

NORTHERN FIBRE TERMINAL INC.

Supply Base Report:

JULY 2019

Version 1.1

www.sbp-cert.org



Completed in accordance with the Supply Base Report Template Version 1.3

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

On the first page include the following information:

Producer name: Northern Fibre Terminal inc.

Producer location: 605 Marine Gateway Drive
Sheet Harbour Industrial Port
Sheet harbour, NS
B0J 2B0

Geographic position: 44.902644 latitude
-62.509597 longitude

Primary contact: M. Breck Stuart
201- 1883 Upper Water St.
Halifax NS B3J 1S9
breck@gnti.ca

Company website: www.greatnortherntimber.com

Date report finalised: [Date of approval by senior management; format 16/07/2019]

Close of last CB audit: [XXXX Date and location of the closing meeting CB]

Name of CB: SCS Global Services

Translations from English: N/A

SBP Standard(s) used: Standard 1 version 1.0, Standard 2 version 1.0, Standard 4 version 1.0,
Standard 5 version 1.0

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

SBP Endorsed Regional Risk Assessment: not applicable

Weblink to SBE on Company website: [XXXX To be determined]

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

Northern Fibre Terminal Inc. (NFTI) produces industrial wood chips for export on the global market. The Sheet Harbour, Nova Scotia chip plant was commissioned in 1998. Over the past two decades it has become a vital link in the overall forest products supply chain utilizing low grade hardwood pulp that could not be utilized in other productive and economical ways within the province of Nova Scotia.

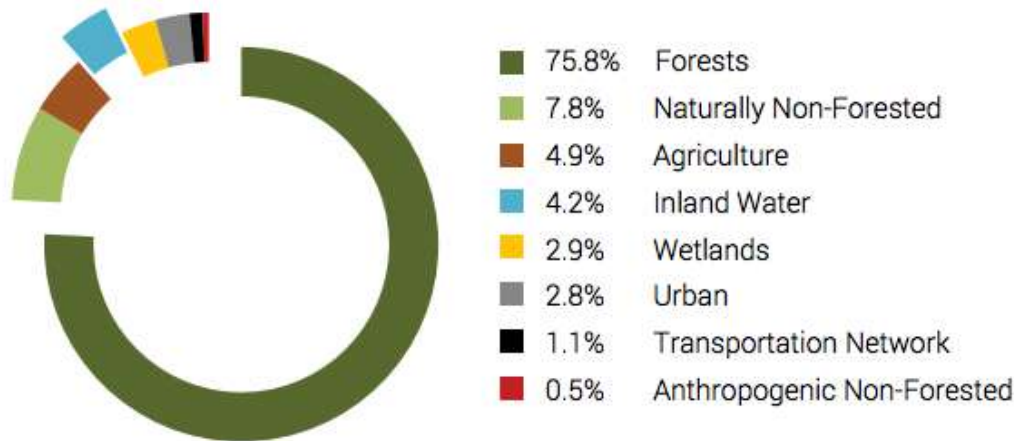
Nova Scotia

Nova Scotia is dominated by trees. Over 75% of the province's 5,5 million hectares (ha) are dominated by treed vegetation. These 4.2 million ha of forested lands also include areas that are returning to a young forested state after harvesting. There is no sign of permanent net forest conversion by agriculture, urbanization or other development¹. Situated on the south-eastern coast of Canada, Nova scotia's forests contain 35% hardwood species and 65% softwood species. Part of the Acadian Forest Region, common species include spruce, balsam fir, white pine, maple and birch. Fifty-three (53%) percent of the forest land in Nova Scotia is privately owned and forty-seven (47%) is owned by the provincial or federal government².

¹ Source : https://novascotia.ca/natr/forestry/reports/State_of_the_Forest_2016.pdf

² Source : https://www.sfmcanada.org/images/Publications/EN/Nova_Scotia_info_Provinces_and_territories_EN.pdf

Figure 1. Nova Scotia's proportions of land use (%).



Source: The State of the Forest, 2016 Nova Scotia Department of Natural Resources Renewable Resources Branch (https://novascotia.ca/natr/forestry/reports/State_of_the_Forest_2016.pdf)

Nova Scotia's largest forest product export markets are the United States (54%), the European Union (16%), Turkey (7%). About half of the province's harvesting is for pulp and paper production, although a significant amount of lumber is also manufactured. The total forest products export sales in 2012 were \$384 million.

