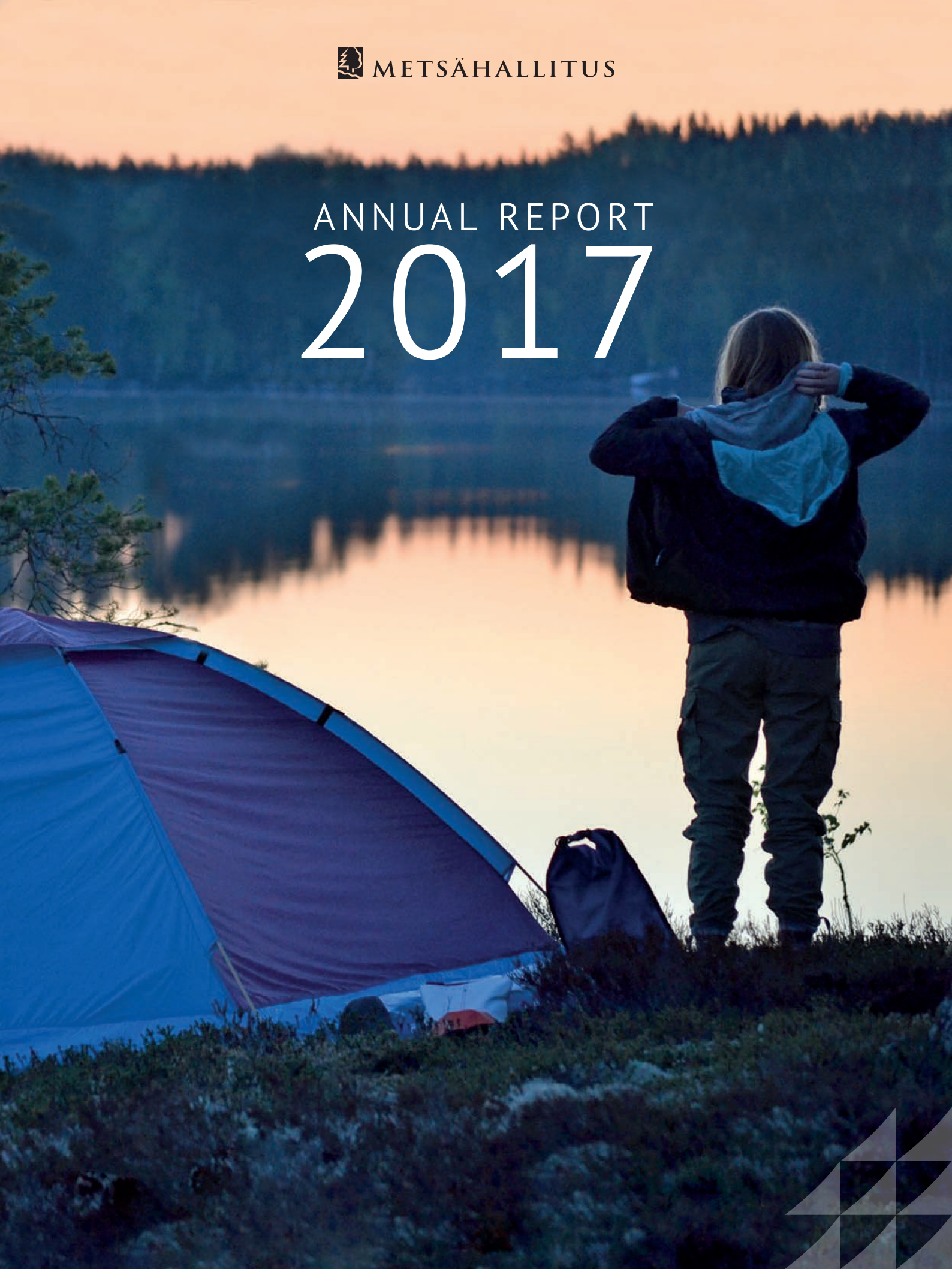


ANNUAL REPORT
2017



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The centenary of Finland's independence was also a successful year for Metsähallitus

The first year of Metsähallitus under the new act on Metsähallitus was a successful one. The performance target was exceeded and the other goals set for Metsähallitus were also achieved. The year 2017 also marked the centenary of Finland's independence and a large number of events was held to celebrate the anniversary.

Key figures 2017

Turnover, EUR million	328
Result, EUR million	105.9
Income paid to the state, EUR million	92.7
Personnel	
Number of employees, persons	1,224
of whom fixed-term, persons	127
Perception of employees of their own work (motivation level) scale 1–5	3.84

Success in all units

The operating result of Metsähallitus Forestry Ltd, which is responsible for the main business of Metsähallitus, was exceptionally good. The company's turnover was EUR 296.7 million and the operating profit was EUR 26.5 million. Biodiversity was promoted in state-owned multiple-use forests by investing EUR 37 million in accordance with general social obligations.

The result for Metsähallitus Property Development in 2017 was EUR 16.5 million. The impact of the growth in tourism was reflected in higher demand for plots. As anticipated, 2017 was a year of building in wind power, with two new wind farms opening on state-owned land.

The effectiveness of Metsähallitus' public administration unit, Parks & Wildlife Finland, showed improvement on multiple indicators. Visitors to national parks brought EUR 258 million to areas adjacent to protected, hiking and cultural heritage areas included in the calculations. This is 11 % more than in 2016. Fishing and hunting visitors also had a significant impact on the regional economy. The total income and employment impact of wilderness visitors totalled nearly EUR 43 million and 261 person-years.

Responsibility at the core of all operations

Responsibility is an important component in the development of the new uniformly structured Metsähallitus. It is also a factor binding everyone at Metsähallitus together. Metsähallitus launched an extensive responsibility programme at the end of 2017 and joined the FIBS corporate responsibility and biodiversity networks. The responsibility programme will make the responsibility work more systematic and it will also support Metsähallitus in its strategy and clarify operating practices by, for example, introducing joint ethical principles.

2017



In Kainuu, more than 4,200 people attended the opening ceremony of Hossa, Finland 40th national park.



The centenary of Finnish independence was celebrated on the four Nature Days and on the Bio Era truck touring Finland.



The Kivivaara-Peuravaara wind farm, located in Hyrynsalmi and Suomussalmi, was inaugurated.



The natural resource plan for Southern Finland, prepared on a participatory basis, was presented.



The first wild forest reindeers were brought to reintroduction sites as part of the WildForest-ReindeerLIFE project in which the aim is to reintroduce the species to southern parts of the Suomenselkä region.



As part of the regeneration felling project 'homes for hole-nesters', between one and three artificial snags were created on each hectare of reforested land.

FIBS

Metsähallitus launched an extensive responsibility programme and joined the FIBS corporate responsibility network.

Photos: Eeva Mäkinen

Main page photo: Janita Juvakka



Achieving good results together on a united basis

The year 2017 was the first full year of operations under the new act on Metsähallitus. The year was a successful one: the performance target was exceeded and Metsähallitus also achieved the other targets set for it. Metsähallitus can only be successful in its operations if the expectations and needs of its stakeholders can be reconciled.

The development of Metsähallitus, which began in spring 2016 after the new act had entered into force, has progressed as planned. The core activities of Metsähallitus are divided into four units of which Metsähallitus Forestry Ltd and Metsähallitus Property Development are commercial operators. Parks & Wildlife Finland serves as the public administration unit of Metsähallitus and it is responsible for the management of nature reserves, provision of hiking services and game and fisheries supervision.

Good operating result and a strong regional role

The year 2017 was a successful one for Metsähallitus. Metsähallitus Group's turnover was EUR 328 million and the operating result was EUR 105.9 million. We will pay the Finnish State EUR 92.7 million in the public interest from our 2017 profits. Metsähallitus Forestry Ltd will also pay EUR 5.4 million in taxes on its profits.

Of the business units, Metsähallitus Forestry Ltd had a turnover of EUR 296.7 million and reported an operating profit of EUR 26.5 million. Metsähallitus invested a total of EUR 37 million in biodiversity in state-owned multiple-use forests.

The result for Metsähallitus Property Development in 2017 was EUR 16.5 million. Growth in tourism boosted plot sales during the year. As the party responsible for the development of the wind power projects in state-owned land, Metsähallitus Property Development also contributes to the achievement of renewable energy targets.

With its business units and by providing public administration services through Parks & Wildlife Finland, Metsähallitus generates significant economic impacts at regional level. The timber felled in Metsähallitus-managed forests accounted for about EUR 1.8 billion of the gross value of the production of the Finnish forest industry and it generated about one billion euros in export revenue. A total of 3.1 million visits were made to Finnish national parks in 2017. Visitors to national parks and state-owned hiking and cultural heritage areas brought EUR 258 million to areas adjacent to them. The total income impact of wilderness visitors totalled nearly EUR 43 million.

Metsähallitus played a prominent role in the arrangements of the events to celebrate the centenary of Finnish independence. The Nature Days, inauguration of the Hossa National Park and Bio Era Tour for young people were the highlights of the year. We also took part in the organisation of the campaign 'My nature gift to the centenarian', which had been launched at the initiative of Kimmo Tiilikainen, the Minister for Housing, Energy and the Environment. As a result of the campaign, private landowners established private nature reserves totalling 3,064 hectares, and Metsähallitus pledged to protect an equal amount of state-owned land.

Internal development continued

Under the new act on Metsähallitus, its new strategy and the new rules of procedure, Metsähallitus is now more clearly a single organisation. We revised the policies guiding our operations and updated our values in cooperation with the personnel. Regional management groups provide a regional perspective to decision-making.

We made structural arrangements in accordance with the ownership policy by divesting unprofitable business operations. For example, the forest tree seedling company Fin Forelia was sold to the company's operative management. Administrative tasks were reduced by ten as part of the reorganisation of Group operations.

At the conclusion of the co-determination negotiations on the employment of loggers during the winter months, Metsähallitus Forestry Ltd announced that it would lay off most of its loggers for the period. New solutions for wintertime employment of loggers will be sought in a working group which will meet for the first time in spring 2018.

Despite the changes, the motivation of the personnel remained high. According to the results of a personnel survey, employees consider work at Metsähallitus important and the staff members are highly committed. Areas where improvements are desired include the opportunities for professional development and the giving of feedback.

Responsibility and reconciliation

Responsibility as well as equal consideration of the interests of our stakeholders are at the core of our activities. A wide range of different expectations are placed on the land and water areas managed by Metsähallitus and the purpose of the regional natural resource plans is to reconcile these expectations in cooperation with our stakeholders. The natural resource plan for Southern Finland for 2017–2022 was approved in 2017 and the work on the natural resource plan for Ostrobothnia was launched. The plan will be presented in spring 2018.

The work on a responsibility programme for Metsähallitus began at the end of 2017. The purpose of the programme is to determine the responsibility areas that are essential for our activities, how they can be more measurable and how they can make a stronger impact. We are determined to base our responsibility work on best practices and we are committed to the achievement of the sustainable development goals of the United Nations (2030 Agenda).

Multi-objective forest management

Metsähallitus manages state-owned forests with a long-term perspective so that the forests will remain viable, the tree stock will grow, and the forests are used in a sustainable manner on the basis of the multiple-use principle.

As a reliable wood supplier, we are an important link in the forest sector value chain. The renewable natural resources extracted from the forests can be used as replacements for fossil raw materials, and wood is used as a raw material for increasingly innovative bioeconomy products. Well-managed multiple-use forests also act as important carbon sinks. Last year, Metsähallitus launched the Ilmastoviisas (climate wise) forest management project, in which we are for the first time examining the management of the state-owned multiple-use forests from the perspective of carbon capture and storage.

Forest management issues also caused concern, especially in Kainuu where there was debate on planned cuttings at a number of forest sites. Finding widely accepted solutions requires a dialogue with stakeholders and the acceptance of different types of forest relationships. There was also debate on the changes to the Fishing Act that affected residents in the northern parts of Finland. As the party enforcing the act, Metsähallitus had to respond to the criticism arising from the changes.

Promoting biodiversity

We continued to promote biodiversity in nature reserves and in the multiple-use forests. The extensive Hydrology LIFE project was launched last year. The purpose is to restore peatlands and streams so that they would be closer to their original state. Positive results have been achieved in the protection of species and a good example of these efforts is the Saimaa ringed seal.

Biodiversity in the multiple-use forests is promoted by means of retention trees, landscape ecological network and active environmental management measures. The updating of the landscape ecological network was started from Lapland and this year the work will also continue in Kainuu. Metsähallitus Forestry Ltd also started the updating of its environmental guide and the work will be completed in spring 2018.

The future looks good

High expectations will also be placed on Metsähallitus in the future: we must operate in a sustainable and responsible manner and, in accordance with the policy decisions of our owner, our operating profit must be at least EUR 120 million by the year 2020.

We possess extensive expertise as a broad-based bioeconomy operator and we are determined to be a partner when solutions are sought to global environmental problems. State-owned land and water areas generate a wide range of different benefits and there is increasing demand for them. I believe that we are well placed to meet the expectations of Finnish society and our stakeholders. We can only succeed in our work if we listen to our stakeholders and engage in a continuous dialogue with them and keep own expertise up to date.

Pentti Hyttinen

Director General

Photo: Olli-Pekka Orpo



Showing responsibility for the environment and society

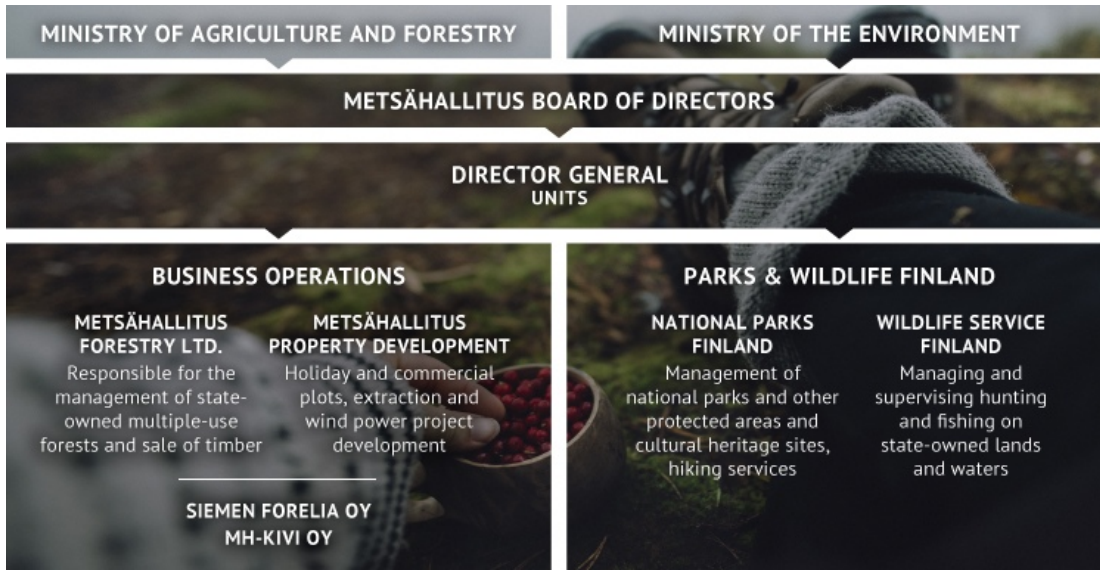
Metsähallitus is an state-run enterprise, which produces natural resources services for a diverse customer base, ranging from private individuals to major companies. Metsähallitus manages forests and waterways that comprise one third of Finland's surface area and its task is to use, manage and protect these areas in a sustainable manner.

