CONTROLLED WOOD RISK ASSESSMENT REPORT

Updated – 18 January 2019

RESTRICTED INFORMATION

1. COMPANY DETAIL

Company name		Besse Forest Products Group
Certificate number:		SAI-COC-001027
Controlled Wood Certificate number		SAI-CW-001027
Country:		United States of America
Company address		710 Rains Drive (P.O. Box 352) Gladstone, Michigan 49837 USA
Contact detail:	**Contact person:**	Joe Rademacher
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	e-mail Address	jrademacher@bessegroup.com
Assessment done by:		Joe Rademacher - on behalf of Besse Forest Products Group
Relation to the company:		Employee (Director of Standing Timber)
Date:		18 January 2019

3. LIST OF COUNTRIES AND DISTRICTS OF ORIGIN

List of countries and districts of origin of timber supplied within the company's FSC Controlled Wood Program.

Product	Species	District	Country
Logs and veneer	Hard Maple (Acer saccharum) Soft Maple (Acer rubrum) Red Oak (Quercus spp.) Hickory (Carya spp.) Birch (Betula spp.) Cherry (Prunus serotina) Walnut (Juglans nigra) Aspen (Populus spp.) Ash (Fraxinus, spp.) Basswood (Tilia americana) White Oak (Quercus spp.) Poplar (Liridodentron tulipifera) Eastern Red Cedar (juniperus virginiana) American Beech (Fagus grandifolia)	US states, including : Michigan Wisconsin Pennsylvania Minnesota Ohio Illinois Indiana West Virginia Alabama New York Missouri Virginia Kentucky Maine Iowa Tennesee Kansas New Hampshire Vermont Massachusetts Connecticut Rhode Island North Carolina South Carolina Georgia Mississippi Arkansas	United States of America

Logs and veneer	Hard Maple (Acer saccharum) Soft Maple (Acer rubrum) Red Oak (Quercus spp.) Hickory (Carya spp.) Birch (Betula spp.) Cherry (Prunus serotina) Walnut (Juglans nigra) Aspen (Populus spp.) Ash (Fraxinus, spp.) Basswood (Tilia americana) White Oak (Quercus spp.) Poplar (Liridodentron tulipifera)	Ontario	Canada

4. SUPPLY CHAIN

Manufacturers or traders that wish to control their timber sources within their own verification program shall demonstrate to the satisfaction of their certification body that its supply chain is identifiable and traceable down to the district (forest) level.

Company	Process	Input and origin	Controlled system verified
See Group CoC Manager : USA Procurement District	Supply of raw logs.	Logs purchased from Public and Private Landowners, Land Management Firms, Timber Harvesting Companies, and secondary suppliers within designated district of origin.	Material supplied directly and indirectly from source to Besse Forest Products Group. Origin verified through Due Diligence System.
See Group CoC Manager: Canadian Procurement District	Supply of raw logs.	Logs purchased from Landowners, Land Managers, Timber Harvesting Companies, and secondary suppliers within designated district of origin.	Material supplied directly and indirectly from source to Besse Forest Products Group. Origin verified through Due Diligence System.

PUBLIC INFORMATION

A. ORIGIN OF TIMBER

Country:	USA		
District	US states, including : Michigan, Wisconsin, Pennsylvania, Minnesota, Ohio, Illinois, Indiana, West Virginia, Alabama, New York, Missouri, Virginia, Kentucky, Maine, Iowa, Tennesee, Kansas, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, North Carolina, South Carolina, Georgia, Mississippi, Arkansas		
Risk Assessment Level (indicate the risk for the different levels)	**Country**	**District**	**FMU**
	Low	Low	n/a

Country:	Canada		
District	Canadian province of Ontario within the area subject to the FSC Great Lakes and St. Lawrence Draft Regional Standard.		
Risk Assessment Level (indicate the risk for the different levels)	**Country**	**District**	**FMU**
	n/a	Low	n/a

B. RESULT OF RISK ASSESSMENT

Type of source e.g. natural forest or plantations and general description of the supplier	Direct and indirect purchase of raw logs from natural forests on private and public lands in specified (above) districts in the USA and Canada.
Results (Low or Unspecified Risk and motivation: **USA Procurement district**	Overall conclusion of Low Risk and Specified Risk . Conclusion is supported by: a) FSC global CW guidance b) FSC national affiliate guidance c) Various independent and publicly-available sources cited below d) Consultation of other approved and published Risk Assessments for the same region. Evaluation of criteria 1, 2, 3, and 5; using FSC-approved and other recognized data sources yielded strong and unequivocal evidence supporting a low risk conclusion. Criterion 4 presented a somewhat more complex case, due to the overlap with identified ecoregions of concern for threats to high conservation values in the Appalachian mountain region and Ontario. A conclusion of low risk and/or specified risk for this criterion was also reached due to several factors, including: a) strong evidence of protection efforts in the regions, b) multiple and overlapping FSC CW risk assessments, c) key risk factors

	unrelated to forest management and timber procurement, and d) the very minor significance of both regions to the overall procurement of this company. (Note: Logs were only sourced from two suppliers in Ontario in 2017, and one of these two suppliers is FSC certified.)
Results (Low or Unspecified Risk and motivation: **Canada Procurement district**	Overall conclusion of Low or unspecified Risk. Conclusion is supported by: a) FSC global CW guidance b) FSC national affiliate guidance c) Various independent and publically-available sources cited below d) Consultation of other approved and published Risk Assessments for the same region. e) The district of origin of the timber is not located in any of the mapped areas of HCV's in Ontario. Evaluation of all five criteria; using FSC-approved and other recognized data sources yielded strong and unequivocal evidence supporting a conclusion of low or unspecified risk.

