

Timber Legality Risk Assessment Slovakia

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Contents

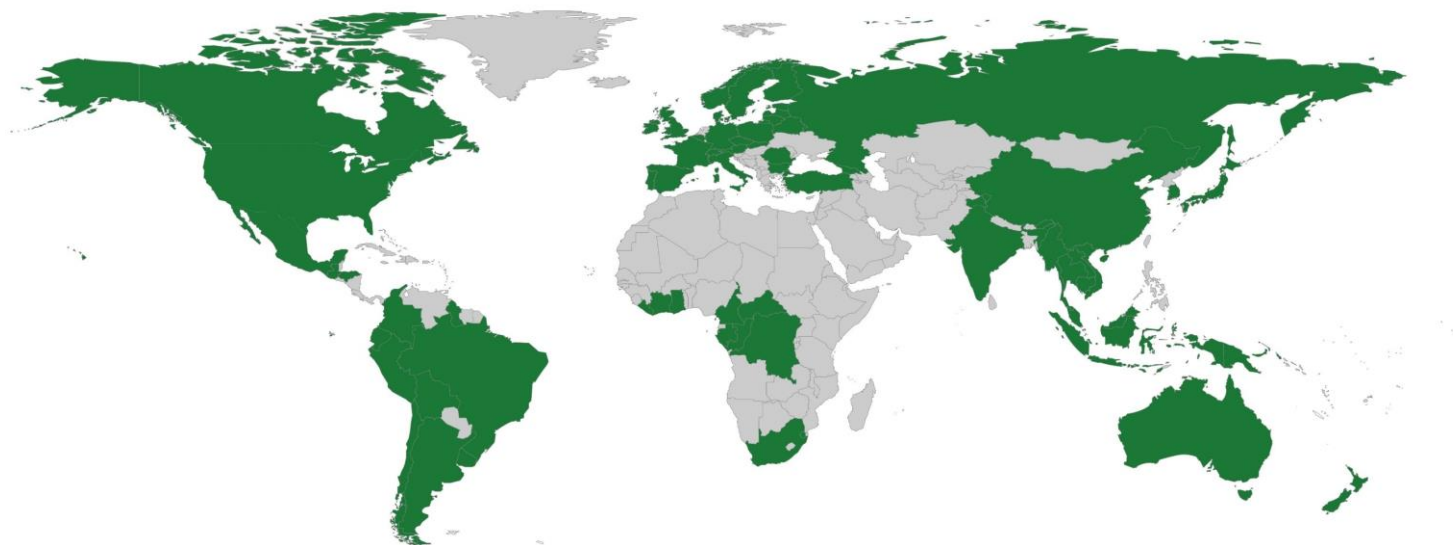
A. Introduction	1
B. Overview of legality risks	2
C. Overview of the forest sector in Slovakia	5
D. Legality Risk Assessment	7
LEGAL RIGHTS TO HARVEST	7
<i>1.1. Land tenure and management rights</i>	<i>7</i>
<i>1.2. Concession licenses</i>	<i>10</i>
<i>1.3. Management and harvesting planning</i>	<i>10</i>
<i>1.4. Harvesting permits</i>	<i>12</i>
TAXES AND FEES	16
<i>1.5. Payment of royalties and harvesting fees</i>	<i>16</i>
<i>1.6. Value added taxes and other sales taxes</i>	<i>17</i>
<i>1.7. Income and profit taxes</i>	<i>18</i>
TIMBER HARVESTING ACTIVITIES	21
<i>1.8. Timber harvesting regulations</i>	<i>21</i>
<i>1.9. Protected sites and species</i>	<i>22</i>
<i>1.10. Environmental requirements</i>	<i>26</i>
<i>1.11. Health and safety</i>	<i>29</i>
<i>1.12. Legal employment</i>	<i>32</i>
THIRD PARTIES' RIGHTS	35
<i>1.13 Customary rights</i>	<i>35</i>
<i>1.14. Free prior and informed consent</i>	<i>36</i>
<i>1.15. Indigenous/traditional peoples' rights</i>	<i>36</i>
TRADE AND TRANSPORT	38
<i>1.16. Classification of species, quantities, qualities</i>	<i>38</i>
<i>1.17. Trade and transport</i>	<i>39</i>
<i>1.18. Offshore trading and transfer pricing</i>	<i>41</i>
<i>1.19. Custom regulations</i>	<i>42</i>
<i>1.20. CITES</i>	<i>43</i>
<i>1.21. Legislation requiring due diligence/due care procedures</i>	<i>44</i>
Annex I. Timber source types	47

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A. Introduction

This Timber Legality Risk Assessment for Slovakia 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.



Map created by StatSik (2016). StatPlanet: Interactive Data Visualization and Mapping Software. www.statistik.com

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

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

B. Overview of legality risks

Timber Risk Score: 88 / 100 in 2017

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

- **Specified risk for 3 sub-categories.**
- **Low risk for 15 sub-categories.**
- **No legal requirements for 3 sub-categories.**

The Timber Risk Score for Slovakia is 88 out of 100. The key legality risks identified in this report concern timber harvesting activities related to legal rights to harvest, timber harvesting activities, and transport and trade.

For **Legal Rights to Harvest**, there is a risk that:

- salvage permits are misused for felling of healthy spruce stands (1.4).

For **Timber Harvesting Activities**, there is a risk that:

- protected sites and species are affected by harvesting, due to lack of identification in a management plan (1.9)

For **Trade and transport**, there is a risk that:

- due diligence at forest level is not implemented as required (1.21)

Timber source types and risks

There are four timber source types found in Slovakia. 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 four of these source types and found that the risk differs slightly for timber harvested under sanitary logging.

Planned harvest	Timber from planned harvest within production forests. A harvesting permit is issued by a Licensed Forest Manager. Harvest areas or trees have to be marked in the field if the trees are older than 50 years. A Forest Management Plan required. This is the main source of timber in Slovakia.
Sanitary logging	Timber from sanitary logging. A harvesting permit is issued by a Licensed Forest Manager. The harvest area or trees have to be marked in the field.
Extra logging	Timber from permanent conversion, temporary conversion or from forest land where its use has been prescribed. The decision to carry out this extra logging is issued by the Forestry Authority. A harvesting permit is issued by a

Licensed Forest Manager. The harvest area or trees have to be marked in the field.

Timber from non-forest land

Timber from non-forest land. The approval for felling trees is issued by a Nature Protection Authority (mostly linked to municipalities).

This table summarises the findings of the timber legality risk assessment by source type.

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

C. Overview of the forest sector in Slovakia

Management tenure of forests in Slovakia (data from 2012): state - 55%, private - 7,04%, association - 28,1%, church - 1,36%, agricultural cooperative - 0,35%, municipalities - 8,64%

This ownership split is the result of the communist regime (1945 -1989) when private ownership was nationalized and owners or their residences were not properly listed in the land registry. The state is responsible for the management of land classified as having "unknown owners" until such time as these owners or their heirs can prove their ownership (purchase agreements, certificate of inheritance, court decisions or other documents proving legal right). Land of "unknown owners" is often fragmented among many shareholders meaning that owners are not interested in securing the return of this land.

III. Forest Management Plans are compulsory for all forests in Slovakia. Forest Management Plans in Slovakia are prepared to cover a 10 year period by independent licensed companies. The plans are approved by the state forestry authority and the state covers all costs connected with Forest Management Plan preparation. There are basic, binding requirements for a forest management plan including:

- Silviculture system (e.g. clearcut is permitted only in exceptional cases)
- The maximum harvesting volume. The prescribed maximum harvested volume of timber in the management unit shall not be exceeded. Where there is more than one forest owner, no single owner shall exceed the harvest prescribed for their ownership unit. (Harvested volume of timber in the compartment over the age of 50 years can exceed the maximum prescribed volume for the compartment in which it is found by no more than 15% but this has to be approved by the Licensed Forest Manager).
- Afforestation on clear-cut areas.

Compliance with the Forest Act is generally the responsibility of Forest Authorities (Okresné úrady). Each forest owner or manager shall contract or employ a Licensed Forest Manager (OLH). Licensed Forest Managers (OLH) have many responsibilities connected with supervision of forestry management, harvesting and transport of timber. He shall approve and mark every logging (not required only for pre-commercial thinnings in stand with age under 50 years), check and record the work carried out in the forest, keeps Forest Management Records according to the legislation requirements, cooperates with the company responsible for management plan renewal and provides them with documents and support, guides the implementation of the management plan and forest protection measures, supervises the suitability of reproductive material for reforestation, monitors health of the forest and reports to state administration, proposes preventive measures to protect forests, seed sources and applies for recognition of seed sources, proposes environmentally friendly technologies related to forest management, and, if activities which are in conflict with the legislation are found the OHL reports it to the state administration.

