

Timber Legality Risk Assessment Norway

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COUNTRY RISK
ASSESSMENTS



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A. Introduction

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

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

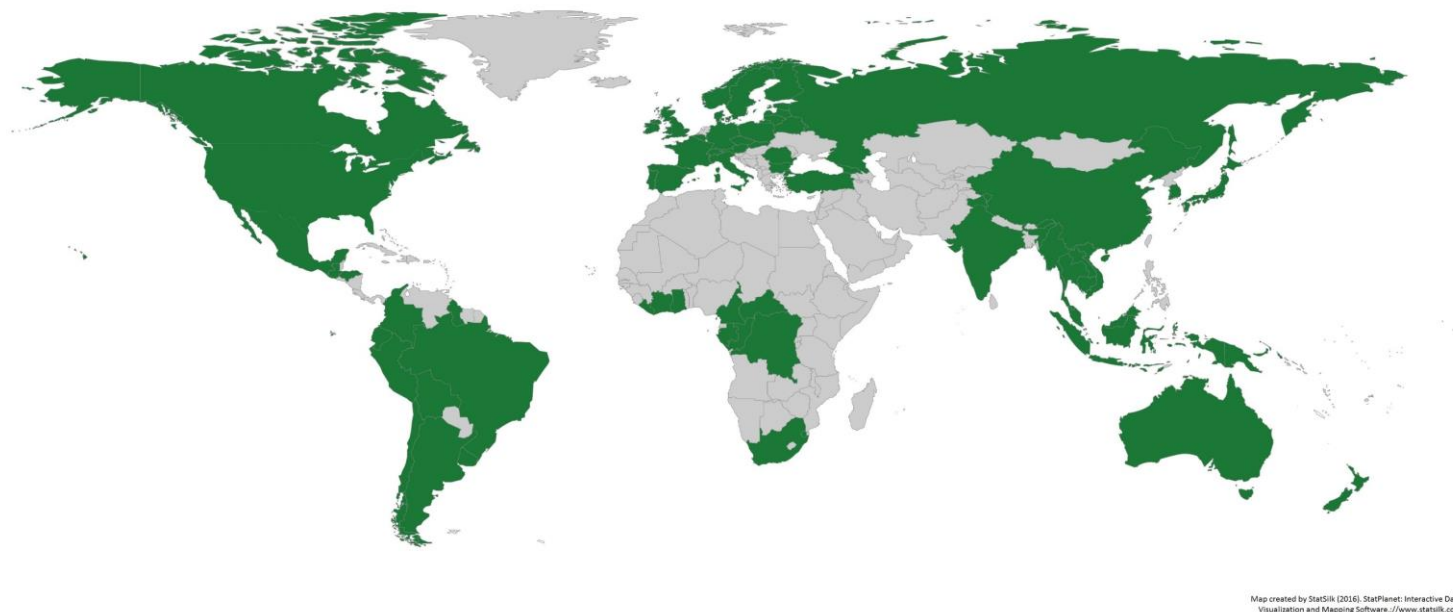


Figure 1. Countries for which NEPCon have developed a legality risk assessment for timber

The risk assessments are developed in collaboration with local forest legality experts and use an assessment methodology jointly developed by FSC and NEPCon. A detailed description of the methodology can be found on NEPCon's website.

B. Overview of legality risks

The key legality risks identified in this report relate to:

Timber Risk Score: 100 / 100 in 2017

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

- Specified risk for 0 sub-categories.
- Low risk for 19 sub-categories.
- No legal requirements for 2 sub-categories.

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

Timber source types and risks

There are 2 general timber source types found in Norway. Knowing the “source type” that timber originates from is useful because different source types can be subject to different applicable legislation and have attributes that affect the risk of non-compliance with the legislation. We have analysed the risks for both source types and found that the risk is the same.

Production forest	Timber from production forest. No permit is required. This can be both plantation and natural forest. Main source of timber.
Forest under protection	Timber from areas under protection. Approval shall be requested and depending on type of protection and legal requirement for the specific area in question an approval shall be obtained.

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

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

C. Overview of the forest sector in Norway

Mainland Norway (385,252 km²) stretches more than 1800 km from south to north, from 31°N in Vest-Agder to more than 71°N in Finnmark, and along the west-east gradient from c. 5°E in Hordaland to 31°E in Finnmark county. In the southernmost lowlands, the climate is typical temperate, while the far northeast parts of Finnmark lay in the arctic climate zone. The southwestern Norwegian coast may have annual rainfall like in tropical rain forests (>3.500 mm), while some eastern parts are similar to deserts (300 mm), considering the precipitation. Norway thus provides a huge diversity of land-forms, nature-types and biodiversity, and not at least different forest types covering approximately 40% of the land area (the rest is mostly mountains). Norway spruce, Scots pine and downy birch (including mountain-birch) are the most common tree species. Temperate broad-leaf forests, one of the most species rich habitats, are quite common in the lowlands, especially along the coasts of South Norway, although they cover less than 1% of the productive forests. The majority of the productive forests are privately owned (77%) and the State only owns 7%. The rest are owned by companies, the church, forest-commons and municipalities. 3% of the productive forests are protected within nature reserves and national parks (2016).

Norwegian forests are mainly managed as "LNFR-areas" (abbreviation for "Landbruks-, Natur- og Friluftsmål samt Reindrift" = areas for the purpose of agriculture, nature and outdoor activities, as well as for reindeer herding) according to each municipality's masterplan for area classification. In most of the forest areas, no permits are needed before logging. In the *Protective Forests* bordering the mountains, in selected areas along the coast, in the *Marka* forests bordering Oslo, and in northern Norway (Nordland, Troms and Finnmark), various notification forms or applications must be sent to, and approved by local forest authorities before logging can be conducted. Most of the logging, thinning and planting is conducted by professional companies hired by timber buyers.

The Norwegian forestry sector dealing with timber harvesting is completely dominated by about 10 companies. The companies are either local, commercial departments of a forest owner's organization, or they are commercial companies without memberships. In the NRA, the companies are mentioned as "timber buyers". The timber buyers are also holding one PEFC certificate each which is group certificates for the forest owners trading with them. If a forest owner has a commercial relationship to more than one timber buyer, the forest owner is covered by each group certificate. There is always a very short administrative distance between the harvesting contractors and the timber buyers. Often the harvest planning is done by the timber buyer, and the timber harvest itself is done by a team on working contracts for the timber buyer. The forest owner normally engages the timber buyer, and rarely the harvesting team. The forest owner can also do the harvesting, but then in contractual agreement with the timber buyer who is engaged in planning according to the PEFC standard, and the resale. It is practically impossible for a harvesting team to sell timber without involving a timber buyer from the start. Timber buyers are also referred to as certificate holders (PEFC). FSC certificates are administrated in pools by the same timber buyers. Therefore the FSC certified properties in Norway are also PEFC certified.

The Forestry Act was renewed in 2005, and forestry has relatively few regulations in Norway. Each municipality has authorities responsible for the management of forestry and forest-owners. Harvesting is regulated by the Ministry of Agriculture and Food.

In 2016, Norway had a Corruption Perception Index (CPI) of 85 and, according to the World Bank Worldwide Governance Indicators, – on a scale of -2,5 to 2,5 in 2015 – it received a score of 1,86 for Government Effectiveness, 2,02 for Rule of Law and 2,26 for Control of Corruption, indicating that the country has low corruption levels and a high degree of legal compliance.

D. Legality Risk Assessment

LEGAL RIGHTS TO HARVEST

1.1. Land tenure and management rights

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

1.1.1. Applicable laws and regulations

- Act on National Register for Land Information 2005 (Cadaste Act) (LOV-2005-06-17-101.), (Lov om eigedomsregistrering (matrikkellova)). Available at: <https://www.regjeringen.no/en/dokumenter/cadastre-act/id455530/>

1.1.2. Legal authority

- Ministry of Local Government and Modernization

1.1.3. Legally required documents or records

- A cadastral certificate

1.1.4. Sources of information

Government sources

- Statens Kartverk (N.Y). *Se eiendom* [online]. Available at: <http://www.seeiendom.no/> [Accessed 14 October 2016]

Non-Government sources

- Transparency.org (2015). *Corruption Perceptions Index 2015* [Online]. Available at: <http://www.transparency.org/cpi2015#map-container> [Accessed 14 October 2016]
- Info.worldbank.org (2015). *Worldwide Governance Indicators* [Online]. Available at: <http://info.worldbank.org/governance/wgi/index.aspx#reports> [Accessed 14 October 2016]

1.1.5. Risk determination

Overview of legal requirements

In Norway, each property is registered under a unique number ("gårds- og bruksnummer") with a corresponding location map. Most properties are also marked in the field, but not systematically. The governments have an accessible public register "Grunnboka" recording all legal rights associated to each property. The legal rights to the land include logging and grazing rights. These two types of rights can be separate, meaning that persons other than the landowner can have grazing rights. Logging rights always belong to the owner and can be sold, while grazing rights normally cannot be sold.

To sell timber, the owner can register either as a joint-stock company or as a self-employed person (sole proprietorship = enkeltmannsforetak).

The majority of the productive forests are owned by private persons (77%) and the State only owns 7%. The rest is owned by companies, the church, forest-commons and municipalities.

Description of risk

In Norway, the land tenure and management rights are well clarified and easily found in land registries with online map access. Each municipality has a property register (<http://www.seeiendom.no/>). Transfer of land rights will be recorded in these land registers.

In 2016, Norway had a Corruption Perception Index (CPI) of 85 and, according to the World Bank Worldwide Governance Indicators, – on a scale of -2,5 to 2,5 in 2015 – it received a score of 1,86 for Government Effectiveness, 2,02 for Rule of Law and 2,26 for Control of Corruption, indicating that the country has low corruption levels and a high degree of legal compliance.

There is no information indicating issues of illegality are prevalent with respect to land tenure and management rights in Norway.

Risk Conclusion

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

1.1.6. Risk designation and specification

Low risk

1.1.7. Control measures and verifiers

N/A

1.2. Concession licenses

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

1.2.1. Applicable laws and regulations

Not Applicable. There is no legislation covering timber concessions in Norway.

1.2.2. Legal authority

N/A

1.2.3. Legally required documents or records

N/A

1.2.4. Sources of information

N/A

1.2.5. Risk determination

N/A

1.2.6. Risk designation and specification

N/A

1.2.7. Control measures and verifiers

N/A

1.3. Management and harvesting planning

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

1.3.1. Applicable laws and regulations

- Forestry Act 2005 (LOV-2005-05-27-31). Section 5 "Forest inventory and forest management plan". Available at: <https://www.regjeringen.no/en/dokumenter/Act-relating-to-forestry-Forestry-Act/id87139/>
- Regulation for subsidies to forest management planning with environmental survey, 2004 (FOR-2004-02-04-449). Available at: <https://lovdata.no/dokument/SF/forskrift/2004-02-04-449>
- Regulation for sustainable forestry, 2006 (FOR-2006-06-07-593). Available at: <https://lovdata.no/dokument/SF/forskrift/2006-06-07-593>
- The Nature Diversity Act, 2012 (LOV-2009-06-19-100). Available at: <https://www.regjeringen.no/en/dokumenter/nature-diversity-act/id570549/>
- Environmental Information Act, 2003 (Miljøinformasjonsloven LOV-2003-05-09-31). Available at: <https://www.regjeringen.no/en/dokumenter/environmental-information-act/id173247/>
- Landscape protection areas have their own specific sub-national regulations, which regulate forestry operations and management requirements, as well as harvesting plans.