SPECIFIC REQUIREMENTS FOR EACH FSC CONTROLLED WOOD CATEGORY

USA Procurement District

1. ILLEGALLY HARVESTED WOOD

1.1 The district of origin may be considered low risk in relation to illegal harvesting when all the following indicators related to forest governance are present:

Requirements	Examples of sources of information	Finding & Evidence	Result	
			Unspecified risk	Low
1.1.1 Evidence of enforcement of logging related laws in the district	www.wwf.org www.eia-international.org www.ahec-europe.org www.globalforestregistry.org www.illegal-logging.info www.worldbank.org www.govindicators.org www.transparency.org	"Illegal logging is not widespread in the U.S…." www.wwf.org "The U.S. leads the world in legislation to make the import and sale of illegally-produced timber illegal". (www.illegal-logging.info. 1/24/14 The World Bank report titled "Law Compliance in the Forestry Sector" does not list any evidence of illegal logging activity in the Company's core procurement zone.		Low
1.1.2 There is evidence in the district demonstrating the legality of harvests and wood purchases that includes robust and effective systems for granting licenses and harvest permits.		Harvesting without legal right to do so is prohibited by national and state laws. Evidence indicates that violations are prosecuted and legal liability is enforced.		Low

1.1.3	There is little or no evidence or reporting of illegal harvesting in the district of origin.		Very low risk is cited in multiple sources that Timber (including all material subject to this assessment) is obtained from illegal sources in the US. There are international assessments of illegal logging from the World Wildlife Fund and Wood Resources International. These organizations have identified areas where there is evidence of systematic illegal logging. These areas do not include the United states or Canada. Additionally, the U.S. and Canada score high in measures of good governance as per data offered by Transparency International and the World Bank. Although illegal logging undoubtedly occurs in the United States and Canada, when compared to the global situation, illegal logging in the U.S and Canada occurs at such a small magnitude and frequency, that it cannot be considered to be systematic in any of the Companies procurement zones.	Low
1.1.4	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		According to FSC directive (FSC-DIR-40-005), this indicator can be considered as low risk if the Corruption Perception index is equal to or above 50. The 2017 CPI for the U.S is 75. (Transparency International, www.transparency.org)	Low

2 WOOD HARVESTED IN VIOLATION OF TRADITIONAL OR CIVIL RIGHTS

2.1 The district of origin may be considered low risk in relation to the violation of traditional, civil and collective rights when all the following indicators are present:

Requirements	Examples of sources of information	Finding & Evidence	Result	
			Unspecified risk	Low

2.1.1	There is no UN Security Council ban on timber exports from the country concerned;	Global Witness www.globalwitness.org	There is no UN Security Council ban on timber exports from the United States or Canada.	Low
2.1.2	The country or district is not designated a source of conflict timber (E.g. USAID Type 1 conflict timber);	www.usaid.gov	The USA and Canada are not designated as a source of conflict timber.	Low
2.1.3	There is no evidence of child labour or violation of ILO Fundamental Principles and Rights at work taking place in forest areas in the district concerned	www.ilo.org (Global child labor trends)	No evidence of child labor or violation of ILO fundamental principles on a remarkable scale is known to occur.	Low
2.1.4	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.	www.ahec-europe.org	Federal statutes support recognition of traditional rights of native peoples, and established mechanisms – including court decisions – are evident for resolving disputes. Recognition of the sovereign rights of indigenous peoples are recognized and treaty relationships established. In the U.S. and Canada, indigenous people govern the harvest from their lands. Additionally, Native Americans have an equitable process to resolve conflicts over land management within lands under treaty with the U.S. and Canadian governments.	Low
2.1.5	There is evidence of no violation of the ILO Convention 169 on Indigenous and Tribal Peoples taking place in the forest areas in the district concerned.	Assessment of Lawful Harvesting and Sustainability of US Hardwood Exports, AHEC www.ahec-europe.org	Evidence of violation of ILO Convention 169 is generally not noted to be a problem in this country based on national and international sources and reports.	Low

3 WOOD HARVESTED FROM FOREST IN WHICH HIGH CONSERVATION VALUES ARE THREATENED BY MANAGEMENT ACTIVITIES

3.1 The district of origin may be considered low risk in relation to any threat to high conservation values if:

a) indicator 3.1 is met; or

b) indicator 3.2 eliminates (or greatly mitigates) the threat posed to the district of origin by non-compliance with 3.1

