

CONTROLLED WOOD RISK ASSESSMENT REPORT
According to FSC-STD-40-005 v3

COUNTRY OF ORIGIN: CANADA : NEW-BRUNSWICK

Districts / areas covered by this risk assessment : Plaster Rock, Victoria, Carleton

Certificate holder:	Masonite International Corporation	Ecoregions covered with this risk assessment :	Gulf of St-Laurence lowland forests (NA0408)
Date of risk assessment:	january 2018		
Certificate holder address:	6184 rue Notre-Dame, Lac-Mégantic, QC, Canada G6B 3B5		

Category	FSC Indicator	Information Sources Used	Justification and risk at the indicator level	Risk Designation
1. Illegally Harvested Wood 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:	1.1 Evidence of enforcement of logging related laws in the supply area. 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. b) The organization may use existing national lists from approved FSC National Forest Stewardship Standards and other reputable sources in order to compile the list. Where the FSC Global Forest Registry contains an FSC approved list of applicable laws for a country, it is mandatory to use this list.	<i>See Table A: List of Applicable laws, regulation, and nationally ratified international treaties, conventions and agreements, from the FSC-CNRA-CAN V1 - 2015</i> Centralized National Risk Assessment for Canada FSC-CNRA-CAN-V1-0 EN – 2015	Canada has a consistent and efficient legal framework to control forest management and tree harvesting, also covering illegal logging in public forests. Illegal logging can occur in rare and marginal, circumstances. The situation is not as clear in private forests where the regulation is less developed. Cutting permits are however required (Quebec) in order to be able to sell the wood. No Canadian commercial tree species are listed in CITES Appendices I-III . <i>See table A at the end of this document : List of Applicable laws, regulation, and nationally ratified international treaties, conventions and agreements, from the FSC-CNRA-CAN V1</i>	Risk at the indicator level : low
	1.2 There is evidence in the supply area demonstrating the legality of harvests and wood purchases including, for example, robust and effective systems for granting licenses and harvest permits.	<i>See Table A: List of Applicable laws, regulation, and nationally ratified international treaties, conventions and agreements, from the FSC-CNRA-CAN V1 - 2015</i> Centralized National Risk Assessment for Canada FSC-CNRA-CAN-V1-0 EN – 2015	Permits and cutting rights are common practice in public forests. Monitoring is done to ensure permits requirements are followed. There is no large-scale harvesting taking place in the region north of the commercial forest tenure zone. The forests south of the commercial forest tenure zone are largely privately owned	Risk at the indicator level : low
	1.3 There is little or no evidence or reporting of illegal harvesting in the supply area.	<i>See Table A: List of Applicable laws, regulation, and nationally ratified international treaties, conventions and agreements, from the FSC-CNRA-CAN V1 - 2015</i> Centralized National Risk Assessment for Canada FSC-CNRA-CAN-V1-0 EN – 2015	There is no evidence that large scale illegal wood harvesting occurs in North America public forests, in Canada.	Risk at the indicator level : low

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	<p>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.</p> <p>The annually published Transparency International <i>Corruption Perception Index</i> (CPI) shall be used.</p> <p>Countries with a score of less than 50 shall be considered unspecified risk, unless there is specific independent and credible information at a lower scale (e.g. implemented independent timber tracking systems) that demonstrates the contrary.</p>	<p>Transparency International maintains regularly updated information on perceptions of corruption at the national level : http://www.transparency.org/cpi2015/</p>	<p>There is no evidence of large scale corruption in Canada in relation to issuing harvesting permits and other related areas of law enforcement related to harvesting and wood trade.</p> <p>According to FSC directive (FSC-DIR-40-005) this indicator can be considered as low risk only if the Corruption Perception Index (CPI) for the given country is equal to or above 50. According to the latest (2015) evaluation results from Transparency International, the CPI for Canada is 83.</p>	<p>Risk at the indicator level : low</p>
Global risk status of category				LOW

Category	FSC Indicator	Information Sources Used	Justification and risk at the indicator level	Risk Designation
<p>2. Wood harvested in violation of traditional or civil rights 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:</p>	<p>2.1 There is no UN Security Council ban on timber exports from the country concerned;</p>	<p>http://www.globalwitness.org/pages/en/forests.html Compendium of United Nations Security Council Sanctions Lists http://www.un.org/sc/committees/list_compend.shtm</p>	<p>There is no UN ban on any North American wood products, including Canada. There is no UN Security Council ban on timber exports from Canada Canada is not covered by any other international ban on timber export. There are no individuals or entities involved in the forest sector in Canada that are facing UN sanctions.</p>	<p>Risk at the indicator level : low</p>

Category	FSC Indicator	Information Sources Used	Justification and risk at the indicator level	Risk Designation
	2.2 The country or district is not designated a source of conflict timber (e.g. USAID Type 1 conflict timber)	<p>General source: Centralized National Risk Assessment for Canada FSC-CNRA-CAN-V1-0 EN - 2015</p> <p>www.usaid.gov http://pdf.usaid.gov/pdf_docs/pnact462.pdf</p> <p>Global Witness: www.globalwitness.org</p> <p>Greenpeace: www.greenpeace.org Search for 'conflict timber [country]'</p> <p>www.google.com (Canada conflict Timber)</p>	<p>No information on conflict timber related to Canada found.</p> <p>http://www.greenpeace.org.uk/forests/destructive-and-illegal-logging But logging doesn't have to be illegal to damage ancient forests. Legal practices can be equally destructive, such as clear-cutting vast swathes of forest in places like Canada and Russia.</p> <p>http://www.greenpeace.org.uk/forests/boreal-forest "May 2010 saw the launch of a historic accord, the Canadian Boreal Forest Agreement, which brings together 9 environmental groups, including Greenpeace and 21 of the largest logging companies in Canada. [...] But despite its ecological importance, approximately half of the Boreal Forest has been allocated or licensed to logging companies. The heaviest development is concentrated in the southern reaches of the Boreal, which is also the most productive wildlife habitat. Over 90 per cent of this area has been clearcut, with individual clearcuts sometimes extending over 10,000 hectares. That's about 17,000 football fields, which makes them some of the largest clearcuts in the world."</p> <p>No information on conflict timber in Canada found.</p> <p>Also no information found on illegal logging, although some sources made mention of vast legal clear-cuttings of forests.</p> <p>No information on conflict timber in Canada found. Several conflicts related to indigenous peoples and forestry found but these cannot be classified as 'armed conflict' .</p> <p>The following low risk thresholds apply:</p> <ol style="list-style-type: none"> (1) The area under assessment is not a source of conflict timber; AND (2) The country is not covered by a UN security ban on exporting timber; AND (3) The country is not covered by any other international ban on timber export; AND (4) Operators in the area under assessment are not involved in conflict timber supply/trade; AND <p>Other available evidence does not challenge 'low risk' designation.</p> <p>Risk at the indicator level : low</p>	<p>Risk at the indicator level : low</p>

Category	FSC Indicator	Information Sources Used	Justification and risk at the indicator level	Risk Designation
	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 assessed supply area.	<p>source: Centralized National Risk Assessment for Canada FSC-CNRA-CAN-V1-0 EN</p> <p>ILO Declaration on Fundamental Principles and Rights at Work. Country reports. http://www.ilo.org/declaration/lang-en/index.htm Source of several reports. Search for 'racial discrimination', 'child labour', 'forced labour', 'gender equality', 'freedom of association'</p> <p>Child Labour Index 2014 produced by Maplecroft. http://maplecroft.com/portfolio/new-analysis/2013/10/15/child-labour-risks-increase-china-and-russia-most-progress-shown-south-america-maplecroft-index/</p>	<p>http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_126752.pdf (Accelerating action against child labour, 2010) No specified risk information found on child labour in Canada.</p> <p>http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_106268.pdf (The cost of coercion, 2009) Similarly, in Canada, whereas the Royal Canadian Mounted Police has estimated that at least 800 women are trafficked into the country every year, a recent study found that only 31 cases had been reported to immigration authorities in the two years after May 2006, when data were first collected on the exploitation of foreigners in the sex trade and forced labour. [...]In the United States and Canada, there has been growing attention to the forced labour conditions that can be experienced by foreign workers in domestic service, agriculture and other sectors of the economy. In both countries the creation of new task forces and strengthened law enforcement against human trafficking has served to bring ever more cases to light (see later chapters). No further references to Canada.</p> <p>http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_243961.pdf (World of Work report 2014) No specified risk information found on Canada in this report.</p> <p>http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/instructionalmaterial/wcms_243015.pdf (Resource guide on Gender issues in employment and labour market policies) No specified risk information found on Canada in this report</p> <p>Canada scores 'low risk' on the Child Labour Index 2014</p> <p>Risk at the indicator level : low</p>	<p>Risk at the indicator level : low</p>

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	<p>2.4 There are recognized and equitable processes 14 in place to resolve conflicts of substantial magnitude pertaining to traditional rights including use rights, cultural interests or traditional cultural identity in the assessed supply area.</p>	<p>For a summary of historic land claims processes see http://www.ainc-inac.gc.ca/pr/trts/hti/site/maindex_e.html</p> <p>For information about recent self-government and land claims agreements see http://www.ainc-inac.gc.ca/pr/agr/index_e.html#Self-GovernmentAgreements</p>	<p>Governmental mechanisms are developed in Canada to manage conflicts between local communities, First Nations and the use of natural resources, including forestry. In Canada, there are 12 historic treaties signed between 1850 and 1923.</p> <p>In the modern-day treaty process there are two main types of agreement (Comprehensive Land Claims and Self Government Agreements), with typically three stages in the negotiation process (Framework Agreement, Agreement in Principle and Final Agreement). On Comprehensive Land Claims in Canada there are currently 9 Framework Agreements, 9 Agreements in Principle and 30 Final Agreements. On Self Government Agreements there are currently 9 Framework Agreements, 16 Agreements in Principle and 24 Final Agreements. The resolution of land use rights in Canada is typically carried out through governmental processes. Information about current and completed processes is at http://www.ainc-inac.gc.ca/pr/trts/hti/site/maindex_e.html</p> <p>Risk at the indicator level : low</p>	<p>Risk at the indicator level : low</p>
	<p>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 supply area concerned. The standard does not refer to the ratification of ILO 169 and a risk assessment shall involve an assessment of evidence of violation of ILO requirements, irrespective of whether or not they have been ratified by the country in which the risk assessment is made.</p>	<p>Canadian high court decisions from the past twenty years that pertain to Aboriginal and Treaty Rights.</p>	<p>There is no evidence that Convention 169 is violated. The rights of Aboriginal People's have been recognized in the Canadian Constitution. The relationship between Aboriginal People's and the governments of Canada, Ontario and Quebec has and will continue to evolve. Risk at the indicator level : low</p>	<p>Risk at the indicator level : low</p>
Global risk status of category				LOW