1.3.2. Legal authority

- Ministry of Agriculture and Food
- The Municipal Forest Authorities

- The environmental authorities (protected areas).

1.3.3. Legally required documents or records

- There are no legally required documents, since forest inventories and management plans are voluntary. The forest inventory is the basis for the management plan (skogbruksplan).
- Landscape Protection Forest: A management plan is required by sub-national regulation.

1.3.4. Sources of information

Government sources

- Miljødirektoratet (2014). *Rundskriv om forvaltning av verneforskrifter* [online]. M106-2014. Available at: <http://www.miljodirektoratet.no/Documents/publikasjoner/M106/M106.pdf> [Accessed 14 October 2016]
- Miljødirektoratet (N.Y). *Hvem forvalter verneområdene?* [Online]. Available at: <http://www.miljodirektoratet.no/no/Tema/Verneomrader/Forvaltning-av-verneomradene/> [Accessed 14 October 2016]
- Miljødirektoratet (N.Y). *Naturbase*. [Online] Available at: kart.naturbase.no [Accessed 14 October 2016].

Non-Government sources

- Expert consultation conducted by NEPCon, 2015-2016

1.3.5. Risk determination

Overview of Legal Requirements

According to Section 5 of the Forestry Act "Forest inventory and forest management plan", it is voluntary for a forest owner to order a management plan. The management plans (usually organized as joint planning projects for whole districts, e.g. municipalities) are conducted by commercial actors commissioned by the county forest authorities in cooperation with local interests representing forest owners and timber buyers. The municipal forest authority organizes bookings and distributes governmental subsidies (which partly finances each management plan). Joint management plan projects are conducted every 10-15 year for each area.

The municipality can legally require a forest owner to conduct an inventory for a management plan, although to date this has not been requested.

Protected areas are controlled through specific regulations (Verneforskrifter) made for each applicable area. These regulations specify whether a management plan or harvesting plan is mandatory for the area in question. Management plans are approved by the Norwegian Environmental Agency ("Miljødirektoratet"), and conducted at county-, or municipality level depending on the given authority. Norwegian Nature Inspectorate ("Statens Naturoppsyn") has the task to ensure that the rules are followed in accordance with regulations and management plans.

If management plans are required for protected areas, the management plans should be publicly available on "Naturbase" (kart.naturbase.no/). If the plan has not been made public on Naturbase, the corresponding management authority will share the plan on request.

Description of Risk

There are no legally binding requirements to order a management plan for areas other than specific protected areas. Countrywide, the majority of forest owners have such plans, while the number of owners having a management plan is lower in Northern and Western Norway. The participation to the planning projects has traditionally been high in areas important for forestry (often 80-95% of the forest owners), and somewhat lower for low importance forestry districts (e.g. in coastal districts and Northern Norway).

Management plans have not been conducted for all protected areas, where such plans are required. As the process of drafting management plans are still in process this is not considered to be a legal violation. According to experts consulted (Expert consultation conducted by NEPCon, 2015-2016), 95 Landscape Protection Areas have an approved plan, 62 have no plan, 6 are under revision, 30 are currently being drafted and 6 areas have no information. Whether a management plan or harvesting plan is required can be verified in the applicable regulation for the Landscape Protection Area.

Risk Conclusion

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

1.3.6. Risk designation and specification

Low risk

1.3.7. Control measures and verifiers

N/A

1.4. Harvesting permits

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

1.4.1. Applicable laws and regulations

- Forestry Act, 2005 (LOV-2005-05-27-31, 2005), Section 11 (Obligation to notify), section 12 (Protective forest) and section 13 (applies to Marka). Available at:

<https://www.regjeringen.no/en/dokumenter/Act-relating-to-forestry-Forestry-Act/id87139/>

- Regulation on logging in the forest areas bordering Oslo and nearby municipalities, 1993 (Forskrift om skogbehandling og skogsdrift for skogsområder i Oslo og nærliggende kommuner (Marka) (FOR-1993-04-02-268). Available at: <https://lovdata.no/dokument/JB/forskrift/1993-04-02-268>
- Protected areas have specific regulations, regulating all forestry operations and requirements including harvesting permits.

1.4.2. Legal authority

- Ministry of Agriculture and Food
- Regional and municipal forest authorities
- The environmental authorities (protected areas) at several levels.

1.4.3. Legally required documents or records

- Protective forest: The formula «Melding om hogst i vernskog» must be submitted to the local forest authority. (No approval is issued, but the measure can be stopped by the authority within three weeks).
- Marka: Written approval for logging
- Protected areas: Harvesting permit if required by sub-national regulation.

1.4.4. Sources of information

Government sources

- Nordli. T. & Engen. E. (2014). Fylkesmannen i Buskerud. Referat fra møte om skogsdrift i indre vassfarets landskapsvernområde (*County Governor of Buskerud. Minutes of the meeting on forestry in inner Vassfarets landscape area*).

Non-Government sources

- naturvernforbundet.no (N.Y). *Naturvernforbundet anmelder ulovlig hogst* [online]. Available at: https://naturvernforbundet.no/naturvern/vern_av_naturomrader/skog/naturvernforbundet-anmelder-ulovlig-hogst-article31443-748.html [Accessed at 1 November 2016]
- Mjosen.no (2016). *Beklager hogst i Hafjell. 08.08.2016* [online]. Available at: <https://www.mjosen.no/om-oss/nyheter/beklager-hogst-i-vernskog/> [Accessed at 1 November 2016]
- Malmö, E (2015). *Ulvig Kiær hogger ulovlig* [online]. Namdals Avisa (NA), December 21, 2015. Available at: <http://www.namdalsavisa.no/nyhet/ulvig-kiar-hogger-ulovlig/s/1-75-1878756> [Accessed at 14 october 2016]

1.4.5. Risk determination

Overview of Legal Requirements

In general, in Norway forest owners are not required to obtain permits to conduct forest operations, including logging. Such permits are only needed in areas considered as

- a. Protective forest (Forestry Act 2005, section 12): *"The County Agricultural Committee may issue regulations that forest shall be classified as protective forests when the forest serves as protection for other forest or provides protection against natural damage. The same shall apply to areas near mountains or ocean, where the forest is vulnerable and may be damaged by wrong forest management."*

The forest owner must submit a mandatory notification form to the local forest authorities before timber logging within the Protective Forest areas. Normally, the forest-owner will not receive a document or answer from the local authorities. If the measure is denied, or if the authorities are making certain demands on how the logging can be conducted, the forest owner will receive a written response. The most important areas with protective forest is the mountain forests in southern Norway (above an altitudinal border decided by each municipality), and all north Norwegian forest (counties of Nordland, Troms and Finnmark).

- b. Marka: Forest areas of particular environmental value (Forestry Act 2005, section 13); states: *"The Ministry may in its regulations impose more stringent restrictions on forest management in forest areas of particular environmental value associated with biodiversity, landscape, outdoor recreation or cultural heritage than those otherwise authorized by the Act when forest management may result in major damage to or adverse effects on these values"*.

Such regulations are only applicable for a geographic area surrounding the city of Oslo (Marka). For the forest category under the scheme FOR-1993-04-02-268 (Forest areas bordering Oslo and nearby Municipalities), the forest owner cannot start logging until the forestry authorities have responded in writing whether the logging can be conducted or not.

Beside a) and b), permits for road-building in forests are applicable (section 7-se 1.8) and before starting the construction, a permit has to be approved. Only the forest owner can apply and receive such permits.

- c. Protected forests where forestry is allowed - Each area should have a specific management plan, regulating forestry operations. In some areas, the forest owner can conduct logging without sending an application and receiving a written answer, as long as the logging is conducted according to the regulations specified in the management plan. In other areas, an application must be sent and a permit must be issued before logging can start.

Description of Risk

A register of violations of harvesting rights without a required harvesting permit does not exist.

- a) Protective forest: Logging without submitting the obligatory notification to the local authorities has been recorded, for instance in mountain forests. However, such events are limited and there are no indications of this taking place systematically or on a large scale.
- b) Marka: The risk of logging violations is low, and violations are hardly known to have occurred, maybe because the regime of "application before logging in Marka" has been in place for a long time, and therefore is well known by forest owners. ENGOs are also

focused on these forests, making it more likely that violations – had they occurred – would have been noticed (Expert consultation conducted by NEPCon, 2015-2016).

- c) Protected areas where forestry is allowed to a certain degree: There have been reports of violations of the requirement of management plans (Nordli. T. & Engen. E. 2014). However, such reports are limited and there are no indications that this is taking place systematically or on a large scale.

Risk Conclusion

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

1.4.6. Risk designation and specification

Low risk

1.4.7. Control measures and verifiers

N/A

TAXES AND FEES

1.5. Payment of royalties and harvesting fees

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

1.5.1. Applicable laws and regulations

- Forestry Act 2005 (LOV-2005-05-27-31). Available at: <https://www.regjeringen.no/en/dokumenter/Act-relating-to-forestry-Forestry-Act/id87139/>
- Regulation on tax for the encouragement of common measures for forestry, 2000 (FOR-2000-04-10-351) Available at: <https://lovdata.no/dokument/SF/forskrift/2000-04-10-351>
- Regulation on skogfond 2006 (FOR-2006-07-03-881). Available at: <https://lovdata.no/dokument/SF/forskrift/2006-07-03-881>

1.5.2. Legal authority

- Ministry of Agriculture and Food
- Norwegian Agriculture Agency
- Regional and municipal forest authorities

1.5.3. Legally required documents or records

N/A

1.5.4. Sources of information

Government sources

- slf.dep.no (2015): *Rapportere virkesomsetning* [online] Landbruksdirektoratet. Last updated: 09.08.2016. Available at: <https://www.slf.dep.no/no/eiendom-og-skog/foryngelse-skjotsel-og-hogst/rapportere-virkesomsetning#om-virkesdatabasen> [Accessed 14 October 2016]
- Expert consultation conducted by NEPCon, 2015-2016

1.5.5. Risk determination

Overview of Legal Requirements

There are two types of fees to be paid with respect to Norwegian timber.

- a) Forestry Development Fund (Skogtiltagsfondet): A system designed for the promotion of common forestry measures, where buyers of timber pay a fee of 1 Norwegian krone/m³ of timber to the state-run fund of common forestry measures. The money is paid to the Forestry Development Fund, and managed by the Norwegian Forest Owners' Federation (Norges Skogeierforbund), which decides funding in cooperation with a board composed of

people also from the government and the other Norwegian forest owner organization, Norskog. The main purpose of this fund is to promote research.

- b) The Forest Fund (Skogfond) is a system in which the forest owner has to pay a fee for the timber sold. Each forest property in Norway has its own Forest Fund, and the fund is to be used for planting, construction of new forest roads, forest-management planning (including environmental survey), payment of fees for attending courses, and physical marking of forest property boundaries. The fee is between 4 and 40 % of the gross value of the timber, and the forest owners decide voluntarily how much to pay. The fee belongs to the property, and when a property changes owner, the money of the fund stays with the property. The forest owner must send a claim to the municipal forest authorities, who decides whether or not the owner can receive payment due to the regulations.

According to §3, 9 and 10 of FOR-2006-07-03-881, all timber logged for the purpose of selling has to be measured and registered in the national digital timber database (Virkesdatabasen). According to § 9, a large amount of information must be reported under the property number where the timber is logged, including the name and address of the owner, name and address of the buyer, volume of timber bought, the value of the timber measured, how much is paid to the Forest Fund, and the forest certification systems applicable to the property. This kind of information shall be divided into groups for different tree species and qualities.

