

Timber Legality Risk Assessment Sweden

Version 1.2 | August 2017



This risk assessment has been developed by NEPCon with support from the LIFE programme of the European Union, UK aid from the UK government and FSC™.



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The contents of this risk assessment is based on the risk assessments developed for FSC™. This risk assessment is not equal to the approved FSC risk assessments when implementing the controlled wood standard FSC-STD-40-005. Only formally approved FSC risk assessments shall be used for the implementation of the FSC standards.

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For risk assessment conducted according to the FSC-STD-40-005, ONLY entries (or information) that have been formally reviewed and approved by FSC and are marked as such (highlighted) can be considered conclusive and may be used by FSC candidate or certified companies in risk assessments and will meet the FSC standards without further verification. You can see the countries with approved risk assessment in the FSC document: FSC-PRO-60-002b V2-0 EN List of FSC-approved Controlled Wood documents 2015-11-04. “

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

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A. Introduction

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

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

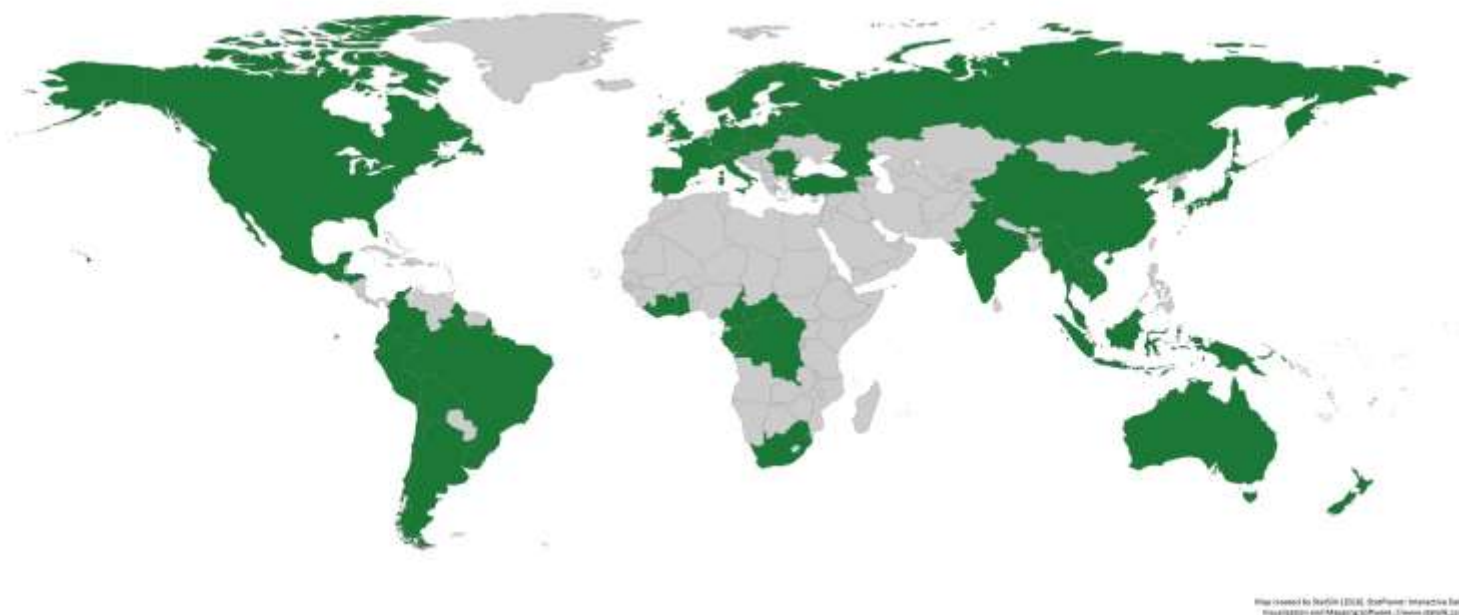


Figure 1. Countries for which NEPCon have developed a legality risk assessment for timber

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

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

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

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

This risk assessment was prepared by NEPCon between 2015 and 2017 as follows:

Draft prepared by NEPCon:	October 2014
Stakeholder consultation	March 2015
Final approval by FSC:	8. May 2018
FSC CW effective date:	8. May 2018

B. Overview of legality risks

Timber Risk Score: 100 / 100 in 2017

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

- **Specified risk for 0 sub-categories.**
- **Low risk for 16 sub-categories.**
- **No legal requirements for 5 sub-categories.**

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

Timber source types and risks

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

Productive forests

Timber from productive forest land, defined as land that can produce no less than 1 m³ stem wood including bark annually and that is not used for any other purpose such as agriculture, buildings or infrastructure. No permit is needed. The harvesting authorization system is managed on a system of mandatory Timber Harvesting Notifications to the Swedish Forest Agency, to be submitted no later than 6 weeks before resuming harvesting operations on a specific site. Primary source of timber.

Mountainous forests

Forest land of mountainous areas as delineated in the Swedish Forest Agency's regulation SKSFS 1991:3. Harvesting permit is required.

Forest of 'noble' broad leaves

Timber from stands of forest in which at least 70 % of the basal areal consist of broad leaved trees and at least 50 % consist of oak, beech, ash, lime, elm, cherry, maple and hornbeam. Harvesting permit is required.

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

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

The largest part of the Swedish productive forest land is owned by private individuals. Private individuals account for about 50 % of the productive forest land, whereas about 25 % is owned by private companies, 17 % of the state or state-owned companies and the remaining 8 % by other private or public organisations. All forestry activity in Sweden is subject to the same legal requirements. Thus, the same legislation is applicable for forest land owned by state, local municipality, companies and private individuals. The Swedish Forestry Act aims at promoting high long term wood production as well as environmental protection during forestry activities.

Productive forest land is defined as land that can produce no less than 1 m³ stem wood including bark annually and that is not used for any other purpose such as agriculture, buildings or infrastructure. The requirements of the Swedish Forestry Act are principally aimed at activities on productive forest land. However, the law also contains regulations with the purpose of protecting conservation values on non-productive forest land.

In large Sweden's Forestry Act contains an obligation to regenerate forest on forest land, a ban to harvest trees under certain age, limitation of the extent of clear cuts and young forest within an estate and requirement to prevent outbreaks of pests. However, the law do not contain requirements on silviculture measures, such as pre-commercial or commercial thinning. The authority to enact requirements concerning environmental protection is delegated to the Swedish Forest Agency.

To define which forestry actions are legal and which are illegal in the Swedish context is complicated. Most of the detailed requirements in regulations decided by the authorities such as the Swedish Forest Agency or the Swedish Work Environment Authority are not be subject to direct sanctions such as fines or imprisonment. Such requirements are instead used as reference to issue specific injunctions to forest owners or buyers of harvesting rights. The injunctions are normally used preventively. If no injunctions are issued it is not obvious that an action deviating from unsanctioned regulations should be regarded as "illegal". Transgressing a few specific requirements of the Forest Agency could however be subject to injunctions on repairing measures, e.g. restore deep machinery tracks, repair or uncover ancient monuments, restore disturbed waterways or clearing frequently used trails. Transgressing such requirements is seen as illegal in the context of this analysis. It may be mentioned that the Swedish interpretation of "illegal harvested timber" in the EU Timber Regulation, as given in the Law on Trade with Timber and Wood products (2014:1009), includes only activities not complying with legal requirements subject to direct sanctions such as fines or imprisonment in Swedish law.

Harvesting permits are only required on specific forest land, e.g. mountainous forest, but final fellings on areas larger than 0,5 ha must be notified in advance to the Swedish Forest Agency (below "Timber Harvesting Notification"). Since 1993, production objectives and environment objectives are given equal importance in the opening paragraph of Sweden's Forestry Act. The Swedish Forestry Agency has also laid down regulations on detailed requirements in order to protect species and the environment. However, such requirements may not lead to any significant economic loss for the land owner without a just compensation.

The Forest Agency is responsible for supervision of the Forestry Act its own regulations and certain parts of the Environmental Code. The Forest Agency has about 1000 employees spread across the country at regional offices. A major proportion of the staff works at regional level at operational field units and maintains contact with forest owners. Besides the supervision of the Forest Agency the County Administrative Board and the Municipality's environmental authority is responsible for the supervision of some forestry related activities.

The Forest Agency deals annually with approximately 50,000-60,000 Timber Harvesting Notifications, which are inspected within a 6-week period allocated for this purpose. The inspection is carried out using the Forest Agency's processing system comparing the notifications to maps and register data. The local knowledge and expertise of the staff is also used. During 2013 approximately 7 % (~4,300) of the notifications – corresponding to approximately 10 % of the notified area – were inspected in the field before timber harvesting began.

Consultations with the Swedish Forest Agency are required when intending to construct forest roads, tractor roads requiring major excavating, and forestry measures in key habitats, cleaning of drains, forestry fertilization, ash recycling, stump harvesting, and when afforesting large areas of former farmland. When timber harvesting is carried out in reindeer husbandry areas in round-the-year use, consultation with the concerned Sámi community is required.

Transparency International ranks Sweden as number 4/176 in the world in their latest report, 2016. Sweden's CPI (Corruption Perception Index) is 88, which is above FSC's threshold for low risk which is 50. There are no indications of corruption within the Swedish forest sector or significant inefficiencies within the relevant supervising authorities. With reference to these conditions, statistics and other information from Swedish supervising authorities regarding legal compliance are used to a large extent as a basis for the Forest legality Risk Assessment for Sweden.