Category	FSC Indicator	Information Sources Used	Justification and risk at the indicator level	Risk Designation
<p>3. Wood harvested from forest in which high conservation values are threatened by management activities The district of origin may be considered low risk in relation to 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.</p>	<p>3.1 Forest management activities at the relevant level (ecoregion, sub-ecoregion, local) do not threaten eco-regionally significant HCVs.</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.</p> <p>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.</p> <p>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.</p> <p>Regarding Intact Forest 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.</p> <p>Low risk for this indicator may be demonstrated as follows:</p> <p>a) Material does not originate from any of the mapped areas of HCVs (as listed in 3.1), or</p> <p>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>http://www.nationalgeographic.com/wildworld/profiles/g200_index.html Those regions identified by the World Resources Institute as a Frontier Forest Intact Forests Landscapes, as identified by Greenpeace www.intactforests.org</p> <p>Conservation International Biodiversity hotspots http://www.biodiversityhotspots.org/xp/Hotspots/hotspots_by_region/Pages/default.aspx</p> <p>WWF Ecoregions database / Global 200 : http://www.worldwildlife.org/biome-categories/terrestrial-ecoregions</p> <p>http://www.worldwildlife.org/ecoregions/na0408</p>	<p>Wood supply ecoregions include the following : Gulf of St-Laurence lowland forests (NA0408)</p> <p>None of these ecoregions are identified as a biological hotspot by Conservation International.</p> <p>In Canada, there is a well developed protected area network covering the listed ecoregions above. These networks aim at protecting and maintaining biological diversity.</p> <p>In Canada reference to protected areas can be found in :</p> <p>Park Law (Federal),</p> <p>Forest Laws (Provincial),</p> <p>Law on the Protection of the Environment</p> <p>In private forest, there is a legal framework at the municipal and regional level in order to protect sensitive areas such as water bodies and landscapes.</p> <p>Law on the Protection of the Environment</p> <p>In private forest, there is a legal framework at the municipal and regional level in order to protect sensitive areas such as water bodies and landscapes.</p> <p>Additional information on status of the ecoregions covered :</p> <p>Gulf of St-Laurence lowland forests (NA0408)</p> <ul style="list-style-type: none"> - WWF Status : Critical/Endangered - Ecoregion is identified as Biodiversity Hotspot? No - Ecoregion is part of WWF's "Global 200 ecoregions" ? No - Ecoregion is identified by the World Resources Institute Frontier Forest Intact Forests Landscapes : no. <p>Overall risk for the supply area : low considering that the the supply area is very limited within the ecoregion : Plaster Rock, Victoria, Carleton districts .</p>	<p>Risk at the indicator level: Low</p>

Category	FSC Indicator	Information Sources Used	Justification and risk at the indicator level	Risk Designation
	<p>3.2 A strong system of protection (effective protected areas and legislation) is in place that ensures survival of the HCVs in the ecoregion. Low risk for this indicator shall be demonstrated as follows:</p> <p>a) A strong system of protection of HCVs 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 ($\geq 75\%$) in the World Bank 'rule of law' index (www.govindicators.org), and</p> <p>b) There is significant support by relevant national/regional stakeholders from the assessed supply area, or</p> <p>c) The forest manager has agreed to an approach of HCV protection at the supply unit level with national/regional environmental stakeholders relevant for the assessed supply area.</p> <p>c) Indicator 3.2 cannot be met if there is substantial objection from relevant national or regional stakeholders against a low risk designation for the HCV category.</p>	<p>List of Parties to the Convention on Biological diversity http://www.cbd.int/convention/parties/list/</p> <p>Canada's thematic report to CBD http://www.cbd.int/reports/analyzer.shtml</p> <p>Provincial and Federal National Park network.</p> <p>Canada's protected areas network http://atlas.nrcan.gc.ca/site/english/maps/environment/protectedarea/protectedareasbyjurisdiction</p> <p>World bank Governance Matters http://info.worldbank.org/governance/wqi/index.asp</p> <p>Global Forest Risk http://globalforestrisk.nepcon.net/</p> <p>World Bank rules index www.govindicators.org</p> <p>WWF Ecoregions database / Global 200 : http://www.worldwildlife.org/biome-categories/terrestrial-ecoregions http://www.worldwildlife.org/ecoregions/na0410</p> <p>http://www.worldwildlife.org/ecoregions/na0408</p>	<p>Even though the risk was classified as low for 3.1, the following evidence show that protection measures are in place for the entire ecoregion and are described below :</p> <p>Canada has signed and ratified the Convention on Biological Diversity.</p> <p>Canada's Biological Diversity Thematic Report on Forest Ecosystem shows that various national activities are underway to improve the conservation of forest biological diversity and expand the network of protected areas.</p> <p>Canada's World rule of law index is above 75% showing that the legal system is functioning adequately, including for the protection of forest biological diversity.</p> <p>World Bank rules index : 95.6 for Canada (2014 data). This is above 75 as specified by ADVICE-40-005-14 and therefore this is an indication of a good law enforcement.</p> <p>Gulf of St-Laurence lowland forests (NA0408) New-Brunswick, Nova-Scotia WWF Status : Critical/Endangered Specific and effective protection measures in place: Remaining Blocks of Intact Habitat •Area encompassing Kouchibouguac National Park, New Brunswick.</p> <p>Degree of Protection •Kouchibouguac National Park - eastern New Brunswick - 239 km² •Prince Edward Island National Park - northern Prince Edward Island - 25.9 km² •Dollar Lake Provincial Park - northern Nova Scotia - 11.93 km² •Ile Brion Ecological Reserve - eastern Quebec - 6.5 km² •Brudenell River Provincial Park - eastern Prince Edward Island - 5.85 km²</p> <p>Additional information on forest management practices that are in place to mitigate the impacts on biological diversity, endangered species and their habitat including on private lands : Forest management practices and protection of biological diversity : http://www2.gnb.ca/content/gnb/en/departments/erd/natural_resources/content/ForestsCrownLands.html http://www2.gnb.ca/content/gnb/en/departments/erd/natural_resources/content/ForestsCrownLands/content/ProtectedNaturalAreas.html</p> <p>Forest management manual for Crown forests http://www2.gnb.ca/content/dam/gnb/Departments/nr-rn/pdf/en/ForestsCrownLands/ScheduleE_FMM_En.pdf</p> <p>Forest management on private woodlots http://www2.gnb.ca/content/gnb/en/services/services_renderer.201362.Private_Woodlot_Silviculture_Program.html</p> <p>Considering all the above information showing protection measures at the ecoregion level, the final risk designation is low.</p>	<p>Risk at the indicator level: low</p>

Category	FSC Indicator	Information Sources Used	Justification and risk at the indicator level	Risk Designation
Global risk status of category				LOW
4. Wood harvested from areas being converted from forests and other wooded ecosystems to plantations or non-forest uses 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:	4.1 There is no net loss or 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.	FAO GOFC-GOLD Global Observation of Forest and Land Cover Dynamics FAO Global Forest Resources Assessment 2010 Conservation International Regional Analysis National data sources FSC National Initiatives and Regional Offices contacts www.fsc.org	Extent and change of forest area in Canada is reported as unchanged between 1990 and 2010. Total annual deforestation in Canada is estimated as ranging between 54,600 and 80,500 hectares annually. Based on a total national forest area of 418 million hectares, this amounts to an annual deforestation rate as high as 0.019%, or 1/25th of the international threshold. Deforestation rates in Canada are not broken down by ecoregion. It is not known if the deforestation rates in any ecoregion might potentially be more than 25 times higher than the average national rate; if so it would be restricted to ecoregions in highly urbanized areas. FAO 2010 data : forest cover has not changed in Canada between 1990 and 2010. FAO. Total annual deforestation in Canada is estimated as ranging between 54,600 and 80,500 hectares annually. Based on a total national forest area of 418 million hectares, this amounts to an annual deforestation rate as high as 0.019%, or 1/25 th of the international threshold. Deforestation rates in Canada are not broken down by ecoregion. It is not known if the deforestation rates in any ecoregion might potentially be more than 25 times higher than the average national rate; if so it would be restricted to ecoregions in highly urbanized areas.	Risk at the indicator level: Low
Global risk status of category				LOW
5. Wood from forests in which genetically modified trees are planted 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 being sourced; or	Armand Séguin, Ph.D. Research Scientist, Forest Genomics, Laurentian Forestry Centre https://cfs.nrcan.gc.ca/projects/38 The Canadian Food Inspection Agency, Division 28 (Novel Foods) section of the Food and Drug Regulations C.R.C., c. 870. Available at: http://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._870/FullText.html http://www.inspection.gc.ca/plants/plants-with-novel-traits/approved-under-review/field-trials/eng/1313872595333/1313873672306	(1) GMO use is illegal according to applicable legislation of the area under assessment AND the risk assessment for relevant indicators of Category 1 confirms that applicable legislation is enforced. There is no ban against GMO in Canada. However there is a very strict scientific protocol that needs to be conducted before a permit for commercialization can be given by the Canadian Food Inspection Agency. If someone want to commercialize GM tree, they would have to do a confined field trial to demonstrate safety before they could get a permit in order to commercialize it. (2) There is no commercial use of GMO (tree) species in the area under assessment,	Risk at the indicator level: low

Category	FSC Indicator	Information Sources Used	Justification and risk at the indicator level	Risk Designation
	<p>b) Licenses are required for commercial use of genetically modified trees and there are no licenses for commercial use of the species being sourced; or</p> <p>c) It is forbidden to use genetically modified trees commercially in the country concerned.</p>		<p>There are very few GM trees in Canada. All are located in two very small confined research plots (one in Quebec, one in Ontario) and managed/used by the Canadian Forest Service (CFS). GM tree planted in Canada are for pure research activity only, and at a very small scale (2 hectares confined field trial each plot). The research does not have commercial objectives nor funding, but focus on environmental impacts of GM trees, and is publicly funded. GM trees are not on the fast track in Canada. The Canadian Forest Service is keeping 1 single researcher in order to be able to attend international conferences and keep abreast of what is happening in the field.</p> <p>AND</p> <p>(3) Other available evidence does not challenge 'low risk' designation.</p>	
Global risk status of category				LOW

Table A: List of Applicable laws, regulation, and nationally ratified international treaties, conventions and agreements, from the FSC-CNRA-CAN V1 - 2015