Requirements		Examples of sources of information	Finding & Evidence	Result	
				Unspecified risk	Low
3.1.1	Forest management activities in the relevant level (eco-region, sub-eco-region, local) do not threaten eco-regionally significant high conservation values (HCV's).	http://www.americanhardwood.org/sustainability/responsible-sourcing/fsc-controlled-wood/ www.biodiversityhotspots.org www.worldwildlife.org/ecoregions Internal supply analysis of Besse Forest Product Group (proprietary) State of America's Forests - SAF http://www.americanhardwood.org/sustainability/responsible-sourcing/fsc-controlled-wood/ http:www.worldwildlife.org/publications/the-global-200-priority-ecoregions-for-global-conservation http://www.globalforestwatch.org/ www.govindicators.org	Biodiversity 'hotspots' as identified by Conservation International do not coincide with the specified procurement zone. The Seneca Creek study (commissioned by AHEC) concluded "We have a high degree of confidence that hardwood procured from anywhere in the Hardwood States could be considered low risk in all five categories of the (Controlled Wood) Standard." Specific analysis of the risk to high conservation values for the Appalachian Mixed Mosophytic and Appalachian-Blue Ridge Forests indicates that primary threats to these communities are related to development, fire suppression, and exotic species, but not commercial forest management. Institutional safeguards for biodiversity and ongoing conservation and certification programs are active throughout the region. The World Bank "rule of law" index records a high score of .73 for the USA in 2017. These factors, along with the very small significance of areas of concern to the overall procurement zone support a finding of low risk. Ecoregions of the Company's procurement zones were searched using the World Wildlife website. Researched ecoregions included: **NA0401 Allegheny Highlands forest**	Low risk	

		Status: Critical/Endangered Recreational and suburban development pose a significant threat to the forests of the Allegheny Highlands. This region can be considered low risk for forests of high conservation value because the United States has protected large blocks of forests in the region (Monongahela National forest, Cherry River Wilderness Area) and has developed mixed use strategies to ensure that the forests can be enjoyed by multiple interest groups. Management activities in this region specifically exclude the few remaining old growth forests. Additionally, recreation and suburban development, as well as agricultural development, are listed as major threats to the region's HCV's. Logging is not listed as a major threat to this region's HCV's. The presettlement forests of the Allegheny Highlands consisted primarily of hemlock (Tsuga canadensis) and beech (Fagus grandifolia) -- together the two species represent nearly 60 percent of all the trees observed in early land surveys of what is now Allegheny National Forest (Marquis 1975). Between 1890 and 1920, loggers cleared most of the Allegheny Plateau. Save for a few pockets of old growth, the current forests, which contain most of the presettlement species in different relative abundances and distribution, originated at that time. These forests display large-scale patterning	

		related to soil drainage, which segregates areas dominated by beech, hemlock, and white pine from areas dominated by hemlock and yellow birch. Smaller-scale patterning separates small areas of hemlock from yellow birch (Whitney 1990). An expanding deer population plays an important role in these forests, particularly in old growth areas. Heavy deer browsing since the 1930s has had a profound influence on the size-class distribution of stems. In one stand, for example, by 1978 deer had eliminated the smaller classes of once-common trees other than beech. Less than 1 percent of this ecoregion remains intact, but once logged areas are now reforested. Agriculture, particularly in the western and central lowlands, is the leading cause of habitat loss, while recreation and development contribute to habitat loss in the northern parts of the ecoregion. Relatively few large habitat blocks remain. The most important blocks are: •Pennsylvania State Forest, Potter/Clinton Counties - north-central Pennsylvania - approx. 1000 km2 •Allegheny National Forest, McKean/Warren Counties - northwestern Pennsylvania - 16.2 km2 (4,000 acres) •Catskill State Park - central New York (65 km2 unlogged in one tract; total unlogged is 54,000-65,000 km2 in 38 tracts) •Allegany State Park - western New York Degree of Fragmentation	

		The forests of the Allegheny Highlands are moderately fragmented, with some connectivity, clusters of habitat fragments, and an intervening landscape that allows for dispersal of many taxa through some parts of the ecoregion. Protected areas include: •Hammersley Fork Wilderness Area (approx. 100 km2) •Cook State Forests - northwestern Pennsylvania - 6.1 unlogged km2 (1500 acres) in a 29.1 km2 (7200 acre) forest •Catskills - 219 -263 km2 (54,000-65,000 acres) of mostly state land •Long Pond Macrosite - 24.3 km2 (6000 acres) under mixed ownership, including TNC •Arbutus Peak Oak Barren Macrosite, Luzerne County - northeastern Pennsylvania - 21.5 km2 (5313 acres) owned by the Pennsylvania Game Commission •Lehigh Pond, Wayne County - northeastern Pennsylvania - 15.8 km2 (3912 acres) •Hemlock Lake and Canadise Lake - western New York - approx. 4 km2 (1,000 acres) •Bergen Swamp - approximately 8 km2 (2000 acres) •Allegheny National Forest - northwestern Pennsylvania •Allegany State Park - western New York - includes 2.8 km2 (700 acres) of old growth •Woodbourne Forest - includes 2.4 km2 (600 acres) of old growth and second growth forest	

		Recreational and suburban development pose a significant threat to the forests of the Allegheny Highlands, particularly in the Finger Lakes region and the Catskills. In the western portion of the ecoregion, a booming deer population is destroying herbaceous vegetation and preventing tree regeneration. **<u>NA0402 Appalachian Mixed mesophytic forests</u>** Status: Critical/Endangered The Appalachian Mixed Mesophytic Forests ecoregion encompasses the moist broadleaf forests that cover the plateaus and rolling hills west of the Appalachian Mountains. It extends southward into northwest Alabama and east central Tennessee. Moving north, the region includes eastern Kentucky, western North Carolina, most of West Virginia, southeastern Ohio and southwestern Pennsylvania. The long evolutionary history of the region and wide range of topographic and edaphic conditions have contributed to the development of the rich biota and abundance of endemic species, particularly in freshwater communities. Over 95 percent of this habitat, perhaps more, has been converted or degraded at some point in the last 200 years. Only a few very small and scattered fragments of undisturbed or old-growth forests still remain, most are less than a few hectares in size.	