IV. Nature and Landscape Protection Act prescribe five (5) protection levels for the whole territory of Slovakia. The first level has minimum restrictions and the fifth level is strictly protected areas (without management activities). Slovakia has established a network of protected areas and sites containing large scale protected areas such as National Parks (9 areas) and Landscape Protected Areas (14 areas) and small scale protected areas such as Nature Reserves (611 areas), Protected Small Sites (172 areas), Nature Monuments (326

areas). Landscape Protected Areas have a prescribed second protection level plus there are small scale protection areas inside its territory with higher protection level. Only one Landscape Protected Area has finished zoning with A zone (5 protection level) B zone (4th protection level) C zone (3rd protection level) and D zone with (2nd protection level) without small scale protection areas inside. National Parks have prescribed 3rd protection level plus there are small scale protection areas inside its territory with higher protection level. Buffer zones of National Park have 2nd protection level. Only one National Park has finished zoning with A zone (5 protection level) B zone (4th protection level) C zone (3rd protection level) and D zone with (2nd protection level) without small scale protection areas inside and buffer zone. Protected Small Areas have prescribed 2nd or 3rd or 4th or 5th protection level, Nature Reserves and Nature Monuments have prescribed 4th or 5th protection level. Slovakia has designed NATURA 2000 sites with areas in accordance with the Birds Directive (41 areas) and with the Habitats Directive (97 areas). The total protected area on forest land is 1,132,037 hectares, which represents 56.25% of the total forest area in Slovakia. In National Park Landscape Protected Area with finished zoning - A zone represents 0,07%, B zone represents 0,11%, C zone represents 0,68%, D zone represents 0,87% of the total forest area in Slovakia. Landscape Protected Areas without zoning (after deducting small scale areas inside) represents 16.04%, Natural Park without zoning (after deducting small scale areas inside) represents 10.38%, buffer zones of National Parks without zoning represents 6,7% of the total forest area in Slovakia. Protected Small Areas represents 0,12%, Nature Reserves represents 3,94%, Nature Monuments represents 0,05% and buffer zones of all small scale areas represents 0,11% of the total forest area in Slovakia.

NATURA 2000 sites (bird directive) outside of the national network of protected sites represent 13,83% and NATURA 2000 sites (habitat directive) outside national network of protected sites represent 3,33%.

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

- Constitution of the Slovak Republic (460/1992 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/1992-460>
- Civil Code (40/1964 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/1964-40>
- Cadastre law (162/1995 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/1995-162>
- Forest Act (326/2005 Z. z.) Chapter 2, section 1. Available at: <http://www.zakonypreludi.sk/zz/2005-326>
- Land communities Act (97/2013 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2013-97>
- State Property Administration Act (278/1993 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/1993-278>
- Commercial Code (513/1991 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/1991-513>
- Tradesman Act (455/1991 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/1991-455>
- Private Enterprise Act (105/1990 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/1990-105>
- Local Taxes Act

1.1.2. Legal authority

- Ministry of Agriculture and Rural Development - body responsible for forestry sector, prepares legislative amendments, issued guidelines and is the main authority regarding state-owned property and it is appellate body to decisions of District Offices at the Region Level.
- District offices - responsible for the Land Register, The Forest Land Register, The Land Communities Register, The Tradesman Register.
- Ministry of Justice - responsible for the Business Register.

- Municipal authorities - responsible for the Self-employed Farmer Register.

1.1.3. Legally required documents or records

- Management plan
- Land register
- Register of forest land
- The Land Communities Register
- The Tradesman Register
- The Business Register
- The Self-employed Farmer Register
- Confirmation of payment of the local taxes

1.1.4. Sources of information

Government sources

- Ministry of Agriculture and Rural Development of the Slovak Republic, National Forest Centre (2001-2014). *Report on Forestry in the Slovak Republic, 2000-2013 – Green report* [online]. Bratislava: Ministerstvo pôdohospodárstva a rozvoja vidieka Slovenskej republiky, Národné lesnícke centrum. Available at: <http://www.mpsr.sk/index.php?navID=123&ofs1=0>
- mpsr.sk (1998). *Ministry of Agriculture and Rural Development* (Ministerstvo pôdohospodárstva a rozvoja vidieka) [online]. Available at: <http://www.mpsr.sk/en>
- katasterportal.sk (N. Y.). *Cadastral portal (Katastralny portal)* [online]. Available at: <http://www.katasterportal.sk/kapor/changeLanguageAction.do>
- justice.gov.sk (2011). *Ministry of Justice of the Slovak Republic* (Ministerstvo spravodlivosti Slovenskej republiky) [online]. Available at: <http://www.justice.gov.sk>

Non-Government sources

- Transparency International (2013): *Corruption Perception Index 2013* [online]. Available at: <http://www.transparency.org/cpi2013/results>
- Worldbank.org (N.Y.). *World Banks Worldwide Governance Indicator* [online]. Available at: <http://info.worldbank.org/governance/wgi/index.aspx#reports>
- Consultations with experts within the area was conducted (5, 7, 8, 9).

1.1.5. Risk determination

Overview of legal requirements

Land tenure is registered in the land registry which confirms the legal rights to the land concerned. Any change in the land registry has to be approved by the Cadastre Authority which checks identification documents (passport, ID card, company registration documents, etc.), sales-purchase agreements, court decisions or other documents proving legal right to own real property. The Forestry Act prescribes boundary markings for each forest management unit and/or ownership unit. Marking of boundaries is verified during FMP

renewal but also during forestry authorities inspections. There are some cases when harvesting activities affect forest outside the boundaries by mistake (e.g. when trees marking boundaries were damaged by windstorm) but these cases are quite rare and normally concern smaller areas. Forest authorities always penalize such harvests but also ensure appropriate compensation shall be paid to the affected forest owner. If both parties are unable to agree on the amount of compensation, the affected party may apply to the courts to determine the amount of compensation.

Individuals or businesses with any business license in Slovakia have to be tax registered by the financial authority of Slovakia.

Tenure and management rights are strictly regulated and enforced by state authorities.

Description of risk

Transparency International Corruption Perception Index (CPI) for Slovakia in 2016 was 51 (just above the threshold of 50) and according to the World Bank Worldwide Governance Indicator 2015 Slovakia gets a score for Rule of Law on 0.48 and a score for Control of Corruption of 0.15 out of a scale of -2.5 to +2.5.

Tenure rights are highly transparent to the public, as land and businesses are registered and all relevant information from these registries are publicly available on the internet:

Register of land ownership

<https://www.katasterportal.sk/kapor/>

Register of Forest Managers

http://www.forestportal.sk/SitePages/lesne_hospodarstvo/organizacie_registre/verejne_registre/obhosp.aspx

The Land Communities Register

http://www.forestportal.sk/SitePages/lesne_hospodarstvo/organizacie_registre/verejne_registre/pozspol.aspx

Business Register

<http://www.orsr.sk/Default.asp?lan=en>

Tradesman Register

<http://www.zrsr.sk/default.aspx?LANG=en>

Statistical Register

<http://www.statistics.sk/pls/wregis/dotaz>

The CPI is just above the threshold of 50, the system is transparent and there is no reporting of high scale corruption occurring, thus the subcategory is considered as low risk.

Consultation with experts within the area was conducted (5, 7, 8, 9).

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 (concession licenses are not used in the Slovakia)

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

- Forest Act (326/2005 Z. z.) Chapter 2, section 1. Available at: <http://www.zakonypreludi.sk/zz/2005-326>
- Nature and Landscape Protection Act (543/2002 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2002-543>
- Ministry of Agriculture Decree about forestry management and protection of forest. (453/2006 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2006-453>
- Working procedures on Forest Management Planning. Available at: <http://www.nlcsk.sk/files/858.pdf>

1.3.2. Legal authority

- Ministry of Agriculture and Rural Development - main body responsible for forestry sector, prepares legislative amendments, issues guidelines and is the main authority regarding state-owned property. It is the appellate body to review decisions of district offices at the Region level.
- District offices at the Region Level - body which organizes preparation of Management Plan, approval and enforcement.
- District offices - enforcement of forestry law on district level.

