

# ANNUAL REPORT 2018



METSÄHALLITUS



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# YEAR 2018



## MORE OVERALL WELLBEING FROM STATE-OWNED LAND AND WATER AREAS

The year 2018 was an outstanding one for Metsähallitus. The profitability of forestry increased, and the demand for tourism and wind power remained strong. The number of hunting and fishing permits sold by Wildlife Service Finland increased. National Parks Finland achieved its objectives, and additional funding was received for dealing with the renovation backlog related to hiking infrastructure.

The revenue of Metsähallitus Group was EUR 366.4 million, which exceeds last year's revenue by EUR 38.4 million. The Group's result of EUR 124.8 million is the highest ever. We will pay the Finnish State EUR 102.9 million in the public interest from our 2018 profits. In addition, Metsähallitus Forestry Ltd and the Group's other business units pay nearly 15 million euros in taxes on their profit.

Our investments in the consideration of biodiversity, recreational use, reindeer husbandry and Sámi culture reduced our profit by more than EUR 63 million. The social benefit of these measures is significant.

The fact that we did well in terms of achieving the target even though development work continued further enhances the value of this success. The restructuring required by the Act on Metsähallitus was completed. We clarified

the distribution of work between the Group units and the business units. Business activities were combined, and the communications and information services business functions became part of the Group units.

### TWO PROMISES FOR THE FUTURE

The year 2018 was marked by active social debate on clear-cutting and climate change. We want to encourage stakeholders and citizens to take part in dialogue and, for example, we selected clear-cutting as our topic at the SuomiAreena event in Pori.

We continued to develop our responsibility programme. We are one of the first state administration representatives in Finland to compile a Code of Conduct as the foundation for our ethical and responsible management.

The updating of Metsähallitus' strategy created an even stronger link between responsibility and our guidelines. We made two major responsibility promises: we safeguard biodiversity and we act in a climate-wise manner. Metsähallitus is launching a climate programme to examine the role of state-owned land and water areas in mitigating and preparing for climate change.

### A FAVOURABLE OUTLOOK

Metsähallitus was established 160 years ago. State-owned land has played an important role in resolving many major social questions. These challenges will continue in the future. How will we produce clean energy or replace fossil raw materials with bio-based materials? How will we utilise the overall wellbeing produced by nature and provide even better opportunities for enhancing health?

The near future looks bright. There is demand for timber, implementation of wind energy is progressing, and the importance of tourism and nature recreational values is increasing. We strive to continuously improve our activities.

A good work community takes care of people and nature. We are committed to making our operations even more productive.

I would like to thank our personnel, customers, partners and stakeholders for an excellent year of cooperation.

**Pentti Hyttinen**  
Director General



Photo: Olli-Pekka Orpo

METSÄHALLITUS IN BRIEF

# RESPONSIBILITY FOR PEOPLE, SOCIETY AND THE ENVIRONMENT

Metsähallitus uses, manages and protects the state's land and water areas sustainably and reconciles the different goals of the owner, customers and other stakeholders.

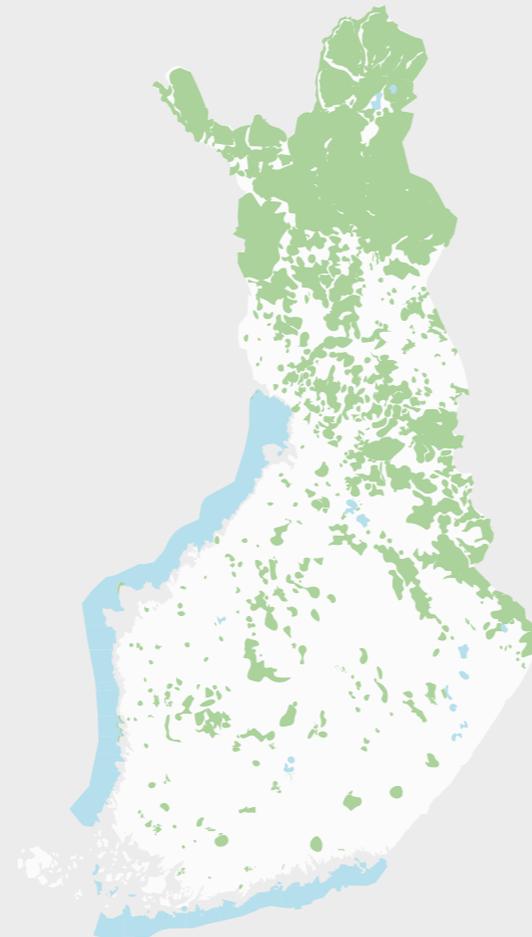
As part of its business operations, Metsähallitus is responsible for the sustainable management and use of state-owned forests, forest tree seed production and sales, rental and property development on state-owned land and water areas. Metsähallitus is responsible for public administrative duties relating to nature conservation, hunting and fishing supervision and provision of recreational opportunities.

Metsähallitus enhances the vitality of regions, creates preconditions for clean energy production, promotes natural wellbeing services, and makes a contribution to state revenue.

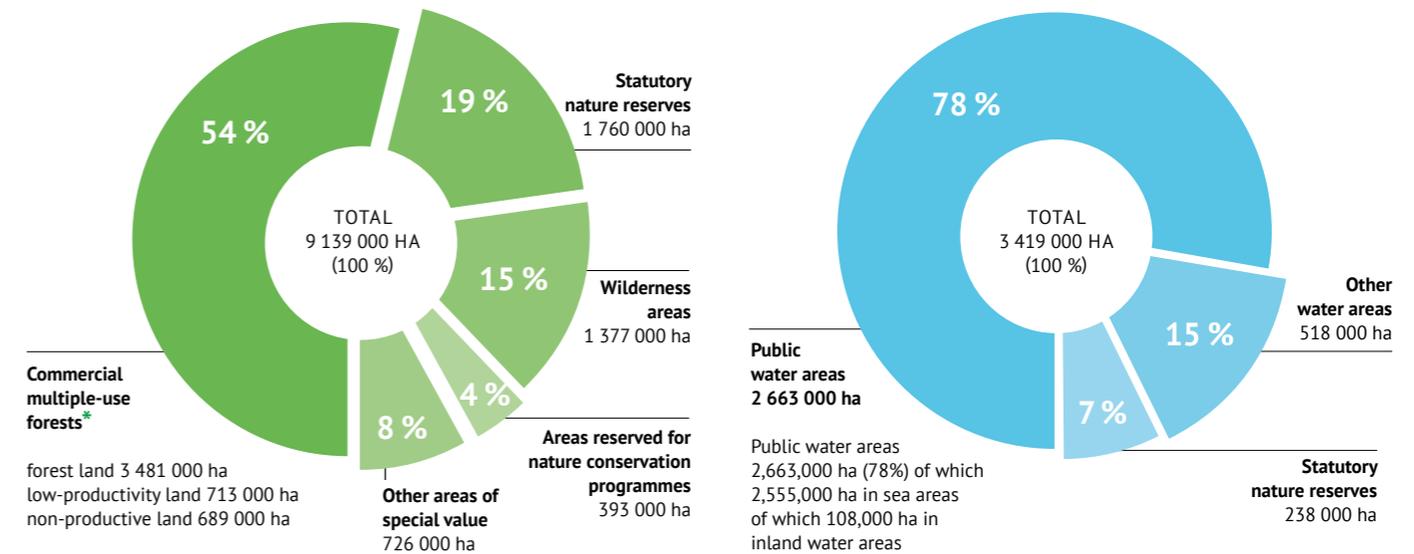
Metsähallitus employs nearly 1,200 professionals at 42 locations in different parts of Finland.

## LAND AND WATER AREAS MANAGED BY METSÄHALLITUS

Metsähallitus has a total of 12,558,000 hectares under its management (9,130,000 hectares of land and 3,419,000 hectares of water areas).



\* Productive forestry land is classified on the basis of Nordic growth categories of forestry land: on forest land, the average annual growth of the tree stock is at least 1 m<sup>3</sup>/ha; on low-productivity land, 0.1-1 m<sup>3</sup>/ha and on non-productive land, less than 0.1 m<sup>3</sup>/ha.



## METSÄHALLITUS ORGANISATION



UNITS

**BUSINESS OPERATIONS:**

**Metsähallitus Forestry Ltd – wellbeing and renewable raw materials from multiple-use forests**

Metsähallitus Forestry Ltd is a wholly-owned subsidiary of Metsähallitus and it is responsible for the management of the state-owned commercial forests, which are PEFC certified. Metsähallitus Forestry Ltd is part of the bio and circular economy value chain. Approximately six million cubic metres of wood is harvested each year. Forest management accounts for about 90 per cent of the annual turnover of Metsähallitus. In addition to forest management, multiple-use forests are utilised in nature tourism, reindeer husbandry and the natural products industry. The forests are also an ideal place for hiking, hunting and picking berries.



**METSÄHALLITUS FORESTRY LTD 2018 (2017)**

Turnover, EUR million	335,5 (296,7)
Financial result, EUR million	39,0 (21,2)
Compensations for the right to use state-owned forests, EUR million	80 (80)
General social obligations, inputs, EUR million	60,8 (53,7)
Harvested timber, million m <sup>3</sup>	6,2 (5,9)
Forest area where timber is harvested, % of the total	2,1
Special fellings, % of regeneration felling	28,9 (15,1)
Number of employees	499 (558)

**Metsähallitus Property Development – added value for land and water areas**

Metsähallitus Property Management is responsible for the real property owned by Metsähallitus (purchases, sales, leases and land use planning). It sells and leases plots to consumers and to tourism and commercial operators. It purchases forests for the Finnish Defence Forces, education and research institutions, to establish forest tree seed plantations, and also manages Metsähallitus' business land assets in accordance with the Government's real estate strategy. Metsähallitus Property Development has business operations involving soil resources and it represents the landowner's interests in mining matters. Furthermore, Metsähallitus Property Development is responsible for project development involving state-owned land and water areas, such as wind power projects, and the development of new business.

**METSÄHALLITUS PROPERTY DEVELOPMENT LTD 2018 (2017)**

Turnover, EUR million	15,6
Operating profit, EUR million	16,5
General social obligations, inputs, EUR million	2,4 (2,1)
Wind power plants in state-owned land	86
Plots sold	115
Plots leased out	76
Number of employees	42 (45)



Photo: Kaisa Siren

**PARKS & WILDLIFE FINLAND - PUBLIC ADMINISTRATION DUTIES**

**National Parks Finland – vitality for humans and nature**

National Parks Finland is responsible for Finland's state-owned nature reserves and the preservation of their natural and cultural values. All Finnish national parks and strict nature reserves, five hiking areas and 12 wilderness areas in Lapland are under the management of Parks & Wildlife Finland. National Parks Finland provides free basic services for hikers in these areas. Many nature tourism operators use these areas and their hiking infrastructure in their business operations. National Parks Finland represents Finland's environmental administration in international organisations and in cooperation between countries.

**Wildlife Service Finland – wilderness permits and wilderness experiences**

Wildlife Service Finland provides citizens with hunting and fishing opportunities by issuing wilderness permits for state-owned land. It is also responsible for wilderness supervision in state-owned land and water areas (checking permits and ensuring that laws are observed). It also collects national fisheries management fees on behalf of the Ministry of Agriculture and Forestry and transfers them to the ministry. The permit revenue is channelled to the planning of sustainable use of the areas and to improvements in the habitats of game animals and fish species. Wildlife Service Finland also promotes professional fishing by issuing permits for the purpose.

**PARKS & WILDLIFE FINLAND - PUBLIC ADMINISTRATION DUTIES 2018 (2017)**

Funding from the state budget, EUR million	43,6 (43,7)
EU project funding, EUR million	4,3 (4,3)
Total number of visitors (national parks, state-owned hiking areas, historical sites, visitor centres and other popular destinations)	6 858 600 (5 948 500)
Hunting permits sold	65 149 (53 962)
Fishing permits sold	87 883 (82 740)
Wilderness supervision events	8 650 (10 791)
Number of employees	500 (501)





# THIS IS WHAT WE DO

Photo: Jonne Vaahtera



## OPERATING ENVIRONMENT

### DRIVERS OF CHANGE ARE A CHALLENGE FOR METSÄHALLITUS

Many change drivers and megatrends are shaping Metsähallitus' operating environment. They include climate change, rapid technology development, competition for dwindling natural resources, the global economic transformation, a change in values and attitudes, population structure, and development of urbanisation. Even short-term changes, such as government programmes and other political decision, can quickly alter Metsähallitus' operating environment.

#### The key change factors influencing Metsähallitus' operating environment are

- political: the future government programme, focuses on preparing for changes, and adequacy of funding for public administration services.
- economic: development of demand for wood and price, realisation of planned investments.
- social: a greater emphasis on communications and change in channels, the increasingly important role of responsibility, strengthening of the consumer perspective, enhancing values associated with the forest (health, wellbeing, recreation, etc.).
- technical: progress in digitalisation and robotics, cyber threats.
- ecological: successful protection of threatened species and preservation of biodiversity.

### THE STATE OF FINLAND EXPECTS RESULTS

The State of Finland (as the owner), customers, partners, stakeholders and citizens place expectations on Metsähallitus. Metsähallitus can only operate successfully if it can reconcile all these differing expectations.

#### The State of Finland expects Metsähallitus to

- manage state-owned land and water areas in a proper manner and increase their value
- engage in profitable business operations and generate revenue for the state
- create prerequisites for new business and other activities in state-owned land areas
- protect biodiversity and cultural heritage
- protect the owner's interests in state-owned areas
- provide citizens with services and wellbeing
- take into consideration the needs of the organisations using state-owned land areas (Finnish Defence Forces, Finnish Border Guard, research and educational institutions)
- promote the climate benefits generated by state-owned land areas, such as carbon sequestration, production of clean energy and renewable raw materials.

# MEGATRENDS

## CLIMATE CHANGE

- Climate change will affect biodiversity and species.
- The rate of forest growth is accelerating, but extreme weather phenomena and insects and storms are causing more damage to trees.
- Demand for low-emission mobility, sustainable tourism and climate-wise services and products will increase.
- Development of renewable forms of energy will continue: the price will fall and energy storage methods will develop. Energy production will become decentralised.
- The importance of and demand for renewable raw materials, especially wood, to replace fossil raw materials will increase.
- More importance will be attached to carbon sequestration and carbon storages.
- The condition of the forest road network may weaken, resulting in more logistics problems for timber harvesting and transport.

## DIGITALISATION

- Communication with customers, partners and stakeholders is accelerating and becoming increasingly important.
- Education and lifelong learning are assuming a more central role as work tasks are becoming increasingly digitalised.
- The development of artificial intelligence will create new possibilities, and some tasks will be automated.
- It will be possible to collect and analyse enormous amounts of data.
- Services will be digitalised and combined into even larger network entities.

## BIOECONOMY

- Demand for ecological, technologically smart services and products is increasing.
- More and more fossil products are being replaced with wood-based products.
- Ecosystem services must be ensured, and natural products will allow the creation of new business activities.
- Use of wood is growing in Finland.
- Finland's aquatic environment assets will be utilised in a more comprehensive way.

## ADEQUACY OF NATURAL RESOURCES

- As the demand for natural resources is growing, there will also be more emphasis on resource efficiency and recycling.
- The demand for renewable natural resources will increase compared to non-renewable resources.
- An attempt will be made to halt the decrease in the diversity of species and habitats.
- Water protection is assuming an increasingly important role and the availability of clean water should be ensured.

## URBANISATION AND AGEING OF THE POPULATION

- More importance will be attached to natural wellbeing and health impacts.
- Interest in nature tourism is increasing.
- There is a growing need for accessible and diverse services.
- The expected number of visitors will increase in the recreational areas near growth centres.
- The availability of labour force will become more challenging in remote areas.



## OPERATING ENVIRONMENT

### THE RENEWAL PROCESS HAS BEEN COMPLETED

The updating of Metsähallitus' steering system, which started in 2016 as the new act on Metsähallitus entered into force, was completed during 2018. The distribution of work between the Group business units and the individual units was clarified. Business activities were combined. The communications and information services business functions became part of the Group business unit.

### DEMAND FOR SERVICES IN THE OPERATING ENVIRONMENT INCREASED.

Growth in tourism and interest in outdoor activities boosted the demand for Metsähallitus' services, particularly with regard to outdoor activities, hunting, fishing and tourism plots.

The year was a successful one in terms of forestry. There was good demand for wood-based products and timber trade was brisk.

Metsähallitus sold three new wind power park projects. Visitor numbers continued to rise at national parks, hiking areas and historical sites. The increasing number of visits will create more pressure to maintain sites and supplement and develop services. In autumn 2018, the anchor rod of a cable failed on Lapinsalmi suspension bridge at Repovesi National Park. Following the accident, Metsähallitus inspected the condition of all its suspension bridges.

### CLOSE COOPERATION WITH SÁMI COMMUNITIES IN THE SÁMI HOMELAND

The operations of Metsähallitus in the Sámi Homeland during 2018 were in accordance with the natural resource plan, except for harvesting volumes, which were below planned levels. The agreement between Metsähallitus, the Sámi Parliament, Skolt Village Meetings and the reindeer herding cooperatives in the Sámi Homeland on cooperation procedures and the consideration of reindeer herding, was observed.

Regular cooperation negotiations were conducted both with the Reindeer Herders' Association and the reindeer herding cooperatives. All timber harvesting, land development and road construction plans as well as hiking trail agreements were sent to reindeer herding cooperatives for review and, if necessary, they were discussed with the parties concerned and changes were made to them. According to the feedback received, cooperation between reindeer herding cooperatives and Metsähallitus has functioned as agreed.

### FEEDBACK ON FOREST MANAGEMENT

The year 2018 was marked by active social debate on clear-cutting and climate change.

The Avohakkuut historiaan (Make clear-cutting part of history) citizens' initiative campaign that began in May calls for a change in the Forest Act that would ban clear-cutting in state-owned forests. Metsähallitus wanted to encourage stakeholders and citizens to participate in open dialogue by selecting clear-cutting as the topic for the SuomiAreena event in Pori.

### COURT CASES

The losses arising from a raw timber cartel were reviewed by the Helsinki Court of Appeal during 2018. As a timber supplier, Metsähallitus sought compensations from UPM Kymmene Oy, Metsäliitto Cooperative and Stora Enso Oyj in a case involving claims for damages. Helsinki District Court had dismissed Metsähallitus' claims for damages in 2016 and ordered it to pay the opposing party's legal costs. Metsähallitus appealed the decision to the Court of Appeal. In a decision issued in summer 2018, the Court of Appeal ruled that there were no grounds to change the decision. Metsähallitus requested leave to appeal to the Supreme Court, but this was not granted.

The disagreements between Metsähallitus, MH-Kivi Oy and Morenia Oy arising from a company acquisition carried out in 2013 were reviewed by a court of arbitration during 2017. The court of arbitration has already decided in favour of Metsähallitus twice in the case, accepting its views and demands. The decisions made by the court of arbitration are legally valid but the appeals against them are still pending.

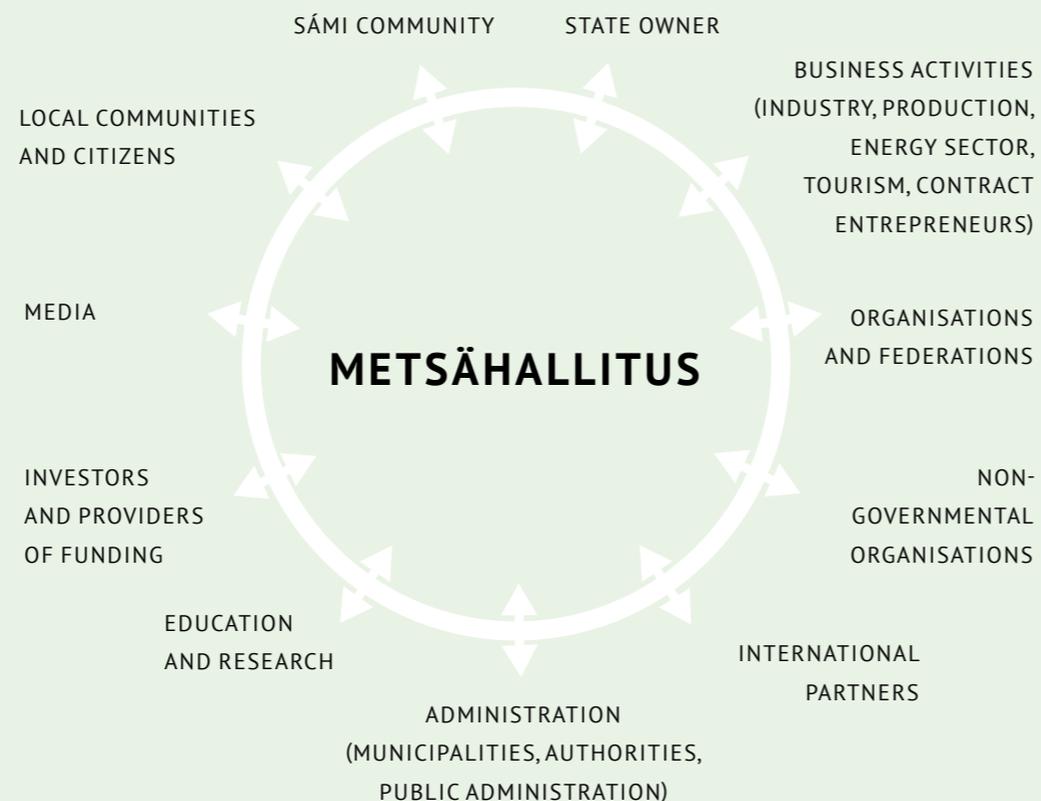
## STAKEHOLDERS

## STAKEHOLDERS

## PARTNERSHIP AND COOPERATION

Use of state-owned land and water areas requires partnerships and cooperation. Metsähallitus has a broad range of partners and stakeholders and the cooperation with them takes many different forms, such as information exchange, trading, guidance and exchange and interaction. Important forms of cooperation include compiling a natural resource plan with stakeholders, project collaboration with partners, and negotiations with reindeer herding cooperatives.

