




**FSC®  
ANNUAL  
REPORT  
2020**



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**A year unlike  
any other**

## 1. Introduction

### We are delighted to present our 2020 Annual Report

Covid-19 made it an incredibly challenging year for our members, employees, and wider stakeholders.

At FSC, like many businesses, we continued to ensure safe working conditions for our people, including support for setting up home offices, introducing shift patterns, and providing workplaces following hygiene standards.

These measures enabled us to continue our essential work – and deliver against our ongoing commitments and goals.

This report provides an overview of what we achieved in 2020, as well as a range of stories that showcase our success as we continue to improve our system for the benefit of our members and the world at large.

The pandemic put great pressure on the world's economies and healthcare systems. But it also offered a perfect opportunity to highlight the importance of collective action in response to a crisis – something which is close to our hearts and minds at FSC.

In responding to the challenges for certification bodies and certificate holders to conduct audits caused by Covid-19, FSC issued several derogations. This allowed for innovative approaches to remote auditing and hybrid audits in different scenarios, and under certain preconditions based on risk.

Plus, to support a smooth transition to new normative documents during the ongoing Covid-19 pandemic, extensions were provided for the FSC Pesticides Policy transition period and several national standards.

The renewed ambitions, focus, and targets set out in the FSC Global Strategy 2021–2026 mean we will not take our foot off the gas in 2021 and beyond, as we once again put the protection of forests, and the people who rely on them, at the heart of everything we do.

### Video interviews:



**Kim Carstensen**  
Director General



**Barbara Bramble**  
Chairperson of the Board of Directors 2020



**Frank Harnischfeger**  
Chief Operating Officer



# A global strategy fit for global challenges

## 2. FSC Global Strategy 2021–2026

### **FSC has taken steps to better connect what we do as an organization to the new challenges being faced in the world**

In 2020, the two-year process to update the [FSC Global Strategy 2021–2026](#) was concluded.

Our new strategy reflects the roots of FSC: a strong commitment to promoting forest stewardship as a vital tool in enabling resilient forests to create environmental, social, and economic value and benefits.

Developing the strategy was a truly collaborative effort, drawing on our global network of partners and highlighting our multi-stakeholder governance system.

Led by the FSC International Board, we evaluated the lessons learned from our previous 2015–2020 strategy and convened a series of face-to-face and online meetings throughout 2019 and 2020 with FSC members, external advisers, regional experts, and employees. Following two consultations and further analysis, the strategy was published in November 2020.

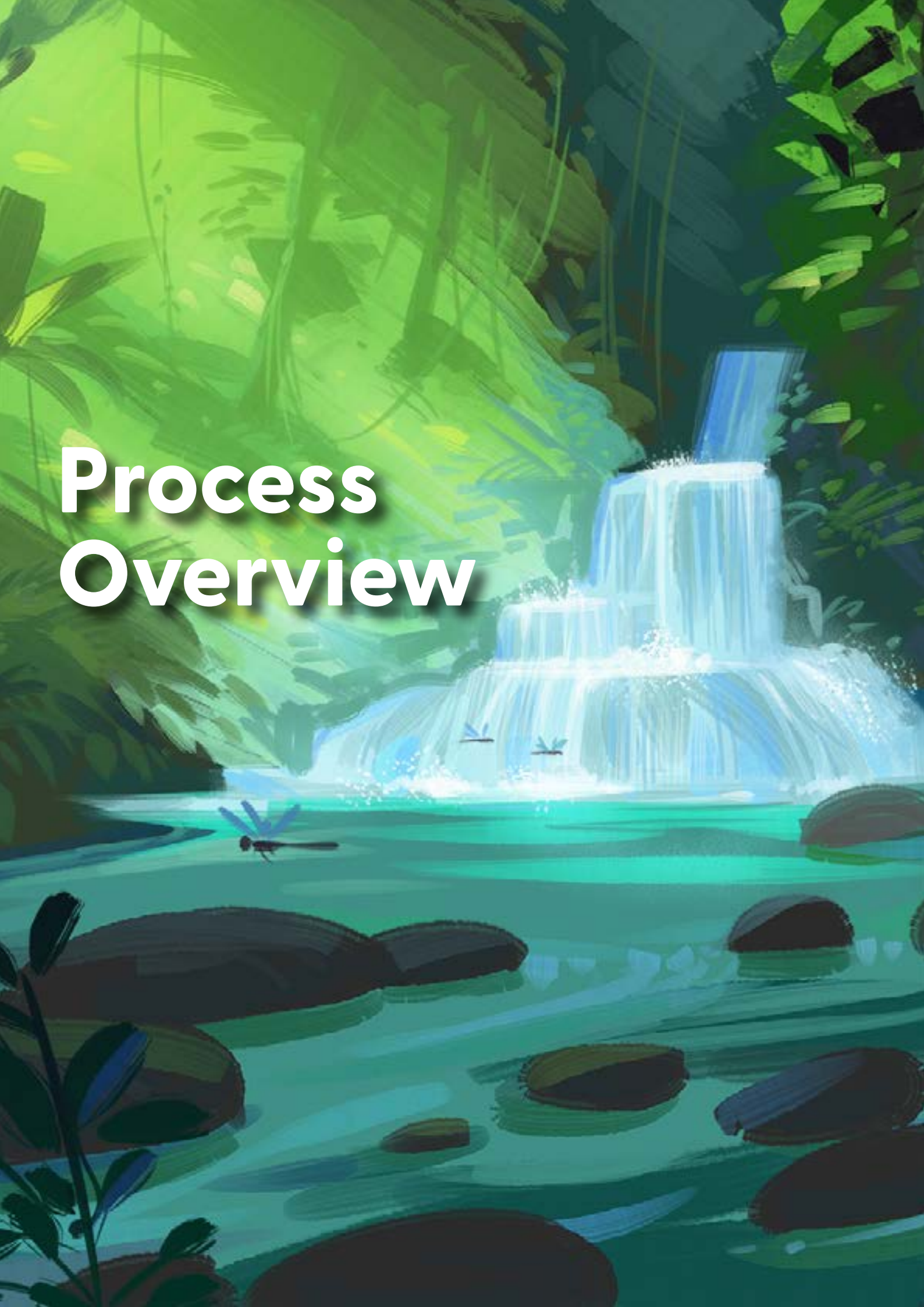
Rather than develop a prescribed list of actions, the new five-year strategy will enable the collaborative co-creation of solutions that respond to emerging challenges and opportunities. This allows us to continue to be relevant in a time of uncertainty.

The FSC Global Strategy 2021–2026 includes three interlinked strategies, twelve goals, and twenty-four intended outcomes that will enable FSC's ambitions to be more relevant to global agendas. By growing our reach to 300 million hectares of FSC-certified area by 2026, for example, we will demonstrate the value and benefits of forest stewardship for a wider pool of stakeholders, especially Indigenous Peoples and smallholders.