Every year, the regional forest authorities send the tax authorities and the forest owner a report of how many cubic-meters were logged in each property, their gross-value, and how much money was paid to the Forest Fund. The purpose of Virkesdatabasen is to give the political governments an overview of the amount of timber logged for sale, to ensure that the payments to the Forest Fund meet the regulations, and to document that logging is conducted in compliance with the EU-timber regulation laws.

Description of Risk

The systems for classification and payments to and from the Forest Fund are well established, and very few examples of fraud or misuse are known (Expert consultation conducted by NEPCon, 2015-2016). The system used to determine when a forest owner can use money from the Forest Fund is also well established and regulated. Most of the money from the Forest Fund is paid to professional entrepreneurs responsible for example of planting, thinning, soil scarification, or road-building. After these companies finish their work, they send an invoice (including receipts) to the forest owner with copy to the municipality, making it easy for the municipal forest authorities to control whether the money from the Skogfond is used according to the law. The system with Virkesdatabasen is also useful to minimize the risk of tax fraud, since it provides registers of the volume of timber logged to be taxed. Each year, the regional forest authorities send a report to the tax authorities and to each forest owner, with information concerning volume logged, gross value, and how much was paid to the Skogfond. Such reports are made individually for each forest owner.

There is not available information indicating a risk in this category.

Risk Conclusion

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

1.5.6. Risk designation and specification

Low risk

1.5.7. Control measures and verifiers

N/A

1.6. Value added taxes and other sales taxes

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

1.6.1. Applicable laws and regulations

- Act relating to value added tax, 2009 (LOV-2009-06-19-58) [VAT Act] (merverdiavgiftsloven). Available at: <https://lovdata.no/dokument/NL/lov/2009-06-19-58?q=moms>
- Regulation on skogfond, 2006 (FOR-2006-07-03-881). Available at: <https://lovdata.no/dokument/SF/forskrift/2006-07-03-881>

1.6.2. Legal authority

- The Ministry of Finance

1.6.3. Legally required documents or records

- § 2-1 in the VAT Act states that self-employed individuals and businesses must be registered in the VAT-register (Merverdiavgiftsregisteret) if their annual turnover is > 50.000 kroner within a period of 12 months.

1.6.4. Sources of information

Government sources

- Expert consultation conducted by NEPCon, 2015-2016

Non-Government sources

- Transparency.org (2015). *Corruption Perceptions Index 2015* [Online]. Available at: <http://www.transparency.org/cpi2015#map-container> [Accessed 14 October 2016]
- Info.worldbank.org (2015). *Worldwide Governance Indicators* [Online]. Available at: <http://info.worldbank.org/governance/wgi/index.aspx#reports> [Accessed 14 October 2016]

1.6.5. Risk determination

Overview of Legal Requirements

Businesses/forest owners shall register in the VAT register and pay VAT if sales exceed 50.000 NKK in a period of 12 months.

Description of Risk

According to §3, 9 and 10 in FOR-2006-07-03-881, all timber logged for the purpose of being sold has to be measured and registered in the national digital timber database (virkesdatabasen).

As all taxes shall be registered in a digital database, this provides a good basis for verifying that VAT has been paid. In 2015, Norway had a CPI of 87 (above the threshold of 50) and, according to the World Bank Worldwide Governance Indicators, – on a scale of -2,5 to 2,5 in 2014 – it received a score of 1,81 for Government Effectiveness, 2,05 for Rule of Law and 2,23 for Control of Corruption, indicating that the country has low corruption levels and a high degree of legal compliance.

There are no indications of large-scale and systematic tax fraud within the forest sector

Risk Conclusion

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

1.6.6. Risk designation and specification

Low risk

1.6.7. Control measures and verifiers

N/A

1.7. Income and profit taxes

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

1.7.1. Applicable laws and regulations

- Tax Act, 1999 (LOV-1999-03-26-14). Available at: <https://lovdata.no/dokument/NL/lov/1999-03-26-14?q=Skatteloven>
- The Act of December 19, 2014, no. 80 of amendments to the Law of March 26, 1999, no. 14, relating to tax on income and wealth (LOV-2014-12-19-80) (Law on taxes). Available at: <https://lovdata.no/dokument/NL/lov/2014-12-19-80>
- Regulation for Assessment of wealth, income and deduction items for use in the assessment of fiscal year 2015 (FOR-2015-11-06-1283). Available at: <https://lovdata.no/dokument/LTI/forskrift/2015-11-06-1283>

1.7.2. Legal authority

- The Ministry of Finance

1.7.3. Legally required documents or records

- Annual tax form

1.7.4. Sources of information

Government sources

- Expert consultation conducted by NEPCon, 2015-2016

Non-Government sources

- Transparency.org (2015). *Corruption Perceptions Index 2015* [Online]. Available at: <http://www.transparency.org/cpi2015#map-container> [Accessed 14 October 2016]
- Info.worldbank.org (2015). *Worldwide Governance Indicators* [Online]. Available at: <http://info.worldbank.org/governance/wgi/index.aspx#reports> [Accessed 14 October 2016]

1.7.5. Risk determination

Overview of Legal Requirements

In Norway, the requirement for income tax registration is the same for a forest owner, a business, and others (Expert consultation conducted by NEPCon, 2015-2016).

Profits derived from the sale of timber and harvesting activities are reported to the tax authorities in the annual tax form.

Description of Risk

The amount of timber sold, as well as the income received, is all registered in "Virkesdatabasen", providing a good basis for control of the amount of timber sold by each forest owner (see 1.5 and 1.6).

In 2015, Norway had a CPI of 87 (above the threshold of 50) and, according to the World Bank Worldwide Governance Indicators, – on a scale of -2,5 to 2,5 in 2014 – it received a score of 1,81 for Government Effectiveness, 2,05 for Rule of Law, and 2,23 for Control of Corruption, indicating that the country has low corruption levels and a high degree of legal compliance.

There are no indications of large-scale and systematic tax fraud within the forest sector.

Risk Conclusion

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

1.7.6. Risk designation and specification

Low risk

1.7.7. Control measures and verifiers

N/A

TIMBER HARVESTING ACTIVITIES

1.8. Timber harvesting regulations

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

1.8.1. Applicable laws and regulations

- Forestry Act (LOV-2005-05-27-31), 2005, section 6 (Regeneration and silviculture of forest), Section 7 (Roadbuilding in forests). Available at: <https://www.regjeringen.no/en/dokumenter/Act-relating-to-forestry-Forestry-Act/id87139/>
- Regulation for sustainable forest management (FOR-2006-06-07-593), 2006 (Forskrift om berekraftig skogbruk): <https://lovdata.no/dokument/SF/forskrift/2006-06-07-593>
- Regulation for the use of herbicides and pesticides (FOR-2015-05-06-455), section 22: https://lovdata.no/dokument/SF/forskrift/2015-05-06-455/*#*
- The Nature Diversity Act (LOV-2009-06-19-100), 2012. <https://www.regjeringen.no/en/dokumenter/nature-diversity-act/id570549/>
- Regulation on logging in the forest areas bordering Oslo and nearby municipalities, 1993 (Forskrift om skogbehandling og skogsdrift for skogsområder i Oslo og nærliggende kommuner (Marka) (FOR1993-04-02-268). <https://lovdata.no/dokument/JB/forskrift/1993-04-02-268>
- Regulations for the release of foreign species for forestry purposes, 2012 (FOR-2012-05-25-460): <https://lovdata.no/dokument/SF/forskrift/2012-05-25-460?q=utenlandske%20treslags>

1.8.2. Legal authority

- Ministry of Agriculture and Food, or
- County and municipal forest authorities.
- The environmental agency (Miljødirektoratet) for FOR-2012-05-25-460
- The Norwegian Food Safety Authority

1.8.3. Legally required documents or records

The forest owner is not required to have specific documents in place before logging, thinning, planting or other forest operations can be conducted.

Exceptions include:

- a) Road-building. An application for the road-building project is sent to the local forestry authorities. After municipal administration and consultation among stakeholders, the

municipality makes a decision and informs the forest owners and other stakeholders. The municipality can deny to build the road or define specific terms for its construction.

- b) Use of herbicides: The Norwegian Food Safety Authority can give authorization for dispersal of herbicides and pesticides, giving the applicant (forest owner or company working on behalf of the forest owner) a legal document with specific conditions.
- c) Protective forest, Marka and other forest areas with specified required documents prior to logging.
- d) Protected areas with management plans administrated by environmental authorities.

1.8.4. Sources of Information

Government sources

- Granhus, Eriksen & Moum (2014). Resultatkontroll skogbruk. Rapport 2013. Oppdragsrapport fra Skog og Landskap 08/2014. Available at: http://www.skogoglandskap.no/filearchive/Oppdragsrapport_08-2014_Resultatkontroll_skogbruk_miljo_rapport_2013.pdf [Accessed 2. December 2016].
- Granhus, Eriksen & Moum (2015). Resultatkontroll skogbruk/miljø. Rapport 2014. NIBIO rapport 1:32. Available at: <http://brage.bibsys.no/xmlui/bitstream/handle/11250/2364999/NIBIO%20RAPPORT%201%2832%29.pdf?sequence=1&isAllowed=y> [Accessed 2. December 2016].

Non-Government sources

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- Naturvernforbundet (N.Y). *Naturvernforbundet anmelder ulovlig bygging av skogsbilvei* [online]. Available at: <http://naturvernforbundet.no/trondelag/2009/naturvernforbundet-anmelder-ulovlig-bygging-av-skogsbilvei-article15735-1430.html> [Accessed 14 October 2016]
- Hansen, F. (2015). *Da ordfører Ronny Grindstein i Gratangen forsøkte å få svar om en gammel og betent veisak, endte den i grøfte* [online] Fremover. Available at: <http://www.fremover.no/lokale-nyheter/gratangen/da-ordforer-ronny-grindstein-i-gratangen-forsokte-a-fa-svar-om-en-gammel-og-betent-veisak-endte-den-i-grofta/s/5-17-21816> [Accessed on 14 October 2016]
- Martinsen, K. (2015). *Høgst til Økokrim* [online]. Avisa Hemnes. Available at: <http://avisahemnes.no/side/47953/art/51956/Hogst+til+kokrim.html> [Accessed 14 October 2016]

1.8.5. Risk determination

Overview of Legal Requirements

Normally, the Law and regulations managed by the forestry authorities do not require any specific harvesting techniques. There are no seasonal limitations on logging, or on size of felling areas, minimum age and/or diameter for felling. Exceptions are the Protective forest where selective logging ("fjellskogshogst") can be decided to be the only acceptable technique

of climatic reasons, and within the forests surrounding Oslo and its nearby municipalities ("Marka"), with regulations on e.g. the logging area size.

§ 5 in regulation concerning sustainable forestry (FOR-2006-06-07-593) has requirements for logging in all forests, such as (translated from Norwegian): damage made from logging-machines must as soon as possible be repaired.... It is further stated that It is forbidden to make new trenches for forest production purposes in mire- and swamp-forests.

Change of tree species in rich oak forest and broad leaved forests is in general not accepted, and exceptions must be approved by the municipality, Forest owners must notify the municipality if unforested areas are planted with production trees, or if change of indigenous tree species (e.g. birch to spruce) covers an area larger than 10 hectares. The environmental authorities are cooperating with the forestry authorities, and gives permission for plantations of exotic tree species if the forest owner can substantiate insignificant damage on important natural habitats.

Logging in the "Marka" area bordering Oslo is managed by the affected municipalities according to FOR1993-04-02-268.

Description of Risk

Most requirements in the law give room for some interpretation.

Normally, the forest-owner does not need to apply for approval before logging.

