

An aerial photograph of a dense forest with a stream flowing through it. The stream is white with rapids and is surrounded by lush green trees. The text is overlaid on the left side of the image.

2017 ANNUAL REPORT

FØREST
STEWARDSHIP
COUNCIL®
CANADA

BOARD OF DIRECTORS

2017 was a year of consensus transition by where we have developed solutions for the 21st-century.

We hosted the world in Vancouver at the General Assembly last October, seeing more consensus building between the chambers.

Climate change, endangered species issues, indigenous rights and the growing demand for forest products all have an effect on our forest landscape.

FSC Canada embarked on a journey five years ago to merge multiple standards into one national one. We did it. The dedication of all involved with it is remarkable. Multiple chambers came together to map out the future for forestry in Canada meeting the needs for free prior and informed consent, and solutions for the woodland caribou in our Boreal forest. I say a heartfelt thank you for all those who are involved.

The national risk assessment has taken endless hours of work from those people and resulted in a plan moving forward that will help guide us towards more land in the future being certified. This would ensure that wood taken meets the highest standard of risk.

As I stepdown from my position as the chair, I will remain on the FSC Canada Board of Directors, and look forward to 2018 where I see us moving forward to develop new ideas to reach the marketplace. I'm excited for what the future holds for FSC Canada.

- Andrew Tremblay, Board Chair 2017



PRESIDENT



2017 was a turning point in the history of FSC in Canada. On a global scale, FSC has delivered significant progress in transforming FSC through the implementation process. In Canada, we implemented the foundation to meet the requirements for responsible forestry in the 21st century. We are extremely proud of the consensus around our new national forest management standard.

This past year, based on a strong field testing program for the first half of 2017, there was a clear focus to finalize our national forest management standard. Key parts of the standard such as Free, Prior and Informed Consent, and Species at Risk (woodland caribou) represent a new foundation for a new era for the FSC certification in this country. We expect to complete the final approval of the new forest management standard by the end of 2018.