1.3.3. Legally required documents or records

- Forest Management plan

1.3.4. Sources of information

Government sources

- Ministry of Agriculture and Rural Development of the Slovak Republic, National Forest Centre (2001-2014). *Report on Forestry in the Slovak Republic, 2000-2013 – Green report* [online]. Bratislava: Ministerstvo pôdohospodárstva a rozvoja vidieka Slovenskej republiky, Národné lesnícke centrum. Available at: <http://www.mpsr.sk/index.php?navID=123&ofs1=0>
- National Forest Centre (2008). *Working procedures on Forest Management Planning (PP HÚL 2008)* [online]. Zvolen: Národné lesnícke centrum. Available at: http://www.nlcsk.sk/nlc_sk/ustavy/uhul/hospodarska_uprava_lesov_%28hul%29/pracovne_postupy_hul.aspx
- National Forest Centre (2005-2014). *Annual report, 2004-2013* [online]. Zvolen: Národné lesnícke centrum. Available at: http://www.nlcsk.sk/nlc_sk/publikacie_spravy/vyrocná_sprava.aspx
- forestportal.sk (2015). *ForestPortal (o lesoch Slovenska)* [online]. Available at: <http://www.forestportal.sk>

Non-Government sources

- Transparency International (2013): *Corruption Perception Index 2013* [online]. Available at: <http://www.transparency.org/cpi2013/results>
- Consultations with experts within the area was conducted (5, 7).

1.3.5. Risk determination

Overview of Legal Requirements

Forest Management Plans for 10-year time periods are compulsory in all forests in Slovakia. Forest Management Plans in Slovakia are prepared by independent licensed companies, shall be approved by the state forestry authority (District offices at the Region Level) and the state covers all costs connected with Forest Management Plan preparation. District Offices at the Region level are responsible for ensuring compliance of management practice with management planning documents. At the local level compliance is also checked by District offices.

Description of Risk

The whole process of preparation of FMPs has strict procedures, is quite transparent and is under the supervision of different state authorities and stakeholders (stakeholders can participate and comment on the forest management plan renewal) so there is no significant risk of carrying out the harvest without approved planning documents. The risk is evaluated as low.

Consultations with experts within the area was conducted (5, 7).

Risk Conclusion

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

1.3.6. Risk designation and specification

Low risk

1.3.7. Control measures and verifiers

N/A

1.4. Harvesting permits

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

1.4.1. Applicable laws and regulations

- Forest Act (326/2005 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2005-326>

- Ministry of Agriculture Decree about marking of wood, labeling and the origin of timber(232/2006 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2006-232>
- Nature and Landscape Protection Act (543/2002 Z. z.) - Chapter 3 - applicable for non-forest land. Available at: <http://www.zakonypreludi.sk/zz/2002-543>

1.4.2. Legal authority

- Ministry of Agriculture and Rural Development - body responsible for forestry sector, prepares legislative amendments, issues guidelines and is the main authority regarding state-owned property and it is appellate body to decisions of District Offices at the Region Level.
- District offices - enforcement of forestry law on district level and region level.
- Municipal authorities - approval for felling trees on non-forest land.

1.4.3. Legally required documents or records

- Forest Management Plan
- Harvesting permit
- Proof of origin (transport documentation)
- Harvesting records
- Approval for felling trees - non-forest land

1.4.4. Sources of information

Government sources

- Ministry of Agriculture and Rural Development of the Slovak Republic, National Forest Centre (2001-2014). *Report on Forestry in the Slovak Republic, 2000-2013 – Green report* [online]. Bratislava: Ministerstvo pôdohospodárstva a rozvoja vidieka Slovenskej republiky, Národné lesnícke centrum. Available at: <http://www.mpsr.sk/index.php?navID=123&ofs1=0>
- National Forest Centre (2008). *Working procedures on Forest Management Planning (PP HÚL 2008)* [online]. Zvolen: Národné lesnícke centrum. Available at: http://www.nlcsk.sk/nlc_sk/ustavy/uhul/hospodarska_uprava_lesov_%28hul%29/pracovne_postupy_hul.aspx

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1.4.5. Risk determination

Overview of Legal Requirements

Slovak legislation prescribes that every harvest has to be approved by a licensed forest manager (OLH). Although Maximum Allowable Cut is the binding indicator of a management plan, it can be exceeded as result of salvage fellings.

The volume of wood from salvage felling has to be counted in the total amount of harvested wood. If the harvested volume exceeds the Maximum Allowable Cut as result of salvage felling, the forest manager can then provide only thinnings (after approval from forest authority) or salvage felling (after approval from licensed forest manager).

Description of Risk

A high proportion of timber in Slovakia comes from salvage felling. The proportion of salvage fellings in 2012 was 42,7% and in 2012 52,72%. It is mainly coniferous stands that have been connected with the high levels of salvage felling in recent years (70%) that were justified as result of the windstorms and subsequent bark beetle outbreaks in spruce stands. The total amount of harvested wood in Slovakia has exceeded the total Maximum Allowable Cut as result of salvage fellings between years 1994-2011. This is despite the gradual increasing of prescribed felling from 5,16 mil. m3 in 1990 to 8, 87 mil. m3 in 2012 (Sources: Annual Reports about from Ministry of Agriculture). Some specialists and NGOs say that salvage fellings are not sufficiently controlled by forestry authorities and often affects healthy trees (Source: Expert consultation).

Licensed forest managers (OLH) have to report salvage fellings if they exceed 20% of overall inventory of a compartment or if it affects a continuous area of more than 0,5 ha, but the legitimacy of salvage felling is often not checked by responsible authorities. This is the case for especially spruce stands, as it is very complicated to prove if healthy trees or trees affected by bark beetles were harvested, which creates room for potential abuse.

Considering the above mentioned problems and potential corruption, this sub-category is evaluated as specified risk.

Risk Conclusion

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

1.4.6. Risk designation and specification

Specified risk for Spruce (*Picea abies*) harvest under salvage permits.

Low risk for other species harvested under salvage permits.

1.4.7. Control measures and verifiers

Control measures are only applicable when sourcing Norway Spruce.

Proposed risk mitigation steps when sourcing spruce:

1. Do you have access to place of harvest, harvesting permit and harvesting records?

Yes: go to 2

No: do not buy

2. Does the harvesting permit and harvesting records state that logging is conducted as salvage felling?

Yes: go to 3

No: low risk

3. Can it be verified that the wood was in fact able to be logged under a salvage permit?

- verification of timber showing signs of bark beetle at receipt or;
- on-site verification confirming disturbance (e.g. sign of bark beetle attack, wind fallen or dead trees etc.) and eligibility of salvage felling (whether dead or affected trees has been harvested) and whether harvesting permits, harvesting records (area species volumes) and maps are in compliance with reality.

Yes: Material can be sourced

No: Do not buy

Note: Risk mitigation will only be possible when sourcing directly from the forest.

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

There are no royalties and harvesting fees in Slovakia.

The law on local taxes and fees for municipal waste (582/2004 Z. z):

<http://www.zakonypreludi.sk/zz/2004-582>

1.5.2. Legal authority

Municipalities - authority for local taxes

1.5.3. Legally required documents or records

Statement of local taxes and confirmation of payment (Rozhodnutie o miestnej dani a potvrdenie o úhrade)

1.5.4. Sources of information

Consultations with experts within the area was conducted (stakeholders 2, 5, 7, 8, 9).

1.5.5. Risk determination

Overview of Legal Requirements

Forest can be classified as Special Purpose Forest and these forests require specific management and have an exemption for local taxes.

Description of Risks

Local taxes: Problems with designation of Special Purpose Forest and implemented measures has been raised. As claimed by stakeholders some forest managers (mostly non-state) want to declare such forests to avoid (or decrease) local taxes but without a change of management. Forest Authorities should approve designation of these forest only if there are significant changes in management compared to management in production forests.

As main evidence was provided examples of contradictory decisions of forestry authorities connected with this issue. Sometimes forests with standard management (similar to production forests) were approved as special purpose forests while in some cases forests with very different and very specific management (e.g. strict protected areas) were not approved and remained as production forests (Source: OZ Prales - examples from LHC Lodina and LHC Liptovský Ján). However, the problem seems to rest in the vague definition on how to classify Special Purpose Forest. This in turn leads to uneven implementation of the requirements. These unclear classification requirements can also lead to intended misuse of the system through nepotism and corruption.

Transparency International Corruption Perception Index (CPI) for Slovakia in 2016 was 51 (Just above the threshold of 50). Slovakia has a middle score on the World Bank Worldwide Governance Indicator 2015. Out of a scale of -2.5 to +2.5 Slovakia scores 0.48 for Rule of Law and Control of Corruption ranks 0.15.

