

Coordinating a sustainable future

Metsähallitus annual and responsibility report 2023



METSÄHALLITUS
FORSTSTYRELSEN
MEHCIRÁÐDEHUS



This is what we do 13

Responsibility
report
33



58 Personnel

12.6
million
hectares of
state-owned
land and
water areas



106
Environment

| | | | |
|---|-----------|--|------------|
| Fostering our Future | 3 | Environment..... | 104 |
| Director General’s review | 4 | Climate change mitigation and adaptation | 113 |
| Key achievements in 2023 | 6 | Biodiversity and ecosystems | 125 |
| Key figures 2023 | 8 | Water and marine resources | 140 |
| This is what we do..... | 13 | Good governance..... | 147 |
| Strategy and value creation | 14 | Management principles | 148 |
| Responsibility | 18 | Risk management | 152 |
| Operating environment | 21 | Remuneration | 154 |
| Customers, partners and stakeholders | 24 | Board of Directors | 156 |
| Responsibility report..... | 33 | Management Group | 160 |
| Leadership | 40 | Reporting principles | 161 |
| Ethical and responsible practices | 44 | Stakeholder expectations and the forms of Metsähallitus’ stakeholder interaction | 164 |
| Responsibility in supplier and partner management | 48 | GRI table..... | 174 |
| Information and data management | 52 | Annual Report and Financial Statements | 178 |
| People and society | 55 | | |
| Personnel | 58 | | |
| Personnel of the supply and value chains | 66 | | |
| Impacted communities | 71 | | |
| Sámi culture | 91 | | |
| Consumers and end users | 96 | | |



Fostering our Future

We at Metsähallitus wish to ensure that everyone, including future generations, has the opportunity to enjoy nature and the value it creates. This is what we work for every day.

Contents:

| | |
|--------------------------------|---|
| Director General’s review..... | 4 |
| Key achievements in 2023 | 6 |
| Key figures 2023 | 8 |

DIRECTOR GENERAL'S REVIEW

Good results in an unstable operating environment

Year 2023 was marked by economic uncertainty and an unstable geopolitical situation. Despite the changes in the operating environment, our operations remained relatively stable and we achieved both our financial and operational goals. The year brought both successes and difficult decisions.

In keeping with our strategy, we continued our work on curbing biodiversity loss and climate change mitigation and promoted the green transition in 2023. Our activities produce both wellbeing for individuals and welfare for regional economies.

Metsähallitus had a good year in 2023, both in financial and operational terms. The Metsähallitus Group's turn-

over was EUR 435.3 million (EUR 423.3 million in 2022), and we turned a profit of EUR 142.3 million (150.9 million).

The volume of timber harvested in state-owned forests increased slightly from the previous year to 6.29 million m³ (5.94 million m³), in addition to which the lucrative price of timber increased Metsähallitus Forestry Ltd's turnover and profit. At the same time, Metsähallitus Forestry Ltd's inputs in fostering biodiversity and fulfilling our other societal obligations grew to EUR 107.8 million. The uncertain economic situation impacted Metsähallitus Property Development's site sales, in particular, whereas in the aggregate business the year was good.



Metsähallitus plays an important role in achieving Finland's carbon neutrality target. In keeping with the ownership policy guidelines, we have increased the carbon sinks of the forests and promoted renewable energy generation through wind power project development. The government resolution on launching tendering procedures for five offshore wind farm sites was one of the important milestones in 2023. This resolution gives us strong backing as we continue to develop offshore wind power projects in publicly owned waters. A tendering process is currently underway to select implementers for two new offshore wind power projects.

DIRECTOR GENERAL'S REVIEW

Fostering biodiversity is one of our strategic priorities. Our restoration and environmental management work continued in protected areas and multiple-use forests, mainly as part of the Helmi habitat programme, covering over 13,900 hectares in total. In conservation of endangered species, there was good news: Arctic foxes produced 25 cubs, and the Saimaa ringed seal population is also growing. Metsähallitus Forestry Ltd has developed operating models for and built up the expertise of its personnel in protecting endangered species in multiple-use forests.

Together with our stakeholders, we coordinate the multiple expectations placed on state-owned areas in regional natural resource plans. Two such plans were completed in 2023: one for Central and Northern Ostrobothnia and Kainuu, and another for the marine area. The marine area plan, which outlines our activities in the sea areas under our control, was the first one of its kind.

Hiking, fishing and hunting remained highly popular, even if visitor numbers in national parks and other destinations have stabilised after the peak figures seen dur-

ing the COVID-19 pandemic. The number of visits to national parks and other hiking destinations totalled 8.7 million last year.

Lively debate about forests continued, and in early 2023, demonstrations were also held on two Metsähallitus' felling sites. While the protection of old-growth and natural forests under the auspices of the Biodiversity Strategy received a great deal of attention, the criteria for conservation decisions are still going through the political process. Once the criteria have been completed, we will launch field inventories in state-owned areas to map old-growth and natural forests. These inventories will be carried out during two fieldwork seasons.

In late 2023, we had to make difficult decisions as the change negotiations on National Parks Finland (a part of Parks & Wildlife Finland) and Group operations led to the termination of 42 employment relationships. The underlying reasons for the change negotiations in National Parks Finland were an update of practices, which has been under preparation for some time, and a significant reduction in budget funding.

The financial uncertainty is reflected in our business activities and the financing of public administration services. Over the long term, however, Metsähallitus' future looks bright. We play a large role in enabling the green transition, and there is a growing demand for renewable, sustainably produced raw materials and energy. Outdoor activities, fishing and hunting are important for people's wellbeing, and our operations together with our value chains produce significant regional economic impacts.

Metsähallitus' operations are strongly linked to major megatrends, including curbing climate change and biodiversity loss, and these themes will be carried through to our new strategy that will be completed in the spring. By means of this strategy we, together with our stakeholders, customers and partners, wish to promote a transition towards a sustainable society that respects the planetary boundaries.

Juha S. Niemelä
General Director

KEY ACHIEVEMENTS IN 2023



Photo: Mikko Törmänen

Fostering our Future:

We drew up natural resource plans for Kainuu and Central and Northern Ostrobothnia as well as for the marine area.

Responsibility and cooperation:

Our business units’ inputs in general social obligations increased by around EUR 30 million since last year.



Photo: Katri Lehtola



Photo: Mikko Törmänen

Climate: We are actively developing opportunities for renewable energy business in state-owned areas.

Biodiversity:

We fostered biodiversity in protected areas and multiple-use forests by means of active environmental management and restoration work.



Photo: Katri Lehtola



Photo: Katri Lehtola

Wellbeing: Visitor numbers to national parks and other destinations with hiking services remained high, as well as the level of customer satisfaction..

Bioeconomy:

Metsähallitus Forestry Ltd made a good financial result and also achieved its other ownership policy goals, including those related to continuous cover forestry and environmental management.



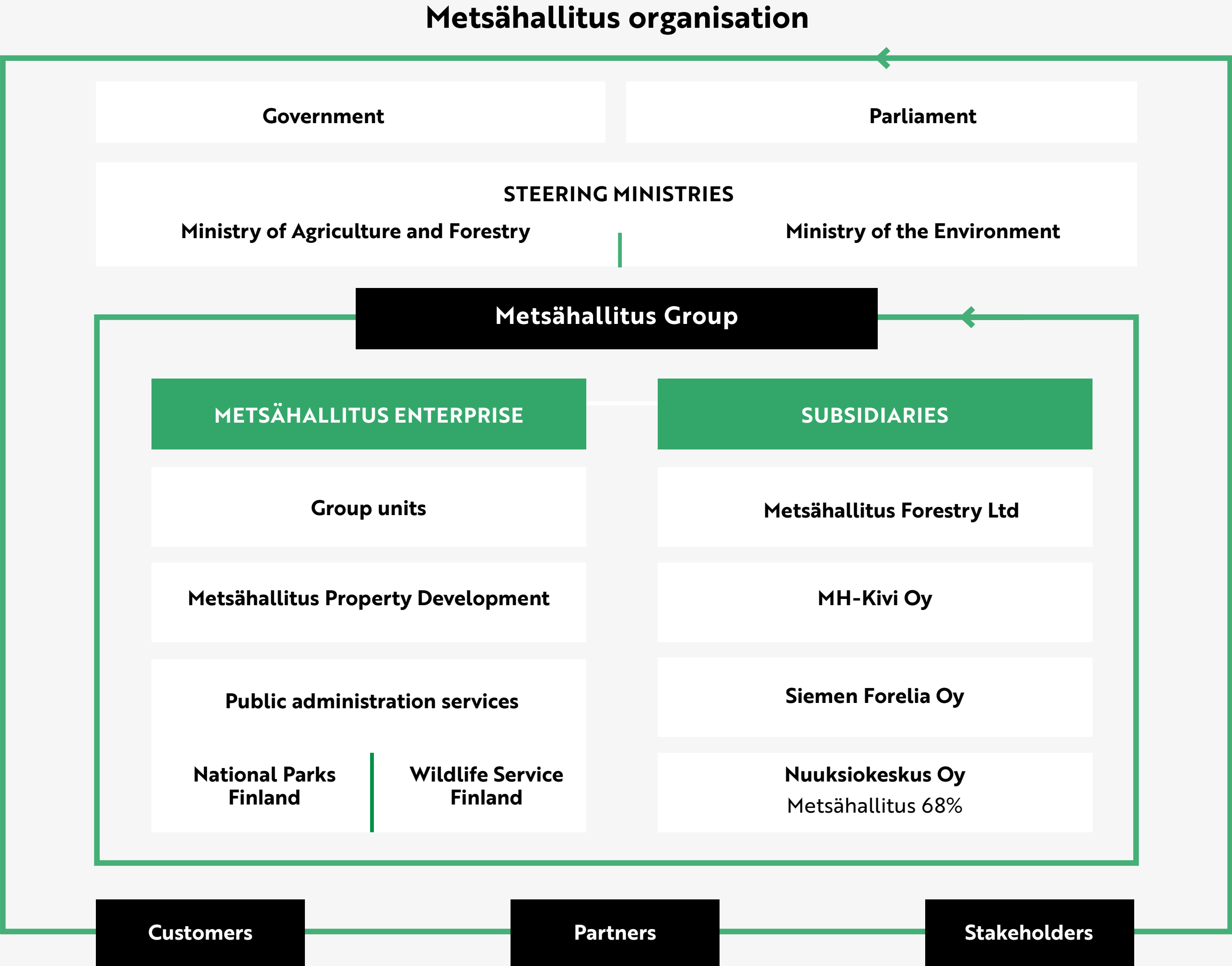
Photo: Mikko Törmänen

FOSTERING OUR FUTURE

Metsähallitus is a group of state-owned enterprises that uses, manages and protects state-owned land and water areas responsibly and sustainably. We are committed to promoting the UN’s Sustainable Development Goals (2030 Agenda) and the UN Guiding Principles on Business and Human Rights in our operations.

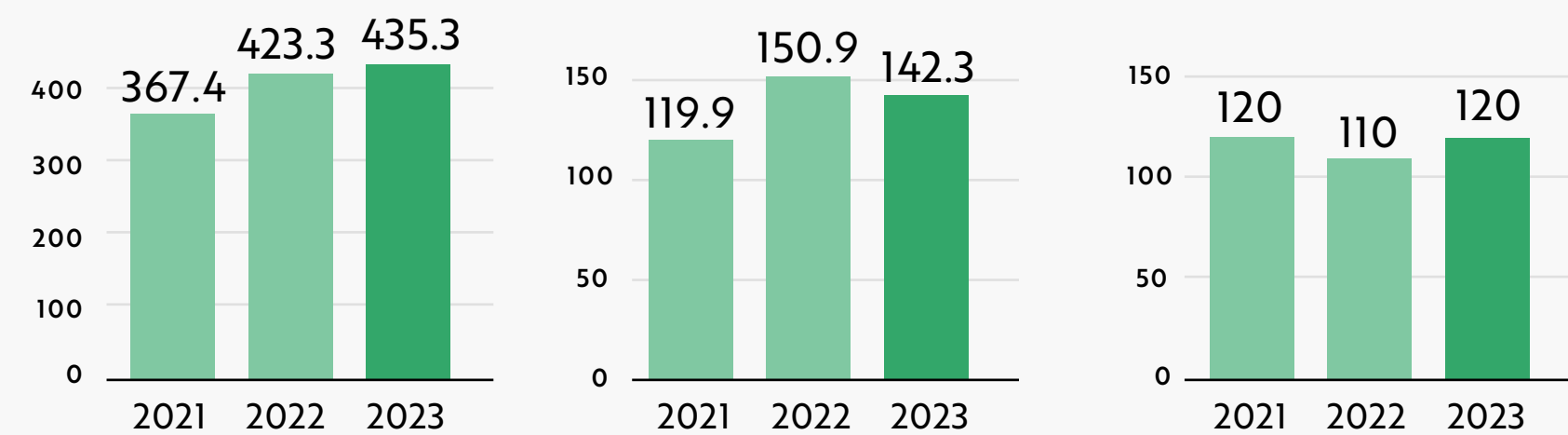
We reconcile the different objectives and expectations of the owner, stakeholders and customers in our work. We produce renewable raw materials in sustainably managed forests, increase the potential for generating renewable energy, and enable citizens’ enjoyment of nature by hiking, hunting, fishing and staying in holiday houses. We make sustained efforts to simultaneously mitigate both biodiversity loss and climate change.

Our operations link us to international value chains in such sectors as timber trade, tourism, wind power projects, nature conservation and procurement.



Our annual targets are approved by Parliament as part of the central government budget. The Ministry of Agriculture and Forestry is responsible for our performance guidance. Within its remit, the Ministry of the Environment also steers the performance of Metsähallitus’ public administration tasks.

KEY FIGURES 2023



Turnover,
million EUR
435.3
(423.3)

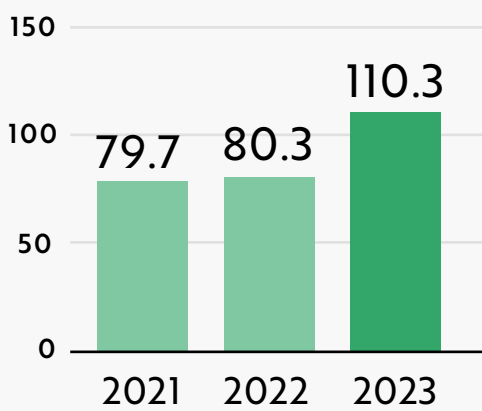
Profit for the
financial year,
million EUR
142.3
(150.9)

Contribution to
State revenue from
the previous year's
result, million EUR
120.0
(110)

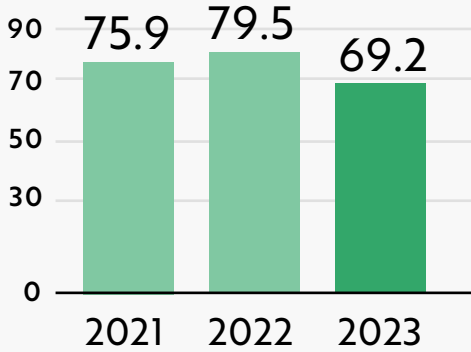
Operating
profit,
million EUR
158.9
(165.8)

Operating
profit
margin, %
36.5
(39.2)

Investment
to turnover
ratio, %
7.5
(6.3)



General social
obligations,
Enterprise's
inputs,
million EUR
110.3
(80.3)



Central
government budget
funding, public
administration
services, million EUR
69.2
(79.5)

Ecological
management
and restoration
measures, ha
13,904
(17,044)

Decaying
wood found
on state-
owned lands
75 million m³
75
(73)

Metsähallitus
as an employer
(scale 4 to 10)
8.2
(3.94 scale 1 to 5)

Metsähallitus'
customer
experience
(scale 1 to 5)
3.66
(3.65)

Carbon sink
in state-own
forests MtCO₂e
-12.80
(-13.6)

Carbon storage of
trees in stateowned
forests million t C
190
(187)

Metsähallitus'
carbon footprint
MtCO₂e
0.1
(0.1)

Metsähallitus
Group's person-
years 31 Dec 2023
1,125
(1,244)

KEY FIGURES 2023

Responsible business

We conduct business through our subsidiaries, Metsähallitus Forestry Ltd, MH-Kivi Oy and Siemen Forelia Oy, as well as Metsähallitus Property Development, which is part of the state enterprise. Nuuk-siokeskus Oy is a real estate company responsible for the administration of the Finnish Nature Centre Haltia in Espoo, of which Metsähallitus owns 68%.

Our business activities include sustainable management and use of state-owned forests, production of forest tree seeds, as well as project development, sales and leasing activities in state-owned land and water areas.

We are part of the forest and energy industry's value chain by offering sustainably produced wood for its raw material. Our customers include buyers of wood, mainly Finnish forest industry companies, independent sawmills and domestic energy companies.

As the steward of state-owned land and water areas, we create versatile business opportunities for other companies. Through wind power project development and leasing and sales of land, we are a link in the value chains of the energy industry, tourism, infrastructure and civil engineering sector as well as the extractive industry. Our customers include both large international companies and private individuals.



As part of sustainable management and use of natural resources, we ensure that we meet our general social obligations while conducting our business. We address the protection of biodiversity, recreational use of nature and job creation in our activities. We also reconcile the management, use and protection of natural resources in the Sámi Homeland to safeguard the prerequisites for pursuing the Sámi culture. In the reindeer herding area, we fulfil the obligations laid down in the Reindeer Husbandry Act.

KEY FIGURES 2023

Metsähallitus Forestry Ltd

Turnover,
million EUR
393.0
(349)

Profit,
million EUR
38.9
(17.1)

Compensation for
the right to use
stateowned forests,
million EUR
95
(95)

General and
societal obligations,
inputs, million EUR
107.8
(77.8)

Forest land
excluded from
forestry or under
limited use, ha
830,052
(831,915)

Share of
multipleuse
forests in
which timber
is harvested, %
2.6
(2.4)

Ecological
management
and restoration
measures in
multiple-use
forests, ha
2,591
(2,144)

Forest
growth
m³/ year
13

Volume of
harvested timber
(roundwood
and energy
wood) million m³
6.3
(6)

Carbon sink
in multipleuse
forests MtCO₂e
-8.6
(-9.2)

Number of
personnel
31 Dec 2023
369
(353)

Metsähallitus Property Development

Turnover,
million EUR
24.5
(56.2)

Operating
profit,
million EUR
16.8
(50.7)

The current
valid
agreements
related to
the use of
state-owned
land and
water areas
18,329

Number of wind
turbines on
stateowned
land
173
(157)

Wind energy
produced on
stateowned
lands, GWh
1,727
(1,500)

Number of
leased rock
material
extraction sites
200
(200)

Volume of rock
material extracted
from these sites
for construction,
million t
2
(2.7)

General soci-
etal obligations,
inputs, million
EUR
2.5
(2.5)

Number of
personnel
31 Dec 2023
78
(65)

Holiday
house sites

Leased
32
(47)

Sold

number of
new
holiday
house
sites
43
(91)

number of
leased
holiday
house sites
37
(58)

KEY FIGURES 2023

Public adminis- tration services

Metsähallitus’ public administration services are handled by Parks & Wildlife Finland’s units, National Parks Finland and Wildlife Service Finland. Our tasks include managing the network of nature conservation areas and dozens of cultural heritage sites in Finland, protecting many endangered species, providing free services for hikers, offering opportunities for hunting and fishing by selling permits for these activities, and using the permit revenue for promoting sustainable hunting and fishing. Our tasks also include supervising fishing and hunting in state-owned areas.

The public administration services are managed separately from business operations and funded by appropriations allocated to them in the state budget and income from permit sales.

National Parks Finland

Total number of visits
(national parks, state-owned
hiking areas, historical sites,
visitor centres and other
popular destinations), visits
8.7 milj.
(8.4)

Customer satisfaction
among users of
visitor centres and
hiking services
(scale of 1 to 5)
4.50
(4.43)

Impacts
of visitors’
spending in
areas close to
the destinations
million EUR
413.0
(391.8)

Habitat
restoration and
management
in state-owned
protected
areas, ha
5,580

Continuous
management
of semi-
natural
grasslands, ha
5,733

Total employment
impact of vis-
its, person-years
3,342
(3,158)

Number of
Saimaa ringed
seal pups born
103
(92)

Number of
personnel
31 Dec 2023
455
(545)

Wildlife Service Finland

Days spent fish-
ing and hunting
578,454
(548,547)

Number of
permits sold

Hunting permits
84,268
(86,369)

Customer
contacts in
fishing and
hunting
supervision,
number
8,139
(8,532)

Fishing permits
101,258
(94,032)

Number of
fisheries
management
fees paid *
286,770
(266,703)

*(including annual,
weekly and daily
payments)

We manage one third of Finland's surface area

Metsähallitus manages

9,179,000

hectares of land areas and

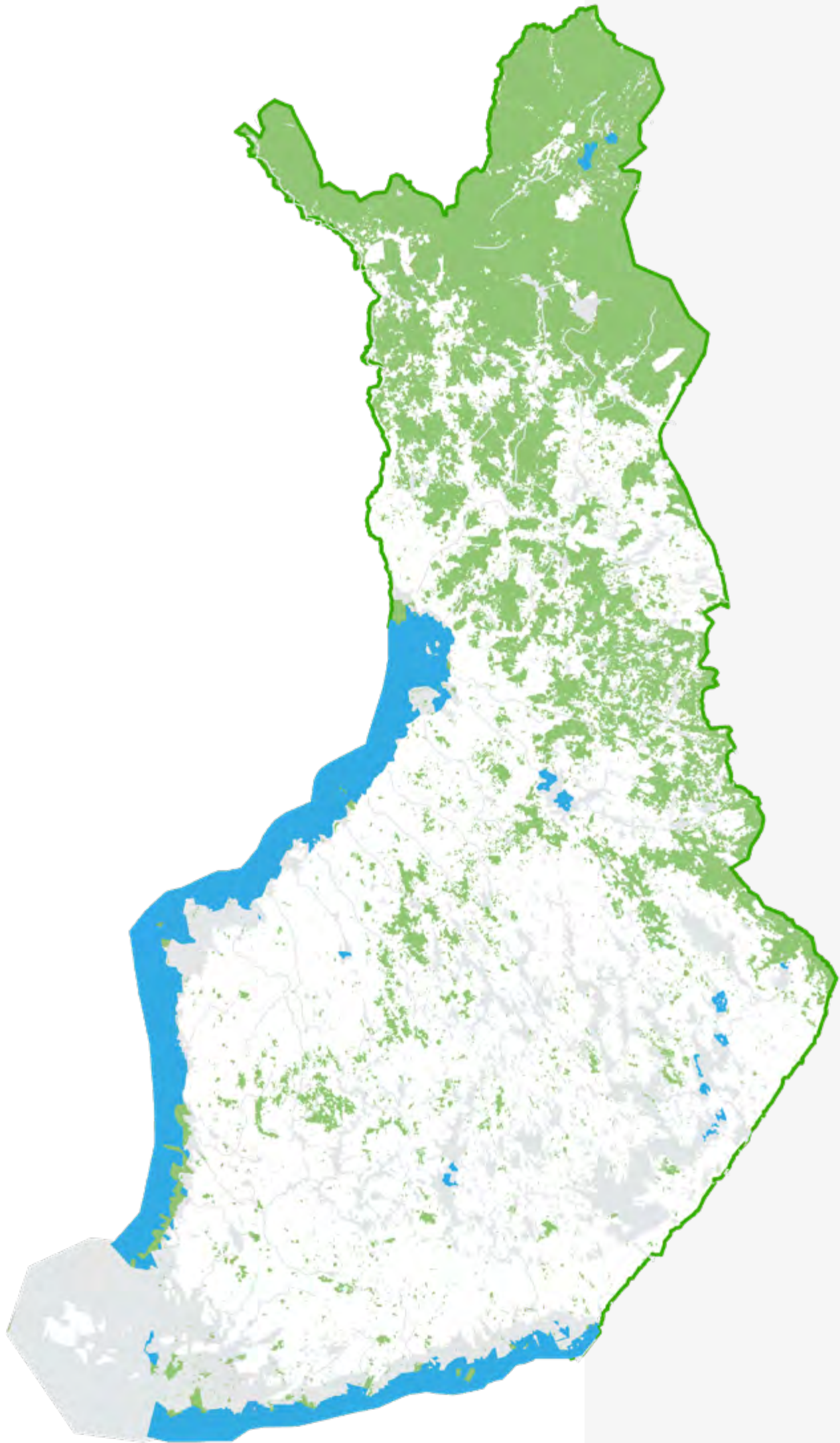
3,414,000

hectares of water areas,

amounting to

12,593,000

hectares in total.



0 50 100 km
© Metsähallitus 2021
© Maanmittauslaitos 2021

Water areas
Land areas

Land areas

53%

Multiple-use forests*
4,862,000 ha

Forest land in multiple-use forests** 3,483,000 ha (71,5 %)
Low-productivity land 705,000 ha (14,5 %)
Non-productive land 674,000 ha (14 %)

* Metsähallitus' forests are certified in compliance with the international PEFC system

**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, it is 0.1-1 m³/ha, and on non-productive land less than 0.1 m³ ha.

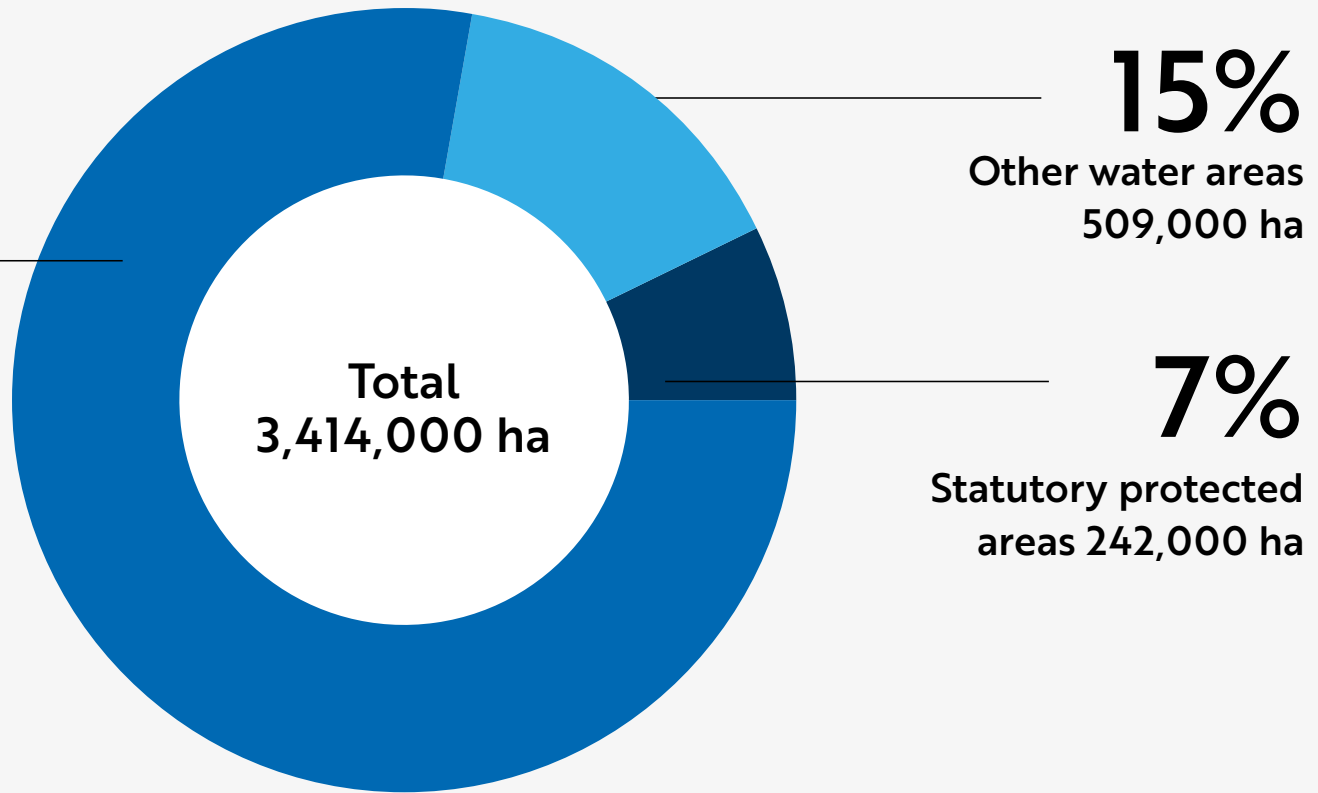
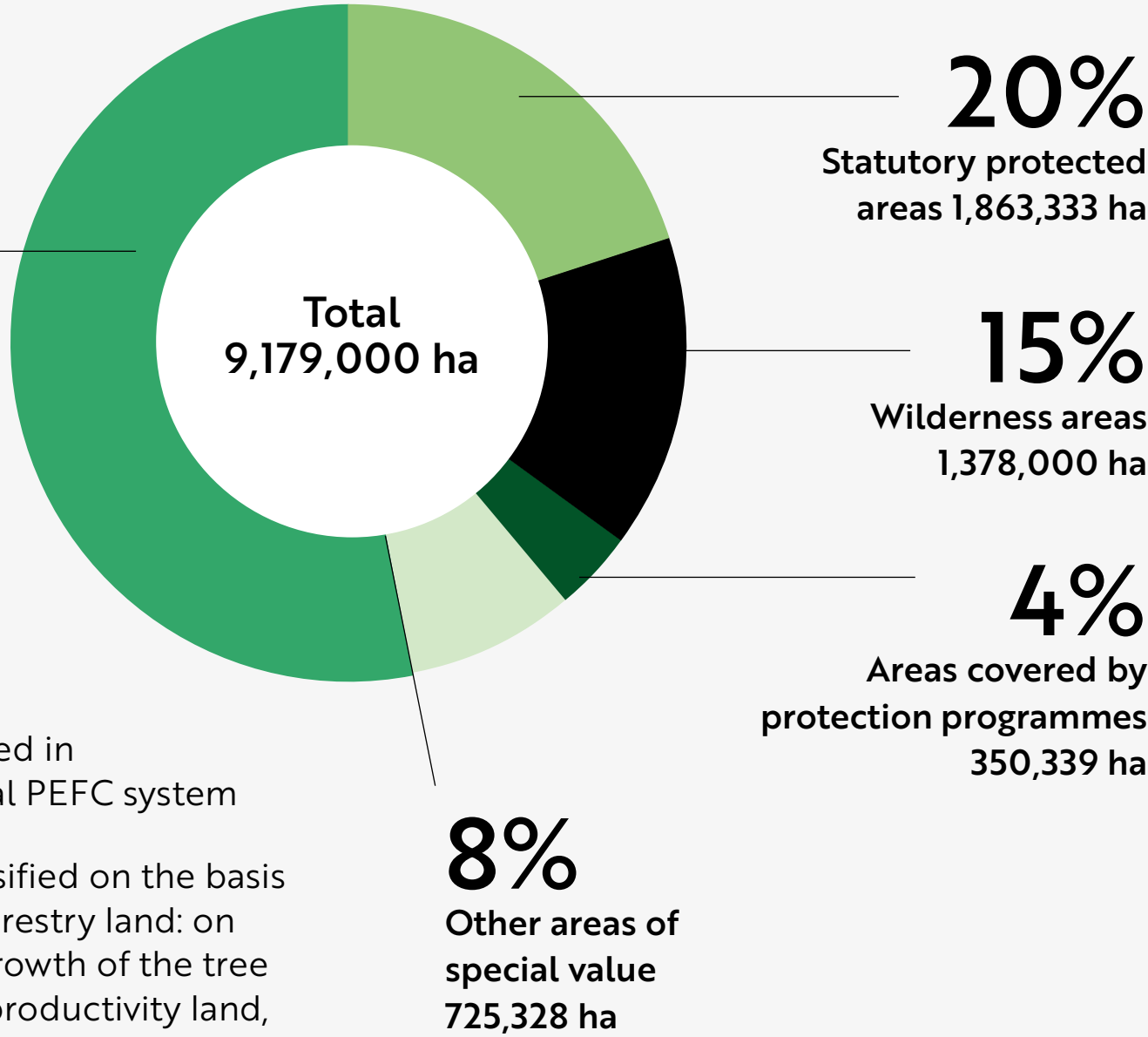
Water areas

78%

Public water areas***
2,663,000 ha

of which 2,555,000 ha in marine areas
of which 108,000 ha in lakes and rivers

***outside statutory protected areas



This is what we do

We foster the future by developing the value and shared wealth of nature responsibly and across generations. Responsibility and sustainability are a built-in part of our operations that support and guide our work and objectives.

Contents:

| | |
|--|----|
| Strategy and value creation | 14 |
| Responsibility | 18 |
| Operating environment | 21 |
| Customers, partners and stakeholders | 24 |

STRATEGY AND VALUE CREATION

Our operations produce value for people, the environment and society

Metsähallitus' work is guided by our strategy, *Fostering our Future*. The strategy has five themes: responsibility and co-operation, climate change, biodiversity, wellbeing, and bioeconomy. Associated with each theme are pledges to mitigate climate change and curb biodiversity loss, enable the phasing out of fossil energy sources, ensure corporate responsibility and compliance, strive to consult our stakeholders and understand them better, and create holistic wellbeing within the planetary boundaries. The overarching theme of the pledges in our strategy is corporate responsibility and cooperation.

At the end of 2023, we had achieved fully or exceeded two of the pledges made for the strategy period: the target for the amount transferred as revenue to the state and the targets for restoring degraded habitats. In 2021–2023, a total of EUR 350 million generated by our business activities was transferred as revenue to the state. In 2021 and 2022, we had already restored and managed habitats over a total of 27,810 hectares, and carried out environmental management and restoration work in commercial areas in multiple-use forests over a total of 5,422 hectares.



In order for us to succeed in our mission of fostering nature values and developing our shared wealth across generations, the support of our stakeholders is crucial.

Fostering our Future strategy 2021–2024

Our pledge

Responsibility and cooperation



We will build trust through open interaction and pledge to develop more customer-oriented and digital forms of cooperation.

We will expand responsible and ethical practices throughout our value chain.

Climate change



We will triple our renewable energy production by 2030.

We will achieve a 10% increase in the carbon sinks of state-owned multiple-use forests by 2035.

We will increase carbon storage on state-owned lands by 10% by the year 2035.

Biodiversity



We will step up our efforts to actively halt threats to species and habitats.

We will restore 17,000 hectares of degraded habitats in protected areas and 4,760 hectares in areas in commercial use by 2023.

We will strive for world class management of the conservation area network, aiming for such goals as improving its ecological status.

We will improve the sustainability of natural resources use, with the aim of minimising biodiversity loss.

Wellbeing from nature



We will create more opportunities for recreation as well as nature and wilderness experiences that promote health and wellbeing for everyone.

Our business operations will generate EUR 114 million in government revenue by 2024.

We will create jobs and boost regional economies, especially in sparsely populated areas.

We will provide better possibilities for our partners to develop safe and sustainable nature and wilderness tourism at our destinations.

Bioeconomy



We will develop and produce sustainable solutions for new products and services of the future that will help us transition from a fossil economy to a bioeconomy.

We will be a pioneer of sustainable forestry.

Metsähallitus' mission:
Fostering natural values and taking care of our shared wealth responsibly across generations

STRATEGY AND VALUE CREATION

Our goals of increasing carbon sinks and stocks by 10% and tripling renewable energy production are well under way. Expanding the use of responsible and ethical practices in the value chain is one of the goals set in our sustainability roadmap drawn up in 2023. In order to promote safe and sustainable nature, fishing and hunting tourism, we have been working on both digital services and development of hiking destinations.

We also continued to implement our strategy using a stream approach in 2023. This means that experts from different business and other units got together to develop the activities in order to achieve the objectives. In wind power development, we clarified roles and created an operating model that increases internal cooperation and interaction in such areas as safeguarding biodiversity in wind power projects. In work relating to the extractive industry, we examined Metsähallitus' role as an enabler of responsible mining. We also prepared for changes arising from the

EU Critical Raw Materials Act and the Government Programme.

In late 2023, we started working on our updated strategy, which is due for completion in spring 2024. From that point on we will introduce constant strategy updates, which will enable us to respond faster to rapid changes in our operating environment. In efforts to update the strategy, special attention has been paid to joint planning. The core team comprises people from different Metsähallitus units who were appointed following an open application process. Our goals also include closer cooperation with our stakeholders in drawing up and implementing the strategy.

Value creation model describes our impact

To measure the success of our strategy and responsibility work, we use Metsähallitus' value creation model: the model tells us where the greatest impact of our work is created and how it is targeted. It also

shows how the value we produce contributes to achieving the objectives of international commitments.

The greatest impacts of our strategy focus on five value-creating themes: climate, biodiversity, economy, culture, health and wellbeing.

In this examination, we account for both the positive and negative overall impacts of our work. The value creation model was produced as part of our corporate responsibility programme, and its indicators will be developed over the long term, especially regarding impact.

Metsähallitus' value creation model

Year 2023 – Coordinating a sustainable future

Our most important types of capital



Financial capital



Natural capital



Human and knowledge capital



Health and wellbeing

6.76

million nature visits to national parks, state-owned hiking areas and other protected areas and hiking destinations

0.58

million days spent fishing and hunting



Sustainable cities and communities



Climate

Carbon sink
-12.8
MtCO₂e

Carbon storage
190
million t C

Carbon footprint
0.1
MtCO₂e

Carbon handprint
3.7
MtCO₂e



Climate actions



Biodiversity

Habitat management and restoration measures, ha
13,900

Decaying wood found on state-owned lands
75
million m³

Removed barriers to fish migration
170

Mixed forests of forest land
12 %



Life below water



Life on land



Economy

Revenue generated for the state
120
million EUR

Procurements of materials and services
283.1
million EUR

Personnel's salaries and fees
60.5
million EUR

Taxes
68.9
million EUR

Indirect impacts on regional economies
3.77*
billion EUR



Decent work and economic growth



Culture

1.89

million visits to visitor centres and cultural heritage sites

Guided tours, events and nature education reached over
101,000
people



Responsible consumption



Peace, justice and strong institutions



Partnerships for the goals

* Does not include Property Development's impacts on regional economies.

RESPONSIBILITY

Responsibility is integrated into Metsähallitus' strategy

Responsibility is a strategic value for Metsähallitus. It is a built-in part of everything we do, and it guides and supports the achievement of our objectives. Responsibility is integral not only in our operations but everything else – such as the way we talk and how we encounter our customers, partners and stakeholders, for example in the context of natural resource planning, permits, trade and project negotiations, national parks and hiking areas, lease and concession issues or social media. Good governance, compliance and our practices provide an ethical and responsible foundation for our work.

We promote responsibility at the global level in keeping with the UN's Sustainable Development Goals (2030 Agenda) and the UN Guiding Principles on Business and Human Rights. We aim to build an equal and just world that respects the planetary boundaries and where no one is left behind.

Understanding our customers', partners' and stakeholders' needs and wishes as well as the operating environment and the impacts of our activities lies at the core of responsibility for Metsähallitus. The key themes arising from this examination define



the focus areas of Metsähallitus' responsible actions: what is essential for us and our customers, partners and stakeholders. These themes cover all aspects of sustainability: social, environmental, economic

RESPONSIBILITY

and cultural sustainability. They guide our responsibility work and goals, and through our strategy and Responsibility programme, they play a role in each Metsähallitus employee's work.

Leadership of responsibility

Metsähallitus' work is guided by the Act and Decree on Metsähallitus, Metsähallitus' ownership policy, and the Group's strategy, rules of procedure and policies. The key policy, or the responsibility policy that applies to the entire organisation of Metsähallitus, was updated in January 2023. In addition to covering responsibility and environmental issues, the responsibility policy contains our human rights principles.

In keeping with the responsibility policy, Metsähallitus' Board of Directors is responsible for arranging the leadership of responsibility and environmental issues and their integration into the strategy and activities. The Board of Directors approves Metsähallitus' responsibility policy and decides on the principles of environmental system certification.

The Director General oversees leadership and realisation of corporate responsibility and environmental issues. The Director of the Communications and CSR Unit is in charge of the development and implementation of the Responsibility programme. These activities are supported by the CSR and environmental groups consisting of experts from the business and Group units. The General Counsel is responsible for compliance and Metsähallitus Code of Conduct as well as for promoting ethical and responsible practices.

Metsähallitus' Management Group sets the joint strategic responsibility targets, including environmental ones. The business unit directors are responsible for target attainment in their areas of responsibility. Metsähallitus' Management Group reviews the environmental management system each year to ensure that it remains appropriate and effective while meeting Metsähallitus' needs. The Management Group discusses and approves Metsähallitus' environmental review.



**Responsibility
is managed and
developed in
accordance with
best practices.**

RESPONSIBILITY

The business and Group units ensure that our work with customers, partners, suppliers and other stakeholders reflects our CSR and environmental principles. Every Metsähallitus employee has the duty to ensure that the Responsibility programme, the instructions of the environmental management system and the Code of Conduct are followed in their work.

The business units report regularly on progress achieved with their responsibility targets to their respective management groups, the CSR and environmental groups, and Metsähallitus’ Management Group and Board of Directors. The level of environmental protection and effectiveness of the environmental management system are assessed annually in internal and external audits.

We report on our progress towards the targets of the strategy and the Responsibility programme in Metsähallitus Annual and Responsibility Report and

in our General social obligations report. We communicate actively about these achievements, taking our various stakeholders into consideration.

The responsibility targets have been integrated into incentive systems. One of the criteria for our performance bonus for all personnel members is a unified and responsible Metsähallitus, which is measured using both biodiversity and customer experience indicators.

Key responsibility and compliance risks

Metsähallitus’ key risks include potential negative impacts of our activities on biodiversity, climate change and indigenous peoples’ rights as well as failing to reconcile the different needs of society and ensure equity. The risks also include possible shortcomings in supplier and partner management as well as in realisation of human rights in supply and value chains, risks associated with information management and information security, and shortcomings in

compliance. Possible deviations from the agreed and disseminated operating models have been identified as additional responsibility and reputation risks.

OPERATING ENVIRONMENT

More stringent sustainability requirements: a challenge and driving force for renewal

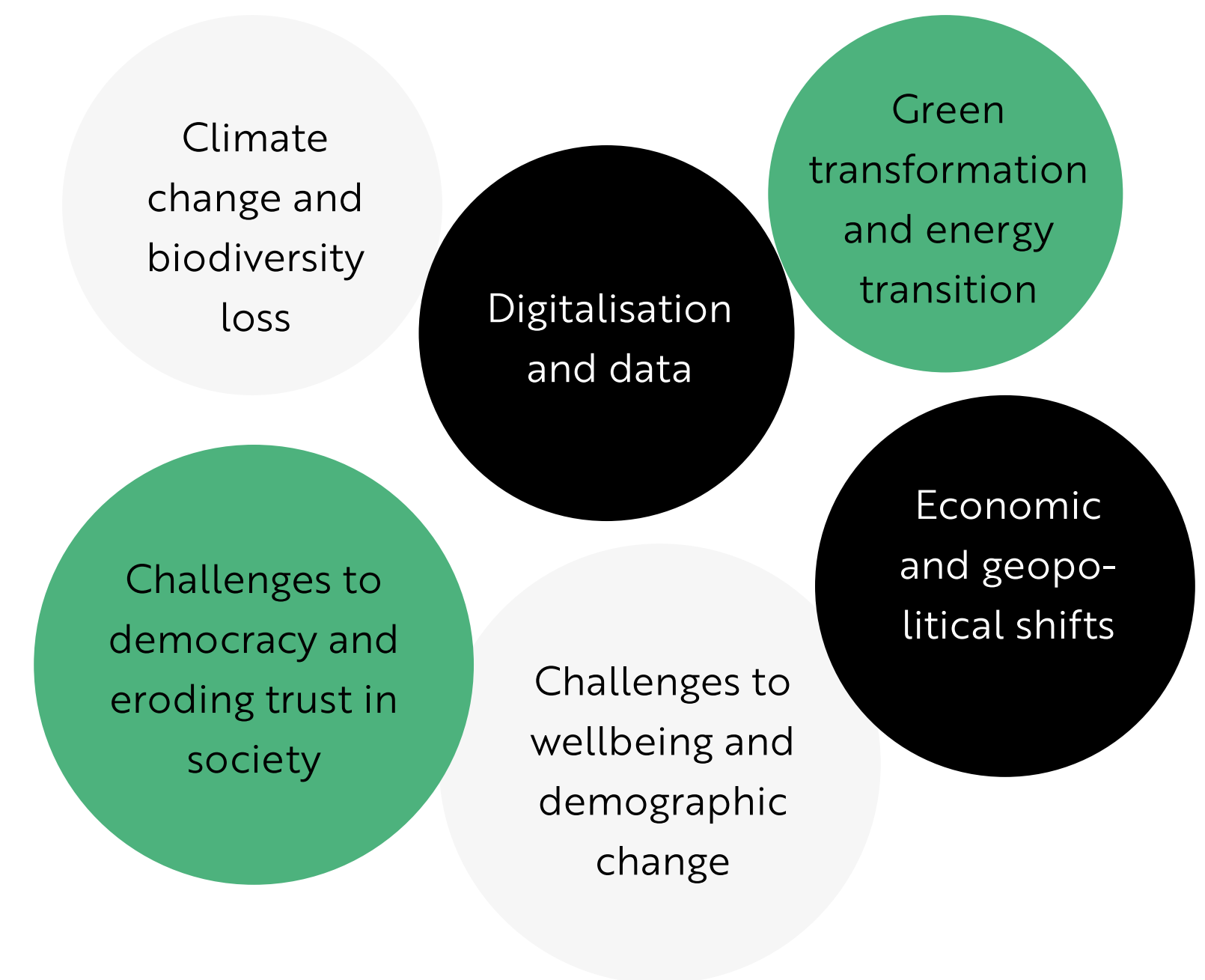
Metsähallitus' operating environment is undergoing extensive, simultaneous and interconnected changes, some of which are global. Key drivers of change are associated with the geopolitical situation, sustainable operation and growth of green finance, digitalisation, wellbeing, environmental degradation and climate change.

At the global level, the UN's Sustainable Development Goals guide the operating environment towards a more responsible and sustainable direc-

tion. In order for these goals to be achieved, in the years to come companies and operators will need to pay more attention to the planetary boundaries, reduce emissions that accelerate climate change, address human rights throughout their value chains, ensure fairness and work more closely together.

In addition to the SDGs, international climate, biodiversity and human rights conventions are another driver of change regarding corporate responsibility. The UN COP28 climate meeting held in Dubai in

Drivers of change identified in Metsähallitus' operating environment:



OPERATING ENVIRONMENT

2023 decided to phase out fossil fuels. The goal is to achieve the 1.5-degree target set in the Paris Agreement on Climate Change and to achieve global climate neutrality by 2050. At the 15th meeting of the Conference of the Parties to the UN Convention on Biological Diversity in Montreal, a new global biodiversity framework was adopted, which includes goals for halting biodiversity loss by 2030.

By the end of the decade, the European Union will channel around EUR 1 trillion of funding to achieving the objectives of its Green Deal, which include making Europe the first climate-neutral continent in a just, cost-effective and competitive way by 2050. In addition to the climate, the Green Deal comprises a number of goals associated with such sectors as transport, the energy system, construction, biodiversity and human rights.

In the next few years, the operating environment will be strongly influenced not only by conventions and programmes but also the fact that the best practices

of responsibility will be enshrined in binding legislation, ensuring that the responsibility and sustainability goals will be achieved. In 2023, the European Union adopted its Corporate Sustainability Reporting Directive (CSRD) and standards (ESRS) linked to it. The CSRD entered into force in Finland at the end of 2023, and its requirements will apply to Metsähallitus from 1 January 2025. Under the CSRD, sustainability information must be verified and included in the Board of Director's annual report. In addition to the CSRD, the European Parliament, the Council of Europe and the European Commission agreed on the content of the Corporate Sustainability Due Diligence Directive (CSDDD). National legislation based on the Directive is expected to enter into force no earlier than 2026.

