



**FSC®
CANADA
2018
ANNUAL
REPORT**

BOARD OF DIRECTORS



Having been newly elected to the FSC Canada Board of Directors in November 2017 and being relatively new to the governance and administration of FSC both International and Canada, it has become very apparent that the FSC system, the passion of the members and stakeholders across chambers create a very powerful and unique body that delivers on the desire to keep our forests for all forever.

As an Indigenous Forest Professional currently practicing in Ontario, my observation is the world is changing and the shift revolves around people and environment recognizing that without either there is no forest economy and sustainability becomes an afterthought. On the cusp of implementing a new Forest Management Standard and a National Controlled Wood Risk Assessment - this change is set to accelerate.

With great change comes great responsibility. The launch of the new Forest Management Standard in Canada will require the full embrace of its implementation from all four chambers and our work, its results, will have global significance.

- David Flood, Board Chair

PRESIDENT



After a multi-year consensus building process, it is with extreme pride that we will remember 2018 as the year we turned the page to finalize our national new forest management standard in Canada. It was conditionally approved in October 2018 by FSC International and the approval process was recently finalized, just in time for the 2019 Annual General Assembly. This is a historic moment to celebrate. It is truly a breakthrough for the Canadian forest sector providing long awaited solutions to address pressing issues for the 21st century responsible forestry in this country.

We are eager to implement key features of the standard such as Free, Prior and Informed Consent to uphold Indigenous rights, and Species at Risk (woodland caribou) which represent a new foundation for a new era for the FSC certification in Canada. Going forward, we will keep developing solutions for Indigenous Cultural Landscapes and Intact Forest Landscapes which will be integrated within the new standard with a stepwise approach over the next couple of years.

Another significant achievement in 2018 is in relation to the National Controlled Wood Risk Assessment (NRA). After reaching consensus, two public consultations were carried out in 2018 and the final version of the NRA was completed in December 2018. We expect to finalize the approval of the NRA in time for its implementation at the end of June 2019.

2018 also marked the creation of the FSC regional coordination team for North America. A joint FSC Canada and FSC US board meeting was held in Montreal in March 2018 in order to set strategic priorities for our region. Clearly, we want to demonstrate concrete impacts on the ground going forward and to create market uptake regionally. It marked a strong commitment to further develop the presence of FSC in North America, particularly with regards to the solid wood market.

Over the coming year, in collaboration with FSC US, FSC Canada is now in position to spearhead this transition towards a market development focus for North America. We will continue to work hard to add value to forests and businesses that share our vision, and to build awareness and support with consumers.


- Francois Dufresne, President, FSC Canada



FSC CERTIFICATION

53.9 million
hectares of FSC-certified forests in Canada

200.9 million
hectares of FSC-certified forests worldwide

 **1.3**
million
hectares less
than last year

16%
of Canada's forests
are FSC certified

5/10
of the largest global
FSC-certified forests
are in Canada



1.4 million
hectares
BRITISH COLUMBIA

16.6 million
hectares
ONTARIO

5.9 million
hectares
ALBERTA

23.2 million
hectares
QUEBEC

1.8 million
hectares
SASKATCHEWAN

2.0 million
hectares
MARITIMES

633
Chain of custody certificates in Canada

35,772
Chain of custody certificates worldwide

78
CoC Certificates
BRITISH COLUMBIA

37
CoC Certificates
ALBERTA

10
CoC Certificates
SASKATCHEWAN

15
CoC Certificates
MANITOBA

259
CoC Certificates
ONTARIO

210
CoC Certificates
QUEBEC

8
CoC Certificates
NEW BRUNSWICK

16
CoC Certificates
NOVA SCOTIA



A FORESTRY FIRST IN NIAGARA

Paul, his wife Denice and their two sons Reid and Blair, became farmers when they bought a century farm with a 60 acre hardwood forest in Niagara Falls. Paul and Denice began exploring and experimenting with the forest and agricultural opportunities provided by a rural property and have since certified their 22.2 hectare forest to FSC's forest management standards.

"Our interests in and respect for the Peninsula's unique hardwood forests has motivated us since we first purchased the property," said Paul Robertson. "Forest certification under the EOMF Program provides us with an assurance that we are actively part of the much larger process of insuring all stages from growing to consuming forest products are sustainable and based on best management practices."

Cooks Mills Farms is comprised of three separate farms located east of Welland. The Robertsons purchased the first farm in 1998. Over the next 19 years they added two more properties and were kept very busy with the preparation of a Farm Stewardship Plan, stand improvement harvests, tree planting, removal of Emerald Ash Borer infected ash trees, trail improvements, control of invasive species and wildlife habitat improvements.

