

Timber Legality Risk Assessment Finland

Version 1.2 | August 2017



COUNTRY RISK
ASSESSMENTS



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The original document of FSC can be accessed here <https://ic.fsc.org/en/document-center>.

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A. Introduction

This Timber Legality Risk Assessment for Finland provides an analysis of the risk of sourcing timber from areas of illegal harvesting and transport. NEPCon has been working on risk assessments for timber legality, in partnership with a number of organisations, since 2007.

In that time, NEPCon has developed timber risk assessments for more than 60 countries, illustrated in Figure 1.

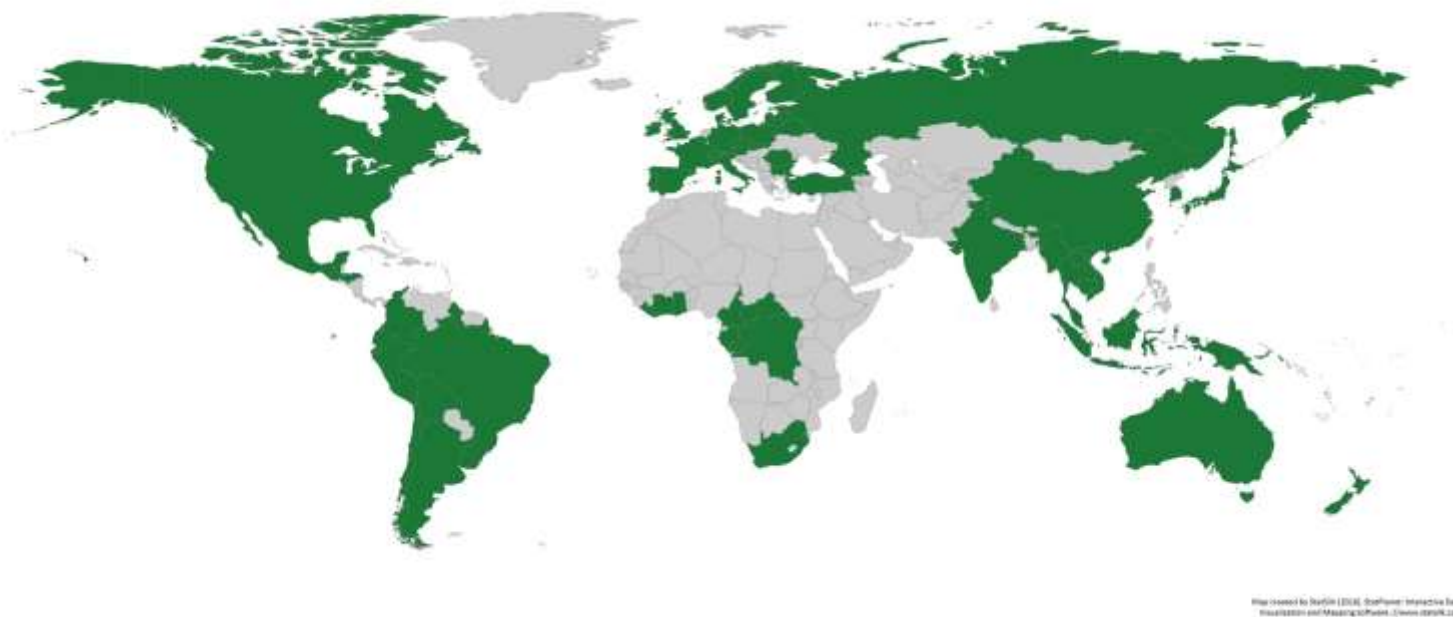


Figure 1. Countries for which NEPCon have developed a legality risk assessment for timber

The risk assessments are developed in collaboration with local forest legality experts and uses an assessment methodology jointly developed by FSC and NEPCon. A detailed description of the methodology can be found on the [NEPCon Sourcing Hub](#).

For risk assessment conducted according to the FSC-STD-40-005, ONLY entries (or information) that have been formally reviewed and approved by FSC and are marked as such can be considered conclusive and may be used by FSC candidate or certified companies in risk assessments and will meet the FSC standards without further verification.

You can see the countries with approved risk assessment in the FSC document: [FSC-PRO-60-002b V2-0 List of FSC approved Controlled Wood documents](#).

All FSC Risk Assessments can be downloaded in the [FSC Document Centre](#).

This risk assessment was prepared by NEPCon between 2015 and 2018 as follows:

Draft prepared by NEPCon: 14. January 2015

**FSC Stakeholder
consultation:** March 2015

FSC approval date: 17. December 2015

FSC CW effective date: 27. November 2018

C. Overview of legality risks

Timber Risk Score: 100 / 100 in 2017

This report contains an evaluation of the risk of illegality in Finland for five categories and 21 sub-categories of law. We found:

- Specified risk for 0 sub-categories.
- Low risk for 18 sub-categories.
- No legal requirements for 3 sub-categories.

The Timber Risk Score for Finland is 100 out of 100, and no legality risks have been identified in this report.

Timber source types and risks

There are 5 timber source types found in Finland. Knowing the “source type” that timber originates from is useful because different source types can be subject to different applicable legislation and have attributes that affect the risk of non-compliance with the legislation. We have analysed the risks for all source types and found that the risk is the same.

Forestry land outside protected areas	Production forest. Harvesting authorization managed through a system of mandatory Forest Use declarations that shall be submitted to the forestry authorities a minimum of 10 days before the logging starts.
Habitats of special importance	Forestry Centre’s permission is needed to carry out management or utilisation measures in habitats of special importance.
Timberline forests	In timberline forests, special caution must be taken in their management and utilisation in order that the measures do not cause retreat of the timberline.
Protected forest, i.e. national parks, nature reserves	Harvesting activities are, with a few exceptions, prohibited in all protected forest land. Management and land use follows a management plan made by the local Authority, which is the Metsähallitus for state-owned land.
Natura 2000 areas	Logging may be allowed if it does not threaten the natural values for which the site has been selected for the Natura 2000 network. A substantial part of the Natura 2000 areas, however, are protected by the Nature Conservation Act, which prohibits logging in protected areas. The harvesting authorization system is managed on a system of mandatory Forest Use declarations that shall be submitted to the forestry authorities a minimum of 10 days before the logging starts.

This table summarises the findings of the timber legality risk assessment.

Legal Category	Sub-Category	Risk conclusion
		All forest
Legal rights to harvest	1.1 Land tenure and management rights	Low
	1.2 Concession licenses	NA
	1.3 Management and harvesting planning	Low
	1.4 Harvesting permits	Low
Taxes and fees	1.5 Payment of royalties and harvesting fees	NA
	1.6 Value added taxes and other sales taxes	Low
	1.7 Income and profit taxes	Low
Timber harvesting activities	1.8 Timber harvesting regulations	Low
	1.9 Protected sites and species	Low
	1.10 Environmental requirements	Low
	1.11 Health and safety	Low
	1.12 Legal employment	Low
Third parties' rights	1.13 Customary rights	Low
	1.14 Free prior and informed consent	Low
	1.15 Indigenous/traditional peoples rights	Low
Trade and transport	1.16 Classification of species, quantities, qualities	Low
	1.17 Trade and transport	NA
	1.18 Offshore trading and transfer pricing	Low
	1.19 Custom regulations	Low
	1.20 CITES	Low
	1.21 Legislation requiring due diligence/due care procedures	Low

D. Overview of the forest sector in Finland

52% of forestry land is in private ownership, 35% is state-owned and 8% is forest industry company-owned. The remaining 5% is held by municipalities, parishes, in joint ownership or in the ownership of other small organisations. The majority of state-owned forestry land is in northern Finland, which is also where most of the statutory conservation and wilderness areas managed by the state are located. Of the land area in Finland, 86% (26 mill. ha) is classified as forestry land. On the basis of site productivity, forestry land is divided into forest land (20 mill. ha), low-productive land (3 mill. ha) and non-productive land (3 mill. ha). The proportion of mires is 34% of the forestry land area.

All forestry activity in Finland is subject to the same legal requirements. Thus, the same legislation is (with some exceptions) applicable to forest land owned by the state, local municipalities, companies and private individuals. The forest legislation has recently been significantly revised with the new legislation entering into force at the beginning of 2014. The amendments to the Forest Act increase the freedom of choice of forest owners in managing their own forest property, improve the profitability of forestry, the operating conditions of the wood-producing industry and enhance the biodiversity of forests. The most important changes include allowing uneven-aged forest stands, abolition of age and diameter limits in regeneration, diversifying the range of tree species, and increasing the size of habitats of special importance.

The highest forest authority in Finland is the Ministry of Agriculture and Forestry, which has the mandate to create conditions for the sustainable and diversified use of renewable natural resources and to secure the quality of the commodities obtained from them. The Department of Forestry in the Ministry is charged with directing and developing forest policy in Finland. Metsähallitus (State Forests), the Finnish Forest Research Institute, the Forestry Development Centre Tapio and the Forestry Centre are all under the performance guidance of the Ministry. The Forestry Centre and the Forestry Development Centre Tapio are responsible for promoting the sustainable management of forests, protecting their biodiversity and other activities within the forest sector. Metsähallitus manages, uses and protects the natural resources and other property on state lands under its administration.

The forest owner or other authorized actor shall deliver a "forest use declaration" to the Forest Centre a minimum of 10 days before harvesting takes place. The Forestry Centre continuously assesses the implementation and quality of felling and other forest management operations. Things under assessment include the number of retention trees, the amount of decaying wood, buffer zones of water courses, protection of valuable habitats and any damage caused to remaining stands and soil. Regional Centres for Economic Development (ELY) Centres and the Metsähallitus monitor the implementation of forest protection at the regional level. The Finnish Environment Institute (SYKE) is responsible for forest protection monitoring at the national level. Companies and the Metsähallitus monitor and assess internally the quality of silvicultural and other forest management activities in their own forests. There will be some re-organisation of responsibility during 2015.

