FSC-certified Forests in Canada
39 million ha certified, 7.6 pursuing certification

For more information contact The Forest Stewardship Council (FSC) Canada at:
www.fsc.canada.org, T: 416-778-5568 x26, E: info@fsc.canada.org
President’s Report

Operational Developments

One very visible development is that at the beginning of the year we moved from our Esplanade location near the St. Lawrence Market, where we had shared office space with Michael De Pencier, Key Publishers, Green Living Enterprises and Investeco for five years. Although we moved to space within the WWF Canada offices, it is just recently that we secured a commitment that provides us with at least 12 more months within their offices at Eglinton Avenue and Mt. Pleasant in the heart of Toronto. On behalf of all our members, board and staff, I take this opportunity to thank WWF Canada for the exceedingly short notice upon which they offered us a roof over our heads and for the hospitality extended since we moved in on December 17th.

In terms of our mandate to bring value to certificate holders by expanding the demand for FSC-certified products, progress is steadily upwards. As may be seen in the accompanying charts, the FSC-certified forest area in Canada continues to increase and will hit 40 million hectares (100 million acres) before the end of 2010. The FSC Chain of Custody certificates also continue to multiply and should be just over 1,000 by year-end. Where those numbers will be in another year will be influenced by many factors. These factors include, the formal tenure reform process in Ontario and Quebec, as well as a less formal process in B.C., the continued advance of the Mountain Pine Beetle, economic conditions in general, and factors associated with the Canadian Boreal Forest Agreement. While in the long-term the CBFA may prove to be a shot-in-the-arm for FSC, the short-term has seen somewhat of a wait-and-see attitude among companies that have their hands full working out their new FPAC commitments under the CBFA. In the meantime, there is also some wait-and-see occasioned by the first-ever review of the FSC Principles and Criteria, which should be completed at the end of Q1 of 2011, and the impact of that on the regular five-year reviews of the Boreal and B.C. Standards.

As always, there is never any time lost wondering what to do next around the FSC Canada office since with the growth in both FM and CoC certificates, the list of clients to serve expands continuously. Add to that the closer involvement with FSC US, FSC members, board, stakeholders and the media, and this has become one very busy office.

Antony Marcil
President and C.E.O., FSC Canada
## Status of FSC certification as of September 2010

<table>
<thead>
<tr>
<th>Province</th>
<th>FSC-Certified (ha) Area</th>
<th>FM Certificates (#)</th>
<th>CoC Certificates (#)</th>
</tr>
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<tbody>
<tr>
<td>Alberta</td>
<td>5,490,000</td>
<td>1</td>
<td>48</td>
</tr>
<tr>
<td>British Columbia</td>
<td>2,722,099</td>
<td>7</td>
<td>124</td>
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<tr>
<td>Manitoba</td>
<td>900,157</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>577</td>
<td>1</td>
<td>7</td>
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<tr>
<td>Nova Scotia</td>
<td>736,910</td>
<td>5</td>
<td>22</td>
</tr>
<tr>
<td>Ontario</td>
<td>11,456,079</td>
<td>18</td>
<td>452</td>
</tr>
<tr>
<td>Quebec</td>
<td>16,158,951</td>
<td>24</td>
<td>280</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>1,831,964</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39,297,094</strong></td>
<td><strong>59</strong></td>
<td><strong>966</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.

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**FSC-Certified Forests in Canada**

- Million Hectares on the Y-axis vs. Years on the X-axis.

**FSC-Certified CoC Holders in Canada**

- Graph showing different categories (Printers, Publishers, Print Brokers, Papers, Manufacturers, Distributors/Wholesalers, Sawmills) with data points for years 2005 to 2010.

**FSC-certified Forests in Canada (39 million ha certified, 7.6 pursuing certification)**

- Map showing certified forests across Canada.

Thank you very much to WWF Canada for providing the above map.
Implementing FSC Standards in Canada

Expansion of FSC-certified Forest Area

Since the certification of the first FSC-certified forest in Canada in 1998 (Haliburton Forest, SW-FM/COC-000033), Canada has become the world leader in FSC certification. With an area of 39 million ha (97 million acres), Canada is home to 32% of the world's FSC-certified forests.

In the past year, Canada's FSC-certified forest area increased by 38%. With its certification in 2009, the Coast Forest Conservation Initiative (SW-FM/COC-004570), also known as 'The Great Bear Rainforest', became the largest FSC-certified forest in coastal BC. In the same year, the Abitibi Bowater certification (SW-FM/COC-004525) of 2.4 million ha represented the largest FSC Forest Management certification in Quebec, and the second largest in Canada.

Beyond the 11.9 million ha of new certificates granted in the year since our last Annual Report, commitments have been made to FSC certify an additional 7.6 million ha.

