

# Annual Report 2005-2006



## Reflections from the Chair ....

Events since we met in Fredericton a year ago have been beyond our expectations. Each issue of Branching Out seems to carry more good news than the one before.

Among the highlights of the past year have been new certifications in Québec and elsewhere as well as huge developments on the markets side. The latter can be illustrated by the Canadian Printer listing of the 2006 Top Printers adding an indication as to whether or not a printer is FSC-certified to the table of attributes. Not only that but in the text explaining why they had added the FSC indication, Canadian Printer characterized FSC as "... a business trend that is sweeping the paper and printing industry worldwide."

In short, we should all be as proud of what we have accomplished as we are vigilant and energetic in pursuing goals as yet unmet. As we focus on the goals as yet unmet, and with the rapid change that has taken place in the last two years, we are going to pause, summarize and reflect upon what has worked, what hasn't and what changes may be needed.

Brent Rabik  
Chair, FSC Canada

### The FSC Mission

In very few words, the ultimate goal is to enhance and increase the level of protection of Canada's forests from activities that pose a threat to their health and sustainability and that of everything and everyone that depends upon the well-being of the forests for their own survival.

### The Strategy

To accomplish that mission, FC Canada's strategy is to do what it takes to become the most successful and broadly supported, market-based tool for promoting sustainable forest management in Canada. This means achieving:

- Balance, Transparency & Inclusiveness;
- Brand Integrity;
- Financial Stability; and
- Excellence in Client Service.

### The Business Plan

To achieve those four goals, certain actions and programs have been or remain to be implemented. Notably:

- Enhancing & Realigning Governance, Leadership and Staff – this has been essentially completed.
- Establishing a Canada-wide Network of Endorsed and Implemented FSC Standards – with the B.C. Revisions accredited, the Maritimes Revisions about to be sent for accreditation and the blending of the Ontario and Québec drafts of the Great

Lakes/St. Lawrence Standards under way, that goal can be considered substantially met.

- Successful FSC Penetration in Key Markets – with the funding of a three-year paper promotion program, the increase in certified printers from 18 to 70 and the presence of at least 17 brands of FSC-certified paper available in the marketplace
- Linking Supply and Demand in Key Markets | this work is underway although not funded and so is not proceeding as robustly as is the Paper Promotion Program.
- Championing and Securing Changes to FSC International's Accreditation & Membership Policies – despite a major effort on the NI's Task Force Report, no progress has been made on this front.
- Strengthening Membership – There are at least 10 National Initiatives with national membership programs. FSC Canada is one of the few Northern NIs not to have its own program. The Board feels that a Canadian membership program would strengthen FSC in Canada.
- Coordinating local / regional FSC efforts – this is a work in progress.
- Increase Indigenous Support for and Benefits from Certification – an application for Trillium Foundation funding has been submitted to be used on a one-year project design and five-year funding application.

## INSIDE

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

## President's Report

Other sections of this report cover very well all the hallmarks of progress over the last twelve months, and there are many.

What is not covered elsewhere is a view from 30,000 feet. What challenges lie ahead and what changes in direction are warranted?

Two of them are easily evident because they are driven quite openly and explicitly by FPAC and The Ivey Foundation respectively.

The first is a definition of our targets which falls out from the FPAC certification commitments, which are as follows:

- FSC: 30 million hectares
- CSA: 72 million hectares
- SFI: 35 million hectares

These numbers are where each of the three certification systems will plateau. FSC is within a few months of hitting the 20 million hectare mark and will continue on, without any effort from FSC Canada and stop at 30 million hectares. The question is, do we want to go beyond 30?

If so, there is only one way to do so and that is to convince companies that have opted for either CSA or SFI to take on FSC certification instead, or as well. This means showing them a stable and predictable certification climate on the one hand and increasing market pressures on the other. The FSC preference recently stated by Victoria's Secret and the ecooptions program of The Home Depot are two significant market signals in the right direction. However, FSC Canada can not just sit back and expect market forces operating alone to do the job. Solid and persistent marketing campaigns, carefully designed to appeal to big paper users is an essential element of the next phase of our work.

On another front, the increasing sophistication of funding agency expectations, such as Ivey's new goals, present a completely different challenge. Is FSC Canada really in a position to report on market sales figures, broken down by product categories and domestic vs. foreign sales?