On public lands, the Nova Scotia Department of Natural Resources (DNR) provides authority to harvest from provincial (Crown) lands under two acts:

- [Crown Lands Act](#), and
- [Scott Maritimes Limited Agreement \(1965\) Act](#).

There are four forms of authority used in the Crown Lands Act, a letter of authority, a permit, a licence and a forest utilization licence agreement. The first two are often used for small sales. The latter are used with mill operators and producers of goods that may be exported. Great Northern Timber Inc (GNTI) have a licence to manage Crown Land in Nova Scotia. GNTI is under common ownership of NFTI and are a supplier of roundwood to the chip plant.

The Scott Act referred is a special agreement made in 1965 with a specific company. The current successor to the original company is Northern Pulp Nova Scotia Ltd, which produces pulp for export to global markets. The Scott Act grants to Northern Pulp Nova Scotia Ltd the right to enter upon the Licensed Crown Land and to cut and remove wood. Northern Pulp Nova Scotia are a supplier of primary feedstock to the chip plant.

Registry of buyers.

The Department of Natural Resources has been operating the Registry of Buyers since 1998, which is intended to provide the forest use and management information required now and in the future. In addition to providing forest harvest information, the Registry serves as the focal point or link among the various initiatives that are part of the broader forest management process. The Registry of Buyers is a registry of individuals and businesses who acquire primary forest products for processing into secondary products,

export, sale as firewood, or production of energy. The information compiled through the Registry is used by the Department of Natural Resources to understand regional primary forest product demand and supply, estimate and monitor sustainable harvest levels, determine long-term resource management needs, and identify forest product and value-added development opportunities.³

Wood Acquisition Plan

The Forest Sustainability Regulations require all Registered Buyers acquiring greater than 5000 m³ (2270 cords) from private and industrial lands in Nova Scotia to undertake a silviculture program or pay into the Sustainable Forestry Fund. In each year Registered Buyers must submit a Wood Acquisition Plan which describes how they will meet their silviculture obligations required by the Regulations.⁴

Crown harvest block approval process

There are four main steps in the review of proposed harvest areas on Crown lands.

Step 1. The Crown land Licensee develops proposed harvest areas and prescriptions based on Pre-Treatment Assessment (PTA) and the Forest Management Guides (FMG), subject to all requirements for operating on Crown lands. The Pre-Treatment Assessment (PTA) is an analysis of data that is collected on-site by a forest professional who is trained and certified to carry out PTAs. PTAs use typical forest measurement techniques in order to determine the most appropriate forest management treatment for each site. These measurements include identifying tree species, diameter, height, condition of the trees, and soil type. This data is applied through forest management guides (FMG) which are based on decades of forest research and are designed for various forest types.

Step 2. Department of Natural Resources (DNR) resource management professionals review every proposed harvest plan as part of the Integrated Resource Management (IRM) review process and determine if the plan is appropriate and meets all requirements for operating on Crown lands. The IRM team considers many things including (but not limited to): the provincial strategic forest management plan, property lines and land ownerships, adjacency to protected areas, wildlife habitat, geological information, known recreational activities, areas of significance to Mi'kmaq, and requirements for Special Management Practices (SMP).

Step 3. Each proposed harvest area on Crown land is posted on the Harvest Plan Map Viewer (HPMV), an interactive web viewer, that enables the public to view and comment on harvest plans. The viewer contains tools that enable the user to send comments or a request for a PTA for specific harvest areas. If you send a comment you will receive a notification that your comment has been received. All comments go to the appropriate Crown land licensee with a copy to DNR staff. Responses will normally be provided within 10 days and will normally come from the Licensee. Each harvest plan on the HPMV also includes a closing date for public comments, which is 40 days after the harvest site is first posted. Harvest plans that are new to the map, open or closed for comments,

³ Source : <https://novascotia.ca/natr/forestry/registry/annual/2018/Registry-of-Buyers-2017.pdf>

⁴ Source : <https://novascotia.ca/natr/forestry/registry/woodacq.asp>

the area of the proposed plan, as well as the planned harvest method and prescription are all identified on the HPMV. Maps on the HPMV will be updated on an approximately ten-day cycle.

Step 4. Crown Land Licensees are notified if the proposed harvest plans are approved or if changes are required following the public comment period and an evaluation by DNR senior management.⁵

As of 2016, five forest industry manufacturers and three woodlot owners' organizations held third-party sustainable forest management certification on 1.3 million ha of land in Nova Scotia. These forests were certified to one of the three certification systems: the Canadian Standards Association (CSA), the Forest Stewardship Council® (FSC®) and the Sustainable Forestry Initiative® (SFI®). (Source: https://www.sfmcanada.org/images/Publications/EN/Nova_Scotia_info_Provinces_and_territories_EN.pdf)

There are no tree species listed in CITES found in Nova Scotia.