The Sámi are an indigenous people recognised by the UN. The Sámi in Finland can be divided by language into the North Sámi, the Inari Sámi and the Skolt Sámi. As determined by the Constitution and other legislation, the Sámi people have usage rights to the land and cultural autonomy in their homeland in Northern Finland. Metsähallitus

shall particularly consider the Sámi people, negotiating with them about forest management operations in the Sámi homeland. Sámi interests in local and political decision making are represented by the Sámi Parliament, the Skolt Village Assembly and the reindeer herding co-operatives.

The list of sources provided in FSC-PRO-60-002a, section 3.3.3 has been reviewed in regards to the national legality risk assessment for Finland. The following sources have been used: World Bank "Worldwide Governance Indicators" and the Transparency International "Corruption Perceptions Index" to evaluate the law enforcement below. Furthermore, an Interpol source has been used in evaluating the criteria of environmental requirements and is referred to under the applicable sub-category. The remaining sources were found not to be relevant for the legality risk assessment for Finland.

Transparency International ranks Finland as number 3/176 in the world in their latest report, 2016. Finland's CPI (Corruption Perception Index) is 89, which is above FSC's threshold for low risk, which is 50. There are no indications of corruption within the Finnish forest sector or significant inefficiencies within the relevant supervising authorities. On a scale of -2.5 to +2.5 Finland scores 2.07 for Rule of Law and 2.28 for Control of Corruption under the World Bank Worldwide Governance Indicators. Thus Finland is found to rank high on the Governance Indicators. These conditions together with statistics and other information from Finnish supervising authorities regarding legal compliance have been used to a large extent as a basis for this Forest legality Risk Assessment for Finland.

E. Legality Risk Assessment

LEGAL RIGHTS TO HARVEST

1.1. Land tenure and management rights

Legislation covering land tenure rights, including customary rights as well as management rights that includes the use of legal methods to obtain tenure rights and management rights. It also covers legal business registration and tax registration, including relevant legal required licenses. Risk may be encountered where land rights have not been issued according to prevailing regulations and where corruption has been involved in the process of issuing land tenure and management rights. The intent of this indicator is to ensure that any land tenure and management rights have been issued according to the legislation.

1.1.1. Applicable laws and regulations

- *Code of Real Estate 540/1995, Chapter 1, 2.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1995/en19950540> (in Finnish)
- *Law on Tenancy 258/1966, Chapter 1, 6.* Available at: <http://www.finlex.fi/fi/laki/ajantasa/1966/19660258> (in Finnish)
- *Act on the Redemption of Immoveable Property and Special Rights 603/1977, Chapter 1.* Available at: <http://www.finlex.fi/fi/laki/ajantasa/1977/19770603> (in Finnish)
- *Pre-emption Act 608/1977, Chapter 1.* Available at: <http://www.finlex.fi/fi/laki/ajantasa/1977/19770608> (in Finnish)
- *Reindeer Husbandry Act 848/1990, Section 39, 40.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1990/en19900848.pdf>
- *The Constitution of Finland 731/1999. Chapter 2, section 15.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1999/en19990731.pdf>
- *The Prepayment Act 1118/1996.* Available at: <http://www.finlex.fi/fi/laki/ajantasa/1996/19961118> (In Finnish)
- *VAT Act 1501/1993.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1993/en19931501.pdf>

1.1.2. Legal authority

- National land survey of Finland
- Finnish Government
- Finnish Tax Administration

1.1.3. Legally required documents or records

- A certificate of title or other documents that prove your ownership of the property. A certificate of mortgages and encumbrances which also shows any special rights, distrains, restrictions of use, as well as restrictions on property rights that apply to the property.

Certificates are provided by the National land survey of Finland (<http://www.maanmittauslaitos.fi/en>).

- Information regarding the legality of a business entity is provided by the Finnish Tax Administration and the Finnish Patent and Registration Office (<http://www.ytj.fi/english/>)

1.1.4. Sources of information

Government sources

- Finlex.fi, (N.Y). *Online database of Finnish legislation*. [online] Available at: <http://www.finlex.fi/en/>
- Vero.fi, (2017). *Value added tax*. [online] Available at: [http://www.vero.fi/en-US/Precise information/Value added tax](http://www.vero.fi/en-US/Precise%20information/Value%20added%20tax)
- Ytj.fi, (2017). *Finnish Business Information System*. [online] Available at: <https://www.ytj.fi/english/>
- Maanmittauslaitos.fi, (N.Y). *Real property*. [online] Available at: <http://www.maanmittauslaitos.fi/en/>

Non-Government sources

- Helda.helsinki.fi, (2012). *Guide to public access rights*. [online] Available at: [https://helda.helsinki.fi/bitstream/handle/10138/38797/SY30_2012_Jokamiehen oikeudet.p df?sequence=1](https://helda.helsinki.fi/bitstream/handle/10138/38797/SY30_2012_Jokamiehen oikeudet.pdf?sequence=1)
- Transparency.org, (2016). *Corruption Perceptions Index 2016*. [online] Available at: <http://www.transparency.org/cpi2013/results>

1.1.5. Risk determination

Overview of legal requirements

The Code of Real Estate includes regulations on land tenure and management rights. The Cadastral register covers 100 % of Finnish forest estates and includes information on forest ownership. (Public access rights, or so-called 'everyman's rights', refer to the right of everyone in Finland to enjoy outdoor pursuits regardless of who owns or occupies an area.)

Description of risk

Due to old estate boundary markings and harvesting in low visibility, harvesting activities may, by mistake, extend outside the boundaries of the relevant forest property. Such incidents occur occasionally, but normally affect relatively small areas and are settled without court proceedings by the payment of appropriate compensation to the affected property owner.

The business register maintained by Statistics Finland covers all enterprises, corporations and self-employed persons that are liable to pay value added tax or that have paid employees.

Finland ranks number 3 out of 176 nations, with a score of 89, in Transparency International's latest Corruption Perception Index report (2016).

Violations of land tenure and management rights legislation in Finland are not of a frequency or scale considered problematic.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.1.6. Risk designation and specification

Low risk

1.1.7. Control measures and verifiers

N/A

1.2. Concession licenses

Legislation regulating procedures for the issuing of forest concession licenses, including use of legal methods to obtain concession license. Especially bribery, corruption and nepotism are well-known issues in connection with concession licenses. The intent of this indicator is to avoid risk related to situations where organizations are obtaining concession licenses via illegal means such as bribery, or where organizations or entities that are not eligible to hold such rights do so via illegal means. Risk in this indicator relates to situations where due process has not been followed and the concession rights can therefore be considered to be illegally issued. The level of corruption in the country or sub-national region is considered to play an important role and corruption indicators (e.g., Corruption Perception Index, CPI) should therefore be considered when evaluating risks.

1.2.1. Applicable laws and regulations

N/A

1.2.2. Legal authority

N/A

1.2.3. Legally required documents or records

N/A

1.2.4. Sources of information

N/A

1.2.5. Risk determination

N/A

1.2.6. Risk designation and specification

N/A

1.2.7. Control measures and verifiers

N/A

1.3. Management and harvesting planning

Any legal requirements for management planning, including conducting forest inventories, having a forest management plan and related planning and monitoring, as well as approval of these by competent authorities. Cases where required management planning documents are not in place or are not approved by competent authorities should be considered. Low quality of the management plan resulting in illegal activities may be a risk factor for this indicator as well.

1.3.1. Applicable laws and regulations

- *Act on the Finnish Forestry Centre 418/2011.* Available at: <http://www.finlex.fi/fi/laki/ajantasa/2011/20110418> (in Finnish)

1.3.2. Legal authority

- The Finnish Forestry Centre

1.3.3. Legally required documents or records

N/A

1.3.4. Sources of information

Government sources

- Mmm.fi, (2017). *Forest Resources.* [online] Available at: <http://mmm.fi/en/forests/forestry/forest-resources>

Non-Government sources

- Metsaan.fi, (2017). *Web service - forest inventory data.* [online] Available at: <http://www.metsaan.fi/>

1.3.5. Risk determination

Overview of Legal Requirements

There are no legal requirements for forest owners or holders of a contractual right to harvest to make or keep current any forest management plans nor to monitor the relevant forest land.

The National Forest Inventories prepared by the Finnish Forest Research Institute (Metla) provide information on the current state of Finland's forests, and national and regional trend forecasts for forest resources are derived from them. The forecasts, calculated using MELA software, are based on assessments of the current state of forests and on alternative scenarios on how forest resources, increments of stock growth and potential for wood production may develop, given various options in the management of forests and their protection programmes. Alternative trends in national forest resources have been calculated, for instance, for the National Forest Programme and for Regional Forest Programmes.

Description of Risk

Finland's hundreds of thousands of forest-owners can seek personal advice on how to manage their forests from local forestry associations, the Finnish Forestry centre, forestry service providers and forest industry companies. Such advice can include practical recommendations concerning forest management methods, how to sell timber, how to plan for future income obtainable from growing forests, and opportunities related to the protection of valuable forest habitats or landscapes. This, however, is voluntary.