More stringent sustainability requirements that will be laid down in law and the allocation of funding to sustainable activities will have an impact on Metsähallitus' strategy, objectives and processes. These factors will also be at play both indirectly

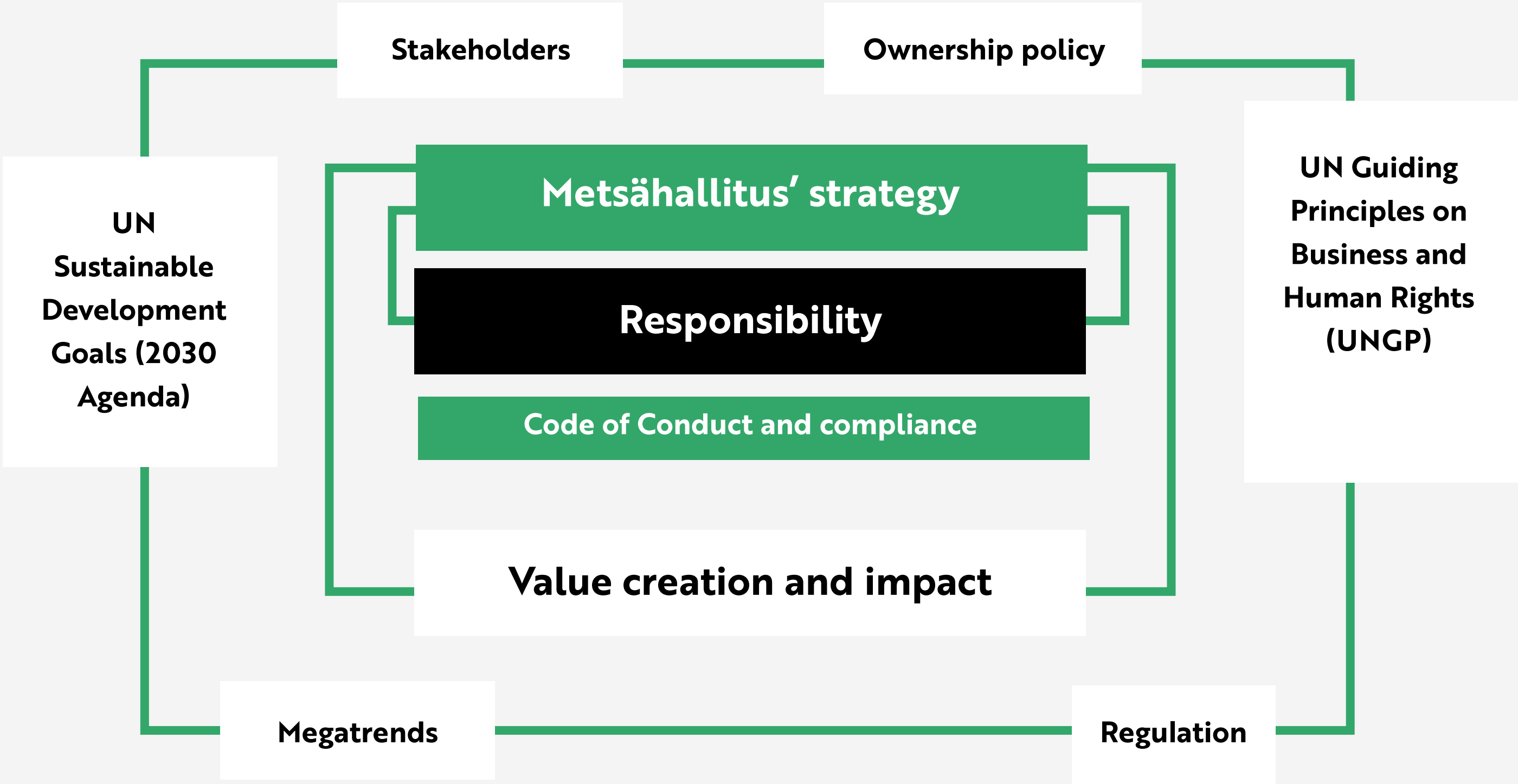


International conventions and objectives point the direction for more responsible and sustainable operation.

OPERATING ENVIRONMENT

through the preferences of value chains and stakeholders and directly, for example through ownership policy, goals related to the climate and nature, and reporting obligations. The ongoing changes will also offer opportunities for creating sustainable economic growth and comprehensive value creation, for example through the circular economy, renewable energy, innovations and research. We will strive to respond to these changes by developing our anticipation, processes, responsibility, reporting, risk management and stakeholder cooperation.

Operating environment, Metsähallitus’ strategy and responsibility



CUSTOMERS, PARTNERS AND STAKEHOLDERS

Cooperation with stakeholders is at the core of what we do

Cooperation with stakeholders is the foundation of all our activities and efforts to coordinate them.

In order for us to succeed in our mission of fostering natural values and taking care of our shared wealth across generations, the support of our customers, partners and stakeholders is crucial. For this, active dialogue with our stakeholders is required.

As the steward, user and protector of state-owned lands, Metsähallitus interacts diversely with the stakeholders. This interaction includes both statu-

tory and systematic contacts with stakeholders and less formal interaction. For example, collaboration with stakeholders laid down in the Act on Metsähallitus comprises regional advisory boards operating in Lapland, North Ostrobothnia and Kainuu as well as North Karelia, and municipal advisory boards in the Sámi Homeland. The advisory boards and their members are appointed by the Ministry of Agriculture and Forestry. Their task is to assist decision-making on the use of state-owned areas, ensuring that the local population's position can be taken into consideration, and to coordinate different activities.



Stakeholder interaction based on the Act on Metsähallitus also includes collaboration with the reindeer herding cooperatives in the Sámi Home-

CUSTOMERS, PARTNERS AND STAKEHOLDERS

land, the Sámi Parliament and the Skolt Village Meeting as well as with the reindeer herding cooperatives in other parts of the country, the Finnish Defence Forces and the Border Guard. The management, exploitation and protection of natural resources controlled by Metsähallitus in the Sámi Homeland must be adjusted to ensuring the preconditions for the Sámi people to practice their culture, and in the reindeer herding area referred to in the Reindeer Husbandry Act, they must be reconciled with fulfilling the obligations laid down in this Act. The land use needs of research and education, the Finnish Defence Forces and the Finnish Border Guard must also be accounted for.

In land use planning, many types of needs and wishes related to using the areas are coordinated together with stakeholders. Natural resource planning and the landscape ecological planning associated with it, as well as planning related to the management and use of protected areas, are all types of long-term strategic planning carried out together

with stakeholders. Stakeholders can also share their views of plans in project-specific zoning processes and environmental impact assessments. Especially in major undertakings where Metsähallitus is the project developer, including offshore wind farms, local stakeholders are engaged from the outset and more intensively than what is required under the statutory obligations to account for any concerns and views they may have. Metsähallitus works together with municipalities and cities, particularly on land use planning and zoning issues, for example in real estate and wind power project development and development of hiking areas.

We continuously work together with research institutes and higher education institutions on various development and research projects. Collaboration with educational institutions may be informal or take place in teaching forests under an agreement. We carry out environmental management and restoration as well as species conservation and water protection work in several multi-annual LIFE projects

funded by the EU, in which Metsähallitus is represented both in project and steering groups.

At the national level, we are involved in the planning, implementation or monitoring of programmes or projects initiated by the ministries. The steering ministries appoint cooperation groups for their projects or programmes and request that Metsähallitus send representatives to them. For example, we have participated in drafting the national biodiversity, forest and recreational use strategies and been part of a land use sector monitoring group. We are also part of the National Forest Council, which supports the government in broad-based and fundamental forest policy issues. In the national Helmi habitat programme, we are not only the largest implementer but also represented in the monitoring group, regional cooperation groups and communication group. The METSO programme for protecting forest biodiversity focuses on privately owned forests, but we are involved in its monitoring group and steering group for conservation planning, and we have also

CUSTOMERS, PARTNERS AND STAKEHOLDERS

collected data and carried out environmental management work on state-owned lands.

We do a great deal of work on sustainable use and protection of water bodies. Metsähallitus has representatives in the regional cooperation groups on water and marine resources planning coordinated by the ELY Centres, which promote the drawing up of water resource management plans and the implementation of their measures. The water resource management plans are produced to implement the Water Framework Directive at the national level.

We are involved in development projects and different working groups

Metsähallitus representatives are involved in many national and international working groups and networks, advisory boards and committees. National Parks Finland experts participate in working groups on legislative drafting set up by the Ministry of the Environment, in particular, and forestry representatives are involved in working groups that develop for-

est sector standards. Metsähallitus is asked to submit statements on government proposals for legislative amendments concerning the sectors in which we operate.

We engage in international cooperation on such issues as the management of protected areas, and National Parks Finland represents the Finnish environmental administration in the International Union for Nature Conservation (IUCN). The Network of European Protected Areas (EUROPARC Federation) is another important cooperation forum. Metsähallitus is a member of the International Council for Game and Wildlife Conservation (CIC). The European State Forest Association (EUSTAFOR), which operates throughout Europe, will be chaired by the Director General of Metsähallitus in 2023–2025. We also work in EUSTAFOR’s communication network and Advocacy group. At the European Union level, we exert influence through the work of the EU committees led by the ministries and at various stakeholder events organised by forest and environmental sec-

See Appendix
166-174 for
**stakeholder
expectations
and the forms of
Metsähallitus’
stakeholder
interaction**

tor bodies. In ministry-led committees on EU affairs, Metsähallitus has a representative in the committees on both forest and the environmental affairs. Among other things, the committees formulate and coordinate the government's position on topical EU legislative initiatives.

A versatile customer and partner network

We have customers in many sectors, including the forest industry, tourism, infrastructure and civil engineering, energy industry, reindeer husbandry and natural resources sector. Hikers, fishers and hunters as well as those looking for sites for holiday houses

CUSTOMERS, PARTNERS AND STAKEHOLDERS

and permanent residences are important private customers for us, and we enable recreational activities on state-owned lands for a diverse group of people. We put the customer at the centre when developing our services, and in addition to stakeholders, representatives of different customer groups are also involved in our various coordination processes.

Responsible development of the value of nature and our shared wealth would also not succeed without a broad and versatile network of service providers and suppliers. See the Table attached to this report for Metsähallitus' key customers, partners and stakeholders as well as the expectations of and forms of interaction with each stakeholder category. The Table additionally describes how the stakeholders' expectations and the results of interaction are accounted for in our operations..

Metsähallitus' customers, partners and stakeholders



CUSTOMERS, PARTNERS AND STAKEHOLDERS

We aim for continuous improvement in customer and stakeholder experience

Customer orientation is one of the overarching themes of our strategy that is also featured in the Responsibility programme. We monitor stakeholders' views of our activities and strive to continuously improve the stakeholder and customer experience. We regularly gauge the level of our customer and stakeholder experience by means of surveys and several customer satisfaction or visitor studies focusing on specific objectives or processes. Additionally, our feedback channels continuously provide us with important information for developing our operations. The customer experience was also one of our performance bonus criteria in 2023, and success in this area was measured by conducting a joint customer and stakeholder survey.

We measure our customers', partners' and other stakeholders' experience of our work and their views of our reputation annually by means of a Trust & Reputation survey and its tailored customer experi-

ence section conducted by T-Media. Last year, 1,623 private, business and organisation customers and 566 representatives of our partners and stakeholders responded to the survey. The response rate of customer groups remained the same as the year before at 30%, whereas this rate for partners and stakeholders dropped by one percentage point to 24%. The general public was represented in the survey by a sample of one thousand citizens.

The survey results indicate that, similarly to previous years, Metsähallitus' reputation and customer and stakeholder experience remained at a good level. The margin of error in the assessment of customer experience by different customer groups is 0.01 and, as a whole, the experience remained at a good level (2023: 3.66 and 2022: 3.65 on a scale of 1 to 5.) Partners' and stakeholders' experience improved slightly and was also 3.66 (2022: 3.64).

Expert and high-quality services that meet the needs were again one of our most impactful strengths.

Promoting the wellbeing effects of nature is also experienced as a strength by the customer and stakeholder groups examined as a whole. Open interaction remains our most important development area from the viewpoint of all customer groups and stakeholders. As in 2022, reconciling the needs of different customers and stakeholders and developing services on the basis of feedback came up on the list of development areas. Development plans are drawn up for the most important development areas that emerge in customer and stakeholder surveys, and the implementation of these plans is monitored annually.

Based on the customer groups' responses, there were no changes in Metsähallitus' overall reputation (3.62) compared to 2022. The score from partners and stakeholders, (3.57) decreased slightly compared to the year before (2022: 3.59). This drop was influenced by the image of our financial situation and the employer image. As in the two previous years, the most important dimensions of our reputa-

CUSTOMERS, PARTNERS AND STAKEHOLDERS

tion for stakeholders are transparent governance and responsible action.

We develop our activities based on feedback

Developing activities based on feedback is a form of responsible stakeholder interaction. It was also one of the development areas that came up in the customer and stakeholder surveys in 2022, which is why we had a special focus on this aspect in 2023. Metsähallitus receives thousands of feedback messages every year, and we have improved the processes for handling them in many ways. In spring 2023, we introduced a new system and defined common principles, responsibilities and deadlines for processing feedback for the entire Group.

In 2023, we received slightly more than 8,000 messages sent using the official feedback forms on Metsähallitus' website. This figure does not include reports submitted through the whistleblowing channel. Wildlife Service Finland received the highest

number of these messages, or more than 6,000, most of which concerned different fishing themes and especially fishing permits. The second highest number of feedback messages related to hunting issues, particularly small game permits, followed by off-road traffic permits.

National Parks Finland received slightly over 1,000 feedback messages, of which more than a half concerned hiking services, structures and trails. Metsähallitus Forestry Ltd received 142 feedback messages. The most common theme was criticism of forest management, either in a specific area or at a more general level. In particular, several of these messages concerned Aalistunturi Fell. Property Development received 42 feedback messages, which mainly related to wind power and its impacts on the relevant area and the environment.

The total number of messages classified as environmental feedback totalled slightly less than 300. They are also reported as part of the management

reviews of the ISO 14001 environmental management system. Safety was the theme of 109 feedback messages. The volume and topics of feedback are monitored at business unit and Group level. It is our principle to develop our services and activities based on the feedback received. The business units have specific operating models for this.

Customer-centred development also addresses various stakeholders' needs

In our strategy, we pledged to develop more customer-centred and digital forms of cooperation, and this work also continued in 2023. We carried on with our efforts to upgrade our digital sales channel that will bring about changes to the Eräluvat services. The sales channel will serve fishing, hunting and off-road permit customers and those wishing to book huts alike. As part of this project, customers tested the concrete functionalities of the new system, and the feedback we received was used to improve it. We will strive to launch this service in 2024.

CUSTOMERS, PARTNERS AND STAKEHOLDERS

We defined a common service level for our social media channels and, in particular, the time within which we strive to respond to contacts.

National Parks Finland and Wildlife Service Finland are using service design to promote customer-centred development of both digital and physical services. Our updated on-line service for hikers, which aims to provide a digital customer service package, will be launched for outdoor enthusiasts' use in 2024. The Wilderness and Nature Community, which started operating in early 2023, serves as a digital platform for collecting customer insight and service co-creation. Ranging from hikers to hunters and fishers, 1,500 of our private customers are members of this community. For more information about what the Wilderness and Nature Community does, see section [Consumers and end users](#)

We took part in drafting the national biodiversity, forest and recreational use strategies

Metsähallitus participated actively in the drafting of the national biodiversity strategy and its action plan. However, this work led by the Ministry of the Environment could not be brought to completion during the previous government's term. The discussion on the need for additional protection of state-owned lands was lively in 2023. In its preparatory work, Metsähallitus has emphasised coherence between the strategy and the Government Programme. Metsähallitus is prepared to protect old-growth and natural forests as set out in the Government Programme, but the preparation of the criteria for this work remained unfinished at the end of 2023. Similarly, the biodiversity strategy is still incomplete. It is expected that the strategy will be circulated for comments publicly in early 2024.

We also participated in the National Forest Council's working committee led by the Ministry of Agriculture and Forestry and in the preparation of the statutory National Forest Strategy 2035 (NFS 2035), as well as in planning its implementation. The Forest Strategy will guide Finland's forest policy until 2035. It describes the key objectives and priorities of developing the forestry sector, including sustainable overall development as well as climate change mitigation and adaptation.

We are a key implementer of the National Nature Recreation Strategy completed in 2023. Metsähallitus representatives were also involved in preparing this strategy and participated in the coordination group that drew up its action plan. The coordination and implementation of the Nature Recreation Strategy significantly intensified our network-based cooperation with both central government actors and other stakeholders and partners.

CUSTOMERS, PARTNERS AND STAKEHOLDERS

Citizens continue to have concerns over the climate and biodiversity.

Debate on biodiversity loss and climate change gathered momentum in 2023 and will also be intensive in early 2024. The background factors of this debate include the EU Biodiversity Strategy, which sets EU-level targets for safeguarding biodiversity and halting biodiversity loss, as well as achieving Finland's climate targets. The emphasis of the extensive debate on this subject, especially on social media, has been on state-owned lands and Metsähallitus Forestry Ltd's activities as their steward.

The Luonnonmetsä (Natural Forest) working group funded by Kone Foundation continued to map valuable forest sites on state-owned lands, mainly in Northern Finland. An inventory produced by the Natural Forests of Sápmi working group, which focused on old-growth forests in the Sámi areas, was completed in October. Both groups identified sites for Metsähallitus, not only directly but also using the social media. We have taken note of the informa-

tion provided to us in our plans by excluding sites that meet the criteria set out in Metsätalous Forestry Ltd's Environmental Guidelines from the activities and designating them as ecological sites. In some cases, we have additionally modified the harvesting method and the boundaries of the area to be harvested.

In early 2023, thinning operations to the south of Aalistunturi Fell in Western Lapland attracted attention in both social and conventional media. The topic first arose as a proposal was submitted for establishing a national park whose area encompassed some of the sites designated for felling. The debate later went on to include forest management and areas used for commercial forestry in a wider sense.

Private Ecological Surveyors had produced species observation data concerning this area, in addition to which Metsähallitus' experts also surveyed its nature values and observed its species. All observations

were reviewed, and valuable sites were taken into account in the plans for this area before the work started.

Metsäliike, which consists of activists from Elokapina movement, Finnish Nature League and Greenpeace, organised demonstrations in the area and interrupted felling several times. Demonstrators prevented access to the site, which is why executive assistance was called in to safeguard the work and to maintain safety and security. The demonstrations of Metsäliike and the resulting disruptions caused financial losses. Metsähallitus' claim for damages is still undergoing consideration of charges.

Metsähallitus discussed the situation with activists and other stakeholders, organised media visits to the logging sites, gave numerous interviews, and provided information on the progress of the fellings on its website and social media channels. Harvesting on sites in this area was completed in mid-March.

CUSTOMERS, PARTNERS AND STAKEHOLDERS

In December, a number of Finnish artists made an appeal on behalf of Finnish forest nature. A petition calling for the protection of forests was signed by around 1,600 cultural field actors and submitted to the ministers. In January 2024 Metsäliike, Elokapina, Greenpeace and the Finnish Nature Association launched their #Luonnonmetsähälytys ('Natural Forests Alarm') campaign on the social media, appealing to Metsähallitus for the protection old-growth and natural forests.

Metsähallitus responds to citizens' concerns in many ways. We will also continue our dialogue with environmental organisations. For more information on Metsähallitus Forestry Ltd's actions for the environment and biodiversity, see Chapter [Environment](#), and its section [Biodiversity and ecosystems](#)

We continued our cooperation process with environmental organisations

Our cooperation with Greenpeace, the Finnish Association for Nature Conservation and local nature conservation districts began in 2019 continued further in 2023. The aim of this process has been to build shared understanding of sites that are valuable for biodiversity and to safeguard the preservation of biodiversity by stepping up the level of protection and developing forest management methods. Sites with valuable species or those otherwise considered critical that were brought up by NGOs were discussed in negotiations, and solutions were sought for them.

In 2023, two national meetings were held, one of which was conducting outdoors. Twelve regional meetings were organised to discuss 404 sites in total. They covered exclusions from felling and felling methods, which were modified to find a shared view. In most cases, this was successful.

Responsibility report

To Metsähallitus, corporate responsibility means ambitious work and development efforts carried out together to achieve a more sustainable, fair and equal future.

Contents:

| | |
|--------------------------|-----|
| Leadership | 40 |
| People and society | 55 |
| Environment | 104 |

RESPONSIBILITY REPORT

Long-term and systematic work to meet sustainability requirements

Metsähallitus has been working on responsibility systematically since 2017. Corporate responsibility, which is underpinned by the UN's Sustainable Development Goals and Guiding Principles on Business and Human Rights, has been integrated into our Fostering our Future strategy launched at the beginning of 2021.

We have identified the societal impacts of our work, developed a value creation model for Metsähallitus, and promoted strategic responsibility asso-

ciated with such aspects as leadership, customer experience, tourism, biodiversity, renewable energy and interaction. We have also introduced an operating model for compliance and assessed comprehensively our responsibility and compliance risks, including Metsähallitus' human rights impacts.

In 2023, our work on responsibility included preparing for changes in sustainability regulation. We prepared a responsibility roadmap to meet the requirements of sustainability regulation and updated our

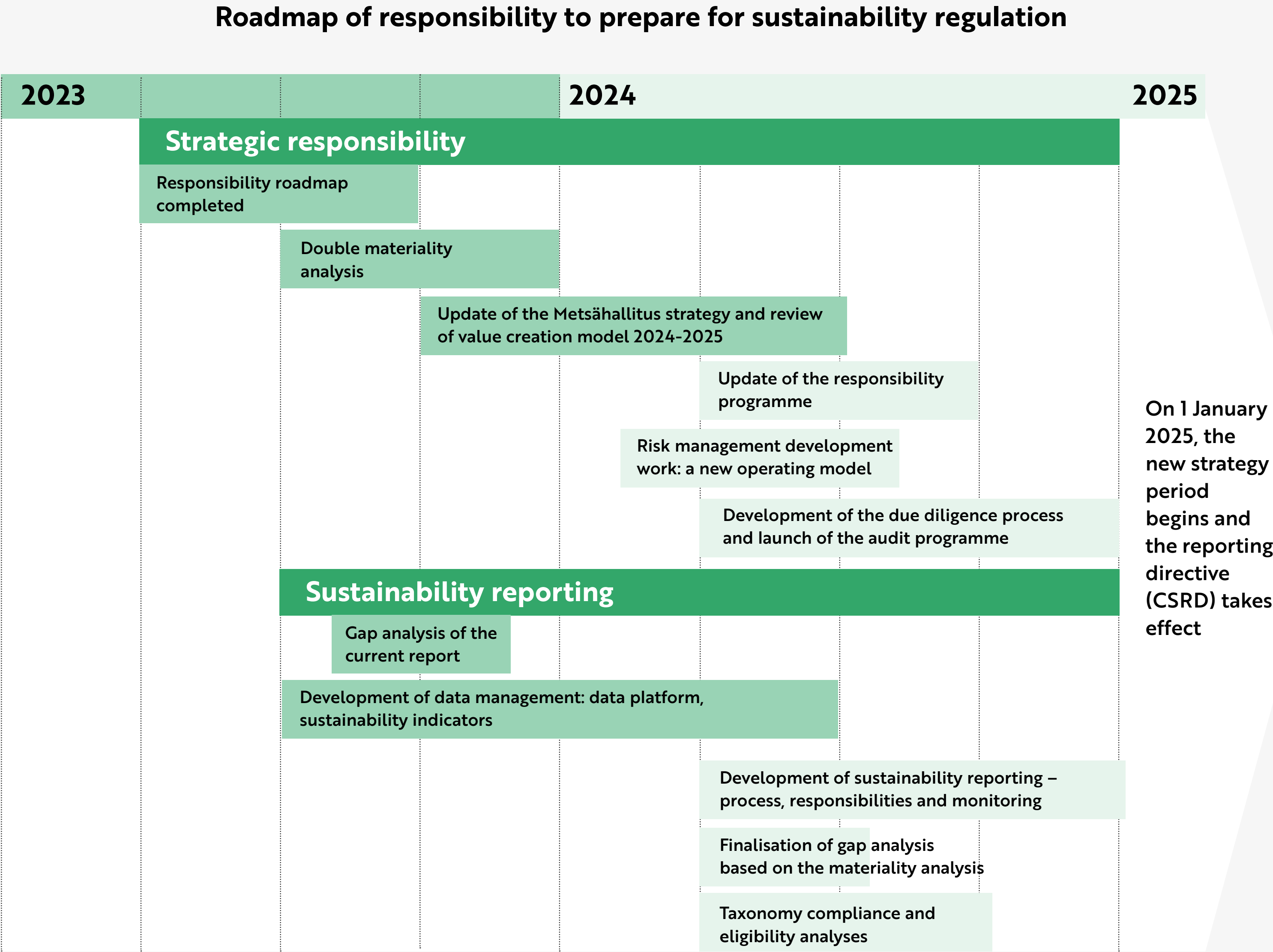


materiality analysis to fulfil the requirements of the EU Corporate Sustainability Reporting Directive (CSRD). In this analysis, we assessed the material impacts, risks and opportunities of Metsähallitus' operations following the principles of double materiality. The analysis was completed in late 2023, and

RESPONSIBILITY REPORT

we will draw on its results in Metsähallitus' ongoing strategy work, which will be completed in spring 2024.

We also started preparing for the reporting required under the CSRD with a gap analysis carried out by computing science students from Aalto University. This analysis examined the current state of reporting in relation to future regulatory requirements. In information management, a data platform project was launched, which aims to ensure better data quality and management and to respond to the requirements of sustainability data reporting. We will continue to implement the roadmap measures in 2024. We will update our Responsibility programme and value creation model, develop our reporting, and prepare taxonomy eligibility and compliance analyses.



RESPONSIBILITY REPORT

Metsähallitus' Responsibility programme

The Responsibility programme has four focus areas: Leadership, Environment, People and Society. These focus areas define our responsibility work and include the objectives that are integrated into the tasks of every Metsähallitus employee through the strategy and the Responsibility programme. The positioning and targets of the Responsibility programme have been examined and will be reviewed during the strategy periods.

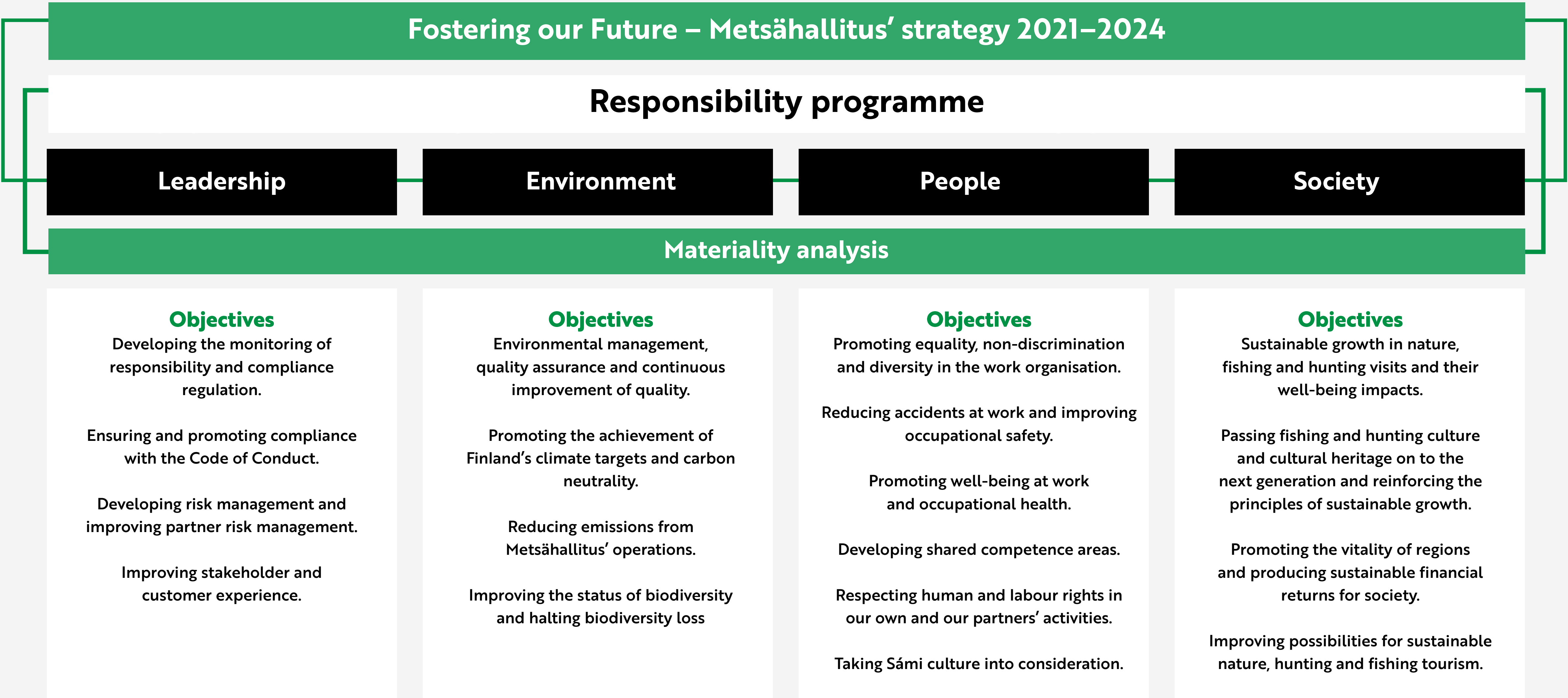
The main indicators for our strategy and responsibility work have been compiled in the value creation model. They measure the impact of Metsähallitus' operation as a whole and contain indicators for individual areas of responsibility. In addition, the Responsibility programme includes CSR indicators that are in keeping with good practices relating to such groups as personnel and customers, partners and stakeholders.

We regularly collect information and report on the achievement of our targets using the Global Reporting Initiative (GRI), which provides a comparable framework for assessing responsibility. We also produce reports within the EU non-financial reporting framework. In addition to the Responsibility programme, we report annually on our contributions to the social obligations laid down in the Act on Metsähallitus and their impact.

Material responsibility themes:

- Ethical leadership practices
- Ensuring compliance
- Safeguarding biodiversity
- Climate change mitigation and adaptation
- High-quality expertise and a good workplace
- Human and labour rights in our and our partners' operations
- Reconciling needs related to state-owned land and water areas
- Sustainable use of natural resources
- Regional vitality
- Recreational use of nature

Metsähallitus' Responsibility programme



RESPONSIBILITY REPORT

Key measures of the Responsibility programme in 2023

In the focus area of Leadership, we continued to develop our risk management process and integrate risk management into the compliance process. We also surveyed and analysed responsibility and compliance risks as part of our risk management.

Increasingly stringent regulation on the natural resources sectors and corporate responsibility requires more comprehensive regulatory monitoring and assessment of change impacts. We mapped the current state of regulatory monitoring and its development needs and launched a regulatory network at the group level to assess the overall impacts of the new regulation on Metsähallitus' operations.

We developed our procurement process towards the responsibility goals set for 2023. In contract management, we focused on developing sustainability requirements, particularly in tourism sector cooperation agreements. We will continue to integrate

responsibility goals more closely into each procurement, review of contract terms and efforts to develop reporting in 2024.

In early 2023, we completed the commissioning of our Tammi case management system, which meets the information management requirements applicable to Metsähallitus. We also produced comprehensive guidelines and training for the entire Group on the upgraded case management system. This training has been completed by almost all Metsähallitus employees. We additionally developed our information management practices.

The management of contract information was developed by an upgrade of our digital contract management tools, which brought all Metsähallitus' contracts within the scope of electronic management. Electronic contract management makes it easy to find all contracts and retrieve report data on contracts stored in the systems. An update of roles associated with contract activities was planned and

approved. The introduction of the operating model will follow the schedule for the organisation's structural reforms.

The focus area of Environment comprises measures related to environmental management, Metsähallitus' Climate programme, promotion of biodiversity and mitigation of biodiversity loss. We developed our environmental management in 2023 by harmonising strategic environmental objectives in order to enhance the impact of our operations and measures. We developed information management relating to audits and feedback by commissioning a new information system. Our climate actions as well as restoration and environmental management work progressed in line with the targets.

In the focus area of People, we completed a pilot audit focusing on human rights at Metsähallitus Forestry Ltd. The supplier audit of forest service entrepreneurs conducted by a third party focused especially on foreign labour and the realisation of their

RESPONSIBILITY REPORT

rights. Its backdrop was a human rights impact assessment carried out in 2022. Supplier audits will be continued in 2024 and extended to machine contractors.

In keeping with the Responsibility programme, the aim is to ensure respect for human and labour rights in our and our partners' operations. In 2023, a suspected human trafficking offence in the berry picking operations of a contractor company came to light in the supply chain of Metsähallitus' subsidiary, Siemen Forelia. For more information about this case, see the section [Personnel of the supply and value chains](#).

Increasing the diversity of personnel through recruitments is one of the objectives of our Diversity, equality and non-discrimination plan. The goal is to bring the share of anonymous recruitments up to 25% of all recruitments by the end of 2026. We achieved the first milestone in 2023 as 10% of our recruitments were made anonymously. We also introduced the

term 'everyone's rights' in communications to replace the term 'everyman's rights'.

In the focus area of Society, value generated through strategy implementation and responsible action took centre stage. During the year, we completed natural resource plans for Kainuu and Central and Northern Ostrobothnia as well as for Metsähallitus' marine areas. These plans will guide the sustainable use of state-owned land and sea areas for the next five years. This is the first time a plan for the marine area was drawn up.

Regarding our climate targets, we launched a commercial competitive tendering process for offshore wind power projects, in which implementers will be selected in 2024 for two developments in the sea areas of Närpiö as well as Pyhäjoki and Raahe. We also reached an agreement with Vattenfall on expanding the offshore wind project in Korsnäs.



Photo: Katri Lehtola

We developed further the indicator for economic impacts in the value creation model by assessing the regional economic impacts of Property Development and added the share of mixed forests to the indicator for biodiversity.

Leadership

In the Responsibility programme’s focus area of Leadership, the aim is to support the achievement of strategic objectives, to ensure that the best practices and guidelines related to responsibility and compliance are followed, and to improve the stakeholder and customer experience.

Contents:

| | |
|--|----|
| Ethical and responsible practices | 44 |
| Responsibility in supplier and partner management..... | 48 |
| Information and data management | 52 |

LEADERSHIP

Compliance management

The Legal Affairs and Compliance Unit ensures that the Metsähallitus Group operates in compliance with laws and regulations, securing the overall interest and unity of Metsähallitus. This unit is responsible for Metsähallitus' Code of Conduct and for promoting ethical and responsible practices. The unit is also responsible for the principles and internal authorisations of contract activities, coordination of legislative matters, administrative law matters, common operating principles of public procurement, and procurement processes. As part of the informa-

tion management system, the unit is also responsible for Metsähallitus' case management, registry and archives.

The risk management function, which covers the entire operation of the Group, is part of this unit in Metsähallitus' steering and management system. It is responsible for the big picture and monitoring of risk management as well as the operating principles and guidance of internal control related to security and information. It also monitors compliance with data



protection rules across the organisation and brings up any shortcomings it has observed. The risk management function is independent of the business units and public administration services.

LEADERSHIP

Compliance reports are submitted to Metsähallitus' Management Group meetings during the year, and to the Board of Directors twice a year. The information to be reported includes prioritised legislative projects and their impact assessments, legal processes, significant disputes and statements as well as examinations and decisions concerning regulatory control and oversight of legality relevant to Metsähallitus.

Ethical action and compliance lay the foundation for responsibility

Ethical and responsible practices and compliance lay the foundation for corporate responsibility at Metsähallitus. Our goal is to safeguard the functioning of the internal steering system, support the achievement of strategic objectives, manage operational risks and promote responsible and ethical action that is in keeping with our values throughout our value chain. Regularly reporting on compliance in our operations strengthens our stakeholders' trust.

The operating model of compliance is based on proactive identification of responsibility and compliance issues in Metsähallitus' sectors. A precondition for this is assessing impacts and preparing for future changes in advance. The operating model stresses the special features of public administration: good administration and compliance with regulation applicable specifically to public actors, including the public procurement legislation, Act on the Openness of Government Activities, the language acts and Act on Information Management, as well as coherent and compliant management of the state's real estate assets, which is at the core of Metsähallitus' operations.

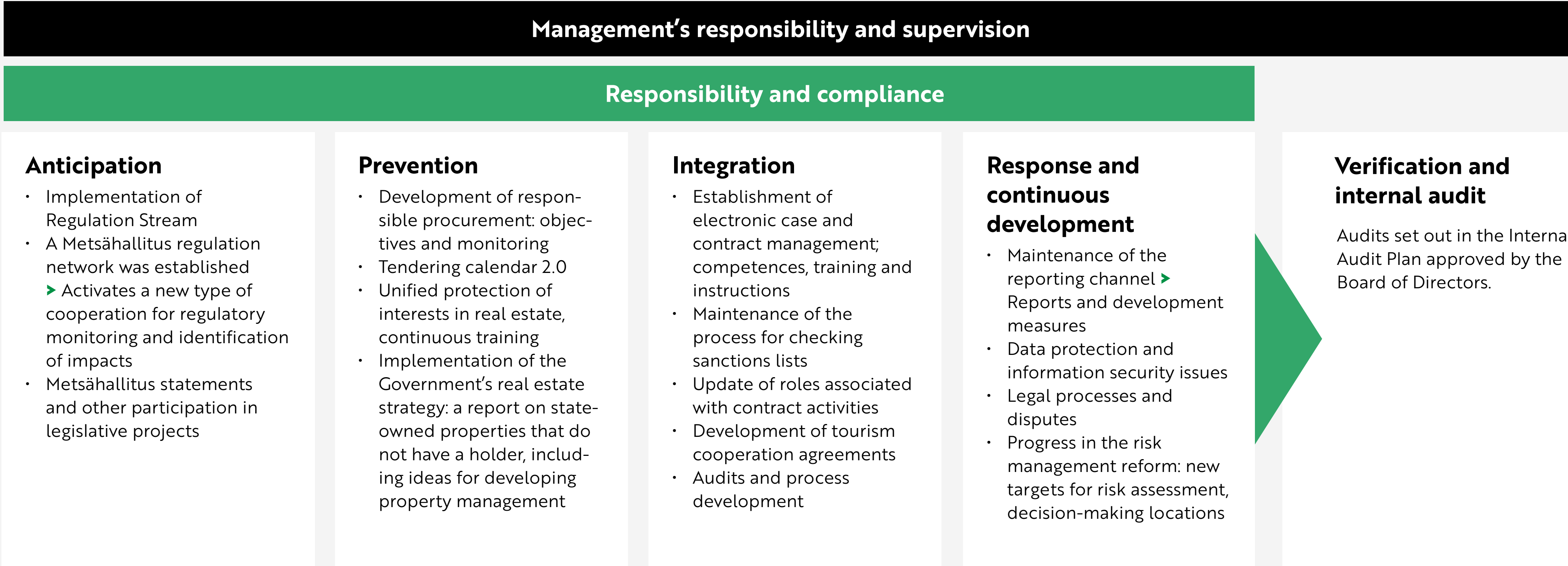
The operating model for compliance is based on close collaboration between the Group units and functions. Organisation-wide, multiprofessional compositions help find solutions that reconcile the views and draw on the expertise of the different sectors within Metsähallitus, enabling us to meet the chang-

ing requirements. We are constantly developing our operating model to ensure that verification of compliance is targeted correctly.

We strive to strengthen a culture in which shortcomings can be reported, discussed and addressed. We have been a pioneer in the public sector in the introduction of a whistleblowing channel.

LEADERSHIP

Metsähallitus’ operating model for compliance 2023



ETHICAL AND RESPONSIBLE PRACTICES

The Code of Conduct promotes ethical and responsible action

Metsähallitus' principles of responsible and ethical action are set out in the Code of Conduct. Every Metsähallitus employee, irrespective of their position or tasks, must observe these principles.

Getting to know the Code of Conduct and going through the electronic learning material concerning it are part of the induction training of each Metsähallitus employee. We monitor compliance with the Code of Conduct by means of personnel surveys, the results and follow-up actions of which are discussed

in the Management Group.

To ensure compliance with the Code of Conduct, we have an open whistleblowing channel on which reports can be submitted, either with the whistle-blower's name or anonymously. When making procurements, we also expect our contracting partners to commit to our Supplier Code of Conduct, and we ensure compliance with it as part of contract supervision.

Metsähallitus' principles of responsible and ethical action



ETHICAL AND RESPONSIBLE PRACTICES

For cooperation and concession contracts in the wind power sector, we have Metsähallitus’ Partner Code of Conduct. Its purpose is to ensure that Metsähallitus’ contracting partners undertake to follow the principles of responsible and ethical action to which Metsähallitus is committed in its own Code of Conduct. We also check the background information of potential partners, including their beneficial owners, and ascertain if any sanctions apply to them.

In 2024, we aim to extend our Code of Conduct to property and land use contracts as well as to cooperation agreements in the tourism industry.

Report numbers submitted through the whistleblowing channel continued to increase

The whistleblowing channel introduced in 2019 can be used to report suspected abuses related to Metsähallitus' activities or situations in which the responsible and ethical practices set out in our Code of Conduct are not followed. The whistleblowing

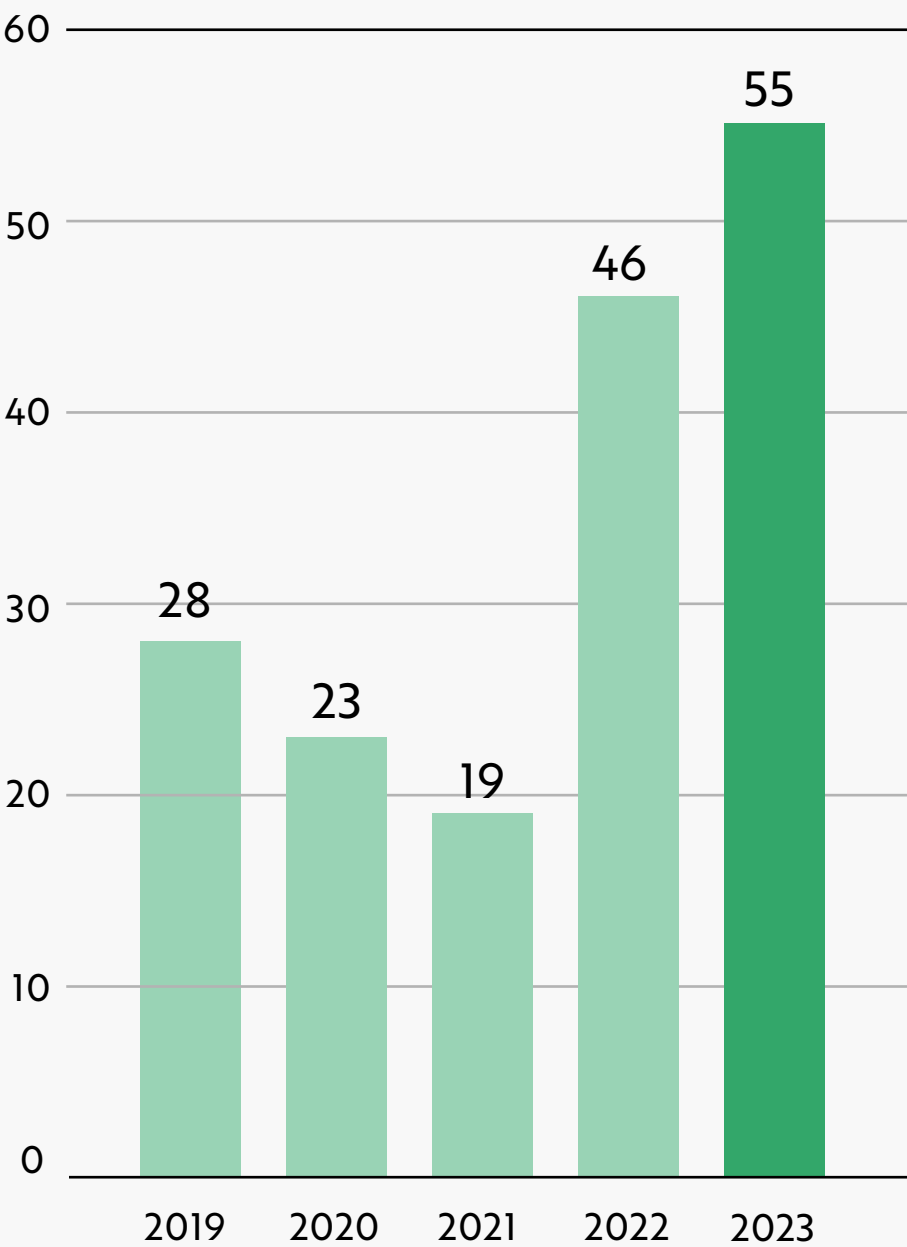
channel plays an important role in reporting potential abuses.

The number of reports submitted using this channel increased to 55 in 2023 from 46 in 2022. The reasons for the higher number of reports may include internal communication about the whistleblowing channel as well as public discussions on whistleblowing channels and the legislation applicable to them. In addition, the change negotiations of in autumn 2023 are reflected in the increased number of reports.

Most of the reports concerned our employer activities, supervisors’ work and environmental matters. There was also a significant number of reports that, rather than being relevant to the purpose of the whistleblowing channel, comprised normal customer feedback or concerned an area or activity not handled by Metsähallitus.

No reports concerning information management and data protection, corruption or bribery were received

Reports submitted through the whistleblowing channel in 2019-2023



ETHICAL AND RESPONSIBLE PRACTICES

during the year. Three of the reports were about human rights, which is more than in previous years. The reports concerned freedom of expression, equal treatment and a suspected error in wage payment in the supply chain. No human rights violations were found in the investigations that were conducted, but the reports have helped to ensure compliance in our operations.

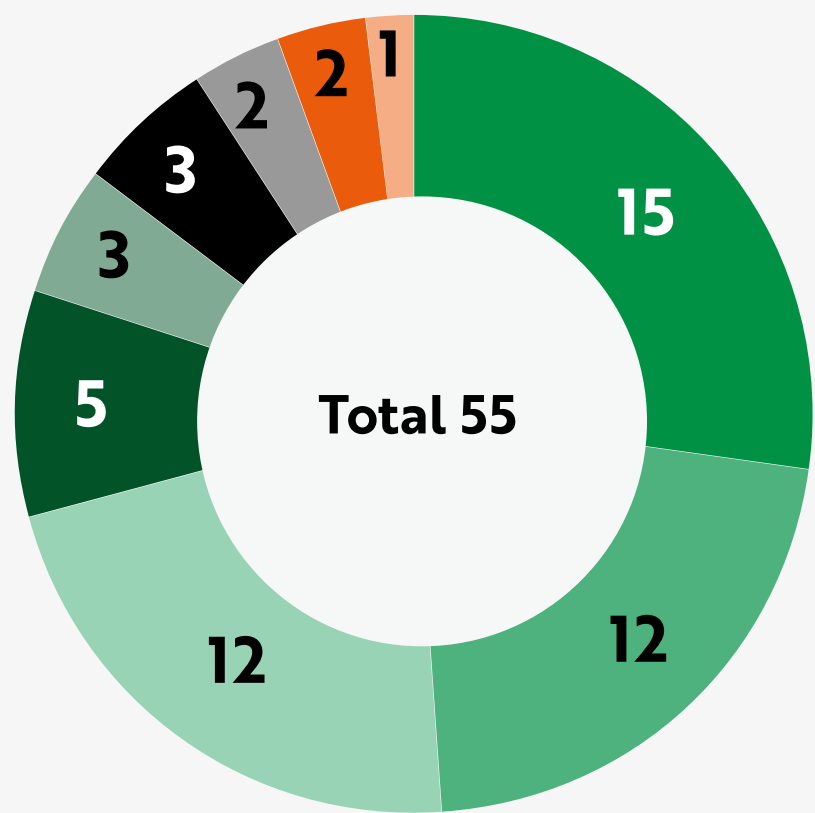
The report categories were revised in 2023 to clarify reporting. This is why the report numbers itemised by category cannot be compared to previous years' figures. The reports were processed by the legal affairs, HR and risk management functions, and the necessary measures were taken as a result. Regular reports on the whistleblowing channel are submitted to the Board's Audit Committee and to the Management Group.

