

Summary of Risk Assessment against AHA Framework for Jurisdictional Risk Assessment of Legal Compliance of Hardwood Production in the USA



– State of Wisconsin

Risk designations and any corresponding suggested risk mitigation measures for each conformance indicator in the “AHA Risk Assessment Framework: Legal Compliance of Hardwood Production in the USA” are summarized below. Detailed findings and conclusions for each indicator can be found in Annex 1 of the assessment.

Table: JRA Summary

Indicator	Negligible Risk	Summary of findings
1.1 Timber theft, trespass laws and regulations are enforced	<input checked="" type="checkbox"/>	<p>Incidences of timber theft/trespass are monitored and assessed.</p> <p>The World Bank has assessed the US to have a very high level of government effectiveness, regulatory quality, and rule of law.</p> <p>The FSC US National Risk Assessment has concluded Low Risk for all indicators addressing legality.</p> <p>A 2008 assessment of the US hardwood producing region concluded timber theft most often involved a relatively small number of trees and was associated with unmarked property boundaries. The report further states that theft or trespass represents a very small portion of total production and is estimated at less than 1%.</p> <p>Wisconsin has a strong suite of laws that addresses and protects against timber theft and trespass.</p> <p>There is substantive evidence that legal structures exist, and law enforcement agencies act on reported cases of timber theft. There are reports of resolution of reported crimes as illustrations of a functional regulatory system.</p>
1.2 Timber ownership rights are well established and upheld	<input checked="" type="checkbox"/>	<p>Timber ownership rights, including the right to harvest and sell, are well established and legal processes and timber ownership rights are functioning in the state.</p> <p>The US is assessed to have a functional regulatory system.</p> <p>The FSC US National Risk Assessment has concluded Low Risk for all indicators addressing legality.</p> <p>Land title in the state includes the right to harvest standing timber subject to deed restrictions and local regulations. Landowner rights to harvest timber are protected from lawsuits in Wisconsin Code – Right to Practice Forestry.</p> <p>Land titles are recorded and maintained at the county level in the state and are publicly accessible.</p> <p>State law ensures access to alternative dispute resolution and litigation in courts for resolving legal disputes related to land title or rights to harvest timber.</p>
1.3 Legal procedures are well established for resolving contract disputes	<input checked="" type="checkbox"/>	<p>Legal pathways for resolving contract disputes are established by state and federal law.</p> <p>The US is assessed to have a functional regulatory system.</p> <p>The FSC US National Risk Assessment has concluded Low Risk for all indicators</p>

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		<p>addressing legality.</p> <p>In Wisconsin, contract law is primarily common law principles and the Uniform Commercial Code (UCC). All US states have ratified and adopted the Uniform Commercial Code (UCC) (with some variations). The UCC harmonizes laws of commercial transactions including contracts across states.</p> <p>Contract disputes in the state can be resolved through a combination of mediation and arbitration, or litigation where needed. All parties have access to legal systems to resolve contract disputes.</p> <p>There are multiple publicly available websites that offer assistance for accessing legal support for contract disputes.</p>
1.4 The occurrence of corruption within the forest industries is low	☑	<p>Federal, state, and local governing bodies are in place and functional in terms of regulatory enforcement.</p> <p>The World Bank has assessed the US to be in control of corruption with a percentile rank of 82, 88 and 89 in 2022, 2017 and 2012 respectively.</p> <p>Transparency International ranked US in the 87th percentile (24 out of 180) in their Corruption Perceptions Index indicating a high level of public confidence in government efficacy.</p> <p>The FSC US National Risk Assessment has concluded Low Risk for all indicators addressing legality.</p> <p>Wisconsin has been identified as being ranked in the middle third (17 out of 50) of states in terms of corruption indicating a comparatively average level of perceived corruption.</p>
2.1 Hardwood producers and transformers comply with all applicable legal and regulatory requirements governing forest management, and the sale and export of lumber and wood products	☑	<p>Legislation exists at the national, state, and local levels regarding taxes and other fees associated with timber management and harvest.</p> <p>The US is assessed to have a functional regulatory system.</p> <p>The FSC US National Risk Assessment has concluded Low Risk for all indicators addressing legality of timber management rights, licenses, harvesting and planning, harvesting permits, harvest regulations, protected species, other environmental laws, sale, trade and transport, offshore trading, customs regulations, and CITES.</p> <p>Wisconsin laws require notification to County Clerks of timber harvest activities on private lands. The state has no laws requiring any contract or proof of ownership for sales and purchases of wood. BMPs in the state function as quasi-regulatory (some BMPs are closely linked to regulatory structures). There is no evidence of regular or systemic circumvention of forest management or forest product laws in the state.</p> <p>All mills are subject to taxation, overseen by the state Department of Revenue. Wisconsin does not have a severance tax on harvested timber. There is no evidence of regular or systematic circumvention of tax laws in the forest products industry in the state.</p>
3.1 Illegal activities not directly associated with silviculture that affect forest resources are prevented	☑	<p>Evidence and legal structures support that unauthorized and illegal logging, mining, and other site disturbing activities are irregular, not systematic, and constitute a very low impact on legality of harvest in the State.</p> <p>The US is assessed to have a functional regulatory system.</p> <p>The FSC US National Risk Assessment has concluded Low Risk for all indicators</p>