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
Legal rights to harvest			
<p>1.1 Land tenure and management rights</p>	<p>Applicable laws and regulations</p> <p>(Forestry is mostly a provincial jurisdiction in Canada)</p> <p>Land use laws for all provinces.</p> <p><u>Land use rights on public land:</u> In all provinces, public industrial forest leases/concessions (called forest tenures in the rest of this document) are co-managed to varying degrees together by the ministry of natural resources of each province and the tenure holder. The vast majority of productive forest land is public (Crown) land that is administered by provincial natural resource agencies but leased to large forest products corporation.</p> <p><u>Ownership of Private Lands:</u> Only 7% of Canada's forests are privately owned. Timber companies in some provinces own large tracts of forest (for example, in Nova Scotia, New Brunswick and British Columbia). The rest of the private forest land base is divided primarily among thousands of small family-owned forests and woodlots located across Canada.</p>	<p>http://www.cfs.nrcan.gc.ca/bookstore_pdfs/6008.pdf</p> <p>http://www.nrcan.gc.ca/forests/canada/sustainable-forest-management/13303</p> <p>Example: Ontario Forest Tenure Modernization Act: www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_11_o10_e.htm</p> <p>wri.org/sites/default/files/wri_report_4c_report_legalityguide_final320.pdf</p> <p>Example: BC Forest Act part 3 Disposition of Timber by the Government, Division 1 — Forms of Rights to Crown Timber: http://www.bclaws.ca/Recon/document/ID/freeside/96157_03#part3_division8.2</p> <p>Additional information on the forestry regulatory environment in Canada can be found in the Compilation of Canadian Provincial and Federal Regulations Relevant to Forest Management Activities published by the National Council for Air and Stream Improvement at ncasi.org/Downloads/Download.ashx?id=9485.</p>	<p>Low risk</p> <p>Canada has established an extensive and rigorous system of forest governance to prevent abuses with regards to land tenure and ownership. In 2014, the World Resources Institute referred to Canada's record of the lowest prevalence of suspicious log supply and corruption of any country. A low level of corruption coupled with strong tenure governance systems throughout the country means a low risk of illegally obtained forest licenses or tax exemptions.</p> <p>Ontario, for example, adopted the Ontario Forest Tenure Modernization Act in 2011. This act is modernizing the system that governs Crown forest management and how companies get wood. This law was elaborated collaboratively with Aboriginal people and stakeholders.</p> <p>Communities and individuals holding customary rights will often have resources to have their rights respected in forest management. Be it through municipalities, associations or federations like those of trappers and hunters, right holders have the means to see the legislation being applied when it comes to the protection of their rights inside public forests in Canada.</p> <p>Based on these findings, it is concluded that the risk must be considered low in this sub criteria.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>The stereotypical private woodlot is a rural resident's 5-75 hectares of forest land that may be used for hunting, berry-picking, maple syrup production, aesthetic enjoyment and other non-fibre uses in addition to moderate or occasional timber harvesting. The minority of woodlot owners that are interested in economic returns from fibre management are organized into formal woodlot owner associations, marketing boards and joint ventures.</p> <p>Legal Authority</p> <p><u>For public land:</u> Regulated and managed at the provincial level via the ministry of forests.</p> <p><u>For Private land:</u> Land title and registries are registered with provincial registry offices, and an assessment of property value takes place which determines the property tax rate.</p> <p>Legally required documents or records</p> <p>Forest tenure contracts for public land.</p> <p>Ownership titles for private lands.</p>		