## METSÄHALLITUS' PARTNERS AND STAKEHOLDERS



## METSÄHALLITUS IS SEEN AS A RELIABLE PARTNER – DEVELOPMENT IS STILL NEEDED IN THE AREAS OF LISTENING AND ACTIVENESS

Metsähallitus gauges partners' and stakeholders' views on its work and reputation every year.

The method and content of the survey were renewed in 2018. The objective was to gain more information and methods to develop activities. The survey was sent to approximately 1,800 partner and stakeholder representatives.

Nearly 550 responses were submitted (a response rate of 31 per cent). For the first time, the study included a section to assess citizens' views that produced 1,060 responses.

According to the survey, Metsähallitus is seen as a reliable, responsible and versatile cooperating partner. The most important development areas are the ability to listen to and understand target groups and reconcile the needs of different parties. The citizens' responses indicated a desire for more information about Metsähallitus' operations. As in previous years, Metsähallitus has a fairly good reputation.

## STRATEGY AND VALUES

### A PIONEER IN BROAD-BASED BIOECONOMY

Metsähallitus renewed its strategy in autumn 2018, creating an even stronger link between responsibility and the strategy. The motto 'Leading the way in diverse bioeconomy' will serve as the guiding principle for Metsähallitus until 2020.

#### In accordance with our strategy

- We guarantee the optimum sustainable return on state-owned land and water areas over generations, enhancing wellbeing and regional vitality.
- As a pioneer in broad-based bio and circular economy, we work to reconcile the expectations on state-owned land and water areas in a responsible and interactive manner.
- We respond to global challenges by offering innovative and sustainable solutions. We safeguard biodiversity and act in a climate-wise manner.
- We offer services to everybody on a non-discriminatory basis. We develop our operations on the basis of customer-orientation, accessibility of digital services and partnerships.
- We operate in a uniform and efficient manner, supported by knowledge-based and ethical management practices as well as a diverse work community.

### THE MOST IMPORTANT VALUES IN OUR WORK

#### CARE

We do everything we can to promote the responsible use and management of natural resources and to enhance biodiversity and cultural heritage. Customers, partners and colleagues are important to us.

#### IMPORTANCE

We do important work for the good of Finland as a whole, Finnish society and nature. This is a force that helps to bring together many different hopes and goals, even those conflicting with one another.

#### EFFECTIVENESS

Our work produces results. These results offer both tangible and intangible benefits, which are sustainably achieved in state-owned land and water areas, passed on from generation to generation.

# RESPONSIBILITY

Photo: Jari Salonen



INTRODUCTION

# A RESPONSIBILITY PROGRAMME GUIDES METSÄHALLITUS' ACTIVITIES

The work on a corporate responsibility programme for Metsähallitus began at the end of 2017. In spring 2018, the key responsibility themes were identified and a responsibility road map was prepared. The responsibility programme was divided into four focus areas: Management, Environment, People and Society

The focus in autumn 2017 was responsibility management, and responsibility was integrated even more strongly with the Metsähallitus strategy and internationally recognised responsibility guidelines and principles. Documents to guide responsibility were also produced.

The national resources managed by Metsähallitus are important for preserving the vitality of the regions, biodiversity and cultural heritage, as well as for providing the public with recreational opportunities. Metsähallitus can only justify its existence by optimum reconciliation of the needs of citizens, customers, partners and stakeholders and by applying best practices. Implementation of the responsibility programme will continue strongly in 2019, with a focus on putting instructions and principles into practice and developing the other three focus areas.

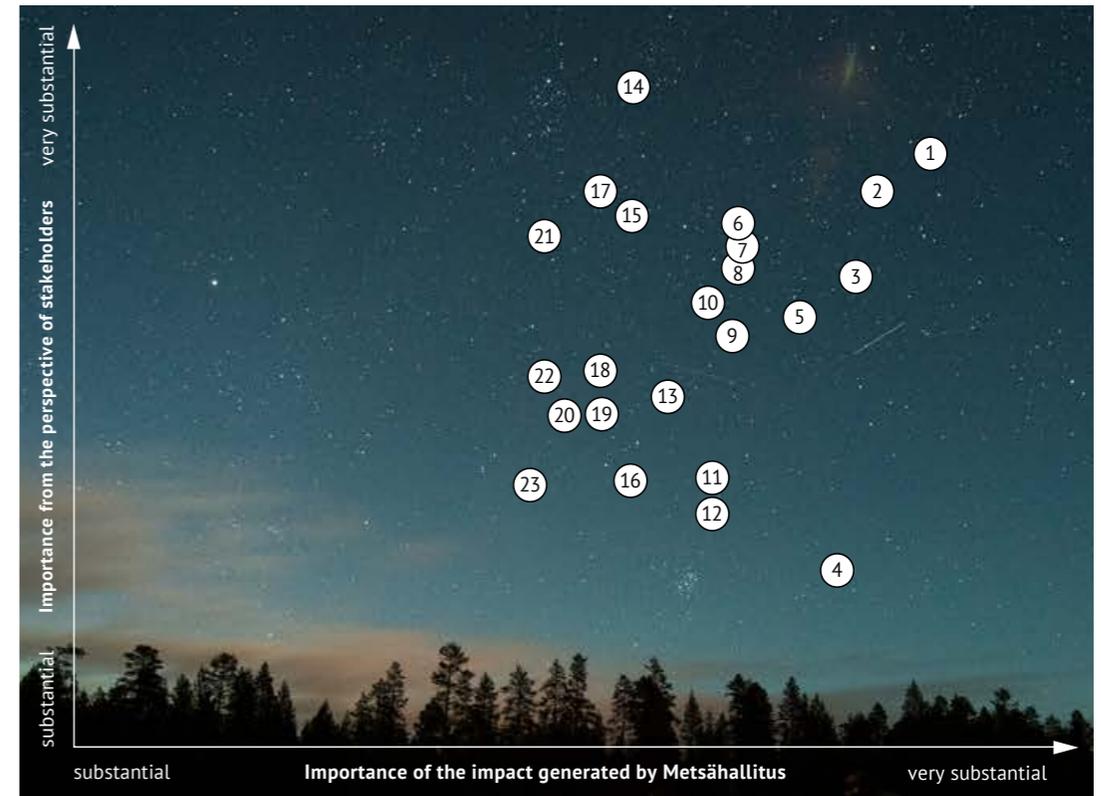
## STAKEHOLDER VIEWS WERE UTILISED IN A MATERIALITY ANALYSIS

The materiality analysis identified almost one hundred responsibility themes suitable for Metsähallitus. They were used to create a view of the most significant topics, and the number was reduced to 23 key themes. An assessment was made for the importance of each theme to the key stakeholders, as well as an assessment of the impact of Metsähallitus on responsibility through these themes.

The nature of Metsähallitus' operations includes statutory and non-statutory responsibility themes. Key themes may support each other, be partly overlapping, or be part of a larger responsibility theme in the materiality analysis. This is due to the different types of emphasis and points of view of stakeholders and also to statutory responsibility themes which characterise Metsähallitus' operations.

### MATERIALITY ANALYSIS AND DIVISION

- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"> <li>1 Reconciliation of the needs concerning state-owned land and water areas and participatory planning</li> <li>2 Ensuring optimum sustainable return on state-owned land and water areas across generations</li> <li>3 Safeguarding biodiversity</li> <li>4 Improving eco-efficiency</li> <li>5 Mitigating climate change and preparing for it</li> <li>6 Promoting nature tourism and recreational use</li> <li>7 Promoting the good status and sustainable use of state-owned sea and inland water areas</li> <li>8 Promoting sustainable forestry</li> <li>9 Ensuring the wellbeing of the personnel</li> <li>10 Viable game and fish stocks and managing them</li> </ul> | <ul style="list-style-type: none"> <li>11 Preserving cultural heritage sites and intangible culture heritage in state-owned land and water areas</li> <li>12 Maintaining up-to-date and reliable data on natural resources and their use as well as maintaining Arctic expertise</li> <li>13 Safeguarding the prerequisites for reindeer husbandry in the reindeer herding area</li> <li>14 Strengthening vitality of the regions and promoting employment opportunities</li> <li>15 Promoting partnerships and cooperation with stakeholders</li> <li>16 Respecting human and labour rights in all activities</li> </ul> | <ul style="list-style-type: none"> <li>17 Acceptability of the sustainable use of wood and other natural resources</li> <li>18 Safeguarding the prerequisites for the Sámi culture</li> <li>19 Providing opportunities for sustainable hunting and fishing</li> <li>20 Increasing the health and wellbeing impacts derived from nature</li> <li>21 Safeguarding and observing ethical principles</li> <li>22 Transparency and open communications</li> <li>23 Promoting the generation of wind and other clean energy</li> </ul> |
|--|---|--|



INTRODUCTION

# SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

Metsähallitus is committed to promoting the sustainable development goals of the United Nations as part of the 2030 Agenda. During spring 2018, Metsähallitus has, as part of the corporate responsibility group's work, identified the sustainability development goals essential for its own activities and its stakeholders. This work will be utilised in the future when setting targets for the responsibility programme.

**RESPONSIBILITY THEMES IDENTIFIED IN METSÄHALLITUS' MATERIALITY ANALYSIS**

**SUSTAINABLE DEVELOPMENT GOAL OF THE UNITED NATIONS**

**METSÄHALLITUS' KEY MEASURES IN 2018**

**MANAGEMENT**

Transparency and open communications



- Work to integrate responsibility into the corporate culture, business strategy and targets continued.
- Clarification of the responsibility management model.

Safeguarding and observing ethical principles



- Work to compile Metsähallitus' Code of Conduct began.

**ENVIRONMENT**

Safeguarding biodiversity



- Safeguarding the biodiversity of land and water nature and nature sites in forestry areas by creating a comprehensive ecological network and through active restoration and ecological management actions.
- Improving the protection level for species and habitats and the status of the Natura 2000 and nature reserve network through restoration and management.
- Ensuring the protection of endangered species.

Improving eco-efficiency



- Optimisation of timber sales, harvesting and transport so that each part of the tree is put to the best possible use in the most cost-effective and eco-effective way.
- Energy efficiency was improved at properties.
- Offering free services and information about nature and its sustainable use.
- Ecosystem services were promoted and ensured in all business units.

Promoting the good status and sustainable use of state-owned sea and inland water areas



- Safeguarding small water bodies and improving the ecological status of water areas.
- Harmonisation of underwater nature mapping methods and habitat imaging.
- Better protection of maritime areas and species occurring in the Baltic Sea.

Viable game and fish stocks and managing them.



- Safeguarding natural fish populations with stockings and rehabilitation.
- Wilderness supervision and permit planning ensured the sustainability of fishing and hunting.

Mitigating climate change and preparing for it



- A new tool was produced for climate-wise forest management
- Promoting the use of renewable energy and surveying new forms of renewable energy.
- Preparing the launch of Metsähallitus' climate programme.

Providing opportunities for sustainable hunting and fishing



- Wilderness supervision ensured ethical and sustainable hunting and fishing.
- Permit revenue was used to manage game and fish stocks.
- Wilderness education to promote ethical and sustainable hunting and fishing.

Promoting the generation of wind and other clean energy



- Wind power production was promoted by means of land use planning.
- New forms of renewable energy were actively sought on state-owned land.



SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

RESPONSIBILITY THEMES IDENTIFIED IN METSÄHALLITUS' MATERIALITY ANALYSIS

SUSTAINABLE DEVELOPMENT GOAL OF THE UNITED NATIONS

METSÄHALLITUS' KEY MEASURES IN 2018

PEOPLE

Ensuring the wellbeing of the personnel



- The personnel's job satisfaction and work community development areas were monitored with a personnel survey.
- Digitalisation of personnel processes began with comprehensive preliminary analysis work.
- Development of winter employment methods for loggers.

Respecting human and labour rights in all activities



- Work to update the Equality and Non-Discrimination plan began.
- The occupational safety plan was updated and development of the management culture development began.
- The first stage of updating work related to the salary and remuneration system was launched.

Safeguarding the prerequisites for the Sámi culture



- Topics that were handled included renewal of forest management methods in the Sámi Homeland and five negotiations held about the management plans for different areas, traditional natural off-road traffic permits, and a development project related to snowmobile trails.
- A solution was sought for the grazing problem in Malla.
- Efforts to find negotiation solutions that would allow Metsähallitus operations to continue in Inari.
- Agreements and negotiating procedures aimed at safeguarding the right of the Sámi people to maintain and develop their own language and culture.
- Support for Sámi-language communications and cultural projects.

Promoting partnerships and cooperation with stakeholders



- Cooperation with partners and stakeholders was strengthened in e.g. LIFE projects and natural resource planning.
- Local communities, stakeholders and citizens were given opportunities to influence their living environment through participatory planning, cooperation groups and collaboration with reindeer herding cooperatives.

SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

RESPONSIBILITY THEMES IDENTIFIED IN METSÄHALLITUS' MATERIALITY ANALYSIS

SUSTAINABLE DEVELOPMENT GOAL OF THE UNITED NATIONS

METSÄHALLITUS' KEY MEASURES IN 2018

SOCIETY

Reconciliation of the needs concerning state-owned land and water areas and participatory planning



- Completion of the natural resource plan for Central and North Ostrobothnia. Natural resource planning began in Lapland.
- Updating of the landscape ecological network was completed in Lapland. The update is in progress in Southern Finland, Kainuu and Ostrobothnia.

Ensuring optimum sustainable return on state-owned land and water areas across generations



- EUR 103 paid to the Finnish State.
- EUR 63 million from business operations invested in the form of general social obligations.
- PEFC-certified renewable raw materials delivered for industrial and innovation needs.
- Land use planning created the prerequisites for growth in tourism and other bioeconomy.
- Creation of the conditions for business activities, the wilderness and tourism industries.

Promotion of sustainable forestry and acceptability of the sustainable use of wood and other natural resources



- Ensuring the development of sustainable forest resources in multiple-use forests by means of a certified environmental system based on the ISO 14001:2015 standard, a quality system based on the ISO 9001 standard, and PEFC certification.
- Metsähallitus' own Environmental Guidelines updated.
- Sustainable amounts of felling ensured in the natural resource plans.

Preservation of cultural heritage sites and intangible culture heritage in state-owned land and water areas



- Preservation of cultural heritage in multiple-use forests ensured via up-to-date information and training.
- Specification of quality indicators for data about protected buildings and archaeological sites.
- Maintenance books were compiled for strategic cultural asset sites.

Maintaining up-to-date and reliable data on natural resources and their use and maintaining Arctic expertise



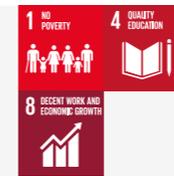
- Maintaining data and ensuring that it is up-to-date.
- Use of a geographic information system to ensure natural and cultural values in different stages of operational planning.

Safeguarding the prerequisites for reindeer husbandry in the reindeer herding area.



- Safeguarding the prerequisites for reindeer husbandry with agreements, negotiations and restrictions on land use.

Strengthening vitality of the regions and promoting employment opportunities



- Employment of entrepreneurs in the forestry and tourism industries throughout Finland.
- Provision of trainee positions to young people and enabling the completion of studies.
- Support for local entrepreneurship and a diverse bioeconomy via land improvement.

Increasing the health and wellbeing impacts derived from nature



- Increasing the wellbeing of citizens and respect for nature by actively offering opportunities for recreation in nature and supporting this work via active communications.
- Provision of game and fisheries services in a comprehensive, ecological and socially sustainable manner that promotes welfare.

Promoting nature tourism and recreational use



- Maintenance and provision of accessible services.
- Maintenance of forest roads to meet the needs of local communities, timber transport and recreational use.
- Maintenance of hiking infrastructure and trails and ensuring fair and equal nature experiences for everyone.
- Promotion of responsible tourism in cooperation with partners.
- Completion of the hiking area project.



## RESPONSIBILITY

## MANAGEMENT

According to the strategy, responsibility is managed ethically and on the basis of information and by developing activities and digital services in cooperation with customers and partners.

The Management focus area of Metsähallitus' responsibility programme includes the following key responsibility themes:

1. Ensuring ethical business practices
2. Developing cooperation with stakeholders
3. Integrating responsibility into the corporate culture, business strategy and targets
4. Clarifying the responsibility management model

In 2018, the focus was placed on sections 1, 3 and 4 in particular.



## MANAGEMENT

**DOCUMENTS TO GUIDE RESPONSIBILITY**

Metsähallitus' strategy was updated in autumn 2018 so that it provides even more support for the focus areas of responsibility.

The work to prepare a Code of Conduct and responsibility policy as well as update the environmental policy began at the same time. They will be published in early 2019. In accordance with the ownership steering recommendations, the Code of Conduct was built on the basis of internationally recognised corporate responsibility guidelines and principles, such as the UN Global Compact initiative, and principles that apply to companies and human rights. The code specifies Metsähallitus' activities when, for example, protecting human rights, avoiding conflicts, and refusing bribery and corruption. A whistleblowing channel was also created to provide stakeholders with a reliable way of informing the management of possible violations or abuse of human rights.

The responsibility and environmental policies support management of Metsähallitus' strategy.

Metsähallitus is committed to promoting the sustainable development goals of the United Nations as part of the 2030 Agenda. During spring 2018, Metsähallitus identified the sustainability development goals essential for its own activities and stakeholders and linked them to operations.

**MANAGING AND DEVELOPING RESPONSIBILITY**

The Director General and the Management Group of Metsähallitus are responsible for the strategic management aspects of corporate responsibility. Coordination of the responsibility work is the task of the group's Director of Communications, who is also a member of the Management Group. The responsibility group serves as the responsibility expert and development team and works in cooperation with Metsähallitus' environmental group.

**Metsähallitus' responsibility group:**

- Erkki Turtinen, Game and Fisheries Manager, Game and Fisheries Services
- Hanna Kaurala, Communications Manager, Metsähallitus Property Development Ltd
- Stig Johansson, Director, International Affairs and Jussi Päivinen, Director, Development Projects, National Parks Finland

- Kirsi-Marja Korhonen, Regional Director and Antti Otsamo, Sustainable Development Manager, Metsähallitus Forestry Ltd
- Terhi Koipijärvi, Communications Director Tuulikki Halla, Communications Manager, Hanna Kelola-Mäkeläinen, Communications Officer, Janne Kiiskinen, Head of Risk Management, Johanna Leinonen, Development Manager, Ville Norokorpi, Lawyer, and Riikka Tella, Employment Relations Manager, Group business unit

Metsähallitus is a member of the FIBS corporate responsibility network's Pro service.

**RESPONSIBILITY REPORTING**

Each year, Metsähallitus gathers information on the implementation of responsibility targets and their related measures. Units regularly report their results to their respective management groups as well as to the Metsähallitus Management Group and Board of Directors.

Metsähallitus publishes responsibility information in its annual report and General social obligations report in addition to communicating actively about the information. The development of responsibility indicators and more open and transparent reporting in accordance with GRI reporting and EU non-financial reporting standards is part of the responsibility work in 2019.



Photo: Jari Hindström



## RESPONSIBILITY

## ENVIRONMENT

According to its strategy, Metsähallitus responds to global challenges by offering innovative and sustainable solutions, safeguards biodiversity and acts in a climate-wise manner.