Since 2009, the forest-authorities have conducted an annual sample examination to in some degree monitor whether the requirements of the forestry act are being followed (see table 1). The examinations indicate a certain degree of violation of the requirements, but generally violations happen in limited cases:

- The requirements concerning granting permits before building roads, logging in protection-forests, use of herbicides, and logging in the forest areas bordering Oslo, have been evaluated as low risk.
- There are no indications that change of tree species without permission is an issue.
- There are examples showing that road construction have happened without permission (see "Sources of information"), as well as ditching for forest production purposes. The extent of such illegal activities is, however, not considered to be of large scale.
- The percentage of felling-sites unrepaired after felling has since 2010 been below 4% and not considered to be a general large scale issue.

Even though there have been issues reported of non-compliance with harvesting regulations, in general these seem to be small scale and non-systematic.

Table 1. Requirement "damage made from logging-machines must be repaired as soon as possible."
(Source: Calculation based on Table 6 in Granhus et al. (2014) with additional data from 2009 (Granhus 2013)."

Control-year	Percentage of felling-sites not yet repaired
2009	5
2010	3,4

2011	2,5
2012	2,6
2013	2,9
2014	3,7

The authority controls have some methodological weaknesses further discussed under 1.9. The scope of real damages may be lower than shown in table 1 because the objects may have been measured between logging and the deadline for repairing machine tracks.

Risk Conclusion

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

1.8.6. Risk designation and specification

Low risk

1.8.7. Control measures and verifiers

N/A

1.9. Protected sites and species

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

1.9.1. Applicable laws and regulations

- Nature Diversity Act (LOV-2009-06-19-100), 2009 (Lov om forvaltning av naturens mangfold). Available at: <https://www.regjeringen.no/en/dokumenter/nature-diversity-act/id570549/> or <https://lovdata.no/dokument/NL/lov/2009-06-19-100?q=naturmangfoldloven>

Rare, threatened, or endangered species, including their habitats and potential habitats:

- Regulation (FOR-2011-05-13-512). Protection of one special forest-type (kalklindeskog). Available at: <https://lovdata.no/dokument/SF/forskrift/2011-05-13-512>
- Regulation (FOR-2011-05-20-523). Protection of Cephalanthera rubra. Available at: <https://lovdata.no/dokument/SF/forskrift/2011-05-20-523>
- Each area protected under the nature diversity act has its own regulation. This regulates what kinds of activities are prohibited or acceptable.

Key-biotopes:

- The Forestry Act and the Regulation concerning sustainable forestry (2006-06-07-593)

- Part of the Norwegian PEFC-standard is directly included in the Norwegian forest law (according to § 5 in FOR 2006-06-07-593). It has requirements that are directly included into the law (according to §5 in FOR-2006-06-07-593).
- The Environmental Information Act, 2003. Act of 9 May 2003 No.31. Available at: <https://www.regjeringen.no/en/dokumenter/environmental-information-act/id173247/>

1.9.2. Legal authority

- Norwegian Environment Agency
- Ministry of Environment
- Ministry of Agriculture and Food
- The Norwegian Agricultural Agency

1.9.3. Legally required documents or records

N/A

1.9.4. Sources of Information

Government sources

- Riksrevisjonen (2012). *Riksrevisjonens undersøkelse av bærekraftig forvaltning av norske skogressurser* [online]. Dokument 3:17. (2011-2012). Overlevert Stortinget 27.09.2012. Available at: <https://www.riksrevisjonen.no/rapporter/Sider/Skog.aspx> [Accessed 14 June 2016]
- Granhus, A., Eriksen, R., Moum, S. O. (2014). Resultatkontroll skogbruk. Rapport 2013. Oppdragsrapport fra Skog og Landskap 08/2014. Available at: http://www.skogoglandskap.no/filearchive/Oppdragsrapport_08-2014_Resultatkontroll_skogbruk_miljo_rapport_2013.pdf [Accessed 2. December 2016]
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- Baumann. C. et.al. (2002). *Håndbok i registrering av livsmiljøer i skog* [online]. Hefte 4. Veileder for rangering og utvelgelse 2002. Available at: http://www.skogoglandskap.no/filearchive/mis_hefte4.pdf [Accessed 14 October 2016]
- Statens landbruksforvaltning 2010: En analyse av Resultatkontroll skogbruk og miljø 2010.

Non-Government sources

- Holstad, G. (2003). *Regnskog I miljøpapir*. Adressavisa. 29.09.2013 (Not available on the internet).
- Dallawara, W. (2005). *Statskog kan miste miljøsertifikat*. Nationen. 16.08.2005 (Not available on the internet).

- Viken Skog (2014). *Miljørapport 2014* [online]. Available at: http://www.viken.skog.no/assets/files/pdf/viken_miljorapporter/vikensskog-miljorapport-200x287mm-web.pdf [Accessed 14 October 2016]
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- PEFC (2012). *Rapport Kontroll av nøkkelbiotoper 2011-2012* [online]. PEFC Norge. Available at: http://www.pefcnorge.org/vedl/Rapport_kontroll%20av%20n%C3%B8kkelbiotoper%202011-2012.pdf [Accessed 14 October 2016]
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- Fjellstad, T. 2016. Kommentar til rapporten fra Naturvernforbundet om nøkkelbiotoper i skog, kontroll av MiS-figurer i Østfold. Notat, Glommen Skog 2016-05-30.
- Fogelstrand, L. (2015). *Raserte vernet skog med hogstmaskin* [online]. Glåmdalen. 19. Marts 2015. Available at: <http://www.glomdalen.no/glommen-skog/naringsliv/tommernaringen/raserte-vernet-skog-med-hogstmaskin/s/5-19-38026> [Accessed 30 May 2016]

1.9.5. Risk determination

Overview of Legal Requirements

Protected areas according to the nature Diversity Act:

Each protected area has its own regulation describing necessary management. Forestry is forbidden in all National Parks and most of the Nature Reserves, while allowed in Landscape Protection areas under certain management rules.

Rare, threatened, or endangered species including their habitats and potential habitats:

Actual regulations referring to RTE species cover only one forest-dwelling species, the orchid *Cephalanthera rubra* (FOR-2011-05-13-512). Management or activities that harm this species is prohibited, including clear-cutting. For all sites where the species grows, the environmental authorities are required to draft a management plan. The regulation for selected nature-types initiates management plans for the six types listed. Some of them can theoretically be affected by forestry activities (e.g. logging, movement of heavy machinery, timber storage or road-construction), although they are located outside forest (the six types are: calcareous lime-forest, calcareous lakes, Atlantic heath, natural meadows, mire-meadows, and hollow oaks in the cultural landscape).

Key habitats:

§§ 4 and 5 in the regulation concerning sustainable forestry (FOR-2006-06-07-593) describes Norwegian PEFC standard requirements that are in compliance to the law. These are:

- Logging can only be conducted on properties with environmental registrations in accordance to the requirements in the PEFC standard, and
- the forest owner shall maintain the ecological values in key habitats while conducting loggings in compliance with the guidelines of the Norwegian PEFC-standard.

Practically all Norwegian properties with more than 10 ha of productive forest are required to have an environmental survey according to the regulation concerning sustainable forestry and the PEFC standard, once they sell timber. The accepted method for registration is the MiS-method (MiS = "Miljøregistrering i Skog" = environmental forest registration). Also on smaller properties than 10 ha, habitats in accordance to this method should be taken into account.

The MiS method is published with a number of supporting publications:

http://www.skogoglandskap.no/temaer/miljoregistrering_i_skog. 12 specific habitat-types are mapped (standing dead wood, fallen dead trees, old trees, deciduous trees, rich ground-vegetation, hollow trees, trees with beard-lichens, forest fire areas, river gorges, ravines, rock walls, and rich epiphyte flora (*Lobarion*)) for which logging is respectively prohibited or recommended under certain rules (see i) and ii) below).

All forest owners are obliged to protect their key habitats. The PEFC standard, requirement 21, states that: "*The key habitats must be left untouched, or managed in a way which does not reduce, or which actually improves conditions for biodiversity. If key habitats are managed in any manner other than untouched, management measures must be prepared in consultation with a person with forest biology expertise, and approved by the certificate holder.*" The decision of whether logging in a key habitat is accepted or not is based on:

- i. The general advice in Baumann. C. et. al. 2002, page 37-42. The intention of this is that the qualities of the key habitat are maintained, and that the RTE species living there can continue sustain their populations in the future.
- ii. The forestry practice adapted after 2002. According to experts consulted (Expert consultation conducted by NEPCon, 2015-2016) this advice has been central in the application of the principles. He says that: "In approximately 33% of the key habitats, logging is permitted in the management plan. It is mainly spruce-logging that is permitted. If the advice is to leave the key habitat untouched, all logging is prohibited.

If logging is recommended, and the forest owners would like to conduct logging, they are required to follow the instructions written in the forestry-plan.

In Norway key habitats are usually registered as a part of large management plan projects covering whole landscapes (often a municipality). Next step is the environmental analysis of the whole project-material (assembly of many properties and often several hundred *possible* key habitats to make a sufficient landscape analysis). The registration of key habitats are referred to as MiS registration (Miljøregistrering i Skog = Environmental registration in forests) This assessment is made by a biologist engaged by the project. Each habitat area is valorized on a scale A-C, where the ecologically most important areas are labelled A. After the analysis, the areas are presented to each forest owner in a geographically sorted gross list with a corresponding map. The final step is to present the list to a local stakeholder group in a council, where the forest owners have given their opinions on the registrations. The council discusses every area due to the wish of the forest owner, the reasonableness of this wish, and in the light of the assessment (the biologist is also represented). During this meeting, all the most important areas (labelled A) usually are kept as key habitats, i.e. the biologist's opinion is the most important. Regarding C-areas, the forest owner has the heaviest voice, and many of these areas are deleted and do not become key habitats on the final map. B-areas are often a discussion about they either or not are kept as key habitat for the property, often depending on degree of reluctance from the biologist. The deleted areas on the gross list are finally deleted from the management plan draft, and the final result of the process is the official net list of key habitats in the project area, where each selected key habitat is visible on the management maps for each property. These key habitats are published in the official web page Kilden.no.

A forest owner is not required to have a management plan with MiS-survey. However, in case the owner wish to harvest timber, a survey of key habitats must be conducted. In case the forest owner did not join the common forestry planning project with MiS-registrations, a complete MiS-survey must be organized and conducted before logging can start. The registration is done by a third part expert who also assess whether the areas in fact have a high biological importance and whether they shall be set aside.

Description of Risk

Protected areas:

The owners of protected areas (Nature reserves, national parks) are economically compensated for income loss from forestry, and rangers visit the areas regularly. Cases of logging inside protected areas rarely occur in Norway. The risk that logging may be taking place inside protected areas in a way that breaks the law is thus considered to be low.

Rare, threatened, or endangered species, including their habitats and potential habitats:

Areas under the scheme "*Regulation for selected important nature-types*" and "Protection of *Cephalanthera rubra*" cover only a very small percentage of the Norwegian forest (<0,1 %). The few areas (<50 areas) where the *Cephalanthera rubra* orchid grows are mapped and well known by the environmental authorities and the forest owners. Violations of the protection scheme are not known, and the risk for violation of this scheme is considered low. Construction of roads near calcareous lakes is not known to be an issue.

Key habitats:

There are several central factors to consider when determining risk:

- a) In most places, the forest owner does not need to apply for a permit before logging. The logging areas are therefore rarely checked by forest authorities before logging.
- b) In general, the forest authorities do not control the logging sites after logging to check if the logging was conducted according to the law
- c) No cases have been found where a forest owner was punished for breaking the law.