Another challenge is the need to secure funding to go after the market imperfections in the wood distribution channels in as concerted a fashion as we are working the paper markets.

In short, as the board recognized almost two years ago, the next phase is all about market sophistication and concerted, well-designed market actions aimed at all operators, from small woodlots in the Maritimes to large-scale logging operations in B.C., no region is unworthy of our attention and best efforts. Now is the time for all stakeholders to come together, to align their assets and work in a concerted manner to make breakthroughs in those provinces in which FSC is like a foreign refugee that can't get a job, no matter how well qualified on paper, for lack of Canadian experience.



Antony Marcil  
President and C.E.O.  
FSC Canada



## Refining FSC Standards in Canada

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

The mixed-wood forest of southern Ontario and Québec is the only forest region in Canada that has yet to have a standard developed by FSC Canada and internationally accredited. This may seem surprising since it's the region of Canada that has seen the largest uptake of FSC certification, as a percentage of the total forest area. In the past year we've initiated an intensive program to fill that gap. Our first step has been to assemble a Consultation Draft, based on discussions that took place amongst stakeholders in Québec, with their work based both on the work previously done in Ontario in the late 1990s as well as the more current standard for the northern boreal region. We then put together a standards development committee that brings together interested parties from all four chambers and from both provinces. During the summer of 2006 we solicited input on the draft standard, commissioned field tests as well as a comparative study that looked at neighbouring standards in both Canada and the northeastern United States. Immediately preceding our Annual General Meeting in Montreal we'll be hosting a Great Lakes/St. Lawrence Round Table, which will identify the areas needing further attention and propose the mechanisms and processes that will allow us to complete this important task.

### MARITIMES STANDARD

The Maritimes Standard was the first FSC standard to be accredited in Canada. Now it is nearing the conclusion of a comprehensive revision process, involving a major public consultation and a final public review, led by the Maritimes Regional Steering Committee. Much credit is due to the concerted efforts of the Steering Committee members to refine the standard in a way that incorporates conditions and recommendations that accompanied the original accreditation, that reflects further developments in FSC standards development in Canada (such as pertaining to High Conservation Value Forests), and that is designed to lead to increased uptake by both large and small operations while delivering the high performance required of FSC-certified operations. Special thanks is due to Jeff Amos, the Committee's patient chair.

### B.C. STANDARD

The breakthrough in developing a consensus-based standard for good forestry was achieved in early 2005, and was confirmed by the decision by FSC International to accredit the revised standard in October of 2006. This has been an opportunity for some members of the B.C. Steering Committee to step down from their active involvement with a sense of accomplishment. Others continue to discuss a reconfigured and renewed role for FSC supporters in B.C., and to encourage implementation of the standard.

### BOREAL STANDARD

The Boreal standard continues to see a great deal of implementation activity by forest companies, and indeed it is the most widely implemented FSC standard in the world; an astonishing feat given the complexity and rigour of the standard. In the summer of 2006 FSC Canada initiated a project to begin dialogue with Aboriginal communities affected by FSC certification, with an initial focus on communities in Ontario. Our intent is that this dialogue will lead to the development by FSC of guidance or supplementary materials that will help to support FSC certification efforts while strengthening the effectiveness and consistency of certification activity. A key challenge in the coming year will be to ensure that this process takes place in an adequately consultative fashion, and involves all affected interests. At the same time we will launch a similar initiative to deliver similar results with respect to addressing the special circumstances of high conservation value forests.

### INTERNATIONAL FSC POLICIES & STANDARDS

There continues to be a profusion of activity at the Policy and Standards Unit of FSC International, and one important task for FSC Canada is to monitor that activity and help to ensure that Canadian circumstances are adequately reflected in these policy initiatives. The initiatives where FSC Canada has had a significant impact in the past year include the proposed partial certification policy, which is currently receiving further review, and the Controlled Wood policies. The Controlled Wood Working Group included FSC Canada's Chair, as well as its Vice President. Those standards are expected to be approved soon, at which time FSC Canada will need to develop communications and guidance material to assist in implementing Controlled Wood standards in Canada.

### IMPLEMENTING FSC STANDARDS

Our high quality standards ensure that the FSC certificate provides credible assurance of excellent forestry. But for those standards to have an impact on the ground they have to actually be implemented. Therefore, we pay close attention to the uptake of FSC standards, even though certification is ultimately up to our forest management partners and not under our direct control. Without engaging in a blind race to maximize the certified area, our goal is to demonstrate a steady growth in the scope and scale of FSC's on-the-ground impact in Canadian forests as well as in the Canadian marketplace.

