



Forest
Stewardship
Council®
Canada
**ANNUAL
REPORT**
2013-2014



CO-CHAIRS

This past year marked significant advancements for FSC Canada including FSC's 20th anniversary. In 20 years, we've grown significantly – from an organization with a basement office and a single staff person to a national organization with regional presence across Canada; over 50 million hectares of FSC-certified forests and over 900 Chain of Custody certificate holders. Canada has become a global leader in FSC forest management certification with about a third of the world's FSC-certified forests. This includes four of the ten largest FSC-certified forests in the world as well as innovative group schemes of smaller forests, most notably in B.C., Ontario and the Maritimes.

Such success doesn't come without great supporters, dedicated staff and an active membership. But we need to do more. This past year we have focused on strengthening our internal governance system by aligning our bylaws to FSC International's and updating key policies ensuring compliance with new federal guidelines. These changes, with membership approval, ensure we maintain a strategic focus at the board level.

We have also made progress in our Forest Management Standards revision process. In the past 12 months, FSC Canada has initiated the Free, Prior and Informed Consent (FPIC) Pilot Project, completed the first phase of the Species at Risk / Woodland Caribou project and established six Technical Expert Panels to help draft indicators for the our revised standards. We are also in the process of completing the National Controlled Wood Risk Assessment as part of the FSC review and revision of the global Controlled Wood system.

FSC Canada needs to be strong to meet the challenges ahead. Recent legal challenges of existing certificates in Canada speak to the dynamic nature of our forests, the passions involved, and the need for

leadership. Growing global demand for FSC products is placing unprecedented pressure on certified producers and manufacturers along the supply chain. The FSC network on six continents is evolving to keep pace with the growth in demand to ensure that the system is rigorous, transparent and accessible.

FSC will continue to play a key role in the positive transformation of Canada's forest industry and forest dependent communities. We look forward to the next 20 years of keeping Forests for All, Forever.

- Steven Sage & John Cathro, Co-Chairs of the FSC Canada Board of Directors -





Over the past year, we have made great strides in building-up FSC Canada's organizational capacity with the addition of a Business Development Manager, to help develop new partnerships for FSC Canada, and a Regional Manager in Western Canada, to establish a market presence in British Columbia and better serve our stakeholders.

On the International front, FSC Canada has remained proactive in the discussions around the implementation of Motion 8 (passed at the 2011 General Assembly) which aims to strengthen the global network through a strategic review of current and future capital and operational needs, ultimately helping improve FSC Canada's financial stability.

At home, this year we had much needed progress in our Forest Management Standards Revision Process with the launch of the Free, Prior and Information Consent (FPIC) Initiative and a project around Species at Risk – Woodland Caribou.

Although FSC has made great strides forward, the immediate need is to cope with the sheer number of important processes that have been started over the past few years. These include International Generic Indicators, Forest Management Standard Revision Process, development of a National Risk Assessment, Motion 8 process and several more.

Although these projects may seem numerous, these are key projects that need to be implemented in order to ensure FSC's standards are up-to-date with the latest science and operate efficiently and fairly across the globe.

With a strengthened team, focused board, dedicated membership, strong certificate holders and overall renewed interest in FSC's projects, we see this as an opportunity for FSC to continue to be a leading forest certification system and keep forests healthy for future generations.

- Francois Dufresne, President -

PRESIDENT

A FEW HIGHLIGHTS

1994

The office of the FSC Secretariat opens in Oaxaca, Mexico and the first Executive Director, Tim Synott, is appointed. Founding members approved the FSC Principles and Criteria for forest management, and the FSC Statutes. The first certified and labeled FSC product, a wooden Spatula, goes on sale in the U.K.

1996

Contact Person is established for FSC in Canada.

1997

Group certification for forest management introduced to improve market access for small forest owners. Sweden is the first country to have their National Standard approved by FSC.

1998

10 million ha certified to FSC standards globally. Halliburton Forest & Wildlife Centre becomes first FSC-certified forest in Canada.

1999

First FSC-certified non-timber food product (Chicle gum, Mexico). "A living Wage" by L.B. Glickman, becomes the first book to be printed on FSC-certified paper. 2nd FSC General Assembly held in Oaxaca, Mexico.

2001

First Executive Director, Jim McCarthy, hired in Canada and FSC Canada office established.

2002

3rd FSC General Assembly held in Oaxaca, Mexico.

2003

FSC relocates from Mexico to Germany, now employing 25 people. Globally there are now 20,000 FSC certified products available and a total of 40 million ha of FSC-certified forest.