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

- Land Code (1970:994) Chapter 4, 16, 18, 19, 20. Available at: <http://www.notisum.se/rnp/sls/lag/19700994.htm>
- Land Acquisition Law (1979:230) . Available at: <http://www.notisum.se/rnp/sls/lag/19790230.htm>
- Land Code (1970:994) Chapter 7 Section 3, 5, 11-21 (see above)
- Constitution of Sweden (1974:152) Chapter 2 Section 15. Available at: <http://www.notisum.se/rnp/sls/lag/19740152.htm>
- Forestry Act (1979:429) Section 10a. Available at: <http://www.notisum.se/rnp/sls/lag/19790429.HTM>
- The Reindeer Husbandry Act (1971:437) Section 18, 20. Available at: <http://www.notisum.se/rnp/sls/lag/19710437.htm>
- Swedish Income Tax Law (1999:1229), Chapter 13. Available at: <http://www.notisum.se/rnp/sls/lag/19991229.htm>

1.1.2. Legal authority

- Lantmäteriet, The Swedish mapping, cadastral and land registration authority
 - Land Code (1970:994)
 - County Administrative Board (Länsstyrelsen)
 - Land Acquisition Law (1979:230)
 - The Reindeer Husbandry Act (1971:437)
 - Swedish Forest Agency (Skogsstyrelsen)*
 - Forestry Act (1979:429)
 - Swedish Tax Authority (Skatteverket)
 - Swedish Income Tax Law (1999:1229)
- * Forest land owned by the Swedish Fortifications Agency is under the jurisdiction of the*

Surgeon-General of the Swedish Armed Forces instead of the Swedish Forest Agency in all aspects.

1.1.3. Legally required documents or records

- Title deed on the real property issued by the Lantmäteriet's Real Property Registration Office.
- Binding contract of the right to harvest issued for a specific property and/or areal.
- Record of ownership of real property in the Lantmäteriet's Real Property Register.
- Certificate of registration from the Swedish Tax Authority, where registration for business tax and sales tax are stated.

1.1.4. Sources of information

Government sources

- lantmateriet.se (2017). *Homepage*. [Online]. Available at: www.lantmateriet.se

Non-Government sources

- info.worldbank.org (2017). *Worldwide Governance Indicator*. [Online]. Available at: <http://info.worldbank.org/governance/wgi/#reports>
- transparency.org (2016). *Corruptions Perceptions Index 2016 Country Page - Sweden*. [Online]. Available at: <https://www.transparency.org/country/SWE>
- Personal communication with stakeholder 1

1.1.5. Risk determination

Description of risk

Due to old estate boundary markings and harvesting in low visibility, harvesting activities may, by mistake, extend outside boundaries of the relevant forest property. Such events are not uncommon but normally concern smaller areas. Disputes regarding such events normally get settled without court proceedings with an appropriate compensation for the affected property owner.

Harvesting timber by mistake – i.e. without intent – on another party's property does not constitute a criminal act and there are no known cases of deliberate unauthorized harvesting outside estate boundaries. Thus, risk of violations of the law is considered low.

Any person selling timber or selling the right to harvest timber is subject to taxation as a business, according to the Swedish Income Tax Law. A forest owner not registered for business tax would normally be corrected by the buyer of the timber, since the accounting systems of the buyers normally require each provider to be handled as business in terms of taxation.

Sweden ranks high on the world-wide governance Indicator (2016) with "rule of law" being 2.04 and control of corruption of 2.25 on a scale of -2.5 to +2.5. This is one of the highest scores in the world. Sweden has a Corruption Perception Index of 88 (Above the threshold of 50).

Thus, risk of violation of the law 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.

1.1.6. Risk designation and specification

Low risk

1.1.7. Control measures and verifiers

N/A

1.2. Concession licenses

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

1.2.1. Applicable laws and regulations

N/A

1.2.2. Legal authority

N/A

1.2.3. Legally required documents or records

N/A

1.2.4. Sources of information

N/A

1.2.5. Risk determination

N/A

1.2.6. Risk designation and specification

N/A

1.2.7. Control measures and verifiers

N/A

1.3. Management and harvesting planning

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

1.3.1. Applicable laws and regulations

N/A

1.3.2. Legal authority

N/A

1.3.3. Legally required documents or records

N/A

1.3.4. Sources of information

N/A

1.3.5. Risk determination

N/A

1.3.6. Risk designation and specification

N/A

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 (1979:429) Section 15, 16. Available at: <http://www.notisum.se/rnp/sls/lag/19790429.HTM>

- Forestry Act (1979:429) Section 23, 25 (see above)
- Forestry Regulation (1993:1096) Section 15, 15c. Available at: <http://www.notisum.se/rnp/sls/lag/19931096.HTM>
- Regulation SKSFS 2011:7 of the Swedish Forestry Agency Chapter 3 Section 15 and Chapter 4. Available at: <http://www.skogsstyrelsen.se/Global/myndigheten/f%C3%B6rfattningar/SKSFS%202011-7%20omtryck%20140813.pdf>
- Swedish Environmental Code Chapter 12 Section 6. Available at: <http://www.notisum.se/rnp/sls/lag/19980808.htm>
- Swedish Forestry Agency's Regulation SKSFS 2013:3, Section 4-10. Available at: <http://www.skogsstyrelsen.se/Global/myndigheten/f%C3%B6rfattningar/SKSFS%202013%203.pdf>
- Planning and Building Act (2010:900), Sw. Plan- och bygglagen, Chapter 9, Section 12, 20. Available at: <http://www.notisum.se/rnp/sls/lag/20100900.htm>

1.4.2. Legal authority

- Swedish Forest Agency

1.4.3. Legally required documents or records

- Concerning forest on mountainous forest land or within areas with noble broad leaf trees:
 - Affirmative decision (permit) of the Swedish Forestry Agency (Skogsstyrelsen) on the application of permit.
- Concerning forest land where final felling does not require permit:
 - public information from the Swedish Forest Agency's register (ph +46-36-359300) of submitted notifications of final felling,
 - formal written confirmation from the Swedish Forestry Agency (Skogsstyrelsen) that the written notification has been received by the authority and, if relevant,
 - a decision from the authority that it has approved an exception from the 6 week waiting period.

1.4.4. Sources of information

Government sources

- skogsstyrelsen.se (N.Y). *Homepage*. [Online]. Website of Swedish Forestry Agency. Available at: <http://www.skogsstyrelsen.se/>

Non-Government sources

- info.worldbank.org (2017). *Worldwide Governance Indicator*. [Online]. Available at: <http://info.worldbank.org/governance/wgi/#reports>

- transparency.org (2016). Corruptions Perceptions Index 2016 Country Page - Sweden. [Online]. Available at: <https://www.transparency.org/country/SWE>
- Personal communication with stakeholder 2 and 3.

1.4.5. Risk determination

Overview of Legal Requirements

According to the Swedish Forestry Act, forest owners are obliged to report planned measures on tracts 0,5 ha or larger to the Forest Agency 6 weeks in advance ("Timber Harvesting Notification"). The measures covered by this requirement include regeneration felling as well as felling for purposes other than timber production, removal of forest fuel, use of exotic tree species, protective ditching, and to use clonal planting material. A harvesting permit issued by the Swedish Forestry Agency is required for harvesting mountainous forest land or forest land with noble broad leaf trees (e.g. oak, beech, ash, lime).

Description of Risk

Normally the Swedish Forest Agency annually handles between 50,000 and 60,000 Timber Harvesting Notifications. According to statistics from the Swedish Forestry Agency concerning the period summer 2012 to summer 2013, the authority detected 1,100 unreported final felling sites of 0,5 ha or larger though its aerial survey, thus approximately 2 % of the total number of notified final felling sites per year during 2012 and 2013. Of the 96 prosecution applications made by the Swedish Forestry Agency 2012, the majority (83) regarded unreported final fellings, thus still only a small part (less than 0,2%) of the total unreported final fellings. Since all detected final fellings where a Timber Harvesting Notification has not been submitted is followed up by the Forest Agency, the low number of prosecution application may be explained by the fact that many of the unreported final fellings regards smaller stands just close to 0,5 ha and the fact that there are situations where a forest owner is exempted from the requirement to submit a Timber Harvesting Notification. As of 1st of September 2014 it is illegal for both forest owner and a buyer of timber or harvesting rights to put timber on the market that comes from harvesting sites where the requirement to submit a Timber Harvesting Notification was violated. To violate the ban on putting such timber on the market could lead to a fine or a term of imprisonment not exceeding six months as well as confiscation of the concerned timber. Buyers involved in the 1,100 detected harvesting sites for which a notification was not submitted have been specifically informed by the authority on the matter. This would most likely result in less final fellings without prior Timber Harvesting Notification in the future.

As mentioned above a Timber Harvesting Notification does not need to be submitted before final fellings on a smaller area than 0,5 ha. Neither is a Timber Harvesting Notification needed for commercial thinnings as long as the volume growth of the stand is kept above certain levels. However, even final fellings under 0,5 ha and commercial thinnings must be notified for consultation to the Swedish Forest Agency if the activity is likely to have a significant impact on the natural environment. Any harvesting activity in a so called "Key Habitat" as defined by the Forest Agency, is considered as having significant impact on the natural environment by the Forest Agency as well as the courts.

Sweden ranks high on the world-wide governance Indicator (2016) with "rule of law" being 2.04 and control of corruption of 2.25 on a scale of -2.5 to +2.5. This is one of the highest

scores in the world. Sweden has a Corruption Perception Index of 88 (Above the threshold of 50).

To summarize, final fellings being conducted without the required Timber Harvesting Notification has been the most common and clear violation of the forestry related legal requirements lately. However, violations have been of low scale and is suggested to be even lower. Thus, risk is considered low.

