

FSC Canada Annual Report 2008-2009



Reflections from the Chair

The last year has seen, despite tough economic times, continued growth in the spread of FSC in the forest and in the market places of Canada and North America. It has been a year in which we've achieved a major breakthrough in the organizational and financial partnership between FSC Canada and International which opens the door for an even stronger delivery of the FSC mission in Canada.

But growth is always matched with the ever evolving challenges of refining and repairing the way FSC meets the needs of its constituents across the country. To this end we have been busy on a number of fronts: actively engaged with a wide variety of Aboriginal communities and organizations in a review of Principle 3 on Indigenous Peoples' Rights; seeking ways to address the challenge of caribou management under FSC in the face of evolving science and policy under the Species At Risk Act; working with businesses to improve the way in which we meet the trademark and labeling needs of the publishing and printing sector; and exploring ways to remove obstacles to FSC uptake in the lumber market.

In the last 12 months we have been able to make some real and much needed progress in our long term organizational stability. This has been made possible by securing charitable status, negotiating a new funding agreement with FSC International and undertaking a new business plan which draws more effectively on the membership and many constituents who benefit from and support the FSC network across Canada.

We are, as always, deeply indebted to and appreciative of the dedication of our tireless staff, the volunteer energy donated by our many partners in the environmental, industry, social and aboriginal peoples chambers, the deep commitment of our funders (with special thanks to the Ivey Foundation for its leadership and support in this transition period), and the many frontline designers, printers, forestry workers and activists who believe in the vision of FSC for a better future.

For my part, I will be handing over the reins of the Board, as I step down after four years on the Board and two years as Chair. It has been very gratifying to be able to work with such a dynamic, complex and productive organization that is making such a difference in the world. I feel we are on a good footing for future progress with strong leadership internationally and nationally at the Board and staff levels, a new and more robust financial model to meet stakeholder expectations, and most importantly, a Canadian network of people from all walks of life who see the potential of FSC to contribute ever more to the health of Canadian forests and the sustainability of the way we manage and use forest products.

Thanks to everyone for your dedication, your creativity and your patience! We are getting there!

Warm regards,

Alan Young
Chair, FSC Canada

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President's Report

Change is constant but sometimes it is more immediate and carries with it the classic Chinese components of the word *crisis* – danger and opportunity. That may never be more true for FSC in Canada as it is today.

Major change is coming to Quebec in the form of Bill 57, which is not far short of revolutionary in nature. It has several objectives, including saving mill towns and related employment, creating a true market price for fibre and easing the pressure on intact forests. There are many more ancillary aims, such as having all Quebec forests certified by 2014 and increasing Quebec's share of Canada's export market. The danger is that planned silvicultural intensification may interfere with FSC certification in Quebec.

In British Columbia, after years of FSC only nibbling around the edges of the market, major new uptake potential is in the air. Look for new developments in both the northern and southern interiors, as well as on the coast. Some details are mentioned on page three. And there will certainly be more to come with the government having expressed an interest in making sure that there are no regulatory barriers to certification.

Another source of change is the revision exercise that is taking a completely fresh look at the 10 Principles and 56 Criteria (P&C) that underlie all FSC Forest Management Standards world-wide. This is the first time since the founding of FSC that the P&C will undergo such change. The direct impact in Canada is that the mandatory five-year revisions to our own Standards is held pending the outcome of the changes to the P&C.

In addition, the past 12 months have seen some major breakthroughs in the relationship between FSC International and FSC Canada. These changes, such as membership management, will pave the way for National Initiatives the world-over to enjoy new-found opportunities to share in some of the revenues that are derived from FSC certifications on their home territory.

And last but not least, I want to thank: all the volunteers, such as our tireless board members and working groups; all our certificate-holders; all those who participate in our public consultations; all those who take the time to hold our feet to the fire; all those who exhort fibre producers and fibre buyers to support responsible forestry by supporting FSC; our funders, especially the Ivey Foundation; and finally our dedicated staff without whom none of this would be possible. Thank you all.

Antony Marcil
President and C.E.O.



economically ...



socially ...



environmentally ...

Implementing FSC Standards in Canada

Expansion of FSC-certified Forest Area

The total area of certified forests grew to 28.8 million ha, or 17% of the country's commercial forest area. FSC-certified forests certified or re-certified in the past twelve months are listed in the adjacent box.