FSC has come a long way since it was established more than 25 years ago. The FSC Global Strategy 2021–2026 reflects our ambition to promote innovation, co-creation and the use of technology to expand entrepreneurship and access to finance that will accelerate business and local forest solutions now and in the future.



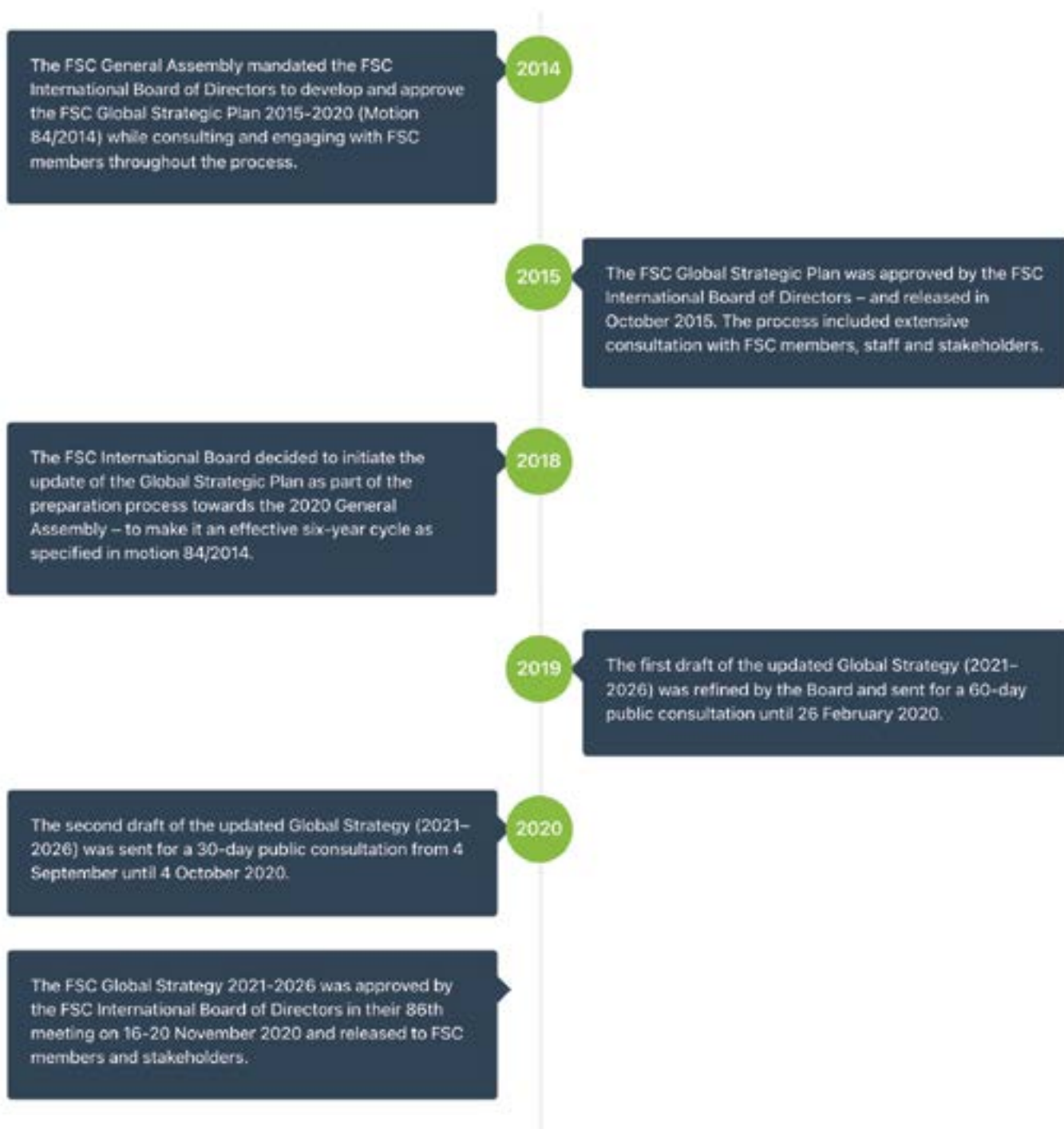
# Process Overview





## How the Global Strategy 2021 - 2026 was developed

Discussions and recent literature have reflected that a strategy document should set direction for the organisation, but not be perspective on the planned activities. In order to be relevant in a time of uncertainty, the strategy should enable opportunities to co-create adapted solutions that respond to emerging challenges and opportunities - as opposed to a detailed and prescribed list of actions and issues to tackle. This has inspired the change towards the name 'Global Strategy' instead of a Global Strategic Plan (formerly known as GSP).





**Working for our  
members and  
other stakeholders**

### 3. FSC Indigenous Foundation

## Giving Indigenous Peoples a voice

### Extending FSC's commitment to indigenous communities

2020 saw the launch of the [FSC Indigenous Foundation](#) to give a voice to Indigenous Peoples on the continued management and preservation of the world's forests.

The foundation, headquartered in Panama, is an indigenous-led independent global entity, part of the FSC family that represents an extension of FSC's commitment to working with Indigenous Peoples worldwide. It is designed to develop creative and innovative solutions that support indigenous communities by enabling them to increase and maintain the benefits from their territories through sustainable forest management, certification, and respect for their rights.

To do this, the foundation has worked to adapt and apply an indigenous cultural landscapes approach, developed by FSC in 2016, to acknowledge the indigenous land's social, cultural, and economic value, with other rights-, forests-, and market-based solutions by working with different sectors worldwide. With this effort, the foundation works with FSC to create sustainable market linkages between local communities and the private sector through the FSC certification system, by incorporating their cultural identity and traditional knowledge, and practices of managing their lands, water, fauna, and flora into indigenous value chains.

The FSC Indigenous Foundation is headed by Francisco Souza, who is an Indigenous Person himself, with decades of experience working with environmental and indigenous organizations, particularly in Latin America. The results of the initiatives and projects carried out by the foundation will strengthen the mission and long-term objectives of FSC to promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.





## Other 2020 highlights include:

- The FSC Indigenous Foundation worked with the Permanent Indigenous Peoples' Committee (PIPC) to develop the FSC Guidelines for the Implementation of the Right to Free, Prior, and Informed Consent (FPIC) and the Indigenous Peoples' Manual for Implementation of FPIC in the FSC system.
- The foundation and the PIPC supported the update of the National Forest Standards for Finland and jointly contributed to the new National Forest Standards in Norway.
- The PIPC and the foundation boosted visibility and leadership by participating in, or facilitating, 23 indigenous meetings in Africa, Asia, Latin America, Europe, and Oceania. The sessions reached around 420 people, promoting indigenous rights, ethnics, and protocols related to sustainable resource use and management, and sustainable livelihoods.
- The foundation will benefit from a five-year, USD13 million partnership with the US Agency for International Development, and FSC. The parties established the Indigenous [Peoples Alliance for Rights and Development \(IPARD\)](#), which will enable Indigenous Peoples globally to strengthen their capacities, so they can manage and develop their communities based on their priorities, traditional knowledge, natural resource management, and respect for their rights.
- For implementing the IPARD, among others, the FSC Indigenous Foundation will partner with the Food and Agriculture Organization of the United Nations, the United Nations Development Programme, Hivos, the Mesoamerican Alliance of Peoples and Forests, and the Fund for the Development of the Indigenous Peoples of Latin America and the Caribbean, to design and execute projects to support economic empowerment of indigenous women and girls in the north of the Central America region. The FSC Indigenous Foundation will promote forest-based solutions, FSC certification, and partnership with companies and governments.