Risk Conclusion

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

1.4.6. Risk designation and specification

Low risk

1.4.7. Control measures and verifiers

N/A

TAXES AND FEES

1.5. Payment of royalties and harvesting fees

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

1.5.1. Applicable laws and regulations

N/A

1.5.2. Legal authority

N/A

1.5.3. Legally required documents or records

N/A

1.5.4. Sources of information

N/A

1.5.5. Risk determination

N/A

1.5.6. Risk designation and specification

N/A

1.5.7. Control measures and verifiers

N/A

1.6. Value added taxes and other sales taxes

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

1.6.1. Applicable laws and regulations

- Swedish Sales Tax Law (1994:200), Chapter 1 Paragraph 1, 4, Chapter 3, Chapter 13 Section 22. Available at:
<http://www.notisum.se/rnp/sls/lag/19940200.htm>

1.6.2. Legal authority

- Swedish Tax Authority (Skatteverket)

1.6.3. Legally required documents or records

- Certificate of registration issued by the Swedish Tax Authority (*registreringsbevis*)
- Copy of submitted tax declaration on sales tax (*momsdeklaration*)
- Information from the public register of the Swedish Tax Authority (ph +46-771-567567) regarding registration of a specific physical person, company or other organisation.

1.6.4. Sources of information

Government sources

- skatteverket.se (2017). *Homepage*. [Online]. Web page of Swedish Tax Authority. Available at: www.skatteverket.se

Non-Government sources

- info.worldbank.org (2017). *Worldwide Governance Indicator*. [Online]. Available at: <http://info.worldbank.org/governance/wgi/#reports>
- transparency.org (2016). *Corruptions Perceptions Index 2016 Country Page - Sweden*. [Online]. Available at: <https://www.transparency.org/country/SWE>
- Personal communication with stakeholder 4

1.6.5. Risk determination

Overview of Legal Requirements

All sale of timber is subject to payment of VAT.

Description of Risk

During 2013 and 2014 the Swedish Tax Authority conducted a specific national audit on private forest owners' tax returns for the fiscal year 2011. According to the results of this audit information of disbursements for timber sales at the 30 largest purchasing organizations in Sweden were compared to tax returns of a critical selection of forest owners. Based on this audit, the Swedish Tax Authority concludes that the number of forest owners that do not declare sales tax and income tax correctly is low.

Sweden ranks high on the world-wide governance Indicator (2016) with "rule of law" being 2.04 and control of corruption of 2.25 on a scale of -2.5 to +2.5. This is one of the highest scores in the world. Sweden has a Corruption Perception Index of 88 (Above the threshold of 50).

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

- Swedish Income Tax Law (1999:1229), Chapter 13, Chapter 21, Chapter 45 Section 8, Chapter 66 Section 19. Available at: <http://www.notisum.se/rnp/sls/lag/19991229.htm>

1.7.2. Legal authority

- Swedish Tax Authority

1.7.3. Legally required documents or records

- Certificate of registration issued by the Swedish Tax Authority (Registreringsbevis)
- Copy of submitted income tax declaration
- Information from the public register of the Swedish Tax Authority (ph +46-771-567567) regarding registration of a specific physical person, company or other organisation.

1.7.4. Sources of information

Government sources

- skatteverket.se, (2017). Homepage. [Online]. Web page of Swedish Tax Authority. Available at: www.skatteverket.se

Non-Government sources

- info.worldbank.org (2017). *Worldwide Governance Indicator*. [Online]. Available at: <http://info.worldbank.org/governance/wgi/#reports>
- transparency.org (2016). Corruptions Perceptions Index 2016 Country Page - Sweden. [Online]. Available at: <https://www.transparency.org/country/SWE>
- Personal communication with stakeholders

1.7.5. Risk determination

Overview of Legal Requirements

All companies and private forest owners are subject to payment of income tax.

Description of Risk

During 2013 and 2014 the Swedish Tax Authority conducted a specific national audit on private forest owners' tax returns for the fiscal year 2011. According to the results of this audit information of disbursements for timber sales at the 30 largest purchasing organizations in Sweden were compared to tax returns of a critical selection of forest owners. Based on this audit, the Swedish Tax Authority concludes that the number of forest owners that do not declare sales tax and income tax correctly is low.

Sweden ranks high on the world-wide governance Indicator (2016) with "rule of law" being 2.04 and control of corruption of 2.25 on a scale of -2.5 to +2.5. This is one of the highest scores in the world. Sweden has a Corruption Perception Index of 88 (Above the threshold of 50).

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 (1979:429), Section 1-14, 22-27, 29. Available at: <http://www.notisum.se/rnp/sls/lag/19790429.HTM>
- Forestry Regulation (1993:1096), Section 2-6, 9, 10, 12. Available at: <http://www.notisum.se/rnp/sls/lag/19790429.HTM>
- Swedish Forest Agency's Regulation SKSFS 2011:7, Chapter 2, 3, 5, 6. Available at: <http://www.skogsstyrelsen.se/Global/myndigheten/f%c3%b6rfattningar/SKSFS%202011-7%20omtryck%20140813.pdf>

1.8.2. Legal authority

- Swedish Forestry Agency

1.8.3. Legally required documents or records

N/A

1.8.4. Sources of Information

Government sources

- skogsstyrelsen.se, (year?). Homepage. [Online]. Website of Swedish Forestry Agency. Available at: <http://www.skogsstyrelsen.se/>

Non-Government sources

- info.worldbank.org (2017). Worldwide Governance Indicator. [Online]. Available at: <http://info.worldbank.org/governance/wgi/#reports>
- transparency.org (2016). Corruptions Perceptions Index 2016 Country Page - Sweden. [Online]. Available at: <https://www.transparency.org/country/SWE>

1.8.5. Risk determination

Overview of Legal Requirements

In the Swedish context regulations requiring regeneration measures are considered as timber harvesting regulations in the sense of the Forest Legality Risk Assessment.

Description of Risk

According to statistics from the Swedish Forest Agency concerning the year 2013 approximately 4,300 (7,3 %) of the notified final fellings representing close to 24,000 ha (9,6 %) were inspected by the authority in the field before timber harvesting activities began. The same year approximately 5,100 sites were visited a few years after harvesting activities to ensure that appropriate regeneration measures had been taken, thus approximately 10 % of the annual number of final fellings. As a result of these inspections 2013 the Swedish Forestry Agency decided to issue injunctions in 152 cases with requirements to take measures for regeneration purposes e.g. planting and scarification. There were only 7 cases where a field visit resulted in a prosecution application concerning other legal requirements than the requirement to submit a Timber Harvesting Notification. These 7 applications do not necessarily include violations of requirement on harvesting techniques or technology harvesting practices, since they could also regard violations of legal requirements concerning environmental protection.

Sweden ranks high on the world-wide governance Indicator (2016) with "rule of law" being 2.04 and control of corruption of 2.25 on a scale of -2.5 to +2.5. This is one of the highest scores in the world. Sweden has a Corruption Perception Index of 88 (Above the threshold of 50).

To summarize, the supervision in the field that would detect violations of requirement on regenerations measures, does represent a significant percentage of the average number of annual harvesting sites in the country (approximately 10 % based on the number of field inspections 2013). During 2013 the Forest Agency found basis for issuing injunctions on reforestation measures in 152 cases (approximately 3 % of the inspections). The relatively low percentage of such cases and the fact that the sites to be inspected are not selected randomly but with reference to risk, does lead to the conclusion that the risk of violation of regeneration requirements is low. Furthermore, it may be questioned if already the fact that there is legal basis for injunctions against forest owners not living up to legal requirements on reforestation should constitute a violation of the law.

Risk Conclusion

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

1.8.6. Risk designation and specification

Low risk

1.8.7. Control measures and verifiers

N/A

1.9. Protected sites and species

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

1.9.1. Applicable laws and regulations

- Forestry Act (1979:429), Section 13a, 13b. Available at: <http://www.notisum.se/rnp/sls/lag/19790429.HTM>
- Forestry Regulation (1993:1096), Section 18 . Available at: <http://www.notisum.se/rnp/sls/lag/19931096.HTM>
- Swedish Forestry Agency's Regulation SKSFS 2011:7, Chapter 7 Section 17, 19, 33a. Available at: <http://www.skogsstyrelsen.se/Global/myndigheten/f%c3%b6rfattningar/SKSFS%202011-7%20omtryck%20140813.pdf>
- Swedish Environmental Code (1998:808), Chapter 7. Available at: <http://www.notisum.se/rnp/sls/lag/19980808.htm#K7>
- Regulation on protection of species (2007:845), Section 4-9, 14-15 and appendix 1-2. Available at: <http://www.notisum.se/rnp/sls/lag/20070845.htm>

1.9.2. Legal authority

- Swedish Forestry Agency
 - Forestry Act (1979:429), Section 13a, 13b
 - Forestry Regulation (1993:1096), Section 18
- Swedish Forestry Agency's
 - Regulation SKSFS 2011:7
 - Regulation on protection of species (2007:845)
- County Administrative Board
 - Swedish Environmental Code (1998:808)
 - Regulation on protection of species (2007:845)
- Environmental Committee of the Municipality (*kommunens miljönämnd*)
 - Swedish Environmental Code (1998:808)

1.9.3. Legally required documents or records

- Possible decision on exemption from regulations concerning protected areas

1.9.4. Sources of Information

Government sources

- skogsstyrelsen.se, (year?). Homepage. [Online]. Website of Swedish Forestry Agency. Available at: <http://www.skogsstyrelsen.se/>

Non-Government sources

- info.worldbank.org (2017). *Worldwide Governance Indicator*. [Online]. Available at: <http://info.worldbank.org/governance/wgi/#reports>
- transparency.org (2016). Corruptions Perceptions Index 2016 Country Page - Sweden. [Online]. Available at: <https://www.transparency.org/country/SWE>

1.9.5. Risk determination

Overview of Legal Requirements

There is systematic planning of formal (legal) forest protection in Sweden through the establishment of national parks, nature reserves, habitat protection, Natura 2000-areas and nature conservation agreements. Whereas national parks only may be established on state land, nature reserves, habitat protection, Natura 2000-areas or nature conservation agreements can be established on forest land that continues to be privately owned. A natural conservation agreement is a civil contract between the state and a forest owner through which the latter undertakes to limit its forestry or make specific conservations measures on specific forest land.