Norwegian Forest owners' associations admitted in 2011-2012 (see e.g. Christensen 2012) that hundreds of key habitats had been more or less affected by logging. Most of these areas were touched by logging activities before 2006. The regulation regarding sustainable forestry was put into force 1 July 2006. After that, logging of key habitats became illegal if it would damage the habitat. Such violations can still be a critical risk, but a low number of such cases are documented after 2012. External revisions of all large Norwegian timber buyers between 2014 and 2016 (revision of PEFC certificates) revealed no logging violations. A questionnaire amongst the 10 significant timber buyers (= PEFC certificate holders) as a part of the documentation for the Norwegian NRA showed that 30 key habitats were seriously harmed or damaged by logging activity between 2014 and 2016. out of a total number of key habitats in account (ca. 75.000 per 2016).

Some possible violations are discovered by ENGOs (e.g. Finnøy Bakken 2016, Naturvernforbundet i Østfold 2016). Many of these discoveries are, however, older than the regulation (2006), and have already been corrected due to routines (Fjellstad 2016). The great change in logging behaviour is mainly coinciding with the introduction of the new forest requirements in the regulation of 2006 followed by a strong tightening of most procedures concerning logging activity near key habitats.

After the key habitat logging was unveiled around 2011, all timber buyers participated to a project run by PEFC Norway, where all key habitats were checked on air photos (see e.g. Fjellstad 2016). All areas affected by logging were further checked in dialogue with the forest owner and an independent biologist, and if it was reasonable, new key habitats were mapped after field survey. This happened simultaneously with rapid improvements of GPS and map technologies. Examples of new procedures among most logging entrepreneurs are: physical marking of the key habitat in the forest before logging, introduction of a safety zone (normally 10 meter) around the area because of GPS inaccuracy, use of two or more GPS receivers, consultation of a biologist in case of suspected errors of boundaries (many biotopes are originally drawn on an analog map and are therefore wrongly placed), or other errors. Furthermore, nearly all Norwegian timber buyers today have their own digital map systems which often are more up-to-date than the official maps and databases. The timber buyers are also required to have systems to reveal if the property have conducted a MiS-survey or not (shown as a layer in the digital maps), and the forest owner is according to the Environmental Information Act required to give correct information on important environmental occurrences, including key habitats. This dialogue is identified as critical for business. In most cases, information is usually easy accessible from business databases and the official database Kilden.no. In some cases, however, the needed information is not yet updated in the available databases. The timber buyer must then check all possible sources including the forest owner, local authorities, local conservationists, other stakeholders, and other timber buyers. Key habitats are nowadays very rarely logged due to withheld information by other timber buyers or the forest owner.

The official annual report on forest control prepared by the forest authorities (Granhus 2015), provides an indication of whether issues on key habitats exists. According to the report up to 3.9% of all loggings were in possible violation of the law in 2014. It is important to note the limitations of the control. Firstly, the forest control report is not a direct measurement for compliance with the forestry act (letter from the Norwegian Agriculture Agency (Torleif Terum, pers. com. 6) to NEPCon 17 January 2017). Secondly, the control methods behind the Granhus reports use the official maps at Kilden.no to identify key habitats, and not the forest management plan, which is not publicly available. As the official map is often not up to date, this can lead to inaccurate findings in the field as the status of the key habitats might have changed since being registered at Kilden.no. Logging for improvement of the habitat is recommended in about 1/3 of the key habitats (according to the MiS-method), but only published in the management plans, and not in Kilden.no. Thus, the measurements can end up with inaccurate conclusions if the management plans are not checked. According to Axel Granhus (pers. com. 16), there may also be uncertainties in the measurements in Granhus et al. (2014, 2015) due to scarce calibration and lack of schooling of the field crew. Therefore, the actual number of violation might be lower than recorded in the report.

According to a report conducted by Friends of the Earth - Norway (Naturvernforbundet i Østfold 2016), which studied Østfold county, the amount of violations to the regulations concerning key habitats were as high as 10,1%. The forest owners, on the other side (Fjellstad 2016), stated that 1,5% were in violation. The contradictory results were shown by Fjellstad (2016) to be caused by the same error sources as the above mentioned for the official control measurements published by Granhus et. al (2014, 2015), as also mentioned by Fjellstad (2016). Many of the habitats were also affected by logging before it became directly illegal in 2006 (see text above), or they became logged between registration and publishing.

While protected areas are well protected and the threat to the only legally protected forest species, *Cephalanthera rubra*, is very low. Reports from ENGOS may indicate violations where key habitats have been logged (Naturvernforbundet 2015). However, most of these cases are older than the current law (2006), or the areas are legally affected by timber harvesting of other reasons (see e.g. Fjellstad 2015). There has been an increasing focus on protection of key habitats since the introduction of the law in 2006, and the requirements to follow the law became even stronger after 2011 (use of several GPS receivers, marking of boundaries, consulting routines toward biologist, safety zones etc.). Today, the scale of illegal logging in key habitats is considered negligible.

Risk Conclusion

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

1.9.6. Risk designation and specification

Low risk

1.9.7. Control measures and verifiers

N/A

1.10. Environmental requirements

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

1.10.1. Applicable laws and regulations

- Forestry Act (LOV-2005-05-27-31), 2005. Available at: <https://www.regjeringen.no/en/dokumenter/Act-relating-to-forestry-Forestry-Act/id87139/>
- Regulation concerning sustainable forestry (FOR 2006-06-07-593). Available at: <https://lovdata.no/dokument/SF/forskrift/2006-06-07-593>
- Nature Diversity Act, 2009 (LOV-2009-06-19-100). Available at: <https://www.regjeringen.no/en/dokumenter/nature-diversity-act/id570549/>
- Act relating to river systems and groundwater, 2000 (LOV-2000-11-24-82). Available at: https://www.regjeringen.no/globalassets/upload/oed/vedlegg/lover-og-reglement/act_no_82_of_24_november_2000.pdf
- Regulation concerning the use of exotic tree species in forestry, 2012 (FOR-2012-05-25-460). Available at: <https://lovdata.no/dokument/SF/forskrift/2012-05-25-460>

1.10.2. Legal authority

- Ministry of Agriculture and Food
- Ministry of climate and environment
- Norwegian Agriculture Agency
- Norwegian Environment Agency
- County and municipal forestry and environment authorities

1.10.3. Legally required documents or records

N/A

1.10.4. Sources of information

Government sources

- Granhus, A., Eriksen, R., Moum, S. O. (2015) Resultatkontroll skogbruk/miljø. Rapport 2014. NIBIO report 32/2015.
- Granhus, A., Hysten, G. (2016). *Hva viser 10. Landskogtaksering om miljøtilstanden i skogen?* [online]. Landsskogtakseringen. Norsk Institutt for Bioøkonomi. Available at:

http://www.skogogtre.no/files/3_%20Aksel%20Granhus_Skog&Tre_2016.pdf [Accessed 14 October 2016]

- Mäsholm, L. (2012). *En analyse av «Resultatkontroll skogbruk og miljø 2010*. Statens landbruksforvaltning. 5.3.2012.
- Norwegian Agriculture Agency and NIBIO (18.01.2017) Letter with comments to NEPCon Centralised National Risk assessment. Norway. Not available online.

Non-Government sources

- Gundersen, P. et. al., (2010). *Environmental services provided by riparian forests in the Nordic countries*. Ambio 39: 555-566.
- Stokland, J. N. et al. (2014). *Tilstand og utvikling i norsk skog 1994 -2012 for noen utvalgte miljøegenskaper* [online]. Oppdragsrapport fra Skog og landskap 03/2014. Norsk Institutt for Skog og Landskap (NIBIO). Available at: http://www.skogoglandskap.no/filearchive/oppdragsrapport_03-2014.pdf [Accessed 14 October 2016]

1.10.5. Risk determination

Overview of Legal Requirements

The Forestry Act, and the central regulation concerning sustainable forestry, provides regulations for legally acceptable reforestation after harvesting and environmental considerations under forest management operations. There are no seasonal limitations of harvesting time or protection of breeding sites.

The Forestry Act is quite general, and more specific environmental requirements are described in the central regulation concerning sustainable forestry (FOR 2006-06-07-593). Where describing the obligations to take care of key habitats, this regulation refers to the current Norwegian PEFC standard for sustainable forestry, but for all other environmental aspects the legal requirements are fully described by the central regulation. The legal requirements are generally somewhat weaker than the similar demands described in the PEFC standard.

For border zones along creeks, rivers and lakes, the Regulation Concerning Sustainable Forestry states (translated from Norwegian) that when harvesting close to lakes and water-flows and between forest areas and other categories of land, the ecological function of the border zone has to be maintained.

The regulation is also describing other environmental demands, like the need to repair significant track damage after skidding or forwarding, proposed minimum proportion of deciduous trees after reforestation, ban on creating new dikes in moist forest and mires, demand for permission by the municipality when using exotic species for reforestation and cleaning paths, rivers and creeks for forest waste after logging.

The Nature Diversity Act includes a requirement (Section 6) on general duty of care when carrying out activities, to avoid causing damage to biological, geological and landscape diversity.

The Act relating to river systems and groundwater describes needs for buffer zones to water systems as; "Along the banks of river systems with a perennial flow, a limited natural belt of

vegetation shall be maintained to counteract runoff and provide a habitat for plants and animals”.

The regulation concerning the use of exotic tree species for forestry purposes, under the Nature Diversity Act, introduces a number of requirements for the use of such trees. The purpose of the regulation is to avoid potential negative impacts on Norwegian biodiversity. All planned plantings of exotic tree species need a permission from the regional authorities (county governor), and should include a map of the area, name of species, an evaluation of biodiversity values on the land, and control measures to avoid dispersal beyond the planting. The decisions by the County governor are public and can be appealed to the Norwegian Environmental Agency. After the regulation was set into action in 2012, the use of alien tree species has reduced drastically.

There is no requirement to leave retention trees under single tree conifer plantations where the species does not occur naturally in the area. That is applicable for Norway spruce in Western Norway (Vestlandet) and Northern Norway North of Rana Commune.

Description of Risk

The following factors should be considered when assessing the risk for violation of the relevant legislation:

- A. Norwegian forest policy is based on the principle of freedom under responsibility for the forest owners, unless for areas of protection forests and forests close to Oslo (Marka).
- B. The forest authorities conduct sample based controls of the harvestings, focusing on silviculture measures, as well as how the harvesting practices are done according to different forest policy objectives. This is however, not a control of to what degree relevant laws and regulations are followed. Approximately 1.300 plots for field control are randomly selected countrywide, from all harvesting fields each year. Calculated from the average size of a harvesting, approximately 6-8 % of the harvested areas are selected for field control, which should secure a relevant picture of the situation and how the practice is developing. In addition, the municipal forest authorities do specific controls
- C. Norwegian laws and regulations do not contain comprehensive nor strict demands to environmental standards in forestry, but instead refer this to certification schemes.

The national forest inventory (NFI) represents an independent source of information for monitoring the development of the forests. This is a sample plot based inventory with permanent sample plots systematically spread over the country, and they have data series back to c. 1920

(http://www.skogoglandskap.no/artikler/2013/fakta_om_landsskogtakseringen/newsitem).

Data collected from these sample plots are analyzed for the development of environmental parameters, see e.g. Granhus and Høyen (2016). Analyses of data from NFI show improvement for most environmental parameters, like proportion of old forest and amount of dead wood, number of retention trees left after harvesting, and significant reduction in harvesting in border zones to lakes, rivers and creeks. The area of productive forest in border zones is estimated to constitute 7 % of the total productive forest area and 4,6 % of the standing volume (Granhus og Høyen 2016). Similarly, the proportion of productive forest in border zones along lakes, rivers and creeks, is estimated to constitute 2,8 % of the total area of productive forest, when a border zone is defined to a width of 10 m. In 2002, the

proportion of the area in border zones where harvesting had taken place, but no particular considerations had been taken, was 24,1 %. In 2010, the similar proportion was 9,5 % (Stokland 2014).