” *In addition to setting itself specific targets, Metsähallitus also aims to maximise overall benefits - ensuring the interests of society.*

As part of its business operations, Metsähallitus is responsible for sustainable management and use of state-owned forests, forest tree seed production and the sales, rental and development activities concerning state-own land. Metsähallitus Property Development and Metsähallitus subsidiaries Metsähallitus Forestry Ltd, Siemen Forelia Oy and MH-Kivi Oy are the commercial operators in the Metsähallitus Group. Parks & Wildlife Finland serves as the public administration unit of Metsähallitus and it is responsible for the management of nature reserves, provision of hiking services and game and fisheries supervision.

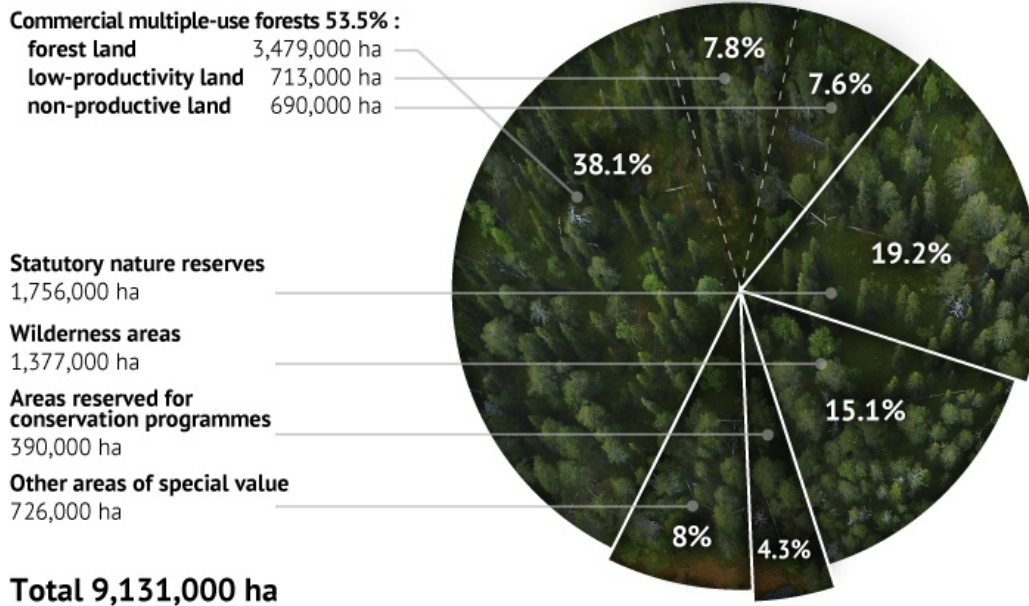
Metsähallitus employs more than 1,200 professionals in 42 locations in different parts of Finland.

Metsähallitus organisation



Land and water areas managed by Metsähallitus

Metsähallitus has a total of 12,548,000 hectares under its management (9,130,000 hectares of land and 3,417,000 hectares of water areas).



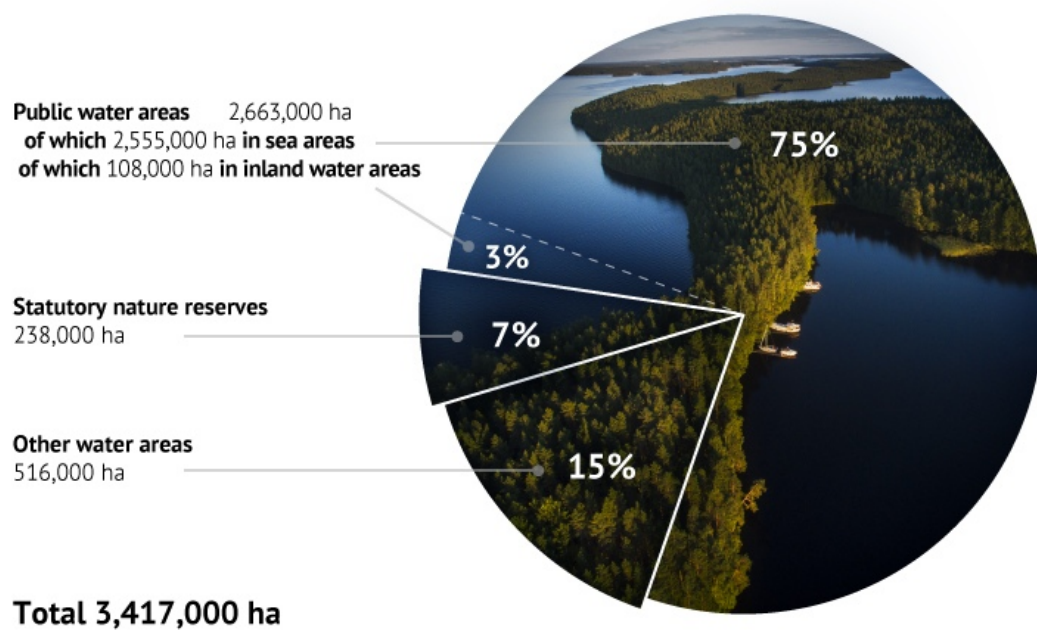


Photo: Jari Salonen



Multi-sectoral Metsähallitus

Metsähallitus is a unique combination of commercial operations and public administration. Successfully combining environmental, economic, social and cultural sustainability is at the core of Metsähallitus' operations, which comprise four mutually supportive 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 sustainable management of the state-owned commercial forests, which are PEFC certified and open to multiple-use.



Metsähallitus Forestry Ltd sells and supplies about six million cubic metres of wood to sawmills and to forest and energy industry companies for bioeconomy purposes each year. The operations have significant economic impacts at regional level. Metsähallitus Forestry Ltd promotes entrepreneurship by outsourcing most of the forest management and timber harvesting work to local contractors.

It reconciles the broad range of different needs of its stakeholders and acts in a socially responsible manner by giving priority to biodiversity, recreational use of forests, reindeer husbandry, the Sámi culture and the promotion of employment.

The multiple-use forests managed by Metsähallitus Forestry Ltd are well-suited for recreational use and for commercial purposes. The forests are an ideal place for hiking, hunting and picking berries and they are also used for nature tourism, reindeer husbandry and natural products industry. Forest management accounts for about 90 per cent of the annual turnover of Metsähallitus.

Year 2017

Turnover, EUR million	296.7
Financial result, EUR million	21.2
Compensations for the right to use state-owned forests, EUR million	80
General social obligations, inputs, EUR million	53.7
Harvested timber, million m ³	5.9
Forest area where timber is harvested, % of the total	2.1
Special fellings, % of regeneration felling	15.1
Number of employees	558

Metsähallitus Property Development – added value for land and water areas

Metsähallitus Property Development is responsible for the real property owned by Metsähallitus (purchases, sales, leases and land use planning). Its task is to increase the value of state-owned land and water areas in a sustainable manner and to provide a basis for a diverse bioeconomy and local entrepreneurship.

In land use planning, consideration is given to environmental aspects and local conditions. Metsähallitus Property Development sells and leases out Laatumaa plots to consumers and it also offers plots for tourist and other commercial operators. There are plenty of different property development sites, ranging from wilderness hotels to industrial plots.

By developing wind power projects, Metsähallitus Property Development is helping Finland to achieve its climate goals. Two new wind farms were opened in state-owned land in 2017. The energy generated by the wind power plants would be enough to heat about 40,000 electrically heated detached homes each year. Metsähallitus Property Development also 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 and the development of new business. It also plays an important national role as the party administering and developing the training areas used by the Finnish Defence Forces and the Finnish Border Guard.

Year 2017

Turnover, EUR million	15.6
Operating profit, EUR million	16.5
General social obligations, inputs, EUR million	2.1
Wind power plants in state-owned land	86
Plots	
sold	115
leased out	76
Number of employees	45

Parks & Wildlife Finland - Public administration services

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 National Parks Finland.

National Parks Finland provides free basic services for hikers in these areas. In addition to the areas themselves, services are also available at visitor centres and on such websites as Nationalparks.fi and Excursionmap.fi. Many nature tourism operators use Metsähallitus-owned areas and their hiking infrastructure in their business operations. Some of the visitor centres are in the process of being transferred to local entrepreneurs.

More than three million people visit Finland's national parks every year. The national parks have a major impact on the regional economy and employment: each euro invested by the government in these areas generates ten times more benefits for the regional economy.

National Parks Finland is actively seeking partners and funding for joint projects. It represents Finland's environmental administration in international organisations and in cooperation between countries, especially with areas neighbouring Finland. It also provides information about good practices in nature conservation and nature tourism from Finland and to Finland.

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 purpose of the Wildlife Service Finland is to be a trusted authority and partner and to create a basis for sustainable use of state-owned land and water areas. It acts in a sustainable and responsible manner by considering the sustainability of the game and fish stocks when issuing permits. It communicates about its work and the impacts of its decisions in an open manner.

The benefits generated by the use of the wilderness areas manifest themselves as job opportunities and better public health. Hunting and fishing in state-owned land is particularly important as a source of employment in northern and eastern parts of Finland.

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

Parks & Wildlife Finland - Public administration services (National Parks Finland and Wildlife Service Finland) 2017

Funding from the state budget, EUR million	43.7
EU project funding, EUR million	4.3
Total number of visitors (national parks, state-owned hiking areas, historical sites, visitor centres and other popular destinations)	5,948,500
Hunting	
permits sold	53,962
fishing permits sold	82,740
Number of wilderness supervision events	10,791
Number of employees	501

Photo: Petri Jauhiainen, Vastavalo.fi



Key figures

Economy

Key figures for business operations

Turnover, EUR million	319
Operating profit, EUR million	117.2
Impact of general social obligations on operating profit, EUR million	-55.8
Share of turnover, %	37
Result, EUR million	107.1
Dividend and return on investment (contribution to state revenue), EUR million	93
Return on investment, %	4.2
Investments of turnover, %	5
Equity ratio, %	97

Personnel

Number of employees

Number of employees	1,224
of whom fixed-term	127
Employees by unit and subsidiary	
Metsätalous Oy	558
Metsähallitus Forestry Ltd	501

Service Centre	46
Group business units	58
Metsähallitus Property Development	45
Siemen Forelia Oy	14
MH-Kivi Oy	2

Land and water areas

Land and water areas managed by Metsähallitus, ha	12,548,000
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Sustainable use of forests

PEFC-certified multiple-use forests

Total area of multiple-use forests, ha	4,905,000
of which forest land, ha	3,500,000
of which low-productivity land, ha	715,000
of which non-productive land, ha	691,000

Nature conservation

Protection of species and habitats

Habitat restoration and ecological management areas, ha	5,746
Monitoring of the status of species protected under EU directives and the most vulnerable species, number of species occurrence checks	6,409

Cultural heritage

Real property with cultural history value

Sites protected by law	
Buildings and structures	442
Antiquities	6,120

Wellbeing and health

Recreation in nature

Customer satisfaction with visitor centres and field services, on a scale of 1–5	4.3
Total number of visitors (national parks, state-owned hiking areas, historical sites, visitor centres and other popular destinations)	5,948,500
Visits to national parks	3,104,700
Visits to state-owned hiking areas	237,900
Visits to historical sites	730,800
Visits to visitor centres	1,198,900
Visits to other popular destinations	676,200

Economy

	2017	2016	2015
Financial indicators			
Turnover, EUR million	319	333	337 1)
Operating profit, EUR million	117.2	103.3	116.2 1)
Impact of general social obligations on operating profit, EUR million	-55.8	-56.1	-56 1)
Share of turnover, %	37	31	34 1)
Result, EUR million	107.1	93.7	107.9 1)
Dividend and return on investment (contribution to State revenue), EUR million	93	96	106.6 1)
Return on investment, %	4.2	3.8	4.4 1)
Share of investments in turnover, %	5	4	5 1)
Solvency ratio, %	97	97	98 1)
Financing for the management of public administration services			
Budget funds received from the State for the management of public administration services:			
Ministry of the Environment, EUR million	34.1	39.7	36.6 2)
Ministry of Agriculture and Forestry, EUR million	7.0	6.4	6.4 2)
Ministry of Economic Affairs and Employment, EUR million	0.5	0.7	1.2 2)
Ministry of Justice, EUR million	0.8	0.7	0.8 2)
Internal financing, EUR million	11.3	10.2	9.7 2)
EU financing, EUR million	4.2	2.3	1.7 2)
Other financing, EUR million	3.6	2.7	3.2 2)
Total financing, EUR million	61.4	62.7	59.6 2)

Financial impacts**Investment in infrastructure and non-profit services**

Maintenance of the forest road network

Forest roads managed, km	38,000	38,000	37,000	3)
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Free services for nature lovers

Marked hiking trails and nature trails managed, km	6158	6308	7079	4)
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Rest area structures managed	2853	2907	2871	4)
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Significant indirect economic impacts and their extent

Services outsourced by the public administration services unit, EUR

4,690,516

Information collection to start in 2017

Information collection to start in 2017

Services outsourced by Metsätalous Forestry Ltd, %

Lapland	30.8	32.8*	32.1	3)
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Ostrobothnia–Kainuu	36.2	35.1*	35.1	3)
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Southern Finland	33	31.3*	32.8	3)
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Other units		0.9*		3)
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Number of companies	400	420*	400	3)
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Number of employees in companies	2000	2,000*	1200	3)
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Impacts on the regional economy