Terms and limitation of land use within the national parks, nature reserves, Natura 2000-areas and land subject to habitat protection are conveyed to the landowners. In short timber harvesting in such area may not be conducted without a permit – a procedure that is initialized after a Timber Harvesting Notification is submitted. Since commercial thinnings are not subject to the requirement of a Timber Harvesting Notification the risk of violation of the law requiring permits in such cases are not insignificant. However, violations connected to forestry activities are relatively few and verdicts from the courts show that violations principally concern landowners' negligence, not intent.

According to the Swedish national regulation on protection of species (2007:845), it is illegal to deliberately or through negligence kill or disturb animals of specific species, destroy their breeding or resting habitat without a decision of exemption from the County Administrative Board. Likewise it is illegal to deliberately or through negligence destroy/harm plants or parts of plants of specific species without a decision of exemption from the County Administrative Board.

Description of Risk

The ban to kill, disturb, destroy and harm specific species does not exclude forestry activities. However, as mentioned above, to make the act a punishable crime it must have been done deliberately or through negligence. It is not likely that the Forest Agency or a court would hold a forest owner or holder of harvesting rights responsible as negligent, should a listed species be destroyed by harvesting activities that were preceded by a Timber Harvesting Notification or a formal notification for consultation. Thus, risk of criminal action is considered low.

NGOs have criticized the supervising authorities for not applying the regulation on protection of species on forestry activities and it is also debated whether the ban could be applied on forest activities such as harvesting, where some individual animals or plants may

be harmed but not the existence of the species on the site. The Swedish Forest Agency and the Swedish Environmental Protection Agency currently work on guidelines on how to apply the regulation on protection of species (2007:845) on forestry activities.

According to the Swedish Forestry Agency's Regulation SKSFS 2011:7, Chapter 7 Section 17, harm to sensitive biotopes due to forestry activities should be avoided or limited. The Swedish Forestry Agency has also through a general advice described biotope types that the authority holds for sensitive. Harming such biotopes during forestry activities are however not subject to any legal sanctions without a prior injunction from the Swedish Forestry Agency aimed towards a specific landowner stating that a specific area/specific trees/specific habitat must not be harmed by forestry activities.

Sweden ranks high on the world-wide governance Indicator (2016) with "rule of law" being 2.04 and control of corruption of 2.25 on a scale of -2.5 to +2.5. This is one of the highest scores in the world. Sweden has a Corruption Perception Index of 88 (Above the threshold of 50).

Risk Conclusion

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

1.9.6. Risk designation and specification

Low risk

1.9.7. Control measures and verifiers

N/A

1.10. Environmental requirements

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

1.10.1. Applicable laws and regulations

- Forestry Act (1979:429), Section 30. Available at: <http://www.notisum.se/rnp/sls/lag/19790429.HTM>
- Forestry Regulation (1993:1096), Section 30-33. Available at: <http://www.notisum.se/rnp/sls/lag/19931096.HTM>

- Swedish Forestry Agency's Regulation SKSFS 2011:7, Chapter 7. Available at: <http://www.skogsstyrelsen.se/Global/myndigheten/f%c3%b6rfattningar/SKSFS%202011-7%20omtryck%20140813.pdf>
- Cultural Heritage Act (1988:950), Chapter 2 Section 5, 6, 10 and 12. Available at: <http://www.notisum.se/rnp/sls/lag/19880950.htm>
- Swedish Environmental Code (1998:808), Sw. Miljöbalken, Chapter 2, 9, 11, 14 and 15, Chapter 26 Section 9, 32. Available at: <http://www.notisum.se/rnp/sls/lag/19980808.htm>
- Regulation (EC) No 1107/2009 of the European Parliament and of the council of 21 October 2009 concerning the placing of plant protection products on the market, Article 28.1, 52. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:309:0001:0050:EN:PDF>
- Regulation on Pesticides (2014:425), Chapter 2 Section 18, 19, 21, 41, 42, 45, 33, 34, 35, 51, 52, 56, 58, 62. Available at: <http://www.notisum.se/rnp/sls/lag/20140425.htm>
- Swedish Environmental Protection Agency's Regulation SNFS 1997:2 on use of chemical pesticides. Section 11, 12, 14, 16. Available at: http://www.naturvardsverket.se/Documents/foreskrifter/nfs1997/SNFS1997_02.pdf
- Swedish Chemicals Agency's Regulation KIFS 2008:3 on pesticides, appendix 3. Available at: https://www.kemi.se/Documents/Forfattningar/KIFS/K08_3.pdf
- Law on flammable and explosive goods (2010:1011), section 6, 7, 11, 16, 17. Available at: <http://www.notisum.se/rnp/sls/lag/20101011.htm>
- Regulation on flammable and explosive goods (2010:1075), section 6, 8, 16. Available at: <http://www.notisum.se/rnp/sls/lag/20101075.htm>
- Swedish Environmental Agency's Regulation NFS 2003:24 on protection against pollution of ground and water from flammable liquids, Chapter 1, 4, 5, 8, 9, 10. Available at: http://www.naturvardsverket.se/Documents/foreskrifter/nfs2003/nfs2003_24k.pdf
- Swedish Civil Contingencies Agency's Regulation (MSBFS 2011:8) on tanks and pipes for flammable liquids, Chapter 5. Available at: <https://www.msb.se/externdata/rs/43623a8e-0697-4c1d-8a76-ef23d0986c64.pdf>
- Swedish Civil Contingencies Agency's Regulation (MSBFS 2013:3) on permits for handling flammable gases and liquids, Chapter 2. Available at: <https://www.msb.se/externdata/rs/b9e6d354-2654-4e68-a880-12ce12217afe.pdf>

1.10.2. Legal authority

- Swedish Forestry Agency
 - Forestry Act (1979:429)

- Forestry Regulation (1993:1096)
- Swedish Forestry Agency's Regulation SKSFS 2011:7
- Swedish Environmental Code (1998:808), Chapter 2, 7 and 12
- County Administrative Board
 - Swedish Environmental Code (1998:808), Chapter 2, 7 and 11
 - Cultural Heritage Act (1988:950)
- Environmental authority of the Municipality
 - Swedish Environmental Code (1998:808), Chapter 2, 7, 9, 14, and 15
 - Swedish Environmental Protection Agency's Regulation SNFS 1997:2 on use of chemical pesticides
 - Law on flammable and explosive goods (2010:1011)
 - Regulation on flammable and explosive goods (2010:1075)
 - Swedish Environmental Agency's Regulation NFS 2003:24 on protection against pollution of ground and water from flammable liquids
 - Swedish Civil Contingencies Agency's Regulation (MSBFS 2011:8) on tanks and pipes for flammable liquids
 - Regulation on Pesticides (2014:425)
 - Regulation (EC) No 1107/2009 of the European Parliament and of the council of 21 October 2009 concerning the placing of plant protection products on the market
- Building Committee of the Municipality (*Kommunens byggnadsnämnd*)
 - Law on flammable and explosive goods (2010:1011)
 - Regulation on flammable and explosive goods (2010:1075)
 - Swedish Civil Contingencies Agency's Regulation (MSBFS 2013:3) on permits for handling flammable gases and liquids
- Swedish Chemical Agency (*Kemikalieinspektionen*)
 - Swedish Environmental Code (1998:808), Chapter 2 and 14
 - Swedish Chemicals Agency's Regulation KIFS 2008:3 on pesticides
- Swedish Board of Agriculture (*Jordbruksverket*)
 - Swedish Environmental Code (1998:808), Chapter 2 and 14
 - Regulation on Pesticides (2014:425)

1.10.3. Legally required documents or records

N/A

1.10.4. Sources of information

Government sources

- skogsstyrelsen.se (N.Y). *Homepage*. [Online]. Website of Swedish Forestry Agency. Available at: <http://www.skogsstyrelsen.se/>
- Skogsstyrelsen, (2013). *Årsredovisning*. Annual report of the Swedish Forest Authority 2013.
- Skogsstyrelsen (2013). *Hänsynen till forn- och kulturlämningar - Resultat från Kulturpolytaxen 2012*. Swedish Forest Agency's report 2013-03 on consideration regarding ancient monuments
- Skogsstyrelsen (2014). *Hänsynen till forn- och kulturlämningar Resultat från Hänsynsuppföljning*. Kulturmiljöer 2013. The Swedish Forest Agency's report 4/2014.
- Skogsstyrelsen (2013). *Begäran om ändring av skogsvårdslagen (diarienummer 2013/2857)*. Petition from the Swedish Forest Agency to the Swedish government 2013-11-11
- raa.se (N.Y). *Homepage* [Online]. Website of Swedish National Heritage Board. Available at: www.raa.se

1.10.5. Risk determination

Description of Risk

According to statistics from the Swedish Forest Agency concerning 2013 approximately 4,300 (7,3 %) of the notified final fellings representing close to 24,000 ha (9,6 %) were inspected by the authority in the field before timber harvesting began. The scope of the mentioned inspections are not to detect violations of the law, but to ensure that relevant detailed environmental requirements are addressed when final felling are carried out, e.g. restrictions to harvest certain areas/trees. The inspections resulted in 129 injunctions to forest owners or buyers of harvesting rights to limit harvesting or take specific measures of environmental concerns with regards to a notified final felling. Thus, such injunctions do not give any information on how well the legislation is complied with.