The farm is the first FSC-certified woodlands in the Niagara Peninsula and the addition of Cooks Mills Farms adds to the growing list of private woodlots now certified under the Eastern Ontario Model Forest's (EOMF) Certification Program.

Jim Hendry, forest certification coordinator for the EOMF views forest certification as an important tool to implement sustainable forest management. "Independent international standards are accountable and ensure credible forest management activities for the woodlot owner and forest product consumers. Managing our forests to a world class standard while providing FSC certified wood to local mills is both good for the environment and the local economy. The certification of Cooks Mills Farms will hopefully lead to a greater awareness of the importance of forests and a network of certified forests throughout the Niagara Peninsula" said Jim.

As of 2018, the EOMF Forest Certification Program included 120 private woodlot owners, 14 community forests, two private commercial forest owners and six maple syrup producers totaling over 83,000 hectares or 205,000 acres.



EXPANDING BRAND VALUE & MARKETS

The continued evolution of FSC as a strong and recognizable brand in the marketplace is essential to increasing the demand for FSC certified products and strengthening the market benefits for existing and prospective participants in the FSC system.

CONNECTING WOOD SUPPLIERS AND BUYERS

In September 2018, FSC US and FSC Canada launched a new digital campaign to promote FSC in construction to better serve those interested in using responsibly-sourced wood products in construction. The new FSC North American website aims to attract architects, property developers, contractors and interior designers looking for FSC wood products.

SUPPORTING BUSINESSES IN THEIR EFFORTS TO SELLING AND SOURCING FSC PRODUCTS

In January 2018, FSC Canada launched new resources for businesses and certificate holders on the FSC Canada website. The new resources include sections on responsible procurement, marketing with FSC, market reports, and downloadable brochures and fact sheets.

GOING WILD FOR FSC AT THE CALGARY ZOO

Over the summer, FSC worked with The Calgary Zoo to encourage visitors to be forest friendly with FSC. The Calgary Zoo hosted a FSC campaign asking guests to pledge to choose FSC branded toilet paper. The zoo saw over 17,000 participants who encouraged consumers to use their shopping power to help forests and the animals that inhabit them.

CREATING CONSUMER AWARENESS AT THE GREEN LIVING SHOW

FSC Canada exhibited at the Green Living Show, Canada's largest consumer show dedicated to all things green, from April 6-8, 2018, attracting over 30,000 consumers that are interested in green products and services. Visitors to the FSC Canada booth were greeted with a variety of FSC-certified products and educational materials, helping consumers better understand what FSC means and showcasing how consumers can find the FSC label on household items.

EARTH DAY CELEBRATIONS WITH PROCTOR & GAMBLE

To celebrate Earth Day, Proctor and Gamble (P&G), FSC Canada, WWF Canada and other organizations came together at the P&G Toronto office for a sustainability fair. Over 130 P&G employees took part in the fair where they could stop by the FSC kiosk and learn more about what FSC does and about P&G's commitment to sourcing 100% FSC-certified fibre for their Bounty, Charmin and Puffs tissue products.

SUPPORTING RESPONSIBLE FORESTRY ON FSC FRIDAY

On Friday September 28th, 2018, FSC Canada and hundreds of different organizations around the world celebrated FSC Friday, an annual event designed to raise awareness of FSC and responsible forest management.

FSC Canada encouraged certificate holders and other stakeholders to engage in FSC Friday in a variety of ways. We developed a section on the FSC Canada website with Ideas on how to celebrate FSC Friday and a social media toolkit with assets that could be downloaded and shared on a company or individual's twitter or Facebook pages.

THE WORLD'S LARGEST FSC-CERTIFIED FOREST WELCOMES THE WORLD'S LARGEST BOREAL PROTECTED NETWORK TO THE NEIGHBOURHOOD



Alberta-Pacific Forest Industries Inc. (Al-Pac) and the Forest Stewardship Council (FSC) welcomed the creation and expansion of five wildland provincial parks in northeast Alberta. This is the largest addition to the Alberta Parks system in its history, and collectively creates the largest contiguous protected boreal forest in the world.

Alberta-Pacific Forest Industries Inc., located in Boyle, Alberta, currently manages the world's largest contiguous FSC-certified forest at 5.9 million hectares, which now borders with the new 6.7-million-hectare protected network. Jointly these two land bases boast an impressive 12.6 million hectares of socially and environmentally responsible forest operations and management.

