

**FSC Standard: Standard for Company Evaluation of FSC Controlled Wood: FSC-STD-40-005 (Version 3-1) EN
Annex 2: FSC Risk Assessment and Verification Program**

Country and Regions covered with this risk assessment: Canada, Ontario, Algonquin Forest

McRae Lumber has completed a risk assessment of procuring raw materials from Algonquin Forestry Authority supplied wood
Not classified as FSC certified raw materials
The following are the results of the risk assessment.

Illegally Harvested Wood

Indicators				Further Risk Assessment down to Local Level- Algonquin Forest	Final Risk Level
<p>1.1 Evidence of enforcement of logging related laws in the district</p> <p>1.1 (a) The organization shall use the 'Minimum list of applicable laws, regulations and nationally ratified international treaties, conventions and agreements' (Table A, below) for the identification of logging related laws in the supply area under evaluation</p> <p>b) The organization may use existing national lists</p>	<p>Ontario Ministry of Natural Resources http://www.mnr.gov.on.ca/ Algonquin Forestry Authority http://www.algonquinforestry.on.ca/</p> <p>Wood Supplier Audit procedures (section 4.6 of CoC Manual)</p> <ul style="list-style-type: none"> - FSC network partners and regional offices (contacts: ic.fsc.org) - The Royal Institute of International Affairs (www.illegal-logging.info) Environmental Investigation Agency (www.eia-international.org) - Global Witness (www.globalwitness.org) - Telapak (for Indonesia - www.telapak.org) - UK Government's Department 	<p>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</p> <p>Land and management rights are clearly defined in the legislation. Sources confirm enforcement of these laws (general assessment of law enforcement based on international indicators and lack of evidence of violation of</p>	<p>Low Risk</p>	<p>Provincial and SFL specific enforcement and legislation confirm that land management rights are clearly defined and controlled by the government.</p> <p>All outside indicators also confirm low risk level</p>	<p>Low Risk</p>

from approved FSC National Forest Stewardship Standards and other reputable sources in order to compile the list	for International Development (DFID) - EU FLEGT process (http://www.euflegt.efi.int/home) - Transparency International Corruption Perception Index (www.transparency.org) - WWF (www.panda.org) - ELDIS regional and country profiles (www.eldis.org) - CITES (www.cites.org)	these laws).			
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://mnr.gov.on.ca/	Ontario has a strong system of government dedicated to the protection of its 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	The Algonquin Forestry Authority (AFA) has IOS 14001 and CSA Z809 environmental certifications. The AFA also conducts all forest operation under the control of a Sustainable Forest Management Plan (FMP) written by a professional forester. The FMP must also be reviewed and subjected to public participation and comment. The AFA is a Crown Corporation and is controlled by the Crown through the Ministry of Natural Resources and the Government of Ontario. www.algonquinforestry.on.ca	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. Contacts 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	http://www.transparency.org/country#CAN	Canada is ranked 9 th out of 176 countries in the 2012 and in 2016 Transparency International "Corruptions Perceptions Index" with a score of 84/100 in 2012 and	Despite being leaders in a legal forest practice. Canada and Ontario are too large of	There is little to no evidence of illegal forestry activity happening in Algonquin Park. The Forestry operations are controlled and monitored by an agency of the Crown (The Algonquin Forestry Authority) who are certified and audited by the Government of Ontario and	Low Risk

enforcement related to harvesting and wood trade		82 in 2016 On the 2011 Bribe Payer's Index Canada Has a score of 8.5/10 .	jurisdictions. Therefore: Unspecified Risk	also by a number of third party certification system. The forestry operations are also monitored regularly by Ministry of Natural Resources Inspectors. www.algonquinforestry.on.ca	
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Wood Harvested in Violation of Traditional or Civil Rights

Indicators				Further Risk Assessment down to Local Level- Algonquin Forest	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 jurisdiction to guarantee low risk. Therefore: Unspecified Risk	In Algonquin Park there is no evidence of wood being harvested in violation of traditional or civil rights. In the Annual Reports the AFA documents the criteria that are evaluated. See Criteria involving native involvement and protection of spiritual and traditional values. http://algonquinforestry.on.ca/forest-certification-what-is-it/monitoring-annual-reports/	Low Risk
	Ontario Ministry of Aboriginal Affairs www.aboriginalaffairs.gov.on.ca				Low Risk