The Environment focus area of Metsähallitus' responsibility programme includes the following key responsibility themes:

1. Safeguarding biodiversity
2. Improving eco-efficiency
3. Mitigating climate change and preparing for it
4. Providing opportunities for sustainable hunting and fishing
5. Viable game and fish stocks and managing them
6. Acceptability of the sustainable use of wood and other natural resources
7. Promoting the generation of wind and other clean energy
8. Promoting the good status and sustainable use of state-owned sea and inland water areas

All these themes were promoted during 2018.





## PROTECTING BIODIVERSITY

### MANAGEMENT AND RESTORATION WORK CONTINUED

Metsähallitus is responsible for the protection, management and monitoring of valuable habitats and animal and plant species.

Biodiversity is safeguarded through careful planning of actions, long-term conservation work, collection of information and utilisation of diverse geographic information systems, and a broad range of active habitat management and restoration measures, which also include EU-funded partnership projects.

Multiple-use forests are managed according to the forest management instructions, environmental guide for forestry, the environmental and quality system (ISO 14001 and ISO 9001), as well as the guidelines of the owner-specific Programme for the Endorsement of Forest Certification (PEFC/02-31-96) scheme. Fo-

rest planning is based on up-to-date forest resource data and a large amount of p in the planning system concerning, for example, land use planning and endangered species.

The work to raise the protection level of species and habitats in multiple-use forests and nature reserves and to improve the status of the Natura 2000 and nature reserve network continued in 2018. Key measures were restoration, ecological management and inventories.

Ecological management and restoration actions in nature reserves primarily targeted endangered habitats, such as semi-natural grasslands, light and fire sites, mires and small bodies of water. More than 130 hectares of forest was burned in mire areas and the average size of the burnt area was more than 8 hectares. In order to raise the protection level of mires, work to bring water back to protected mires has begun in conjunction with restoration drainage in multiple-use forests.

PROTECTING BIODIVERSITY

	MULTIPLE-USE FORESTS	PROTECTED AREAS
<b>HABITAT MANAGEMENT AND RESTORATION MEASURES 2018 (2017)</b>		
Restored sites, ha	532 (745)	765 (682)
Mires	361 (389)	652 (540)
Heath forests	24 (-)	113 (142)
Game habitats	147 (356)	- (-)
Management and restoration of valuable habitats, ha	0,8 (3,5)	323 (351)
Continuous management of semi-natural grasslands, ha	0,8 (1)	5001 (4 594)
Species occurrence checks	- (-)	14 349 (6 409)
Habitat inventories, ha	- (-)	14 461 (12 436)
Controlled burning and burning of retention tree groups	21 (18)	- (12)
Removal of alien species	Giant hogweed	Giant hogweed, Indian balsam, lupine and rugosa rose
<b>IMPLEMENTATION OF GENERAL SOCIAL OBLIGATIONS IN MULTIPLE-USE FORESTS</b>		
	<b>2018 (2017)*</b>	
Trees retained as part of forest management measures:		
Retention trees, number/ha	13,5 (11,8)	
Mature aspen, m <sup>3</sup> /ha	0,4 (0,34)	
Preservation of nature sites as part of forest management measures, %	100 (99)	
Updating of landscape ecological information, in progress	Southern Finland, Kainuu, Central and North Ostrobothnia and Lapland (Kainuu and Lapland)	
Total biodiversity inputs, EUR million	43,9 (37,8)	

**LANDSCAPE ECOLOGICAL INFORMATION IS BEING UPDATED**

A landscape information network has been created for Metsähallitus' multiple-use forests. The aim is to assess the special characteristics of forests so that they can be taken into account in forestry measures. State-owned forests are examined as a single entity in order to connect nature reserves and multiple-use forest nature sites via ecological corridors. Areas that are important for game, landscape and recreational use as well as cultural heritage sites have been identified in multiple-use forests. Forestry use at the sites and in the corridors has been restricted entirely or in part.

The landscape ecological network will be harmonised and updated and its quality improved by correcting errors in the data and searching for potential new nature sites. The updating work was completed in Lapland during 2018. The update in Kainuu will be finished in summer 2019 and the work is beginning in Ostrobothnia and Southern Finland.

Approximately 45,000 potential new nature sites were found in Lapland. Following a review, 18,363 new sites were approved (28,650 ha). The greatest increase was in nature sites, but hundreds of landscape sites and corridor solutions were also added. A total of 1,712 sites (16,623 ha) were deleted from the system due to incorrect information or geometric correction.

**DECAYING WOOD AND MATURE ASPEN CRUCIAL TO PRESERVING BIODIVERSITY**

The amount of decaying wood (rotten trees) and the number of mature aspen trees are key to ensuring biodiversity in forests. About one quarter or nearly 4,000 of all species found in Finnish forests are directly or indirectly dependent on decaying wood. At the same time, mature aspen trees provide a habitat for a large number of endangered insects, fungi, mosses and lichens.

The long-term target is to have about 10 m<sup>3</sup> of decaying wood on each hectare in multiple-use forests. This target can be achieved by leaving retention trees and by actively generating decaying wood. Decaying wood accumulates continuously in nature reserves as trees age.

The amount of decaying wood and mature aspen is greatest in nature reserves. However, the aspen continuum is threatened in many parts of multiple-use forests and protected areas as elk prevent renewal of aspen.



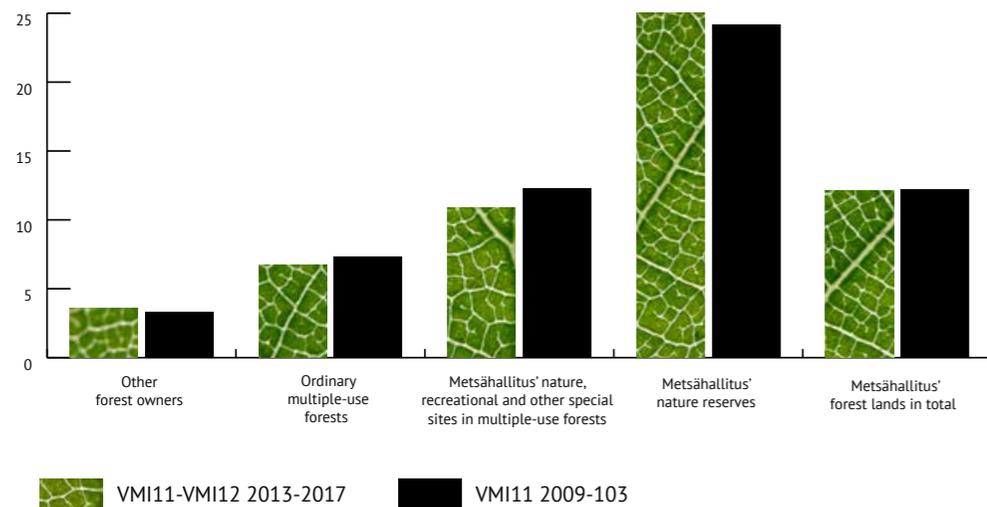
State-owned land areas account for more than half of all decaying wood in Finnish forests (about 69 million cubic metres).

\* In accordance with the Act on Metsähallitus (234/2016), Metsähallitus must also give consideration to the protection and appropriate strengthening of biodiversity as well as the other objectives set for the management, use and protection of forests, water bodies and other natural resources. Metsähallitus reports annually to the Ministry of the Environment regarding fulfilment of these general social obligations.



PROTECTING BIODIVERSITY

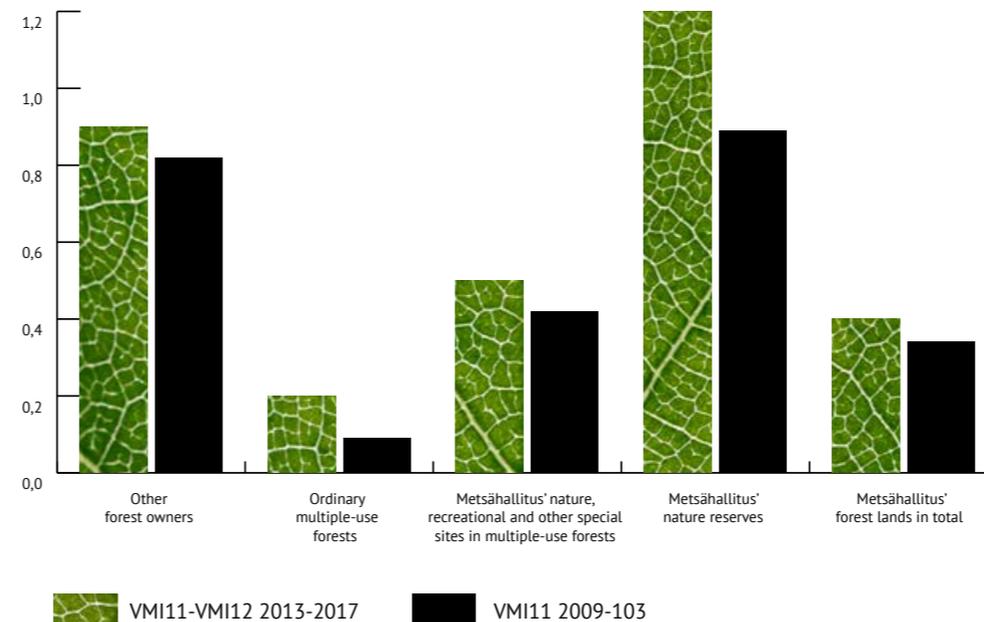
AMOUNT OF DECAYING WOOD IN STATE-OWNED FORESTS AS LISTED IN THE 11TH AND 12TH NATIONAL FOREST INVENTORIES VMI11-VMI12 2013-2017 (VMI11 2009-103), M<sup>3</sup>/HA



Most of the retention trees left standing at felling sites in multiple-use forests are living trees, which will gradually decay in a natural process. In accordance with the requirements laid out in the revised Environmental Guidelines for Practical Forest Management, the number of retention trees in 2018 was above targeted levels.

Mature aspen is relatively common at biodiversity sites of multiple-use forests and in nature reserves even though it occurs less frequently in state-owned land than in areas belonging to other forest owners. Aspen is less common in state-owned forests because they are located in areas that are, on average, poorer in nutrients than other sites.

NUMBER OF MATURE ASPEN TREES IN STATE-OWNED FORESTS AS LISTED IN THE 11TH AND 12TH NATIONAL FOREST INVENTORIES VMI11-VMI12 2013-2017 (VMI11 2009-103), M<sup>3</sup>/HA



NUMBER OF RETENTION TREES LEFT STANDING IN FELLING AREAS IN 2018 (2017)	NUMBER OF TREES LEFT	OBJECTIVE
Valuable retention trees (as defined in Metsähallitus Forestry Ltd's Environmental Guidelines for Practical Forest Management), number/ha	13,5 (11,8)	10 (10)
Retention trees (as defined in forest certification schemes), number/ha	21,6 (18)	10 (10)

**MOST NATURE SITES WERE UNAFFECTED BY REGENERATION FELLINGS**

There are about 100,000 nature sites and about 30,000 habitats where endangered species occur in the multiple-use forests of Metsähallitus. The nature sites are either completely excluded from fellings, or only selection cuttings or site-specific forest management cuttings take place at them.

The status of nature sites and the species occurring in them is assessed each year by Metsähallitus Forestry Ltd in its environmental follow-up on timber harvesting. According to the 2018 environmental follow-up at regeneration sites, the characteristic features had been preserved in 97 per cent of the habitats at the sites.

In October 2018, Metsähallitus accidentally logged forest in the Pata-aho district of Suomussalmi that was reserved for the Flying Squirrel LIFE project. The flying squirrel reproduction and rest areas were left outside the scope of processing as specified in the valid instructions, but the felling was performed without the intended joint planning in the LIFE project. The error was caused by the fact that the restrictions in the LIFE project had not yet been marked in the electronic geographic information system. As a result of the event, Pata-aho is now a monitoring site and a new location was sought for the LIFE project.



PROTECTING BIODIVERSITY

**PROGRESS IN PROTECTING THREATENED SPECIES**

Metsähallitus is responsible for protecting threatened species when the preservation of species populations is dependent on state-owned areas or nature reserves. These are Saimaa ringed seal and Arctic fox (mammals) and golden eagle, peregrine falcon, gyrfalcon, white-backed woodpecker and lesser white-fronted goose (birds). Metsähallitus is also responsible for monitoring the white-tailed eagle populations in the former Provinces of Oulu and Lapland.

**THE SAIMAA RINGED SEAL IS THRIVING**

The Saimaa ringed seal is only found in Finland and is one of the rarest seal species in the world. The population has been increasing since 2013 (300 seals) and in 2018 Metsähallitus estimated that the number stands at 380–400 seals. This is already close to the intermediate target of 400 animals set for 2025 in the Saimaa ringed seal conservation strategy. Long-term protection work and support from the local community have produced results.

The estimate of population size is based on a lair analysis utilising lair information from 2016–2018, the number of seal pups born, and observations of seals resting on the ice. A total of 86 pups were born this year and more than 80 pups have been born in 3 consecutive years. These results indicate that population recovery will also continue in the future.

Five Saimaa ringed seals drowned in nets during 2018. It is exceptional that three of the pups died in vendace nets. On the whole, Saimaa ringed seal mortality remained at a normal level this year: 2–7 dead seals are discovered in nets each year.

**ARCTIC FOX FEEDING WAS SUCCESSFUL**

The Arctic fox is a critically endangered species in Finland. The last verified sighting of an Arctic fox litter in Finland was more than 20 years ago. In 2018, Metsähallitus organised automatic Arctic fox feeding stations and fox hunting in Northern Lapland’s fell area to help the species survive and spread in the north. Game cameras installed at the feeding stations detected Arctic foxes at several different stations in Enontekiö and Utsjoki.

Finland, Sweden and Norway cooperate in a joint Arctic fox Interreg project that consists of Arctic fox communications, training volunteers to perform Arctic fox inventories, and harmonising the work being done to protect the Arctic fox in different countries.

**NEST CHECKS 2018 (2017)**

SPECIES	TERRITORIES OCCUPIED	SUCCESSFUL NESTINGS	CHICKS AT RINGING AGE
White-tailed eagle (Northern Finland)	97 (109)	53 (59)	72 (87)
Golden eagle	368 (373)	92 (94)	108 (98)
Peregrine falcon	179 (159)	132 (88)	325 (193)
Gyrfalcon	13 (14)	4 (0)	7 (0)

**PEREGRINE FALCONS THRIVE WHILE GOLDEN EAGLES AND GYRFALCONS STRUGGLE**

Approximately 950 golden eagle, white-tailed eagle, gyrfalcon and peregrine falcon territories were checked in 2018. New nests were also sought.

The nesting results were poor for golden eagles and gyrfalcons, average for white-tailed eagles and good for peregrine falcons. A poor food situation during the winter and spring, when there were very few rabbits and especially wildfowl, had the greatest impact on golden eagle nesting results. A low number of willow grouse was the most important factor affecting the poor result for gyrfalcons. Dry and warm weather in early summer contributed to successful nesting for the peregrine falcon.

**AN INCREASE IN WHITE-BACKED WOODPECKERS**

Active conservation and monitoring has led to slow growth in the white-backed woodpecker population. The mass migration in 2015 brought dozens of new nesting pairs to Finland. A survey performed in 2018 by Metsähallitus, BirdLife Finland and WWF identified the mating territories of approximately 220 white-backed woodpecker pairs and confirmed the existence of 140 nests. Population growth is levelling out, because the number of mating territories has decreased by about 20 since 2017.

The biggest threat is a lack of sufficient habitat, which means suitable continuous forest areas containing deciduous trees and decaying wood, to support the growing white-backed woodpecker population. The number of deciduous trees in Metsähallitus areas used for forestry has been growing for a long time. The environmental guidelines updated in 2018 emphasise an increase in deciduous trees. Harvesting of decaying wood is also forbidden today. Landscape ecological plans are being updated in several areas, and this will improve the connectivity of valuable nature sites and safeguard species occurrences in the future. White-backed woodpecker populations and habitats will also be better taken into consideration in this process.



## PROTECTING BIODIVERSITY

### CONSERVATION WORK IN COOPERATION WITH PARTNERS

National Parks Finland is actively seeking partners and funding for joint nature conservation projects. The partners include municipalities, organisations, associations, research institutions, ELY Centres as well as forestry and tourism operations.

The following LIFE conservation projects were in progress in 2018: Freshabit LIFE IP, Hydrology LIFE, Light & Fire LIFE, and the Wildlife Service Finland's WildFor-estReindeer LIFE project. The Saimaa Seal LIFE project ended in 2018.

In 2018, National Parks Finland received extensive funding from the EU for three new long-term LIFE nature conservation projects. The projects will be implemented in cooperation with an extensive partner network. The total budget of the projects is some EUR 20 million, of which the EU funding covers more than 65%. The projects will focus on dealing with the challenges associated with protecting the flying squirrel (Flying Squirrel LIFE) and restoring the habitats of rare beetles (Beetles LIFE) and important coastal and archipelagic habitats (CoastNet LIFE).

### THE AIM IS TO IMPROVE THE STATE OF AQUATIC ENVIRONMENTS

Metsähallitus works to improve the condition of inland waters through careful advance planning of forest management measures and by rehabilitating aquatic habitats. In forestry, water protection is taken into consideration in fellings, soil preparation, restoration drainage, fertilisation and forest road construction. Water protection planning is making better use of methods based on geographic data materials. New geographic information materials have also been added to Metsähallitus' Silvia geographic information system from other forest industry operators, which streamlines the planning process.

The focus in 2018 was on water protection training for forestry employees, which was carried out at a training site in Pudasjärvi that was completed in the summer. A total of 125 people took part in the Hyvä vesienhoito (Good water protection) course organised by Metsähallitus, Natural Resources Institute, Finnish Forestry Centre and Tapio Oy.

During the 2018 marine inventories, Metsähallitus surveyed endangered species and habitats and filled in

information gaps on the Finnish coast, also in different types of coastal and marine areas affected by human pressure (harbours, cottage shores, dredged areas). The surveys revealed new occurrences of endangered species and verified different habitats, such as underwater sand dunes. Metsähallitus also surveyed the underwater values and species of nature reserves for the assessment of the status of Natura areas.

Metsähallitus has participated in the Tila 2 project (enhancing the protection of marine areas) and Finnish Marine Portal project (findability and utility of marine data and marine materials).



PROTECTING BIODIVERSITY

KEY WATER MANAGEMENT PROJECTS AND MEASURES IN INLAND WATERS IN 2018

PROJECT	OBJECTIVE	MEASURES
Hydrology LIFE (2017–2023)	Safeguarding and improving the status of peatlands and small water bodies in the Natura 2000 network. Improving the status and flood protection of water bodies	Peatland areas were restored, streams and ponds were restored, peatland restoration and stream maintenance plans were compiled, stream inventory and restoration training was organised, data on the water management effects of restoration was collected. Methods were developed to reconcile the safeguarding of water protection and biodiversity in restoration drainage.
Freshabit LIFE IP (2016–2022)	Improving the ecological state and biodiversity of Natura 2000 water bodies	Peatland areas were restored, measures were taken to improve water protection in multiple-use forests and to manage river pearl mussel populations, mapping of the underwater nature in lakes.

KEY WATER MANAGEMENT PROJECTS AND MEASURES IN SEA AREAS IN 2018

PROJECT	OBJECTIVE	MEASURES
Kvarken Flada Interreg (2016-2019)	Safeguarding the biodiversity of flads and the ecosystem services provided by them in the Kvarken area.	<ul style="list-style-type: none"> <li>• Vegetation surveys in the flads</li> <li>• Flad restoration planning</li> </ul>
Econnect Interreg (2018-2021)	Modelling of the future of underwater nature in Kvarken on the basis of climate change forecasts, emphasising the impacts of climate change by comparing the future (2120) and current (2020) situation. The project is also performing a connectivity analysis on underwater habitats and the functionality of the network of conservation areas in the area.	Start of terrain work in 2019
Seamless Bothnian Bay SEAmBoth Interreg (2017-2020)	Harmonising underwater nature mapping methods and habitat imaging across the Finnish and Swedish border. Producing harmonised cross-border habitat and value maps for underwater nature.	<ul style="list-style-type: none"> <li>• Biological and geographic surveys were implemented in the project area in both countries.</li> <li>• The effects of human pressure were mapped by means of satellite images and surveys performed in the field.</li> <li>• Harmonisation of Natura 2000 areas and species interpretation was started in the Finnish and Swedish areas of the Bothnian Bay.</li> </ul>
VELMU – the Finnish Inventory Programme for Underwater Marine Environment	Better protection of maritime areas and species occurring in the Baltic Sea	<ul style="list-style-type: none"> <li>• Underwater habitats in Finnish maritime areas were surveyed.</li> <li>• Surveys of lagoons and endangered species and habitats continued.</li> </ul>



PROTECTING BIODIVERSITY

**BIODIVERSITY INDEX SHOWS THAT BIODIVERSITY REMAINS STABLE**

A biodiversity index developed by Metsähallitus is used to monitor the development of biodiversity in state-owned land areas. The biodiversity index comprises five indicators and describes trends in key structural biodiversity features as well as important yearly measures to preserve and enhance biodiversity. Thus, the index is a useful tool in the work to verify the impacts of biodiversity work.

