



**FSC Standard: Standard For Company Evaluation of FSC Controlled Wood: FSC-STD-40-005 (Version 2-1) EN
Annex 2: FSC Risk Assessment and Verification Program**

Country and Regions covered with this risk assessment: Canada, Ontario, Private Wood from Local Wood Basket surrounding McRae Mill

McRae Lumber could purchase wood from private landowners that our in our geographical wood basket. Geographic districts of Nippissing, North Hastings and Renfrew

The following are the results of the risk assessment.

Illegally Harvested Wood

Indicators				Further Risk Assessment down to Local Level	Final Risk Level
1.1 Evidence of enforcement of logging related laws in the district.	Ontario Ministry of Natural Resources http://www.mnr.gov.on.ca/ Algonquin Forestry Authority http://www.algonquinforestry.on.ca/ Wood Supplier Audit procedures (section 4.6 of CoC manual)	McRae Lumber has identified all Suppliers that deliver wood to the company (Algonquin Forestry Authority and Bancroft Minden Forest Company SFL) Each load that arrives comes with a Bill of Lading # and is put on a Mass Scale slip. The MNR conducts compliance audits regularly on crown	Low Risk	→	Low Risk
1.2 There is evidence in the district demonstrating the legality of harvest and wood purchases that includes robust and effective systems for granting licenses and harvest permits.	Ontario Ministry of Natural Resources http://www.mnr.gov.on.ca/	Ontario has a strong system of government dedicated to the protection of it's natural resources. There is strong legislation and license granting procedures in place. Included in the binder are examples of Authority to Cut and Authority to Haul Crown Forest Resources	Although Ontario is one of the most stable areas in the world for legally harvested wood it is too big for low risk. So it is Unspecified Risk	Timber comes from private land. The landowner gives authorization to cut the wood and provides a signed form demonstrating consent. The wood therefore is harvested as per the owner's conditions and is legal wood.	Low Risk
1.3 There is little or no evidence or reporting of illegal harvesting in the district of origin.		Illegal logging is a rare occurrence in Ontario. Laws and judicial system provide recourse and penalties in the event of timber theft. Contracts are in place between purchaser and supplier to ensure legality.	Low Risk	→	Low Risk
1.4 There is a low perception of corruption related to the granting or issuing of harvesting permits and other areas of law enforcement related to harvesting and wood trade.	http://www.transparency.org/country#CAN	Canada is ranked 9th out of 176 countries in the 2012 Transparency International "Corruptions Perceptions Index" with a score of 84/100. On the 2011 Bribe Payer's Index Canada has a score of 8.5/10.	Despite being leaders in legal forest practices, Canada and Ontario are too large of jurisdictions. Therefore: Unspecified Risk	There is no reason to believe landowners are coerced into making a decision or any other corruption taking place.	Low Risk