2004

FSC celebrates its 10th anniversary. FSC certified area grows to 5 million ha in Canada. The first FSC hardcover book in North America 'Rendezvous with the Wild - The Boreal Forest' is printed on FSC-certified paper.

2005

The 4th FSC General Assembly in Manaus, Brazil. More than 300 FSC members attend. Domtar launches EarthChoice, the first full line of FSC-certified line of papers in Canada. Tembec certifies first public forest to FSC Standards in Quebec. ALPAC receives largest FSC certificate in the world for 5.5 million ha in Alberta. Antony Marcil hired as Executive Director of FSC Canada.

2006

Accreditation Services International is founded to manage the FSC accreditation process. First consumer publishing group, Random House publishing, awarded FSC certification. Vancouver Island Ecoforestry Group awarded first FSC certificate under new BC Standard.

2007

Largest commitment to FSC-certified paper for final installment of the Harry Potter series. 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.

2008

The 5th General Assembly held in Cape Town, South Africa. FSC reaches 100 million ha globally. Staples makes FSC-certified paper a standard in all 1,400 copy and print centers across Canada. RONA announces new eco-responsible program that identifies FSC-certified products in stores.

2009

FSC International launches Principles and Criteria Revision. CaGBC launches LEED Canada for Homes allocating Materials and Resources 'Credit 2' specific to FSC-certified products. Kimberly-Clark makes leading industry announcement to source 40% FSC-certified & recycled wood by 2011. RONA announces 5 store locations to exclusively offer FSC-certified softwood lumber.

2010

Fifth Town Artisan Cheese Company is first dairy to receive the Certified Wood credit as part of LEED certification.

2011

The 20,000th chain of custody certificate and 1,000th Forest Management certificates issued. 6th General Assembly held in Kota Kinabalu, Malaysia with almost 500 attendees from 80 countries. Indigo Books & Music, Canada's largest book retailer, expresses preference for FSC-certified fibre.

2010

Vancouver 2010 Olympic Venues uses FSC-certified Wood in Olympic Venues.

2011

Kruger Products achieves the first FSC certification for tissue products in Canada. Metro Montreal Newspaper becomes the first newspaper to print exclusively on FSC-certified paper in North America.

2012

Resolute Forest Products becomes the largest manager of FSC-certified forests in the world with over 10.3 million ha. Francois Dufresne hired as President of FSC Canada. Canada reaches over 50 million ha of FSC-certified forests and 1,000 Chain of Custody certificate holders.

2013

Aanischaaukamikw, the Cree Cultural Institute, a museum, archive, library teaching center and gathering space for cultural events is built using FSC-certified structural materials. Hotel and GEOS Spa Sacacomie is the first to achieve FSC Project Certification in Canada and the second in North America

2014

FSC celebrates its 20th anniversary with FSC International Board of Directors in Vancouver, BC. FSC International General Assembly takes place in Seville, Spain. There are now over 180 million ha of FSC-certified forests worldwide, 1,284 Forest Management Certificates and 28,337 Chain of Custody Certificate Holders worldwide.

YEARS

STANDARDS

DEVELOPING INTERNATIONAL GENERIC INDICATORS

In early 2014, FSC International released draft 2 of the International Generic Indicators (IGIs) for a 60-day public consultation period. During this time, FSC Canada and FSC US took the initiative to host a number of webinars to provide perspective on the major thematic changes between the first and second drafts of the IGIs and continued to participate in the FSC International IGI Group.

FSC International is currently finalizing the IGIs and is developing a guidance document to address scale, intensity and risk. It is expected that a final review of these documents will take place at the end of 2014 and submitted for final approval, to the FSC International Board of Directors, in March 2015.

FOREST MANAGEMENT STANDARD REVISION PROCESS

FSC Canada's Forest Management Standard Revision Process is well underway. In the past year, FSC Canada identified key themes that need further attention (indicators/themes that are problematic; do not have wide stakeholder alignment; and/or there is uncertainty on how to apply). These themes include:

- Ecological & Operational Considerations: Principles 6, 9 & 10
- Species at Risk, incl. Woodland Caribou
- Pesticides, Conversion & Invasive Species
- Principle 3: Aboriginal Rights, including Free, Prior and Informed Consent
- Community & Stakeholder Rights
- Scale, Intensity, & Risk, including small, low intensity managed forests (SLIMF)

In order to assist with the development of the Canadian Forest Management Standard in these six key thematic areas, FSC Canada has assembled 6 Technical Expert Panels, which includes over 29 experts who will provide technical guidance and recommendations for developing indicators and guidance. The Forest Management Standard Revision Process is expected to take approximately two years beginning in late 2012 and aims to have the Standard finalized by mid 2016.