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	Online records of allocated tenures exist in most provinces.		
1.2 Concessions on licenses	<p>Applicable laws and regulations</p> <p>All provinces have relatively similar legislation and procedures for allocating forest tenures. The conditions often entail the creation or maintenance of some production facility within or adjacent to the area covered by the licence or agreement, and some responsibility for forest management within the same area.</p> <p>Many different provincial forest tenure types exist, though two predominate on provincial Crown forest land: One generally takes the form of a longer-term, area-based agreement which delegates considerable management responsibilities to tenure holders, whereas the second type is usually of shorter duration, volume-based, and delegates fewer management responsibilities to tenure holders. Tenures of the first type are frequently held by large, integrated or pulp producing companies, while those of the second type are often held by smaller non-integrated logging and/or</p>	<p>http://www.cfs.nrcan.gc.ca/bookstore_pdfs/6008.pdf</p> <p>http://www.nrcan.gc.ca/forests/canada/sustainable-forest-management/criteria-indicators/13225</p> <p>Example: Ontario Forest Tenure Modernization Act: www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_11_010_e.htm</p> <p>Example from BC of tenure application and award (pages 14-16): https://www.for.gov.bc.ca/ftp/hth/external/publish/web/timber-tenures/timber-tenures-2006.pdf</p> <p>Example: BC Forest Act part 3 Disposition of Timber by the Government, Division 1 — Forms of Rights to</p> <p>Compilation of Canadian Provincial and Federal Regulations Relevant to Forest Management Activities published by the National Council for Air and Stream Improvement at ncasi.org/Downloads/Download.ashx?id=9485.</p> <p>Example New Brunswick: http://www.google.ca/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CB0QFjAA&url=http%3A%2F%2Fwww.nben.ca%2Fen%2Fcollaborative-action%2Fcaucuses%2Fcrown-lands-network%2Fcrown-lands-network-documents%3Fdownload%3D235%253Aunlocking-the-economic-potential-of-new-brunswick-crown-</p>	<p>Low risk</p> <p>Most timber harvest in Canada occurs on public land, where tenure rights are required. Forest tenures, along with forest legislation and regulations, help Canada's jurisdictions ensure that Crown forests are managed responsibly and that forest companies remain accountable to Canadians.</p> <p>In 2014, the World Resources Institute referred to Canada's record of the lowest prevalence of suspicious log supply and corruption of any country. A low level of corruption coupled with strong tenure governance systems throughout the country means low risk of obtaining forest licenses or tax exemptions illegally.</p> <p>Competition for forest concession is high amongst forest industrials. The number of players also ensure a certain degree of scrutiny of the forest license allocation process.</p> <p>Based on these findings, it is concluded that the risk must be considered low in this sub criteria.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>sawmilling enterprises.</p> <p>The more comprehensive, long- term tenures have various titles, such as: Unités d'aménagement (UA) in Québec (under Québec Sustainable Forest Development Act, A-18.1), Tree Farm Licences (TFLs) in British Columbia, Forest Management Agreements FMAS) in Alberta, in Alberta, Sustainable Forest Licences (SFL) in Ontario, Forest Management Licence Agreements (FMLAs) in Saskatchewan, and Forest Management Licences (FMLs) in Manitoba. Both tenure types allow firms to harvest timber under certain conditions (stated above).</p> <p>Legal Authority</p> <p>Provincial ministry in charge of forests.</p> <p>Legally required documents or records</p> <p>Forest tenure contract.</p>	<p>lands&ei=Gz_4U5biLcLk8AWH4oLACQ&usg=AFQjCN G0UOr9hqywbPLADzYJfDnRFfLQCA</p>	
1.3 Management and harvesting planning	<p>Applicable laws and regulations</p> <p>Forestry property rights have evolved differently across provincial jurisdictions, resulting in a mix of tenure arrangements</p>	<p>http://www.nrcan.gc.ca/forests/canada/sustainable-forest-management/criteria-indicators/13225</p> <p>http://www.nrcan.gc.ca/forests/canada/sustainable-forest-management/13303</p>	<p>Low risk</p> <p>Forest management on private lands is primarily governed by provincial and municipal regulations and guidelines. Some provinces have laws that set standards for forest management practices on private lands, and many private landowners have</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>across the country. However, the majority of Crown forest land is held in what are referred to as volume-based or area-based tenure agreements. Volume-based tenures allow companies to harvest a certain volume of timber from a broadly defined area, whereas area-based tenures require tenure holders to prepare forest management plans in return for the right to harvest timber over a specific land base.</p> <p>Private land is often also subject to requirements with regards to forest management in Canada. The regulator in those cases is usually the municipal government.</p> <p>Legal Authority</p> <p>Provincial ministry in charge of forests.</p> <p>Municipalities with by-laws covering forest management activities.</p> <p>Legally required documents or records</p> <p>Forest tenure contracts. Publicly available forest</p>	<p>Example of Forest tenures in BC and the responsibilities of the tenure holder for each type of tenure (pages 10- 13): https://www.for.gov.bc.ca/ftp/hth/external/publish/web/timber-tenures/timber-tenures-2006.pdf</p> <p>http://www.agriculture.gov.au/Style%20Library/Images/DAFF/data/assets/pdffile/0003/2406072/canada-country-specific-guideline.pdf</p> <p>sfmcanada.org/en/forest-products/legal-forest-products#Prov</p> <p>Compilation of Canadian Provincial and Federal Regulations Relevant to Forest Management Activities published by the National Council for Air and Stream Improvement at ncasi.org/Downloads/Download.ashx?id=9485.</p>	<p>forest management plans and participate in government programs to guide their stewardship and harvesting activities.</p> <p>Provinces in which harvesting on private land for commercial purposes is more common, often put in place legislation to regulate this activity. For example, the province of British Columbia has the Private Managed Forest Lands Act, the province of New Brunswick has the Natural Products Act which includes the development, conservation and management of forest resources on private woodlots and the Scalers Act in Nova Scotia applies to both public and private lands. Most provinces have regulatory mechanisms in place to track timber harvested from private lands so that it can be differentiated from public timber (for which royalties must be paid). These mechanisms include regulations for timber scaling, timber marking and transportation. In provinces where there are no specific statutes related to forest harvesting on private lands, landowners can rely upon laws of general application to protect their property from trespass or timber theft.</p> <p>Failure by a tenure holder to comply with approved plans and harvesting permits can result in stiff penalties, from fines or the suspension of harvesting authorities to seizure of timber and even imprisonment.</p> <p>Provincial forest authorities (ministries of forests) have established offices in the forested regions of the provinces. These offices have inspectors with capacity (GPS equipment, maps, 4x4 vehicles, ATVs and other vehicles) and authority to sanction forest operators if they do not respect the forest management as planned. Inspectors have the power to issue fines or suspend operations if they detect management outside of what was planned.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	management plans. Private land titles.		Based on these findings, it is concluded that the risk must be considered low in this sub criteria.
1.4 Harvesting permits	<p>Applicable laws and regulations</p> <p>Provincial forest acts and other related documents regulating forest management, forest road construction, water crossings, etc.</p> <p>Federal laws that apply to all forestry operations: While the provinces and territories have authority over the management of most forested land in their jurisdictions, forestry operations are also bound by national legislation. The comprehensive laws and regulations enforced by the provinces and territories are therefore designed to address the requirements of federal legislation relevant to forests, such as the <u>Species at Risk Act</u>, the <u>Fisheries Act</u> and the <u>Canadian Environmental Assessment Act</u>.</p> <p>Forestry activities must also comply with international agreements Canada has signed, such as the <u>Convention on Biological Diversity</u> and the <u>Convention on International Trade</u></p>	<p>Quebec example (Sustainable Forest Development Act section VI Droits forestiers, line 73): http://www.canlii.org/en/qc/laws/stat/cqlr-c-a-18.1/latest/cqlr-c-a-18.1.html</p> <p>http://www.nrcan.gc.ca/forests/canada/sustainable-forest-management/13303</p> <p>http://cpi.transparency.org/cpi2013/results/</p> <p>Example on conditions for obtaining harvesting permits in BC: BC Forest Act part 3 Disposition of Timber by the Government, Division 1 — Forms of Rights to Crown Timber: http://www.bclaws.ca/Recon/document/ID/freeside/96157_03#part3_division8.2</p> <p>BC License to cut regulation example: http://www.bclaws.ca/Recon/document/ID/freeside/221_2006</p> <p>Compilation of Canadian Provincial and Federal Regulations Relevant to Forest Management Activities published by the National Council for Air and Stream Improvement at ncasi.org/Downloads/Download.ashx?id=9485.</p>	<p>Low risk</p> <p>Each provincial and territorial jurisdiction closely monitors the companies operating in public forests, and require formal reporting on their activities. As well, the provinces and territories use systems of checks and controls to track the timber that is removed from these lands. Provincial government agencies responsible for enforcement conduct compliance audits. Where there is evidence of any contraventions, more detailed investigations may be carried out.</p> <p>Enforcement activities may lead to the issuance of warnings, tickets, fines or other penalties. The most serious infractions are prosecuted through the court system.</p> <p>Corruption associated with timber sales and harvest permits in Canada is rarely an issue. Canada has a very good Corruption Perception Index (81), as measured by Transparency International.</p> <p>On private lands, discouraging illegal and unsustainable activities is done through landowners and nearby communities who tend to be diligent about monitoring activities in private forests because those forests provide sources of income, employment, recreational opportunities and important ecological benefits. In provinces without statutes related to forest harvesting on private lands, landowners can rely on general civic or commercial law to protect their property from trespass or timber theft.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p><u>in Endangered Species of Wild Fauna and Flora.</u></p> <p>Legal Authority</p> <p>Provincial ministries of the environment, of forests and natural resources.</p> <p>Legal authority for federal laws applicable to forest harvesting: Minister responsible for the Parks Canada Agency Minister of Fisheries and Oceans with respect to aquatic species Minister of the Environment</p> <p>Legally required documents or records</p> <p>Province issued harvesting permits.</p> <p>Private forest landowners do not require permits for harvesting on their lands.</p>		<p>Based on these findings, it is concluded that the risk must be considered low in this sub criteria.</p>
Taxes and fees			
<p>1.5 Payment of royalties and harvesting fees</p>	<p>Applicable laws and regulations</p> <p>Canadian forests exist mainly on what is considered to be crown land, under the provincial governments' control. Legislation dictates the fees that Canadian</p>	<p>Quebec example (Sustainable Forest Development Act section VI Droits forestiers, line 73): http://www.canlii.org/en/qc/laws/stat/cqlr-c-a-18.1/latest/cqlr-c-a-18.1.html</p> <p>Example: BL Logging tax act: http://www.bclaws.ca/civix/document/id/complete/statreg</p>	<p>Low risk</p> <p>Royalties and harvesting fees (also called stumpage fees in Canada) are applicable to Crown land. They are administered at the provincial level. Provincial agencies who administer stumpage fees have well developed programs for regulating timber and timber harvest. Provincial government inspectors</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>firms will pay for stumpage, and long-term agreements are reached regarding the management and harvesting performed on crown land. These long term agreements, called tenures, commonly involve 20 year concessions, with "rolling renewable" provisions, whereby the firm is capable of retaining a given management area.</p> <p>Crown forest tenures confer the right to harvest timber. In return, tenure holders must pay different types of fees to the Crown, including stumpage fees, holding or rental charges, and protection or management fees.</p> <p>Provincial forest acts usually cover the payment of stumpage and other harvesting fees.</p> <p>Some provinces such as BC have a separate logging tax act.</p> <p>Federal and Provincial tax policies.</p> <p>Legal Authority</p> <p>Provincial ministers of forests.</p> <p>Legally required documents or records</p>	<p>/96277_01</p> <p>Example Ontario's Forest Renewal Trust (Crown Forest Sustainability Act - Section V): http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_94_c25_e.htm#BK54</p> <p>http://en.wikipedia.org/wiki/Stumpage</p>	<p>verify and validate, often through sampling, the grading and measuring made by the company. Errors are sanctioned with penalties.</p> <p>Corruption associated with stumpage and harvest permits in Canada is rarely an issue. Canada has a very good Corruption Perception Index (81), as measured by Transparency International.</p> <p>Also, the relative low diversity of commercial species, which is typical of the temperate and boreal forests, reduces the risk of voluntary or involuntary errors in the determination of the stumpage.</p> <p>Based on these findings, it is concluded that the risk must be considered low in this sub criteria.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	Stumpage and other fee payment receipts, including fire and insect protection fee receipts.		
1.6 Value added taxes and other sales taxes	<p>Applicable laws and regulations</p> <p>The Income Tax Act ("ITA") and Excise Tax Act ("ETA") govern the CRA's ability to collect income tax debts and HST debts, respectively.</p> <p>The Harmonized Sales Tax (HST) is a consumption tax in Canada. It is used in provinces where both the federal Goods and Services Tax (GST) and the regional Provincial Sales Tax (PST) have been combined into a single value added sales tax.</p> <p>Canadian and provincial tax legislation.</p> <p>Sales taxes are administered both at the federal and the provincial level.</p> <p>Companies in Canada charge HST, GST and PST to their clients, and companies themselves pay HST, GST sales taxes on their business purchases. Companies file a return showing the amount they collected in sales taxes but they also get a credit for the</p>	<p>Canadian harmonized sales tax requirements: http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/menu-eng.html</p> <p>Quebec sales tax: http://www.revenuquebec.ca/en/entreprise/taxes/tvq_tps/</p> <p>Canada Revenue Agency tax fraud conviction statistics: http://www.cra-arc.gc.ca/nwsrm/cnvtctns/menu-eng.html</p> <p>http://www.cra-arc.gc.ca/gncy/lrt/crmnl-eng.html</p>	<p>Low risk</p> <p>Sales tax collection and remittance fraud in Canada happens in primarily in cash transactions. The CRA has a Criminal Investigations Program whose mandate is to investigate suspected cases of tax evasion, fraud and other serious violations of tax laws. Tax fraud and evasion represent the most flagrant instances of non-compliance with tax statutes.</p> <p>Data specifically for the forest sector is not available. Information on the monitoring and enforcement of tax laws in Canada is general is available. The Canada Revenue Agency (CRA) has taken measures to detect and prevent tax evasion. The Informant Leads Program gathers information on suspected or known tax evaders. Informants can report information online, by mail or by phone. The CRA has a Criminal Investigations Program whose mandate is to investigate suspected cases of tax evasion, fraud and other serious violations of tax laws.</p> <p>Tax fraud and evasion represent the most flagrant instances of non-compliance with tax statutes. Every corporation, estate, trust, or individual who has to pay taxes is required by law to determine their taxes payable for the year and to file a tax return. Tax audits are conducted to verify that these amounts are accurately reported, and the tax payable is correctly calculated. In 2013, there were 27.8 million tax returns filed in Canada. Of these, 25% were assessed by the Canada Review Agency, 36% were assessed in 2013. The audit process ensures that Canada's tax system is fair, and that everyone pays their required share.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>amount they paid on their own business purchases.</p> <p>Legal Authority</p> <p>The HST is in effect in five of the ten Canadian provinces: Ontario, New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island</p> <p>The HST is collected by the Canada Revenue Agency, which remits the appropriate amounts to the participating provinces. The HST may differ across these five provinces, as each province will set its own PST rates within the HST.</p> <p>In Quebec, Revenu Québec administers the GST/QST.</p> <p>Legally required documents or records</p> <p>Tax payment receipts.</p> <p>Goods and Services Tax/Harmonized Sales Tax (GST/HST) Return Working Copy: http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/bspsbch/rtrns/wkcpy-eng.html</p>		<p>Audit workloads are segregated into three broad categories: International and Large Businesses (ILB), Small and Medium Enterprises (SME), and GST/HST.</p> <p>2012-13 Key Results:</p> <ul style="list-style-type: none"> - International and Large Businesses (ILB): completed 21,427 files and reassessed 85% of the files audited - Small and Medium Enterprises (SME): completed 171,028 files and reassessed 79% of the files audited - GST/HST: CRA completed 89,409 GST/HST audits, reassessed 67% of the files audited <p>During 2012-2013, 71 income tax and GST/HST investigations were referred to the Public Prosecution Service of Canada (PPSC) for prosecution, compared to 120 cases in the previous year. As a result of referrals to the PPSC (current and previous years), 128 cases resulted in convictions for tax evasion or fraud in 2012-2013. The courts imposed \$9.95 million in fines and 53.5 years of jail sentences. These convictions related to revenue loss of \$32.6 million. The CRA obtained convictions in 96% of cases prosecuted.</p> <p>The Ministère du Revenu du Québec, on behalf of Canada Revenue Agency, referred 27 GST investigation cases for prosecution and, based on these and previous year referrals, Quebec courts convicted individuals and businesses in 58 cases, and imposed \$3.1 million in fines. Quebec GST convictions related to revenue loss of \$4.4 million.</p> <p>Court convictions are publicized in local, regional and national media to communicate the consequences of fraud committed against the Canadian public and to maximize the deterrent effect of these convictions.</p> <p>CRA is responsible for excise tax act (ETA), which lays out all the rules for HST GST. The CRA conducts compliance</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
			<p>collection audits to ensure compliance with the ETA. The Criminal Investigations Program investigates instances of tax evasion and refers cases to the Public Prosecution Service of Canada.</p> <p>Given the scale of the timber industry in Canada, it is extremely unlikely that wood products would be exchanged between companies as cash transactions. This means that sales tax fraud is less likely in the forestry context. Given the above statistics relate to all tax fraud in Canada and there is no information available that would indicate the timber industry is more at risk than another industry, it is concluded that the risk must be considered low in this sub criteria.</p>
1.7 Income and profit taxes	<p>Applicable laws and regulations Federal Income Tax Act - Part 1. Provincial income tax laws</p> <p>Income and profit taxes are levied at the federal and provincial level (in Quebec only), and administered by the Canada Revenue Agency and Revenu Québec</p> <p>Legal Authority</p> <p>Canadian Revenue Agency Revenu Québec</p> <p>Legally required documents or records</p>	<p>Canadian Income Tax Act: http://laws.justice.gc.ca/eng/acts/l-3.3/</p> <p>http://www.cra-arc.gc.ca/tx/bsnss/tpcs/crprtns/rtrn/menu-eng.html</p> <p>http://www.revenuquebec.ca/en/entreprise/impot/societes/declaration/</p> <p>Canada Revenue Agency tax fraud conviction statistics: http://www.cra-arc.gc.ca/nwsrm/cnvctns/menu-eng.html</p> <p>http://turbotax.intuit.ca/tax-resources/tax-compliance/penalty-for-tax-evasion-in-canada.jsp</p> <p>http://www.cra-arc.gc.ca/gncy/lrt/crmnl-eng.html</p> <p>http://www.cra-arc.gc.ca/nwsrm/t1stts-eng.html</p>	<p>Low risk</p> <p>Income and profit taxes are levied at the federal and provincial level (in Quebec only), and administered by the Canada Revenue Agency and Revenu Québec. Federal and provincial revenue agencies control fraud by conducting tax audits.</p> <p>Data on instances of fraud and enforcement specifically for the forest sector is not available. Information on the monitoring and enforcement of tax laws in Canada is generally available. The Canada Revenue Agency (CRA) has taken measures to detect and prevent tax evasion. The Informant Leads Program gathers information on suspected or known tax evaders. Informants can report information online, by mail or by phone. The CRA has a Criminal Investigations Program whose mandate is to investigate suspected cases of tax evasion, fraud and other serious violations of tax laws.</p> <p>Tax fraud and evasion represent the most flagrant instances of non-compliance with tax statutes. Every corporation, estate, trust, or individual who has to pay taxes is required by law to determine their taxes payable for the year and to file a tax</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>Federal T2 Corporation Income Tax Return</p> <p>Provincial income tax returns</p>		<p>return. Tax audits are conducted to verify that these amounts are accurately reported, and the tax payable is correctly calculated. In 2013, there were 27.8 million tax returns filed in Canada. Of these, 25% were assessed by the Canada Revenue Agency, 36% were assessed in 2013. The audit process ensures that Canada's tax system is fair, and that everyone pays their required share.</p> <p>Audit workloads are segregated into three broad categories: International and Large Businesses (ILB), Small and Medium Enterprises (SME), and GST/HST.</p> <p>2012-13 Key Results:</p> <ul style="list-style-type: none"> - International and Large Businesses (ILB): completed 21,427 files and reassessed 85% of the files audited - Small and Medium Enterprises (SME): completed 171,028 files and reassessed 79% of the files audited - GST/HST: CRA completed 89,409 GST/HST audits, reassessed 67% of the files audited <p>During 2012-2013, 71 income tax and GST/HST investigations were referred to the Public Prosecution Service of Canada (PPSC) for prosecution, compared to 120 cases in the previous year. As a result of referrals to the PPSC (current and previous years), 128 cases resulted in convictions for tax evasion or fraud in 2012-2013. The courts imposed \$9.95 million in fines and 53.5 years of jail sentences. These convictions related to revenue loss of \$32.6 million. The CRA obtained convictions in 96% of cases prosecuted. The Ministère du Revenu du Québec, on behalf of Canada Revenue Agency, referred 27 GST investigation cases for prosecution and, based on these and previous year referrals, Quebec courts convicted individuals and businesses in 58 cases, and imposed \$3.1 million in fines. Quebec GST convictions related to revenue loss of \$4.4 million.</p>