For border zones to swamps a similar development can be seen, but there the proportion of the classification "no particular considerations taken" was only 1,1 % in 2010. There is a significant improvement for considerations when harvesting in border zones to lakes, rivers and creeks and to swamps. If the existing boarder zone is considered not to be stable there is a legal possibility to harvest and re-establish a stable well-functioning border zone. This is, however, not assessed during the field survey of the sample plots, and the area identified as area where no specific considerations are taken includes the legally re-established border zones. Thus, it is challenging to verify to which degree violations occur regarding requirements to border zones, and the actual number will be lower than officially recorded.

The Regulation concerning Sustainable Forestry does not give any accurate requirements on the width of the zones, the tree species composition, the age, or what is really meant with "ecological function" of the zones. The PEFC standard, which is applicable for nearly all forest activities in Norway, gives both accurate requirements on all these elements, and the standard also describes exceptions where border zones can be harvested. The PEFC standard is not a part of the law, but is much stricter than the law.

The report from the aggregated data from the sample based regeneration controls conducted by the forest authorities (Granhus 2015) is also addressing management of border zones. The report describes a quite stable result for the period from 2010 to 2014. According to the report, there was no need for border zones in 74,3 % of the controlled logging areas, whereas no particular considerations were taken in 1,9 % of the controlled logging sites. This report also does not distinguish between legal and illegal harvesting of buffer zones, so the number is not a description of the violations of the legislative demands for these environmental aspects (see also previous section). This is emphasized by the Norwegian Agriculture Agency together with NIBIO in a common letter (January 2017). When doing this field assessment for these reports, the surveyors do not have access to the operational plans for the harvesting, which documents which considerations are actually made for the stability of the border zones or other assessment done for this aspect. The reports are on the other hand, describing a development and give a starting point for assessing the situation. The identified proportion of harvests where the border zones are classified as lacking is in the range that could be expected from different technical reasons, like poor stability of the remaining forest in the border zone. It is not unlikely that loggings occur where border zones should have been left, but this is not considered to be a large scale problem.

To leave retention trees when harvesting is mandatory according to the regulation concerning sustainable forestry. The regulation states that there should be at least 5 retention trees/ha, primarily among the oldest trees in the stand. According to the national forest inventory (NFI), the average number of retention trees and seed trees has for the period from 1994 to 2012 increased to 25 trees/ha, significantly higher than the legislative demand. The aggregated data from the sample based regeneration controls (Granhus 2015) indicates, however, that the retention trees are lacking some places. This may be due to the fact that the surveyors did not have access to the operational plans for the harvesting, where the location of the retention trees are documented. Retention trees could be placed next to, or inside a neighboring stand, and will not appear as retention trees for the field surveyors.

In addition to the forest monitoring by the forest authorities, the certified wood buyers and holders of group certificates, and their external environmental auditors conduct both internal and external controls. The reports from the external controls conducted by the authorized independent certifiers like DNV GL and Intertek (3rd party audits) are publicly available, and could be tracked from the homepage of PEFC Norway (http://www.pefcnorge.org/side.cfm?ID_kanal=10). The reports show a quite small portion of deviations from legal demands, and indicate a low level of violation of the environmental requirements given in the legislation, though deficiencies regarding border zones and retention trees are mentioned in several reports.

The environmental requirements in the PEFC certification standard are more strict and specific than the legislation, and almost all wood harvested in Norway for industrial use is included in a PEFC group certificate for forest management. Thus, the risk for violation of existing environmental standards is considered as low for certified forest areas.

About 3-4 % of the harvested turnover is not sold as certified. However, part of the volume that is not sold as certified wood, can still come from certified properties. This will be the case for wood sold as firewood or for other energy purposes directly to local households, consumers and some small scale local saw-mills. Activities at these properties are to be followed up by the certificate holder each property is connected to.

In general, harvesting activities in Norway is to be monitored by the municipal Forest Service, which is responsible for the forestry activities in their municipality and its compliance with the legislation. The Forest Service usually knows the forest owners and managers in their districts quite well. From the wood scaling company they receive information about all conducted harvesting in their district. They visit forest owners and conduct field surveys according to their needs to follow up the obligations of the Service.

In Troms and Finnmark, some harvesting is done in forests that are not certified. This wood is sold to local thermal power plants that does not demand certified wood. However, in this part of the country, the Forest Service has to be notified about all planned logging. The Forest Service is usually more heavily involved in the forest operations than in the southern part of the country.

The scale and control measures for the uncertified part of the harvesting, indicates a negligible risk. Even if there are some uncertified wood in the market, most of it comes from certified properties. Uncertified wood from uncertified properties, mostly in Troms and Finnmark represents probably less than 1% of the turnover. Most of this wood is harvested after the forestry authorities have had the possibility to stop the harvest because of the notification requirements (see 1.4).

Risk Conclusion

The overall conclusion for this indicator is low risk. Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.

1.10.6. Risk designation and specification

Low risk

1.10.7. Control measures and verifiers

N/A

1.11. Health and safety

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

1.11.1. Applicable laws and regulations

- Regulations on environmental health (FOR-2003-04-25-486), 2014 (Forskrift om miljørettet helsevern). Available at: <https://lovdata.no/dokument/SF/forskrift/2003-04-25-486>
- Regulations concerning the performance of work, 2011, Chapter 3, art. 10 and 17 (Forskrift om utførelse av arbeid, bruk av arbeidsutstyr og tilhørende tekniske krav). Available at: <https://lovdata.no/dokument/SF/forskrift/2011-12-06-1357>
- Working Environment Act (-LOV-2005-06-17-62) 2005 (Lov om arbeidsmiljø, arbeidstid og stillingsvern mv.)

1.11.2. Legal authority

- The Norwegian Labor Inspection Authority, a Governmental agency under the Ministry of Labor

1.11.3. Legally required documents or records

- The party responsible for the logging operations must have all the necessary documents proving that the employees or himself have been given both theoretical education and practical training according to forskrift/2011-12-06-1357/KAPITTEL_3-1#§10-2.

1.11.4. Sources of information

Government sources

- Arbeidstilsynet.no (2016). *Færre døde på jobb i 2015* [online]. Arbeidstilsynet. Last updated 15.01.2016. Available at: <http://www.arbeidstilsynet.no/nyhet.html?tid=255078> [Accessed 14 October 2016]
- Regelhelp.no (N.Y.) Skogbruk og tjenester tilknyttet skogbruk. Veiviser til HMS-regelverket. Web page. Available at: <http://www.regelhelp.no/Etatenes-sider/Arbeidstilsynet/Kravlister/Skogbruk-og-tjenester-knyttet-til-skogbruk---arbeidsmiljo/Bedriftshelsetjeneste---skogbruk/>

Non-Government sources

- Skogbrukets HMS-utvalg (2011). *Veiledninger* [online]. Available at: http://hms.skogbruk.no/artikkel.cfm?ID_art=3 [Accessed 14 October 2016]

- Ssb.no (2015). *Arbeidsulykker, 2014. Statistik Sentralbyrå* [online]. Statistics Norway. Last updated 16 June 2016. Available at: <http://www.ssb.no/helse/statistikker/arbulykker/aar/2015-06-16#content> [Accessed 15 August 2016]
- Skogeierforbundet.no (2016). *Forbundet i dag* [online]. Available at: <http://www.skogeier.no/om-oss/forbundet-i-dag/> [Accessed 4 May 2017]
- Expert consultation conducted by NEPCon, 2015-2016

1.11.5. Risk determination

Overview of Legal Requirements

Forest operations must ensure safe working conditions and that the employees receive adequate instruction and training.

Companies dedicated to forestry and logging are required to be affiliated to an occupational health service (Norwegian: Bedriftshelsetjeneste; BHT) approved by the Labor Inspection Office. This requirement does not apply to forest owners who do not employ people.

It is the responsibility of the employer to ensure that the occupational health service assists employers and employees, and the responsibility of the work and safety representatives to create healthy and safe work conditions.

The occupational health service has a free and independent position, and that service is not subject to the employer's authority in academic matters. The employer is responsible for the work conditions in the company. The staff from the approved occupational health service act as advisors.

According to the laws cited, the companies are bound to follow the law and to have internal controls to ensure that the rules are followed.

Description of Risk

In Norway, approximately 90% of the logging operations are conducted by logging companies, while the rest are done by the forest owner, which explains why the use of an approved occupational health service is applicable in most cases of logging.

The forestry sector has had its own Health, Safety and Environment group (HMS-group - (<http://hms.skogbruk.no/>) since 1974, making the forestry sector well aware of the need to focus on health, safety and the environment through campaigns and guidelines for health and safety (Skogbrukets HMS-utvalg (2011).

Traditionally, Norway has not kept good statistic records of work-related accidents (Expert consultation conducted by NEPCon, 2015-2016). However, statistical data collection is improving. Data from 2014 show that 5,8 out of 1000 workers were injured within the agriculture, forestry and fishery sectors, resulting in more than 3 days' absence from work (SSB 2015)

The authorities responsible for enforcing the law conduct random inspections to control if the logging companies and forest owners comply with the law. The Norwegian Forest Association (Norges Skogeierforbund), which covers 75 % of the Norwegian forest production (Skogeierforbundet.no, 2016) is not aware of any cases of legal violations of health and safety

(Expert consultation conducted by NEPCon, 2015-2016). There are no indications of any accidents due to lack of compliance with this legislation.

The law and its practice are considered to be well established.

Risk Conclusion

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

1.11.6. Risk designation and specification

Low risk

1.11.7. Control measures and verifiers

N/A

1.12. Legal employment

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

1.12.1. Applicable laws and regulations

- Working Environment Act, 2005 (Lov om arbeidsmiljø, arbeidstid og stillingsvern mv. - LOV-2005-06-17-62). Available at: <https://lovdata.no/dokument/NL/lov/2005-06-17-62#§2-1>

1.12.2. Legal authority

- The Norwegian Labor Inspection Authority is a governmental agency under the direction of the Ministry of Labor

1.12.3. Legally required documents or records

N/A

1.12.4. Sources of information

Non-Government sources

- Expert consultation conducted by NEPCon, 2015-2016
- Skogeierforbundet.no (2016). *Forbundet i dag* [online]. Available at: <http://www.skogeier.no/om-oss/forbundet-i-dag/> [Accessed 4 May 2017]

1.12.5. Risk determination

Overview of Legal Requirements

Legal employment is well regulated in Norway, in agreement with the Act related to working environment, working hours, and employment protection. All employees have the same legal rights, including minimum salary, a safe working environment, and maximum working hours. The Norwegian Labor Inspection Authority is a governmental agency placed under the Ministry of Labor, which is responsible for checking companies and individuals for necessary documentation and practices.

Description of Risk

According to the Norwegian Forest Association (Norges Skogeierforbund), which covers 75% of the Norwegian forest production, there are no reports of any major issues of illegal employment (Expert consultation conducted by NEPCon, 2015-2016).

The risk for violation of the rules is considered to be low due to a well-established system of laws and the work conducted by The Norwegian Labor Inspection Authority with its random control visits to the work place.