⁵ Source : <https://novascotia.ca/natr/forestry/fibre-allocation/>

New Brunswick

New Brunswick is located on the east coast and is the largest of the three Maritime Provinces. The Acadian Forest covers most of the province. In New Brunswick, forests cover more than 6 million ha of the province's 7 million ha of land. That represents 83% of the province's total area⁶. Of this, 2% is under the jurisdiction of various federal government departments (Parks Canada, Department of National Defense, etc). The provincial government is responsible for 48%, which is typically referred to as Crown Lands. The remaining 50% is privately owned. Of the half of the province that is in private hands, 20% is owned by industry firms (Industrial Freehold) and the remaining 30% is owned by non-industrial private owners⁷.

In 2016, New Brunswick's largest forest product export market were the United States (78%), India (7%), Indonesia (4%) and a number of other markets. The total forest product export sales in 2016 were \$1.7 billion.

The Crown Lands and Forests Act is the legal foundation of Crown forest management in New Brunswick. It was proclaimed in 1982 and is administered by the Department of Energy and Resource Development (ERD). The Act divides the province's Crown land into 10 timber licenses (forest management units). Crown timber licenses are granted through a 25-year forest management agreement to forest companies called licensees. The New Brunswick government sets management goals and objectives and Licensees are evaluated on their performance by ERD and third-party auditors. Each license has an assigned number of sub-licensees' mills who have been allocated annual volumes of Crown timber products. Operational standards, policies and guidelines for forest management on Crown Lands are established by the provincial government. Crown land forest operations are monitored and periodically assessed by ERD under the Results-Based Forestry system. ERD also evaluates Licensees' forest management performance at five-year intervals.

Private land in New Brunswick falls into 2 categories:

- Industrial Freehold, which is private land owned by forest companies; and
- Private Woodlots.

Industrial freehold is managed on a commercial scale and most companies have their lands certified to the SFI standard.

Private woodlots in New Brunswick are held by more than 40,000 separate owners. They are free to manage their woodlots as they deem appropriate and must conform to the Clean Water Act. The Forest Products Act established the Forest Products Commission and governs the powers, duties and activities of the Commission including the oversight and general supervision of the Forest Products Marketing Boards. There are seven Forest Products Marketing Boards in the Province that offer services to private woodlot owners. The underlying objective of both the Forest Products Act and the Natural Products Act (with respect

⁶ Source : https://www2.gnb.ca/content/dam/gnb/Departments/nr-nr/pdf/en/ForestsCrownLands/GNBForestryBrochure_EN.pdf

⁷ Source : <https://www2.gnb.ca/content/dam/gnb/Departments/nr-nr/pdf/en/ForestsCrownLands/2011SnapshotOfNB-NonIndustrialForestOwners.pdf>

to farm products of the forest) is the control and regulation of primary forest products coming from private woodlots in New Brunswick.

All timber that is transported within New Brunswick, whether from Crown Lands or private lands, requires a Transportation Certificate (TC). Under legislation, Crown and private woodlot TC's are subject to audits by ERD and the New Brunswick Forest Products Commission. The Commission is an independent body that oversees the marketing relationship involving the forest industries, Forest Product Marketing Boards and the provincial government.

Under the Crown Lands and Forests Act, all wood processing facilities (mills) in New Brunswick must report to ERD the volume and source of their wood supply (including Crown wood, private wood, and imports to New Brunswick). In this way, all Roundwood and biomass harvested and consumed by New Brunswick mills is tracked.

New Brunswick requires that Crown Lands managed by Timber Licensees are certified. At present, all Crown lands managed by Licensees are certified under SFI. Industrial freehold lands controlled or harvested by the licensees are also certified under SFI. In total, 4.2 million ha are certified to the SFI standard in New Brunswick.

There are no tree species listed in CITES found in New Brunswick.

Prince Edward Island

Located on the east coast of Canada in the Gulf of St Lawrence, Prince Edward Island (PEI) is Canada's smallest province, with a total area of 568,600 ha. PEI has 250,084 ha of forest land, of which 33,011 ha (13.2%) is public lands and 217,073 ha (86.8%) is private⁸.