The Finnish Forestry centre provides a common transaction service, which brings updated forest inventory data to forest owners use.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.3.6. Risk designation and specification

Low risk

1.3.7. Control measures and verifiers

N/A

1.4. Harvesting permits

Legislation regulating the issuing of harvesting permits, licenses or other legal document required for specific harvesting operations. It includes the use of legal methods to obtain the permit. Corruption is a well-known issue in connection with the issuing of harvesting permits. Risk relates to situations where required harvesting is carried out without valid permits or where these are obtained via illegal means such as bribery. In some areas, bribery may be commonly used to obtain harvesting permits for areas and species that cannot be harvested legally (e.g., protected areas, areas that do not fulfil requirements of minimum age or diameter, tree species that cannot be harvested, etc.). In cases where harvesting permits classify species and qualities to estimate fees, corruption and bribery can be used to classify products that will result in a lower fee. The level of corruption in a country or sub-national region is considered to play an important role and corruption indicators should therefore be considered when evaluating risks. In cases of illegal logging, harvesting permits from sites other than the actual harvesting site may be provided as a false proof of legality with the harvested material.

1.4.1. Applicable laws and regulations

- Forest Act 1093/1996, Section 2, Chapter 2. Available at: <http://www.finlex.fi/fi/laki/kaannokset/1996/en19961093.pdf>

1.4.2. Legal authority

- Finnish Forest Centre

1.4.3. Legally required documents or records

- Forest use declaration

1.4.4. Sources of information

Government sources

- Metsakeskus.fi, (2016) *Statistics on all Forest use declarations in Finland in 2013*. [online] Available at: <http://www.metsakeskus.fi/sites/default/files/smk-karttakuvaaja-hakkuut.pdf>
- Mmm.fi, (2017). *Description of how forest use declarations are handled by the Finnish Forest Centre*. [online] Available at: http://www.mmm.fi/attachments/metsat/kv/5zAAIm5Z5/LIITE_7_Metsankayttoilmoituksen_tarkastusmenettely_metsakeskuksissa.pdf

- Metsakeskus.fi, (2014). *Field inspection instructions of the Finnish Forest Centre for 2014*. [online] Available at: <http://www.metsakeskus.fi/sites/default/files/suomen-metsakeskuksen-maastotarkastusohje-2014-lopullinen.pdf>
- Finlex.fi, (N.Y). *Inspection and audit activities 2014*. [online] Available at: <http://www.finlex.fi/data/normit/41581-14002fi.pdf>

Non-Government sources

- Metla.fi, (2017). *Statistical Yearbook of Forestry – Content*. [online] Available at: <http://www.metla.fi/julkaisut/metsatilastollinenvsk/tilastovsk-sisalto.htm>

1.4.5. Risk determination

Overview of Legal Requirements

The land user or other authorized actor shall deliver a “forest use declaration” to the Finnish Forest Centre a minimum of 10 days before harvesting takes place.

The following types of felling operations are exempted from the forest use declaration requirement: felling for household use; felling according to an approved felling and regeneration plan in a timberline forest area; felling of small-sized tree stands as decided in more detail by the ministry competent in forestry matters; felling for a road, ditch, water pipe, power line or similar purpose.

The Forest Centre may approve the forest declaration, or may make changes to the harvesting plan, or set a prohibition on measures on the site, if necessary. A certain part of forest declarations is controlled by the authorities on site. The controlled sites are selected by sampling; the Ministry of Agriculture and Forestry decides each year what percentage are to be controlled on-site.

Description of Risk

Finland ranks number 3 out of 176 nations, with a score of 89, in Transparency International’s latest Corruption Perception Index report (2016). Negligence to submit the forest use declaration or violations of restrictions/prohibitions set by the authorities do not happen often and are thus not considered a problem in Finland.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.4.6. Risk designation and specification

Low risk

1.4.7. Control measures and verifiers

N/A

TAXES AND FEES

1.5. Payment of royalties and harvesting fees

Legislation covering payment of all legally required forest harvesting specific fees such as royalties, stumpage fees and other volume based fees. It also includes payments of the fees based on correct classification of quantities, qualities and species. Incorrect classification of forest products is a well-known issue often combined with bribery of officials in charge of controlling the classification.

1.5.1. Applicable laws and regulations

N/A

1.5.2. Legal authority

N/A

1.5.3. Legally required documents or records

N/A

1.5.4. Sources of information

N/A

1.5.5. Risk determination

N/A.

1.5.6. Risk designation and specification

N/A

1.5.7. Control measures and verifiers

N/A

1.6. Value added taxes and other sales taxes

Legislation covering different types of sales taxes, which apply to the material being sold, including selling material as growing forest (standing stock sales). Risk relates to situations where products are sold without legal sales documents or far below market price resulting in illegal avoidance of taxes.

1.6.1. Applicable laws and regulations

- VAT Act 1501/1993, Chapter 2, 3. Available at: <http://www.finlex.fi/fi/laki/kaannokset/1993/en19931501.pdf>
- Tax Procedure Act 1535/1992, Section 43. Available at: <http://www.finlex.fi/fi/laki/ajantasa/1992/19921535> (in Finnish)

1.6.2. Legal authority

- Finnish Tax Administration

1.6.3. Legally required documents or records

- Information regarding the legality of a business entity is provided by the Finnish Tax Administration and the Finnish Patent and Registration Office. Available at: <http://www.ytj.fi/english/>

1.6.4. Sources of information

Government sources

- Vero.fi, (2017). *Finnish Tax Administration guidelines for the VAT*. [online] Available at: [http://www.vero.fi/en-US/Precise information/Value added tax](http://www.vero.fi/en-US/Precise_information/Value_added_tax)

1.6.5. Risk determination

Overview of Legal Requirements

Forest owners are, in general, subject to VAT registration, and VAT is thus included in the sale price of timber. Small forest owners with annual sales of less than €8,500 are not required to be VAT registered. The VAT amount is stated on invoices/receipts for timber sales. The forest owner declares the VAT in the periodical tax declaration which is normally made once a year.

Description of Risk

Finland ranks number 3 out of 176 nations, with a score of 89, in Transparency International's latest Corruption Perception Index report (2016). Tax violations in the forestry sector are not considered a problem in Finland.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.6.6. Risk designation and specification

Low risk

1.6.7. Control measures and verifiers

N/A

1.7. Income and profit taxes

Legislation covering income and profit taxes related to the profit derived from sale of forest products and harvesting activities. This category is also related to income from the sale of timber and does not include other taxes generally applicable for companies or related to salary payments.

1.7.1. Applicable laws and regulations

- Income Tax Act 1535/1992, Section 7, 43. Available at: <http://www.finlex.fi/fi/laki/ajantasa/1992/19921535> (in Finnish)

1.7.2. Legal authority

- Finnish Tax Administration

1.7.3. Legally required documents or records

- Information regarding the legality of a business entity is provided by the Finnish Tax Administration and the Finnish Patent and Registration Office. Available at: <http://www.ytj.fi/english/>

1.7.4. Sources of information

Government sources

- Vero.fi, (2017). *Finnish Tax Administrations guidelines on forest taxation*. [online] Available at: http://www.vero.fi/fi-FI/Syventavat_veroohjeet/Metsaverotus
- Finlex.fi, (N.Y). *The taxpayer's obligation to provide information*. [online] Available at: <http://www.finlex.fi/fi/laki/ajantasa/1995/19951558>

1.7.5. Risk determination

Overview of Legal Requirements

Income from timber sales is capital income. The timber buyer deducts the tax withholding from the total sales price and the forest owner (seller) declares the sales and tax withholding in their annual tax report.

Description of Risk

Tax violations in the forestry sector are not considered a problem for Finland.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.7.6. Risk designation and specification

Low risk

1.7.7. Control measures and verifiers

N/A

TIMBER HARVESTING ACTIVITIES

1.8. Timber harvesting regulations

Any legal requirements for harvesting techniques and technology including selective cutting, shelter wood regenerations, clear felling, transport of timber from felling site and seasonal limitations etc. Typically this includes regulations on the size of felling areas, minimum age and/or diameter for felling activities and elements that shall be preserved during felling etc. Establishment of skidding or hauling trails, road construction, drainage systems and bridges etc. shall also be considered as well as planning and monitoring of harvesting activities. Any legally binding codes for harvesting practices shall be considered.

1.8.1. Applicable laws and regulations

- *Forest Act 1093/1996. Section 5, 6, 8, 10.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1996/en19961093.pdf>
- *Forest decree 1200/1996.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1996/en19961200.pdf>
- *Forest decree 1308/2013.* Available at: <http://www.mmm.fi/attachments/metsat/lainsaadanto/6MLSUfsFQ/1308-2013fi.pdf> (in Finnish)
- *Forest decree 1320/2013.* Available at: <http://www.mmm.fi/attachments/metsat/lainsaadanto/6MLSc7JFU/1320-2013fi.pdf> (in Finnish)
- *Act on Forest Damages 1087/2013.* Available at: <http://www.finlex.fi/fi/laki/alkup/2013/20131087>

1.8.2. Legal authority

- Ministry of Agriculture and Forestry
- Finnish Forest Centre

1.8.3. Legally required documents or records

- Forest use declaration

1.8.4. Sources of Information

Government sources

- Ym.fi, (2016). *Nature reserves and other areas protecting the nature.* [online] Available at: http://www.ym.fi/en-US/Nature/Biodiversity/Nature_Conservation_Areas
- Ym.fi, (2013). *Nature conservation programmes.* [online] Available at: http://www.ym.fi/en-US/Nature/Biodiversity/Nature_conservation_programmes
- Ym.fi, (N.Y). *Protection of Species.* [online] Available at: http://www.ym.fi/en-US/Nature/Biodiversity/Protection_of_species
- Metsakeskus.fi, (N.Y) *Nature Management Assessments.* [online] Available at: <http://www.metsakeskus.fi/luontolaadun-arviointi> (in Finnish)

- Mmm.fi, (2012). *Metsälain*. [online] Available at: http://www.mmm.fi/attachments/metsat/6D4g6z0JC/121220_mlaki_vaik_arviointi_UUSI.pdf

Non-Government sources

- Ojs.tsv.fi, (2016). *Metsähygienia, metsätuhoriski ja monimuotoisuus – uuden metsätuholakiesityksen vaikutukset*. [online] Available at: <http://ojs.tsv.fi/index.php/tt/article/download/8021/6104> (in Finnish)

1.8.5. Risk determination

Overview of Legal Requirements

The Forestry Centre supervises the implementation of the Forest legislation on all forest land. In accordance with the Forest Act, the landowner or holder of the right of possession or other special right must make a forest use declaration concerning the intention to carry out felling, and, for regeneration felling, the method of regeneration and, as provided by decree, other treatment of habitats to the Forestry Centre no less than 10 days, and no more than three years, before the start of the felling operation or other measures. The Forestry Centres checks and accepts forest use declarations.