Despite the described issues with uneven classification of Special Purpose Forest the sub-category is considered low risk, based on the issue being grounded in vague legislation and as such no evidence of violation of legislation has been identified. There has not been found cases with this problem which was brought to the court and there are no public reports where municipalities which are local taxes receiver officially substantiate this problem.

Consultations with experts within the area was conducted (stakeholders 2, 5, 7, 8, 9).

Risk Conclusion

This indicator has been evaluated as low risk.

1.5.6. Risk designation and specification

Low risk

1.5.7. Control measures and verifiers

N/A

1.6. Value added taxes and other sales taxes

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

1.6.1. Applicable laws and regulations

- Value Added Tax Act (222/2004 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2004-222>
- Tax administration Act (563/2009 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2009-563>
- Law on Free Access to Information (211/2000 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2000-211>
- Civil Code (40/1964 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/1964-40>
- Commercial Code (513/1991 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/1991-513>

1.6.2. Legal authority

- Ministry of finance - main body responsible for finance sector, prepares legislative amendments and guidelines.
- Finance Authority of Slovakia - enforcement of finance law

1.6.3. Legally required documents or records

- Tax return (Daňové priznanie)

- VAT control statement (Kontrolný výkaz DPH)

1.6.4. Sources of information

Government sources

- Financial Administration. Slovak Republic (2013-2014). *Annual Report, 2012-2013* [online]. Banská Bystrica: Finančná správa. Slovenská republika. Available at: <https://www.financnasprava.sk/sk/financna-sprava/vyrocne-spravy>
- Consultations with experts within the area was conducted (2, 5, 7, 8, 9).

1.6.5. Risk determination

Overview of Legal Requirements

Companies in Slovakia must pay value added tax. However, according to Slovak legislation a small organization with annual turnover below 50,000 EUR does not have to be registered as a VAT payer.

Description of Risk

In recent years, Slovakia has adopted a number of measures to prevent VAT fraud and, according to statistics, has reduced incidences of fraud. Wood is not included in risk commodities connected with VAT fraud. Finance Authority of Slovakia has published a list of tax debtors on its website. This list is regularly updated (Finance Authority - Annual Reports 2012-2013). There is no evidence to consider VAT as specified risk.

Transparency International Corruption Perception Index (CPI) for Slovakia in 2016 was 51, just above the threshold of 50. Slovakia has a middle score on the World Bank Worldwide Governance Indicator 2015. Out of a scale of -2.5 to +2.5 Slovakia scores 0.48 for Rule of Law and Control of Corruption ranks 0.15. Considering above mentioned problems and potential corruption (CPI 51) this sub-category is partly concluded as specified risk (potential fraud of local taxes in protection and special purpose forests). Consultations with experts within the area was conducted.

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

- Income tax Act (595/2003 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2003-595>
- Tax administration Act (563/2009 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2009-563>
- Law on Free Access to Information (211/2000 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2000-211>
- Civil Code (40/1964 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/1964-40>
- Commercial Code (513/1991 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/1991-513>

1.7.2. Legal authority

- Ministry of Finance - main body responsible for finance sector, prepares legislative amendments and guidelines.
- Finance Authority of Slovakia - enforcement of finance law

1.7.3. Legally required documents or records

- Tax returns (Daňové priznanie)
- Statements (Výkazy)
- Accounting records (Účtovná evidencia)

1.7.4. Sources of information

Government sources

- Financial Administration. Slovak Republic (2013-2014). *Annual Reports, 2012-2013* [online]. Banská Bystrica: Finančná správa. Slovenská republika. Available at: <https://www.financnasprava.sk/sk/financna-sprava/vyrocne-spravy>
- Consultations with experts within the area was conducted (2).

1.7.5. Risk determination

Overview of Legal Requirements

Individuals or businesses with any business license in Slovakia must be tax registered by the Financial Administration. Individuals or businesses operating in the forestry sector have not been given an exception regarding income taxes. Financial Administration of Slovakia has published a list of tax debtors on its website. This list is regularly updated.

Description of Risk

There might be some cases where wood is being sold officially for a lower price, however most of the forest area in Slovakia is owned and managed by the state, municipalities and associations where there is greater public control. Law on Free Access to Information, which is compulsory for all state and municipalities, requires disclosure of all contracts to ensure transparency (Source: Financial Administration - *Annual Reports 2012-2013*). Low risk was

designated for this area considering the justification above, and the fact that the Financial Administration in Slovakia has increased its activity (inspections) in recent years in order to discover tax fraud.

Consultations with experts within the area was conducted and low risk has been found for this subcategory.

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

- Forest Act (326/2005 Z. z.) Chapter 2, section 1. Available at: <http://www.zakonypreludi.sk/zz/2005-326>
- Ministry of Agriculture Decree about marking of wood, labeling and the origin of timber (232/2006 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2006-232>
- Ministry of Agriculture Decree about forestry records (297/2011 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2011-297>
- Nature and Landscape Protection Act (543/2002 Z. z.). Chapter 3 - applicable for non-forest land. Available at: <http://www.zakonypreludi.sk/zz/2002-543>

1.8.2. Legal authority

- Ministry of Agriculture and Rural Development - Main body for forestry sector, prepares legislative amendments, issued guidelines. It is the appellate body to review decisions of district offices at the region level.
- District offices - enforcement of forestry law at the district level and region level

1.8.3. Legally required documents or records

- Management plan
- Harvesting permit
- Forestry Management Records
- Doklad o pôvode [Proof of origin]

1.8.4. Sources of Information

Government sources

- Ministry of Agriculture and Rural Development of the Slovak Republic, National Forest Centre (2001-2014). *Report on Forestry in the Slovak Republic, 2000-2013 – Green report* [online]. Bratislava: Ministerstvo pôdohospodárstva a rozvoja vidieka Slovenskej republiky, Národné lesnícke centrum. Available at: <http://www.mpsr.sk/index.php?navID=123&ofs1=0>

- mpsr.sk (1998). *Ministry of Agriculture and Rural Development* [online]. Available at: <http://www.mpsr.sk>

1.8.5. Risk determination

Overview of Legal Requirements

Silvicultural system, type of harvest, volume of wood harvesting by species and other planned management measures are prescribed in management plan for each compartment. Some limitations (e.g. maximum area for clear cut) regarding harvesting are prescribed in legislation. Harvest and extraction of wood have to be carried out in such way that minimizes negative impacts on soil, waterways, forest vegetation, left trees and the quality of timber. All forestry activities are under the supervision of a Licensed Forestry Manager (OLH) who also approve harvesting. This is compulsory for all owners and forestry managers in Slovakia. Procedures regarding designation of harvesting, harvest permission and management records are strictly prescribed in legislation.

Description of Risk

The Licensed Forest Manager (OLH) records all performed management activities in Forestry Management Records (LHE) and submits an annual summary from these records to the Forestry Authority. The Forestry Authority performs regular on-site inspections of performed management activities on randomly chosen Forest Management Units. During these checks record keeping and overall compliance with legal requirements are reviewed. In case of major gaps the Forest Authority can penalize the owner and the Licensed Forest Manager can have his/her licence terminated. Considering above mentioned justification this is evaluated as low risk. Transparency International Corruption Perception Index (CPI) for Slovakia was 51 in 2016 (just above the threshold of 50) and according to the World Bank Worldwide Governance Indicator 2015 Slovakia gets a score for Rule of Law on 0.48 and a score for Control of Corruption of 0.15 out of a scale of -2.5 to +2.5.

Consultations with experts within the area was conducted confirming that there is low risk for this subcategory.