PEI's forest belongs to the Acadian Forest region of Canada. The most common coniferous species are black spruce, white spruce, balsam fir and eastern larch with a lesser amount of white pine. The primary deciduous species are red maple, trembling aspen and white birch with sugar maple, red oak, beech, white ash and yellow birch accounting for the remainder.

In 2012, PEI's largest forest product export markets were the United States (89%), Japan (4%) and Saudi Arabia (3%). The total forest product export sales in 2012 were \$1.62 million.

Public Lands

Only 13% of PEI's forest is publicly owned. The [Forest Management Act](#) provides authority for the management and harvest of public lands. The province does not allocate long term timber rights for public lands. Instead, all forest products are offered for sale by public tender. The winning bidder only acquires the rights to the stumpage for the specified site and all property rights and ownership remains with the Province. Harvest activity on public lands accounts for a small percentage of the Island's overall softwood and hardwood harvest. During the period 2001-2010, the area harvested on public lands averaged about 100 ha/year or less.

The Forest Management Act provides authority for the management and harvest of public land forests. Forest management plans are prepared for all public lands and posted for public comment. These plans must meet the standards of the Ecosystem-based Forest Management Standards Manual. The province does not allocate long term timber rights for public lands, but it will enter into co-management agreements with groups and organizations that share a commitment to forest stewardship and who can implement work in compliance with the required standards in the Ecosystem-based Forest Management Standards Manual.

PEI's Registry Act ensures that private land owners and the province are able to obtain a guaranteed title to a property. Under the Lands Protection Act, no individual may own more than 400 ha of land on PEI. Corporations are limited to 1,200 ha in total. Management and harvesting rights belong to the property owner, but the province does provide forest stewardship assistance and advice to interested land owners.

Private Lands

Most of PEI's forest (87%) is privately-owned by small woodlot owners and farmers. Management and harvest decisions are the right and responsibility of the owner. The province will provide technical advice and assistance to private land owners who are interested in forest stewardship and who practice forestry in compliance standards of the Ecosystem-based Forest management Manual.

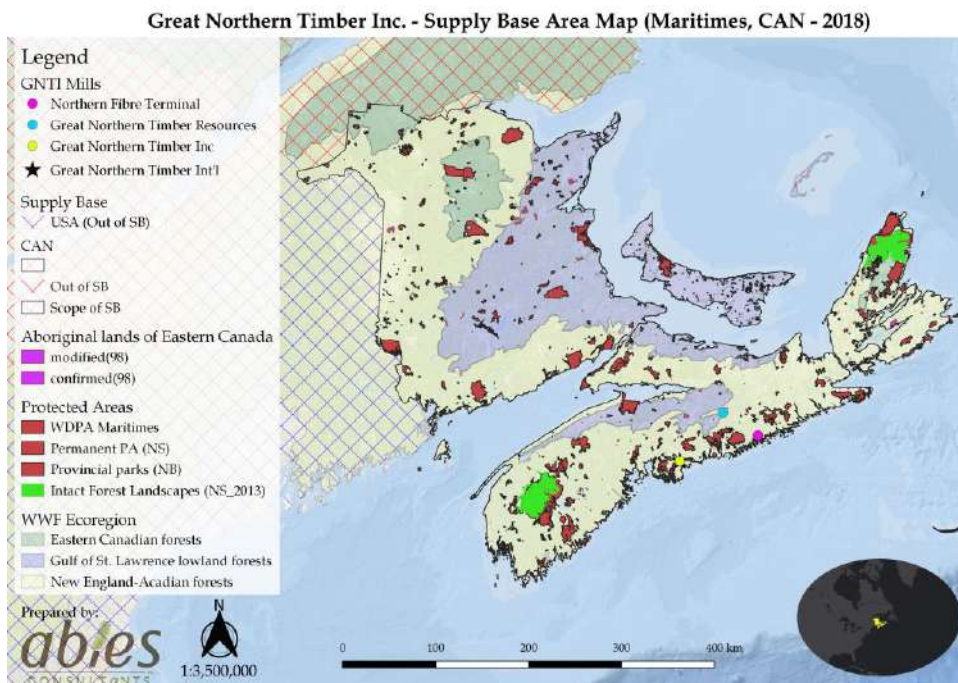
Under the 2006 Forest Policy, the province made a commitment to implement various forest certification systems. The Province has achieved certification under the FSC system for several public properties

⁸ Source : https://www.sfmcanada.org/images/Publications/EN/PEI_info_Provinces_and_territories_EN.pdf

comprising 170 ha in the south eastern part of the island. There are also currently 446 ha of privately-owned forest land certified under the FSC system on PEI.