In addition to the certifications listed here, commitments to certify approximately 11.4 million ha have been made; over half this forest area is in Quebec. In August 2008, Canadian Forest Products (Canfor), International Forest Products (Interfor), Catalyst Paper, Western Forest Products and BC Timber Sales, working together as the Coast Forest Conservation Initiative, have applied for FSC certification of the Mid-Coast Timber Supply Area in British Columbia. Canfor also began undergoing pre-assessments for certification for the MacKenzie and Prince George forest units. Furthermore, there is a significant amount of interest in private land owners pursuing certification, including the Kamloops Indian Band in British Columbia and four land owners in Quebec.

Principles & Criteria Review

FSC's Principles and Criteria (P&C), the mandatory framework of all regional FSC standards, are currently under review. This is the first comprehensive revision since they were established by the FSC membership in 1994. Some changes have been made at different FSC General Assemblies; however, in recent years there has been a growing recognition by stakeholders of the need to review and/or revise the 10 Principles and 56 Criteria. There will be one last consultation round when the P&C Review Working Group issues the results of the consultation that closed on September 4, 2009. The final draft is scheduled to be submitted to the FSC membership for approval in early 2010.

- Harrop-Proctor Community Co-op
SA-FM/COC-001231
Area = 10,859 ha (BC)
- Tembec Enterprises — Cheywynd
SW-FM/COC-003770
Area = 872,728 ha (BC)
- Nipissing Forest Management Inc.
SCS-FM/COC-00055N
Area = 1,147,501 ha (ON)
- Domtar — Wabigoon
QMI-FM/COC-000851
Area = 729,104 ha (ON)
- Tembec Quebec — Abitibi Est
SW-FM/COC-003466
Area = 711,020 ha (QC)
- Scierie Dion et Fils Inc
SW-FM/COC-003786
Area = 8,807 ha (QC)
- MCForet Inc
SW-FM/COC-003868
Area = 344,610 ha (QC)
- Chantiers Chibougamau Ltee
SW-FM/COC-003874
Area = 718,822 ha (QC)
- Scierie Jean Riopel
SW-FM/COC-003994
Area = 458,907 ha (QC)
- Domtar — Matagami
QMI-FM/COC-001021
Area = 614,646 ha (QC)



© Jeff Amos. FSC-certified forest in Nova Scotia.
FSC Certification Code: SW-FM/COC-000214
Prints available through TREES Gallery



Implementing FSC Standards in Canada (continued)

Comments on Principle 3, Indigenous Peoples' Rights

As part of the consultation process on the FSC Principles and Criteria (P&C) Review, one of five regional meetings with representatives of indigenous and traditional peoples worldwide took place at the end of August 2009 in Toronto. Stipulated by FSC IC and hosted by FSC Canada, the North American two-day meeting included First Nations people from Canada and the USA, at which participants brought forth many issues of concern, primarily but not exclusively bearing on Principle 3, Indigenous Peoples' Rights. There was much discussion of the importance of the word 'respect,' its meaning and the role that it plays in First Nations peoples' appreciation of and reaction to forest management certification under FSC.

Revision of the National Boreal Standard (NBS)

Formally accredited as an FSC standard in August 2004, the NBS is currently undergoing its 5-year revision, under the framework of a 9-step Boreal Revision Work Plan that was approved by the Board in November 2008. As part of this plan, a number of reports have been completed to date, including a comprehensive survey report by ArborVitae that takes account of comments provided by FSC Canada and suggests improvements of the Standard where appropriate. Next steps include the appointment of a Boreal Revision Committee by the FSC Canada Board of Directors and the preparation of a summary report of the information gathered that will help the Committee prioritize its tasks. However, before full implementation proceeds, and as several stakeholders have suggested, the Principles and Criteria Revision Process needs to be completed and the Boreal Revision Work Plan needs to be approved by the Policy and Standards Unit at FSC IC.

Science Review to Ensure Adequate Protection of Endangered Species

In July 2009, FSC Canada received a Limited Brands Foundation grant to strike an independent panel of wildlife and forestry experts. The panel is to conduct a literature review and provide science-based guidance and recommendations to inform the National Boreal Standard revision process on



FSC-certified forest in Lanark County, ON

forest management practices that protect and/or enhance endangered species habitat, including caribou. Upon approval of the plan from the FSC Canada Board, the scientific panel will then be selected. Although the literature review can proceed, the recommendations will only be finalized once the revision of the P&C is completed in 2010.