The 2018 biodiversity index is the fourth of its kind and it shows that the biodiversity work has already produced results in some areas. The weakest area of the index continues to be the amount of decaying wood. According to the Environmental Guidelines for Practical Forestry that were revised in 2018, decaying wood will no longer be removed from multiple-use forests. The positive impacts of this will be more clearly visible in future years.

**The biodiversity index comprises five indicators:**

- Natura 2000 habitat type status assessment (representation and natural state), scale 1–5
- forest biodiversity indicator / decaying wood m<sup>3</sup>/ha
- forest biodiversity indicator / mature aspen m<sup>3</sup>/ha
- consideration of nature sites, scale 1-5
- restoration measures surface area/ha

**BIODIVERSITY INDEX 2015-2018, SCALE 1–5**

	2015	2016	2017	2018
Total	3,24	3,46	3,56	3,74
Natura 2000 habitat type status assessment	3,90	3,90	3,89	3,90
Forest biodiversity indicator / decaying wood m <sup>3</sup> /ha	2,30	2,30	2,30	2,13
Forest biodiversity indicator / mature aspen m <sup>3</sup> /ha	3,40	3,40	3,40	4,00
Consideration of nature sites	2,70	4,45	4,52	4,87
Restoration measures surface area/ha	3,89	3,23	3,70	3,81



## A NEW TOOL FOR CLIMATE-WISE FOREST MANAGEMENT

In 2018 Metsähallitus completed the Climate Smart Forestry project. The project examined how forest management can best promote carbon sequestration and storage in forests.

In the project, each of the ten million tree stands in commercial multiple-use forests received a carbon classification, which describes its importance in terms of carbon sequestration and storage. Recommendations criteria for the application of forest management guidelines by class were drawn up for the different carbon categories.

The classification can be used to more effectively gear forest management towards slowing down climate change: In areas with rapid forest growth and intensive carbon sequestration, the focus will be on forest yield. In areas with slower forest growth and at sites with special characteristics, the emphasis will be on forests as carbon sinks.



### CASE CLIMATE SMART FORESTRY:

The carbon perspective on management of multiple-use forests >>

## MITIGATING CLIMATE CHANGE AND PREPARING FOR IT

### MANY METHODS ARE USED TO SLOW DOWN CLIMATE CHANGE

Forests, renewable natural resources and renewable energy play an important role as alternatives to fossil-based products. Forests bind atmospheric carbon dioxide as they grow. When forest growth exceeds harvesting volumes, forests act as carbon sinks. The commercial forests managed by Metsähallitus play a major role as carbon sinks: the annual increment is 11 million cubic metres, while about six million cubic metres are felled each year.

Protected areas where no fellings take place serve as important carbon sinks where carbon is stored for long periods in both the trees and the soil. Old growth forests are in balance with regard to carbon sequestration: growing trees continue to bind carbon at a slow rate, while at the same time, carbon is also slowly released as trees are decomposing. Virgin mires are also important as slowly growing carbon sinks. No new drainage ditches have been built on mires in state-owned lands after 1994.

The ability of wood to bind and store carbon dioxide makes it a unique material. Wood works best as a carbon sink in wooden buildings and other long-lasting products. The substantial built property managed by Metsähallitus, which comprises almost 3,600 buildings, is almost exclusively made of wood. In accordance with its strategy, Metsähallitus aims to use more wood in projects where there are good technological and economic grounds for it and to promote renewable energy solutions.

In 2018, Metsähallitus made a decision to prepare a climate programme. The programme will involve a broad-based and long-term examination of how Metsähallitus' and state-owned land and water areas can be used to mitigate climate change and prepare for it.

MITIGATING CLIMATE CHANGE

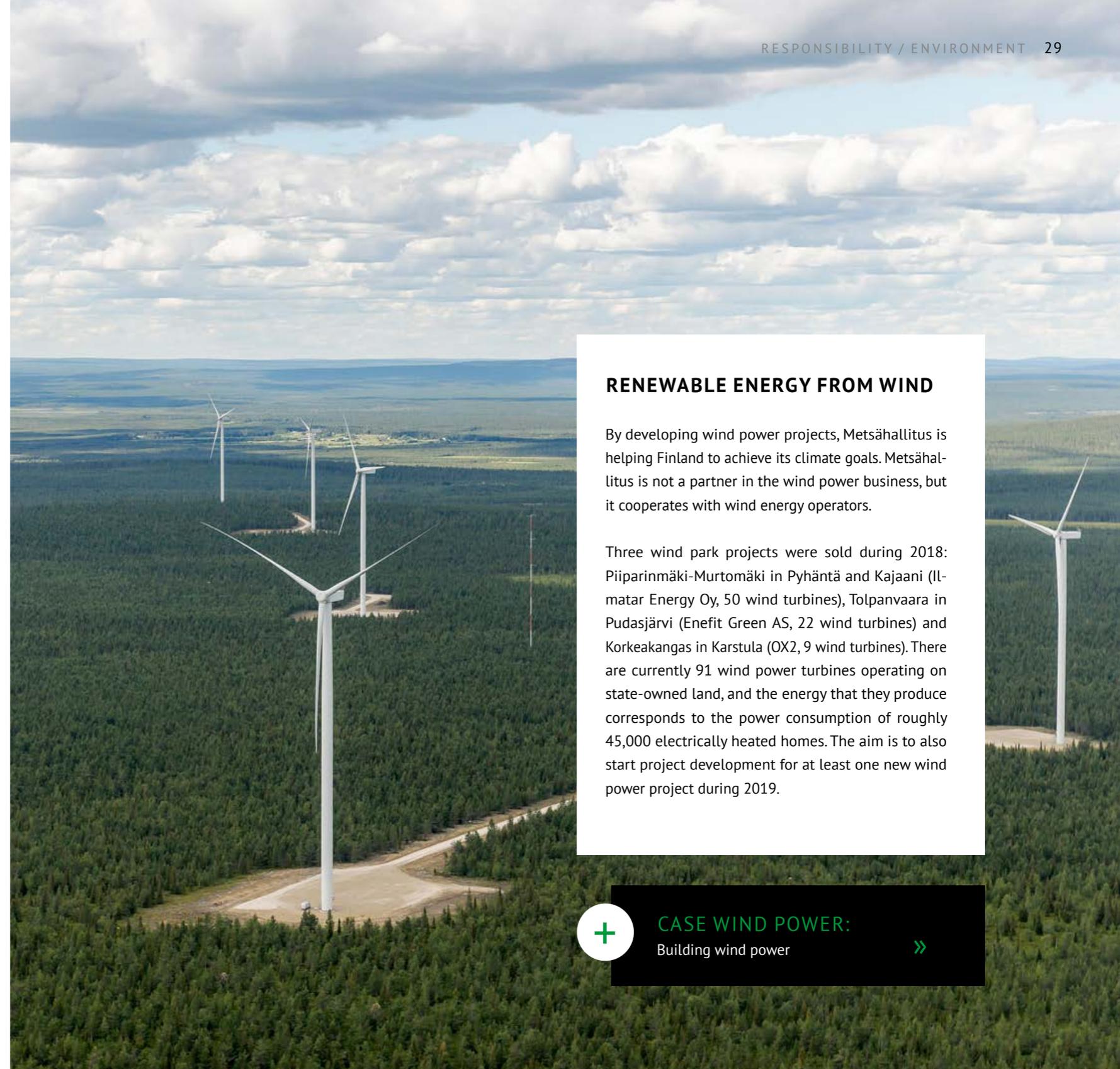
**INCREASED LOAD SIZE REDUCES EMISSIONS**

Metsähallitus is reducing carbon dioxide emissions from wood transports by starting to use larger transport equipment. Metsähallitus is actively involved in High Capacity Transport (HCT) trials. In spring 2018, Metsähallitus and its partners applied to the Ministry of Transport and Communication for a permit for a regional trial that would allow the use of large payload combinations to a greater extent than is permitted in the ongoing HCT trials.

The possibilities to use Longer and Heavier Trains (LHT) for wood transports was examined in 2018. Trials were performed with trains containing 27–30 cars (a 35 per cent increase in load size). The results showed that the use of longer trains and heavy haul cars is possible. The use of long trains on railroads in Northern Finland will become standard practice in 2019, and the suitability of the new car equipment will be ensured via test runs.

Metsähallitus Forestry Ltd monitors the emissions arising from the harvesting and delivery of timber sup-

plied to customers. The total emissions have declined at an average annual rate of two percentage points in recent years. Each cubic metre of timber supplied to customers has generated 12.96 kg/m<sup>3</sup> of carbon dioxide emissions. Of this total, timber harvesting accounts for 5.41 kg/m<sup>3</sup>, and transport for 7.91 kg/m<sup>3</sup>. Other emissions have also declined in the same proportion. The timber harvesting process accounts for most of the reductions, a result of substantial productivity improvements in felling. For the amount of fuel used, more timber is now produced for transport than before. The emissions generated in the timber transport process have remained more or less unchanged.



**RENEWABLE ENERGY FROM WIND**

By developing wind power projects, Metsähallitus is helping Finland to achieve its climate goals. Metsähallitus is not a partner in the wind power business, but it cooperates with wind energy operators.

Three wind park projects were sold during 2018: Piiparinmäki-Murtomäki in Pyhäntä and Kajaani (Ilmatar Energy Oy, 50 wind turbines), Tolpanvaara in Pudasjärvi (Enefit Green AS, 22 wind turbines) and Korkeakangas in Karstula (OX2, 9 wind turbines). There are currently 91 wind power turbines operating on state-owned land, and the energy that they produce corresponds to the power consumption of roughly 45,000 electrically heated homes. The aim is to also start project development for at least one new wind power project during 2019.

**+** CASE WIND POWER: Building wind power **»**

## SUSTAINABLE USE OF NATURAL RESOURCES

### MULTIPLE-USE FORESTS ARE MANAGED SUSTAINABLY

The multiple-use forests of Metsähallitus have been certified in accordance with the PEFC forest certification scheme. This scheme is based on an operating method agreed upon in national and international cooperation and regular monitoring by an external independent body. Metsähallitus' PEFC forest certification, PEFC chain of custody monitoring and ISO 14001 environmental system are audited by Inspecta Sertifiointi Oy. The audits performed in 2018 revealed no deviations.

A total of 90 per cent of multiple-use forests are located in Eastern and Northern Finland. Good forest management has increased the growing stock by more than 50 million m<sup>3</sup> over the past 10 years, and now stands at 308 million m<sup>3</sup>. Annual growth is 11 million m<sup>3</sup>. A total of 6.2 million m<sup>3</sup> of timber was harvested in 2018. This figure was lower than the sustainable amounts of felling approved in the natural resource plans.

Nearly half (49.5%) of the cutting yield comes from intermediate felling. Slightly more than half (50.5%) of the fellings are regeneration fellings. Special fellings are used in biodiversity, recreational and landscape sites to ensure the preservation of forest cover and landscape views. Special fellings account for nearly 15 per cent of all fellings. The land area on which special felling will be carried out will be increased moderately on the basis of experience. Forests are regenerated at the age of approximately 50–70 years in Southern Finland and 70–150 years in Northern Finland. The average size of a regeneration site is just under two hectares in Southern Finland and just under four hectares in Northern Finland. Regeneration sites are delimited based on the terrain surfaces so that they are suitable for the landscape.



Photo: Jari Salonen



## SUSTAINABLE USE OF NATURAL RESOURCES

**FOREST MANAGEMENT GUIDELINES WERE UPDATED IN 2018**

Metsähallitus' multiple-use forests are managed according to the Forest Management Guidelines and the Environmental Guidelines for Practical Forest Management that were revised in 2018

One of the most important changes in the updated Environmental Guidelines is the fact that decaying wood is no longer harvested at all. A large amount of rotten trees safeguards the habitats of many rare species that are dependent on decaying wood. More living retention trees, and deciduous trees in particular, will be preserved than before. A higher target for the number and size of game thickets supports forest biodiversity. The recommended size of thickets was increased and their number per hectare was tripled.

A variety of water protection methods, such as overland flow, sedimentation basins, breaks in digging and silt traps, were used to reduce the impacts of forestry on waterways. Enhanced water protection measures, such as dams to adjust flow and wetlands, are applied if necessary. Overland flow is recommended whenever possible. In cooperation with National Parks Finland, overland flow can also be directed into protected mires, which is of particular benefit to dried-up mires.

Management of hiking areas and special sites, such as Natura esker areas, will be reduced. Only continuous cover techniques or small-scale regeneration (0.3–1.0 ha) will be used in hiking areas in order to maintain tree cover at all times. An exception to this are regeneration fellings and controlled burnings performed for special reasons.

The Environmental Guidelines have been published in electronic format and digital training related to the guidelines is also available. Systematic environmental follow-ups are carried out to ensure that forest management is based on environmental considerations. Adherence to forest management guidelines is checked as part of the follow-ups. The environmental competence of Metsähallitus officials and private contractors is ensured by means of internal audits.

**PROMOTING THE BLUE BIOECONOMY IN MARINE AND INLAND WATER AREAS**

Metsähallitus has participated in maritime spatial planning coordinated by the Regional Councils. It involves reconciling the needs of different industries: energy, maritime transport, fisheries and aquaculture,

tourism, recreational use, and conservation, protection and improvement of the environment and nature. Metsähallitus has also been involved in an aquaculture innovation programme coordinated by the Natural Resources Institute Finland. The programme examines suitable fish farming sites in public water areas managed by Metsähallitus and promoting the permit process for fish farming. In addition to planning work, Metsähallitus has made two new fish farming agreements that enhance the supply and use of fish raised in Finland.

Metsähallitus has identified new development opportunities to create the prerequisites for sustainable business. A pilot project related to the fish farming permit process is being carried out in water areas managed by Metsähallitus. This pilot project will examine the type of model that will be used to apply for fish farming permits in water areas.

The aim in 2019 is to test the findings and operating models obtained from the aquaculture innovation programme in practice and gain experience of their functionality. Another aim is to increase awareness of Metsähallitus among blue bioeconomy operators.

**REHABILITATION AND STOCKINGS HELP FISH POPULATIONS**

Metsähallitus' main strategic objective in the management of fishing areas is to strengthen and preserve natural native fish and crayfish stocks. The goal is to ensure that, in the future, fishing waters will offer better regenerative conditions for fish species and stocks as well as guaranteeing opportunities for fishing.

In 2017, Metsähallitus prepared a national operating model to improve the effectiveness of fish habitat management. Implementation of this model began in August 2018. The first phase involved building networks, but practical measures have also begun in the form of stream inventories and restoration. The information management processes associated with this work are also being refined.

Metsähallitus took part in key projects supporting the natural life cycle of migratory fishes in Iijoki and Lieksanjoki rivers. In the Iijoki river, Metsähallitus was closely involved in the preparation of the Raasakka power plant fish pass and the implementation of a stocking programme. In the Lieksanjoki river project, small fingerling stockings were carried out, gravel was spread in spawning areas, and the spawning behaviour of broodstock was examined using telemetry monitoring.

Barriers were removed from fish migration route on streams in North Ostrobothnia, especially those located near road underpasses.

**MORE WILDFOWL PERMITS WERE GRANTED**

Wildlife Service Finland takes the sustainability of [game](#) - and [fish stocks](#) into consideration when issuing permits.

The permit revenue is channelled to planning and communication related to sustainable use of the areas, game management, and improvement in the habitats of game animals and fish species. A large amount of the fees paid by hunters have been used to restore mires for willow grouse, goose flarks, wilderness areas for wildfowl, and wetlands. According to the Act on Metsähallitus, hunting and fishing matters are public administration duties which means that Metsähallitus does not use wilderness permits to generate profits for the state.

Wildlife Service Finland also promotes professional fishing by issuing permits for the purpose.



SUSTAINABLE USE OF NATURAL RESOURCES

The Kieppi customer magazine for hunters examined how the permit fees paid by hunters are used. Costs and employee salaries were included in the numbers.

A total of 51,936 (2017: 39 269) wildfowl permits were granted in 2018. The increase in demand can be attributed to larger wildfowl stocks and longer hunting seasons for them.



THE 17 EUROS PAID FOR A 1-DAY WILDFOWL PERMIT COSTS IS SPENT AS FOLLOWS

<b>1€</b>	<b>1€</b>	<b>2€</b>	<b>2€</b>	<b>2€</b>	<b>3€</b>	<b>6€</b>
<b>Game and fisheries supervision</b>	<b>Communications</b>	<b>Systems</b>	<b>Administration</b>	<b>Customer service</b>	<b>Planning of hunting</b>	<b>Game management</b>
Additional supervision, basic supervision is funded from the state budget	Kieppi, Eräluvut.fi, newsletters	Web shop Retki-paikka.fi		Telephone sales, advisory services		Planning and costs

**WILDLIFE SERVICE FINLAND ENSURES THAT HUNTING AND FISHING ARE ETHICAL**

The competent wilderness inspectors of Wildlife Service Finland ensure that natural resources are used in a sustainable manner and in accordance with ethical principles. The wilderness inspectors, who are in charge of the wilderness supervision, are responsible for the supervision of fishing, hunting and off-road traffic.

A total of 778 wilderness supervision offences were recorded in 2018. In autumn, special attention was paid to preventing hunting at road banks. Hunting is allowed in the terrain only.

**WILDERNESS SUPERVISION EVENTS AND OFFENCES IN 2018**

Wilderness supervision events	8 650 (10 791)
Percentage of offences of all wilderness supervision events	9,8 (9,8)

**FREE-OF-CHARGE WILDERNESS PERMITS ARE BASED ON LEGISLATION**

Some of the wilderness permits issued by Metsähallitus are free-of-charge for the recipient. These permits are based on hunting and fishing laws and the Ministry of Agriculture and Forestry's Fees Regulation. The permits are associated with work related to promoting wilderness supervision or game husbandry and fisheries, provide induction for hunting or fishing or to provide, for example, the media with the opportunity to write wilderness-related articles or do photo shoots on state-owned land.

Free-of-charge permits can be issued to Metsähallitus personnel on the basis of work tasks, for example, to wilderness inspectors, their assistants and wilderness planners. A wilderness permit can be issued to people who regularly represent Metsähallitus at stakeholder events in order to handle their duties. Many management representatives fall into this category.

A temporary stakeholder permit can be granted to representatives of key stakeholders for wilderness matters. These recipients are mainly representatives of the supervisory authorities of national defence who work in game and fishery tasks and civil servants who are responsible for Metsähallitus' steering and, as part of

their job, deal with game and fisheries questions. In 2018, 43 national and a few dozen regional permits were issued. A few dozen discretionary permits are issued each year to volunteers participating in game counts, fishing area management or supervision. The director of game and fisheries is responsible for the guidelines and regulations concerning wilderness permits. Free-of-charge permits are official decisions.

**FREE-OF-CHARGE HUNTING AND FISHING PERMITS ISSUED BY METSÄHALLITUS IN 2018**

Permits for people in Metsähallitus management positions (whole country)	26
Permits for forestry personnel (forest planning and game habitats, own operating area)	189
Permits for management planners for hunting (whole country)	12
Permits for game and fisheries wardens (whole country)	11
Metsähallitus' internal hunting permits in 2018, total	238



## RESPONSIBILITY

## PEOPLE

In accordance with the strategy, Metsähallitus cherishes diversity in the workplace community, offers services to everyone on a non-discriminatory basis and operates in a uniform and efficient manner.

The People focus area of Metsähallitus' responsibility programme includes the following key responsibility themes:

1. Respecting human and labour rights
2. Promoting diversity and equality
3. Ensuring a viable Sámi culture
4. Developing occupational safety
5. Responsible partnership and procurement

In 2018, the focus was placed on sections 1, 2 and 3 in particular.



## PERSONNEL

### A SLIGHT DECREASE IN PERSONNEL

In 2018, Metsähallitus employed 1,159 people in 42 locations. The number of personnel decreased by 65 in comparison to 2017. A total of 87 per cent of the staff members worked outside the Helsinki region.

