

Supply Base Report: NORTHERN FIBRE TERMINAL INC.

www.sbp-cert.org



Completed in accordance with the Supply Base Report Template Version 1.3

For further information on the SBP Framework and to view the full set of documentation see www.sbp-cert.org

Document history

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

Version 1.3 published 14 January 2019

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1 Overview

Producer name: Northern Fibre Terminal inc.
Producer location: 605 Marine Gateway Drive
 Sheet Harbour Industrial Port
 Sheet harbour, NS
 B0J 2B0

Geographic position: 44.902644 latitude
 -62.509597 longitude

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

Company website: www.greatnortherntimber.com

Date report finalised: Date of approval by senior management; 16/Jul/2019

Close of last CB audit: 19/jul/2019

Name of CB: SCS Global Services

Translations from English: N/A

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

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

SBP Endorsed Regional Risk Assessment: not applicable

Weblink to SBE on Company website:

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

2 Description of the Supply Base

2.1 General description

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

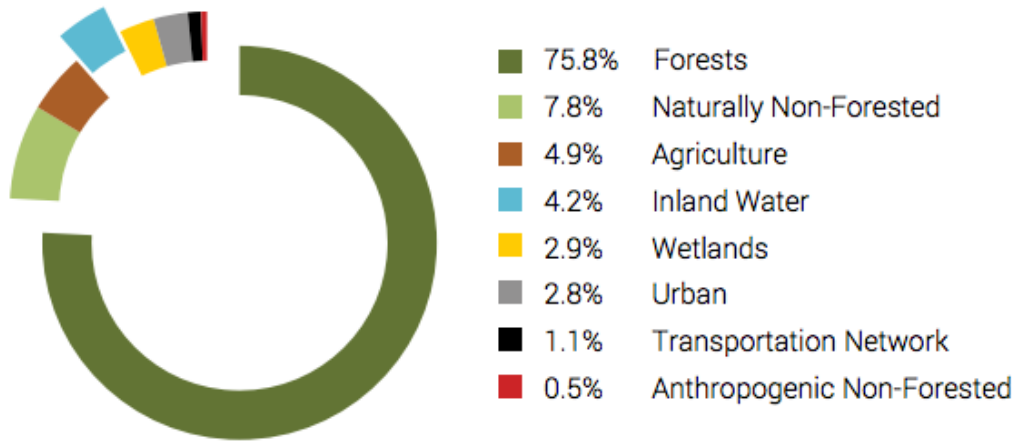
Nova Scotia

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

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

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

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



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

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

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

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

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

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

Registry of buyers.

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

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

Wood Acquisition Plan

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

Crown harvest block approval process

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

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

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

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

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

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

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

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

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

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

New Brunswick

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

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

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

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

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

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

Private land in New Brunswick falls into 2 categories:

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

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

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

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

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

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

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

Prince Edward Island

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

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

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

Public Lands

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

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

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

Private Lands

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

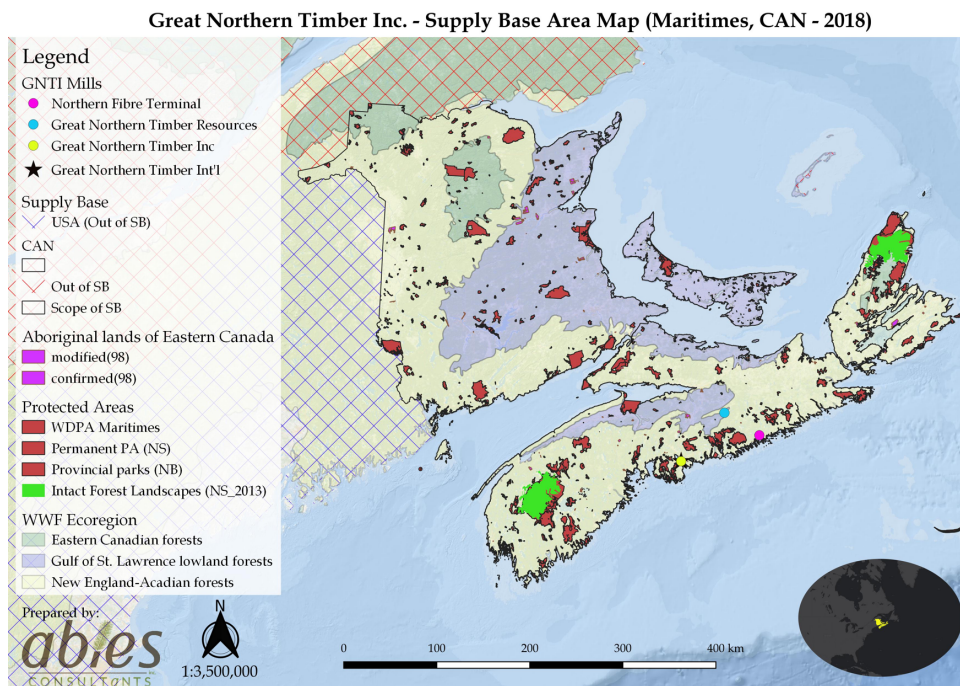
Under the 2006 Forest Policy, the province made a commitment to implement various forest certification systems. The Province has achieved certification under the FSC system for several public properties

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

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

(Source: <https://www.sfmcanada.org/images/Publications/EN/PEI info Provinces and territories EN.pdf>)

Figure 2. Great Northern Timber – Supply Base Area.



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

There are currently a total of 28 suppliers.

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

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

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

2.3 Final harvest sampling programme

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

Level 1: Monitoring by licensees:

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

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

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

Level 2: Monitoring by Regional Staff:

Western Crown Land Planning Area:

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

Central and Eastern Region:

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

Road Construction and Watercourse Crossing Inspections

All Regions:

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

Silviculture Treatment Inspections

All Regions:

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

Trucking Contractor Inspections

All Regions:

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

Level 3: Monitoring by Regional Audit Committees

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

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

Harvest Operations:

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

Silviculture Operations:

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

Road Construction and Watercourse Crossings:

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

General Requirements:

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

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

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

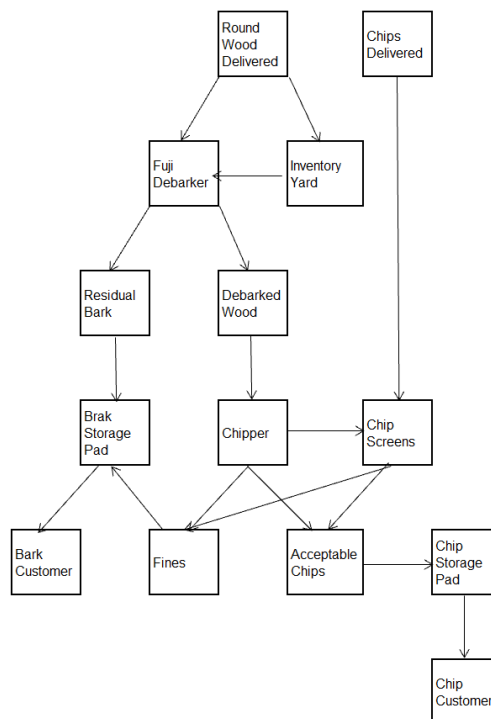
The NFTI Planning Manager will conduct periodic audits with all wood suppliers to ensure raw materials do not originate from controversial sources. The wood supplier audit program is risk based. This means that suppliers already certified to a SFM standard will be considered low risk. They will not be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

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

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

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

Northern Fibre Terminal Inc process flow diagram.



2.5 Quantification of the Supply Base

Supply Base

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

Feedstock

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

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

Bands for (f) and (g) are:

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

5. 800,000 – 1,000,000 tonnes or m³

6. >1,000, 000 tonnes or m³

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

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

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

3 Requirement for a Supply Base Evaluation

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

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

4 Supply Base Evaluation

4.1 Scope

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

4.2 Justification

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

4.3 Results of Risk Assessment

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

4.4 Results of Supplier Verification Programme

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

4.5 Conclusion

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

5 Supply Base Evaluation Process

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

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

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

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

6 Stakeholder Consultation

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

6.1 Response to stakeholder comments

No comments from stakeholder during the consultation process.

7 Overview of Initial Assessment of Risk

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

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

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

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

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

8.2 Site visits

N/A

8.3 Conclusions from the Supplier Verification Programme

N/A

9 Mitigation Measures

9.1 Mitigation measures

N/A

9.2 Monitoring and outcomes

N/A

10 Detailed Findings for Indicators

Detailed findings for each Indicator are given in Annex 1.

11 Review of Report





11.1 Peer review

A peer review was not conducted.

11.2 Public or additional reviews

N/A

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	 Breck Stuart	Planning Manager - GNT	July 15/19
	Name	Title	Date
Report Prepared by:	Daniel Martin	Consultant -Abies Consultants	
	Name	Title	Date
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:	 Thor Olesen	CEO - GNT	July 15, 19
	Name	Title	Date
Report approved by:	 Earle Miller	VP Procurement - GNT	July 15, 19
	Name	Title	Date
Report approved by:	Veselin Milosevic	VP Operations - GNT	
	Name	Title	Date
Report approved by:	 Andy Wright	Production Manager NFTI - GNT	July 15/19
	Name	Title	Date
Report approved by:	Jim Miller	Operations Manager - GNT	
	Name	Title	Date

13 Updates

N/A – This is an initial audit.

13.1 Significant changes in the Supply Base

N/A

13.2 Effectiveness of previous mitigation measures

N/A

13.3 New risk ratings and mitigation measures

N/A – This is an initial audit.

13.4 Actual figures for feedstock over the previous 12 months

N/A – This is an initial audit.

13.5 Projected figures for feedstock over the next 12 months

N/A – This is an initial audit.

Annex 1: Detailed Findings for Supply Base Evaluation Indicators

	Indicator								
1.1.1	The Biomass Producer's Supply Base is defined and mapped.								
Finding	<p>The BP's SB covers the Canadian provinces of Nova Scotia, New Brunswick and the Prince Edward Island. According to the World Wildlife Fund (WWF), these provinces include the follow ecoregions:</p> <table border="1"> <thead> <tr> <th>WWF Ecoregion (scientific code)</th> <th>Province</th> </tr> </thead> <tbody> <tr> <td>Gulf of St. Lawrence lowland forests (NA0408)</td> <td>NB NS PEI</td> </tr> <tr> <td>New England-Acadian forests (NA0410)</td> <td>NB NS</td> </tr> <tr> <td>Eastern Canadian forests (NA0605)</td> <td>NB NS</td> </tr> </tbody> </table>	WWF Ecoregion (scientific code)	Province	Gulf of St. Lawrence lowland forests (NA0408)	NB NS PEI	New England-Acadian forests (NA0410)	NB NS	Eastern Canadian forests (NA0605)	NB NS
WWF Ecoregion (scientific code)	Province								
Gulf of St. Lawrence lowland forests (NA0408)	NB NS PEI								
New England-Acadian forests (NA0410)	NB NS								
Eastern Canadian forests (NA0605)	NB NS								
Means of Verification	<p>NFTI certified DDS.</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and declare the supply area where the feedstock was harvested (ie the location of the stump).</p> <p>NFTI ensure that the location of the stump as provided by the supplier is within the Supply Base (SB) covered by the Supply Base Evaluation (SBE).</p> <p>A map of the supply base is maintained on file.</p>								
Evidence Reviewed	<p>Supplier contracts and supplier declarations for each feedstock supplier are available on file.</p> <p>A map of supply base areas and primary feedstock sources are available on file.</p>								
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>								
Comment or Mitigation Measure	N/A								

	Indicator
1.1.2	Feedstock can be traced back to the defined Supply Base.
Finding	<p>The feedstock purchase, in all accepted forms of fibres such as chips and round wood (logs), which lead to the mills is traceable due to the chain of custody process implemented by NFTI, which includes a Due Diligence System (DDS).</p> <p>The DDS is essentially based on supplier declarations, local knowledge of the supply base area by staff, a risk assessment, records on the origin of timber (trip tickets and/or bills of lading) and records on the supply chain.</p> <p>Each load delivered to the chipping mill must be accompanied by a trip ticket (BOL) identifying the supplier. Suppliers must have a signed contract which includes a supplier declaration.</p> <p>The supplier declaration shall provide information on the supplier, the material supplied, species, district of origin (harvest area) and information about the supply chain.</p> <p>New wood suppliers will be added to the Wood Supplier Audit Program if they have delivered at least 500 GMT of primary feedstock for the past quarter. These audits allow to validate the location of the stump of the feedstock. The audit consists in choosing a trip ticket at the supplier’s scale house, and tracing back the information on the trip ticket back to the location of the stump. These audits allow to validate the information provided on the supplier declaration.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of payment of harvest rights.</p>
Means of Verification	<p>NFTI DDS (part of the certified FSC COC).</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the chipping mill. Each supplier must complete the supplier declaration and declare the supply area where the feedstock was harvested (ie the location of the stump).</p> <p>Wood Supplier Audit Program if they have delivered at least 500 GMT of primary feedstock for the past quarter.</p>
Evidence Reviewed	<p>Supplier contracts (including supplier declarations) for each feedstock supplier, scale tickets and bills of lading.</p> <p>Completed Wood Supplier Audit checklists for each supplier of secondary feedstock.</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	N/A

	Indicator
1.1.3	The feedstock input profile is described and categorised by the mix of inputs.
Finding	<p>Refer to the product group table defined in the Procedures Manual for Multi-Site Chain of Custody and for sourcing Controlled Wood.</p> <p>Product groups include: SBP-Compliant Primary feedstock: <ul style="list-style-type: none"> W1.1 Roundwood logs SBP-Compliant Secondary feedstock: <ul style="list-style-type: none"> N1 Bark W3 Wood in chips and particles Tertiary feedstock: <ul style="list-style-type: none"> W3 Wood in chips and particles <ul style="list-style-type: none"> Wood chips Fines W3.2 Sawdust W3.3 Wood shavings W19 Other wood products n.e.c. (block ends, lumber trimmings) Volume tracking (inputs and outputs) is tracked in a credit table. The chain of custody management system is certified to the FSC chain of custody standard (FSC-STD-40-004 V3-0). FSC Certificate Code: SAI-COC-001123 FSC License Code: FSC-C099959</p>
Means of Verification	<p>GNT COC manual. Refer to the product group table defined in the Procedures Manual for Multi-Site Chain of Custody and for sourcing Controlled Wood.</p> <p>Volume tracking process using the scaling system, inventory tracking system and credit table.</p>
Evidence Reviewed	<p>Product group table defined in the Procedures Manual for Multi-Site Chain of Custody and for sourcing Controlled Wood.</p> <p>GNT Credit table showing monthly tracking of input and output volumes.</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	N/A

	Indicator
1.2.1	The Biomass Producer has implemented appropriate control systems and procedures to ensure that legality of ownership and land use can be demonstrated for the Supply Base.