Total revenue impact of national park visitors on the regional economy, EUR million

206.5

178.9

141.5

4)

National parks with the greatest economic impacts, EUR million

138.4

4)

Pallas-Yllästunturi National Park	61.5	60	36.5	4)
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Urho Kekkonen National Park	36.6	21.7	21.5	4)
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Koli National Park	21.5	19.1	19	4)
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Oulanka National Park	18.8	18.9	17.7	4)
Employment impact of national park visitors on the regional economy, person-years	2055	1774	1400	4)
Total revenue impact of hiking area visitors on the regional economy, EUR million	10.9	13.3	12.2	4)
Employment impact of hiking area visitors on the regional economy, person-years	116	142	131	4)
Total revenue impact of fishermen and hunters in state-owned areas on the regional economy, EUR million	42.7	40.6	39.3	4)
Employment impact of fishermen and hunters in state-owned areas on the regional economy, EUR million	261	249	240	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

Personnel

	2017	2016	2015
Number of employees			
Number of employees	1,224	1,481	1,466
of whom fixed-term	127	207	211
Employees by business unit and subsidiary			
Metsähallitus Forestry Ltd	558	735*	729
Parks & Wildlife Finland**	501	580	550
Service Centre	46	50	69
Group operations	58	55	54
Metsähallitus Property Development**	45	47	50
Siemen Forelia Oy	14	12	12
MH-Kivi Oy	2	2	2
Number of employees at the head office	156	160	156
Number of employees outside the head office	1,068	1254	1340
Offices with the highest number of employees	Rovaniemi (121)	Rovaniemi (125)	Rovaniemi (114)
	Oulu (71)	Oulu (65)	Oulu (61)
	Jyväskylä (36)	Jyväskylä (38)	Ivalo (40)
	Ivalo (28)	Ivalo (30)	Jyväskylä (37)
	Kuopio (28)	Lieksa (29)	Kuopio (31)
Person-years			
Person-years by business unit and subsidiary	1,285	1,431	1,550

Metsähallitus Forestry Ltd	593.6	646*	729
Parks & Wildlife Finland**	529.8	548	550
Service Centre	46.7	51	69
Group operations	55.9	55	54
Metsähallitus Property Development**	45.2	47	50
Siemen Forelia Oy	11.9	12	12
MH-Kivi Oy	1.9	2	2
Age of employees			
Average age of employees (all permanent)	52	53	52
Average age of employees (office staff)	49	48	49
Permanent	50	50	51
Fixed-term	39	39	38
Average age of employees (loggers)	57	56	56
Gender distribution			
Men, %			
Permanent	65	67	69
Fixed-term	5	6	5
Permanent and fixed-term, total	70	73	73
Women, %			
Permanent	25	22	23
Fixed-term	5	5	4
Permanent and fixed-term, total	30	27	27
Men (office employees), %			
Permanent	56	56	57

Fixed-term	6	7	6
Permanent and fixed-term, total	62	63	63
Women (office employees), %			
Permanent	31	30	32
Fixed-term	7	7	5
Permanent and fixed-term, total	38	37	37
Staff training			
Training, working days	2,836	3385	3146
Training, days/person-year	2	3	2
Salaries paid			
Salaries paid by region, EUR million	51,481,434	54,568,829	55,658,239
Lapland	14,270,863	15,493,969	15,640,311
Uusimaa	9,897,354	9,426,494	9,716,797
North Ostrobothnia	7,205,821	7,522,684	7,149,705
Kainuu	4,869,169	5,437,392	5,905,660
North Karelia	2,880,976	3,243,249	3,484,396
Central Finland	2,803,463	2,885,278	2,914,315
South Savo	2,022,779	2,189,261	2,240,900
North Savo	1,788,581	2,057,784	2,121,431
Pirkanmaa	1,579,591	1,703,552	1,646,288
Kanta-Häme	1,319,252	1,435,297	1,472,524
Southwestern Finland	1,263,552	1,329,414	1,527,788
Ostrobothnia	543,665	588,054	505,630
Kymenlaakso	291,097	338,794	339,064
Satakunta	237,225	345,834	374,565
Päijät-Häme	198,136	164,698	220,234
Central Ostrobothnia	153,308	239,237	255,329

Southern Ostrobothnia	107,403	162,150	133,227
South Karelia	49,201	5,688	10,075
Åland	0	0	0
Salaries paid by Regional State Administrative Agency region, %			
AVI Southern Finland	23	21	21
AVI Eastern Finland	13	14	14
AVI Lapland	28	28	28
AVI Southwestern Finland	3	3	3
AVI Western and Inland Finland	10	10	10
AVI Northern Finland	23	24	24
State Department of Åland	0	0	0
Absenteeism and occupational accidents			
Sick leave, person-years	40	41	55
Sick leave, % of person-years	3	3	4
Occupational accidents	41	48	63
Working days lost due to occupational accidents	209	687	547
Employee turnover			
Turnover of permanent employees			
Employment relationships begun	31	22	10
Employment relationships ended	95	116	100
Total turnover, %	-5.8	-7.8	-7
Old-age pension, average retirement age	64.2	64	64.1
Disability pension, average retirement age	59.8	60.7	59.6

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

** Parks & Wildlife Finland is divided into National Parks Finland and Wildlife Service Finland

Laatumaa was renamed Metsähallitus Property Development on 9 February 2017

Source

Personnel unit

Land and water areas

	2017	2016	2015
Land and water areas managed by Metsähallitus, ha	12,548,000	12,541,000	12,538,000
Land areas managed by Metsähallitus, ha	9,131,000	9,124,000	9,121,000
Forest land in commercial multiple-use forests*, ha (%)	3,479,000 (38)	3,482,000 (38)	3,493,000 (38)
Low-productivity land in commercial multiple-use forests, ha (%)	713,000 (8)	714,000 (8)	722,000 (8)
Non-productive land in commercial multiple-use forests, ha (%)	690,000 (8)	690,000 (7)	704,000 (8)
Statutory nature reserves, ha (%)	1,756,000 (19)	1,519,000 (17)	1,518,000 (17)
Wilderness areas, ha (%)	1,377,000 (15)	1,377,000 (15)	1,377,000 (15)
Areas reserved for conservation programmes, ha (%)	390,000 (4)	613,000 (7)	598,000 (6)
Other areas of special value, ha (%)	726,000 (8)	729,000 (8)	709,000 (8)
Water areas managed by Metsähallitus, ha	3,417,000	3,417,000	3,417,000
Statutory nature reserves, ha (%)	238,000 (7)	235,000 (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 (%)	516,000 (15)	519,000 (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 m³/ha; on low-productivity land, 0.1-1 m³/ha and on non-productive land, less than 0.1 m³/ha.

Source

Silvia geographic information system

Sustainable use of forests

	2017	2016	2015
PEFC-certified multiple-use forests			
Total area of multiple-use forests, ha	4,905,000	4,886,000	4,919,000 1)
of which multiple-use forest land*, ha	3,500,000	3,482,000	3,493,000 1)
of which low-productivity land, ha	715,000	714,000	722,000 1)
of which non-productive land, ha	691,000	690,000	704,000 1)
 Multiple-use forests in forestry use, ha	 2,900,000	 3,033,766	 3,012,981 1)
Multiple-use forests in restricted forestry use, general social obligations, ha	231,400	238,425	261,776 1)
of which sites restricted due to biodiversity, ha	23,800	23,868	32,554 1)
of which sites restricted due to reindeer husbandry, ha	7,100	7,799	8,001 1)
of which sites restricted in the Sámi Homeland in order to safeguard the preconditions of the Sámi culture, ha	5,500	5,496	5,472 1)
of which sites in particularly important recreational use, ha	195,000	201,262	215,749 1)
percentage of sites in restricted use of the surface area of forest land in multiple-use forests	7	7	7 1)
Multiple-use forest excluded from forestry, general social obligations (no felling/selection cutting), ha	322,500	321,389	302,345 1)
of which excluded from use due to biodiversity, ha	189,200	187,201	178,872 1)
of which excluded from use due to reindeer husbandry, ha	31,000	31,441	32,243 2)
of which in the Sámi Homeland in order to safeguard the preconditions of the Sámi culture, ha	96,600	96,914	88,218 1)
of which sites in particularly important recreational use, ha	5,800	5,833	3,012 1)

percentage of sites excluded from use of the surface area of forest land in multiple-use forests, %	9	9	8	1)
Multiple-use forests by forest type				
Herb-rich forests and herb-rich forests on mineral soils, %	2	1.6	1	1)
Young forest heaths, %	20	25.6	23.6	1)
Dry and nutrient-poor pine forests, %	78	72.8	75.5	1)
Forest resources				
Growing stock in multiple-use forests, million m ³	313	308	307	1)
Growth of multiple-use forests, million m ³ /year	11	11	11	1)
Timber harvesting				
Percentage of forest area on which timber is harvested in the year in question	2.1	2.5	1.7	1)
Harvested timber, million m ³	5.9	6.06	5.86	1)
of which energy wood, m ³	120,000	242,500	272,900	1)
Percentage of harvested timber of the growth in the year	55	55	53.3	1)
Percentage of intermediate felling of the cutting yield, ha	59	58.5	53	1)
Percentage of regeneration felling of the cutting yield, ha	35.5	35	41	1)
Percentage of special fellings of all felling, ha	5.5	6.4	6	1)
Percentage of energy wood of harvested timber	2	4.05	4.66	1)
Forest regeneration				
Naturally regenerated regeneration sites, ha (%)	13.9	12	7	1)

Regeneration sites regenerated by sowing or planting, ha, (%)	86.1	88	93	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)
Quality of environmental management at forestry work sites				
Quality of environmental management at forestry work sites:				
Characteristics of sites of high natural value preserved at work sites, %	99	98.6	95	4)
Number of valuable retention trees left standing in the regeneration site, trees/ha	12	11.7	11	4)
Protection of waters in felling sites, rating (scale 1-4)	3.9	3.7	3.88	4)
Protection of waters in restoration drainage sites, rating (scale 1–4)	3.8	3.66	3.73	4)
Controlled burnings	19	18	18	4)
(Forest fires lit, ha)	163	33	0.5	4)
Improving the biodiversity of mire habitats, ha in total	745	418	1204	4)

Restoration of game habitats (REAH), ha	356	384	467	4)
Other restoration measures, ha	389	34	737	4)
Ditch drainage				
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)
Fertilisation				
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)

Road network and transport

Forest roads on state-owned land, km	38,000	38,000	37,000	1)
Repaired (renovated) roads, km	440	625	600	1)
Newly constructed roads, km	170	190	180	1)
Timber transport volumes:				
Road transport, % (million m ³)	73 (4.19)	73.7 (4.53)	77.7 (4.6)	5)
Rail transport, % (million m ³)	26 (1.48)	25.0 (1.54)	21.3 (1.3)	5)
Log floating and ship transport, % (million m ³)	1 (0.07)	1.3 (0.08)	1.0 (0.06)	5)
Total, million m ³	5,747,000	6,150,000	5,924,000	5)
Recreational use of forest roads, %	85	85	85	6)

Forestry in the Sámi Homeland

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)
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Of the Sámi Homeland:

In forestry use, %	8	8	8	1)
In restricted forestry use, %	8	8	8	1)
Excluded from forestry use, %	84	84	84	1)

* 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 m³/ha; on low-productivity land, 0.1-1 m³/ha and on non-productive land, less than 0.1 m³/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)

Nature conservation

	2017	2016	2015
Protection of species and habitats			
Habitat restoration and ecological management areas, ha	5,746	5,738	5,670
Monitoring of the status of species protected under EU directives and the most vulnerable species, number of species occurrence checks	6,409	8,536	2,755
Status of the network of Natura 2000 sites and nature reserves			
Number of NATA-assessed Natura sites	353	269	42
Viability of game and fish populations, responsible hunting and fishing			
Wilderness supervision events	10,791	11,278	10,287
Percentage of offences discovered in wilderness supervision events	9.8	10.1	11.3

Source

Annual report and financial statements for Metsähallitus' public administration services

Cultural heritage

	2017	2016	2015
Real property with cultural history value			
Sites protected by law			
Buildings and structures, no	442	395	343
Antiquities, no	6,120	6108	6019
Other sites with cultural history value, no	13,040*	13,006*	

* One site may contain several structures

Source

PAVE geographic information system

Wellbeing and health

	2017	2016	2015	
Recreation in nature				
Customer satisfaction among users of visitor centres and field services, on a scale of 1–5	4.3	4.3	4.3	1)
Total number of visitors (national parks, state-owned hiking areas, historical sites, visitor centres and other popular destinations)	5,948,500	5,746,600	5,297,200	2)
Visits to national parks	3,104,700	2,811,200	2,634,600	2)
Visits to state-owned hiking areas	237,900	319,600	275,400	2)
Visits to historical sites	730,800	837,400	722,400	2)
Visits to visitor centres	1,198,900	1,130,900	1,032,700	2)
Visits to other popular destinations	676,200	647,500	632,100	2)
Users of online services (Nationalparks.fi, Eräluvut.fi and Largecarnivores.fi)	3,007,483	2,704,225	1,896,001	1)
Snowmobile track permits (incl. mobile permits and manually recorded permits)	3,869	5,047		1)
Cross-country traffic permits outside tracks	2,933	4,927		1)
Wilderness services				
Customer satisfaction among fishing permit holders, on a scale of 1–5	3.7	3.8	3.8	3)
Customer satisfaction among hunting permit holders, on a scale of 1–5	3.7	3.7	3.8	4)
Hunting permits sold	53,962	56,659	56,489	4)
Fishing permits sold	82,740	81,859	68,695	4)
Fisheries management fees, number of annual fishing permit holders	192,360	205,170		4)
Number of wilderness recreation days of hunting and fishing customers	405,000	370,000	350,000	4)

This permit model was introduced in 2016

Voluntary activities

Voluntary events	211	211	190	1)
Volunteers taking part	4,863	3,788	3,358	1)
Volunteer input, person-years	26.1	25.4	22.6	1)

Rehabilitating work

Prisoners from open penal institutions used as workforce. person-years	51	60	55	1)
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Source

- 1) Parks & Wildlife Finland
- 2) Asta customer information system
- 3) Tuikki fishing log
- 4) Monitoring and planning system for game management



Meeting expectations

Metsähallitus is a state-run enterprise, which uses, manages and protects state-owned land and water areas under its responsibility in a sustainable manner. Metsähallitus is a commercial operator in forestry and property development. Metsähallitus also has public administration duties pertaining to state-owned land and water areas: nature conservation, wilderness supervision and provision of recreational opportunities.

