

# Annual Report 2004-2005



## Reflections from the Chair ....

At the close of our last AGM, the board made reference to the fiscal year 2005-2006 promising to be a period of great change for FSC Canada. By the fall of last year, it was clear that FSC needed to rapidly shift gears and move from its traditional focus on standards development to an expanded mandate with a greater emphasis on proving the value of FSC in the marketplace. With that goal in mind, the last twelve months have marked the most dramatic transition in FSC Canada's ten-year history. A new strategic business plan is now in place to help move the organization to financial sustainability. Both the organizational chart and board governance model have been revamped to keep abreast of the evolving roles and focus of the organization. After capably guiding the organization as its Executive Director during the National Boreal Standards development process, Jim McCarthy has moved on to new challenges. Tony Marcil, an experienced environmental entrepreneur, has taken over as FSC Canada's first President and CEO. Martin von Mirbach and Maia Becker have respectively taken on the newly established positions of Vice President and Manager of Communications and Client Services. The board has moved from a "management" to a "governance" model and board members have been added with experience in some of the key challenge areas facing the organization. Topping it all off,

in the midst of all of these changes, it was FSC Canada's progress that played a dominant role in FSC International being awarded the first ever Alcan Prize for Sustainability!

Lots of change in a short time. Lots of challenges ahead. FSC needs to prove the model and show the value for certification to all its supporters. No small task in this period of economic hardship facing Canada's forest industry and forest dependent communities.

But if FSC can continue to grow and develop as it has for the past ten years then it will undoubtedly be a key factor in a positive transformation of Canada's forest industry and communities and the international recognition of an increasing number of companies in Canada for their progressive forestry practices.

Lorne Johnson  
Chair, FSC Canada

## INSIDE

Reflections from the Chair	1
President's Report	2
Moving Forward on Standards	3
Growth of Key Markets	4
Accomplishments & Highlights	5
State of FSC certification	6
Financial Report	6
Acknowledgements	6

## HIGHLIGHTS

- Accreditation of National Boreal Standard. (pg. 3)
- New FSC certified papers hit the market. (pg 4)
- FSC winner of \$1 million Alcan Prize for sustainability. (pg 5)
- Doubling in FSC certified forest area. (pg 6)



economically ...



socially ...



environmentally ...

## President's Report

Not yet six months into this incredibly rewarding job, I still have to pinch myself at least once a day although if you knew the fund-raising challenges you might wonder why. So let me tell you why.

First of all, being in a position in which one can truly say that we are making a difference on the ground is a rare privilege. No ifs, ands or buts – for all its imperfections, the Forest Stewardship Council is making a difference whose impact is growing and, with your support, it will continue to do so.

Speaking of support, there is another reason to pinch myself each day. It starts with not only a great board but an alumnae of past board members who are wise and generous with their counsel when I call. Then there has been the great support shown me by my predecessor, Jim McCarthy, who handled the transition like a true pro and who continues to be available when we need help, as do Marcelo Levy, Vivian Peachey and Evan Stewart, all of whom put huge efforts into getting FSC to where it is today. And as for Maia Becker and Martin von Mirbach, I know that many of you have already felt and appreciated the difference that their commitment to FSC has made. They truly are a dream team and it has nothing to do with their basketball ability, which may be considerable – I have not tested that yet. But their professional ability and experience is tested every single day and they come through in spades – double pinch.

Now let me say a few words about FSC making a difference on the ground. It is not only a matter of FSC-certified acreage in Canada having tripled since our last AGM, due in no small measure to the farsightedness of such industry leaders as Tembec and Domtar. Nor is it due only to the six printers who applied for and were granted Chain of Custody certification as the result of the workshop organized by Coast Paper and Maia in Toronto on Bastille Day 2005. I have been in this job long enough and have talked to enough people to know that FSC has changed the whole forest certification game. And

we have been changed by it and need to change some more. The 'goodness' of FSC, our environmental rigour and respect for Indigenous rights, to name but two aspects, and our unexpected success have stimulated more rigour in other certification systems. And let there be no mistake, the endorsements that FSC has won from environmental NGOs have played an important part in that process. And the successes of other certification systems have stimulated more practicality in FSC. The relative degrees may be debatable but the basic fact is not.