<p>Finding</p>	<p>A risk assessment has been conducted on the supply base. Refer to the Company Risk Assessment.</p> <p>FSC Canada's 2015 Centralized National Risk Assessment concludes low risk for indicator 1.1 (Land tenure and management rights). <i>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.</i> (Source: FSC-CNRA-CAN-V1-0).</p> <p>The supply base includes both private and crown(public) lands. On crown lands, management responsibility ultimately lies with the government. Licenses to operate are provided to allow harvesting of wood. Trip tickets must accompany each load, demonstrating the origin of the timber (location of the stump).</p> <p>Supplier contracts include the requirements to ensure the supplier abides by all applicable laws.</p> <p>Supplier declarations include the following: <i>The supplier declares that forest-based material sold to GNT does not come from unacceptable sources, or controversial sources, which are:</i></p> <ol style="list-style-type: none"> 1. <i>Illegally harvested wood;</i> 2. <i>Not complying with local, national or international legislation, applying to forest related activities, in particular in the following areas:</i> <ul style="list-style-type: none"> - <i>Forestry operations and harvesting, including biodiversity conservation and conversion of forest to other use,</i> - <i>Management of areas with designated high environmental and cultural values,</i> - <i>Protected and endangered species, including requirements of CITES,</i> - <i>Health and labour issues relating to forest workers,</i> - <i>Indigenous peoples' property, tenure and use rights,</i> - <i>Third parties' property, tenure and use rights,</i> - <i>Payment of taxes and royalties,</i> - ... <p>DDS includes a process requiring the identification of the PID for wood coming from private forests. The DDS also includes a wood supplier audit program (including the PID information). Verification of ownership of the land is part of the wood supplier audit program and the DDS.</p> <p>The DDS is also based on the knowledge of the supply base area as well as of the supply chain by our procurement staff.</p>
<p>Means of Verification</p>	<p>Supplier contracts (including supplier declarations) for each feedstock supplier, scale tickets and bills of lading.</p> <p>Wood Supplier Audit Program if they have delivered at least 500 GMT of primary feedstock for the past quarter.</p> <p>Trip tickets/bills of lading.</p>
<p>Evidence Reviewed</p>	<p>Supplier contracts (including supplier declarations) for each feedstock supplier, scale tickets and bills of lading.</p> <p>Wood Supplier Audit Program if they have delivered at least 500 GMT of primary feedstock for the past quarter.</p>

	Trip tickets/bills of lading.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
1.3.1	The BP has implemented appropriate control systems and procedures to ensure that feedstock is legally harvested and supplied and is in compliance with EUTR legality requirements.
Finding	<p>A risk assessment has been conducted on the supply base. Refer to the Company Risk Assessment.</p> <p>Canada is a country that respects the rule of law. It consistently earns ratings as a jurisdiction with a very low incidence of corruption. According to the Transparency International Corruption Perception Index, Canada got an excellent Corruption Perception Index 2018 with a score of 81 - 9th rank.</p> <p>No evidence could be located reporting corruption related to the granting or issuing of harvesting permits and other areas of law enforcement related to harvesting and wood trade in Canada. Country shows a CPI above 50.</p> <p>Refer to comments in 1.2.1 above.</p>
Means of Verification	GNTI-FSC Risk Assessment Report
Evidence Reviewed	GNTI-FSC Risk Assessment Report Transparency International Corruption Perception Index (CPI) www.transparency.org World Bank – Worldwide Governance Indicators http://info.worldbank.org/governance/wgi/index.aspx#reports
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
1.4.1	The Biomass Producer has implemented appropriate control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date.
Finding	In Canada. legislation covered payment of all legally required forest harvesting specific fees such as royalties, stumpage fees and other volume-based fees. This includes payments of the fees based on the correct classification of quantities, qualities and

	<p>species. Persons or companies allocate rights for timber on Crown lands must pay royalties depending on products harvested.</p> <p>It is the responsibility of the provincial government to ensure royalties have been paid.</p> <p>On private forests, a verification is conducted to ensure the legality of the harvesting.</p> <p>Supplier contracts (including supplier declarations) for each feedstock supplier, scale tickets and bills of lading.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of payment of harvest rights. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	<p>Supplier contracts (including supplier declarations) for each feedstock supplier, scale tickets and bills of lading.</p> <p>Wood Supplier Audit Program if they have delivered at least 500 GMT of primary feedstock for the past quarter.</p> <p>Wood Supplier Audit Checklists.</p>
Evidence Reviewed	<p>Supplier contracts (including supplier declarations) for each feedstock supplier, scale tickets and bills of lading.</p> <p>Wood Supplier Audit Program if they have delivered at least 500 GMT of primary feedstock for the past quarter.</p> <p>Completed Wood Supplier Audit Checklists.</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	<p>N/A</p>

	Indicator
1.5.1	<p>The Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is supplied in compliance with the requirements of CITES.</p>
Finding	<p>There are no Canadian tree species on the CITES list of species. Therefore, the risk of illegal harvest of tree species listed in CITES is low. Canada: Low Risk as per the Centralized National Risk Assessment for Canada 2015.</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to avoiding tree species listed in CITES.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of the avoidance of wood coming from controversial sources (which by definition includes species listed in CITES). This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>

Means of Verification	https://speciesplus.net/species http://www.ec.gc.ca/cites/ Supplier contracts (including supplier declarations) for each feedstock supplier, scale tickets and bills of lading. Wood Supplier Audit Checklists.
Evidence Reviewed	https://speciesplus.net/species http://www.ec.gc.ca/cites/ https://ca.fsc.org/en-ca/standards/national-risk-assessment-01 Supplier contracts (including supplier declarations) for each feedstock supplier, scale tickets and bills of lading. Completed Wood Supplier Audit Checklists.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
1.6.1	The Biomass Producer has implemented appropriate control systems and procedures to ensure that feedstock is not sourced from areas where there are violations of traditional or civil rights.
Finding	<p>A risk assessment has been conducted on the supply base. Refer to the Company Risk Assessment.</p> <p>In Canada, there's no appearance of systematic violations of human rights.</p> <p>The Canadian Charter of Rights and Freedoms¹ forms the first part of the Constitution Act (1982). The Charter protects fundamental freedoms, democratic rights, mobility rights, legal rights, equality rights, language rights, it also recognizes and affirms Aboriginal and treaty rights (Section 35).</p> <p>According to the ILO website (May 2018), Canada has ratified 8 of 8 Fundamental Conventions. The convention on Right to Organise and Collective Bargaining Convention (C098) will enter into force for Canada on 14 June 2018.</p> <p>VIOLATION OF ILO FUNDAMENTAL PRINCIPLES AND RIGHTS:</p> <p>According to the CNRA, dated in 2015, Canada had ratified 6 of 8 fundamental ILO Conventions. This information is outdated, because according to the ILO website (verified March 12, 2018), Canada has ratified 8 of 8 Fundamental Conventions. This is a clipped image of the ILO website:</p>

	<p>Fundamental</p> <table border="1"> <thead> <tr> <th>Convention</th> <th>Date</th> <th>Status</th> <th>Note</th> </tr> </thead> <tbody> <tr> <td>C029 - Forced Labour Convention, 1930 (No. 29)</td> <td>13 Jun 2011</td> <td>In Force</td> <td></td> </tr> <tr> <td>C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)</td> <td>23 Mar 1972</td> <td>In Force</td> <td></td> </tr> <tr> <td>C098 - Right to Organise and Collective Bargaining Convention, 1949 (No. 98)</td> <td>14 Jun 2017</td> <td>Not in force</td> <td>The Convention will enter into force for Canada on 14 Jun 2018.</td> </tr> <tr> <td>C100 - Equal Remuneration Convention, 1951 (No. 100)</td> <td>16 Nov 1972</td> <td>In Force</td> <td></td> </tr> <tr> <td>C105 - Abolition of Forced Labour Convention, 1957 (No. 105)</td> <td>14 Jul 1959</td> <td>In Force</td> <td></td> </tr> <tr> <td>C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111)</td> <td>26 Nov 1964</td> <td>In Force</td> <td></td> </tr> <tr> <td>C138 - Minimum Age Convention, 1973 (No. 138) <i>Minimum age specified: 16 years</i></td> <td>08 Jun 2016</td> <td>In Force</td> <td></td> </tr> <tr> <td>C182 - Worst Forms of Child Labour Convention, 1999 (No. 182)</td> <td>06 Jun 2000</td> <td>In Force</td> <td></td> </tr> </tbody> </table> <p>Therefore, regarding the violation of ILO fundamental principles and rights, we conclude low risk at the National level for Canada.</p> <p>Supplier contracts (including a supplier declaration) include provision for compliance to all applicable laws and regulations.</p> <p>Supplier declaration contains the following requirements: The supplier declares that forest-based material sold to GNT does not come from unacceptable sources, or controversial sources, which are:</p> <ol style="list-style-type: none"> 3. Not complying with local, national or international legislation, applying to forest related activities, in particular in the following areas: <ul style="list-style-type: none"> - ... - Indigenous peoples' property, tenure and use rights, - Third parties' property, tenure and use rights, - ... 4. ... 5. Wood harvested in violation of traditional and human rights; 6. ... <p>Wood supplier audit checklist - Verification of any evidence of violation of traditional and civil rights is included in the wood supplier audit program and the DDS.</p>	Convention	Date	Status	Note	C029 - Forced Labour Convention, 1930 (No. 29)	13 Jun 2011	In Force		C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	23 Mar 1972	In Force		C098 - Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	14 Jun 2017	Not in force	The Convention will enter into force for Canada on 14 Jun 2018.	C100 - Equal Remuneration Convention, 1951 (No. 100)	16 Nov 1972	In Force		C105 - Abolition of Forced Labour Convention, 1957 (No. 105)	14 Jul 1959	In Force		C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	26 Nov 1964	In Force		C138 - Minimum Age Convention, 1973 (No. 138) <i>Minimum age specified: 16 years</i>	08 Jun 2016	In Force		C182 - Worst Forms of Child Labour Convention, 1999 (No. 182)	06 Jun 2000	In Force	
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<p>Means of Verification</p>	<p>Centralized National Risk Assessment for Canada 2015 (FSC-CNRA-CAN-V1-0) GNTI-FSC Risk Assessment Report Canadian Charter of Rights and Freedoms. http://laws-lois.justice.gc.ca/eng/const/page-15.html ILO Helpdesk for Business on International Labour Standards. http://www.ilo.org/empent/areas/business-helpdesk/lang--en/index.htm</p> <p>Supplier contracts (including supplier declarations) for each feedstock supplier. Supplier declaration for each feedstock supplier.</p> <p>Wood Supplier Audit Checklists.</p>																																				
<p>Evidence Reviewed</p>	<p>Centralized National Risk Assessment for Canada 2015 (FSC-CNRA-CAN-V1-0) GNTI-FSC Risk Assessment Report Canadian Charter of Rights and Freedoms. http://laws-lois.justice.gc.ca/eng/const/page-15.html ILO Helpdesk for Business on International Labour Standards. http://www.ilo.org/empent/areas/business-helpdesk/lang--en/index.htm</p> <p>Supplier contracts (including supplier declarations) for each feedstock supplier. Supplier declaration for each feedstock supplier.</p> <p>Completed Wood Supplier Audit Checklists.</p>																																				

Risk Rating	<input checked="" type="checkbox"/> Low Risk	<input type="checkbox"/> Specified Risk RA	<input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A		

	Indicator		
2.1.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped.		
Finding	<p>Refer to the Great Northern Timber Company Risk Assessment Report. The risk assessment identifies eco-regionally significant HCV's based on the criteria of FSC-STD-40-005 V3-1. NFTI first assessed whether any HCV's are threatened at the ecoregional level, then it assessed how forest management activities relate to these HCV's at the supply base level.</p> <p>Refer to section 1.1.1 for the applicable ecoregions within the supply base.</p> <p>Refer to the Company Risk Assessment Report (section 3.1) for the criteria used to evaluate the presence of HCV's.</p> <p>A low risk conclusion is obtained because material does not originate from any mapped areas of HCVs.</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to avoiding wood coming from forests where high conservation values are threatened by management activities.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of the avoidance of wood coming from forests where high conservation values are threatened by management activities. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>		
Means of Verification	Great Northern Timber Risk Assessment Report. Map of identified High Conservation Values. Signed contracts with each feedstock supplier. Completed Wood Supplier Audit checklists.		
Evidence Reviewed	Great Northern Timber Risk Assessment Report. Map of identified High Conservation Values. Signed contracts with each feedstock supplier. Completed Wood Supplier Audit checklists.		
Risk Rating	<input checked="" type="checkbox"/> Low Risk	<input type="checkbox"/> Specified Risk	<input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A		

	Indicator
2.1.2	The Biomass Producer has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.
Finding	<p>Refer to the Great Northern Timber Company Risk Assessment Report. The risk assessment identifies eco-regionally significant HCV's based on the criteria of FSC-STD-40-005 V3-1. NFTI first assessed whether any HCV's are threatened at the ecoregional level, then it assessed how forest management activities relate to these HCV's at the supply base level.</p> <p>Refer to section 1.1.1 for the applicable ecoregions within the supply base.</p> <p>Refer to the Company Risk Assessment Report (section 3.1) for the criteria used to evaluate the presence of HCV's. This Company risk assessment is revised at a minimum once per year. The Company risk assessment is also audited annually by a third-party auditor as part of the FSC COC certification process.</p> <p>A low risk conclusion is obtained because material does not originate from any mapped areas of HCVs.</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to avoiding wood coming from forests where high conservation values are threatened by management activities.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of the avoidance of wood coming from forests where high conservation values are threatened by management activities. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	<p>Great Northern Timber Risk Assessment Report. Map of identified High Conservation Values. Signed contracts with each feedstock supplier. Completed Wood Supplier Audit checklists.</p>
Evidence Reviewed	<p>Great Northern Timber Risk Assessment Report. Map of identified High Conservation Values. Signed contracts with each feedstock supplier. Completed Wood Supplier Audit checklists.</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	N/A

	Indicator
2.1.3	The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not sourced from forests converted to production plantation forest or non-forest lands after January 2008.
Finding	<p>Conversion is not considered a problem in Canada. Approximately 94 % of forestland in Canada is publicly owned and adequate regeneration is a legal requirement. Annual harvests have consistently been lower than volume available for harvest for at least the past ten years.</p> <p>There are no production plantations in the supply base area. The DDS process ensures fibre is not procured from forests being converted to plantations or other non-forest land use.</p> <p>Verification of any evidence of wood harvested in forests being converted to plantations is included in the wood supplier audit program and the DDS.</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to avoiding wood coming from forests being converted to plantations.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of the avoidance of wood coming from forests being converted to plantations or non-forest use. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	<p>Great Northern Timber Risk Assessment Report.</p> <p>Map of identified High Conservation Values.</p> <p>Signed contracts with each feedstock supplier.</p> <p>Completed Wood Supplier Audit checklists.</p>
Evidence Reviewed	<p>Great Northern Timber Risk Assessment Report.</p> <p>Map of identified High Conservation Values.</p> <p>Signed contracts with each feedstock supplier.</p> <p>Completed Wood Supplier Audit checklists.</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	N/A

	Indicator
2.2.1	The Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them.
Finding	<p>In Canada, forest activities are planned and implemented according to forest management plans that are based on nationally recognized standards for long term forest development and protection.</p> <p>Harvest Plans are developed and include such information as road location and classification, new road construction, forwarding trails outside harvest area, and watercourse crossings. All Crown lands where the company purchases wood are subject to robust laws, policies and procedures. Legislation is designed to protect social values as well as environmental values such as air, soil, water, wildlife.</p> <p>Forests in Nova Scotia and New Brunswick are also subject to a vetting process as they are Forest management certified to FSC or SFI.</p> <p>All suppliers are also subject to the company's supplier risk assessment protocols of the FSC program. A risk assessment has been completed covering the entire supply base area.</p> <p>The Nova Scotia Department of Natural Resources has been operating the Registry of Buyers since 1998. The Registry of Buyers is a registry of individuals and businesses who acquire primary forest products for processing into secondary products, export, sale as firewood, or production of energy. The intent is to provide the forest use and management information (harvest levels) required now and in the future.</p> <p>The information compiled through the Registry is used by the Department of Natural Resources to understand regional primary forest product demand and supply, estimate and monitor sustainable harvest levels, determine long-term resource management needs, and identify forest product and value-added development opportunities. The Forest Sustainability Regulations require all Registered Buyers acquiring greater than 5000 m3 from private and industrial lands in Nova Scotia to undertake a silviculture program or pay into the Sustainable Forestry Fund. In each year Registered Buyers must submit a Wood Acquisition Plan which describes how they will meet their silviculture obligations required by the Regulations</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to avoiding wood from unacceptable or controversial sources, including not complying with local, national and international legislation, applying to forest related activities, in particular forestry operations and harvesting, including biodiversity conservation, management of areas with designated high environmental and cultural values, protected and endangered species, including requirements of CITES.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of the evidence of appropriate assessment of impacts, and planning, implementation and monitoring to minimise them. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	<p>Great Northern Timber Risk Assessment Report.</p> <p>Map of identified High Conservation Values.</p> <p>Signed contracts with suppliers (including the supplier declaration).</p> <p>Completed Wood Supplier Audit checklists.</p>

Evidence Reviewed	Great Northern Timber Risk Assessment Report. Map of identified High Conservation Values. Signed contracts with suppliers (including the supplier declaration). Completed Wood Supplier Audit checklists.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk RA <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.2.2	The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is sourced from forests where management maintains or improves soil quality (CPET S5b).
Finding	<p>All Crown lands where the company purchases wood are subject to robust laws, policies and procedures which ensure soil quality is not degraded.</p> <p>Careful logging regulations practices restrict circulation of harvesting and forwarding machinery to spaced, parallel trails, which creates a pattern of disturbed and relatively undisturbed zones in the cutovers. This logging practices maintains a substantial portion of advance regeneration and limit the impact on soils (e.g. compaction, rutting). Ultimately, the aim is to protect the integrity of the site, to protect natural regeneration and minimize erosion and leaching which are threats for soils preservation.</p> <p>With respect to the fibre supply chain, there are strict legal regulations in place protecting ecosystems, soil and water quality. These regulations differ between the three provinces which comprise GNT's supply base, but all suppliers have confirmed through GNT's Supplier Declaration that they are committed to promote and comply with sustainable forest management practices, including reforestation, BMP's and impacts to the environment.</p> <p>GNT relies on the local governments for overall enforcement of their laws but additionally completes Wood Supplier Audits as a compulsory component of its third-party certifications. The Wood Supplier Audit checklist includes a verification of the impacts of forest management activities on soil, as well as a verification if soil quality is maintained or improved.</p> <p>Applicable law includes;</p> <p>Nova Scotia The Wildlife habitat and Watercourse Protection Regulations, made under section 40 of the Forests Act requires the following:</p> <ul style="list-style-type: none"> • Legacy trees and habitat structure: <ul style="list-style-type: none"> ○ On any harvest site comprising an area greater than 3 hectares of forest land, the forestry operator shall ensure that at least 10 living, or partially living trees are left standing for each hectare of forest land cut. The trees required to be left standing shall be in the same proportion by species as the forest stand being cut, as large as or larger than, in height and diameter, the average height and the average diameter of the trees within the stand being cut. The standing trees are to be clumped together, each clump shall contain no fewer than 30 trees. No harvesting is allowed within any clump. • Special Management Zones for watercourses (width equal to or greater than 50 cm) situated on or adjacent to forest land in which a forestry operation is carried out. No forestry operator shall within a special management zone:

- Permit the use of or operate a vehicle for forestry operations within 7m of the watercourse (except for the purpose of watercourse crossings approved by the Department of Environment).
- Reduce the basal area of living trees to less than 20m² per hectare
- Create an opening in the dominant tree canopy larger than 10m at its greatest dimension.
- Protection of watercourses less than 50 cm wide:
 - Where the average width of a watercourse situated on or adjacent to forest land on which a forestry operation is carried on is less than 50 cm, no forestry operator shall permit the use of, use or operate a vehicle for forestry operations within 5 m of the watercourse, except for the purpose of watercourse crossings approved by the Department of Environment.