The State of Finland (as the owner), customers and stakeholders 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
- generate revenue for the state
- create prerequisites for new business and other activities in state-owned land areas
- protect cultural heritage and biodiversity
- 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, research and education institutions)
- promote the climate benefits generated by state-owned land areas, such as carbon sequestration.

Photo: Olli-Pekka Orpo



Megatrends are shaping our operating environment

Many global megatrends, such as climate change, digitalisation and urbanisation, are also having an impact on Metsähallitus and its operating environment. For example, by the year 2030, the total population of Finnish cities will be 400,000 higher than now and one Finn in four will be over 65.

Megatrends

Bioeconomy

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

Growth of population and urbanisation

- There is a growing need for accessible services provided on a pluralistic basis.
- More importance will be attached to natural wellbeing and health impacts.
- 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.

Adequacy of natural resources

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

Digitalisation

- Education and training 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.
- Services will be digitalised.
- Communication with customers and stakeholders is becoming faster.

Climate change

- The rate of forest growth is accelerating and insect and storms are causing more damage to trees.
- The condition of the forest road network may weaken, resulting in more logistics problems for timber harvesting and transport.
- Climate change will affect biodiversity and species.
- More importance will be attached to low-emission mobility and sustainable tourism.
- Demand for climate-wise services and products will increase.



The renewal process is continuing

The updating of Metsähallitus' steering system, which started in 2016 as the new act on Metsähallitus entered into force, continued during 2017. The aim of the reforms is to ensure that Metsähallitus can be managed and developed more efficiently as a single organisation.

Under the new rules of procedure, adopted in early 2017, the Laatumaa business unit was renamed Metsähallitus Property Development and the public administration services were divided into National Parks Finland and Wildlife Service Finland, which is responsible for wilderness permits and supervision.

In accordance with the new ownership policy, Metsähallitus streamlined its operations by divesting its forest tree sapling business. Fin Forelia Oy, a Metsähallitus subsidiary, was sold in June 2017. As part of the efficiency measures, tasks were also reduced in Metsähallitus, especially in the Group administration.

Better economic situation boosted the demand for services

The improvement of the overall economic situation boosted the demand for Metsähallitus' services during 2017. Even though roundwood sales were slightly below 2016 levels, Metsähallitus Forestry Ltd posted excellent operating results for 2017. Growth in tourism and interest in outdoor activities also boosted the demand for the services of Parks & Wildlife Finland and made the plots offered by Metsähallitus Property Development increasingly attractive.

The demand for wilderness permits remained strong, and in fact in many areas, permit applications had to be rejected because of sustainability considerations. As anticipated, 2017 was a year of building in wind power, with two new wind farms opened on state-owned land.

Close cooperation with Sámi communities in the Sámi Homeland

The operations of Metsähallitus in the Sámi Homeland during 2017 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. A special area plan was prepared for the Juutua-Tuulispää

recreational forest in cooperation with local users and the Akwé: Kon working group appointed by the Sámi Parliament.

Close cooperation with the Reindeer Herders' Association and individual reindeer herding cooperatives continued and cooperation negotiations were held with both parties. 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, all agreements between the parties have been observed in the cooperation between Metsähallitus and reindeer herding cooperatives.

Recognition on many forums

In 2017, Metsähallitus received recognition on many forums for the development of recreational and tourist facilities, for the preservation of cultural heritage and for its work in the forestry sector.

- Metsähallitus received a World Travel & Tourism Council prize for the responsible development of the Pallas-Yllästunturi National Park and cooperation with the local community.
- The Blue Feat, the longest biking trail in the Hossa National Park, was added to the list of EPIC routes of IMBA (International Mountain Bicycling Association) as the first cycling trail in the Nordic area.
- The Association of Finnish Travel Agents (AFTA) awarded its prize for the most memorable travel experience to the national parks of Metsähallitus. The award ceremony took place at the annual Finnish Travel Gala.
- The Vallisaari Island off Helsinki was chosen as the domestic tourist destination of the year by the Finnish Guild of Travel Journalists.
- The Bio Era truck and the Bio Era Tour received a Finnish Forest Association prize for a major contribution to Finland's forest sector. The roadshow, organised in cooperation with the Finnish forest cluster, was directed at young people.
- The cultural heritage survey project carried out in state-owned multiple-use forests between 2010 and 2015 received a Special Mention of Europa Nostra, an organisation working to protect Europe's cultural heritage. Special Mentions are given to projects making an outstanding contribution to the preservation and enhancement of Europe's cultural heritage.

Feedback on forest management and fishing arrangements

Forest management practices on islands and in hiking areas such as Lammasjärvi in Kuhmo,

Paljakka in Puolanka and on the islands of Lake Oulujärvi were a frequent topic in the feedback received by Metsähallitus from its stakeholders during 2017. The new Fishing Act also had an impact on the fishing opportunities of residents in Northern Lapland and it increased the workload of Metsähallitus in the region. The negotiations aimed at ensuring the coexistence of forestry business and reindeer husbandry in the Sámi Homeland also continued during the year.

Court cases

The losses arising from a raw timber cartel were reviewed by the Helsinki Court of Appeal during 2017. As a timber supplier, Metsähallitus is seeking compensations from UPM Kymmene Oy, Metsäliitto Cooperative and Stora Enso Oyj in a case involving claims for damages. The main hearing was concluded in January 2018. The Helsinki Court of Appeal will make its decision before the end of 2018.

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.

Photo: Ilkka Immonen



Extensive partnerships and participatory cooperation

Sustainable 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 trading, guidance, information exchange and interaction.

Stakeholder and partnership chart



Reconciling aims with expectations

A close relationship with the forest is part of the Finnish national tradition. There is a great deal of debate on forests, and natural resources in general, as well as on their use. The use of forests also

gives rise to conflicts because there is a wide range of aims and expectations concerning state-owned land and water areas.

” *The natural resource plans are always prepared in cooperation with local stakeholders.*

The importance of reconciling these aims and expectations is a frequent topic in the feedback received by Metsähallitus from its stakeholders. Natural resource planning is a key tool in the reconciliation of the aims and expectations concerning state-owned land and the process always involves a cooperation group in which a wide range of local stakeholders are represented. In the planning process, the parties examine the use and management of natural resources on a comprehensive basis. The process results in a five-year natural resource plan, which guides Metsähallitus in its work. The natural resource plan for Southern Finland was presented in 2017 and the year also saw the launch of the preparation of the natural resource plan for Central and North Ostrobothnia in cooperation with regional stakeholders.

Metsähallitus is seen as a reliable and useful partner

Metsähallitus gauges stakeholders' views on its work and reputation every year. The survey is directed at the key Metsähallitus stakeholders: customers, administrative actors, political decision-makers, forest sector federations and organisations, non-governmental organisations, the media as well as educational, research and tourist sector actors.

In the 2017 stakeholder survey, there was more focus on measuring responsibility and operational development than in the previous years. According to the survey, Metsähallitus is considered a reliable partner and the view is that cooperation with it has produced results. However, there is room for improvement in flexibility, change orientation and the clarity of Metsähallitus' tasks.

In the respondents' view, the most important task of Metsähallitus is, as in the previous years, to manage state-owned natural resources and to reconcile this role with the needs arising from commercial operations, services and conservation.

Cooperation and interaction as well as communicating on operations and responsibility were seen as the key development priorities in the operations and responsibility work of Metsähallitus.

Metsähallitus enjoyed a fairly good reputation in 2017 but the trend has been slightly declining.

Forest sector federations and organisations gave the highest marks. The strongest criticism came from non-governmental organisations and tourist sector actors.

Concern over forest management and fishing arrangements

There was a particularly lively debate on forest management methods at Lammasjärvi in Kuhmo, Paljakka in Puolanka and on the islands of Lake Oulujärvi in 2017. Metsähallitus worked to find solutions to the disputes in cooperation with its stakeholders. Discussions were held with Greenpeace and other parties on the islands of Lake Oulujärvi in the autumn and a stakeholder meeting took place in Puolanka in early 2018.

The new Fishing Act also had an impact on the fishing opportunities of local residents in Northern Lapland and it increased the workload of Metsähallitus in the region.

No fellings have taken place in the Sámi Homeland if a reindeer herding cooperative has expressed its opposition to them and no solution to the dispute has been found in the negotiations between the parties. Some of the reindeer herding cooperatives in the Inari area have demanded that before any fellings take place in state-owned forests the cultural impacts of the logging operations must be extensively assessed. For this reason, no fellings have been carried out in the areas of these reindeer herding cooperatives. Negotiations on the coexistence of forest management and reindeer husbandry are continuing with reindeer herding cooperatives and the Sámi Parliament.

Photo: Jussi Riikonen



Leading the way in diverse bioeconomy

Metsähallitus renewed its strategy in autumn 2016. The motto ‘Leading the way in diverse bioeconomy’ will serve as the guiding principle for Metsähallitus until 2020.

- we guarantee the best possible sustainable return on state-owned land over generations
- we enhance the vitality of regions
- we lead the way in responsible operations and halt the loss of biodiversity on state-owned land and water areas
- we operate uniformly and efficiently, making use of the opportunities opened up by digitalisation

Working together to implement the new values

During 2017, Metsähallitus continued the practical implementation of the strategy in cooperation with its personnel in strategy workshops. Care, importance and effectiveness are the new values of Metsähallitus that resulted from this work.

” *Through our efforts, we are building a legacy for future generations.*

Care

We do everything we can to promote the responsible use and management of natural resources as well as 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.

Towards a more sustainable future

At the end of 2017, Metsähallitus launched a Group-wide project to draw up a responsibility programme aimed at achieving its strategic goals. The purpose of the programme is to determine the areas of responsibility that are central to Metsähallitus and to ensure that responsibility work can be more effective and on a more goal-oriented basis.

The preparation of the responsibility programme is the task of the Metsähallitus responsibility group, in which all units are represented.

Photo: Jari Salonen



Responsibility in Metsähallitus

In Metsähallitus, responsibility is part of management practices and part of daily work. For almost 160 years, Metsähallitus has been responsible for the management and use of Finland's state-owned land and water areas. 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 stakeholders' needs and by applying best practices.

Responsibility programme launched

In November 2017, Metsähallitus management decided to launch a responsibility programme for Metsähallitus. The purpose of the programme is to clarify responsibility objectives and indicators, and to incorporate responsibility more effectively into processes and the tasks of each Metsähallitus employee. The responsibility programme supports Metsähallitus in its strategy work and provides a basis for developing responsible practices. Metsähallitus is also working on a compliance programme laying out its Code of Conduct and the instructions on how to apply the recommendations laid out in the code.

At the end of 2017, a responsibility group in which all units are represented was established in Metsähallitus. Its task is to prepare a road map for the responsibility programme during spring 2018. Coordination of the responsibility work is the task of Metsähallitus' 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. The Director General and the Management Group of Metsähallitus are responsible for the strategic management aspects of responsibility.

Metsähallitus joined the FIBS corporate responsibility and biodiversity networks at the end of 2017.



A materiality analysis was carried out to identify the key responsibility themes

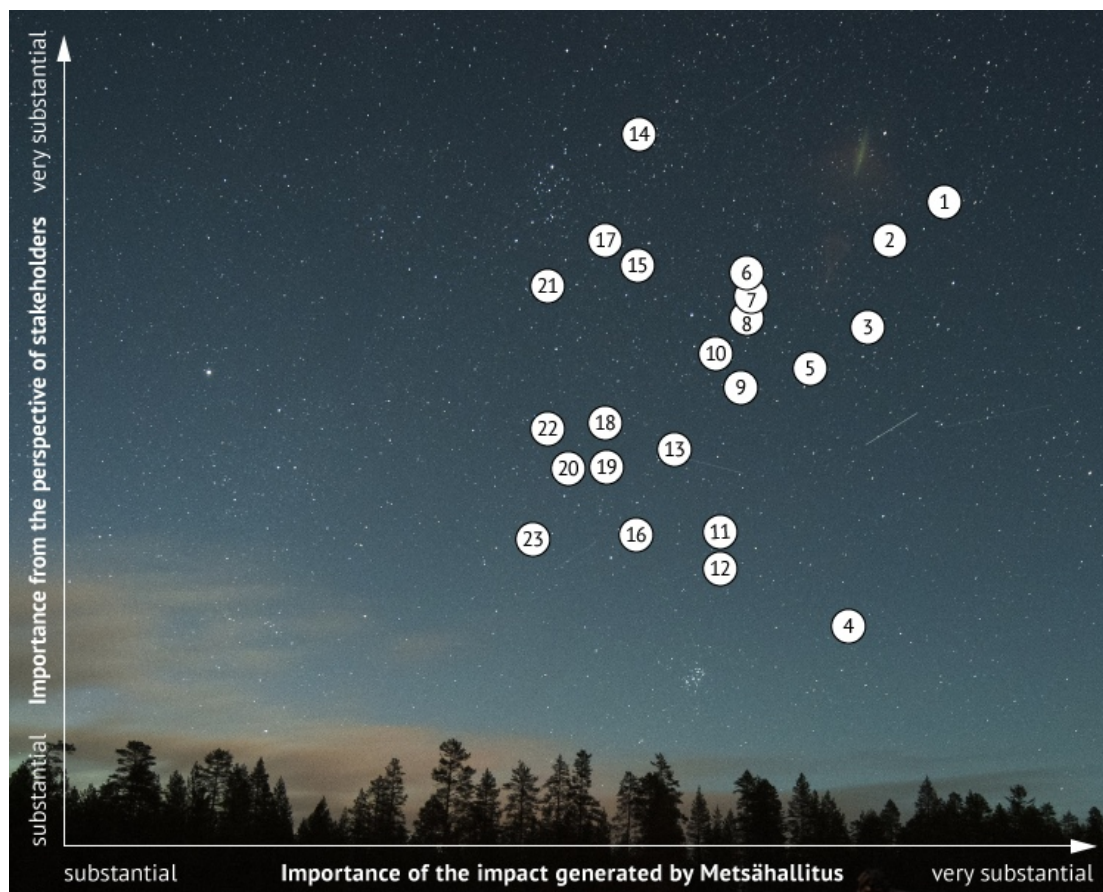
Metsähallitus carried out a materiality analysis to identify the key themes for responsibility from the perspective of its stakeholders. The 2017 stakeholder surveys, expertise of the responsibility group and the views of the management were all used in the work. The responsibility group consists of experts from various units within Metsähallitus. The responsibility experts for consulting company KPMG provided external coaching for the process.

