

# FSC Canada Annual Report 2006-2007



## Reflections from the Chair ....

As I conclude my fourth year on the Board, I am confronted with some conflicting emotions. Leaving the Board will allow me to refocus on my day job (thanks AI Pac!) and my family who have had to deal with all the time away from home. On the other hand I am extremely proud to have been associated with FSC Canada.

When I look back at where we have come from only two years ago (broke and with one staff member) to today and look to what we can achieve I know that we are on the right track. We are fortunate to have a complement of exceptional staff in Tony, Martin, Maia and Lauren that any organization would be proud to call their own. Thanks to you all for your hours above and beyond, your dedication, passion and insight. Also thanks to Bruce Lourie and the Ivey Foundation who have been our guardian angel, never interfering but always there when we need them. I would also like to express my gratitude to all members of the Board for your commitment, energy and support. We are all here because we believe in what FSC stands for and you have committed a big chunk of your personal lives to support it. Thank-you.

FSC certified forests in Canada now stand at over 20 million hectares and represent over 20% of all FSC certified forest in the world. We also have seen an amazing increase in chain of custody certificates and FSC products in the marketplace. Our success is measurable and astounding. However we still have a number of challenges including realizing our charitable status designation, creating a new National Initiatives model (with FSC US), and developing a sustainable funding model and membership. I am confident that we can continue to grow FSC Canada and meet these challenges and make FSC the premier certification system in North America.

Sincerely,

Brent Rabik  
Chair, FSC Canada

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## President's Report

The Chair's Report is indeed gratifying and a welcome message of support for FSC Canada staff. We are privileged to have been brought in at an exceptional time in the growth of FSC Canada, growth whose roots precede us. It is true to say that if we stand tall today, it is in good measure because we stand upon the broad shoulders of those who preceded us, past board members, past staff, past volunteers, past funders and members alike.

If we stand poised to make further breakthroughs in the months and years ahead, it is also in no small measure because of Brent Rabik's vision and leadership. We are all in his debt. And even more so because of his commitment to stay on to complete one task and that is the restructuring of the relationship between National Initiatives and the central FSC body.

The current business model has only worked because of the constant and loyal support of numerous philanthropic foundations in both Canada and the U.S. As FSC takes solid root in the business world, to such an extent that all the major Canadian banks use FSC-certified paper for their most prestigious shareholder documents, the foundations quite rightly expect marketplace success to translate into financial stability for FSC in Canada. Because that is not the case today, and because he so strongly believes that it is crucial that this anomaly be fixed, Brent has agreed to lead us through the crucial negotiations that will be required to re-write the FSC business model.

And while he does that, aside from some of the pressing administrative issues that need to be addressed, we will devote more of our energy to creating value for the many FSC chain-of-custody holders for whom the lack of market demand for FSC-certified wood is an important concern. If we can succeed in that task even half as well as we have on the paper side, the future of FSC in Canada should indeed be bright. Our generation is one of the few remaining that still have within their power the opportunity to make the future of our forests, and thus our own future health, brighter than it has been since before the advent of the industrial revolution.



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



## Refining FSC Standards in Canada

As experience is gained in implementing FSC standards in Canada the focus of interest is shifting, and is increasingly directed at implementing FSC requirements as well as confirming benefits of FSC on the ground and in the marketplace. FSC Canada's role in standards implementation and questions that may arise during the implementation process is limited, and eclipsed in importance by the prescribed role of applicants, by the input from interested parties who contribute to management planning in various ways, and by the certification bodies who must audit the standards. Nonetheless, there continues to be an evolving role for FSC Canada. Our priorities vary by region, depending on the status of the standard in that region as well as the extent and type of FSC implementation. We're also an important link to the development of policies and standards by FSC International; our role is to support the effective implementation of those policies in Canada. The key activities we've been involved in over the previous year are summarized below.

### Developing a Great Lakes/St. Lawrence FSC Standard

This is the region where we've had the most intense activity during the past year, because this is the last region in Canada that has yet to have an approved and accredited FSC regional standard. An initial Consultation Draft standard (combining aspects of previous drafts developed specifically for Ontario and Québec) was released in the summer of 2006 for comment as well as field-testing. Over the fall and winter there were many separate initiatives to reconcile the input we received: a Technical Committee to recommend silvicultural requirements; a Working Group on High Conservation Value Forests; and a number of specific initiatives on Aboriginal rights, including a workshop and two drafting committees. By April of 2007 the Great Lakes/St. Lawrence Standards Development Committee was ready to release a Field-Tested Draft Standard, which attracted considerable input. At a meeting in early July 2007 the Committee reviewed and discussed these comments. That meeting brought convergence on most issues, but there are still a number of matters to be addressed before the Committee is ready to submit its final recommendations for Board approval and accreditation.