#### METSÄHALLITUS PERSONNEL IN 2018 (2017)

Number of employees in the head office	147 (156)
Number of employees outside the head office	1 012 (1 068)
Offices with the highest number of employees	
Rovaniemi	129 (121)
Oulu	66 (71)
Jyväskylä	36 (36)
Ivalo	28 (28)
Kuopio	28 (28)



### PUTTING PERSONNEL SURVEY RESULTS INTO ACTION

Metsähallitus' personnel policy is based on jointly approved values. The work capacity of individual employees, competence development, job satisfaction and occupational safety and health are supported and the smooth functioning of the workplace communities throughout the group is ensured.

Metsähallitus monitors the job satisfaction of its staff members and development priorities in the workplace community by conducting a personnel survey each year. In 2018, the results of the previous year's personnel survey were processed by the upper management, individual business units and units, and in the cooperation committees. Development measures for the individual business units and units were derived from the results. For example, Metsähallitus' upper management set a target to improve its ability to listen to the staff.

Metsähallitus' overall score in the 2018 personnel survey was 3.62 on a scale of 1–5. The result is slightly lower than last year (-0.06), but still at a fairly good level. The motivation of the personnel, which describes the level of commitment, enthusiasm and

energy, remains at a good average level (3.82). Supervisory work and ethical practices received the best scores and they have also developed in a positive direction. On the other hand, the scores for cooperation in the workplace community, operating according to values, and employer image dropped slightly.

The perception of equal treatment at the workplace was clearly better than in comparison companies (share of positive responses 73%). Commitment to the employer is also stronger than the peer group for expert work (share of positive responses 79%).

The 2018 personnel survey revealed that the management is perceived as setting a better example than in the previous year and dialogue with the personnel has also increased. However, there is still room for improvement in management work.

The practices for appraisal discussions will be developed for 2019. Appraisal discussions will be revised in a lighter and more agile direction, moving from a single appraisal to continuous dialogue and support for smooth work. Work to update the Equality and Non-Discrimination Plan began in 2018. This will be completed in summer 2019.

PERSONNEL

**STAFF TRAINING AT METSÄHALLITUS IN 2018 (2017)**

Training, working days	1 271 (2 836)
Training, days/person-year	1 (2)

**ORGANISATIONAL DEVELOPMENT FOR JOINT FUNCTIONS**

In 2018, the development of Metsähallitus’ joint functions continued, focusing particularly on the units. Options to harmonise financial, information services, communications and procurement were examined in co-determination negotiations. A decision was made to consolidate the financial operations and related employees of the units and the Group business unit under the Group business unit from 1 August 2018 onwards.

Negotiations about information services, communications, development and procurement were held during autumn 2018. The outcome of those negotiations was basic guidelines according to which the joint strategic tasks and administrative routines that apply to all of Metsähallitus will be handled in a uniform manner. The statutory special role of the public administration services was also ensured in the future.

The communications and information services business functions were consolidated in the Group business unit. The tasks associated with maintaining property data were consolidated in the development unit. Procurement functions continue to operate in the units, but in a network-like matrix management model with Group procurement. The solutions did not cause any job terminations, but 20 people transferred from the units to the Group business unit at the beginning of 2019.

The new operating method makes it possible to develop the functions as a whole, develop even better personnel competence and diversify job descriptions and careers.

Digitalisation of personnel processes began in 2018 with comprehensive preliminary analysis work. This analysis identified the need to procure a uniform and modern personal data system to serve the entire Metsähallitus organisation. The tendering process for the system will take place in 2019 and implementation in 2020.

Other key HR development projects during 2018 included revising the occupational safety action plan, initiating management culture development, and the first stage of updating work related to the salary and remuneration system.

**DEVELOPING WINTER EMPLOYMENT METHODS FOR LOGGERS**

Loggers had to be laid off during the winter in 2017 and 2018 because the terrain conditions were difficult.

In spring 2018, a working group was appointed to develop methods to enhance employment of loggers during the winter. The working group identified many actions: Substitute work for the winter period was sought in other units, such as planning and work related to timber harvesting and road maintenance. An incentive leave scheme was created in order to shorten possible lay-off periods. This involved rewarding productive work during the summer with time off in the winter. The Sesongista sesonkiin – metsurit matkailualalle (From one season to another – loggers in the tourism industry) pilot project was also launched. This involved giving loggers the opportunity to try working in a tourism company during the winter.

The project analysed the loggers’ competence and areas of interest and looked for suitable workplaces for loggers. Participation did not oblige the loggers in any way, and they made the decision about accepting the job and its duration. A total of 39 supervision agreements were signed in the project. Thirteen loggers found work via the project, and the employers were large retail and tourism centres as well as companies

in the tourism industry. The Natural Resources Institute Finland’s wolf study also employed a few loggers.

No loggers were laid off at the end of 2018. Metsähallitus currently employs 248 loggers.

**PERSONNEL 31 DECEMBER 2018 (31 DECEMBER 2017)**

Number of employees	1 159 (1 224)
Permanent, %	88 (90)
Fixed-term, %	12 (10)
Gender distribution, %	
Metsähallitus Group	
Women	32 (30)
Men	68 (70)
Metsähallitus Board of Directors	
Women	50 (50)
Men	50 (50)
Management Group	
Women	45 (45)
Men	55 (55)
Average age of employees	50 (52)
Working days lost due to occupational accidents	586 (209)



# SÁMI CULTURE

## ENSURING A VIABLE SÁMI CULTURE

The Sámi Homeland, which comprises the municipalities of Enontekiö, Inari and Utsjoki as well as the Lapland reindeer herding cooperative in the municipality of Sodankylä. Metsähallitus manages 90 per cent of this area.

Metsähallitus works to ensure that the care, use and protection of the natural resources under its management are in accordance with the prerequisites for the Sámi culture in the area. Metsähallitus works to safeguard the right of the Sámi people to maintain and develop their own language and culture through agreements and negotiating procedures and by supporting Sámi-language communications and cultural projects.

As laid down in section 9 of the Act on the Sámi Parliament, Metsähallitus consults the Sámi Parliament on all far-reaching and important measures which may affect the status of the Sámi as an indigenous people. For example, the topics addressed during 2018 include renewal of forest management methods in the Sámi Homeland and five negotiations held about the management plans for Käsivarsi Wilderness Area, Saana and Kilpisjärvi areas, traditional natural off-road traffic permits, and a development project related to snowmobile trails.

The work to ensure a viable Sámi culture is also reported annually in Metsähallitus' General social obligations report.

## SEEKING A SOLUTION TO GRAZING PROBLEMS IN MALLA

Over the years, Malla Strict Nature Reserve has been the site of a conflict over increasing reindeer grazing and the preservation of nature values. The situation is complicated in legal terms: although reindeer husbandry is forbidden at the statute level, the legislation, starting with the Constitution, guarantees Sámi people the right to traditional livelihoods in the Sámi Homeland.

In a draft management plan, Metsähallitus proposed fencing of the reserve so that the number of reindeer in the area could be limited to the level of natural grazing. According to the Ministry of the Environment, the statute-level regulation was too weak in comparison to the strong nature of the measure.

In summer 2018, a partial solution was found for the conflict in Malla Strict Nature Reserve. National Parks Finland, the Ministry of the Environment and reindeer



Photo: Kaisa Sirén

herders in the area agreed on fencing of Malla's most critical vegetation and construction of an animal shelter outside the nature reserve. These actions do not completely eliminate the conflict between preserving Malla's nature values and reindeer grazing but they represent the first step towards a future solution.



## SÁMI CULTURE

OTHER EVENTS  
IN THE SÁMI HOMELAND

- In cooperation with Natural Resources Institute Finland, Metsähallitus reviewed the alternatives to regulate **fishing in Näätämöjoki river** and the possibilities for local-level assessment and agreement regarding the target state. This review is also preliminary work for the upcoming renewal of fishing regulations between Finland and Norway. The final report will be completed in 2019. The Ministry of Agriculture and Forestry is responsible for the progress of the regulation negotiations.

- **The extension project for the Northern Lapland Nature Centre Siida**, which also houses the Sámi Museum, progressed under the leadership of the property owner Senate Properties. In spring 2018, the Government made a decision on the total financing for the museum extension and Metsähallitus' financing for the new exhibition. The preliminary plans for the new main exhibition were completed in 2018. More detailed planning work will start in early 2019.

- **Tourism** has increased a lot in the Sámi Homeland. The existing land use plans are insufficient for company needs. Outside the land use areas, Metsähallitus will ask the reindeer herding cooperatives in the Sámi area for an advance statement when planning user, leasing and route agreements for tourism companies. Possible harmful effects on reindeer husbandry will limit expansion of tourism in the area.

SUPPORT FOR THE  
USE OF SÁMI LANGUAGE

Sámi speakers have the right to use their mother tongue at official Metsähallitus meetings where interpretation into the Northern Sámi is provided if necessary. Metsähallitus provides support for its employees studying the Sámi language. A growing proportion of Metsähallitus communications material, signposts, permits and agreements is also available in the Sámi languages. There are descriptions of hiking destinations on the Lundui.fi website in Northern Sámi, Inari Sámi and Skolt Sámi. Metsähallitus also maintains the Sámi-language Sámi meahcit ja luondu Facebook page for which the material is produced by Sámi-speaking employees of Metsähallitus.



Photo: Kaisa Sirén



## SÁMI CULTURE

**AKWÉ: KON GUIDELINES PROVIDE A BASIS FOR PARTICIPATION**

Metsähallitus has started using the voluntary Akwé: Kon procedure as the first land use authority in the world. The procedure is based on Article 8(j) of the UN Convention on Biological Diversity, which concerns respect for the traditional knowledge and practices of indigenous communities. In Finland, the Sámi Parliament and Metsähallitus have jointly prepared a model for applying the Akwé: Kon principles.

Akwé: Kon guidelines are used in all management plans and natural resource plans for nature reserves and wilderness areas in the Sámi Homeland. The purpose of the procedure is to safeguard the participation of Sámi communities. The procedure was used in 2018 when compiling the management plan for the Vätsäri Wilderness Area. In 2017, Metsähallitus and the Sámi Parliament launched a process to update the guidelines and this work is continuing.

Metsähallitus, the Sámi Parliament and key ministries are involved in the work of a national expert group appointed by the Ministry of the Environment in relation to Article 8(j) of the UN Convention on Biological Diversity, which concerns respect for the traditional knowledge and practices of indigenous communities.

**FELLING IN THE SÁMI HOMELAND IS HALF OF THE PLANNED TARGET**

A total of 69 per cent of the state-owned land in the Sámi Homeland is nature reserves and wilderness areas and 11 per cent is a managed traditional livelihood area. State-owned forestry areas account for 20 per cent of the Sámi Homeland. A total of 9 per cent of all the state-owned land areas are in commercial use.

Metsähallitus has not carried out any clear cuttings in Northern Lapland for the past 25 years. Forest management is based on the natural regeneration of pine stands by means of seed tree felling or different felling methods that maintain forest cover.

Since 2010, no fellings have been carried out in the Sámi Homeland if the chairmen of the local reindeer herding cooperatives have opposed them and no agreement has been reached in the negotiations on the matter.

In 2018, less than half of the felling target indicated in the natural resources plan was realised in state-owned land in Inari, because three reindeer herding cooperatives in Inari announced that they do not accept any felling in their operating area. The forestry problems

in Inari have widespread effects on, for example, firewood deliveries to local residents, road maintenance, implementation of sapling stand and other forest management, customers' attitude toward accepting wood, and entrepreneur agreements and personnel.

Metsähallitus is still trying to find negotiation solutions that would allow operations in Inari to continue.

**HARVESTING VOLUMES IN STATE-OWNED LAND IN NORTHERN LAPLAND**

1960-69 average m <sup>3</sup> /y	200 000
1970-79	210 000
1980-89	233 000
1990-99	178 000
2000-2004	154 800
2005-2009	119 400
2010-2014	112 200
2015-2017	100 000
2018 (actual m <sup>3</sup> /y)	52 000



## RESPONSIBILITY

## SOCIETY

According to its strategy, Metsähallitus guarantees the optimum sustainable return on state-owned land and water areas over generations, enhancing wellbeing and regional vitality. It also reconciles the expectations for state-owned land and water areas in a responsible and interactive manner.

The Society focus area of Metsähallitus' responsibility programme includes the following key responsibility themes:

1. Promoting sustainable forestry
2. Preserving cultural heritage sites and intangible culture heritage in state-owned land and water areas
3. Increasing the health and wellbeing impacts derived from nature
4. Maintaining up-to-date and reliable data on natural resources and their use as well as maintaining Arctic expertise
5. Strengthening vitality of the regions and promoting employment opportunities
6. Safeguarding the prerequisites for reindeer husbandry in the reindeer herding area
7. Reconciliation of the needs concerning state-owned land and water areas and participatory planning
8. Ensuring optimum sustainable return on state-owned land and water areas across generations

All these themes were promoted during 2018. Item 1 is described in the Environment section and item 6 also in the People section.



# EMPLOYMENT AND VITALITY FOR REGIONS

## REGIONAL VITALITY ACROSS GENERATIONS

Metsähallitus develops the use of state-owned land and water areas in a responsible manner so that they bring maximum benefits to society at large.

In addition to its own employees, Metsähallitus provides work for local entrepreneurs. Metsähallitus will pay the Finnish State 102.9 million euros in the public interest from its 2018 profits. Most of the profits were generated through timber sales.

The economic wellbeing generated by Metsähallitus is distributed in the form of wages, remunerations, taxes, purchases and dividends to different sectors of Finnish society.



Photo: Juha Pääkkönen

## ECONOMIC WELLBEING IN 2018 (2017)

	2018	2017
Income paid to the state, EUR million	102,9	92,7
Wages and salaries, EUR million	52 019 224	51 481 434
Regions receiving the highest wage and salary payments, EUR, %		
Lapland	13 943 338 (27 %)	14 270 863 (28 %)
Uusimaa	10 316 106 (19 %)	9 897 354 (19 %)
North Ostrobothnia	7 488 312 (14 %)	7 205 821 (14 %)
Kainuu	4 615 941 (9 %)	4 869 169 (9 %)
The impacts of the commercial operations (Metsähallitus Forestry Ltd and Metsähallitus Property Development) on the national economy through value chains, EUR million*	1800	1 800
Total spending impact of visitors to nature reserves on the local economy, EUR million	290	258
Total spending impact of wilderness visitors on the regional economy, EUR million	44,1	42,7

\* The calculation is based on information from 2017



## EMPLOYMENT AND VITALITY FOR REGIONS

**BUSINESS OPERATIONS PROVIDE EUR 63 MILLION OF SOCIAL INPUTS**

Metsähallitus ensures the implementation of general social obligations laid down in the Act on Metsähallitus. These obligations are:

- Protecting biodiversity
- Promoting recreational use of nature and employment opportunities
- Ensuring a viable Sámi culture
- Fulfilling the obligations laid down in the Reindeer Husbandry Act
- Considering the land use needs of research, education, the Finnish Defence Forces and the Finnish Border Guard.

The calculated value of these social benefits in 2018 was EUR 63 million, with Metsähallitus Forestry Ltd accounting for 96 per cent and Metsähallitus Property Development for 4%. The calculation is based on the fact that limitations caused by the obligations reduce Metsähallitus' profitability. In 2018, a total of 565,700

hectares of land remained outside the scope of forestry operations or in restricted use.

Metsähallitus' annual General social obligations [report](#) describes fulfilment of all the general social obligations.

**INPUTS FROM BUSINESS OPERATIONS (METSÄHALLITUS FORESTRY LTD AND METSÄHALLITUS PROPERTY DEVELOPMENT) TO GENERAL SOCIAL OBLIGATIONS 2018 (2017)**

Biodiversity	43,9 (37,8)
recreational use	12,5 (11,6)
Reindeer husbandry	2,8 (2,6)
Sámi culture	4,0 (3,8)
Employment	0,0 (0,0)
Total	63,2 (55,8)

**METSÄHALLITUS PROVIDES WORK FOR THOUSANDS**

By purchasing services from private operators, Metsähallitus supports entrepreneurship, especially in small municipalities. Metsähallitus purchases all timber harvesting work and timber transport as well as a large proportion of the forest management from private entrepreneurs. When purchasing contracted services, Metsähallitus observes the legislation on public procurement. Promoting healthy competition and equal and non-discriminatory treatment of entrepreneurs are the key principles in the legislation.

In 2018, Metsähallitus had contracts with about 400 forestry entrepreneurs employing about 2,000 persons. Recreational use of nature reserves and hiking areas provided employment for entrepreneurs in visitor services and maintenance. More services at the nature sites will be outsourced to local entrepreneurs in the coming years. For example, a change to the partial master plan for the Hossa shore area supports development prerequisites for tourism companies by concentrating tourism construction in the vicinity of existing services. Preparation of the local detailed plan has been launched in cooperation with the municipality of Suomussalmi.

Visitor centre operations have been transferred to local entrepreneurs or municipalities. In 2018, a leasing agreement was signed to transfer the facilities and operations of Häme Nature Centre from Metsähallitus to Eerikkilä Sport & Outdoor Resort. Seitsemäinen Nature Centre is now operated by a private entrepreneur.

In 2018, Metsähallitus employed 360 young people in different types of work. The largest number worked in forestation: A total of 230 young people planted approximately 20 million tree saplings. Other positions involved customer service, nature management tasks and maintenance of hiking infrastructure. Another 60 young persons completed their work experience placements at Metsähallitus.

**EMPLOYMENT IMPACTS OF METSÄHALLITUS ACTIVITIES AND THE NUMBER OF ENTREPRENEURS AND CONTRACTS IN 2018 (2017)**

Employment impacts, person-years	
Forest sector jobs generated by multiple-use forests	5 000 (5 000)
Employment impacts of visitors to national parks, state-owned hiking areas and certain other nature reserves and recreational areas on the regional economy, person-years	2 868 (2 582)
Employment impacts of hunting and fishing customers on the regional economy, person-years	240 (261)
Forest sector companies operating as contractors	400 (400)
Cooperation agreements with tourism operators in nature reserves	652 (606)



## EMPLOYMENT AND VITALITY FOR REGIONS

## AN INCREASE IN VISITS TO NATIONAL PARKS

The number of visitors to national parks and other important sites increased in 2018. The number of visits to national parks increased 2 per cent over 2017, with 3.2 million park visits reported. Growth in the number of visits to state-owned hiking areas increased by as much as 11%. The total number of visits to all sites was about 6.9 million.

The total revenue and employment impacts of the visitors to national parks, state-owned hiking areas and other popular nature reserves and hiking areas totalled EUR 290 million and 2,868 person-years in 2018. The visitors brought EUR 212 million to the areas adjacent to nature reserves and hiking areas, which was EUR 5 million more than in 2017.

In terms of local economic impact, the most important national parks in 2018 were the Pallas-Yllästunturi National Park (EUR 61.1 million), Urho Kekkonen National Park (EUR 37.2 million), Koli National Park (EUR 20.2 million), Oulanka National Park (EUR 18.8 million), and the Pyhä-Luosto National Park (EUR 15.6 million).

Fishing and hunting visitors also had a significant impact on the regional economy, and in this respect, eastern and northern parts of Finland were the biggest beneficiaries. The revenue and employment impact of wilderness visitors totalled EUR 44 million and 240 person-years.

## FOREST ROAD FOR BUSINESS AND RECREATIONAL USE

A road network that is in good condition is a prerequisite for reliable, year-round wood deliveries and commercial forestry. The road network is also very important for local recreational use. The areas managed by Metsähallitus have more than 36,000 kilometres of forest roads and about 1,000 bridges.

Metsähallitus' investment in road network maintenance and construction will increase from EUR 15 million to approximately EUR 17 million. Basic road renovations and maintenance will be increased over the next five years to ensure that roads can better tolerate the frost heave during the rainy autumns and mild winters caused by climate change.

The most heavily travelled roads will be maintained with renovation measures, which will reduce the need for repeated basic repairs. Improvement of the roads means that heavier timber vehicles can be used for transport. Operating with larger vehicles decreases the need for fuel, which in turn reduces the emissions caused by timber transports. In 2018, Metsähallitus was involved in large vehicle trials.

The need for new roads will be considered carefully. A few more roads will be built in Koillismaa and Southern Lapland.