The Code of Forest Practices define Forest Protection Guidelines.

Integrated pest management and protection methods are currently used to lessen the impacts of occurrences of insects, disease and fires. Rapid response to natural threats is required to effectively minimize risks to the long-term sustainable supply of timber products.

2.1.4 Forests will be monitored for potential risks of insects, disease, wind and fire which may adversely affect the future wood supply.

2.1.5 An integrated protection plan will be developed and implemented to mitigate the risk to future wood supply from large scale disturbances.

2.1.6 Appropriate pest and fire protection measures, which may include biological or chemical means, will be undertaken to ensure forest health and vigor.

2.1.7 In the event of a large natural disturbance, timber harvest efforts will be redirected towards salvaging merchantable timber in the affected areas.

Source: <https://novascotia.ca/natr/forestry/reports/Code-of-Forest-Practice.pdf>

Refer to the pesticide regulations made under Section 84 of the Environment Act for the provincial requirements surrounding the application of pesticides.

<https://novascotia.ca/just/regulations/regs/ENVPEST.HTM>

New Brunswick

The province of New Brunswick has shown a commitment to sustainable forest management since 1982 when it first introduced the Crown Lands and Forest Act. The New Brunswick Biodiversity Strategy (2009) identifies healthy and resilient native ecosystems and viable populations of native species among its conservation outcomes (Source: Biodiversity Strategy. Conserving biodiversity and using biological resources in a sustainable manner, June 2009). In 2012, the province of New Brunswick unveiled the Old Forest Community and Old-Forest Wildlife Habitat Definitions for New Brunswick. In 2014, the province of New Brunswick announced the implementation of a result-based framework for the management of Crown lands. The framework for result-based forestry is defined in the Brunswick Crown Lands Results-Based Forestry Option (FMM). Under this model, Licensees are held accountable to achieve clear, forest-wide objectives and Government will assess their performance by examining the outcomes of Licensee management, harvest and silviculture.

Forest management plans (FMP) are developed as part of the forest management agreement between the government and the licensees. The FMP defines how the license will be managed and forms the benchmark against which many elements of Licensee performance is measured. The FMP must demonstrate for a period of at least 80 years, the sustainability of the Licensee's harvest and silviculture strategy, and its ability to fulfill the objectives established by DNR. For a period of 10 years, the FMP maps:

- The area set aside to achieve objectives for terrestrial biodiversity, water quality, aquatic ecosystems, and recreational opportunity, termed the 'Conservation Forest'. The primary objective in the Conservation Forest is conservation of specific values and not annual allowable cut (AAC) levels.

- (Source: The 2012-2021 Forest Management Plan for Crown License 7 by J.D. Irving Limited)
 - The planned location, time period, and general prescription of harvest activity required to access the AAC.

Additionally, all timber licensees on Crown forest lands must be certified with a third-party certification system. Currently, all timber licenses are certified to the SFI 2015-2019 sustainable forest management standard.

On private woodlots (30% of the forested area in New Brunswick), funding is available for the preparation of a woodlot management recommendation document (management plan), which includes a

- Description of each forest stand (species composition, % basal area, volume, age, height, dbh and site productivity) on the property, access roads and non-productive portions of the property
- Treatments: recommendations for the next 10 year's activities may include treatments under the Private Woodlot Silviculture Program or other activities to achieve the owner's objectives.
- Long-term resource consideration, including wetlands, forest health, historical, cultural & archeological site, other special sites, protection from fires, soil & water quality protection, biodiversity and wildlife habitat, carbon sequestration, recreation opportunities

Monitoring of management activities on Crown lands as well as on private woodlots are ensured by the Department of Energy Resource Development (ERD).

Prince Edward Island

A new forest policy was released in 2006. At a time when softwood harvest levels were reaching their highest, there was public support to review and change policies that provided direction for sustainable forest management. Public consultations were conducted by the Public Forest Council in early 2005, and received an unprecedented level of interest; more than 500 people attended the meetings and 100 presentations were received.

The new forest policy ([Moving To Restore A Balance In Island Forests](#)) set broad direction for all forest on Prince Edward Island with a vision of enhanced forest quality that delivers a range of economic, social and environmental benefits.

In response to a changing philosophy in forest management, the Government of Prince Edward Island developed a forest management manual that utilized an ecosystem-based approach. First released in 2008, the Ecosystem-based Forest Management Manual is a technical document and provided forest professionals with a clear objective: all interventions should be done to improve the quality of the forest as a whole. The manual provided direction for forest restoration and enhancement, protection of riparian zones and wetlands, and identified the value of cover patches and other structural features. Harvesting forest products will continue to be important to provide wealth to residents of Prince Edward Island but modifications to the methods used to obtain them can contribute to forest health and diversity.

In 2005, the Government of Prince Edward Island merged the former Forestry and the Fish and Wildlife Divisions. Doing so provided an opportunity to benefit from the expertise of many professionals when managing the forest for more than just traditional forest products. In addition, public lands—Provincial Forests, wetlands, natural areas, and wildlife management areas—could be managed more efficiently.

Before any silvicultural work takes place on public land, management plans must be prepared. These plans include the long-term objective for management of the site, a map of wetlands, watercourse and forest stands delineated, and detailed stand information including understory and ground vegetation and the location(s) of any notable or rare wildlife habitats. Operational plans must be consistent with the forest management manual for public lands, and all work

must meet stringent standards set out by the manual. Operational plans detail the rationale and objectives of the prescribed work, the amount, the type and location(s) and timing of work, and provisions for the protection and/or enhancement of wetlands, watercourses and wildlife. These plans must be made available to the public online and at a Division office before the work is expected to begin.

Source: https://www.princeedwardisland.ca/sites/default/files/publications/forest_policy-english-sept-19.pdf

The forest management manual includes provisions for soil protection during harvesting and silviculture activities as well as road construction. Before developing a new forest road or trail a forest technician, forester, or other qualified person must develop a road or extraction trail plan. The purpose of this plan is to design a road or trail layout to provide access for this property or property block for one or more purposes and to minimize environmental impacts. This plan must consider environmental mitigation to address various property and property block features including slope (topography), soil types, wetlands, watercourses, rare vascular plants, risk management, and other features. In addition, roads and trails should be periodically assessed to minimize public safety concerns from the utilization of the roadway. New water course crossing work shall normally be confined to the period between June 15th and September 15th unless work is required to mitigate an existing erosion problem (e.g. bridge failure or road rutting). Heavy equipment is prohibited within 15 m of a watercourse without a permit.

Debris that does enter the stream must be removed immediately in accordance with provincial and federal regulations, with the least site disturbance possible. The debris must be moved outside the buffer or ditch unless it is required as part of a management prescription for positive wildlife enhancement within a management plan or agreement and in compliance with any permits issued by the Department.

Unstable road surfaces that have the potential to cause siltation in a watercourse must be seeded with "highway seed mix" and/or mulched using hay or straw crushed into the road surface. If the construction is completed after September 15th, then mulching is mandatory and seeding is not an acceptable treatment.

A belt of undisturbed vegetation, buffer strip, must be left between the road right-of-way and any body of water, with the exception of stream crossing locations for which the Environment Division of the Department of Environment, Justice and Labour has issued a watercourse and wetland activity permit. Buffer strips consisting of natural vegetation help provide protection for bodies of water from the discharge of road drainage and provide corridors for movement of wildlife (www.gov.pe.ca/environment/buffer-zones)

Source:

https://www.princeedwardisland.ca/sites/default/files/publications/technical_version_forest_management_manual.pdf

Clear criteria are described in the forest management manual for chemical maintenance of regenerating stands. An appropriate pre-harvest cover type and species diversity must be present and maintained. A minimum of 70% of the prescribed establishment density is required. Registered pesticides shall be applied according to label specifications by a licensed applicator in accordance with the Pest Control Products Act (Canada) and the Pesticide Control Act (PEI) and related regulations.

Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration that feedstock does not come from unacceptable sources, including not complying with local, national and international legislation, applying to forest related activities, in particular forestry operations and harvesting, including biodiversity conservation.

Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of the minimization of impacts on soil and a verification if soil quality is maintained or improved.

Means of Verification	List of applicable laws and regulations. Signed contracts with suppliers. Completed Wood Supplier Audit checklists.
Evidence Reviewed	List of applicable laws and regulations. Signed contracts with suppliers. Completed Wood Supplier Audit checklists.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.2.3	The Biomass Producer has implemented appropriate control systems and procedures to ensure that key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).
Finding	<p>Canada’s provinces are responsible for the management of forests. They have exclusive powers to develop and enforce their legislation, standards and programs to ensure the development, conservation and management of forest resources.</p> <p>All Crown lands where the company purchases wood are subject to robust laws, policies and procedures. Forests in Nova Scotia and New Brunswick are also subject to a vetting process as they are Forest management certified to FSC, SFI or PEFC. Private woodlot owners are encouraged to adopt best management practices and must conform to Forest Act (NS), Clean Water Act (NB) and Lands Protection Act (PEI).</p> <p>All suppliers are also subject to the company’s supplier risk assessment protocols of the FSC program.</p> <p>The harvest blocks are identified and approved in the FMP and the annual schedules. In the concerned provinces (NS, NB, PEI), the forest management planification is based on a legal and policy framework which involved sustainability of the forests.</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to avoiding wood from unacceptable or controversial sources, including not complying with local, national and international legislation, applying to forest related activities, in particular forestry operations and harvesting, including biodiversity conservation, management of areas with designated high environmental and cultural values, protected and endangered species, including requirements of CITES.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of the evidence of appropriate assessment of impacts, and planning, implementation and monitoring to minimise them. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p> <p>GNT use a regional map showing all the high conservation values identified in the area, including protected areas.</p>
Means of Verification	Great Northern Timber Risk Assessment Report. Map of identified High Conservation Values. Signed contracts with suppliers (including supplier declarations).

	Completed Wood Supplier Audit checklists. A map of supply base areas and primary/secondary feedstock sources are available on file.
Evidence Reviewed	Great Northern Timber Risk Assessment Report. Map of identified High Conservation Values. Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists. A map of supply base areas and primary/secondary feedstock sources are available on file.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.2.4	The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).
Finding	<p>Biodiversity Strategies has been implemented in each province and clear goals to achieve are identified.</p> <p>Nova Scotia The Nova Scotia's Code of Forest Practice states that forest management will be designed and conducted in a manner that maintains and enhances the quality of air, water, and soil.</p> <p>In Nova Scotia, Best Management Practice are provided to private woodlot owners through regional organizations who assist private woodlot owners in their forest management.</p> <p>New Brunswick Modeling software is used to simulated evolution of the different forest communities.</p> <p>GIS information and maps help the forest managers to avoid risk of diminish endangered sites (ecosites classification) or vulnerable species.</p> <p>Licensee forests management have implemented Best Management Practices (BMPs) that ensure that biodiversity is protected. The Crown Lands and Forests Act requires the Minister of Natural Resources to evaluate licensee forest management performance at five-year intervals. Performance evaluation results guide the minister's decision in extending the Forest Management Agreement for each license</p> <p>Prince Edward Island The PEI Department of Environment, Energy and Forestry is an associate member of the Nova Forest Alliances. The Nova Forest Alliance provides a Best Management Practices Manual to all members as a tool to follow the principles of Forest Stewardship.</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to avoiding wood from unacceptable or controversial sources, including not complying with local, national and international legislation, applying to forest related activities, in particular forestry operations and harvesting, including</p>

	<p>biodiversity conservation, management of areas with designated high environmental and cultural values, protected and endangered species, including requirements of CITES.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of protection of biodiversity. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	<p>Great Northern Timber Risk Assessment Report. Map of identified High Conservation Values. Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.</p>
Evidence Reviewed	<p>Great Northern Timber Risk Assessment Report. Map of identified High Conservation Values. Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	<p>N/A</p>

	Indicator
2.2.5	<p>The Biomass Producer has implemented appropriate control systems and procedures for verifying that the process of residue removal minimises harm to ecosystems.</p>
Finding	<p>With respect to the fibre supply chain, there are strict legal regulations in place protecting ecosystems, soil and water quality. These regulations differ between the three provinces which comprise GNT’s supply base, but all suppliers have verified through GNT’s Supplier Declaration that they are committed to promote and comply with sustainable forest management practices, including reforestation, BMP’s and impacts to the environment. GNT relies on the local governments for overall enforcement of their laws but additionally will complete field auditing as a compulsory component of its third-party certifications. Applicable law includes;</p> <p>Nova Scotia The Wildlife habitat and Watercourse Protection Regulations, made under section 40 of the Forests Act requires the following:</p> <ul style="list-style-type: none"> • Legacy trees and habitat structure: <ul style="list-style-type: none"> ○ On any harvest site comprising an area greater than 3 hectares of forest land, the forestry operator shall ensure that at least 10 living, or partially living trees are left standing for each hectare of forest land cut. The trees required to be left standing shall be in the same proportion by species as the forest stand being cut, as large as or larger than, in height and diameter, the average height and the average diameter of the trees within the stand being cut. The standing trees are to be clumped together, each clump shall contain no fewer than 30 trees. No harvesting is allowed within any clump. • Special Management Zones for watercourses (width equal to or greater than 50 cm) situated on or adjacent to forest land in which a forestry operation is carried out. No forestry operator shall within a special management zone:

- Permit the use of or operate a vehicle for forestry operations within 7m of the watercourse (except for the purpose of watercourse crossings approved by the Department of Environment).
- Reduce the basal area of living trees to less than 20m² per hectare
- Create an opening in the dominant tree canopy larger than 10m at its greatest dimension.
- Protection of watercourses less than 50 cm wide:
 - Where the average width of a watercourse situated on or adjacent to forest land on which a forestry operation is carried on is less than 50 cm, no forestry operator shall permit the use of, use or operate a vehicle for forestry operations within 5 m of the watercourse, except for the purpose of watercourse crossings approved by the Department of Environment.

The Code of Forest Practices define Forest Protection Guidelines. Integrated pest management and protection methods are currently used to lessen the impacts of occurrences of insects, disease and fires. Rapid response to natural threats is required to effectively minimize risks to the long-term sustainable supply of timber products.

2.1.4 Forests will be monitored for potential risks of insects, disease, wind and fire which may adversely affect the future wood supply.

2.1.5 An integrated protection plan will be developed and implemented to mitigate the risk to future wood supply from large scale disturbances.

2.1.6 Appropriate pest and fire protection measures, which may include biological or chemical means, will be undertaken to ensure forest health and vigor.

2.1.7 In the event of a large natural disturbance, timber harvest efforts will be redirected towards salvaging merchantable timber in the affected areas.

Source: <https://novascotia.ca/natr/forestry/reports/Code-of-Forest-Practice.pdf>

Refer to the pesticide regulations made under Section 84 of the Environment Act for the provincial requirements surrounding the application of pesticides.

<https://novascotia.ca/just/regulations/regs/ENVPEST.HTM>

New Brunswick

The province of New Brunswick has shown a commitment to sustainable forest management since 1982 when it first introduced the Crown Lands and Forest Act. The New Brunswick Biodiversity Strategy (2009) identifies healthy and resilient native ecosystems and viable populations of native species among its conservation outcomes (Source: Biodiversity Strategy. Conserving biodiversity and using biological resources in a sustainable manner, June 2009). In 2012, the province of New Brunswick unveiled the Old Forest Community and Old-Forest Wildlife Habitat Definitions for New Brunswick. In 2014, the province of New Brunswick announced the implementation of a result-based framework for the management of Crown lands. The framework for result-based forestry is defined in the Brunswick Crown Lands Results-Based Forestry Option (FMM). Under this model, Licensees are held accountable to achieve clear, forest-wide objectives and Government will assess their performance by examining the outcomes of Licensee management, harvest and silviculture.

It is the policy of the Department of Natural Resources to permit harvesting of forest biomass from Crown lands while ensuring the sustainable management of Crown forests. New Brunswick Crown forests are to be managed in a sustainable manner to ensure that objectives set forth for forest diversity, wood supply, wildlife habitat, watercourses and wetlands are achieved. Tree branches, foliage and tops are recognized by the DNR as important sources of nutrients for forest growth and development. Biomass removal is to be limited to forest stands within harvest blocks of the current approved forest management plan. A forest stand's eligibility for biomass harvest is to be determined through an analysis utilizing an approved decision support model, supported by a field

verification process to validate the model base information. Forest stands are considered eligible for biomass removal when Minimal site nutrient loss resulting from the harvest of forest biomass, thereby, resulting in no reduction in the predicted growth of the future forest stands.