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

- Nature and Landscape Protection Act (543/2002 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2002-543>
- Ministry of Environment Decree about nature protection (24/2003 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2003-24>
- Water Act (364/2004 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2004-364>
- EIA Act (24/2006 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2006-24>

1.9.2. Legal authority

- Ministry of Environment - Main body for environmental issues, prepares legislative amendments, issued guidelines. It is also the appellate body to review decisions of district offices at the region level.
- District offices - enforcement of environmental law on district level and region level

1.9.3. Legally required documents or records

- Forest Management plan
- Management Plan of Protected Area ("Program starostlivosti o chránené územie")

1.9.4. Sources of Information

Government sources

- Ministry of Environment of the Slovak Republic (2010-2014). *Annual Reports, 2009-2013* [online]. Bratislava: Ministerstvo životného prostredia Slovenskej republiky. Available at:
 - <http://www.minzp.sk/files/vyrocna-sprava-mzp-sr-za-rok-2013-final.pdf>
 - <http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocety/vyrocne-spravy/2012/vyrocna-sprava-mzp-sr-za-rok-2012.pdf>
 - <http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocety/vyrocne-spravy/2011/vyrocna-sprava-mzp-sr-za-rok-2011a.pdf>
 - http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocety/vyrocne-spravy/2010/new_all.pdf
 - <http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocety/vyrocne-spravy/2009/1-sprava.pdf>
- The Slovak Environmental Inspectorate (2010-2014). *Annual Reports, 2009-2013* [online]. Bratislava: Slovenská Inšpekcia Životného Prostredia. Available at:
 - http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocety/vyrocne-spravy/2013/vyrocna_sprava_2013-sizp.pdf

- http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocny/vyrocne-spravy/2012/vs-sizp_2012.pdf
- http://www.minzp.sk/files/vs_2011-sizp.pdf
- http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocny/vyrocne-spravy/2010/vs_2010-sizp.pdf
- <http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocny/vyrocne-spravy/2009/sazp-09.pdf>
- State Nature Conservancy of the Slovak Republic (2010-2014). *Annual Reports, 2009-2013* [online]. Banská Bystrica: Štátna ochrana prírody Slovenskej republiky. Available at:
 - <http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocny/vyrocne-spravy/2013/vyrocna-sprava-sop-sr-2014-final.pdf>
 - <http://www.sopsr.sk/cinnost/vyrspr12/vyrspr2012.pdf>
 - <http://www.sopsr.sk/cinnost/vyrspr11/vyrspr11.pdf>
 - <http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocny/vyrocne-spravy/2010/vyrspr10.zip>
 - <http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocny/vyrocne-spravy/2009/sop-09.pdf>
- sopsr.sk (N.Y.). *State Nature Conservancy of the Slovak Republic* [online]. Available at: <http://www.sopsr.sk/web>
- enviroportal.sk (2004). *Enviroportal - provides authorized and verified information on the environment in Slovakia and abroad* [online]. Available at: <http://www.enviroportal.sk/en/about-enviroportal>
- Consultations with experts within the area was conducted (5, 7, 8, 9).

Non-Government sources

- <http://www.sopsr.sk> (N.Y.): Conservation Status Report on birds of Slovakia from 2008 – 2012 [Online]. Available at: <http://www.sopsr.sk/natura/rep-2/index.html>

1.9.5. Risk determination

Overview of Legal Requirements

The main legal act related to protected sites and species in Slovakia is the Nature and Landscape Protection Act which prescribes common protection measures, protection for endangered, rare and threatened species, prescribes procedures for protected areas (e.g. establishment, restriction) and designates the scope and competences Nature Protection Authorities.

Nature and Landscape Protection Act prescribe five (5) protection levels for the whole territory of Slovakia. The first level has minimum restrictions and the fifth level is strictly protected areas (without management activities). Please see overview section for more information.

Description of Risk

1. Protected areas: Slovakia has a network of protected areas and sites containing large scale protected areas such as National Parks (9 areas) and Landscape Protected Areas (14 areas) and small scale areas such as National Nature Reserves (219 areas), Nature Reserves (392 areas), Protected areas (172 areas), National Nature Monuments (60 areas) and Nature Monuments (266 areas). There is also protected sites - NATURA 2000 with areas designed in accordance with the Birds Directive (41 areas) and accordance with the Habitats Directive (97 areas). Most of the protected areas (even most of National Parks) in Slovakia still have not prepared or approved a Management Plan of Protected Areas (source: enviroportal), all human activities in protected areas are regulated only by Nature and Landscape Protection Act (consist mostly of restrictions but not specific protection measures).

2. Species protection. Information about endangered, rare and threatened species is not integrated in the forest management plan. Forest managers often do not have information about these species and protection measures which should be implemented as required by law. Sites and species protection then depends on the individual approach of foresters and the assumption that forest manager will actively cooperate with Nature Conservancy and other specialists. This cooperation sometimes works very well but there are many cases where disputes between forest managers and Nature Conservancy or NGOs are an obstacle of proper protection of sites or endangered, rare and threatened species. In some cases, there are even opposing decisions between state authorities (Forestry and Environmental authorities) regarding intervention in protected areas habitats, or species protection.

Risk Conclusion

This subcategory is considered as specified risk for areas with protection level 3-5 according to national legislation and NATURA 2000 sites (protected according European directives), as it is these localities that are connected with the above described problems.

Category 1 and 2 protection level (except areas where NATURA 2000 sites is overlapping these areas) cover areas with lower natural values, have lower environmental legislative restrictions and the issues described above are not relevant for these localities.

1.9.6. Risk designation and specification

Low risk for Protection sites with 1st and 2nd level of protection level according to national legislation outside of Natura 2000 areas.

Specified risk for Protection sites with level 3-5 of protection according to national legislation and/or NATURA 2000 areas.

1.9.7. Control measures and verifiers

Proposed Risk Mitigation steps:

1. Can the timber be traced back to MU of harvest?

Yes: go to 2

No: do not buy

2: Does the MU have any area with protection level 3 to 5, according to national legislation and/or NATURA 2000 sites (<http://gis.nlc.sk.org/lgis/>)

- information about protection level is available at <http://gis.nlcsk.org/lgis/>.
- information about Natura 2000 sites are available at <http://globus.sazp.sk/uev/> (habitat directive) and <http://geo.enviroportal.sk/vu/> (bird directive)

Yes: go to 3

No: Material can be considered as low risk for this category

3: All protected sites with protection level 3 to 5 according to national legislation and/or NATURA 2000 areas have approved Nature Management Plans (list of approved NMP: <http://www.sopsr.sk/web/index.php?cl=119>)

Yes: Material can be considered as low risk for this category

No: go to 4

4: Can the harvesting site be documented?

Yes: go to 5

No: Do not buy

5: Is the harvesting site located in protection forest class 3 to 5 or NATURA 2000 sites?

Yes: go to 6

No: Low risk for this category

6. Does Forest Manager have information about all legally protected areas and species (including habitats)?

- Endangered, rare and threatened species shall be identified in the forest management plan or other management documentation or maps

Yes; go to 7

No; Do not buy

7. Does an on-site visit and management records review confirmed compliance with environmental legislation (sites and species protection);

Yes: low risk

No: Do not buy

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

- Forest Act (326/2005 Z. z.) Chapter 3, section 3. Available at: <http://www.zakonypreludi.sk/zz/2005-326>
- Nature and Landscape Protection Act (543/2002 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2002-543>
- Water Act (364/2004 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2004-364>
- Flood Protection Act (666/2004 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2004-666>
- Ministry of Environment Decree about protection zones of water sources and the water protection measures (29/2005 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2005-29>

1.10.2. Legal authority

- Ministry of Environment - Main body for environmental issues, prepares legislative amendments, issues guidelines. It is the appellate body to review decisions of district offices at the region level.
- District offices - enforcement of environmental law at the district level and region level
- Environmental Inspectorate - enforcement of environmental law

1.10.3. Legally required documents or records

- Management plan

1.10.4. Sources of information

Government sources

- Ministry of Agriculture and Rural Development of the Slovak Republic, National Forest Centre (2001-2014). *Report on Forestry in the Slovak Republic, 2000-2013 – Green report* [online]. Bratislava: Ministerstvo pôdohospodárstva a rozvoja vidieka Slovenskej republiky, Národné lesnícke centrum. Available at: <http://www.mpsr.sk/index.php?navID=123&ofs1=0>
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 - http://www.minzp.sk/files/vs_2011-sizp.pdf
 - http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocety/vyrocne-spravy/2010/vs_2010-sizp.pdf
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 - <http://www.sopsr.sk/cinnost/vyrspr12/vyrspr2012.pdf>
 - <http://www.sopsr.sk/cinnost/vyrspr11/vyrspr11.pdf>
 - <http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocety/vyrocne-spravy/2010/vyrspr10.zip>
 - <http://www.minzp.sk/files/dokumenty/materialy-a-dokumenty/vyrocne-spravy-a-verejne-odpocety/vyrocne-spravy/2009/sop-09.pdf>
- Consultations with experts within the area was conducted (5, 7, 8, 9).