		Most of the agricultural lands have subsequently failed and are being abandoned, with an increase in the growth of secondary, or pioneer, forests. Secondary forests have the capacity to conserve a great deal of biodiversity and represent, in combination with the last fragments of undisturbed forest, the best opportunity to conserve the region's biodiversity over the long-term. Few remaining patches of undisturbed forest remain, although older pioneer forests (i.e., forests that have regrown from previously cleared land) can be relatively large. The larger habitat blocks that do exist are found primarily on public lands. Some of the larger extant blocks of relatively intact habitat can be found within the following areas: •Daniel Boone National Forest - east-central and southeastern Kentucky •Shawnee State Forest - southern Ohio •Wayne National Forest - southern Ohio •Big South Fork National Recreational Area - north-central Tennessee •Savage Gulf State Natural Area - south-central Tennessee (Grundy County) •Cranberry Wilderness - southeastern West Virginia •Monongahela National Forest - eastern West Virginia •Frozen Head State Natural Area - east-central Tennessee •Cumberland Gap - southeastern Kentucky •Pine Mountain - southeastern Kentucky (Letcher County)	

		•Blanton Forest - southeastern Kentucky (Harlan County) •Sipsey Wilderness - north-central Alabama •Talladega National Forest - east-central Alabama •Scott State Forest - northeastern Tennessee **Types and Severity of Threats** A primary threat is the increasing conversion and fragmentation of forests through logging and development. Hardwood forests are increasingly being exploited throughout the region as maturing forests become attractive to timber exploiters and production in West Coast forests declines. Both multinational timber industries as well as local chip mills in Kentucky and Tennessee create demand for increased harvests on public and private lands. Coal, copper, and ore mining in this ecoregion are a major cause of air and water pollution, causing widespread degradation and poisoning of ecosystems. The globally outstanding freshwater biodiversity of the ecoregion is highly imperiled from toxic pollution, acid runoff from mines, pesticides and herbicides, sedimentation, eutrophication from excess nutrient runoff, dams, dredging, channelization, and introduced species such as the zebra mussel. Acid rain deposition, from industrial and urban sources, continues to be a major problem in many sensitive ecosystems, particularly in higher elevation forest communities.	

		Highways continue to cause high mortality in wildlife and are barriers to dispersal for many species. Numerous proposed highways, roads, and power lines cut across many of the larger blocks of forest in the ecoregion, particularly in the Monongahela National Forest (e.g., "Corridor H", transmission lines in the proposed Cherry River Wilderness). Road building into larger blocks of forests should be curtailed to reduce fragmentation and loss of source pool breeding sites for migratory songbirds. Off-road vehicle use and road building has severely degraded riparian communities and rare bogs and glades in many areas. Abundant populations of deer, resulting from the eradication of large predators and poorly-managed hunting programs, have been implicated in the extirpation and reduction of many understory plant species and the alteration of community structure . The nearly extirpated Canada yew (Taxus canadensis) of Monogahela National Forest is a classic example of this problem, although not even recognized by the agency as a sensitive species. Many wild herbs and other plants are harvested for commercial purposes, and some, like wild ginseng, are threatened with extirpation over large areas of their range because of unregulated and illegal poaching. Large numbers of black bears are poached for their gall bladders for the Asian medicinal trade. Freshwater mussels are legally and illegally harvested for their shells to be used as nuclei for cultured pearls in Asia. A number of endangered species, including many plants and freshwater mussels and fish, occur within the ecoregion.	

		Several landscape-level conservation systems have been proposed for this ecoregion and the adjacent Appalachian ecoregion, consisting of a network of core protected areas, corridors and linkage zones, and buffer zones. This region can be considered low risk since the World Wildlife Fund states that 95% of this region has been converted or degraded. The few remaining small fragments of old growth are protected. **NA0403 Appalachian Blue Ridge forests** Status: Vulnerable **Types and Severity of Threats** The major types of conversion threats for the ecoregion are timber and mineral extraction, conversion to developed lands, fire suppression, air pollution, acid precipitation, high densities of deer, and the introduction of exotic pests and diseases. Timber extraction is a serious threat to habitat protection. While the demand for forest products will increase in the future, the abandonment of farms, demand for recreation, and support of the general public for forested lands should offset the extraction of the hardwood forests . However, the forest structure will change, becoming a younger, disturbed forest, which will support different faunal species than mature hardwood stands.	

		Mining of coal and minerals continues to be a signficant threat to large tracts of habitat through direct destruction, and toxic runoff and deposition. Development also threatens the ecoregion. In the past 2 decades, natural lands have been increasingly developed for recreational resorts and second homes. This development has, for the most part, been unregulated at the government level in the past. Most of this developed land was converted from abandoned agricultural fields. A by-product of increased urban and suburban development, even in distant regions, is an increase in air pollution and acidic precipitation. The ecological effects associated with acid rain deposition include a degradation of fitness and growth of trees and shrubs, a loss of resilience to natural stresses, and direct mortality of sensitive animal species. In particular, the Appalachian high elevation spruce-fir forest communities have experienced significant forest damage from air pollutants, and are highly susceptible to future degradation. The reduction and extirpation of large predators has caused rodents and deer to proliferate in abundance well above their estimated natural range. Browsing by deer and other abundant herbivores has been implicated in the extirpation of plant species and the alteration of communities throughout the region. The introduction of exotic pests and diseases poses a serious threat to portions of the habitat.	