(Source: [https://www.sfmcanada.org/images/Publications/EN/PEI info Provinces and territories EN.pdf](https://www.sfmcanada.org/images/Publications/EN/PEI_info_Provinces_and_territories_EN.pdf))

Figure 2. Great Northern Timber – Supply Base Area.



The entire supply base is covered by the Supply Base Evaluation (SBE). This means that the tree stumps are all located within the scope of the SBE, and all indicators of the SBE are low-risk. Therefore, 100% of the feedstock is SBP Compliant feedstock. Since the plant re-opened on May 22, 2018, 96.6% of the feedstock is composed of Spruce and fir (softwood). 3.6% of the feedstock was poplar pulpwood, and 0.2% was larch pulpwood. Furthermore, 81% of the feedstock is composed of sawmill residues (a mix of spruce and balsam fir), (69% is secondary feedstock, and 12% is pre-consumer tertiary feedstock).

There are currently a total of 28 suppliers.

2.2 Provide a description of actions taken to promote certification amongst feedstock supplier.

NFTI have an FSC certified chain of custody management system (FSC-C099959), part of a multi-site which includes Great Northern Timber International Ltd, Great Northern Timber Resources Inc. and Great Northern Timber Inc.

Through the membership in CWF, GNT has supported Teachers' Tour's organized throughout the Maritime provinces. This promotes certification through outreach.

2.3 Final harvest sampling programme

There are three levels of monitoring established for forest management activities on Crown land within the scope of the monitoring program in Nova Scotia.

Level 1: Monitoring by licensees:

Licensees will be required to conduct, and document inspections of harvesting and silviculture operations carried out by their staff and/or contactors and submit copies of inspections forms to DNR Regional Staff.

Harvest inspections. Licensees must complete a Harvest Operations Inspection Form within 30 calendar days of completion of all harvest and forwarding on all harvest blocks and send the completed form to the appropriate Crown Land Technician and Crown Land Forester.

Road Construction and Watercourse Crossing Inspection: Licensees must complete a Road Construction and Watercourse Crossing Inspection Form for all roads constructed, major upgrades (roads previously impassable to vehicles) and watercourse crossings installed on Crown lands within 30 calendar days of completion of the construction/installation project.

Level 2: Monitoring by Regional Staff:

Western Crown Land Planning Area:

Crown Land Technicians will complete a post-harvest inspection on 50% of forest harvest sites on Crown land within 30 working days of completion of harvesting and forwarding on a harvest block.

Central and Eastern Region:

Crown Land Technicians will complete a post-harvest inspection within 30 working days of completion of harvesting and forwarding on 25% of forest harvest sites on Crown land.

Road Construction and Watercourse Crossing Inspections

All Regions:

All new road construction and permanent bridge and culvert installations require a Road Construction and Watercourse Crossing Inspection Form (Appendix III) to be completed by the Crown Land Technician (certified installers) within 30 calendar days post construction/ installation.

Silviculture Treatment Inspections

All Regions:

Crown Land Technicians will complete a Silviculture Inspection Form (Appendix IV) for at least 20% of each type of silviculture operations (non-fibre producing). Inspections may be completed either during or within 30 calendar days of completion of the treatment. If Licensees encounter difficulties in meeting their License requirements, the intensity of inspections can be increased.

Trucking Contractor Inspections

All Regions:

Crown Land Technicians will conduct random inspections of trucks and complete the Trucking Contractor's Safety and Environmental Inspection Form (Appendix V). The rate of inspections will be determined by completing one inspection for each 10,000 tonnes trucked. Technicians will endeavor to ensure that each trucking company receives at least one inspection per year.

Level 3: Monitoring by Regional Audit Committees

An Audit Committee of six to eight DNR professionals will be established in each Region, consisting of a mix of Foresters, District Supervisors, Area Managers, Biologists, and representatives from the Forestry and Wildlife Divisions. The Crown/Regional Forester will chair the committee and ensure the required audits are completed annually and will report results to the Harvest Management Group who are responsible for audit procedures, standards and forms.

Auditing carried out by the Audit Committees will assess safety and environmental compliance of licensee operations on Crown land, as well as the effectiveness of Level 1 and Level 2 Monitoring by Licensees and Regional staff.

