Stakeholder Consultation
- Timber Legality Risk Assessment for Angola,
V1.0 November 2021

Dear Stakeholder,

I am writing to seek your feedback on a report prepared by Preferred by Nature about Timber Legality in Angola.

Preferred by Nature is an international non-profit organization working to encourage and support sustainable land use worldwide. Responsible and legal forest management is one of our core competence areas. We have developed similar timber legality risk assessments for more than 65 countries available on the Sourcing Hub.

The report is a risk assessment of timber legality and is developed in collaboration with local forest legality experts and uses an assessment methodology jointly developed by FSC and Preferred by Nature. A detailed description of the methodology can be found on the Preferred by Nature's Sourcing Hub.

Timber Legality Risk Assessment and toolkit for Angola

As part of the full public consultation package, we are releasing the following report and related toolkit:

- Timber Legality Risk Assessment for Angola, V1.0
  - Full risk assessment with detailed findings on legal requirements and risks identified concerning harvesting, transport, and timber trade.
- List of Applicable Legislation
- Document Guide
  - A description and examples of documents used for mitigating risks and applying due diligence

The key document for the public consultation is the Angola Timber Legality Risk Assessment, which analyzes the risk of sourcing timber from areas of illegal harvesting and transport. We have developed the risk assessment to support companies carrying out due diligence on their supply chains following the EU Timber Regulation, the US Lacey Act, or the Australian Illegal Logging Prohibition Act.

The risk assessment report analyses the risks associated with sourcing across 5 broad areas of law and 21 sub-categories (please see the Categories and sub-categories evaluated at the end...
of this document). 5 of the categories of law reflect the areas of applicable legislation in the EU Timber Regulation. For each of the areas of law, we have:

- Identified all applicable legislation;
- Listed the documents that are legally required;
- Provided sources of information;
- Described the legal requirements;
- Analyzed the risk of non-compliance with legal requirements;
- Concluded whether there is a low risk that the law is breached or a non-low risk (which we call a 'specified' risk); and
- Where the risk is specified, desired actions can be taken to mitigate the identified risks.

Again, please refer to Preferred by Nature's Sourcing Hub for more information on the methodology used.

We have included further down a Summary of identified Timber Legality Risks. For the full legality evaluation, please refer to the full Risk Assessment report for Angola.

**Stakeholder Consultation Process**

Following the Risk Assessment Development Procedure, we are opening a stakeholder consultation from 23 November to 23 December 2021. During this time, we are asking that interested stakeholders read the Draft Risk Assessment and provide feedback on the findings using the Stakeholder Feedback Form Provided. Feedback can be provided in any manner appropriate to the Stakeholder, but feedback in writing (either by post or email) is preferred.

Feedback should be provided to:

Ditte Steffensen  
Sourcing Hub Manager  
sourcinghub@preferredbynature.org

If you cannot provide feedback in writing, you can provide verbal feedback via phone or skype or in-person feedback to one of Preferred by Nature’s 250+ staff worldwide.

**Consideration when submitting feedback**

In providing your feedback, please provide as much detail as possible and provide sources and evidence to support your comments. Please be aware that clear and undisputable evidence must be provided for stakeholder feedback to result in an amendment to the RA, particularly one that changes a risk determination and/or changes risk mitigation recommendations. Examples of clear and indisputable evidence may include but are not limited to:

- a) changes in legislation,
b) results of complaints handled at the international level; and

c) newly published evidence.

We want your general comments on the following points:

1. Does this risk assessment cover all applicable legal requirements concerning the forestry sector? Are there any current legislative changes not captured in our analysis?

2. Do you agree or disagree with the risk conclusion for each category? If you disagree, please comment and provide us with any relevant information (where possible) we might have missed.

3. Would you mind letting us know of publicly available information that may be relevant and help us to evaluate timber legality risks?

4. Any other suggestions/comments to this risk assessment we need to cover?

Once we have concluded the stakeholder consultation period, we will review all stakeholder feedback and amend the Risk Assessment accordingly. We may contact you again once we have received your feedback if we have any queries regarding the information you have provided. All stakeholder feedback will be included in a Stakeholder Feedback Report. This report will contain a complete and accurate record of the review and consideration of all stakeholder feedback that indicates how feedback was incorporated or provided a response/justification for not including them in the final version. If you wish to remain anonymous, please clearly indicate this in the feedback you provide.

We look forward to receiving your feedback. Please do not hesitate to contact us with any further questions or comments.