		This region can be considered low risk since the World Wildlife Fund ecoregion summary does not specifically list logging as a threat to any HCV's. **NA0404 Central U.S hardwood forests** Status: Critical/Endangered Only about 1% of this ecoregion remains as intact habitat. Urban sprawl and agricultural conversion are the greatest conversion threats to the region. Invasion of exotic grasses, cave vandalism and overuse for recreation, fire suppression in fire-maintained systems, and loss of large ungulates (bison) are degrading the remaining natural habitats. Deer poaching continues to be a problem in Kentucky and Tennessee, and collection of wild herbs is ongoing across the region. This region can be considered low risk because forest management activities have not been listed as a threat to this eco-region. **NA 406 Eastern forest-boreal transition** Status: Vulnerable The timber industry continues to be very active in the ecoregion, particularly in the Canadian portion. There is increased mining potential throughout and tourism is beginning to create significant impacts in parts of the ecoregion. Although this ecoregion cannot be considered low risk due to the presence of intact forest landscapes, Besse Forest Products Group does not source timber from any of the mapped areas of IFL's as depicted in maps provided by Global Forest Watch.	

		Additionally, the Company sourced timber from only a few suppliers in this ecoregion in 2018. Per Advice-40-005-14, compliance with Indicator 3.2 can be demonstrated if a strong system of high conservation values is in place. The definition of strong shall be based on the effectiveness of law enforcement in the country. This can be demonstrated through a high rating (>75%) in the World Bank Rule of Law index. Canada's score for 2016 is .81 (www.govindicators.org). There is also a significant degree of protection within the state, national, and provincial parks. Compliance with indicator 3.2 can also be demonstrated if there is significant stakeholder support by relevant national/regional stakeholders from the assessed district. The draft NRA for Canada posted for public consultation is the product of efforts initiated in 2015. Canada's NRA has been directed and refined by the Canada NRA Working Group – a balanced group of 8 individuals representing each of FSC Canada's four chambers (Aboriginal, Economic, Environmental and Social) – as a means to ensure that the risk assessment takes into consideration Canada's specific social, geographic and legislative context. The draft NRA also takes into account review and input from FSC International Policy and Standards Unit to ensure alignment with the international NRA framework. Although the Company can demonstrate low risk of procuring timber from HCV areas, this ecoregion should be considered specified risk.	

		NA 0407 Eastern Great Lakes lowland forests Status: Critical/Endangered Development, particularly construction of summer homes and suburbanization, pose the greatest conversion threat to the Eastern Great Lakes Lowland forests. Montreal (population greater than 2 million), Ottawa (population greater than 700,000) and Quebec City (population greater than 700,000) are some of the larger urban centres. Suburbs of other urban centres such as Toronto, Ontario, Syracuse, and Albany, N.Y. spill out into this region as well, despite their city centres being in adjacent ecoregions. Widespread farming occurs on much of the rest of the landscape (along with smaller manufacturing centres). Principal crops are corn, grains, soybeans and apple orchards. Degradation due to pollution, however, is a more serious concern. The St. Lawrence is one of the most polluted waterways in North America, with high levels of mirex, PCBs, DDT and its derivatives (Colborn et al. 1990). In spite of this, the area still supports a diversity of faunal populations including breeding populations of common and black terns, caspian terns, and least and American bittern. The shoreline of Lake Ontario and the St Lawrence is important migratory bird habitat including land birds, shore birds and waterfowl.	

		This region can be considered low risk since the World Wildlife Fund does not specifically reference logging as a threat to any of the region's HCV's. Additionally, the Company only sources upland hardwood species. **NA 0410 New England-Acadian forests** Status: Critical/Endangered The major conversion and degradation threats to this ecoregion are development and logging. Development for second homes and ecotourism is a particular problem in Quebec and in the vicinity of other urban centres. Development and population growth are also a significant threat in northeastern Vermont. Logging remains an important industry in Maine, and may alter large areas of habitat in that state as well as in the provinces of Quebec and New Brunswick. High-intensity recreational development (e.g. ski hills) and mining (esp. in Quebec) combine to further reduce the remaining extent of natural habitat in this ecoregion. This region can be considered low risk because management activities have proven to be effective. Agriculture and construction are driving the conversion of forests. The remaining old growth forests have been protected from harvesting. The company rarely procures wood from this region.	

		NA 0411 Northern Coastal forests Status: Critical/Endangered Development is the greatest threat and could significantly alter at least 25 percent of the remaining habitat within the next 20 years. Native plants are experiencing significant mortality due to shoreline erosion, the introduction of exotics, and overuse of natural resources. Collection of wild orchids and reptiles poses a threat to some species and the recreational use of fragile shoreline constitutes a major threat to the wildlife of this ecoregion. This region can be considered low risk for HCV conversion because the region is already largely converted due to suburban sprawl rather than forest management activities. **NA 0414 Southern Great Lakes Forests** Status: Critical/Endangered In eco region 0414, the WWF reports “no habitat blocks of significant size remain”. The remaining tiny fragments of natural habitat in the Southern Great Lakes face intense conversion pressure from development and agricultural expansion. Agricultural conversion for corn, soybeans, tobacco, grains, canola, and tender fruit has occurred. Urban sprawl threatens this region. Agricultural land and woodlots are being severed to accommodate country homes. Habitat not being converted is being degraded by pollution and exotic species. Wildlife exploitation continues and the elimination of most target species is imminent or complete.	