Description of Risk

Logging areas are inspected by the Forestry Centre using sampling. The results from these inspections are summarised and published by the Forestry Centre and in the Finnish Statistical Yearbook of Forestry produced by the Finnish Forest Research Institute (Metla).

The presented statistics, together with the low number of cases brought forward for prosecution, indicates that violation of harvesting regulations is not a problem in Finland.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.8.6. Risk designation and specification

Low risk

1.8.7. Control measures and verifiers

N/A

1.9. Protected sites and species

International, national, and sub national treaties, laws, and regulations related to protected areas allowable forest uses and activities, and/or, rare, threatened, or endangered species, including their habitats and potential habitats. Risk relates to illegal harvesting within protected sites, as well as illegal harvest of protected species. Note that protected areas may include protected cultural sites, including sites with historical monuments.

1.9.1. Applicable laws and regulations

- *Forest Act 1093/1996, Section 5, Chapter 3, 4.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1996/en19961093.pdf>
- *Nature Conservation Act 1096/1996. Chapter 1-5, 10.* Available at: <http://www.finlex.fi/en/laki/kaannokset/1996/en19961096.pdf>

1.9.2. Legal authority

- Centre for Economic Development, Transport and the Environment
- The Police of Finland
- Ministry of agriculture and forestry
- Finnish Government
- State Forest Enterprise
- Finnish Environment Institute
- Finnish Forest Research Institute

1.9.3. Legally required documents or records

- Possible decision on exemption from regulations concerning protected areas.

1.9.4. Sources of Information

Government sources

- Stakeholder consultation:
 - Environmental chamber
 - Centre for Economic Development, Transport and the Environment
- Ym.fi, (2016). *Nature reserves and other areas protecting the nature.* [online] Available at: http://www.ym.fi/en-US/Nature/Biodiversity/Nature_Conservation_Areas
- Ym.fi, (2013). *Nature conservation programmes.* [online] Available at: http://www.ym.fi/en-US/Nature/Biodiversity/Nature_conservation_programmes
- Ym.fi, (N.Y). *Protection of Species.* [online] Available at: http://www.ym.fi/en-US/Nature/Biodiversity/Protection_of_species
- Metsakeskus.fi, (N.Y) *Nature Management Assessments.* [online] Available at: <http://www.metsakeskus.fi/luontolaadun-arviointi> (in Finnish)
- Keskisuomi.fi, (2007). *Seutukaavan suojelualueiden nykytilan inventointi.* [online] Available at: http://www.keskisuomi.fi/filebank/10736-seutukaavan_suojelualueet.pdf
- Ymparisto.fi, (2017). *Natura2000 areas.* [online] Available at: http://www.ymparisto.fi/fi-FI/Luonto/Suojelualueet/Natura_2000_alueet?f=KaakkoisSuomen_ELYkeskus

Non-Government sources

- Sulkava, R., Mäkelä, A., Kotiaho, J. S. and Mönkkönen, M. (2008). Difficulty of getting accurate and precise estimates of population size: the case of the Siberian flying squirrel in Finland. *Annales Zoologici Fennici* 45(6), pp. 521-526.
- Helda.helsinki.fi, (2012). *Liito-oravan lisääntymis- ja levähdyspaikkarajausten vaikuttavuus lajin suojelukeinona.* [online] Available at:

https://helda.helsinki.fi/bitstream/handle/10138/38778/SY_33_2012_Liito-orava.pdf?sequence=1 (in Finnish)

1.9.5. Risk determination

Overview of Legal Requirements

There is systematic planning of formal (legal) forest protection in Finland through the establishment of national parks, nature reserves, habitat protection, and nature conservation agreements. Terms of and limitations on land use within national parks, nature reserves, land subject to habitat protection or conservation agreements are conveyed to land owners.

Description of Risk

Logging areas are inspected by the Forestry Centres using sampling. According to 2013 statistics (Finnish Statistical Yearbook of Forestry), 96% of the area containing valuable habitats (habitats protected under the Nature Conservation Act, and habitats of special importance referred to in the Forest Act) had been preserved in logging operations in private forests. On 1% of the area containing valuable habitats, no preservation measures had been taken at all.

However, the supervising authorities (the Forestry Centre and ELY-Centre (Centre for Economic Development, Transport and the Environment)) and the Finnish Nature Conservation Act have been criticized by ENGOs for not being strict enough in ensuring that forestry operations do not destroy or degrade habitats of flying squirrels in accordance with the EU Habitat Directive. This debate has been going on for several years and was brought to the EU Commission in 2013 for further clarification, though no decision has yet been issued. The Forestry Centre is required to forward all forest use declarations that affect known protected species to the regional ELY-Centres, which in turn decides what measures are allowed on the area concerned in relation to national legislation. Even though this matter is hotly debated, it must be concluded that in general forest owners are in compliance with national legislation. Whether the national legislation meets the requirements of the EU directive will have to be decided at EU level, and cannot be fully evaluated here.

Annually, relatively few cases of illegal logging within SL-sites (FIN: luonnonsuojelualueet: areas reserved for conservation; all operations are forbidden which could jeopardize the area's conservation value) have been resolved in court. A statement from three out of 15 Regional Centres for Economic Development, Transport and the Environment (ELY Centres), under a consultation on PEFC criteria revision in April 2014 stated, that very few cases result in an investigation by the police, even though several cases do occur. According to interviews with other ELY-centres, the logging has often been found to have taken place due to a lack of knowledge on the parts of both forest owner and local authority, and, in the specific cases they had been involved in, it was found that no police investigation was needed, as the cases were followed up on internally and occurred rarely. Based on these conflicting statements, there seems to be disagreement between the different regional ELY-centres on whether illegal actions within SL-sites are an issue. However, only about 0,10 % of all Forest Declarations target SL-areas and thus the scale must be considered low.

The lack of inventorying of Natura 2000 areas has been brought up by ENGOs as well, in connection with the risk of unknowingly destroying important habitats. This is claimed to be an issue in private forests especially. Natura 2000 areas shall be protected whether mapped or not. However, according to the forest authorities these areas are well mapped and can be

found on the joint webpage of Finland's environmental administration:

http://www.ymparisto.fi/fiFI/Luonto/Suojelualueet/Natura_2000_alueet?f=KaakkoisSuomen_ELYkeskus. Here Natura 2000 areas are mapped and their most important natural values are estimated. These areas are examined well, but every different habitat within them is not mapped. The forest owners who will need to protect each Natura 2000 habitat even if unmapped have been informed of this.

The public Metsään.fi web-service is designed to allow forest owners to view the public forest inventory data on their forests. This service will soon include Natura 2000 areas as well: <http://www.metsaan.fi/>. Thus, the inventoried Natura 2000 areas are well mapped and possible to find publicly. There seem to be good intentions from the Finnish forest authorities, but great criticism from the environmental sector persists of the lack of mapping of some Natura 2000 habitats.

The presented statistics, together with the low number of cases brought forward for prosecution, indicates that the laws against destruction or degradation of known protected sites and species are, as a whole, complied with in Finland. While there might be some Natura2000 not mapped in Finland the risk of destroying Natura2000 is considered low in relation to the legislative requirements in Finland. However, Further investigation on Natura2000 at regional level is recommended under category 3, HCV.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.9.6. Risk designation and specification

Low risk

1.9.7. Control measures and verifiers

N/A

1.10. Environmental requirements

National and sub-national laws and regulations related to the identification and/or protection of environmental values including but not limited to those relating to or affected by harvesting, acceptable level for soil damage, establishment of buffer zones (e.g. along water courses, open areas, breeding sites), maintenance of retention trees on felling site, seasonal limitation of harvesting time, environmental requirements for forest machineries, use of pesticides and other chemicals, biodiversity conservation, air quality, protection and restoration of water quality, operation of recreational equipment, development of non-forestry infrastructure, mineral exploration and extraction, etc... Risk relates to systematic and/or large-scale non-compliance with legally required environmental protection measures that are evident to an extent that threatens the forest resources or other environmental values.