Work against corruption and bribery

Our activities must be impartial and stand up to external scrutiny. Metsähallitus' guidelines on hos-

pitality, disqualification and related parties set out assessment criteria and guidelines relating to prevention of bribery and corruption, acceptance of advantages and offering hospitality, representation and sponsorship. In order to identify and prevent cases of corruption and bribery, a gamified training programme on hospitality has been created for the personnel, in which they can approach the topic through example cases..

Metsähallitus organises a few stakeholder events each year. In 2023, our traditional event to celebrate Metsähallitus' anniversary went ahead on Flora's Day in May. The theme of this event was forests and seas, and it was held at Finnish Nature Centre Haltia. The costs of arranging the event were less than EUR 7,000. In late October, we also organised a traditional elk hunt in Evo hiking area. The hunt had 40 participants, and slightly over EUR 9,000 of taxable costs were incurred.



Reports submitted through the whistleblowing channel by category in 2023

- Employer activity and supervisors' activity 15
- Irrelevant other issues 12
- Environment 12
- Property management and use 5
- Human rights 3
- Security 3
- Inappropriate behavior 2
- Financial abuse 2
- Procurement 1
- Corruption or bribery 0
- Information management and data protection 0

ETHICAL AND RESPONSIBLE PRACTICES

The organisation of stakeholder events was scrutinised in the internal audit of 2022. In 2023, we have continued to develop these activities in line with the audit recommendations, paying particular attention to the guest lists of our annual events. For example, about one half of the participants invited to the elk hunt in Evo in 2023 were there for the first time.

We are updating our operating model for shared value partnerships and sponsorship, which was also highlighted in the internal audit report. Metsähallitus' sponsorship and closer shared value partnerships are based on the organisation's values, Responsibility programme and strategy. The most significant shared value partner has been the Sports Museum Foundation of Finland. Metsähallitus worked with the Foundation on the Gone with the Snow exhibition, which ended in August 2023. We have also sponsored Ilkka Herola, an athlete competing in the Nordic combined, and supported such events as the traditional reindeer race in Inari, Kainuun Rastiviikko orienteering event, and Kuhmo Chamber Music Festival. We also sup-

ported local sports clubs and fishing and hunting competitions in different parts of Finland. In total, slightly more than EUR 56,000 was spent on shared value partnerships and sponsoring. Budget funding allocated to Metsähallitus' public administration services is not used for sponsorship.

Tax authority issued a decision on free permits for stakeholders

The Finnish Tax Administration examined if free hunting permits granted by Metsähallitus should be a taxable benefit and issued a decision on the matter in spring 2023. The decision noted that these 'stakeholder permits' are free of charge under a provision laid down in the Hunting Act. When a central government authority organises a hunting event in areas under its control, the event is free of charge for the participants. According to the Finnish Tax Administration, this does not create a taxable benefit for the participants. Metsähallitus also grants free permits as a consideration for game management and supervision work. The Tax Administration found that these

permits are also not taxable benefits.

The Chancellor of Justice had previously asked the Tax Administration to issue a statement on the free permits. As a result of this decision, we have updated the practices relating to stakeholder permits and no longer issue stakeholder permits that entitle their holders to independent access.



Photo: Katri Lehtola

RESPONSIBILITY IN SUPPLIER AND PARTNER MANAGEMENT

Procurement services promote responsibility in supply chains

Procurement plays an important role in promoting Metsähallitus' corporate responsibility in supply chains. In 2023, our procurements amounted to around EUR 283 million, with a year increase of approx. EUR 3.5 million. In absolute figures, the largest procurement categories were timber harvesting services (EUR 83.5 million), timber transport services (EUR 30 million), and forest management services (EUR 30 million).

The state enterprise Metsähallitus and Metsähallitus Forestry Ltd are procurement units subject to the Act on Public Procurement and Concession Contracts. Consequently, we comply in our procurement and tendering procedures with this Act which lays down a number of procedures for verifying corporate responsibility. We expect our suppliers to commit to Metsähallitus' Code of Conduct, which is attached to all our invitations to tender and procurement contracts.



We ask our contracting partners to provide the information referred to in the Act on the Contractor's Obligations and Liability in all procurements worth more than EUR 9,000. By going beyond the statutory obligation concerning the contractor's liability, we wish to combat the grey economy and ensure that

RESPONSIBILITY IN SUPPLIER AND PARTNER MANAGEMENT

our contracting partners meet their statutory obligations regarding the use of hired labour and subcontracting. Additionally, we aim to promote the equal treatment of companies.

We also check our contracting partners for the applicability of sanctions imposed by the EU and the UN or based on national legislation and the National Bureau of Investigation's decisions to freeze assets. We do not conduct business with entities subject to sanctions, or companies under their control. We carry out the checks for sanctions in supply and service contracts exceeding EUR 20,000 in value, and in construction contracts whose value exceeds EUR 30,000. Metsähallitus Forestry Ltd checks for applicability of sanctions in all contracts of EUR 9,000 or over in value.

Management of procurement

The procurement rules updated in 2023 sum up the way Metsähallitus' procurements are managed and controlled. The rules define the principles and

organisation of Metsähallitus' procurement services as well as the main policies of responsible procurement. Under these rules, the Group's procurement services are responsible for the shared operating principles of Metsähallitus' public procurements and for directing and developing the procurement process. The management group for procurement monitors and develops the procurements of the Group as a whole. Metsähallitus' Management Group receives regular reports on procurement. To handle their procurements, Metsähallitus Forestry Ltd has a resource team and National Parks Finland a procurement team, which are supported by the Group's procurement services.

Efforts to develop the procurement services are informed by the needs of Metsähallitus' operations, solid procurement competence, and monitoring of our various sectors. In line with our strategy, we promote responsible procurements, build up our procurement competence and develop reporting. We use shared information to improve our procure-



We do not conduct business with entities subject to sanctions, or companies under their control.

RESPONSIBILITY IN SUPPLIER AND PARTNER MANAGEMENT

ment processes. We are closely involved in national efforts to enhance the impact of public procurement (ProcureFinland).

Achievement of CSR targets in procurement in 2023

In 2023, we examined procurement from the perspectives of the Responsibility programme’s focus areas (Leadership, Environment, People and Society) and set targets accordingly.

In the focus area of Leadership, expanded checks for sanctions played a particularly large role in efforts to ensure responsibility in our procurements. We strengthened our model for monitoring responsible procurements, in which responsible procurement activities are supervised and reported on regularly to the management group for procurement and the responsibility group. We will develop the monitoring model further in 2024.

Environmental responsibility had a concrete role in several of our procurement categories in 2023. In a national procurement of construction supplies and materials, for instance, emission rating M1 was required of all paints, adhesives, construction boards and chemicals. In procurements of environmental management work in nature reserves, we improved environmental friendliness by setting criteria for fuels and lubricants used in chainsaws and battery-powered tools. A thesis student investigated the use of energy-efficient machinery in forest management work for Metsähallitus Forestry Ltd. The subject of the thesis was accounting for emissions in excavator work and improving energy efficiency. Based on its findings, the fleet used by the contractors will be surveyed, and compliance with Stage IV requirements will be included in procurement criteria in the future.

Due to the challenging economic situation, an update of our risk and credit rating requirements was one of the ways in which our corporate social

responsibility was translated into concrete action. When evaluating the quality aspects of tenders in a procurement of electrical design services for wind power, we awarded points for an occupational safety system based on the relevant standard.

Under the People theme, we supervised respect for workers' rights in our suppliers’ operations. Based on a human rights risk assessment, Metsähallitus Forestry Ltd commissioned an external audit to verify the realisation of workers' rights, in particular. The audit was based on Metsähallitus' Supplier Code of Conduct. Supplier audits will continue in 2024.

Metsähallitus Forestry Ltd investigated extending the applicability of the contractor's liability to carry out checks to the right to work of foreign labour employed by Finnish companies, also outside the construction industry. On the basis of this investigation, we decided to continue targeting audits at companies that use foreign labour. Metsähallitus Forestry Ltd and its contracting partners conduct annual per-

RESPONSIBILITY IN SUPPLIER AND PARTNER MANAGEMENT

formance appraisal discussions, which also cover a checklist related to foreign labour.

As a major contracting entity using labour-intensive services, Metsähallitus Forestry Ltd works closely together with the Regional State Administrative Agencies, which supervise compliance with legislation on foreign labour and are responsible for occupational safety and health inspections. Our aim is to extend this cooperating model to other activities within Metsähallitus in 2024.

Tendering processes for offshore wind power projects

In late 2023, we launched a tendering procedure for two new offshore wind projects. The Edith project is located in the sea area belonging to Närpiö, and the Ebba project in sea areas off Pyhäjoki and Raahe. The municipalities have approved the zoning proposals for the projects, and the preliminary studies launched by Metsähallitus are making headway.

We are seeking experienced partners or consortia in both Finland and the international market to continue the project development, build the offshore wind power plants and, in due course, produce electricity. The tendering process will be conducted carefully, ensuring that the participants will be treated equally.

Companies or consortia to be selected as our project partners are expected to have the expertise, resources, and experience required both for successful completion of a large-scale offshore wind power investment project and for the subsequent operation of the wind farm. In project development, safeguarding biodiversity on the project sites, requirements of the main grid, and management of the consumption and production spikes characteristic of wind power must be accounted for. In addition, the selected partners are required to follow responsible and sustainable business practices, which will be checked as part of the competitive tendering pro-

cess. Binding tenders must include ESG Due Diligence information.

In the competitive tendering process, partners will be sought for the wind power project that are able to purchase the rights to the pending offshore wind power projects, lease the offshore areas, and build the power plants. After the investment decision has been made, we will have the role of the lessor of the area, while the partners will be responsible for building the offshore wind farms and for producing and selling electricity to the market. The sea areas will remain the property of the state.

The partner selection process will progress in phases. Based on preliminary tenders, the most potential partners will be selected to proceed to the next phase. Once they have submitted their binding tenders, we will select our partners on this basis. Our goal is to complete the tendering processes of the Edith and Ebba projects in 2024.

INFORMATION AND DATA MANAGEMENT

Leadership of information management and building of information security culture

The leadership of our information management is defined in our information management policy. The Director of Information Management is the owner of the information management processes and answers to the Director General for leadership in this area. They are responsible for the operation and cost-effectiveness of Metsähallitus' information management solution and service package and for ensuring that the solutions and services support the achievement of Metsähallitus' goals.

Information management at Metsähallitus is led as shared processes managed and developed in cooperation between the Group functions and the units' information management personnel following a separately agreed division of labour. The business and other units each appoint a person responsible for information management. Shared information management practices are planned, directed and monitored by the management group for information management. It is chaired by the Director of Infor-



Photo: Mikko Törmänen

mation Management, and its members include the persons responsible for information management in the units. The Group's information management function is responsible for the shared IT infrastructure.

INFORMATION AND DATA MANAGEMENT

The Director of Information Management reports to the Director General on significant information management matters, and these matters are discussed by Metsähallitus' Board of Directors at least once a year. In 2023, information management was discussed four times in the Board of Directors. The discussions concerned the situation of information management and information security as well as the upgrade of the forest information system and Microsoft licence acquisitions.

We made systematic efforts to build Metsähallitus' information security culture in 2023. We advanced the management of information security risks and business continuity measures. We formalised the monitoring and reporting of the information security situation, updated instructions for different user groups, and organised training. Our architecture and information security group started its work. In the future, an annual calendar will set the pace for our information security work. The efforts to develop our information security culture lay the foundation

for meeting the requirements of the NIS2 Directive, which will enter into force in the autumn.

We continued our work on information security systems across a broad front in 2023. We updated Metsähallitus' system for managing user authorisations and put secure mail and supervision services (SOC services) out to tender, with a view to commissioning them in February 2024. We are also developing the management model and configuration of the Teams environment to enable secure processing of confidential information.

We outsourced the basic IT services used by us to Enfo Oyj. This required a wide range of information security tasks from agreeing on processes to updating remote connections and firewall rules.

Data will play a larger role in leading responsibility and verification of information

Sustainability regulation will bring along more strin-



We advanced the management of information security risks and business continuity measures.

INFORMATION AND DATA MANAGEMENT

gent quality requirements for data and information capital as sustainability reporting is integrated into the annual reports of companies' and unincorporated state enterprises' Boards of Directors, and the information contained in them must be verified. Data associated with sustainability themes will grow in volume and become more strategic and transparent, taking on an equal role with financial data in decision-making.

In Metsähallitus, information capital has been identified as an essential part of value creation and the strategy. In order to achieve our goals, we will need reliable information-based decision-making and efficient data management and utilisation. Information capital will also open up opportunities for developing our services and conducting sustainable business.

Responsible information management will help reduce our information security and reputation risks and promote customer trust, employee commitment and business profitability. All information at our dis-

posal will be classified, documented, and processed based on the classification.

In keeping with Metsähallitus' case management, information security and data protection principles, each Metsähallitus employee is responsible for the data they process and for information security and data protection in every task. Metsähallitus processes data in compliance with the GDPR and ensures that personal data are processed appropriately. We have separate privacy statements for different customer registers, and the data are processed accordingly.

Aiming for a data-driven organisation

In 2022, we published Metsähallitus' data strategy, which includes short, medium and long-term goals and measures for developing a data-driven organisation. Our strategy seeks to promote data-driven business and knowledge-based management.

Metsähallitus' shared data platform was published in

late 2023. Data that support our operations and enable continuous improvement will be collected on this platform for all Metsähallitus employees to use. We also developed our capabilities for data modelling and information management to increase our understanding of what shared data are, how they should be looked after, and what the duties related to them are.

The data platform will be a key tool for meeting future sustainability requirements. The platform and the data capabilities that support it will ensure that the correct data will be available in the right place and format, which includes reliable and timely saving, high quality, and correct combinations of data. The goal is that all data will be ethical as well as comprehensible to Metsähallitus' organisation, our partners and our customers.

This work will continue in 2024 with the aim of specifying and importing to the platform sustainability data associated with corporate responsibility.

People and society

At the centre of the focus area of People are human rights, which are examined from the viewpoints of our personnel, workers in the supply and value chains, and the Sámi culture alike. The focus area of Society covers the strategy's pledges relating to wellbeing and bioeconomy themes. The value generated by our strategy and corporate responsibility work as well as our efforts to increase it play a key role in this area.

Contents:

| | |
|--|----|
| Personnel..... | 58 |
| Personnel of the supply and value chains..... | 66 |
| Impacted communities | 71 |
| Sámi culture..... | 91 |
| Consumers and end users | 96 |

PEOPLE AND SOCIETY

Respect for human rights

Metsähallitus respects human and fundamental rights, including linguistic rights. Our work is based on internationally recognised corporate responsibility guidelines and principles, such as the UN Guiding Principles on Business and Human Rights and Agenda 2030 for Sustainable Development (Agenda 2030).

Our principles regarding respect for human rights are set out in our responsibility policy and Code of Conduct. We do not tolerate any discrimination on the grounds of age, gender, origin, language, belief, reli-

gion, opinion, disability, health, sexual orientation or other reasons related to the person in our activities, services, work community or supply chain. As set out in our Code of Conduct, we also require all our suppliers and contracting partners to respect fundamental and human rights.

The human rights impacts of Metsähallitus' operations were assessed in 2022 in compliance with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidelines. The assessment identified, assessed and priori-



tised the actual or potential human rights impacts of Metsähallitus' operations from the perspectives of influence relationships, dimensions, scope, probability and reparability. The impacts were divided into negative, neutral and positive ones, and scores were given to them.

PEOPLE AND SOCIETY

Based on the human rights assessment, the most important actual or potential human rights impacts of Metsähallitus' operations are linked to procuring goods and services from high-risk sectors in terms of human rights, labour exploitation in forestry and environmental management services, and contractors' occupational safety. Risks related to the Sámi people and their livelihoods and culture are also stressed among the impacts. The assessment additionally identified high impacts associated with climate and biodiversity from the human rights viewpoint. We will manage and mitigate these risks as part managing our environmental risks.

With regard to personnel, customers and stakeholders, the assessment identified moderate impacts related to ensuring the personnel's diversity and

equality, occupational safety, and mental and social stress caused by social media. The human rights impacts related to diversity are mitigated through the measures set out in our Diversity, equality and non-discrimination plan updated in late 2022. For the part of customers and stakeholders, moderate impacts were associated with customer safety and realisation of accessibility. In keeping with the risk management principles, we control the impacts where they materialise.



Our principles regarding respect for human rights are set out in our responsibility policy and Code of Conduct.

PERSONNEL

Meaningful work, a good working atmosphere and equal treatment promote wellbeing

Our HR policy guides the way in which we manage and develop personnel issues. The policy is based on jointly accepted values, which include meaningfulness, care and effectiveness. In terms of employees' equality, good treatment and non-discrimination, our activities meet legislative and ethical requirements from the time a person is recruited until the end of their employment or public service relationship.

HR management

Metsähallitus' HR services are responsible for uniform HR management practices throughout the Group. The owner of the HR process is the Director of Human

Resources. The management of each unit is responsible for practical HR management in its area of responsibility.

The joint HR practices of the Group and the units are planned, directed and monitored by the HR management group. It is chaired by the Director of Human Resources, and its members consist of the units' Managers of Human Resources or similar.

The units are responsible for their own personnel and the organisation of supervisory work. It is up to the supervisor to familiarise each employee with

Metsähallitus' values and responsible practices and to ensure that the employees know their duties and targets. The supervisor conducts a performance appraisal discussion with each employee at least once a year. The supervisors are also responsible for their personnel's competence and for ensuring employees' goal-oriented and long-term development in their work.

We encourage our personnel to take the initiative in actively developing their competence. The task of promoting a good and fair work community belongs to each Metsähallitus employee.

PERSONNEL

The Director of Human Resources reports to the Director General on significant HR matters, and these matters are discussed by Metsähallitus' Board of Directors annually. External HR reporting is included in the Group's annual and responsibility reporting.

Operational reorganisation and economic adjustment led to change negotiations

Change negotiations were held towards the end of the year to adapt National Parks Finland's activities to the current economic development. The negotiations covered the entire personnel of National Parks Finland and Group units, or around 460 permanent employees in total. As a result of the reorganisation, 42 permanent positions were cut as from 31 December 2023.

A total of 11 negotiation rounds on the impacts on the personnel of the changes took place between the employer and the shop stewards who represented the personnel. Different options were also discussed in the negotiations. The personnel were informed of

the progress made in the negotiations after each meeting.

The change negotiations attracted attention in several media during and after the talks. Possible austerity measures affecting hiking service structures, including trails, campfire sites and huts, were a cause of concern. In addition, employees' possibilities of influencing the negotiations were criticised while the talks were underway.

No decisions on hiking structures have been made as yet. Our goal is to minimise impacts on services for hikers when making the necessary cutbacks. We will consult a wide range of our stakeholders and partners, including hikers, before making any decisions.

The structural reform of the Group units will continue in 2024. The goal of this development work is to examine the mutual responsibilities of financial administration, the HR unit and information management in a new way and to find synergies between

the units by consolidating their functions. We aim to complete this work in spring 2024. We will also look into the possibilities of using the central government's shared services over the long term.

Reorganisation in National Parks Finland

National Parks Finland produced an extensive analysis of its operating practices together with its personnel in 2023. The analysis described National Parks Finland's processes and the customers' service paths. The personnel and environmental administration actors were engaged in the analysis, and a user-centric approach was ensured. An architecture and technology report to support the operating practice reform was completed, which laid the foundation for upgrading our GIS system as a whole.

The preparation of the operating practice reform was launched on the basis of the analysis. The objective of the reform is creating an operating model based on value streams to improve the productivity of our work. From the beginning of 2024, National Parks

PERSONNEL

Finland was reorganised according to a national operating model: the regional units were closed down, and their duties are performed at the national level based on three sets of tasks, or value streams. These value streams are Natural Values, Administration and To Nature, the last one of which focuses on customer services for recreational use.

Focus on interaction skills in competence development

The work community development plan drawn up together with personnel representatives outlines policies and measures for developing competence. Systematic competence management at Metsähallitus is based on the owner's policies, vision and strategy. We have defined common strategic competence areas for all employees, in addition to which the business and Group units have unit-specific competence requirements.

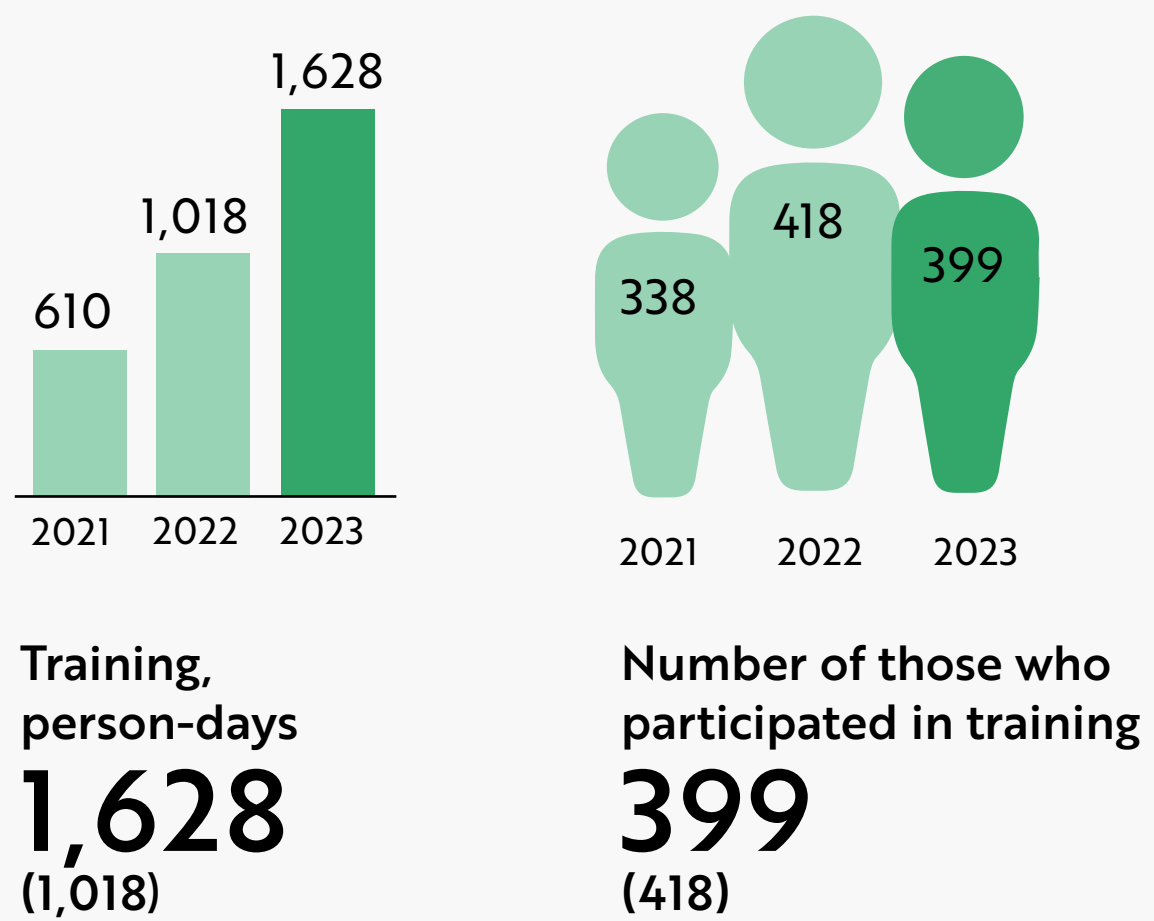
In connection with the strategy work, we defined nine common competences that have been system-

atically improved by selecting one of them as a special theme each year. In 2023, we focused on developing interaction skills. Additionally, continuous development focused on corporate responsibility and supervisory work.

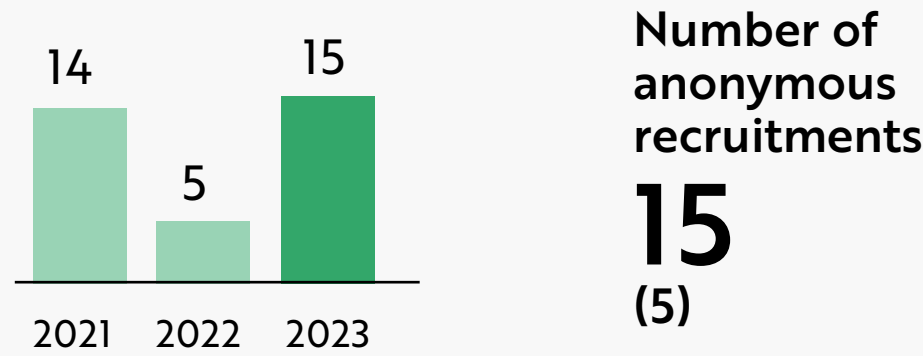
Metsähallitus' management principles are based on our values and support the achievement of the objectives set in our strategy. We published a training programme on the eOppiva platform for Metsähallitus supervisors, and around 68% of the supervisors completed it during the year. We also launched a brand new intranet section on supervisory work as a practical toolkit for supervisors. We organise management development days for supervisors, which were attended by around 110 supervisors in 2023. The themes included communication, self-reflection, resilience and encountering people.

We have also held webinars to improve the personnel's work community competence and ability to recognise the impact of emotions in the workplace. In

Staff training



Recruitments



PERSONNEL

the field of digital skills, we had a particular focus on data protection as well as artificial intelligence and its application in the workplace. During the year, our personnel completed a total of 1,151 courses on the Eduhouse platform and 564 courses on the eOppiva platform

Achievement of diversity, equality and non-discrimination objectives was promoted according to

Metsähallitus' Diversity, equality and non-discrimination plan for 2023–2026 puts at centre stage promoting a diverse work community, increasing equality and inclusion, and eliminating discrimination – both in employer activities and services aimed for customers, partners and stakeholders. With the help of this plan, we will strive to integrate diversity, equality and non-discrimination perspectives as an integral part into the management process, personnel selections, supervisory work and career planning at Metsähallitus.

We recruited 151 employees in 2023. Our goal is to bring the use of anonymous recruitments up to 25% by the end of 2026 in order to achieve a more diverse work community. The share of anonymous recruitments was 10% in 2023, which exceeds the intermediate target of 8% set for the year.

In 2022 we introduced a new pay system known as Palkkavaaka. Pay equality at Metsähallitus is examined annually in a Palkkavaaka comparison conducted by Mandatum Oy. The comparison in 2023 did not reveal any unjustified gender-related pay differences. The role-specific salaries are the same in tasks with a similar level of challenge. The personal pay component varies depending on the person's work performance.

To support our diversity, equality and non-discrimination objectives, we signed the Diversity Commitment of the corporate responsibility network FIBS in spring 2023. We undertook to identify and draw on individual competences and needs, offer equal

opportunities, manage the personnel and customer relationships fairly, and communicate about our goals and achievements.

We took part in the Pride month, which highlights the rights of gender and sexual minorities. During the Pride week, we flew the rainbow flag at visitor centres and offices, and events were organised in areas managed by us around Finland. We also brought the theme up in internal communications.

Our diversity webinar improved the personnel's ability to identify discrimination and promote the inclusion of all groups. We also paid attention to more equal language use in our activities. At the beginning of the year, we introduced new, gender-neutral occupational titles, and in summer we launched the term 'everyone's rights' instead of 'everyman's rights' in our communications.

We promote accessibility when replacing the service infrastructure of hiking trails and take accessibil-

PERSONNEL

ity requirements into account in the design and procurement of digital online services.

Metsähallitus has zero tolerance for harassment, and no inappropriate or discriminatory language is accepted. We prevent harassment in the work organisation as set out in our Diversity, equality and non-discrimination plan, and we have appointed two contact persons for harassment among the occupational safety and health personnel. They offer low-threshold advice and support for those who have encountered or observed harassment, molestation, bullying, discrimination or other unequal treatment. Employees can also report harassment and inappropriate behaviour on Metsähallitus' whistleblowing channel, anonymously if they prefer. According to our personnel survey, 3.8% of the respondents were experiencing, or had experienced, bullying or discrimination last year.

Key strengths and development areas are monitored and measured annually

The annual personnel survey is a key tool for measuring and developing the performance of management and supervisory activities. The survey enables us to monitor job satisfaction and work community development needs. Overall satisfaction is assessed using six main indicators. They are my work, actions of the work community, working atmosphere and team spirit, supervisory work and management, and customer work and the employer's actions.

The response rate among the personnel was 73.4% in 2023. The results indicate that the strengths of our work community include the clarity and meaningfulness of the work and objectives, ability to meet the demands of the work, and strong supervisory work. Our employer image remained at a good level, and more than 70% of the respondents would recommend Metsähallitus as an employer. The score for Metsähallitus as a workplace was 8.2

(on a scale of 4 to 10). The difference was -0.05 units compared to 2022.

Development needs were identified especially in cooperation with other units. The level of coping at work had also remained low at 7.43 (on a scale of 1 to 10), even if measures had been taken to improve coping and recovery based on previous years' results. In 2022, this figure was 7.37.

The results of the personnel survey – strengths and development areas alike – are processed with each team. The required development measures are discussed by Metsähallitus' Management Group, and their progress is monitored.

Our work on promoting wellbeing at work will continue in 2024. In the first half of the year, we will publish an online training course on operating in the work community, which will cover factors related to the employee experience, time management, recovery and factors affecting the

PERSONNEL

working atmosphere. Supervisors’ work also plays an important role. We have selected managing wellbeing at work and hybrid work as the themes of our supervisor training in 2024.

We assess occupational safety and health risks and organise occupational safety training

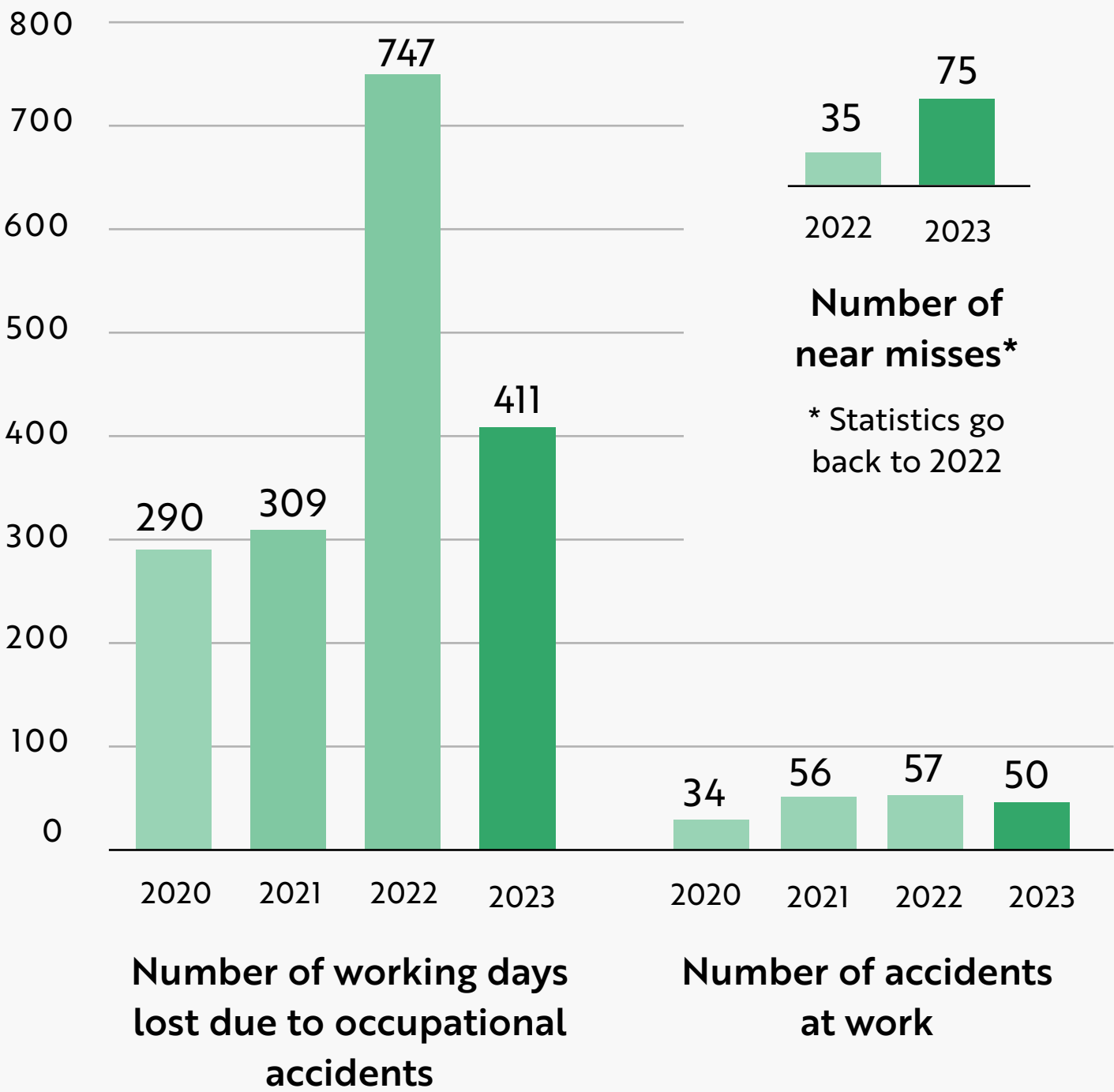
We aim for an accident-free workplace, in other words zero accidents, while improving the quality of work and wellbeing at work. We use a digital application to record occupational safety observations, near misses, accidents at work and the results of annual OSH audits. This application enables all personnel members to participate in OSH work, and any incidents can be processed faster and more transparently. During the year, 310 occupational safety reports were submitted in the system, 24 of which were safety initiatives, 115 positive safety observations, and 171 other safety observations and hazards.

We analysed a broad range of occupational safety risks in different units during the year. Among other things, these risk assessments looked at construction and restoration work, minicopter operation and road transport tasks. We updated our safety instructions and prepared new ones on the basis of the assessments, and this work will continue in 2024.

We organised different types of wellbeing coaching and occupational safety training for the personnel. The topics included first aid skills as well as operating and controlling snowmobiles and quad bikes in different conditions. Training related to occupational safety and environmental competence has also been provided in the electronic Ahjo learning environment. In 2023, Metsähallitus Forestry Ltd’s white-collar employees and loggers completed a total of 97 Ahjo courses related to occupational safety.

The number of accidents at work reported in 2023 was 50, and the absences reportedly caused by such accidents amounted to 411 days.

Accidents at work and working days lost due to them

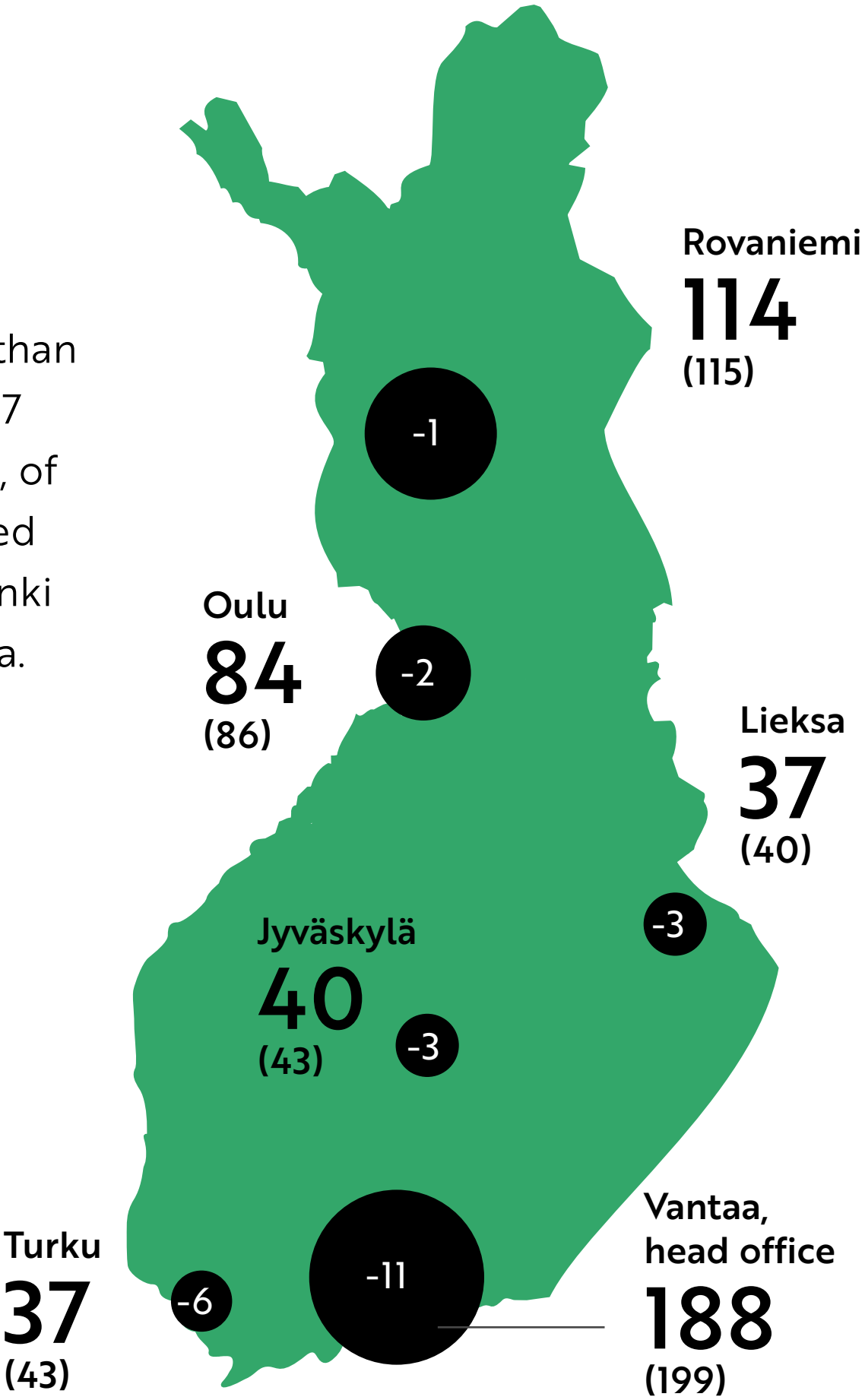


Personnel on 31 December 2023

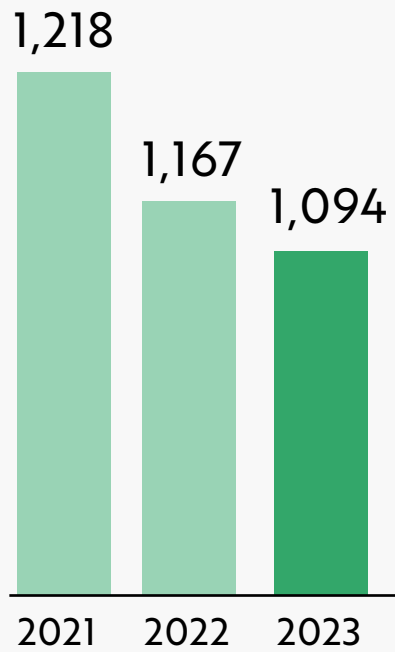
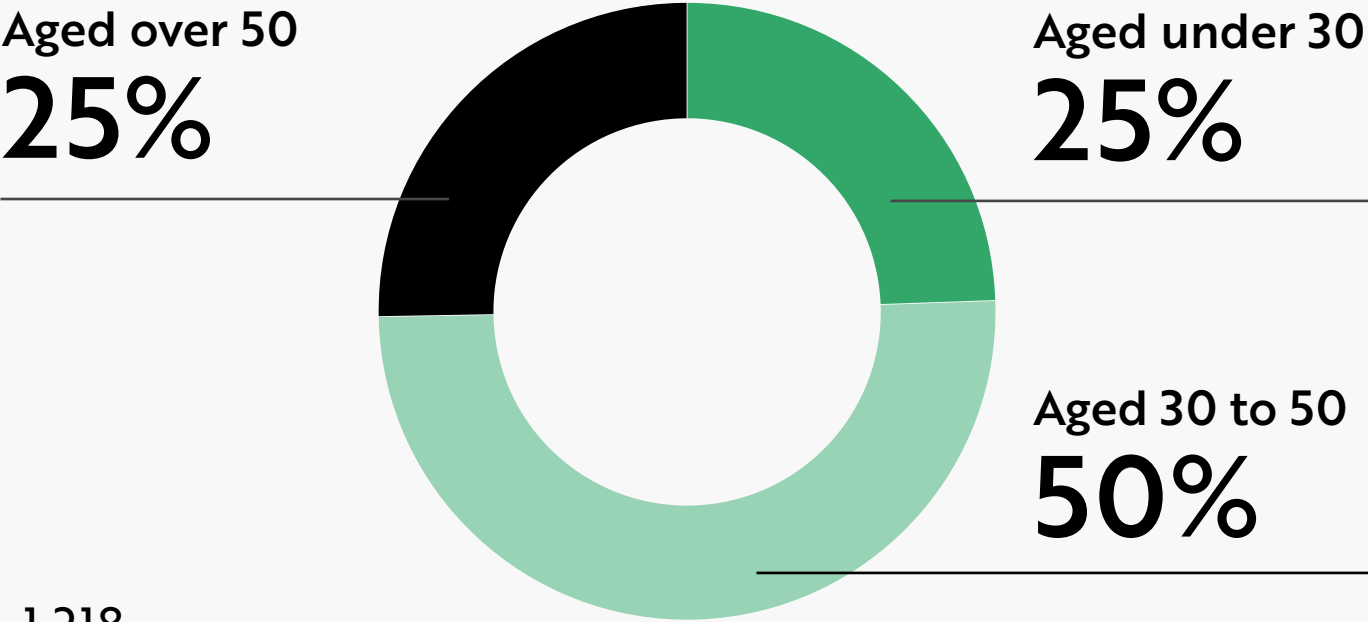
(2022)

Employees

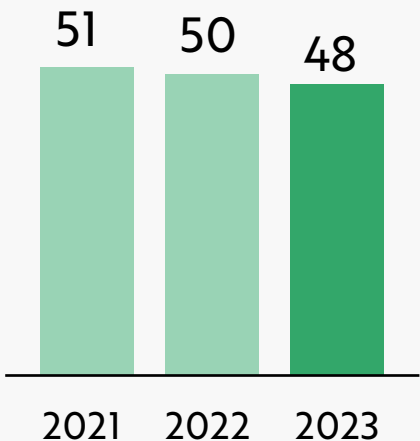
Metsähallitus employed more than 1,400 people at 77 locations in 2023, of whom 84% worked outside the Helsinki Metropolitan area.



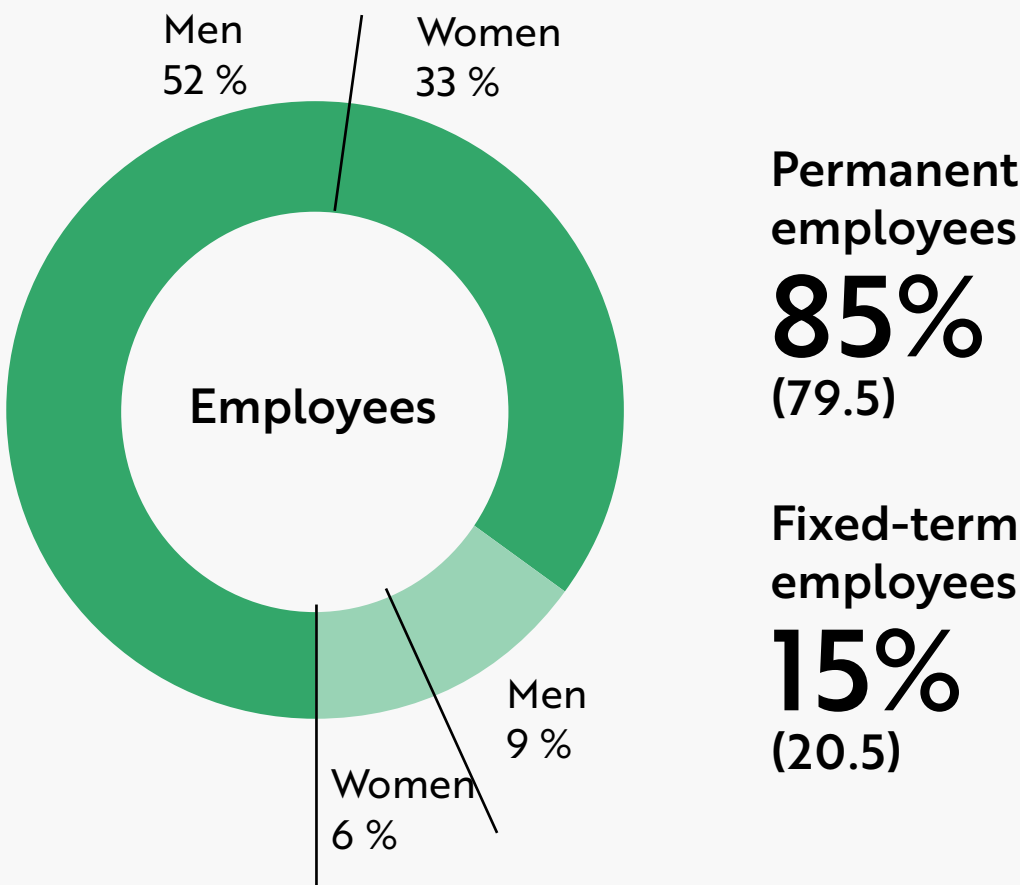
Age distribution of in-house personnel



Number of employees
1,094
(1,167)

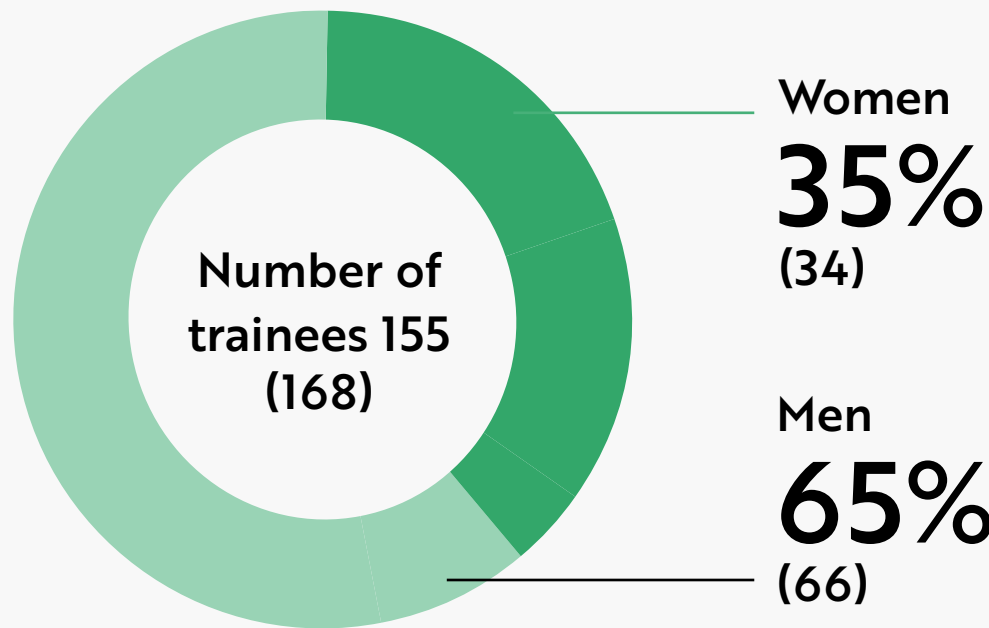


Average age of employees
48
(50)



Agency workers

Fixed-term employees, person-years 36.6
Agency workers have an employment contract with a labour hire company. In 2023, such contracts numbered 110. Some persons had several employment contracts during the year.