1.10.5. Risk determination

Overview of Legal Requirements

Forestry legislation prescribes a differentiated management approach to the three forest categories: protection forests, special purpose forests, and production forests where protection forest is represented by subcategories:

- a) extreme habitats (e.g. steep rocky slope, peatlands, wetlands and flood plain areas watercourses),
 - b) mountain forests (e.g. below upper tree line, which protect lower lying land and forests, exposed forests under strong climatic influences and forests reducing the danger of avalanches),
 - c) dwarf pine forest under the upper tree line
 - d) other forests with prevailing soil protection function
- special purpose forests have these subcategories:

- a) forest in buffer zones 1st and 2nd level of the water resources
- b) forest in buffer zones natural mineral water resources and spa areas
- c) suburban and other forests with significant medical, cultural or recreational function,
- d) game preservation
- e) strict protected reserves
- f) forest with NATURA 2000 habitats or species
- g) native forest protected as gene base
- h) forest designed for research and forestry education
- i) military forests

Each of these categories and subcategories are prescribed different management measures and restrictions (e.g. lower level of harvesting, silviculture, machinery or seasonal restriction) according to their functions. The main principles of the environmental impact connected with harvesting operations are prescribed by the forest act (prevention of soil or trees damage, water courses protection), but some requirements are prescribed also in other laws connected with conservation and protection of species, protection of water sources, etc. Therefore, inspection for this field is not performed only by forestry authorities focused on forestry legislation requirements but also by other state authorities (e.g. environmental authorities are responsible for protection of habitats, species or water resources).

Description of Risk

Transparency International Corruption Perception Index (CPI) for Slovakia in 2016 was 51 (just above the threshold of 50). Slovakia has a middle score on the World Banks Worldwide Governance Indicators. Out of a scale of -2.5 to +2.5 Slovakia scores 0.48 for Rule of Law and Control of Corruption ranks 0.15 in 2015. There are no major issues identified with the legality of environmental requirements, which are considered well enforced. This is backed up by consultations with experts, who confirmed that environmental requirements are enforced sufficiently by responsible state authorities. Considering above mentioned justification this subcategory is evaluated as 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.

1.10.6. 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

- Health and Safety Act (124/2006 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2006-124>
- Ministry of Labor Decree, laying down details on health and safety and health requirements in the forest (46/2010 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2010-46>
- Labor inspection Act (125/2006 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2006-125>

1.11.2. Legal authority

- Ministry of Labor, Social Affairs and Family - main body for Health and Safety issues, prepares legislative amendments, issues guidelines.
- National Labor Inspectorate - enforcement of Health and Safety legislation

1.11.3. Legally required documents or records

- Technological protocols (Technologický protokol)
- Chain saw license (Preukaz na obsluhu motorovej pily pri ťažbe dreva alebo platný preukaz na obsluhu motorovej pily pri inej činnosti)

1.11.4. Sources of information

Government sources

- National Labor Inspectorate (2012-2014). *Annual Reports, 2011-2013* [online]. Kosice: Národný inšpektorát práce. Available at: http://www.safework.gov.sk/?site_lang=sk&t=46&s=133&id_fi=
- Ministry of Labor, Social Affairs and Family of the Slovak Republic (N. Y.). *Health and Safety at Forestry work – technical protocol*. [online]. Bratislava: Ministerstvo práce, sociálnych vecí a rodiny Slovenskej republiky. Available at: <http://www.employment.gov.sk/files/slovensky/praca-zamestnanost/bezpecnost-ochrana-zdravia-pri-praci/pomocka-pre-stanovenie-prevencie-na-zaistenie-bozp-pri-lesnej-praci-v-technologickom-protokole.pdf>
- Ministry of Agriculture and Rural Development of the Slovak Republic, National Forest Centre (2001-2014). *Report on Forestry in the Slovak Republic 2000-2013 – Green report* [online]. Bratislava: Ministerstvo pôdohospodárstva a rozvoja vidieka Slovenskej republiky, Národné lesnícke centrum. Available at: <http://www.mpsr.sk/index.php?navID=123&ofs1=0>

- Consultations with experts within the area was conducted (7).

1.11.5. Risk determination

Overview of Legal Requirements

The monitoring of compliance with Health and Safety legislation is performed by different government authorities such as the Ministry of Labor, Social Affairs and Family of the Slovak Republic, the National Labor Inspectorate and Labor Inspectorates.

Description of Risk

The National Labor Inspectorate provides guidance regarding Health and Safety issues, collects information about accidents and conducts an annual report of Health and Safety. Based on this report, the sectors with the highest amount of work injuries in recent years are industry, construction, transport, wholesale and retail, but the forestry and agricultural sectors are quite risky in term of serious accidents and death. During 2013 there were recorded 20 deaths and serious accidents in the forestry and agricultural sectors combined. Despite these figures the rate of injuries per 100,000 workers between 1998-2013 has decreased by 83 % and death cases by 79%. The state authorities have focused on reducing accidents and ensuring prevention. They have increased the number of Health and Safety Inspections by 15.92% in 2013 (Source: National Labor Inspectorate - annual Reports 2011-2013). There is also an approved new strategy for Health and Safety for 2013-2015 with the following priorities:

- improving awareness about Health and Safety issues, promotion and implementation prevention measures
- improving personal and material conditions for quality and efficient functioning of the Labor inspection and other supervisory Health and Safety authorities
- quality improvement of professional bodies authorized to perform Health and safety services
- quality improvement a systematic approach to Health and safety issues, especially in small and medium-sized employers.

Transparency International Corruption Perception Index (CPI) for Slovakia in 2016 was 51, just above the threshold of 50. Slovakia has a middle score on the World Bank Worldwide Governance Indicator. Out of a scale of -2.5 to +2.5 Slovakia scores 0.48 for Rule of Law and Control of Corruption ranks 0.15.

Considering the improvement during the last 15 years and preventive measures implemented by the responsible authorities, this subcategory is considered as low risk.

Consultations with experts within the area was conducted confirming the risk to be low.

Risk Conclusion

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

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 Labor, and discrimination and freedom of association. Risk relates to situations/areas where systematic or large scale noncompliance with Labor 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 Labor.

1.12.1. Applicable laws and regulations

- Labor code (311/2001 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2001-311>
- Labor inspection Act (125/2006 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2006-125>
- Health Insurance Act (580/2004 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2004-580>
- Social Insurance Act (461/2003 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2003-461>
- Minimum Wage Act (663/2007 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2007-663>
- Law on illegal work and illegal employment (82/2005 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2005-82>
- Services in Employment Act (5/2004 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2004-5>
- Anti-Discrimination Act (365/2004 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2004-365>
- Travel Expenses Act (283/2002 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2002-283>
- Collective negotiation Act (2/1991 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/1991-2>

1.12.2. Legal authority

- Ministry of Labor, Social Affairs and Family - main body for legal employment issues, prepares legislative amendments, issues guidelines.
- National Labor Inspectorate - enforcement legal employment legislation
- Labor Inspectorates – enforcement of legal employment legislation at district and region level

1.12.3. Legally required documents or records

- Agreement between the company and Labor union
- Worker contracts (minimum wages and hours)
- Application of the employee to the Social Insurance

1.12.4. Sources of information

Government sources

- National Labor Inspectorate (2012-2014). *Annual Reports, 2011-2013* [online]. Kosice: Národný inšpektorát práce. Available at: http://www.safework.gov.sk/?site_lang=sk&t=46&s=133&id_fi=
- Ministry of Labor, Social Affairs and Family (2012-2014). *Annual Reports, 2011-2013* [online]. Bratislava: Ministerstvo práce, sociálnych vecí a rodiny. Available at: <http://www.employment.gov.sk/sk/ministerstvo/vyrocne-spravy-uctovne-uzavierky-ministerstva/>
- Ministry of Labor, Social Affairs and Family (2014). *Higher collective agreement for forestry sector* [online]. Bratislava: Ministerstvo práce, sociálnych vecí a rodiny. Available at: <https://www.employment.gov.sk/files/slovensky/praca-zamestnanost/zamestnanec-zamestnavatel/kolektivne-pracovnopravne-vztahy/kolektivne-zmluvy/zoznam-kolektivnych-zmluv-vyssieho-stupna/kz-vs-zdr.zam.lh-dlv-2014-uloz.11.3.pdf>

Non-Government sources

- Seneši, N. (2014). Nelegálne zamestnávanie a nelegálna práca v roku 2013. *Podnikajte.sk* [online]. Available at: <https://www.podnikajte.sk/pravo-a-legislativa/c/1331/category/zakonne-povinnosti-podnikatela/article/nelegalne-zamestnavanie-praca-2013.xhtml>
- Seneši, N. (2014). Nelegálne zamestnávanie a nelegálna práca od roku 2014. *Podnikajte.sk* [online]. Available at: <https://www.podnikajte.sk/pravo-a-legislativa/c/1192/category/zakonne-povinnosti-podnikatela/article/nelegalne-zamestnavanie-2014.xhtml>
- Kollárová, Z. (2014). Pozor na oneskorenú prihlášku zamestnanca do sociálky. Je to čierna práca. *TREND.sk* [online]. Available at: <https://www.etrend.sk/podnikanie/pozor-na-oneskorenu-prihlasku-zamestnanca-do-socialky-je-to-nelegalne-zamestnavanie.html>