## WILDERNESS PERMITS SOLD AND FISHERIES MANAGEMENT FEES IN 2018 (2017)

Hunting permits	65 149 (53 962)
Fishing permits	87 883 (82 740)
Fisheries management fees, number of annual fishing permit holders	174 342 (192 360)

## SPENDING IMPACTS OF VISITORS TO NATURE RESERVES AND RECREATIONAL AREAS ON THE LOCAL ECONOMY IN 2018 (2017)

	TOTAL REVENUE IMPACT, EUR MILLION	TOTAL EMPLOYMENT IMPACT, PERSON-YEARS	NUMBER OF VISITORS
National parks, 40	211,5 (206, 5)	2 105 (2055)	3 167 800 (3 104 700)
State-owned hiking areas, 5	12,5 (10,9)	132 (116)	263 900 (237 900)
Historical sites, 8 (6)	27,2 (6,4)	245 (63)	759 200 (228 800)
Other nature reserves and recreational areas, 8 (6)	38,3 (34,5)	386 (348)	609 200 (539 500)
Total	289,5 (258,3)	2 868 (2 582)	4 800 100 (4 110 900)



EMPLOYMENT AND VITALITY FOR REGIONS

**LAND IMPROVEMENT INCREASES THE VALUE OF STATE-OWNED LAND**

Land improvement, which means purchases, sales, leases and land use planning, increases the value of state-owned land and water assets in a sustainable manner and provides a basis for a diverse bio-economy and local entrepreneurship. Metsähallitus' purchases, transfers and leasing of real property and the [principles](#) and operating methods that apply to granting special rights are laid down in the law.

The purchases and sales of land by Metsähallitus are regulated by the Ministry of Agriculture and Forestry through performance guidance. Most of the land purchased by Metsähallitus is for the use of the Finnish Defence Forces and Metsähallitus Forestry Ltd. Approximately 1,700 hectares of land was purchased for these purposes in 2018. Other purchases were made to meet seed plantation and nature conservation needs. Approximately 700 hectares of forest land was sold. The sales mainly concerned smaller separate plots, which improved the property structure of state-owned land areas.

In 2018, Metsähallitus sold some 120 plots, of which 50 were tourism destination plots and 70 were waterfront and other plots. Approximately 60 new plots were leased out. The total area of the transferred plots is some 90 hectares.

In autumn 2018, approximately 107 hectares of land located on the northern side of the mining concession was sold to the Suurikuusikko gold mine (Agrico Eagle Finland Oy) in Kittilä. A 270-hectare land area was also leased to the same company for an extension project involving the mining concession. These deals allowed the mining company to begin preparations. Actual construction will only be possible after the company obtains permits. Environmental responsibility and stakeholder concerns were taken into consideration by means of strict contract terms and significant security guarantees.

A hotel plot located in the detailed planning area of Ruka Valley was also sold in 2018. Rukakeskus Oy has already started building a hotel on the plot. A gondola lift scheduled for completion at the same time will connect the new pedestrian village on the eastern side with the old village on the western side.

**RENEWAL OF LAND USE PLANNING PRINCIPLES BEGAN**

Land use planning is especially important for the vitality of sparsely populated regions. Allocation of plots for holiday homes provides opportunities for recreation in nature.

Metsähallitus' land use planning activities are steered by the land use planning principles set by the state owner. In these principles, special consideration is given to natural, recreation and cultural values, everyman's rights and the social obligations arising from the preservation of reindeer husbandry and Sámi culture.

Preparations for renewing the principles were carried out in 2018. The work took into account the impacts of the Act on Metsähallitus, ownership policy guidelines and Metsähallitus' general social obligations, the profitability of operations, and reconciliation of other targets in land use planning. Key elements in the planning included different forms of land use, such as renewable energy needs, fish farming, extraction activities and utilisation of water resources.

**EMPLOYMENT OPPORTUNITIES FOR PRISONERS IN OPEN PENAL INSTITUTIONS**

National Parks Finland has been cooperating with the Criminal Sanctions Agency on a regular basis for more than ten years. Metsähallitus provides prisoners in open penal institutions with job opportunities, and the funding for these schemes comes from the budgets of the Criminal Sanctions Agency and Metsähallitus.

Metsähallitus' work sites provide the prisoners with an opportunity for rehabilitation as the day of release is approaching. The work strengthens the prisoners' belief in their own skills and capabilities, especially when the work at the Metsähallitus site is their first employment relationship. Furthermore, the work also involves nature-oriented Green Care rehabilitation.

In 2018, by employing prisoners, Metsähallitus to build and maintain service infrastructures at sites such as the Nuuksio, Sipoonkorpi and Liesjärvi National Parks, Vallisaari Island and Evo Hiking Area.

**REHABILITATING WORK IN 2018 (2017)**

Prisoners from open penal institutions used as workforce, person-years	55 (59)
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## RECREATIONAL USE AND TOURISM

### SERVICES FOR ALL ON A NON-DISCRIMINATORY BASIS

Millions of people use the recreational services provided by Metsähallitus every year. The aim is to produce and provide experiences in nature and services for everybody on an equal basis.

Using the areas for a wide range of recreational purposes is taken into consideration in the plans prepared for nature reserves and multiple-use forests. The planning process utilises visitor surveys and indicator data as well as permit statistics information about the number of hunters and fishers. Planning also takes into account feedback from customers and stakeholders and lessons learned from development projects related to non-discriminatory outdoor activities.

Metsähallitus maintains dozens of accessible hiking areas suitable for people with, for example, mobility aids and people seeking easy trails. In the construction of accessible trails, Metsähallitus uses the recommendations compiled by organisations whenever possible. Almost all visitor centres and other customer service points of Metsähallitus are located in obstacle-free buildings.

### SUSTAINABLE TOURISM IN NATURE RESERVES AND MULTIPLE-USE FORESTS

Many nature tourism operators use Metsähallitus-owned areas and their hiking infrastructure in their business operations. The cooperation is subject to an agreement and is carried out according to the principles of sustainable tourism.

Ensuring the sustainability of recreational use and nature tourism is an important factor with regard to the added value produced by tourism in natural areas. In 2018, Metsähallitus updated the method for monitoring sustainability of use, which has already been implemented in the Hossa, Koli and Pallas-Yllästunturi National Parks. Sustainability monitoring is linked to Metsähallitus' principles for sustainable tourism in nature reserves. In the future, the method will be utilised in all areas where tourism plays a significant role or where nature is especially sensitive to the impacts of use.



Photo: Touho Häkkinen



## RECREATIONAL USE AND TOURISM

## WEBSITE IMPROVEMENTS

Metsähallitus maintains and develops online services for nature lovers. The Nationalparks.fi website for nature lovers was developed in 2018, especially by improving the search functions and website availability. Development of the Excursionmap.fi service will continue during 2019. The renewed map service will be completed in 2019.

**FREE-OF-CHARGE DIGITAL SERVICES RELATED TO RECREATIONAL USE, NUMBER OF USERS IN 2018 (2017)**

Nationalparks.fi	2 255 061 (2 067 366)
Eräluvut.fi	770 969 (727 117)
Largecarnivores.fi	222 878 (213 000)
Excursionmap.fi	3 895 991 (4 029 148)

**A COMMON NETWORK OF SNOWMOBILE TRAILS IN THE SNOWIEST AREAS**

During 2017–2018, Metsähallitus studied the possibilities to develop the prerequisites for snowmobiling as part of sustainable nature tourism. The MOKEMA project focused on Finland's snowiest areas, which is North Ostrobothnia in terms of the planning area. The plans involved building a common network of snowmobile trails in the project area, which would connect the largest tourism operators and residential centres. A network of secondary tracks mostly based on existing routes was proposed to support the main tracks. The second outcome of the project was a plan to implement a common user fee for the tracks.

**FOREST ROAD NETWORK IMPORTANT TO RECREATIONAL VISITORS**

The road network built for forest management purposes has developed into an important recreational infrastructure in state-owned areas. Recreational use of multiple-use forests was surveyed as part of the natural resource plans for Kainuu, Southern Finland and Ostrobothnia. The work continued in summer 2018 in the area coming under the natural resource plan for Lapland.

Based on the surveys, recreational users are the largest group of forest road users: they account for about 85 per cent of all forest road users. It is difficult to reliably estimate the number of people visiting multiple-use forests, but the surveys indicate that the annual figure is about 500,000 in Kainuu, 1 million in Southern Finland and about 900,000 in Central and North Ostrobothnia.

The assessment method is being developed continuously. In Lapland, the forest road survey was supplemented by cooperation with the network operator Telia in summer 2018. A pilot project examined the number of visits to multiple-use forests and protected areas on the basis of data from the mobile phone network in the Olos–Levi–Ylläs area.

**ROADS AND SNOWMOBILE TRACKS IN MULTIPLE-USE FORESTS IN 2018 (2017)**

Forest roads in state-owned land	36 000 (36 000)
Renovated roads 2017	460 (440)
Newly constructed roads 2017	110 (100)
Snowmobile tracks	(4 204)

**CONCERN ABOUT RENOVATION BACKLOG AT HIKING SITES**

Good condition is a prerequisite for safeguarding the values of national parks and other hiking and historical sites. The number of visitors at destinations has increased and a significant renovation backlog has accumulated over the years. The renovation backlog totals EUR 39.5 million for recreational and tourism sites and EUR 70.3 million for cultural heritage destinations.

The renovation backlog for hiking infrastructure caused a lot of debate during 2018. A parliamentary discussion was held about the matter in the spring. Metsähallitus also receives a lot of feedback about the condition of infrastructure.

Some of the renovation backlog will be covered by additional funding from the state. The growing expectations of visitors create pressure to develop: the intention is to make maintenance more demand-driven in the future.

In autumn 2018, the popular Lapinsalmi suspension bridge collapsed at Repovesi National Park. The cause proved to be failure of the anchor rod on a cable. Following the accident, Metsähallitus inspected the condition of all its suspension bridges.

The practices and obligations of National Parks Finland with regard to the Consumer Safety Act are being examined in cooperation with the Finnish Safety and Chemicals Agency (TUKES). National Parks Finland's customer safety instructions were updated in conjunction with this process. Preparations to implement a regional risk assessment and build a tool for risk assessment are also in progress.

Metsähallitus has carried on active dialogue with state authorities concerning a permanent increase in basic funding for public administration services so that the renovation backlog could be dealt with.



## RECREATIONAL USE AND TOURISM

## KEY PROJECT SUPPORTS NATURE TOURISM

The Government's Tourism 4.0 key project allowed National Parks Finland to develop off-road services at many popular destinations. Wilderness huts were renovated in Lapland's national parks, as were trails and campsites in Lapland as well as in Inland Finland and on the coast. Renewal of the Nationalparks.fi website was also mainly funded by this project, which was coordinated by the Ministry of Economic Affairs and Employment. Some additional funding was also received in the second supplementary budget for 2017, the Ministry of the Environment and the EU.

### HIKING INFRASTRUCTURE IN NATIONAL PARKS, STATE-OWNED HIKING AREAS AND OTHER NATURE RESERVES AND RECREATIONAL AREAS IN 2018 (2017)

Signposts	3 943 (3 998)
Wilderness and rental huts	420 (418)
Rest places	2 792 (2 853)
Boating facilities	573 (583)
Dry toilets and other waste management facilities	2 167 (2 249)
Firewood supply facilities	1 598 (1 641)

### HIKING TRAILS IN NATIONAL PARKS, STATE-OWNED HIKING AREAS AND OTHER NATURE RESERVES AND RECREATIONAL AREAS IN 2018 (2017)

Hiking and nature trails	5 113 (6 158)
Ski tracks	1 302 (2 196)
Boating routes	961 (716)
Snowmobile tracks	3 892 (3 706)

## MUNICIPALITIES WANT EQUAL DEVELOPMENT OF HIKING SERVICES

Metsähallitus' hiking services are mainly maintained by budget funding from the state. The basic appropriation has remained at the same level for a long time despite an increase in the number of destinations and visitors. The busiest trails and campsites are the primary targets of maintenance. They serve a sufficient number of recreational users and are important in terms of attracting tourists.

Estimates indicate that approximately 10 per cent of campsites and 5-6 per cent of structures are in poor condition and in very urgent need of repair.

Many municipalities located farther away from national parks and hiking areas have submitted statements regarding their concern that focusing on the development of busy destinations fails to uphold the principles of regional equality.

Metsähallitus carries out open discussion with the relevant stakeholders and key operators concerning all its closure decisions. For example, the experiences gained from transferring campsite maintenance to lo-

cal clubs and associations have mostly been positive, and the parties involved have ultimately been quite unanimous about closure decisions

New campsites have been built in conjunction with the dismantling of old ones, and a large number of campsites under maintenance have been renewed or better equipped.

Metsähallitus has no scheduled plans to dismantle hiking infrastructure. The decisive factor in the future will be the development of funding for National Parks Finland.



**CASE ASYLUM SEEKERS:**

The Esikoto project completed in 2018 created a pre-integration model for the asylum process so that the asylum application period could already be more beneficial to the asylum seekers and society at large. The project outcomes included videos published in six languages that introduce people to fishing as a hobby and take them on a nature trek to Liminka Bay. >>

# WELLBEING AND HEALTH

## METSÄHALLITUS AND ITS PARTNERS WANT TO INSPIRE PEOPLE TO BECOME MORE OUTDOOR-ORIENTED

National Parks Finland and Wildlife Service Finland are implementing a health promotion programme that will last until 2025. This programme is called Healthy Parks, Healthy People. The aim of the programme is to further encourage Finns to become healthier and feel better physically, psychologically and socially by taking a look at the wonders of Finnish nature. The common goal is to inspire people to move and stay in the natural environment more often and for longer periods. Outdoor recreation activates people and promotes their health, regardless of their age and condition. Cooperation with partners is taking place in three projects.

Knowledge of the benefits of nature and outdoor recreation for human health and wellbeing has increased tremendously over the last few years. Metsähallitus' visitor surveys and feedback support this – visitors gain a wide range of health benefits from outings in the wild.

**COOPERATION PROJECTS IN 2018**

**OBJECTIVE**

Moved by Nature (2017–2019)	Promoting the health and wellbeing of children and young people by increasing their levels of green exercise
Path to Nature (2017–2019)	Promoting non-discriminatory outdoor activities
Luontoa toimintaan (2018–2020)	Including and empowering people at risk of exclusion, especially men, by means of meaningful activities taking place in a nature setting.  Developing permanent models between rehabilitation operators and parties responsible for the natural environment.

Photo: Rolf Graber



## WELLBEING AND HEALTH

## AN INCREASE IN WELLBEING FROM NATURE

In 2018, approximately 6.9 million people visited Finland's national parks, hiking areas and other popular recreational areas. According to the road use surveys carried out in 2015 and 2016, about 500,000 people visit multiple-use forests in Kainuu, while in Southern Finland, the figure is about one million.

People staying in national parks feel that the visits have significant health and wellbeing impacts. According to questionnaire surveys, more than 88 per cent of all visitors to nature reserves and historical sites feel that spending time at the sites has fairly or very significant health and wellbeing impacts. According to the respondents, the health and wellbeing impacts arising from each visit is equal to about 110 euros. Visitors to multiple-use forests put the figure at between 200 and 300 euros.

Wilderness permit holders spent a total of about 400,000 days at wilderness sites and according to the survey, they felt that spending time in the wilderness had enhanced their wellbeing. Nine out of ten hunters and eight out of ten fishers felt that their latest wilderness trip had made them fitter and more relaxed and strengthened their friendships.

### CUSTOMER SATISFACTION AND WELLBEING IMPACTS IN 2018 (2017), SCALE 1–5

Customer satisfaction among hunting permit holders	3,76 (3,70)
Customer satisfaction among fishing permit holders	3,70 (3,70)
Customer satisfaction among users of visitor centres and field services	4,4 (4,34)
Health and wellbeing impacts experienced in nature reserves and historical sites (social, physical and psychological)	4,37 (4,36)

## DEVELOPING HIKING AREAS ARE OPEN TO PRIVATE INVESTMENTS

A project launched by the Ministry of Agriculture and Forestry and Metsähallitus in spring 2018 raises the status of hiking areas and promotes their active development. The work applies to state-owned hiking areas established under the Outdoor Recreation Act, which means Evo, Ruunaa, Kylmäluoma, Oulujärvi and Iso-Syöte.

Previously, all Metsähallitus business areas were responsible for the activities in the hiking areas. At the beginning of 2018, this responsibility was transferred to Metsähallitus Property Development.

Development of the hiking areas has been assessed in a better way, also from the viewpoint of visitors and entrepreneurs. The project has also investigated the types of leasing and cooperation agreements that will be signed with entrepreneurs and the terms that will apply to private investments made in the areas. These must be suitable for the area as a whole and they may not interfere with other use or conservation values. Construction will be carried out systematically with consideration to the views of companies, cities or municipalities and other parties. Masterplans related to the management plans will be compiled for the areas in the near future.



## VOLUNTARY ACTIVITIES

### DOING GOOD FOR HUMANS AND NATURE

National parks and other nature reserves of Metsähallitus provide opportunities for voluntary activities in different parts of Finland. Participation of nature enthusiasts in wildlife observation and in the restoring of traditional landscapes at volunteer camps are the most common types of activities. Wilderness education of children and young people is also supported through voluntary activities. Organisations and companies as well as the associations established by friends of national parks are the partners in the events and voluntary activities.

For example, the Kliffa District Camp for Helsinki Metropolitan Area Scouts and Guides brought more than 5,000 participants to Evo Hiking Area in July 2018. The participants restored a stream in order to provide trout with resting and spawning locations. Metsähallitus planned the project and a restoration permit was obtained from the ELY Centre.

### POPULARITY OF SHEPHERDING WEEKS INCREASES

In Metsähallitus' popular Shepherd Weeks concept, a shepherd rents space in a national park for one week and commits to care for the animals. The revenue is used to manage the site and surrounding conservation area and purchase grazing animals for the area.

These activities maintain semi-natural grasslands and secure biodiversity, because sheep and cows are the best caretakers of traditional landscapes in conservation areas. Spending a week in nature also enhances the shepherd's mental health, relieves stress and improves immunity.

The popularity of Metsähallitus' Shepherding Weeks continued to grow in 2018. A total of 156 shepherding weeks were available at 12 different locations. All in all, 8,483 applications were submitted for the locations (2017: 4,767).

### FINNISH NATURE DAY ADDED TO THE ALMANAC

For several years, Metsähallitus has developed and implemented the programme for Finnish Nature Day, which is Finland's newest national day. The day has been celebrated on the last Saturday of August since 2013. Nature Day is coordinated by Finnish Environment Institute, Finnish Association for Nature Conservation, Metsähallitus National Parks Finland, YLE Luonto, Guides and Scouts of Finland, Finnish Heart Association, Finnish Association of Nature and Environment Schools, and Suomen Latu - The Outdoor Association of Finland.

In 2018, the University of Helsinki Almanac Office, which is responsible for national days and name days, decided to add Finnish Nature Day to its almanac as an official national day. The calendar change will take effect in 2020.

### THOUSANDS OF CHILDREN LEARN ABOUT WILDERNESS TRADITIONS

Metsähallitus' wildlife tutors are wilderness enthusiasts who, on a voluntary basis, teach children and young people to hike in nature.

In 2017, the focus in the work was on international activities, such as learning about volunteer work in EU countries and organising wildlife tutor orienteering for European forest pedagogics. During the year, more than 7,000 children and young people as well as about 900 teachers participated in the events and campaigns arranged in cooperation with partners. Joint events included the wilderness skills competitions for 7th graders in the Helsinki region and game recognition competitions arranged at schools by 4H in Finland.

#### WILDERNESS TUTOR ACTIVITIES IN 2018 (2017)

Voluntary events	60 (84)
Volunteers taking part	125 (148)



Photo: Joni Turunen



# PRESERVING CULTURAL HERITAGE

## THE AMOUNT OF CULTURAL HERITAGE HAS INCREASED

Metsähallitus is responsible for 500 protected buildings and more than 6,000 antiquity sites under the Antiquities Act and 10,000 other cultural heritage sites.

The amount of real property with cultural history value under Metsähallitus management has increased significantly during the past 10 years. Archaeological sites transferred from the Finnish Heritage Agency – medieval castle ruins, managed hillforts and valuable buildings – require special expertise and funds in order to avoid long interruptions in site management. Vallisaari and the Öro and Katanpää forts that are now part of national parks have a lot of different stone and concrete structures, decommissioned guns and valuable barracks buildings. The renovation backlog is EUR 62 million for sites with cultural history value.

Scarce resources have made it necessary to prioritise management of cultural sites. During 2018, Metsähallitus surveyed the built heritage and archaeological sites managed by Parks & Wildlife Finland and selected those sites that will continue to be managed by National Parks Finland. Various uses were sought for valuable sites, for example, as rental huts, shepherding spaces and conservation area attractions, because this is the best way to ensure management of the site. The use may not endanger the conservation values of the site. The maintenance costs for valuable sites managed at a good level by National Parks Finland is estimated at approximately EUR 3 million per year.