Forest Carbon Working Group

In May 2009, FSC released a call for applications for membership in the FSC Forest Carbon Working Group to explore the roles that FSC governance, policy and forest certification can play to mitigate climate change. The size of the working group was set to twelve, allowing two members from each sub-chamber to participate. At the July meeting the FSC Board of Directors selected the candidates, of which two are Canadian Members: representing Economic North, Henry Sauvagnat, Vice-President, Sustainability, Cascades and incoming FSC Canada Board Member; and representing Social North, Jessica Clogg, West Coast Environmental Law and FSC Canada BC Chapter Board Member. The first Working group meeting is being planned for September.

FSC On-Product Labelling Standard

FSC International prioritized the revision of the on-product labelling standard (FSC-STD-40-201) that conflicted in a number of ways with the Chain of Custody standard (FSC-STD-40-004 v2) and created much frustration in the marketplace. FSC Canada provided comments to FSC International and at in September 2009, FSC IC announced there will be a new Standard for use of the FSC Trademarks that will combine label and promotional use for all certificate holders. The changes and improvements planned are in-line with the comments and feedback gathered from certification bodies, certificate holders and the FSC network. There will be a separate Standard for off-product, promotional use of the FSC logo by all non-certificate holders.

Growth in Key Markets

FSC Paper and Printing

This past year has seen tremendous growth in the range and availability of FSC-certified papers, an increase in the number of FSC-certified printers, and new procurement commitments to FSC from the corporate sector and governments.

Increased market demand for FSC-certified paper is evident in the growing list of companies purchasing and printing FSC-certified papers. In 2009, Indigo Books & Music Inc., Canada's largest book retailer, and The Globe and Mail, one of Canada's largest daily newspapers, expressed a preference for FSC-certified fibre. There are currently 325 lines of FSC-certified paper available in Canada, up 24% so far this calendar year.

It was an exciting year for our printers, as FSC Canada saw its first group certification, under the Ontario Printing and Imaging Association (OPIA). Also notable was the certification of Xerox Canada, Print Three, Province of British Columbia (Procurement & Supply Services), and the federal Ministry of Government Services (Print Services). In 2009, an additional 102 printers became FSC-certified, bringing the total number of print locations in Canada to 616.

The impact of FSC certification on the printing sector is illustrated in Canada's leading industry publications, where FSC-certified printers completely dominated industry lists. In Canadian Printer's 2009 *TOP Printers* listing, almost all of the top 50 (96%) are FSC-certified; in fact, 68 of the 107 printers listed have their FSC certification. FSC-certified printers also came out on top again in Print Action's *Iron Index*: over 66% of the listed printers are FSC-certified; and Graphic Monthly's *Top 100 Printer's in Canada* had 71 FSC-certified printers.

FSC-certified paper and printing has been gaining momentum for the past several years. In moving forward, we are working hard to make sure that forest certifications keep pace and supply meets the demand.

FSC Wood and Green Building

Despite the tough economic times in the marketplace, the demand for FSC-certified wood products has continued to grow over the past year. Currently there are over 300 FSC-certified wood product suppliers in Canada. All three sectors have grown tremendously since the beginning of this year, with the most growth showing in FSC-certified Distributors (up 133%), followed by a 90% increase in FSC-certified Sawmills and a 69% increase in certification of Manufacturers.

Higher demand for FSC-certified wood products stems from a positive market transformation. Just this past year RONA announced a new wood procurement policy which specifies that 90% of the entire commodity dimension lumber and plywood stocked should be traceable to certified forests by 2011. The goal further states that by the end of 2012, at least 25% of their supplies should come from FSC-certified forests.

In August 2009, Kimberly-Clark Professional announced a new precedent-setting fibre procurement policy and that it has received FSC Chain-of-Custody certification for more than 20 away-from-home tissue and towel products, making it the first tissue company in North America to earn this distinction. The new policy states that, by the end of 2011, all of the company's Canadian Boreal fibre sourcing must be FSC-certified, and that 40% of its North American tissue fibre will either be recycled or FSC-certified – a 71% increase from 2007.