Harvest Operations:

There will be a minimum of one audit per licensee per year or the licensee's allocation divided by 50,000 tons.

Silviculture Operations:

Silviculture operations will be audited at least once per licensee per year or 20% of the rate of harvest audits. The Audit Committee can also schedule audits based on results of previous audits or high-risk sites.

Road Construction and Watercourse Crossings:

Audits will be complete on at least one road construction project and water course crossing installation per quarter (if available). Priority to be given to new roads with bridges.

General Requirements:

Audit Committees will endeavor to audit as many different contractors as possible and emphasis will be put on ensuring new contractors receive an audit. Audits should be completed by a minimum of 2 auditors and the Crown Land Technician. The Licensee's supervisor will also have the opportunity to participate. Auditors will also be encouraged to participate in at least one audit annually in a Region other than their own.

Source: N.S. provincial Forest Operation Monitoring program (June 20, 2016)

As part of their legal obligation in the context of their forest management agreement and in respect to the Crown Lands and Forest Act, the licensees in New Brunswick implement a harvest monitoring process. Each block undergoes final cut inspection to ensure adequate implementation of the forest management plan, as well as compliance to applicable legal requirements.

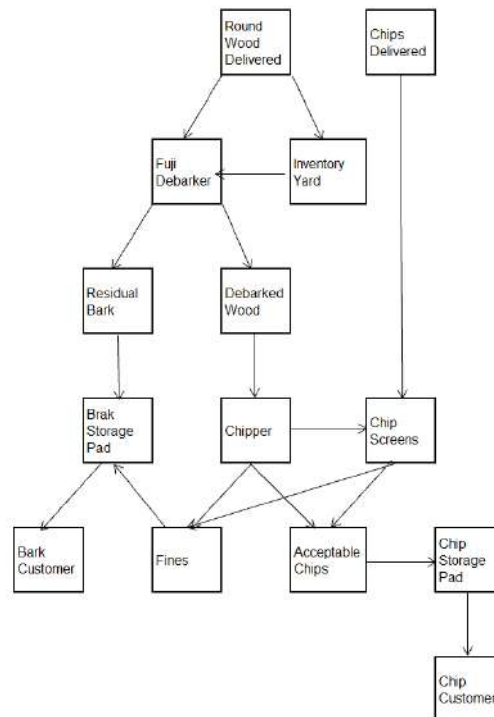
The NFTI Planning Manager will conduct periodic audits with all wood suppliers to ensure raw materials do not originate from controversial sources. The wood supplier audit program is risk based. This means that suppliers already certified to a SFM standard will be considered low risk. They will not be audited as long as they maintain their certification. Wood suppliers not certified to an SFM standard will be included in the wood supplier audit program. The risk of a wood supplier supplying raw materials from controversial sources is low; therefore, the main goal of the audit program is to educate and encourage wood suppliers to follow BMP's. Trucking contractors will be interviewed during the wood supplier audit. Questions pertaining to the trucking contractor are documented in the Internal Audit Checklist.

New wood suppliers will be added to the Wood Supplier Audit Program if they have delivered at least 500 GMT of fibre for the past quarter. The Planning Manager will complete wood suppliers' audits following the audit schedule.

The Planning Manager will audit wood supplier harvesting/procurement practices using the Wood Supplier Audit Checklist. The results of the wood supplier audit will be communicated to the wood supplier. It is the responsibility of the wood supplier to correct any nonconformities identified during the audit.

2.4 Flow diagram of feedstock inputs showing feedstock type [optional]

Northern Fibre Terminal Inc process flow diagram.



2.5 Quantification of the Supply Base

Supply Base

	Supply Base Area (ha)		Tenure by Type (ha)			Management type	Certified forest by scheme (ha)	
	TOTAL	Forest	Private	Public	Forest type		FSC	SFI
NS	5 527 360	4 275 000	2 281 000	1 994 000	Acadian	Natural	598 457	1 172 319
NB	7 100 000	6 100 000	2 900 000	3 200 000	Acadian	Natural	0	4 200 000
PEI	568 600	250 084	217 073	33 011	Acadian	Natural	616	0
TOTAL	13 195 960	10 625 084	5 398 073	5 227 011			599 073	5 372 319