1.10.1. Applicable laws and regulations

- *Forest Act 1093/1996, Chapter 2,3,4.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1996/en19961093.pdf>

- *Nature Conservation Act 1096/1996, Chapter 4,5.* Available at: <http://www.finlex.fi/en/laki/kaannokset/1996/en19961096.pdf>
- *Environmental Protection Act 527/2014, Chapter 1, 2, 4, 14, 16.* Available at: <http://www.finlex.fi/fi/laki/alkup/2014/20140527#Lidp4888928> (in Finnish)
- *Water Act 264/1961, Chapter 2.* Available at: <http://www.finlex.fi/en/laki/kaannokset/2011/en20110587.pdf>
- *Forest decree 1200/1996.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1996/en19961200.pdf>
- *Forest decree 1320/2013.* Available at: <http://www.mmm.fi/attachments/metsat/lainsaadanto/6MLSUfsFQ/1308-2013fi.pdf> (in Finnish)
- *Forest decree 1308/2013.* Available at: <http://www.mmm.fi/attachments/metsat/lainsaadanto/6MLSc7JFU/1320-2013fi.pdf> (in Finnish)
- Regulation (EC) No 1107/2009 of the European Parliament and of the Council of 21 October 2009 concerning the placing of plant protection products on the market and repealing Council Directives 79/117/EEC and 91/414/EEC
- *Chemicals Act 599/2013.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/2013/en20130599.pdf>
- *Pesticide Act 1563/2011, Chapters 1, 2, 5.* Available at: <http://www.finlex.fi/fi/laki/alkup/2011/20111563#Lidp446736> (in Finnish)
- *Criminal Code 39/1889, Chapter 48.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1889/en18890039.pdf>
- *Waste Act 1087/1993, Chapter 2, 8.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1993/en19931072.pdf>
- *Act on Oil Pollution Response 1673/2009, Chapter 5.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/2009/en20091673.pdf>

1.10.2. Legal authority

- Nature Management Assessments by Forest Centres
- Centre for Economic Development, Transport and the Environment
- Finnish Safety and Chemicals Agency (Tukes)
- The Police of Finland

1.10.3. Legally required documents or records

- Forest use declaration

1.10.4. Sources of information

Government sources

- Ymparisto.fi, (2017). *Liito-oravan Pteromys volans Suomen kannan koon arviointi*. [online] Available at: <http://www.ymparisto.fi/download/noname/%7B962D9F0D-1B25-414C-8D27-9198CC4DA659%7D/57383> (in Finnish)

Non-Government sources

- Forest.fi (2017). [online] Available at: <http://www.forest.fi>
- Helda.helsinki.fi, (2012). *Liito-oravan lisääntymis- ja levähdyspaikkarajausten vaikuttavuus lajin suojelukeinona*. [online] Available at: https://helda.helsinki.fi/bitstream/handle/10138/38778/SY_33_2012_Liito-orava.pdf?sequence=1 (in Finnish)

1.10.5. Risk determination

Description of Risk

According to statistics from the Forestry Centre for 2013, 723 sites, representing approximately 2,200 ha, were checked after harvesting activities. The results of this monitoring show that the forestry operations are, in general, in compliance with the applicable legislation. 96% of the area containing valuable habitats has been preserved satisfactorily in the logging operations while 4% of the area containing valuable habitats has been partly or entirely damaged. The presented official statistics, together with the low number of cases brought forward for prosecution, indicates that systematic or large scale violations of environmental requirements in forestry operations are not a problem in Finland.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.10.6. Risk designation and specification

Low risk

1.10.7. Control measures and verifiers

N/A

1.11. Health and safety

Legally required personnel protection equipment for persons involved in harvesting activities, use of safe felling and transport practice, establishment of protection zones around harvesting sites, and safety requirements to machinery used. Legally required safety requirements in relation to chemical usage. The health and safety requirements that shall be considered relate to operations in the forest (not office work, or other activities less related to actual forest operations). Risk relates to situations/areas where health and safety regulations are consistently violated to such a degree that puts the health and safety of forest workers at significant risk throughout forest operations.

1.11.1. Applicable laws and regulations

- *Occupational Safety and Health Act 738/2002*. Available at: <http://www.finlex.fi/fi/laki/kaannokset/2002/en20020738.pdf>

- *Employment Contracts Act 55/2011, Section 3, chapter 2.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/2001/en20010055.pdf>
- *Decree on occupational safety and health in harvesting operations 749/2001.* Available at: <http://www.finlex.fi/fi/laki/smur/2001/20010749> (in Finnish)
- *Act on Occupational Safety and Health Enforcement and Cooperation on Occupational Safety and Health at Workplaces 44/2006.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/2006/en20060044.pdf>
- *Working Hours Act 605/1996.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1996/en19960605.pdf>

1.11.2. Legal authority

- Regional State Administrative Agencies

1.11.3. Legally required documents or records

- Documentation on the company's workers' safety policy and the management of the work environment according to the Occupational Safety and Health Act (2002) available at: <http://www.finlex.fi/fi/laki/kaannokset/2002/en20020738.pdf>

1.11.4. Sources of information

Government sources

- Tyosuojelu.fi, (2017). *Healthy Work.* [online] Available at: <http://www.tyosuojelu.fi/fi/workingfinland/>

Non-Government sources

- Ttl.fi (2017). The information guide of health care for the entrepreneurs working in the forest sector. [online] Available at: http://www.ttl.fi/partner/metsahyvinvointi/tapahtumat_ja_tilaisuudet/Documents/

1.11.5. Risk determination

Overview of Legal Requirements

The Regional State Administrative Agency (AVI) is responsible for regional supervision and direction of occupational safety and health.

Description of Risk

Available statistics from AVI and the Occupational Safety and Health Administration indicate that compliance with health and safety regulations in forestry operations is not a problem in Finland.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.11.6. Risk designation and specification

Low risk

1.11.7. Control measures and verifiers

N/A

1.12. Legal employment

Legal requirements for employment of personnel involved in harvesting activities including requirement for contracts and working permits, requirements for obligatory insurances, requirements for competence certificates and other training requirements, and payment of social and income taxes withhold by employer. Furthermore, the points cover 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. Risk relates to situations/areas where systematic or large scale noncompliance with labour and/or employment laws. The objective is to identify where serious violations of the legal rights of workers take place, such as forced, underage or illegal labour.

1.12.1. Applicable laws and regulations

- *Employment Contracts Act 55/2011, Chapter 2, Section 3.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/2001/en20010055.pdf>
- *Working Hours Act 605/ 1996.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1996/en19960605.pdf>
- *Aliens Act 301/2004, Section 86a.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/2004/en20040301.pdf>
- *Income Tax Act 1535/1992.* Available at: <http://www.finlex.fi/fi/laki/ajantasa/1992/19921535> (in Finnish)
- *Health Insurance Act 1535/2004.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/2004/en20041224.pdf>
- *Employment Accidents Act 608/1948.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1948/en19480608.pdf>
- *Act on unemployment security and insurance payments 1290/2002.* Available at: <http://www.finlex.fi/fi/laki/alkup/2002/20021290> (in Finnish)
- *Employees Pensions Act 395/2006.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/2006/en20060395.pdf>
- *Occupational Safety and Health Act 738/2002.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/2002/en20020738.pdf>
- *Finlex.fi (N.Y) Collective agreements.* [online] Available at: <http://www.finlex.fi/fi/viranomaiset/tyoehto/> (in Finnish)
- *Criminal Code 39/1889, Chapter 47, Section 1.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1889/en18890039.pdf>
- *Act on Co-operation within Undertakings 334/2007.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/2007/en20070334.pdf>

1.12.2. Legal authority

- Finnish Tax Administration

- Kela (pension authority)
- Centre for Economic Development, Transport and the Environment
- The Police of Finland
- The Finnish Immigration Service

1.12.3. Legally required documents or records

- Residence permit for an employee who is not a citizen of an EES-country

1.12.4. Sources of information

Government sources

- Tem.fi (The Ministry of Employment and the Economy) (N.Y). Ongoing projects, the prevention of the black economy). [online] Available at: http://www.tem.fi/ajankohtaista/vireilla/strategiset_ohjelmat_ja_karkihankkeet
- Tyosuojelu.fi, (2017). *Foreign workers*. [online] Available at: <http://www.tyosuojelu.fi/fi/matters>
- Tyosuojelu.fi, (2017). *Foreign workers*. [online] Available at: <http://www.tyosuojelu.fi/fi/contract>

1.12.5. Risk determination

Description of Risk

Compliance with employment-related legislation is not considered a problem for domestic workers.

The use of foreign workers in forestry operations is slowly growing for silviculture work such as planting and pre-commercial thinning. Authorities, forestry companies (the clients) and unions are monitoring the employment of foreign workers to ensure that employment practices and work operations are in accordance with applicable legislation and agreements.

There is nothing indicating that systematic or large scale violations of employment related legislation in the forestry operations occur in Finland."

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.12.6. Risk designation and specification

Low risk

1.12.7. Control measures and verifiers

N/A

THIRD PARTIES' RIGHTS

1.13 Customary rights

Legislation covering customary rights relevant to forest harvesting activities including requirements covering sharing of benefits and indigenous rights.

1.13.1. Applicable laws and regulations

- *Forest Act 1093/1996, Section 12.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1996/en19961093.pdf>
- *Reindeer Husbandry Act 848/1990, Section 39, 40.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1990/en19900848.pdf.pdf>
- *Kolttalaki 253/1995, Section 9.* Available at: <http://www.finlex.fi/fi/laki/ajantasa/1995/19950253>
- *Land Use and Building Act 132/1999.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1999/en19990132.pdf>
- Ministry of the Environment (2016). *Everyman's rights.* Available at: http://www.ym.fi/en-US/Latest_news/Publications/Brochures/Everymans_right%284484%29

1.13.2. Legal authority

- Finnish Forest Centre
- The Police of Finland

1.13.3. Legally required documents or records

- Forest use declaration

1.13.4. Sources of information

Government sources

- Paliskuntain yhdistys / metsähallitus sopimus, 2013. Third-quarterly agriculture / forestry agreement (Approved April 4, 2013). Available at: <http://www.metsa.fi/documents/10739/58225d52-500f-481c-9cdc-82a6159f4be7>
- Metla.fi, (2013). *Multiple use forestry - statistics.* [online] Available at: http://www.metla.fi/metinfo/tilasto/julkaisut/vsk/2013/vsk13_06.pdf

Non-Government sources

- Samediggi.fi, (N.Y). *The livelihoods of The Sámi people.* [online] Available at: http://www.samediggi.fi/index.php?option=com_content&task=blogcategory&id=235&Itemid=371

1.13.5. Risk determination

Overview of Legal Requirements

The Sámi people's rights to use private and state-owned land when practising reindeer husbandry, hunting, and fishing are based on prescriptions from time immemorial and defined in the legislation.