### Revised Maritimes Standard

The Revised Maritimes Standard, as recommended by the Maritime Regional Steering Committee, was approved by the Board at its November 2006 meeting and submitted to Accreditation Services International (ASI) along with all the necessary documentation in February 2007. ASI had some technical concerns, which were addressed in May 2007 and we are waiting for the formal announcement of accreditation.

### Review Conditions on Boreal and B.C. Standards

The Boreal and B.C. Standards were accredited (in 2004 and 2005 respectively) with a number of Conditions attached to them. In 2007 we carried out a review of those conditions and after sharing that review with many of those who had been involved in the development of the standard we've concluded that fulfilling these conditions is not a priority for FSC Canada or our members. The conditions are generally minor and are best addressed when the standards go through a comprehensive five-year review.

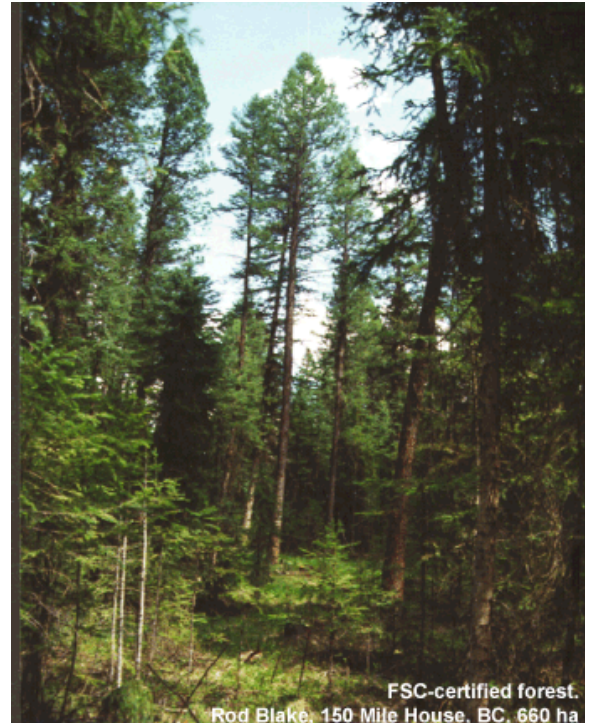
### Explaining and clarifying our standards

The responsibility for interpreting FSC standards rests with the FSC-accredited Certification Bodies, but there are circumstances when FSC Canada can play a constructive role to help encourage effective implementation of our standards. Three such initiatives from the past year are briefly outlined below.

- **FSC standards and Aboriginal Rights:** We engaged in dialogue with First Nations representatives in Ontario in 2006, and a report from that dialogue was published on our website. Further discussions took place with Algonquin representatives in Québec in April 2007. Our initial next step is to compile available information documenting FSC-certified "best practices." We recognize, however, that addressing this issue effectively requires a long-term commitment to capacity building, and we're exploring ways that we can contribute to this.

## Refining FSC Standards in Canada (cont'd)

- **Interpretation of Criterion 6.2 in the Boreal Standard:** We have received a request from SmartWood, seeking FSC Canada's confirmation of their proposed interpretation of certain requirements in the Boreal Standard pertaining to the management of species at risk. Because of the broad applicability of this interpretation we have posted the request for public review before the Board strikes an Interpretation Committee.
- **Caribou management in FSC-certified forests:** FSC Canada recognizes that the growing interest in caribou brings increased attention to how forest managers are dealing with the issue, including in FSC-certified forests. We are currently seeking input and suggestions to help define the desired outcomes of any FSC initiative relating to caribou.



### Controlled Wood

Companies that mix FSC-certified and non-certified product in the manufacture of a product carrying the "FSC Mixed Sources" label are required to control the non-certified sources to avoid:

- wood from forest areas where traditional or civil rights are violated;
- wood from forests where high conservation values are threatened;
- wood from genetically modified (GM) trees;
- illegally harvested wood; and
- wood from natural forests which have been harvested for the purpose of converting the land to plantations or other non-forest use.

We're currently compiling factual information that will help managers and forest managers to implement Controlled Wood requirements with respect to non-certified wood from Canada.