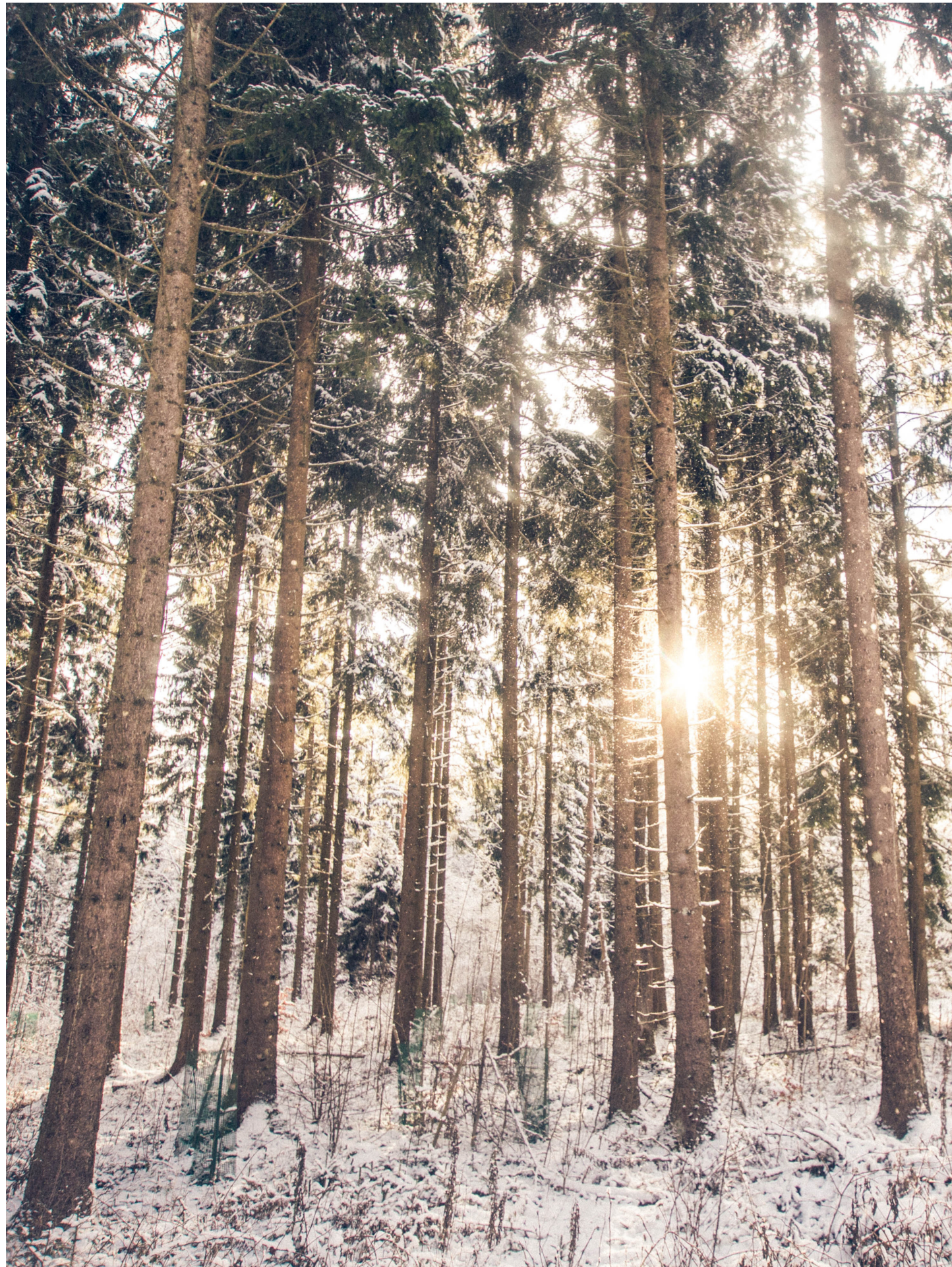
In addition, we will keep developing solutions for Indigenous Cultural Landscapes and Intact Forest Landscapes which will be integrated within the new standard as a stepwise approach.

Another significant achievement in 2017 concerns the National Risk Assessment (NRA) for controlled wood sourcing. After reaching consensus, a public consultation is planned during the first half of 2018 and we expect to finalize the approval of the NRA before the end of 2018.

For the first time in North America during the 24 years of the existence of FSC, we hosted the FSC International General Assembly which was held in October 9-13, 2017 in Vancouver, BC. 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 will 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



STANDARDS

FOREST MANAGEMENT STANDARD REVISION

2017 marked great progress for the development of FSC Canada's National Forest Management Standard. In 2017, we released Draft 2 of the National Forest Management Standard for consultation from November 24, 2016 to February 17, 2017, which received 30 submissions, providing over 300 pages of comments. To help stakeholders understand the changes, FSC hosts a series of Question & Answer sessions in February 2017. We greatly appreciate the time and effort taken by stakeholders to assist in this process.

With the release of the second draft of the National Forest Management Standard, FSC Canada embarked on the testing phase of standard development. In total 23 tests were conducted, including 2 field tests of the entire standard, as well as 21 additional tests that explored key topics such as Principle 3 & Free, Prior and Informed Consent; woodland caribou; landscape analysis and more. Testing was conducted with 14 forests that varied from FSC and non FSC certified; public and private forests, and that were located in various regions across the country.

With great progress comes great results. Following the field testing of the National Forest Management Standard in spring 2017, the Standards Development Group worked diligently to reach consensus on a final version of the standard. With approval from the Standards Development Group, the Standard has been sent to the FSC Canada Board of Directors and will then be submitted to FSC International for final approval.