1.12.5. Risk determination

Overview of Legal Requirements

Employment issues are defined in a number of different laws and regulations. Health and social insurances are obligatory for all employees. Negotiations between employers and employees are regulated by the legislation. Minimum requirements of a higher collective agreement (agreed for each sector) is mandatory for all employers with more than 20 employees. Most of the forestry work in Slovakia is provided by subcontractors. Suppliers in forestry are typically smaller companies or self-employers. Monitoring of compliance with Labor regulation (e.g. entry, modification and termination of employment, Labor and

working conditions, including working conditions of women, youth and persons with disabilities, collective bargaining, etc.) is performed by different government authorities such as the Ministry of Labor, Social Affairs and Family of the Slovak Republic, the National Labor Inspectorate and Labor Inspectorates. These authorities also perform supervision of compliance with laws governing the prohibition of illegal work and illegal employment and obligations resulting from collective agreements. Slovakia has adopted a stricter legislation regarding illegal employment and increased penalties during 2013. Illegal employment is defined as the employment of an individual by an employer where:

- between employers and workers there is not an established employment relationship under the Labor Code,
- between employers and workers there is an established relationship under the Labor Code but employer does not notify social security office.
- foreign worker from non-EU country without temporary residence permit for the purpose of employment and work
- relationship is not governed by the Commercial Code and the Civil Code,
- employment of foreign worker from non-EU country illegally residing in Slovakia

Description of Risk

During October 2013, the Labor Inspectorates established new Specialized Units for Control of Illegal Employment. This resulted in an overall increase in Labor inspections and the number of detected infringements compared in previous years. These Specialized Units performed their inspections especially in times outside normal working hours (e. g. evening, night, weekends and bank holidays). State authorities revealed 1,323 illegal workers in 2013. Most risky sectors with illegal work are the construction, wholesale trade, retail trade and accommodation and food services. Agriculture, forestry and fishing sector have lower share of illegal work (38 illegal workers were revealed in this sector in 2013). (Source: Informative report on investigate and suppression of illegal work and illegal employment in 2013). Due to more strict legislation regarding illegal work adopted in 2013, increased penalties for companies which use illegal workers, increased numbers of inspections and that forestry is not a sector with a frequent occurrence of illegal work, this subcategory is evaluated as low risk.

Risk Conclusion

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

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

- Forest Act (326/2005 Z. z.) Chapter 5. Available at: <http://www.zakonypreludi.sk/zz/2005-326>

1.13.2. Legal authority

- Ministry of Agriculture and Rural Development - main body for forestry sector, prepares legislative amendments and guidelines.
- District offices - enforcement of forestry law on district level and region level

1.13.3. Legally required documents or records

N/A

1.13.4. Sources of information

Government sources

- Ministry of Agriculture and Rural Development of the Slovak Republic, National Forest Centre (2001-2014) [online]. *Report on Forestry in the Slovak Republic, 2000-2013 – Green report*. Bratislava: Ministerstvo pôdohospodárstva a rozvoja vidieka Slovenskej republiky, Národné lesnícke centrum. Available at: <http://www.mpsr.sk/index.php?navID=123&ofs1=0>

1.13.5. Risk determination

Overview of Legal Requirements

The Forest Act allows all people free access to the forest, as well as free movement through the forest. Everybody is allowed to pick forest fruits and/or mushrooms for their own consumption. Restriction of these requirements are implemented in military forest and protected areas. The Forestry Authority may order a restriction for a necessary period to protect the rights and legitimate interests of the owner or forestry manager or if there is protection of forest need or other public interest.

Description of Risk

This area is considered 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.

1.13.6. Risk designation and specification

Low risk
1.13.7. Control measures and verifiers N/A
1.14. Free prior and informed consent <i>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.</i>
1.14.1. Applicable laws and regulations N/A (terms are not used in the Slovakia)
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 <i>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.</i>
1.15.1. Applicable laws and regulations N/A (there are no indigenous people living in the Slovakia according to the UN definitions).
1.15.2. Legal authority N/A
1.15.3. Legally required documents or records N/A

1.15.4. Sources of information

N/A

1.15.5. Risk determination

N/A

1.15.6. Risk designation and specification

N/A

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

- Forest Act (326/2005 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2005-326>
- Government Regulation on Raw Timber (86/2005 Z. z. o klasifikácii surového dreva). Available at: <http://www.zakonypreludi.sk/zz/2005-86>
- Ministry of Agriculture Decree about marking of wood, labeling and the origin of timber (232/2006 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2006-232>
- Ministry of Agriculture Decree about forestry records (297/2011 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2011-297>
- Forest Reproductive Material Act (138/2010 Z. z.) - appendix 1. Available at: <http://www.zakonypreludi.sk/zz/2010-138>

1.16.2. Legal authority

- Ministry of Agriculture and Rural Development - main body for forestry sector, prepares legislative amendments and guidelines.
- District offices - enforcement of forestry law at district level and region level

1.16.3. Legally required documents or records

- Invoices
- Transport documents
- proof of origin

1.16.4. Sources of information

Government sources

- nlcsk.sk (2009). *National Forest Centre* [online]. Available at: http://www.nlcsk.sk/nlc_sk/publikacie_spravy/vyrocn_a_sprava.aspx
- forestportal.sk (2015). *ForestPortal (o lesoch Slovenska)* [online]. Available at: <http://www.forestportal.sk>
- Consultations with experts within the area was conducted (5 and 7).

1.16.5. Risk determination

Overview of Legal Requirements

Slovak forestry legislation regulates the volume measurement of wood and this is applicable for all entities. Classifications regarding quality is defined in range of different standards but these are non-binding. State Forests have special procedures regarding quality classification, definition and pricelist. Trade in wood is based on long and/or short term contracts and some wood is sold through auctions.

Description of Risk

Transparency International Corruption Perception Index (CPI) for Slovakia in 2016 was 51, just above the threshold of 50. Slovakia has a middle score on the World Bank Worldwide Governance Indicator 2015. Out of a scale of -2.5 to +2.5 Slovakia scores 0.48 for Rule of Law and Control of Corruption ranks 0.15.

Slovakia has legislation for regulating volume measurement of wood and there is no evidence to consider this area as specified. Consultations with experts within the area was conducted and confirming that the risk is low for this sub-category (5 and 7).

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

- Forest Act (326/2005 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2005-326>
- Ministry of Agriculture Decree about marking of wood, labeling and the origin of timber (232/2006 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2006-232>

1.17.2. Legal authority

- Ministry of Agriculture and Rural Development - main body for forestry sector, prepares legislative amendments and guidelines.
- District offices - enforcement of forestry law at a district level and region level
- Police of Slovakia - enforcement of law (inspection outside of the forest, e.g. roads)

1.17.3. Legally required documents or records

- Transport documents
- Proof of origin

1.17.4. Sources of information

Government sources

- Ministry of Agriculture and Rural Development of the Slovak Republic, National Forest Centre (2001-2016). *Report on Forestry in the Slovak Republic, 2000-2015 – Green report* [online]. Bratislava: Ministerstvo pôdohospodárstva a rozvoja vidieka Slovenskej republiky, Národné lesnícke centrum. Available at: <http://www.mpsr.sk/index.php?navID=123&ofs1=0>
- National Forest Centre (2005-2014). *Annual report, 2004-2013* [online]. Zvolen: Národné lesnícke centrum. Available at: http://www.nlcsk.sk/nlc_sk/publikacie_spravy/vyrocna_sprava.aspx
- forestportal.sk (2015). *ForestPortal (o lesoch Slovenska)* [online]. Available at: <http://www.forestportal.sk>
- Consultations with experts within the area was conducted (7).

1.17.5. Risk determination

Overview of Legal Requirements

Each truck transporting domestic wood must have the delivery note that describes the quantity and quality of the material transported, place of loading and unloading, date and time and other data. Trucks with wood can be checked by many state authorities such as Forest Guards, Forest Authorities and the checks on the roads outside of forest are conducted by Police and Customs.

Description of Risk

Transport area is not monitored separately in official forestry reports or statistics. There is only data about stolen wood (see Indicator 1.4) where transported wood was without a delivery note (proof of origin). However, this figure is relatively small to the total amount of harvested wood and there are no other statistics (e.g. from an NGO) which evaluate trade and transport regarding legality of wood. Based on description above there is no evidence to consider this area as specified.