## How the indigenous *Baaka* of the Congo are saving forests

Companies committed to sustainable forest management in the Congo are doing their part to advance the life of Indigenous Peoples, like the *Baaka*, with dignity. In return, the *Baaka* are committed to working with companies to meet the region's timber needs while protecting their ancestral forest home.

In the north of the Republic of the Congo lies the town of Ouéssou, the capital of the Sangha region. About 30 kilometres south is the village of Pokola. Formerly a fishing village, Pokola is now home to the industrial site of timber logging company Congolaise Industrielle des Bois (CIB) Olam, which has been operating in the area since 1968.

The company currently leases 2.1 million hectares (ha) of state-owned forests, of which 2 million ha is FSC certified. It has been certified for sustainable forestry management since 2008.

Interholco Industrie Forestière de Ouéssou (IFO), located in the village of Ngombe, also in the Sangha region, is another such organization. The company operates in 1.16 million ha of forests – that is a quarter of the size of Switzerland.

Among other regulations, the principles and criteria of certification require companies to protect workers' rights and employment conditions, which include implementing health and safety practices and the payment of wages that meet or exceed minimum forest industry standards.

This significantly impacts the lives of both employees (some of whom are *Baaka*) and other Indigenous Peoples living in the area. On the ground, this has been translated into greater access to modern healthcare and education; and the capacity to exceed the legal minimum earnings under forestry industry wage standards.

## Working for and with Indigenous Peoples

Located in the heart of the second largest forest mass in the world, the Republic of the Congo covers 342,000 km<sup>2</sup> of central Africa, has just over 4 million inhabitants, and a pygmy people\* that represent approximately 5 to 10 per cent of that population.

For towns and villages around Ouéssou like Ngombe and Pokola, which lie languorously on the Sangha River, surrounded by rainforests and known for its pygmy people (including the *Baaka*), the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and ILO Convention 169 holds an added significance.

A 2018 study by the Expert Mechanism on the Rights of Indigenous Peoples describes the scope of free, prior, and informed consent as “a manifestation of Indigenous Peoples’ right to self-determine their political, social, economic, and cultural priorities. It constitutes three interrelated and cumulative rights of Indigenous Peoples: the right to be consulted; the right to participate; and the right to their lands, territories, and resources.”

The Indigenous Peoples forming the community in the village of Lengoue exercised this right, when a sustainably managed company came to their forests to log trees.

Bitanda Gabriel, a villager, explained the free, prior, and informed consent process – a specific right that pertains to Indigenous Peoples – and said he was hopeful that it would bring about some positive change and more solidarity in the community. “IFO informed us about the process and how they will organize the mapping, with different teams going into the forest – marking roots, branches used to sell for coir and for cooking, and trees, used as medicines, for protection,” he said.

IFO has set aside 300,000 hectares (or 27 per cent) of its total forest concession in Ngombe as a conservation area and houses 71 protected sites (drawn up with the help of Indigenous Peoples).

Meanwhile, at CIB Olam, 40 per cent of its leased forest area is protected, with only 60 per cent being used for logging. With a population of 6,000 in its forest concessions, the company has 45 indigenous employees.



## 4. Membership updates

### FSC International Membership

FSC welcomed 70 new members in 2020.



### Taking conversations online

#### Motions

In 2020, FSC members submitted 32 motions (four statutory and twenty-eight policy motions), intended for discussion at the 2020 General Assembly. Even though the General Assembly was postponed, a motions prioritization exercise was conducted, and the top five motions across chambers were discussed by the membership in two different sessions, held in October and November.

#### FSC regional and global membership meetings

The FSC regional and global membership meetings 2020 took place 1–8 December and presented an overview and highlights of the year's achievements, and general priorities and key issues for 2021 at the regional and global levels. Over 1,000 registered participants from around the world joined the presentations and subsequent discussions.

## Conferences

In December, FSC International hosted two high-level virtual conferences to close the year. Members and stakeholders attended the new Global Strategy launch and participated in a panel where top experts in the field discussed nature-based solutions. More than 600 registered participants from around the world joined the high-level events.

- More than 270 international members attended global strategy dialogues over six sessions in different time zones.
- Over 900 registrants and 580 attendees, including international members and external stakeholders, participated in a three-part conference to discuss climate issues and the crucial role of FSC.
- More than 80 membership webinars took place during the year, with 2,800 registrations and a high participation rate.

## New platforms for members

In 2020, FSC International launched the [Members' Portal](#), an online platform exclusively for international members. The portal enables members to read the latest news tailored to their interests, stay up to date with FSC activities, and follow the implementation progress of motions passed at the [FSC General Assembly](#). The Members' Portal also provides a snapshot of the consultations, surveys, and other engagement and member-specific activities that are currently taking place.





## 5. Stakeholders' solutions

### Building stakeholder relationships

- FSC started Focus Forests in collaboration with a research consortium. The project aims to find solutions for stewardship in forests with special social and environmental values. FSC will look for ways to address biodiversity loss and climate change, while continuing to enable the provision of responsibly produced goods and services from leading forest management practices.

- To help labour union representatives better understand what FSC can do for workers and unions, we developed a new online course that provides an overview of learning and quizzes to encourage interaction. By the end of May 2021, 40 participants had taken part in the training.

- The [FSC Core Labour Requirements](#), based on the principles of the International Labour Organization core conventions, are now embedded into the chain of custody standards. These are: effective abolition of child labour; elimination of all forms of forced or compulsory labour; elimination of discrimination about employment and occupation; respect of freedom of association; and the effective recognition of the right to collective bargaining. Additional elements are the inclusion of a policy statement and a self-assessment in which organizations can describe how they apply the requirements to their operations.

FSC has developed guidelines for gender and diversity that include recommendations for evaluation, encouragement, and inclusion of diversity and gender in the field activities of FSC, as well as monitoring the composition of FSC working groups developing forest stewardship standards, policies, and attention to diversity and gender in auditing and reporting.

- The sustainable intensification advisory group has been exploring how the forest sector works to obtain increased production and protection at the same time – and what role FSC could play in making this possible. Two related, but separate, work projects have been identified. The first is exploring which shared social and environmental values could accompany economic values in intensified forestry. How can these values enhance and contribute to sustainable intensification? The second is an exploration of genetic engineering in forestry outside certification, seeking to learn if FSC could have a role in safeguarding and controlling field trials outside certification.