Forest management plans (FMP) are developed as part of the forest management agreement between the government and the licensees. The FMP defines how the license will be managed and forms the benchmark against which many elements of Licensee performance is measured. The FMP must demonstrate for a period of at least 80 years, the sustainability of the Licensee’s harvest and silviculture strategy, and its ability to fulfill the objectives established by DNR. For a period of 10 years, the FMP maps:

- The area set aside to achieve objectives for terrestrial biodiversity, water quality, aquatic ecosystems, and recreational opportunity, termed the ‘Conservation Forest’. The primary objective in the Conservation Forest is conservation of specific values and not annual allowable cut (AAC) levels.
- (Source: The 2012-2021 Forest Management Plan for Crown License 7 by J.D. Irving Limited)
 - The planned location, time period, and general prescription of harvest activity required to access the AAC.

Additionally, all timber licensees on Crown forest lands must be certified with a third-party certification system. Currently, all timber licenses are certified to the SFI 2015-2019 sustainable forest management standard.

Relevant applicable legislation in New Brunswick include, but not limited to:

- Clean Air Act – Air Quality Regulation
- Clean Environment Act – Designated Material Regulation
- Clean Environment Act – Water Quality Regulation
- Clean Water Act – Watercourse Alteration Regulation
- Clean Water Act – Watershed Protection Regulation
- Crown Lands Act (and applicable Regulations)
- Pesticide Control Act (and applicable Regulations)
- Species at Risk Act – List of Species at Risk Regulation
- Transportation of Dangerous Goods Act (and applicable Regulations)

On private woodlots (30% of the forested area in New Brunswick), funding is available for the preparation of a woodlot management recommendation document (management plan), which includes a

- Description of each forest stand (species composition, % basal area, volume, age, height, dbh and site productivity) on the property, access roads and non-productive portions of the property
- Treatments: recommendations for the next 10 year’s activities may include treatments under the Private Woodlot Silviculture Program or other activities to achieve the owner’s objectives.
- Long-term resource consideration, including wetlands, forest health, historical, cultural & archeological site, other special sites, protection from fires, soil & water quality protection, biodiversity and wildlife habitat, carbon sequestration, recreation opportunities

Monitoring of management activities on Crown lands as well as on private woodlots are ensured by the Department of Energy Resource Development (ERD).

Prince Edward Island

A new forest policy was released in 2006. At a time when softwood harvest levels were reaching their highest, there was public support to review and change policies that provided direction for sustainable forest management. Public consultations were conducted by the Public Forest Council in early 2005, and received an unprecedented

level of interest; more than 500 people attended the meetings and 100 presentations were received.

The new forest policy ([Moving To Restore A Balance In Island Forests](#)) set broad direction for all forest on Prince Edward Island with a vision of enhanced forest quality that delivers a range of economic, social and environmental benefits.

In response to a changing philosophy in forest management, the Government of Prince Edward Island developed a forest management manual that utilized an ecosystem-based approach. First released in 2008, the Ecosystem-based Forest Management Manual is a technical document and provided forest professionals with a clear objective: all interventions should be done to improve the quality of the forest as a whole. The manual provided direction for forest restoration and enhancement, protection of riparian zones and wetlands, and identified the value of cover patches and other structural features. Harvesting forest products will continue to be important to provide wealth to residents of Prince Edward Island but modifications to the methods used to obtain them can contribute to forest health and diversity.

In 2005, the Government of Prince Edward Island merged the former Forestry and the Fish and Wildlife Divisions. Doing so provided an opportunity to benefit from the expertise of many professionals when managing the forest for more than just traditional forest products. In addition, public lands—Provincial Forests, wetlands, natural areas, and wildlife management areas—could be managed more efficiently.

Before any silvicultural work takes place on public land, management plans must be prepared. These plans include the long-term objective for management of the site, a map of wetlands, watercourse and forest stands delineated, and detailed stand information including understory and ground vegetation and the location(s) of any notable or rare wildlife habitats. Operational plans must be consistent with the forest management manual for public lands, and all work must meet stringent standards set out by the manual. Operational plans detail the rationale and objectives of the prescribed work, the amount, the type and location(s) and timing of work, and provisions for the protection and/or enhancement of wetlands, watercourses and wildlife. These plans must be made available to the public online and at a Division office before the work is expected to begin. Source: https://www.princeedwardisland.ca/sites/default/files/publications/forest_policy-english-sept-19.pdf

The forest management manual includes provisions for soil protection during harvesting and silviculture activities as well as road construction. Before developing a new forest road or trail a forest technician, forester, or other qualified person must develop a road or extraction trail plan. The purpose of this plan is to design a road or trail layout to provide access for this property or property block for one or more purposes and to minimize environmental impacts. This plan must consider environmental mitigation to address various property and property block features including slope (topography), soil types, wetlands, watercourses, rare vascular plants, risk management, and other features. In addition, roads and trails should be periodically assessed to minimize public safety concerns from the utilization of the roadway. New water course crossing work shall normally be confined to the period between June 15th and September 15th unless work is required to mitigate an existing erosion problem (e.g. bridge failure or road rutting). Heavy equipment is prohibited within 15 m of a watercourse without a permit.

Debris that does enter the stream must be removed immediately in accordance with provincial and federal regulations, with the least site disturbance possible. The debris must be moved outside the buffer or ditch unless it is required as part of a management prescription for positive wildlife enhancement within a management plan or agreement and in compliance with any permits issued by the Department.

Unstable road surfaces that have the potential to cause siltation in a watercourse must be seeded with “highway seed mix” and/or mulched using hay or straw crushed into the road

	<p>surface. If the construction is completed after September 15th, then mulching is mandatory and seeding is not an acceptable treatment.</p> <p>A belt of undisturbed vegetation, buffer strip, must be left between the road right-of-way and any body of water, with the exception of stream crossing locations for which the Environment Division of the Department of Environment, Justice and Labour has issued a watercourse and wetland activity permit. Buffer strips consisting of natural vegetation help provide protection for bodies of water from the discharge of road drainage and provide corridors for movement of wildlife (www.gov.pe.ca/environment/buffer-zones)</p> <p>Source: https://www.princeedwardisland.ca/sites/default/files/publications/technical_version_forest_management_manual.pdf</p> <p>Clear criteria are described in the forest management manual for chemical maintenance of regenerating stands. An appropriate pre-harvest cover type and species diversity must be present and maintained. A minimum of 70% of the prescribed establishment density is required. Registered pesticides shall be applied according to label specifications by a licensed applicator in accordance with the Pest Control Products Act (Canada) and the Pesticide Control Act (PEI) and related regulations.</p> <p>As best management practice, harvest operations occurring in forest stands that are not eligible for biomass removal will leave biomass material at the site of initial harvest (at the stump). General guidelines are in place for each province to minimize risk of impoverishment of soils. Thereby, removal of the forest floor including, litter layer, soil surface, stumps and root systems is avoiding. As a best practice, foliage should remain on the site following harvest. Seasonal timing is to be considered in planning a biomass harvest. Forest biomass harvesting is only to occur in “low risk” or “eligible” areas. Harvest systems are to be designed to minimize soil disturbance, including compaction, rutting and erosion.</p> <p>The Prince Edward Island Department of Environment, Energy and Forestry is an associate member of the Nova Forest Alliances. The Nova Forest Alliance provides a Best Management Practices Manual to all members as a tool to follow the principles of Forest Stewardship.</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to avoiding wood from unacceptable or controversial sources, including not complying with local, national and international legislation, applying to forest related activities.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of protection of biodiversity. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.
Evidence Reviewed	Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	Indicator
2.2.6	The Biomass Producer has implemented appropriate control systems and procedures to verify that negative impacts on ground water, surface water and water downstream from forest management are minimised (CPET S5b).
Finding	<p>The Canada Water Act provides an enabling framework for collaboration among the federal, provincial and territorial governments in matters relating to water resources.</p> <p>Regardless of the type of treatment that is applied, basic standards are imposed to the executors of the operations. Wetlands and streams are preserved by buffers whose area is defined according to the attributes of the site in question. Watercourses are distinguished according to their width and the presence of fish. This is taken seriously by all forest stakeholders.</p> <p>Operations associated with road construction and watercourse crossings have the most potential to pollute water and adversely affect aquatic habitat. Where environmental problems occur, they are to be corrected and proper department of each province immediately notified of the mitigative actions taken.</p> <p>Nova Scotia Specials measures are implemented like in NS, where the Code of Forest Practice state on designated watersheds protection, water supply area, strategic planning of new road.</p> <p>New Brunswick Forest activities follow Best management practices that take account integrity of soils, water, wildlife and biodiversity. Licensees are required to maintain watercourse buffer zones along all watercourses with a discernible channel. Buffer zones are applied according to the objectives and guidelines detailed in “Watercourse Buffer Zone Guidelines for Crown Land Forestry Activities”. Timber harvesting is permitted within buffer zones so long as it does not compromise the function of the buffer</p> <p>For private woodland owner, a specific risk assessment will be completed and included with contract to determine whether a site inspection will be completed.</p> <p>Relevant applicable legislation in New Brunswick include, but not limited to:</p> <ul style="list-style-type: none"> - Clean Environment Act – Water Quality Regulation - Clean Water Act – Watercourse Alteration Regulation - Clean Water Act – Watershed Protection Regulation - Clean Water Act – Wellfield Protection Regulation - Crown Lands Act (and applicable Regulations) - Pesticide Control Act (and applicable Regulations) - Transportation of Dangerous Goods Act (and applicable Regulations) <p>Prince Edward Island Watershed management initiative is in place to enhance and protect water quality and environmental health on a watershed basis of PEI. Watershed planning is an all-inclusive process of community decision making which involves all stakeholders who work, live and/or have an interest in the watershed.</p> <p>The Wetland Policy for PEI works with the existing legislation, regulations and policies to protect wetlands (Environmental Protection Act)</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to legal compliance.</p>

	Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of impacts of forest management activities on ground water, surface water and water downstream. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.
Means of Verification	List of applicable legislation and regulations. Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.
Evidence Reviewed	List of applicable legislation and regulations. Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.2.7	The Biomass Producer has implemented appropriate control systems and procedures for verifying that air quality is not adversely affected by forest management activities.
Finding	<p>Most contractors and operators are equipped with the latest technologies that have a better management of their emission pollutants. In addition, checks and maintenance are periodically made to prevent incidents.</p> <p>Each province (NB, NS, and PEI) carry out their own air quality monitoring programs.</p> <p>Nova Scotia Environment Ambient Air Quality Data Ambient air monitoring stations measure the quality of outdoor air and air pollution emissions from many sources, such as industrial facilities (electrical power plants, pulp and paper mills), vehicles, natural sources (such as forest fires and trees), and emissions generated in Nova Scotia, neighboring provinces and states, and globally. The application gives the latest real-time hourly measurements for pollutants measured at all the Government of Nova Scotia's ambient air quality monitoring stations in the Province. Pollutants measured at the monitoring stations can include:</p> <ul style="list-style-type: none"> • Ground-level ozone (O₃) • Fine particulate matter (PM_{2.5}) • Carbon monoxide (CO) • Sulphure dioxide (SO₂) • Total reduced sulphur (TRS) • Nitrogen oxides (NO_x), Nitric oxide (NO) and Nitrogen Dioxide (NO₂) <p>Real-time air pollution measurements can be viewed on the following link: https://novascotia.ca/nse/airdata/</p> <p>New Brunswick There are essentially two types of monitoring emissions and ambient.</p> <ul style="list-style-type: none"> • Emissions Monitoring <ul style="list-style-type: none"> ○ Ensures that facilities which are releasing pollutants to the air are within the limits established by provincial and national standards and guidelines. • Ambient Monitoring

	<ul style="list-style-type: none"> ○ There are now more than 60 separate locations employing over 100 different devices where outdoor or ambient air quality monitors operate year round. Stations are situated throughout the province. See the map on the following link: http://www2.gnb.ca/content/dam/gnb/Departments/env/images/Air/NBmap2.gif ○ All stations must follow sampling procedures set by the Department of Environment, and report their data regularly. A variety of methods, including independent audits, are used to check for accuracy of the data. <p>Since 2001 the Department of Environment and Local Government has operated a mobile air quality monitoring unit to supplement monitoring carried out at established (non-mobile) monitoring sites. The mobile air quality monitoring unit is deployed as needs arise. Typical applications include:</p> <ul style="list-style-type: none"> - Assessment of the local impact of point or area emission sources - Site evaluation prior to establishing permanent monitoring sites - Comparative analysis studies with permanent monitoring sites. - Verification of air quality modelling predictions - Determination of background (baseline) air quality levels - Monitoring the effects of short-lived events that have potential for air quality impacts (e.g., slash burning, forest fires, fire training exercises) <p>Prince Edward Island Monitoring of air quality is done continuously at three sites within the province (Wellington, Charlottetown and Southampton). At each site, ground-level ozone, nitrogen oxides (NO_x) and fine particulate matter (PM_{2.5}). In Charlottetown, sulphur dioxide (SO₂) is also monitored and in Southampton, mercury and acid rain precipitation.</p> <p>Ground-level ozone, NO_x and PM_{2.5} data gathered at the monitoring stations is provided hourly to Environment and Climate Change Canada who calculate the AQHI (Air Quality Health Index) for Summerside (Wellington), Charlottetown and St. Peters Bay (Southampton). The data is also used to produce annual air quality reports for PEI.</p> <p>An air quality report is done annually. Its purpose is to set standards that are the same across Canada which will result in improved air quality.</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to legal compliance.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of forest management activities adversely affecting air quality. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	List of applicable legislation and regulations. Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.
Evidence Reviewed	List of applicable legislation and regulations. Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.2.8	The Biomass Producer has implemented appropriate control systems and procedures for verifying that there is controlled and appropriate use of chemicals, and that Integrated Pest Management (IPM) is implemented wherever possible in forest management activities (CPET S5c).
Finding	<p>NFTI does not apply chemical or pesticide substance on the areas where they operate.</p> <p>Pesticides are regulated by the Pest Management Regulatory Agency (PMRA), the branch of Health Canada that administers the Pest Control Products Act on behalf of the Minister of Health.</p> <p>Provincial governments ensure the use of chemicals are employed in the most safely manner and that proper pest management techniques are used.</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to legal compliance.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of the use of chemical pesticides as well as a verification of evidence of the use of integrated pest management wherever possible in forest management activities. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	List of applicable legislation and regulations. Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.
Evidence Reviewed	List of applicable legislation and regulations. Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.2.9	The Biomass Producer has implemented appropriate control systems and procedures for verifying that methods of waste disposal minimise negative impacts on forest ecosystems (CPET S5d).
Finding	<p>In the event of a spill of contaminants, procedures are established to minimize impacts and contain the substance. A practical guide is provided to contractors and forestry workers setting out the step actions for a spill contingency. Spill cleanup requirements for dangerous goods are outlined in the Environmental Emergency Regulations.</p> <p>Applicable legislation in Nova Scotia: Environmental Emergency Regulations, under the Environment Act.</p> <p>Applicable legislation in New Brunswick:</p>

	<p>Clean Environment Act - Water Quality Regulation</p> <p>Each province has a hotline for reporting spills.</p> <ul style="list-style-type: none"> • https://novascotia.ca/nse/dept/docs/NS.Environment.Contact.Brochure.pdf • https://www2.gnb.ca/content/dam/gnb/Departments/env/pdf/LandWaste-TerreDechets/SpillReporting.pdf • https://www.princeedwardisland.ca/en/information/communities-land-and-environment/reporting-oil-spill <p>Each province requires spills of hazardous substances and environmental contaminants to be reported as soon as possible. The damage of the spill as well as the context surrounding the situation are evaluated by a competent department which determines whether additional measures of restoration or a fine must be issued.</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to legal compliance.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of the use of chemical pesticides as well as a verification of evidence that the disposal of waste minimizes negative impacts on forest ecosystems. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	<p>List of applicable legislation and regulations. Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.</p>
Evidence Reviewed	<p>List of applicable legislation and regulations. Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	<p>N/A</p>

	Indicator
2.3.1	<p>Analysis shows that feedstock harvesting does not exceed the long-term production capacity of the forest, avoids significant negative impacts on forest productivity and ensures long-term economic viability. Harvest levels are justified by inventory and growth data.</p>
Finding	<p>The FAO report 0% of annual change rate regarding the extent of forest for the 2010-2015 period.</p> <p>Conversion is not considered a problem in Canada. Approximately 94 percent of forestland in Canada is publicly owned. Annual harvests have consistently been lower than volume available for harvest for at least the past ten years (NRCan).</p> <p>The Forests Act in the different provinces' mandates reforestation (by replanting or through natural regeneration) after wood has been harvested, ensuring that harvested areas are successfully regenerated and remain as forests. Canadian forests surface area is stable at approximately 348 million hectares. NRCan stated that less than 0.02 % of</p>

Canada’s forest is converted to other land uses each year, placing Canada among the world’s lowest deforested nation.