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			<p>Court convictions are publicized in local, regional and national media to communicate the consequences of fraud committed against the Canadian public and to maximize the deterrent effect of these convictions.</p> <p>Many forest companies are large corporations with public financial reports available. Given the above statistics relate to all tax fraud in Canada and there is no information available that would indicate the timber industry is more at risk than another industry, it is concluded that the risk must be considered low in this sub criteria.</p> <p>Based on these findings, it is concluded that the risk must be considered low in this sub criteria.</p>
Timber harvesting activities			
<p>1.8 Timber harvesting regulations</p>	<p>Applicable laws and regulations</p> <p>The 10 different forest acts (one for each province) in effect in Canada include comprehensive sets of regulations covering the items identified in the sub criteria.</p> <p>Federal laws also apply to all forestry operations: While the provinces and territories have authority over the management of most forested land in their jurisdictions, forestry operations are also bound by national legislation. The comprehensive laws and regulations enforced by the provinces are therefore designed to address the requirements of federal legislation</p>	<p>http://www.nrcan.gc.ca/forests/canada/sustainable-forest-management/13303</p> <p>Example: Quebec's Règlement sur les normes d'intervention dans les forêts du domaine de l'État (Regulation respecting standards of forest management for forests in the domain of the State, chapter A-18.1, r.7): http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=3&file=/A_18_1/A18_1R7.H TM</p> <p>http://www.canlii.org/en/qc/laws/regu/cqlr-c-a-18.1-r-7/latest/cqlr-c-a-18.1-r-7.html</p> <p>and</p> <p>http://www.mffp.gouv.qc.ca/forets/amenagement/amenagement-RNI.jsp</p>	<p>Low risk</p> <p>In all provinces where forest harvesting on public land is a significant economic activity (all except P.E.I.), provincial forest authorities (ministries of forests) have established offices in the forested regions of the provinces. These offices have inspectors with capacity (GPS equipment, maps, 4x4 vehicles, ATVs and other vehicles) and authority to sanction forest operators if they do not respect timber harvesting regulations.</p> <p>While infractions with harvesting regulations can be relatively common, they will be usually be minor in nature and rarely on purpose or systematic. Failure by a tenure holder to comply with approved plans and harvesting permits can result in stiff penalties, from fines or the suspension of harvesting authorities to seizure of timber and even imprisonment.</p> <p>Provinces are transparent in the publishing of infractions with harvesting regulations. For example in Quebec those are available online: http://www.mffp.gouv.qc.ca/forets/infractions/</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>relevant to forests, such as the Species at Risk Act, the Fisheries Act and the Canadian Environmental Assessment Act.</p> <p>Forestry activities must also comply with international agreements Canada has signed, such as the Convention on Biological Diversity and the Convention on International Trade in Endangered Species of Wild Fauna and Flora. These are all translated into provincial laws.</p> <p>Legal Authority</p> <p>Regulated at the provincial level by each province's forestry services (Ministry of forests).</p> <p>Each province's Ministry of transport</p> <p>Provincial and federal ministries of environment.</p> <p>Legally required documents or records</p> <p>Provincial cut permits.</p> <p>Provincial government approved management plan.</p>	<p>Example of forest operations manual for Saskatchewan: http://www.environment.gov.sk.ca/adx/asp/adxGetMedia.aspx?DocID=894,898,878,862,244,94,88,Documents&MediaID=384&Filename=Forest+Operations+Manual.pdf&I=English</p> <p>Ontario's Crown Forest Sustainability Act (Part IV forest operations): http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_94c25_e.htm</p> <p>and</p> <p>https://www.ontario.ca/environment-and-energy/forest-operations-and-silviculture-manual</p>	<p>BC Compliance and Enforcement annual reports: http://www.for.gov.bc.ca/hen/reports.htm</p> <p>Based on these findings, it is concluded that the risk must be considered low in this sub criteria.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	Wood transport slips		
1.9 Protected sites and species	<p>Applicable laws and regulations</p> <p>Over 95% of the protected areas in Canada are in IUCN categories 1 to 4, which means these are strictly protected and there will be no harvesting, mining or development activities in these areas.</p> <p>The provinces and territories generally designate protected areas in Canada, although there are also protected areas on federal lands, such as national parks and migratory bird sanctuaries. It is also becoming more common now to see protected areas created by communities who want to set aside and protect significant or cultural or spiritual aspects associated with their community.</p> <p>Canada Wildlife Act (CWA)</p> <p>Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act</p> <p>Migratory Birds Convention Act (MBCA)</p>	<p>http://www.iucn.org/about/work/programmes/gpap_home/gpap_quality/gpap_pacategories/</p> <p>http://www.ec.gc.ca/ap-pa/default.asp?lang=En&n=86E31D77-1</p> <p>Canada Wildlife Act (CWA): http://laws-lois.justice.gc.ca/eng/acts/W-9/</p> <p>http://www.nrcan.gc.ca/forests/canada/biodiversity/1319_3</p> <p>Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act : http://www.ec.gc.ca/alef-ewe/default.asp?lang=en&n=65FDC5E7-1</p> <p>Migratory Birds Convention Act (MBCA): http://laws-lois.justice.gc.ca/eng/acts/M-7.01/index.html</p> <p>Parksville Protocol: http://www.gazette.gc.ca/archives/p2/2000/2000-06-07/html/sor-dors189-eng.html</p> <p>Species At Risk Act (SARA): http://laws-lois.justice.gc.ca/eng/acts/S-15.3/index.html</p> <p>Canadian Environmental Assessment Act (CEAA): http://laws-lois.justice.gc.ca/eng/acts/C-15.2/index.html</p> <p>Wildlife Area Regulations (WAR): http://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._1609/index</p>	<p>Low risk</p> <p>Canada has a broad and comprehensive legal structure surrounding species protection and the protection of socially and ecologically important sites, administered at both the provincial and Federal level. Protection of wildlife and its habitat in protected areas is achieved through legal securement of land and regulation, permitting, enforcement, assessment and monitoring as prescribed in management plans.</p> <p>Environment Canada works with Aboriginal peoples, communities, partner organizations and other governments and federal departments to enhance compliance and protection.</p> <p>The Canadian Wildlife Service (CWS) has an enforcement branch employing sworn, armed Peace Officers, known as Game Officers. These officers are responsible for the enforcement of federal legislation with regards to wildlife and the environment. CWS game officers also work in cooperation with provincial wildlife enforcement agencies. Provincial wildlife officers will often team up with CWS officers to patrol areas which require a significant officer presence.</p> <p>Based on these findings, it is concluded that the risk must be considered low in this sub criteria.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>Parksville Protocol</p> <p>Species At Risk Act (SARA)</p> <p>Canadian Environmental Assessment Act (CEAA)</p> <p>Wildlife Area Regulations (WAR)</p> <p>Migratory Bird Sanctuary Regulations (MBSR)</p> <p>Legal Authority</p> <p>Environment Canada</p> <p>Provincial Ministries of the environment</p> <p>Canadian Wildlife Service</p> <p>Legally required documents or records</p> <p>Maps of protected areas in Canada: https://www.ec.gc.ca/indicateurs-indicators/default.asp?lang=en&n=478A1D3D-1</p>	<p>.html</p> <p>Migratory Bird Sanctuary Regulations (MBSR): http://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._1036/index.html</p>	
1.10 Environmental requirements	<p>Applicable laws and regulations</p> <p>Assessment of environmental impacts of forestry operations is covered by provincial timber</p>	<p>Example: Quebec's Règlement sur les normes d'intervention dans les forêts du domaine de l'État: http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=3&file=/A_18_1/A18_1R7.H TM</p>	<p>Low risk</p> <p>Harvesting regulations and guidelines covering environmental impacts in each province are elaborated under the authority of the provincial forest acts. These rules and guidelines require</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>harvesting regulations.</p> <p>The 10 different forest acts (one for each province) in effect in Canada include comprehensive sets of regulations covering the items identified in the sub criteria.</p> <p>Forest acts are accompanied by practical on the ground regulations like Quebec's Règlement sur les Normes d'interventions, which cover environmental impacts such as buffer zones for watercourses and breeding sites, requirements for machineries, water crossings, etc.</p> <p>Federal laws also apply to all forestry operations: While the provinces and territories have authority over the management of most forested land in their jurisdictions, forestry operations are also bound by national legislation. The comprehensive laws and regulations enforced by the provinces are therefore designed to address the requirements of federal legislation relevant to forests, such as the Species at Risk Act, the Fisheries Act and the Canadian Environmental Assessment Act.</p>	<p>and</p> <p>http://www.mffp.gouv.qc.ca/forets/amenagement/amenagement-RNI.jsp</p> <p>Ontario's Crown Forest Sustainability Act (Part IV forest operations): http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_94c25_e.htm</p> <p>and</p> <p>https://www.ontario.ca/environment-and-energy/forest-operations-and-silviculture-manual</p> <p>Example of forest operations manual for Saskatchewan: http://www.environment.gov.sk.ca/adx/adxGetMedia.aspx?DocID=894,898,878,862,244,94,88,Documents&MediaID=384&Filename=Forest+Operations+Manual.pdf&I=English</p>	<p>the forest manager to assess and manage environmental impacts on soil, water, biodiversity, etc.</p> <p>Provincial forest authorities (ministries of forests) have established offices in the forested regions of the provinces. These offices have inspectors with capacity (GPS equipment, maps, 4x4 vehicles, ATVs and other vehicles) and authority to sanction forest operators if they do not respect harvesting regulations. Companies fined for infractions with</p> <p>Failure by a tenure holder to implement environmental impact mitigation measures can result in stiff penalties, from fines or the suspension of harvesting authorities to seizure of timber and even imprisonment.</p> <p>Based on these findings, it is concluded that the risk must be considered low in this sub criteria.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>Legal Authority</p> <p>Regulated at the provincial level by each province's forestry services (Ministry of forests).</p> <p>Each province's Ministry of transport</p> <p>Provincial and federal ministries of environment.</p> <p>Legally required documents or records</p> <p>Provincial cut permits.</p> <p>Provincial government approved management plan.</p>		
1.11 Health and safety	<p>Applicable laws and regulations</p> <p>Canada is a model for health and safety in the workplace, and in forestry harvesting activities in particular. All provinces have very comprehensive legislation with regards to workers safety.</p> <p>On the federal level: Canada Labour Code</p> <p>Legal Authority</p> <p>For example, in Québec: Ministère de la Santé et des Services</p>	<p>WorkSafeBC Part 26 Forestry Operations and Similar Activities: http://www2.worksafebc.com/publications/ohsregulation/Part26.asp</p> <p>BC Forestry Industry Claims Statistics 2008-2012: http://www2.worksafebc.com/Portals/Forestry/Statistics.asp</p> <p>Manitoba http://safemanitoba.com/wsh-regulations</p> <p>Saskatchewan Occupational Health and Safety act (PART XXVIII Forestry and Mill Operations): http://www.qp.gov.sk.ca/documents/English/Regulations/Regulations/O1-1R1.pdf</p>	<p>Low risk</p> <p>Workers unions, government organizations, independent auditors as well as the employers themselves regularly monitor and verify Health and safety, safety equipment and use of safe practices by workers. Workers compensation boards have inspectors who sample work sites including forest operations, and can fine employers in case H&S regulations are not respected.</p> <p>Due to the closely regulated, controlled and enforced H&S regulations across Canada, as well as the strong H&S culture amongst companies and workers, the risk of significant illegal practices in the domain of H&S is considered low.</p>