The same year 637 sites representing approximately 3,800 ha were inspected during or just after harvesting activities in order to carry out supervision both according to the Environmental Code and the Forestry Act. As a result of these inspections the Swedish Forestry Agency decided to issue injunctions in 21 cases with requirements to take corrective action with reference to environmental protection requirements, e.g. to restore deep machinery tracks, repair or uncover ancient monuments, restore disturbed waterways or clear frequently used trails. There were only 7 cases where a field visit resulted in a prosecution application concerning other legal requirements than the requirement to submit a Timber Harvesting Notification. These 7 applications do not necessarily include environmental protection only, but also requirements on harvesting practices, e.g. regeneration methods.

To summarize, inspections in the field which would detect violation of requirements subject to direct sanctions such as fines or imprisonment or give legal basis for injunctions to take corrective actions, did show low percentage (1% and 3% respectively) of non-compliance to such requirements during 2013. Targets for inspections are not selected randomly and thus an even lower percentage would be expected on a random sample. However, it could not be ruled out that a higher number of injunctions should have been issued even with the

same number of inspections, should larger resources of the Forest Agency be allocated to this type of supervision.

Risk Conclusion

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

1.10.6. Risk designation and specification

Low risk

1.10.7. Control measures and verifiers

N/A

1.11. Health and safety

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

1.11.1. Applicable laws and regulations

- Workers Safety Act (1977:1160), Chapter 2, Chapter 3 Section 1a, 2, 2a, 2c, 3, 4, 5, 7g, 12, Chapter 6, Chapter 8 Section 2. Available at: <http://www.notisum.se/rnp/sls/lag/19771160.htm>
- Workers Safety Regulation (1977:1166), Sections 3-6, 7-13. Available at: <http://www.notisum.se/rnp/sls/lag/19771166.htm>
- Working Hour Act (1982:673) . Available at: <http://www.notisum.se/rnp/sls/lag/19820673.htm>
- Swedish Work Environmental Authority's Regulation (AFS 2012:3) Minors Work Environment. Available at: http://www.av.se/dokument/afs/afs2012_03.pdf
- Swedish Work Environmental Authority's Regulation (AFS 2012:2) Ergonomics for the Prevention of Musculoskeletal Disorders. Available at: http://www.av.se/dokument/afs/afs2012_02.pdf
- Swedish Work Environmental Authority's Regulation (AFS 2012:1) Chain saws and Clearing saws. Available at: http://www.av.se/dokument/afs/afs2012_01.pdf
- Swedish Work Environmental Authority's Regulation (AFS 2011:19) Chemical Hazards in the Working Environment. Available at: http://www.av.se/dokument/afs/afs2011_19.pdf

- Swedish Work Environmental Authority's Regulation (AFS 2008:13) Signs and Signals. Available at:
http://www.av.se/dokument/afs/afs2008_13.pdf
- Swedish Work Environmental Authority's Regulation (AFS 2008:3) Machinery. Available at:
http://www.av.se/dokument/afs/afs2008_03.pdf
- Swedish Work Environmental Authority's Regulation (AFS 2007:5) Pregnant and nursing workers. Available at:
http://www.av.se/dokument/afs/afs2007_05.pdf
- Swedish Work Environmental Authority's Regulation (AFS 2006:4) Use of Work Equipment. Available at:
http://www.av.se/dokument/afs/afs2006_04.pdf
- Swedish Work Environmental Authority's Regulation (AFS 2005:16) Noise. Available at:
http://www.av.se/dokument/afs/afs2005_16.pdf
- Swedish Work Environmental Authority's Regulation (AFS 2005:15) Vibrations. Available at:
http://www.av.se/dokument/afs/afs2005_15.pdf
- Swedish Work Environmental Authority's Regulation (AFS 2005:6) Occupational medical supervision. Available at:
http://www.av.se/dokument/afs/afs2005_06.pdf
- Swedish Work Environmental Authority's Regulation (AFS 2001:3) Use of Personal Protective Equipment. Available at:
http://www.av.se/dokument/afs/afs2001_03.pdf
- Swedish Work Environmental Authority's Regulation (AFS 2001:1) Systematic Work Environment Management. Available at:
http://www.av.se/dokument/afs/afs2001_01.pdf
- Swedish Work Environmental Authority's Regulation (AFS 1999:7) First aid and Crisis Support. Available at:
http://www.av.se/dokument/afs/afs1999_07.pdf
- Swedish Work Environmental Authority's Regulation (AFS 1998:6) Pesticides. Available at:
http://www.av.se/dokument/afs/afs1998_06.pdf
- Swedish Work Environmental Authority's Regulation (AFS 1996:7) Feature of Personal. Available at: Equipment for Protection
http://www.av.se/dokument/afs/afs1996_07.pdf
- Swedish Work Environmental Authority's Regulation (AFS 1994:1) Adjustment of Work and rehabilitation. Available at:
http://www.av.se/dokument/afs/afs1994_01.pdf
- Swedish Work Environmental Authority's Regulation (AFS 1993:17) Victimization at Work. Available at:
http://www.av.se/dokument/afs/afs1993_17.pdf

- Swedish Work Environmental Authority's Regulation (AFS 1982:17) Documentation of Stand-by duty time and Over time. Available at: http://www.av.se/dokument/afs/afs1982_17.pdf
- Swedish Work Environmental Authority's Regulation (AFS 1982:3) Work alone. Available at: http://www.av.se/dokument/afs/afs1982_03.pdf
- Regulation (EC) No 1907/2006 of the European Parliament and the Council (Reach) art 35. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2006R1907:20130701:EN:PDF>

1.11.2. Legal authority

- Swedish Work Environment Authority (*Arbetsmiljöverket*)

1.11.3. Legally required documents or records

- Documentation showing that employees working with chain saw have passed theoretical and practical tests according to Swedish Work Environmental Authority's Regulation (AFS 2012:1) Chain saws and Clearing saws.
- Documentation from chemical risks assessment according to Swedish Work Environmental Authority's Regulation (AFS 2011:19)
- Documentation from risks assessment concerning vibrations and noise which workers are exposed to according to Swedish Work Environmental Authority's Regulation AFS 2005:15 och AFS 2005:16
- Written information to workers on how to use personal protection equipment according to The Swedish Work Environmental Authority's Regulation AFS 2001:3
Documentation on risk assessment according to the Swedish Work Environmental Authority's Regulation AFS 2001:1
- At companies' with 10 employees or more; documentation on the company's workers safety policy and the routines how to run the systematic work environment management according to the Swedish Work Environmental Authority's Regulation AFS 2001:1, as well as responsibilities for key personnel in relation to the systematic work environment management
- Written handling and protection instructions regarding use of pesticides according to the Swedish Work Environmental Authority's Regulation AFS 1998:6
- Safety data sheet according to Reach art 31 on pesticides used

1.11.4. Sources of information

Government sources

- av.se (N.Y.) *Homepage*. [Online]. Website of the Swedish Work Environment Authority. Available at www.av.se
- skogsstyrelsen.se (N.Y.). *Homepage*. [Online]. Website of Swedish Forestry Agency. Available at: <http://www.skogsstyrelsen.se/>

- av.se (2014). *Tillsyn af Skogsbranschen*. [Online]. Project report INF 2011/101631 dated 2014-04-22 of the Swedish Work Environment Authority. Available at: www.av.se

Non-Government sources

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- transparency.org (2016). *Corruptions Perceptions Index 2016 Country Page - Sweden*. [Online]. Available at: <https://www.transparency.org/country/SWE>

1.11.5. Risk determination

Overview of Legal Requirements

The legislation on workers' health and safety in Sweden includes a large number of detailed requirements, principally given in the extensive regulations from the Swedish Work Environment Authority. The main part of these requirements is not subject to any direct sanctions, such as fines or imprisonment, and is used as a reference to decide if a crime was committed by the employer in the case of an accident or an incident. Requirements without direct sanctions could also be used as reference when injunctions to employers to take specific measures are issued by the authority.

Description of Risk

During the September 2012 to December 2013 the Swedish Work Environment Authority carried out inspections on 1,254 sites where harvesting or silvicultural activities were conducted, of an estimated total of 27,500 such sites throughout the country at the time. The inspections were principally aimed at i) technical requirements on equipment, ii) how accidents and incidents were reported and followed up and iii) the employers' systematic work environment management. The inspections were carried out within a specific supervisory project concerning the forestry sector and revealed non-compliance to a number of requirements of the Swedish Work Environment Authority's regulations, e.g.

During the September 2012 to December 2013 the Swedish Work Environment Authority carried out inspections on 1,254 sites where harvesting or silvicultural activities were conducted, of an estimated total of 27,500 such sites throughout the country at the time. The inspections were principally aimed at i) technical requirements on equipment, ii) how accidents and incidents were reported and followed up and iii) the employers' systematic work environment management. The inspections were carried out within a specific supervisory project concerning the forestry sector and revealed non-compliance to a number of requirements of the Swedish Work Environment Authority's regulations, e.g.