In 2018, an independent archaeologist examined the preservation of cultural heritage sites in multiple-use forests in Lapland. The sites had been well considered in the measures. However, a trapping pit site had suffered significant damage as a result of land development. Training related to the consideration and safeguarding of cultural heritage sites will be increased.

## OULUJÄRVI'S ÄRJÄNSAARI ISLAND IS BEING RESTORED SLOWLY BUT SURELY

In 2018, Metsähallitus used project funding to restore buildings on Ärjänsaari Island in Oulujärvi. The state purchased the 270-hectare Ärjänsaari from UPM-Kymmene Oyj as a nature conservation area in 2017. In addition to its valuable nature, the island also has partially protected architectural heritage and antiquity sites.

The holiday cabins originally built by UPM-Kymmene have been restored over the past summer in the Paratisiin ovet aukeavat project. One of the buildings will become a shepherd's cottage as part of Metsähallitus' Shepherding Weeks concept and the other will be turned into a summer cafe. Restoration of the protected buildings, which have remained in their original condition, is slow work that requires many different types of expertise. Repairing the sites on Ärjänsaari with only project funding is slow and does not enhance their usability and the conservation values associated with them.

## QUALITY CULTURAL ENVIRONMENT INFORMATION FOR COMMON USE

The information on cultural heritage sites is stored in Metsähallitus' geographic information system. In 2017, Metsähallitus introduced PAVE, a new geographic information system, which is part of the ULJAS information system available to Finland's environmental administration. New information is continuously added to PAVE and it can be used as a tool in daily planning work.

During 2016–2018, Metsähallitus worked in the Sipilä Government's KIRA-digi key project to improve the quality of geographic information and enable the transfer of data. Finnish Heritage Agency, Metsähallitus and Finnish Environment Institute (SYKE) were responsible for the Cultural environment data for joint use! section of the project.

Metsähallitus' first data products were produced in conjunction with the project, and they can be shared publicly through an interface. The aim is to make information about cultural sites available to, for example, the Finnish Heritage Agency and from there to all citizens.

National Parks Finland is the first organisation in Finland to specify quality indicators for the data related to protected buildings and archaeological sites. The PAVE information system is being updated on the basis of the quality results.



# REINDEER HUSBANDRY IN REINDEER HERDING AREAS

## AGREEMENTS ENSURE THE COEXISTENCE OF REINDEER HERDING AND LAND USE

Reindeer herding is a traditional livelihood in Northern Finland and protected under the Reindeer Husbandry Act. In addition to free grazing rights, the Reindeer Husbandry Act requires negotiations with reindeer herders when planning measures on state-owned lands that significantly affect reindeer husbandry.

Over 80 per cent of the land managed by Metsähallitus, and 70 per cent of forest land in forestry use, is located in the reindeer herding area. A total of 52 per cent of all land managed by Metsähallitus and 29 per cent of forest land in forestry use is located in an area specifically intended for reindeer herding, where the use of state-owned land may not significantly hinder reindeer herding.

The coexistence of Metsähallitus operations and reindeer herding is governed by an agreement signed with the Reindeer Herders' Association in 2012 and an agreement made between the Sámi Parliament, Skolt Village Meetings, reindeer herding cooperatives in the area, and Metsähallitus in 2014.

The cooperatives are given the opportunity to influence felling, site preparation and road construction plans in advance. Maps and the related descriptions are sent to the chairman of the local reindeer herding cooperative, who then has three weeks to approve the plan or report a change proposal or need for negotiations. If there is no reply, Metsähallitus considers that it can implement the plan.

On the basis of the agreements, 2 negotiations with the Reindeer Herders' Association, 1 with the Sámi Parliament and 47 inside the Metsähallitus forest teams during 2018. The most common issues were associated with the harmful impacts of hunting dogs, regulation of site preparation and the reindeer fence gates located on forest roads.

Geographical information about the most important sites for reindeer herding (such as reindeer fences, transport directions, calving and grazing areas) were further refined using TOKAT materials and Metsähallitus' own materials.

## SMOOTH COOPERATION BETWEEN REINDEER HERDING COOPERATIVES AND METSÄHALLITUS

Cooperation between reindeer herding cooperatives and Metsähallitus has functioned as agreed. According to a thesis completed at Lapland University of Applied Sciences, representatives of reindeer herding cooperatives, with the exception of one respondent, were satisfied or very satisfied with the cooperation. A total of 79 per cent of Metsähallitus Forestry Ltd employees were satisfied or very satisfied with the cooperation and the rest, with one exception, were reasonably satisfied. (Ranta, Aki 2018: Co-operation between reindeer herding cooperatives and Metsähallitus – outside the area specially intended for reindeer herding).

Based on a survey carried out in the Reindeer herding and silviculture project coordinated by Metsähallitus, cooperation between Metsähallitus and the reindeer herding cooperatives received positive feedback. Another study indicated that cooperation has improved in recent years (Järvenpää, Juha 2018).

## RECONCILING STAKEHOLDER NEEDS AND PROVIDING OPPORTUNITIES FOR PARTICIPATION

### RECONCILING STAKEHOLDER NEEDS ON THE BASIS OF SUSTAINABLE USE

Metsähallitus manages state-owned land and water areas on the basis of the principle of overlapping use and reconciling a broad range of different needs. The aim is to maximise the sustainable benefits of each area and to reconcile the many different needs of the stakeholders involved.

Comprehensive planning and participation methods ensure that state-owned land and water areas are used in a sustainable manner. Use of the areas is planned in close cooperation with stakeholders. Each year, Metsähallitus is also asked to provide statements for various projects, plans, programmes and land use plans.

Metsähallitus issued nearly 500 statements in 2018. A large number of statements are related to ore exploration. Different needs and aims are reconciled by preparing statements in cooperation with the units, after which the relevant unit submits the statement.

### TWO NATURAL RESOURCES PLANS ARE IN PROGRESS

Natural resource planning is an important tool for Metsähallitus. The planning approach involving extensive participation and based on creative cooperation is also unique when compared with the methods used by other European forestry administrations. The end result is a natural resource plan, which serves as an action plan guiding the work of all Metsähallitus activities in state-owned land and water areas in the planning area during the planning period.

In 2018, a natural [resource plan](#) was completed for state-owned land and water areas in Central and North Ostrobothnia. Natural resource planning was also launched for Lapland and this plan will be completed in early 2019. In addition to the stakeholders, private citizens also have an opportunity to take part in the planning process through an open questionnaire survey.



Success can only be achieved if the expertise possessed by the stakeholders is available for the planning work.



#### CASE CENTRAL AND NORTH OSTROBOTHNIA NATURAL RESOURCE PLAN:

"We could take examples from other places"



## RECONCILING STAKEHOLDER NEEDS AND PROVIDING OPPORTUNITIES FOR PARTICIPATION

## UPDATING THE LANDSCAPE ECOLOGICAL NETWORK IN LAPLAND AND KAINUU

Landscape ecological planning is closely connected with natural resource planning. The purpose is the preservation of the especially important habitats referred to in the Forest Act and the Nature Conservation Act and to safeguard the proliferation of species between nature sites in reserves and multiple-use forests. The landscape ecological network also helps to reconcile the needs pertaining to game habitats, landscape values, cultural sites and recreational use.

The updating of the landscape ecological network in Lapland was completed during 2018. The update work in Kainuu will be finished in summer 2019 and the process is beginning in Ostrobothnia and Southern Finland. Citizens can also participate in updating the landscape ecological network. For example, public events and an online questionnaire in Lapland provided 1,300 tips about forest sites that are important to people, and more than 100 of these became part of the landscape ecological network.

## MANAGEMENT PLANS WERE COMPLETED IN HOSSA AND LAPLAND

Management plans are prepared for the nature reserves, wilderness areas and hiking areas managed by Metsähallitus and for the Natura 2000 sites. The purpose of the plans is to reconcile the aims pertaining to nature conservation, recreational use and other use for a period of between 10 and 15 years.

Citizens and stakeholders can have a say in the planning of the management and use at public events and in steering groups and by providing direct feedback and submitting opinions. By applying a participatory approach, Metsähallitus can obtain information that can be used as a basis for the planning process. It also helps to reduce disagreements between Metsähallitus and stakeholders as well as between stakeholders. Furthermore, a participatory approach ensures that the parties are better committed to the goals and proposals laid out in the plan. In the best-case scenario, the process results in permanent cooperation and interaction between regional actors. The consultative committees appointed for national parks serve as permanent channels for cooperation and participation.

In 2018, the management plans for Malla Strict Nature Reserve and the Käsivarsi Wilderness Area were completed. The management plan for Vätsäri Wilderness Area is being prepared at this time, and the plan for Hossa National Park has progressed to the draft phase. The plan guides development of the national park with the objective of reconciling different uses, such as tourism and recreation, fishing and hunting, with consideration to its nature values of the area.



Photo: Jari Salonen

## KEY FIGURES / SUSTAINABLE USE OF FORESTS

	2018	2017	2016	
<b>PEFC-CERTIFIED MULTIPLE-USE FORESTS</b>				
Total area of multiple-use forests, ha	4 908 000	4 905 000	4 886 000	1)
of which multiple-use forest land*, ha	3 503 000	3 500 000	3 482 000	1)
of which low-productivity land, ha	715 000	715 000	714 000	1)
of which non-productive land, ha	690 000	691 000	690 000	1)
Multiple-use forests in forestry use, ha	3 602 394	2 900 000	3 033 766	1)
Multiple-use forests in restricted forestry use, general social obligations, ha	255 770	231 400	238 425	1)
of which sites restricted due to biodiversity, ha	23 769	23 800	23 868	1)
of which sites restricted due to reindeer husbandry, ha	32 451	7 100	7 799	1)
of which sites restricted in the Sámi Homeland in order to safeguard the preconditions of the Sámi culture, ha	9 308	5 500	5 496	1)
of which sites in particularly important recreational use, ha	190 242	195 000	201 262	1)
percentage of sites in restricted use of the surface area of forest land in multiple-use forests	7,1	7	7	1)
Multiple-use forest excluded from forestry, general social obligations (no felling/selection cutting), ha	309 971	322 500	321 389	1)
of which excluded from use due to biodiversity, ha	166 530	189 200	187 201	2)
of which excluded from use due to reindeer husbandry, ha	37 379	31 000	31 441	1)
of which in the Sámi Homeland in order to safeguard the preconditions of the Sámi culture, ha	100 259	96 600	96 914	1)
of which sites in particularly important recreational use, ha	5 803	5 800	5 833	1)
percentage of sites excluded from use of the surface area of forest land in multiple-use forests, %	8,6	9	9	1)

	2018	2017	2016	
<b>MULTIPLE-USE FORESTS BY FOREST TYPE</b>				
Multiple-use forests by forest type				
Herb-rich forests and herb-rich forests on mineral soils, %	2	2	1,6	1)
Young forest heaths, %	20	20	25,6	1)
Dry and nutrient-poor pine forests, %	75	78	72,8	1)
<b>FOREST RESOURCES</b>				
Growing stock in multiple-use forests, million m <sup>3</sup>	312	313	308	1)
Growth of multiple-use forests, million m <sup>3</sup> /year	11	11	11	1)
<b>TIMBER HARVESTING</b>				
Percentage of forest area on which timber is harvested in the year in question	2,4	2,1	2,5	1)
Harvested timber, million m <sup>3</sup>	6,20	5,9	6,06	1)
of which energy wood, m <sup>3</sup>	88000	120 000	242 500	1)
Percentage of harvested timber of the growth in the year	56	55	55	1)
Percentage of intermediate felling of the cutting yield, ha	64	59	58,5	1)
Percentage of regeneration felling of the cutting yield, ha	29	35,5	35	1)
Percentage of special fellings of all felling, ha	10	5,5	6,4	1)
Percentage of energy wood of harvested timber	1	2	4,05	1)



## KEY FIGURES / SUSTAINABLE USE OF FORESTS

	2018	2017	2016	
<b>FOREST REGENERATION</b>				
Naturally regenerated regeneration sites, ha (%)	17,3	13,9	12	1)
Regeneration sites regenerated by sowing or planting, ha, (%)	82,7	86,1	88	1)
Soil preparation	Nutrient-poor habitats not prepared, on other sites the soil preparation methods employed are as non-invasive as possible	Nutrient-poor habitats not prepared, on other sites the soil preparation methods employed are as non-invasive as possible	Nutrient-poor habitats not prepared, on other sites the soil preparation methods employed are as non-invasive as possible	3)
Buffer zones of water bodies	Buffer zone width ranges from 10 to 20 metres, depending on the type of water body, ground inclination and soil type	Buffer zone width ranges from 10 to 20 metres, depending on the type of water body, ground inclination and soil type	Buffer zone width ranges from 10 to 20 metres, depending on the type of water body, ground inclination and soil type	3)
Origin of seeds and saplings	Native	Native	Native	3)
<b>QUALITY OF ENVIRONMENTAL MANAGEMENT AT FORESTRY WORK SITES</b>				
Quality of environmental management at forestry work sites:				
Characteristics of sites of high natural value preserved at work sites, %	99,7	99	98,6	4)
Number of valuable retention trees left standing in the regeneration site, trees/ha	13,5	12	11,7	4)
Protection of waters in felling sites, rating (scale 1-4)	3,9	3,9	3,7	4)
Protection of waters in restoration drainage sites, rating (scale 1-4)	3,6	3,8	3,66	4)

	2018	2017	2016	
Controlled burnings	21	19	18	4)
(Forest fires lit, ha)	82	163	33	4)
Improving the biodiversity of mire habitats, ha in total	402	745	418	4)
Restoration of game habitats (REAH), ha	147	356	384	4)
Other restoration measures, ha	225	389	34	4)
<b>DITCH DRAINAGE</b>				
First-time ditching of mires discontinued, year	1994	1994	1994	3)
Restoration drainage of drained mires:				
Mire types classified as endangered	Excluded from restoration drainage and other measures	Excluded from restoration drainage and other measures	Excluded from restoration drainage and other measures	3)
Mire types excessively nutrient-poor for timber production	Excluded from restoration drainage	Excluded from restoration drainage	Excluded from restoration drainage	3)
Mire types with high timber production	Restoration drainage performed at 20-30 year intervals	Restoration drainage performed at 20-30 year intervals	Restoration drainage performed at 20-30 year intervals	3)
Protection of waters	Water protection plans are drawn up for all restoration drainage sites.	Water protection plans are drawn up for all restoration drainage sites.	Water protection plans are drawn up for all restoration drainage sites.	3)



## KEY FIGURES / SUSTAINABLE USE OF FORESTS

	2018	2017	2016	
<b>FERTILISATION</b>				
Forest vitality fertilisation to improve soil nutrient levels	On peatlands, usually wood-based ash	On peatlands, usually artificial fertiliser and wood-based ash	On peatlands, usually artificial fertiliser and wood-based ash	3)
Growth-enhancing fertilisation to enhance tree growth	On sites where fertilisation yields clear economic benefits, the fertiliser is chosen to suit the site	On sites where fertilisation yields clear economic benefits, the fertiliser is chosen to suit the site	On sites where fertilisation yields clear economic benefits, the fertiliser is chosen to suit the site	3)
Protection of waters	Buffer zone left	Buffer zone left	Buffer zone left	3)
<b>ROAD NETWORK AND TRANSPORT</b>				
Forest roads on state-owned land, km	36 000	36 000	36 000	1)
Repaired (renovated) roads, km	460	440	625	1)
Newly constructed roads, km	110	170	190	1)
Timber transport volumes:				
Road transport, % (million m <sup>3</sup> )	72 (4,52)	73 (4,19)	73,7 (4,53)	5)
Rail transport, % (million m <sup>3</sup> )	27 (1,73)	26 (1,48)	25,0 (1,54)	5)
Log floating and ship transport, % (million m <sup>3</sup> )	1 (0,07)	1 (0,07)	1,3 (0,08)	5)
Total, million m <sup>3</sup>	6,30	5 747 000	6 150 000	5)
Recreational use of forest roads, %	85	85	85	6)

	2018	2017	2016	
<b>FORESTRY IN THE SÁMI HOMELAND</b>				
	The principles for forestry and reindeer husbandry are agreed in negotiations between Metsähallitus, the Sámi Parliament and the Skolt Village Council.	The principles for forestry and reindeer husbandry are agreed in negotiations between Metsähallitus, the Sámi Parliament and the Skolt Village Council.	The principles for forestry and reindeer husbandry are agreed in negotiations between Metsähallitus, the Sámi Parliament and the Skolt Village Council.	3)
Of the Sámi Homeland:				
In forestry use, %	8	8	8	1)
In restricted forestry use, %	2	2	8	1)
Excluded from forestry use, %	90	90	84	1)

\* Productive forestry land is classified on the basis of Nordic growth categories of forestry land: on forest land, the average annualA growth of the tree stock is at least 1 m<sup>3</sup>/ha; on low-productivity land, 0.1-1 m<sup>3</sup>/ha and on non-productive land, less than 0.1 m<sup>3</sup>/ha.

Source:

- 1) Silvia geographic information system
- 2) Uljas geographic information system
- 3) Environmental Guidelines for Practical Forest Management
- 4) Environmental monitoring in forestry
- 5) Forestry reporting system
- 6) Report on the use of the forest road network (2014 Kainuu, 2015 Southern Finland, Ostrobothnia 2017)



## KEY FIGURES / CULTURAL HERITAGE, NATURE CONSERVATION, LAND AND WATER AREAS

	2018	2017	2016
<b>REAL PROPERTY WITH CULTURAL HISTORY VALUE</b>			
Sites protected by law			
Buildings and structures	472	442	395
Antiquities	6 120	6 120	6108
Other sites with cultural history value	12 722*	13 040*	13 006*

\* One site may contain several structures

Source: PAVE geographic information system

	2018	2017	2016
<b>PROTECTION OF SPECIES AND HABITATS</b>			
Habitat restoration and ecological management areas, ha	6 219	5 746	5 738
Monitoring of the status of species protected under EU directives and the most vulnerable species, number of species occurrence checks	14 349	6 409	8 536
<b>STATUS OF THE NETWORK OF NATURA 2000 SITES AND NATURE RESERVES</b>			
Number of NATA-assessed Natura sites	272	535	269
<b>VIABILITY OF GAME AND FISH POPULATIONS, RESPONSIBLE HUNTING AND FISHING</b>			
Wilderness supervision events	8 650	10 791	11 278
Percentage of offences discovered in wilderness supervision events	9,8	9,8	10,1

Source: Annual report and financial statements for Metsähallitus' public administration services

	2018	2017	2016
<b>LAND AND WATER AREAS</b>			
Land and water areas managed by Metsähallitus, ha	12 558 000	12 548 000	12 541 000
Land areas managed by Metsähallitus, ha	9 139 000	9 131 000	9 124 000
Forest land in commercial multiple-use forests*, ha (%)	3 481 000 (38)	3 479 000 (38)	3 482 000 (38)
Low-productivity land in commercial multiple-use forests, ha (%)	713 000 (8)	713 000 (8)	714 000 (8)
Non-productive land in commercial multiple-use forests, ha (%)	689 000 (8)	690 000 (8)	690 000 (7)
Statutory nature reserves, ha (%)	1 760 000 (19)	1 756 000 (19)	1 519 000 (17)
Wilderness areas, ha (%)	1 377 000 (15)	1 377 000 (15)	1 377 000 (15)
Areas reserved for conservation programmes, ha (%)	393 000 (4)	390 000 (4)	613 000 (7)
Other areas of special value, ha (%)	726 000 (8)	726 000 (8)	729 000 (8)
Water areas managed by Metsähallitus, ha	3 419 000	3 417 000	3 417 000
Statutory nature reserves, ha (%)	238 000 (7)	238 000 (7)	235 000 (7)
Public water areas, ha (%)	2 663 000 (78)	2 663 000 (78)	2 663 000 (78)
of which in sea areas, ha	2 555 000	2 555 000	2 555 000
of which in inland water areas, ha	108 000	108 000	108 000
Other water areas, ha (%)	518 000 (15)	516 000 (15)	519 000 (15)

\* Productive forestry land is classified on the basis of Nordic growth categories of forestry land: on forest land, the average annual growth of the tree stock is at least 1 m<sup>3</sup>/ha; on low-productivity land, 0.1-1 m<sup>3</sup>/ha and on non-productive land, less than 0.1 m<sup>3</sup>/ha.