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	<p>sociaux - Commission de la Santé et de la Sécurité du Travail (CSST)</p> <p>BC: Ministry of Labour, Citizens' Services and Open Government's Worksafe BC.</p> <p>Safe Manitoba under the Department of Health, Healthy Living and Seniors</p> <p>Legally required documents or records</p> <p>Proofs of contribution to premiums for CSST (Quebec), Worksafe BC, Alberta Workers compensation board and other provinces.</p>	<p>Alberta Occupational Health and Safety Act (http://work.alberta.ca/occupational-health-safety/307.html)</p> <p>Alberta Occupational Health and Safety Regulation (http://www.qp.alberta.ca/574.cfm?page=2003_062.cfm&leg_type=Regs&isbncln=077971752X)</p> <p>Alberta Occupational Health and Safety Code (http://work.alberta.ca/documents/whs- leg_ohsc_2009.pdf)</p> <p>Quebec Health and safety regulation specific to forestry operations: http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=3&file=/S_2_1/S2_1R12_1.HTM</p>	
1.12 Legal employ ment	<p>Applicable laws and regulations</p> <p>Labour is a provincial jurisdiction. All provinces have employment standards acts covering the elements described in the sub criteria (minimum wage, working age, content of contracts, freedom of association, etc.)</p> <p>Worker's compensation liability insurance requirements are regulated at the provincial level. All provinces require worker's comp insurance (WorkSafe BC,</p>	<p>Canada Labour Code: http://laws-lois.justice.gc.ca/eng/acts/L-2/index.html</p> <p>BC Employment Standards act: http://www.bclaws.ca/Recon/document/ID/freeside/00_9_6113_01</p> <p>Alberta Employments standards code: http://www.qp.alberta.ca/documents/acts/e09.pdf</p> <p>Manitoba employment standards code: http://www.gov.mb.ca/labour/standards/</p> <p>The Saskatchewan Employment Act: www.lrws.gov.sk.ca/saskatchewan-employment-act</p>	<p>Low risk</p> <p>A contract of employment need not be in written form in Canada. Terms can be made by express or implied oral agreement and even through the conduct of the parties. The absence of written contracts do not exempt employers and employees from compliance with labor laws.</p> <p>Unions are common in the forest industry and ensure a certain degree of compliance with collective agreements and labour laws for their members. For union as well as non-union workers, agencies of ministries of labour in each province perform inspections and can issue fines to employers who do not respect labour codes of the province.</p> <p>Like in many other countries of the Northern Hemisphere,</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>CSST in Québec, Safe Manitoba, etc.).</p> <p>Legal Authority</p> <p>British Columbia Ministry of Labour and Citizens' Services Employment Standards Branch</p> <p>Alberta Employment and Immigration Employment Standards Branch</p> <p>Saskatchewan Advanced Education, Employment and Labour Standards</p> <p>Manitoba Manitoba Labour and Immigration Employment Standards</p> <p>Ontario Ministry of Labour Employment Standards Branch</p> <p>Quebec Commission des normes du travail</p> <p>New Brunswick Department of Post-Secondary Education, Training and Labour</p> <p>Nova Scotia</p>	<p>Quebec's Act respecting labour standards: http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=2&file=/N_1_1/N1_1_A.html</p>	<p>forced or compulsory labour is uncommon in Canada. So is child labour. Legally hired migrant workers are increasingly present in tree planting and silviculture. They are not immune to discrimination, but very few are involved in harvesting (the only activity concerned by this sub criteria) and again, inspections by provincial labour agencies provide a certain guarantee their rights are respected.</p> <p>Based on these findings, it is concluded that the risk must be considered low in this sub criteria.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>Labour and Workforce Development Labour Standards Division</p> <p>Prince Edward Island Communities, Cultural Affairs and Labour Employment Standards Branch</p> <p>Newfoundland and Labrador Human Resources, Labour and Employment Labour Relations Agency</p> <p>Legally required documents or records</p> <p>Employment contracts Proof of insurance Competence certificates Receipts of tax payment</p>		
Third parties' rights			
1.13 Customary rights	<p>Applicable laws and regulations</p> <p>Treaty and aboriginal rights relating to hunting, fishing and trapping are recognized and affirmed as part of the Constitution of Canada by Section 35 of the Constitution Act, 1982.</p> <p>Provinces have also adopted legislation protecting forest rights holders, indigenous and non-indigenous.</p>	<p>Article 54 of the Quebec Forest Act (http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=2&file=/F_4_1/F4_1_A.html)</p> <p>http://www.gov.mb.ca/conservation/firstnations/hunting-fishing-jan03.pdf</p>	<p>Low risk</p> <p>Due to closely regulated, controlled and enforced forest management planning regulations on public land across Canada, the incidence of logging companies operating illegally without a duly approved logging permit is very low. For this permit to be issued, forest management companies must have a government approved management plan. For this management plan to be approved, First Nations and other rights holders must have been consulted. Therefore, the risk of illegality with regards to requirements that rights holders be consulted on forest management is low.</p>

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	<p>For example in Manitoba, the Natural Resources Transfer Agreement (NRTA), which forms part of the Constitution Act, 1930, provides that Indian people “have the right, which the Province hereby assures to them, of hunting, trapping and fishing game and fish for food at all seasons of the year on all unoccupied Crown lands and on any other lands to which (they) may have a right of access.”</p> <p>In Quebec, the Sustainable Development Act, A-18.1 came into law on April 1st, 2013. That Act has provisions specific to native communities. See sections, 6, 7, 8, 9 and 10:</p> <ul style="list-style-type: none"> - Section 6:taking account of the interests, values and needs of the Native communities present on forest lands is an integral part of sustainable forest development. - Section 7: The Minister must consults Native communities specially to ensure that sustainable forest development and forest management take into account and accommodate if necessary, their interests, values and needs. - Section 8: The Government is authorized to enter into agreement 		<p>Cohabitation of overlapping forest tenure holders is always a challenge. It is further complicated by the fact that industrial wood harvesting is often considered of greater economic importance (number of jobs created; direct and indirect economic activity created by the forest company in a region; income tax revenue for governments; etc.) than other rights. However, forest management legislation in the provinces of Canada focus on consultation of affected rights holders.</p> <p>Following consultation, forest management decisions are taken either by provincial forest authorities or by forest management companies themselves. These decisions can be challenged by other rights holders and brought to arbitration. Industrial wood harvesting rights holders have to respect this whole process in order to obtain their annual logging permit. Ultimately, where rights holders are discontent with the process or the result of consultations, forest management companies do have to let the arbitration process unfold in order to obtain their logging permit. Illegal logging by a company before a logging permit is issued is rare.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>with the Native communities represented by its band council....</p> <ul style="list-style-type: none"> - Section 9: Consultation policy. The Minister consults the Native communities and general public.... - Section 10: ... consultation policy and consultation procedure specific to native Communities... <p>Legal Authority</p> <p>Federal and provincial governments.</p> <p>Forest ministries of each province verify that consultation with customary rights holders and indigenous have been carried out before approving forest management plans.</p> <p>Federal and provincial ministries of Indian affairs.</p> <p>Legally required documents or records</p> <p>Government approved forest management plans incorporating demonstration of consultation with affected First Nations and other rights holders.</p>		
1.14 Free prior and	Applicable laws and regulations	NA	N/A