Average age of trainees 22.3 (22.9)

Gender ratios, % 2023 (2022)

Metsähallitus group



Group services



National Parks Finland



Metsähallitus Forestry Ltd



Metsähallitus Property Development



Wildlife Service Finland



Gender ratios in management %

Metsähallitus board of directors



Management group



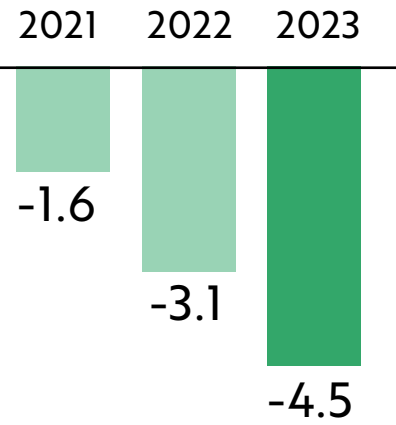
Supervisors 2023



Turnover of permanent personnel 2023 (2022)

Number of employment relationships started **50** (53)

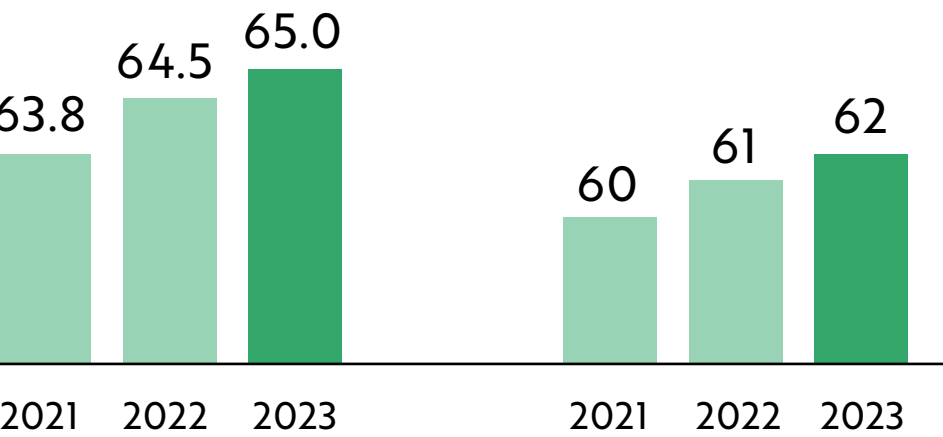
Total turnover, % **-4.5** (-3.1)



Number of employment relationships ended **99** (89)

Average retirement age, old-age pension **65.0** (64.6)

Average retirement age, disability pension **62.0** (61)



PERSONNEL OF THE SUPPLY AND VALUE CHAINS

Responsibility requirements extend to procurement and value chains

Metsähallitus creates employment for a wide range of service providers, suppliers of goods and contractors in its procurement and value chains. Our contracting partners include companies that provide timber harvesting and forest and environmental management services as well as enterprises operating in such fields as tourism, catering and cleaning services, construction, consultancy, ICT and logistics.

A human rights impact assessment found that the most central actual and potential human rights

impacts of our operations in the procurement and value chains are associated with procurement of goods and services in high-risk sectors, labour exploitation in forestry and environmental management services, and contractors' occupational safety.

We ask for the information referred to in the Act on the Contractor's Liability in all procurements worth more than EUR 9,000. By going beyond the statutory obligation concerning the contractor's liability, we wish to ensure that our contracting partners



fulfil their obligations towards their employees and society. The Supplier Code of Conduct attached to our contracts also contains minimum requirements related to fundamental and human rights, labour rights and occupational health and safety aspects.

PERSONNEL OF THE SUPPLY AND VALUE CHAINS

For more information on our principles and operating models associated with responsibility in supplier and partner management, see section [Responsibility of supplier and partner management](#)

Metsähallitus Property Development handles contractual matters related to lands used for commercial purposes. In 2023, our lease management system contained almost 18,500 different contracts on using commercial state-owned areas. The largest contract categories were leases of areas for power lines (5,822), land leases (3,586), leases for hunting purposes (2,304), and road construction (1,943) and concession contracts (1,653). Property Development uses outsourced services in such areas as consultancy, marketing, property maintenance, electricity, water and waste sector operations and civil engineering. We also engage in very active cooperation with municipalities and cities. Some 500 different operators provided services for us. Metsähallitus' common principles are observed in procurements and contractual activities related to leases and sales.

At the end of 2023, National Parks Finland had 830 valid agreements in place with partner companies. The partners provide nature tourism services in protected areas or accommodation and catering services in their vicinity. In some cases, visitor centre activities have also been outsourced to partners. The company undertakes to comply with both Metsähallitus' principles of sustainable tourism and the Code of Conduct. The agreements are valid for a fixed term, and compliance with their conditions is reviewed during the contract period.

In 2023, National Parks Finland had valid procurement contracts with 225 companies. Contractors that maintain national parks and companies that carry out environmental management and restoration work are some of the key groups. We also have contracts with companies offering cleaning services or construction supplies and services, as well as enterprises specialising in exhibition design or, for example, archaeological inventories.

Contract entrepreneurs manage timber harvesting and transport

Metsähallitus Forestry Ltd has around 600 contractors, including subcontractors. All mechanical forest management and road maintenance work, timber harvesting and transport, as well as the majority of planting and clearing saw work are carried out by forestry contractors. Metsähallitus Forestry Ltd's customer logistics, forest management and road construction processes are responsible for cooperation with contractors and their employees. While they liaise with contractors in many ways, annual performance appraisal discussions between the contractors and Metsähallitus is one of the key methods for this. The issues covered in these discussions include occupational safety matters, and their results are dealt with by the process management teams if necessary. Additionally, we examine the working conditions of the contractors and their employees, for example at contractor events and on various training courses and site visits. We also liaise with contractors using ICT, including ERP systems.

PERSONNEL OF THE SUPPLY AND VALUE CHAINS

The accounts on contractor's liability, which we inspect every year, also extend to the subcontractors of Metsähallitus forestry contractors. This way we can ensure compliance with the legislation throughout the supply chain. In 2023, we provided Heads of Forest Management and experts of silviculture operations with training on contractor's liability issues regarding foreign labour used by suppliers. The objective is to build up the personnel's competence, ensuring that matters related to foreign labour and their rights are covered and verified in annual discussions and site inspections.

In spring 2023, we were involved in a project coordinated by Tapio, in which induction material for planting and clearing saw work in the forestry sector as well as information on key employment terms were produced in several different language versions. A small edition of the guide was printed in different languages, and it is available to download on Tapio's website. Information about the guide and induction material has been distributed through the Heads of

Forest Management to entrepreneurs in the supply chain, who have a duty to share the information further with their workers.

The Regional State Administrative Agency conducted several occupational safety and health inspections on Metsähallitus' contractors in 2023. While no shortcomings were found in Metsähallitus' activities in these inspections, the inspectors commented on the contents of employment contracts concluded by some contractors, itemisation of premiums paid under collective agreements in payslips, and the quality of occupational health examination plans and occupational health examinations. The reports that come to Metsähallitus' attention and contain comments are reviewed immediately with the entrepreneur, and corrective measures are agreed upon. Metsähallitus Forestry Ltd also discusses any inspection reports with the contractors in the annual performance appraisals.

Realisation of human rights was assessed in a pilot audit

Based on the findings of an assessment of our human rights impacts, Metsähallitus Forestry Ltd conducted a pilot audit focusing on human rights in 2023. The supplier audit of a forest service entrepreneur carried out by a third-party had a special focus on foreign labour and securing their rights. Corrective measures were proposed based on the audit findings concerning the pension contributions of the supplier's subcontractor, the principles of paying premiums laid down in the collective agreement, update of the OSH action plan, and work induction in planting operations. The supplier has rectified the observed shortcomings. The audit was unable to establish with certainty how foreign workers' travel arrangements were funded, as they were responsible for making their own arrangements. The audit verified that the workers were able to report any shortcomings both to the supplier and on Metsähallitus' whistleblowing channel, anonymously if they choose.

PERSONNEL OF THE SUPPLY AND VALUE CHAINS

Supplier audits will be continued in 2024 and extended to machine contractors. These audits are always conducted by an impartial third party. We will develop corporate responsibility in our supply chain based on the pilot project's results as well as in keeping with the roadmap for human rights impact assessment and forthcoming CSR regulation.

We provide training for contractors and partners

In 2023, we provided training for our forestry contractors and partners using the digital learning environment Ahjo, in which several different courses related to various types of contracting and work are available. These courses were completed 6,595 times in total by contractors and their employees, and 6,445 times in total by teachers and students at forestry institutions in 2023. The most important courses completed by these groups were related to timber harvesting and road transport. These courses were updated, and we expected everyone working in these areas to retake them.

In Metsähallitus Forestry Ltd, matters related to contractors' and their employees' occupational safety are discussed as contracts are concluded and at entrepreneurs' annual performance appraisal discussions. The consideration of occupational safety issues by contractors is monitored in connection with site visits, for example, and in internal ISO 14001 audits and external audits related to the PEFC certificate. More serious accidents at work are discussed in the process management teams and at the regional level. We expect contractors to comply with the valid occupational safety legislation. Courses and training packages in the Ahjo competence environment are used to ensure and develop occupational safety.

We organised three environmental and safety training courses for customers leasing aggregate extraction sites in early 2023. The content of the training consisted of Metsähallitus' sustainability perspectives, the terms and conditions of leases, environmental guidelines and safety practices for soil material extraction sites. Groundwater issues, land

extraction permits and landscaping were also discussed as part of this training.

Suspected offence committed by our partner

In October 2023, YLE broadcast news of a suspected offence by the Arctic Group, a company that was a contracting partner of Metsähallitus' subsidiary Siemen Forelia Oy. This company, which operates in multiple sectors, is suspected of a human trafficking offence involving Thai berry pickers. Arctic International, a member of the Arctic Group, operated as Siemen Forelia's contractor in the harvesting of seed crops in some areas. The news coverage was the first information Siemen Forelia received about the suspected serious offence.

It is important for Metsähallitus to ensure that the subcontracting chain operates responsibly and ethically in compliance with the laws and our Code of Conduct. Siemen Forelia Oy together with all operators in the Metsähallitus Group expects our

PERSONNEL OF THE SUPPLY AND VALUE CHAINS

contracting partners to commit to following our Code of Conduct, which also includes the requirements of respecting human and employee rights.

Before contracting out the work, Siemen Forelia Oy had inspected the company's accounts relating to contractor's liability and information verifying the foreign employees' right to work. The sites were also supervised regularly, and no deviations had come to light. According to information we requested from the police, the suspected offences did not concern activities carried out under Siemen Forelia's contracts. However, we asked Arctic International for a report on the suspected offence and investigated the matter in cooperation with several different authorities. The contractual relationship between Siemen Forelia and Arctic International has since ended.

This case was the first of its kind in the Metsähallitus Group. Based on the lessons learned from the case, we will develop our processes related to knowing

our suppliers and step up our auditing activities to ascertain that employees' rights are respected. At the beginning of 2024, Siemen Forelia launched a project on examining and developing its supply chain management processes with the aim of ensuring better realisation of human rights also in the value chain.

Intensified cooperation with the Prison and Probation Service of Finland under a partnership agreement

Working together with the Prison and Probation Service of Finland, National Parks Finland offers rehabilitative work activities to prisoners in caring for national parks and other protected areas. This cooperation with open institutions that started in the early 2000s was intensified further as Metsähallitus and the Prison and Probation Service concluded a strategic partnership agreement. By participating in these work activities, prisoners gain experiences of being successful and engaging in crime-free activities.

Nine prisons were involved in this cooperation in 2023. The prisoners' work input is a significant help in the maintenance and restoration of national parks. The work input of the prisoners, who were supervised by a Metsähallitus foreman, amounted to 102 person-years in 2023. The prisoners' working day may include repairing duckboards or building a campsite for hikers, or taking care of firewood supply and waste management. Environmental management tasks include removing invasive alien species or thinning out trees in traditional rural biotopes.

EUR 1.4 million of financing received from the Ministry of Justice was used to pay for expenses incurred from the labour input of prisoners from open penal institutions, especially in the Nuuksio, Sipoonkorpi and Bothnian Sea National Parks, Vallisaari island and Evo Hiking Area.

IMPACTED COMMUNITIES

Reconciliation is the key to planning the use of state-owned land and water areas

Metsähallitus' operations have not only environmental but also economic and social impacts on local communities. Our workforce and supply chains are often local, and by reconciling different needs, we strive to seek solutions that also address local communities' objectives. As the steward, user and protector of state-owned land and water areas, we are not only a significant employer but also a purchaser of goods and services, a taxpayer and a business partner, and we also transfer our profits as revenue to the central government. In addition

to these positive economic impacts, our operations have both positive and negative social and environmental impacts on local communities.

The greatest negative effects on communities are the impacts of forest management and wind power on recreational use, hunting, the landscape, reindeer husbandry and nature tourism. The positive impacts include opportunities for recreation and outdoor activities offered by multiple-use forests based on everyone's rights. National parks serve as hiking des-



tinations and have positive impacts on the regional economy. Wind power projects generate property tax revenue for municipalities.

Communities also have their local preferences and needs regarding the use of state-owned land and

IMPACTED COMMUNITIES

water areas. We take them into consideration in planning and our operations. Our work is based on successfully reconciling these multiple needs and wishes in collaboration with our stakeholders. For this, we rely on a multi-stage planning process, the highest levels of which comprise natural resource plans and the landscape ecological plans linked to them. From these levels, the planning progresses all the way down to detailed plans for measures. Accurate spatial data is the starting point of all planning.

Land and water asset management

Metsähallitus plans the use, management and protection of the land and water areas we manage in compliance with the statutes and principles guiding our work. The management principles are summed up in the land and water asset management policy. Central government real estate assets are managed efficiently and productively, securing the state's overall interests. The realisation of the state's overall interest is ensured in all Metsähallitus' decisions concerning the real estate assets. In addition to economic

impacts, the overall interest refers to social and environmental aspects and issues related to fostering cultural heritage as well as other societal aspects, sustainable development and a well-functioning real estate market.

The overall interest must be considered over the short and long term and from the perspective of central government finances as a whole, as well as accounting for national, regional and local impacts where necessary. Stakeholders are engaged in planning the use of the land and water areas.

The common practices of land and water asset management at Metsähallitus are planned, directed and monitored by a group dedicated to coordinating these matters. It is chaired by a person appointed by the Director General, and its members are selected by the units. The Senior Vice President of Property Development and Renewables is the owner of the processes relating to the acquisition, transfer and leases of land and commercial exploitation of areas.

The Director General reports to the Board of Directors on the use of the land and water assets. Asset data and the benefits of and inputs in social obligations are reported annually in connection with the financial statements. The unit directors report to the Director General on the use of land and water areas in their respective sectors.

Natural resource planning takes the strategy and Responsibility programme to the regional level

Natural resource planning helps us ensure the economic, ecological, social and cultural sustainability of our work. The plans are drawn up for five years at a time for each region. They contain the goals of sustainable natural resource use specified in Metsähallitus' strategy and Responsibility programme, including the planned cut of Metsähallitus Forestry Ltd, fostering of biodiversity, and climate change mitigation and adaptation. Natural resource plan projects are inaugurated by the Director General, and the plans are approved by Metsähallitus' Board of Directors.

IMPACTED COMMUNITIES

In this planning process, we work together with a cooperation group consisting of our stakeholders and draw up a natural resource plan as an action plan that outlines the long-term use of state-owned land and water areas and reconciles the needs of different forms of land use. In addition to the cooperation group, we engage stakeholders across a broad front in the planning, for example by means of thematic groups and open online surveys. As we draw up the plans, we also strive to find new opportunities for using state-owned land and water areas for business and other purposes. Using a set of indicators included in the natural resources plans, we monitor the plans' realisation regularly and report on it annually to Metsähallitus' Management Group, Board of Directors and regional advisory boards.

We continuously develop the planning process and aim to pilot new methods and tools in each process. In the processes underway in 2023, we used online discussion platforms more extensively for both civic participation and in the work of regional cooper-

ation groups. On these platforms, the participants can tell us about their preferences and expectations regarding areas managed by Metsähallitus and suggest ways in which we could reconcile different types of use.

Planning aims to reconcile different forms of land use

In natural resource planning, our key objective is to reconcile different forms of land use. For example, the planned cut in state-owned forests, priority areas for tourism, and the promotion of wind and solar power projects and recreational use can be agreed upon in the plans. The plan also contains suitable measures aiming to foster biodiversity in the area which may, for example, be related to a network of protected areas and the restoration of mires and water bodies. While stakeholders may express their preferences for certain type of zoning in a specific area in connection with the planning, zoning decisions are ultimately made at the regional and municipal level. For wind power operations, the plan does

not have major significance as their boundary conditions are defined in regional land use plans, legal provisions and official guidelines.

The sustainable planned cut in state-owned multiple-use forests for 2023 was 6.8 million cubic metres, whereas the actual volume harvested was 6.3 million cubic metres, or 7% less than the planned cut. While the actual felling volumes may be more or less than the planned cut at the annual level, they do not exceed the sustainable planned cut determined for the entire five-year period.

The total area in which felling operations were carried out in 2023 was more than 92,000 hectares, of which intermediate fellings accounted for 72%, periodic cover regeneration fellings for 18%, and regeneration fellings in forests where continuous cover management methods are used for 10%. The current natural resource plans predict that the planned cut will increase from the current 6.8 million cubic metres to 7.6 million cubic metres by

IMPACTED COMMUNITIES

2030. According to a forecast based on the natural resource plans, the harvested volume is clearly less than the growth of tree stock in forests, which means that carbon storage on state-owned lands will also continue to grow.

More than a half of all state-owned multiple-use forests used for commercial forestry purposes are currently going through their most vigorous stage of growth but, based on the age distribution of the forests, this stage will gradually be over. The largest age group of multiple-use forests today is those aged 61 to 80 years, whereas the age category of 41 to 60 years is almost equally large. When forest management is underpinned by the planned cuts set out in the natural resource plans, the forests become sturdier, and ecological sites excluded from forestry operations increase the surface area of the older age categories.

First plan for the marine area was completed

Two natural resource planning projects were completed in 2023: a plan for Kainuu, Central and North Ostrobothnia and a marine area plan. The natural resource plan for the marine area is the first one that exclusively concerns the sea. It will guide Metsähallitus' activities in the marine areas owned by the state and managed by Metsähallitus in 2024–2028. The lands used by Metsähallitus Forestry Ltd in the sea area were excluded from this plan. The plan was drawn up in a 20-month project in which engaging stakeholders across a broad front played a key role. In the planning efforts, Metsähallitus worked closely together with a cooperation group consisting of national stakeholders. This group comprised the representatives of 23 different parties from NGOs, research, business and authorities' organisations, with emphasis on maritime actors. Three facilitated workshops were organised for the cooperation group, and a digital work platform was used in the joint planning. In addition, four regional groups

and a group focusing on fishing and hunting themes participated in the work. Companies and citizens were engaged on a digital discussion platform. Separate discussions were held with the Defence Forces and the Finnish Border Guard. Metsähallitus' Board of Directors adopted the plan in November 2023.

The natural resource plan for state-owned land and water areas in Kainuu and Central and North Ostrobothnia combines two areas which previously had separate plans. The natural resource plan was prepared in a joint planning project that took more than a year to complete. A key role in drawing up the plan was played by two cooperation groups, which consisted of around 60 different parties representing NGOs, education and research, business organisations and authorities. A total of six facilitated workshops were organised for the cooperation groups, and a digital workspace was additionally used in the joint planning. During the project, a workshop was additionally organised for young people, a large number of tourism actors were engaged in the work,

IMPACTED COMMUNITIES

and an open online survey aimed at all citizens was conducted. Bilateral discussions were held with the Border Guard and the Defence Forces. A separate event was organised for the reindeer herding cooperatives. The plan was published and introduced in August 2023. The planning period extends till 2028.

Participatory natural resource planning makes it possible to address the needs of companies and communities of the region regarding the use of state-owned lands. Many activities would be impossible to organise without large-scale use of state-owned areas. In 2023, our lease system contained almost 18,500 different contracts related to the use of state-owned lands, which ranged from contracts on areas for power lines, cross-country tracks and teaching forests to leases for hunting purposes and extraction of aggregate materials.

Landscape ecological networks safeguard ecological values

Landscape ecological planning is closely connected

with natural resource planning, which draws on information on the status of the landscape ecological network and its long-term changes. Any changes agreed in the natural resource plan process are updated to the network once the work has been completed.

In landscape ecological planning, the natural environment in an extensive forest area is examined as an ecological network, or a coherent entity at the landscape level. The network consists of conservation areas and valuable ecological and special sites in multiple-use forests, as well as of ecological corridors and so-called stepping stones that link them, through which species can spread between conservation areas and ecological sites in multiple-use forests. Ecological sites in multiple-use forests include those referred to in the Nature Conservation Act and Forest Act, and other sites that are valuable for biodiversity, including areas around small water bodies. While the sites are excluded from forestry operations, environmental management measures that

promote biodiversity may be carried out in them if necessary. The network also includes sites important for game, the landscape and recreational use, in which restricted forest management measures may be carried out. The ecological sites are described in Metsähallitus Forestry Ltd's Environmental Guidelines.

Landscape ecological planning ensures the preservation of particularly important habitats and other ecological sites referred to in the Forest Act and the Nature Conservation Act. The landscape ecological network is also used in efforts to reconcile the needs of game habitat management, preservation of landscape values and cultural heritage sites as well as recreational use while taking the objectives of overall sustainability into account.

Landscape ecological planning has now continued for nearly 30 years. We update the landscape ecological network actively in connection with other activities and in dedicated fixed-term projects. We

IMPACTED COMMUNITIES

maintain up-to-date spatial data concerning such sites in Metsähallitus Forestry Ltd's planning system. The information on the landscape ecological network has also been published in Metsähallitus' open [Excursionmap.fi](https://excursionmap.fi) map service.

In summer 2023, we completed a more detailed update of the landscape ecological network based on spatial data in different parts of the country. In separate updates in 2021–2023, 2,400 hectares of new ecological sites were identified in Southern Finland, in addition to 5,400 hectares in Ostrobothnia and Kainuu and 12,200 hectares in Lapland. In particular, the landscape ecological network was complemented with forest habitats, including old-growth forests, heath forests with a high volume of decaying wood, mire habitats and the surroundings of small water bodies.

Researchers evaluated landscape ecological planning

In 2023, researchers from the Natural Resources Institute Finland and the Finnish Environment Institute evaluated the results and impacts of Metsähallitus' landscape ecological planning as well as the effectiveness and development needs of its methods. This evaluation commissioned by the Ministry of Agriculture and Forestry, including the evaluation report, were completed in December 2023. Metsähallitus will analyse the report and develop its operations on its basis.



The landscape ecological network was supplemented with an area of 20,000 hectares in 2021–2023.

IMPACTED COMMUNITIES

Management planning helps reconcile objectives in protected areas

In addition to natural resource plans, more specific management and use plans are prepared for individual special areas, including national parks, hiking areas and Natura 2000 sites. Their purpose is to reconcile the aims pertaining to nature conservation as well as recreational and other use for a period of 10 to 15 years. The plans are drawn up in cooperation with local residents and other stakeholders.

In 2023, we updated the principles for managing and using protected areas, primarily as a guideline that supports the practical work of National Parks Finland's personnel. In this update, the management principles were linked to the broader operating environment and changes occurring in it and, among other things, anticipation and adaptation measures associated with climate change were highlighted in the guidelines. A significant part of the principles for managing and using protected areas in Finland is derived directly from statutes, while some of the

principles are best practices defined by us. In connection with the update, the principles were revised to be consistent with the overhauled Nature Conservation Act and other up-to-date legislation as well as the European Commission's guidance on the management of Natura 2000 sites.

We updated the management plans for Kolovesi and Linnansaari National Parks as part of the Our Saimaa Seal LIFE project. The main objective of the project is to safeguard the growth of the Saimaa ringed seal population.

The Kvarken Archipelago and the High Coast of Sweden form a world heritage site extending across the borders of the two countries. Metsähallitus and the County Administrative Board of Västernorrland prepared the first joint management plan for this site, and statements on the draft plan were accepted in autumn 2023. The goal is to promote the management and preservation of a unique geological landscape.

We are in the process of updating the management plan for Pallas–Yllästunturi National Park. The previous plan dates back to 2008, and since that year, visitor numbers to the National Park have increased considerably. The objective of the updated plan is to reconcile the needs of nature conservation and protection of cultural heritage, recreational use and nature tourism as well as reindeer husbandry and Sámi culture over the next 10 to 15 years. During the year, we conducted an online survey and organised public events to engage stakeholders in preparing the plan. We had 1,100 responses to our online survey, and the public events were attended by 100 people. Among other things, we received many proposals for new trails, especially from hikers but also from local residents. The plan will additionally be discussed in a working group formed with the Sámi Parliament. Once the feedback has been processed, we will circulate the draft plan for comments in 2024.

IMPACTED COMMUNITIES

Preconditions for reindeer husbandry will be secured in the reindeer herding area

Reindeer herding is a traditional livelihood in Northern Finland and protected under the Reindeer Husbandry Act. Under this Act, when planning measures concerning state land that will have a substantial effect on the practice of reindeer herding, the State authorities must consult the representatives of the reindeer herding co-operative in question. In keeping with the general social obligations laid down in the Act on Metsähallitus, the management, use and protection of the natural resources stewarded by Metsähallitus in the reindeer herding area referred to in the Reindeer Husbandry Act must be reconciled ensuring that the obligations laid down in the Reindeer Husbandry Act are fulfilled.

In order to coordinate forestry operations, reindeer husbandry and other land use, Metsähallitus and the Reindeer Herders' Association have negotiated an agreement which defines the cooperation methods and special measures and restrictions needed

to facilitate reindeer husbandry on state-owned land. The current agreement dates back to 2021 and applies to state-owned lands in the reindeer herding area. Specific agreements also apply to the Sámi Homeland.

Under the agreement with the Reindeer Herders' Association, Metsähallitus must inform the reindeer herding cooperatives in advance of any planned fellings, tillage, road construction and extensive gravel extraction sites, tourist trails, land sales and other wider land use matters planned in their areas, enabling the cooperatives to have an input in the plans. Such issues are discussed both at annual meetings with the Reindeer Herders' Association and at meetings with reindeer herding cooperatives and marking districts.

We inform all cooperatives in the reindeer herding area of any planned forestry measures using the map-based Poropaikka online application commissioned in 2022. The reindeer herding cooper-

atives can use the application to comment on the plans and propose modifications to them. All comments received through the application are primarily processed by the forest specialist who planned the measure and responded to via the application. On request of a reindeer herding cooperative, the matter may also be discussed at a separate meeting, which may include a field visit.

By the end of 2023, 33 reindeer herding cooperatives were using the application, corresponding to around two thirds of all cooperatives in the reindeer herding area. The application has been used to inform the reindeer herding cooperatives of around 7,500 felling or forest management measures in total, enabling the cooperatives to comment on them. Around 1,600 comments on such measures have been received in total. For example, the comments have concerned the harvesting method or time and, if necessary, these details have been adjusted together with the reindeer herding cooperative. The deployment of the application will continue in 2024.

IMPACTED COMMUNITIES

Metsähallitus Forestry Ltd's Environmental Guide describes in detail how reindeer husbandry should be taken into consideration when planning various forestry measures. Such issues as fellings in forests used as grazing, calving and operating areas as well as land management, or restrictions of these activities, are negotiated with the relevant reindeer herding cooperatives.

Zoning and environmental impact assessment give communities a voice in project planning

Zoning creates opportunities for our partners to build on our lands, whether they need commercial sites or areas for wind power production. The Land Use and Building Act (132/1999) contains provisions on zoning, which include the objectives of land use planning, content requirements for plans, and the procedure for preparing plans. Local master plans and local detailed plans are prepared and approved by the municipalities. Regional land use plans are drawn up and adopted by the Regional Councils.

Metsähallitus participates in the preparation of regional land use plans by expressing its views on the uses of areas and their impacts. In areas managed by us, Metsähallitus engages in zoning together with municipalities. The zoning of sites is guided by Metsähallitus' planning principles, through which we ensure sustainable and responsible zoning on state-owned lands while taking natural, recreational and cultural values into account. The ultimate decision-making power on zoning rests with the municipalities.

Under the Land Use and Building Act, plans must be prepared in interaction with those whose circumstances or interests they affect. A participation and evaluation plan drawn up by the municipality sets out the opportunities for participation and basic information on the zoning project. There are many ways of participating, for example by contacting the zoning authority, attending information and discussion events, or commenting on the plan when it is made publicly available. In our zoning projects, we

stress participatory planning to seek the views of various interested parties, especially in the Sámi Homeland and reindeer herding area.

When making decisions on plans, any significant impacts of implementing the plan and its options are assessed in advance. Impact assessment is an essential part of land use planning. Rather than it being a separate process or method, it is important to link the assessment to the zoning process as a whole.

The environmental impact assessment (EIA) procedure is a statutory process for identifying and assessing impacts on the environment. Its purpose is to examine and assess impacts on nature, built environment, human health and wellbeing, and exploitation of natural resources as well as to improve citizens' access to information and opportunities to participate in and influence the planning of projects.

Provisions on the necessity of an environmental impact assessment are laid down in the EIA Act. In

IMPACTED COMMUNITIES

larger projects, such as when planning wind farms, the assessment is essential. In smaller projects, including project modifications, the ELY Centre evaluates the need for an EIA separately. The purpose of the EIA procedure is to reduce harmful environmental impacts and to reconcile different perspectives and objectives. Open events are organised to present the EIA programme and EIA report to the public. Citizens, authorities and other parties can influence the material on the basis of which decisions are made.

A joint procedure has been applied in wind power projects for which a so-called wind power master plan is drawn up. This means that the EIA process and zoning are carried out together, combining consultations required for the different procedures. By such means, the costs of the project are reduced and its progress speeded up, while also providing clarity to stakeholders who can comment on both procedures at the same time.



In 2023, Metsähallitus had environmental impact assessment procedures underway for the following projects:

Wind power projects:

- Vääräjoki, Sievi
- Lyypäkki, Simo
- Koirakangas and Hirvivaara-Murtiovaara, Puolanka
- Kivijärvi, Syväjärvenneva
- Tukkimäki, Karstula (joint project with Pohjan Voima)
- Lehmikorpi, Keuruu (joint project with Pohjan Voima)
- Moskuankangas, Pyhäjärvi (joint project with Pohjan Voima)
- Konnunsuo, Pyhäntä (joint project with Neova Group)
- Sivakkalehto, Kajaani (joint project with ABO Wind)

Other:

- Fish farm project in Isokari, Kustavi

IMPACTED COMMUNITIES

Our work has significant impacts on regional economies

Our work has both direct and indirect economic impacts. In 2023, the Metsähallitus Group turned a profit of EUR 142.3 million, and Metsähallitus' work had direct impacts on society through taxes, wages, purchases of materials and services and revenue generated for the state, which amounted to approx. EUR 530 million. The indirect economic impacts generated through procurement, value chains of outsourced work, and job creation and turnover enabled by Metsähallitus amounted to approx. EUR 3.77 billion. The figure does not include the regional economic impacts of Property Development.

Metsähallitus' tax footprint

Our tax footprint refers to the taxes and tax-like charges gained by Finnish society from our activities. Tax returns and reports are submitted centrally by the Group's financial administration unit. If necessary, we draw on external expert assistance in tax matters, such as producing separate reports and investigating questions open to interpretation.

In principle, taxes are paid to the country in which the tax liability was incurred. All Group companies and Metsähallitus state enterprise are Finnish, and



Photo: Mikko Törmänen

we pay all our taxes in Finland. Metsähallitus has no subsidiaries or branches in other countries.

Finances in 2023 (2022)

Revenue generated for
the state, EUR million

120
(110)

Personnel’s salaries and
fees EUR million

60.5
(60.5)

Accumulated taxes
EUR million

68.9
(65)

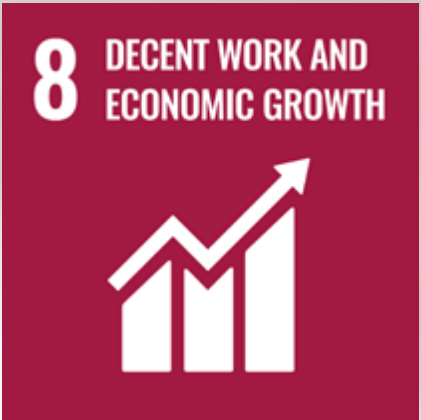
Procurements of materials
and services EUR million

283.1
(278.4)

Indirect impacts
on regional
economies
EUR billion

3.77*
(3)

*The figure does not include the
regional economic impacts of
Property Development.



IMPACTED COMMUNITIES

Metsähallitus' tax footprint was EUR 68.9 million in 2023. VAT, which was mainly paid on the activities of Metsähallitus state enterprise, accounted for the largest share of the tax footprint. Taxes on income and salaries also comprised a significant proportion of our tax footprint. As a nationwide organisation, we also have an impact on regional economies through the salaries we pay.

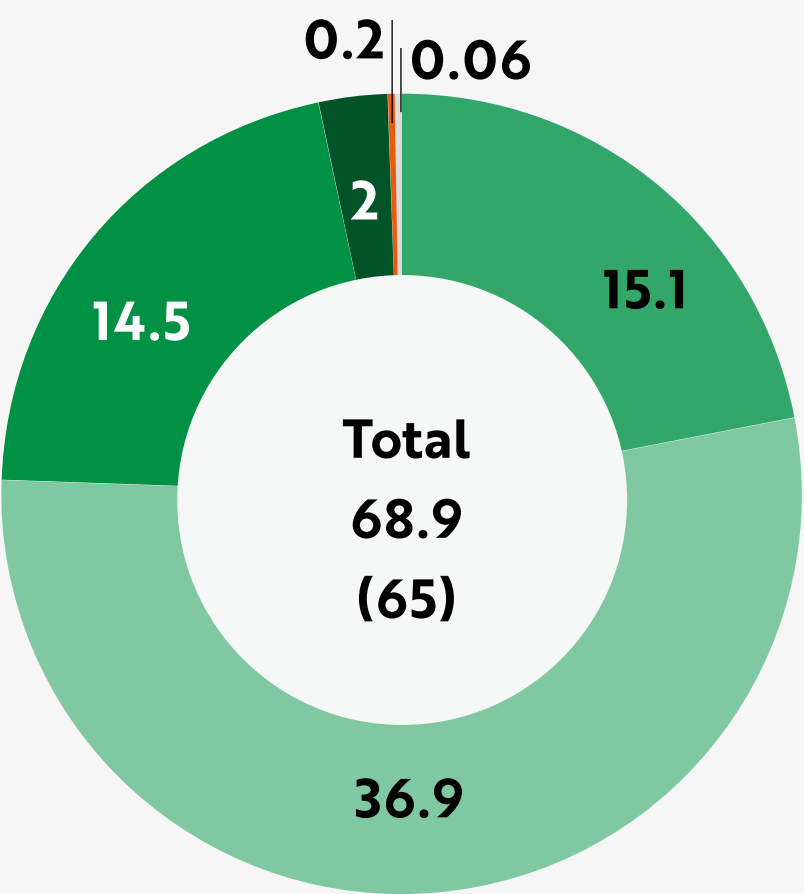
Our income tax consists of the taxes paid by the state enterprise and our subsidiaries. We pay property tax on the real estate we own. No property tax is payable on forests.

Wood supplied by us is important for the national and regional economies
Through various multiplier benefits and export revenue, wood delivered by Metsähallitus affects both regional and national economies. Based on statistics from 2022, wood supplied by Metsähallitus enabled the forest industry to achieve a turnover of EUR 3.3 billion and accounted for around EUR 1.3 billion of

the value of Finnish forest industry exports.

Business units have significant impacts on regional economies
The leasing of Metsähallitus' areas for commercial use has significant impacts on regional economies each year. Commercial activities on state-owned lands include tourism and accommodation services, the mining industry, wind power production, fish farming and extraction of aggregates. Areas have also been allocated to education, research and national defence purposes. We are developing the assessment of these regional economy impacts.

Metsähallitus develops the lands it stewards by such means as zoning areas and applying for permits for wind farm construction, extraction of aggregates or fish farming. These permits are then made available for operators. A concession contract or lease is concluded on the use of state-owned areas, or Metsähallitus' permission may be granted for minor use, such as establishing trails.



Metsähallitus' tax footprint in 2023 (2022), EUR million

- Income tax 15.1 (14.1)
- Value added tax 36.9 (35.2)
- Withholding tax 14.5 (13.5)
- Property tax 2.0 (1.9)
- Transfer tax 0.2 (0.1)
- Vehicle tax 0.06 (0.07)
- Electricity tax 0 (0) Figures not available
- Flight tax 0 (0) Figures not available

IMPACTED COMMUNITIES

Impacts on regional economies of recreational use, fishing and hunting increased from 2022

The total impact on local economies of money spent by visitors to national parks, state-owned hiking areas and certain other protected and recreational areas in 2023 amounted to EUR 413.0 million, and the job creation impact was 3,342 person-years. Visits to national parks accounted for EUR 285 million and 2,243 person-years of these figures. The impacts increased by about EUR 10 million, or 4%, from the year before.

The impacts of fishing and hunting on regional economies increased slightly from 2022. Fishing and hunting enthusiasts generated an additional income of EUR 51.8 million in regional economies, and their impact on employment was 274 person-years.

A slight increase in business units' inputs in social obligations

In our business operations, we work actively and responsibly for the environment, people and society. We ensure the fulfilment of general social obligations laid down in the Act on Metsähallitus, which are related to biodiversity, recreational use, the Sámi culture and reindeer husbandry.

As part of our business operations, we made inputs amounting to EUR 110.3 million in general social obligations in 2023, of which sum Metsähallitus Forestry Ltd accounted for EUR 107.8 million and Metsähallitus Property Development for EUR 2.5 million. This represents a year-on-year increase of EUR 30 million. Additional inputs were made especially in the Sámi culture and reindeer husbandry. Among other things, they consisted of excluding areas from operations. The total area dedicated to meeting our social obligations increased by approx. 14,000 hectares, especially in reindeer herding areas and biodiversity sites.

Total revenue impacts in regional economies of visits to national parks, state-owned hiking areas and certain other protected and recreational areas, EUR million

413.0
(391.8)

Total impact on regional economies of fishing and hunting customers' spending, EUR million

51.8
(49.5)

Employment impacts of visitors to national parks, state-owned hiking areas and certain other protected and recreational areas, person-years

3,342
(3,158)

Employment impacts of hunting and fishing customers, person-years

274
(267)

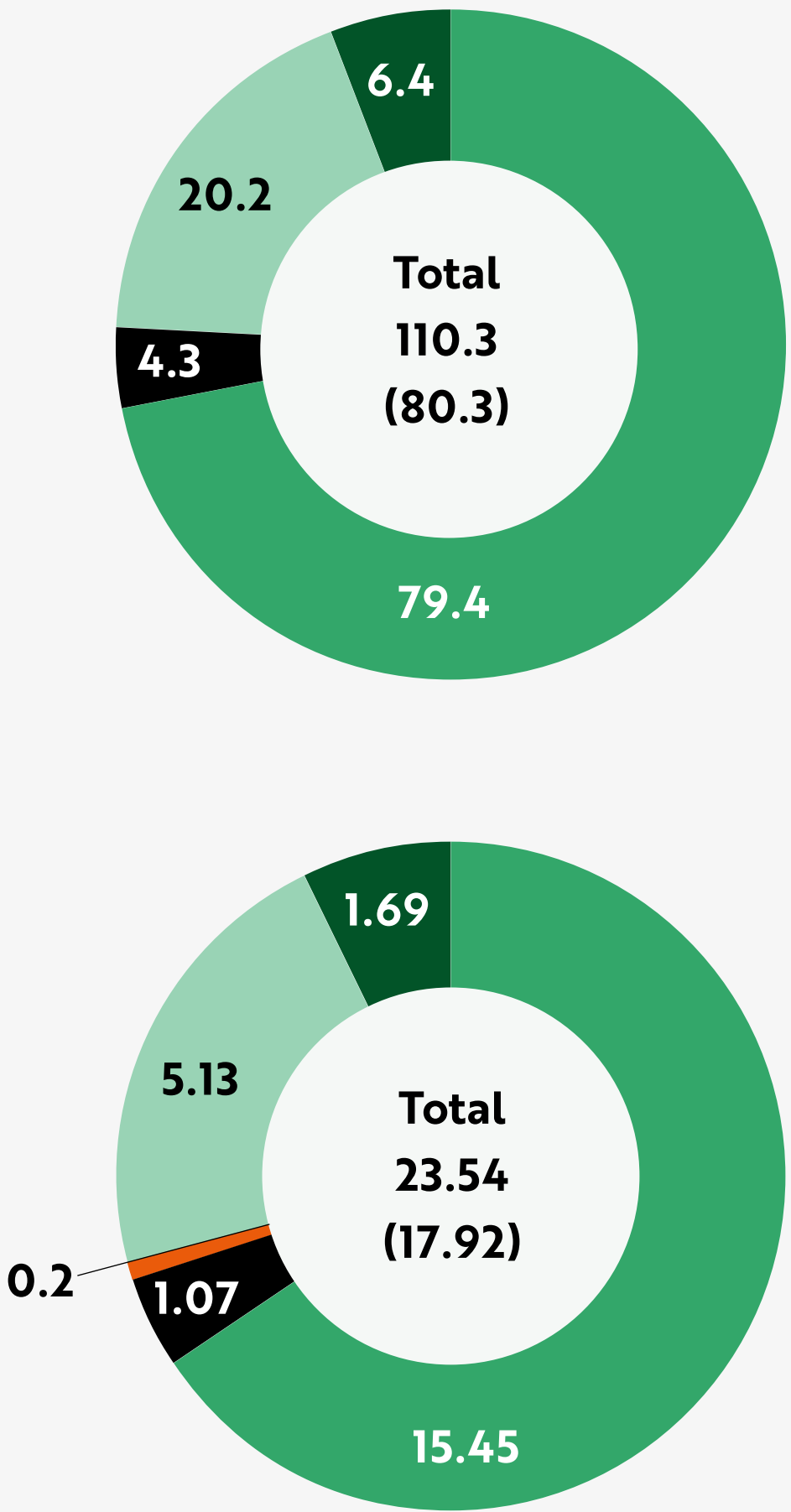
IMPACTED COMMUNITIES

In 2023, our business units also invested EUR 23.54 million in new reconciliation measures required by the ownership policy. These measures include continuous cover forest management methods and environmental management measures. Compared to 2022, these inputs were increased.

Plots bring entrepreneurs and holiday residents to municipalities

Working together with municipalities, we zoned several new areas on state-owned lands for both recreational use and for accommodation and tourism services in 2023. We take natural, recreational and cultural values of the area into consideration in zoning projects. We sell and lease plots to both private customers and companies.

In 2023, we sold 42 new holiday house plots and 37 plots that had previously been leased, in addition to which 32 new plots were leased. Consumer plots in Lapland's most popular tourist resorts were sold out, which reduced the sales volume, but we are currently



Business units’ inputs in general social obligations in 2023 (2022), EUR million

- Biodiversity 79.4 (56.9)
- Reindeer husbandry 4.3 (3.5)
- Recreational use 20.2 (14.8)
- Sámi culture 6.4 (5.1)

Inputs in new reconciliation measures under the ownership policy in 2023* (2022), EUR million

- Expanding continuous cover forestry as part of reconciling objectives** 15.45 (14.5)
- Active environmental management programme 1.07 (1.29)
- Research and development 0.2 (0.47)
- Climate programme 5.13 (0.05)
- Recreational use and nature tourism 1.69 (1.61)

* The inputs in 2023 will reduce the revenue generated for the state in 2024.

** Fellings necessitated by storm damage are not included in the additional inputs.

IMPACTED COMMUNITIES

zoning new sites in these areas. In 2006–2023, a total of 3,786 holiday house plots were sold on state-owned lands. Additionally, 1,627 plots are currently leased, of which 199 are intended for permanent residence. A survey conducted by Natural Resources Institute Finland found that the average number of days people spend in their holiday houses is 103 a year. We estimated that each site would be used by two people. Based on these parameters, a conservative estimate of days spent in holiday houses on state-owned land was 1,115,078 in 2023.

Year 2023 was busy in terms of zoning. Zoning projects launched the year before made headway in Ylläs and Oulujärvi. The regional master plan essential for developing Mathildedal in Salo started making progress in 2023. An update of the partial master plan for Syöte area, in the drafting of which Metsähallitus took part, is underway. A new plan was additionally drawn up for Vanhakangas area near the Visitor Centre in Syöte. In Kilpisjärvi, preparations for Saanajoki zoning area have continued, and in 2024, we will be looking for a partner

to work with us on the area set aside for commercial sites. The zoning can be tailored to the needs of this partner. We submitted to the Municipality of Kittilä initiatives concerning the zoning of the South Slope of Levi and changes to the zoning of the Southeast Slope and Taalovaara.

Three major plans tailored for entrepreneurs entered into force in the autumn: a detailed shore plan for Nangunniemi; modification to and expansion of the local detailed plan for Kaunispää in Inari; and a modification to and expansion of the local detailed plan for Kukaslompolo in Muonio. Leases associated with these plans have been concluded with entrepreneurs, and construction will begin this year.



Photo: Katri Lehtola

IMPACTED COMMUNITIES

We put the Nature Recreation Strategy into practice and developed hiking areas

In line with our strategy, we are developing more sustainable tourism in cooperation with our partners. In 2023, our activities focused on the National Nature Recreation Strategy, hiking areas and development of sustainable tourism. The objectives of the National Nature Recreation Strategy 2030 include promoting health and wellbeing, fostering the sustainability of nature in recreational use, and diversity in nature recreation. We develop tourism and tourism services at our destinations sustainably and responsibly in cooperation with each region and its actors.

We launched the implementation of the Nature Recreation Strategy by developing our on-line service for hikers and by drawing up a development plan for the state's hiking area network and recreational destinations in multiple-use forests. All Metsähallitus units participated in preparing this plan. In connection with these efforts, we developed a new kind of

spatial data tool to support land use decisions.

As part of its performance guidance in 2023, the Ministry of Agriculture and Forestry assigned Metsähallitus the task of turning the Arctic Circle Hiking Area in Rovaniemi into a state-owned hiking area referred to in the Outdoor Recreation Act. Fulfilling this task, we prepared a proposal for establishing the hiking area, which was adopted by Metsähallitus' Board of Directors towards the end of the year. The hiking area will be established by a government decree. The purpose of the Arctic Circle Hiking Area is to offer its users diverse opportunities for hiking, recreational use of nature and nature tourism based on services provided by Metsähallitus and businesses. Hiking and recreational use will be reconciled with nature reserves to be established in the same area pursuant to the Nature Conservation Act. The primary objective of forest management in the hiking area will be promoting the preconditions for recreational use, increasing biodiversity and managing the landscape. The current reindeer husbandry, hunting, fishing and

educational uses of the area will continue without changes.