Nova Scotia

The Code of Forest Practice is mandatory for application on Crown Lands and recommended for application on private land.

Code principle 2.1.3 Harvested forests will be renewed in a timely fashion to produce high stocking of trees of commercial value.

Source: <https://novascotia.ca/natr/forestry/reports/Code-of-Forest-Practice.pdf>

The State of the Forest Report for the Province of Nova Scotia shows that harvest levels have decreased during the last 10 years, and the annual net change in millions tonnes of carbon has increased. As of 2009, forests have been a net carbon sink. This is due to reductions in harvesting and high growth rates produced by a younger forest cover.

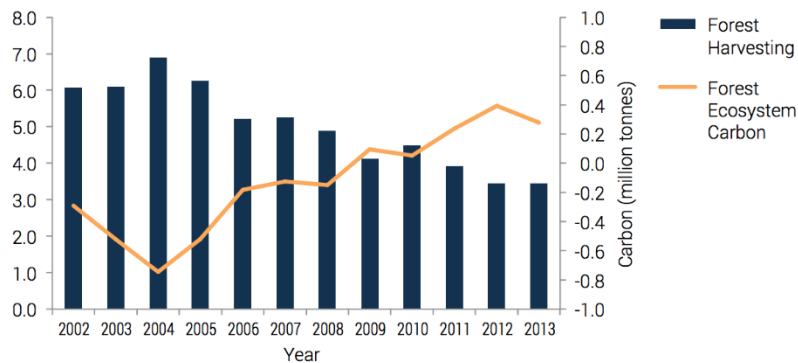


Figure 8.2.1 • Forest harvesting levels (cubic metres) and annual net change in forest ecosystem carbon (tonnes of carbon) in Nova Scotia, 2002–2013.

Source: <https://novascotia.ca/natr/forestry/reports/State of the Forest 2016.pdf>

New Brunswick

Policy requirement to ensure proper regeneration (natural or artificial) after harvest. Included in the approved forest management plan as well as reported in the annual report. Preparation and approval of a FMP and the submission of an annual report of activities is a legal requirement in the Crown Lands Act.

According to the 2012-2013 Annual Report of the New Brunswick Forest Products Commission a total of \$6 million was budgeted for silviculture treatments on private woodlots. The private land silviculture program is designed to fund activities such as pre-commercial thinning, tree planting and plantation tending. Ninety-five percent of the \$6 million available was accessed in 2012-2013.

ERD is responsible for monitoring and assessing the quality and compliance of the work performed using the procedures set out in the provincial private land silviculture manual.

Source: <https://www.gnb.ca/legis/business/pastsessions/57/57-4/LegDoc/Eng/January2014/ForestProdComm12-13-E.pdf>

The Forest Management Manual for the Province of New Brunswick states that forest management plans (FMP) must demonstrate that the Annual Allowable Cut (AAC) is sustainable for a period of at least 80 years, and it’s ability to fulfill the objectives established by the provincial Department of Natural Resources.

For a period of 10 years, the FMP maps must show the planned location, time period, and general prescription of harvest activity required to access the AAC as well as the areas set aside to achieve objectives for terrestrial biodiversity, water quality, aquatic ecosystems, ab recreational opportunity: collectively termed the Conservation Forest.

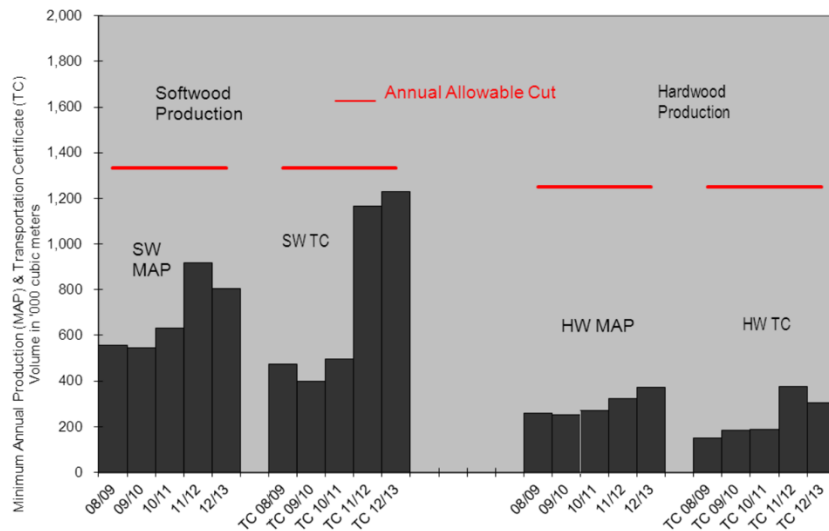
Source: http://www2.gnb.ca/content/dam/gnb/Departments/nr-rn/pdf/en/ForestsCrownLands/ScheduleE_FMM_En.pdf

According to the state of the forest report for the province of New Brunswick, for 2008 (the most recent version available), the forest industry harvested more than 4.4 million m³ of wood from the public forest. This was 1.6 million m³ less than the sustainable harvest levels.

Source: <http://www2.gnb.ca/content/dam/gnb/Departments/nr-rn/pdf/en/ForestsCrownLands/ForestReport08.pdf>

According to the 2012-2013 Annual Report of the New Brunswick Forest Products Commission, for the combined Marketing Boards, softwood production was 1.23 million m³ compared to an AAC of 1.3 million m³. Hardwood production was 0.31 million m³ compared to an AAC of 1.2 million m³. See figure below:

Figure 6: Private Woodlot Production (MAP and TC) 2008-2013
Caution: TC information is not complete.



Source: <https://www.gnb.ca/legis/business/pastsessions/57/57-4/LegDoc/Eng/January2014/ForestProdComm12-13-E.pdf>

Prince Edward Island

The Forest Management Act states that a Crown Forest Land Management Plans must be prepared for each Forest Management District. Management plans include five year and twenty-year operational projections on silvicultural activities and estimates of their impacts on supply of forest products and other values for a hundred-year period.

Operational Plans (required) describe the management and silvicultural work in the first year of the plan, including silviculture, timber harvesting, road construction and maintenance, forest protection, forest extension.

Source: <https://www.princeedwardisland.ca/sites/default/files/legislation/F-14-Forest%20Management%20Act.pdf>

On private woodlots, as required by the [Forest Renewal Program Regulations](#), all commercial softwood harvested on public and private lands on PEI is subject to a \$2/cord Forest Management Checkoff Fee. This money is reinvested into forest management programs for public lands and participating private lands.

Of the total area of Prince Edward Island, 44 per cent is classified as forest area (36 per cent natural forest, 4 per cent plantation, and 4 per cent harvested / regenerating). The total estimate of forest area for Prince Edward Island decreased from 257,645 ha to 250,084 ha since the last estimate in the 2000 State of the Forest Report. Of the total forest area, 80 per cent is classified as being natural forest dominated by naturally regenerated tree species.



Figure 1. Prince Edward Island forest from 1900-2010.

Since 2000, agriculture accounted for the largest conversion from forest (Table 3). The majority of this land use conversion was due to establishment / expansion of new blueberry fields. The net change in forest area from 2000 to 2010 was -7,561 ha (Table 3). In addition to land use changes that occurred in the previous decade, the increased resolution of the 2010 aerial photography allowed for areas to be classified in more appropriate land use categories.

Table 3. Net area of forest land use type change from 2000 to 2010.

Land Use Forest	Converted Forest (ha)	Created Forest (ha)	Net Change (ha)
Agriculture	-6,511	1,895	-4,616
Industrial / Transportation	-975	464	-511
Wetland	-4,024	1,463	-2,561
Residential	-1,216	286	-930
Abandoned Farmland	-1,627	2,746	1,119
Other	-63	1	-62
Total Forest	-14,416	6,855	-7,561

Accurately predicting the condition of the future forest of Prince Edward Island is extremely difficult. Thousands of individuals collectively own the forest, which is divided into many small parcels. The goals and objectives for the forest differ on each parcel as owners each have their own priorities for management.

The annual harvest of forest products on Prince Edward Island is dynamic and responds to market forces. Between 2000 and 2006, the median annual harvest was 630,000 m³. Between 2007 and 2010, the downturn in the demand for forest products resulted in a median annual production of 404,000 m³, a 35 per cent decrease. The maximum harvest level for the province has been established at 890,000 m³ per year.

To ensure the estimates of sustainable harvest were as accurate as possible, areas that were unavailable for commercial harvest for reasons related to legislation, geographic location, or owner preference were removed. These areas included:

- a network of riparian buffers for streams, rivers, lakes, wetlands;
- all off-shore islands;
- all federally-owned land;

all land designated as protected natural area

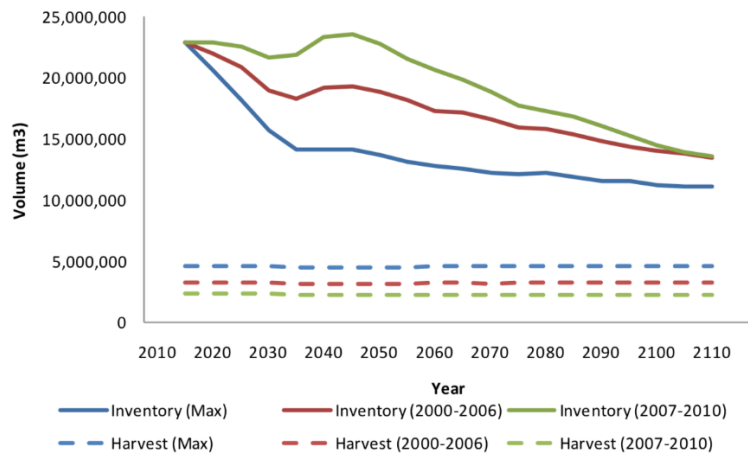


Figure 8. Sustainable harvest level of total merchantable volume and the operable standing inventory for management scenarios representing i) maximum sustainable harvest, ii) average harvest level from 2000-2006, and iii) average harvest level from 2007-2010.

Source:

https://www.princeedwardisland.ca/sites/default/files/publications/2010_state_of_the_forest_report.pdf

This figure compares the long-term impact on the operational standing inventory of three distinct harvest levels (blue line is the maximum harvest level, established at 890,000 m3 per year). The red line is the harvest levels during the 2000-2006 period and the green line demonstrates the impacts of the harvest levels during the 2007-2010 period.

Nova Scotia

Nova Scotia Department of Natural Resources have been continually tracking many elements of the forest for more than 50 years. Also, permanent sample plot ground measurements are maintained and reassessed periodically to describe values such as tree species, size distribution, timber volume, mortality, harvesting/growth, etc... In connect with that, photo interpretation are used to refine and improve the precision of ground inventory.

Ecological landscape analysis (ELA) will be used to support sustainable forest management in the province. ELA includes resource inventories, characterization of land use intensities, and interpretation of ecological functions. ELA thus helps resource managers develop plans for resource conservation across their management unit boundaries.

New Brunswick

Annual Report provides a summary of activities that were carried out on the License during the previous year and is the basis for updating the spatial forest database.

In 2016, 2.5 million of hectare been survey with LiDAR technology to add a new dimension to the existing forest inventory, which already contains information on a variety of land and tree attributes. Ground plot will play a role to calibrate predictive models output by LiDAR analysis.

Prince Edward Island

The Forest Management Act requires to complete a state of the forest report every 10 years. The report evaluates forest growth by inventory and reports on wood supply shortfalls or surpluses.

	<p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to legal compliance.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of the existence of a forest management plan, harvest type, including the verification of evidence of conversion of forests to other land use.</p>
Means of Verification	<p>The State of the Forest Report for Nova Scotia. https://novascotia.ca/natr/forestry/reports/State_of_the_Forest_2016.pdf</p> <p>The State of the Forest Report for New Brunswick http://www2.gnb.ca/content/dam/gnb/Departments/nr-rn/pdf/en/ForestsCrownLands/ForestReport08.pdf</p> <p>The State of the Forest Report for Prince Edward Island: https://www.princeedwardisland.ca/sites/default/files/publications/2010_state_of_the_forest_report.pdf</p> <p>Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.</p>
Evidence Reviewed	<p>The State of the Forest Report for Nova Scotia. https://novascotia.ca/natr/forestry/reports/State_of_the_Forest_2016.pdf</p> <p>The State of the Forest Report for New Brunswick http://www2.gnb.ca/content/dam/gnb/Departments/nr-rn/pdf/en/ForestsCrownLands/ForestReport08.pdf</p> <p>The State of the Forest Report for Prince Edward Island: https://www.princeedwardisland.ca/sites/default/files/publications/2010_state_of_the_forest_report.pdf</p> <p>Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	<p>N/A</p>

	Indicator
2.3.2	Adequate training is provided for all personnel, including employees and contractors (CPET S6d).
Finding	<p>All staff and contractors are trained to ensure they are aware and competent. The operations identify environmental and sustainable forestry training needs for employees and contractors to ensure that individuals performing tasks which can cause significant environmental impacts are competent based on appropriate education, training and / or experience.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of adequate BMP training. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>

Means of Verification	Sub-Contractor Agreements Training programs. Completed Wood Supplier Audit checklists.
Evidence Reviewed	Sub-Contractor Agreements Training programs Completed Wood Supplier Audit checklists.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.3.3	Analysis shows that feedstock harvesting and biomass production positively contribute to the local economy, including employment.
Finding	<p>This is the start-up of an existing facility that was closed for a number of years. The work force is hired locally in the adjoining communities where the pellet milling plants are located. Wherever possible, equipment, supplies and other resources are also sourced locally. The facility also contributes to the communities in the form of municipal taxes.</p> <p>The Nova Scotia forest industry published a study in 2016 stating that the Nova Scotia forest industry generated the following economic impact:</p> <ul style="list-style-type: none"> • \$2.1 billion in economic impact in 2015 (\$1.2 billion direct impact and \$923 million in indirect impact) • Contributed \$800 million to provincial GDP <ul style="list-style-type: none"> ○ \$410 million direct GDP and \$390 million indirect • Generated 11,500 jobs <ul style="list-style-type: none"> ○ 6,100 direct jobs and 5,400 indirect jobs. • Created \$500 million in income <p>Source: http://forestns.ca/wp-content/uploads/2017/01/FNS-Economic-Impact-Report-Gardner-Pinfold-Dec-2016.pdf</p> <p>This study allows to conclude that forest management and manufacturing clearly contribute positively to the local economy, including employment. Furthermore, as a further validation, during supplier audits, GNT verify if contractors/employees are from local communities.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence that contactors/forest workers are from the local area. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	<p>http://forestns.ca/wp-content/uploads/2017/01/FNS-Economic-Impact-Report-Gardner-Pinfold-Dec-2016.pdf</p> <p>Completed Wood Supplier Audit checklists.</p>

Evidence Reviewed	http://forestns.ca/wp-content/uploads/2017/01/FNS-Economic-Impact-Report-Gardner-Pinfold-Dec-2016.pdf
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.4.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that the health, vitality and other services provided by forest ecosystems are maintained or improved (CPET S7a).
Finding	<p>Refer to finding provided for indicator 2.3.1</p> <p>Nova Scotia The Forests Act was implemented to develop a healthy productive forest capable of yielding high volumes of high-quality product. The Act is targeted to both private woodlot owners and Crown lands in the province. The provincial government is responsible for ensuring the enforcement of these acts.</p> <p>Registry of buyers. The Department of Natural Resources has been operating the Registry of Buyers since 1998, which is intended to provide the forest use and management information required now and in the future. In addition to providing forest harvest information, the Registry serves as the focal point or link among the various initiatives that are part of the broader forest management process. The Registry of Buyers is a registry of individuals and businesses who acquire primary forest products for processing into secondary products, export, sale as firewood, or production of energy. The information compiled through the Registry is used by the Department of Natural Resources to understand regional primary forest product demand and supply, estimate and monitor sustainable harvest levels, determine long-term resource management needs, and identify forest product and value-added development opportunities.⁹</p> <p>Wood Acquisition Plan The Forest Sustainability Regulations require all Registered Buyers acquiring greater than 5000 m3 (2270 cords) from private and industrial lands in Nova Scotia to undertake a silviculture program or pay into the Sustainable Forestry Fund. In each year Registered Buyers must submit a Wood Acquisition Plan which describes how they will meet their silviculture obligations required by the Regulations.¹⁰</p> <p>New Brunswick In 2014, the province of New Brunswick announced the implementation of a result-based framework for the management of Crown lands. The strategy targets a globally competitive and resilient New Brunswick forest sector. It includes Government commitment to a healthy forest with trees at various stages of maturity and respects the</p>

⁹ Source : <https://novascotia.ca/natr/forestry/registry/annual/2018/Registry-of-Buyers-2017.pdf>