		This region can be considered low risk because the conversion of this ecoregion has already occurred. Forest management activities are not listed as a specific threat to this regions HCV's. **<u>NA 0415 Upper Midwest Forest Savannah Transition</u>** <u>Status: Critical/Endangered</u> In ecoregion 0415 one of the "Suite of Priority Activities" listed was to "improve private timber management to prevent conversion….", and the Wisconsin DNR was listed as a Conservation Partner. The Company employs a WDNR "Cooperating Forester" who works with private landowners to implement acceptable forestry practices on their lands while mitigating the spread of invasive species. Four main threats to the survival of this ecosystem have been identified: 1) loss of recovery opportunities as second home and residential development spread into more natural areas, 2) lack of general awareness of the globally threatened status of oak-savanna vegetation, 3) fire suppression and misunderstanding about the importance of burning in maintaining the integrity of the ecosystem, and 4) invasion by exotic plants such as honeysuckle (Lonicera sp.) and reed canary grass (Phalaris arundinacea) (Henderson and Epstein 1995). Grazing of wooded sites by cattle and deer continue to be a problem. In some areas the forests containing maturing oaks and walnuts are big enough for a second cut. The need to protect these areas from logging is paramount.	

		If carefully managed, portions of the UMTZ have good potential for recovery. It is estimated that within a few decades thousands of hectares of overgrown oak savannas on public and private lands could be recovered. Restoration techniques involve thinning, removing brush, and burning. This region can be considered low risk because the threats to HCV's are due to urbanization. The changes in this eco-region are not due to logging, but are related to urbanization and lack of fire-related management. **<u>NA 0416 Western Great Lakes Forests</u>** Status: Relatively Stable/Intact The most significant conversion threat in this ecoregion is the conversion of pine to aspen forest. Logging is a significant cause of this conversion throughout the ecoregion. Paper mills and oriented strand board mills are now harvesting second growth forests. Much of the forest outside core protected areas has been converted to young, successional stands of birch and aspen. Although aspen-dominated forests provide habitat for wildlife, they have crowded out the native white pine forests. Agriculture, scattered throughout the ecoregion, and development, especially for second homes along the lakeshores, also pose conversion threats.	

		In ecoregion 0416, none of the Company's procurement practices conflict with the stated "Suite of Priority Activities". This region is a "core" procurement zone for the Company. We purchase and harvest a significant percentage of our sugar maple from this zone. Most of this maple is being harvested from areas that are managed under the "Single Tree Selection" method. This method ensures an all-aged stand of trees, and is considered indefinitely sustainable barring any natural catastrophes such as forest fire, windstorms, etc. The Company does not source softwood logs or lumber from this region, so this eco-region can be considered low risk. **Summary/Conclusion:** Based on the findings stated above, Besse Forest Products group considers its sources to be low risk for adversely affecting forests of high conservation value at an eco-regional level.	
3.2			N/A

4 WOOD HARVESTED FROM AREAS BEING CONVERTED FROM FORESTS AND OTHER WOODED ECOSYSTEMS TO PLANTATIONS OR NON-FOREST USES

4.1. The district of origin may be considered low risk in relation to conversion of forest to plantations or non-forest uses when the following indicator is present:

[Note: the change from plantations to other land uses is not considered as conversion].

Requirements		Examples of sources of information	Finding & Evidence	Result	
				Unspecified risk	Low
4.1.1	There is no net loss AND no significant rate of loss (> 0.5% per year) of natural forests and other naturally wooded ecosystems such as savannahs taking place in the eco-region in question	Report of the American Hardwood Export Council,2008. http://www.americanhardwood.org/sustainability/responsible-sourcing/fsc-controlled-wood/ US Forest Service, Forest Inventory and Analysis Program (USFS – FIA) http://fia.fs.fed.us/tools-data/other/default.asp "Retention of High-Valued Forest Lands at Risk of Conversion to Non-Forest Uses in Washington State". College of Forest Resources, Univ. of Washington. March 25, 2009 Nippon Paper Industries USA Co., Inc. – Controlled Wood Risk Assessment – Public Information (approved by QMI-SAI Global 8/15/09) Cascade Hardwood's FSC Controlled Wood Risk Assessment (approved by SCS 5/12/09) Washington Alder's FSC Controlled Wood Risk Assessment (approved by SCS 5/12/09) United Pacific Forest Products FSC Controlled Wood Risk Assessment (approved by SCS 8/12/08) Olympic Panel Products Risk Assessment Statement for the State of Washington (approved by SmartWood 9/24/09) Boise Western Oregon District Controlled Wood Risk Assessment (approved by SmartWood 8/17/09) www.fao.org	Specific analysis of publicly-available quantitative analysis of trends in natural forest cover identified only two ecoregions where losses exceed the threshold identified by this criterion – The Everglades of Florida and the Pacific Lowland Mixed Forest – Puget Trough in Washington. Neither of these ecoregions overlap the Company's procurement zone. Additionally, the two ecoregions comprising the vast majority of log procurement subject to this analysis – Laurentian Mixed Forest and Eastern Broadleaf Forest (continental) – show minor loss and strong growth, respectively. A conclusion of low risk is readily supported. The FAO report titled "Global Forest resources Assessment 2015" states a .1% increase in forested land in the U.S for the period 1990-2015.	Low	