- lack of risk analysis and actions according to Regulation (AFS 2001:1) on Systematic Work Environment Management
- lack on ability to give first aid
- lack of routines for workers working alone
- lack of routines to report incidents

However, during 2013 only 3 prosecution applications were issued regarding employers in the forestry and agricultural sector. Moreover, only 6 injunctions directed to concerned employers were issued due to the revealed non-compliance. Thus, the inspections

mentioned above cannot be said to show low legal compliance regarding requirements subject to direct sanctions. The low number of injunctions also shows that employers were willing to take corrective actions according to inspectors' advice without legally binding injunctions. An important remark is however, that had the revealed deficiencies led to specific and serious accidents, the responsible employer may have been subject to prosecution.

Sweden ranks high on the world-wide governance Indicator (2016) with "rule of law" being 2.04 and control of corruption of 2.25 on a scale of -2.5 to +2.5. This is one of the highest scores in the world. Sweden has a Corruption Perception Index of 88 (Above the threshold of 50).

During 2013 there were just over 100 work related accidents resulting in sick leave for forestry workers. The activity that causes the most deaths and injuries are work with chainsaws. However, according to information from the Swedish Work Environment Authority only very few of the accidents are subject to a criminal investigation resulting in a prosecution. The last year's significant supervision, low number of criminal investigation and the total number of approximately 40,000 employers in the forestry sector in Sweden, indicate a low risk of violations of sanctioned legislation concerning workers health and safety.

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

- Constitution of Sweden, Chapter 2 section 1 (freedom of expression, freedom of assembly, freedom to demonstrate, freedom of association). Available at: <http://www.notisum.se/rnp/sls/lag/19740152.htm>

- Employment Protection Act (1982:80). Available at: <http://www.notisum.se/rnp/sls/lag/19820080.htm>
- Working Hour Act (1982:673). Available at: <http://www.notisum.se/rnp/sls/lag/19820673.htm>
- Aliens Act (2005:716), Chapter 2 Section 7, 8c, Chapter 3a, Chapter 6. Available at: <http://www.notisum.se/rnp/sls/lag/20050716.htm>
- Social Insurance Act (2000:980), Chapter 2. Available at: <http://www.notisum.se/rnp/sls/lag/20000980.htm>
- Workers Safety Act (1977:1160). Available at: <http://www.notisum.se/rnp/sls/lag/19771160.htm>
- Swedish Work Environmental Authority's Regulation (AFS 2012:1) on Chain saws and Clearing saws, Section 17-18. Available at: http://www.av.se/dokument/afs/afs2012_01.pdf
- Penal Code (1962:700), Chapter 4 Section 1a, Chapter 16 Section 9. Available at: <http://www.notisum.se/rnp/sls/lag/19620700.htm>
- Employment (Co-determination in the Workplace) Act (1976:580), Section 7-8. Available at: <http://www.notisum.se/rnp/sls/lag/19760580.htm>
- Law on vacation (1977:480). Available at: <http://www.notisum.se/rnp/sls/lag/19770480.htm>

1.12.2. Legal authority

- The Swedish Police (*Polismyndigheten*)
 - Penal Code (1962:700)
 - Aliens Act (2005:716)
- Swedish Tax Authority
 - Social Insurance Act (2000:980)
- Swedish Work Environment Authority
 - Workers Safety Act (1977:1160)
 - Swedish Work Environmental Authority's Regulation (AFS 2012:1)
 - Working Hour Act (1982:673)
- Civil
 - Employment Protection Act (1982:80) (requirements for contracts)
 - Employment (Co-determination in the Workplace) Act (1976:580)

1.12.3. Legally required documents or records

- Copy of the employer's monthly or quarterly tax declaration concerning employed personnel

- Copy of written employment contract or written information on terms and conditions of the employment for each worker according to Employment Protection Act Section 6c.
- Copy of Work Permit or Permanent Residents Permit for employees other than citizens of EES-countries

1.12.4. Sources of information

Government sources

- polisen.se, (year?). *Homepage*. [Online] The Swedish Police. Available at www.polisen.se
- skatteverket.se, (year?). *Homepage*. [Online] Swedish Tax Authority. Available at: www.skatteverket.se
- av.se, (year?). *Homepage*. [Online] Swedish Work Environment Authority. Available at: www.av.se

Non-Government sources

- svt.se, (2013). *Facket: "Det är ren människohandel"*. [Online] Article on mistreated foreign workers in the forestry sector in Sweden. Available at: <http://www.svt.se/ug/gastarbetare-jobbade-under-slavliknande-forhallanden>
- info.worldbank.org (2017). *Worldwide Governance Indicator*. [Online]. Available at: <http://info.worldbank.org/governance/wgi/#reports>
- transparency.org (2016). *Corruptions Perceptions Index 2016 Country Page - Sweden*. [Online]. Available at: <https://www.transparency.org/country/SWE>

1.12.5. Risk determination

Overview of Legal Requirements

Thinnings and final fellings are mainly performed by Swedish entrepreneurs with permanently employed Swedish personnel. Silviculture (planting, clearing, etc) is on the other hand performed by domestic or foreign entrepreneurs who often engage foreign workers for limited periods.

Description of Risk

Most Swedish workplaces are part of a collective agreement between unions and employers that regulates wages and working conditions, including health and accident insurance. Collective agreements guarantee that the same rules apply to everyone and establish the minimum acceptable terms of employment in that sector – though employers are free to offer better terms. The worker's rights for Swedish personnel are usually well respected, but problems occur from time to time with workers from other countries, which has also been highlighted in media during the last year. These problems cannot be neglected from a Swedish perspective but in an international comparison the problems are not significant.

Sweden has ratified the UN Convention on the Rights of the Child in 1990. Child labour in the sense of the convention is not considered to occur in Sweden.

Sweden ranks high on the world-wide governance Indicator (2016) with "rule of law" being 2.04 and control of corruption of 2.25 on a scale of -2.5 to +2.5. This is one of the highest

scores in the world. Sweden has a Corruption Perception Index of 88 (Above the threshold of 50).

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

- Forestry Act (1979:429), Section 13b, 14, 16, 18a, 18b, 20, 31. Available at: <http://www.notisum.se/rnp/sls/lag/19790429.htm>
- Forestry Regulation (1993:1096), Section 15, 15b. Available at: <http://www.notisum.se/rnp/sls/lag/19931096.htm>
- The Reindeer Husbandry Act (1971:437) Section 15-25. Available at: <http://www.notisum.se/rnp/sls/lag/19710437.htm>
- Swedish Forestry Agency's Regulation SKSFS 2011:7, Chapter 4 Section 3. Available at: <http://www.skogsstyrelsen.se/Global/myndigheten/f%c3%b6rfattningar/SKSFS%202011-7%20omtryck%20140813.pdf>

1.13.2. Legal authority

- Swedish Forestry Agency
 - Forestry Act (1979:429)
 - Forestry Regulation (1993:1096)
 - Swedish Forestry Agency's Regulation SKSFS 2011:7
- County Administrative Board
 - The Reindeer Husbandry Act (1971:437)

1.13.3. Legally required documents or records

- Documentation proving that affected Sami village has been consulted according to Forest Act, Section 20 and Swedish Forestry Agency's Regulation SKSFS 2011:7, Chapter 4 Section 2, 3 and 4.

1.13.4. Sources of information

Government sources

- Lagen.nu (2011) NJA [Online] (Nytt Juridiskt Arkiv) 2011 s 109. Available at: <https://lagen.nu/dom/nja/2011s109>

1.13.5. Risk determination

Overview of Legal Requirements

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

Description of Risk

A number of conflicts – of which some have been resolved in court - have taken place between the Sámi people and landowners regarding what actually constitutes traditional Sámi territory. In some instances the Sámi party has lost as it could not prove that the Sámi people's use of the land had lasted for a sufficiently long period of time and that the use had been characterised by a certain degree of intensity.

A turning point in this matter came in connection with the so-called Nordmalingsmålet (Nordmalings case) which was dealt with in the Supreme Court in 2011 (NJA 2011 s 109). The court ordered that Sámi villages were entitled to winter pastures on the properties in question on the basis of ancient custom. This Nordmalings case has resulted in similar rights issues being settled out of court between the parties concerned.

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. There is no legislation covering FPIC in Sweden.

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

- The Reindeer Husbandry Act (1971:437) Section 15-25
<http://www.notisum.se/rnp/sls/lag/19710437.htm>

1.15.2. Legal authority

- Swedish Board of Agriculture
- County Administrative Board
- The Sami Parliament (*Sametinget*)

1.15.3. Legally required documents or records

N/A

1.15.4. Sources of information

Government sources

- Swedish Forestry Act, section 13b, 14, 16, 18a, 18b, 20, 31, 38a
- Personal communication with stakeholder 2, 5 and 6

Non-Government sources

- [info.worldbank.org](http://info.worldbank.org/governance/wgi/#reports) (2017). *Worldwide Governance Indicator*. [Online]. Available at: <http://info.worldbank.org/governance/wgi/#reports>
- [transparency.org](https://www.transparency.org/country/SWE) (2016). Corruptions Perceptions Index 2016 Country Page - Sweden. [Online]. Available at: <https://www.transparency.org/country/SWE>

1.15.5. Risk determination

Overview of Legal Requirements

The Sámi people constitute the only ethnic group that has the status of indigenous people in the Swedish Constitution. The Sámi culture is intimately linked to the Sámi people's traditional reindeer husbandry. According to the Swedish Forestry Act forestry activities such as harvesting must take the interests of reindeer husbandry into consideration. Many of the specific regulation on this matter are to be considered by the Swedish Forest Agency in the authority's administration of Timber Harvesting Notifications and application for permits (Swedish Forestry Act, section 13b, 14, 16, 18a, 18b, 31).