The so-called Everyman's Rights entitle everyone to access private and public lands, to temporarily camp on such lands, and to collect wild berries and wild mushrooms.

Description of Risk

There have been conflicts in the past concerning forestry practices in the Sámi area. These conflicts have been to do with regulations providing safety for practicing reindeer herding. All of these cases have been resolved in a peaceful manner through negotiations between the concerned parties. Violation of customary rights is not considered a significant problem in Finland

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.13.6. Risk designation and specification

Low risk

1.13.7. Control measures and verifiers

N/A

1.14. Free prior and informed consent

Legislation covering "free prior and informed consent" in connection with transfer of forest management rights and customary rights to the organisation in charge of the harvesting operation.

1.14.1. Applicable laws and regulations

- *Forest Act 1093/1996, Section 12.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1996/en19961093.pdf>
- *Kolttalaki 253/1995, Section 9.* Available at: <http://www.finlex.fi/fi/laki/ajantasa/1995/19950253>
- *Reindeer Husbandry Act 848/1990.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1990/en19900848.pdf>
- *Act on the Sami Parliament 974/1995.* Available at: <http://www.finlex.fi/en/laki/kaannokset/1995/en19950974.pdf>
- *Act on Metsähallitus 1378/2004.* Available at: <http://www.finlex.fi/en/laki/kaannokset/2004/en20041378.pdf>
- *Land Use and Building Act 132/1999.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1999/en19990132.pdf>

1.14.2. Legal authority

- Finnish Forest Centre
- Metsähallitus

1.14.3. Legally required documents or records

- Forest use declaration

1.14.4. Sources of information

Government sources

- Metla.fi, (2013). *Multiple use forestry - statistics*. [online] Available at: http://www.metla.fi/metinfo/tilasto/julkaisut/vsk/2013/vsk13_06.pdf
- The Agreement between Reindeer Herders' Association and Metsähallitus: www.metsa.fi/sivustot/metsa.fi/metsatalous/pohjoissuomenerityiskysymykset/paliskuntainyhdistyksensopimus/Sivut/default.aspx
- The Agreement between Reindeer Herders' Association and Metsähallitus: www.metsa.fi/sivustot/metsa.fi/Metsatalous/pohjoissuomenerityiskysymykset/paliskuntainyhdistyksensopimus/Documents/paliskuntien_mets%C3%A4hallitus_yhteisty%C3%B6sopimus.pdf

1.14.5. Risk determination

Overview of Legal Requirements

When planning measures concerning State land that will have a substantial effect on the practice of reindeer herding, the Metsähallitus (the manager of state owned forests) must consult the representatives of the concerned reindeer herding co-operative.

Description of Risk

There have been conflicts in the past concerning forestry practices in the Sámi area but all of these cases have been resolved in a peaceful manner through negotiations between the Metsähallitus and other concerned parties.

There are currently no indications that the obligation to consult with concerned Sámi people is violated to any significant extent.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.14.6. Risk designation and specification

Low risk

1.14.7. Control measures and verifiers

N/A

1.15. Indigenous/traditional peoples' rights

Legislation that regulates the rights of indigenous/traditional people as far as it's related to forestry activities. Possible aspects to consider are land tenure, right to use certain forest related resources or practice traditional activities, which may involve forest lands.

1.15.1. Applicable laws and regulations

- *Kolttalaki 253,1995, Section 9*. Available at: <http://www.finlex.fi/fi/laki/ajantasa/1995/19950253>
- *Reindeer Husbandry Act 848/1990*. Available at: <http://www.finlex.fi/fi/laki/kaannokset/1990/en19900848.pdf>
- *Act on the Sami Parliament 974/1995*. Available at: <http://www.finlex.fi/en/laki/kaannokset/1995/en19950974.pdf>
- *Act on Metsähallitus 1378/2004*. Available at: <http://www.finlex.fi/en/laki/kaannokset/2004/en20041378.pdf>
- *Sámi Language Act 1086/2003*. Available at: <http://www.finlex.fi/en/laki/kaannokset/2003/en20031086.pdf>

1.15.2. Legal authority

- Finnish Forest Centre
- Metsähallitus

1.15.3. Legally required documents or records

- Forest use declaration

1.15.4. Sources of information

Government sources

- Metla.fi, (2013). *Multiple use forestry - statistics*. [online] Available at: http://www.metla.fi/metinfo/tilasto/julkaisut/vsk/2013/vsk13_06.pdf
- The Agreement between Reindeer Herders' Association and Metsähallitus: <http://www.metsa.fi/sivustot/metsa/fi/metsatalous/pohjoissuomenerityiskysymykset/paliskuntainyhdistyksensopimus/Sivut/default.aspx>
- The Agreement between Reindeer Herders' Association and Metsähallitus: http://www.metsa.fi/sivustot/metsa/fi/Metsatalous/pohjoissuomenerityiskysymykset/paliskuntainyhdistyksensopimus/Documents/paliskuntien_mets%C3%A4hallitus_yhteisty%C3%B6sopimus_.pdf

1.15.5. Risk determination

Overview of Legal Requirements

The legislation assigns the indigenous people their traditional right to reindeer herding and also gives them rights to hunt and fish, as well as to collect firewood under certain conditions.

When planning measures concerning state land will have a substantial effect on the practice of reindeer herding, the Metsähallitus (the manager of state owned forests) must consult the representatives of the concerned reindeer herding co-operative.

Description of Risk

There are currently no indications that forestry operations in Finland significantly violate the laws that regulate Indigenous people's rights.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.15.6. Risk designation and specification

Low risk

1.15.7. Control measures and verifiers

N/A

TRADE AND TRANSPORT

1.16. Classification of species, quantities, qualities

Legislation regulating how harvested material is classified in terms of species, volumes and qualities in connection with trade and transport. Incorrect classification of harvested material is a well-known method to reduce/avoid payment of legality prescribed taxes and fees. Risk relates to material traded under illegal false statements of species, quantities or qualities. This could cover cases where this type of false classification is done to avoid payment of royalties or taxes or where trade bans on product types or species are implemented locally, nationally or internationally. This is mainly an issue in countries with high levels of corruption (CPI<50).

1.16.1. Applicable laws and regulations

- *The timber measurement act 414/2013.* Available at: <http://finlex.fi/fi/laki/alkup/2013/20130414> (in Finnish)
- *Contracts Act 228/1929.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1929/en19290228.pdf>
- *Sale of Goods Act 355/1987.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1987/en19870355.pdf>
- *Income Tax Act 1535/1992.* Available at: <http://www.finlex.fi/fi/laki/ajantasa/1992/19921535> (in Finnish)
- *VAT Act 1501/1993.* Available at: <http://www.finlex.fi/fi/laki/kaannokset/1993/en19931501.pdf>

1.16.2. Legal authority

- Ministry of agriculture and forestry
- Finnish Forest Research Institute
- Finnish Tax Administration

1.16.3. Legally required documents or records

N/A

1.16.4. Sources of information

Government sources

- Metla.fi, (2013). *Guidelines on the measurement of wood energy.* [online] Available at: <http://www.metla.fi/metinfo/tietopaketti/mittaus/energiapuun-mittausopas-30062014.pdf> (in Finnish)
- Metla.fi, (2013). *Info: timber measurement legislation in Finland.* [online] Available at: <http://www.metla.fi/metinfo/tietopaketti/mittaus/mittauslait.htm> (in Finnish)

Non-Government sources

- Metsäteho.fi (2017). *Training materials for the Finnish timber measurement system.* [online] Available at: <http://www.metsateho.fi/files/metsateho/> (in Finnish)

1.16.5. Risk determination

Overview of Legal Requirements

After logging, a forest owner will get a report of the volume of the harvested timber. The report contains various kinds of information, like timber volumes per harvested tree species. Taxes are paid on the total value of the harvested timber. The main principle of the Finnish taxation system is that tax is paid on earned income and capital income, such as that gained from selling logged timber.

The Timber Measurement Act regulates the classification of species, quantities and qualities.

The purpose of the Timber Measurement Act is to secure equipment performance and reliability of the measurement results for unprocessed timber. The Act defines:

- what must be agreed about the measurement
- when and how the measurement is made
- who makes the measurement
- the way in which measurement reliability is ensured
- the way in which the measurement is documented
- the way in which the measurement result is given.

Furthermore, methods of law enforcement and dispute settlement are determined in the Act.

Description of Risk

Violation of regulations concerning classification of timber is not considered a problem in Finland.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.16.6. Risk designation and specification

Low risk

1.16.7. Control measures and verifiers

N/A

1.17. Trade and transport

All required trading permits shall exist as well as legally required transport document which accompany transport of wood from forest operation. Risk relates to the issuing of documents permitting the removal of timber from the harvesting site (e.g., legally required removal passes, waybills, timber tags, etc.). In countries with high levels of corruption, these documents are often falsified or obtained by using bribery. In cases of illegal logging, transport documents from sites other than the actual harvesting site are often provided as a fake proof of legality with the harvested material.