<p>2.5 There is no evidence of violation of the ILO Convention 169 on Indigenous and Tribal Peoples taking place in the forest area in the district concerned.</p>	<p>Canadian Human Rights Commission http://www.chrc-ccdp.ca www.ilo.org</p>	<p>There is no evidence of violation according to the Canadian Human Rights Commission. Canada is a member of ILO</p>	<p>Low Risk</p>		<p>Low Risk</p>
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**Wood Harvested from forest
 In which high conservation
 Values are threatened by
 Management activities**

				<p>Further Risk Assessment down to Local Level – Algonquin Forest</p>	<p>Final Risk Level</p>
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<p>3.1 Forest management activities in the relevant level (eco-region, Sub-eco-region, local) do not threaten eco-regionally significant high conservation values</p> <p>The organization shall first assess whether any HCVs are threatened at the ecoregional level. If any HCVs are threatened at the ecoregional level, the organization shall assess how forest management activities relate to these HCVs at the supply area level. For the risk assessment of this category the identification of ecoregionally significant HCVs is required, which in practical terms implies that locally relevant values are not in the focus of this step of the risk assessment. Threatened ecoregions can be identified through the supporting information that references, but is not limited to e.g. Biodiversity Hotspots, Global 200 Ecoregion, Frontier Forest, Intact Forest Landscapes. Regarding Intact Forest</p>	<p>Conservation International Biodiversity Hotspots http://www.conservation.org/w here/north_america/pages/prior ities.aspx</p> <p>- FSC documentation on HCVs (ic.fsc.org) - Ecoregion definition and information (www.worldwildlife.org/biomes)</p> <p>Forest, woodland, or mangrove ecoregions identified by World Wildlife Fund as a Global 200 Ecoregion and assessed by WWF as having a conservation status of endangered or critical. If the Global 200 Ecoregion comprises more than a single terrestrial ecoregion, an ecoregion within the Global 200 Ecoregion can be considered low risk if the sub-ecoregion has a Conservation Status other than critical' or 'endangered' (www.worldwildlife.org/science/wildfinder)</p> <p>- Intact Forests Landscapes, as identified by Greenpeace (www.intactforests.org)</p> <p>- Regions identified by the World Resources Institute as a Frontier Fores</p>	<p>Not Mentioned as a biodiversity hotspot by Conservation International.</p>	<p>Again Canada and Ontario are too large of jurisdictions. Therefore: Unspecified Risk</p>	<p>A strong system of management plans and controls are in place to ensure HCV's are protected. Both the Master Plan for Algonquin Park and the Forest Management plans make significant allocations for a variety of HVC's and place the ecological integrity of the forest as the primary priority http://www.algonquinpark.on.ca/pdf/management_plan.pdf http://algonquinforestry.on.ca/wp-content/uploads/6.1.20-FMP-Summary-w-Map1.pdf</p> <p>Not listed as an Intact Forest Landscape by Greenpeace and WWF</p> <p>WWF lists area as "Vulnerable" so low risk</p> <p>Area is not listed as a Biodiversity Hotspot so therefore is low risk</p>	<p>Low Risk</p>
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<p>Landscapes, firefighting or fire prevention for the protection of public safety is not considered to be an economic activity of minimal disturbance. Fire control in the context of forest management activities is not considered to be an economic activity of minimal disturbance. Low risk for this indicator may be demonstrated as follows: a) Material does not originate from any of the mapped areas of HCVs (as listed in 3.1), or b) There are no ecoregionally significant HCVs in the supply area according to independent verifiable information at the supply area/supply unit level (NGO reports, environmental impact assessments, etc.).</p>					
<p>3.2 A strong System of protection (effective protected areas and legislation) is in place that ensures survival of the HCV's in the ecoregion.</p>	<p>http://www.cbd.int/countries/profile/?country=ca#status</p>	<p>Canada has added 24 million hectares to protected areas since 1994, which proves demonstrable progress towards completing a network</p>	<p>Again Canada and Ontario are too large of jurisdictions. Therefore: Unspecified Risk</p>	<p>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-</p>	<p>Low Risk</p>

		of protected areas.		laws.gov.on.ca/html/statute/english/elaws _statues_90a17_e.htm	
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**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 or 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/al472.pdf pg(8) Table 1.4 FSC network partners and regional offices (contacts: ic.fsc.org)	There is no change in forest area in Canada between 1990 and 2010 There is small change <50 for 2010-2015	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- Algonquin Forest	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 trails (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		There is no commercial use of GMO tree species in	Low Risk		Low Risk

concerned taking place in the country or district concerned		the district concerned			
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