Kind regards:

Ditte Steffensen
Sourcing Hub Manager
sourcinghub@preferredbynature.org
Summary of identified Timber Legality Risks

Relevant for the legality of harvesting and related Trade and transport of timber in Angola we evaluated 5 categories and 21 indicators. We found:

- Specified risk for 19 sub-categories.
- Low risk for 0 sub-categories.
- No legal requirements for 2 sub-categories.

The key legality risks identified in this report concern timber harvesting activities related to legal rights to harvest, taxes and fees, timber harvesting activities, third parties rights, Trade and transport, and wood processing.

Below are identified risks listed. The number in brackets refers to the applicable sub-category of the Timber legality Risk Assessment.

For **Legal Rights to Harvest**, there is:

- Risk related to Land tenure and management rights based on the precautionary approach (1.1)
- Risk related to Concession licensed based on the precautionary approach (1.2)
- Risk related to Management and harvesting planning based on the precautionary approach (1.3)
- Illegal transfer of Annual Forest Harvesting Licenses between national to foreign companies (1.4)
- Logging activities are carried out without or with a fraudulent permit (1.4)

For **Taxes and Fees**, there is:

- Risk related to Payment of royalties and harvesting fees based on the precautionary approach (1.5)
- Risk related to Value-added taxes and other sales taxes based on the precautionary approach (1.6)
- Risk related to Income and profit taxes based on the precautionary approach (1.7)

For **Timber Harvesting Activities**, there is:

- Risk of harvesting below the minimum allowed felling diameter (1.8)
- Risk of harvesting beyond the boundaries (1.8)
- Risk of logging activities carried out without or with a fraudulent permit (1.8)
- Risk of illegal logging of protected species (1.9)
- Risk related to Environmental requirements based on the precautionary approach (1.10)
- Risk related to Health and safety based on the precautionary approach (1.11)
• Risk that Employment regulations are not respected (lack of compliant and registered employment contract, employer not paying social contributions, workers' pay below the minimum wage) (1.12)

For Third parties' rights, there is:
• Risk related to Customary rights based on the precautionary approach (1.13)
• Risk related to Free prior and informed consent based on the precautionary approach (1.14)
• Risk of false declarations are made regarding species and their volume on transport documents (1.16)

For Trade and transport, there is:
• Risk related to Trade and Transport based on the precautionary approach (1.17)
• Risk related to Offshore trading and transfer pricing based on the precautionary approach (1.18)
• Risk related to Custom Regulations based on the precautionary approach (1.19)
• Risk related to CITES based on the precautionary approach (1.20)
<table>
<thead>
<tr>
<th>Indicator</th>
<th>1.1 Land tenure and management rights</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.2 Concession licenses</td>
</tr>
<tr>
<td></td>
<td>1.3 Management and harvesting planning</td>
</tr>
<tr>
<td></td>
<td>1.4 Harvesting permits</td>
</tr>
<tr>
<td>Legal rights to harvest</td>
<td>1.5 Payment of royalties and harvesting fees</td>
</tr>
<tr>
<td></td>
<td>1.6 Value-added taxes and other sales taxes</td>
</tr>
<tr>
<td></td>
<td>1.7 Income and profit taxes</td>
</tr>
<tr>
<td>Taxes and fees</td>
<td>1.8 Timber harvesting regulations</td>
</tr>
<tr>
<td></td>
<td>1.9 Protected sites and species</td>
</tr>
<tr>
<td></td>
<td>1.10 Environmental requirements</td>
</tr>
<tr>
<td></td>
<td>1.11 Health and safety</td>
</tr>
<tr>
<td></td>
<td>1.12 Legal employment</td>
</tr>
<tr>
<td>Timber harvesting activities</td>
<td>1.13 Customary rights</td>
</tr>
<tr>
<td></td>
<td>1.14 Free prior and informed consent</td>
</tr>
<tr>
<td></td>
<td>1.15 Indigenous/traditional peoples rights</td>
</tr>
<tr>
<td></td>
<td>1.16 Classification of species, quantities, qualities</td>
</tr>
<tr>
<td>Third parties’ rights</td>
<td>1.17 Trade and transport</td>
</tr>
<tr>
<td></td>
<td>1.18 Offshore trading and transfer pricing</td>
</tr>
<tr>
<td></td>
<td>1.19 Custom regulations</td>
</tr>
<tr>
<td></td>
<td>1.20 CITES</td>
</tr>
<tr>
<td>Trade and transport</td>
<td>1.21 Legislation requiring due diligence/due care procedures</td>
</tr>
</tbody>
</table>