Wood Harvested in Violation of Traditional or Civil Rights

Indicators				Further Risk Assessment down to Local Level	Final Risk Level
2.1 There is no UN Security Council ban on timber exports from the country concerned	http://www.globalpolicy.org/security-council/dark-side-of-natural-resources/timber-in-conflict.html	There is currently no UN Security Council ban on timber exports from Canada.	Low Risk	→	Low Risk
2.2 The country or district is not designated a source of conflict timber (e.g. USAID Type 1 conflict timber)	http://www.globalpolicy.org/security-council/dark-side-of-natural-resources/timber-in-conflict.html	Canada is not designated as a source of conflict timber.	Low Risk	→	Low Risk
2.3 There is no evidence of child labor or violation of ILO Fundamental Principles and Rights at work taking place in forest areas in the district concerned.	www.ilo.org	Forest employment in Canada is regulated under federal and provincial labour codes, which prohibit child labour, protect the rights of workers to organize and are consistent with other ILO provisions. Canada is a member of ILO.	Low Risk	→	Low Risk
2.4 There are recognized and equitable processes in place to resolve conflicts of substantial magnitude pertaining to traditional rights including use rights, cultural interests or traditional cultural identity in the district concerned.	Aboriginal Affairs and Northern Development Canada http://www.aadnc-aandc.gc.ca Forest Stewardship Council www.fsc.org	There is a process in place with both the governments of Canada and Ontario to negotiate and implement land claims and self government agreements. There is no information on Canada under the FSC national initiatives.	Again Canada and Ontario are too large of jurisdictions to guarantee low risk. Therefore: Unspecified Risk	There is no risk of this wood being implicated in aboriginal rights abuses. It comes from private land and the owner has given consent for harvesting. Also, in the current Agreement in Principle for Aboriginal Treaty Negotiations there is no private land in the discussion, only crown lands. http://www.ontario.ca/page/algouquin-land-claim#section-1	Low Risk
	Ontario Ministry of Aboriginal Affairs www.aboriginalaffairs.gov.on.ca			Low Risk	
2.5 There is no evidence of violation of the ILO Convention 169 on Indigenous and Tribal Peoples taking place in the forest areas in the district concerned.	Canadian Human Rights Commission http://www.chrc-ccdp.ca www.ilo.org	There is no evidence of violation according to the Canadian Human Rights Commission. Canada is a member of ILO.	Low Risk	→	Low Risk

Wood Harvested from forests in which high conservation values are threatened by management activities

				Further Risk Assessment down to Local Level	Final Risk Level
3.1 Forest management activities in the relevant level (eco-region, sub-eco-region, local) do not threaten eco-regionally significant high conservation values.	Conservation International Biodiversity Hotspots http://www.conservation.org/where/north_america/pages/priorities.aspx	Not mentioned as a biodiversity hotspot by Conservation International.	Again Canada and Ontario are too large of jurisdictions. Therefore: Unspecified Risk	Ontario has strong legislation in place pertaining to HCV's. On private land, some of these measures apply and others are used at the discretion of the landowner.	Low Risk
3.2 A strong system of protection (effective protected areas and legislation) is in place that ensures survival of the HCVs in the ecoregion.	http://www.cbd.int/countries/profile/?country=ca#status	Canada has added 24 million hectares to protected areas since 1994, which proves demonstrable progress towards completing a network of protected areas.	Again Canada and Ontario are too large of jurisdictions. Therefore: Unspecified Risk	Ontario Government Legislation governs the use of Algonquin as well as the scale and scope of forestry activities permitted. http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_06p12_e.htm http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90a17_e.htm	Low Risk

Wood Harvested from areas being converted from forests and other wooded ecosystems to plantations or non-forest uses

4.1 There is no net loss AND no significant rate of loss (>0.5%) of natural forests and other naturally wooded ecosystems such as savannahs taking place in the eco-region in question.	FAO Global Forest Resources Assessment http://www.fao.org/docrep/013/al472E/al472E.pdf pg(8) Table 1.4	There is no change in forest area in Canada between 1990 and 2010	Low Risk	→	Low Risk
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Wood From forests in which genetically modified trees are planted

				Further Risk Assessment down to Local Level	Final Risk Level
5. The district of origin may be considered low risk in relation to wood from genetically modified trees when one of the following indicators is complied with:	www.fao.org/docrep/008/ae574e/AE574E00.HTM http://cfs.nrcan.gc.ca/pubwarehouse/pdfs/18459_e.pdf	There are no GMO trees used commercially. In Canada GMO trees are only planted in field trials (page 10 Report of Preliminary Review of Biotechnology in Forestry including Genetic Modification – 2004) (Canadian Forest Service - Genetically Modified Trees)	Low Risk	→	Low Risk
a) There is no commercial use of genetically modified trees of the species concerned taking place in the country or district concerned		There is no commercial use of GMO tree species in the district concerned	Low Risk	→	Low Risk
b) Licenses are required for commercial use of genetically modified trees and there are no licenses for commercial use		See above	Low Risk	→	Low Risk
c) It is forbidden to use genetically modified trees commercially in the country concerned		See above	Low Risk	→	Low Risk

Conclusion: McRae Lumber is at a Low Risk Level