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		<p>addressing legality of timber management rights, concessions and licenses, harvesting and planning, harvesting permits, harvest regulations, protected species, other environmental laws, sale, trade and transport, offshore trading, customs regulations, and CITES.</p> <p>Research indicates that timber theft and trespass constitute a very low level (<1%) of total volume of inputs.</p> <p>Surface mining occurs in Wisconsin. Non-metallic mines are regulated and permitted through local Regulatory Authorities. Reclamation requirements state-wide are overseen through Wisconsin DNR via state statutes and administrative code. There are no metallic mines in Wisconsin. There is no evidence existing mines are operating illegally in a manner that might affect wood supplies. The likelihood of any illegal forest product materials entering the supply chain from surface mining is exceptionally small.</p> <p>Oil and gas production, including hydraulic fracturing (fracking), does not exist in Wisconsin. There is no evidence of regular or systematic illegal oil and gas production. There is no evidence of illegal installation of extraction sites that could theoretically lead to illegally harvested forest products.</p> <p>Illegal site disturbing activities such as arson do exist that can negatively impact forests, but in the context of legality do not affect the legal harvest and sale of hardwood materials.</p>
3.2 Laws addressing protection of cultural and historical sites are upheld	<input checked="" type="checkbox"/>	<p>Laws addressing the protection of cultural and historical sites exist in the State.</p> <p>The US is assessed to have a functional regulatory system.</p> <p>The FSC US National Risk Assessment has concluded Low Risk for all indicators addressing legality of timber management rights, including indicator 1.9 addressing Protected Sites and Species and Low Risk for risks to Cultural Values (including sites).</p> <p>State and federal laws are in place to protect cultural and historic sites.</p> <p>Information addressing known cultural and historical sites can be accessed through the State Historic Preservation Office.</p>
4.1 Laws associated with applicable taxes, fees, and assessments as they relate to timber ownership and purchase transactions are upheld	<input checked="" type="checkbox"/>	<p>Legislation exists at the national, state, and local levels regarding taxes and other fees associated with timber management and harvest.</p> <p>State tax laws in Wisconsin are codified and are enforced through the Wisconsin Department of Revenue. Wisconsin operates two programmes that offer significant tax breaks for landowners who engage in responsible and planned forest management. Wisconsin does not have a severance or yield tax on harvested forest products and no forest protection tax.</p> <p>Loggers have access to exemption from sales taxes on purchases of equipment in Wisconsin.</p> <p>There is no evidence of systemic or regular avoidance of payment of taxes or assessments in the forestry and forest products sectors in the state.</p>
5.1 Hardwoods are consistently produced in accordance with applicable legally established traditional or civil rights	<input checked="" type="checkbox"/>	<p>Laws addressing traditional use rights and civil rights are well established and robustly enforced.</p> <p>The US is recognized as a country with strong civil and tenure use rights, and a robust and effective system of laws which are administered and enforced at all levels of government. The US Ranks high in global indexes for integrity, governance, and control of corruption.</p>