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
informed consent	<p>N/A. There is no legislation on Free prior and informed consent in Canada per se. Hence there can be no illegal activity for this category.</p> <p>Legal Authority</p> <p>N/A</p> <p>Legally required documents or records</p> <p>N/A</p>		<p>While there are no legislative requirements relating to free, prior and informed consent in Canada, public views and values are considered before forest companies can harvest timber, build roads or undertake other forest activities on public forest land. Prior to government approval of forest management plans, companies must invite and consider comments by Aboriginal communities and the public. Opportunities for detailed public consultation during the development of forest management plans are provided for all citizens.</p>
1.15 Indigeno us peoples rights	<p>Applicable laws and regulations</p> <p>Canada's relationship with the indigenous peoples within its borders is governed by a well- developed legal framework that in many respects is protective of indigenous peoples' rights.</p> <p>The 19th century Indian Act is a central piece governing indigenous rights, but there are also approximately 70 recognized pre- 1975 treaties that form the basis of the relationship between 364 First Nations, representing over 600,000 First Nations people, and Canada. In addition, 24 modern treaties are currently in effect. Building upon the protections in</p>	<p>Example: Saskatchewan's Forest Resources Management Act includes a duty to consult aboriginals (Clause 39 section 2(c)): http://www.qp.gov.sk.ca/documents/english/statutes/statutes/f19-1.pdf</p> <p>Articles 24.5 and 54 of the Quebec Forest Act http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=2&file=/F_4_1/F4_1_A.html)</p> <p>United Nations Special Rapporteur on the rights of indigenous peoples http://daccess-ods.un.org/access.nsf/Get?Open&DS=E/CN.4/2005/88/Add.3&Lang=E and http://ap.ohchr.org/documents/dpage_e.aspx?si=A/HRC/27/52/Add.2</p> <p>http://www.fao.org/docrep/article/wfc/xii/1001-c1.htm</p>	<p>Low risk</p> <p>This assessment deals specifically with forest activities.</p> <p>Aboriginal peoples own and manage two per cent of Canada's forests. Aboriginal communities have increasing access to land beyond their territory through various mechanisms including access to tenure from public forests. According to the National Aboriginal Forestry Association, Aboriginal interests hold Crown land tenure exceeding 27 million m3 in annual sustainable timber harvest – more than 13 per cent of the total Crown forest harvest volume in Canada in 2013. This volume is expected to continue to increase through various mechanisms including modern treaties, government-led tenure reform, and joint ventures with industry.</p> <p>Aboriginal communities can leverage their access to land and tenure to create economic opportunities and the forest sector is recognized as one mechanism to promote economic development in Aboriginal communities. The forest sector</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>the British Crown's Royal Proclamation of 1763, Canada's 1982 Constitution recognized and affirmed the aboriginal and treaty rights of the Indian, Inuit, and Métis people of Canada.</p> <p>The provincial and federal Crown is under a duty to consult when its actions or decisions threaten to interfere with Aboriginal rights, lands, traditional land uses or interests.</p> <p>In the 2004 Haida case, BC's Court of Appeal expanded the Crown's fiduciary duty to consult to forest companies holding licenses for timber harvesting on public lands. The court held that the company, in acquiring an exclusive licence to harvest timber, assumed a fiduciary obligation to Aboriginal Peoples which carried with it a duty to consult and seek accommodation with them about their operations.</p> <p>The company must satisfy itself that any infringement of Aboriginal rights in which it participates is justified, and if justification requires consultation, that adequate consultation with affected Aboriginal Peoples has taken</p>	<p>http://www.cbc.ca/news/politics/tsilhqot-in-first-nation-granted-b-c-title-claim-in-supreme-court-ruling- 1.2688332</p> <p>http://www.daff.gov.au/Style%20Library/Images/DAFF/_data/assets/pdffile/0003/2406072/canada-country-specific-guideline.pdf</p>	<p>provides an important source of employment (11,000 jobs) for Aboriginal communities, representing two per cent of all jobs held by Aboriginal workers.</p> <p>Aboriginal people can also access smaller volume timber allocations through personal use cutting permits. These permits are allowed under existing treaties and can be utilized to provide materials for shelter, cultural activities and heating.</p> <p><u>On First Nations right to exclusive control over land use decisions:</u></p> <p>The risk forest companies operating illegally on land where a First Nation has proven title (only 1 in Canada at this point, the Tsilhqot'in First Nation) is low. In a country with an effective rule of law like Canada, forest companies will abide by court decisions and will not harvest on titled land where they do not have permission to do so.</p> <p>It is likely other First Nations will try to obtain recognition of their ownership of the land in Canada. As aboriginal titles get proven by the courts, forest companies operating on those land will either obtain FPIC from the First Nation or will have to stop their operations on that land.</p> <p><u>On the right to be consulted and accommodated (on non-proven titles):</u></p> <p>Due to the closely regulated, controlled and enforced forest management planning regulations on public land across Canada, the incidence of logging companies operating illegally without a duly approved logging permit is very low. For this permit to be issued, forest management companies must have a government approved management plan. For this management plan to be approved, First Nations must have</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>place. This consultation obligation is shared with the Crown. For those activities which fall within the company's management responsibilities and upon which the Crown has no day-to-day control, the duty to consult falls on the company alone and is not shared by the Crown.</p> <p>Forest management planning processes dictated by provincial forest acts include the duty to consult affected indigenous peoples and include grievance mechanisms.</p> <p>But most importantly, the recent (2014) Tsilhqot'in First Nation aboriginal title decision in Canada shows that First Nations with proven aboriginal title now have exclusive control over land use decisions. This means that in such cases, industry will have to approach the First Nation to negotiate permission to use the land. In cases of claimed aboriginal title not yet proven, there is no change in the law and the government has a duty to consult and if warranted, accommodate the First Nation depending upon the strength of the claim. Industry, in cases of claimed</p>		<p>been consulted. Therefore, the risk of illegality with regards to First Nation's right to be consulted and accommodated on forest management is low.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>but unproven aboriginal title, has no obligation to consult and if warranted, accommodate. In that case, that obligation remains on the Crown.</p> <p>As of this writing, no other First Nation has proven Aboriginal title in Canada's courts. Proof of aboriginal title will require First Nations to bring their case to court for decision.</p> <p>Legal Authority</p> <p>Federal and provincial governments.</p> <p>Forest ministries of each province verify that consultation with the indigenous has been carried out before approving the plans.</p> <p>Federal and provincial ministries of Indian affairs.</p> <p>Since the 2004 Haida case: Companies holding an exclusive licence to harvest timber</p> <p>Since the 2014 Tsilhqot'in First Nation ruling: First Nations with proven aboriginal title on the land.</p>		

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>Legally required documents or records</p> <p>Government approved forest management plans incorporating demonstration of consultation with affected First Nations.</p> <p>First Nations proof of title rights.</p> <p>On land where a First Nations holds proven title, evidence of FPIC.</p>		
Trade and transport			
<p>1.16 Classifica tion of species, quantities , qualities</p>	<p>Applicable laws and regulations</p> <p>Provincial laws on the cutting and measuring of timber and required payment of taxes.</p> <p>Legal Authority</p> <p>Provincial ministries of forests</p> <p>Legally required documents or records</p> <p>Bills of lading. Receipts of payment of stumpage.</p>	<p>Quebec regulation for timber measurement: http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=1&file=40351.PDF</p> <p>New Brunswick: http://www2.gnb.ca/content/dam/gnb/Departments/nr-rn/pdf/fr/ForetsEtTerresDeLaCouronne/ManuelDeMesurageDuBoisDuNB-4Edition-2012Juillet.pdf</p> <p>British Columbia Timber Pricing Branch Publications: https://www.for.gov.bc.ca/hva/manuals/scaling.htm</p>	<p>Low risk</p> <p>Provincial laws cover the cutting and measuring of timber and required payment of taxes. These requirements include a report showing the species, quantities and value of the harvested timber, and this information is required to be reported to the province. The risk of incorrect classification of harvested material to reduce/avoid payment of legally prescribed taxes and fees is low because of the controls that are made by provincial forest authorities. Provincial government inspectors verify and validate, often through sampling, the grading and measuring made by the company. Ministry of forests inspectors verify company measurements and species identifications by sampling harvested wood piles on roadsides, landings and log yards. Errors are sanctioned with penalties.</p> <p>Corruption associated with stumpage and harvest permits in Canada is rarely an issue. Canada has a very good Corruption Perception Index (81), as measured by Transparency International.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
			<p>Also, the relatively low diversity of commercial species, which is typical of the temperate and boreal forests, reduces the risk of voluntary or involuntary errors in the determination of the stumpage.</p> <p>Therefore the risk of illegal activity with regards to this requirement is low.</p>
1.17 Trade and transport	<p>Applicable laws and regulations</p> <ul style="list-style-type: none"> •Softwood Lumber Agreement between the Government of Canada and the Government of the United States of America •Bill C-24, which implements the Canada-U.S. Softwood Lumber Agreement Bills of Lading Act Freight Integration and Motor Carrier Policy Coasting Trade Act •Canada Marine Act •Canada Shipping Act •Canada Transportation Act •Canadian Environmental Protection Act •Canadian National Montreal Terminals Act •Canadian Transportation Accident Investigation and Safety Board Act •Department of Transport Act •Motor Vehicle Safety Act •Motor Vehicle Transport Act 	<p>https://www.tc.gc.ca/eng/acts-regulations/acts.htm International Plant Protection Convention (IPPC)</p> <p>http://www.international.gc.ca/controls- controles/softwood-bois_oeuvre/other- autres/agreement-accord.aspx?lang=eng</p> <p>https://www.tc.gc.ca/eng/policy/acf-acfs-menu-2215.htm</p>	<p>Low risk</p> <p>Canada has laws and signed international agreements covering all aspects of trade and transport. Those are controlled and enforced by various ministries and government agencies at the federal and provincial levels.</p> <p>Illegal transport of wood could be linked to illegal logging, which as we have seen in previous criteria is not a significant problem in Canada.</p> <p>Logs hauled by trucks from Canadian crown forests to mills are accompanied by trip tickets, copies of which are left at the forest gate and/or at the mill gate. Hauling trucks can be controlled by government agents for safety and to make sure the trip ticket accurately reflects the right volumes and species.</p> <p>Canada has a very good Corruption Perception Index (81), as measured by Transparency International. Corruption associated with trading permits and transport documents is rarely an issue.</p> <p>Based on these findings, the risk of illegal activity with regards to trade and transport is low.</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<ul style="list-style-type: none"> •Railway Safety Act •Safe Containers Convention Act <p>Legal Authority Transport</p> <p>Canada Provincial forest ministries</p> <p>Canadian Department of Foreign Affairs and International Trade</p> <p>International Standard for Phytosanitary Measures No. 15 (ISPM No. 15).</p> <p>Canada customs.</p> <p>Legally required documents or records</p> <p>Load tickets or reports providing information on volume, species, origin, destination, etc.</p>		
1.18 Offshore trading and transfer pricing	<p>Applicable laws and regulations</p> <p>The Canada Revenue Agency (“CRA”) transfer pricing legislation:</p> <ul style="list-style-type: none"> • Section 247 of the Income Tax Act (Canada) is the piece of legislation governing transfer pricing <p>Legal Authority</p>	<p>http://www.bdo.ca/en/Library/Services/Tax/Documents/Transfer-Pricing/Transfer-Pricing-Newsflash-Basics.pdf</p> <p>http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/global-transfer-pricing-review/Documents/canada.pdf</p> <p>http://www.oecd.org/daf/anti-bribery/canada-oecdanti-briberyconvention.htm</p> <p>http://www.eoi-tax.org/jurisdictions/CA#agreements</p>	<p>Low risk</p> <p>The international tax standard, developed by OECD and supported by the UN and the G20, provides for full exchange of information on request in all tax matters without regard to a domestic tax interest requirement or bank secrecy for tax purposes. Currently all 30 OECD member countries, including Canada have endorsed and agreed to implement the international tax standard. Furthermore, all offshore financial centres accept the stand</p>