"Al-Pac has long recognized the importance of conservation areas as an integral part of managing human activity in the boreal forest for the long-term benefit of both biodiversity and the economy."
– Dr. Elston Dzus, Forest Ecologist, Al-Pac

Protected areas and working landscapes are complementary to each other, and an integral component of a landscape solution to conservation. Through FSC-certification, Al-Pac has been able to deliver positive environmental and social impacts, and engage communities in its forest management planning. Al-Pac's environmentally responsible operations include implementing an ecosystem-based forest management system to maintain biodiversity, and a commitment to identify and promote candidate conservation areas for consideration by local governments. Al-Pac had deferred harvest from more than 200,000 hectares of forest; part of this area is now included in the world's largest protected network.

These combined land bases provide a solution space for caribou conservation and consultation with Indigenous peoples. FSC Canada is currently revising its Forest Management Standard which will include indicators on managing species at risk to the realities in Canada in 2018.

"How to address the effects of forest management practices on woodland caribou has emerged in recent years as an issue of significant debate in Canada. Populations of woodland caribou are particularly sensitive to habitat disturbances and act as a flagship species in Canada's boreal. This means that they reflect the health of the boreal forest as a whole," explains Francois Dufresne, President, FSC Canada. As a result, FSC Canada has drafted an indicator dedicated entirely to woodland caribou to help in the conservation of this very important species while ensuring viable implementation on the ground.

"Al-Pac continues to be a proponent of developing collaborative solutions to integrated land management and caribou conservation. In addition to the Government of Alberta seeking additional time on the range planning file, the new protected network will assist in allowing us to examine innovative, cross sector strategies to address the many interrelated factors involved in the complex issue of caribou conservation." - Margaret Donnelly, Forest Ecologist, Al-Pac.

STRENGTHENING OUR POLICIES & STANDARDS

HEADING TO THE FINISH LINE ON OUR NATIONAL FOREST MANAGEMENT STANDARD

FSC has certified over 200 million hectares globally, with over 50 million hectares in Canada. As the country with the largest amount of FSC-certified forests in the world, the revision of our national forest management standard becomes that much more important to the global system.

In 2018, FSC Canada reached a critical milestone as the Standards Development Group and the FSC Canada Board of Directors reached momentous consensus on the national forest management standard. In follow-up, the standard was submitted to the Policy and Standards Committee of FSC International for approval.

After five years of rigorous consultation with industry, environment, social stakeholder and indigenous groups. The new standard will address the most pressing issues facing Canadian forests now, including Woodland Caribou, Indigenous Peoples' Rights, Workers' Rights including Gender Equity, Landscape Management and Conservation.