- The newly launched [FSC Connect platform](#) delivers user-centred digital solutions to help stakeholders better engage with FSC.



## 6. Investments & Partnerships

### Working together to achieve a Global Development Alliance

FSC Investments & Partnerships is an independent, mission-aligned non-profit organization based in the US which collaborates with the FSC network to leverage support, partnerships, and contributed revenue to accelerate the FSC mission. The most significant partnership came in early 2020 when FSC engaged with the United States Agency for International Development (USAID) and the FSC Indigenous Foundation to co-create a new global development alliance, a five-year, USD13 million Indigenous Peoples Alliance for Rights and Development (IPARD), with a USD6.5 million commitment from USAID.

FSC Investments & Partnerships is continuing to engage with potential partners to achieve match funding for the programme, to empower Indigenous Peoples worldwide.

### Renewing commitments to capacity-building partnerships

Between 2018 and 2020, the US-based M. J. Murdock Charitable Trust made a three-year capacity grant to FSC Investments & Partnerships to expand its operations and unlock the potential of philanthropic giving to FSC's mission. The Trust has now renewed its commitment to support the vision of healthy forests worldwide through an additional capacity grant. It is providing the start-up funding to hire a new Senior Technology Officer to support FSC's continued digital innovations work.

### Multiplying funding opportunities via good collaboration

FSC Investments & Partnerships has been in conversations with the Prince Albert II of Monaco Foundation dating back to 2018. In 2019, these collaborations led to a successful gift supporting the work of achieving Forests For All Forever in Gabon, responding to the government's decision to ensure that all Gabonese forest concessions are FSC certified by 2022. Throughout this process, the funder expressed interest in working with the FSC offices in Denmark and the Netherlands to support market development for lesser-known timber species in the yachting industry.

### Engaging technology companies as philanthropic partners

FSC's digital innovations appeal to a wide audience and can open doors to exciting funding opportunities.

The technology company DocuSign committed USD100,000 to FSC to support healthy forests. FSC Investments & Partnerships worked with the company to plan a 'Hack for Forests' event during which app developers were encouraged to create innovative solutions to solve some of the critical technology hurdles for FSC.

Held in August 2020, the hackathon saw 600 participants worldwide build innovative tools to help FSC conduct audits of certified operations. DocuSign also committed an additional USD33,000 gift for IT support for the hackathon.





## 7. Climate

### Understanding FSC positive carbon impacts

2020 saw the FSC climate programme initiate projects to support the understanding of FSC positive carbon impacts in the forest and FSC supply chains.

The programme worked with key allies, including the World Resources Institute-led Initiative 20x20, a country-led effort to restore 20 million hectares of land in Latin America and the Caribbean by 2020. Together they launched two initiatives, Innovature and Land Accelerator, to support the acceleration of nature-based businesses on improved forest management, conservation, and restoration. These initiatives reached out to more than 500 entrepreneurs in Latin America and directly supported 20 projects connected to forests in the region through mentorship and business connections.

Other 2020 highlights included:

- FSC advanced its matchmaking role in connecting projects on the ground with investors that prioritize positive impacts on ecosystem services. One leading company with this commitment is ISA Energy, which supports forest projects through its Conexión Jaguar programme.
- FSC is taking an active role in the discussions and challenges of the carbon market by participating in the land use technical working group of the Greenhouse Gas Protocol, the VERRA Forest Carbon Innovations Working Group, and the World Resources Institute-led Initiative 20x20 – Task Force on Carbon.
- FSC actively engaged with the Green Bond Principles, the voluntary process guidelines that recommend transparency and disclosure by investors and financial institutions. FSC's products and services, including ecosystem services and positive impact verification, are now featured in the Green Bond Principles' reporting template.

### Ecosystem services

At the end of 2020, there were 26 forest management certificate holders successfully using the [FSC ecosystem services](#) procedure.

In 2020, 49 sponsorships of ecosystem services claims were secured in Italy, France and Brazil, predominantly for carbon and biodiversity impacts.

## Maderacre: protecting biodiversity in the heart of the Amazon

Madre de Dios, a Peruvian province in the Amazon, is not only one of the most biodiverse areas of the planet, it is also home to fragile species that require extensive forest areas to thrive. This region's harmonious ecosystems and natural exuberance are historically afflicted by illegal logging and hunting, deforestation for agriculture, and livestock and extraction activities.

The forestry company Maderacre, which owns a concession area of more than 220,000 ha in the region, is seeking to change this predicament. This is why it has chosen verification through the FSC Ecosystem Services Procedure, for the positive impact of their forest management practices on biodiversity and carbon sequestration.

The FSC Ecosystem Services Procedure consists of seven steps. Each step helps FSC forest managers show positive impacts of their forest practices on ecosystem services. Once an independent certification body evaluates the process, each verified impact results in a so-called 'ecosystem service claim.' Forest managers and their sponsors can then use this claim to show their verified commitment to protecting their forest's ecosystem services. In Maderacre's case, this verification, approved in January 2020, demonstrates the company's unwavering commitment to conserving species diversity and carbon stocks on its property.

--- Positive impacts on biodiversity and carbon ---

The company has successfully demonstrated positive impacts in four main categories. First, by increasing the property area under full conservation status by 57 per cent, from 7,014 ha in 2014 to 10,995 ha in 2019. Second, by protecting the entire forest management unit (220,844 hectares) against illegal hunting and logging, resulting in less illegal deforestation. Third, by diminishing the area degraded by reduced impact harvesting operations, which helps maintain the regeneration capacity of the forest and last, by maintaining the biodiversity in the property. A study conducted in 2017 registered an impressive 135 species in the concession area, including 17 key species tracked for their importance to this ecosystem.





# Improving our ways of working

## 8. Performance and standards

### National standards update

In 2020, 19 new or revised national standards based on version 5 of the FSC Principles and Criteria were published.

- Eleven national forest stewardship standards were developed by chamber-balanced standard development groups: Nepal, Ukraine, Viet Nam, Sweden, Indonesia, Japan, Cameroon, Lithuania, The Republic of the Congo, Gabon, and the Russian Federation.

- Eight interim national standards were developed by a certification body, or a technical working group formed by certification bodies: Eswatini, Lao People's Democratic Republic, Belize, Guyana, Cambodia, Philippines, Suriname, and Croatia.

### Forest Management Community

FSC has expanded the scope of the Forest Network, established in 2015 as an initiative of standard development group coordinators in the northern hemisphere, to cover a global scope.

The forum has been renamed Forest Management Community. Its objective is to promote knowledge sharing, capacity building, and continuous learning on forest management topics among its members and FSC, particularly on national standards. This aims to contribute to increasing efficiency, fostering innovation, and improving and strengthening FSC forest management certification. In 2020, monthly meetings were held for members, including a three-day virtual meeting.

