust, Clean chips or dust

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	88,00	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:	Nicolas Blanchette	Consultant, INCOS Strategies	03 Nov 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:	Aaron Doepel	Woodlands Manager	03 Nov 2021
	Name	Title	Date

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A