Feedstock

- a. Total volume of Feedstock: tonnes or m³ - volume may be shown in a banding between 100,000 to 200,000 green metric tons (GMT) if a compelling justification is provided*
- b. Volume of primary feedstock: tonnes or m³ - volume may be shown in a banding between 100,000 to 200,000 GMT if a compelling justification is provided*
- c. List percentage of primary feedstock (g), by the following categories. - percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*. Subdivide by SBP-approved Forest Management Schemes:
 - **0-19% Certified to an SBP-approved Forest Management Scheme (FSC® forest management)**
 - **80-100% Not certified to an SBP-approved Forest Management Scheme**
- d. List all species in primary feedstock, including scientific name
 - *Acer spp. (Maple)*
 - *Quercus spp. (Oak)*
 - *Betula spp. (Birch)*
 - *Fraxinus spp. (White Ash)*
 - *Populus spp. (Poplar)*
 - *Fagus (Beech)*
- e. Volume of primary feedstock from primary forest: 100,000 to 200,000 GMT.
- f. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - **0-19 % Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme**
 - **80-100 % Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme**
- g. Volume of secondary feedstock: Sawmill chips - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between 0% to 19% if a compelling justification is provided*.
- h. Volume of tertiary feedstock: N/A

* Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands for (f) and (g) are:

1. 0 – 200,000 tonnes or m³
2. 200,000 – 400,000 tonnes or m³
3. 400,000 – 600,000 tonnes or m³
4. 600,000 – 800,000 tonnes or m³

5. 800,000 – 1,000,000 tonnes or m³

6. >1,000, 000 tonnes or m³

Bands for (h), (l) and (m) are:

1. 0%-19%
2. 20%-39%
3. 40%-59%
4. 60%-79%
5. 80%-100%

NB: Percentage values to be calculated as rounded-up integers.

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
X	<input type="checkbox"/>

An SBE was required because there is not enough feedstock available coming from a SBP-approved Forest Management Scheme available.

4 Supply Base Evaluation

4.1 Scope

The scope of the supply base evaluation is limited to the Canadian provinces of Nova Scotia, New Brunswick and Prince Edward Island. Refer to Figure 2 above.

4.2 Justification

NFTI are part of a third-party certified chain of custody management system, which includes a DDS. This DDS demonstrates that the supply base includes the provinces of Nova Scotia, New Brunswick and Prince Edward Island. The DDS includes supplier declarations, a risk assessment (at the origin and supply chain level) and field verifications.

4.3 Results of Risk Assessment

The results of the Supply Base Evaluation are low risk for all indicators of the SBP Feedstock Compliance Standard.

4.4 Results of Supplier Verification Programme

N/A. A Supplier Verification Program is not required by the standard when low risk was demonstrated for all indicators during the risk assessment process.

4.5 Conclusion

The Supply Base Evaluation was completed to ensure that all feedstock sources are low risk for all indicators. The procurement personnel have a long history of procurement within the supply base, and they have a very in-depth and thorough knowledge of the area. A detailed evaluation of each indicator, based on the knowledge and experience of the procurement personnel at NFTI, as well as with the support of a consultant allowed a solid evaluation.

5 Supply Base Evaluation Process

The first component of the SBE is the risk assessment. Risk is evaluated against the SBP indicators contained in SBP Standard 1 – Feedstock Compliance Standard. The results of the risk assessment is a risk rating for each indicator. The risk assessment for NFTI is low risk for all indicators.

The SBE also relies heavily on the due diligence system (DDS) implemented by NFTI within their existing chain of custody certification. This DDS covers the supply base area. It includes it's own risk assessment at both the origin and supply chain levels. In order to demonstrate low risk at the origin level, NFTI requires its suppliers to provide a supplier declaration indicating the origin (location of the stump) of the feedstock. Also, as part of the DDS, field staff proceed to conduct a number of supplier verifications to ensure the accuracy of the information provided.

A stakeholder consultation on the SBE was conducted. No comments were provided by stakeholders.

NFTI rely on the services of the consulting firm Abies Consultants Inc. to provide guidance in the DDS and SBE processes. Based in New Brunswick, Abies Consultants Inc is a consulting firm specialized in SBP, sustainable forest management, chain of custody and environmental system management certification. They provide consulting services to a number of clients throughout Canada and the New England States. They also provide third-party auditing services for a leading certification body. The SBE was prepared with the support of Breck Stuart. Breck Stuart is the Planning Manger with Great Northern Timber group of companies, overseeing the woodlands forest management and planning activities, chain of custody certifications, crown timber licenses, operations planning and procurement activity. Breck holds a Bachelor of Science in Forest Engineering from the University of New Brunswick and is a Professional Engineer with Engineers Nova Scotia. Breck has been working in forest management in Nova Scotia for over 15 years and has 3 years of forest and resource management and environmental consulting experience in Alberta. Forest Management experience includes working with both Sustainable Forestry Initiative (SFI) and Forest Stewardship Council (FSC) forest management and chain of custody certifications and more recently Sustainable Biomass Partnership (SBP), managing a variety of forest operations, many aspects of silviculture treatments and product sales and fibre procurement across the Maritimes and Maine.