### Chain of Custody Certification

In September 2004, the FSC Board of Directors endorsed the FSC chain of custody standard (FSC-STD-40-004) for companies manufacturing FSC-certified products. During 2005, FSC International was mandated to monitor the uptake of the new standard, and to conduct a review. In 2006 and 2007 FSC conducted public consultations and meetings of the FSC Technical Working Group on Chain of Custody to develop a final draft of the standard (Version 2, Draft 3). This draft is open for comment until October 2007, after which time all comments will be reviewed, and a final draft will be presented to the FSC Board of Directors for their approval.

### 2006 AGM motion on standards policies

At last year's AGM a motion was passed to ensure the transparency and accountability of FSC Canada's policies. The substantive elements of that motion had already been addressed earlier in 2006. The motion also called for us to seek member feedback on our existing policies, which we've done. No recommendations were submitted, although we continue to welcome suggestions on refining and improving our policies.

Further information about all of these initiatives is available on FSC Canada's website, at [www.fscCanada.org](http://www.fscCanada.org)

## Growth in Key Markets

In the early years of the Forest Stewardship Council (FSC) Canada, standards development was the order of the day, and functioning markets for FSC-certified products remained a dream for the future. Today that future is becoming closer to reality.

FSC certification in Canada is emerging in the form that it was intended - as a market transformation mechanism for responsible forest management. This is particularly true for FSC-certified papers and printing, which have exploded onto the market in the past two years, and more recently have moved from the status of 'novelty' to 'necessity'.

While markets for FSC-certified wood products have lagged behind paper markets, significant headway is being made through dedicated research and focused initiatives aimed at addressing the challenges of this complex and diverse sector.



### FSC-Certified Paper

An increase in market awareness and demand for FSC-certified paper products has resulted in an increase in the range of paper products available (66% increase since Sept 2006), and in the number of FSC-certified print service providers (250% increase since Sept, 2006).

Market demand for FSC-certified paper is evident in the growing list of companies purchasing and printing on FSC-certified papers. This past year has seen commitments by the Bank of Montreal, CIBC, Ernst & Young, Gap, Government of Ontario, Mattel, Scholastic Inc., Toronto Hydro, Victoria Secret, Warner Music, and Williams Sonoma to name a few.

The impact of FSC certification on the printing sector is illustrated by the fact that in Canadian Printers' listing of Top Printers (2007), 70% of the top 20 printers are FSC-certified. In addition, at the second annual PrintAction Environmental Printing Awards in February 2007, thirteen of the twenty-nine awards were presented to FSC-certified printers, including all three *Most Environmentally Progressive Printer in Canada* awards.

The momentum for FSC-certified paper and printing has been building for several years. What has happened in the past year, however is that the corporate sector consumers are not only occasionally requesting, but *requiring* FSC-certified paper and printing. This market demand creates positive feedback through the supply chain to printers, paper merchants, paper producers, pulp mills and forest managers, demonstrating that there are opportunities and benefits to FSC certification. In moving forward FSC needs to ensure that the

supply of FSC-certified paper can meet the growing demand. This requires the certification of new forest management areas to increase the availability of FSC-certified pulp. This also requires that paper specifiers, (i.e. graphic designers and print managers), understand the process involved in managing an FSC project, from product sourcing all the way through to labelling.

### FSC-Certified Wood

The past year has seen some positive transformation within the market for FSC-certified wood products. There remain however significant work to be done in increasing availability of FSC-certified products, and in connecting the existing demand and supply of FSC-certified wood products.

Over the past year there has been a 60% increase in the number of FSC-certified sawmills, a 150% increase in the number of FSC-certified wood product manufacturers, and most remarkably, a 200% increase in the number of distributors or retailers of FSC-certified products. Of particular impact is the certification of distributors such as Matériaux Coupal (QC), Nicholson and Cates (ON), and Green Works Building Supplies Inc. (BC) that are able to service key urban markets. Availability remains an issue for certain products, which creates shortages and inability to meet existing demand in certain markets.

The LEED green building rating system continues to be the major driver of market demand for FSC-certified wood products. However, the number of projects using FSC-certified products has not risen proportionally to the number of new LEED projects. With the release of the LEED for Homes standard in 2008, the coming year will be particularly important in connecting LEED building projects with FSC-certified wood products.

# Highlights

## FSC CANADA

**August 23, 2006:** The FSC-certified integrated forest company, Domtar merges with Weyerhaeuser to create the largest fine paper manufacturer in North America, and the second largest in the world.

**September :** Over a million copies of the Home Depot's EcoOptions Magazine is printed on FSC-certified paper, and features an article of FSC-certified wood.