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
	<p>Canada revenue agency (CRA)</p> <p>Legally required documents or records</p> <p>The CRA has rules requiring transfer pricing documentation:</p> <ul style="list-style-type: none"> • Section 247 of the Income Tax Act requires that Canadian taxpayers document non-arm's length transactions with non-residents and use arm's length transfer prices • Section 247 contains a provision that deems the taxpayer not to have made "reasonable efforts" to determine and use arm's length transfer prices unless the taxpayer has compiled certain information and analyses in the form of contemporaneous documentation • Taxpayers are required to update the documentation for any material changes, and provide the documentation to the CRA within three months of a written request that is served personally or by registered or certified mail 	<p>International transfer pricing 2012 - REPORT BY PriceWaterhouseCooper - http://download.pwc.com/ie/pubs/2012_international_transfer_pricing.pdf</p> <p>Peer Review Report - Combined: Phase 1 and 2, incorporating Phase 2 ratings - CANADA. <i>Global Forum on Transparency and Exchange of Information for Tax Purposes</i> - http://www.eoi-tax.org/jurisdictions/CA#latest</p>	<p>Canada has exchange of information relationships with 128 jurisdictions through 95 DTCs, 23 TIEAs and 1 multilateral mechanism, Convention on Mutual Administrative Assistance in Tax Matters.</p> <p>Canada has recently been increasing its scrutiny of offshore trading and transfer pricing. Canada has extensive regulation on this matter and enforces it through the Canada Revenue Agency (CRA). Apart from audits, CRA measures to detect and prevent tax evasion include the Informant Leads Program, which gathers information on suspected or known tax evaders. Informants can report information online, by mail or by phone.</p> <p>The CRA also has a Criminal Investigations Program whose mandate is to investigate suspected cases of tax evasion, fraud and other serious violations of tax laws. Each CRA tax services office has international tax auditors who either conduct the transfer pricing audit or act in an advisory role to regular corporate auditors. Supporting these international auditors when necessary are teams of economists, lawyers or more senior international auditors located at the CRA's head office. The CRA may also engage outside consultants when necessary to provide expertise in specific areas; this is normally done at the appeal level when preparing for litigation, but may also occur during the audit process. As the CRA views transfer pricing audits as high risk, it is placing more international auditors and economists in the field.</p> <p>Companies face the following sanctions related to transfer pricing audits, adjustments and penalties:</p> <ul style="list-style-type: none"> • The statute of limitations is six years for Canadian-controlled private corporations and seven years for foreign controlled corporations and public corporations • Section 247 allows the CRA to adjust a Canadian taxpayer's transfer prices or cost allocations where the transfer prices or

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
			<p>cost allocations do not reflect arm's length pricing</p> <ul style="list-style-type: none"> Where the CRA has made a transfer pricing adjustment, it can also impose penalties in circumstances where a taxpayer has failed to prepare and maintain contemporaneous documentation supporting transfer prices <p>Court convictions are publicized in local, regional and national media to communicate the consequences of fraud committed against the Canadian public and to maximize the deterrent effect of these convictions. Two important transfer pricing cases were considered by Canadian courts in 2010/2011:</p> <ul style="list-style-type: none"> On 24 March 2011 the Crown's application for leave to appeal to the Supreme Court of Canada (SCC) in the GlaxoSmithKline case was granted, as was the taxpayer's application for leave to cross-appeal. This will be the first transfer pricing case to be heard by the SCC. On 15 December 2010 the Federal Court of Appeal (FCA) dismissed the Crown's appeal of the 2009 TCC decision in the General Electric Capital Canada case, which favoured the taxpayer. <p>The CRA may not be targeting any particular industry for transfer pricing audits, but it has begun to adopt an industry- based audit approach by developing tax service offices (TSOs) that have expertise in specific industries, including pharmaceutical (TSO in Laval, Quebec), automotive (Windsor, Ontario), banking (Toronto, Ontario) and oil and gas (Calgary, Alberta).</p> <p>Based on these findings, it is concluded that the risk must be considered low in this sub criteria.</p>
1.19 Custom regulations	<p>Applicable laws and regulations</p> <p>Canada customs act.</p>	<p>http://www.inspection.gc.ca/plants/forestry/exports/eng/1300380523318/1300380612246</p> <p>Softwood lumber agreement:</p>	<p>Low risk</p> <p>Canada is the second largest exporter of primary forest products in the world, but it also imports wood and wood</p>

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	<p>CITES</p> <p>Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act (WAPPRIITA)</p> <p>The Canada–U.S. Softwood Lumber Agreement is an important policy issue affecting forest products trade and competitiveness between Canada and the U.S.</p> <p>The following regulations also apply when exporting Canadian wood:</p> <ul style="list-style-type: none"> •Technical Heat Treatment Guidelines and Operating Conditions Manual (PI-07) •Canadian Debarking and Grub Hole Control Program (CDGHCP) for the export of Cedar Forest Products to the European Union •Canadian Heat Treatment Wood Products Certification Program (CHTWPCP) •Canadian Wood Packaging Certification Program (CWPCP) •Guidelines for the Phytosanitary Certification of Lumber for Export •Notification of New or Revised Plant Quarantine Import Requirements •Phytosanitary Certification 	<p>http://www.international.gc.ca/controls-controles/softwood-bois_oeuvre/other-autres/agreement-accord.aspx?lang=eng</p> <p>Single Window Initiative: https://portal.iecanada.com/public/file/USCBP-CBSA%20data%20alignment%20package.pdf</p> <p>http://www.nrcan.gc.ca/forests/canada/sustainable-forest-management/13303</p>	<p>products. Most of these imports and exports are associated with cross-border trade with the United States, which is a low- risk jurisdiction for illegal harvesting and border/customs governance.</p> <p>The forest products sector in Canada and the United States is highly integrated, with logs and other timber products crossing the border to supply mills in both countries. Under the Canadian Customs Act, all goods imported into Canada must be reported to the Canada Border Services Agency. Border services officers may examine any goods that are imported or exported, and can detain goods until the agency is satisfied that the importation or exportation complies with the Customs Act or any other act of Parliament.</p> <p>This governance system as a whole, combined with the resources and rigour of Canadian and US customs agencies, result in a low risk of illegal practices with regards to customs regulations.</p>

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	<p>Requirements for the Export of Untreated Canadian Conifer Logs to China</p> <ul style="list-style-type: none"> •Requirements for Firewood and Spruce Logs from Canada <p>Legal Authority</p> <p>Federal Customs and Border Patrol</p> <p>Transport Canada</p> <p>Environment Canada</p> <p>Legally required documents or records</p> <p>Customs declaration forms</p> <p>Treatment and phytosanitary certificates</p> <p>CITES permits</p>		
1.20 CITES	<p>Applicable laws and regulations</p> <p>Commercial trade in wildlife must be conducted in compliance with the Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act (WAPPRITA). This law stipulates the federal permit requirements for the international</p>	<p>http://www.ec.gc.ca/cites/</p> <p>P.E.I. permits: http://www.gov.pe.ca/forestry/index.php3?number=1050536&lang=E</p>	<p>Low risk</p> <p>There are no Canadian tree species on the CITES list of species. Therefore the risk of illegal harvest of CITES species is low.</p> <p>Canada is a party to CITES. Trade rules apply to CITES-listed tree species, such as ebony, ramin and rosewood. These materials cannot be imported without an accompanying CITES permit. To enforce the convention, Canada has enacted</p>

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	<p>trade of wildlife, their parts, and products made from them. WAPPRIITA is the legislation through which Canada enforces and administers its responsibilities under CITES.</p> <p>Legal Authority</p> <p>Environment Canada is the lead agency responsible for implementing CITES on behalf of the federal government</p> <p>Provincial ministries responsible for wildlife.</p> <p>Legally required documents or records</p> <p>If you are trading species or products that contain CITES listed species you will need a CITES permit in addition to any other trade documents.</p>		<p>WAPPRIITA. Environment Canada is the lead federal agency responsible for enforcing this act.</p> <p>WAPPRIITA is used not only to enforce CITES in Canada, but also to control imports of non CITES-listed species that have been obtained illegally. Environment Canada works with a broad range of partners, including the Canada Border Services Agency, to ensure that imports comply with CITES and with relevant legislation and regulations in foreign countries for non CITES-listed species.</p> <p>Differentiating between wood products from CITES-listed tree species and tree species not listed under CITES can be technically challenging. To help address this problem, Environment Canada has created and internationally distributed the CITES Identification Guide – Tropical Woods. Canada is also working on ways to increase the reliability of species identification on trade permits, customs forms, border declarations and associated documents. For instance, through the Single Window Initiative (see link in column H) Canada is examining the feasibility of a digital coding system for taxonomic names that international customs and other regulatory authorities could use to better capture electronic trade data for plants and animals. Digital coding would give authorities a greater ability to intercept timber and timber products from protected tree species, and even those harvested illegally.</p> <p>Environment Canada works with a broad range of partners, including the Canada Border Services Agency, to ensure that imports comply with CITES and with relevant legislation and regulations in foreign countries for non CITES-listed species.</p>
Diligence/due care procedures			

Indicator	Applicable laws and regulations, legal Authority, & legally required documents or records	Sources of Information	Risk designation and determination
Diligence/due care procedures			
<p>1.21 Legislation requiring due diligence/ due care procedures</p>	<p>Applicable laws and regulations</p> <p>The Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act (WAPPRIITA)</p> <p>Legal Authority</p> <p>Environment Canada Canadian Ministry of Labour Relations and Workplace Safety Provincial ministries of forests. Canadian Customs and Border Patrol Transport Canada</p> <p>Legally required documents or records</p> <p>Demonstration of due diligence CITES permits Customs declaration forms</p>	<p>http://www.fpb.gov.bc.ca/INFORMATION_BULLETIN_01_Due_Diligence_and_Mistake_of_Fact.pdf?taxonomyid=2147483678</p> <p>Single Window Initiative: https://portal.iecanada.com/public/file/USCBP-CBSA%20data%20alignment%20package.pdf</p> <p>http://www.nrcan.gc.ca/forests/canada/sustainable-forest-management/13303</p> <p>http://www.agriculture.gov.au/Style%20Library/Images/DAFF/data/assets/pdf/0003/2406072/canada-country-specific-guideline.pdf</p>	<p>Low risk</p> <p>Canada's Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act (WAPPRIITA) legislation and its enabling regulations (the Wild Animal and Plant Trade Regulation) prohibit the import of illegal timber and timber products.</p> <p>For interprovincial transport subsection 7.(2) of WAPPRIITA states: 'No person shall transport from a province to another province any animal or plant, or any part or derivative of an animal or plant, where the animal or plant was taken, or the animal, plant, part or derivative was possessed, distributed or transported, in contravention of any provincial Act or regulation.'</p> <p>For imported materials subsection 6.(1) of WAPPRIITA states: 'No person shall import into Canada any animal or plant that was taken, or any animal or plant, or any part or derivative of an animal or plant, that was possessed, distributed or transported in contravention of any law of any foreign state.'</p> <p>The Act also states that no person shall knowingly possess an animal or plant, or any part or derivative of an animal or plant, (a) that has been imported or transported in contravention of this Act; (b) for the purpose of transporting it from one province to another province in contravention of this Act or exporting it from Canada in contravention of this Act; or (c) for the purpose of distributing or offering to distribute it if the animal or plant, or the animal or plant from which the part or derivative comes, is listed in Appendix I to the Convention.</p> <p>This legislation and regulation makes it illegal to transport from a province to another province timber products into which were produced or acquired in contravention of any provincial laws. This governance system as a whole result in a low risk of illegal practices with regards to due diligence.</p>