6 Stakeholder Consultation

As part of the SBE process, the supply base evaluation document was emailed to stakeholders in June 2019. They were given 30-days to respond and provide comments.

6.1 Response to stakeholder comments

No comments from stakeholder during the consultation process.

7 Overview of Initial Assessment of Risk

Briefly describe the results of the Risk Assessment. This represents the initial evaluation of risk done prior to the SVP and prior to any mitigation measures.

This section provides an opportunity to detail how the BP’s management system is effective in reducing risk.

List the result for each Indicator in Table 1.

Where multiple sub-scopes are involved, prepare a separate overview table for each sub-scope showing the initial risk ratings for each Indicator.

Table 1. Overview of results from the risk assessment of all Indicators (prior to SVP)

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
1.1.1		X	
1.1.2		X	
1.1.3		X	
1.2.1		X	
1.3.1		X	
1.4.1		X	
1.5.1		X	
1.6.1		X	
2.1.1		X	
2.1.2		X	
2.1.3		X	
2.2.1		X	
2.2.2		X	
2.2.3		X	
2.2.4		X	
2.2.5		X	
2.2.6		X	
2.2.7		X	
2.2.8		X	
2.2.9		X	

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
2.3.1		X	
2.3.2		X	
2.3.3		X	
2.4.1		X	
2.4.2		X	
2.4.3		X	
2.5.1		X	
2.5.2		X	
2.6.1		X	
2.7.1		X	
2.7.2		X	
2.7.3		X	
2.7.4		X	
2.7.5		X	
2.8.1		X	
2.9.1		X	
2.9.2		X	
2.10.1		X	

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

N/A. A Supplier Verification Program is not required by the standard when low risk was demonstrated for all indicators during the risk assessment process.

8.2 Site visits

N/A

8.3 Conclusions from the Supplier Verification Programme

N/A

9 Mitigation Measures

9.1 Mitigation measures

N/A

9.2 Monitoring and outcomes

N/A

10 Detailed Findings for Indicators

Detailed findings for each Indicator are given in Annex 1.

11 Review of Report





11.1 Peer review

A peer review was not conducted.

11.2 Public or additional reviews

N/A

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	 <i>Breck Stuart</i>	<i>Planning Manager - GNT</i>	<i>July 15/19</i>
	Name	Title	Date
Report Prepared by:	<i>Daniel Martin</i>	<i>Consultant -Abies Consultants</i>	
	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:	 <i>Thor Olesen</i>	<i>CEO - GNT</i>	<i>July 15, 19</i>
	Name	Title	Date
Report approved by:	 <i>Earle Miller</i>	<i>VP Procurement - GNT</i>	<i>July 15, 19</i>
	Name	Title	Date
Report approved by:	<i>Veselin Milosevic</i>	<i>VP Operations - GNT</i>	
	Name	Title	Date
Report approved by:	 <i>Andy Wright</i>	<i>Production Manager NFTI - GNT</i>	<i>July 15/19</i>
	Name	Title	Date
Report approved by:	<i>Jim Miller</i>	<i>Operations Manager - GNT</i>	
	Name	Title	Date

13 Updates

N/A – This is an initial audit.

13.1 Significant changes in the Supply Base

N/A

13.2 Effectiveness of previous mitigation measures

N/A

13.3 New risk ratings and mitigation measures

N/A – This is an initial audit.

13.4 Actual figures for feedstock over the previous 12 months

N/A – This is an initial audit.

13.5 Projected figures for feedstock over the next 12 months

*Using the categories in Section 2.5 'Quantification of the Supply Base' (above), give an updated projection for the coming 12 month period. Volume may be shown in a banding between 0 to 200,000 GMT if a compelling justification is provided**

- * Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands are:

1. 0 – 200,000 tonnes or m³
2. 200,000 – 400,000 tonnes or m³
3. 400,000 – 600,000 tonnes or m³
4. 600,000 – 800,000 tonnes or m³
5. 800,000 – 1,000,000 tonnes or m³
6. >1,000, 000 tonnes or m³