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		<p>Civil rights are well defined, established, and protected in numerous federal and state statutes. Federal and state agencies are assigned, as stipulated in legal code and associated statutory provisions, with enforcement responsibility and authority to investigate non-compliance, pursue criminal charges and impose penalties.</p> <p>Property rights and land use rights are identified and protected with a variety of federal, state, and municipal laws and regulations including the US Constitution. Property tenure and use rights are documented in deeds and other legal instruments, maintained in state and county records and available to the public. Local jurisdictions have general authority under state law to implement land use planning and zoning ordinances with some limitations imposed by State laws, such as uniform statewide statutes. Public participation is required for the adoption of land use plans and ordinances. Land use planning and zoning decisions can be appealed through local administrative and judicial processes.</p> <p>Disputes regarding infringement of civil rights, property ownership and use rights are resolved in the state and federal court systems.</p> <p>There are eleven federally recognized Native American Tribes in Wisconsin, all of which are also formally recognized by the State government. The WI DNR has a staff position dedicated to Tribal relations and has adopted a formal policy to guide government to government consultation.</p>
6.1 Laws and regulations protecting hardwood forests and associated species are upheld.	<input checked="" type="checkbox"/>	<p>There are federal and state laws that ensure protection of threatened and endangered species. Additionally, there are public forest lands within the State that are managed for protection and conservation of hardwood forest ecosystems.</p> <p>The US is assessed to have a functional protected areas system providing protection and conservation of hardwood forest ecosystems and associated species. The FSC US National Risk Assessment has concluded Low Risk for protection of legally protected sites and species.</p> <p>Wisconsin has a publicly available State Wildlife Action Plan (SWAP) that identifies species of greatest conservation need and identifies threats to those species. Forest management is identified as a threat to multiple species through habitat alteration and potential water pollution.</p> <p>The Wisconsin DNR is charged with enforcement of laws protecting threatened and endangered species in Wisconsin. The DNR has not reported illegal activities in the context of protected species or areas associated with forest management.</p> <p>The Wisconsin DNR has a natural heritage program that maintains a publicly available database of state and federally protected species, their habitats, and known occurrences. They provide a habitat mapping tool that allows landowners to understand the likelihood of finding protected species on their land holdings. All management activities on public lands and MFL lands must include a review for protected species through the program.</p> <p>There is no evidence that logging or forest management activities regularly contribute to illegal harm to any protected species.</p>
7.1 Laws and regulations addressing management of forest residual slash and debris to maintain long-term site productivity are	<input checked="" type="checkbox"/>	<p>The regulatory structures that address management of forest residual slash with respect to maintenance of long-term site productivity include the federal Clean Water Act and state laws addressing soil stability, compaction, erosion, nutrient cycling, restocking and green up, and fire hazard.</p> <p>The laws in Wisconsin that address long-term site productivity or that address woody debris or logging residues relate to soil stability and water quality. There are no laws that address upland retention of logging residues or woody debris to protect long term</p>