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 of responsibility themes was ultimately reduced to 23 key themes. An assessment was made for the importance of each theme to the fourteen key stakeholders, as well as an assessment of the impact of Metsähallitus on responsibility through these themes.

The nature of Metsähallitus' operations includes a wide variety of statutory and non-statutory responsibility themes. Key themes may support each other, be partly overlapping, or they may 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.

Identifying, monitoring and updating the themes in the materiality analysis is an ongoing process. Metsähallitus can utilise the materiality analysis in the assessment of potential for responsibility and risks related to responsibility, for reporting on responsibility and for identifying future trends. In addition to the selection of 23 of the most crucial themes, the process identified several themes which are being monitored to support responsible operations.

Materiality matrix



- | | |
|---|--|
| <p>1 Reconciliation of the needs concerning state-owned land and water areas and participatory planning</p> <p>2 Ensuring optimum sustainable return on state-owned land and water areas across generations</p> <p>3 Safeguarding biodiversity</p> <p>4 Improving eco-efficiency</p> <p>5 Slowing down climate change and preparing for it</p> <p>6 Promoting nature tourism and recreational use</p> <p>7 Promoting the good status and sustainable use of state-owned sea and inland water areas</p> <p>8 Promoting sustainable forestry</p> <p>9 Ensuring the wellbeing of the personnel</p> <p>10 Viable game and fish stocks and managing them</p> <p>11 Preserving cultural heritage sites and intangible cultural heritage in state-owned land and water areas</p> <p>12 Maintaining up-to-date and reliable data on natural resources and their use as well as maintaining Arctic expertise</p> | <p>13 Safeguarding the prerequisites for reindeer husbandry in the reindeer herding area</p> <p>14 Strengthening vitality of the regions and promoting employment opportunities</p> <p>15 Promoting partnerships and cooperation with stakeholders</p> <p>16 Respecting human and labour rights in all activities</p> <p>17 Acceptability of the sustainable use of wood and other natural resources</p> <p>18 Safeguarding the prerequisites for the Sámi culture</p> <p>19 Providing opportunities for sustainable hunting and fishing</p> <p>20 Increasing the health and wellbeing impacts derived from nature</p> <p>21 Safeguarding and observing ethical principles</p> <p>22 Transparency and open communications</p> <p>23 Promoting the generation of wind and other clean energy</p> |
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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 responsibility group's work, identified the sustainability development goals essential for its own activities and its stakeholders. The goals and their details will be published at Metsähallitus' website in September 2018.



Photo: Jari Salonen



Responsibility for the environment

The most important environmental aspects of the Metsähallitus activities are related to the use of natural resources, maintaining biodiversity, water protection and landscape management.

Metsähallitus has a certified environmental management system based on the ISO 14001:2015 standard and a quality management system based on the ISO 9001 standard. In forest management, Metsähallitus observes the requirements laid out in the PEFC (Programme for the Endorsement of Forest Certification) forest certification scheme. The functioning and effectiveness of the environmental management system and forest certification are regularly monitored by means of internal and external audits.

The audit and certification of the PEFC forest certification and the ISO 14001 environmental management system of Inspecta Sertifiointi Oy.

” *Metsähallitus leads the way in responsible operations and halts the loss of biodiversity on state-owned land and water areas.*

Environmental matters are coordinated together

In Metsähallitus, coordination of the environmental matters is the responsibility of the environmental group, which comprises the environmental managers of individual units. The group monitors legislative developments and the implementation of Metsähallitus' environmental policy and goals. The environmental group meets at least four times each year. The group works in close cooperation with the Metsähallitus responsibility group. The environmental guidelines of each business unit are contained in the environmental and quality management manual, which is available to all employees.

The environmental issues relevant to individual units and the environmental goals derived from

them are reviewed in the environmental group each year and the environmental goals for the following year are prepared on the basis of the priority areas determined during the review. Success in the achievement of the environmental goals is assessed each year in the environmental reviews of individual units and the environmental review covering all Metsähallitus operations submitted to the Metsähallitus Management Group is based on these reviews.

The strategic environmental goals for 2017 were as follows:

- biodiversity
- safeguarding the availability of ecosystem services.

In Metsähallitus, all employees are responsible for environmental matters. Metsähallitus management is committed to responsible environmental governance in accordance with the environmental policy of Metsähallitus.

Biodiversity index measures the impact of the activities

A new indicator to monitor biodiversity in state-owned land was jointly developed by Metsähallitus units during 2017. The purpose of the biodiversity index is to describe trends in key structural biodiversity features in all state-owned land areas. The index is also a useful tool in the work to verify the impacts of biodiversity work.

The biodiversity index comprises the following five indicators, which have already been used before:

- Natura 2000 habitat type status assessment
- forest biodiversity indicator / decaying wood m³/ha
- forest biodiversity indicator / mature aspen m³/ha
- consideration of nature sites in fellings
- restoration measures surface area/ha.

The index is used to monitor biodiversity trends in state-owned land areas and it also helps Metsähallitus to communicate the results of its yearly biodiversity work.

At the end of 2017, the biodiversity index was also retroactively calculated for the years 2015 and 2016. The index target level for the coming years will be set during 2018.

	2015	2016	2017
Biodiversity index for state-owned land	3,24	3,46	3,56
Status assessment of Natura 2000 land habitats	3,90	3,90	3,89
Forest biodiversity indicator / decaying wood m ³ /ha	2,30	2,30	2,30
Forest biodiversity indicator / mature aspen m ³ /ha	3,40	3,40	3,40
Consideration of nature sites in fellings	2,70	4,45	4,52
Area covered by restoration measures	3,89	3,23	3,70

Biodiversity index, scale 1–5.

Negative environmental impacts arising from forest management are minimised

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. Environmental competence of Metsähallitus officials and private contractors is ensured by means of internal audits in which the observance of environmental requirements in daily work is reviewed.

Metsähallitus' Environmental Guidelines for Practical Forest Management used by Metsähallitus Forestry Ltd contains instructions on how to minimise the negative environmental impacts of forest management. The guidelines are based on the views of a large number of experts. The emphasis in the guidelines is on ensuring biodiversity and ecosystem services. The number of retention trees, the requirements for buffer zones along waterways and the guidelines on the protection of endangered species are some of the matters specified in the document. The updating of the environmental guidelines began in 2017 and the main aim in the work is to make its contents clearer. Experts of Metsähallitus Forestry Ltd and Parks & Wildlife Finland participate in the updating work. The work will be completed in early 2018.

All new officials of Metsähallitus Forestry Ltd and the private contractors working for the company receive training in environmental matters. The transfer of the training packages to the digital Ahjo competence environment began in 2017 and the work is continuing parallel to the drafting of the new environmental guidelines.

Lower emissions from timber purchases

Metsähallitus Forestry Ltd monitors the emissions arising from the harvesting and delivery of timber supplied to customers. During timber harvesting, emissions are created by the use of harvesters and forwarders and during the supply stage, by timber transport vehicles, trains and ships. In addition to the concentrations of carbon dioxide (CO₂), which are substantial for climate change, Metsähallitus Forestry Ltd also monitors the concentrations of hydrocarbons (HC), nitrogen oxides (NO_x), sulphur oxide (SO₂), carbon monoxide (CO) and microparticles. Emissions monitoring started in 2005 and the latest calculations cover the year 2016.

The total emissions arising from timber purchasing 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 of carbon dioxide emissions. Of this total, timber harvesting accounts for 5.41 kg/m³, and transport for 7.91 kg/m³. 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.

Legal offences

Metsähallitus Forestry Ltd recorded five legal offences, two of which were committed by outsiders and directed against Metsähallitus. One of the offences committed by Metsähallitus employees concerned timber harvesting in a habitat of an endangered calypso species and other the crossing of the boundary of a Natura site. In the third case, timber harvesting took place outside the area allocated to the work. The offences against Metsähallitus involved violations of the Waste Act in which waste had been brought to state-owned land without permission. All violations arising from Metsähallitus activities have been recorded and processed using a contractual procedure or by revising guidelines.

Holes were dug at the Slottsmalmen antiquity site east of the Raseborg castle ruins in autumn 2017. The area is a historical site managed by Parks & Wildlife Finland. As a result, unique information about medieval Finland was destroyed. Both Metsähallitus and the Finnish Heritage Agency filed a criminal complaint in the case and the investigation is still under way.

A total of 10,791 supervision events were recorded in wilderness supervision during 2017. The most violations were recorded in the supervision of land use and the use of Metsähallitus property (33.9 %), off-road traffic (20.8 %) and fishing (15.9 %).

The offences recorded in wilderness supervision events accounted for 9.8 per cent of the total number of supervision events, which was 0.3 percentage points lower than in 2016. Preventive measures (providing customers with information and guidance as well as the dissemination of information) have been the main reasons for the reduction in the number of violations. Extensive cooperation with the authorities and stakeholders as well as joint supervision campaigns have made the supervision more comprehensive and helped to strengthen its preventive impact.

Photo: Kari Leo



Safeguarding biodiversity

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

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

” *Nearly 39 per cent (3,523,000 hectares) of all land areas under the management of Metsähallitus and 7 per cent (238,000 hectares) of all water areas are statutory nature reserves and wilderness areas or areas reserved for the purpose in nature conservation programmes.*

Metsähallitus must also give adequate 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. Provisions on these general social obligations (in Finnish) are contained in the Act on Metsähallitus (234/2016).

Management and restoration work continued

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 2017 in accordance with the objectives set for Metsähallitus. Measures were also taken to strengthen biodiversity in accordance with the general social obligations.

Most important habitat management and restoration measures

	Multiple-use forests	Nature reserves
Restored sites, ha	745	682
Mires	389	540
Heath forests	–	142
Game habitats	356	–
Management and restoration of valuable habitats, ha	2.5	351
Continuous management of heritage biotopes, ha	1	4,594
Species occurrence checks	–	6,409
Habitat inventories, ha	–	12,436
Controlled burning and burning of retention tree groups	19	12
Removal of alien species	Giant hogweed	Giant hogweed, Indian balsam, lupine and rugosa rose

General social obligations in multiple-use forests

Trees retained as part of forest management measures:	
Rotten trees, number/ha	11.8
Mature aspen, m ³ / ha	0.34
Preservation of nature sites as part of forest management measures, %	99
Updating of landscape ecological information	Kainuu and Lapland
Total biodiversity inputs, EUR million	37.8

Ecological network helps to ensure biodiversity

The ecologically most important nature sites in multiple-use forests and the nature reserves located on state-owned land and water areas constitute a nationwide ecological network. A wide variety of natural habitats found in Finland are represented in the network and for this reason these sites and reserves are vital to preserving biodiversity in Finland, in terms of species and landscape.

In order to strengthen biodiversity, the information on the ecological network is continuously updated and reviewed. In 2017, the updating of the landscape ecological network covering multiple-use forests was launched in the regions of Kainuu and Lapland as a participatory planning process involving stakeholders. In the planning process, state-owned land is examined as a single entity comprising nature reserves and multiple-use forests.

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.

Changes in their key structural features are monitored in state-owned land on a yearly basis and qualitative indicators are used to describe their benefits.

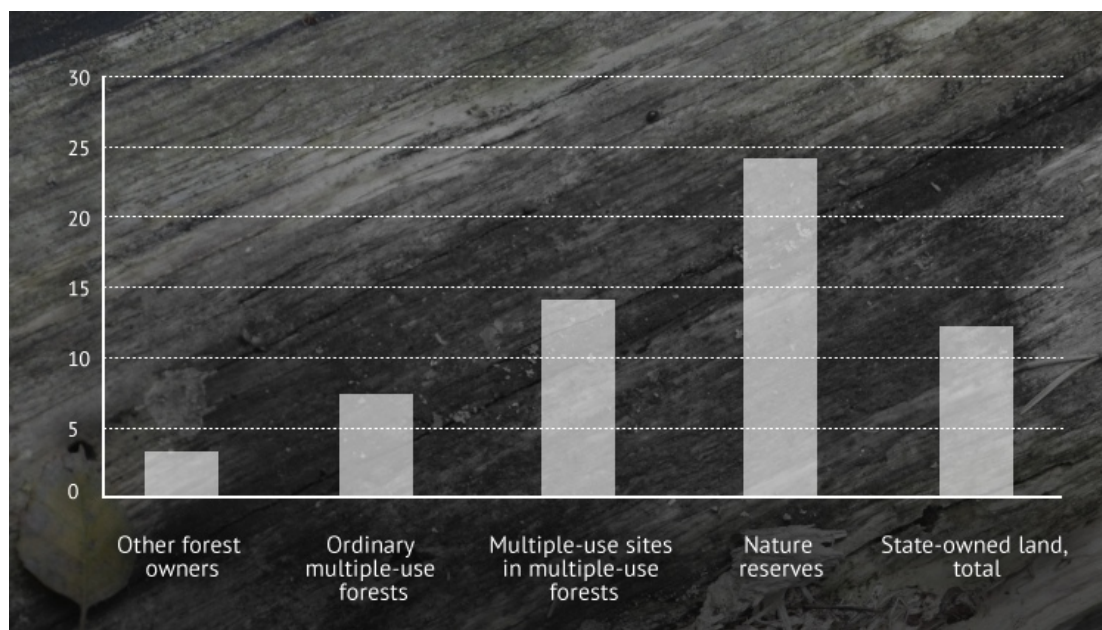
Decaying wood

The long-term target is to have about 10 m³ of decaying wood on each hectare in multiple-use forests. This target can be achieved by leaving retention trees, by inducing gradual changes in the flora and fauna naturally occurring in the forests and by actively generating decaying wood.



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

Amount of decaying wood in state-owned forest land, as listed in the 11th National Forest Inventory (NFI11)



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 2017, the number of retention trees meeting the requirements laid out in forest certification schemes and the Metsähallitus' Environmental Guidelines for Practical Forest Management was above targeted levels.

Number of retention trees left standing in felling areas in 2017

	Number of trees left	Target
Valuable retention trees (as defined in the Metsähallitus' Environmental Guidelines for Practical Forest Management) per hectare	11.8	10
Retention trees (as defined in forest certification schemes) per hectare	18	10

Aspen

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, as listed in the 11th National Forest Inventory (NFI11)



Few nature sites were affected 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 sites-specific forest management cuttings take place at them. Species occurring at the nature sites include critically endangered, vulnerable, regionally endangered and near threatened species.