Although we have changed for the better, we still have *'un bout de chemin a faire'*. We are not there yet. We need to get the Great Lakes-St. Lawrence/Laurentian standard completed. We need to complete the revisions to the Maritimes standard. We need to work harder with Bonn to get the revised B.C. standards accredited and in place. And we must keep the revisions process alive and vital, responding to the needs on the ground and the realities of the market place. But just responding is not good enough. We need to anticipate, we need to be ahead of the curve. We are no different from any service industry. We need to deliver better, faster, cheaper. And last but not least, our brand has to mean big value to all our certificate holders, large and small, and it has to deliver social value to forest-based communities. And that is the pledge with which I close this first message.

Together, and with your help, the FSC Team Canada will deliver. We will participate vigorously in the reform process that is taking place in Bonn. We will make the FSC brand known in the market place. We will keep improving our own product and we will keep nipping at the heels of our competitors so that all forests and all peoples may benefit. Our future depends on it in more ways than one.



Antony Marcil  
President & C.E.O.



## Moving Forward on Standards

We've made significant progress in the past year towards completing and refining our suite of regional standards. Below is a brief summary of what has been accomplished in the past year and what we will do in the coming year.

### B.C. STANDARD

The British Columbia standard received preliminary accreditation in 2003, with an eighteen month period to carry out a review and assessment based on experience gained in implementing the standard. That task was assigned to a Review Committee which completed its work in January 2005. Numerous changes were proposed, with the overall intention of making the standard more clear and easier to implement, without undermining its integrity or credibility. The Review Committee's recommendations were amended in a few places and unanimously approved by the B.C. Steering Committee and the FSC Canada Working Group. A separate process was used to develop a separate standard, which is expected to make FSC certification significantly more accessible to smaller operations. All of our proposed revisions are now being reviewed by FSC International and we expect an accreditation decision this fall.

### MARITIMES STANDARD

The Maritimes Regional Steering Committee has had ongoing discussions over the past year towards developing broad agreement on proposed revisions to the standard. Those discussions have been very productive, and the Committee is currently addressing comments received on a consultation draft released in the Spring of 2005, at the same time as it is adjusting the standard to conform with changing national and international requirements is addressing the accreditation conditions and adding clarity and accessibility.



### BOREAL STANDARD

Since being accredited in August 2004 the National Boreal Standard has had considerable uptake, with approximately 5 million ha accredited. We're proud of the fact that the boreal standards development case study was instrumental in FSC International being awarded the first Alcan Sustainability Prize. The important next step is to develop guidance material on implementing the standard, especially pertaining to protecting Indigenous rights and interests.

### GREAT LAKES- ST. LAWRENCE/ LAURENTIAN STANDARD

We are still working on a standard for the mixed-wood and transition forests of Ontario and Québec. The past year has seen extensive discussions and dialogue take place in Québec. Our next steps will be to carry out integrated consultations in Ontario and Québec, with the aim of developing a standard that works effectively in both jurisdictions.



## Growth of key markets

### TAKING A LOOK BEHIND THE WORDS

#### *FSC certified papers and printing*

Increasingly, if you take a look behind the words in annual reports, brochures, packaging, books and magazines you'll see the FSC label. A greater number of companies and publishers are choosing to print on FSC certified paper because it is a quality paper that delivers top performance and is competitively priced; as a bonus, it is a way of demonstrating environmental and social responsibility.

The past year has seen an unprecedented growth in the availability and range of FSC certified papers, and in the chain of custody certification of printers. There are now over 20 lines of FSC certified business, commercial, designer and publication papers available, both coated and uncoated. With the recent changes to FSC chain of custody policies, 100% recycled papers may now carry the FSC label. The number of FSC certified printers in Canada has risen to over thirty-five, and this number is only expected to grow as FSC Canada continues to deliver nation-wide workshops for printers and designers, targets key companies, organizations and financial institutions, and as more certified pulp becomes available.