Here are some facts and figures on our progress over the past year and the current stats of FSC forest management certification in Canada. See the sidebar on page 6 showing our growth since 2002.

## Growth of key markets

### Paper and Printing

The past year has seen tremendous growth in the range and availability of FSC-certified papers, an increase in the number of printers becoming Chain of Custody certified and in their geographic distribution, as well as new commitments to FSC from companies and governments.

A greater range of papers carry the FSC label, including several new coated stocks, and the first FSC-certified, North American produced general purpose office paper. The number of FSC-certified printers has tripled and there are now over 100 print shops in seven provinces. In fact half of the top printers in Canada (as identified by Canadian Printer, June 2006) are FSC-certified. Part of this success is due to workshops or forums hosted by FSC Canada in B.C., Alberta, Saskatchewan, Ontario and Quebec for printers, graphic designers and end users.

Most major paper, printing or design trade magazines have taken notice of FSC-certification and are recognizing its impact on the industry in articles, at events, and even by switching to print on certified papers.

***“FSC certification is a business trend that is sweeping the paper and printing industry worldwide”***

[source: Canadian Printer, Top Printers 2006, July 2006]

More and more companies now require that their annual reports, sustainability reports, magazines, books, flyers, envelopes and letterhead be printed on FSC-certified paper. Five out of six of the major Canadian banks have used, or have committed to use, FSC-certified paper for their annual accountability reports. A number of companies and public entities have also made significant commitments to changing their procurement policies and purchasing behavior to specify FSC.

This includes Mountain Equipment Co-op, Hydro-Québec, Toronto Hydro, RBC Canada, National Bank of Canada and others.

### Wood and Building

The market for FSC-certified wood products continues to make strides, with new forests, manufacturers and distributors having become certified. It also continues, however, to be challenged by difficulties in connected demand and supply, as well as by breaks in the supply chain for certified products. Current demand for FSC-certified wood and building products is largely driven by the LEED™ green building rating system, and commitments by large do-it-yourself stores such as Home Depot and Lowes.

Close to half of Canada's FSC-certified forests are in Ontario, and almost 50% of this certified fibre is lost at the sawmill level due to sawmills, manufacturers and distributors not having an FSC chain of custody certification. To identify how best to address challenges such as this, and others, FSC Canada is currently conducting an analysis of the wood supply chain in Ontario and Quebec, source of over 65% of Canada's FSC-certified fibre, in order to identify key target products and companies for FSC certification. In order to better address this challenge, FSC is also working with partners, WWF Canada, Rainforest Alliance and Westwind Forest Certification to coordinate various projects that look to improve the flow of certified materials to those requesting it.

October 3-6, 2006: FSC Canada hosts four workshops in Alberta and Saskatchewan for printers and graphic designers.

September 29, 2006: FSC Canada hosts a business forum on 'Certified Paper: Cents and Sustainability' for over one hundred participants.

Sept. 28-29: FSC Canada is an official sponsor of the IINDEX/NeoCon conference and tradeshow for design, construction and management of the built environment. The show attracts 350 exhibitors and 15,000 attendees; interior designers, architects, facility managers, builders and businesses from across Canada and bordering states. Fourteen FSC-certified companies were present as exhibitors at the tradeshow and conference. FSC Canada hosted two seminars at the show; 1) Earn multiple LEED credits with FSC-certified wood; and 2) The dollars and sense of manufacturing with FSC-certified wood.

August 2006: The Printing House received FSC Chain of Custody certification. With 68 branches nationally, with one certification the number of print shops in Canada that can provide FSC printing has doubled.

August 18 2006: FSC Canada shares experiences with printers and graphic designers at international convention. In a morning session of the IAPHC annual conference.

August 2006: Domtar announces the first North American-produced FSC-certified, general purpose office paper. The availability of this paper means that corporate and government offices, Staples and other suppliers now have a paper that can meet their general copy needs.

July 2006: University of Toronto conducts research into paper purchasing and usage on

July 11, 2006: Cascades Fine Paper Group becomes Spicers.

July 12, 2006: FSC Canada participates in 'Paper University' workshops hosted by Harmony Printing.

