Who cares about the FOREST?
FSC Certification in Canada

Home to over 30% of the world’s FSC-certified forests, Canada is a world leader in FSC forest certification. On the international stage, the 2010 United National Food and Agricultural Organization (FAO) ‘Forest Product Annual Market Review’ has once again identified FSC as the fastest growing forest certification system in the world.

This past year has seen Canada’s FSC-certified forest area expand by 7% to 43.6 million ha, or 107 million acres.

Even more remarkable is the fact that over the past five years, the area of forests in Canada that meet FSC’s rigorous environmental and social standards has increased by 191%. And beyond the 8.8 million ha of new Forest Management certificates granted this past year, commitments have been made to FSC certify an additional 9.8 million ha.

<table>
<thead>
<tr>
<th>Province</th>
<th>FSC-Certified (ha) Area</th>
<th>FM Certificates (#)</th>
<th>CoC Certificates (#)</th>
</tr>
</thead>
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<tr>
<td>Alberta</td>
<td>5,656,930</td>
<td>1</td>
<td>54</td>
</tr>
<tr>
<td>British Columbia</td>
<td>2,762,707</td>
<td>7</td>
<td>139</td>
</tr>
<tr>
<td>Manitoba</td>
<td>0</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>164</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>738,896</td>
<td>5</td>
<td>28</td>
</tr>
<tr>
<td>Ontario</td>
<td>12,869,656</td>
<td>19</td>
<td>519</td>
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<tr>
<td>Quebec</td>
<td>19,267,502</td>
<td>30</td>
<td>340</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>1,831,964</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43,128,156</strong></td>
<td><strong>65</strong></td>
<td><strong>1129</strong></td>
</tr>
</tbody>
</table>

NOTE: The total number of FM certificates does not equal the total number of locations due to the fact that some group certificates have forest area in multiple provinces.

Thank you very much to WWF Canada for providing the above map.
FSC Certification in Canada (cont’d)

“FSC has the highest environmental standard for forest management of any certification system in the world.”

Monte Hummel, President Emeritus
WWF Canada

“As a result of the FSC standards, industry is gaining a greater awareness of Aboriginal peoples’ forest issues. FSC has contributed significantly to developing processes that require meaningful dialogue between Aboriginal communities and the forest industry.”

Lorraine Rekmans, Executive Director
National Aboriginal Forestry Association

“As the public owns the land we operate on, it is extremely important that we manage their forest to the highest standard. That is why Tembec chose FSC certification.”

Denis Rounsville, Executive Vice President
Tembec

“Rona’s new policy places preference on FSC certification because it is the one that best responds to the company’s requirements with regard to relations with local communities and biodiversity conservation.”

Normand Dumont, Executive Vice President of merchandising, Rona

“Kruger Products selected FSC as its certification scheme because it is well recognized around the world as the most rigorous social and environmental standard in the forest industry. Respecting their external auditing process to obtain and maintain certification is a demonstration of our commitment to and leadership in manufacturing sustainably-sourced premium tissue paper products. Our FSC-certified products allow Canadians to become part of the sustainability solution.”

Mario Gosselin, Chief Operating Officer
Kruger Products
Developing and Maintaining High Standards

FSC is committed to developing and maintaining high standards for responsible forestry. Forestry is an evolving science that is constantly faced by new environmental and social issues, concerns and solutions. In the past year, FSC has focused on engaging with its members and stakeholders to ensure that our standards and policies support healthy forests and strong communities for generations to come.

Revision of the FSC International Principles and Criteria

In 2008, FSC International initiated the process of revising the FSC Principles & Criteria (P&C). The FSC P&C are the core requirements a forest must meet to achieve FSC certification and provide the social, economic, ecological, cultural and spiritual needs of present and future generations. Since 2008, several drafts of the P&C have been released for public consultation and comment. In 2011 a fourth draft of the P&C was made available to FSC members, it is expected that members will be presented with a final draft of the P&C for their vote and approval in November 2011. Once approved, the P&C will become the common framework for all regional Forest Management standards, which elaborate performance-based indicators.