Canada is one of the world leaders in FSC certified forest area (9.2 M ha in August 2005) and one of the top producers of pulp. With strong commitments to FSC from paper producers like Domtar and Tembec, Canada is well on its way to being the undisputed leader in FSC certified paper and paper products.

#### FSC CERTIFIED PAPERS

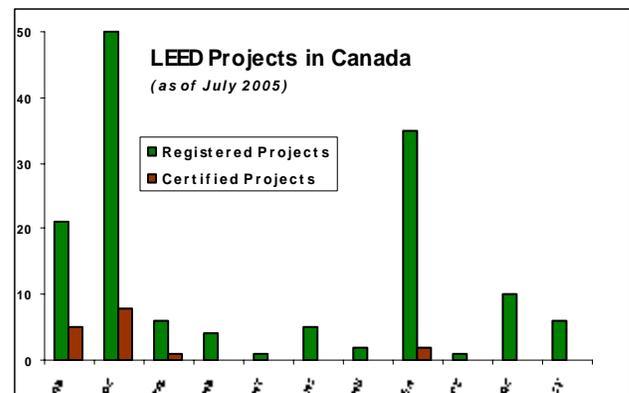
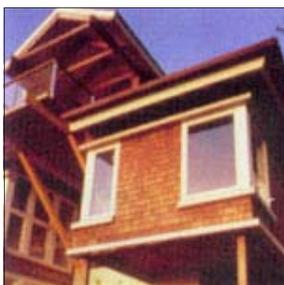
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Domtar	Opaque-Plainfield
Domtar	Cornwall
Domtar	Solutions
Domtar	Feltweave
Domtar	Nekoosa Linen
Domtar	Nekoosa Bond
Domtar	Nekoosa Cotton
Domtar	Proterra
Domtar	Skytone
Domtar	Sandpiper
Domtar	Luna
Domtar	Earthcote
Domtar	Schooner
Fraser Papers	Genesis
Mohawk	Options
New Leaf	EcoBook 60
New Leaf	EcoMatte
Neenah	Environment
Tembec	Kallima
Tembec	Newsprint

### BUILDING A GREEN FUTURE

#### *Taking the LEED™*

The past year has seen great progress for the LEED (Leadership in Energy and Environmental Design) green building rating system in Canada. In December 2004, the Canadian Green Building Council (CGBC) approved a Canadian adaptation of this rapidly growing, and successful U.S. standard. Of the 70 points in the LEED™ Canada credit system, 19 points are relevant to wood, and nine credits can potentially be earned by using FSC certified wood products.

In Canada there are now 141 registered (applications in process) and 16 certified LEED™ projects. This is more than a two-fold increase in just one year. Cities and municipalities are increasingly adopting the LEED™ standard for all new buildings; City of Calgary (2003), Public Works and Government Services of Canada (2004), City of Vancouver (2004), and the Municipality of Waterloo (2005).