Only in a couple of situation a forest owner or holder of harvesting rights may be subject to direct sanctions for violating legislation protecting the Sámi peoples reindeer husbandry;

- if the Swedish Forest Agency by a specific decision prohibit a certain activity at a specific site with reference to the reindeer husbandry (Swedish Forestry Act, section 31, 38), or
- if the land owner or the holder of a harvesting right do not consult with the concerned Sámi village before harvesting activities in areas where reindeer may be herded all year round (Swedish Forestry Act, section 20, 38a).

Description of Risk

The obligation to consult with concerned Sámi village concerns larger harvesting sites (>20 ha or >10 ha in mountainous areas) or all harvesting sites on estates >500 ha. Thus, a large number of final fellings in areas where reindeer may be herded all year round may be carried out without a prior consultation. According to the representative of the SSR (Svenska Samernas Riksförbund) there are examples of violations of the obligation to consult with concerned Sámi village before harvesting activities. However, according to the Swedish Forest Agency there have been no violations of the mentioned statutes subject to direct sanctions.

To summarize, there are no indication that the obligation to consult with concerned Sámi village is violated to any significant extent.

The UN Security Council has not issued any export ban for Sweden. Sweden is not designated as a source of conflict timber (e.g USAID definition of conflict timber). Sweden ranks high on the world-wide governance Indicator (2016) with "rule of law" being 2.04 and control of corruption of 2.25 on a scale of -2.5 to +2.5. This is one of the highest scores in the world. Sweden has a Corruption Perception Index of 88 (Above the threshold of 50).

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

No legislation requires formal classification of wood harvested in Sweden in terms of species or quantity to be authorized for transport and trade within Sweden.

Legislation exist with requirements on those entities that determine quality and quantity of sawn timber and pulp wood for the purpose of trade exists

- Timber Measurement Act (1966: 209), will be replaced by 2014:1005 (applicable for coniferous sawnwood or pulpwood). Available at: http://www.riksdagen.se/sv/Dokument-Lagar/Lagar/Svenskforfattningssamling/Virkesmatningslag-1966209_sfs-1966-209/
- Regulation of the Swedish Forest Agency is The Swedish Forest Agency's regulation (1999:1) on timber measurement, which will be replaced the 1st of March 2015.
- Timber measurement Act: 2014:1005, valid from 1 Marts 2015. Available at: <http://www.lagboken.se/Views/Pages/GetFile.ashx?portalId=56&cat=213728&docId=2086435&propId=5>
- The regulation connected to the new law is the Regulation (2014:1006) on timber measurement, valid from 1 Marts 2015. Available at: <http://www.lagboken.se/Views/Pages/GetFile.ashx?portalId=56&cat=213728&docId=2087695&propId=5>

1.16.2. Legal authority

- Ministry for Rural Affairs

1.16.3. Legally required documents or records

- records from the independent measuring organization (VMF-Qubera)
Send out monthly to all forest owners delivering saw timber or pulp wood to a company connected to the system.

1.16.4. Sources of information

Government sources

- Riksdagen.se (1966). *Virkesmätningsslag*. [Online] Timber Measurement Act (1966:209). Available at: http://www.riksdagen.se/sv/Dokument-Lagar/Lagar/Svenskforfattningssamling/Virkesmatningslag-1966209_sfs-1966-209/
- regulation (1999:1) on timber measurement, which will be replaced the 1st of March 2015.
- lagboken.se (2014). *Lag om Virkesmätning*. [Online]. Timber measurement Act: 2014:1005, valid from 1 March 2015. Available at: <http://www.lagboken.se/Views/Pages/GetFile.ashx?portalId=56&cat=213728&docId=2086435&propId=5>
- lagboken.se (2014). *Förordning om Virkesmatning*. [Online]. Regulation (2014:1006) on timber measurement, valid from 1 Marts 2015. Available at: <http://www.lagboken.se/Views/Pages/GetFile.ashx?portalId=56&cat=213728&docId=2087695&propId=5>

Non-Government sources

- info.worldbank.org (2017). *Worldwide Governance Indicator*. [Online]. Available at: <http://info.worldbank.org/governance/wgi/#reports>
- transparency.org (2016). Corruptions Perceptions Index 2016 Country Page - Sweden. [Online]. Available at: <https://www.transparency.org/country/SWE>

1.16.5. Risk determination

Overview of Legal Requirements

No legislation requires formal classification of wood harvested in Sweden in terms of species or quantity to be authorized for transport and trade within Sweden.

The purpose of the Timber Measurement Act 1966: 209/SFS 2014:1005 is to give the seller and buyer of logs the same opportunities to decide the price of the logs delivered to the industry and to judge if the price is correct. The law is not providing any basis for taxes and fees, but to contribute to a credible, transparent and well working market for logs/timber for the trading entities.

Description of Risk

Sweden ranks high on the world-wide governance Indicator (2016) with "rule of law" being 2.04 and control of corruption of 2.25 on a scale of -2.5 to +2.5. This is one of the highest scores in the world. Sweden has a Corruption Perception Index of 88 (Above the threshold of 50).

The risk of on this criteria 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.

1.16.6. 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

Not applicable (Except for general licencing to conduct commercial transports relevant for all goods, there are no specific legal requirements regarding transport within Sweden of wood from forest operations in Sweden. Legislation covering transport of CITES-species is presented below under paragraph 5.5)

1.17.2. Legal authority

N/A

1.17.3. Legally required documents or records

N/A

1.17.4. Sources of information

N/A

1.17.5. Risk determination

N/A

1.17.6. Risk designation and specification

N/A

1.17.7. Control measures and verifiers

N/A

1.18. Offshore trading and transfer pricing

Legislation regulating offshore trading. Offshore trading with related companies placed in tax havens combined with artificial transfer prices is a well-known way to avoid payment of legally prescribed taxes and fees to the country of harvest and considered as an important generator of funds that can be used for payment of bribery and black money to the forest operation and personnel involved in the harvesting operation. Many countries have established legislation covering transfer pricing and

offshore trading. It should be noted that only transfer pricing and offshore trading as far as it is legally prohibited in the country, can be included here. Risk relates to situations when products are sold out of the country for prices that are significantly lower than market value and then sold to the next link in the supply chain for market prices, which is often a clear indicator of tax laundry. Commonly, the products are not physically transferred to the trading company.

1.18.1. Applicable laws and regulations

- Income Tax Law (1999:1229), Chapter 14 Section 19, 20 (principle of arm's length price). Available at: <http://www.notisum.se/rnp/sls/lag/19991229.htm>
- Law on Taxation Procedure (2011:1244), Chapter 39 Section 15, 16 (obligation to document transfer pricing). Available at: <http://www.notisum.se/rnp/sls/lag/20111244.htm>
- Law on decision on transfer pricing on international transactions (2009:1289). Available at: <http://www.notisum.se/rnp/sls/lag/20091289.htm>
- Regulation on decision on transfer pricing on international transactions (2009:1295). Available at: <http://www.notisum.se/rnp/sls/lag/20091295.htm>

1.18.2. Legal authority

- Swedish Tax Authority

1.18.3. Legally required documents or records

- Documents on transfer pricing according to the requirement laid down in Law on Taxation Procedure (2011:1244), Chapter 39 Section 16
- Decision on transfer pricing of the Swedish Tax Authority on a specific application

1.18.4. Sources of information

Non-Government sources

- Eoi-tax.org (N.Y.). *Sweden*. [Online] Exchange of tax Information Portal. Available at: <http://www.eoi-tax.org/jurisdictions/SE#agreements>
- info.worldbank.org (2017). *Worldwide Governance Indicator*. [Online]. Available at: <http://info.worldbank.org/governance/wgi/#reports>
- transparency.org (2016). *Corruptions Perceptions Index 2016 Country Page - Sweden*. [Online]. Available at: <https://www.transparency.org/country/SWE>

1.18.5. Risk determination

Overview of Legal Requirements

The international tax standard, developed by OECD and supported by the UN and the G20, provides for full exchange of information on request in all tax matters without regard to a domestic tax interest requirement or bank secrecy for tax purposes. Currently all 30 OECD member countries, including Sweden, have endorsed and agreed to implement the

international tax standard. Furthermore, all offshore financial centers accept the standard. Sweden has signed 46 Tax Information Exchange Agreements (TIEAs) including with at least 11 main offshore financial centres and tax havens.

(<http://www.eoi-tax.org/jurisdictions/SE#agreements>)

Description of Risk

The possibility for companies in the forestry sector for trading through countries known as "tax havens" is limited. The corruption level in Sweden is considered low, refer to the Transparency International corruption perception index of 88 (higher than the threshold of 50).

Sweden ranks high on the world-wide governance Indicator (2016) with "rule of law" being 2.04 and control of corruption of 2.25 on a scale of -2.5 to +2.5. This is one of the highest scores in the world. No indications of any significant violations are present regarding offshore trading and transfer pricing in Sweden and this the indicator is considered low.

Risk Conclusion

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

1.18.6. Risk designation and specification

Low risk

1.18.7. Control measures and verifiers

N/A

1.19. Custom regulations

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

1.19.1. Applicable laws and regulations

Export

Not applicable (No export license required for exporting wood of normal commercial species harvested in Sweden)

Import

- Commissions Implementing Regulation (EU) No 498/2012 of 12 June 2012 on the allocation of tariff-rate quotas applying to exports of wood from the Russian Federation to the European Union. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:152:0028:0037:EN:PDF>
- Swedish Board of Agriculture's regulation (SJVFS 1995:94) on protective measures against spreading of pests, Section 9-15. Available at: <http://www.jordbruksverket.se/download/18.7caa00cc126738ac4e880002721/1265302247516/2010-003.pdf>

1.19.2. Legal authority

- Swedish Customs (*Tullverket*)
- Swedish Board of Agriculture

1.19.3. Legally required documents or records

- Custom declaration
- Phytosanitary certificate for import from countries outside EU

1.19.4. Sources of information

N/A

1.19.5. Risk determination

Overview of Legal Requirements

- Export
Not applicable.
- Import
No indications of any significant violations are present.