The state of the nature sites and the species occurring in them are assessed each year by Metsähallitus Forestry Ltd in its environmental follow-up on timber harvesting. According to the 2017 environmental follow-up at regeneration sites, the characteristic features had been preserved in 99 per cent of the habitats at the sites.

Protection of endangered species

Metsähallitus is responsible for the protection of endangered species in state-owned land and water areas. It is also responsible for the nationwide protection of a number of endangered species. These are Saimaa ringed seal and Arctic fox (mammals) and golden eagle, peregrine falcon, gyrfalcon and white-backed woodpecker (birds). Metsähallitus is also responsible for the monitoring of the white-tailed eagle populations in the former Provinces of Oulu and Lapland and the monitoring of the lesser white-fronted goose populations in Northern Lapland.

Saimaa ringed seal

Saimaa ringed seal is one of the rarest seal species of the world. There are only between 370 and 380 of them in the world and the whole population lives in the Saimaa region. The aim in the Saimaa ringed seal conservation strategy is to increase the population to 400 by the year 2025.

Effective conservation measures have already brought results and the population continued to grow during 2017. According to the monitoring of dens by Metsähallitus, the winter population of Saimaa ringed seal has increased by between 10 and 20 and the total is now between 370 and 380. The number of seal pups born is estimated at 83.

An important factor contributing to the growth in the population are the artificial snow drifts, which were built as part of the Saimaa Seal LIFE project in a joint effort by the University of Eastern Finland, WWF Finland and volunteers. A total of 280 drifts were built in 2017 and 70 seal pups were born inside them.

A total of 38 Saimaa ringed seals were found dead in 2017. Of this number, 14 were seal pups found dead in the dens, seven were seal pups or young adults that had been caught in nets and fish traps, and 17 were adults found dead on the shores, in water or in the dens.

Arctic fox

A total of 227 dens of the critically endangered Arctic fox were checked in Northern Lapland in 2017. There were no signs of any litters even though one active den was found in Enontekiö. The most recent verified sighting of an Arctic fox litter in Finland is from 1996.

In addition to the active den, there were also several verified sightings of Arctic foxes and a number of unverified track sightings in Enontekiö and Utsjoki. Red fox competes with the Arctic fox for the same breeding places and food and for this reason red foxes were hunted in the Interreg project 'Felles Fellrev Nord' focusing on the protection of the Arctic fox.

Golden eagle, white-tailed eagle, gyrfalcon and peregrine falcon

A total of almost 700 nests of golden eagle, white-tailed eagle, gyrfalcon and peregrine falcon were checked during 2017. New nests were also sought.

Under a Government decree, the monitoring of the nesting of golden eagle is the responsibility of Metsähallitus and the purpose is to ensure that the damage caused by golden eagle to reindeer husbandry can be compensated.

The white-tailed eagle was the only species in this group with good nesting results, and the nesting results of the other bird species were weak or very weak. Peregrine falcons had fewer than 200

chicks for the first time since the year 2000 and none of the gyrfalcon nests checked were active. Weather and the poor food situation in the winter and in the spring were the main reasons for the poor nesting results.

Nest checks

Species	Territories occupied	Successful nestings	Chicks at ringing age
White-tailed eagle (Northern Finland)	109	59	87
Golden eagle	373	94	98
Peregrine falcon	159	88	193
Gyrfalcon	14	0	0

Conservation work in cooperation with partners

In 2017, there were also EU-funded conservation projects carried out with partners.

The purpose of the nationwide Light & Fire LIFE project (2014–2020) was to manage light and fire habitats through restoration burning, clearing of trees, translocation of endangered species and removal of alien species. A total of 87 hectares were treated with restoration burning at ten Natura sites, environmental management measures were carried out at 13 light and fire sites and alien species were removed from a number of sandy beaches. Furthermore, pasqueflowers and sand pinks as well as examples of the critically endangered baton blue were moved to habitats that had undergone management measures. The five partners in the project also carried out environmental management measures in accordance with the project plan.

In the [WildForestReindeerLIFE population management project](#) (2016–2023), the first wild forest reindeers were moved to enclosures at Seitsemien and Lauhavuori. The purpose of the project is to reintroduce the wild forest reindeer to its original habitats in Pirkanmaa and South Ostrobothnia.

The first wild forest reindeers born in captivity will probably be released to the wild in 2019. This EU-LIFE project is carried out by Wildlife Service in cooperation with nine project partners.

Photo: Mikko Rautiainen



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 the management of fishing waters, the main strategic objective is to strengthen and protect the natural native fish and crayfish populations.

Key water management projects and measures in 2017

Project	Objective	Measures	
		Inland waters	Sea areas
<u>Hydrology LIFE (2017–2023)</u>	Safeguarding peatlands, streams and bird lakes	Drainage ditches were blocked and trees cleared. Mushroom surveys and habitat inventories were carried out.	
<u>Freshabit LIFE IP (2016–2022)</u>	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. Measures were taken to manage river pearl mussel populations.	
VELMU – the Finnish Inventory Programme for Underwater Marine Environment	Better protection of maritime areas and species occurring in the Baltic Sea		Underwater sandbanks were surveyed. Surveys of lagoons and endangered species and habitats continued.

Rehabilitation and stockings help fish populations

In 2017, Metsähallitus prepared a national operating model to improve the effectiveness of fish habitat management. The aim is to promote the rehabilitation of fish habitats in state-owned waters and to improve the effectiveness of the projects. The work will be carried out in a coordinated manner and it will involve close cooperation between Metsähallitus units and experts.

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 key project involving the Lieksanjoki river, an application for the restoration of the Ruunaa rapids for fisheries management was submitted to the Regional State Administrative Agency for Eastern

Finland. In the same project, the reproduction of wild trout in the Ruunaa rapids was examined by means of electric pulse fishing. As part of the project, small fingerling stockings were also carried out, gravel was spread in spawning areas from helicopters, the number of smolts migrating downstream was studied, and the spawning behaviour of broodstock was examined using telemetry monitoring.

Negative impacts on water bodies can be reduced with good planning

The pollutant loads on water bodies in Metsähallitus-managed multiple-use forests were at moderate levels in 2017 and the trend is downwards. This is partially due to the revised criteria for drainage ditch maintenance and the fact that, as a result, there has been a continuous decline in such work.

In accordance with its 2017 environmental objectives for water protection, Metsähallitus Forestry Ltd provided its managerial staff with training in the design of the catchment basin level. The water protection guidelines for forest management were also made more specific and entered into the Ahjo competence environment as part of the ongoing updating of the environmental guidelines.

Metsähallitus is also taking part in the Interreg Wambaf development project dealing with water protection in forest management in countries in the Baltic Sea region. The purpose of the project, which was launched in 2016, is to test how the impacts on water bodies arising from such forest management measures as drainage ditch maintenance and soil preparation can be reduced. The Vengasoja model area in Pudasjärvi prepared for the purpose was put into use in 2017. The impacts of different types of buffer zones on water protection can be assessed in the model area.

Photo: Jari Salonen



Thousands of protected sites

Metsähallitus has a statutory obligation to protect and preserve the cultural heritage under its management. In this work, Metsähallitus is implementing the Government's 2010 real estate strategy and the 2014 cultural environment strategy.

Metsähallitus is responsible for more than 400 protected buildings and more than 6,000 sites protected under the Antiquities Act.

” *More than 730,000 people visited Metsähallitus' historical sites in 2017.*

Protection work is based on plans and guidelines

Metsähallitus manages heritage landscapes in accordance with its management plans and under the guidance of the Ministry of the Environment. It also manages buildings and antiquity sites in cooperation with the museum authorities. The cultural heritage is mapped before any management and restoration measures are taken.

The information on the 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.

In cooperation with the Finnish Heritage Agency and other actors, Metsähallitus has also prepared guidelines on how to preserve Finland's cultural heritage sites for the future generations. The guidelines are contained in the Metsähallitus' Environmental Guidelines for Practical Forest Management.

Long-term work aimed at preserving Finland's cultural heritage

In 2017, Metsähallitus surveyed and restored sites in multiple-use forests and protected areas in accordance with its objectives.

Cultural heritage surveyed in Inari

In 2017, Metsähallitus Forestry Ltd surveyed historical sites located in recreational forests in the municipality of Inari. The survey was carried out as a supplementary survey to the National Forest Programme 2015, which was managed by Metsähallitus. The information collected in the survey will be used in the planning of forest management and sustainable forest use and in the protection of the sites themselves.

Sites of old settlements, ruins of logging cabins, wild reindeer trapping pits and defensive fortifications built during the Second World War were discovered in the survey. The oldest sites are more than 2,000 years old while the most recent are from the 1950s and 1960s.

Sites were renovated

Provided with separate funding, National Parks Finland carried out renovation work at the following sites belonging to the state-owned real property with cultural history value: Svartholm fortress, Skolt homestead in the Urho Kekkonen National Park and the Välimaa Sámi farm. Measures were also taken to improve visitor safety in the castle ruins of Raseborg and Kuusisto. A new service building was also opened at Raseborg to improve the level of services at the site while permanent lighting was installed at Raseborg and Kuusisto as well as on the Vallisaari Island.

In addition to this work, renovation plans were prepared for the Kuusisto guard shed and toilet building as well as for the temple of luck in the English-style park at Aulanko nature reserve. The renovation work will start in 2018.

Renovation backlog at historical sites was reviewed

In 2017, a review was carried out on the renovation backlog of the service infrastructure at the historical and nature sites managed by Metsähallitus.

The purpose was to get an overall picture of the renovations required at historical and nature sites so that a basis can be created for a continuous growth in recreational and nature tourism. State-owned real property with cultural history value comes under the public administration services and the renovation backlog was put at about EUR 72 million. Castle ruins and fortresses belonging to the strategic state-owned real property account for most of the backlog.

Finns' relationship with forests and everyman's rights included in the national inventory of living heritage

In 2017, Metsähallitus took part in the national implementation of the UNESCO Convention for the Safeguarding of the Intangible Cultural Heritage in the nature and universe working group. Finns' relationship with forests, everyman's rights, picking of mushrooms, Finnish spitz and the preservation of hunting and fishing traditions were among the 52 items included in Finland's first National Inventory of Living Heritage.

International recognition for cultural heritage work

The cultural heritage survey project carried out in state-owned multiple-use forests between 2010 and 2015 received a Special Mention of Europa Nostra, an organisation working to protect Europe's cultural heritage. The Special Mention was awarded for the preservation and enhancement of the European cultural heritage.

More than 10,000 cultural heritage sites located in state-owned multiple-use forests were documented and protected in the survey project. The geographic information of these sites was published in the Excursionmap.fi service in 2017.

Photo: Elias Lahtinen



Natural resources in a key role

The aim of Metsähallitus is to act in a manner that slows down climate change. Forests, renewable natural resources and renewable energy play an important role as alternatives to fossils as such.

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: their annual growth is 11 million cubic metres and about six million cubic metres is 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.

Wood construction has climate impacts

Some of the harvested timber will continue to act as a carbon sink in wooden buildings and in other long-lasting products after processing. 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.

Increasingly climate-wise forest management

In 2017, Metsähallitus launched Climate Smart Forestry project on the role of forest management in the mitigating of climate change. The purpose of the project is to examine 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 receives carbon classification, which describes its importance in terms of carbon sequestration and storage. Following this, recommendations are drawn up for the stand regarding the application of the forest management guidelines.

” *With Climate Smart Forestry project, the activities can be geared more effectively towards mitigating climate change.*

Using the carbon classification, forest management can be geared more effectively 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.

The reforms prepared as part of the project will be introduced during 2018.

Energy from wind

In addition to carbon sequestration, reducing greenhouse gas emissions is also important in the process of slowing down climate change. The aim of Metsähallitus is to increase renewable energy production in state-owned lands in a responsible manner and in accordance with other land use needs and environmental values. Metsähallitus is not a partner in wind power business but it cooperates with wind energy operators.

Two new wind farms were opened in state-owned lands in 2017. Loiste Energia and Taaleri opened the Kivivaara-Peuravaara wind farm in Suomussalmi and Suomen Hyötytuuli opened the Annankangas wind farm in Raahe.

There are now 86 wind power plants operating in state-owned lands and about 90 sites have been designated for the purpose. The energy generated by the existing wind power plants would be enough to heat about 40,000 electrically heated detached homes each year.

Photo: Ann-Britt Pada



Sustainable return over generations

The goal of Metsähallitus is to develop the use of state-owned land and water areas in a responsible manner so that they bring maximum benefits to society at large. Metsähallitus generates income for the state and, in accordance with its strategy, works to enhance vitality of the regions and promotes natural wellbeing services.

” *Metsähallitus guarantees the best possible sustainable return on state-owned land over generations and works to enhance vitality of the regions.*

Nearly one-third of Metsähallitus' profits are contributed to the State

Metsähallitus will pay the Finnish State EUR 92.7 million in the public interest from its 2017 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.

Economic wellbeing in 2017

Income paid to the state, EUR million	92.7
Wages and salaries, EUR million	51,481,434
Regions receiving the highest wage and salary payments, EUR million	
Lapland	14,270,863 (28 %)

Uusimaa	9,897,354 (19 %)
North Ostrobothnia	7,205,821 (14 %)
Kainuu	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	1,800
Total spending impact of visitors to nature reserves on the local economy, EUR million	258
Total spending impact of wilderness visitors on the regional economy, EUR million	42.7
Employment impacts, person-years	
Forest sector jobs generated by multiple-use forests	5,000
Visits to national parks, state-owned hiking areas and certain other nature reserves and recreational areas	2,582
Hunting and fishing customers	261
Forest sector companies operating as contractors	400
Cooperation agreements with tourism operators in nature reserves	606
Nature tourism contracts in multiple-use forests	527

General social obligations at the core of responsibility

General social obligations help to ensure that Metsähallitus operates in an environmentally and socially responsible manner.

In addition to the protection of biodiversity, the general social obligations also involve recreational use of nature, employment, ensuring the prerequisites for Sámi culture and the obligations laid down in the Reindeer Husbandry Act. The land use needs of research and educational institutions, the Finnish Defence Forces and the Finnish Border Guard are also considered.

General social obligations arising from commercial operations (Metsähallitus Forestry Ltd and Metsähallitus Property Development) in 2017

	EUR million
Biodiversity	37.8
Recreational use	11.6
Reindeer husbandry	2.6
Sámi culture	3.8
Employment	0
Total	55.8

Sustainable tourism

Parks & Wildlife Finland and the UNESCO World Heritage Sites located in Finland have joint principles of sustainable tourism, which are observed in all activities and in all cooperation with tourism operators. In 2017, Metsähallitus had 606 cooperation agreements with tourism operators in nature reserves.