July 2006: Hydro-Québec announces that it has adopted a new procurement policy on forest-friendly paper. The electric utility is amending its procurement practices to ensure that it purchases only chlorine free, FSC-certified 100% recycled paper for its printing and copying needs, effective July 2007.

June-July 2006: Unisource announces that Burgo Chorus Art, and Stora Enso announces that Centura is FSC-certified.

April 22 2006: The Home Depot launches its EcoOptions program, an environmental labelling scheme for their Canadian stores which identifies products that improve air quality and reduce emissions; are water or energy efficient; reduce household toxins; or are produced from responsibly managed forests and/or have a high percentage of recycled materials.

Jan. 2006: The US Green Building Council (USGBC) commissioned a White Paper to examine the possibility of modifying the LEED™ Green Building Rating System's allocation of points to bio-based materials, which includes Materials and Resources Credit 7, Certified Wood

Nov. 2005: The first annual Designing and Building with FSC Award is presented by FSC US to Goldman Sachs & Co. for their building at 30 Hudson St., Jersey City, New Jersey.

Oct. 2005: FSC Canada exhibits at the first annual Toronto Regional Green Building Festival



# Highlights

## FSC CANADA



## FSC INTERNATIONAL

**Sept. 20, 2005:** Alberta-Pacific Awarded Forest Stewardship Council Certification. The certification of 5.5 million hectares (13.6 million acres) of Alberta-Pacific's forest management area in northeastern Alberta represents the largest FSC-certified forest in the world.

**Nov. 23 2005:** The accreditation of the B.C. forest management standards for large industrial forests and small operators represents an unprecedented consensus among the B.C. forest industry, First Nations, environmentalists, forest communities and workers.

**Nov 24 2005:** FSC Canada completed an interpretation of Indicator 3.1.2 in the National Boreal Standard, which pertains to reaching agreement with affected Indigenous communities.

**Feb. 8 2006:** FSC Printers recognized at the Canadian Environmental Printing Awards. Six of the nine awards were presented to FSC-certified printers.

**Feb. 14 2006:** Mountain Equipment Co-op announces that it will source its key commercial printing papers from Domtar's Earth-Choice line.

**Feb. 22 2006:** Vancouver Island Ecoforestry Group awarded first FSC certification under new B.C. standard

**Feb 22, 2006:** Ontario forestry management company, Silv-Econ, is the first consultant to receive Forest Stewardship Council certification in Canada

**Feb 22 2006:** Canada's small forests take the lead in responsible forestry as three community-based forests across Canada receive FSC certification.

**Feb. 22 2006:** Canadian Parks and Wilderness Society recommends Ontario forestry industry to seek FSC certification.

**March 30, 2006:** Over fifty representatives from B.C.'s forest industry, small operators, First Nations, environmental community, and labour groups demonstrated their support for the B.C. forest management standard by joining in celebration in Vancouver.

**April 13, 2006:** FedEx Kinko's offers customers 16 lines of FSC paper.

**April 28 2006:** Oakville is Canada's first FSC-certified municipal forest as it joins the group certificate of the Eastern Ontario Model Forest (EOMF).

**June 2006:** Tembec Certifies Over 200,000 ha in Invermere, B.C.

**June 2006:** The Canadian Printer's 'TOP Printers 2006' listing includes a category for FSC certification and half of the top 30 printers in Canada are FSC-certified.

**June 2006:** The Ministère de Ressources naturelles et de la Faune (MRNF) of Quebec takes steps towards forest certification following a forum entitled "A concerted approach towards forest certification".

**July 5 2006:** Hydro-Quebec announces it will use 'forest-friendly' paper, and will amend its procurement practices to ensure that it purchases only chlorine-free FSC-certified 100% recycled paper for its printing and copying needs.

**July 2006:** Larose forest, 10,540 ha, achieves FSC certification through the forest certification program of the Eastern Ontario Model Forest (EOMF), and with the forest management support of South Nation Conservation (SNC).

**Aug. 24 2006:** Tembec receives FSC-certification for over 1M ha in Temiscamingue Region.

**March 31 2006:** FSC International establishes an independent accreditation business entity, Accreditation Services International GmbH (ASI): Over the next three years, ASI activities will include further improving its oversight systems by developing additional tools to monitor chain-of-custody and trademark use, developing and implementing an FSC training framework and diversifying the services ASI can offer.