Risk Conclusion

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

1.12.6. Risk designation and specification

Low risk

1.12.7. Control measures and verifiers

N/A

THIRD PARTIES' RIGHTS

1.13 Customary rights

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

1.13.1. Applicable laws and regulations

- Outdoor Recreation Act, 1957 (Lov om friluftslivet-LOV-1957-06-28-16 (revision 01.10.2015). Available at: <https://www.regjeringen.no/en/dokumenter/outdoor-recreation-act/id172932/>
- Regulation on fire prevention (Forskrift om brannforebygging), 2015 (FOR-2015-12-17-1710). Available at: <https://lovdata.no/forskrift/2015-12-17-1710/§3>
- Nature Diversity Act, 2009 (LOV-2009-06-19-100). Available at: <https://lovdata.no/dokument/NL/lov/2009-06-19-100?q=naturmangfoldloven>
- Straffeloven, 2005 (LOV-2005-05-20-28). Available at: <https://lovdata.no/dokument/NL/lov/2005-05-20-28>
- Regulation concerning sustainable forestry, 2006 (FOR 2006-06-07-593). Available at: <https://lovdata.no/dokument/SF/forskrift/2006-06-07-593>

1.13.2. Legal authority

- Ministry of Climate and Environment
- Ministry of Agriculture and Food

1.13.3. Legally required documents or records

- N/A

1.13.4. Sources of information

Non-Government sources

- Expert consultation conducted by NEPCon, 2015-2016
- Reusch, M. (2016). Friluftsløven med kommentarer. Gyldendal Juridisk.

1.13.5. Risk determination

Overview of Legal Requirements

Any person is entitled to access and passage through uncultivated land at all times of year, provided that consideration and due care are shown, and as long as this activity do not cause damage or inconvenience to the owner, user or others, nor damage the environment. The municipality can, with the consent of the owner, prohibit access to specific routes if this is found necessary to prevent damage to the environment or considerable disadvantage to the owner. This has to be confirmed by federal authorities.

Young plantations are considered to be cultivated land and the owner has the right not to allow access to cultivated land (Outdoor Recreation Act, 1a). In uncultivated areas, it is not permitted to access and use any site if this unduly hinders or inconveniences others.

Picnicking and camping must not take place if this may cause significant damage to young forests or to regenerating forests. A tent must not be pitched so close to an inhabited house (cabin) that it disturbs the occupants, and in any case, no closer than 150 meters. Permission for a longer stay is not required in mountain areas or in areas distant from habitation, unless the stay is expected to cause significant damage or inconvenience.

Unless they have a special authorization, no person may set up a sign or in any other way announce that access or bathing is prohibited in an area where access is permitted according to this Act. Berries, mushrooms, lichens etc. can be harvested legally by anyone on uncultivated land, also for commercial purposes as long as the activity is not to any disadvantage to the forest owner. See Reusch, M (2016, p 181-182) and Straffeloven. Twigs and other dead wood in limited amounts can be collected by anyone for campfire use. Campfires are prohibited between April 15th and September 15th, but still allowed in this period when there obviously is no danger of forest fire (Regulation on fire prevention). The collecting of plants which are listed as threatened or endangered is regulated by the Nature Diversity Act.

Description of Risk

The right for people to access the forest is generally well respected. According to the Norwegian Forest Association, only one case is known where a forest owner repeatedly placed forest debris on trails thus hindering access to the forest. The forest became suspended from his PEFC certificate for a period. However, this is the only case known to the Forest Association, and there are no indications that this is a general problem (Expert consultation conducted by NEPCon, 2015-2016).

Risk Conclusion

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

1.13.6. Risk designation and specification

Low risk

1.13.7. Control measures and verifiers

N/A

1.14. Free prior and informed consent

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

1.14.1. Applicable laws and regulations

Not applicable. No FPIC requirements exist in Norwegian legislation

1.14.2. Legal authority

N/A

1.14.3. Legally required documents or records

N/A

1.14.4. Sources of information

N/A

1.14.5. Risk determination

N/A

1.14.6. Risk designation and specification

N/A

1.14.7. Control measures and verifiers

N/A

1.15. Indigenous/traditional peoples' rights

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

1.15.1. Applicable laws and regulations

- Sami reindeer herder act (LOV-2007-06-15-40), 2007. Available at: <https://lovdata.no/dokument/NL/lov/2007-06-15-40/>
- Forestry Act (LOV-2005-05-27-31, 2005), Section 2. Available at: <https://www.regjeringen.no/en/dokumenter/Act-relating-to-forestry-Forestry-Act/id87139/>
- Plan and Building Act, 2008 (LOV-2008-06-27-71). Available at: <https://lovdata.no/dokument/NL/lov/2008-06-27-71/>
- Finnmark Act, 2005 (Lov om rettsforhold og forvaltning av grunn og naturressurser i Finnmark fylke (finnmarksloven) (LOV-2005-06-17-85). Available at: <https://lovdata.no/dokument/NL/lov/2005-06-17-85?q=finnmarksloven>

1.15.2. Legal authority

- Ministry of Agriculture and Food, or county or municipal forest authorities.

1.15.3. Legally required documents or records

No formal documents required to indicate legality.

1.15.4. Sources of information

Non-Government sources

- Expert consultation conducted by NEPCon, 2015-2016

1.15.5. Risk determination

Overview of Legal Requirements

There are few specific regulations concerning general rights of indigenous peoples (in Norway the Sami peoples) and how to treat the interest of the Sami people with respect to logging operations or other forest uses. The exception is when a forest owner applies for permit to build a forest road in areas where the Sami people have traditional land rights (Parts of the Counties of Hedmark, Sør-Trøndelag, Nord-Trøndelag and most of the Counties of Nordland, Troms and Finnmark) or where Sami cultural heritage might be present. In these areas, the application has to be sent to the County administration, granting them the possibility to express their opinion with respect to "Regulations relating to planning and approval of agricultural roads" (FOR-2015-05-28-550). A request shall also be sent to the Sami Parliament with reference to the Cultural Heritage Act. The final decision is taken by the municipality where the County Administration and the Sami Parliament lack the right of veto. However, they will be considered as a legal party of the case, with the right to appeal for new assessment of the case at the country level.

In general, the Sami reindeer herder act gives the reindeer herders the right to use the forests as herding areas, as well as to harvest firewood and smaller trees they need for buildings and facilities to be used in the reindeer husbandry.

Description of Risk

The rights of herders to harvest forests for firewood and tents are well known to both herders and forest owners, and there are limited conflicts between these groups. Most of the reindeer herding takes place on state-owned land and the Sami-people are allowed to use the forests for fodder and herding. However, this right is not limited to state-owned land; it is equally practiced on private land within the reindeer herding area.

For all the Sami reindeer herding area no obvious breakage of relevant laws are identified. Most of the forestry activities should be considered as small scale operations, which rarely imply conflicts. Reports from the county authorities as well as wood buying companies do also confirm very few conflicts between forest operations and the Sami people dealing with reindeer husbandry. It has not been possible to accomplish a similar investigation with affected reindeer herders.

Risk Conclusion

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

1.15.6. Risk designation and specification

Low risk

1.15.7. Control measures and verifiers

N/A

TRADE AND TRANSPORT

1.16. Classification of species, quantities, qualities

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

1.16.1. Applicable laws and regulations

- Regulation of Forestry Fund etc. 2006. FOR-2006-07-03-881. Available at: <https://lovdata.no/dokument/SF/forskrift/2006-07-03-881>

1.16.2. Legal authority

- Municipality

1.16.3. Legally required documents or records

N/A

1.16.4. Sources of information

Government sources

- Expert consultation conducted by NEPCon, 2015-2016

1.16.5. Risk determination

Overview of Legal Requirements

According to §3, 9 and 10 in FOR-2006-07-03-881, all timber logged for the purpose of being sold has to be measured and registered in the national digital timber database (Virkesdatabasen). According to § 9, information will be reported under the property number: where the timber was logged, name and address of the owner, name and address of the buyer, volume of timber bought, value of the measured timber, how much is paid to the Forest Fund and which certification system the forest owner is using. This information will be classified into categories for different tree species and qualities.

Description of Risk

The systems for classification and payment to and from the Forest Fund are well established and very few examples of fraud or misuse are known (Expert consultation conducted by NEPCon, 2015-2016). As there is no difference in the fee to be paid depending on tree species and quality, there is low incentive to provide incorrect classifications.

Risk Conclusion

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

1.16.6. Risk designation and specification

Low risk

1.16.7. Control measures and verifiers

N/A

1.17. Trade and transport

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

1.17.1. Applicable laws and regulations

- Regulation on the use of vehicles 1990. FOR-1990-01-25-92. § 5-5 nr. 1 og 3 (Regulations on further provisions regarding permissible weights and dimensions of public roads) <https://lovdata.no/dokument/SF/forskrift/1990-01-25-92>
- Regulations concerning the use class, GVW, and permitted gross combination length for normal transportation, timber transportation and driving with modular trucks on highways 2016. FOR-2016-03-14-292. (list of highways)

1.17.2. Legal authority

- Ministry of Transportation

1.17.3. Legally required documents or records

N/A

1.17.4. Sources of information

Government sources

- Vegvesen.no (2016) *Transport av Tømmer* [online]. Statens vegvesen. Last updated 3 October 2016. Available at: <http://www.vegvesen.no/kjoretoy/Yrkestransport/Veglister+og+dispensasjoner/veglister-tommer> [Accessed 14 October 2016]
- Vegvesen.no (2016a) *Veglister for fylkes- og kommunale veger* [online]. Last updated 13. October. Available at: <http://www.vegvesen.no/kjoretoy/yrkestransport/Veglister+og+dispensasjoner/veglister-for-fylkes-og-kommunale-veger> [Accessed 14 October 2016]

Non-Government sources

- Nationen.no (2015). *Går rette veien for tømmertransporten* [online]. 27.05.2015. Available at: <http://www.nationen.no/samferdsel/gayr-rette-veien-for-tammertransporten/?share=ESStquKVluqqib3gfgvnnZR8m4nXOHB8FICD3R833TVqTZTKRsRWp3H6DvJq%2FIdV1kzJ0B4DLGr0dBSmATQo4tisZK39v65sOJP2TQiYQ4CNjRixkNJCFWclJ6qBOnUYuw4%2Fpvp%2BUDz7fY0ImIauzQSGKMYtmx9Hq0R064IHciVc%3D> [Accessed 14 October 2016]
- Skjølaas; D. and Skreden; P. (2014). Offentlig vegnett og Tømmertransport, klassifisering av offentlig vegnett etter tillatt totalvekt og nyttelast for tømmervogntog [online]. Norges Skogeierforening and Treindustrien. Available at: <http://www.skog.no/userfiles/files/Rapport%20-%20Offentlig%20vegnett%20og%20t%C3%B8mmerttransport%202014.pdf> [Accessed 29 August 2016] / <https://www.allskog.no/upload/2015/06/23/rapport-klassifisering-av-offentlig-vegnett-i-norge-2015.pdf> (2015)
- Norsk-skogbruk.no (2016). *Halvparten av veiene trenger full opprustning*. Norks Skogbruk. 26.08.2016. Available at: <http://www.fagpressenyt.no/artikkel/halvparten-av-veiene-trenger-full-opprustning-0> [Accessed 31 August 2016].
- Molstad, O. (2016). *Klassifisering av offentlig vegnett etter tillatt totalvekt for tømmervogntog*. På oppdrag fra Norges Skogeierforbund, Nordskog, Statskog.
- Expert consultation conducted by NEPCon, 2015-2016

1.17.5. Risk determination

Overview of Legal Requirements

The transportation of timber is tightly regulated in terms of volume and weights when transported over the Norwegian roads. Only specifically approved roads can be used to carry up to 60 tons. Use class, weights and vehicle dimensions allowed for the specific Norwegian roads are determined in road lists, which are updated twice a year and can be found in FOR-2016-03-14-292 and the maps for country and municipal roads published by the Public Roads Administration.