DEVELOPING A NATIONAL CONTROLLED WOOD RISK ASSESSMENT

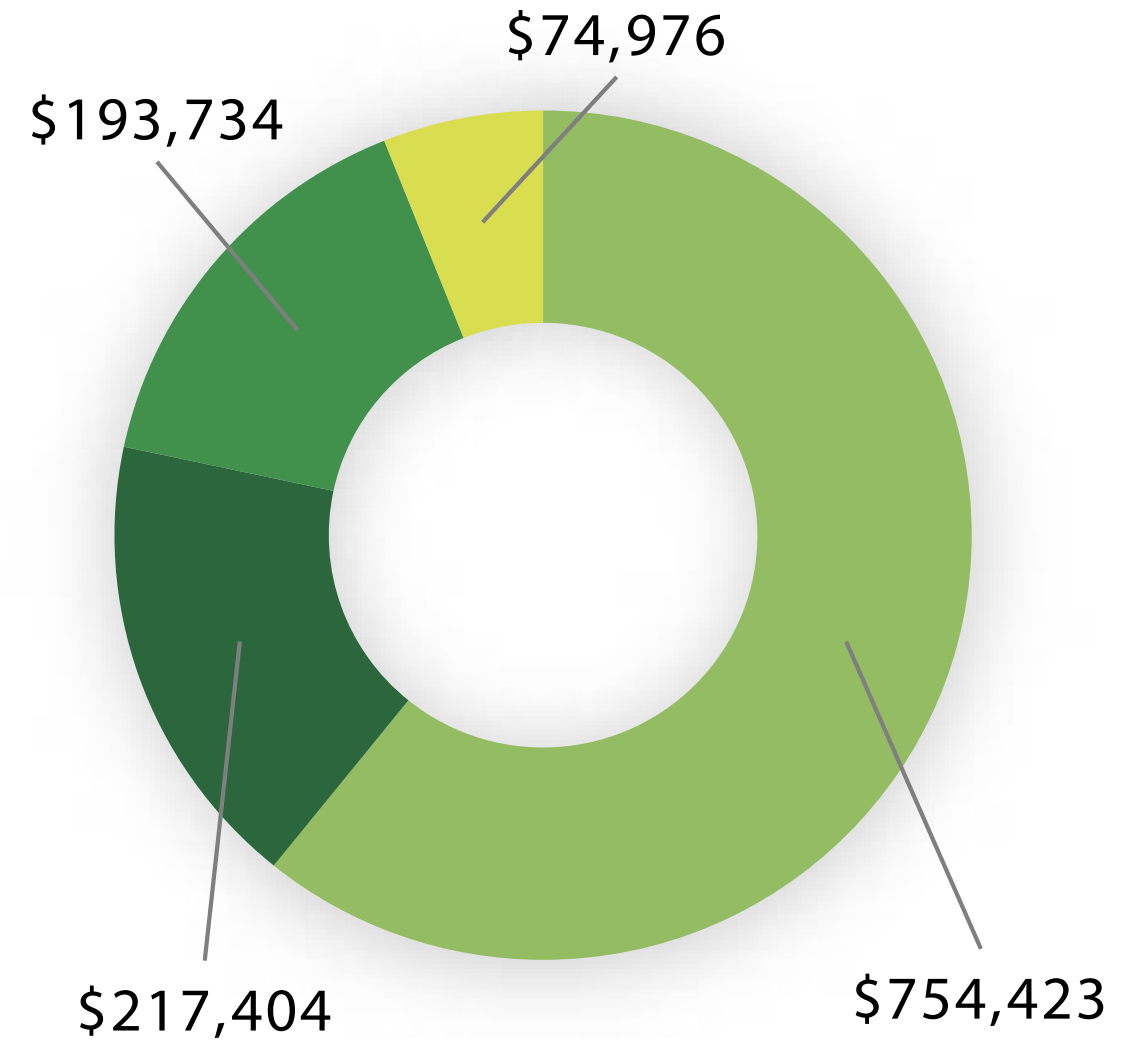
At the 2011 FSC General Assembly, the FSC Membership passed Policy Motion 51 to 'Strengthen the Controlled Wood System'. The motion includes a revision of the Controlled Wood Standard (FSC-STD-40-005), an evaluation of existing risk assessments, the phase-out of company developed Risk Assessments and the development of FSC National Controlled Wood Risk Assessments.

Development of a National Risk Assessment (NRA) provides a consistent application of our Standards and Policies and helps our Certificate Holders better avoid products from:

- Illegally harvested forests;
- Forests harvested in violation of traditional and civil rights;
- Forests in which high conservation values are threatened;
- Forests that are being converted to plantations or non-forest use; or
- Forests in which genetically modified trees are planted.

Over the past year, the National Risk Assessment Working Group gathered for 2 in-person meetings at various locations across Canada to continue work on drafts of the National Risk Assessment. This work culminated in the public consultation of both Draft 1 and Draft 2 of the draft National Risk Assessment.

FINANCIALS



● Certification Fees
 ● Other Income
 ● FSC Grants
 ● Membership Fees

\$1,240,537
total income

\$1,098,721
expenses

\$141,816
net income

BOARD OF DIRECTORS

ABORIGINAL CHAMBER
David Flood, individual
Tyler Bellis Council of the Haida Nation

ECONOMIC CHAMBER
Andrew Tremblay, Domtar
Elston Dzus, Alberta-Pacific Forest Industries Inc.

ENVIRONMENTAL CHAMBER
Catharine Grant, individual
Julee Boan, Ontario Nature

SOCIAL CHAMBER
Cameron Shiell,
Public and Private Woodworkers of Canada
John Caluori, Unifor

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VOLUNTEERS

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Chris Craig, South Nation Conservation
Cliff Wallis, Alberta Wilderness Association
Dale Prest, Community Forests International
Darren Haines, Ratcliff & Company LLP
Dave Pearce, Wildlands League
Dr. Sandy Smith, University of Toronto
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John Cathro, Cathro Consulting Ltd.

Kevin Gillis, Mistik Management
Michel Mongeon, Independent consultant
Nicolas Blanchette, INCOS Strategies
Olivier Côté, Syndicat des producteurs forestiers du
Sud du Québec
Peggy Smith, Lakehead University
Satnam Manhas, Ecotrust Canada
Solange Nadeau, Natural Resources Canada
Yves Bouthillier, Rainforest Alliance