NATIONAL CONTROLLED WOOD RISK ASSESSMENT

Over the past year, the National Risk Assessment Working Group gathered for 4 in-person meetings at various locations across Canada to continue work on the draft National Risk Assessment (NRA). This work culminated in the submission of the draft NRA to FSC International for internal review in early January 2018. The draft version included revisions and updates to FSC Canada's Centralized National Risk Assessment (CNRA) and addresses all 5 Categories of controlled wood.

FSC Canada conducted a 60-day public consultation of the draft NRA from March 1 – April 30, 2018. This was an important opportunity to solicit feedback from stakeholders and Indigenous People regarding the findings of the NRA.

FSC CERTIFICATION

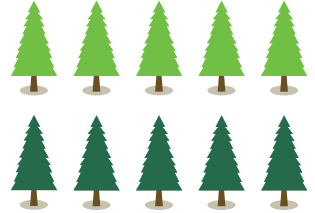
55.2 million
hectares of FSC-certified forests in Canada

195.1 million
hectares of FSC-certified forests worldwide

↑ 600
thousand
hectares more
than last year

16%
of Canada's forests
are FSC certified

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



FORESTS
FOR
ALL
FORVER



1.3 million
hectares
BRITISH COLUMBIA

19.6 million
hectares
ONTARIO

5.9 million
hectares
ALBERTA

23.9 million
hectares
QUEBEC

1.8 million
hectares
SASKATCHEWAN

2.5 million
hectares
MARITIMES

703
Chain of custody certificates in Canada

33,550
Chain of custody certificates worldwide

85
CoC Certificates
BRITISH COLUMBIA

39
CoC Certificates
ALBERTA

13
CoC Certificates
SASKATCHEWAN

18
CoC Certificates
MANITOBA

290
CoC Certificates
ONTARIO

237
CoC Certificates
QUEBEC

8
CoC Certificates
NEW BRUNSWICK

14
CoC Certificates
NOVA SCOTIA



FSC Canada's Annual General Meeting in Montreal, QC



Creating consumer awareness at the Green Living Show in Toronto, ON



Sustainability Celebrations with Proctor & Gamble

ON THE ROAD

Journeying through time at the 30th Annual Kemptville Woodlot Conference

In February 2017, FSC Canada exhibited at the Eastern Ontario Model Forest's 30th annual Kemptville Winter Woodlot Convention which focused on journeying through time in exploring how forests and their management have changed over the past three decades, and consider what's on the horizon for our forests.

Making connections at the Montreal Wood Convention

In March, 2017, FSC Canada exhibited at the Montréal Wood Convention which attracted over 750 participants from the wood products industry.

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 7-9, 2017, 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.

Promoting FSC wood at Canada Green Building Council's Building Lasting Change Event

In May 2017, FSC Canada exhibited at Building Lasting Change, Canada's largest green building conference known for activating connections, delivering world class learning opportunities and cultivating inspiration and innovation.

Sustainability Celebrations with Proctor & Gamble

To celebrate Earth Day, Proctor and Gamble (P&G), FSC Canada, Rainforest Alliance, WWF Canada and many 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 Charmin tissue products.

A successful FSC Friday

On Friday September 29th, 2017, 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. FSC Canada hosted a series of social media posts which reach over 8,000 people on Twitter and reached nearly 3,000 on Facebook.

We would like to extend a big thank you to those that took part in FSC Friday, whether it be through social media, staff awareness raising or spreading the word on the streets or in the forest.

FSC Canada's Annual General Meeting

FSC Canada's annual general meeting held from June 28-29, in Montreal, QC, had our board of directors and members addressing a number of key issues ranging from the implementation of FSC Canada's strategic plan to preparations for the FSC International General Assembly which was held in early October of 2017 in Vancouver, BC. Stakeholders also gathered to help finalize our new forest management standard to ensure Canada's forests meet all future needs.

CANADA HOSTS FSC INTERNATIONAL GENERAL ASSEMBLY

From October 8-13, 2017, in Vancouver, BC, over 800 people from more than 80 countries, including leaders in global forestry, attended FSC's International General Assembly to focus on how to enhance responsible forestry worldwide.