1.17.1. Applicable laws and regulations

N/A

1.17.2. Legal authority

N/A

1.17.3. Legally required documents or records

N/A

1.17.4. Sources of information

Government sources

- Metla.fi, (2013). *Statistics: Wood harvesting and transport*. [online] Available at: http://www.metla.fi/metinfo/tilasto/julkaisut/vsk/2011/vsk11_05.pdf (in Finnish)

1.17.5. Risk determination

N/A

1.17.6. Risk designation and specification

N/A

1.17.7. Control measures and verifiers

N/A

1.18. Offshore trading and transfer pricing

Legislation regulating offshore trading. Offshore trading with related companies placed in tax havens combined with artificial transfer prices is a well-known way to avoid payment of legally prescribed taxes and fees to the country of harvest and considered as an important generator of funds that can be used for payment of bribery and black money to the forest operation and personnel involved in the harvesting operation. Many countries have established legislation covering transfer pricing and offshore trading. It should be noted that only transfer pricing and offshore trading as far as it is legally prohibited in the country, can be included here. Risk relates to situations when products are sold out of the country for prices that are significantly lower than market value and then sold to the next link in the supply chain for market prices, which is often a clear indicator of tax laundry. Commonly, the products are not physically transferred to the trading company.

1.18.1. Applicable laws and regulations

- *Act on Taxation Procedure 1548/1995, Section 14*. Available at: <http://www.finlex.fi/fi/laki/ajantasa/1995/19951558> (in Finnish)
- *Decree on taxation procedure (Asetus verotusmenettelystä) 763/1998*. Available at: <http://www.finlex.fi/fi/laki/ajantasa/1998/19980763>
- *EU's Transfer Pricing and the Arbitration Convention 1999*. European Commission. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:41990A0436:en:HTMLOECD Model>

- *OECD Tax model convention 2010, Section 9.* OECD. Available at: http://www.keepeek.com/Digital-Asset-Management/oecd/taxation/model-tax-convention-on-income-and-on-capital-2010_9789264175181-en#page1

1.18.2. Legal authority

- Finnish Tax Administration

1.18.3. Legally required documents or records

- Documents on transfer pricing as required by the Act on Taxation Procedure (1995) describing the establishing of the arm's-length relationship;
 - Description of the business.
 - Description of related party relationships.
 - Details of controlled transactions.
 - Functional analysis.
 - Comparability analysis, if available
 - Description of the pricing method and its application.
- Advance decision on transfer pricing by the Finnish Tax Authority on a specific application according to the Act on Taxation Procedure (1995)

1.18.4. Sources of information

Government sources

- Vero.fi, (2017). *Transfer pricing.* [online] Available at: https://www.vero.fi/en-US/Companies_and_organisations//Transfer_pricing
- Vero.fi, (2017). *Transfer pricing documentation requirement.* [online] Available at: https://www.vero.fi/en-US/Precise_information/International_tax_situations/Transfer_Pricing_Documentation

Non-Government sources

- Finér, L. (2012). Siirtohinnoittelu suomalaisessa käytännössä.
- Confederation of Finnish Industries, (N.Y). *Myths and facts about tax havens.* [online] Available at: http://ek.fi/wp-content/uploads/muistio_veroparatiiseista.pdf (in Finnish)
- Eoi-tax.org, (2017). *Exchange of Tax Information Portal – Finland.* [online] Available at: <http://www.eoi-tax.org/jurisdictions/FI#agreements>
- International Tax Review, (2014). *World transfer pricing 2014.* [pdf] London: Oliver Watkins, pages 64-66,395-404. Available at: <http://www.internationaltaxreview.com/pdfs/wtp/world-transfer-pricing-2014.pdf>
- PwC, (2013). *International Transfer Pricing 2013/14.* [pdf] PwC, pages 395-404. Available at: <http://www.pwc.com/gx/en/international-transfer-pricing/assets/itp-2013-final.pdf>

1.18.5. Risk determination

Overview of Legal Requirements

Finland has had legislation on transfer pricing in place since 2007. Since January 2012 all transfer pricing issues have been centralised to the Large Taxpayer's Office and are one of the key areas covered by tax audits.

Finland is a member of the OECD and has signed 48 Tax Information Exchange Agreements (TIEAs).

It is estimated that the centralised transfer pricing project will increase the number of tax audits. Moreover, the tax administration has stated that monitoring of transfer pricing will be primarily done through tax audits instead of through the standard annual assessment.

Documentation and description of the company and system used are strictly required. The documentation should be delivered within 60 days of request from the authorities.

No contemporaneous documentation during the tax year is required, but transfer prices during the tax year should be monitored as it is not possible to amend the taxable income downward on a tax return in Finland. Adjustments to bring pricing in line with the arm's-length principle can be applied within the year.

Small and medium-sized enterprises are not required to prepare transfer pricing documentation.

The definition of small and medium-sized enterprises follows European Commission recommendation 2003/361/EC (turnover of no more than EUR 50 million or balance sheet of no more than EUR 43 million and less than 250 employees).

Guidelines on documentation of transfer pricing exist and the OECD Guidelines on transfer pricing are also used, but are not legally binding.

Transfer pricing audits can be conducted both as a single audit, or as part of a general tax audit.

As a rule, the authorities generally aim to audit the largest companies at least every five years, and companies are often selected based on their line of business or specific tax risk criteria as developed by the tax authorities. However, the tax authorities do not disclose information concerning their tax risk analysis process.

Description of Risk

Generally, Finnish companies are very aware of the documentation requirements and of the attention they receive both from media and politicians.

Legislation on transfer pricing is well implemented and there are no indications of violations of offshore trading- and transfer pricing-related laws concerning forestry products in Finland. Thus, the risk is considered low.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.18.6. Risk designation and specification

Low risk

1.18.7. Control measures and verifiers

N/A

1.19. Custom regulations

Custom legislation covering areas such as export/import licenses, product classification (codes, quantities, qualities and species).

1.19.1. Applicable laws and regulations

- *Customs Act 1466/1994*. Available at: <http://www.finlex.fi/fi/laki/kaannokset/1994/en19941466.pdf>
- Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2000:169:0001:0112:EN:PDF>
- *Decree on Plant Health 442/1982*. Available at: <http://www.finlex.fi/fi/laki/ajantasa/1982/19820442> (in Finnish)
- Commission Implementing Regulation (EU) No 484/2012 of 7 June 2012 fixing the maximum amount of aid granted for the private storage of olive oil under the tendering procedure opened by Implementing Regulation (EU) No 430/2012. Available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32012R0498>
- *The Crime Code 39/1889, Chapter 48*. Available at: <http://www.finlex.fi/fi/laki/kaannokset/1889/en18890039.pdf>
- *Laki puutavaran ja puutuotteiden saattamisesta markkinoille 897/2013*. Available at: <http://www.finlex.fi/fi/laki/alkup/2013/20130897> (in Finnish)

1.19.2. Legal authority

- Finnish customs
- The Police of Finland

1.19.3. Legally required documents or records

- Customs declaration
- Plant health certificate

1.19.4. Sources of information

Government sources

- Mavi.fi, (2017). *Lumber and wood products*. [online] Available at: <http://www.mavi.fi/fi/maksut-ja-valvonta/valvonta/eutr/Sivut/puutavara-ja-puutuotteet.aspx>
- Evira.fi, (2017). Plant health and propagation material register. [online] Available at: <https://www.evira.fi/en/plants/cultivation-and-production/plant-pests-and-diseases/control/plant-health-and--propagation-material-register/>

1.19.5. Risk determination

Overview of Legal Requirements

The Finnish Customs is responsible for protecting society from potential health and safety threats as well as from smuggling and financial crime. In its oversight of forestry products the Finnish Customs cooperates with the police, the Mavi and the Finnish Food Safety Authority, Evira.

A company which markets the wood of conifers (Coniferales), or Platanus or Castanea to the EU, must register in Evira's plant protection register at:

<http://www.evira.fi/portal/fi/kasvit/viljely+ja+tuotanto/kasvitaudit+ja+tuholaiset/valvonta/kasvinsuojelu-+ja+taimiaineistorekisteri>

The plant health requirements of the recipient must be taken into account when exporting timber outside the EU. The requirements vary from import country to import country. The exporter must identify the requirements in good time prior to export. Normally, the requirement is a plant health certificate:

<http://www.evira.fi/portal/fi/kasvit/tuonti+ja+vienti/puutavara/vienti+eu+n+ulkopuolelle/>

Description of Risk

There are no indications of violations of customs regulations concerning forestry products in Finland

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.19.6. Risk designation and specification

Low risk

1.19.7. Control measures and verifiers

N/A

1.20. CITES

CITES permits (the Convention on International Trade in Endangered Species of Wild Fauna and Flora, also known as the Washington Convention). Note that the indicator relates to legislation existing for the area under assessment (and not e.g., the area from which CITES species are imported).

1.20.1. Applicable laws and regulations

- Council Regulation (EC) No 338/97 of 9 December 1996 on the protection of species of wild fauna and flora by regulating trade therein, *article 4, 5, 7, 8*. Available at: <http://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX:31997R0338>
- *Nature Conservation Act 1096/1996*. Available at: <http://www.finlex.fi/en/laki/kaannokset/1996/en19961096.pdf>

1.20.2. Legal authority

- Finnish Environment Institute

1.20.3. Legally required documents or records

- Import permit for wood from tree species in appendix A and B of the Council Regulation (EC) No 338/97 of 9 December 1996
- Document showing a notification of the import of wood from tree species in appendix C of the Council Regulation (EC) No 338/97 of 9 December 1996

1.20.4. Sources of information

Government sources

- Ymparisto.fi, (2017). *CITES*. [online] Available at: <http://www.ymparisto.fi/cites>
- Ymparisto.fi, (2017). *CITES Legislation*. [online] Available at: http://www.ymparisto.fi/fi-FI/Asiointi_luvat_ja_ymparistovaikutusten_arviointi/Luvat_ilmoitukset_ja_rekisterointi/Uhalaisten_lajien_kansainvalinen_ja_EUn_sisainen_kauppa_ja_sita_koskevat_luvat_CITES/CITESlainsaadanto

Non-Government sources

- Cites.org, (2017). *CITES Checklist*. [online] Available at: <http://checklist.cites.org/#/en>

1.20.5. Risk determination

Overview of Legal Requirements

The trade, import, export, re-export and transit, as well as their trade, providing for sale, possession for commercial purposes, public exhibition for commercial purposes and transportation for sale of protected animals and plants or their parts or derivatives are regulated in the Council Regulation (EC) No 338/97.