FREE, PRIOR AND INFORMED CONSENT (FPIC) INITIATIVE

FSC Canada announced the launch of a new initiative to help strengthen Aboriginal Peoples' rights in Canada by applying the concept of free, prior and informed consent (FPIC) to FSC's Forest Management Standards.

With the introduction of the FPIC initiative, FSC Canada will work to improve and strengthen forest certification requirements with the primary goal of increasing meaningful and tangible benefits of certification for Aboriginal Peoples and communities in Canada.



SPECIES AT RISK—WOODLAND CARIBOU

The impact of forest management practices on Species at Risk, including Woodland Caribou, has emerged as an issue of significant debate in Canada. Populations of woodland caribou are at varying degrees of risk and are particularly sensitive to habitat disturbance.

With concerns regarding the impact of forestry operations on species at risk such as the woodland caribou, FSC Canada will develop requirements based on the FSC Canada Caribou Science Panel Report (2010), the new FSC Principles and Criteria (v5), relevant science, traditional Aboriginal Peoples knowledge and the Environment Canada Recovery Strategy for the Woodland Caribou, Boreal Population, in Canada (2012).

DEVELOPING A NATIONAL CONTROLLED WOOD RISK ASSESSMENT

A National Risk Assessment Working Group (NRA WG), comprised of equal representation from FSC Canada's four Chambers (Aboriginal, Social, Environmental and Economic), with consideration for regional representation, has been established to oversee the development of a National Risk Assessment in Canada. The main deliverable of the Working Group will be to recommend Controlled Wood risk designations for forest regions across Canada in a Preliminary National Risk Assessment Report.

The FSC International Board of Directors have decided to extend the cut-off date for company risk assessments. The decision to extend the timeline was made based on stakeholder feedback, discussions during Controlled Wood side meetings at the recent FSC General Assembly, and agreement between members of the chamber-balanced Controlled Wood Technical Committee.

FSC Canada intends to have a National Risk Assessment in place by the end of 2015, which would require certificate holders to follow FSC Canada's National Risk Assessment beginning in 2016.

STANDARDS



HOW MANY HA ARE CERTIFIED TO EACH FSC STANDARD?

BOREAL	43,421,191 HA
BC	2,245,800 HA
GLSL	9,426,443 HA
MARITIMES	666,131 HA



NEW FORESTS

6

Spray Lake Sawmills (1908) Ltd., AB
328,367 ha

Nova Scotia Department of Natural Resources, NS
98,000 ha

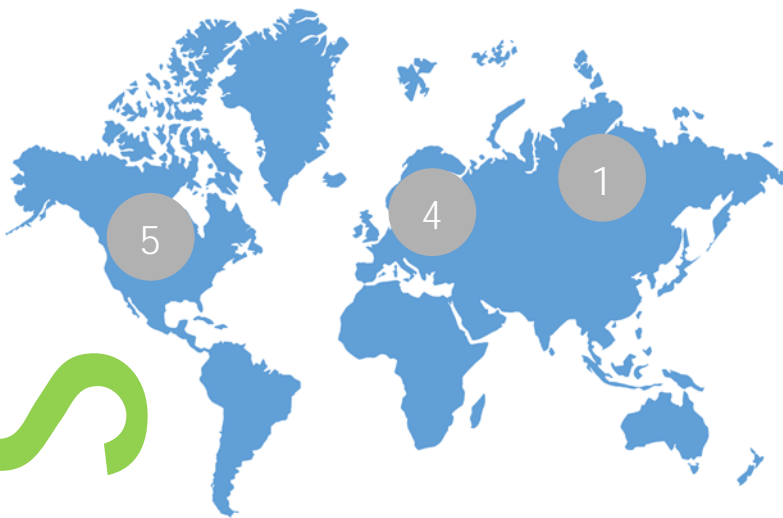
Abitibi River Forest Management Inc., ON
3,285,435 ha