### Improving FSC rules to address conversion

In 2020, the working group developing the [FSC Policy on Conversion](#) reached a consensus on 11 out of 12 provisions in the final draft.

With a chamber-balanced representation, the working group developed and consulted on the second and third drafts of the policy which reaffirms FSC's commitment and efforts to end deforestation, and foster conservation and restoration.

The public consultation of the second draft of the policy involved 151 stakeholders from 38 countries, while the consultation on the third draft policy comprised 135 stakeholders from 43 countries, and 164 participants joined the seven webinars that were staged during the consultations.

Likewise, the technical working group tasked with the development of a remedy procedure to operationalize the FSC Policy on Conversion presented a first draft for stakeholder consultation. This procedure provides the requirements for environmental and social remedies and will be completed in 2021.





## Progressing key forest management policies and standards

In 2020, the technical working group developing international generic indicators for the use and risk management of highly hazardous pesticides, required to fully implement the FSC Pesticides Policy, created a first draft for stakeholder consultation. It received feedback from 247 stakeholders from 33 countries.

The terms of reference to revise the Forest Management Evaluations Standard ([FSC-STD-20-007](#)) and associated addenda were approved. In this revision process, FSC will review and reconsider the fundamental approach of FSC towards forest management evaluations, including evaluation methods, intensity, frequency, duration, data gathering, reporting, the current structure of evaluation standards, and the incorporation of new technologies.

Guidance for Standard Developers to Develop a National Threshold for the Core Area of Intact Forest Landscapes within the Management Unit ([FSC-GUI-60-004](#)) was approved by the FSC Board of Directors and published.

## Annual calendar of policy processes

PSU continues to publish a [policy roadmap](#), an overview of ongoing and planned processes to develop and revise FSC's normative documents. The annual plan also provides an overview of opportunities for members and stakeholders to engage in public stakeholder consultation processes. It is regularly updated and published together with the [FSC Document Catalogue](#) on the [Document Centre](#).

## Assurance quality

The independent study implementing Motion 61/ 2017 (Certification Assessment Integrity and Credibility) was completed and shared with the membership in May 2020. Following presentation of recommendations to the Board of Directors in November, a prioritized set of integrity principles and actions have been employed as a result of the study.

## **FSC Standard for Project Certification is now effective**

A new version of the [FSC-STD-40-006 V2-0](#) FSC Standard for Project Certification came into effect in February 2020, containing a range of options for the certification of organizations of all sizes managing projects and a variety of examples of project types (e.g. a single wooden boat or a large complex of buildings).

Chain of custody project certificates are issued to the organization that manages the project. Depending on the certificate scope, it can be applied for as a one-time certificate for a single project, or continuous project certification of multiple projects with one or more entities. There are now more options to make claims available to organizations, including full project, specific components, or percentage claims.

## **Supporting and encouraging smallholders**

### **Revised Forest Management Group Standard published**

The second version of the Forest Management Group Standard ([FSC-STD-30-005](#)) was completed and published, making the FSC normative framework accessible to more potential certificate holders such as smallholders. The revised standard maintains the basics of the previous version but presents the requirements in a simplified manner. Revisions include easier-to-understand language, information boxes providing clarifications, and examples. There are now streamlined requirements for small or low-intensity managed forests and communities, and risk-based approaches to adapt the internal monitoring to the type of operations being implemented. Forestry contractors can now be included in the group too, giving group entities better control over contractors.

## **Forestry contractors certification**

With the approval of the revised Forest Management Group Standard, a group manager can now include forestry contractors into the forest management/chain of custody group certificates and allocate responsibilities directly to them, ensuring conformity of their forest management activities on behalf of group members or the group manager. Contractors can also use the chain of custody system of the forest management/chain of custody group certificates, so they will be able to sell and pass on the FSC claim on any forest products they harvest and sell outside of the group certificate. The harvesting and sales of FSC-certified forest products is monitored by the group entity, which in turn is evaluated by certification bodies.

## **Smallholder access programme pilot test**

The ongoing pilot test evaluates the impacts of allowing very small forest owners to benefit from a simplified approach to verifying their responsible forest stewardship activities. The test incorporates a set of critical indicators and rigorous internal and external auditing based on an analysis of the FSC Principles & Criteria and regional social, economic, and environmental conditions. After reviewing inputs from first, second, and third-party assessments and audits, results in October 2020 indicated that this innovative approach was achieving its desired outcomes. The pilot test will continue until mid-2022 to include additional data and findings for replicating solutions to bring smallholders into the FSC system.

## **Asia Pacific regional standard for smallholders**

A new regional standard in Asia Pacific for smallholders was conditionally approved by the FSC Policy and Standards Committee in December 2020. The work to close the twelve conditions and three recommendations is almost finalized. The committee, acknowledging the innovative character of this new policy solution, has also recommended to the Board to launch and roll out the standard in a controlled manner, using a medium-term pilot test, that will allow FSC to monitor the uptake.



## Continuous Improvement Procedure

There are many applications of concepts of scale, intensity, and risk, and small or low-intensity managed forests in the FSC normative framework. Despite this, for smallholders and communities, conformity with FSC requirements is still a great challenge, particularly in tropical countries. It involves a large investment compared to the economic benefit that FSC certification can offer.

To overcome these challenges, FSC has developed a continuous improvement procedure that allows its users to be certified based on conformity with only a subset of forest management requirements, offering flexible steps towards conformity with the remaining requirements within a defined time-frame.

The procedure gives the opportunity for smallholders and communities to become part of the global FSC community of certificate holders without having perfect responsible management in place. It is enough to have initiated and implemented crucial measures and to commit to continuing the path of sustainability by continuously improving forest management practices to ultimately conform with all requirements of the FSC standard within five years. It is also expected that the economic benefit of FSC certification will allow the user of the procedure to cover the required investment for responsible forest management and FSC certification during the first certification cycle.

With the establishment of a technical working group in early 2020, by the end of year the first draft was already delineated, and public consultation was expected in the first half of 2021.

### Discover 2B Office: The first FSC-certified construction project based on the new standard

In Portugal, 2B Office became the world's first construction project to achieve FSC project certification. This office and co-working space will showcase local FSC-certified products to develop awareness around the importance of forest certification.



On 1 February, the same day that the new FSC project certification standard took effect, 2B Office became the first project in the world to be certified based on that standard.

2B Forest, the company behind the project, provides advice to develop and implement strategies and innovative projects related to forest certification. As a company that practises what it preaches, 2B Forest also possesses two FSC forest management and chain of custody certificates. When the company's founder and director, Susana Brigido, heard of the possibility of getting FSC project certification, she jumped at the chance.

Brigido and her team felt there was not sufficient recognition of the effort and investment forest owners made to improve their management practices. This situation led to a lack of motivation from the owners as well as from the wood producers.