The Nature Conservation Act (§ 44) adjusts the national CITES authorities, CITES border crossing points (44 a §) and penalties for violations of nature (58 §).

Description of Risk

No woody species produced in Finland is mentioned in the CITES lists and the risk is therefore considered low.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.20.6. Risk designation and specification

Low risk

1.20.7. Control measures and verifiers

N/A

1.21. Legislation requiring due diligence/due care procedures

Legislation covering due diligence/due care procedures, including e.g. due diligence/due care systems, declaration obligations, and /or the keeping of trade related documents, legislation establishing procedures to prevent trade in illegally harvested timber and products derived from such timber, etc.

1.21.1. Applicable laws and regulations

- Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market, *Article 4, 5, 6 and Appendix*. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:295:0023:0034:EN:PDF>
- Commission Implementing Regulation (EU) No 607/2012 of 6 July 2012 on the detailed rules concerning the due diligence system and the frequency and nature of the checks on monitoring organisations as provided for in Regulation (EU) No 995/2010 of the European Parliament and of the Council laying down the obligations of operators who place timber and timber products on the market, *Article 3-6*. Available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32012R0607>
- *Laki puutavaran ja puutuotteiden saattamisesta markkinoille 897/2013*. Available at: <http://www.finlex.fi/fi/laki/alkup/2013/20130897>

1.21.2. Legal authority

- Agency for Rural Affairs

1.21.3. Legally required documents or records

Operators placing timber or timber products on the EU market:

- Documents required to fulfil the obligation of operators to exercise a due diligence system according to article 4.2 and 6 of the Regulation (EU) No 995/2010
- Documentation on information concerning the operator's supply, according to article 3, Commission Implementing Regulation (EU) No 607/2012
- Register of information concerning the operator's supply as provided for in Article 6.1 a) of Regulation (EU) No 995/2010 and documentation of application of risk mitigation procedures

Traders who, in the course of a commercial activity, sell or buy on the internal market timber or timber products already placed on the EU market:

- Documented information on suppliers according to article 5, Regulations (EU) No 995/2010 of the European Parliament and the Council to be submitted to competent authorities if they so request.
- Forest use declaration

1.21.4. Sources of information

Government sources

- Mavi.fi, (2015). *EU:n puutavara-asetus kieltää laittoman puun käytön*. [online] Available at: <http://www.mavi.fi/fi/maksut-ja-valvonta/valvonta/eutr/Sivut/default.aspx> (in Finnish)

- Mmm.fi, (2015). DDS In Finland. [online] Available at: [http://www.mmm.fi/attachments/metsat/kv/5zAAFjOoV/LIITE 6 Suomessa kotimaisen puun osalta noudatettava due diligence -jarjestelma.pdf](http://www.mmm.fi/attachments/metsat/kv/5zAAFjOoV/LIITE_6_Suomessa_kotimaisen_puun_osalta_noudatettava_due_diligence_jarjestelma.pdf)
- Metsakeskus.fi, (2015). *Eun-puutavara-asetus*. [online] Available at: <http://www.metsakeskus.fi/eun-puutavara-asetus#.VJE9yclbUWc> (in Finnish)
- Metsakeskus.fi, (2015). Forest Declaration. [online] Available at: <http://www.metsakeskus.fi/sites/default/files/doc/metsankayttoilmoitus.pdf> (in Finnish)

Non-Government sources

- Idanmetsatieto.info, (2013). DDS in contracts between wood buyer and forest owner. [online] Available at: http://www.idanmetsatieto.info/tiedostot/tiedotteet/Asianmukainen%20huolellisuus%20puukaupassa_Tuomasjukka.pdf (in Finnish)
- Wwf.org.uk, (2014). *WWF Government Indicator 2014*. [online] Available at: http://barometer.wwf.org.uk/what_we_do/government_barometer/scores_by_country/country_scores.cfm?country=Finland

1.21.5. Risk determination

Overview of Legal Requirements

MAVI (the Agency for Rural Affairs) is the competent authority and is responsible for monitoring the EUTR and the requirement of Due Diligence is implemented in Finland. MAVI has the right to issue conditions and fines if companies do not implement a due diligence system that complies with the requirements. MAVI cooperates with the Finnish Forest Centre.

The legislative framework is in place and Finland has received a high score in implementing the Due Diligence system to date in the WWF Government Barometer on timber legality. The requirement for DDS at the forest level is considered by MAVI to be covered by providing a forest use declaration, already required under the current legislation, to the Finnish Forest Centre.

The main purpose of the form is to inform the authority of:

- What harvesting is planned to be conducted (logging methods in the different parts of the treatment area)
- Who is the forest owner and who is the logging right holder
- Notices if there are other objects known protected by law

The purpose is to have the authority to verify that the planned treatment is legal. The authority shall be given the opportunity to give a statement about the planned harvesting.

The forest use declaration, together with a contract of wood delivery required by the Timber Measurement Act, is to be considered a due diligence system at the Finnish Forest level.

The Forest Use declaration can be found in the following link:

http://www.mmm.fi/attachments/metsat/kv/5zA9qTuih/FLEGT_Johtoryhman_valiraportti_30052011.pdf (page 7)

Description of Risk

The Forest Use Declaration, which is defined by the Finnish Competent Authority as a DDS, is legally required to submit and to have approved prior to harvesting. The requirement is considered well implemented and the risk is thus considered low.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.21.6. Risk designation and specification

Low risk

1.21.7. Control measures and verifiers

N/A

Annex I. Timber source types

The table **Timber Source Types in Finland** identifies the different types of sources of timber it is possible to find in the country of origin.

'Timber Source Type' is a term used to describe the different legal sources of timber in a country, in order to allow a more detailed specification of risk. The Timber Source Type is used to clarify:

- which forest types timber can be sourced from legally;
- what the legal requirements are for each source type, and
- if there are risks related to certain source types and not others.

Timber Source Type can be defined by several different characteristics. It may be based on the actual type of forest (e.g. plantation or natural), or other attributes of forests such as ownership, management regime or legal land classification. In this context Timber Source Types are defined and discerned using the following characteristics:

- a) **Forest type** - refers to the type of forest such as plantation or natural tropical forest, or mixed temperate forest. Often the clearest differentiation is between natural forest and plantations.
- b) **Spatial scale (Region/Area)** - relating to meaningful divisions of a nation. However, in some cases the assessment may be carried out at national level where that allows the risk assessment to establish risk at a meaningful level. E.g. a small country with uniform legislation and a uniform level of risk in all areas of the country, as national level assessment may be enough. In case there are significant differences in the legal framework or legality risks between different types of ownership (e.g. public forest, private forest, industrial forest), between different type of forest (e.g. natural forest and plantations) and/or between different geographical regions the conformance risk evaluation shall specify these differences when specifying the risk and apply the appropriate control measures.
- c) **Legal land/forest classification** - refers to the legal classification of land. Focus is on land from where timber can be sourced, and this could entail a number of different legal categories such as e.g. permanent production forest, farm land, protected areas, etc.
- d) **Ownership** - Ownership of land may differ in a country and could be state, private, communal etc. Ownership of land obviously have impacts on how land can be managed and controlled.
- e) **Management regime** - Independently of the ownership of the land, the management of forest resources may differ between areas. Management may also be differentiated as private, state, communal or other relevant type.
- f) **License type** - Licenses may be issued to different entities with a range of underlying requirements for the licensee. A license might be issued on a limited area, limited period of time and have other restrictions and obligations. Examples could be a concession license, harvest permit, community forestry permit etc.

TIMBER SOURCE TYPES IN FINLAND

Forest type	Region/Area	Legal Land Classification	Ownership	Management regime	License / Permit Type	Description of source type
Natural and semi natural forest	National	Forestry land outside protected areas			No permit is needed. Harvesting authorization managed through a system of mandatory Forest Use declarations that shall be submitted to the forestry authorities a minimum of 10 days before the logging starts.	Production forest
		Habitats of special importance			Forestry Centre's permission to carry out management or utilisation measures in habitats of special importance	Habitats of special importance
		Timberline forests			Forest use declaration and government regulations	Protection forest - timberline forests.
		Protected forest, i.e. national parks, nature reserves			Permit granted by local authority	Protected forest. Limited source of timber
		Natura 2000 areas			The harvesting authorization system is managed on a system of mandatory Forest Use declarations that shall be submitted to the forestry authorities a minimum of 10 days before the logging starts	Natura 2000 areas



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About

Supporting Legal Timber Trade

Supporting Legal Timber Trade is a joint project run by NEPCon with the aim of supporting timber-related companies in Europe with knowledge, tools and training in the requirements of the EU Timber Regulation. Knowing your timber's origin is not only good for the forests, but good for business. The joint project is funded by the LIFE programme of the European Union and UK aid from the UK government.



NEPCon (Nature Economy and People Connected) is an international, non-profit organisation that builds commitment and capacity for mainstreaming sustainability. Together with our partners, we foster solutions for safeguarding our natural resources and protecting our climate.

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FSC™ A000535 | PEFC/09-44-02 |