**September 28 & 29, 2006:** FSC Canada attends IDEX NeoCon Exposition and Conference attended by over 15,000 interior designers, architects, engineers, and manufacturers.

**September 29, 2006:** The first Annual FSC *Winds of Change* Award is presented to Mr. Raymond Royer, President and C.E.O., Domtar Inc. by Mr. Pierre Corbeil, Minister of Natural Resources and Wildlife, Government of Québec at an Award Ceremony and Gala Dinner held in Montreal.

**September 29, 2006:** The FSC Business Forum, *Certified Paper: Cents and Sustainability* featuring keynote speaker Bob Willard, author of 'The Sustainability Advantage' is hosted in Montreal, QC.

**October 3-6, 2006:** FSC Canada hosts three workshops in Western Canada for 180 graphic designers, paper specifiers, printers and end-users.

**October 2006:** The Printing House Ltd., the first nationwide instant printing company in Canada certifies over 70 locations.

**October 2006:** Domtar receives FSC-certification for the 1.2 million hectare Spanish Forest

**November 1, 2006:** All 265 locations of STAPLES Business Depot stores in Canada carry FSC-certified photo, inkjet, laser and multipurpose Domtar EarthChoice papers.

**November 2, 2006:** FSC Canada hosts seminar for graphic designers at Designthinkers 2006

**November 7, 2006:** Dell announced it is sourcing between 15 and 20 percent of paper from FSC-certified sources.

**December 6, 2006:** ForestEthics and Limited Brands reach agreement to source FSC-certified papers for the Victoria Secret catalogs.

**December 9, 2006:** Tembec achieves FSC-certification of 640,000 ha of forest in Cranbrook and Kootenay Lake, B.C. This brings Tembec's total area certified to FSC standards to 8.6 million hectares, or 90% of the forests managed by the company.

**January 2007:** FSC Canada introduces *Paper Check*, a monthly newsletter specific to the paper and print market.

**February 09, 2007:** Warner Music Group announces an industry-leading effort to use FSC-certified packaging.

**February 22, 2007:** Thirteen of the 29 awards presented at the PrintAction Environmental Printing Awards go to FSC-certified printers and paper manufacturers, including all three of the Most Environmentally Progressive Printer in Canada (100+ employees) awards.

**March 5, 2007:** Fortune Magazines includes a special section, developed in partnership with FSC-US that discusses how companies can support the responsible management of forests by using FSC-certified paper.

**March 13, 2007:** A report by NBC 4 news tells Americans they can go green by specifying and purchasing FSC-certified paper.

**March 20, 2007:** Scholastic Inc. makes the largest ever commitment to FSC-certified paper. Sixty-five percent of the 16,700 tons of paper used in the first U.S. printing of Harry Potter and the Deathly Hallows is FSC-certified.

**March 26, 2007:** Supremex, a national envelope converter announces the launch of a new line of Forest FSC-certified stock envelopes.

**March 30, 2007:** Over fifty representatives from B.C.'s forest industry, small operators, First Nations, environmental community, and labour groups attend an event to show their support for the FSC B.C. forest management standard.

**April 2007:** A Great Lakes/St. Lawrence Field-Tested Draft Forest Management Standard is released for comment.

**May 2007:** The Revised Maritime Standard is approved by the FSC Canada Board of Directors and submitted to Accreditation Services International (ASI) for accreditation.

**May 29, 2007:** Taylor Label becomes the first FSC-certified label producer in North America.

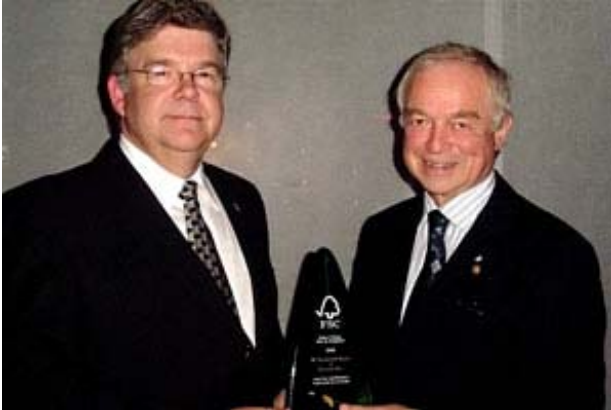
**June 2007:** Provincial and municipal governments certify their print shops in B.C. and Toronto.

**June 28, 2007:** The first home to receive LEED Platinum under the new LEED for Homes standard incorporates FSC-certified wood in the design and construction of the kitchen.