According to the principles of hiking areas, services for recreational use and nature tourism provided by companies must support the purpose for which the area was established. We develop hiking areas as destinations where the main role is played by different outdoor activities supported by versatile services offered by companies.

The detailed shore plan for Ruunaa Hiking Area in Lieksa became legally valid in summer 2023. It contains districts suitable for services and accommodation activities zoned with tourism operators in mind. The aim is to increase the volume of recreational use and the time visitors spend in the area. Nature tourism construction in a hiking area aims for increasing the number of visits, having a positive impact on employment and the regional economy, expanding accommodation capacity, and developing high-quality infrastructure and a service structure that meets

IMPACTED COMMUNITIES

international standards. Parliament allocated an appropriation to Metsähallitus' public administration services for improving signage as well as hiking and fishing structures in Ruunaa Hiking Area. We develop accessible services, an example of which is renovation of the accessible trail, docks and campfire sites in Neitikoski. The destinations in Ruunaa Hiking Area are important for tourism and recreational use throughout North Karelia.

In 2023, we promoted sustainable tourism in national parks by joining Sustainable Travel Finland (STF). STF is a programme that offers companies and tourism areas a toolkit for developing sustainable tourism, making it easier to systematically select sustainable measures and options in the daily life of the region or company. Companies and destinations that have completed the programme and meet the criteria are awarded a Sustainable Travel Finland label, which informs international tourists of sustainable tourism activities.

An STF label was awarded to seven Metsähallitus destinations in 2023: Vallisaari, Finnish Nature Centre Haltia, and Nuuksio, Leivonmäki, Pyhä–Luosto, Seitsemänselkä and Urho Kekkonen National Parks. We plan to bring a total of 20 national parks or other significant nature destinations within the scope of the STF programme.

The Sustainable Travel Finland programme provides Metsähallitus with new possibilities of promoting the responsible use of national parks and developing our work on more sustainable tourism use. We also wish to point the direction for our partner companies and encourage them to develop their capabilities for more sustainable operation, also in nature reserves. Sustainable and year-round nature tourism boosts the regional economy and tourism business nationally.

We repaired hiking structures and cultural heritage sites

We have faced challenges in maintaining, repairing and building hiking destinations and structures. Construction costs went up, and the prices cited in tenders often exceeded the appropriations, which made carrying out all the planned measures impossible. Regarding the repair backlog of buildings and structures for hiking services, we are in a transition phase where significant one-off investments have been made at the leading destinations. As our resources grow scarcer, we must be prepared to prevent the repair backlog from increasing again. In the future, we will put firewood, waste and maintenance services out to tender by sub area, enabling suppliers to tender for the areas of their choice. This will also enable the participation of small local actors.

The building stock managed by National Parks Finland is large and consists of around 2,400 buildings. Some of these buildings are in poor condition while others are no longer used, or their maintenance costs

IMPACTED COMMUNITIES

have soared. We have completed an initial round of building stock classification. While most of the buildings will be preserved, we will demolish some, or sell them for other operators to move away or demolish. The selling of the buildings started in 2023. The sales revenue will be too low to cover the investments needed to develop the building stock. We aim to sell almost 500 buildings and demolish around 300. By giving up the buildings, we will reduce the direct maintenance costs, energy consumption, work inputs and the necessary repair costs over their life cycle.

In addition to our traditional campsites, we introduced a new range by a designer selected in a competitive tendering process. The range includes hiking structures made of Finnish wood that are user friendly, accessible, and as easy to build and maintain as possible. It includes lean-to shelters, shelters, firewood sheds, dry toilets and picnic tables suitable for both forest and archipelago sites. The first structures of the new range will be set up in the Kvarken Archipelago World Heritage Site. In Salla National

Park, recycled wood carbonised to make it weather resistant was used to build an open wilderness hut.

Extensive development and construction work is taking place in Sanginjoki Nature Reserve in Oulu. Metsähallitus took over this area in 2021, and Parliament granted an additional appropriation for developing it for 2023. We started by dismantling old campsites and building four new ones. We are also working on new trails, parking areas and signposts in this area.

Metsähallitus has a statutory obligation to preserve cultural assets under our management: traditional landscapes and their building heritage as well as archaeological relicts ranging from ruined castles to tar pits. In 2023, we carried out repairs and renovations that ensure the preservation and use of sites of cultural history value, mainly with separate funding. Fortification structures were renovated in Vallisaari in Helsinki and Svartholma in Loviisa. Work aiming to prevent erosion of the ancient monument continued

on the site of Finland's first bishop's see in Koroinen, Turku, and information signs and accessibility of the site were improved. Heritage farms in national parks and other protected areas that take visitors back in time are also popular destinations. We repaired the roofs of several old buildings on heritage farms. The wooden parts of the Imperial Lodge in Aavasaksa, Ylitornio, were repaired and painted. To pass on traditional building skills and techniques, we organised workshops on sites under our management on the crown tenant farm of Tiainen in Puolanka and Saarivaara reindeer herding site in Savukoski and, together with the Gold Museum, a volunteer camp at gold panners' huts in Pahaoja and Moberginoja, Inari.

A growing need for fishing and hunting supervision

In 2023, Game and Fisheries Wardens and rangers inspected 8,139 visitors to state-owned areas. The largest share of these customers were fishers or hunters, while the rest were other outdoor enthusiasts. The number of customer contacts decreased

IMPACTED COMMUNITIES

from the previous year, as cutbacks made it necessary to scale down Metsähallitus' fishing and hunting supervision. However, the number of offences and infringements uncovered was slightly higher than in 2022.

The fishing and hunting inspections carried out in 2023 led to 520 measures. A pre-trial investigation was initiated in 57 cases, 160 fines were issued, and 303 citizens spending time in nature were cautioned. Fines were issued to fishers who did not have a fishing permit, or who had failed to pay the mandatory fisheries management fee. While fewer permit-related infringements were recorded for hunters than fishers, some failed to carry their guns according to rules or wear the high-viz colours required in elk hunting. The Game and Fisheries Wardens also supervised hiking in nature reserves. The most common shortcomings were once again related to lighting fires. Fires were lit while a forest fire warning was in force, or in prohibited places.



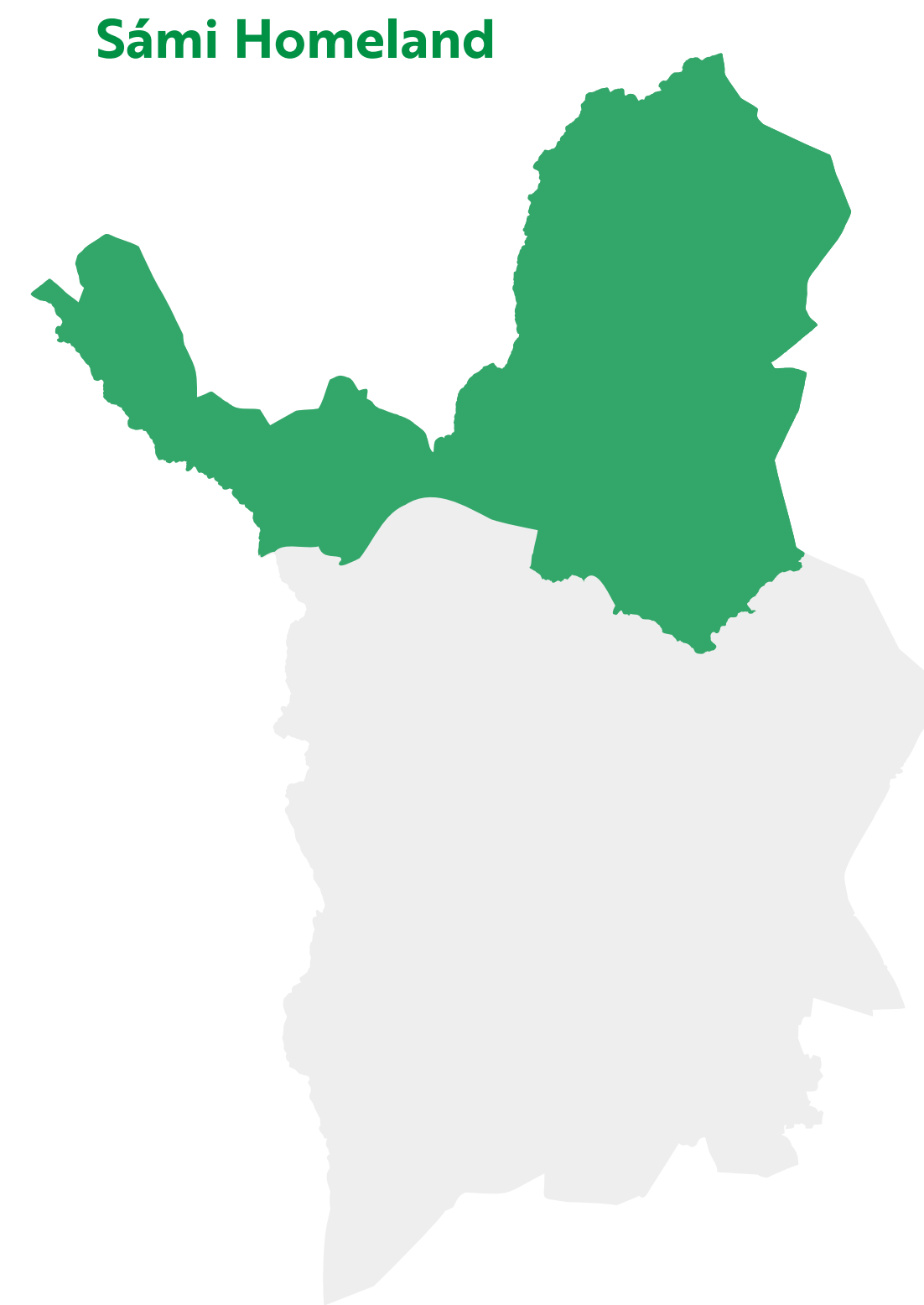
Photo: Katri Lehtola

SÁMI CULTURE

Securing preconditions for a viable Sámi culture

The Sámi Homeland comprises the municipalities of Enontekiö, Inari and Utsjoki as well as the area of Lappi reindeer herding cooperative in the municipality of Sodankylä. Metsähallitus manages over 91% of this area, 72% of which comprises protected, wilderness and recreational areas, 11% areas used for traditional livelihoods, and 17% multiple-use forests, of which about one half are used for forestry activities.

In the Sámi Homeland, all forms of land use may have an impact on the practice of the Sámi culture. We address the preconditions for pursuing the Sámi culture in everything we do in the Sámi Homeland. By means of agreement and negotiation procedures and by supporting Sámi-language communication and cultural projects, we safeguard the Sámi people's right to maintain and develop their language and culture.



SÁMI CULTURE

A framework created by Acts and agreements

Provisions on Metsähallitus' general social obligations are laid down in the Act on Metsähallitus. Under this Act, the management, use and protection of natural resources under the administration of Metsähallitus must be reconciled in the Sámi Homeland in such a way that ensures the conditions for preserving the Sámi culture. Our operations in the Sámi Homeland are also governed by the Wilderness Act, one of the main objectives of which is to safeguard the Sámi culture and natural livelihoods. Other Acts that impact our operations include the national land use objectives laid down in the Land Use and Building Act, the Act on Structural Support for Reindeer Husbandry and Natural Livelihoods, and the Sámi Language Act.

As laid down in section 9 of the Act on the Sámi Parliament, we consult the Sámi Parliament on all far-reaching and important measures which may affect the status of the Sámi as an indigenous peo-

ple. The coordination of forestry and reindeer husbandry is based on an agreement concluded in 2014 between the Sámi Parliament, the Skolt Village Meeting, the reindeer herders' cooperatives in the Sámi Homeland and Metsähallitus on practices to be followed in the Sámi Homeland and more detailed local agreements.

We also report annually on our work aiming to secure the preconditions for a viable Sámi culture in Metsähallitus' General social obligations report.

As part of Metsähallitus' input in general social obligations, EUR 6.4 million was invested in 2023 in securing the preconditions for pursuing the Sámi culture, and EUR 4.3 million in taking reindeer husbandry into account in multiple-use forests

Natural resources plan guides activities in the Sámi Homeland

The activities of Metsähallitus in the Sámi Homeland in 2022–2027 will be guided by the natural

resource plan for this area. The plan was drawn up in close collaboration with a cooperation group consisting of customers, partners and stakeholders, the Sámi Parliament and the Skolt Village Meeting. Dedicated working groups on reindeer husbandry, forestry, tourism, the municipalities, hunting and fishing, nature conservation and cultural heritage also participated in the planning work. The Akwé:Kon operating model was used in the planning work, and the Akwé:Kon working group assessed the impacts of the plan. The plan was also negotiated in compliance with section 9 of the Act on the Sámi Parliament.

The purpose of the natural resource plan for the Sámi Homeland is to reconcile key forms of land use in the area, ensuring that the preconditions for pursuing the Sámi culture are safeguarded. Metsähallitus has local offices in Ivalo and, in connection with the Visitor Centre, in Hetta, Enontekiö. There are also several maintenance bases and smaller offices in the area. In key areas for nature tourism and hiking, there are four Metsähallitus customer service

SÁMI CULTURE

points: Northern Lapland Visitor Centre Siida in Inari, Kilpisjärvi Visitor Centre, Fell Lapland Nature Centre in Hetta, and a service point in connection with the Ivalo office.

Progress made with the natural resource plan measures in the Sámi Homeland is monitored annually by the regional management group. An evaluation conducted in 2023 found that most of the 94 measures set out in the plan had either been completed or were under way. Three of the measures had not yet been started. They relate to archaeological and building heritage inventories in the area, removal of fences no longer in use, development of safe structures, and creating a public map layer of the land use sites.

Development work on promoting reindeer husbandry as a sustainable, profitable and culturally significant industry has continued under a cooperation agreement between Metsähallitus, the Sámi Parliament, the Skolt Village Meeting and the reindeer

herding cooperatives in the Sámi Homeland. While drawing up forest plans, we have looked at the reindeer herding arrangements and structures as well as key grazing areas in each reindeer herding cooperative and stored them in our GIS. In 2023, a forestry plan had been completed with five reindeer herding cooperatives in the Sámi Homeland, and negotiations with three more were in progress. No timber will be harvested in the Sámi Homeland unless it can be done in consensus with the reindeer herding cooperatives.

The principles of forest management in the Sámi Homeland have been agreed upon in negotiations between the Sámi Parliament, the Skolt Village Meeting and Metsähallitus. Metsähallitus Forestry Ltd's planned cut in the Sámi Homeland over a five-year period is 104,000 cubic metres a year, of which volume negotiations have been completed on 83,000 cubic metres a year. The felling operations will only take place on forest lands designated for commercial forestry. In 2023, 117,000 hectares of forest land were

excluded from forestry operations or their use was restricted, primarily out of consideration for the Sámi culture.

In keeping with the natural resource plan policies, we will not launch wind power projects in the Sámi Homeland during the planning period. The plan also contains the policy of requesting a statement from and negotiating in advance with the reindeer herding cooperatives about concession contracts, leases and trail agreements as well as the sale, lease or exchange of land. The fact that the site in question is located in a special reindeer herding area referred to in the Reindeer Husbandry Act (848/1990) and the restrictions this imposes are set out in the deeds of sale.

Management plan for Pallas–Yllästunturi National Park to be updated

We launched the work on drawing up a management plan for Pallas–Yllästunturi National Park in 2023. Around 20% of the planning area is located

SÁMI CULTURE

in the Sámi Homeland. Together with the Sámi Parliament, we set up a working group to examine the plans for the National Park for the coming years from the Sámi people's perspective. This working group will follow the Akwé:Kon operating model, ensuring the de facto participation of the Sámi in preparing the plan. The objective is to reconcile the needs of nature conservation and protecting cultural heritage, recreational use and nature tourism as well as reindeer husbandry and Sámi culture over the next 10 to 15 years. For example, the plan indicates where hiking trails will be built in the future, and where access will be restricted.

The final draft of the plan will be completed in 2024. Once we have processed the feedback and statements on the plan, the completed plan will be submitted to the Ministry of the Environment for approval.

We promote Sámi people's equality and build up knowledge of Sámi languages and culture

Metsähallitus' Diversity, equality and non-discrimination plan includes measures aiming to promote the equality of the Sámi people, both in Metsähallitus' employer activities and regarding their linguistic rights. In addition to this plan, a wide range of measures relevant to the status and rights of the Sámi were additionally included in the natural resource plan for the Sámi Homeland. Our goal is to promote the employment opportunities of the Sámi and Sámi speakers in Metsähallitus, increase further the personnel's knowledge of the Sámi languages and culture, and to maintain and develop communication in the Sámi languages.

We have traditionally participated in the Sámi Languages Week, the aim of which is to ensure that the Sámi languages are seen and heard increasingly in all areas of society. In 2023, we highlighted the Sámi Languages Week on our external communication channels and provided our personnel with information packages related to the Sámi languages and the promotion of their status. We published Ninka



Photo: Siiri Tolonen

SÁMI CULTURE

Reittu's fairytale book for children that presents the Outdoor Etiquette in all three Sámi languages. These books have been distributed by the Northern Lapland Visitor Centre Siida to day care centres, schools and libraries. Under the natural resources plan, we are also required to produce an expanded Outdoor Etiquette for those conducting business in the area. The expanded version would deal with the cultural history of the Sámi, reindeer husbandry, going out and about in nature and nature conservation, and the traditional livelihoods of the Sámi. The material will be produced together with the Sámi Parliament and the Skolt Village Meeting, and it will be published in 2024 in Finnish, English, Swedish and the three Sámi languages.

We manage Sámi cultural heritage sites in cooperation with the Sámi Museum Siida. In 2023, 138,000 customers visited the Sámi Museum and Nature Centre Siida.

Concerns over fishing issues in Northern Lapland

Fishing is one of the traditional livelihoods of the Sámi people and an important part of their culture, which is why issues related to fish stocks and fishing raise many types of concerns. As climate change is warming the waters, fish species that thrive in cold and nutrient-poor water struggle to adapt. We were forced to suspend permit sales for several Metsähallitus fishing destinations in Lapland and elsewhere in Finland in 2023 as water temperatures rose to levels that were critically high, especially for salmonids.

A ban on salmon fishing was in place for the third year running in the River Tana and its tributaries. The pink salmon again migrated to the water systems of both the River Tana and the River Näätämö, and attempts to remove it by intensive fishing were made, using several different techniques. The increase in pink salmon numbers has been a cause for consternation since 2021, exacerbating the con-

cerns over both the status of the Atlantic salmon and preservation of the fishing culture.

Exceptionally, the fishing quota decision for Northern Lapland was only valid for one year in 2023, whereas we negotiated a new quota decision for 2024–2025 during the year. This decision, which covers the Sámi Homeland, was negotiated with the Sámi Parliament, and a statement on it was requested from the Skolt Village Meeting. At the same time, we completed a reform of the angling permit areas in Northern Lapland to promote sustainable fishing. Zones in large wilderness areas were turned into independent permit areas at the beginning of 2024, and later in the spring, this reform will also take effect in the rivers of Northern Lapland. The objective is to clarify the area divisions and facilitate more accurate planning of fishing. The new permit areas were introduced at the beginning of 2024 together with the new quota decision

CONSUMERS AND END USERS

Outdoor activities bring joy and wellbeing

We enable people to enjoy nature by hiking, staying in holiday houses, picking berries, hunting and fishing. We support the continuity of traditional ways of moving about in nature and outdoor skills as part of living heritage and pass on hunting and fishing traditions from one generation to the next. We also produce new information on nature and sustainable development. We pay attention to accessibility and the safety of service users in the services we provide.

The benefits for the national economy of physical activity in nature were estimated for the first time

in cooperation between Metsähallitus and the UKK Institute in 2022, and the results were published in early 2023. The study sought to establish the extent to which exercise taken in national parks and hiking areas in 2022 will reduce the costs incurred by society. The study found that this physical activity reduced the costs to society by EUR 164 million. Savings are achieved in two ways: outdoor activities reduce the costs incurred from chronic diseases, while they also help people retain their ability to work. The calculations of the UKK Institute and Metsähallitus are underpinned by the costs of sed-



entary lifestyles to society, which amount to approximately EUR 3.2 billion annually. The savings generated by outdoor activities were calculated taking into account the physical activity recommendation issued for Finns aged 18 and the extent to which people comply with it.

Health, wellbeing and culture in 2023

Visits to national parks,
national hiking areas
and other protected
and hiking areas EUR
6.76 million.

Days spent fishing
and hunting,
0.58 million.

Visits to visitor centres
and cultural heritage sites,
1.89 million.

Persons reached through
guided tours, events and
nature education over
101,000



CONSUMERS AND END USERS

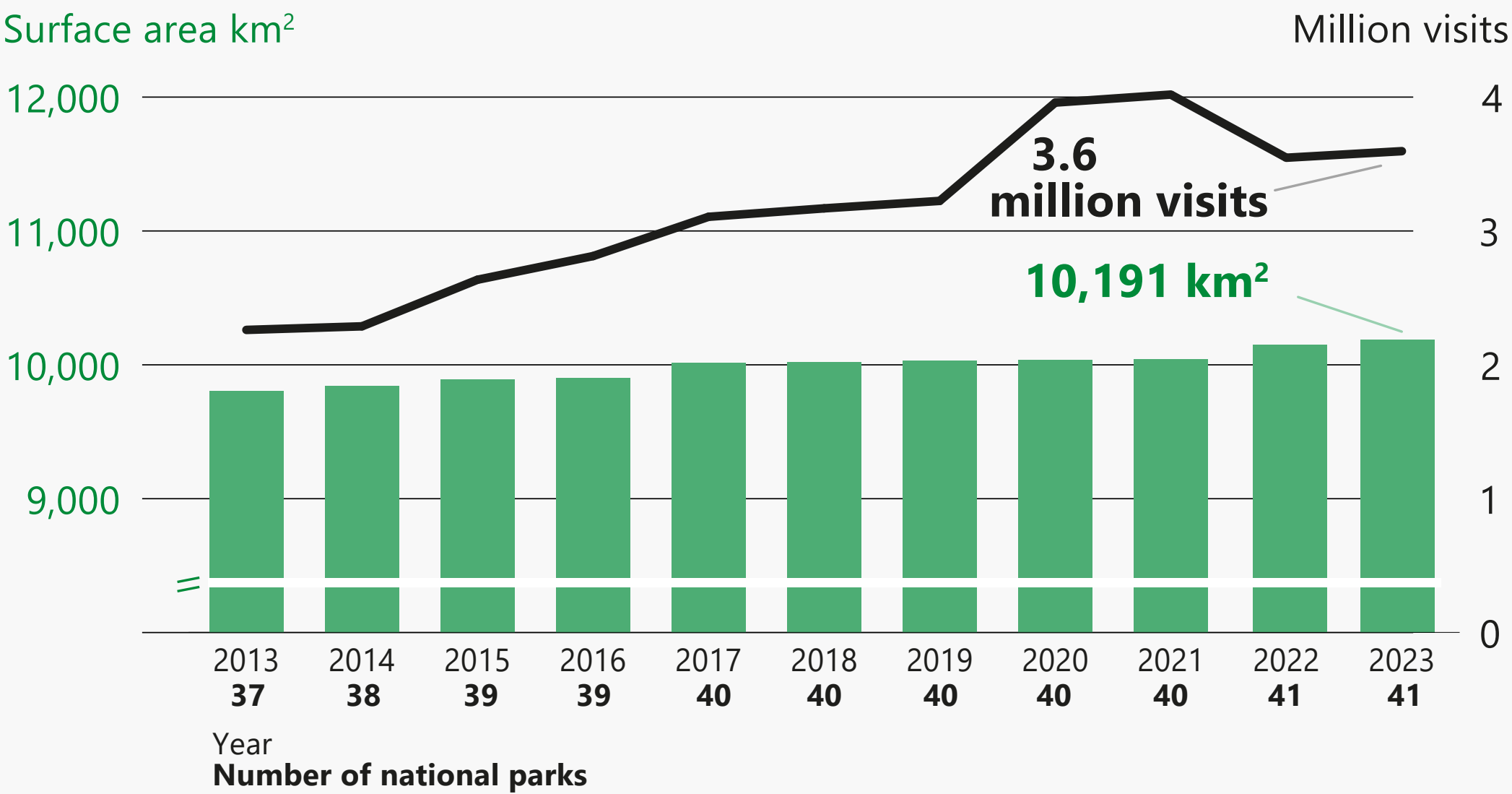
National parks continued to be highly popular hiking destinations

In 2023, the total number of visits to national parks, national hiking areas, historical sites as well as other protected areas and hiking destinations significant for recreational use was almost 7.5 million, of which the national parks accounted for 3.6 million.

The number of visits to national parks increased by one per cent from 2022 and by 12% since 2019. Thanks to additional funding granted for 2020–2023, we have been able to improve the service structures of popular destinations, improving their ability to withstand the higher visitor numbers. Among other things, we used the additional funding for replacing duckboards and campsites and laying gravel on trails.

The aim is to guide hikers to stay on the trails, as this prevents wear and tear on protected nature. Major one-off investments on top sites have now been made. The appropriations granted for 2024 are considerably smaller, which is why we run the risk of the

Visits to national parks and development of the national park network in 2013–2023



CONSUMERS AND END USERS

repair backlog of service structures increasing again in the future. We will strive to find ways of preventing this.

In addition to outdoor destinations, visitor centres and customer service points were visited around 1.18 million times in 2023. Heritage farms and nature information huts additionally attracted 39,800 visits.

Satisfaction of visitors to national parks was higher than ever

We measure the customer satisfaction of visitors to national parks annually. Visitor surveys indicate that people appreciate nature experiences and are highly satisfied with the hiking environment and services provided in the national parks. In 2023, the level of customer satisfaction was 4.50 (on a scale of 1 to 5), which exceeds the peak figure of 2022 and breaks all records.

While the customer satisfaction of fishers and hunters was down slightly from the previous year, it

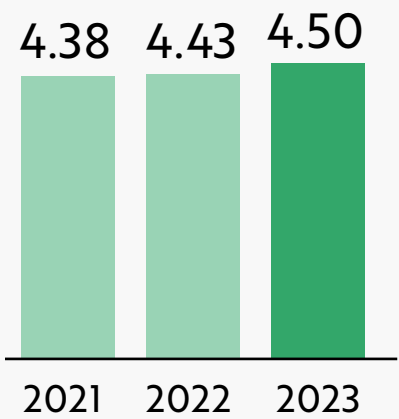
remained at a good level. Customers find that fishing and hunting significantly improve their social, psychological and physical wellbeing.

Accessible trails and campfire sites

We maintain dozens of easy-to-access hiking destinations that are also suited for people with mobility aids or who prefer easy trails. As far as possible, we take accessibility into consideration at all new hiking destinations in protected areas.

Accessible trails can be found in different parts of the country, and they are usually equipped with an accessible toilet and campfire site. Many sites also have a birdwatching tower or a viewing platform for observing nature. In 2023, the total length of accessible trails was 44 km, and their average length was 700 metres. Most of the accessible trails can be enjoyed by such groups as wheelchair users with an assistant.

Customer satisfaction of recreational users in 2023 (2022), scale 1 to 5



Customer satisfaction with visitor centres and outdoor services, 4.50 (4.43)

Customer satisfaction of hunters and fishers

hunters 3.74 (3.77)

fishers 3.69 (3.78)

CONSUMERS AND END USERS

We continued our collaboration with public transport operators to promote equality and accessibility. The goal is that public transport can take visitors to or close to an increasing number of destinations by train. In 2024, we will expand our cooperation with VR to cover 13 excursion destinations. Visitors can take either by a bus or a pre-booked taxi for the rest of the way from railway stations close to these destinations.

We provide guidance for safe and responsible outdoor activities

People enjoy the outdoors in many different ways, and visitors include both first-timers and experienced hikers, tour skaters, paddlers and mountain bikers. We inform them about taking safety and weather conditions into account on the hiking destinations' websites, on the social media, at visitor centres and by information signs on the trails. Our website provides information on our tourism service partners, who also organise guided excursions at the destinations. We monitor the impact of weather conditions

on safety and hiking structures, including the condition of bridges, and communicate about hazards. If necessary, we prevent access to dangerous places.

An internal audit was conducted on Metsähallitus' customer safety process, and we have started developing customer safety indicators. We develop customer safety through improved monitoring of accidents, near misses and safety feedback, by providing instructions, and by working together with other actors, including rescue departments. We have also looked at safety issues from the customer perspective, and customer safety has been addressed in the design of the new Outdoors.fi web service.

Customer insight underpins our efforts to develop the hiking services. At the beginning of 2023, we launched customer community, whose members currently include almost 1,500 National Parks Finland and Wildlife Service Finland customers ranging from hikers to hunters and fishers. The members of the community, who represent different parts of

Finland and various age groups across a broad front, are invited to influence the development of our services for recreational use. The community operates on a closed and moderated website where the members can respond to surveys, take part in discussions and provide feedback. Among other things, the community members have participated in developing the new website and customer service, improving signage intended for fishers, and promoting responsible nature tourism.

Our updated web service will be launched for outdoor enthusiasts in 2024. New digital services are being developed as part of implementing the national nature recreation strategy. We have planned the web service with customers in mind from the start, using the methods of service design. A large number of internal and external stakeholders and customers have participated in the design process, during which we have organised dozens of workshops and conducted almost 30 customer interviews and four extensive customer surveys, to which we

CONSUMERS AND END USERS

received 2,000 responses in total. We will continue this customer-centred development as the services are launched in 2024.

Through active communication, we strive to mitigate the negative environmental and potential anti-social impacts of hiking, fishing and hunting. For example, blocking toilets with inappropriate items hampers waste management, and lighting fires when a forest fire warning has been issued may result in major damage. We have stepped up communication about the Outdoor Etiquette and other content that encourages safe hiking. Successful communication helps to reduce problems and costs.

Compared to the year before, our communication about protected areas gained added visibility in key national journalistic media as well as local and regional media. Interaction on the social media channels maintained by National Parks Finland grew significantly from the previous year: a total of 35 million visits, and 1.2 million reactions, likes, shares and com-

ments were recorded. Our cheery videos on Outdoor Etiquette themes and similar have been particularly popular.

In 2023, we launched the Outdoor Etiquette for fishers and hunters to follow on the general Outdoor Etiquette published earlier. It takes into account the special characteristics of fishing and hunting, including respect for the catch and lighting fires in different areas. Fishing and hunting appear to increase in popularity every year, which makes it ever more important for hunters and fishers to respect other enthusiasts and visitors to nature, nature itself and game animals. The new Etiquette was published to mitigate the social and environmental impacts of fishing and hunting, which include littering in wilderness areas or the use of hunting dogs in reindeer herding areas.

Responsible snowmobile users get permits and stay in designated areas

In late winter, we reminded snowmobile users of enjoying their hobby responsibly. Track permit fees

are used to maintain the off-road traffic infrastructure on state-owned lands, ensuring that snowmobiling will also be possible in the future. A precondition for this is reconciling the needs of snowmobile users, the environment and others using the areas. A track permits is free of charge in your home municipality. Keeping to snowmobile routes and tracks mitigates the adverse effects of snowmobiling on the environment and natural livelihoods by limiting the traffic to suitable areas selected in advance.

In addition, we enable freeriding in limited areas. For example, snowmobiles can be permitted on roads that are not kept open in winter and other tracks. Areas for freeriding have been set up in multiple-use forests of Kainuu and in Keuruu in Southern Finland. They have been popular, and they also support the local tourism industry.

In addition, Metsähallitus receives some permit applications for off-road traffic in the snow-free season, e.g. in summer 2023 for recreational fishing.

CONSUMERS AND END USERS

Off-road traffic is generally prohibited in summer due to the wear and tear on nature it causes, as the marks remain visible in the ground for years and even decades. We only grant off-road permits for the snow-free period to commercial fishers and those pursuing natural livelihoods. In the municipalities of Enontekiö, Inari and Utsjoki, these permits are issued to local residents for tasks associated with natural livelihoods, for specific tracks, and on case-by-case discretion.

Multiple-use forests enable recreation and tourism

Multiple-use forests offer opportunities for hunting, picking berries and mushrooms, collecting natural products, outdoor activities and, in designated areas, deep-snow snowmobiling. They are also used in many ways in the tourism industry, which supports the regional economy. While everyone's rights give recreational users relatively free access to the multiple-use forests, Metsähallitus' permission is required for such activities as operating a motor vehicle off

the road and setting up tourism entrepreneurs' trails and structures. Forestry operations have been restricted, or we have excluded areas from these operations, on 184,000 hectares of forest land, primarily to accommodate recreational use.

Metsähallitus has a total of 36,000 kilometres of forest roads, to which recreational users have free access. The extensive forest road network enables and promotes recreational and other diverse uses on state-owned lands. In 2023, we invested around EUR 25.6 million in maintaining the road network, which is 15% more than in 2022.

We provided nature information and strengthened people's relationship with nature

In 2023, communication events for young people, guided tours of visitor centres and nature education reached slightly over 101,000 people. Science Centre Pilke, which coordinates communications addressed at young people, had a total of 82,322

visitors, of whom around 6,000 participated in learning workshops and events organised by the Pilke team. The visitor centres organise guided tours both in their exhibition facilities and outdoors, which were attended by around 17,500 people in 2023. The Angling Day is an event that enables minors to fish free of charge at more than 30 fishing destinations controlled by Metsähallitus around Finland. This event, which takes place on the second Saturday of June, attracted a record number of young fishers, or 1,306 children and young people with their families, in 2023.

We took part in national events that support communications addressed at young people, including the Educa fair of the education field and the Explo event organised by the Finnish Scouts. Science Centre Pilke was involved in the MetsäRekry Lappi cooperation project, which ended in August 2023. The project organised a learning workshop or a day in the forest in each municipality in Lapland, and visited almost every higher comprehensive school and

CONSUMERS AND END USERS

upper secondary school in this region. Cooperation with educational institutions themed on wind power, which was organised by Property Development, reached 350 children and young people especially in Korsnäs area.

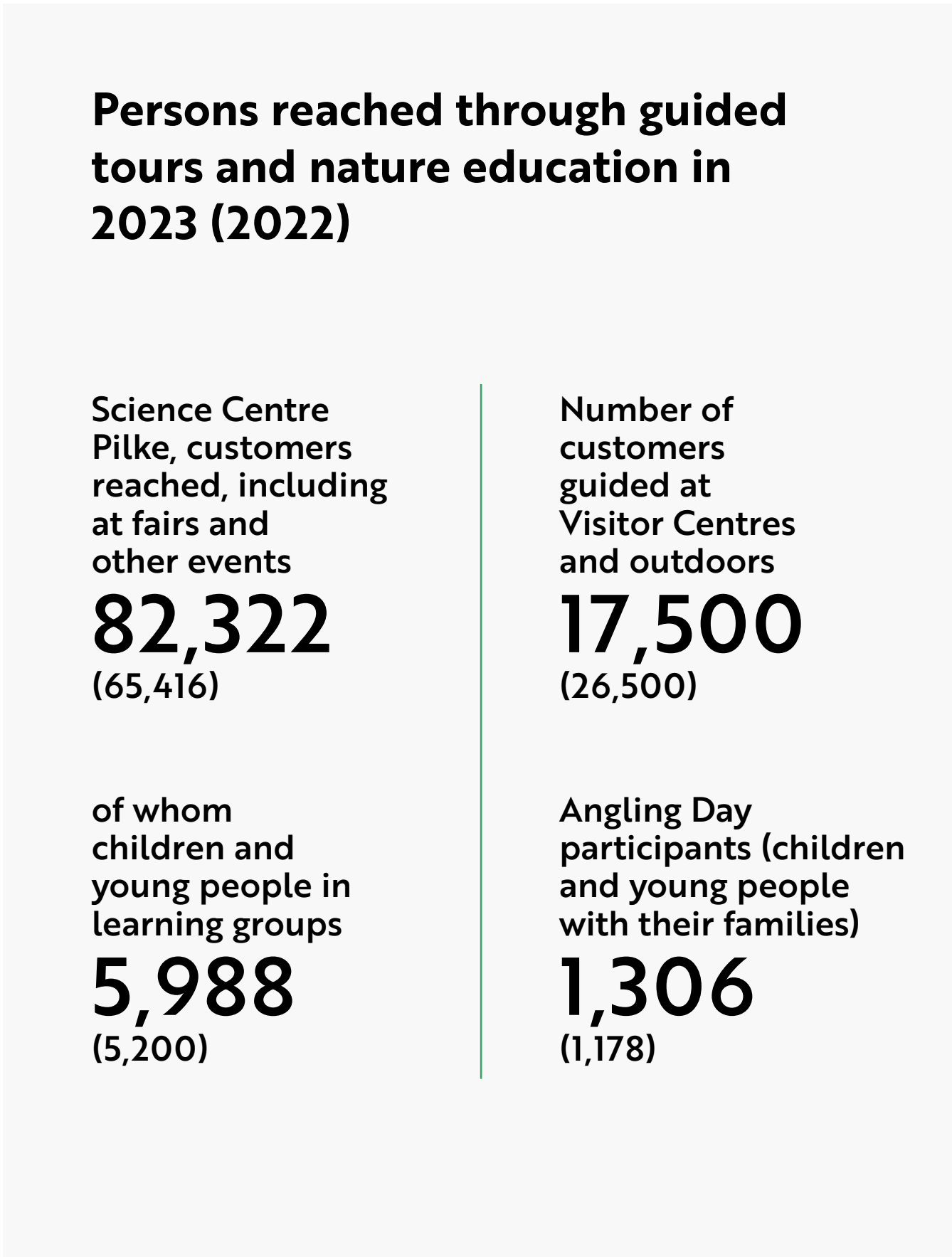
The shepherd weeks continue to be highly popular. We received a total of 15,525 applications (17,859 applications in 2022) from people willing to manage a semi-natural grasslands for a week. The successful applicants were selected by drawing lots. Between May and September, a total of 185 shepherd weeks were on the offer at 15 sites around Finland. The shepherd weeks are a great way of combining a holiday with work for biodiversity. The fees charged for the shepherd weeks are spent on habitat management at the sites.

The anniversary celebrations of six national parks and the Outdoor Saturdays at Finnish Nature Centre Haltia attracted a great number of visitors. Some of these events were part of the Finnish Nature Day,

which was celebrated on the last Saturday in August for the 11th time running. We have been involved in the organisation of the Finnish Nature Day since the beginning. It is a festival for everyone, and last year it became an official day for flying the Finnish flag. The aim of the day is to increase appreciation for nature and strengthen Finns’ relationship with nature in our increasingly urban society.

Finnish Nature Centre Haltia’s Nature School has been operating in Nuuksio, Espoo for ten years, during which period it has reached as many as 14,600 pupils. In 2023, a total of 8,410 children and young people attended guided tours of the exhibitions and outdoor areas at Haltia, and 1,492 pupils in grades 3 to 9 participated in a full-day Nature School programme.

The Nature School at Haltia is maintained by Metsähallitus. The Helsinki Metropolitan Area municipalities, or Espoo, Helsinki, Kauniainen, Kirkkonummi, Vantaa and Vihti, also contribute to funding it.



Environment

The natural environment is the foundation of everything we do and plays a key role in our Responsibility programme. The focus area of Environment in our Responsibility programme includes three sets of measures related to environmental management, biodiversity and the implementation of Metsähallitus' Climate programme. We develop, monitor and measure these areas applying internationally recognised standards and indicators.

| Contents: | |
|---|-----|
| Climate change mitigation and adaptation..... | 113 |
| Biodiversity and ecosystems | 125 |
| Water and marine resources | 140 |

ENVIRONMENT

Environmental management is based on our responsibility policy and a certified environmental management system

Metsähallitus' Responsibility policy describes our arrangements for managing environmental issues. At the beginning of 2023 we combined our responsibility and environmental policies, which were previously separate areas. The aim of the Responsibility policy update was to clarify leadership in responsibility and environmental matters and to provide better support for a unified Metsähallitus and target attainment. For more information on CSR leadership, see the section titled [Metsähallitus follows the best practices of CSR leadership and development](#).

In 2023, the criterion for our performance bonus related to the environment was Unified and responsible Metsähallitus. The indicator related to it is the number of measures that increase biodiversity. They include restoration and environmental management measures, removing barriers to fish migrations, and restoring old peat harvesting mires and aggregate and soil material extraction sites.

The management of environmental issues at Metsähallitus is guided by a certified environmen-

tal management system based on the international ISO 14001 standard. Following the principle of continuous improvement, we work systematically to protect the environment and to ensure that natural resources are used sustainably. We take climate impacts, climate change adaptation, biodiversity and sustainable economy as well as positive regional economic and employment impacts into consideration in everything we do.

The maintenance of the environmental management

ENVIRONMENT

system is coordinated by Metsähallitus’ environment group. External and internal audits are conducted to verify the standard of our operations.

We evaluate the environmental aspects and risks of our activities each year. We observe the precautionary principle in measures that have environmental impacts. We promote the development and deployment of environmentally friendly practices and technologies.

To manage environmental impacts and constantly improve our nature management practices, we drew up environmental objectives, guidelines and monitoring methods that apply to the entire organisation of Metsähallitus. On the basis of strategic environmental objectives set by the Management Group, more specific annual environmental targets are determined for the business units. These targets are translated into practical actions through instructions and training.

The achievement of our environmental targets is assessed annually. The results are collected into an environmental review, which also identifies the most important development areas in environmental issues. The Management Group discusses and approves Metsähallitus' environmental review. We set a total of 14 detailed environmental targets associated with our strategic themes. Five of these targets had already been achieved by the end of 2023, whereas we have made headway in almost all of the others, even if they have not yet been attained. The target of establishing an ecosystem hotel on a landscaped aggregate extraction site was not achieved, as it turned out that the planned site was not suitable for this purpose. We now aim to establish the ecosystem hotel on some other site in 2024.

Strategic environmental targets in 2023

- 1. We enhance biodiversity and strive to halt biodiversity loss.
- 2. We promote the achievement of Finland’s climate targets and carbon neutrality by mitigating climate change.
- 3. We create opportunities for sustainable nature, fishing and hunting tourism.



Photo: Heikki Ketola/Vastavalo

ENVIRONMENT

1. We enhance biodiversity and strive to halt biodiversity loss.

| Strategic environmental target | Detailed targets | Target achieved YES/NO |
|--------------------------------|---|---|
| 1. | We will improve compliance with the Environmental Guide and Forest management instructions. | YES |
| 1. | We will build up competence in species conservation. | YES |
| 1. | We will build up competence in water protection. | YES |
| 1. | We will improve the chances of survival for migratory fish populations and game in changing environmental conditions through habitat management measures. | While progress was made with this target, it was not fully achieved |
| 1. | We will develop environmental management | While progress was made with this target, it was not fully achieved |
| 1. | We will establish an ecosystem hotel on a landscaped aggregate extraction site | NO |

2. We promote the achievement of Finland’s climate targets and carbon neutrality by mitigating climate change.

| Strategic environmental target | Detailed targets | Target achieved YES/NO |
|--------------------------------|---|---|
| 2. | We will enhance climate change adaptation. | YES |
| 2. | We will promote the use of Finnish fish through commercial fishing permit arrangements. | While progress was made with this target, it was not fully achieved |
| 2. | We will develop the management of built infrastructure | While progress was made with this target, it was not fully achieved |
| 2. | We will mitigate climate change by increasing the volume of generated wind energy | While progress was made with this target, it was not fully achieved |

ENVIRONMENT

3. We create opportunities for sustainable nature, fishing and hunting tourism.

| Strategic environmental target | Detailed targets | Target achieved YES/NO |
|--------------------------------|--|---|
| 3. | We will develop the hiking area network. | YES |
| 3. | We will improve the social sustainability of elk hunting in Northern Finland by means of communication and education | YES |
| 3. | We will develop the management of toilet waste at nature tourism destinations | While progress was made with this target, it was not fully achieved |
| 3. | We will promote climate-smart tourism in hiking areas by extending tourists' stays. | While progress was made with this target, it was not fully achieved |

Effectiveness of the environmental management system is ensured by audits and monitoring

We have a certified environmental management system, which means that the performance, efficiency and fitness for purpose of the system are assessed annually by an external party. The current certificate was issued by Kiwa Inspecta Sertifiointi, and it will be valid until 31 May 2024.

Six external audits of the ISO 14001 environmental management system were conducted in 2023. In addition to the effectiveness of the management system and the environmental management system, the audits examined the units' activities and functions.

The external audit of Metsähallitus Forestry Ltd focused on the drafting of the natural resource plan for Kainuu and Central and Northern Ostrobothnia for 2023–2028. The audit found that while the natural resource planning process was well organised and participatory, monitoring of the plan's objectives and

measures as part of Metsähallitus' reporting has room for improvement.

The external audit of Property Development, which was carried out in Pudasjärvi, focused on wind power and extractives. The audit looked at how environmental issues are taken into consideration in wind power projects and included a visit to Tolpanvaara wind power project site. The audit detected no deviations and found that the standard of the operations was mainly good. Seven development areas were identified, including extending regular audits also to partners whose activities may involve environmental risks.

The audit of Wildlife Service Finland examined permit procedures for commercial fishing and hunting arrangements in the marine areas. On a field trip, the auditors visited Oulu sea area together with the Coast Guard and met commercial fishing operators. The audit noted that enabling commercial fishing is an important objective for Metsähallitus and

ENVIRONMENT

that cooperation on maritime surveillance is effective. In maritime wind power projects, it is important to ensure that Wildlife Service Finland's expertise in fishing matters is tapped.

The audit of National Parks Finland focused on the planning process of national parks' management and use, cooperation between the different units of Metsähallitus in Syöte area, and outdoor destinations in Syöte National Park. The audit found one minor deviation, which was related to an update of the environmental manual not having been completed. It has been agreed that the environmental manual will be updated as part of a thesis relevant to this theme.

In addition to the ISO 14001 environmental system, Metsähallitus Forestry Ltd uses an ETJ+ energy efficiency system to guide and improve the energy efficiency of its operations. This system is subjected to a dedicated external audit annually. The operations are also evaluated every year in external audits of the PEFC forest certification and an audit focusing on

compliance with requirements for the chain of custody of wood (PEFC CoC). Metsähallitus Forestry Ltd's customers also organise customer audits of FSC criteria for controlled timber. In 2023, two customer audits were conducted.

The standard of operations required by the environmental management system is also examined in annual internal audits. In 2023, 24 internal audits were conducted in total.

In keeping with the targets set for 2023, four internal audits were carried out in Property Development. Their themes were work related to putting the off-shore wind power auction model into practice; the lobbying process of mining, ore prospecting and gold panning; usability of the Luoto application; and building stock management. While the audits found no deviations, 14 development proposals and 16 positive observations were made. The audited units discussed the audit findings at their meetings.

Two internal audits were conducted in Wildlife Service Finland. They focused on Wildlife Service Finland's organisational reform as part of implementing Metsähallitus' SAVOTTA programme and the preparation process of the fishing quota decision. Both audits found one minor deviation concerning the organisation of teams in connection with the organisational reform as well as staff members' role at meetings and meeting practices. Both deviations were noted, and corrective actions were approved. One internal audit, which examined the restoration of rapids, was carried out in National Parks Finland. No deviations were observed in the audit.

In Metsähallitus Forestry Ltd, 17 internal audits were carried out. The three-year audit plan was not followed in 2023; some of the audits were postponed as the quality management system was replaced. The audits found 13 deviations in total, which is slightly more than in previous years. Most of the deviations concerned Ahjo course performances as well as failure to follow instructions and to complete required

ENVIRONMENT

actions. A total of 170 observations, some of which were positive, were made in the course of the audits. Of these observations, 137 were related to the development and continuous improvement of operations. The new REGO quality management system will enhance the overall benefits of internal audits and improve their efficiency. In system development, follow-up of corrective actions ensuing from audits and the new opportunities this offers will be addressed better.