Nawiinginokiima Forest Management Corporation, ON,
638,133 ha

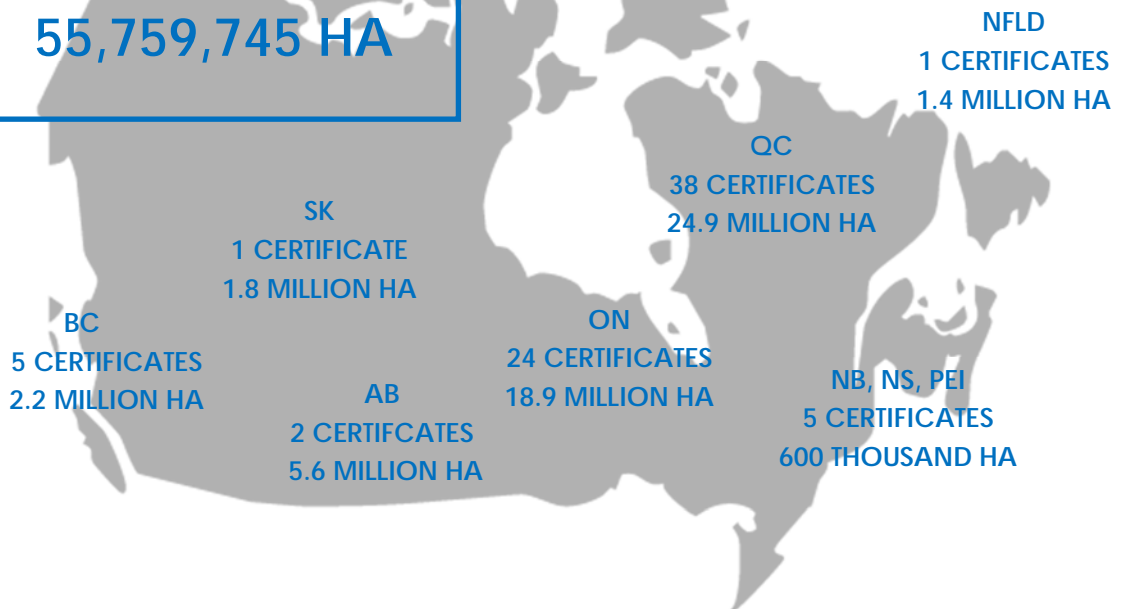
White River Forest Products Ltd., ON,
611,379 ha

Gestion Foresitère du Sainte-Maurice Inc., QC,
385,102 ha

TOP 10 LARGEST FSC FORESTS WORLDWIDE



FORESTS





SMALLHOLDERS

SUPPORTING SMALLHOLDERS

In 2013, FSC International launched the FSC Smallholder Fund to help small and community forests with preparing for FSC-certification, compliance with FSC's Principles and Criteria, investment in new machinery, enhancing supply chain management and improving market access for FSC-certified products.

The Smallholder Fund has been resourced using a portion of the FSC Annual Accreditation Fee and has distributed almost \$600,000 CAD (€420,000) worldwide, with approximately \$90,000 CDN distributed across Canada and the United States.

We were very pleased to have 14 submissions for the Smallholder Fund from North America (9 from Canada and 5 from the US) with a total request for over \$ 493,367 CAD.

The following 4 applicants received grants through the smallholder fund in Canada:

- Ecotrust Canada
- Eastern Ontario Model Forest
- Le Syndicat des producteurs de bois de la Gaspésie
- Taan Forest

DEVELOPING A STRATEGY FOR SMALLHOLDERS

FSC Canada has been an active member of the FSC Smallholder Network Advisory Group, which represents the needs, strategies and activities of the network in development overall strategy and action plan that fosters collaboration, shared learning and efficiency in FSC's work with smallholders across the globe.

Over the past year, the group has been successful in developing an overall strategy and are currently working on regional action plans and implementation on a national level in a consistent and coordinated approach.



DEMAND

The National Hockey League (NHL) states preference for FSC

The National Hockey League made history by becoming the first major sports league in North America to release a sustainability report and first sustainability report with 'preference to those paper products certified by the Forest Stewardship Council'.



100% of IKEA's 2015 Catalogues are printed on FSC-certified paper

The IKEA Catalogue became the largest print production ever to be printed on 100% FSC certified paper with 217 million copies printed worldwide. The catalogue is available in 67 printed editions, 32 languages and 46 countries/territories. If placed in a line, the printed catalogues amount to about 46,000 kilometers, more than enough to completely encircle the world!



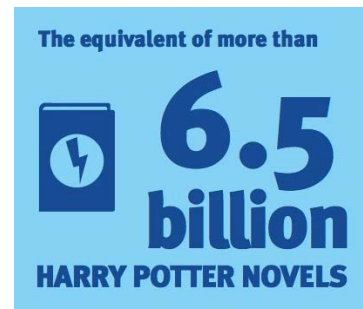
H&M commits to using fabrics made from tree fibers that come from responsible sources.