2B Forest wanted to remedy the situation. They also wanted to alert market players to the importance of guaranteeing sustainable sources for forest products in the fight against climate change. The company decided that building their own office with FSC project certification would be a great way to do just that. Additionally, the work would involve two of the main sectors using forest products: the civil construction and furniture sectors.

### **A challenging yet rewarding project**

The main challenge was to find motivated partners to build the office and to combine the architect's vision with the use of local certified products. "When reading the project specifications and realizing that 2B Forest would choose the suppliers of all forest-based materials, and check the quantities and the type of material used, most companies demonstrated very little interest," recalls Brigido.

2B Forest eventually found companies willing to participate in the project. "The most rewarding part was the partnerships we made to ensure the use of raw material from national forests and products from national industries," she added. Partners included FSC Portugal, the Azores Regional Government, and wood producer Marques Britas S. A.

Another specificity was that the project only used national tree species. Among the local species, the suppliers provided maritime pine and cryptomeria japonica.

The office includes a spot for 2B Office partners to showcase their FSC-certified products. This way, a more general audience may have more personal exposure to products from local responsibly managed forests.

"In the future, we aim to introduce products made with cork into the office," adds Brigido. "Portugal is the biggest producer of cork, and this material is also used in construction materials."

Now that 2B Forest has gained knowledge and skills around FSC project certification, it will also develop a new initiative. From now on, it will advise construction companies or architects' offices on procedures and records development. This way, their clients' works may also obtain FSC project certification.





**A global system  
having local  
positive impact**

## 9. Global standards with local relevance

### Market news from around the world

#### Latin America

In **Argentina**, FSC signed a trademark licence agreement with Arcos Dorados (the world's largest independent McDonald's franchisee). The current scope refers to its goal to source FSC-certified packaging in Argentina, according to the company commitment to source 100 per cent of its packaging for consumer products from renewable, recycled, or certified sources by 2025.

In **Brazil**, the FSC team launched a remote learning platform called Saber FSC, which offers up-to-date content and training sessions for certified organizations and other stakeholders interested in learning more about FSC.

In **Honduras**, members of the Honduran Council for Voluntary Forest Certification developed a sustainability strategy to volunteer their services to work on project proposals that provide resources to the national office. A project to strengthen the forest production chain was initiated within the framework of the Voluntary Association Agreement – Forest Law Enforcement, Governance, and Trade in three municipalities of Atlantida.

In **Mexico**, increased chain of custody certification has centred on the printing and packaging sector. In 2020, 80 per cent of new chain of custody certificates issued were for printing or packaging.

In **Peru**, FSC-certified forest management areas reached 1,087,349 ha in early 2020. The latest progress was recorded when two new areas located in the Ucayali region, in the east of the country, became FSC certified. This region is crucial due to its rich Amazon forests and socio-economic context, in which Indigenous People, FSC-certified areas, and pressure over territory co-exist.

In **Bolivia**, the process of re-certifying Industria Forestal Cimal IMR's 303,285 ha of forest was significant due to the amount of land being certified in Bolivia falling in recent years.

In **Guatemala**, an FSC delegation took part in activities to mark the 30th anniversary of the Maya Biosphere Reserve. Scaled forest community concessions within the reserve have been leading the fight against deforestation and forest fires, with the Association of Forest Communities of Petén responsibly managing forest resources.

#### Asia Pacific

In **China**, 2020 saw the first FSC ecosystem service certificate issued and the conclusion of a pilot initiative to assess four alternatives to international generic indicators 6.5.5 (forest management unit building a partnership with another one, partnering with a conservation unit, compensating it through an ecosystem service's certification holder or an exception for those who try but still failed to achieve any of the above), which demands setting aside 10 per cent of smallholder forest for conservation.

Elsewhere, comprehensive online chain of custody training is now available in Chinese and to companies in China.

There was sustained growth of Chinese chain of custody certificates issued despite the pandemic. Now, chain of custody certificates in China account for about 25 per cent of the global total.

In **Korea**, FSC opened a new office to develop local consumer and business awareness about responsibly managed forests.

In 2020, FSC chain of custody certificates in Korea increased by 24 per cent, and the number of promotional licence holders in the country almost doubled despite a sluggish economy.

Elsewhere, FSC Korea built a valuable relationship with Tyler Rasch, a respected American TV celebrity who speaks Korean eloquently and advocates for FSC. His FSC-certified book, *No second Earth*, raised awareness of FSC among consumers and he continues to promote FSC in interviews and TV programmes.

In **Viet-Nam**, 2020 saw the launch of the National Forest Stewardship Standard for Viet Nam. This was complemented with online calibration sessions for certification bodies, and training and online meetings on the national standard for certificate holders.

Viet Nam's FSC-certified forest area grew by 9.1 per cent in the year, with the demand for FSC-certified products and the export of FSC-certified furniture both increasing.

## Market news from around the world

### Africa

By 31 May 2020, Africa's forest management-certified area increased by 1.8 million ha to 9.05 million ha. There was strong growth in **Namibia**, where certified areas grew 132 per cent to 957,236 ha, and in the **Republic of the Congo**, reaching almost 3 million hectares.

In **Gabon**, FSC signed a cooperation agreement to implement the government's commitment to have all forest concessions FSC certified by 2022.

The **Republic of the Congo** increased its FSC-certified forest area by 578,475 ha (an 11 per cent increase) to more than 2.9 million ha after the timber logging company Congolaise Industrielle des Bois – Olam obtained a new FSC forest management certificate for its Mimbeli-Ibenga concession in the north of the country.

**Namibia** increased its total certified area by 957,236 ha to a new total of 1.68 million – a 132 per cent increase in one year. In general, FSC forest management certification has grown rapidly (572 per cent) over the last three years. German-based retailers Aldi Süd and Aldi Nord, and their Austrian-based subsidiary, Hofer, contributed to the growth of certification via a partnership with FSC to purchase responsibly produced charcoal. In November, the country registered Africa's first verified ecosystem services claim for biodiversity.

2020 also saw the approval of the national forest stewardship standards for Cameroon, Gabon, and the Republic of the Congo, and Kenya's interim national standard.

### Europe

Despite the pandemic, Europe experienced significant growth in the certified area of over 10 million ha. Around half of that growth can be attributed to a recalculation of the existing certified area, in line with improvements in data and analytics. The other half is new growth. The European region now has more than 55 million ha of FSC-certified forest.

In 2020, Europe broke the 20,000 chain of custody certificates barrier thanks to an additional 1,200 certificates. This was also complemented by solid growth in businesses joining FSC chain of custody group schemes across the region.

In **Lithuania**, researchers in the Neris Regional Park used nest boxes to save the sleepy dormouse as part of a conservation programme within their FSC certification.