In addition to the audits, Metsähallitus Forestry Ltd's environmental monitoring related to timber harvesting and water protection ensures that the work is carried out following the agreed instructions and efficiently in terms of both the environment and Metsähallitus' results. Water protection monitoring was carried out as an outsourced service by Tapio Palvelut Oy in 2023, focusing on soil preparation carried out by excavators. The results suggested that sufficient attention should be paid to adequate water protection measures during periods of high rain-

fall. For the part of timber harvesting, regeneration fellings and harvesting sites with uneven-aged forest, harvesting of logging residues, and fellings on the wood grouse's courting display sites were scrutinised. The overall evaluation was that the quality of nature management has remained at an excellent level as a whole. The standard of our work meets the requirements of legislation, forest certification and Metsähallitus' environmental guidelines alike. Preserving thickets that provide shelter in connection with timber harvesting and forest management work is an area in need of improvement. The results of wood grouse courtship display sites are still under review.

We introduced a new PEFC forest standard

The national forest management standard for the PEFC forest certification system received international endorsement in December 2022. The standard is reviewed every five years, and this was its fifth update.

The PEFC standard has wide impacts on forestry practices across the country. The revised requirements aim to improve the ecological sustainability of forestry, in particular, and also to enhance impact in terms of social and economic sustainability. More stringent requirements have been brought in for key environmental management measures. According to an impact assessment conducted by Tapio Palvelut Oy in 2022, changes in the standards that concern buffer zones for water bodies and open mires will have a positive impact on biodiversity and water protection.

With the exception of Natural Resources Institute Finland's research forests, all multiple-use forests owned by the state are PEFC certified. The certification system additionally includes the PEFC Chain of Custody. The wood supplied by us also meets the FSC Controlled Wood criteria.

We started introducing the updated standard in November 2022, and all activities were expected to be compliant with the updated requirements from 1

ENVIRONMENT

February 2023 on. Metsähallitus Forestry Ltd's Environmental Guide was updated with the new PEFC requirements in spring 2023.

An external audit of Metsähallitus' forest owner specific PEFC certification was conducted by Kiwa Inspecta for the first time based on the new PEFC requirements adopted at the beginning of 2023. The audits found two minor deviations concerning the volume of logging residue left behind when harvesting energy wood and reporting on basidiomycete fungus control. The reasons that led to the deviations were analysed, and corrective actions have been taken to avoid their recurrence. The PEFC certificate issued to Metsähallitus Forestry Ltd remains valid.

On one of the inspected harvesting sites of energy wood, not enough felling residue had been left behind. As a corrective measure, we have sent instructions on collecting felling residues to entrepreneurs, provided them with training on this issue,

and gone through the instructions in the entrepreneurs' performance appraisal discussions. In addition, field training on this question has been provided for all contractors and supervisors. We will carry out inspections of sites harvested in 2023 together with the relevant contractor to ensure that everyone concerned shares a common view of what a sufficient amount of felling residue is. In the future, we will make at least one monitoring visit to each contractor's site after harvesting.

In the new PEFC requirements, control of the basidiomycete fungus is linked to the level defined in the Forest Damages Prevention Act. Extensive control will be required from now on. Previously, stumps may have been left untreated for the fungus on some risk sites, without this resulting in a deviation in the certification process. Our current monitoring system is linked to the contractor's notification of having carried out the treatment. According to our monitoring system, around 95% of sites subject to the requirement of controlling the basidiomycete fungus

had been treated in 2023. We carried out an ex-post review of treated sites, based on which we could verify that the treatment reached the level required by law. However, we acknowledge the need to develop the system and record-keeping of fungus control further, and this deviation consequently supports the continuous improvement of our operations.

Remediation of contaminated lands

In 2022, we examined the likelihood of remediation being needed in contaminated land areas and other sites requiring after-care. Such sites include disused mining areas and their tailings and surrounding rock piles, from which harmful substances may dissolve into the environment. We have additionally identified the risk of potential lead discharges into groundwater areas, especially in shooting ranges and in areas where other activities have led to oil spills into the soil.

We prepared a probability classification for the identified sites that includes a step-wise risk classification

ENVIRONMENT

and definitions for the classes. We also estimated the remediation expenses at each site. The number of sites that will almost certainly, or with a high probability, have to be remediated was estimated to be ten. In 2023, the aggregate extraction area in Huotarinvaaara, Kuhmo was remediated. The costs incurred from the actual remediation work were paid by MH-Kivi Oy, as the party having caused the problem could not be identified. The site had been contaminated years ago, and it has had several users not linked to Metsähallitus. The exact date of the contamination could not be determined, and MH-Kivi Oy had been the holder of the land extraction and environmental permits. Property Development did not engage in any other remediation work of contaminated lands nor use the general reservation of EUR 300,000.

Leaseholders completed two larger remediation operations on state-owned land. In addition, soil surveys were underway in two other areas. Seven small-scale cleaning operations involving dumped household rubbish, wrecked cars or furniture had to be

carried out, including cleaning a gravel pit used for unauthorised shotgun shooting.

In 2023, we signed framework agreements with Senate Properties on environmental services and construction work related to them.

CLIMATE CHANGE MITIGATION AND ADAPTATION

Our Climate programme promotes the achievement of Finland's climate objectives

Climate change is one of the key themes in Metsähallitus' strategy, as state-owned lands play an important role in both climate change mitigation and adaptation. In keeping with the ownership policies, Metsähallitus supports the goal of Finland becoming carbon neutral in 2035 and carbon negative soon after this. The latest National Forest Inventory (NFI12) conducted in 2018 indicated that state-owned forests accounted for almost one half of the total carbon sink in Finnish forests. The carbon sink of trees on state-owned lands corresponded to more

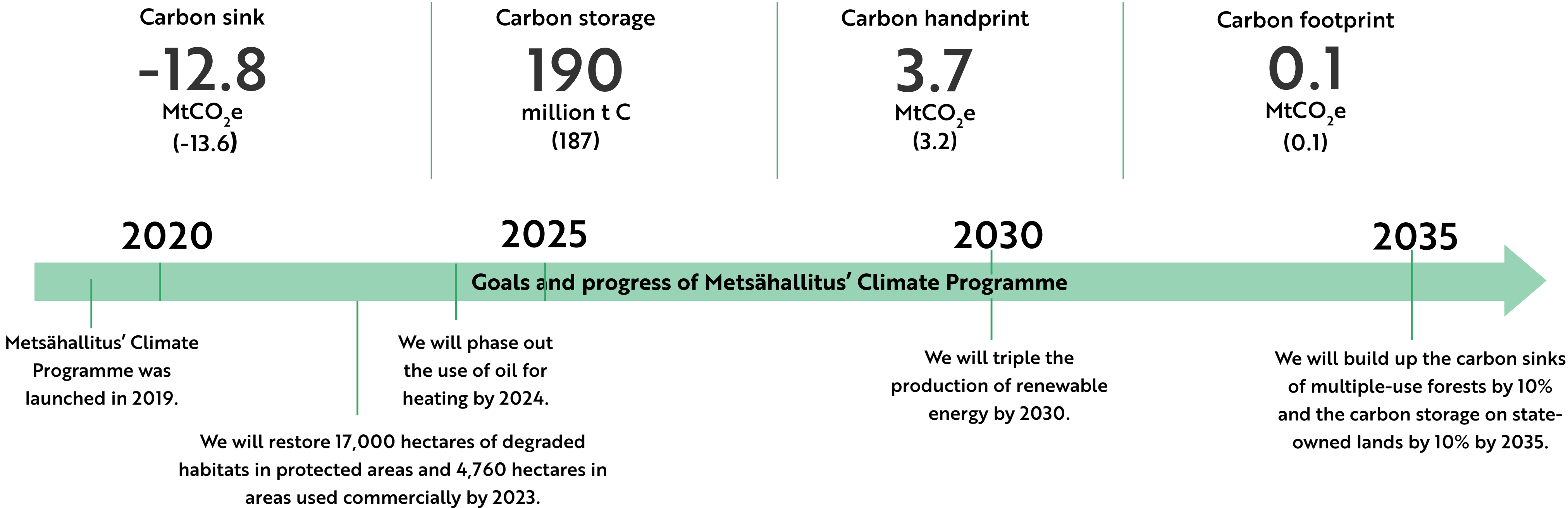
than one fifth of Finland's greenhouse gas emissions. State-owned lands are managed and used ensuring that they will be growing carbon sinks and carbon storages over the short and long term.

In line with the goals set out in our Climate programme, we will increase carbon sinks, carbon storage and clean energy production as well as reduce our emissions. Our programme also includes measures for preparing for changing conditions and adapting to climate change. Alongside climate

change mitigation and adaptation, our goals include maintaining and developing biodiversity in state-owned land and water areas.

The baseline level of the Climate programme data was calculated for 2018. The calculations are based on data produced by the 12th National Forest Inventory (NFI12). The development of the carbon sink and carbon storage is assessed annually on the basis of this data. The aspects monitored include tree growth, logging and natural drain. The key figures for growth and natural drain in both multiple-use forests and protected areas are based on NFI12 data. The felling volume (the volume of harvested timber) is included in the calculation based on the annual outcome. The carbon footprint is based on Metsähallitus' purchase invoice data and calculated using information obtained from Hansel's Hankintapulssi service.

Climate 2023



CLIMATE CHANGE MITIGATION AND ADAPTATION

With regard to the strategic climate targets, we have already achieved those relating to restoration of degraded habitats. We are also well under way to tripling the production of renewable energy. As oil continues to be used in eight old properties, phasing it out completely has not been possible.

Systematic forest management safeguards effective carbon sinks and storages

We continued to actively implement our Climate programme by building up both the carbon sink of multiple-use forests and the carbon storage in trees on state-owned land in 2023. Our aim is to increase both the sink and the storage by 10% from the base-line figures of 2018 (12th National Forest Inventory) by 2035.

In 2023, the calculated carbon sink of state-owned forests was -12.8 million tonnes of carbon dioxide equivalent, of which the carbon sink of multiple-use forests accounted for -8.4 MtCO₂-eq. The carbon storage in trees on state-owned lands was calcu-

lated at 190 million tonnes of carbon, of which the share of multiple-use forests was 128 million tonnes. The carbon sink of multiple-use forests has increased by approx. 2.7% and the carbon storage in state-owned forests by 7.4% since the reference year 2018. Forecasts indicate that the

carbon storage of trees in state-owned forests will grow further.

Methodical management of multiple-use forests is a key measure for increasing carbon sequestration and storage. We started making inputs in forest

Development of the carbon sink and carbon storage on state-owned lands in 2018–2023

| Indicator | NFI12 | 2020 | 2021 | 2022 | 2023 | Growth compared to NFI12 |
|---|-------|-------|-------|-------|-------|--------------------------|
| Carbon sink of trees on state-owned lands MtCO ₂ eq. | -12.2 | -13.5 | -12.8 | -13.6 | -12.8 | 4.7 % |
| Carbon sink of trees in multiple-use forests MtCO ₂ eq | -8.2 | -9,1 | -8,4 | -9.2 | -8.4 | 2.7 % |
| Carbon sink of trees in protected areas MtCO ₂ eq | -4.0 | -4.4 | -4.4 | -4.4 | -4.4 | 8.78 % |
| Carbon storage of trees on state-owned lands, million t C | 177 | 181 | 184 | 187 | 190 | 7.4 % |
| Carbon storage of trees in multiple-use forests, million t C | 118 | 122 | 124 | 126 | 128 | 8.7 % |
| Carbon storage of trees in protected areas, million t C | 59 | 59 | 60 | 61 | 62 | 4.6 % |

CLIMATE CHANGE MITIGATION AND ADAPTATION

management that supports climate change mitigation in 2017. The management of multiple-use forests is guided by Forest management instructions, instructions specific to each work type, and Metsähallitus Forest Ltd's Environmental Guide. We draw on research evidence in our efforts to develop felling and forest management operations and to continuously improve the forest management guidelines.

We support the growth of forests, and consequently build up the carbon sink, through fertilisation and the use of selectively bred seeds and saplings for forest regeneration. In 2023, silviculture operations were carried out across approx. 14,200 hectares of regeneration sites in multiple-use forests under periodic cover forestry. Eighteen million saplings were planted across 10,500 hectares, and more than 3,700 hectares were regenerated by seeding. For this, selectively bred seeds were mainly used.

Fertilisers were spread across a total of 31,600 hectares of state-owned multiple-use forests in 2023, of which ash fertilisation accounted for 9,600 hectares. When applying fertilisers, we take the requirements of water protection into account. Fertilisers are stored and spread ensuring that they do not enter waterways and drains directly. We do not use forest health fertilisation in groundwater areas, and we leave a sufficient buffer zone between the application area and water bodies. In 2023, we exceeded the annual target of 30,000 hectares in forest fertilisation. The fertilised area remained significantly smaller in 2022 due to a disruption in the availability of fertilisers.

Climate change risks and adaptation

Climate change is one of the key risks affecting Metsähallitus' operations over the short and long term. Climate change will have impacts on biodiversity, Metsähallitus' business and recreational use of state-owned land and water areas. To tackle these

risks, we use the risk management process defined at Metsähallitus.

We safeguard and enhance biodiversity in protected areas and develop their value for recreation, nature tourism and other sustainable uses by means of comprehensive and systematic management of the protected area network. We pay increasing attention to assessing the impacts of and methods for adapting to climate change when planning the management and use of protected areas.

Case:

Remote sensing in Northern Lapland – significant data on the status of nature in Lapland and the impacts of climate change (metsa.fi in English) »

Metsähallitus' environmental and innovation prize 2023 was awarded to a project in which nearly three million hectares of protected and wilderness areas in Northern Lapland were covered by remote sensing, in which machine learning methods were used. The project also produced up-to-date data on the impacts of climate change and the combined effects of intensive grazing of reindeer on northern nature. The findings published in the final report showed that the status of more than a half of mountain birch forests and treeless mountain heaths is currently degraded to varying degrees.

CLIMATE CHANGE MITIGATION AND ADAPTATION

We use landscape ecological networks to help preserve and enhance biodiversity in protected areas and multiple-use forests. An ecological network refers to a network of sites to be excluded from forest management operations or treated with care, with the aim of maintaining valuable habitats and their species typical of the area. Protected areas make up the core of the landscape ecological network. They are supported by ecological sites in multiple-use forests, which are excluded from forestry operations. In addition, ecological corridors and so-called step stones are left in multiple-use forests to enable species to move between the sites. The landscape ecological network helps to develop protected sites and their nearby areas into complexes with better ecological performance and to improve the connectivity of these sites.

We target and carry out environmental management and restoration measures ensuring that they promote both biodiversity and climate objectives. In the planning and organisation of fishing activities

as well as in habitat restoration, we pay particular attention to cold-water fish species in the sea, lakes and streams that have suffered from climate change. In fisheries management, we are transitioning from population management based on stocking towards supporting the natural reproduction and life cycles of wild fish populations.

Climate change is likely to exacerbate the damage to forests caused by diseases, pests, storms and forest fires. Storm damage will also affect timber harvesting and increase the financial risk as the harvesting costs go up and the value of timber goes down. Storm damage reduces the value of logs, in particular, as fallen trees and snapped trunks develop defects, including splits or splinters. As a result, sturdy timber ends up as pulpwood or is left unharvested. Harvesting trees felled by a storm is also slower and more expensive, and it puts the fleet under greater pressure than ordinary logging. On the other hand, storms will increase the volume of decaying wood vital for biodiversity in the forest.

Winters that bring abundant rainfall amounts but no snow or soil frost hamper the work, both on logging sites and when it comes to servicing and maintaining national parks and other hiking destinations. Examples of our preparedness for these changes include improving forest roads to withstand the difficult conditions created by rainy autumns and mild winters. A comprehensive forest road network also helps to prevent and put out forest fires.

We will also prepare for and adapt to climate change in forestry by drawing on the latest research evidence concerning the impacts of climate change on forest growth and timber yield. More frequent periods of drought in the middle of the summer, in particular, combined with storm damage will increase the risk of forest damage. Key measures for minimising the risks of damage include good forest management, timely and correctly dimensioned management of trees, and a wider range of tree species. We aim to maintain and increase the proportion of deciduous trees from the stand management phase

CLIMATE CHANGE MITIGATION AND ADAPTATION

on. The diversity of tree species in conifer-dominated forests is increased on regeneration sites by planting mixed pine and spruce stands. In 2023, we launched mixed silviculture experiments with pine and spruce in multiple-use forests in the area of each forest team.

Metsähallitus' carbon footprint

At the beginning of 2023, we introduced Hansel's Hankintapulssi service for calculating our carbon footprint. The carbon footprint calculation of Hankintapulssi is based on Envimat factors developed by the Finnish Environment Institute and Metsähallitus' purchase invoice data. The carbon footprint estimates for various procurement categories are based on the average carbon footprints of products in the Finnish market. While this method does not follow any official standard, it gives a good indication of the carbon footprint associated with all procurements made by Metsähallitus. The Finnish Environment Institute updated its emission factors in 2023, and Metsähallitus' emission figures were also calculated

using the new factors retrospectively for 2020–2022. The more specific emission factors have increased Metsähallitus' emission figures, especially regarding transport.

In addition to Hankintapulssi, a calculation model produced by Metsäteho Oy in 2019–2022 was used to calculate the carbon footprint of timber harvesting and long-distance transport operations. The model examines emissions from timber harvesting and transport by work stage, felling method, mode of transport and assortment. With this calculation model we can, for example, assess the significance of transport or harvesting methods for reducing emissions and promoting energy efficiency in work types outsourced to contractors. Metsäteho Oy's calculation is used especially to support the audit of Metsähallitus Forestry Ltd's energy efficiency system.

Roundwood harvesting and transport are the greatest sources of greenhouse gas emissions

Based on the Hankintapulssi calculation, our carbon footprint in 2023 was approximately 0.1 million tonnes of carbon dioxide equivalent (105,730 t CO₂ eq.). Computationally, our total emissions decreased by about one per cent from the previous year in 2023.

The largest volume of emissions was generated in the categories of harvesting and transport services, which include emissions from logging and timber transportation. These categories made up approx. 69% of our total emissions. The second largest emission volumes in Metsähallitus' operations came from forest management, construction and maintenance of areas.

During the reporting period, changes took place in the product and service groups of the calculation in the emission categories 'machinery, equipment and vehicles' and 'goods and supplies', which is why the report differs in this respect between 2020–2021 and 2022–2023.

Metsähallitus’ largest emission sources and their development in 2020–2023

| Emission source | 2020 t CO ₂ eq. | 2020 Proportion of total emissions | 2021 t CO ₂ eq. | 2021 Proportion of total emissions | Change 2020– 2021 | 2022 t CO ₂ eq. | 2022 Proportion of total emissions | Change 2021– 2022 | 2023 t CO ₂ eq. | 2023 Proportion of total emissions | Change 2022– 2023 | GHG pro- tokolla |
|---|-------------------------------|---|-------------------------------|---|-------------------------|-------------------------------|---|-------------------------|-------------------------------|---|-------------------------|---------------------|
| Transport services: roundwood and energy wood | 45,300 | 52% | 50,340 | 50% | 10% | 56,010 | 52% | 10% | 54,000 | 51% | -4% | Scope 3 |
| Harvesting services: roundwood and energy wood | 14,870 | 17% | 17,190 | 17% | 13% | 17,440 | 16% | 1% | 18,990 | 18% | 8% | Scope 3 |
| Construction and maintenance of areas | 4,320 | 5% | 4,890 | 5% | 12% | 8,080 | 8% | 39% | 6,620 | 6% | -22% | Scope 3 |
| Forest management | 6,850 | 8% | 7,910 | 8% | 13% | 6,450 | 6% | -23% | 8,580 | 8% | 25% | Scope 3 |
| Road projects | 3,010 | 3% | 3,010 | 3% | 0% | 4,000 | 4% | 25% | 3,500 | 3% | -14% | Scope 3 |
| Premises and real estate expenses | 5,640 | 6% | 7,950 | 8% | 29% | 3,220 | 3% | -147% | 3,470 | 3% | 7% | Scope 1 ja 2 |
| Machinery, equipment and vehicles | 1,940 | 2% | 2,660 | 3% | 27% | | | | | | | Scope 1 ja 3 |
| ICT and digital procurements | 2,470 | 3% | 2,770 | 3% | 11% | 3,010 | 3% | 8% | 3,180 | 3% | 5% | Scope 1, 2 ja 3 |
| Administrative services: personnel and travel | 1,850 | 2% | 2,020 | 2% | 8% | 2,220 | 2% | 9% | 2,010 | 2% | -10% | Scope 1 ja 3 |
| Goods and supplies | | | | | | 2,510 | | | 1,880 | 2% | -34% | Scope 1 ja 3 |
| Others | 1,300 | 1% | 1,980 | 2% | 34% | 3,910 | 4% | 49% | 3,510 | 3% | -11% | Scope 1 ja 3 |
| Total | 87,570 | - | 100,730 | - | 13 % | 106,920 | - | 6 % | 105,730 | - | -1 % | |

CLIMATE CHANGE MITIGATION AND ADAPTATION

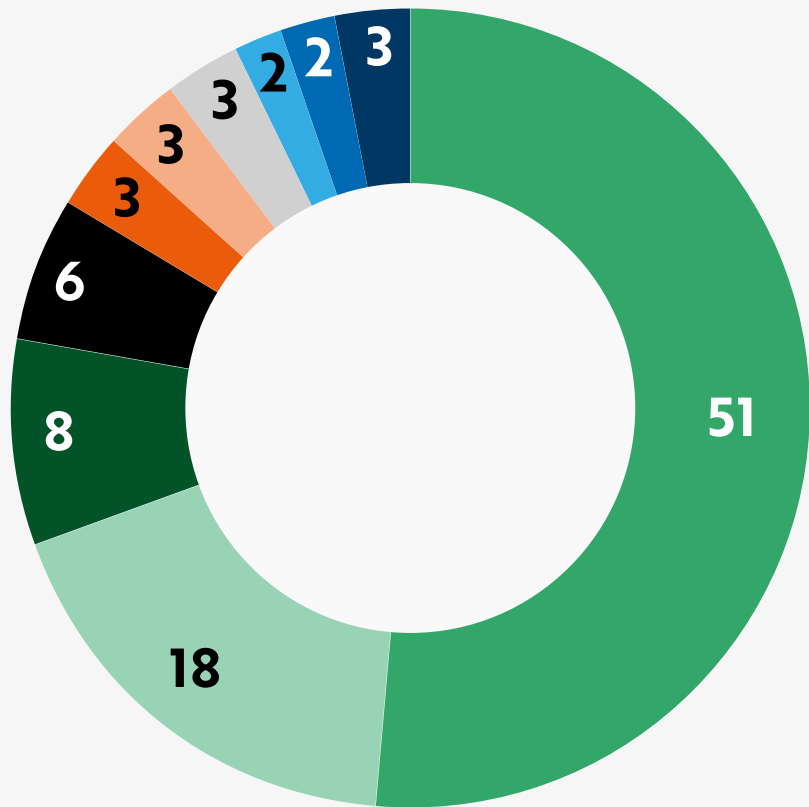
Based on Metsäteho Oy's emissions calculation template, emissions from Metsähallitus' timber harvesting and long-distance transport operations have decreased in 2019–2022 per cubic meter harvested and transported (g CO2 eq./t and g CO2 eq./km). The emissions have been reduced by an increase in the proportion of biocomponents but also by the use of new and efficient harvesting and transport fleet as well as energy-efficient modes of transport in Metsähallitus' timber transport operations. Waterborne and rail transport of timber have gradually increased their shares, while the share of road transport has decreased.

Metsähallitus participates in the multi-annual Accelerating Climate Efforts (ACE) project starting at the beginning of 2024. Its aim is to support Finland in achieving the EU's climate targets and carbon neutrality, especially in the effort sharing sector. The focus of the project is on emission reduction measures in the areas of agriculture, heavy transport and industrial processes, which have been identified as

difficult. Metsähallitus' role in this project is to participate in promoting the introduction of energy efficiency measures and clean power solutions for timber transport and harvesting fleet.

Improved energy efficiency helps reduce emissions

We continued to develop the ETJ+ energy efficiency system and energy efficiency targets associated with it, which Metsähallitus Forestry Ltd introduced in 2021. The aim is to improve the energy efficiency of timber harvesting and transport and to reduce greenhouse gas emissions from these activities by using renewable fuels and technologies as well as by developing harvesting and transport logistics and operations. Energy efficiency criteria are also being developed for outsourced forest management and improvement work. The progress made in energy efficiency at Metsähallitus Forestry Ltd is assessed on the basis of carbon footprint calculations.



Emissions from Metsähallitus' operations in 2023

- Transport services: roundwood and energy wood 51%
- Harvesting services: roundwood and energy wood 18%
- Forest management 8%
- Construction and maintenance of areas 6%
- Road projects 3%
- Premises and real estate expenses 3%
- ICT and digital procurements 3%
- Administrative services: personnel and travel 2%
- Goods and supplies 2%
- Others 3%

CLIMATE CHANGE MITIGATION AND ADAPTATION

As part of our Climate programme, we recommenced timber floating in 2022 after an interruption of seven years. Waterborne transport of timber, and especially floating, is a much more energy-efficient mode over long distances than rail or road transport, for instance. The volume of floated timber was 1.5 times the previous year's amount in 2023, and Metsähallitus intends to increase it further in 2024. Floating also represents an effort to respond to rapid changes in the operating environment, which include pressure on the rail network caused by the discontinuation of timber imports as a result of Russia's attack on Ukraine.

In addition to floating, we use Europe's first articulated lorry with a full trailer that runs on biogas for transporting timber. The life cycle emissions of this vehicle are up to 90% smaller than those of fleet powered by fossil fuels. In the context of the Climate programme, we have also developed and trialled other climate-friendlier modes of transport, including articulated timber lorries fuelled by renewable

diesel, high-capacity timber trucks (HCTs) and long haul rail transportation (LHT).

We brought new offshore wind power projects to the market

We actively develop potential for renewable energy business in state-owned land and water areas and consequently contribute to achieving Finland's carbon neutrality target. Project developers' interest in and enquiries about state-owned land areas remained at a high level in the wind power sector. In addition, interest in locating wind farms in Finland's territorial waters has increased significantly.

Metsähallitus' operating model for transferring offshore wind farm sites to developers was approved in December 2021. In keeping with this model, we identify sites suitable for offshore wind power production in state-owned public water areas managed by Metsähallitus, take charge of the initial phase of project development, and put the leases for these areas and the initial phase of project development out to

tender in a commercial procedure.

The joint offshore wind power project of Vattenfall and Metsähallitus in Korsnäs progressed according to plans in 2023. Updated information on the location and size of the project site in Korsnäs was incorporated in the draft regional land use plan for Ostrobothnia during the year. The size of the additional area is 5,400 hectares, whereas the surface area of the entire project site in Korsnäs is 27,400 hectares.

The additional area makes it possible to scale up the project in Korsnäs from the planned 1,300 MW to 2,000 MW. Metsähallitus and Vattenfall will develop both the original and the additional area as a whole, including the environmental impact assessment and land use planning. The project development of Korsnäs offshore wind farm is expected to take around four years, and the farm is believed to start producing electricity in the 2030s. The project site in Korsnäs is located around 15 kilometres from the coast. This is the first offshore wind power project in Finland.

CLIMATE CHANGE MITIGATION AND ADAPTATION

In spring 2023, Metsähallitus submitted zoning initiatives to the municipalities of Siikajoki, Hailuoto and Pyhäjoki as well as to the cities of Raahе, Närpiö and Kristinestad. Preliminary project preparations went ahead with seabed soundings off Närpiö, Pyhäjoki, Raahе and Siikajoki in the summer to collect information on the seabed characteristics in the areas designated for offshore wind power projects. The soundings were carried out by the Geological Survey of Finland.

In November, Metsähallitus launched competitive tendering processes for two offshore wind power projects. Ebba is located off Pyhäjoki and Raahе, while Edith is located off Närpiö. The nominal output of both projects is 1,600 MW. Project preparation will continue in form of other environmental impact assessments and preparations for permit processes.

Metsähallitus informed local residents and stakeholders about the progress of the offshore wind power projects at five events. In Korsnäs, Vindkafe events were organised in May and November to inform local stake-

holders about the progress of the Korsnäs offshore wind power project. As the tendering processes for Edith and Ebba offshore wind power projects began in late November 2023, we organised local stakeholder events in Närpiö, Pyhäjoki and Raahе.

Wind power development on state-owned lands has been part of our responsible business since the early 2010s. Metsähallitus was working on onshore wind farm projects in Kajaani, Simo, Puolanka, Sievi and Kivijärvi in 2023. Six joint projects were additionally under way with different operators. In addition to our own wind power project development and joint projects, we also lease state-owned areas to other project developers. By the end of 2023, a total of 173 wind power plants had been built in state-owned areas, with a total output of 683 MW.

In addition to wind power business, we are actively investigating various options for solar farms and suitable sites in areas we manage. Simultaneous use of solar power and onshore wind power would even out fluctu-



Photo: Mikko Törmänen

ations in energy production and improve productivity. Solar energy projects can also bring renewable energy investments to areas where no wind power projects are envisaged.

Metsähallitus' offshore wind projects put Finland on a firm path towards carbon neutrality

The areas have wind power potential totalling
10 000 MW

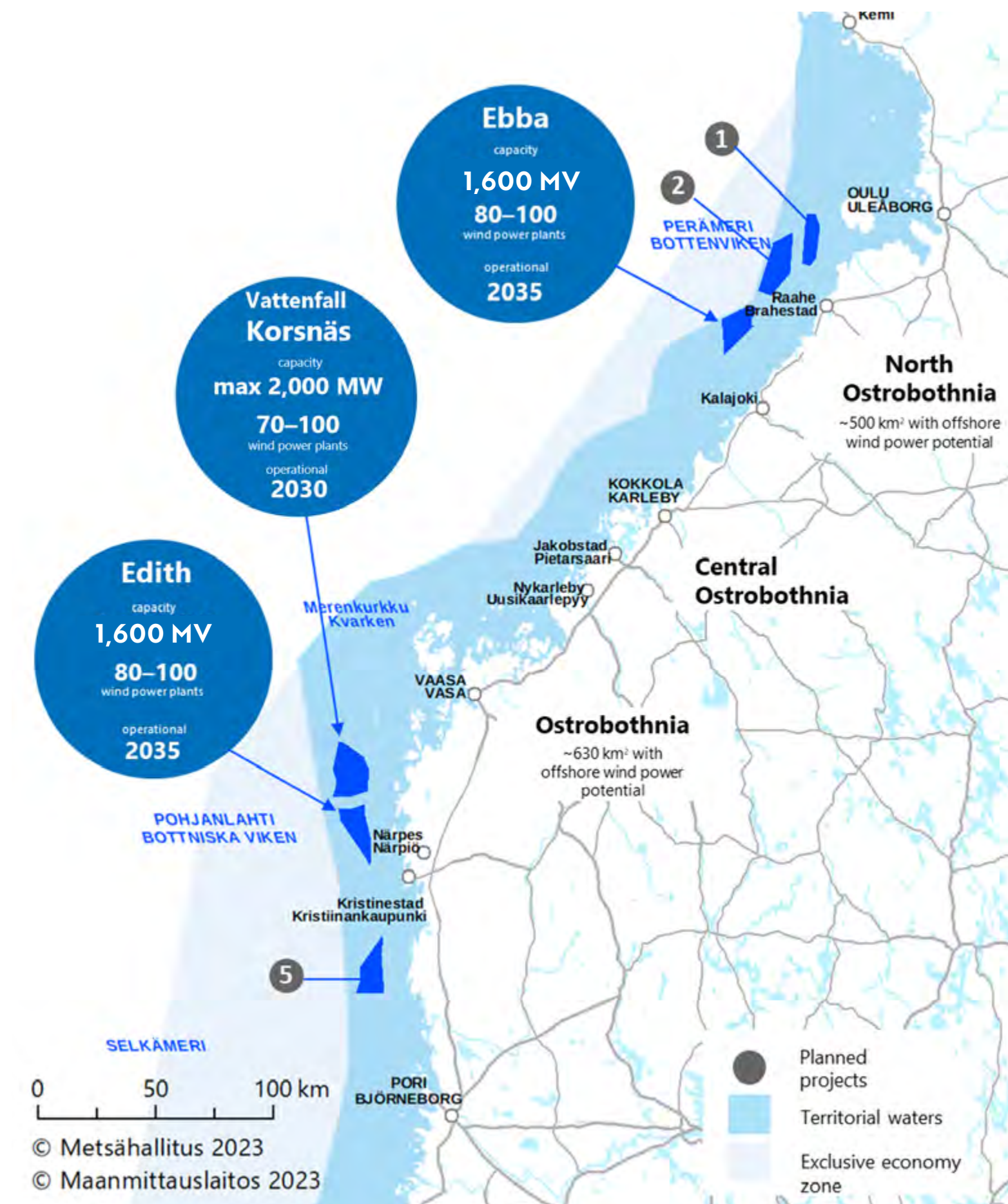
The competitive tendering will be carried out in
2023-2025

One offshore wind farm has an investment value of EUR
3-4 billion

One offshore wind power plant can generate
EUR 70 000
in real estate tax revenue for a municipality each year.

Offshore wind power can significantly boost renewable electricity generation in Finland. Offshore wind power provides a basis for green transition, which will create an entirely new sector in Finland and attract international investments to our country.

- We manage state-owned land and water areas in a responsible manner. At the start of the offshore wind projects, we act as the project developer and award the reservation and access rights contracts. During the final project stage, we assume the role of the lessor. In all cases, the water areas will remain in state ownership.
- We carry out the preliminary surveys for offshore wind projects and utilise our extensive geographic information expertise in the process. In the selection of the areas, we take into account the Maritime Spatial Plan and the regional land use plans. In the project permit processes, we prepare detailed environmental reports and assess the impacts and feasibility of the projects.
- We are responsible for the international competitive tendering in which the parties carrying out the offshore wind farm projects are selected on the basis of the tenders.
- Competitive tendering for Korsnäs took place in 2022. Vattenfall was selected as the party carrying out the offshore wind farm project.



BIODIVERSITY AND ECOSYSTEMS

We protect biodiversity and mitigate biodiversity loss

Protecting biodiversity and mitigating biodiversity loss is one of Metsähallitus' strategic pledges. We mitigate biodiversity loss in state-owned land and water areas by means of active measures aiming to maintain and increase biodiversity and to minimise negative impacts on the environment. In addition to our work on biodiversity, we implement Metsähallitus' Climate programme. Our actions for biodiversity and the climate also support the achievement of the UN Sustainable Development Goals.

In 2023, we spent slightly over EUR 14 million in total on active restoration and environmental management measures that enhance biodiversity, or EUR 1 million less than in 2022. Approx. EUR 13 million of this amount was budget and EU funding for Parks & Wildlife Finland, while Metsähallitus Forestry Ltd's cash flow funding accounted for EUR 1.1 million.

The efforts to halt biodiversity loss have positive impacts on local economies, as we use plenty of outsourced services and contractors in restoration and habitat management work. In 2023, we spent a total

of approx. EUR 5 million on restoring protected areas and managing habitats as outsourced services. In multiple-use forests, the value of contractors' habitat management and restoration services was approx. EUR 600,000.

In addition, Metsähallitus Forestry Ltd spends almost EUR 80 million annually on supporting biodiversity by maintaining a landscape ecological network, and approximately EUR 2 million on increasing the volume of decaying wood.

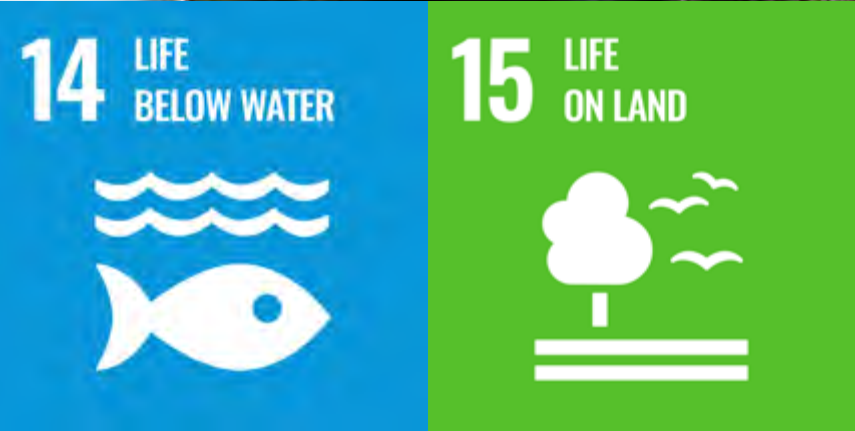
Biodiversity 2023

Habitat management
and restoration work
over
13 900 ha

Of the volume of
decaying wood in Finland
75 million m³
on state-owned lands

Barriers to
migrating fish
removed
170

Proportion of
mixed forests
12 %
of forest land surface area
on all state-owned lands



BIODIVERSITY AND ECOSYSTEMS

At the beginning of 2023, the Government made a decision on a balance transfer that benefited forest conservation. Approx. 30,000 hectares of land in commercial use that was part of Metsähallitus' basic equity was transferred to the balance sheet of the public administration services as protected areas. While the protected sites have been in restricted use or excluded from forestry use, this transfer secured their permanent protection. The total number of these sites is 50, and they are located in different parts of Finland.

As part of the Luontolahja campaign, we put 3,375 hectares of state-owned areas with diverse natural values under protection in 2023. Luontolahja ('A Gift to Nature') was a campaign in which the Ministry of the Environment and the Ministry of Agriculture and Forestry encouraged Finnish people to establish nature conservation areas in 2019–2022. As the campaign achieved 3,375 hectares of such areas, we put an equivalent area of state-owned land under protection. Diverse habitat types around Finland

were selected for this purpose. Improving the coherence and connectivity of existing nature reserves by selecting sites connected to them was emphasised in this. Consequently, 72% of the sites share a border with an existing protected area. The protected area of Aalistunturi, for example, was expanded with an additional 327 hectares.

We implement the Helmi habitat programme actively on state-owned lands

The aim of the national habitat programme Helmi is to enhance biodiversity in Finland and safeguard the vital ecosystem services provided by nature while promoting climate change mitigation and adaptation. Metsähallitus National Parks Finland is the largest individual implementer of this programme. The role of Wildlife Service Finland is to eradicate alien carnivores, or mink and raccoon dogs, in valuable bird wetlands. Metsähallitus Forestry Ltd uses its cash flow funding to participate in the Helmi programme with inputs that are in keeping with the ownership policy.

In protected areas, the objectives of the Helmi programme are related to restoration of mires as well as restoration and management of semi-natural grasslands, wetlands, shoreline habitats and forest habitats. The objectives set for state-owned multiple-use forests, on the other hand, focus on restoration of mires, management of herb-rich forests and sun-lit environments, prescribed burning, and removal of barriers to fish migration. Over the next few years, stream restoration will also be added to the objectives. Some of the Helmi programme work is carried out in cooperation between Metsähallitus' units and together with other actors, which results in synergy benefits and broader impact.

In protected areas, we exceeded the overall target set for the Helmi programme for the government term 2020–2023, which was restoring 14,000 hectares of mires and semi-natural grasslands. The work also progressed as planned in other Helmi habitats, with the exception of continuous management of semi-natural grasslands. We also continued

BIODIVERSITY AND ECOSYSTEMS

underwater restoration in sea areas. The good results achieved in 2023 were still mainly based on funding we had and which made it possible to recruit the necessary fixed-term personnel. We drew up a Helmi 2030 plan, in which we specified the annual targets for restoration and management of different habitats and the resources required for this until 2030.

We monitor and assess the status of Natura sites regularly. In these assessments, we determine the values of the site for nature, culture and users as well as the status of and threats to these values. On this basis, we determine the measures needed to achieve or maintain the targeted status. In addition, the status of habitats and species and the adequacy of the conservation measures taken are assessed on individual sites.

In 2023, we carried out 54 assessments of Natura sites, exceeding the target. While the goals also included bringing 78% of habitat and species data up to date by the end of 2023, only 65% of the data

Key habitat management and restoration measures aiming to protect and enhance biodiversity in nature reserves in 2023*

| Measures | Target for 2023 | Achieved in 2023 |
|--|-----------------|------------------|
| Restoration of mires and semi-natural grasslands included in the Helmi programme, percentage of target for the government term achieved (total 14,000 ha), % | 100 | 112 |
| Improvement of habitat status, restoration area, ha (excluding continuous management of semi-natural grasslands) | 3,150 ha | 5,580 ha |
| Continuous management of semi-natural grasslands, state-owned protected areas, ha | 6,300 ha | 5,733 ha |

* National Parks Finland also carries out environmental management in private protected areas with the landowners' permission. This habitat management is included in the Table and accounts for approx. 10% of the managed area.

were updated. The main reason for this was that the saving of a large set of remote sensing data obtained in Northern Lapland to the database was postponed until early 2024.

LIFE projects play an important role in combating biodiversity loss

We also carry out habitat management and restoration as well as species and water protection work under the auspices of several multiannual, EU-funded LIFE projects. They accounted for approx. 15% of the area in which measures were carried out. Several Metsähallitus units are involved in certain projects, and many also have an extensive network of partners.

Finland's largest EU-funded LIFE project of all times was granted EUR 50 million in funding in autumn 2023 and launched at the beginning of 2024. EUR 30 million of the funding for the Biodiversity LIFE project comes from the LIFE programme, while national funding makes up the rest. The project will

BIODIVERSITY AND ECOSYSTEMS

seek to prevent biodiversity loss, collect and consolidate best practices, and promote the training of actors. The project is led by National Parks Finland, and Metsähallitus Forestry Ltd and Wildlife Service Finland participate in it. The project will draw up regional biodiversity programmes and continue restoration work as part of the Helmi programme. The aim of restoration and habitat management is to achieve large and valuable biodiversity hotspots, which may include both nature reserves and areas outside them. Landowners will participate in the project activities on a voluntary basis.

Priodiversity LIFE continues the work of Hydrology LIFE, a project which ended in 2023. The Hydrology LIFE project restored wetland habitats and mires across nearly 6,000 hectares on more than a hundred Natura 2000 sites. The Finnish Forest Centre and Tapio Oy piloted a method in which water from drained commercial forests is directed into feeder ditches discharging into a protected mire nearby. This method of restoring the natural water economy

of the mire has proven to be a cost-effective way of reconciling drain maintenance in commercial forests with restoration measures of protected mires. The method was used in 25 protected mires in total in 2023.

International expert group evaluated the management of our nature reserve network

World-class management of protected areas is a goal set in our strategy. In summer 2023, an evaluation team consisting of international experts assessed the quality of the management of protected areas using the Protected areas management effectiveness evaluation method of the International Union for Nature Conservation (IUCN). For example, this method looks at how efficiently and to what standard nature conservation work is carried out, how biodiversity is safeguarded, which elements make up visitors' customer experience, and how partners and communities participate in decision-making. The evaluation team looked at datasets and visited our various destinations throughout Finland.

The evaluation report will be published in spring 2024. A preliminary conclusion was that the Finnish system of protected areas is robust, the protected areas are well managed by international standards, and the personnel of National Parks Finland are competent and committed. The evaluation team found that the importance of the benefits produced by protected areas and preservation of their natural values should be emphasised more in their management and communications. Other proposals for development and improvement made by the team included promoting the protection of a wider variety of protected area types, increasing cooperation and participation, and developing planning and information management. We will draw on these recommendations in the reform of our practices and other development of activities.

Active habitat management in multiple-use forests

We improve the status of degraded habitats through active habitat management in multiple-use forests

BIODIVERSITY AND ECOSYSTEMS

and maintain or manage habitats to preserve and develop their structural features and increase their biodiversity.

In 2023, we invested approx. EUR 1.1 million in habitat management work in state-owned multiple-use forests and exceeded the targets set for 2023 in many measures. Our aim is to safeguard the biodiversity of forest nature and enhance it alongside forestry activities. We restored approx. 1,900 hectares of mires, which is around 300 hectares more than in 2022. We also removed 170 barriers to migration in streams, exceeding the previous year’s achievements. One of these barriers was removed by Wildlife Service Finland, while Metsähallitus Forestry Ltd took care of the rest. We additionally restored streams and carried out prescribed burning for habitat management purposes. Invasive alien species were eradicated and semi-natural grasslands managed in co-operation between Metsähallitus’ units.

Skilled personnel are in charge of habitat management in multiple-use forests. The measures are planned in keeping with the ownership policy goals and following Metsähallitus' environmental guidelines. The work is performed by contractors, who are familiar with Metsähallitus' environmental and quality systems and committed to complying with Metsähallitus' responsibility principles.

The volume of vital decaying wood is increasing

The trends in the volume of decaying wood and mature aspens, which are vital for biodiversity, on state-owned lands are monitored in the National Forest Inventories carried out by Natural Resources Institute Finland. The latest results of decaying wood monitoring are based on field measurements made as part of the National Forest Inventory (NFI 12 and 13) conducted in 2018–2022.

Key habitat management and restoration measures carried out by Metsähallitus Forestry Ltd in state-owned multiple-use forests in 2023 to safeguard and promote biodiversity

| Measures | Target for 2023 | Achieved in 2023 |
|---|-----------------|------------------|
| Mire restoration, ha | 1,100 | 1,915 |
| Herb-rich forest management | 100 | 153 |
| Management of fire and light habitats | 40 | 17 |
| Prescribed burning and burning of retention tree groups, ha | 450 | 506 |
| Number of barriers to fish migration removed | 165 | 169 |

BIODIVERSITY AND ECOSYSTEMS

The average volume of decaying wood in multiple-use forests currently is 8.1 cubic metres per hectare of forest land, whereas the long-term target is over 10 cubic metres per hectare. The volume of decaying wood on all state-owned forest and low-productivity lands totals around 75 million cubic metres, and this volume is growing.