Held every three years, the general assembly is the top FSC platform for decision-making. All members of the three FSC chambers – social, environmental, and economic – come together to shape the future of forest management.

Over three days, high-profile speakers from some of the most representative businesses, social and environmental advocacy groups explored the role that FSC can play as a voluntary certification scheme for responsible forest management and how to incentivize consumer demand for sustainably sourced forest products.

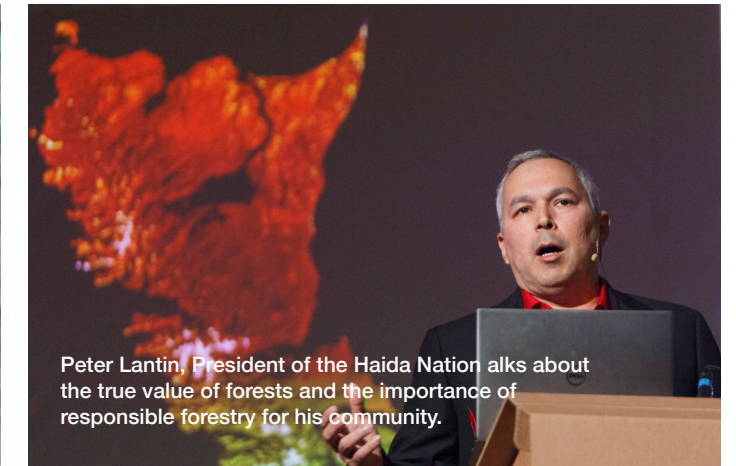
Among the speakers participating in the High Level Forum are: Michael Green, a Vancouver based architect who is leading the use of wood in construction; Peter Lantin, President of the Haida Nation; and Sarah Chandler, Director of Operations, Product Development and Environmental Initiatives at Apple Inc.

Other speakers at the General Assembly included Doug Donaldson, British Columbia Minister of Forests, Lands, Natural Resources Operations and Rural Development; Luc Blanchette, Quebec Minister of Forests, Wildlife and Parks; and Glenn Mason, Assistant Deputy Minister, Canadian Forest Services of Natural Resources Canada.

Numerous side events at the General Assembly also offered engaging debates on the current issues that directly touch upon world forestry.



Michael Green, Michael Green Architects, talks about systemic change in the way we build our cities.



Peter Lantin, President of the Haida Nation talks about the true value of forests and the importance of responsible forestry for his community.



Glenn Mason, Assistant Deputy Minister, Canadian Forest Services of Natural Resources Canada.



Members at the General Assembly



Members vote on motions during the Members Assembly

MORE DEMAND FOR FSC PRODUCTS

VF CORP SETS PREFERENCE FOR FSC

VF Corporation, one of the largest apparel conglomerates which controls clothing brands like The North Face, Vans and Timberland has released its new "Forest Derived Materials Policy", which covers clothing, paper and packaging practices with a preference for FSC.

KIMBERLY-CLARK AND WWF JOIN FORCES TO ENGAGE CONSUMERS TO HELP SAVE THE WORLD'S FORESTS

On June 12th, 2017 Kimberly-Clark announced a three-year agreements and collaboration with World Wildlife Fund (WWF) which aims to raise awareness of the importance of choosing products that use fiber from responsibly managed forests.

As part of the new "HEART YOUR PLANET" campaign, Kimberly-Clark will display WWF's iconic logo along with FSC's logo on its paper towel, facial tissue and toilet paper products sold in North America.

The logo will be on the packaging of Kimberly-Clark's North American tissue products certified to FSC standards, including Kleenex® facial tissue, Scott® paper towels, Viva® paper towels and Cottonelle® toilet paper.