5

5.1 Requirements related to wood from forests in which genetically modified trees are planted

Requirements	Examples of sources of information	Finding & Evidence	Result	
			Unspecified risk	Low
5.1.1 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: a) There is no commercial use of genetically modified trees of the species concerned taking place in the country or district concerned. OR b) Licenses are required for commercial use of genetically modified trees and there are no licenses for commercial use OR c) It is forbidden to use genetically modified trees commercially in the country concerned.	http://globalforestregistry.org Report of the American Hardwood Export Council,2008. http://www.americanhardwood.org/sustainability/responsible-sourcing/fsc-controlled-wood/ Assessing risk of purchasing Genetically Modified Organisms (GMOs) for compliance with the Annex 2 of the FSC Controlled Wood Standard FSC-STD-40-005 for wood sourced in the United States - Draft for Public Comment www.fao.org	All species being procured within this analysis are native to the region and are being sourced from harvests in natural forests. No commercial use of GMO techniques is currently underway in the USA.	Low No evaluation performed on 5.1.1b and 5.1.1c, since information exists for criterion 5.1.1a.	

6 GENERAL

Requirements	Examples of sources of information	Finding & Evidence	Result	
			Unspecified risk	Low
General search on the company	Google Web Google News http://www.usnpl.com/minews.php	A search of numerous search terms on national and regional sites, yielded many business-to-business references to the firm,	Low	

	http://www.mlive.com/	but no references relevant to this analysis.	

Canada Procurement District

1. ILLEGALLY HARVESTED WOOD

1.1 The district of origin may be considered low risk in relation to illegal harvesting when all the following indicators related to forest governance are present:

Requirements		Examples of sources of information	Finding & Evidence	Result	
				Unspecified risk	Low

1.1.1	Evidence of enforcement of logging related laws in the district	www.illegal-logging.info
		www.eia-international.org
		http://fsccontrolledwood.org/
		FSC National Initiatives (contacts from www.fsc.org); fscus.org, fsccanada.org.
		http://www.Transparency.org
		http://globalforestregistry.org
		http;//www.govindicators.org
		http:// worldjustice project.org
			Regulation of timber harvesting in the Canada is organized at both the federal and provincial levels. Enforcement of laws prohibiting illegal logging is recognized as highly active and effective.		Low

1.1.2	There is evidence in the district demonstrating the legality of harvests and wood purchases that includes robust and effective systems for granting licenses and harvest permits.		Multiple international assessments cited by FSC IC support the lack of systematic illegal logging in the US or Canada.		Low
1.1.3	There is little or no evidence or reporting of illegal harvesting in the district of origin.		Very low risk is cited in multiple sources that timber (including all material subject to this assessment) is obtained from illegal sources in Canada.		Low

1.1.4	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		According to FSC directive (FSC-DIR-40-005), this indicator can be considered as low risk if the Corruption Perception index is equal to or above 50. The 2017 CPI for Canada is 82. (Transparency International, www.transparency.org)	.Low

2 WOOD HARVESTED IN VIOLATION OF TRADITIONAL OR CIVIL RIGHTS

2.2 The district of origin may be considered low risk in relation to the violation of traditional, civil and collective rights when all the following indicators are present:

Requirements		Examples of sources of information	Finding & Evidence	Result	
				Unspecified risk	Low
2.2.1	There is no UN Security Council ban on timber exports from the country concerned;	Global Witness www.globalwitness.org	There is no UN Security Council ban on timber exports from the United States or Canada.	Low	
2.2.2	The country or district is not designated a source of conflict timber (E.g. USAID Type 1 conflict timber);	. www.usaid.gov FSC Canada Support Document Rolling Draft – September 2007, Version 1.0	The USA and Canada are not designated as a source of conflict timber.	Low	
2.2.3	There is no evidence of child labour or violation of ILO Fundamental Principles and Rights at work taking place in forest areas in the district concerned	FSC Guidance on Civil and Traditional Rights. Global Child labor trends 2000 to 2004. ILO (International Labour Office). (available at: http://www.ilo.org/ipecinfo/product/viewProduct.do;?productId=2299 www.ilo.org	Labor practices are regulated in Canada at the federal and provincial levels. Ample evidence is available to support active and consistent enforcement of labor standards, including child labor and other internationally recognized labor standards.	Low	
2.2.4	There are recognized and equitable processes in place to resolve conflicts of substantial	FSC Guidance on Civil and Traditional Rights.	Federal statutes support recognition of traditional rights of native peoples, and established mechanisms – including court	Low	

	magnitude pertaining to traditional rights including use rights, cultural interests or traditional cultural identity in the district concerned;	FSC Canada Support Document Rolling Draft – September 2007, Version 1.0	decisions – are evident for resolving disputes. Recognition of the sovereign rights of indigenous peoples are recognized and treaty relationships established.	
2.2.5	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.	. CANADA AND THE ILO, FREEDOM OF ASSOCIATION SINCE 1982 A Study Prepared for the Canadian Employers Council FSC Canada Support Document Rolling Draft – September 2007, Version 1.0	While some evidence exists of ILO complaints against Canada, no evidence of violations was found. No reference to ILO convention 169 was found in existing complaints.	Low
2.2.6		http://www.govindicators.org http://worldjusticeproject.org	The World Bank "rule of law" index records a score of .90 for Canada in 2018.	