At the opposite end of Europe, in **Spain**, FSC reported that the Cantabrian brown bear population is recovering after almost facing extinction. This is due to better forest management and forest owners showing they could help preserve these endangered animals through the FSC Ecosystem Services Procedure. In the European region there are now 12 ecosystem services claims made in FSC-certified forests.

A multicountry project (**Italy, UK, Germany, and France**) has boosted commitments to FSC procurement in the fashion sector through well-known brands. In 2020, this resulted in 45 new certificate holders in the textile industry and several new promotional licences in the fashion sector.

In the **United Kingdom**, shoemaker Clarks launched its first boots with 100 per cent FSC-certified rubber soles.

In **Finland**, a monastery certified its 470 ha forest, helping it to cover some of the income lost from tourism due to the pandemic thanks to an increased demand.

In **Switzerland**, Logitech Europe won a design award for its FSC-certified packaging of its computer mouse.

In **Poland**, pop singer Dawid Podsiadło used only FSC-certified paper for the packaging and booklet of his album.

In **France**, fashion company Sézane became the first ready-to-wear clothes brand with FSC certification.

## Market news from around the world

### North America

In the **United States**, FSC US completed a draft of its revised national Forest Stewardship Standard, working to identify the appropriate balance between the existing best-in-class standard with new requirements that are practical and achievable. Where possible, FSC US looked to streamline the standard while also aligning it with the revised FSC Principles and Criteria (Version 5) and the international generic indicators.

FSC US implemented its innovative approach to addressing risks identified in the controlled wood national risk assessment.

BuildwithFSC.org was launched as a one-stop destination for the US, Canadian, and Mexican construction markets. Despite Covid-19, supplier participation and traffic goals were met, and more than 300 suppliers were added to the site, with 7,500 visits from potential buyers.

FSC US and FSC Canada commissioned a research project to assess the forest carbon impacts of FSC-certified forest management in the two countries. Specifically, the research will investigate if and how FSC acts as a natural climate solution to inform construction markets, carbon footprint analyses, and life cycle analysis. The work is expected to be completed in late 2021.

Procter & Gamble has established an ambition to achieve 100 per cent FSC certification for wood pulp sourced for its Charmin, Puffs, and Bounty products by 2030. The company expects to reach its previous goal – nearly doubling its FSC-certified fibre use to 75 per cent by 2025 – three years ahead of schedule.

In **Canada**, FSC implemented two seminal initiatives across Canada: the National Forest Management Standard and the National Controlled Wood Risk Assessment.

FSC Canada continues to champion positive change for woodland caribou, an important bio-marker of the health of the boreal forest. It created a specific caribou indicator, developed a comprehensive suite of training materials, and held a forum uniting industry stakeholders to ensure its successful implementation.



## Good forestry saves the Cantabrian brown bear from extinction

The Cantabrian brown bear, one of the last native bear species in western Europe, is in danger of extinction. In its home region of Asturias in north-west Spain, the Asturian Foundation for the Protection of Wild Animals (Fondo para la Protección de los Animales Salvajes – FAPAS) is improving the bear's habitat to preserve the species, while highlighting the value of its home forests.

Every living creature in the world needs somewhere to live, food to eat, and the ability to reproduce to be able to survive. But for the Cantabrian brown bear, that has not always been so easy. For centuries, it co-existed with humans in the Cantabrian Mountains, stretching for over 300 kilometres across northern Spain. Yet in the 1980s, human interference caused a dramatic drop in the bear's population, making it almost impossible to spot one in the mountains. Illegal poaching and hunting, as well as human expansion, created a huge habitat loss for the bears and pushed them to the verge of extinction.

At a time when the health of most of our planet's ecosystems is deteriorating, threatening thousands of species with extinction, some forest owners are showing they help preserve these endangered animals through the FSC Ecosystem Services Procedure. Through this procedure, forest owners can verify their positive impacts on ecosystem services and protect species and their habitat in the forests they manage.

In Spain, for instance, Biesca Ingeniería, a company specialized in forestry and environmental consulting, partnered with FAPAS to implement the FSC Ecosystem Services Procedure to highlight conservation efforts. The company already obtained an FSC group certification back in 2015 for the forests they manage sustainably in collaboration with their partners, including FAPAS.

### Highlighting positive impact

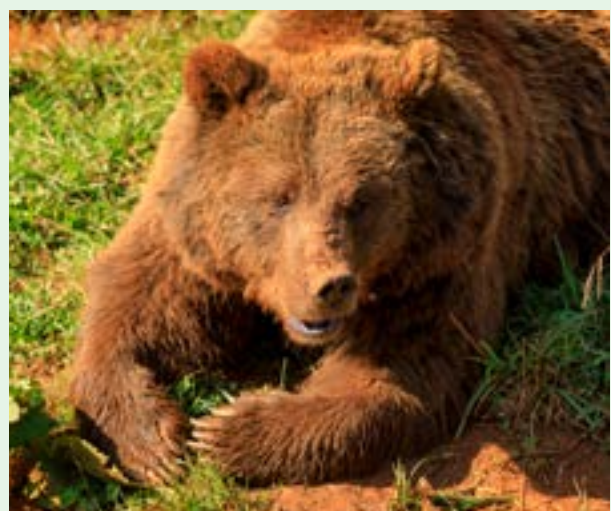
The FSC Ecosystem Services Procedure specifically helps forest managers highlight their positive impact on forest ecosystem services.

In Spain, various companies are now showing interest in investing in certified ecosystem services as they demonstrate well-maintained forests and enhance the lives of wildlife and humans by providing fresh air and clean water.

To successfully implement the FSC Ecosystem Services Procedure, FAPAS developed a series of measures linked with bear conservation. It planted indigenous fruit trees (mainly wild cherries and apples) inside and around the forests that Biesca Ingeniería manages. Bears like these fruits and often come closer to villages in the summer to find them. They disperse seeds by throwing them on the surrounding ground, contributing to the growth of more of the fruit species. The tree planting helps bears access the fruits directly in their home forests, and restores balance in their habitat. To regrow the bear's natural forests, FAPAS also replanted indigenous holm oaks while eradicating non-native eucalyptus trees, introduced from Australia during the 19th century.

In early 2020, Biesca Ingeniería and its partners successfully used the FSC procedure for the 3,500 hectares of Asturian forests it manages.

At the time of writing, the Cantabrian bear population stands at about 300 animals. The fruit trees are just starting to grow and cannot be harvested yet. But soon enough, FAPAS and Biesca Ingeniería will start to reap the rewards for their efforts to preserve their forests and the bears that live in them.