¹⁰ Source : <https://novascotia.ca/natr/forestry/registry/woodacq.asp>

	<p>principles of conservation and biodiversity. This strategy maintains a diverse forest through time that provides old forest, deer habitat, clean water, untouched and protected areas.</p> <p>On private woodlots (30% of the forested area in New Brunswick), funding is available for the preparation of a woodlot management recommendation document (management plan). It includes description of each forest stand on the property, access roads and non-productive portions of the property, plus long-term resource consideration (wetlands, forest health, protection from fires, soil and water quality, biodiversity and wildlife habitat...). According to the 2012-2013 Annual Report of the New Brunswick Forest Products Commission a total of \$6 million was budgeted for silviculture treatments on private woodlots. The private land silviculture program is designed to fund activities such as pre-commercial thinning, tree planting and plantation tending. Ninety-five percent of the \$6 million available was accessed in 2012-2013. ERD is responsible for monitoring and assessing the quality and compliance of the work performed using the procedures set out in the provincial private land silviculture manual.</p> <p>Prince Edward Island The Forest Management Act requires to complete a state of the forest report every 10 years. The report evaluates forest growth by inventory and reports on wood supply shortfalls or surpluses.</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to legal compliance.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence that forest management activities are threatening the health, vitality and other services provided by forest ecosystems. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
<p>Means of Verification</p>	<p>Source : https://novascotia.ca/natr/forestry/registry/annual/2018/Registry-of-Buyers-2017.pdf Source : https://novascotia.ca/natr/forestry/registry/woodacq.asp</p> <p>New Brunswick Forest Products Commission annual report https://www2.gnb.ca/content/dam/gnb/Departments/nr-rn/pdf/en/ForestsCrownLands/FPC/2012-2013.pdf</p> <p>Signed contracts with suppliers (including supplier declarations) Completed Wood Supplier Audit checklists.</p>
<p>Evidence Reviewed</p>	<p>Source : https://novascotia.ca/natr/forestry/registry/annual/2018/Registry-of-Buyers-2017.pdf Source : https://novascotia.ca/natr/forestry/registry/woodacq.asp</p> <p>New Brunswick Forest Products Commission annual report https://www2.gnb.ca/content/dam/gnb/Departments/nr-rn/pdf/en/ForestsCrownLands/FPC/2012-2013.pdf</p> <p>Signed contracts with suppliers (including supplier declarations) Completed Wood Supplier Audit checklists.</p>
<p>Risk Rating</p>	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
<p>Comment or Mitigation Measure</p>	<p>N/A</p>

	Indicator
2.4.2	The Biomass Producer has implemented appropriate control systems and procedures for verifying that natural processes, such as fires, pests and diseases are managed appropriately (CPET S7b).
Finding	<p>According to NR CAN, High-priority areas for protection against fire include residential areas, high-value commercial forests and recreational sites. Low-priority sites are generally wilderness parks and remote forests of limited economic value—although protection of rare habitat, culturally significant areas and similar values will influence suppression decisions. Also, all forest managers rely on scientific information and advancing technology to manage pests within their jurisdictions. The Canadian Forest Service (CFS) is the principal provider of scientific and technological support on forest pest matters to all jurisdictions, including federal agencies such as the Canadian Food Inspection Agency (CFIA) and Environment Canada.</p> <p>Areas with known diseases, pests or invasive species are monitored. These areas are regulated and restrictions apply on the movement of wood from these areas to non-regulated areas (Canadian Food Inspection Agency).</p> <p>Nova Scotia The Code of Forest Practice of NS DNR state that forests will be protected from significant losses to fires and pests through integrated management strategies. The Forest Protection Division is a protection program of the woodlands from injurious agents such as insects, disease and fire.</p> <p>Refer to Forest Act and Forest Fire Protection Regulations. The Forest Act states that the Minister shall undertake all measures which the Minister determines to be reasonable to provide for effective protection of the forests whether Crown Lands, other land vested in the Crown or privately-owned land from various injurious agents including fires, insects and diseases. The Minister shall undertake programs to ensure that the capability to detect and suppress forest fires is enhanced. In co-operation with the Canadian Forestry Services, the Minister shall monitor forest insects and disease conditions and provide appropriate information and advice to owners and occupiers of privately owned land.</p> <p>New Brunswick The Forest Pest Management division of the Energy and Resource Development use an integrated approach to protect the forest (detection, assessment of potential pest impacts, treatment options, control/treatments, assessment of treatments results). Adding to this, the Healthy Forest Partnership is a research initiative consisting of Atlantic Canadian and Main Governments, landowners, industry and scientist. Their goal is to develop better approaches to managing a spruce budworm outbreak and work to prevent a widespread severe spruce budworm outbreak from occurring.</p> <p>Prince Edward Island Fire suppressions is the responsibility of the provincial government, through the Department of Communities, Land and Environment (Forest, Fish and Wildlife).</p> <p>For details on the responsibilities of the parties involved, refer to the Fire Prevention Act, Part VII – Forest Fires.</p> <p>Supplier contracts include a supplier declaration. Each supplier must sign a supplier contract prior to delivery of feedstock at the pellet mill. Each supplier must complete the supplier declaration and commit to legal compliance.</p>

	Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of the presence of appropriate fire suppression equipment. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.
Means of Verification	Signed contracts with suppliers (including supplier declarations) Completed Wood Supplier Audit checklists.
Evidence Reviewed	Signed contracts with suppliers (including supplier declarations) Completed Wood Supplier Audit checklists.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.4.3	The Biomass Producer has implemented appropriate control systems and procedures for verifying that there is adequate protection of the forest from unauthorised activities, such as illegal logging, mining and encroachment (CPETS7c).
Finding	<p>The risk of illegal logging is negligible across Canada, regardless of the region. Refer to GNT's Company Risk Assessment for further details on this assessment (Category 1 – Illegally harvested wood).</p> <p>Great Northern Timber is committed to providing its valued customers with wood products sourced from forests free from illegal or controversial activity and managed sustainably. Great Northern Timber utilizes Chain of Custody (CoC) systems certified through third-party assessment to provide a link between certified forests and the raw materials used in our process and delivered to our customers around the world.</p> <p>Legislation is in place in NB, NS, and PEI to ensure the scaling and transportation of logs and wood fibre is documented.</p> <p>Company contract (including a supplier declaration) states that wood fibre does not originate from controversial sources i.e. illegal or unauthorized sources. Companies or persons which harvests from Crown lands are responsible to pay to the rightful instance a predetermined stumpage rate. Furthermore, NFTI are implementing a DDS which verifies for unauthorized activities, such as illegal logging, mining and encroachment.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of protection of the forest from unauthorised activities. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	Third-party certified (FSC) risk assessment, including a category on illegally harvested wood. List of applicable legislation and regulations. Signed contracts with suppliers (including supplier declarations) Completed Wood Supplier Audit checklists.

Evidence Reviewed	Third-party certified (FSC) risk assessment, including a category on illegally harvested wood. List of applicable legislation and regulations. Signed contracts with suppliers (including supplier declarations) Completed Wood Supplier Audit checklists.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.5.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that legal, customary and traditional tenure and use rights of indigenous people and local communities related to the forest are identified, documented and respected (CPET S9).
Finding	<p>The Canadian Charter of Rights and Freedoms forms the first part of the Constitution Act (1982). The Charter protects fundamental freedoms, democratic rights, mobility rights, legal rights, equality rights, language rights, it also recognizes and affirms Aboriginal and treaty rights (Section 35). The Charter cannot take away or diminish those rights, or any other rights or freedoms that Aboriginal peoples may acquire in the future (for example, from the settlement of land claims).</p> <p>Furthermore, before any forestry operations or road construction begin, a Harvest Plan (HP) for each area must be submitted. In NS, the Harvest Plan Map Viewer is viewable by the public and it will remain posted for a 20-day review period during which licensees or NSDNR staff will respond to comments and provide Pre-treatment Assessment (PTAs) whenever requested. Harvesting is neither permitted before or during the public consultation nor before the approval of the HP by the DNR.</p> <p>According to the CNRA, reports do not lead to conclusions of systematic violations of Aboriginal rights.</p> <p>Nova Scotia Refer to the Mi'kmaq-Nova Scotia-Canada Framework Agreement.</p> <p>New Brunswick The Aboriginal Affairs Secretariat in place improve the provincial government's capacity to address the increasing number of complex matters in Aboriginal affairs and to devote greater attention to Aboriginal issues. The Secretariat also acts as the liaison with the Mi'kmaq and Maliseet communities and Aboriginal organizations to ensure the development of long-term positive relationships with the Aboriginal leaders within the province.</p> <p>Prince Edward Island The Aboriginal Affairs Secretariat in place coordinate government's response to Aboriginal matters within the province.</p> <p>Company contract (including a supplier declaration) states that wood fibre does not originate from forests where wood is harvested in violation of traditional and civil rights.</p> <p>Furthermore, NFTI are implementing a DDS which verifies the risk level regarding the violation of traditional and human rights (refer to the Company risk assessment, Category 2).</p>

	Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of violation of traditional and civil rights. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.
Means of Verification	<p>Canadian Charter of Rights and Freedoms Centralized National Risk Assessment for Canada 2015 (FSC-CNRA-CAN V1-0) Provincial Legislation</p> <p>Indigenous and Northern Affairs (Gov. of Canada). Mi'kmaq – Canada Framework Agreement. https://energy.novascotia.ca/sites/default/files/consultation%20terms%20of%20reference.pdf</p> <p>Third-party certified (FSC) risk assessment, including a category on violation of traditional and human rights. Signed contracts with suppliers (including supplier declarations) Completed Wood Supplier Audit checklists.</p>
Evidence Reviewed	<p>Third-party certified (FSC) risk assessment, including a category on violation of traditional and human rights. Signed contracts with suppliers (including supplier declarations) Completed Wood Supplier Audit checklists.</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	N/A

	Indicator
2.5.2	The Biomass Producer has implemented appropriate control systems and procedures for verifying that production of feedstock does not endanger food, water supply or subsistence means of communities, where the use of this specific feedstock or water is essential for the fulfilment of basic needs.
Finding	<p>In Canada, forest activities are planned and monitored in an open and transparent process. Legal disposures are in place to ensure that production of feedstock doesn't endanger the fulfillment of basic needs.</p> <p>Nova Scotia Refer to Code of Forest Practice.</p> <p>New Brunswick Refer to Clean Water Act.</p> <p>Populations of consumptively used wildlife are maintained at desired levels. Habitat structures to support herds through severe winters is maintained in designated traditional white tail deer wintering areas. (NB Forest Management Manual)</p> <p>Prince Edward Island Refer to Environmental Protection Act.</p> <p>Company contract (including a supplier declaration) states that wood fibre does not originate from controversial sources i.e. illegal or unauthorized sources. Contract also states that all applicable legislation shall be followed.</p>

	Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of wood being harvested in violation of traditional and civil rights. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.
Means of Verification	List of applicable legislation and regulations. Signed contracts with suppliers (including supplier declarations) Completed Wood Supplier Audit checklists.
Evidence Reviewed	List of applicable legislation and regulations. Signed contracts with suppliers (including supplier declarations) Completed Wood Supplier Audit checklists.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.6.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that appropriate mechanisms are in place for resolving grievances and disputes, including those relating to tenure and use rights, to forest management practices and to work conditions.
Finding	<p>The company has a mechanism for handling grievances and disputes in the FSC COC program. This system would be used for any grievances and disputes regarding the company’s raw material purchases. Also, mechanisms for resolving grievances and disputes for anything regarding forest management activities are in place in each province.</p> <p>Canada has no UN Security Council export ban on timber (Global Witness). There is no evidence of UN bans on forests products from Canada. Source: https://www.globalwitness.org/en/</p> <p>According to the global forest registry, the legal system in Canada is generally considered fair and efficient in resolving conflicts pertaining to traditional rights including use rights, cultural interests or traditional cultural identity. Based on review of international sources and reports it can be concluded that conflicts or violation of traditional rights of substantial magnitude is not a significant problem in the country. Source: http://www.globalforestregistry.org/map</p> <p>Modern Treaties – comprehensive claims <i>Comprehensive land claim settlements deal with areas of Canada where Aboriginal people’s claims to Aboriginal rights have not been addressed by treaties, or other legal means. The first of these modern-day treaties was the James Bay and Northern Quebec Agreement, signed in 1975. To date, the federal government has settled 15 comprehensive claims with Aboriginal people in Canada.</i> https://www.aadnc-aandc.gc.ca/eng/1100100032291/1100100032292</p> <p>Canada is not signatory of ILO Convention 169 concerning Indigenous and Tribal Peoples in Independent Countries. In recent years, several Supreme Court decisions recognize Aboriginal rights and require provincial and federal governments to make better efforts to address First Nations claims.</p>

According to the Global Forest Registry, *Violation of ILO Convention 169 and the rights of Indigenous and Tribal people is not known to be a problem in Canada based on international sources and reports.*

Nova Scotia

Refer to Dispute Resolution Services of Nova Scotia.

Refer to the Mi'kmaq-Nova Scotia-Canada Framework Agreement (<https://www.aadnc-aandc.gc.ca/eng/1100100031915/1100100031916>)

11. In order to achieve the objectives of negotiations under Article 10, the Parties shall address the following subject matters:
 - a. Mi'kmaq governance, including government institutions, membership, law making authority and delivery of programs and services;
 - b. Eligibility and enrollment of beneficiaries;
 - c. Inter-governmental relations;
 - d. Land and water;
 - e. Natural resources, both renewable and non-renewable;
 - f. Parks and protected areas, including marine protected areas;
 - g. Sacred sites and archaeological resources;
 - h. Environmental assessment and protection;
 - i. Health, education, housing and social services;
 - j. Mi'kmaq language and culture;
 - k. Resolution of claims for past infringement of Mi'kmaq rights and title;
 - l. Capital transfer (money);
 - m. Other financial arrangements including transfers of capital assets and funding arrangements for implementation and governance;
 - n. Taxation;
 - o. Economic measures;
 - p. Consultation;
 - q. Transboundary claims of the Mi'kmaq and other Aboriginal groups;
 - r. Approval and ratification;
 - s. Implementation;
 - t. Dispute resolution;
 - u. Amendment; and

The constitutional status of the various provisions in the Mi'kmaq of Nova Scotia Accord.

New Brunswick

Aboriginal Affairs Secretariat

The Aboriginal Affairs Secretariat was formed in 1999 to improve the provincial government's capacity to address the increasing number of complex matters in Aboriginal affairs and to devote greater attention to Aboriginal issues. In November 2003, a Deputy Minister was appointed exclusively for Aboriginal Affairs. Aboriginal affairs involve complex social, economic, and legal issues. In New Brunswick, there are 15 First Nations communities, 6 Maliseet (or Wolastoqiyik) communities along the Saint John River and 9 Mi'kmaq communities along the eastern and northern coasts, as well as Aboriginal organizations. Due to the wide range of issues and topics, the Secretariat deals with many parties, including various federal and provincial departments, First Nations communities, and Aboriginal organizations. Aboriginal Affairs is the gateway for contact between the province and First Nations. The secretariat plays a lead role within the provincial government in addressing Aboriginal issues. The Aboriginal Affairs Secretariat works closely with all provincial departments on issues related to environment, education, health, housing, family and community services, sport and culture, natural resource management, economic development, and strengthening relationships with Aboriginal people. The Secretariat also acts as the liaison with the Mi'kmaq and Maliseet communities and Aboriginal organizations to ensure the development of long-term positive relationships with the Aboriginal leaders within the province. In addition, Aboriginal Affairs ensures that

	<p>the public service is educated and aware of Aboriginal issues and cultural differences, as well as stimulates awareness of the Aboriginal culture at a provincial level. Source : http://www2.gnb.ca/content/gnb/en/departments/aboriginal_affairs/contacts/dept_renderer.202233.html#mandates Refer to Industrial Relations Act and Regulations. Also, Grievance Mediation in NB.</p> <p>Prince Edward Island Refer to Labour Act and Regulations of PEI. Aboriginal Affairs Secretariat The Aboriginal Affairs Secretariat was established in 2009 to coordinate government's response to Aboriginal matters within the province. In addition to offering a central point of contact for First Nations and Aboriginal organizations, the Secretariat provides a means by which to promote inter-departmental communication and cooperation on governmental matters related to Aboriginal Affairs. The Secretariat supports work conducted under the Partnership Agreement with the Mi'kmaq and Canada, continues to participate in a contribution agreement with the Native Council of PEI, and provides annual grant funding to the Aboriginal Women's Associate of PEI. The Secretariat represents PEI at various inter-governmental tables including:</p> <ul style="list-style-type: none"> • Federal-Provincial-Territorial-Indigenous Forum; • Federal-Provincial-Territorial-Duty to Consult Working Group; • Atlantic Aboriginal Consultation Community of Practice; and • Canadian Association of Provincial and Territorial Archaeologists. <p>Strategic Priorities:</p> <ol style="list-style-type: none"> 1. To provide centralized management and coordination of Aboriginal Affairs. 2. To foster and maintain positive relationships with First Nations and Aboriginal organizations. 3. Work with all levels of government, including First Nations, to reduce any socio-economic gap between Aboriginal and non-Aboriginal Islanders and improve life outcomes for Aboriginal Islanders. 4. To provide general information about the Mi'kmaq and Aboriginal organizations. 5. To develop and maintain public policy on the duty to consult and advise on policy matters related to Aboriginal and treaty rights. <p>Source: https://www.princeedwardisland.ca/en/information/executive-council-office/aboriginal-affairs-secretariat</p> <p>Company contract (including a supplier declaration) states that wood fibre does not originate from controversial sources i.e. illegal or unauthorized sources. Contract also states that all applicable legislation shall be followed.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of wood being harvested in violation of traditional and civil rights. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p> <p>Third-party certified (FSC) risk assessment, including a category (2.4) on recognized and equitable processes in place to resolve conflicts of substantial magnitude pertaining to traditional rights including use rights, cultural interests or traditional cultural identity in the supply area.</p> <p>Third-party certified FSC chain of custody management system includes a complaints process. NFTI's complaints process is clearly defined in section 1.8 of the procedure manual.</p>
<p>Means of Verification</p>	<p>Canada has no UN Security Council export ban on timber (Global Witness). There is no evidence of UN bans on forests products from Canada. Source: https://www.globalwitness.org/en/</p>

