Stakeholder Consultation
- Timber Legality Risk Assessment for Ghana, V2.0 February 2022

Dear Stakeholder,

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

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 use 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 Ghana

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

- **Timber Legality Risk Assessment for Ghana, V2.0**
  - Full risk assessment with detailed findings on legal requirements and risks identified concerning harvesting, transport, and timber trade.

- **List of Applicable Legislation, V1.0**

- **Risk Mitigation Guide, V2.0**
  - A list of all risks identified in the risk assessments and suggested actions for how to mitigate these risks

- **Document Guide, V2.0**
  - A description and examples of documents used for mitigating risks and applying due diligence

The key document for the public consultation is the Ghana 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 6 broad areas of law and 26 sub-categories (please see the Categories and sub-categories evaluated at the end of this document). 6 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 Ghana.

Stakeholder Consultation Process

Following the Risk Assessment Development Procedure, we are opening a stakeholder consultation from 22 February to 22 March 2022. 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:

Jakob Nordborg Ryding
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 Natures 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 amendment to the RA, particularly one
that changes a risk determination and/or changes a 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 on 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:

Jakob Nordborg Ryding
Sourcing Hub Manager

sourcinghub@preferredbynature.org
Summary of identified Timber Legality Risks

Timber Legality Risk Assessment contains an evaluation of the risk of illegality in Ghana for 6 categories and 26 sub-categories of law.

We found:

- Specified risk for 12 sub-categories.
- Low risk for 13 sub-categories.
- No legal requirements for 1 sub-category.

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 a risk that/of:

- Concession leases are not converted to Timber Utilisation Contract (TUCs) (1.2).
- Plantation and reforestation plans are lacking (1.3).
- Area plans, and operational plans are lacking or not meeting legal requirements (1.3).
- Logging takes place without a permit (1.4).
- Award of salvage permits for banned species in violation of salvage permit conditions (1.4).

For **Timber Harvesting Activities**, there is a risk that/of:

- Protected species are illegally harvested (1.9).
- Protected areas are illegally harvested (1.9).
- Personal safety and protective equipment are not provided to or used by workers (1.11).
- When a union is in place there is a risk that collective bargaining agreements are not in place, or that the terms of the collective bargaining agreements are not met by companies (1.12).
- Workers do not have contracts and obligatory insurance (1.12).
- Risk that pensions contribution payment (tier 1 contributions and tier 2 deduction payments) are not paid by the employer (1.12).

For **Trade and Transport**, there is a risk that/of:

- Transport of logs for the domestic market takes place without Log Measurements Conveyance Certificates (LMCCs) (1.17).
• CITES species are illegally harvested and exported with a CITES permit fraudulently issued (1.20).

For **Processing**, there is a risk that/of:

• Processing entities do not have a valid operating environmental permit obtained from the EPA (1.23).

• Timber processing entities are not registered with the TIDD (1.24).

• Personal safety and protective equipment are not provided to or used by workers, especially among the small and medium operations (1.25)

• Workers do not have contracts and obligatory insurance (1.26)
## Categories and sub-categories evaluated

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