In 2008-2009, we have seen great progress for the LEED (Leadership in Energy and Environmental Design) green building rating system in Canada. In March, the Canada Green Building Council (CaGBC) launched the LEED Canada for Homes standard. FSC-certified wood products are recognized in the LEED Canada for Homes standard under the Materials and Resources 2 (MR2) credit for 'Environmentally Preferable Products'. A total of 8 points is available under the MR2 credit, with 6.5 of these potentially available for products that are FSC-certified. One of the first

Growth in Key Markets

FSC Wood and Green Building (cont'd)

LEED Canada for Homes certified projects, The Archetype Sustainable House at the Kortright Centre in Ontario, is built almost entirely out of FSC-certified wood.

To demonstrate to builders and designers that a wide range of FSC-certified wood products are available, FSC Canada continued to participate in *the canühome*, a travelling home exhibit constructed almost entirely out of FSC-certified wood products. Since its April 2008 launch, over 150,000 visitors have walked through this concept home. Developed in partnership with the Canada Mortgage and Housing Corporation (CMHC), George Brown College's Institute Without Boundaries (IwB) and TD Canada Trust, the *canühome* (www.canuhome.com) will have been exhibited in 11 events in six cities from Montreal to Vancouver when it ends its successful tour across Canada in the Fall of 2009.



Canuhome Exhibit, IDEX NeoCon 2008

Highlights 2008-2009

October 7, 2008: The Pretenders print limited edition of ninth CD cover 'Break up the Concrete' on FSC-certified paper.

October 2008: The *canuhome* participates at the Toronto International Home Show attracting over 8,500 consumers

October 15 2008: Norampac (SW-COC-002636) Quebec Mills receive Chain of Custody certification.

October 27, 2008: The Association of Registered Graphic Designers (RGD) of Ontario presents 'Design at Work' Green Award to FSC Canada 'Print Demonstration and Swatchbook'

November 6, 2008: City of Toronto launches, 'Our Toronto', a city wide publication printed on FSC-certified paper

November 6, 2008: Sun Media Magazines announce 26 magazines now printed on FSC-certified paper

November 21, 2008: One of Canada's largest wood retailers, RONA, unveils its Wood Procurement Policy, specifying 25% FSC-certified wood fibre by 2012

November 22, 2008: FSC Canada exhibits at Design City in Toronto, Ontario

December 5, 2008: FSC Canada announces 2008-2009 Board of Directors

December 12, 2009: FSC Canada launches FSC Gift Guide

December 23, 2009: US President Barack Obama prints Inaugural invitations on FSC-certified paper

January 1, 2009: Scierie Dion et Fils Inc (SW-FM/COC-003786) forest receives FSC- certified for 8,807 million ha

January 12, 2009: Monadnock Paper Mills' Graphic Arts printing and packaging papers and paperboards are entirely FSC-certified

January 26, 2009: MC Foret Inc (SW-FM/COC-003868) receives FSC certification for 344,610 ha in Quebec

February 2009: WWF has reaffirmed that "FSC is still the best", following their latest assessment of forest certification systems.

February 2009: Markets initiative recommends FSC-certified paper in 2009 'Market Trends Report'

February 12, 2009: University of Western Ontario adopts FSC-certified paper campus wide

February 12, 2009: For the fourth year in a row FSC-certified printers and products came out on top at the Environmental Printing Awards. Of the 26 awards presented, 18 of the awards were presented to FSC-certified printers and paper manufacturers.

February 13, 2009: Chaintiers Chibougamau Ltee (SW-FM/COC-003874) receives FSC-certification for 718, 822 million ha.

February 26, 2009: The *canuhome* exhibit on display at the Calgary Home + Garden Show attracting over 14, 000 consumers

March 2009: FSC International launches Principles and Criteria Revision

Cont'd on page 7.



Highlights 2008-2009 (cont'd)

March 2009: Aya Kitchens and Baths (SW-COC-003188) expands their Green Design Initiative with EVO Kitchen cabinets made from FSC-certified wood.

March 3, 2009: CaGBC launches LEED Canada for Homes allocating Materials and Resources Credit 2 specific to FSC-certified products.

March 19, 2009: The canuhome moves across Canada to the Winnipeg Home Expressions Show; over 13,500 consumers walk through exhibit

March 25, 2009: The Archetype Sustainable House, one of the first LEED Canada Homes certified projects, is built almost entirely out of FSC-certified wood products.

March 26, 2009: The canuhome exhibits at the Regina Spring Home Show attracting over 13,500 visitors

April 2009: FSC Canada launches National Boreal Standard Revision.