Description of Risk

On the country roads, there is great regional difference in the percentage of roads that can be used for heavy loads (Skjølaas and Skreden 2014). In recent years, more roads have been approved for heavier loads, and thus timber transportation has become easier (Nationen.no 2015). As of April 2016 88% of highways was approved for heavy load transport. However, the approval for heavy-load transportation is much lower for country and communal roads and still differs greatly between the regions and communes (Molstad 2016), and there are examples of roads not being approved for the weight of the timber trucks alone. (Expert consultation conducted by NEPCon, 2015-2016).

As a large part of the country roads has not been approved for heavy loads of timber transportation, it is difficult to comply with legislation in certain regions of Norway, and there are cases of violations of the transportation regulations taking place, however, the problem with overloading of log trucks was previously some bigger (Norsk Skogbruk 2016). The problem is mainly institutional and there are no reportings of serious accidents due to heavy

loads. Neither is the transport connected with poor tracking of timber or transport of illegally harvested timber. Overload problems appears significantly decreased, due to increased control and level of penalties, adjustments of rules for maximum weight for a number of roads and increased focus on this subject by the buyers of transport services from wood processing and wood buying companies as Moelven, Bergene Holm and Viken Skog. According to The Directorate of Public Roads, the level of penalties for overloading in 2016 was increased with approximately 80 %.

No transport permit is required.

Risk Conclusion

This indicator has been evaluated as low risk. Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.

1.17.6. Risk designation and specification

Specified risk

1.17.7. Control measures and verifiers

- Heavy loads timber transport shall only take place on roads legally approved in FOR-2016-03-14-292 and the maps for country and municipal roads published by the Public Roads Administration.
- Driving direction provided through the system of Skogdata will show directions on only roads legally approved for heavy load timber transport. The system will automatically generate a waybill which include information on destination and amount of weight that can be transported.

1.18. Offshore trading and transfer pricing

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

1.18.1. Applicable laws and regulations

- General Tax Act, Section 13-1 (1999)) (Lov om skatt av formue og inntekt (skatteloven). LOV-1999-03-26-14. Available at: https://lovdata.no/dokument/NL/lov/1999-03-26-14/*#*

1.18.2. Legal authority

- Tax agency

1.18.3. Legally required documents or records

- Transfer pricing documents

1.18.4. Sources of information

Non-Government sources

- Deloitte (2015). *2015 Global Transfer Pricing Country Guide* [online]. Available at: <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-transfer-pricing-country-guide-2015.pdf> [Accessed 14 October 2016]
- PWC (2015). *International Transfer Pricing 2015/16* [online]. Available at: <http://www.pwc.com/gx/en/services/tax/transfer-pricing/itp-download.html> [Accessed 14 October 2016]

1.18.5. Risk determination

Overview of Legal Requirements

The Tax Act makes reference to the OECD Transfer Pricing Guidelines on the Arm's Length principle, and the OECD transfer pricing methods. Since 2008 there has been requirements on transfer pricing documentation and reporting (PWC 2015).

Where the income of a Norwegian taxpayer is reduced due to transactions with a related party, the authorities may estimate the amount of the shortfall in income or wealth. The following three conditions must be met for the tax authorities to adjust a taxpayer's taxable income or assets in accordance with the General Tax Act, Section 13-1:

- The parties involved in the transaction must have a direct or indirect community of interest.
- There must be an income or wealth reduction (compared to what the situation would have been had the parties not been related).
- The income or wealth reduction must have occurred as a consequence of the relationship between the parties. Where the related party resides outside the European Economic Area (EEA), the legislation assumes that the relationship is the reason for any deviation from arm's-length income or wealth, and puts the onus on the taxpayer to prove otherwise. (PWC, 2015, p. 793)

For qualifying companies Transfer Pricing documents must be prepared for each fiscal year and submitted within 45 days upon request from the tax authorities (Deloitte, 2015).

Description of Risk

According to PWC 2015, Norwegian tax authorities have resources available and have made a priority of transfer pricing with test cases to scrutinize companies under extensive assessments. The tax authorities have several specialized auditors working specifically with transfer pricing. There has been a high number of court cases concerning transfer pricing due to Norwegian companies challenging the tax authorities (PWC, 2015).

Several of the large transfer pricing cases have been linked to petroleum activities and there are no indications of transfer pricing being an area of concern for the forest sector.

Risk Conclusion

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

1.18.6. Risk designation and specification

Low risk

1.18.7. Control measures and verifiers

N/A

1.19. Custom regulations

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

1.19.1. Applicable laws and regulations

- Law on customs and movement of goods (Customs Act) 2007. LOV-2007-12-21-119. Available at: <https://lovdata.no/dokument/NL/lov/2007-12-21-119>

1.19.2. Legal authority

- Customs Agency

1.19.3. Legally required documents or records

- Customs Declaration: <http://www.toll.no/no/bedrift/eksport/deklarering-ved-eksport/hjelp-til-utfylling-av-utforselsdeklarasjon/>

1.19.4. Sources of information

Government sources

- Toll.no (2016). *Restriksjoner ved inn- og utførsel* [online]. Last updated 18.01.2016. Available at: <http://www.toll.no/no/verktoy/regelverk/tollabc/1/1-5/restriksjoner/> [Accessed 29 August 2016]

Non-Government sources

- Transparency.org (2015). *Corruption Perceptions Index 2015* [Online]. Available at: <http://www.transparency.org/cpi2015#map-container> [Accessed 14 October 2016]
- Info.worldbank.org (2015). *Worldwide Governance Indicators* [Online]. Available at: <http://info.worldbank.org/governance/wgi/index.aspx#reports> [Accessed 14 October 2016]

1.19.5. Risk determination

Overview of Legal Requirements

In order to export products, a customs declaration must be filled out in advance.

The customs agency must approve the export declaration before goods can be brought out of the country. There are no restrictions to the export of wood or timber products

Description of Risk

There are no indications of violations of export requirements, and as there are no restrictions or fees to be paid for export, the incentive for violating the requirements is low. In 2015, Norway had a CPI of 87 (above the threshold of 50) and, according to the World Bank Worldwide Governance Indicators, – on a scale of -2,5 to 2,5 in 2014 – it received a score of 1,81 for Government Effectiveness, 2,05 for Rule of Law and 2,23 for Control of Corruption, indicating that the country has low corruption levels and a high degree of legal compliance.

Risk Conclusion

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

1.19.6. Risk designation and specification

Low risk

1.19.7. Control measures and verifiers

N/A

1.20. CITES

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

1.20.1. Applicable laws and regulations

- Law regulating import and export (LOV-1997-06-06-32)
<https://lovdata.no/dokument/NL/lov/1997-06-06-32?q=Lov> om innførsle- og utførsle-regulering
- Regulation for the implementation of the convention of the third of March on international trade of wild flora and fauna, March 3, 1973 (CITES). FOR-2002-11-15-1276.
<https://lovdata.no/dokument/SF/forskrift/2002-11-15-1276>

1.20.2. Legal authority

- Ministry of Foreign Affairs

1.20.3. Legally required documents or records

There are no legally required documents because there are no Norwegian species in the Cites list.

1.20.4. Sources of information

Non-Government sources

- Checklist.cites.org (N.Y) Checklist of CITES Species. Norway. Available at:
http://checklist.cites.org/#/en/search/country_ids%5B%5D=111&output_layout=alphabetical&level_of_listing=0&show_synonyms=1&show_author=1&show_english=1&show_span

[ish=1&show_french=1&scientific_name=Plantae&page=1&per_page=20](#), [Accessed 15 June 2016].

1.20.5. Risk determination

Overview of Legal Requirements

There are no Norwegian woody species on the CITES list, which is why the risk of violating the legislation is considered low.

Risk Conclusion

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

1.20.6. Risk designation and specification

Low risk

1.20.7. Control measures and verifiers

N/A

1.21. Legislation requiring due diligence/due care procedures

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

1.21.1. Applicable laws and regulations

- Forestry Act (LOV-2005-05-27-31), 2005. Available at: <https://www.regjeringen.no/en/dokumenter/Act-relating-to-forestry-Forestry-Act/id87139/>
- Regulations for sale of timber and timber products of Norwegian origin (Forskrift om omsetning av tømmer og treprodukter med opprinnelse i Norge-FOR-2015-04-24-403). Available at: <https://lovdata.no/dokument/SF/forskrift/2015-04-24-403>

1.21.2. Legal authority

- Ministry of Agriculture and Food.

1.21.3. Legally required documents or records

- Due Diligence System

1.21.4. Sources of information

Government sources

- Expert consultation conducted by NEPCon, 2015-2016

1.21.5. Risk determination

Overview of Legal Requirements

In May 2015, Norway introduced requirements of Due Diligence for forest owners equal to those set by the European Timber Regulation, and thus the party placing timber on the Norwegian market is required to disclose information on origin, species and certification status, and have a due diligence system in place to avoid illegal harvesting of timber.

In severe cases, sanctions may be issued in the form of fines or police reports issued in accordance with the Forestry Law.

Description of Risk

The Ministry of Agriculture and Food has started conducting controls of timber harvested in Norway. Relevant information from forest properties greater than 1 ha is being collected by the Forest Fund (Skogfondsordning). Here, information on seller, buyer, volumes, species, quality, certification and assurance that Due Diligence has been conducted for each trade conducted is stored. The CA controls whether the due diligence system lives up to the requirements set out in the legislation through procedure and document control. The document provided is most often a form or database showing which information has been collected, how the information has been assessed, and what actions have been conducted for every single harvest. As of June 2016, 9 operators have been controlled (Expert consultation conducted by NEPCon, 2015-2016).

96,3 % of the Norwegian timber turnover is currently (2016) certified by PEFC, and some forest entities is also FSC certified in addition to the PEFC certification.

The basic requirement for information on origin, volume and species can be well implemented due to the Forest Fund. However, the regulation has only been applicable since May 2015 and by September 2016 9 operators had been checked by the authorities. The controls showed positive results of the implementation on the Due Diligence Systems. However, there are indications that the forest owners in general are not aware of the requirements of having a Due Diligence System in place (Expert consultation conducted by NEPCon, 2015-2016), but as the timber buyers always

It is suggested to conduct a revised assessment of the indicator when the legislation has been implemented for a longer period of time.

Risk Conclusion

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

1.21.6. Risk designation and specification

Low risk

1.21.7. Control measures and verifiers

N/A

Annex I. Timber source types

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

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

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

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

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

TIMBER SOURCE TYPES IN NORWAY						
Forest type	Region / Area	Legal Land Classification	Ownership	Management regime	License / Permit Type	Description of source type
Natural forest	National	Nature reserves and national parks	Private, State, Companies and "co-ops", Forest-commons (almenninger), Municipalities	Private, State, Companies and "co-ops", Forest-commons (almenninger), Municipalities	N/A	No Source. Timber harvesting in protected areas not permitted for commercial purposes.
Natural forest,		Production Forest			N/A	Production forests
Semi-natural forest		Olso Marka			Approval required	Timber from Near City Production Forest with requisite acceptance.
And		Protection Forests			Approval must be requested	Timber from protection forest with harvesting rights.
Plantation forest		Landscape protection area			According to each individual management plan a permit or license will be issued.	Limited source. Timber from production forests (incl. plantations) in landscape protection areas. Logging allowed under strict regulations.



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About

Supporting Legal Timber Trade

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



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

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