3 WOOD HARVESTED FROM FOREST IN WHICH HIGH CONSERVATION VALUES ARE THREATENED BY MANAGEMENT ACTIVITIES

3.1 The district of origin may be considered low risk in relation to any threat to high conservation values if:

c) indicator 3.1 is met; or

d) indicator 3.2 eliminates (or greatly mitigates) the threat posed to the district of origin by non-compliance with 3.1

Requirements		Examples of sources of information	Finding & Evidence	Result	
				Unspecified risk	Low
3.1.1 3.1.2	Forest management activities in the relevant level (eco-region, sub-eco-region, local) do not threaten eco-regionally significant high conservation values;	FSC Canada Support Document Rolling Draft – September 2007, Version 1.0 Criteria and Indicators of Sustainable Forest Management in Canada http://www.mnr.gov.on.ca/en/Business/Forests/Publication/index.html http://globalforestwatch.org	**NA 406 Eastern forest-boreal transition** Status: Vulnerable The timber industry continues to be very active in the ecoregion, particularly in the Canadian portion. There is increased mining potential throughout and tourism is beginning to create significant impacts in parts of the ecoregion.	Low	

	www.worldwildlife.org/publications/the-global-200-priority-ecoregions-for-global-conservation http://ca.fsc.org/en-ca/standards/national-risk-assessment-01 www.intactforests.org www.ccea.org www.govindicators.org	Although this ecoregion cannot be considered low risk due to the presence of intact forest landscapes, Besse Forest Products Group does not source timber from any of the mapped areas of IFL's as depicted in maps provided by Global Forest Watch. Additionally, the Company sourced timber from only two suppliers in this ecoregion in 2017, and one of those suppliers is FSC certified. Per Advice-40-005-14, compliance with Indicator 3.2 can be demonstrated if a strong system of high conservation values is in place. The definition of strong shall be based on the effectiveness of law enforcement in the country. This can be demonstrated through a high rating (>75%) in the World Bank Rule of Law index. Canada's score for 2017 is .81 (www.govindicators.org). There is also a significant degree of protection within the state, national, and provincial parks. Compliance with indicator 3.2 can also be demonstrated if there is significant stakeholder support by relevant national/regional stakeholders from the assessed district. The draft NRA for Canada posted for public consultation is the product of efforts initiated in 2015. Canada's NRA has been directed and refined by the Canada NRA Working Group – a balanced group of 8 individuals representing each of FSC Canada's four chambers (Aboriginal, Economic, Environmental and Social) – as a means to ensure that the risk assessment takes into consideration Canada's specific social, geographic and legislative context. The draft NRA also takes into account review and input from FSC International Policy and Standards Unit to ensure alignment with the international NRA framework.	

		Highly evolved standards for sustainable management of forests are documented by the provincial Ministry of Natural Resources. Included in these public standards are numerous criteria designed to protect high conservation values in the landscapes. The region most relevant to the subject log procurement program is not among areas of prominent concern in the province. The district of origin of the timber procured by the Company is not located in any of the mapped areas of HCV's. Although the Company can demonstrate low risk of procuring timber from HCV areas, this ecoregion should be considered specified risk.	

4 WOOD HARVESTED FROM AREAS BEING CONVERTED FROM FORESTS AND OTHER WOODED ECOSYSTEMS TO

5 PLANTATIONS OR NON-FOREST USES

a. The district of origin may be considered low risk in relation to conversion of forest to plantations or non-forest uses when the following indicator is present:

[Note: the change from plantations to other land uses is not considered as conversion].

Requirements	Examples of sources of information	Finding & Evidence	Result	
			Unspecified risk	Low
5.1.1 There is no net loss AND no significant rate of loss (> 0.5% per year) of natural forests and other naturally wooded ecosystems such as savannahs taking place in the eco-region in question	The United Nations Food and Agricultural Organization`s 2007 Report on the State of the World`s Forests (p. 57) http://www.fao.org/forestry/site/sofo/en. Ontario's State of the Forest Report – 2006 http://www.mnr.gov.on.ca/en/Business/Forests/Publication/196959.html	Reported annual harvest in Canada is calculated at 0.019% (1/25th of the international threshold.) The Global Forest Resources Assessment 2015 list small change in forested land for the period 1990-2015. The most recent Ontario MNR assessment indicates no significant change in provincial forest resources and that harvest levels are still less than the available and sustainable supply		Low

6 WOOD FROM FORESTS IN WHICH GENETICALLY MODIFIED TREES ARE PLANTED

6.1 Requirements related to wood from forests in which genetically modified trees are planted

Requirements	Examples of sources of information	Finding & Evidence	Result	
			Unspecified risk	Low
6.1.1 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:	FSC Canada Support Document Rolling Draft – September 2007, Version 1.0	All species being procured within this analysis are native to the region and are being sourced from harvests in natural forests.		Low

d) There is no commercial use of genetically modified trees of the species concerned taking place in the country or district concerned. OR e) Licenses are required for commercial use of genetically modified trees and there are no licenses for commercial use OR f) It is forbidden to use genetically modified trees commercially in the country concerned.		No commercial use of GMO techniques is currently underway in the Canada.	

7 GENERAL

Requirements	Examples of sources of information	Finding & Evidence	Result	
			Unspecified risk	Low
General search on the company	Google Web Google News http://www.usnpl.com/minews.php http://www.mlive.com/	A search of numerous search terms on national and regional sites, yielded many business-to-business references to the firm, but no references relevant to this analysis.	Low	

End of report