Consultations with experts within the area was conducted conforming the risk of this category to be low (7).

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.

1.17.6. Risk designation and specification

Low risk

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 Act (595/2003 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2003-595>
- Tax administration Act (563/2009 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2009-563>

1.18.2. Legal authority

- Ministry of finance - main body responsible for finance and custom sector, prepares legislative amendments and guidelines.
- Financial Administration - enforcement of finance and custom laws

1.18.3. Legally required documents or records

- Tax returns (Daňové priznanie)
- Statements (výkazy)
- Accounting records (účtovná evidencia)

1.18.4. Sources of information

Government sources

- Financial Administration. Slovak Republic (2013-2014.). *Annual Reports, 2012-2013* [online]. Banská Bystrica: Finančná správa. Slovenská republika. Available at: <https://www.financnasprava.sk/sk/financna-sprava/vyroczne-spravy>

- Consultations with experts within the area was conducted (2).

Non-Government sources

- Kollárová, Z. (2014). Na špekulantov v offshore štátoch pripravili rizikový „prirážku". *TREND.sk* [online]. Available at: <https://www.etrend.sk/podnikanie/platby-do-offshore-statov-uz-s-rizikovou-prirazkou.html>

1.18.5. Risk determination

Overview of Legal Requirements

Offshore trade in Slovakia is regulated by the Law on Income Tax. According to legislation different taxation rules apply to companies registered in risk countries (e.g. countries outside the European Union, European Economic Area and countries which Slovakia does not have an agreement regarding the avoidance of double taxation or international agreement on exchange of information relating to taxes).

Description of Risk

Financial Authority is responsible for enforcement of this law. Slovakia has legislation to regulate offshore trade and authorities which perform tax inspections (see also findings under 2.2 and 2.3) and there is no evidence (e.g. from NGOs) to consider this area as specified. Consultations with experts within the area was conducted confirming the risk 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.

1.18.6. 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

- Customs Act (199/2004 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2004-199>

1.19.2. Legal authority

- Ministry of finance - main body responsible for finance and custom sector, prepares legislative amendments and guidelines.
- Financial Administration - enforcement of finance and custom laws

1.19.3. Legally required documents or records

- Invoices
- Transport documents
- Waybills (e.g. CMR consignment)
- Proofs of origin and status of goods

1.19.4. Sources of information

Government sources

- Financial Administration. Slovak Republic (2013-2014). *Annual Reports, 2012-2013* [online]. Banská Bystrica: Finančná správa. Slovenská republika. Available at: <https://www.financnasprava.sk/sk/financna-sprava/vyroczne-spravy>

1.19.5. Risk determination

Overview of Legal Requirements

Slovakia is an EU member and uses the Common EU Customs Tariff and related EU regulations. The wood industry is not mentioned among risky business sectors, related to avoidance of paying custom taxes or inaccurate or false product classification. The Financial Administration with the Customs Unit is responsible for enforced customs regulation and performs inspection at different levels, including sample checks of product classification, proof of origin and status of goods.

Description of Risk

State authorities check Customs requirements including timber and there is no evidence (e.g. from NGOs) to consider this area as specified.

Risk Conclusion

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

1.19.6. Risk designation and specification

Low risk

1.19.7. Control measures and verifiers

N/A

1.20. CITES

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

1.20.1. Applicable laws and regulations

- Law on trade with endangered species of wild fauna and flora (15/2004 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2004-15>

- Ministry of Environment Decree implementing certain provisions of the Law on the protection of species of wild fauna and flora as amended (110/2005 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2005-110>

1.20.2. Legal authority

N/A

1.20.3. Legally required documents or records

N/A

1.20.4. Sources of information

Government sources

- cites.org (2017). *Checklist of CITES Species* [online]. Available at: http://checklist.cites.org/#/en/search/country_ids%5B%5D=240&output_layout=alphabetical&level_of_listing=0&show_synonyms=1&show_author=1&show_english=1&show_spanish=1&show_french=1&scientific_name=&page=1&per_page=20

1.20.5. Risk determination

Overview of Legal Requirements

Export. No woody species produced in Slovakia is mentioned in the CITES lists and the risk is therefore considered low.

Risk Conclusion

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

1.20.6. Risk designation and specification

Low risk

1.20.7. Control measures and verifiers

N/A

1.21. Legislation requiring due diligence/due care procedures

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

1.21.1. Applicable laws and regulations

- Forest Act (326/2005 Z. z.). Available at: <http://www.zakonypreludi.sk/zz/2005-326>
- EU Timber Regulation (995/2010). Available at: <http://eur-lex.europa.eu/legal-content/SK/TXT/?uri=CELEX:32010R0995>

1.21.2. Legal authority

- Ministry of Agriculture and Rural Development - main body for forestry sector, prepares legislative amendments and guidelines.
- District offices - enforcement of forestry law at the district level and region level

1.21.3. Legally required documents or records

- Transport documents
- Proof of origin

1.21.4. Sources of information

Government sources

- Ministry of Agriculture and Rural Development of the Slovak Republic, National Forest Centre (2001-2014). *Report on Forestry in the Slovak Republic 2000-2013 – Green report* [online]. Bratislava: Ministerstvo pôdohospodárstva a rozvoja vidieka Slovenskej republiky. Národné lesnícke centrum. Available at: <http://www.mpsr.sk/index.php?navID=123&ofs1=0>
- zakonypreludi.sk (N.Y.). *Government Regulations on the minimum health and safety requirements to protect workers from the risks related to exposure to electromagnetic fields*. Available at: <http://www.zakonypreludi.sk/zz/2006-329>

Non-Government sources

Barometer.wwf.org (2012). Available at: WWF EU Governance Barometer: http://barometer.wwf.org.uk/what_we_do/government_barometer/scores_by_country/country_scores.cfm?country=Slovakia

1.21.5. Risk determination

Overview of Legal Requirements

There is illegal logging legislation that covers domestic production. Current national legislation is applicable for enforcement of some of the requirements of the EUTR. However, within this legislation there is no due diligence provision. There are sanctions regarding illegal logging, but no provisions for confiscating wood.

Description of Risk

There is currently one person within the CA working on EUTR. There is no defined budget for EUTR activities, no training events have been held and no operator assessments and checks have taken place.

Risk Conclusion

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

1.21.6. Risk designation and specification

Specified risk

1.21.7. Control measures and verifiers

1. Can the material be tracked back to the entity placing it on the market - the Operator?

- If the timber is sold as standing stock to a logging company, the logging company will be the operator.

- If the timber is sold as assortment by the forest owner/manager, then the forest owner/manager will be the operator.

If no - do not buy.

If yes - go to 2

2. Can the operator document that a Due Diligence System is in place in accordance with the EU Timber Regulation No 995/2010 (EUTR). Operators placing for the first time on the internal market for distribution or use in the course of a commercial activity any products listed in the annex to Regulation (EU) No 995/2010 (EUTR) should present:

- documents required according to article 4.2 and 6 of the Regulation (EU) No 995/2010,

- documents required 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.

If no - don't buy

If yes - risk mitigated for this point.

Annex I. Timber source types

The table **Timber Source Types in Slovakia** 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 SLOVAKIA						
Forest type	Region/Area	Legal Land Classification	Ownership	Management regime	License / Permit Type	Description of source type
Semi-natural forest	National	Forest Land (Production forest, Protection forest and Special Purpose forest)	State, municipal, association, private, church and agricultural cooperative	Planned harvest	Harvesting permit issued by Licenced Forest Manager. Harvest area or trees shall be marked in the field if above 50 years. Forest Management Plan required	Planned harvest
		Forest Land (Production forest, Protection forest and Special Purpose forest)	State, municipal, association, private, church and agricultural cooperative	Accidental logging	Harvesting permit issued by Licenced Forest Manager. Harvest area or trees shall be marked in the field.	Sanitary logging
		Forest Land (Production forest, Protection forest and Special Purpose forest)	State, municipal, association, private, church and agricultural cooperative	Extra logging	Decision of extra logging issued by Forestry Authority Harvesting permit issued by Licenced Forest Manager. Harvest area or trees shall be marked in the field.	Extra logging (Permanent or temporary conversion or limitation of use)
Non-forest land		Non-forest land	State, municipal, association, private, church and agricultural cooperative		Approval for felling trees issued by Nature Protection Authority (competence belong mostly to the municipality)	Timber from non-forest land



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About

Supporting Legal Timber Trade

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



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

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