	<p>Global Forest Registry Source: http://www.globalforestregistry.org/map</p> <p>The Mi'kmaq-Nova Scotia-Canada Framework Agreement (https://www.aadnc-aandc.gc.ca/eng/1100100031915/1100100031916)</p> <p>New Brunswick Aboriginal Affairs Secretariat http://www2.gnb.ca/content/gnb/en/departments/aboriginal_affairs/contacts/dept_renderer_202233.html#mandates</p> <p>Prince Edward Island Aboriginal Affairs Secretariat https://www.princeedwardisland.ca/en/information/executive-council-office/aboriginal-affairs-secretariat</p> <p>Refer to GNT's chain of custody procedures manual, section 1.8 Complaints. Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC) NFTI process for dealing with complaints, as part of the FSC COC certified management system.</p>
Evidence Reviewed	<p>Canada has no UN Security Council export ban on timber (Global Witness). There is no evidence of UN bans on forests products from Canada. Source: https://www.globalwitness.org/en/</p> <p>Global Forest Registry Source: http://www.globalforestregistry.org/map</p> <p>The Mi'kmaq-Nova Scotia-Canada Framework Agreement (https://www.aadnc-aandc.gc.ca/eng/1100100031915/1100100031916)</p> <p>New Brunswick Aboriginal Affairs Secretariat http://www2.gnb.ca/content/gnb/en/departments/aboriginal_affairs/contacts/dept_renderer_202233.html#mandates</p> <p>Prince Edward Island Aboriginal Affairs Secretariat https://www.princeedwardisland.ca/en/information/executive-council-office/aboriginal-affairs-secretariat</p> <p>Refer to GNT's chain of custody procedures manual, section 1.8 Complaints. Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC) NFTI process for dealing with complaints, as part of the FSC COC certified management system.</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	<p>N/A</p>

	Indicator
2.7.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that Freedom of Association and the effective recognition of the right to collective bargaining are respected.
Finding	<p>Labour law in Canada is preventing violation to fundamental principles and rights at work.</p> <p>Freedom of association is among the Fundamental freedoms under the Canadian Charter of Rights and Freedoms.</p> <p>This criterion is included in the Company Risk Assessment. A low risk conclusion as per the Centralized National Risk Assessment for Canada 2015. This information is verified and updated annually as part of the annual review of the Company Risk Assessment.</p> <p>Third-party certified (FSC) risk assessment, including a category (2.3) on violation of ILO Fundamental Principles and Rights at work taking place in the forest areas in the supply area concerned. Evidence of ratification by Canada of ILO C087 – Freedom of Association and Protection of the Rights to Organise Convention, 1948 (No. 87). http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102582</p> <p>Company contract (including a supplier declaration) states that wood fibre does not originate from controversial sources i.e. illegal or unauthorized sources. Contract also states that all applicable legislation shall be followed.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of wood being harvested in violation of traditional and civil rights. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	<p>Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)</p> <p>Ratification by Canada of ILO C087. http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102582</p>
Evidence Reviewed	<p>Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)</p> <p>Ratification by Canada of ILO C087. http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102582</p>
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.7.2	The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not supplied using any form of compulsory labour.
Finding	<p>This criterion is included in the Company Risk Assessment. A low risk conclusion as per the Centralized National Risk Assessment for Canada 2015. This information is verified and updated annually as part of the annual review of the Company Risk Assessment.</p> <p>Requirements related to workplace health and safety are established in the provincial Occupational Health and Safety (OH&S) Act. Also, the Department of Labour and Advanced Education promote guidelines under the Labour Standards Code guide. The purpose of this Guide is to help people, employees and employers to understand how Nova Scotia Labour Standards legislation applies to employment relationships, and the role of the Nova Scotia Labour Standards Division in enforcing the legislation.</p> <p>Labour law in Canada is preventing violation to fundamental principles and rights at work.</p> <p>Forest employment in Canada is regulated under federal and provincial labour codes to provide for a safe and healthy workplace, protect workers' rights to organize and are consistent with the ILO provisions.</p> <p>NFTI have internal department responsible for managing resources related to employees (HR). Instruments ensure high productivity while safeguarding workers' physical and mental health.</p> <p>Third-party certified (FSC) risk assessment, including a category (2.3) on violation of ILO Fundamental Principles and Rights at work taking place in the forest areas in the supply area concerned. Evidence of ratification by Canada of ILO C029 – Forced Labour Convention, 1930 (No. 29) http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102582</p> <p>Company contract (including a supplier declaration) states that wood fibre does not originate from controversial sources i.e. illegal or unauthorized sources. Contract also states that all applicable legislation shall be followed.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of wood being harvested in violation of traditional and civil rights. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	<p>Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)</p> <p>Ratification by Canada of ILO C029. http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102582</p>
Evidence Reviewed	<p>Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)</p> <p>Ratification by Canada of ILO C029. http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102582</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>

Comment or Mitigation Measure	N/A
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Indicator	
2.7.3	<p>The Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is not supplied using child labour.</p>
Finding	<p>Low risk of child labour issues as per the Centralized National Risk Assessment for Canada 2015.</p> <p>There is no known situation or evidence where child labour would have been use in harvesting operations in Canada, or situations that could have been in violation of ILO Fundamental Principles and Rights.</p> <p>Labour law in Canada is preventing violation to fundamental principles and rights at work. Canadian Federal and provincial labour codes prohibit child labour.</p> <p>Canada is a member of International Labour Office (ILO).</p> <p>Canada does not feature in the ILO Child Labour Country Dashboard which indicates low risk for child labour in Canada (Source: CNRA)</p> <p>http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_126752.pdf</p> <p>(Accelerating action against child labour, 2010) No specified risk information found on child labour in Canada.</p> <p>The Legaljobs.ca website provides supplementary information explaining the circumstances that allow children to go to work, under very strict conditions in Canada.</p> <p>Minimum legal age of employment in Canada: District regulations across provinces.</p> <p>In Canada, various laws contain restrictions concerning the employment of young people. They aim to guarantee the primacy of education and to keep young people in school during the years when basic knowledge is acquired. Their objective is also to protect the development of young people (their growth, as well as the development of their characters), and their health and safety. Federally, the Canada Labour Code allows young people under 17 years of age to work only if they are not required to go to school as per their usual province of residence, if the work to be done is not in a prohibited category (e.g. underground mine), and if it does not endanger their health and safety. It is also forbidden to have them work between 11 p.m. and 6 a.m.</p> <p>Other provisions regulate particular sectors, such as the merchant marine or explosives plants, for example.</p> <p>On Prince Edward Island, it is possible to work before 16 years of age. The Youth Employment Act specifies, though, that an adolescent under 16 cannot hold a job that could harm his or her health, safety, moral or physical development. It is also forbidden to work more than three hours on a school day, to work in construction, between 11 p.m. and 7 a.m., and during normal school hours (children are required to go to school until 16 years of age). The Labour Standards Inspector may excuse adolescents from these restrictions as long as their school attendance does not suffer, with the consent of a parent or guardian.</p> <p>In New Brunswick, youth under 14 years of age cannot work at jobs that are likely to be unwholesome or harmful to their health, welfare, moral or physical development. These restrictions also apply to young people under 16. Adolescents under the age of 14 are not allowed to work in any industrial undertaking, in the forestry industry, in the construction industry, in a garage or service station, in a hotel or restaurant, in a theatre, dance hall or</p>

	<p>shooting gallery, or as an elevator operator, unless a permit has been issued by the Director of Employment Standards. On school days, work is limited to three hours at most.</p> <p>In Nova Scotia, the restrictions imposed on adolescents of less than 14 years of age are comparable with those in effect in New Brunswick, i.e. work for an industrial undertaking, forestry industry, etc., and also apply to youth under 16 years of age.</p> <p>We conclude low risk based on the specific legal requirements in PEI, NB and NS. The legal requirements specifically exclude forestry as a field of work for children. Furthermore, based on the knowledge that NFTI has of their contractors and suppliers, we conclude low risk for child labour issues.</p> <p>Third-party certified (FSC) risk assessment, including a category (2.3), evidence of child labour taking place in forest areas in the supply area.</p> <p>Company contract (including a supplier declaration) states that wood fibre does not originate from controversial sources i.e. illegal or unauthorized sources. Contract also states that all applicable legislation shall be followed.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of wood being harvested in violation of traditional and civil rights. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	<p>ILO Child Labour Country Dashboard which indicates low risk for child labour in Canada http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_126752.pdf</p> <p>Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)</p>
Evidence Reviewed	<p>ILO Child Labour Country Dashboard which indicates low risk for child labour in Canada http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_126752.pdf</p> <p>Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	<p>N/A</p>

	Indicator
2.7.4	The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not supplied using labour which is discriminated against in respect of employment and occupation.

Finding	<p>Forest employment in Canada is regulated under federal and provincial labour codes.</p> <p>Forest workers are protected by either federal or provincial laws.</p> <p>This criterion is included in the Company Risk Assessment. A low risk conclusion as per the Centralized National Risk Assessment for Canada 2015. This information is verified and updated annually as part of the annual review of the Company Risk Assessment.</p> <p>Third-party certified (FSC) risk assessment, including a category (2.3) on violation of ILO Fundamental Principles and Rights at work taking place in the forest areas in the supply area concerned.</p> <ul style="list-style-type: none"> • Evidence of ratification by Canada of ILO C100 – Equal Remuneration Convention, 1951 (No. 100) • Evidence of ratification by Canada of ILO C111 – Discrimination (Employment and Occupation) Convention, 1958 (No. 111) <p>http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102582</p> <p>Company contract (including a supplier declaration) states that wood fibre does not originate from controversial sources i.e. illegal or unauthorized sources. Contract also states that all applicable legislation shall be followed.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of wood being harvested in violation of traditional and civil rights. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	<p>Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)</p> <p>Ratification by Canada of ILO C100 and C111. http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102582</p>
Evidence Reviewed	<p>Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)</p> <p>Ratification by Canada of ILO C100 and C111. http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102582</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	<p>N/A</p>

	Indicator
2.7.5	The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is supplied using labour where the pay and employment conditions are fair and meet, or exceed, minimum requirements.

<p>Finding</p>	<p>Forest employment in Canada is regulated under federal and provincial labour codes.</p> <p>Legal requirements for employment of personnel involved in harvesting activities including requirements for contracts and working permits, requirements for obligatory insurance, requirements for competence certificates and other training requirements, and payment of social and income taxes withheld by the employer. Also covered are the observance of minimum working age and minimum age for personnel involved in hazardous work, legislation against forced and compulsory labour, and discrimination and freedom of association.</p> <p>Low risk of labour's payment and employment issues as per the Centralized National Risk Assessment for Canada 2015.</p> <p>Third-party certified (FSC) risk assessment, including a category (2.3) on violation of ILO Fundamental Principles and Rights at work taking place in the forest areas in the supply area concerned.</p> <ul style="list-style-type: none"> • Evidence of ratification by Canada of ILO C100 – Equal Remuneration Convention, 1951 (No. 100) • Evidence of ratification by Canada of ILO C111 – Discrimination (Employment and Occupation) Convention, 1958 (No. 111) <p>http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102582</p> <p>Company contract (including a supplier declaration) states that wood fibre does not originate from controversial sources i.e. illegal or unauthorized sources. Contract also states that all applicable legislation shall be followed.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of wood being harvested in violation of traditional and civil rights. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
<p>Means of Verification</p>	<p>Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)</p> <p>Ratification by Canada of ILO C100 and C111. http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102582</p>
<p>Evidence Reviewed</p>	<p>Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)</p> <p>Ratification by Canada of ILO C100 and C111. http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102582</p>
<p>Risk Rating</p>	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
<p>Comment or Mitigation Measure</p>	<p>N/A</p>

	Indicator
2.8.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).
Finding	<p>Provincial occupational health and safety regulations are in place in NS, NB and PEI that ensure the health and safety of forest workers.</p> <p>This criterion is included in the Company Risk Assessment. A low risk conclusion as per the Centralized National Risk Assessment for Canada 2015. Refer to Table A, criterion 3.4. This information is verified and updated annually as part of the annual review of the Company Risk Assessment.</p> <p>Company contract (including a supplier declaration) states that wood fibre does not originate from controversial sources i.e. illegal or unauthorized sources. Contract also states that all applicable legislation shall be followed.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of appropriate safeguards to protect the health and safety of forest workers. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
Means of Verification	Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)
Evidence Reviewed	Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.9.1	Biomass is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.
Finding	<p>According to the Environment Canada National Inventory Report, Greenhouse gas sources and sinks in Canada (1990-2011), the Atlantic Maritime region, which includes Nova Scotia, New Brunswick and Prince Edward Island was a net carbon sink of (5 Mt CO2 eq) for 2011. Source: http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/it_ems/7383.php</p> <p>Nova Scotia The State of the Forest Report for the Province of Nova Scotia shows that harvest levels have decreased during the last 10 years, and the annual net change in millions tons of carbon has</p>

increased. As of 2009, forests have been a net carbon sink. This is due to reductions in harvesting and high growth rates produced by a younger forest cover.

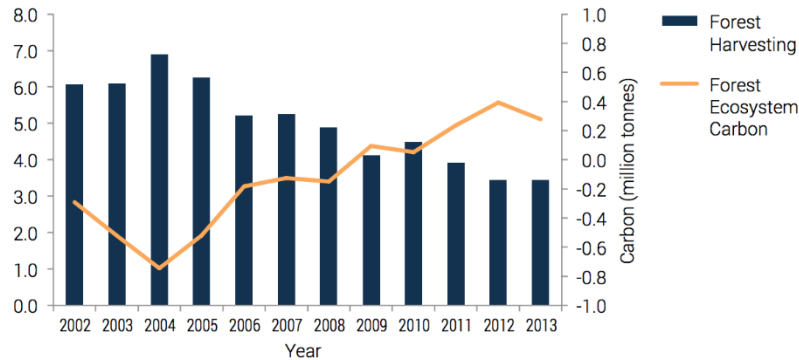


Figure 8.2.1 • Forest harvesting levels (cubic metres) and annual net change in forest ecosystem carbon (tonnes of carbon) in Nova Scotia, 2002–2013.

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

New Brunswick

The Forest Management Manual for the Province of New Brunswick states that forest management plans (FMP) must demonstrate that the Annual Allowable Cut (AAC) is sustainable for a period of at least 80 years, and it's ability to fulfill the objectives established by the provincial Department of Natural Resources.

For a period of 10 years, the FMP maps must show the planned location, time period, and general prescription of harvest activity required to access the AAC as well as the areas set aside to achieve objectives for terrestrial biodiversity, water quality, aquatic ecosystems, ab recreational opportunity: collectively termed the Conservation Forest.

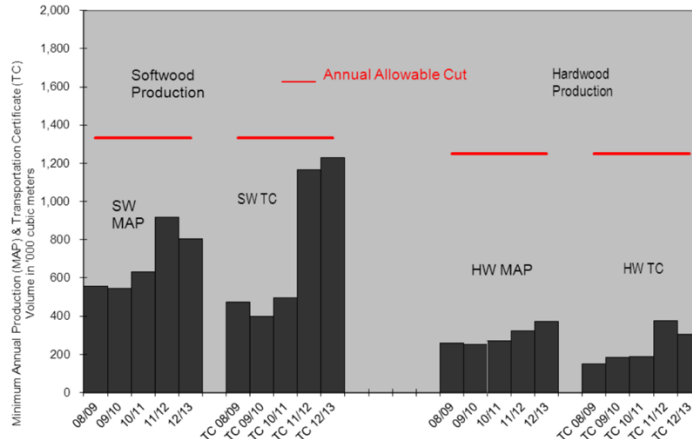
Source: http://www2.gnb.ca/content/dam/gnb/Departments/nr-rn/pdf/en/ForestsCrownLands/ScheduleE_FMM_En.pdf

According to the state of the forest report for the province of New Brunswick, for 2008 (the most recent version available), the forest industry harvested more than 4.4 million m³ of wood from the public forest. This was 1.6 million m³ less than the sustainable harvest levels.

Source: <http://www2.gnb.ca/content/dam/gnb/Departments/nr-rn/pdf/en/ForestsCrownLands/ForestReport08.pdf>

According to the 2012-2013 Annual Report of the New Brunswick Forest Products Commission, for the combined Marketing Boards, softwood production was 1.23 million m³ compared to an AAC of 1.3 million m³. Hardwood production was 0.31 million m³ compared to an AAC of 1.2 million m³. See figure below:

Figure 6: Private Woodlot Production (MAP and TC) 2008-2013
 Caution: TC information is not complete.