Description of Risk

Low risk

Risk Conclusion

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

1.19.6. Risk designation and specification

Low risk

1.19.7. Control measures and verifiers

N/A

1.20. CITES

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

1.20.1. Applicable laws and regulations

- Council Regulation (EC) No 338/97 of 9 December 1996 on the protection of species of wild fauna and flora by regulating trade therein, article 4, 5, 7, 8. Available at:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:1997R0338:20080411:EN:PDF>

- Regulation on protection of species (2007:845), Sections 7-45 and appendix 1-2. Available at:
<http://www.notisum.se/rnp/sls/lag/20070845.htm>

1.20.2. Legal authority

- County Administrative Board

1.20.3. Legally required documents or records

- Operators placing timber or timber products on the EU market
 - Import permit of wood from tree species in appendix A and B of the Council Regulation (EC) No 338/97 of 9 December 1996
 - Document showing that a notification of import of wood from tree species in appendix C of the Council Regulation (EC) No 338/97 of 9 December 1996

1.20.4. Sources of information

Government sources

- Checklist.cites.org (N.Y.). *Checklist of CITES Species*. [Online] Available at:
<http://checklist.cites.org/#/en>

1.20.5. Risk determination

Overview of Legal Requirements

- Export
No woody species produced in Sweden is mentioned in the CITES lists and the risk is therefore considered low.
- Import
Not applicable.

Description of Risk

Low risk

Risk Conclusion

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

1.20.6. Risk designation and specification

Low risk

1.20.7. Control measures and verifiers

N/A

1.21. Legislation requiring due diligence/due care procedures

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

1.21.1. Applicable laws and regulations

- Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market, article 4, 5, 6 and appendix. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:295:0023:0034:EN:PDF>
- Commission Implementing Regulation (EU) No 607/2012 of 6 July 2012 on the detailed rules concerning the due diligence system and the frequency and nature of the checks on monitoring organisations as provided for in Regulation (EU) No 995/2010 of the European Parliament and of the Council laying down the obligations of operators who place timber and timber products on the market, article 3-6. Available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012R0607&from=EN>
- Law on Trade with Timber and Wood products (2014:1009), Section 9 and 11. Available at: <http://www.notisum.se/rnp/sls/lag/20141009.htm>
- Accounting Act (1999:1078), Chapter 7. Available at: <http://www.notisum.se/rnp/sls/lag/19991078.htm>

1.21.2. Legal authority

- Swedish Forest Agency
 - Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market
 - Commission Implementing Regulation (EU) No 607/2012 of 6 July 2012 on the detailed rules concerning the due diligence system and the frequency and nature of the checks on monitoring organisations as provided for in Regulation (EU) No 995/2010 of the European Parliament and of the Council laying down the obligations of operators who place timber and timber products on the market
- Swedish Tax Authority
 - Accounting Act (1999:1078)

1.21.3. Legally required documents or records

- Operators placing timber or timber products on the EU market
 - Documents required to fulfil the obligation for operators to exercise an due diligence system according to article 4.2 and 6 of the Regulation (EU) No 995/2010
 - Documentation on information concerning the operator's supply, according to article 3, Commission Implementing Regulation (EU) No 607/2012

- Register of information concerning the operator's supply as provided for in Article 6.1 a) of Regulation (EU) No 995/2010 and documentation of application of risk mitigation procedures

1.21.4. Sources of information

Government sources

- skogsindustrierna.org (2012). *Skogsstyrelsens meddelande 2/2012: Uppdrag om nationella bestämmelser som kompletterar EU:s timmerförordning*. [Online] Available at: <http://www.skogsindustrierna.se/vara-asikter/remissvar/samtliga-remissvar/2014/01/remissvar-uppdrag-om-nationella-bestammelser-som-kompletterar-eu-timmerforordning/>
- notisum.se (2014). *Lag (2014:1009) om handel med timmer och trävaror* [Online] Law on Trade with Timber and Wood products (2014:1009), Section 9 and 11. Available at: <http://www.notisum.se/rnp/sls/lag/20141009.htm>
- Skogsstyrelsens rapport 2013-01-20 Dnr 2013/2996
- Skogsstyrelsens rapport 2013-12-09 Dnr 2013/2909
- Skogsstyrelsens rapport 2013-12-10 Dnr 2013/2861
- Skogsstyrelsens rapport 2013-10-03 Dnr 2013/2218
- Skogsstyrelsens rapport 2013-10-10 Dnr 2013/2569
- Skogsstyrelsens rapport 2013-10-08 Dnr 2013/2258
- Skogsstyrelsens rapport 2013-11-12 Dnr 2013/2530
- Skogsstyrelsens rapport 2013-11-14 Dnr 2013/2825
- Skogsstyrelsens rapport 2013-10-24 Dnr 2013/2424
- Skogsstyrelsens rapport 2014-04-24 Dnr 2014/T8-2014,
- Skogsstyrelsens rapport 2014-04-30 Dnr 2014/T7-2014,
- Skogsstyrelsens rapport 2014-04-10 Dnr 2014/T6-2014,
- Skogsstyrelsens rapport 2014-03-12 Dnr 2014/T2-2014,
- Discussion September 2014 with responsible supervising officer (A-C Sjöström) at the Swedish Forest Agency. Regulations giving the agency clear authority to issue injunctions were enacted through the Swedish timber law (2014:1009).
- Discussion September 2014 with responsible supervising officer (A-C Sjöström) at the Swedish Forest Agency, where reference was made to the Swedish Customs.

1.21.5. Risk determination

Overview of Legal Requirements

The EU Timber Regulation has introduced requirements on due diligence procedures for the forestry sector.

Description of Risk

In December 2014 and March 2015 controls on a total of three Forest Companies harvesting timber based on timber contracts were conducted. All companies passed the controls.

According to the Swedish forest agency (SFA) a forest owner or wood buyer are obliged, according to EUTR, to:

1. follow the Swedish forest act when they apply for harvesting
2. save the report from the wood measuring (done automatically by Swedish wood measuring organization, VMF/SDC)

There is a common perception that the requirement of due diligence of the EU Timber Regulation (EUTR) would be relatively easy to comply with regards to timber from Swedish forests thanks to the current system of measuring and tracking timber in Sweden under the law on timber measurement (2014:1005) and the principle of public access to official records in Sweden, as opposed to imported timber. However, an actual DDS is not required by the CA, as defined in the EUTR, where also tax payment should be considered. Thus, the incentive for forest owners to implement such system is low. However, since low risk has been found in CW Categories 1.1-1.20, it is concluded that the potential impact of this lack of enforcement will be limited both in impact and in scale. Therefore, the risk has been concluded to be low.

Risk Conclusion

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

1.21.6. Risk designation and specification

Low risk

1.21.7. Control measures and verifiers

N/A

Annex I. Timber source types

The table **Timber Source Types in Sweden** 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:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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 SWEDEN

Forest type	Region/Area	Legal Land Classification	Ownership	Management regime	License / Permit Type	Description of source type
Productive forest land outside protected area and other than mountainous forest, forest with noble broad leaved trees.		Productive forest land is defined as land that can produce no less than 1 m ³ stem wood including bark annually and that is not used for any other purpose such as agriculture, buildings or infrastructure.		No requirements.	No permit is needed. The harvesting authorization system is managed on a system of mandatory Timber Harvesting Notifications to the Swedish Forest Agency, to be submitted no later than 6 weeks before resuming harvesting operations on a specific site.	
Mountainous forests		Forest land of mountainous areas as delineated in the Swedish Forest Agency's regulation SKSFS 1991:3.		Application according to Swedish Forestry Act, section 16 required.	Harvesting permit for harvesting mountainous forest land is required.	-
Forest of "noble broad leaved trees", i.e. forest		Stands of forest in which at least 70 % of the basal areal consist		Application according to Swedish Forestry Act, section 27 required.	Harvesting permit for harvesting noble broad	

<p>that contains tree species of oak, beech, ash, lime, elm, cherry, maple and hornbeam.</p>		<p>of broad leaved trees and at least 50 % consist of oak, beech, ash, lime, elm, cherry, maple and hornbeam.</p>			<p>leaved forests is required.</p>	
<p>Protected forest, i.e. forest in National parks, nature reserves, Natura 2000-areas and areas subject to habitat protection</p>				<p>Harvesting activities is with a few exceptions prohibited in all protected forest land. However, the Swedish Forest Agency or the County Administrative Board may decide on exemptions after the application of the land owner or holder of harvesting rights. Such exemption may be granted if the harvesting activity is considered not to harm the natural environment of the protected area.</p>	<p>Decision on exemption issued by the Swedish Forest Agency or the County Administrative Board.</p>	



This risk assessment has been developed with funding from FSC™. FSC is not otherwise associated with the project Supporting Legal Timber Trade. For risk assessment conducted according to the FSC-STD-40-005, ONLY entries (or information) that have been formally reviewed and approved by FSC and are marked as such (highlighted) can be considered conclusive and may be used by FSC candidate or certified companies in risk assessments and will meet the FSC standards without further verification. You can see the countries with approved risk assessment in the FSC document: FSC-PRO-60-002b V2-0 EN List of FSC-approved Controlled Wood documents 2015-11-04.

About

Supporting Legal Timber Trade

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



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

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FSC™ A000535 | PEFC/09-44-02 |