FSC’s role in Climate Change

We all know climate change is happening, but what role do our forests, and FSC, play in our response to this global crisis? This is just one of the questions considered by the ‘Forest Carbon Working Group’ (FCWG) established by FSC in 2009. Over the course of five meetings the FCWG has developed a strategic framework for an FSC climate change engagement. The framework is meant to guide FSC on how to position and evolve itself over the coming years in order to maintain its leadership role. The final report of the FCWG was released in April 2011 and is available at: www.fsc.org/climatechange.html

Managing for Caribou

In January 2010, the FSC Canada Board of Directors commissioned the striking of a Science Panel to specific scientific advice and recommendations with regards to how the National Boreal Standard addresses species at risk, such as woodland caribou. The report from the Science Panel was released in July 2010, and recommended amendments to 18 existing indicators, and the addition of five new indicators. These recommendations will be considered by the Standard Development Group when the National Boreal Standard revision process begins (anticipated 2012). In order to address concerns by members regarding the impact of forest operations on woodland caribou until such time as the Boreal standard is revised, in April 2011 FSC Canada released for consultation Interim Guidance on Caribou in the National Boreal Standard. This interim guidance will be finalized once all consultations in English and French are complete.

Forest Management Certificates

New Certificates since Oct 2010

AbitibiBowater—Thunder Bay Division
SW-FM/COC-005587
Area =2,405,886 (ON)

Association des intervenants forestiers des Hautes-Laurentides
SW-FM/COC-005043
Area =1,068,154 ha (QC)

Association des propriétaires de boisés de la beauce
SW-FM/COC-005406
Area =25,990 ha (QC)

CGCBSL
SW-FM/COC-005447
Area =889,022 ha (QC)

Chabot, Pomerlau & Associes
SW-FM/COC-005585
Area =4,407 (QC)

Eacom Timber Corporation
QMI-FM/COC-001133
Area = 1,129,841 ha (QC)

Gestion Forap Inc
SW-FM/COC-005140,
Area = 115,163 ha (QC)

Gestion Forestier et Agricole Tache
SW-FM/COC-005023
Area = 30,378 ha (QC)

Hehurst Forest Management
SW-FM/COC-005437
Area = 1,231,707 ha (ON)

Municipalité Regionale de Comptee des Collines de l’Outaouais
SW-FM/COC-005518
Area = 5,594 ha (QC)

Ottawa Valley Forest
SA-FM/COC-002701
Area = 240,733 ha (ON)

Produits forestiers Arbec senc
Division Scierie Peribonka
QMI-FM/COC-001273
Area = 1,002,597 ha (QC)
Developing and Maintaining High Standards cont’d

Great Lakes St. Lawrence Standard Development
In 2006, FSC Canada initiated the process for developing an FSC regional Forest Management (FM) standard for the Great Lakes St. Lawrence (GLSL) region in Ontario and Quebec. The result of this process was the release of the Field-tested Draft GLSL Standard (v2) in April 2007 which, as of July 2010 has been referenced (exclusively or with the National Boreal Standard) in 28 Forest Management certificates.

In October 2010, FSC Canada began work to develop a final draft GLSL Standard to be recommended for accreditation to FSC International. Following the review and consultation of a draft Great Lakes St. Lawrence Standard in 2010 and 2011, on March 15th, 2011 FSC Canada submitted to FSC International the GLSL Forest Management Standard (Draft 4) for their review and accreditation. In June 2011 FSC International issued their accreditation report, which highlights a number of recommendations and conditions that must be implemented prior to accreditation. The GLSL Standard Development Group is reviewing this report and is expected to issue a response by the end of 2011.

Interpretation of Indicator 2.3.3, National Boreal Standard
In December 2010, QMI filed an interpretation request with FSC Canada, with regards to a major non-conformance raised at a certification assessment on Quebec’s North shore. As per FSC Canada’s Standards Interpretation Policy (2006), the FSC Canada Board of Directors appointed a four-member committee consisting of Jean Paul Gladu (Aboriginal Peoples Chamber), Michel Lessard (Economic Chamber), Nathalie Zinger (Environmental Chamber) and Sara Teitelbaum (Social Chamber, Chair). The Committee issued their formal response to the Standard Interpretation Request, which can be found at: www.fsccanada.org/docs/interpretation%20of%20indicator%202.3.3..pdf.