Revision of the FSC International Principles and Criteria

For the first time since their adoption, in 2008 FSC began a complete revision and review of the FSC Principles and Criteria (P&C). The FSC Principles and Criteria describe how forests are managed to meet the social, economic, ecological, cultural and spiritual needs of present and future generations. In 2010, the third draft of the P&C was made available for comments, and the final draft will be released in early 2011 for vote by the FSC membership. Once approved by the membership, all regional Forest Management standards will begin to transition to the new Principles and Criteria.

New FSC Trademark Standard for FSC Certificate Holders

The FSC International Board of Directors has approved (March 2010) a new ‘Trademark Standard for Certificate Holders’ (FSC-STD-50-001), which covers requirements for on-product labeling, promotional use of the trademarks and graphical requirements.
Implementing FSC Standards in Canada cont’d

Report of Recommendations on Species at Risk in the National Boreal Standard

To inform the upcoming revision of the National Boreal Forest Management Standard (accredited in 2004), FSC Canada established a Science Panel to recommend potential revisions with regards to Species at Risk (SAR).

The impact of forest management practices on SAR, and particularly caribou, has emerged as an issue of significant debate in Canada. Populations of woodland caribou are at varying degrees of risk and particularly sensitive to habitat disturbance. Considering the concern among many FSC customers and stakeholders regarding the impact of forestry operations, providing clear and consistent direction on this issue is of particular importance. The peer-reviewed Science Panel Report of Recommendations was released in July 2010, and is available at www.fsccanada.org/borealstandardrevision.htm.

Canadian Boreal Forest Agreement (CBFA) Adopts FSC as the Standard of Reference

In May 2010, the Forest Products Association of Canada (FPAC) and nine environmental organizations pledged to ‘the highest environmental standards of forest management’. In the agreement, FPAC members committed to setting ‘on-the-ground application of the existing FSC National Boreal Standard’ as the reference point for 72 million hectares of Canadian forests.

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.

FSC regional Forest Management Standards must be formally accredited by FSC International to be used as the standard against which a forest is audited by Certification Bodies. In October 2010, FSC Canada began work to develop a final draft GLSL Standard to be recommended for accreditation to FSC International.
Growth in Key Markets

FSC Paper and Printing

The number of FSC-certified papers available in Canada has increased from as few as three papers in 2005, to 370 FSC-certified papers in the Canadian marketplace as of September 2010. This represents a remarkable 1670% growth in availability over a five-year period.

Market demand for FSC-certified paper is evident in the growing list of companies purchasing and printing on FSC-certified papers. The past year alone has seen commitments by the City of Quebec, Costco, IKEA Canada, Montreal Gazette, and Unilever to name a few.

In September 2009, after nearly a decade of certifying their forest land and facilities to FSC standards, Domtar Corporation sold its millionth ton of FSC-certified paper. Domtar Corporation manufactured its first ton of FSC-certified EarthChoice paper in 2002 and now has 6 FSC-certified Forest Management Certificates, 7 Chain of Custody Certificates and over 27 FSC-certified papers available in Canada.

Indigo Books & Music Inc., Canada’s largest bookseller is the first book retailer to require their suppliers to identify whether a book contains FSC-certified papers and/or post consumer recycled content. As of 2009, Indigo shares this information with consumers through their website and in-store kiosks, where customers can view data on the environmental impact of the books they purchase.

FSC Wood and Green Building

Despite a slow-down in the North American construction sector, the past year has seen continued growth in the number of FSC-certified wood product suppliers in Canada, with 450 companies providing a range of FSC-certified materials. The greatest increase is seen in the number of sawmills, up 37% since early 2009, with the number of FSC-certified manufacturers up by 19% and distributors up by 16%.

It is not only the number of FSC-certified wood product suppliers that has increased over the past year, but the range of products available as well. For example, the past year has seen the introduction of FSC-certified acoustic ceiling tiles by CHC Inc (SW-COC-005064); Combat Sports Group (QMI-COC-001085) became the first manufacturer of FSC-certified baseball bats; and Ecoware Biodegradables (CU-COC-813650) became the first manufacturer of FSC-certified wooden cutlery.

Rising demand for FSC-certified products stems from the continuing growth of the green building sector, and a recognition by consumers of the benefits and value of FSC certification. This market transformation is supported by companies such as RONA, who in 2008 announced a preference for FSC-certified products. Starting in 2010, five RONA stores exclusively offer FSC-certified softwood lumber and 13 locations are FSC-certified.

The world’s largest exporter of forest products and a leader in FSC certification, Canada demonstrated its commitment to sustainability and took center stage during the 2010 Vancouver Olympics. The RONA-VANOC fabrication center became FSC Chain of Custody certified in order to provide FSC-certified wood products to the Athlete Housing Village, the Paralympic Centre and other venues.