Ethical hunting and fishing

Competent wilderness inspectors of the Wildlife Service 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.

Wilderness supervision events and offences in 2017

Wilderness supervision events	10,791
Percentage of offences of all wilderness supervision events	9.8

Vitality for regions through responsible land use planning

Land use planning is especially important for the vitality and economies of sparsely populated regions. Allocation of plots for holiday homes also 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.

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.

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 Metsähallitus and the Criminal Sanctions Agency.

Metsähallitus' work sites provide the prisoners with an opportunity for rehabilitation as the day of release is approaching. The prisoners work for National Parks Finland and are treated as employees. Furthermore, the work also involves nature-oriented Green Care rehabilitation in some of the most beautiful nature sites in Finland.

The prisoners themselves are the biggest beneficiaries of the work. As the day of release is approaching, they have a chance to try their skills in a practically oriented environment in a wide range of different tasks. 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.

In 2017, by employing prisoners, Metsähallitus was able to keep service infrastructures in good condition and carry out maintenance work at such sites as the Nuuksio, Sipoonkorpi, Liesjärvi, Seitsemien and Helvetinjärvi National Parks, as well as in such locations as Aulanko, Vallisaari and the Evo hiking area.

Rehabilitating work in 2017

Prisoners from open penal institutions used as workforce, person-years

51



Ensuring a viable Sámi culture

Metsähallitus has operations in 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 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.

Under the new act on Metsähallitus, consultative committees have been established in the municipalities of the Sámi Homeland. They deal with the sustainable use and management of state-owned land and water areas and their natural resources. 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 directly and in a specific way affect the status of the Sámi as an indigenous people.

Important events in the Sámi Homeland in 2017

- A special area plan was prepared for the Juutua-Tuulispää recreational forest in cooperation with local users and the Akwé: Kon working group appointed by the Sámi Parliament.
- Leasing of land for a water bottling plant at Sulaoja was considered by Metsähallitus. After reviewing the opinions requested on the matter and holding a public hearing at Karigasniemi in the municipality of Utsjoki, Metsähallitus decided not to lease out the site. At the end of 2017, the operator submitted a new permit application for the bottling plant at a different site. The review of the opinions requested for this application is still pending.
- The new Fishing Act had an impact on the fishing opportunities of local residents in Northern Lapland and it increased the workload of Metsähallitus in the region.

- In accordance with the management plan for the water bodies in the Skolt area, Metsähallitus launched a review of the targeted state for local fishing in the Näätämöjoki river.
- The management plan and the new regulations for the Urho Kekkonen National Park were approved.
- A local-level working group was established to seek solutions aimed at securing the coexistence of nature values and reindeer grazing at Malla.
- The planning for the extension and the new exhibition at the Northern Lapland Nature Centre Siida, which also houses the Sámi Museum, was started during the year.
- Renovations were carried out at Suomujoki and Oskarinkoski Skolt homestead in the Urho Kekkonen National Park. The sites are protected and included in the state-owned real property with cultural history value.
- Service infrastructure in the gold history area and protected buildings at Kultala on the shores of Morgamoja river were renovated as part of the Lemmenjoki gold route project.
- Growth in tourism boosted the demand for plots managed by Metsähallitus Property Development.
- The land use plan for Rahajärvi in Inari was approved and all seven plots in the area were sold or leased out.

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 also 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 national parks and other hiking destinations maintained by Metsähallitus at the Nationalparks.fi (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. Most of the content is in Northern Sámi and Inari Sámi.

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 the respect for the knowledge and practices of indigenous communities.

In Finland, the Sámi Parliament and Metsähallitus have jointly prepared a model for applying the Akwé: Kon principles. The voluntary Akwé: Kon guidelines are used in all management plans for nature reserves and wilderness areas in the Sámi Homeland. The purpose of the procedure is to

safeguard the participation of Sámi communities in projects and plans. In 2017, Metsähallitus and the Sámi Parliament launched a process to update the guidelines.

Forestry in the Sámi Homeland

About 90 per cent (2.56 million hectares) of the area of the Sámi Homeland is managed by Metsähallitus and nature reserves and wilderness areas managed by Parks & Wildlife Finland account for 69 per cent of this total. A total of 20 per cent of the land is managed by Metsähallitus Forestry Ltd and 10 per cent of its land is in commercial use and the rest is excluded from it. A traditional livelihood area managed by Metsähallitus Property Development accounts for 11 per cent of the Sámi Homeland.

The forest management methods applied in the Sámi Homeland have been jointly determined with the Sámi Parliament and the Skolt Village Meetings. Only intermediate, selective and seed tree felling are used and no clear cuttings are carried out. Differently structured forest management models maintaining forest cover are extensively used (selection felling and planting in small clearings).

The most important reindeer grazing areas and the annual cycle of reindeer husbandry are taken into consideration in the planning. Measures aimed at ensuring the coexistence of forestry and reindeer husbandry have been jointly agreed between Metsähallitus, the Sámi Parliament, Skolt Village Meetings, and the reindeer herding cooperatives in the Sámi Homeland. It has also been agreed with the reindeer herding cooperatives in the Inari area that the most important grazing areas will be excluded from forestry measures for 20 years.

All timber harvesting, land development, road construction and hiking trail plans are sent to the chairmen of the local reindeer herding cooperatives for review so that the cooperatives can have a say in the planning process. No fellings have been carried out in the Sámi Homeland if the chairmen of the local reindeer herding cooperatives have been against them and no agreement has been reached in the negotiations on the matter.

Photo: Kaisa Sirén



Good planning as a basis

Preparing plans for recreational use of state-owned land is an important part of Metsähallitus' work. 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.

Metsähallitus uses the hunting and fishing data extracted from visitor surveys and permit statistics in the planning process. When preparing the plans, Metsähallitus also considers the direct feedback from customers and the feedback provided by stakeholders at public events and in surveys.

National Parks Finland is responsible for the recreational infrastructure in nature reserves and hiking areas (such as trails, hiking facilities, signposting and buildings). The forest road network, which is important for the recreational use of multiple-use forests, is maintained by Metsähallitus Forestry Ltd.

More visitors to national parks

There were further increases in the number of visitors to national parks and other important sites in 2017. This was partially the result of the Nature Days and the extensive information campaigns accompanying them as well as closer cooperation with the tourist sector. Between January and December, there were 3.1 million visits to the national parks, which was 10 per cent more than in 2016. The main factor behind the increase was the Hossa National Park, which was opened in the year when Finland celebrated the centenary of its independence. The area attracted twice as many visitors as in 2016.

The revenue and employment impacts of the visitors to national parks, state-owned hiking areas and other popular nature reserves and hiking areas totalled EUR 258 million and 2,582 person-years in 2017. The visitors brought EUR 27.6 million to the areas adjacent to nature reserves and

hiking areas, which was 15 per cent more than in 2016.

Spending impacts of visitors to national parks, state-owned hiking areas and certain other nature reserves and recreational areas on the local economy in 2017

	Total revenue impact, EUR million	Total employment impact, person-years	Number of visitors
National parks (40)	206.5	2,055	3,104,700
State-owned hiking areas (5)	10.9	116	237,900
Historical sites (6)	6.4	63	228,800
Other nature reserves and recreational areas (6)	34.5	348	539,500
Total	258.3	2,582	4,110,900

In terms of local economic impact, the most important national parks in 2017 were the Pallas-Yllästunturi National Park (EUR 61.5 million), Urho Kekkonen National Park (EUR 36.6 million), Koli National Park (EUR 21.5 million), Oulanka National Park (EUR 18.8 million), and the Pyhä-Luosto National Park (EUR 13.3 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 nearly EUR 43 million and 261 person-years.

Wilderness permits sold and fisheries management fees in 2017

Hunting permits	53,962
Fishing permits	82,740
Fisheries management fees, number of annual fishing permit holders	192,360

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. In order to allow more comprehensive monitoring of the recreational benefits of multiple-use forests, the use of the forest road network has been monitored as part of the natural resource plans for Kainuu, Southern Finland and Ostrobothnia. The

monitoring will continue in the area coming under the natural resource plan for Lapland in summer 2018.

According to the road use surveys, about 500,000 people visit ordinary multiple-use forests in Kainuu, while in Southern Finland, the figure is about one million. The figures for the forest road use in the area coming under the natural resource plan for Ostrobothnia will be available in 2018.

Recreational visitors are the largest group of forest road users and, according to the forest road surveys in Kainuu and Southern Finland, they account for about 85 per cent of all users (forest road user surveys 2015–2016).

Roads and snowmobile tracks in multiple-use forests in 2017

	km
Forest roads in state-owned land	38,000
Renovated roads 2017	440
Newly constructed roads 2017	170
Snowmobile tracks	4,204

Renovation backlog in national parks and historical sites a concern

In order to ensure continuous growth in the number of visitors to national parks and other recreational areas and to ensure the value of the historical sites, the areas must be in good condition, and the service infrastructure (such as trails and rest places) must be of high quality.

In 2017, Parks & Wildlife Finland carried out a review of the renovation backlog affecting the service infrastructure at its nature sites and historical sites. According to the review, the renovation backlog at nature sites totals about EUR 44 million, while the figure for historical sites amounts to more than EUR 72 million. The backlog calculations will be made into detailed action plans and site-specific cost estimates in 2018.

Hiking infrastructure in national parks, state-owned hiking areas and other nature reserves and recreational areas in 2017

	number
Signposts	3,998
Wilderness and rental huts	418
Rest places	2,853
Boating facilities	583
Dry toilets and other waste management facilities	2,249
Firewood supply facilities	1,641

Hiking trails in national parks, state-owned hiking areas and other nature reserves and recreational areas in 2017

	km
Hiking and nature trails	6,158
Ski tracks	2,196
Boating routes	716
Snowmobile tracks	3,706

Photo: Laura Johansson



Providing employment for thousands of people

Metsähallitus is a manager of large areas of land and a major provider of employment in northern and eastern Finland and its activities have significant impacts on the economies of these regions. In accordance with its general social obligations, Metsähallitus gives high priority to providing employment opportunities.

Metsähallitus has extensive operations in the regions

In 2017, Metsähallitus employed more than 1,200 people in 42 locations. Almost 90 per cent of the staff members worked outside the Helsinki region.

Metsähallitus personnel in 2017

	hlö
Number of employees in the head office	156
Number of employees outside the head office	1,068
Offices with the highest number of employees	
Rovaniemi	121
Oulu	71
Jyväskylä	36
Ivalo	28
Kuopio	28

Promoting entrepreneurship

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 and forest improvement work 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 2017, Metsähallitus had contracts with about 400 forestry entrepreneurs employing about 2,000 persons. Tourist and recreational use of nature reserves and hiking areas also 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.

Employment impacts of Metsähallitus activities and the number of entrepreneurs and contracts in 2017

Employment impacts, person-years	
Forest sector jobs generated by multiple-use forests	5,000
Visits to national parks, state-owned hiking areas and certain other nature reserves and recreational areas	2,582
Hunting and fishing customers	261
Forest sector companies operating as contractors	400
Cooperation agreements with tourism operators in nature reserves	606
Nature tourism contracts in multiple-use forests	
Hotels in business districts	29
Camping sites	12
Other tourist sites	97
Ski tracks and hiking trails	289
Snowmobile tracks	100



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.

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

The purpose of the comprehensive planning and participation methods of Metsähallitus is to ensure that the social responsibility and general social obligations are applied in state-owned land and water areas. The areas are used and their use is planned in close coordination with regional and local stakeholders.

Natural resource planning - a tool for sustainable use

Natural resource planning is an important tool for Metsähallitus as it manages state-owned land and water areas. 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.

Natural resource plans serve as action plans guiding the work of all Metsähallitus business units in state-owned land and water areas during the planning period. The planning is carried out in cooperation with the stakeholders.

The natural resource plan for Southern Finland was approved and the planning process for Ostrobothnia was launched in 2017. The preparation of the natural resource plan for Southern Finland involved about 60 stakeholder groups representing the public authorities, business operators and associations. A total of 28 stakeholders representing the same groups have been invited to contribute to the drafting of the natural resource plan for Ostrobothnia. The work will be completed during 2018.

In addition to the stakeholders, private citizens also have an opportunity to take part in the planning process through an open questionnaire survey. A total of 103 answers were received to the questionnaire survey conducted as part of the natural resource planning for Ostrobothnia in 2017.

Landscape ecological planning helps to ensure biodiversity in multiple-use forests

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

The quality and impact of the landscape ecological network can be improved on the basis of landscape ecological reviews by analysing any inadequacies in the network. The updating of the landscape ecological network covering the multiple-use commercial forests of Metsähallitus was started in 2017 in Kainuu and Lapland.

Events intended for stakeholders and members of the public were held in Kainuu and Lapland as part of the updating process. Feedback from the public was also collected by means of a map-based online questionnaire. Sites suggested in the feedback will be added to the geographic information system after they have been checked.

Management plans steer the sustainable use of nature reserves

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 of nature reserves and wilderness areas at public events and steering groups and by providing direct feedback and submitting opinions on the plans. By applying a participatory approach, Metsähallitus can obtain information and views that can be used as a basis for the planning process. It also helps to reduce disagreements between Metsähallitus and interest groups as well as between interest groups. Furthermore, a participatory approach ensures that the parties contributing to the planning process are committed to the goals and proposals laid out in the plan. In the best-case scenario, the process may result in permanent cooperation and interaction between regional actors.

The level of participation in the management plan preparatory process is determined on the basis of a stakeholder analysis and the characteristics of the area concerned. In some areas, broad-based participation, involving both public events and negotiations between the parties, is required but this is not always necessary.

The consultative committees appointed for national parks serve as permanent channels for cooperation and participation. For example, the consultative committee appointed by the Ministry of the Environment assists in the management of the Urho Kekkonen National Park. Each municipality in Northern Lapland has its own consultative committee. The management plans prepared for the nature reserves and wilderness areas in the Sámi Homeland are based on the Akwé: Kon guidelines laid out in the Convention on Biological Diversity. The purpose of the guidelines is to ensure the participation of the Sámi communities in the planning and impact assessment process and to find ways to reduce any negative impacts on Sámi sources of livelihood.

The management plans for the Syöte National Park as well as the Kylmäluoma and Oulujärvi hiking areas were approved during 2017.