Interpretation of Principle 3 (Criterion 3.1), National Boreal Standard
In January 2011, the Ministère de Ressources Naturelles et de la Faune (MRNF) filed a Standard Interpretation Request with FSC Canada regarding the position of FSC’s National Boreal Standard (2004) with regards to Métis communities. In accordance with FSC Canada’s Standards Interpretation Policy (2006), the Board of Directors of FSC Canada appointed a four-member Ad-Hoc Interpretations Committee consisting of Barry Joseph, (Aboriginal Peoples Chamber), Michel Lessard (Economic Chamber, Committee Chair), Louis Bélanger (Environmental Chamber), and Jean Teillet (Social Chamber). The Committee issued their formal response to the Standard Interpretation Request, which can be found, as of October 11, 2011 at www.fsccanada.org.
Telling the FSC Story

In order to celebrate the achievements of the Forest Stewardship Council (FSC), and in honour of the year 2011 designated the United Nations International Year of Forests, FSC Canada decided it was time to bring the FSC story to consumers. The FSC story is not only a story about the Forest Stewardship Council, but a story about all of the people, organizations and companies that make FSC successful.

Watch THE FSC Story
This video and visual storybook tells the story of FSC. Follow Franke James (author, artist) as she explores what each and every one of us can do to ensure that we have healthy forests and strong communities for generations to come. Visit: www.fsccanada.org/fscstory.htm

Hear THEIR FSC Story
FSC is about the collaboration and cooperation of people, organizations and companies from around the world. Hear from leading organizations such as Kruger Products, RONA, Tembec Inc. and WWF Canada to find out their FSC story. Visit: www.fsccanada.org/ourforest.htm

Share YOUR FSC Story
Forests provide the air we breathe, the water we drink and the food we eat. Forests also provide us with the wood and paper products we use every day. Behind every piece of lumber and every sheet of paper there is a story of a forest and the animals & people that depend on it.

Each person and organization that is part of FSC has a unique story to tell about why they care about our forests and what they're doing to show they care. These stories and commitments to our forests are what FSC is about. Visit: www.fsccanada.org/shareyourFSCstory.htm

Celebrating FSC!
FSC Friday, September 30, 2011
While every day is a day to celebrate FSC, FSC International has declared the last Friday in September ‘FSC Friday’ - a day to celebrate the world’s forests and how important they are to us.

Take OUR Forest Pledge
On FSC Friday we asked Canadians to make a pledge to our forests. A pledge to tell their friends and family about the Forest Stewardship Council (FSC); to look for the FSC logo on wood and paper products while shopping; to only buy tissue products (e.g. napkins, toilet paper etc.) that have the FSC logo; to only buy timer, furniture & other wood products that have the FSC logo; and/or to make a donation to support FSC Canada.
**FSC- A growing brand**

Just ten years ago the range and availability of FSC-certified products was very limited. As of 2011 however, not only can you find FSC-certified paper and lumber at major retailers, but a range of furniture, wood paneling, flooring, maple syrup and printed products are now available as well from hundreds of suppliers.

The visibility of the FSC brand continues to grow as more companies and products become certified.

- **Kruger Products** became the first FSC-certified supplier of consumer and commercial tissue products in Canada in March 2011. Kruger produces leading brands such as Cashmere, Purex, Sponge Towels, Scotties and White Swan, and will carry over 150 lines of FSC-certified tissue products with the largest FSC-certified product line-up across North America.

- **Metro Montreal** became the first newspaper in North America to guarantee that all of its newsprint is FSC-certified in June 2011.

- **The Lego Group** made a commitment in July 2011 to exclusively use FSC-certified fibre in its packaging material. This commitment adds to those of other major suppliers such as McDonald’s in March 2011 to responsibly sourced packaging.

- **RONA** achieved Chain of Custody certification of 10 retail locations and 3 distribution centres across the country in November 2010. This makes RONA the first national Do-It-Yourself retailer to certify its retail locations.

- **IKEA**’s 2010 Sustainability Report showed that their purchase of FSC-certified wood products rose from 16% to 24%. This growth came in parallel to their announcement that they would increase the amount of FSC wood they source to 35% by 2012.

**Greenbuild International Conference and Expo comes to Canada for first time**

Greenbuild is North America’s largest conference and expo for the design, construction and management of the green building environment. In 2011, for the first time in its history, Greenbuild travelled outside the U.S. to Toronto, October 4th to 7th, 2011. FSC Canada and FSC US hosted a 400 sq. ft. exhibit to showcase FSC-certified products and the achievements of certified companies across North America. Greenbuild is attended annually by approximately 25,000 participants.