# Highlights

March 2004 to September 2005



## FSC CANADA

- **May-04: Canadian government builds green.** Public Works and Government Services (PWGSC) Canada announces their aim to achieve LEED Gold for all new PWGSC buildings by 2005.
- **July-04: The City of Vancouver's adoption of LEED GOLD is a first in North America.**
- **August-04: Approval of Canadian National Boreal Standard by FSC International.** This landmark standard was developed following three years of consultation with over 2,000 stakeholders and members.
- **September-04: Home Depot takes one more step in support of FSC.** Already committed to purchasing FSC products, the 2005 Home Depot calendar features FSC and contributes fifty cents for each calendar sold to FSC Canada.
- **September-04: FSC Canada endorses National Guidance Document for SLIMFs.**
- **November-04: The first FSC hardcover book in North America.** The Canadian Parks and Wilderness Society (CPAWS) releases '*Rendezvous with the Wild – The Boreal Forest*' on FSC certified paper.
- **November-04: First FSC certification under new preliminary BC standard.** Tembec's Tree Farm Licence 14 is the first large industrial forest in B.C. to be approved under the FSCs preliminary BC standard.
- **December-04: Canadian Green Building Council (CGBC) launches LEED Canada.** Canada approves its own LEED standard, adapted from the rapidly growing green building system developed by the US Green Building Council.
- **March-05: Submission of revised B.C. standard for accreditation.** This standard addresses the twelve conditions of the preliminary standard and has a stand-alone section for small operators.
- **April-05: Domtar launches EarthChoice paper line.** This line includes 13 high-quality coated and uncoated papers that are all FSC certified.
- **May-05: B.C. meeting of FSC stakeholders.** Members, certificate holders and stakeholders discussed FSC's new focus on markets and the value of strong standards.
- **June-05: FSC Canada says farewell to Jim McCarthy.** Executive Director since 2001, Jim's contribution to the FSC has been immeasurable.
- **June-05: First edition of 'Branching Out', FSC Canada's monthly electronic newsletter.**
- **July-05: Printers and designers attend Toronto workshop.** Coast Paper and FSC host a workshop on 'Paper, the Environment, and Corporate Social Responsibility' attended by over 80 participants.
- **Aug-05: Canada's FSC certified area increases by over 50% to 9.2 million ha.** Canada now ranks second in the world for certified forests.

## FSC INTERNATIONAL

- **April-04:** Over 1,000 people attend Brazilian trade fair for FSC certified products.
- **June-04:** National Wildlife Federation prints 'Wild Babies' book series on FSC certified paper.
- **June-04:** Netherlands achieves 33% spontaneous recognition of FSC logo among youth.
- **August-04:** ESPN's X-Games features skateboarding and bike ramps made of FSC-certified material.
- **August-04:** BBC Radio Times Magazine carries the FSC logo.
- **August-04:** Olympic torches made from FSC certified New Zealand native wood.
- **September-04:** FSC celebrates 10 year anniversary in Bonn, Germany.
- **September-04:** FSC launches new Chain of Custody standard.
- **September-04:** FSC Regional offices established in Panama & Ghana.
- **September-04:** New Chairman of FSC Board of Directors, Shaun McCartney, economic south chamber.
- **October-04:** 13% of German timber consumers recognize FSC logo.
- **October-04:** ISEAL peer audit concludes that FSC stakeholders can have confidence in the FSC Accreditation Program.
- **December-04:** FSC found to meet UK government procurement requirement.
- **December-04:** New FSC accredited National Initiatives in Chile and Ecuador.
- **December-04:** FSC awarded \$1 million Alcan Sustainability Award.
- **January-05:** Announcement that FSC's 4th General Assembly to be held in Manaus, Brazil in December 2005.
- **February-05:** Study by WWF shows that certification improves safety, planning and biodiversity.
- **March-05:** Bolivia leader in FSC certified tropical forests at 1.9 M ha.
- **July-05:** European edition of 'Harry Potter and the Half-Blood Prince' released on FSC certified paper.
- **July-05:** Workshop to discuss new controlled wood policy hosted by FSC-US.
- **April-05:** First FSC certification of Chinese state-owned forests in Heilongjiang and Jilin provinces.
- **April-05:** Estimated size of FSC global market revised to US\$5 billion.
- **April-05:** FSC Garden Furniture and Global Pulp and Paper Forums held by FSC International Centre in Bonn.
- **April-05:** First Peruvian forest to be FSC certified.
- **July-05:** New FSC labels identifying 'FSC Pure', 'FSC Mixed Sources' or 'FSC 100% Recycled' products come into effect.
- **July-05:** FSC US releases guide for architects & builders.