The green building sector continues to be a major driver of demand for FSC-certified wood products in Canada and the US. The LEED® rating system, which provides credits to buildings using FSC-certified wood products showed 60% growth in 2009. In further support of their recognition of FSC, the Canada Green Building Council (CaGBC) clarified in June 2010 that only wood products purchased from an FSC Chain of Custody (CoC) certified supplier is eligible for LEED credits.
**Highlights**

**September 2009:** FSC conducts consultation meeting for First Nations regarding FSC Principles & Criteria.

**September 2009:** Domtar sells its one millionth ton of FSC-certified paper.

**September 2009:** FSC Canada participates in the IIDEX NeoCon Tradeshow and Conference.

**October 2009:** RONA announces 5 store locations to exclusively offer FSC-certified softwood lumber.

**October 2009:** FSC Canada participates in Canadian Printing Industries Association seminar ‘Making the most of your FSC certification’.

**October 2009:** Kimberly-Clark begins labeling FSC-certified tissue and towel products in North America.

**October 2009:** Quebec launches support program for Chain of Custody certification in wood products sector.

**November 2009:** FSC Canada exhibits at DesignThinkers, an annual conference and tradeshow for the Association of Registered Graphic Designers of Ontario.

**November 2009:** Indigo Books & Music Inc. becomes the first book retailer to require suppliers to identify whether books contain FSC-certified papers.

**November 2009:** Dell Inc. offers customers FSC-certified bamboo packaging for computer products.

**November 2009:** FSC Canada launches second annual FSC Gift Guide.

**December 2009:** AbitibiBowater (SW-FM/COC-004525) receives FSC-certification for 2.4 million ha, the largest FSC-certified forest in Quebec.

**December 2009:** FSC Canada participates at the Pan American Laminates Conference.

**December 2009:** Coast Forest Conservation Initiative (SW-FM/COC-004570) receives FSC-certification for 846,395 ha, the second largest FSC-certified forest in B.C.

**December 2009:** Neil Young’s FSC-certified CD cover nominated for Grammy Music Award.

**January 2010:** Office Depot announces top-selling recycled copy paper is FSC-certified.

**January 2010:** In order to inform the National Boreal Standard Revision process, FSC Canada establishes Science Panel to provide recommendations on how to address Species at Risk, such as woodland caribou.

**February 2010:** Fifth Town Artisan Cheese Company first dairy to receive the Certified Wood credit as part of LEED certification.

**February 2010:** NewWay Tools launches hammers with FSC-certified bamboo handles.

**February 2010:** Kruger Inc (SW-FM/COC-004672) receives certification for 1,572,128 ha in Quebec.


**March 2010:** Vancouver 2010 Olympic Venues awarded Good Wood Award by Greenpeace, Sierra Club of Canada BC Chapter, West Coast Environmental Law and Wildsite for use of FSC-certified Wood in Olympic venues.

**March 2010:** FSC Canada introduces ‘Standards & Policy’ and ‘Public Notice’ E-notification updates.

**April 2010:** FSC Canada exhibits at 4th annual Green Living Show.

**April 2010:** FSC-certified printers come out on top at PrintAction’s 5th Annual Environmental Printing Awards. 70% of award winners are FSC-certified.

**April 2010:** Produits Forestiers Arbec (QMI-FM/COC-001087) receives FSC-certification for 1,168,744 ha in Quebec.

**May 2010:** Nova Scotia, Department of Energy, encourages private woodlot owners to obtain FSC certification.

**May 2010:** Canadian Boreal Forest Agreement Adopts FSC as the Standard of Reference.

**June 2010:** FSC Canada exhibits at CaGBC Annual Summit.

**June 2010:** FSC Canada participates in PaperSpecs webinar on ‘Understanding the New FSC Labels’.

**June 2010:** CaGBC encourages all Canadian wood product manufacturers and distributors to achieve FSC Chain of Custody certification.

**July 2010:** One of the largest consumer products companies, Unilever, adopts paper sourcing policy specifying FSC-certified materials for virgin fiber needs.

**August 2010:** La Compagnie Abitibi Consolidated du Canada (SW-FM/COC-005038) receives FSC-certification for 1,741,850 ha in Quebec.

**August 2010:** Association des intervenants forestiers des Hautes-Laurentides (SW-FM/COC-005043) receives FSC-certification for 1,068,154 ha in Quebec.
Financial Report

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<th>FY 2009</th>
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<tr>
<td>Revenue</td>
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<td>Expenses</td>
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<td>$334,793</td>
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<tr>
<td>Net</td>
<td>$27,261</td>
<td>$(8,578)</td>
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Revenue

- Membership: 11%
- Workshops and Others: 15%
- Donations: 3%
- Foundation & Corporate Grants: 71%

Expenses

- Administration: 9%
- Communication: 35%
- Policy and Governance: 22%
- Standards Development: 34%
- Other: 34%

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