Source: Silvia geographic information system



## KEY FIGURES / PERSONNEL

	2018	2017	2016
<b>NUMBER OF EMPLOYEES</b>			
Number of employees	1 159	1 224	1 481
of whom fixed-term	135	127	207
Employees by business unit and subsidiary			
Metsähallitus Forestry Ltd	499	558	735*
Public administration services**	500	501	580
Service Centre	-	46	50
Group business units	104	58	55
Metsähallitus Property Development	42	45	47
Siemen Forelia Oy	13	14	12
MH-Kivi Oy	1	2	2
Number of employees at the head office	147	156	160
Number of employees outside the head office	1 012	1 068	1254
Offices with the highest number of employees	Rovaniemi (129)	Rovaniemi (121)	Rovaniemi (125)
	Oulu (66)	Oulu (71)	Oulu (65)
	Jyväskylä (43)	Jyväskylä (36)	Jyväskylä (38)
	Ivalo (37)	Ivalo (28)	Ivalo (30)
	Kuopio (27)	Kuopio (28)	Lieksa (29)
<b>PERSON-YEARS</b>			
Person-years by business unit and subsidiary	1 191	1 285	1 431
Metsähallitus Forestry Ltd	525	593,6	646*
Public administration services**	522	529,8	548
Service Centre	-	46,7	51
Group business units	90	55,9	55
Metsähallitus Property Development***	40	45,2	47
Siemen Forelia Oy	13	11,9	12
MH-Kivi Oy	1	1,9	2

	2018	2017	2016
<b>AGE OF EMPLOYEES</b>			
Average age of employees (all permanent)	50	52	53
Average age of employees (office staff)	48	49	48
Permanent	50	50	50
Fixed-term	38	39	39
Average age of employees (loggers)	57	57	56
<b>GENDER DISTRIBUTION</b>			
Men, %			
Permanent	62	65	67
Fixed-term	6	5	6
Permanent and fixed-term, total	68	70	73
Women, %			
Permanent	26	25	22
Fixed-term	6	5	5
Permanent and fixed-term, total	32	30	27
Men (office employees), %			
Permanent	54	56	56
Fixed-term	7	6	7
Permanent and fixed-term, total	61	62	63
Women (office employees), %			
Permanent	32	31	30
Fixed-term	7	7	7
Permanent and fixed-term, total	39	38	37
<b>STAFF TRAINING</b>			
Training, working days	1 271	2 836	3385
Training, days/person-year	1	2	3



## KEY FIGURES / PERSONNEL

	2018	2017	2016
<b>SALARIES PAID</b>			
Salaries paid by region, EUR million	52 019 224	51 481 434	54 568 829
Lapland	13 943 338	14 270 863	15 493 969
Uusimaa	10 316 106	9 897 354	9 426 494
North Ostrobothnia	7 488 312	7 205 821	7 522 684
Kainuu	4 615 941	4 869 169	5 437 392
North Karelia	2 872 167	2 880 976	3 243 249
Central Finland	2 894 566	2 803 463	2 885 278
South Savo	2 061 309	2 022 779	2 189 261
North Savo	1 928 728	1 788 581	2 057 784
Pirkanmaa	1 560 827	1 579 591	1 703 552
Kanta-Häme	1 297 207	1 319 252	1 435 297
Southwestern Finland	1 207 857	1 263 552	1 329 414
Ostrobothnia	508 349	543 665	588 054
Kymenlaakso	351 372	291 097	338 794
Satakunta	332 005	237 225	345 834
Päijät-Häme	240 722	198 136	164 698
Central Ostrobothnia	161 767	153 308	239 237
Southern Ostrobothnia	143 325	107 403	162 150
South Karelia	95 328	49 201	5 688
Åland		0	0
Salaries paid by Regional State Administrative Agency region, %			
AVI Southern Finland	24	23	21
AVI Eastern Finland	13	13	14
AVI Lapland	27	28	28
AVI Southwestern Finland	3	3	3
AVI Western and Inland Finland	10	10	10
AVI Northern Finland	23	23	24
State Department of Åland		0	0

	2018	2017	2016
<b>ABSENTEEISM AND OCCUPATIONAL ACCIDENTS</b>			
Sick leave, person-years	37	40	41
Sick leave, % of person-years	3	3	3
Occupational accidents	47	41	48
Working days lost due to occupational accidents	586	209	687
<b>EMPLOYEE TURNOVER</b>			
Turnover of permanent employees			
Employment relationships begun	30	31	22
Employment relationships ended	98	95	116
Total turnover, %	-6,5	-5,8	-7,8
Old-age pension, average retirement age	64	64,2	64
Disability pension, average retirement age	59,8	59,8	60,7

\* 1 January to 14 April 2016, Forestry Business Unit, from 15 April 2016, Metsähallitus Forestry Ltd

\*\* Public administration services are divided into National Parks Finland and Wildlife Service Finland

\*\*\* Laatumaa was renamed Metsähallitus Property Development on 9 February 2017

Source: Personnel unit



## KEY FIGURES / WELLBEING AND HEALTH

	2018	2017	2016	
<b>RECREATION IN NATURE</b>				
Customer satisfaction among users of visitor centres and field services, on a scale of 1–5	4,4	4,3	4,3	1)
Total number of visitors (national parks, state-owned hiking areas, historical sites, visitor centres and other popular destinations)	6 063 093	5 948 500	5 746 600	2)
Visits to national parks	3 167 800	3 104 700	2 811 200	2)
Visits to state-owned hiking areas	263 900	237 900	319 600	2)
Visits to historical sites	779 800	730 800	837 400	2)
Visits to visitor centres	1 182 393	1 198 900	1 130 900	2)
Visits to other popular destinations	669 200	676 200	647 500	2)
Users of online services (Nationalparks.fi, Eräluvut.fi and Largecarnivores.fi)	3 248 908	3 007 483	2 704 225	1)
Snowmobile track permits (incl. mobile permits and manually recorded permits)	5 047	3 869	5 047	1)
Cross-country traffic permits outside tracks	4 927	2 933	4 927	1)
<b>WILDERNESS SERVICES</b>				
Customer satisfaction among fishing permit holders, on a scale of 1–5	3,7	3,7	3,8	3)
Customer satisfaction among hunting permit holders, on a scale of 1–5	3,8	3,7	3,7	4)
Hunting permits sold	65 149	53 962	56 659	4)
Fishing permits sold	87 883	82 740	81 859	4)
Fisheries management fees, number of annual fishing permit holders	174 372	192 360	205 170	4)
Number of wilderness recreation days of hunting and fishing customers	465 657	405 000	370 000	4)

	2018	2017	2016	
<b>REHABILITATING WORK</b>				
Prisoners from open penal institutions used as workforce, person-years	55	51	60	1)

Source

1) Parks &amp; Wildlife Finland

2) Asta customer information system

3) Tuikki fishing log

4) Monitoring and planning system for game management



## KEY FIGURES / ECONOMY

	2018	2017	2016	
<b>KEY FIGURES FOR BUSINESS OPERATIONS</b>				
Turnover, EUR million	355	319	333	1)
Operating profit, EUR million	139,8	117,2	103,3	1)
Impact of general social obligations on operating profit, EUR million	-63,2	-55,8	-56,1	1)
Share of turnover, %	39	37	31	1)
Result, EUR million	125,0	107,1	93,7	1)
Dividend and return on investment (contribution to State revenue), EUR million	105,6	93	96	1)
Return on investment, %	5,1	4,2	3,8	1)
Share of investments in turnover, %	6	5	4	1)
Equity ratio, %	98	97	97	1)
<b>FINANCING FOR THE MANAGEMENT OF PUBLIC ADMINISTRATION SERVICES</b>				
Budget funds received from the State for the management of public administration services:				
Ministry of the Environment, EUR million	35,2	34,1	39,7	2)
Ministry of Agriculture and Forestry, EUR million	7,2	7,0	6,4	2)
Ministry of Economic Affairs and Employment, EUR million	0,3	0,5	0,7	2)
Ministry of Justice, EUR million	0,9	0,8	0,7	2)
Internal financing, EUR million	11,7	11,3	10,2	2)
EU financing, EUR million	4,3	4,2	2,3	2)
Other financing, EUR million	3,5	3,6	2,7	2)
Total financing, EUR million	63,1	61,4	62,7	2)

	2018	2017	2016	
<b>FINANCIAL IMPACTS</b>				
<b>Investment in infrastructure and non-profit services</b>				
Maintenance of the forest road network				
Forest roads managed, km	36 000	36 000	38 000	3)
Free services for nature lovers				
Marked hiking trails and nature trails managed, km	4 462	6158	6308	4)
Rest area structures managed	2 036	2853	2907	4)
<b>Significant indirect economic impacts and their extent</b>				
Services outsourced by Metsätalous Forestry Ltd, %				
Lapland	32,6	30,8	32,8*	3)
Ostrobothnia-Kainuu	34,0	36,2	35,1*	3)
Southern Finland	33,1	33	31,3*	3)
Other units	0,3		0,9*	3)
Number of companies	400	400	420*	3)
Number of employees in companies	2000	2000	2000*	3)
<b>Impacts on the regional economy</b>				
Total revenue impact of national park visitors on the regional economy, EUR million	211,5	206,5	178,9	4)
National parks with the greatest economic impacts, EUR million		138,4		4)
Pallas-Yllästunturi National Park	61,1	61,5	60	4)
Urho Kekkonen National Park	37,2	36,6	21,7	4)
Koli National Park	20,2	21,5	19,1	4)
Oulanka National Park	18,8	18,8	18,9	4)



## KEY FIGURES / ECONOMY

	2018	2017	2016	
Employment impact of national park visitors on the regional economy, person-years	2 105	2055	1774	4)
Total revenue impact of hiking area visitors on the regional economy, EUR million	12,5	10,9	13,3	4)
Employment impact of hiking area visitors on the regional economy, person-years	132	116	142	4)
Total revenue impact of fishermen and hunters in state-owned areas on the regional economy, EUR million	44,1	42,7	40,6	4)
Employment impact of fishermen and hunters in state-owned areas on the regional economy, EUR million	240	261	249	4)

\* 1 January to 14 April 2016, Forestry Business Unit, from 15 April 2016, Metsähallitus Forestry Ltd

Source:

- 1) Metsähallitus financial statements
- 2) Annual report and financial statements for Metsähallitus' public administration services
- 3) Reporting system of Metsähallitus Forestry Ltd
- 4) Parks & Wildlife Finland



# ADMINISTRATION AND MANAGEMENT

# ADMINISTRATION AND MANAGEMENT

Under the Act on Metsähallitus (234/2016), Metsähallitus is an unincorporated state enterprise steered by the Ministry of Agriculture and Forestry and operating in the administrative branch of the same ministry. Metsähallitus' operations are based on several different laws.

The key operational objectives of Metsähallitus are approved by Parliament as part of the state budget each year. The performance guidance of Metsähallitus' business operations is the responsibility of the Ministry of Agriculture and Forestry, and the performance guidance of its public administration duties is the responsibility of the Ministry of the Environment and the Ministry of Agriculture and Forestry in their respective administrative branches. The public administration duties are managed separately from the business operations and they are funded from appropriations in the state budget.

Metsähallitus' Corporate Governance description was completed in spring 2018. The purpose of the code is to promote openness, transparency and good governance in a way that supports the competitiveness and success of Metsähallitus and enhance cooperation with different stakeholders. As part of its responsibility programme, Metsähallitus has been preparing a Code of Conduct during 2018. This will be completed in early 2019.

Metsähallitus is responsible for the ownership steering of its subsidiaries and associated undertakings in the manner laid down in the State Shareholdings and Ownership Steering Act (1368/2007). The Board of Directors of Metsähallitus approves the principles of good governance observed in the subsidiaries. The policies approved for Metsähallitus also apply to the entire Metsähallitus, including the subsidiaries.

# MANAGEMENT PRINCIPLES

Metsähallitus is managed and developed as a single organisation in accordance with its general task and taking into consideration the legislation on Metsähallitus and the special role of the public administration services.

The Board of Directors serves as the supreme body of Metsähallitus and it is responsible for the administration and strategic management of Metsähallitus and the proper organisation of its operations.

The Managing Director, who is appointed by the Government and who carries the title Director General, is responsible for the management and development of Metsähallitus' activities and for implementing the decisions of the Board of Directors. The Managing Director is also responsible for the operational management of Metsähallitus and for ensuring that the accounts are in accordance with the law and that the financial management is reliably organised.

The public administration services unit of Metsähallitus is the responsibility of the Executive Director, Parks & Wildlife Finland. The public administration

duties concerning fishing, hunting and wilderness supervision coming under Parks & Wildlife Finland are the responsibility of the Director, Game and Fisheries Services.

Most of the matters submitted to the Board of Directors for consideration are prepared in the Management Group, which assists the Director General and considers the matters assigned to it by the Director General. The Director General chairs the Management Group and decides on its composition.

Activities and cooperation taking place in the regions are reinforced by regional management groups operating in Lapland, Ostrobothnia–Kainuu and Southern Finland. The task of the regional management groups is to ensure the overall interests and synergy of Metsähallitus and to manage contacts between units. The management groups also formulate the views of Metsähallitus and ensure that the regional perspective is considered in the opinions issued by Metsähallitus. Regional management groups report to the Metsähallitus Management Group and the management groups of individual units.

## INTERNAL AUDIT

The focus in Metsähallitus' internal audit operations shifted to outsourced services at the start of 2018. The planning, outsourcing and monitoring of the audit operations are the responsibility of the Head of Risk Management who is supported by the Audit Committee of the Metsähallitus Board of Directors.

## REMUNERATION

In its remuneration policy, Metsähallitus is guided by the Government Resolution on State Ownership and the ownership policy guidelines for Metsähallitus for the years 2016–2020. Under the policy guidelines, remuneration must be fair and provide motivation for the personnel.

The remuneration is based on the objectives laid out in Metsähallitus' strategy and it helps the Metsähallitus Group to work towards achieving these objectives. Metsähallitus and its subsidiaries apply similar remuneration practices as unlisted state-owned companies operating on a commercial basis.

The remunerations of the members of the Metsähallitus Board of Directors are set by the Ministry of Agriculture and Forestry. Members of the Metsähallitus management or Board of Directors do not have any benefits or supplementary pensions differing from ordinary employment relationship benefits.

Metsähallitus has a performance bonus scheme that covers all personnel (including the management). The bonus scheme is in accordance with the general policies laid out in state ownership steering. The Board of Directors decides on the bonus scheme, its objectives and the bonuses paid each year.

### THE REMUNERATIONS PAID TO THE MEMBERS OF THE METSÄHALLITUS BOARD OF DIRECTORS AND THE CHAIR OF THE AUDIT COMMITTEE

The remunerations paid to the Chair, Vice Chair and other members of the Metsähallitus Board of Directors as of 1 June 2016. The monthly remunerations and the attendance fees are taxable income.

Chair	EUR 2,000/month + attendance fee of EUR 600/meeting
Vice Chair	EUR 1,300/month + attendance fee of EUR 300/meeting
Chair of the Audit Committee	EUR 1,300/month + attendance fee of EUR 600/meeting
Other Board members	EUR 1,150/month + attendance fee of EUR 300/meeting

The remunerations and other fees paid to the Managing Director and Board members totalled EUR 431 271 in the financial year (2017: EUR 378,560).

## RISK MANAGEMENT

Responsibility risks are managed as part of Metsähallitus' risk management process. A decision was made to pay more attention to identifying and analysing risks associated with operational responsibility and to specifying and implementing management measures for these risks. Responsibility risks are taken into account in all risk management work, and they are reported on to Metsähallitus' Audit Committee and Board of Directors as part of the risk reporting process.

### RISK MANAGEMENT IN 2018

Customer safety and the condition of structures at hiking destinations were topics that arose in risk management during 2018. Lapinsalmi bridge collapsed at Repovesi National Park. The cause proved to be failure of the anchor rod on a cable. Following the accident, Metsähallitus inspected the condition of all its suspension bridges.

The inspections carried out during the summer and autumn revealed that all 31 of Metsähallitus' suspension bridges are still usable: 20 are in good condition

and 10 bridges are in average condition. However, one bridge – Kolsankoski suspension bridge in Savukoski – was found to be in poor condition. The bridge has been transferred to the final stage of use and, based on guidelines set by an external expert, is now subject to stricter limits on use and increased monitoring frequency.

Metsähallitus systematically monitors, promotes and reports on customer safety. Metsähallitus is evaluating the funding required for maintenance of hiking infrastructure. Many hiking structures were built with project funding, but in the future funding must be ensured for the entire life cycle of the structures.

A change in societal values related to the use and utilisation of forests influences Metsähallitus' activities. The Avohakkuut historiaan (Make clear-cutting part of history) campaign that began in spring 2018 calls for a change in the Forest Act that would ban clear-cutting in state-owned forests. A citizens' initiative on the matter is likely to come before Finland's next Parliament. Metsähallitus participated in the dialogue about clear cutting by organising a stakeholder discussion at the SuomiAreena event in Pori.

A dry summer, heat and natural phenomena affected the realisation of Metsähallitus' goals in 2018. The heat was a burden on employees working outdoors. Although no large forest fires occurred on state-owned land, there were many small fires. This required work input from the personnel. Metsähallitus employees provided officials with assistance in the form of expertise. The staff was also kept busy with the organisation of post-fire monitoring, a task which is now handled by the land owner. Controlling forest fires will be a risk management development target in the future.

Crown snow load caused significant damage during the winter and one wind measurement mast broke in half.

The EU's data protection directive took effect in May 2018. Preparation work to meet the new requirements for personal data processing took place throughout the organisation.



## BOARD OF DIRECTORS

The Government appoints a Board of Directors for the unincorporated state enterprise for a maximum term of three years. One Board member must be from the Ministry of Agriculture and Forestry, one from the Ministry of the Environment and one from Lapland. One Board member must represent the personnel of the unincorporated state enterprise and be employed by it.

Valtioneuvosto on nimittänyt Metsähallituksen hallituksen ajalle 1.6.2016–31.3.2019.

### **Timo Laitinen**

Chair  
Director General, State Treasury  
Chairman of the Board, Hansel Oy  
Chairman of the Board, Finnish Center for Integrity in Sports FINCIS  
Board member since 2016

### **Kai Kaatra**

Vice Chair  
Director of Water Resources Management, Ministry of Agriculture and Forestry  
Board member since 2014

### **Johanna Ikäheimo**

Member  
Chairman Lappset Group Ltd  
Member of the Board, Finnish Family Firms Association  
Member of the Board, Varma Mutual Pension Insurance Company,  
Chairman of FEPI – Federation of the European Play Industry  
Chairman of the Advisory Council of Lapland University Consortium  
Board member since 2016

### **Pertti Itkonen**

Metsähallitus personnel representative  
Development Manager, Metsähallitus  
Academic Foresters of Metsähallitus  
Board member since 2015

### **Simo Rundgren**

Representative of the regions  
Vicar  
Board member since 2016

### **Tuija Soanjärvi**

Member  
M.Sc. (Econ.)  
Board member and Chair of the Audit Committee, Basware Oyj  
Board member and Chair of the Audit Committee, Nixu Oyj  
Board member and Chair of the Audit Committee, Edgeware Ab  
Board member, VR Group Ltd  
Board Chair, The Finnish Orienteering Federation  
Board member since 2011

### **Helena Säteri**

Member  
Director General, Ministry of the Environment  
Board member since 2015

### **Liisa Tyrväinen**

Member  
Research Professor, Natural Resources Institute Finland (Luke)  
Board member since 2016



**Timo Laitinen**



**Kai Kaatra**



**Johanna Ikäheimo**



**Pertti Itkonen**



**Simo Rundgren**



**Tuija Soanjärvi**



**Helena Säteri**



**Liisa Tyrväinen**

# MANAGEMENT GROUP

The Management Group assists the Director General in managing the state-owned enterprise. The Management Group comprises the following members assigned by the Director General: directors of the business units, director of Parks & Wildlife Finland and the directors of the Group business units.



Director General  
**Pentti Hyttinen**



Director of Human Resources  
**Terhi Vires**



Director of Information Management  
**Anna-Leena Ruuth**



Director  
**Tuomas Hallenberg,**  
Metsähallitus Property Development



Director of Development  
**Tapio Pouta**



Managing Director  
**Jussi Kumpula,**  
Metsähallitus Forestry Ltd



Director,  
Parks & Wildlife Finland  
**Timo Tanninen**



Director,  
Wildlife Service Finland  
**Jukka Bisi**



Director of Finance  
**Heli Lehtonen**



General Counsel  
**Susanna Oikarinen**



Director of Communications  
**Terhi Koipijärvi**

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