April 8, 2009: Scierie Jean Riopel forest (SW-FM/COC-003994), 458,907 million ha, receives FSC-certification

April 13, 2009: Domtar [SW-FM/COC-001021] receives FSC-certification for its 614,646 million ha Matagami forest

April 14, 2009: US President Barack Obama sources FSC-certified wood for White House Easter eggs

April 2009: Indigo Books & Music Inc confirms preference for FSC-certified products in Environmental Procurement Policy

April 14, 2009: Catalyst launches FSC-certified recycled newsprint

April 20, 2009: Whole Foods Market converts to FSC-certified paper bags

April 22, 2009: US Green Building Council rules that FSC-certified bamboo building products now recognized under LEED Certification

April 24, 2009: FSC Canada exhibits at Green Living Show in the 'Buy FSC, Supporting Healthy Forests' exhibit and as part of 'Tree Power, An Urban Forest Experience' exhibit

May 2009: FSC-certified printers come out on top in Print Action's Iron Index. Over 66% of the printers on the list are FSC-certified

May 21, 2009: The canuhome exhibits at SIDIM, Montreal's Interior Design Show, attracting over 5,000 visitors.

June 2009: FSC-certified Canadian printers came out on top in the 2009 Canadian Printer's 2009 TOP Printers listing. Ninety-six percent of the first 50 and 68 of the 107 printers are FSC-certified. It is the fourth year running that Canadian Printer identifies which printers are FSC-certified.

June 2009: Graphic Monthly published their list of Top 100 Printer's in Canada which had 71 FSC-certified printers, up from 53% in 2008

June 1, 2009: RONA receives Ontario Nature Corporate Award for specifying FSC-certified products

June 16, 2009: Globe and Mail first Canadian Daily Newspaper to Specify FSC-certified products

July 2009: Antony Marcil, FSC Canada's President & C.E.O. is one of Canada's 50 Most Influential People in Graphic Communications for a second year in a row. 12 professionals from FSC-certified companies also made Print Action's Top 50 list

July 1, 2009: Büttenpapierfabrik Gmund [GFA - COC - 001370] has introduced FSC-Certified Bier Paper, made with hops, malt, yeast and FSC-certified fibre

July 16, 2009: FSC Canada & US achieve more than 100 million acres of certified Forest land

August 11, 2009: Six Canadian FSC-certified companies win seven 'Best of Category' Benny Awards.

August 13, 2009: Kimberly-Clark makes leading industry announcement to source 40% FSC-certified & recycled wood fibre by 2011

August 2009: The canuhome, a full-size travelling home exhibit built and furnished almost entirely out of FSC-certified wood will be continuing its journey across Canada in 2009 and has found its way to the Canadian National Exhibition (CNE)

August 30, 2009: Toronto Mayor David Miller visits FSC Canada booth at the Live Green Toronto Festival



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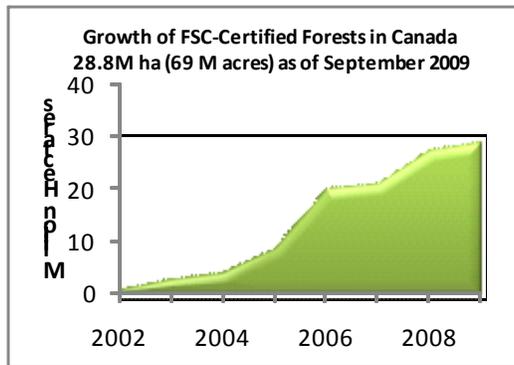
Alcan/FSC International
 Anonymous
 Ivey Foundation
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Status of FSC Certification



Province	FSC-certified Area (ha)	FM Certificates (#)	COC Certificates (#)
Alberta	5,490,000	1	46
British Columbia	1,869,271	9	111
Manitoba	897,446	1	22
New Brunswick	3,430	2	5
Newfoundland	-	-	-
Nova Scotia	634,131	4	15
Ontario	10,871,658	19	413
P.E.I.	357	1	2
Quebec	7,227,207	16	216
Saskatchewan	1,831,964	1	12
TOTAL	28,825,464	54	842

* Group Certificate with area in three provinces; only counted in total as one certificate



Financial Report

	2009	2008
Revenue	\$ 369,242	\$ 632,257
Expenses	\$ 341,981	\$ 602,964
Net	\$ 27,261	\$ 29,293