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upheld within the jurisdiction.		<p>site productivity.</p> <p>BMPs in Wisconsin are quasi-regulatory. The Wisconsin forestry BMP manual contains multiple references to logging debris and slash management that indirectly relate to soil productivity by addressing soil stabilization and erosion control.</p> <p>Wisconsin BMPs are reported to be implemented greater than 90% of the time across all landowner categories through the NASF and Wisconsin DNR monitoring and reporting.</p> <p>Wisconsin state and county agencies have legal authority to investigate observed or alleged violations of Wisconsin water quality rules and standards.</p> <p>Wisconsin DNR has published voluntary and recommended Forest Management Guidelines and Woody Biomass Harvest guidelines specifically addressing forest soil productivity.</p> <p>There is no evidence that forest management operations constitute illegal actions with respect to residual slash and site productivity.</p>
7.2 Laws and regulations addressing forest management impacts on surface and groundwater quality are upheld	<input checked="" type="checkbox"/>	<p>Laws associated with forest management that address water quality include state and federal laws including the Federal Clean Water Act.</p> <p>State laws complement the federal Clean Water Act by providing additional protections and state standards for water resources and provide a robust regulatory framework associated with the protection of water quality. The primary Wisconsin laws addressing water quality in the context of forestry are in the Wisconsin Statutes (Chapter 281) and Administrative Rules (Chapter NR 102). Statutes designate the Wisconsin DNR to have legal oversight of water quality in the state (including setting standards) and establish protection of state water quality from pollution (including sedimentation and erosion).</p> <p>NASF 2015 reported state-wide average implementation rates are above 90%. BMP implementation rates per category range from 84% (forest roads and skid trails) to 98% (timber harvest). BMPs in Wisconsin are quasi-regulatory. The regulatory process for water impairments is that forest operators are given the opportunity to fix any problems prior to being found in violation of laws. Wisconsin has a BMP monitoring program that indicates BMP implementation rates of greater than 90% across all ownership classes.</p> <p>There is very strong evidence that Wisconsin BMPs are effective in meeting water quality objectives of the Clean Water Act and related state laws. DNR studies indicate that correctly applied BMPs protect water quality more than 99% of the time.</p> <p>The DNR Nonpoint Source Program identifies forest management as a noted nonpoint source of pollution. However, there is no evidence that forest management is a significant contributor to illegal water pollution in the state.</p> <p>Logger training in Wisconsin includes BMP training.</p>
7.3 Laws and regulations addressing forest management impacts on air quality, including smoke from prescribed burning and fugitive emissions, are upheld	<input checked="" type="checkbox"/>	<p>Applicable air quality laws address air quality in the form of smoke from prescribed fires and fugitive emissions, mostly in the form of dust.</p> <p>Wisconsin has a State Implementation Plan and a suite of regulations and statutes that are approved by the US EPA. State laws govern open burning. Prescribed burning as a land management tool is used in Wisconsin. The state requires open burning of forestlands and logging debris to be conducted in accordance with state and county burn laws, including based on weather conditions for smoke dispersal and risk of escape. Wisconsin requires permits year-round in some areas, seasonally in others, and has no permitting requirements in others. On state and MFL lands, all prescribed burns</p>

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		<p>must be permitted and supervised by a trained burn manager. There is no evidence that laws related to open burning are regularly or systemically contravened.</p> <p>State laws address fugitive dust as a form of air pollution potentially created by forest management, logging activities, and mill operations. There is no apparent evidence that forest management or mill activities regularly contribute to illegal fugitive emissions.</p>
<p>7.4 Forest chemicals are applied in compliance with applicable laws and regulations</p>	<p>☑</p>	<p>In the context of legality, the US Environmental Protection Agency (EPA) oversees registration and regulation of pesticides, including which pesticides can be used and how they can be used under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). In addition, there are state laws regulating pesticides in forestry applications.</p> <p>All pesticides in the US come with EPA developed use labels. It is a violation of federal law and state law to use pesticides in a manner inconsistent with the pesticide use label. Pesticide use labels include application methods, buffer zones, personal protective equipment for applicators, and information related to threatened and endangered species among other requirements.</p> <p>State laws include those in Wisconsin Statutes and Administrative Code regulate the sale and use of pesticides in forestry applications. All commercial pesticide dealers, consultants and applicators are required to be licensed by the state. The Wisconsin Department of Agriculture, Trade, and Consumer Protection (DATCP) oversees state pesticide laws and administrative rules and regulations.</p> <p>State BMPs address chemical use in the contexts of fuels, waste, and spills as well as a section dedicated to chemical use. BMP monitoring reported near 100% implementation with BMPs addressing fuels, waste, and spills. BMPs developed for chemical use do not have reported implementation rates. Statewide averages of BMP implementation indicate a high level of conformance overall (greater than 90%).</p> <p>Water quality reports in Wisconsin indicate a high level of impairment from pesticides and sedimentation; however, there is no evidence that forest management is responsible for a significant component of the impairment.</p> <p>There is no evidence that federal or state laws addressing pesticide use in forest management applications are regularly or systematically circumvented.</p>
<p>8.1 Legal processes to address public complaints, disputes and grievances associated with forest management are in place and applicable laws are upheld</p>	<p>☑</p>	<p>The United States has a well-established and comprehensive system of laws which are administered and enforced at all levels of government, primarily at the federal and state levels. While the primary avenue for formal settlement of legal disputes is through the court system, disputes can be addressed informally, outside the state and federal judicial systems via structured mediation processes that are recognized as equally binding under the law.</p> <p>Wisconsin is governed by a comprehensive set of federal and state laws and regulations that establish rules and processes for resolution of legal disputes.</p> <p>The US Constitution guarantees due process of law as well as fundamental rights to fair court proceedings to all US citizens.</p> <p>The State court system provides open access to the status and history of court cases. Annual reports summarizing court statistics are posted on the Wisconsin Court System website. Records indicate the courts are administering and hearing cases in a reasonably efficient manner.</p>
<p>9.1 Applicable laws and regulations addressing workers' rights, health and safety re upheld</p>	<p>☑</p>	<p>Worker rights and worker health and safety are protected through a comprehensive suite of national and state laws and regulations. Government agencies at both the federal and state level have regulatory enforcement authority within the State.</p> <p>The National Labor Relations Act (NLRA) establishes a legal framework in the US for</p>