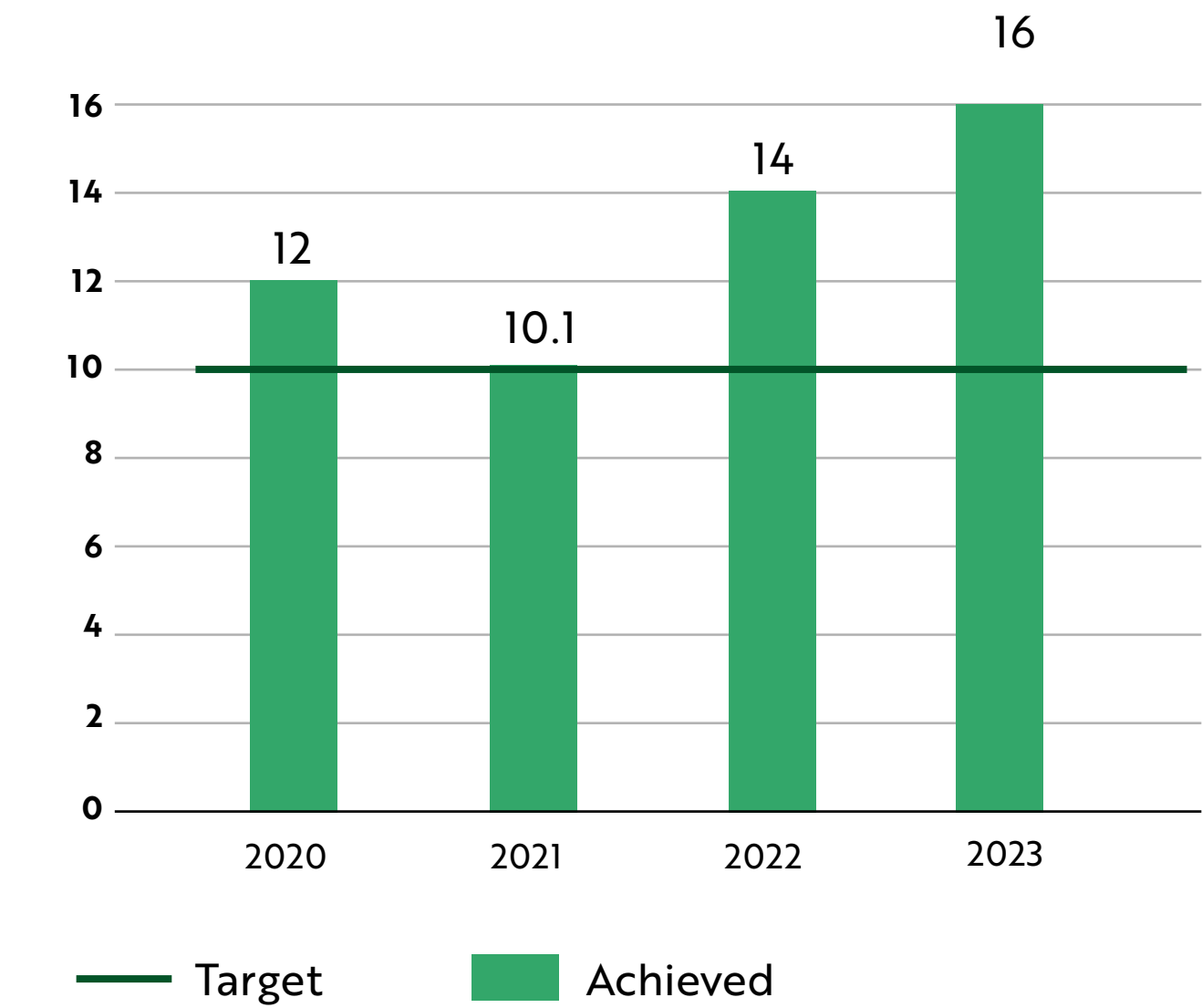
The volume of decaying wood in multiple-use forests is secured by saving all deadwood and preserving living retention trees in all areas and at all stages of forest management. Once they die, living retention trees develop into decaying wood over time. We also leave artificial snags, or living trees cut down at the height of 2 to 5 metres that quickly turn into decaying wood, on logging sites. We also leave decaying wood behind when harvesting trees damaged by storms.

The results of environmental monitoring carried out in 2023 indicate that in multiple-use forests, we left on average 16 living retention trees referred to in

Metsähallitus' Environmental Guide per hectare of regeneration felling. This number exceeds the target of 10 living retention trees per hectare set in the Environmental Guide. In addition to living retention trees, all decaying wood as well as other dead trees standing up or lying on the ground are left in the forest. The number of retention trees meets not only the old PEFC certification criterion but also the new one introduced in early 2023. In monitoring carried out in 2024, fulfilment of the PEFC requirements will be assessed in accordance with the new standard in force.

We increase the volume of sturdy aspens by retaining sufficient numbers of deciduous trees in a managed area and by favouring aspens as retention trees. Based on the latest field measurements performed on state-owned lands in 2018–2022 as part of the National Forest Inventory, the volume of sturdy aspens is approx. 0.5 cubic metres per hectare. The previous field measurements (2017–2021) found 0.51 cubic metres per hectare of sturdy aspens.

Valuable retention trees left in multiple-use forests following Forestry Ltd’s Environmental Guideline*



* Valuable living retention trees include individual trees that are larger than the predominant tree species, trees with hollows, known nesting trees of birds of prey, or goat willows, rowans and deciduous trees with a diameter of at least 10 cm at chest height.

BIODIVERSITY AND ECOSYSTEMS

Decaying wood in protected forests is created by means of prescribed burning and as a result of storms. We also actively increase the volume of decaying wood in connection with other environmental management measures. For example, when we remove trees growing around aspens and deciduous trees, we leave their trunks lying on the ground. The preservation of individual occurrences of endangered species can also be promoted by actively felling or ring-barking trees if the occurrence is otherwise at risk of being lost.

We exceeded the target for surface area under continuous cover forestry

We have achieved and exceeded the target set in the ownership policies, according to which continuous cover forest management methods in state-owned multiple-use forests should account for 25% of the surface area of regeneration fellings.

The rotation periods will be extended, and continuous cover forestry will be selected on sites where

forest management is reconciled with recreational use, landscape values or reindeer husbandry, for example. On peatlands, the aim is to address the climate impacts of forest management methods and water protection better. Continuous cover forestry sites include nutrient-poor pine forests in Lapland, forests in tourism and hiking areas, and suitable peatland forests.

In the future, we will mainly use continuous cover forest management methods on peatlands and sites important for multiple use.

The total surface area covered by felling operations in 2023 was 92,000 hectares, which corresponds to 2.6% of the surface area of forest land in multiple-use forests. Intermediate fellings were carried out on 72% and regeneration fellings on 28% of this area. Continuous cover silviculture methods were used on 37% of the surface area of regeneration fellings. We are collecting information and experiences related to the possibilities of using continuous cover

Ratio of areas under continuous cover forest management to surface area of regeneration fellings in 2020–2023

| Year | Target, % | Achieved proportion, % |
|------|-----------|------------------------|
| 2020 | 25 | 31 |
| 2021 | 25 | 39 |
| 2022 | 25 | 47 |
| 2023 | 25 | 37 |

forest management on observation areas established in Suomussalmi and Savukoski in 2019. The third observation area in Rautavaara was discontinued as the enlargement of Tiilikkajärvi National Park, which was approved by Parliament in February, extended partly across the observation area and reduced the number and surface area of permanent test sites.

BIODIVERSITY AND ECOSYSTEMS

The observation areas produce research data and practical experiences concerning the suitability of various methods of continuous cover forest management for different sites and geographical areas. The purpose of these areas is to produce information on the impacts of large-scale and sustained continuous cover forestry on forest regeneration, growth and wood yield as well as biodiversity in forest habitats, damage resistance of trees and profitability of forestry.

In 2022, we launched cooperation with Metsäteho Oy to investigate productivity differences between different forest management methods throughout the harvesting chain in the observation areas. Monitoring data concerning time use recorded by forest machines was collected in cooperation with harvesting contractors and will be used in this investigation. We also engaged in combined quality and environmental monitoring in the observation areas, the results of which were completed in early 2023. The

results indicated that harvesting had mainly been carried out in keeping with the targets.

Old-growth and natural forests and OECM areas

National criteria for protecting old-growth and natural forests based on the requirements of the EU Biodiversity Strategy were prepared in cooperation between the Finnish Environment Institute and Natural Resources Institute Finland. Metsähallitus commented on the progress of this work in the METSO programme's monitoring group and prepared to map and delimit sites based on the specified criteria. While the completion of the final criteria has been delayed, it is expected that field work can get started in summer 2024.

At the initiative of the Ministry of the Environment and the Ministry of Agriculture and Forestry, Natural Resources Institute Finland and the Finnish Environment Institute launched a project whose tasks

include checking that the criteria for OECM areas (Other Effective Conservation Measures) are met and reporting to the Ministry of the Environment. The OECM sites comply with specified criteria, support actual protected areas, and complement conservation efforts as a whole. In order to verify the data, the GIS data of area types in Metsähallitus' proposal for OECM areas completed in 2022 must be made available for the project. These data will be checked against the OECM criteria, after which a final proposal for the data to be reported will be drawn up. The data will be reported to the Ministry of the Environment in collaboration with Metsähallitus.

We started implementing a new forest data system

Data on forest resources lay the foundation for forest planning and provide essential support for decision-making. While the data are continuously increasing in volume and accuracy, their significance is also growing as more factors need be taken into

BIODIVERSITY AND ECOSYSTEMS

account in forest use planning. Preconditions for efficient and dynamic management of forest resource data include expanding the data repository, making changes to the actual data structure, improving the performance of the information system, and guaranteeing information security and improving the availability of information.

We launched an upgrade of the forest data system in 2022 with the aim of increasingly integrating strategic and responsibility goals into forest planning and promoting the reconciliation of various ecosystem services, including wood production, biodiversity, carbon sequestration and recreational values. The system upgrade will also make it easier for forest planners to compare and assess forest management options and their impacts. Implementation of the new forest data system began in August 2023, and the system is to be commissioned in 2025.



BIODIVERSITY AND ECOSYSTEMS

We monitor, provide for and manage species

Metsähallitus carries special responsibility for protecting a few endangered species. The critically endangered Arctic fox had not bred in Finland for a quarter of a century, until the first litter was born in 2022. Last year, at least 25 Arctic fox cubs were observed. The long-term Arctic fox conservation efforts have included hunting foxes and feeding Arctic foxes that visited the Finnish side of the border with feeders that foxes are unable to use. Arctic foxes have been bred in captivity in Norway and also released on the Finnish side of the border in Nordic cooperation.

The Saimaa ringed seal population has doubled over the last twenty years and now amounts to around 480 individuals. One way of protecting the Saimaa ringed seal is building man-made snow drifts for their lairs in winters that bring little snow. Last year, 262 man-made snow drifts were built, and efforts to develop artificial lairs continued. A record-breaking number of 103 pups was born in 2023 and lair deaths were low due to good conditions, whereas at least nine pups drowned in fish traps. We also safeguarded the vitality of the seal population by transferring two seals to new waters in hopes of main-



taining the seal population's genetic diversity. We improved the availability and visibility of information on the Saimaa ringed seal by publishing the open Norppatilanne up-to-date data service on our website at metsa.fi/norppatilanne.

BIODIVERSITY AND ECOSYSTEMS

We inspected 1,326 nests of birds of prey in the reindeer herding area. Golden eagles accounted for 908 of these nests, while the rest belonged to white-tailed eagles, gyrfalcons and peregrine falcons. Nests were inspected from the air and by expert volunteers who climbed up to them. The inspections covered more than 90% of golden eagle territories. For the second year running, the breeding success of the golden eagle was good, while that of the white-tailed eagle and peregrine falcon was average. Eleven pairs of critically endangered gyrfalcons turned out to have bred successfully. A total of 34 chicks were ringed in the nests, which is the highest number since 2007. In Kuusamo, three young golden eagles were equipped with satellite transmitters. The monitoring data from the transmitters can be used to plan locations for wind power projects.

Observations of other inland birds were collected by means of line transect point counts in 33 protected areas over 340 km in total, mainly in the Ostrobothnia-Kainuu area. Such counts have taken

place regularly since the 1980s. They make up one of the most valuable datasets describing the population changes of forest and mire birds. These data are used in reporting required under the Birds Directive and when planning the management and use of protected areas. In the future, they will also play a key role in producing the forest bird index referred to in the EU Nature Restoration Regulation. Our most important partners in line transect point calculations have included the Finnish Museum of Natural History Luomus, BirdLife Finland and the Finnish Environment Institute.

Species data are widely used in the environmental administration

There has been a high demand for data contained in the species information system (LajiGIS) maintained by National Parks Finland. The Finnish Biodiversity Information Facility of Luomus received almost one thousand requests for LajiGIS data in 2023 relating to wind and solar power projects, ore prospecting and mines, and land use planning and fairway pro-

jects, among other things. Up-to-date distribution data are also needed for assessing the status of Natura 2000 sites, reporting required under the EU Habitats Directive, assessments of threatened species, and planning the management and use of protected areas.

The conservation of species is based on information on their habitat requirements and data concerning the location of the habitats and occurrences of species. We collect these data by means of regular inventories. Hundreds of species not previously observed in the region were found in insect surveys that were carried out in protected areas in Lapland in 2023.

In Pallas-Yllästunturi National Park, the endangered *Boloria chariclea* butterfly, which has been lost on many sites due to climate change, was found for the first time in 40 years, and the endangered *Euphydryas iduna* butterfly was observed in Lemmenjoki for the first time in 27 years.

BIODIVERSITY AND ECOSYSTEMS

We also inventoried mosses on around 40 Natura sites in different parts of Finland. These inventories included both inspections of known sites and surveys carried out to support the planning of measures. They found four mosses not previously observed in Finland and 15 endangered and extremely endangered moss species.

Of vascular plants, we inventoried hundreds of sites where threatened and Habitats Directive species are found in Kainuu, Kuusamo and Lapland to update the status of the species and their habitats and to plan and carry out management measures. Excessive drought, overgrowing or wear and tear on the terrain may threaten the survival of species. In the Archipelago Sea, for example, sites with endangered plant species have been managed by grazing, and fences have been put up to prevent damage caused by deer. We have also removed the rugosa rose on prickly saltwort (*Salsola kali*) sites and culled deer on Örö island.

We continued our surveys of undersea nature in a sea area extending from Virolahti to Tornio. These surveys were related to the Inventory Programme for Underwater Marine Diversity (VELMU), the extensive Biodiversea LIFE project, and monitoring of marine resources management. We collected data on underwater species at 5,169 sampling points in total, and made over 10,000 observations of species, mostly in lagoons. We also inspected 62 known sites with endangered species and collected observations of invasive alien species.

Surveys safeguard species in multiple-use forests

Safeguarding sites with threatened species is an important part of biodiversity work in forestry. We always provide for any known occurrences of threatened species when planning and carrying out felling operations in multiple-use forests. We inventory the species found in the planning areas, after which we define measures for reconciling these occurrences with forestry activities. Actions on each site where

species occur are planned individually, drawing on the expertise of species specialists.

In 2023, we inventoried species in multiple-use forests over an area of 500 hectares as part of felling planning and made approx. 2,000 observations of 80 Red Book species in total. In particular, these species included protected lichens and mosses as well as undescribed species.

We produced a Report on species in multiple-use forests as a separate inventory of lichen, polypore and moss species on approx. 180 sites in Lapland, Kainuu and the Lakeland region. The idea was to inventory occurrences of endangered species and structural features important for them on randomly selected multiple-use forest sites. The inventoried sites were woods of variable ages used for conventional commercial forestry, as well as ecological sites excluded from forestry operations. The report will be completed in spring 2024.

BIODIVERSITY AND ECOSYSTEMS

We invested in developing the personnel's species competence by producing an online course on threatened species and forestry for Metsähallitus Forestry Ltd's personnel. We also updated the guidelines on occurrences of species in the Forestry Ltd's Environmental Guide. New tools for reconciling species conservation and forestry were added to the Guide, including species concentration - ecological site type and special biodiversity areas established to support the management of species. We added detail to the criteria for evaluating and delimiting occurrences of species as well as instructions concerning measures by which they can be provided for in forest management methods. The backdrop to this update was the Lajidemo project carried out in 2021–2022, in which we examined ways of reconciling the protection of species with forestry operations.

We continued to remove alien carnivores in bird wetlands

As harmful alien species, the mink and raccoon dog

are a serious threat to Finnish aquatic bird populations. In keeping with the Helmi programme, we carried on with intensive hunting of mink and raccoon dogs in cooperation with 120 hunters committed to the project. In 2022–2023, alien carnivores were culled in thirty of the most important bird wetlands in a coastal area extending from Turku to Tornio. Researchers from the University of Turku have monitored the trend in raccoon dog numbers on these sites, and preliminary results indicate that the breeding success of birds has improved. The project will be continued in 2024.

The impact on birds of removing predators has been monitored in the Quarken Archipelago where, in addition to alien predators, foxes and a few grey gulls that specialised in preying on chicks were culled under a derogation. As a result of measures taken under the Biodiversea and Coastal LIFE projects, the bird life in Norrskär increased rapidly by about 30%, or almost one thousand pairs.

We protect forest reindeer populations and their genome

The WildForestReindeer LIFE was a seven-year project that conserved and managed the population of wild forest reindeer. It was coordinated by Metsähallitus Wildlife Service Finland (2016–2023) and carried out with ten project partners. The key objective of the project was to reintroduce the forest reindeer to its original areas in the southern part of Suomenselkä. We released a total of 82 forest reindeer from habituation enclosures in the National Parks of Lauhanvuori and Seitsemäniemi selected as reintroduction areas. The target set for the reintroduction was met even sooner than expected, and breeding forest reindeer populations estimated to consist of 50 individuals each are now living in both National Parks.

In addition to reintroductions, we completed many other measures to support the growth and spread of the forest reindeer population. Throughout the project, we have improved awareness of the species

BIODIVERSITY AND ECOSYSTEMS

through versatile communication aimed at different target groups. As a key measure for guiding population management and conservation, an update of the Management Plan for the Wild Forest Reindeer Population in Finland published in 2007 was approved by the Ministry of Agriculture and Forestry in September 2023. An extension of the WildForestReindeer LIFE project is also being planned.

Wildlife Service Finland is responsible for protecting the forest reindeer genome. For this, various means of preventing the hybridisation of the wild forest reindeer and the reindeer are needed. In 2023, we continued to maintain and repair a reindeer fence in Kainuu. We also worked on plans to put up a reindeer fence in Northern Ostrobothnia near the reindeer herding area. The possibility of these plans going ahead depends, among other things, on whether an alignment approved by landowners can be found for the fence.

LIFE Borealwolf promotes coexistence between humans and wolves

We continued our efforts under the LIFE Borealwolf project led by Natural Resources Institute Finland in 2023. The goal is to disseminate information about wolves and their behaviour, promote local interaction, and create tools for preventing harm and damage caused by wolves. The wolf is an endangered species in Finland, and achieving a viable wolf population will be difficult if people are worried and fearful about these animals.

We also participated in efforts to prevent the unlawful killing of wolves in the LIFE Borealwolf project: in Eastern Finland, our Game and Fisheries Wardens were on patrol together with the police and kept in touch with hunters and other local residents. Metsähallitus also plays an important role in project communications. In November 2023, we organised a theme day on wolves for journalists in Laitila, Southwest Finland, during which we provided the journal-



Photo: Sami Säily

ists with detailed information about the local and national wolf situation and the work and results of the LIFE Borealwolf project.

WATER AND MARINE RESOURCES

Efforts to improve the status and sustainable use of inland waters and marine areas

Metsähallitus controls approx. 610,000 hectares of lakes and 2.8 million hectares of marine areas, which account for more than one half of Finland's territorial waters. Our efforts to promote the sustainable use of waters and water protection are extensive: we manage wetlands, restore catchments, survey lake and river habitats and inventory marine nature.

We are committed to the objectives of the national river basin management plans and the marine resources management plan, which include preventing any deterioration in the status of waters and

ensuring that all water bodies achieve at least a good status. The practical manifestations of a good status include clean water, high biodiversity, viable fish and bird populations, litter-free shores, and reducing environmental toxins and their effects. By careful planning, we primarily avoid adverse impacts on biodiversity and, secondarily, mitigate them.

Metsähallitus must account for the impacts of using water and sea areas across a broad front: on the one hand, the impacts of using the land, waters and sea areas controlled by Metsähallitus that materi-



alise elsewhere, and on the other, the impacts that the use of other areas have on those stewarded by Metsähallitus. Nature does not recognise ownership or boundaries between states. For example, streams carry nutrients from catchments, and nutri-

WATER AND MARINE RESOURCES

ent loading stemming from the bottom must also be accounted for in the sea.

The activities of Metsähallitus or its value chains cause many negative impacts on the status of waters. Metsähallitus' direct impacts include the loading in waters caused by forestry operations. Many types of activities on state-owned lands have their risks that may result in negative impacts on and emissions into water bodies. For example, offshore wind power construction has impacts on underwater nature, fish spawning grounds and the routes of migratory fish. Other risks include nutrient emissions from fish farms, contamination of waters from shooting ranges, or wastewater emissions from the mining industry. Emissions may contaminate water bodies in the area and, in the worst case scenario, groundwater. The impacts and their scale as well as the effectiveness of the means to prevent and mitigate them are assessed by the authorities when granting environmental permits and assessing environmental impacts.

Water system impacts of offshore wind farms and their mitigation

New areas to be leased for offshore wind power production are selected based on careful examination. Only areas that have already been identified as potential sites for offshore wind power production in reports produced to support regional planning will be considered. Metsähallitus draws on its in-house expertise, publicly available information, statements we request and project-specific reports alike when determining the suitability of potential areas for offshore wind farms. Specific studies on water bodies include examinations of ice conditions, waves and currents, fish fauna and fishing, and geophysical surveys of the seabed. Impacts on nature can be minimised in the preliminary study phase by excluding shallower areas with rich nature values. The preliminary studies provide a more detailed picture of the potential for implementing the project and the issues requiring special attention in further planning. The projected scope of the wind farm, including the boundaries of the project site, can be speci-

fied based on the preliminary studies if necessary.

More detailed project-specific water studies are carried out in connection with the environmental impact assessment procedure (EIA procedure), zoning, and application for a permit referred to in the Water Act. For example, these studies focus on underwater nature values, water quality, status of the seabed, fish fauna and fishing, bird life and other fauna, and conservation values. As the planning progresses, studies can be targeted at offshore wind farm construction sites, submarine cable routes and potential disposal sites for dredged spoils. When more detailed input data are obtained, such factors as the volumes of soil replacement required on the seabed to build the project's infrastructure and dredged spoils to be disposed of, as well as their impacts on the aquatic environment and natural resources can be assessed more accurately.

The impacts of the project on water bodies and the possible mitigation measures of these impacts are

WATER AND MARINE RESOURCES

assessed in the EIA and permit procedures. These procedures guide the planning of the project, making it possible to address and minimise the project's impacts on the water body when planned and implemented. Over time, the impacts of the project on water bodies during the construction period and while operational will be monitored in compliance with permit regulations and following a monitoring programme drawn up in compliance with the Water Act, and measures will be taken to prevent and mitigate the impacts if necessary.

We prevent emissions into waters from forestry and restore catchments

Through water protection measures in forestry, we strive to prevent solids washout and nutrient leaching and to allow runoff waters to settle as efficiently as possible. In catchment planning, we coordinate forestry and environmental management measures while striving to identify potential water protection risks. We then plan measures for limiting the volume of nutrients leaching from the catchment to

the desired level in order to reduce environmental harms.

In 2021–2023, we participated in a project aiming to promote water-friendly forest management by catchment planning (VALVE-Metsä) led by John Nurminen Foundation and partly funded by the ELY Centre for Ostrobothnia. The aim was to promote water-friendly forestry on peatlands while reducing the nutrient load ending up in the Baltic Sea. The project area mostly consisted of peatland forests in North Ostrobothnia and included privately owned lands, state-owned protected areas and multiple-use forests managed by Metsähallitus for commercial forestry purposes. The project drew up a water-friendly forest management plan that covered the entire catchment. On this basis, technical planning of water protection solutions in state-owned multiple-use forests was initiated, biological treatment plants consisting of artificial log jams were tested, and the largest mire in the project area with low yields of timber was restored in winter 2023. The

planned measures in the catchment will continue in the following years in conjunction with timber harvesting.

We also continued catchment restorations in the NbS-Mätäsoja project launched in 2022. We restored brooks, rehabilitated mires in brook catchments, and continued to monitor the impact of these measures together with our project partners. The objective of the project is to use nature-based solutions to promote biodiversity in the area and to mitigate climate change by removing carbon from the atmosphere and storing it as carbon stock in restored peatlands. In 2023, we restored a surface area of almost 110 hectares in 17 mires and created 18 new spawning habitats for trout in a brook in this project. We also restored 37 springs and improved the status of spring streamlets along 4.2 kilometres. The project continues until the end of 2024. The work is carried out in cooperation between Metsähallitus Wildlife Service Finland and Forestry Ltd.

WATER AND MARINE RESOURCES

We are involved in TRIWA LIFE (The Torne River International Watershead LIFE), Europe’s largest aquatic nature restoration project launched in 2023. The goal of this project is to improve the status of the Torne River and its tributaries on both the Finnish and Swedish side of the border and to restore river and brook environments with their catchments modified by humans, reverting them closer to their natural state. The project will be implemented in 2023–2030, and during this period, 103 hectares of streams will be restored, 399 barriers to migration will be removed, 2,521 hectares of mire environments will be restored, fish passes will be built at power plants in the Tengeliönjoki River, and obstacles will be removed along 3,366 kilometres of fish migration routes in totals. In 2023, we inventoried a total of 1,159 road culverts in the project area together with our partners. Some type of a barrier to fish migrations was found in around 30% of the culverts. The work on removing barriers to migration and habitat restoration will continue in the field work season of 2024.

We restored and surveyed streams, small water bodies and coastal waters

We restored nine rapids in six different rivers or brooks in multiple-use forests in 2023. The surface area covered by the restorations of rapids was 2.7 hectares, while brooks were restored over a distance of approx. 2.3 kilometres. The aim was to restore spawning grounds and areas used by salmon fry in rivers and brooks that have disappeared due to environmental modifications. We returned stones into cleared rapids, created more spawning grounds and juvenile habitats for fish, reverted water into dried-out channels and introduced wood in streams to diversify flow conditions and depth variations. By

returning stones into streams and restoring spawning grounds, 101 spawning habitats for migratory fish and 25.1 areas of juvenile habitats were created or restored.

We additionally removed 170 barriers to migration, giving aquatic organisms free access to an estimated 431 kilometres of upstream waters. Based on the average figures related to removals of barriers carried out by Metsähallitus, removing a barrier to migration frees up an average of 2.5 kilometres of upstream waters. In 2023, the removal of a single barrier exceptionally gave aquatic organisms access to 8.5 kilometres of upstream waters. In addition to

Stream restorations in multiple-use forests in 2023.

| River restoration (ha) | Brook restoration (km) | Restoration of rapids and brook sections | Spawning habitats (number) | Juvenile habitats (ares) |
|------------------------|------------------------|--|----------------------------|--------------------------|
| 2.7 | 2.3 | 9 | 101 | 25.1 |

WATER AND MARINE RESOURCES

migratory fish, these measures will help many rare and endangered species and also improve the status of the water body in a wider sense.

We inventoried the status of the endangered freshwater pearl mussel along 20 km of the Simojoki River as well as in Finland's northernmost freshwater mussel population in Utsjoki. Delightfully, young individuals were also found among thousands of freshwater pearl mussels. In LIFE Revives project, small new mussels were grown in nursery frames in three rivers of the north. The project also renovated 17 km of freshwater pearl mussel streams, and mussel habitats were surveyed on 14 sites in North Ostrobothnia and Kainuu. The mussel uses migratory fish as its host species in the larval phase. We removed barriers to fish migration both in protected areas and in multiple-use forests.

In nature reserves, we restored brooks, springs and other small water bodies that were in poor condition over 38 hectares, and bird wetlands over

436 hectares. In the bird wetlands covered by the Helmi habitat programme, bird numbers and species were counted, nesting boxes were maintained, shore meadows were mowed, islets for nesting were restored, and artificial islands were made to protect birds from predators. On restored nesting sites of the bird islands in Lake Oulujärvi, it was found that the number of breeding pairs increased shortly after the restoration work had been completed. In particular, the numbers of common terns, black-headed gulls and little gulls went up.

Intensive fishing has been helpful in the valuable bird wetlands of Ekojärvi in Sastamala and Enäjärvi in Pori. Crucians and cyprinids dominate over other fish species and compete with aquatic birds for food. Removing these fish improves water quality and reduce its turbidity. Any pikes and large perches among the catch were released. Nesting rafts were also created for birds.

Projects to support threatened salmonid populations

In 2023, two projects were under way to support endangered freshwater salmonid populations. The Pro Saimaannieriä project has worked to maintain the gene bank of the extremely endangered Saimaa Arctic char by farming. Wild females have been caught in Lake Saimaa for egg harvesting, and aquaculture methods to promote restocking have been developed in collaboration between the project partners. The project succeeded in catching 18 Saimaa Arctic chars in new areas in Yövesi and Luonteri. From the eggs and spawn of this broodstock, 40 families were created and grown in the brood fish schools at Natural Resources Institute Finland. The project also supported mergers between joint ownership associations of water areas in Lake Saimaa. The mergers make it easier to address the conservation needs of endangered fish species in the organisation of fishing. The aim of the project is to revitalise the critically endangered Saimaa Arctic char

WATER AND MARINE RESOURCES

population and to restore a naturally breeding wild stock that can sustain fishing.

The Pro Trout project has promoted the recovery of endangered migratory trout populations in the Oulankajoki River system. The project has surveyed juvenile densities and habitat quality in the headwaters of the river system. We piloted the use of echo-sounding in counting trout migrating from Russia to their spawning grounds in the Kuusinkijoki River and explored the views of the management bodies that plan fishing arrangements regarding threats to trout populations and feasible conservation measures. This project was part of cross-border cooperation under the Karelia CBC programme. However, we discontinued cooperation with Russia as soon as Russia's war of aggression against Ukraine broke out, and the project activities focused on Finnish territory.

The first natural resource plan for the marine area was completed

We are committed to working for a good ecological status of the sea. In 2023, we completed the first natural resource plan exclusively for the marine areas for 2024–2028. The natural resource plan for marine areas covers one half of Finland's territorial waters, or almost 3 million hectares (30,000 square kilometres). It encompasses all marine areas stewarded by Metsähallitus, with the exception of land areas used by Metsähallitus Forestry Ltd, which are included in plans for inland areas.

The natural resource plan for marine areas was prepared in cooperation with stakeholders. Its objective is to reconcile needs and wishes concerning the sea area, improve the status of the sea, increase the value of our maritime activities for society, and produce innovations.

The action plan of the natural resource plan for the marine area is based on key policies of our strategy. The main themes of the action plan are responsible activities based on cooperation, climate change mitigation and adaptation, protecting and enhancing biodiversity, and safeguarding cultural heritage. Other key themes are regional wellbeing as well as safeguarding and promoting the preconditions for livelihoods relying on nature and natural resources in the region.

We will monitor the implementation of the action plan for the natural resource plan and trends of the indicators that describe the impact of our work annually. We will report on the completion of each measure in the action plan to Metsähallitus' Board of Directors. During the action plan period we will, by upgrading our metsa.fi website, provide open access to up-to-date information on the progress made with the natural resource plan for the marine area.

WATER AND MARINE RESOURCES

Biodiversity in underwater nature

Biodiversesea LIFE IP is Finland's largest collaborative project on safeguarding biodiversity in the Baltic Sea. The key objective of the project is to enhance the protection of marine nature, to promote sustainable use of natural resources in Finland's marine and coastal areas, and to identify the most biodiverse and valuable underwater sites.

We improved the situation of the endangered sea-spawning grayling by stocking the Bothnian Bay and Quarken areas with farmed juveniles and by removing algae from the seabed on spawning sites. The sea-spawning grayling of the Gulf of Bothnia is unique, as this species is not known to breed in brackish water anywhere else in the world. The sea-spawning grayling used to be a common species in the sea area between Pori and Tornio.

Lagoon surveys carried out during the project discovered that many sea bays have been severely affected by dredging and coastal construction. Invasive alien species were also observed along the coast, including *Rangia cuneata* mussels and such plants as *Ceratophyllum submersum* and *Elodea canadensis*. The idea is that some of the inventoried lagoons will be restored in the Biodiversesea project over the next few years by National Parks Finland and Natural Resources Institute Finland.

As part of the Biodiversesea LIFE project, we also participated actively in defining Other Effective Area-based Conservation Measures (OECMs) that support the network of protected areas and safeguard biodiversity. This work is associated with implementing the EU Biodiversity Strategy. The Ministry of the Environment will publish a list of these areas in spring 2024. We also took part in the steering group of the Finnish Environment Institute's and Natural Resource Institute Finland's OECM project.

We enable fish farming in Finland

Since 2019, we have been involved in the Kalavaltio project, which aims to boost sustainable Finnish fish farming in state-owned sea areas and to facilitate business start-ups. The project accounts for a wide range of environmental factors and social and economic criteria. Sustainable sites and production volumes for fish farming will be assessed on this basis. The term of the Kalavaltio project has been extended until 2024.

As part of this project, we launched a permit process for a fish farm in the sea area to the west of Isokari in Kustavi. The environmental impact assessment procedure for the project began in 2022 and was completed in autumn 2023. The decision to apply for an actual environmental permit for the Isokari site in Kustavi will be made in early 2024. The Kalavaltio project will also look at the permit process for a fish farm off Kristinestad in 2024.

Good governance

By promoting proper conduct and transparency, good governance supports the competitiveness and success of Metsähallitus as well as cooperation with different stakeholders.

| Contents: | |
|-----------------------------|-----|
| Management principles | 148 |
| Risk management | 152 |
| Remuneration | 154 |
| Board of Directors | 156 |
| Management Group | 160 |

MANAGEMENT PRINCIPLES

Management principles

Metsähallitus is a state enterprise referred to in section 84(4) of the Finnish Constitution. Legislative provisions applicable to its operations are contained in the Act on Metsähallitus and the Act on Metsähallitus Forestry Ltd. The Ministry of Agriculture and Forestry is responsible for Metsähallitus' performance guidance. The Ministry of the Environment also steers the performance of Metsähallitus' public administration tasks within its remit.

Metsähallitus has a coherent management system which fulfils the statutory requirement of inde-

pendence and impartiality in the provision of public administration services. Each in their own sector, the Ministry of Agriculture and Forestry and the Ministry of the Environment steer and supervise the management of the public administration services included in Metsähallitus' remit as laid down in separate provisions on the steering and oversight of central government agencies and departments.

The Board of Directors is responsible for the governance and strategic management of Metsähallitus and the proper organisation of its work. Within

the framework of ministerial steering and supervision, Metsähallitus' Board of Directors is responsible for the general direction and oversight of the performance of public administration services. It also ensures that these tasks are carried out in compliance with the decisions and regulations of Parliament and other authorities, and that the accounting and financial control of the public administration services are arranged appropriately.

MANAGEMENT PRINCIPLES

Metsähallitus' operations are managed and developed by a Managing Director appointed by the government, who has the title of Director General. The Director General is also responsible for implementing the decisions of Metsähallitus' Board of Directors, the operative management of Metsähallitus, and ensuring that financial accounts are kept in compliance with the law and financial management is reliably organised. Under the steering and control of the ministries and the supervision of the Board of Directors, the Director General is responsible for the overall management and development of the public administration services included in the remit of Metsähallitus. The Director General also ensures that separate accounts are kept of the public administration services and separate financial statements are prepared appropriately, and that the financial management of the public administration services has been arranged in a reliable manner.

Parks & Wildlife Finland, the unit in charge of Metsähallitus public administration services, is man-

aged by an Executive Director. The public administration services concerning fishing, hunting and wilderness supervision in Parks & Wildlife Finland are managed by the Director of Game and Fisheries.

Most matters submitted to the Board of Directors for consideration are prepared by the Management Group, which assists the Director General and deals with matters assigned to it by the Director General. The Director General chairs the Management Group and decides on its composition. The Human Resources Committee prepares the personnel matters to be decided by the Board of Directors.

Work and cooperation in the regions are reinforced by regional management groups operating in Lapland, Ostrobothnia–Kainuu and Southern Finland. The regional management groups see to the overall interests and synergy of Metsähallitus and liaise between the units. The management groups also formulate Metsähallitus' shared positions and ensure that the regional perspective is considered in the



The Board of Directors is responsible for the governance and strategic management of Metsähallitus and the proper organisation of its work.

opinions issued by Metsähallitus. The regional management groups report to Metsähallitus' Management Group and the management groups of individual business units.

MANAGEMENT PRINCIPLES

The state owner expects responsible operation

Corporate social responsibility is an elemental part of the state’s ownership steering. Metsähallitus complies with the Government Resolution on State Ownership Policy of 8 April 2020 VNK/2020/48. The state owner expects strong integration into the business operations and goal-oriented leadership of corporate responsibility, aiming for a pioneering role in the transition to a carbon-neutral circular economy, digitalisation and responsibility.

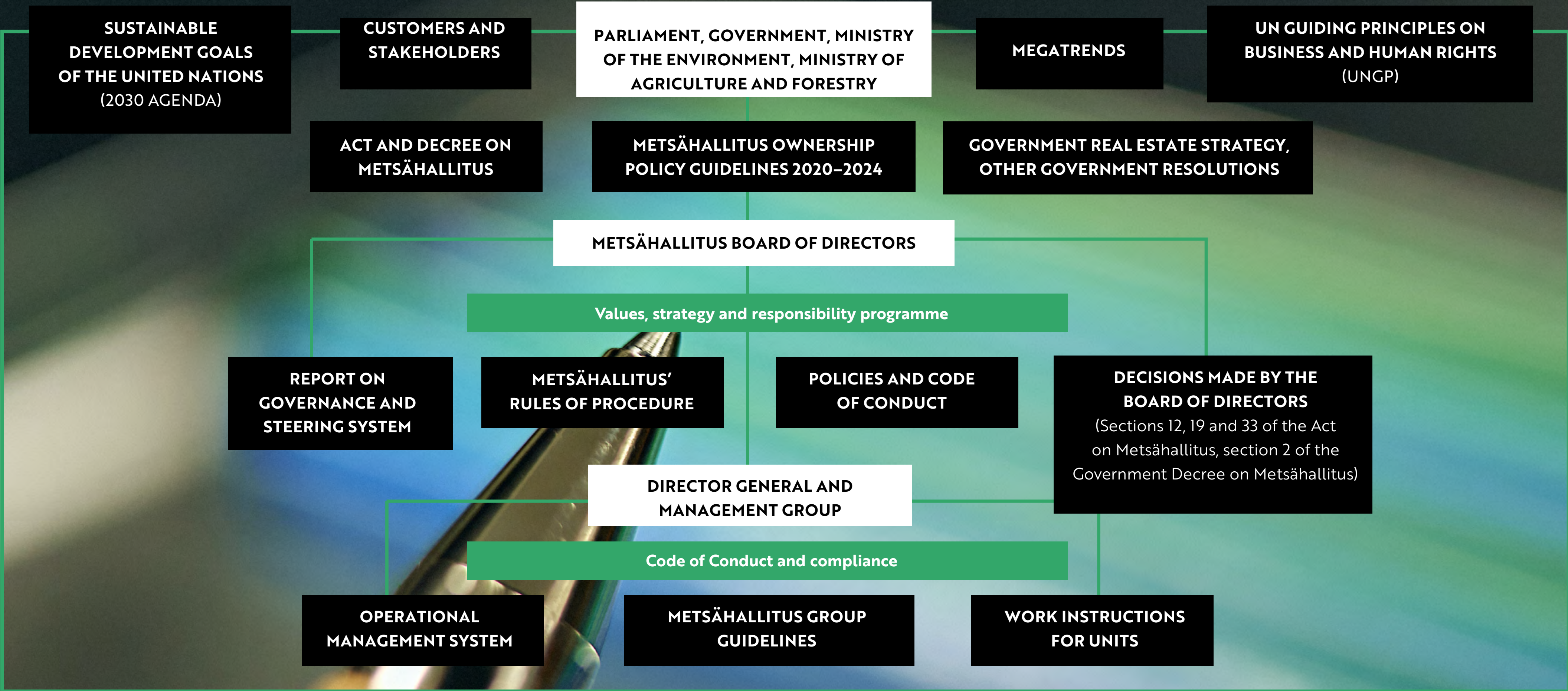
New ownership policy outlines to guide Metsähallitus' operations will be issued in spring 2024. The implementation of the policies is monitored annually together with the steering ministries.

The ownership policy outlines valid until the end of 2024 require that we



Metsähallitus' management system

Good corporate governance



RISK MANAGEMENT

Risk management

The goal of risk management is to ensure achievement of the targets set for Metsähallitus, uninterrupted continuity of operations and compliance.

The risk management policy is approved by Metsähallitus' Board of Directors. The Director General carries overall responsibility for the effectiveness and organisation of risk management and compliance. The Head of Risk Management owns the risk management process and is in charge of the development, guidance and reporting models of risk management of the Metsähallitus Group as well as for supporting risk management in the organisation. The Risk Management function works in conjunction with the Legal Affairs and Compliance unit. The directors of the business units, subsidiaries and Group services are responsible for risk management in their respec-

tive areas in keeping with Group guidelines and the risk management process.

The risk management process includes regular assessment of risks and their management measures at both group and unit level. The significance of risks is assessed as a combination of their probability and impact, and the risks are prioritised based on this assessment.

Risks associated with environmental and social responsibility and good governance are assessed and managed as part of the risk management process. While the realisation of all identified risks cannot be directly influenced, they are accounted for when planning and carrying out operations. Implementation of risk management measures is the respon-

bility of the unit in which the risks occur. The management measures are monitored as part of normal operational monitoring and in separate risk situation reports.

Metsähallitus' Management Group discusses the risk situation regularly. Regular reports on the risks are produced for Metsähallitus' Board of Directors and its Audit Committee, which supervise the effectiveness and coverage of Metsähallitus' risk management.

Internal audit

The Director General is responsible for internal audit arrangements. The internal audit plan is approved by the Board of Directors. The planning, outsourcing and monitoring of audit activities are the respon-

RISK MANAGEMENT

sibility of the Head of Risk Management, who is supported by the Audit Committee of Metsähallitus' Board of Directors. Internal audit reports to and receives assignments from the Board of Directors and the Director General.

Internal audits, which Metsähallitus has outsourced, are an important part of risk management. An annual audit plan is put together with the selected partner, discussed by the Audit Committee and adopted by the Board of Directors. Internal audit findings are discussed with the audited unit as well as by the Metsähallitus Group's Management Group and the Board of Directors' Audit Committee. The recommendations issued by the auditors are taken into account in the operations and their development. The director of the audited unit is responsible for implementing the recommendations. Compliance with internal audit recommendations is monitored in an annual follow-up audit. During the period under review, the main focus was on auditing basic functionalities.

Year 2023 and risk management

The operating environment became ever more challenging in 2023. Due to the geopolitical situation, we increased our investments in securing operations and continued to develop risk management. Our key development areas include the processing and use of risk management information and better performance in maintaining a common situational picture. Ensuring compliance supports the achievement of our objectives. Large-scale regulatory development will require proactive development of activities. During the year, we revised the impact assessment of regulation and verification of compliance with regulation. We will update Metsähallitus' risk management policy in 2024 once the strategy update has been completed.

Managing responsibility risks is part of our comprehensive risk management. We continued our efforts to map and analyse responsibility and compliance risks in 2023 and completed a double materiality analysis.

We assess the risks associated with our measures and determine the means for managing them as part of operational planning of strategy implementation. Risk management activities are monitored as part of monitoring the relevant measures.

In 2023, we paid particular attention to the risk management of offshore wind power project development. Offshore wind power not only involves societally significant perspectives, including the development of self-sufficiency in energy and significantly increasing the volume of renewable energy, but also plays a major economic role. Risk management associated with project development brought up new requirements for our operations and supported the update of risk management. Offshore wind power projects are associated with risks that Metsähallitus cannot control, including regulation on potential exclusive economic zone projects and investment decisions related to wind power made in the current economic cycle. For key risks, see the Annual Report of Metsähallitus' Board of Directors.

REMUNERATION

Remuneration based on strategy objectives

In its remuneration policy, Metsähallitus is guided by the Government Resolution on State Ownership Steering Policy and the ownership policy guidelines of Metsähallitus for 2020–2024. Remuneration is based on the objectives set out in Metsähallitus' strategy, and it helps the Metsähallitus Group to work towards achieving these objectives.

Each year, the Board of Directors of the Metsähallitus Group decides on the joint remuneration criteria for the Director General and the Management Group as well as for the directors and personnel. Remuner-

ation is moderate and based on fairness, and it aims for better performance as well as internal unity and efficiency. Metsähallitus and its subsidiaries have similar remuneration practices as unlisted state-owned companies operating on a commercial basis.

The entire personnel of the Metsähallitus Group is included in the remuneration system. In this respect, the personnel are divided into four groups: the Managing Director; Management Group members and the Managing Directors of the subsidiaries; other directors by decision of the Managing Director; and per-

sonnel. The amount of the bonus is determined in proportion to the employee's personal salary earned during the year in question.

In 2023, the performance bonus criteria common to all employees were the profit achieved in Metsähallitus' business operations and a unified and responsible Metsähallitus. Success regarding the latter criterion was gauged with indicators related to safeguarding biodiversity, customer experience and, for the part of management, also to personnel experience. In addition, the units have complementary indicators related to their operations.

REMUNERATION

Remuneration and fees in 2023

The remuneration and other fees paid to the Managing Director and Board members totalled EUR 552,458 in the financial year (2022: EUR 543,526).

Fees paid to the members of Metsähallitus’ Board of Directors and committee chairs

The fees paid to the Chair, Vice Chair and other members of Metsähallitus’ Board of Directors have been valid since 29 March 2022. The monthly remuneration and attendance fees are taxable income.

The Board of Directors met 12 times in 2023. The attendance rate at the meetings was 99%.

The Audit Committee had 11 meetings, with an attendance rate of 98%. The Human Resources Committee met 9 times, and the attendance rate was 96%.

| Metsähallitus Board of Directors FEES | | |
|--|---|-----------------------------------|
| Chair EUR | Vice Chair EUR | Other Board members EUR |
| 2 500 /month | 1 500 /month | 1 300 /month |
| + attendance fee 600 €/meeting | + attendance fee 300 €/meeting | + attendance fee 300 €/meeting |
| Committees FEES | | |
| Chair of the Audit Committee EUR | Chair of the Nomination and Remuneration Committee EUR | |
| attendance fee 600 €/meeting | attendance fee 600 €/meeting | |

BOARD OF DIRECTORS

Metsähallitus' Board of Directors

The Government appoints a Board of Directors for the enterprise for a term of no more than three years, and assigns a Chair and a Vice Chair among the members. One Board member must be from the Ministry of Agriculture and Forestry, one from the Ministry of the Environment and one from Lapland. One member must represent the personnel of the enterprise and be employed by it, or one of its subsidiaries. The Managing Director of Metsähallitus may not serve as a member of the Board of Directors.

The Board of Directors oversees and exercises control over Metsähallitus' operations. It is responsible for the strategic management and governance

of Metsähallitus and the proper organisation of its operations. The Board also ensures that Metsähallitus' bookkeeping and financial management are organised appropriately and, in particular, that Metsähallitus complies with the decisions and orders of Parliament and other authorities.

Metsähallitus' Board of Directors is responsible for arranging the management of responsibility and environmental issues and their integration with the strategy and operation. The Board of Directors approves Metsähallitus' responsibility policy and decides on the principles of environmental system certification.

In order to carry out its tasks, the Board regularly discusses Metsähallitus' strategy, finances, up-to-date nature of the governance and steering system, the working atmosphere at Metsähallitus, as well as risk management and risks. If necessary, the Board of Directors issues instructions concerning these areas to the Director General.

BOARD OF DIRECTORS

Metsähallitus Board of Directors appointed by the Government for 1 April 2022–31 March 2025.



Päivi Huotari
Chair

Master of Laws
with court training
Chair of the
Metsähallitus' Human
Resources Committee
Board member
since 2022



Sanna Paanukoski
Vice Chair

Ministerial Adviser,
Ministry of Agriculture
and Forestry
Board member
since 2020



Tanja Joona
member

Adjunct Professor,
University of Lapland
Board member
since 2022



Keijo Kallunki
member

Personnel
representative
Specialist,
Communications,
Metsähallitus
Board member
since 2022



Jussi Saukkonen
member

Director, Finance,
Development and HR,
Isku Interior Ltd.
Chair of Metsähallitus
Audit Committee
Board member
since 2019



Tuija Suur-Hamari
member

Managing Director,
Wipak Oy
Board member
since 2022



Ismo Tiainen
member

Director General of
Administration and
International Affairs,
Ministry of the Environment
NEFCO – Nordic
Environment Finance
Corporation, Board member
Board member
since 2020



Roope Uusitalo
member

Professor, University
of Helsinki
Board member
since 2022

BOARD OF DIRECTORS

Audit Committee

The task of the Audit Committee is to assist the Board of Directors in the steering and oversight of Metsähallitus in matters related to financial administration and asset management, appropriate arrangements for governance and operations, and supervision of compliance with decisions and orders issued by Parliament and other authorities.