**April 7, 2006:** Launch of FSC in China. The working group consisted of 107 representatives from a broad spectrum of society, including government, academia, forest management units, timber processing enterprises, social groups and other NGOs. Recently, the group elected an 18-person FSC China Working Group Council that will lead to the development of China's certification standards and recognized internationally by FSC.

**May 2006:** Over 10 million hectares of tropical forest certified. With two recent certifications in tropical Asia and Africa, the area of FSC-certified tropical forest has surpassed the 10 million hectares mark. This brings tropical forests to more than 13% of total FSC certified forest area.

**May 2005:** More than one Million Hectares of State Owned Forest FSC Certified in Belarus. Three FSC group certificates covering approximately 1.4 million hectares of forest have been issued to Mogilev, Grodno and Brest Regional Forest Boards in Belarus.

**May 2005: London Mayor Pledges Sustainable Wood Policy.** The Mayor of London Ken Livingstone was joined by Greenpeace Director, Stephen Tindale, at his weekly press conference, to announce that he is tightening up procurement procedures at the Greater London Authority, to ensure that timber used on Greater London Authority sites has come from responsibly managed forests.

**June 5 2006:** FSC International Approves Forest Management Standard for Finland: The FSC International Board Standards Committee approved the accreditation of Finland's first forest management standard. Finland currently has 9,490 ha certified and 7 chain of custody certificates.

**July 2006:** FSC Launches New Project Controlled Wood and Phased Approaches to Certification in the South.

**July 2006:** FSC Approves New Building Project Certification Standard, which makes it possible to promote the use of FSC-certified wood and products without requiring every craftsman or subcontractor to be certified individually. The standard's range of application is wide: from buildings, to event infrastructure, sailboats—even airports.

**August 2006:** UN Report Confirms FSC at the Forefront of Certification. The United Nations Economic Commission for Europe (UNECE) and the UN's Food and Agriculture Organization (FAO) recently published this year's Annual Market Review, 2005-2006. According to the report FSC is the world's fastest growing forest certification scheme. meters of Sapeli, Sipo and Acajou originate from the largest FSC certified forest concession in tropical Africa.

400-70 The Esplanade  
Toronto, ON M5E 1R2  
T: 416-778-5568, 1-877-571-1133,  
F: 416-778-0044  
Email: info@fsccanada.org

### FSC Canada Staff

Antony Marcil  
President & C.E.O

Martin von Mirbach  
Vice-president

Maia Becker  
Manager of Communications & Client Services

Lauren Wilson  
Markets Assistant

### Regional Standards Chairs

Jeff Amos, Maritimes

G rard Szaraz and Brian Barkley, Co-Chairs

Nicolas Blanchette, Facilitator  
Great Lakes— St. Lawrence

Troy Hromadnik, British Columbia

### FSC Canada Board of Directors 2005-2006

#### Indigenous Peoples Chamber

Russell Collier  
Bentley Cheechoo

#### Economic Chamber

William George  
Brent Rabik (Chair)

#### Environmental Chamber

Nina Winham (Vice Chair, Treasurer)  
Alan Young

#### Social Chamber

G rard Szaraz (Secretary)  
Arnold Bercov



### Acknowledgements

ALCAN/FSC IC  
ANONYMOUS DONOR  
CANADIAN BOREAL INITIATIVE  
DOMTAR  
FOREST PRODUCTS ASSOCIATION  
OF CANADA  
IVEY FOUNDATION  
METCALF FOUNDATION  
MICHAEL DE PENCIER  
NATURAL RESOURCES CANADA  
WORLD WILDLIFE FUND CANADA



## Status of FSC certification

PROVINCE	FSC-certified Area (ha)	FM certificates (#)	CoC certificates (#)
Alberta	5,490,000	1	14
British Columbia	397,836	7	45
Manitoba			4
New Brunswick	3,739	3*	3
Newfoundland			
Nova Scotia	3,056	3*	2
Ontario	8,590,146	16	79
P.E.I.	435	1*	
Quebec	3,693,231	5	45
Saskatchewan		1	
Yukon			
<b>TOTAL</b>	<b>18,178,443</b>	<b>36</b>	<b>193</b>



## Financial Report

	2006	2005
Revenue	\$ 468,976	\$ 341,496
Expenses	\$ 468,021	\$ 340,844
Net	\$ 955	\$ 652