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		<p>protecting worker rights and prohibits employers from interfering with worker participation in labour organizations for collective bargaining purposes, or to improve terms and conditions of employment. State law forbids employers from denying employment to any person as a result of their affiliation, or lack of affiliation, with a labor union or employee organization of any kind. The Wisconsin Department of Workforce Development is responsible for administering and enforcing labor laws, including the right-to-work legislation.</p> <p>The right for most private sector employees to organize and bargain collectively is guaranteed by the National Labor Relations Act.</p> <p>The Occupational Safety and Health Administration (OSHA) operates within the US Department of Labor and has national responsibility for enforcing the Occupational Safety and Health (OSH) Act of 1970 (Occupational Safety and Health Act, 1970).</p> <p>The federal Occupational Safety and Health Administration (OSHA) operates within the US Department of Labor and has national responsibility for enforcing the Occupational Safety and Health (OSH) Act of 1970 (Occupational Safety and Health Act, 1970). The federal OSHA maintains responsibility for oversight and enforcement of worker health and safety laws for private sector and federal workers and employers. State and local government workers are under the jurisdiction of the Wisconsin Department of Safety and Professional Services (DPS).</p> <p>Most employers in WI are required to carry workers' compensation insurance for their employees without cost to the employee, including employers who have three or more full-time or part-time employees, and employers with one or more employees who receive \$500 or more in annual wages from the employer.</p> <p>The Wisconsin Department of Workforce Development is responsible for administering claims and ensuring compliance with the workers' compensation regulations.</p> <p>Many non-mechanized loggers operate as small businesses and are therefore exempt from Workers' Compensation requirements. However, there is no evidence of significant non-compliance with applicable laws, or that contractors are routinely paid in cash to avoid workers compensation legal requirements.</p>
9.2 Applicable laws and regulations addressing compulsory, child and forced labour are enforced	<input checked="" type="checkbox"/>	<p>Oppressive child labour and forced labour are illegal throughout the United States. State and federal laws and regulations are in place, with specific government agencies designated with authority to enforce the regulations. Government agencies at both the federal and state level have regulatory enforcement authority within the state.</p> <p>The Fair Labor Standards Act (FLSA) of 1938 protects the rights of minors and ensures that when young people work, their well-being, health and safety is not put at risk, and their educational opportunities are not compromised. Federal child labour laws are enforced by the US Department of Labor Wage and Hour Division.</p> <p>The State Child labour laws are similar to the federal regulations, although restrictions for minimum working age, minimum hazardous working age, and working hours when school is in session are less rigorous than federal laws. The Equal Rights Division within the Wisconsin Department of Workforce Development is charged with monitoring and enforcement of child labour laws. Employers are subject to both state and federal child labour laws.</p> <p>Logging and sawmilling are designated as hazardous jobs for minors, and therefore minors (under 18) are not permitted to work in those industries. Most forestry jobs are also designated as hazardous for minors by the US Department of Labor.</p> <p>Enforcement activities at the federal level to prevent illegal child labour have been increased. There has been one recent instance of illegal child labour in the State's forest</p>