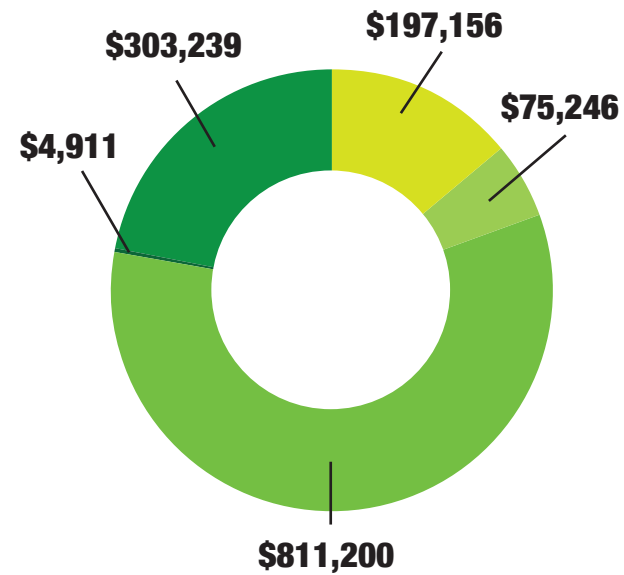
21ST CENTURY FOX USES FSC WOOD ON TV SHOW SETS

In April 2017, 21st Century Fox announced their use of 70% FSC- certified lauan plywood for set construction on their hit show 'Legion'. The initiative comes as part of 21st Century Fox's broad commitment to minimizing its environmental impacts, growing sustainably, and inspiring others to take action. In 2009, Fox began with ground breaking green production of the very popular tv show '24: Live Another Day', using 100% FSC-certified lumber for set construction. In 2016, they were able to green 'The X-Files' using only FSC-certified plywood on-set.

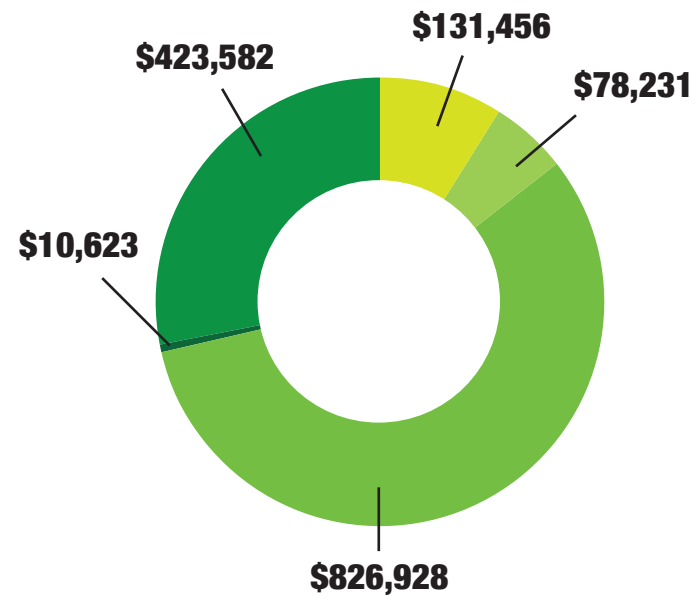


FINANCIALS

FY 2017



FY 2016



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

\$1,391,752
total income

\$1,630,841
expenses

(\$ 239, 089)
net income

\$1,470,820
total income

\$1,482,286
expenses

(\$11,466)
net income

SUPPORTERS

FSC Canada wishes to thank the following partners for their financial support during 2017. Without their support, our work in promoting responsible management of the world's forests would not be possible:

- Alberta-Pacific Forest Industries Inc.
- Columbia Forest Products
- Domtar
- Georgia-Pacific
- Ivey Foundation
- JD Irving
- Proctor & Gamble
- World Wildlife Fund US

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An aerial photograph of a dense forest with a stream flowing through it. The trees are mostly green, with some yellowing, suggesting autumn. The stream is white and turbulent, indicating rapids or a rocky bed. The text '2017 ANNUAL REPORT' is overlaid in the bottom left corner.

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