Source: <https://www.gnb.ca/legis/business/pastsessions/57/57-4/LegDoc/Eng/January2014/ForestProdComm12-13-E.pdf>

Prince Edward Island

Of the total area of Prince Edward Island, 44 per cent is classified as forest area (36 per cent natural forest, 4 percent plantation, and 4 per cent harvested / regenerating). The total estimate of forest area for Prince Edward Island decreased from 257,645 ha to 250,084 ha since the last estimate in the 2000 State of the Forest Report. Of the total forest area, 80 per cent is classified as being natural forest dominated by naturally regenerated tree species.

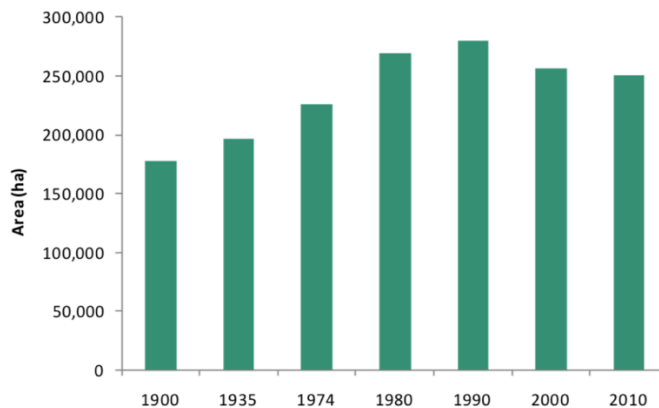


Figure 1. Prince Edward Island forest from 1900-2010.

Since 2000, agriculture accounted for the largest conversion from forest (Table 3). The majority of this land use conversion was due to establishment / expansion of new blueberry fields. The net change in forest area from 2000 to 2010 was -7,561 ha (Table 3). In addition to land use changes that occurred in the previous decade, the increased resolution of the 2010 aerial photography allowed for areas to be classified in more appropriate land use categories.

Table 3. Net area of forest land use type change from 2000 to 2010.

Land Use Forest	Converted Forest (ha)	Created Forest (ha)	Net Change (ha)
Agriculture	-6,511	1,895	-4,616
Industrial / Transportation	-975	464	-511
Wetland	-4,024	1,463	-2,561
Residential	-1,216	286	-930
Abandoned Farmland	-1,627	2,746	1,119
Other	-63	1	-62
Total Forest	-14,416	6,855	-7,561

Accurately predicting the condition of the future forest of Prince Edward Island is extremely difficult. Thousands of individuals collectively own the forest, which is divided into many small parcels. The goals and objectives for the forest differ on each parcel as owners each have their own priorities for management.

The annual harvest of forest products on Prince Edward Island is dynamic and responds to market forces. Between 2000 and 2006, the median annual harvest was 630,000 m³. Between 2007 and 2010, the downturn in the demand for forest products resulted in a median annual production of 404,000 m³, a 35 per cent decrease. The maximum harvest level for the province has been established at 890,000 m³ per year.

To ensure the estimates of sustainable harvest were as accurate as possible, areas that were unavailable for commercial harvest for reasons related to legislation, geographic location, or owner preference were removed. These areas included:

- a network of riparian buffers for streams, rivers, lakes, wetlands;
- all off-shore islands;
- all federally-owned land;
- all land designated as protected natural area

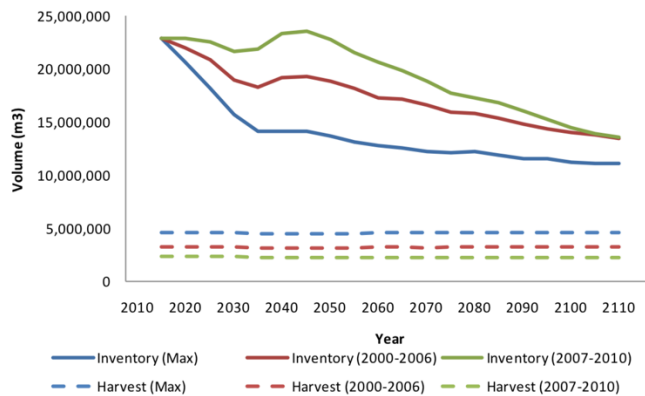


Figure 8. Sustainable harvest level of total merchantable volume and the operable standing inventory for management scenarios representing i) maximum sustainable harvest, ii) average harvest level from 2000-2006, and iii) average harvest level from 2007-2010.

This figure compares the long-term impact on the operational standing inventory of three distinct harvest levels (blue line is the maximum harvest level, established at 890,000 m³ per year). The red line is the harvest levels during the 2000-2006 period and the green line demonstrates the impacts of the harvest levels during the 2007-2010 period.

Company contract (including a supplier declaration) states that wood fibre does not originate from controversial sources i.e. wood harvested from forests being converted to plantations or non-forest use). Contract also states that all applicable legislation shall be followed.

Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification if wood is being harvested in forests being converted to plantation or non-forest land use. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.

Means of Verification

Environment Canada National Inventory Report
http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/it_ems/7383.php
 The State of the Forest Report for Nova Scotia.
https://novascotia.ca/natr/forestry/reports/State_of_the_Forest_2016.pdf

	<p>The State of the Forest Report for New Brunswick http://www2.gnb.ca/content/dam/gnb/Departments/nr-rn/pdf/en/ForestsCrownLands/ForestReport08.pdf</p> <p>The State of the Forest Report for Prince Edward Island: https://www.princeedwardisland.ca/sites/default/files/publications/2010_state_of_the_forest_report.pdf</p> <p>Signed contracts with suppliers. Completed Wood Supplier Audit checklists.</p>
Evidence Reviewed	<p>Environment Canada National Inventory Report http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/items/7383.php</p> <p>The State of the Forest Report for Nova Scotia. https://novascotia.ca/natr/forestry/reports/State_of_the_Forest_2016.pdf</p> <p>The State of the Forest Report for New Brunswick http://www2.gnb.ca/content/dam/gnb/Departments/nr-rn/pdf/en/ForestsCrownLands/ForestReport08.pdf</p> <p>The State of the Forest Report for Prince Edward Island: https://www.princeedwardisland.ca/sites/default/files/publications/2010_state_of_the_forest_report.pdf</p> <p>Signed contracts with suppliers. Completed Wood Supplier Audit checklists.</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	<p>N/A</p>

	Indicator
2.9.2	<p>Analysis demonstrates that feedstock harvesting does not diminish the capability of the forest to act as an effective sink or store of carbon over the long term.</p>
Finding	<p>At a national level, land use, land-use change and forestry in Canada resulted in a net removal of 34Mt on CO₂ in the atmosphere in 2015. The net flux is calculated as the sum of CO₂ and non-CO₂ emissions to the atmosphere and CO₂ removals from the atmosphere. Source: https://www.canada.ca/en/environment-climate-change/services/climate-change/greenhouse-gas-emissions/sources-sinks-executive-summary.html#land</p> <p>According to the Environment Canada National Inventory Report, Greenhouse gas sources and sinks in Canada (1990-2011), the Atlantic Maritime region, which includes Nova Scotia, New Brunswick and Prince Edward Island was a net carbon sink of (5 Mt CO₂ eq) for 2011. Source: http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/items/7383.php</p>

Conversion is not considered a problem in Canada. Approximately 94 percent of forestland in Canada is publicly owned. Annual harvests have consistently been lower than volume available for harvest for at least the past ten years (Natural Resources Canada (NRCAN)) <http://www.nrcan.gc.ca/forests>

Nova Scotia

Establishing and respecting sustainable harvest levels are a legal requirement in NS. On Crown (public) lands, harvest levels are determined as required by the Crown Lands Act. The object and purpose of the Act is to provide for the most effective utilization of Crown Lands by the application of proven forest management techniques to enhance productivity on Crown Lands and to provide for an increasing harvest level of better quality forest products and integration of wildlife and outdoor recreation considerations in the forest management planning process.

This legislation has been implemented since before 2008.

Source: <https://nslegislature.ca/sites/default/files/legc/statutes/crownlan.htm>

New Brunswick

Establishing and respecting sustainable harvest levels are a legal requirement in N-B. Crowns lands are managed for multiple objectives that fit into the three recognized pillars of sustainable forest management:

- Stewardship of the Environment
- Supporting a Vibrant Forest Sector
- Maintaining Social License to Operate.

Under the Stewardship of the Environment theme, the following values, goals and objectives are defined:

Value: Terrestrial Biodiversity

- Goal: The full variety of healthy and resilient native forested ecosystems are present and sustainable across their ecological ranges.
 - o Function patches of old forest will be retained across each ecoregion in each of 14 identifiable community types. Objective levels in each ecoregion aim to sustain at least 6-8% in old age classes of each forest community's total area.
 - o The full diversity of mature forest ecosystems will be represented in Protected Natural Areas. Natural processes will be permitted to unfold with minimal human influence.
 - o Forestry operations encountering site-specific habitats (including rare species, bear dens, raptor nest sites, etc.) maintain their associated functions.
- Goal: The full range of native forest-dwelling vertebrates are present and sustainable across their ecological ranges.
 - o Populations of all 161 native vertebrates will be maintained. For the 53 old forest dependent species, functional patches of old forest habitat will be maintained to support populations in geographic sub-region where the species is native.
- Goal: Populations of consumptively used wildlife are maintained at desired levels.
 - o Habitat structures to support herds through severe winters will be maintained in designated traditional white tail deer wintering areas.

Forest management plans (FMP) are developed as part of the forest management agreement between the government and the licensees. The FMP defines how the license will be managed and forms the benchmark against which many elements of Licensee performance is measured. The FMP must demonstrate for a period of at least 80 years, the sustainability of the Licensee's harvest and silviculture strategy, and its ability to fulfill the objectives established by DNR. For a period of 10 years, the FMP maps:

- The area set aside to achieve objectives for terrestrial biodiversity, water quality, aquatic ecosystems, and recreational opportunity, termed the 'Conservation Forest'.

- The primary objective in the Conservation Forest is conservation of specific values and not annual allowable cut (AAC) levels.
- The planned location, time period, and general prescription of harvest activity required to access the AAC.

Additionally, all timber licensees on Crown forest lands must be certified with a third-party certification system. Currently, all timber licenses are certified to the SFI 2015-2019 sustainable forest management standard.

Biomass policy <http://www2.gnb.ca/content/dam/gnb/Departments/nr-rn/pdf/en/Publications/FMB0192008.pdf>

This policy was implemented in 2008. It is the policy of the Department of Natural Resources to permit harvesting of forest biomass from Crown Land while ensuring the sustainable management of Crown Forests. The province recognizes that forest biomass is an important component of a forest ecosystem, vital to nutrient cycling, wildlife habitat, biodiversity and overall forest health.

PEI

A new forest policy was released in 2006. At a time when softwood harvest levels were reaching their highest, there was public support to review and change policies that provided direction for sustainable forest management. Public consultations were conducted by the Public Forest Council in early 2005 and received an unprecedented level of interest; more than 500 people attended the meetings and 100 presentations were received.

The new forest policy ([Moving To Restore A Balance In Island Forests](#)) set broad direction for all forest on Prince Edward Island with a vision of enhanced forest quality that delivers a range of economic, social and environmental benefits.

In response to a changing philosophy in forest management, the Government of Prince Edward Island developed a forest management manual that utilized an ecosystem-based approach. First released in 2008, the Ecosystem-based Forest Management Manual is a technical document and provided forest professionals with a clear objective: all interventions should be done to improve the quality of the forest as a whole. The manual provided direction for forest restoration and enhancement, protection of riparian zones and wetlands, and identified the value of cover patches and other structural features. Harvesting forest products will continue to be important to provide wealth to residents of Prince Edward Island but modifications to the methods used to obtain them can contribute to forest health and diversity. In 2005, the Government of Prince Edward Island merged the former Forestry and the Fish and Wildlife Divisions. Doing so provided an opportunity to benefit from the expertise of many professionals when managing the forest for more than just traditional forest products. In addition, public lands—Provincial Forests, wetlands, natural areas, and wildlife management areas—could be managed more efficiently.

Currently, more than 86 per cent of the area classified as forest is owned by more than 16,000 private individuals or organizations. Of this, over half is contained in parcels of 25 ha or smaller. The Government of Prince Edward Island, holding title to approximately 12 per cent of the forest resource, is the single largest holder. The federal and community governments each hold title to less than one per cent of the forest resource.

The annual harvest of forest products on Prince Edward Island is dynamic and responds to market forces. Between 2000 and 2006, the median annual harvest was 630,000 m³. Between 2007 and 2010, the downturn in the demand for forest products resulted in a median annual production of 404,000 m³, a 35 per cent decrease.

To ensure the estimates of sustainable harvest were as accurate as possible, areas that were unavailable for commercial harvest for reasons related to legislation, geographic location, or owner preference were removed. These areas included:

- a network of riparian buffers for streams, rivers, lakes, wetlands;
- all off-shore islands;

	<ul style="list-style-type: none"> • all federally-owned land; • all land designated as protected natural area. All properties were described by their ownership category (i.e. provincially-owned, privately-owned) and general geographic location (i.e. Kings County). Private woodlots, which comprise more than 85 per cent of the forest, were subdivided into two categories: less than 25 hectare parcels and greater than 25 hectare parcels. Woodlot owners own their forest for vastly different reasons but, as indicated in the 2009 woodlot owner survey, owners of larger parcels are more likely to participate in commercial forestry. <p>To facilitate the modeling effort, all forest stands were assigned ages and placed into one of the following categories: plantation, natural, partially-harvested, old-field, or pre-commercially thinned. These groups were subdivided into one of 17 general categories based on species composition. For the purpose of sustainable harvest supply modeling and forest inventory projections, forecasting the natural development and treatment response of each forest stand is crucial. All areas were assigned to a growth curve (consisting of merchantable volume estimates) that is used to predict future forest condition and harvest estimates. The harvest treatments included were: clear cut harvest, selection harvest and commercial thinning. Other silviculture treatments included: pre-commercial thinning, planting, and natural regeneration. The majority of woodlot owners make decisions about the timing, intensity and type of silviculture they conduct on their own properties without consideration of the effect on the overall condition of the forest. Essentially, there exists certain randomness in the management of the forest of Prince Edward Island. The best way to simulate this randomness in analyzing forest dynamics is to build it into the analysis.</p> <p>Source: https://www.princeedwardisland.ca/sites/default/files/publications/2010_state_of_the_forest_report.pdf</p> <p>Company contract (including a supplier declaration) states that wood fibre does not originate from controversial sources i.e. illegal or unauthorized sources. Contract also states that all applicable legislation shall be followed.</p> <p>Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification of evidence of appropriate safeguards to protect the health and safety of forest workers. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.</p>
<p>Means of Verification</p>	<p>The State of the Forest Report for Nova Scotia. https://novascotia.ca/natr/forestry/reports/State_of_the_Forest_2016.pdf</p> <p>The State of the Forest Report for New Brunswick http://www2.gnb.ca/content/dam/gnb/Departments/nr-nr/pdf/en/ForestsCrownLands/ForestReport08.pdf</p> <p>The State of the Forest Report for Prince Edward Island: https://www.princeedwardisland.ca/sites/default/files/publications/2010_state_of_the_forest_report.pdf</p> <p>Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.</p>
<p>Evidence Reviewed</p>	<p>The State of the Forest Report for Nova Scotia. https://novascotia.ca/natr/forestry/reports/State_of_the_Forest_2016.pdf</p> <p>The State of the Forest Report for New Brunswick http://www2.gnb.ca/content/dam/gnb/Departments/nr-nr/pdf/en/ForestsCrownLands/ForestReport08.pdf</p> <p>The State of the Forest Report for Prince Edward Island:</p>

	https://www.princeedwardisland.ca/sites/default/files/publications/2010_state_of_the_forest_report.pdf Signed contracts with suppliers (including supplier declarations). Completed Wood Supplier Audit checklists.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.10.1	Genetically modified trees are not used.
Finding	Refer to the GNT Company Risk Assessment Report for information on genetically modified trees. According to the latest FAO data, there is no commercial use of genetically modified trees in Canada, only field trials. This information is verified and updated annually as part of the annual review of the Company Risk Assessment. NRCan website states that genetically modified (GM) trees were only used for research purposes. CFIA database of approved Plants with Novel Traits (PNTs), which have been approved for release in Canada, does not list any GM trees. Low risk of genetically modified trees usage in Canada as per the Centralized National Risk Assessment for Canada 2015. Company contract (including a supplier declaration) avoiding genetically modified forest-based organisms. Refer to the Wood Supplier Audit Checklists completed by field staff. This checklist includes a verification on the avoidance of wood from forests where genetically modified trees are planted. This supplier verification is done at a minimum once per year, for each supplier of secondary feedstock.
Means of Verification	Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)
Evidence Reviewed	Signed contracts with suppliers. Completed Wood Supplier Audit checklists. Company risk assessment (third-party certified to FSC)
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A