**August 6, 2007:** Domtar announces the FSC certification of 615,226 ha of land in the Ontario White River Forest.

**September 5, 2007:** The Ontario Government commits to procuring FSC-certified products for at least 30 per cent of all virgin paper purchased for its offices, as well as other uses as appropriate.

## Highlights (cont'd)



Presentation of the 2006 FSC *Winds of Change* Award by Mr. Pierre Corbeil, Minister of Natural Resources and Wildlife, government of Quebec.



Dec.6, 2006: Tembec certification in B.C.



Nov. 2006: FSC Canada exhibit at Print World 2006

## FSC INTERNATIONAL

**November 29, 2006:** The Plantations Review committee submits its final report for comment.

**December 7, 2006:** After securing the first FSC certification for 1 million ha in 2005, Romania aims to further promote responsible forestry by providing tax incentives for responsible forestry practices.

**December 11, 2006:** The FSC Board Standards Committee accredits the Colombian forest management standard for Guadua (Bamboo).

**January 30, 2007:** xpedx, North America's largest distributor of printing papers, announces its achievement of FSC chain-of-custody certification for all U.S. locations.

**February 26, 2007:** The Bulgarian Ministry of Agriculture and Forestry announces it will certify, in the next five years, 30 per cent of the country's state-owned forests, or one million hectares, to FSC standards.

**March 2007:** The world's first construction project to be fully certified to FSC's Project Certification Standard is completed by Hollybrook Homes, in East London, England.

**March 26, 2007:** Thirty-eight corporations from the Dutch Housing Association commit to build 100,000 houses in the next five years using FSC-certified timber, which comprises 25 per cent of the total number of houses to be built in the Netherlands during this time.

**April 2007:** FSC International releases for comment FSC's Global Strategy .

**May 2007:** FSC International approves the 'FSC Requirements for the Promotional use of the FSC trademarks by FSC certificate holders and non-certified commercial organizations', FSC-TMK-50-201.

**May 21, 2007:** The U.K's Co-op Food Retail chain is the first European retailer to supply its entire house-brand household paper line as FSC-certified.

**June 25, 2007:** FSC International accredits the Forest Certification Working Group in China as the country's official FSC National Initiative (FSC China). This brings the number of FSC accredited National Initiatives to 43 globally.

**June 29, 2007:** Two new FSC standards, "Multi-site Certification of Chain of Custody Operations" (FSC-STD-40-003) and "Accreditation Standard for Chain of Custody Evaluations" (FSC-STD-20-011), are approved.





## Status of FSC certification

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### FSC Canada Board of Directors 2006-2007

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Bentley Cheechoo  
Russell Collier

#### Economic Chamber

Dick Kouwenhoven  
Brent Rabik (Chair)

#### Environmental Chamber

Richard Brooks  
Alan Young (Vice Chair)

#### Social Chamber

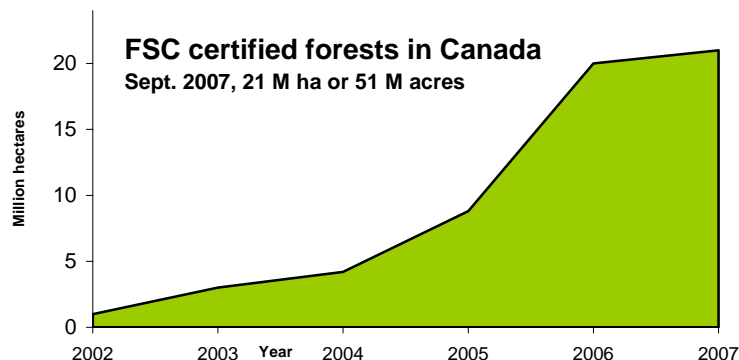
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Michael dePencier  
Natural Resources Canada  
Ontario Trillium Foundation  
World Wildlife Fund Canada

PROVINCE	FSC-certified Area (ha)	FM certificates (#)	CoC certificates (#)
Alberta	5,490,000	1	18
British Columbia	577,295	8	63
Manitoba			7
New Brunswick	3,739	3*	4
Newfoundland			
Nova Scotia	3,056	3*	2
Ontario	10,671,143	17	131
P.E.I.	435	1*	
Quebec	4,448,580	6	76
Saskatchewan			1
<b>TOTAL</b>	<b>21,194,248</b>	<b>39</b>	<b>302</b>



## Financial Report

	2007	2006
Revenue	\$ 778,216	\$ 468,976
Expenses	\$ 776,341	\$ 468,021
Net	\$ 1,875	\$ 955

