

PEFC/SFI Chain of Custody Risk Assessment

PEFC/SFI Risk Assessment - Origin

MII's Risk Assessment conforms to the requirements identified in the PEFC ST 2002:2020 and SFI Section 4, Part 7. The risk assessment approach is to identify 'negligible risk' (PEFC) or 'low risk' (SFI) in origin through the evaluation of:

- Table 1: List of indicators of negligible risk
- Table 2: List of indicators for significant risk at origin level
- Table 3: List of indicators for significant risk at supply chain level

Incoming fibre/chips and/or roundwood that do not meet the following indicators will be considered 'significant risk' (PEFC) or 'high risk' (SFI) and rejected from incoming supplies.

- Negligible/low Risk = material can be accepted
- Significant/high Risk = continue risk assessment process until risk can be mitigated

Excerpt from Table 1 PEFC CoC Standard – List of Indicators for negligible risk:

Indicators
a) Supplies declared as certified against a forest certification system (other than PEFC endorsed), addressing the activities covered by the term controversial sources , supported by a forest management, chain of custody or fibre sourcing certificate issued by a third party certification body.
b) Supplies verified by governmental or non-governmental verification or licensing mechanisms other than forest certification systems, addressing the activities covered by the term controversial sources .
c) Supplies supported by verifiable documentation that clearly identifies: i. country of harvest and/or sub-national region where the timber was harvested, where the latest Transparency International (TI) Corruption Perception Index (CPI) score is higher than 50, or where the latest World Justice Project (WJP) Rule of Law Index is higher than 0,5, and ii. trade name and type of product as well as the common name of tree species and, where applicable, its full scientific name, and iii. all suppliers within the supply chain, and iv. the forest area of the supply origin, and v. documents, including contractual agreements and self-declarations, or other reliable information indicating that products do not originate from controversial sources.

Suppliers within MIIs FSA have been evaluated against Table 1 and found to be 'negligible risk' or 'low risk' and therefore can be procured as 'controlled sources'. The risk assessment was carried out prior to the first delivery of every individual supplier and reviewed at least annually.

Table 1 Indicators:

- a) Supplier inputs with an accompanied
 - X% PEFC Certified claim = 'negligible risk'
 - X% SFI Certified Claim = 'low risk'
- b) Supplier inputs that are not accompanied with a Certified Claim at this level originate are verifiable under Government plans/approvals to be
 - 'negligible risk' (PEFC) or
 - 'low risk' (SFI)
- c) Supplier inputs with verifiable documentation
 - i) MMI fibre inputs originate from Alberta, British Columbia Canada, Idaho, Montana, Washington and Oregon in the USA.
 - ii) The Transparency International Corruption Perception index for Canada and for the USA are listed below (>50). The World Justice Project (WJP) Rule of Law Index for Canada and for the USA are also listed below (> 0.5)
 - iii) Suppliers are known, see Supplier Lists
 - iv) Forest area of the supply origin is known
 - v) Most of the MMI fibre inputs are direct from long-term suppliers (many are certified, large reputable companies), the supply chain is known and verifiable. There are several documents that support fibre inputs do not originate from controversial sources (eg. Contract agreements, declarations, etc.).

By meeting the aforementioned items in Table 1 - the input fibre is classified as 'negligible risk' (PEFC) and 'low risk' (SFI) and it is not necessary to evaluate against Tables 2 and 3.

Supporting information for Indicator C:

Transparency International Corruption Perception Index

- [Canada](#) 74
- [USA](#) 69

World Justice Project (WJP) Rule of Law Index

- [Canada](#) 0.8
- [USA](#) 0.69

Both indices for both countries identified as greater than the threshold.



* MPR Input Species: (*Pinus contorta*) - lodgepole pine, (*Pinus banksiana*) - jack pine, (*Picea glauca*) -white spruce, (*Picea mariana*) - black spruce, (*Abies balsamea*) - balsam fir, (*Populus tremuloides*) - trembling aspen, and (*Populus balsamifera*) - balsam poplar.

** MC Input Species: *Abies grandis* - grand fir, *Abies lasiocarpa* - subalpine fir, *Betula papyrifera* - paper birch, *Larix occidentalis* - western larch, *Picea engelmannii* - Engelmann spruce, *Pinus contorta* - lodgepole pine, *Pinus monticola* - white pine, *Pinus ponderosa* - ponderosa pine, *Populus tremuloides* - trembling aspen, *Populus trichocarpa* – cottonwood, *Pseudotsuga menziesii* - Douglas fir, *Thuja plicata* - western red cedar, *Tsuga heterophylla* - western hemlock

*** MMT Input Species: SPF, *Pseudotsuga menziesii* - Douglas fir, Southern Yellow Pine