**Design and Build with FSC Awards**

Held annually, these awards recognize designers and builders who are committee to using FSC-certified wood and creating a marketplace that promotes environmentally appropriate, socially beneficial and economically prosperous forest management. The Design and Build with FSC awards recognize excellence in the use of FSC materials in both residential and commercial/industrial design and construction in North America. An independent committee of recognized professionals selecting the winners. To view the winning projects and find out more, visit: www.fsccanada.org/designandbuildwithFSC.htm

**FSC-certified lumber and wood panels**

In April 2011, a study by Freedonia found that FSC-certified lumber and wood panels are expected to be the “fastest growing green building products, more than tripling from 2010 levels”. The study found that FSC-certified lumber and panels will benefit from the growth in the supply of FSC-certified wood and the rising number of FSC-certified suppliers at all stages of the wood supply chain -- e.g., forests, mills and distributors. To view the report www.reportlinker.com/p0488009/Green-Building-Materials-Market.html#ixzz1LCfjnIEW
Highlights

September 2010: Domtar’s new ‘Paper Because’ campaign highlights the importance of sourcing FSC-certified paper from “well-managed, FSC-certified forests”.

October 2010: PostNet Canada certifies 17 print locations.

October 2010: RR Donnelley expands FSC certificate to more than 125 facilities worldwide.


November 2010: Rona Inc. announces FSC certification of 10 retail stores and 3 distribution centres to help consumers access more FSC-certified products across Canada.

November 2010: FSC Canada attends the International Greenbuild Conference & Tradeshow and the FSC US ‘Design & Build with FSC’ Awards in Chicago, IL.

November 2010: FSC Canada and U.S. Board of Directors and staff meet in Chicago, IL for the first FSC North American Regional Meeting.


January 2011: Smurfit-Stone Expands Chain of Custody Certification to entire mill system across Canada.

January 2011: GPA Announces FSC certified Pressure Sensitive Paper

January 2011: Canada reaches the milestone of over 40 million hectares of FSC-certified forests- an area half the size of Alberta!

January 2011: FSC Canada expands to the world of social media with a presence on Twitter, Facebook and LinkedIn.

February 2011: FSC Canada partners with PaperSpecs and Tembec to host a live webinar for participants that explores the key changes in the new FSC Trademark Standard.

March 2011: Kruger Products achieves the first FSC certification for tissue products in Canada.

March 2011: McDonalds announces its commitment to recognize FSC as the preferred certification for their packaging needs.

April 2011: FSC Canada launches ‘The FSC Story’. This video and storybook shows the journey of Franke James (author, artist) as she explores what FSC is and how each of us can support healthy forests and strong communities.

April 2011: FSC Canada launches ‘FindFSC.com’ a new search tool that lets you find FSC-certified wood and paper product suppliers in Canada and report where you have found FSC products.


April 2011: IKEA’s FSC-certified wood purchases rise from 16% to 24% and they announce plans to increase that amount to 35% by 2012.

April 2011: Freedonia study finds FSC-certified lumber and wood panels are expected to be the fastest growing green building products in North America.

May 2011: FSC Canada revises FSC North America Paper List to include percentage of post and pre consumer waste found in FSC-certified papers.

May 2011: FSC reaches 20,000 Chain of Custody certificates worldwide.

June 2011: Formica introduces FSC-certified laminates

June 2011: Catalyst achieves FSC certification for all Canadian mills.

June 2011: Metro Montreal Newspaper becomes the first newspaper to print exclusively on FSC-certified paper in North America.

June 2011: Kimberly-Clark announces that all of their global operations will be certified to FSC’s standards.

July 2011: Scholastic Inc., the global children’s publishing, education and media company increases the percentage of FSC-certified paper they use to 35%

July 2011: FSC Canada staff and members attend the FSC International General Assembly in Malaysia to discuss and vote upon the future direction of FSC.

July 2011: Lego Group’s environmental policy commits to reduce the impact of packaging materials by choosing FSC-certified products.

August 2011: Domtar Corporation announces a broad expansion of its FSC-certified product line and projects that it will sell more than 150,000 additional tons of FSC-certified paper per year.

September 30, 2011: People around the world celebrate our forests on FSC Friday. FSC asks Canadians to take Our Forest Pledge (see page 6).

September 2011: FSC Canada launches the FSC Story of Kruger Products Inc., Tembec Inc., RONA and WWF Canada’s.
## Financial Report

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2010</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
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<td>FSC AC grants</td>
<td>$204,397</td>
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<tr>
<td>Certification fees</td>
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<td>Membership fees</td>
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<td>Conferences, workshops and other income</td>
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<td>Donations</td>
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<td><strong>Total Revenue</strong></td>
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<td><strong>Expenses</strong></td>
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<td>Program and operating expenses</td>
<td>$393,220</td>
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<td>-$9,865</td>
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## Acknowledgements

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WWF Canada

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