Photo: Keijo Kallunki



Experiences in nature for all on an equal basis

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

The more than 1,200 professionals working at Metsähallitus are key to our success. The people at Metsähallitus work to ensure that Finland's natural resources are managed and used in a responsible manner and the biodiversity of Finnish nature and the Finnish cultural heritage can be safeguarded. Customers, partners and colleagues are important to the people working at Metsähallitus.

Everybody has the right to enjoy the wonders of nature

Metsähallitus maintains dozens of easy-to-access hiking areas that are also suited for people with mobility aids and people seeking easy trails.

In the construction of accessible trails, Metsähallitus uses the recommendations given by such organisations as the Finnish Association of People with Physical Disabilities. Almost all visitor centres and other customer service points of Metsähallitus are located in obstacle-free buildings.

Accessibility is a special consideration in the Hossa National Park, which was opened in 2017 to celebrate the centenary of Finnish independence. Hossa has a wide variety of accessible trails and facilities as well as jetties where wheelchair-bound people can fish or get on a boat.

Open online services provided free of charge

Metsähallitus maintains and develops online services for nature lovers. In 2017, there were a total of 3,007,483 visits to the Nationalparks.fi, Eräluvat.fi and the Largecarnivores.fi websites and

4,029,148 visits to the Excursionmap.fi pages.

In 2017, the Excursionmap.fi service was updated and made more comprehensive by adding to it information on the multiple-use forests, historical sites and landscape ecological areas of Metsähallitus (such as ecological corridors connecting nature reserves and small water bodies of particular importance). Up-to-date location details of snowmobile tracks were also added to the service.

Free-of-charge digital services, number of users in 2017

	Users
Nationalparks.fi	2,067,366
Eräluvut.fi	727,117
Largecarnivores.fi	213,000
Excursionmap.fi	4,029,148

Competence and wellbeing of the personnel is important

The personnel policy of Metsähallitus is based on jointly approved values – care, importance and effectiveness. Work capacity of individual employees, competence development, job satisfaction and occupational safety and health are supported and the smooth functioning of the workplace communities at Metsähallitus and its units is ensured.

Staff training at Metsähallitus in 2017

Training, working days	2,836
Training, days/person-year	2

Photo: Elias Lahtinen



Metsähallitus encourages people to be physically active

Metsähallitus and its partners want to inspire people to become more outdoor-oriented and seek wellbeing from nature. The aim is to make people physically active and encourage them to spend more time in nature.

Cooperation projects in 2017

	Objective
<u>Moved by Nature (2017–2019)</u>	Promoting the health and wellbeing of children and young people by increasing their levels of green exercise
<u>Path to Nature (in Finnish) (2017–2019)</u>	Promoting non-discriminatory outdoor activities
<u>Esikoto (in Finnish) (2016–2018)</u>	Creating an effective pre-integration model for the asylum process so that already the asylum application period could be more beneficial to the asylum seekers and society at large
<u>Saint Slow (in Finnish) (2015–2018)</u>	Promoting, developing and marketing tourism services and products that allow visitors to experience nature and local culture in a comprehensive and relaxed manner

Hiking and wilderness experience as a source of wellbeing

In 2017, more than 5.9 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 87 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 100 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 2017 (scale 1–5)

Customer satisfaction among hunting permit holders	3.70
Customer satisfaction among fishing permit holders	3.70
Customer satisfaction among users of visitor centres and field services	4.34
Health and wellbeing impacts experienced in nature reserves and historical sites (social, physical and psychological)	4.36

Healthy Parks – Healthy People

In 2017, Parks & Wildlife Finland developed the health-promotion programme ‘Healthy Parks – Healthy People’. With this programme, which extends to the year 2025, Parks & Wildlife Finland plan to meet the challenges of the future in cooperation with their partners.

” *Nature makes you feel better – you can experience it in your nearby nature or in a national park.*

The aim of the programme is to encourage Finns to become healthier and feel better physically, psychologically and socially by taking a look at the wonders of Finnish nature.

Photo: Tuukka Luukkonen



Right to good management

Metsähallitus updated its personnel policy in 2017 in accordance with its new strategy.

The key policy areas are

- good personnel management
- fairness
- non-discrimination
- adherence to sustainable ethical principles.

At all stages of its employment relationships, Metsähallitus adheres to the requirements of equality and non-discrimination and, in the treatment of its employees, observes all requirements laid down in the law and in the principles of ethically sustainable management and supervisory work. The implementation of the equality and non-discrimination plans as well as the development priorities in them are reviewed each year in the cooperation committee.

Harassment and other inappropriate behaviour are dealt with and, if necessary, the multiprofessional operating model prepared for exceptional situations is applied for the purpose. Metsähallitus is a participant in the Häirinnästä vapaa (harassment free) campaign launched in 2017.

Employees feel that their work has a purpose

Metsähallitus monitors the job satisfaction of its staff members and development priorities in the workplace community by conducting a personnel survey each year. In 2017, 69 per cent of all employees (788 persons) took part in the survey.

Employees feel that their work at Metsähallitus is important and the staff members are highly committed. The personnel also give good marks on equality, team spirit and occupational safety and health.

The areas where improvements are needed include the opportunities for professional development and the giving of feedback.

The feelings concerning one's own work among staff members are measured in the survey on the basis of a value for which the employees are asked about such matters as work motivation and enthusiasm. In 2017, the value was 3.84 on a scale of 1–5 (2016: 3.86).

Personnel (31 December 2017)

	2017
Number of employees	1,224
Permanent, %	90
Fixed-term, %	10
Number of employees	
In the head office	156
In other offices	1,068
Gender distribution, %	
Metsähallitus Group	
Women	30
Men	70
Metsähallitus Board of Directors	
Women	50
Men	50
Management Group	
Women	45
Men	55
Average age of employees	52
Working days lost due to occupational accidents	209

Development work continued

The cooperation agreement between Metsähallitus and the organisations representing its employees was updated in 2017 in accordance with the operating model and organisation laid down in the new act on Metsähallitus.

Development work at Metsähallitus continued with a review of Group functions and the co-determination negotiations accompanying them. As a result of the negotiations, the functions and employees of the Metsähallitus Service Centre were transferred to Group units. At the same time, the responsibilities between Group units were clarified. Ten employees were given notice as a result of the reorganisation.

The co-determination negotiations on the employment of loggers during winter months also took place in autumn 2017. Metsähallitus Forestry Ltd decided to lay off most its loggers for the winter months, when logging work is particularly difficult. Metsähallitus has convened a working group to seek new innovative solutions for wintertime employment of loggers. The working group will meet for the first time in spring 2018.

Photo: Jari Salonen



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 voluntary activities. Wilderness education of children and young people is also supported through voluntary activities.

Voluntary activities in 2017

Voluntary events	211
Volunteers taking part	4,863
Volunteer input, person-years	26.1

Organisations and companies as well as the associations established by friends of national parks are the partners in the events and voluntary activities. Unlike in the previous years, the focus in the voluntary activities in 2017 was on campaigns such as the making of nest boxes and choir singing events, which were held to celebrate the centenary of independent Finland.

Biggest nature festival of all time

Natural wonders of the hundred-year-old Finland were celebrated on four Nature Days in 2017. All Finns were invited to experience the Nature Days and the event partnership network involved nearly 70 organisations committed to the preparations of a nationwide festival of Finland's nature. Volunteers also made a major contribution to the success of the Nature Days. For example, the voluntary input at the sites presenting Metsähallitus activities was about 10,000 hours.

A total of about 300,000 people visited the events held during the four Nature Days. Metsähallitus

found new potential partners and the project also encouraged more people to visit national parks and to take up outdoor activities.

Building snow drifts for Saimaa ringed seal as a team effort

The snow cover in the early winters in 2014–2017 was thin and this prompted people from Metsähallitus, WWF Finland, the University of Eastern Finland and a large number of volunteers to build artificial snow drifts for the Saimaa ringed seal. The work, which was coordinated by Metsähallitus as part of the Saimaa Seal LIFE project, produced results: of the 83 seal pups born in 2017, a total of 70 were born inside the snow drifts built by volunteers.

The Nature Volunteer of the Year 2017 takes special needs groups to nature

Every two years, Metsähallitus awards the title Nature Volunteer of the Year to an individual or an organisation in recognition of their contribution. The purpose is to highlight the importance of the voluntary inputs made by Finnish nature enthusiasts. The award is also in recognition of the active volunteers who demonstrate by their own example the closeness of the relationship between Finns and nature.

In 2017, the award was given to the association Maaselän Latu Ry. The association encourages new volunteers to join its activities and provides special needs groups with opportunities to experience nature. The volunteers of the association played a major role in the organisation of a Finnish centenary nature festival on 17 June 2017 by erecting one of the largest tent hotels of the Nature Days in the Salamajärvi National Park.

Wildlife tutors familiarise children and young people with wilderness traditions

Wildlife tutors of Metsähallitus are committed and responsible wilderness enthusiasts, fishers and hunters who, on a voluntary basis, teach children and young people to hike in the wilderness and to respect and feel at home in nature and educate them about the principles of sustainable fishing and hunting.

In 2017, the focus in the work was on cooperation with schools. 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 by 4H in Finland in schools.

Wilderness tutor activities in 2017

	Number of tutors
Voluntary events	84
Volunteers taking part	148

Photo: Joni Turunen



Administration and management

Under the Act on Metsähallitus (234/2016), Metsähallitus is a state-run enterprise steered by the Ministry of Agriculture and Forestry and operating in the administrative branch of the same ministry. The task of Metsähallitus is to use, manage and protect state-owned land and water areas under its management in a sustainable manner.

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 services is the responsibility of the Ministry of the Environment and the Ministry of Agriculture and Forestry in their respective administrative branches. The public administration services are managed separately from the business operations and they are funded from appropriations in the state budget.

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.

Photo: Jari Salonen



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 Director, Parks & Wildlife Finland. The public administration services concerning fishing, hunting and wilderness supervision coming under the public administration services unit are the responsibility of Director, Wildlife Service Finland.

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.

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.

Local-level operations and cooperation were strengthened

In 2017, Metsähallitus strengthened regional operations and cooperation by establishing regional management groups 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 business units.



Photo: Jari Salonen



Remuneration

In its remuneration policy, Metsähallitus is guided by the Government Resolution on State Ownership Steering Policy 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

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 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.

The remunerations and other fees paid to the Managing Director and Board members totalled EUR 378,560 in the financial year (2016: EUR 347,515).

Photo: Eeva Mäkinen



Risk management

The goal of risk management is to ensure that Metsähallitus can achieve its targets and meet its statutory obligations and that operational continuity can be safeguarded.

Operating approach

Risks are managed by means of a determined risk management process. The Metsähallitus Board of Directors oversees the functioning and comprehensiveness of risk management and approves the risk management policy. The Audit Committee assists the Board of Directors in monitoring the risk management.

The Managing Director has overall responsibility for risk management and for ensuring that the operations are in compliance with the requirements. The Head of Risk Management at Metsähallitus owns the risk management process and is in charge of the coordination, development, guidance and reporting models of risk management as well as the support of the organisation's risk management. The managers of the business units and subsidiaries are responsible for the risk management of their regions or companies and for ensuring that they are in compliance with the regulations.

Metsähallitus takes a moderate stance on risk taking. The significance of risks is assessed as a combination of the probability and impacts of any given incident and they are managed where they arise.

Risks pertaining to the operations of Metsähallitus

Key risks:

- negative impacts on biodiversity arising from Metsähallitus' actions
- inability to ensure sustainable use of nature sites as the visitor numbers are increasing rapidly
- lack of diversity in personnel structure and unfair treatment of staff members
- risks pertaining to the occupational safety of the personnel and contractors and the lack of responsibility shown by the partners.

Key responsibility-related risks:

- negative impacts on biodiversity arising from Metsähallitus' actions
- inability to ensure sustainable use of nature sites as the visitor numbers are increasing rapidly
- lack of diversity in personnel structure and unfair treatment of staff members
- risks pertaining to the occupational safety of the personnel and contractors and the lack of responsibility shown by the partners.

Operational risks:

- natural conditions and uncertainties pertaining to the functioning of the information systems

Moreover, the appreciation of the Metsähallitus activities in wilderness services, recreational activities, conservation and forest management has an impact on its operational prerequisites. The success of the development projects in progress has an effect on the operational performance and the attainment of objectives.

Risk management in 2017

Even though Metsähallitus was able to successfully manage most of its risks during 2017, there were also areas where improvements are required. These concerned such areas as personnel competence and the ensuring of compliance and of the functioning of the ICT environment.

In 2017, the focus was on ensuring compliance with the data protection legislation that will enter into force in 2018. In winter 2017, a nature information hut and a firewood shed in Utsjoki were destroyed in an arson, which weakened the customer service of Metsähallitus and its operational prerequisites in the area.

Photo: Jari Salonen



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.

The current Metsähallitus Board of Directors has been appointed by the Government for the term 1 June 2016 – 31 March 2019.

Metsähallitus Board of Directors (from the left) Pertti Itkonen, Johanna Ikäheimo, Liisa Tyrväinen, Helena Säteri, Timo Laitinen, Kai Kaatra, Tuija Soanjärvi and Simo Rundgren.

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, Nixu Plc
Board member, Silta Ltd
Board member and member of the Audit Committee, 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

Photo: Olli-Pekka Orpo



Management Group

The Management Group assists the Director General in managing the unincorporated state enterprise. The Management Group comprises the following members assigned by the Director General: directors of the business units, director of the public administration services unit and the directors of the Group business units.

From the left:

Terhi Vires

Director of Human Resources, from 1 February 2017

Anna-Leena Ruuth

Director of Information Management, from 24 April 2017

Tuomas Hallenberg

Director, Metsähallitus Property Development

Tapio Pouta

Director of Development

Jussi Kumpula

Managing Director, Metsähallitus Forestry Ltd

Pentti Hyttinen

Director General

Timo Tanninen

Director, Parks & Wildlife Finland

Jukka Bisi

Director, Wildlife Service Finland

Heli Lehtonen

Director of Finance, from 18 December 2017

(Kirsti Lehtovaara, Director of Finance, until 19 May 2017; Sirpa Skytt, acting Director of Finance, 20 May –17 December 2017)

Susanna Oikarinen

General Counsel

Terhi Koipijärvi

Director of Communications, from 1 September 2017

(Juha Mäkinen, Director of Communications, until 31 March 2017; Kristiina Vuopala, acting Director of Communications, 1 April – 31 August 2017).

Photo: Olli-Pekka Orpo