In support of the Board of Directors, the Committee prepares, directs and evaluates financial reporting and its processes, financial statements, budgeting and forecasting as well as operational planning, financial position and financial management, financial audit and internal audit, risk management and internal control systems (corporate governance). The Committee prepares matters for consideration by the Board of Directors. The Board of Directors may also assign other tasks to the Committee.

The Audit Committee was chaired by Jussi Saukko-nen, Chief Financial Officer at Isku Oy, and its mem-bers were Sanna Paanukoski, Ministerial Adviser at the Ministry of Agriculture and Forestry, Ismo Tiainen, Director General at the Ministry of the Environment, and Tuija Suur-Hamari, Managing Director of Wipak Oy. Juha Niemelä, Director General of Metsähallitus, and Heli Lehtonen, Financial Director, are also pres-ent at the committee meetings.

Human Resources Committee

The task of the Human Resources Committee is to prepare proposals for Metsähallitus' Board of Direc-tors concerning the appointment of Metsähalli-tus' management, the performance bonus system for Metsähallitus' management and personnel, and Metsähallitus' remuneration policy. The Commit-tee also prepares other matters related to personnel management and the management system assigned to it by the Board of Directors. In 2023, the Commit-

tee monitored especially the situation of the person-nel experience and the change negotiations in the autumn.

The members of the Human Resources Committee were Päivi Huotari, Chair, Master of Laws with court training; Tanja Joona, Adjunct Professor, University of Lapland; and Roope Uusitalo, Professor, University of Helsinki. Director General Juha Niemelä and Director of Human Resources Terhi Vires were also present at the Committee's meetings.

BOARD OF DIRECTORS

Boards of the subsidiaries

Metsähallitus Forestry Ltd

Juha S. Niemelä, Director General,
Chair of the Board of Directors
Heli Lehtonen, Financial Director, Vice Chair
Satu Saarelainen, member, personnel representative
Päivi Salpakivi-Salomaa, member, BSc, forester

Jussi Kumpula, Managing Director

Siemen Forelia Oy

Tuomas Hallenberg, Senior Vice President,
Property Development and Renewables,
Chair of the Board of Directors
Heli Lehtonen, Financial Director, Vice Chair

Ville Koskimäki, Project Development
Manager, member

Mikko Pulkkinen, Managing Director

MH-Kivi Oy

Tuomas Hallenberg, Senior Vice President,
Property Development and Renewables,
Chair of the Board of Directors
Heli Lehtonen, Financial Director, Vice Chair
Juha S. Niemelä, Director General, member
Susanna Oikarinen, General Counsel, member

Harri Saxlund, Managing Director

**Nuuksiokeskus Oy (Metsähallitus,
shareholding 68%)**

Mikael Nordström, Administrative Director,
Chair of the Board of Directors
Sirpa Niironen, Senior Advisor, Vice Chair
Satu Aromaa, City of Espoo, member
Maria Nelskylä, City of Helsinki, member
Johan Huldén, Folkhälsan Utbildning Ab, member
Teemu Ruotsala, Senior Specialist,
Procurement, member
Anna-Liisa Varala, Legal Counsel, member

MANAGEMENT GROUP

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



Juha S. Niemelä
Managing Director



Liina Aulin
Director of Communications from 1 March 2023 (Päivi Lazarov, acting Director of Communications until 28 February 2023)



Jussi Kumpula
Managing Director, Metsähallitus Forestry Ltd



Susanna Oikarinen
General Counsel



Jukka Bisi
Director, Game and Fisheries, Wildlife Service Finland



Terhi Vires
Director, Human Resources



Tuomas Hallenberg
Senior Vice President, Property Development and Renewables



Heli Lehtonen
Financial Director



Henrik Jansson
Executive Director, Parks & Wildlife Finland



Anna-Leena Ruuth
Director, Information Management

REPORTING PRINCIPLES AND GRI TABLE

Reporting principles

This report covers the operations of Metsähallitus and its subsidiaries in 2023. The report data were collected internally with the help of experts and compiled into a report in the Communications and Responsibility Unit. In addition to the annual and responsibility reports, the report and financial statements that contain the Group's financial information are part of this set of documents.

The GRI standard has been used as a frame of reference for the report, which mainly meets the requirements of the GRI core option. The reporting of sustainability data has also been guided by the requirements of the CSRD Directive 2022/2464/

EU and its reporting standards 2023/2772/EU. Metsähallitus is a large undertaking referred to in the CSRD and will consequently start reporting in compliance with the Directive in the financial year beginning on 1 January 2025. The financial statements for 2023 were prepared in compliance with the Act on Metsähallitus (234/2016) and Government Decree (1368/2016).

The selection of reported key figures was guided by a materiality analysis. With the exception of the financial statements data, the information of the responsibility report has not been verified by an external party.

Further information on the report and corporate responsibility at Metsähallitus is available from Liina Aulin.

MH 1799/2024

Calculation principles

Climate programme

The baseline level of the Climate programme data was calculated for 2018. The calculations are based on data produced by the 12th National Forest Inventory (2014–2018). MELA software and greenhouse gas inventory methods were additionally used in the calculations. The development of the carbon sink and carbon storage is assessed annually on the basis of this data.

Carbon handprint

The estimated carbon handprint factors in wind power built on Metsähallitus land, energy wood, use

of renewable wood raw material in products, and milled peat harvested on state-owned lands.

For the purposes of the method used to calculate the carbon handprint of wind power, it was assumed that wind power will replace some of the average annual emissions produced by the electricity market system. This is described by the residual distribution of electricity calculated by the Energy Agency, which gives the unverified distribution of electricity production in Finland. Our carbon handprint calculations for wind power only include the carbon dioxide emissions based on the residual distribution. Other greenhouse gas emissions from energy production

were not included. Neither does the figure factor in emissions from the construction of power plants or the production and transport of fuels.

For energy wood and peat, the default carbon dioxide emission factor of peat in Statistics Finland's fuel classification was used in the calculation. No other greenhouse gas emissions were taken into account. Neither does the figure include emissions from peat or energy wood harvesting and transport or power plant construction. Emissions from the harvesting and transport of energy wood are taken into account in Metsähallitus' carbon footprint.

REPORTING PRINCIPLES AND GRI TABLE

Our customers manufacture different bioeconomy products from the roundwood we supply and use it in their products to replace fossil raw materials and fuels. The resulting compensatory effects reduce greenhouse gas emissions that drive climate change. Our handprint was calculated by putting our share in the timber market in proportion with the research findings of Hurmekoski et al. (2020).

Carbon footprint

Metsähallitus’ carbon footprint is based on purchase invoice data imported to Hansel's Hankintapulssi service. Hankintapulssi's carbon footprint calculations are based on Envimat factors developed by the Finnish Environment Institute that can be used to assess the relationships between material flows, environmental impacts and economic impacts. The carbon footprint estimates for various procurement categories are based on the average carbon footprints of products in the Finnish market. The carbon footprint of certified electricity purchased through

Hansel's joint procurement agreement is shown as 0. Detailed description of the Envimat model.

The carbon footprint calculation is an estimate based on the assumptions made in the calculation and the baseline data obtained from reporting. The accuracy of the estimate will improve as more research evidence is accumulated and more accurate input data are obtained. The Finnish Environment Institute updated the emission factors in 2023, and Metsähallitus' emissions were calculated using the new factors not only for 2023 but also retrospectively for 2020–2022. As an exception to the GHG protocol, the carbon footprint calculation does not in all parts distinguish between in-house work (direct ‘downstream’ emissions) and outsourced work (indirect ‘upstream’ emissions) when examining field work.

Tax footprint

Metsähallitus operates in Finland and pays all its taxes to Finland. It has no taxable operations abroad. The calculation principles follow the principles laid down in tax legislation. The tax footprint describes the essential indirect and direct taxes paid by Metsähallitus as well as prepayment taxes withheld from employees' wages. Metsähallitus' tax footprint is reported on the basis of the accounting records for the financial year.

STAKEHOLDER EXPECTATIONS AND THE FORMS OF METSÄHALLITUS’ STAKEHOLDER INTERACTION

General public and key private customers

| Stakeholder | Key expectations, interests and concerns of the stakeholder group | Methods and forms of interaction | Taking stakeholder interaction and expectations into account in operations |
|----------------------------------|---|---|---|
| General public | People’s concern about climate change and biodiversity brings expectations for better consideration of environmental and climate issues, also for Metsähallitus. Expectations include more active and transparent communication about their activities, as well as increasing local presence, listening, and interaction. Positive regional economic impacts are also anticipated, especially in Lapland, Kainuu, and remote areas. | Annual customer and stakeholder survey, open engagement of citizens in natural resource planning projects, digital communities that engage members in service design projects, feedback and reporting channels, all communication and marketing channels, especially social media. | Climate change mitigation and protecting biodiversity are strategic themes for Metsähallitus. Communication and interaction are being continuously developed. The views of the general public are taken into consideration in many ways, depending on the form of interaction. Annual development measures are defined based on customer and stakeholder survey results, and the implementation of these measures is monitored. Metsähallitus has an operating model for developing activities based on feedback. In service design projects, stakeholders’ views have a direct bearing on the way activities are developed. As far as possible, various needs are reconciled in natural resource planning. |
| Hikers | Expectations include maintaining hiking infrastructure, providing information on destinations, promoting responsible hiking, offering nature information, helping people form a relationship with nature, promoting health and wellbeing in society, looking after protected areas, protecting biodiversity, and speaking for nature. | Service and feedback channels in Nationalparks.fi and Excursionmap.fi web services, visitor surveys in national parks, digital participation through the Wilderness and Nature Community, other engagement aiming for customer insight in service design projects, annual customer and stakeholder surveys. | Developing the digital customer service for outdoor enthusiasts and outdoor services based on feedback and as allowed by resources: for example, content of information material offered at destinations and introduction of the new, interactive Outdoors.fi web service in 2024. Stakeholder feedback on accessibility is taken into account and acted on as far as resources allow. Nature education activities. In biodiversity protection, activities in keeping with the ministries’ steering under the performance agreement, the goals of different stakeholders (international and national) also in the background. |
| Fishers and hunters | Expectations include availability of permits and effective permit systems, safeguarding possibilities for fishing and hunting. Concerns over the impacts of other Metsähallitus’ activities (such as forestry, wind power, protected areas) on hunting possibilities and landscape. Also issues affecting the status of inland water bodies and streams (including nutrient leakage from forest management). | Eräluvut website, online shop and telephone service, permit application system. Kieppi, Tuikki and Suomu magazines. Annual customer satisfaction survey for fishing and hunting customers. Feedback channel and measuring satisfaction with responses to feedback. Catch feedback from fishing and hunting permit customers. Annual customer and stakeholder surveys. | Catch feedback helps to adjust fishing and hunting to both ecologically and socially sustainable levels. Satisfaction surveys and feedback analysis are used to develop the activities. Regularly, consideration of game in forest management is also developed in collaboration with Metsähallitus Forestry Ltd. The service package consisting of Eräluvut website, online shop and permit application system is being updated with user-centered approach, making use of the digital customer community. Fish stocking and water management, stream restoration. |
| Buyers and leaseholders of plots | Expectations include inexpensive plots with privacy. Private shore area. Sites for tourist resorts close to services and activities but in a quiet location. Ready-made infrastructure. | Laatumaa.fi website, site sellers in each region, communications and marketing, customer satisfaction surveys, feedback channel, statement procedure in the zoning process, annual customer and stakeholder surveys. | The aim is to zone areas for which there is a demand. In zoning, the Ministry of Agriculture and Forestry's guidelines, Metsähallitus' land and water area management policy and zoning principles, and the views of other units and reindeer husbandry are taken into consideration. The actual zoning process includes a statement procedure, in which anyone can comment on the draft plan. The pricing of sites is guided by the principle of ‘current value’ laid down in the Act on the Right to Transfer State Real Estate Assets. The current value is obtained as third-party estimates. |

Key corporate and community customers

| Stakeholder | Key expectations, interests and concerns of the stakeholder group | Methods and forms of interaction | Taking stakeholder interaction and expectations into account in operations |
|------------------|--|--|---|
| Tourism industry | Expectations include enabling business, streamlined contract and payment practices, addressing the needs of local industries and their equal treatment, taking tourism activities and landscape values into account in forest management, maintenance of hiking infrastructure and structures and companies' possibilities of using them, development of sustainable tourism, better visibility of partners on Metsähallitus' digital channels. Impacts of forest management on key landscapes for tourism as a concern. | Cooperation groups of tourism areas in Lapland, cooperation groups on sustainable tourism in individual national parks, industry representatives involved in cooperation and/or thematic groups on regional natural resource planning and management planning as well as in issuing statements, cooperation agreements with nature tourism entrepreneurs, lease-entrepreneurs in Metsähallitus destinations and properties, cooperation in tourism networks (such as Matkailufoorumi forum and regional tourism development groups), company feedback and surveys, annual customer and stakeholder surveys. | Focus areas of tourism in natural resource planning and accounting for tourism activities in national park management plans. Enabling business activities in national parks under partner agreements and permissions. Tourism is also addressed in land use planning for state-owned hiking areas, for example when preparing a general plan for tourism and land use and in detailed zoning for tourism business, as well as in the context of properties and sites for sale and lease (including hotels and other business). Enabling off-road traffic and safaris in multiple-use forests, enabling closer collaboration under cooperation agreements, leasing water areas for fishing tourism, use of hiking structures by companies against a fee. Regional cooperation groups may agree on areas excluded from felling. Participation in the Sustainable Travel Finland programme and development of corporate responsibility at hiking destinations managed by National Parks Finland. |
| Forest industry | Expectations include a high-quality product that meets the customer's quality requirements and quality expectations. Reliable deliveries on the agreed schedule. A reliable partner. A high standard in communication and management. Management of the chain of custody and appropriate consideration of environmental issues. Appropriate forest management and use. | Stakeholders participate in regional natural resource planningw by being involved in the cooperation group and issuing statements. Getting to know the products and customers of production facilities and their preferences through meetings with customers. Timber trade negotiations. Measurement of customer satisfaction and annual customer and stakeholder surveys. Feedback system. Operational communication. | We bring sustainable timber to the market within the framework of the objectives set in regional natural resource plans. Our annual activity levels are predictable. Our management system puts the customer at the centre. PEFC certified forest management. PEFC certified chain of custody for wood. Metsähallitus Forestry Ltd has a certified energy efficiency system and experiments with low-emission wood procurement. |
| Energy sector | Expectations include enabling business, fair treatment of companies, clear terms and operating models in leasing activities and project development, open dialogue, and also equal consideration of different stakeholders. | Methods of interaction in customer relationships include enquiries about sites and projects as well as preliminary studies, contract negotiations, interaction during offshore wind farm tendering processes, tenders and negotiations, promotion of interests associated with contractual obligations, construction, production period and demolition. Annual customer and stakeholder surveys. Broader stakeholder interaction in the sector: Metsähallitus' natural resource planning (including for the marine area), maritime spatial planning led by the Regional Councils, memberships in industry associations (including the Finnish Wind Power Association, Bioenergy Association of Finland) | Competitive tendering model for offshore wind power (leases of areas and initial project development put out to tender in the international market). Metsähallitus' project development makes it possible to build more onshore and offshore wind farms and to select their locations responsibly. Metsähallitus engages in dialogue and takes stakeholders into consideration at many stages in each project: preliminary studies, possible EIA processes, zoning of energy production areas (regional plan and local master plan), Metsähallitus' natural resource planning and participatory stakeholder work. |

| Stakeholder | Key expectations, interests and concerns of the stakeholder group | Methods and forms of interaction | Taking stakeholder interaction and expectations into account in operations |
|---|--|--|--|
| Extractive industry | Mining and aggregate companies, as customers of Metsähallitus, expect close communication, the offering of new areas for business, continuity, and long-term collaboration that enables business development. Concerns include pricing of raw materials and flexibility in terms of prices and contract conditions. For mineral exploration and mining companies, Metsähallitus is primarily a landowner, from whom fair and predictable operations are anticipated | With aggregate customers liaising, contract negotiations, reviews of aggregate extraction sites, surveys of aggregate extraction volumes 4 times a year, training and annual customer satisfaction surveys. With mining and mineral exploration companies, meetings when necessary, cooperation group meetings, participation in seminars. Landowner's statements on permit applications. Annual customer and stakeholder surveys. | With aggregate customers, mapping of new aggregate extraction sites and developing activities and agreements based on feedback. With mining and mineral exploration companies, activities compliant with the Mining Act and landowner responsibilities. The aim is at being proactive and communicating about changes relevant to the sector. |
| Reindeer husbandry* *About Sámi reindeer herding cooperatives, see also under the Sámi community | Expectations include taking the preconditions for reindeer husbandry into account in land use and forest management, negotiations with representatives of reindeer herding cooperatives when planning measures that have a significant impact on reindeer husbandry on state-owned lands, sharing of information on the plans and a possibility of influencing them. Cumulative impacts of different forms of land use on reindeer husbandry as a concern. | Leases and concession contracts, meetings with reindeer herding cooperatives, marking district meetings, annual negotiations referred to in the agreement with reindeer herding cooperatives (Reindeer Herders' Association), annual negotiations with Sámi reindeer herding cooperatives, reindeer herding cooperatives represented in cooperation groups on natural resource planning and protected areas management planning, Poropaikka application for commenting on forest management measures. Under the agreement, the ways in which the negotiations are conducted can be agreed locally between the Forestry Ltd. forest team and the reindeer herding cooperative. Annual customer and stakeholder surveys. | Reindeer husbandry perspectives are taken into account in land use planning in compliance with section 6 of the Act on Metsähallitus and in compliance with the Reindeer Husbandry Act. Under the agreement with the reindeer herding cooperatives, a cooperative is informed of all fellings, tillage, road construction and extensive gravel extraction areas, tourism trails, land sales and other wider land use matters in advance, and offered an opportunity to influence the plans. The agreement also contains policies on peat harvesting and wind power sites, hunting, reindeer feeding, reindeer fence agreements and the use of carrion. Reindeer herders can use the Poropaikka application to comment on plans for forestry measures proposed in the areas of their cooperatives. |
| Government sector contractual partners (such as Natural Resources Institute Finland, Finnish Defence Forces, Finnish Border Guard, Prison and Probation Service of Finland) | Expectations include having access to state-owned land and water areas for the partners' activities, including using teaching forests for educational purposes, research forests for research, areas permanently or temporarily leased from the state for national defence activities, and rehabilitative work activities of prisoners in open institutions. General expectations associated with arrangements and cooperation relating to state-owned lands include smooth cooperation, mutual provision of information on plans and measures, and the development of operating conditions. | Section 7 of the Act on Metsähallitus lays the foundation for other central government organisations' use of land areas. Under this section, the land use needs of research, education, the Finnish Defence Forces and the Border Guard are taken into account in Metsähallitus' operations. The procedures are agreed with each party, and the principles and practices of land use and the interaction associated with it are specified in agreements with each organisation. Hearing the leaseholder's position before exercising the landowner's right to speak (for example in zoning, concession contracts, mining issues). Meetings at least once a year and several contacts as required by the situation and needs. Annual customer and stakeholder surveys. Strategic partnership agreement between Metsähallitus and the Prison and Probation Service of Finland. | Taking strategic and contractual activities into account through meetings and negotiations between the organisations' managers. Operational needs are addressed by the units and regionally. In natural resource planning, separate discussions are often held with the Finnish Defence Forces and the Finnish Border Guard. The statutory tasks of the Defence Forces and the Border Guard restrict other uses in some areas. A statement from the Defence Forces is always requested on wind power development. If necessary, we acquire land for the use of the Finnish Defence Forces and the Border Guard as well as for teaching and research purposes. The needs of forestry education in institutions' teaching forests are secured by agreements. Close co-operation with the Prison and Probation Service of Finland on rehabilitative work activities for prisoners in open prisons at National Parks Finland's outdoor destinations (planning and supervision of environmental management and maintenance work). |

Key service providers

| Stakeholder | Key expectations, interests and concerns of the stakeholder group | Methods and forms of interaction | Taking stakeholder interaction and expectations into account in operations |
|---|--|---|--|
| Metsähallitus Forestry Ltd's contractors | Expectations include an even workload, fulfilment of contracts and equal treatment. Putting forests under protection and stability of Metsähallitus' contracting conditions as concerns. | Cloudia software and market letters, meetings, entrepreneur days, performance appraisal discussions with contractors, monthly meetings, annual customer and stakeholder surveys. | Contracts with entrepreneurs are monitored and fulfilled, good operational contacts with entrepreneurs are maintained, performance appraisal discussions with entrepreneurs, entrepreneurs are openly informed about Metsähallitus' situation and activities, compliance with service descriptions in activities with all entrepreneurs, efforts to improve the conditions for contracting, including by maintaining the road network, quality of stands, etc. |
| National Parks Finland's maintenance contractors and companies carrying out environmental management and restoration work | Hearing contractors better and closer cooperation (including already in the planning phase), consideration of environmental issues also in procurements, generally safeguarding biodiversity in the activities. Realistic schedules for accepting and performing work, respecting contracts. | Newsletters and advance notices of future competitive tendering processes. Cooperation meetings with service providers during the contract period. Communication, allocation of work sites and coordination of work through the network for arranging contracts subject to framework agreements. Annual customer and stakeholder surveys. | Entrepreneurs' contracts are monitored and fulfilled, service descriptions are followed during the contract period. Responding to feedback received from suppliers as far as possible and acting on it in future competitive tendering processes. |

Customers, partners and stakeholders not included in the Table

Advocacy and lobbying organisations
Private owners of land and water areas and private road maintenance associations

Other operators in the natural resources sector

- Natural product companies
- Commercial fishing operators
- Berry industry companies
- Fish farming enterprises
- Forest shrub harvesting companies

Private customers

- Off-road traffic permit customers
- Lease and concession contract customers
- Other permit customers
- Firewood customers
- Purchasers of Christmas tree permits
- Purchasers of natural product permits and customers for natural produce area permits

Partners

- Contract grazing entrepreneurs managing traditional rural biotopes
- Investors
- Other suppliers and service providers

Key partners and other stakeholders

| Stakeholder | Key expectations, interests and concerns of the stakeholder group | Methods and forms of interaction | Taking stakeholder interaction and expectations into account in operations |
|--|--|--|--|
| State owner | <p>Under section 2 of the Act on Metsähallitus, the owner expects Metsähallitus to use, manage and protect state-owned land and water areas under its control sustainably and to operate profitably. Business is to be conducted within the framework of the social obligations laid down in law and specified in the state budget. Metsähallitus is expected to provide the public administration services imposed on it by law; to operate in keeping with economic principles and the service targets and other operational goals adopted for it by Parliament; and to participate as an expert and state enterprise in preparing matters relevant to its sectors and to work towards the strategic objectives set in Government Programmes. Consequently, Metsähallitus is involved in the planning, implementation or monitoring of programmes or projects put in place by the ministries, and especially in the drafting of statutes on nature conservation areas. The owner's expectations and interests are summed up annually in the performance guidance letter and in the case of public administration services, in the performance agreement.</p> | <p>In the context of ownership steering, ownership policy guidelines, annual performance guidance letter and performance agreement for the public administration services, performance guidance meetings between Metsähallitus and the ministries, monitoring of and reporting on objectives, joint seminars.</p> <p>In the context of the ministries' strategic objectives, Metsähallitus' participation in project and programme working groups, steering groups, networks, strategy preparation and, for example, legislative drafting. Annual customer and stakeholder surveys.</p> | <p>Metsähallitus' (business) activities and strategy are governed by a number of programmes and strategies. In keeping with the ownership policy guidelines, Metsähallitus implements the strategic objectives of each Government Programme. The objectives set for Metsähallitus implement sector-specific strategies, including the National Forest Strategy 2035, Finland's Strategy for the Conservation and Sustainable Use of Biodiversity, and the National Nature Recreation Strategy 2030. In addition, Metsähallitus works towards the UN Sustainable Development Goals (2030 Agenda) and operates in line with Metsähallitus' own strategic policies. Jointly agreed monitoring and reporting practices are in place for performance management. The objectives are incorporated in the planning and goals of the units. The activities are planned ensuring that the ownership policy objectives and performance agreement goals are achieved.</p> <p>In addition to the ownership policies and Metsähallitus' strategy, Metsähallitus' operations and operational planning are guided by the Rules of Procedure and Policies (such as Responsibility policy, Personnel policy, Land and water management policy).</p> |
| Environmental administration (including ELY Centres, Regional State Administrative Agencies' area of responsibility of environmental permits, municipal environmental authorities) | <p>Expectations include reconciling and transparency. Sharing and availability of information about nature, species and biodiversity. Activities in compliance with environmental, water and land extraction permits by Metsähallitus and Metsähallitus' customers using and leasing areas. Streamlined and timely issue of statements for permit applications. Participation in regional development and central government implementation and development tasks in each region (including cooperation groups on environmental programmes or nature conservation and environmental management coordinated by ELY Centres). Joint efforts to achieve impact and cost-effectiveness in environmental management measures through extensive programmes, sharing of best practices.</p> | <p>In the context of permits, applications and statements following normal practices. In the context of compliance with permits, field inspections or other separate meetings. As a rule, implementation and development tasks assigned by the environmental administration involve fixed-term cooperation or steering groups of different actors related to operational programmes or multi-annual national projects for the joint planning of nature conservation and management and their development. Including HELMI cooperation groups in each ELY Centre area (a representative of Metsähallitus National Parks Finland in each regional group) and national HELMI monitoring group. In addition, separate regional working groups on traditional rural biotopes and their national coordination group. National coordination group for the restoration of small water bodies. Information sharing at working group meetings, sharing of instructions, monitoring. Annual customer and stakeholder surveys.</p> | <p>Putting the national objectives and programmes of the environmental administration into practice. Accounting for and putting into practice procedures agreed upon in different cooperation groups and at other meetings.</p> |

| Stakeholder | Key expectations, interests and concerns of the stakeholder group | Methods and forms of interaction | Taking stakeholder interaction and expectations into account in operations |
|--|--|--|---|
| Game administration (Finnish Wildlife Agency and game management associations, Wildlife councils, Natural Resources Institute Finland, Finnish Food Authority) | Expectations include organising ecologically and socially sustainable hunting and securing game habitats in state-owned areas. Ensuring vitality of game populations and preventing the spread of animal diseases. General promotion of game management and wellbeing impacts of the sector. | Annual national seminar on game management. Stakeholder events and cooperation meetings with the Finnish Wildlife Agency's district representatives and local game management associations. Strategy days of the authorities responsible for game issues. Annual customer and stakeholder surveys. | Adjusting hunting to an ecologically and socially sustainable level. Promotion of game and game habitat management supported by hunting permit income and in cooperation with all Metsähallitus' units. |
| Wilderness supervision (Police, Border Guard, Customs, Natural Resources Institute Finland and Finnish Wildlife Agency) | <p>Metsähallitus' game and fisheries wardens are expected to be part of the coordinated wilderness supervision cooperation between the police, customs, and border authorities. In particular, Metsähallitus is expected to have special expertise in permit processes for state-owned lands. Courses organised by the Police have a role in training (snowmobiles, boats). The wilderness supervision team is the only professional organisation responsible for preventing offences related to natural resources in Finland. Stakeholders of supervision expect Metsähallitus to have overall expertise in supervision.</p> <p>Cooperation on supervision with Natural Resources Institute Finland, especially in large carnivore issues. Expectation of supervision being targeted based on the information produced.</p> | Regional cooperation sub-groups between the Police, Border Guard and Customs, projects and meetings with Natural Resources Institute Finland and Finnish Wildlife Agency, annual customer and stakeholder surveys. | Continuous liaising and maintenance of a shared situational picture affect the targeting of supervision. |
| Fisheries administration and fisheries organisations (administration represented by ELY Centres' fisheries authorities and fisheries regions) | Expectations include ecologically, socially and economically sustainable management of fishing and protecting fish habitats in state-owned areas. Smooth cooperation between fisheries authorities and organisations. | Annual cooperation meetings, such as those themed on fisheries legislation, research or regions. Also meetings with organisations. Cooperation with fisheries regions, including board work. Participation in cooperation groups of fisheries regions and water management. Annual customer and stakeholder surveys. | Participation in the fisheries authorities' work and development of the fisheries sector, including through planning and implementation of fisheries area use and management. |

| Stakeholder | Key expectations, interests and concerns of the stakeholder group | Methods and forms of interaction | Taking stakeholder interaction and expectations into account in operations |
|---|---|---|--|
| Local and regional administration (municipalities, cities, Regional Councils) | Developing and promoting the vitality of regions, cooperation on the development of tourism and hiking areas, zoning and project development of wind farms. From the municipal environmental authority's perspective, expectations are related to compliance with land extraction and environmental permits. | <p>With regards to zoning, requirements under the Land Use and Building Act apply to the interaction process. Responsibility for interaction rests with the authority drawing up the plan, such as a municipality or a Regional Council, rather than Metsähallitus in its role as a landowner and authority. We work together with land use planning authorities and can propose to municipalities the initiation of a zoning process for the needs of business and industrial activities or other land use needs. We are involved in maritime spatial planning coordinated by the Regional Council and the preparation of regional land use plans.</p> <p>As the steward of state-owned areas, we also issue statements for different zoning processes and procedures under the Environmental Protection Act. We also apply for land extraction and environmental permits.</p> <p>Municipalities' representatives are usually involved in the natural resource planning and management planning processes of a region. Annual customer and stakeholder surveys. Cooperation and development groups in tourism areas.</p> | <p>Metsähallitus has the role of both a landowner and an authority in zoning. In its role of a landowner, Metsähallitus is involved in the zoning projects of municipalities or other parties and can, if necessary, express opinions and submit comments when a plan is being drawn up and when a proposed plan is publicly available.</p> <p>In its role as an authority, Metsähallitus participates in negotiations and issues statements on draft plans and proposals, if necessary.</p> <p>Environmental permits create the framework for the activities.</p> |
| Other administration and authorities (including Finnish Safety and Chemicals Agency, National Land Survey of Finland, Finnish Heritage Agency, Finnish Forest Centre) | <p>Smooth cooperation between authorities. The expectations are related to each party's statutory task, the performance or development of which requires cooperation with Metsähallitus</p> <p>For example, cooperation with the Finnish Heritage Agency concerns maintenance of ancient monuments and historically valuable buildings stewarded by Metsähallitus.</p> <p>With the Finnish Forest Centre, the purpose of the interaction is to verify that activities are lawful. The obligation of submitting a forest use declaration before logging is laid down in section 14 of the Forest Act, and the requirements regarding the content of the declaration are set out in the Ministry of Agriculture and Forestry Decree on Forest Use Declarations.</p> | <p>In addition to statutory interaction (such as permits, notifications and statements), less formal stakeholder interaction in the form of annual cooperation meetings, development groups or sectoral seminars.</p> <p>With the Finnish Heritage Agency, activities set out in the cooperation agreement and, from the landowner's perspective, permit procedures.</p> <p>Metsähallitus submits forest use declarations for logging sites to the Finnish Forest Centre. Based on these declarations, the Finnish Forest Centre carries out random and targeted inspections of forest regeneration and submits reports of them to Metsähallitus.</p> | <p>As a statutory duty. For example, harvesting plans are supplemented and modified based on statements and instructions issued by the Finnish Forest Centre and ELY Centres.</p> |

| Stakeholder | Key expectations, interests and concerns of the stakeholder group | Methods and forms of interaction | Taking stakeholder interaction and expectations into account in operations |
|-------------------|--|---|---|
| Sámi community | Safeguarding the prerequisites for practising the Sámi culture pursuant to section 6 of the Act on Metsähallitus. | Advisory boards (Enontekiö, Inari, Utsjoki), natural resource plan for the Sámi Homeland, use of the Akwé:Kon operating model (method for assessing the prerequisites for practising the Sámi culture) in all significant projects (including natural resource plan and management plan projects), annual negotiations in the context of the agreement between the reindeer herding cooperatives in the Sámi Homeland, the Sámi Parliament, the Skolt Village Meeting and Metsähallitus, meetings with reindeer herding cooperatives in the special reindeer herding area. As stated in the agreement with the reindeer herding cooperatives, the ways in which the negotiations are conducted can be agreed locally between Metsähallitus Forestry Ltd's forest team and a reindeer herding cooperative. | The management, use and protection of natural resources under the administration of Metsähallitus must be reconciled in the Sámi Homeland, referred to in the Act on the Sámi Parliament (974/1995), ensuring that the conditions for practising the Sámi culture are safeguarded. Metsähallitus' operations in the Sámi Homeland are also governed by the Wilderness Act, one of the main objectives of which is to safeguard the Sámi culture and natural livelihoods. In these negotiations, we comply with the Ministry of Justice memorandum on the obligation to negotiate referred to in section 9 of the Act on the Sámi Parliament. The negotiation procedure aims for a genuine and timely dialogue striving to reach a mutual understanding. We request statements from the Sámi Parliament and the Skolt Village Meeting on individual projects of local significance. Agreement between the reindeer herding cooperatives of the Sámi Homeland, the Sámi Parliament, the Skolt Village Meeting and Metsähallitus on forest management instructions and practices to be followed in the Sámi Homeland as well as on more detailed local agreements and annual negotiations related to them; measures aiming to safeguard the Sámi culture recorded in Forestry Ltd's Environmental Guide; addressing the special rights of residents in the Sámi area in fishing and hunting issues; reindeer herding cooperative meetings in the special reindeer herding area; Skolt Sámi living in the Skolt area enjoy broader special benefits referred to in the Skolt Act in state-owned land and water areas; negotiations on Metsähallitus' zoning projects before the start of the project with the Sámi Parliament and, in the Skolt area, with the Skolt Village Meeting; Metsähallitus does not grant landowner's permissions to mineral exploration in the Sámi Homeland; protection of the Sámi cultural heritage together with the Sámi Museum Siida and the Finnish Heritage Agency. |
| Local communities | Expectations include hearing local residents, parties and industries and taking them into account in decision-making and activities. Possibilities of using nature in the area for recreation, pastimes and utilization of natural resources. Pre-serving possibilities for hunting and fishing. | Local communities are usually represented in natural resource planning and protected areas management planning working or thematic groups. Otherwise cooperation and parties vary by region and case. Typical issues in which local stakeholders are engaged include forest management in the vicinity of trails or other service structures, or the need for new structures brought up by associations or companies. Meetings and emails as channels. | Reconciling different needs as far as possible, taking Metsähallitus' own performance targets and guidelines into account. The views of the different parties are visible in completed plans. |

| Stakeholder | Key expectations, interests and concerns of the stakeholder group | Methods and forms of interaction | Taking stakeholder interaction and expectations into account in operations |
|---|---|---|--|
| Non-governmental organisations | Expectations include protecting biodiversity, combating climate change, nature conservation. Possibilities for hiking, exercise and recreation in nature. Sustainable fishing and hunting and securing possibilities for these activities on state-owned land. Other forms of land use and the biodiversity loss they may cause, impacts on fish and game populations and possibilities for outdoor activities as a shared concern. | Work and/or thematic groups in natural resource plan and protected areas management plan projects, customer and stakeholder surveys, wilderness and nature communities in Parks & Wildlife Finland’s service design projects, stakeholder meetings, cooperation in different networks (including the Ulkoilufoorumi forum), projects and working groups. Regional cooperation often takes place at events (Angling Day, Finnish Nature Day). Cooperation with nature conservation and environmental organisations in conservation work (including the seal and the Arctic fox) and environmental management work (such as volunteer camps). Also a negotiation process and interaction meetings with key environmental organisations concerning forest disputes (both national and regional). | In natural resource planning, reconciling different forms of use (including nature conservation) with different stakeholders’ wishes and the possibilities offered by lands and waters within the framework determined by the state owner. Aiming for joint projects and cooperation to achieve common objectives. Other interaction often comprises sharing of information and best practices and seeking a shared understanding. In environmental organization negotiations, forest management plans are discussed, and if disagreements arise regarding the plans, adjustments to the plans are made as necessary or additional studies may be conducted. Some disagreements on sites cannot be resolved. |
| EU and international cooperation networks | Responding to global and EU climate and biodiversity goals, meeting restoration and conservation targets and developing operating methods, developing and promoting sustainable forest and game management. | Network meetings, events and other activities (such as IUCN, ENCA, EUROPARC, CIC). Work of Eustafor Board and taskforces. Many types of seminars, webinars and working groups. Also bilateral meetings with representatives of different EU institutions and stakeholders. | Participation in developing legislation relevant to Metsähallitus’ themes and promoting the attainment of international sustainable development goals as part of the strategy. Sharing best practices and information in networks. Participation in joint lobbying and the EU divisions led by ministries. |
| Media | Expectations include up-to-date, expert, open and reliable communication, and ease of contacting and approaching the organisation. | Press releases and press conferences, journalist meetings and events, guided visits to different destinations (including research forests, felling sites, hiking and conservation areas, wind farm sites, etc.), participation in the Media Barometer, annual and responsibility reporting also as a communication tool. | Cooperation with the media is considered in communications planning. Activities are developed based on the results of customer and stakeholder surveys and Media Barometer findings. |

| Stakeholder | Key expectations, interests and concerns of the stakeholder group | Methods and forms of interaction | Taking stakeholder interaction and expectations into account in operations |
|---|---|---|---|
| Certification, standardisation and audit organisations | <p>Expectations include participation in developing best practices in the field and acting accordingly. Metsähallitus Forestry Ltd is committed to PEFC certification. The international PEFC standard creates the framework for the requirements for forest management and use in Finland, both in group and owner-specific certification. PEFC forest certification promotes sustainable forestry. PEFC forest certification also promotes the attainment of the UN Sustainable Development Goals (SDGs).</p> <p>Metsähallitus also has ETJ + and ISO 14001 certificates based on which the operations are audited, but Metsähallitus is not involved in their development.</p> | <p>In Finland, the national PEFC forest certification system is maintained and developed by PEFC Finland - Finnish Forest Certification Council. The requirements for forest management and use are reviewed every five years in cooperation between parties interested in sustainability. The work on updating the PEFC requirements is called standard work, and the working group responsible for it is known as the standard working group. The standard work is launched when PEFC Finland invites all parties interested in the sustainable management and use of forests to join the standard working group. Its role is to review the content of the Finnish PEFC requirements and to ensure that the standards comply with the international PEFC requirements. The standard working group that prepared the national PEFC requirements for forest management and use introduced in 2022 included experts from more than 60 organisations across a broad front. The Sustainability Manager at Metsähallitus Forestry Ltd is a member of PEFC Finland's Board of Directors and also participates in PEFC's development working group.</p> | <p>The standard working group prepares draft versions of the PEFC requirements and makes them available for public consultation. During the public commenting rounds, all persons and parties interested in sustainable forest management and use, also those not participating in the standard working group, may give feedback on the content of the requirements or the preparation of the standard. The most recent standard working group, which operated in 2019-2022, discussed more than 900 comments on the themes of the standard received during the commenting rounds.</p> <p>Compliance with both PEFC certification and Chain of Custody (CoC) certification in Metsähallitus Forestry Ltd's operations is assessed annually by an external evaluation body, currently Kiwa Inspecta Oyj.</p> |
| RDI and education actors (research institutes, universities, educational institutions, early childhood education and care, museums and science centres) | <p>Improving environmental and climate actions, responding to national and international requirements, with a focus on biodiversity conservation, nature protection, and climate change mitigation. Decision-making and activities based on science and research evidence, reconciling different expectations, cooperation and participation in projects, open access information on species and nature, securing resources and funding for inventories as well as conservation and restoration work, participation in environmental and nature education.</p> | <p>Research and project cooperation with research institutes and higher education institutions, other research and development cooperation and student projects, theses and traineeships. With research institutes, also joint implementation of the ministries' societal objectives and Government Programme projects. With upper secondary educational institutions, teaching forest cooperation, opportunities for final projects and traineeships. Cooperation with all levels of education institutions and day-care centres in the context of sustainability, environmental and nature education. Cooperation in the science centre network and locally with different museums.</p> | <p>Metsähallitus actively engages in research and project cooperation with various parties and participates in project and steering groups. In projects, we both enable research in state-owned land and water areas and share information with partners. We also actively draw on project outcomes in practical work and development. We work together both nationally and regionally on sustainability, environmental and nature education with various actors (including visitor centres and science centres). Cooperation in the science centre network and locally with different museums. Regarding information sharing cooperation with the Finnish Biodiversity Information Facility and responding to requests for LajiGIS data.</p> |

GRI TABLE

GRI 2: GENERAL DISCLOSURES 2021

| GRI standard | Reporting content | Location, page |
|--|---|--|
| The Organization and its reporting practices | | |
| 2-1 | Organizational details | 7, 63, 149 |
| 2-2 | Entities included in the organization’s sustainability reporting | 7-11, 107, 162 |
| 2-3 | Reporting period, frequency and contact point | 162 |
| 2-4 | Restatements of information | 119-122, 174 |
| 2-5 | External assurance | 162 |
| Activities and workers | | |
| 2-6 | Activities, value chain and other business relationships | 7-11, 47-50, 65-66, 85, 87, 123-124 |
| 2-7 | Employees | 63-64 |
| 2-8 | Workers who are not employees | 63, 65-69 |
| Governance | | |
| 2-9 | Governance structure and composition | 157-161 |
| 2-10 | Nomination and selection of the highest governance body | 157 |
| 2-11 | Chair of the highest governance body | 157 |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | 18-20, 40-41, 71, 149-151 |
| 2-13 | Delegation of responsibility for managing impacts | 19-20, 48, 107-108 |
| 2-14 | Role of the highest governance body in sustainability reporting | 162, Metsähallitus’ Management Group approves the Responsibility report and it is sent to the Board of Directors for information |

GRI 2: GENERAL DISCLOSURES 2021

| GRI standard | Reporting content | Location, page |
|----------------------------------|--|---|
| 2-15 | Conflicts of interest | 45 |
| 2-16 | Communication of critical concerns | 44-45 |
| 2-17 | Collective knowledge of the highest governance body | 34, 158 |
| 2-18 | Evaluation of the performance of the highest governance body | The Board carries out a self-assessment approximately every three years internally through an anonymous survey. |
| 2-19 | Remuneration policies | 155-156 |
| 2-20 | Process to determine remuneration | 155 |
| 2-21 | Annual total compensation ratio | no data available |
| Strategy, policies and practices | | |
| 2-22 | Statement on sustainable development strategy | 4-5 |
| 2-23 | Policy commitments | 19, 23, 43-44, 51, 55-57, 71, 107, 153, 155 |
| 2-24 | Embedding policy commitments | 19-20, 43-44, 47-49, 51-53, 56-58, 71-72, 107-110, 153-154 |
| 2-25 | Processes to remediate negative impacts | 28-29, 44, 55-56, 62, 67-68, 78-79, 93, 102 |
| 2-26 | Mechanisms for seeking advice and raising concerns | 43-44 |
| 2-27 | Compliance with laws and regulations (incl. environmental legislation) | 46, 68, 110-113 |
| 2-28 | Membership associations | 163-172 |

GRI TABLE

GRI 2: GENERAL DISCLOSURES 2021

| GRI standard | Reporting content | Location, page |
|------------------------|------------------------------------|---|
| Stakeholder engagement | | |
| 2-29 | Approach to stakeholder engagement | 24-31, 163-172 |
| 2-30 | Collective bargaining agreements | All Metsähallitus employees are covered by collective agreements. |

GRI 3: MATERIAL TOPICS 2021

| GRI standardi | Raportointisisältö | Sijainti, sivu |
|---------------|--------------------------------------|------------------------------|
| 3-1 | Process to determine material topics | 33-35 |
| 3-2 | List of material topics | 35 |
| 3-3 | Management of material topics | Responsibility report 32-147 |

GRI 200: ECONOMIC IMPACTS

| GRI Standard | Reporting content | Location, page |
|---|---|--|
| GRI 201: Economic Performance 2016 | | |
| 201-1 | Direct economic value generated and distributed | 80-82 |
| 201-2 | Financial implications and other risks and opportunities for Metsähallitus activities due to climate change | 116-119 (No details on monetary amounts of risks) |
| 201-4 | Financing received from the government | 8 |
| GRI 203: Indirect Economic Impacts 2016 | | |
| 203-1 | Infrastructure investments and non-profit services supported and their impacts | 87-89, 103-104 |
| 203-2 | Significant indirect economic impacts and their extent | 80-83 |
| GRI 204: Procurement Practises 2016 | | |
| 204-1 | Procurement from local suppliers | 81 (Being local cannot be a selection criterion in public procurement) |
| GRI 205: Anti-Corruption 2016 | | |
| 205-2 | Communication and training related to anti-corruption policies and procedures | 45, 47-48 |
| 205-3 | Confirmed incidents of corruption and actions taken | No confirmed cases of corruption in 2023 |
| GRI 207: Tax 2019 | | |
| 207-1 | Approach to tax | 82 |
| 207-4 | "Country-by-country reporting | 82 |

GRI TABLE

GRI 300: ENVIRONMENTAL IMPACT

| GRI Standard | Reporting content | Location, page |
|-----------------------------------|---|------------------|
| GRI 303: Water and Effluents 2018 | | |
| 303-1 | " Interactions with water as a shared resource | 141-147 |
| 303-2 | Management of water discharge-related impacts | 113, 117, 143 |
| GRI 304: Biodiversity 2016 | | |
| 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 12 |
| 304-2 | Significant impacts of activities, products and services on biodiversity | 126-140 |
| 304-3 | Habitats protected or restored | 143-145 |
| 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by activities within Metsähallitus' operations | 136-140, 144-145 |
| GRI 305: Emissions 2016 | | |
| 305-1 | Direct (Scope 1) greenhouse gas emissions | 122 |
| 305-2 | Indirect (Scope 2) greenhouse gas emissions from energy use | 122 |
| 305-3 | Other indirect (Scope 3) greenhouse gas emissions | 122 |
| 305-5 | Reduction of greenhouse gas emissions | 120-121 |

GRI 400: SOCIAL IMPACTS

| GRI Standard | Reporting content | Location, page |
|---|---|----------------|
| GRI 401: Employment 2016 | | |
| 401-1 | New employee hires and employee turnover | 64 |
| GRI 403: Occupational Health and Safety 2018 | | |
| 403-2 | Hazard identification, risk assessment, and incident investigation | 62, 65, 67 |
| 403-5 | Worker training on occupational health and safety | 62 |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 62, 67-68 |
| 403-9 | Work-related injuries | 62 |
| GRI 404: Training and Education 2016 | | |
| 404-1 | Average hours of training per year per employee | 59 |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | 59-60 |
| GRI 405: Diversity and Equal Opportunity 2016 | | |
| 405-1 | Diversity of governance bodies and employees | 63-64 |
| 405-2 | Ratio of basic salary and remuneration of women to men | 60 |
| GRI 406: Non-discrimination 2016 | | |
| 406-1 | Incidents of discrimination and corrective actions taken | 61 |
| GRI 409: Forced or Compulsory Labour 2016 | | |
| 409-1 | "Operations and suppliers at significant risk for incidents of forced or compulsory labor" | 55-56, 68-69 |

GRI TABLE

GRI 400: SOCIAL IMPACTS

| GRI Standard | Reporting content | Location, page |
|--|--|---|
| GRI 413: Local Communities 2016 | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | 71-73, 76-79, 170 |
| 413-2 | Operations with significant actual and potential negative impacts on local communities | 70-71 |
| GRI 414: Supplier Social Assessment 2016 | | |
| 414-1 | Suppliers screened using social criteria | 55-56, 67 |
| 414-2 | Negative social impacts in the supply chain and actions taken | 65-69 |
| GRI 415: Public Policy 2016 | | |
| 415-1 | Political contributions | Metsähallitus does not make political contributions |
| GRI 416: Customer Health and Safety 2016 | | |
| 416-1 | Assessment of the health and safety impacts of services | 56, 102 |
| GRI 418: Customer Privacy 2016 | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 44, 53 |

Annual Report and Financial Statements

[Click here »](#)