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		<p>products industry. The case involved the death of a 16-year-old minor working in a sawmill in violation of federal child labour laws. The company was cited for violations, fined nearly \$200,000, and required to demonstrate measures taken to comply with child labour laws. WI DWD reported receiving 62 complaints of child labour in 2023. The case involving the sawmill was the only instance of child labour violations found in media reports.</p> <p>Forced labour is illegal in the United States. Several federal laws including the Abolish Human Trafficking Act of 2017, and the Trafficking Victims Protection Act of 2000 exist to prevent human trafficking and forced labour.</p> <p>There is no evidence of forced labour or human trafficking in the forestry and forest products sector.</p>
9.3 There is no evidence that illegal discrimination based upon race, creed, colour, or sexual identity occurs regularly or systematically for hardwood production	<input checked="" type="checkbox"/>	<p>Numerous federal and state laws and regulations are in place to prevent discrimination in the workplace. Government agencies at both the federal and state level have the authority and the means to enforce these laws.</p> <p>Numerous federal laws address workplace discrimination including, but not limited to, the Equal Pay Act of 1963, the Civil Rights Act of 1964, and the Age Discrimination in Employment Act (ADEA) of 1967. These federal laws are enforced within the US Department of Labor by the Equal Employment Opportunity Commission (EEOC).</p> <p>The FSC US Controlled Wood National Risk Assessment has designated low risk for Controlled Wood Indicator 2.2 addressing worker rights concluding that there is no information to indicate concern for discrimination in the forest sector.</p> <p>The Wisconsin Fair Employment Act prohibits employer discrimination against individuals on the basis of race, creed, colour, sex, age, national origin, ancestry, disability, sexual orientation, marital status, arrest or conviction record, military status or use of lawful products. The Wisconsin Department of Workforce Development is responsible for enforcing State laws preventing discrimination.</p> <p>Public records provided by the EEOC indicate a very small percentage (<.1%) of workers in Wisconsin filed federal charges for workplace discrimination in 2022.</p>

Other observations

Some controversy and debate has recently emerged concerning the management of state-owned forests in Northern Wisconsin. Some local stakeholders complained that the WI DNR violated its standards for harvesting timber along lakeshores on 9 of 15 timber sales visited. The WI DNR has refuted the allegations, asserting that agency guidelines have been followed. The WI DNR has made several modifications to the timber sale in response to stakeholder input and have improved internal procedures. A forest certification auditing firm inspected the sites and concluded the DNR acted within their authority and found no evidence of negative impacts to water quality. The WI Natural Resource Board also found the DNR actions to be consistent with applicable laws and agency policies.

An environmental group has alleged the US Forest Service is conducting timber harvesting operations on the Chequamegon-Nicolet National Forest in violation of contract provisions designed to protect the site from rutting and soil compaction and cutting of old growth trees. A WI-based timber industry association has refuted the claims of the environmental group. The US Forest Service

has responded to the complaint, asserting all applicable procedures were followed, and has maintained their current management approach in the area in question.

No other third-party concerns or other significant observations relating to illegality in the Wisconsin forestry or forest products industry have been identified.

Summary of independent scrutiny

Element	Comment
Title of risk assessment (& version number if relevant) Date of submission	Jurisdictional Risk Assessment of Legal Compliance for Hardwood Production in the State of Wisconsin December 6 th 2024
AHA Framework used	<i>AHA Framework for Jurisdictional Risk Assessment of Legal Compliance of Hardwood Production in the USA (January 26th, 2024) V1.1</i>
Name of organisation producing risk assessment	Dovetail Inc.
Suitability of qualifications and experience of core risk assessment team	Suitably Qualified.
Suitability of qualifications and experience of additional third parties involved in the assessment	A suitably qualified and diverse range of third parties consulted.
Consideration of conflicts of interests declared	No material conflicts of interest.
Completeness of consideration of Criteria	All Criteria addressed.
Completeness of consideration of Indicators	All Indicators addressed.
Alignment of the format of the risk assessment report to the AHA Framework guidance	Fully aligned with the suggested format of the AHA Framework.
Consistency of risk ratings based upon evidence presented	Consistent.
Recommendation made by	George White – independent consultant
Date of recommendation	December 9 th 2024
Recommendation to AHA Secretariat	Suitable for endorsement by AHA

Summary of AHA Endorsement

The risk assessment was **endorsed** by AHA on December 16th 2024.