H&M, together with not-for-profit organization Canopy, announced that they are putting a plan into place to avoid sourcing fabrics from endangered forest and promote the use of fabrics that come from FSC-certified plantations, FSC-certified forest found outside endangered and ancient forests by 2017, or from alternative sources, such as recycled fabrics or agricultural residues.



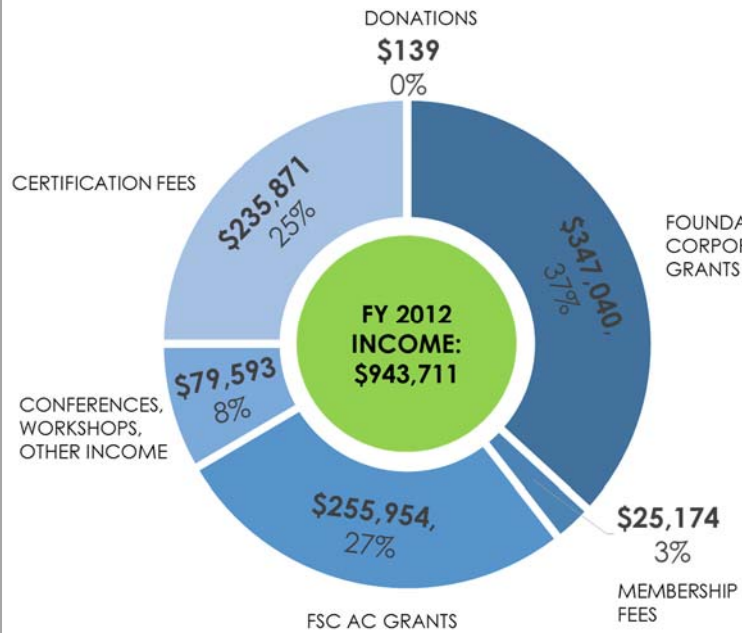
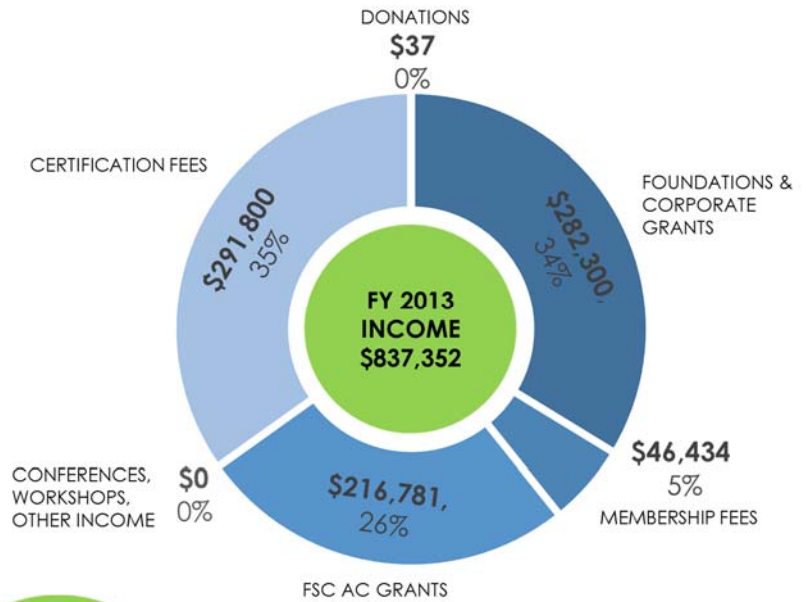
Domtar Celebrates Sale of Five Million Tons of Forest Stewardship Council® Certified Paper-

Domtar Corporation sold its five millionth ton of FSC- certified uncoated fine paper, a first for the North American market. Domtar's EarthChoice® Product Line represents the widest range of FSC certified papers available today, and the milestone solidifies the company's position as a longstanding industry leader in responsible fiber sourcing and sustainable practices.



FSC Canada wishes to thank the following partners for their financial support during 2013-2014. Without their support, our work in promoting responsible management of the world's forests would not be possible:

- Alberta Pacific Forest Industries
- Boreal Leadership Council
- Cascades Inc.
- Domtar Inc.
- FSC International
- Kruger Products L.P.
- Tembec Inc.
- TD Bank Group



FINANCIALS

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