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Jeff Amos, Maritimes

Nicholas Blanchette, Great Lakes— St.  
Larence/Laurentian

Troy Hromadnik, British Columbia

**FSC Canada Board of Directors  
2004-2005**

Indigenous Peoples Chamber  
Russell Collier  
Jim Webb

Economic Chamber  
William George  
Brent Rabik (Vice Chair, Treasurer)

Environmental Chamber  
Nina Winham  
Lorne Johnson (Chair)

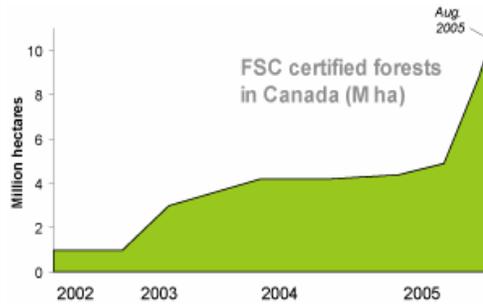
Social Chamber  
G rard Szaraz (Secretary)  
Arnold Bercov

**Acknowledgements**

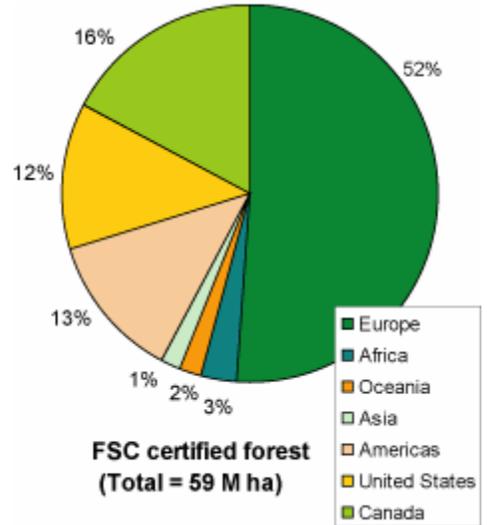
- The Ivey Foundation*
- Kohlberg Foundation*
- The Pew Charitable Trusts*
- WWF Canada*
- Eastern Ontario Model Forest*
- Domtar Inc.*
- Tembec Inc.*
- Alberta Pacific Forest Industries Inc.*
- Abitibi Consolidated Inc.*



**Status of FSC certification**

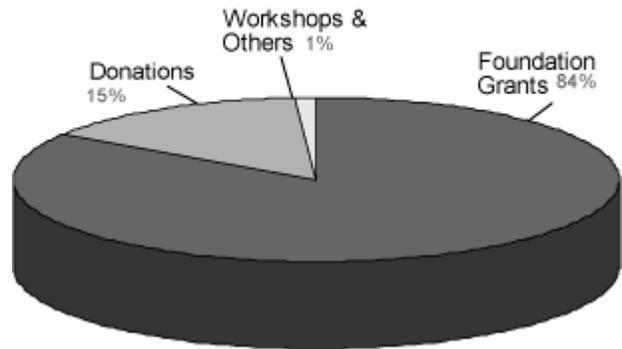


Canada's FSC certified forest area has more than doubled in the past year. With 9.7 million ha certified as of August 31 2005, globally Canada now ranks second only to Sweden in FSC certified forest area.

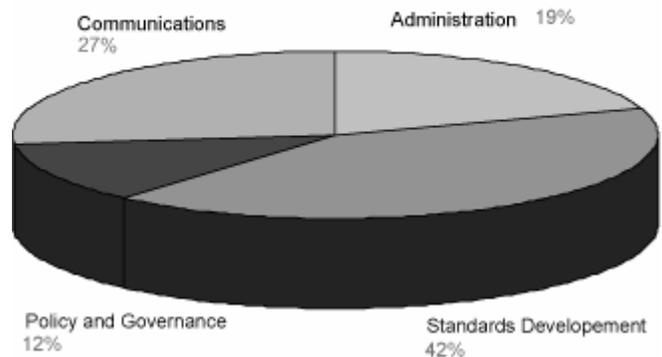


**Financial Report**

**REVENUES**  
\$341,496



**EXPENDITURES**  
\$340,844



**BECAUSE  
FORESTS  
MATTER**

This paper comes from well-managed forests independently certified in accordance with the rules of the Forest Stewardship Council A.C. Certified by Smartwood SW-COC-681. FSC Trademark   1996 Forest Stewardship Council A.C.