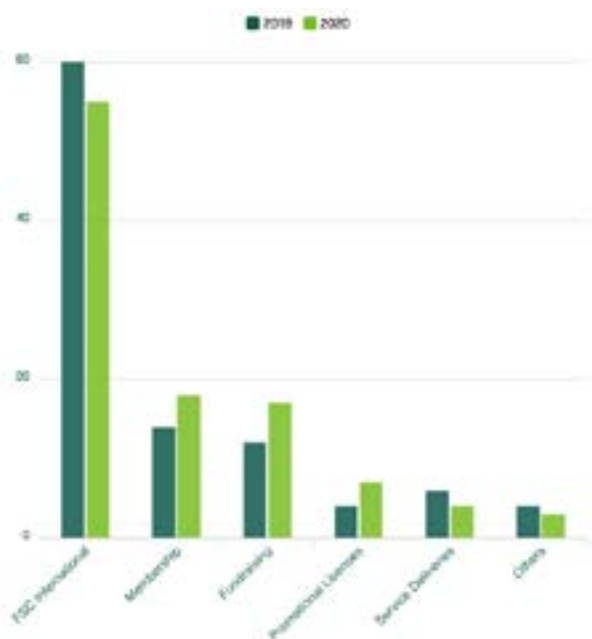


## 10. Global Alignment

### FSC network continues to grow

The growth of FSC certification in the past years would not be possible without efforts on the ground. FSC network partners deliver the shared mission by promoting the brand and engaging with local stakeholders. As a result, FSC continues to grow and is now present in 58 countries. 2020 saw the addition of work in the Adria-Balkan region, covering Slovenia, Croatia, Bosnia and Herzegovina, and Serbia.

The income structure of the FSC network reflects the growing value of the FSC brand. Most of it still comes from FSC International, but there is an increase in the income generated from membership, fundraising, and promotional licences, showing the interest of stakeholders to be associated and involved with FSC.



### Visualizing the positive impact of FSC

FSC collated single results from scientific studies to provide a comprehensive but easily accessible list of evidence of the outcomes of its certification. The result is an [impacts dashboard](#), an interactive tool developed with the software Tableau. It allows users to navigate through the compilation of isolated data about the outcomes of FSC certification across the world's forests.

2020 also marked the launch of a revised [facts and figures dashboard](#), a map that provides a new way to see the growth in global forest areas certified to FSC Principles and Criteria, as well as worldwide supply chain certification growth.

[FSC on the Map](#), the first FSC geospatial platform, was also launched. It allows users to delve into key data – such as FSC-certified forests, FSC members, and offices – in a more visual format, with four easy-to-use maps.

### Continuing to support forest management auditors

For FSC, it is key to ensure an objective and informed auditing process of certified areas as far as possible. That is why the geographic information system portal was developed, enabling FSC forest management auditors worldwide to access relevant geospatial information, which they can easily combine with up-to-date satellite-derived data.

To further help auditors, FSC introduced digital audit reporting to the FSC system. This will enable FSC to appropriately access audit data and easily identify trends and impacts of certification and spot risks, and act promptly.

### Thorough investigations of suspected violations

Following an extensive investigation by FSC and Assurance Services International into Calophyllum plywood transaction verification, six organizations were identified as having violated FSC requirements in 2020, trading uncertified plywood products as certified. This resulted in four organizations being terminated and blocked and two organizations suspended and blocked.

Through this action, FSC demonstrates that its highest priority is maintaining its brand integrity, distinguishing responsibly procured wood and wood-based products. By thoroughly investigating suspected violations, FSC acts to ensure that the companies that misuse the FSC label stop doing so, and face penalties.

## Focus on charcoal

In 2020, FSC continued fighting false claims in international charcoal supply chains on various fronts. To prevent fraud, FSC tested and applied an advice note (20-011-13) to Ukrainian charcoal-related certificate holders and applicants, which may later be expanded to other supply chains and countries. The outcome of all previous investigations and actions taken by FSC became visible in Namibia. Due to past integrity-related endeavours and international demand for FSC-certified charcoal, the FSC-certified area grew by 572 per cent over the past three years, reaching 1.6 million ha.

## Controlled wood

In 2020, FSC initiated a pilot project for enabling cross-site and cross-border implementation of the percentage and credit systems, and the revised project certification standard became effective. At the end of the year, the FSC risk assessment platform was launched for organizations applying FSC-STD-40-005 Requirements for Sourcing FSC Controlled Wood and certification bodies, giving them access to reference information on FSC risk assessments.

A working group was established for revising FSC-30-010 FSC Controlled Wood Standards for Forest Management Enterprises, and the FSC Board of Directors approved the start of the revision of the FSC Risk Assessment Procedures (FSC-PRO-60-002 and -002a)

## Upholding the integrity of the FSC system

### • Two new Policy for Association (PfA) complaints accepted

The complaint against PT Roda Mas Timber Kalimantan of the Harita Group included allegations of destruction of high conservation values and violation of traditional and human rights in forestry operations. The complaint against Pt Bukit Muria

Jaya of the Djarum Group concerned allegations of significant conversion of forests to other uses. The case investigations were put on hold due to the Covid-19 pandemic, and FSC requested a moratorium put in place on any further conversion until the investigation could safely take place. The two organizations were asked to provide interim reports on progress towards achieving dialogue.

### • Next steps reached with Olam and Korindo

FSC appointed SmartCert to conduct a retrospective evaluation of the alleged conversion of high conservation value forests and destruction of high conservation values by Olam International palm oil operations in Gabon. At the same time, FSC continued to work with Korindo Group to implement the conditions for maintaining association.

### • Two processes for disassociated companies

FSC carried out a baseline evaluation on Asia Pacific Resources International, quantifying past significant conversion and destruction of high conservation values in forestry operations. For the HS Timber case, FSC appointed the Soil Association to conduct a verification evaluation of compliance against the FSC Conditions Framework in the process towards potentially ending disassociation.

### • New Policy for Association complaints procedure approved

A new procedure for processing PfA complaints ([FSC-PRO-01-009 V4-0](#)) was approved in December 2020. It introduces alternative dispute resolution approaches, the use of external experts, and new options for sanctioning companies engaged in wrongdoing. As well as safeguarding FSC's reputation, the changes will help FSC to focus on the best possible outcomes to complaints and allow for swifter processes. Following this revision, a new technical working group was appointed by the Board of Directors to complete the process of revising the FSC Policy for Association ([FSC-POL-01-004](#)). The revision is expected to run during 2021 and be completed in early 2022.



## **From Bush to Charcoal: the greenest charcoal comes from Namibia**

Namibia is a vast but sparsely populated country where farming is the second most common occupation after mining. Livestock and cattle husbandry are the main sources of agricultural income, but with the drought, it has become difficult for farmers to find grazing areas and water for their livestock. However, some Namibian farmers have learned to diversify their activities and during the dry season, they produce charcoal.

### **Charcoal saves the day**

Gideon Kondjeni (55) has owned the Swerwerstroom farm for more than 15 years. With 6,000 hectares of mostly livestock and cattle, his farm is like many others in the region. Neatly fenced and gated, it is located 30 km away from the quiet city of Grootfontein in Central Namibia. With the uncertainties of cattle farming due to the harsh environment, succeeding in the charcoal business has become increasingly important.

### **Gideon and his workers started producing charcoal in 2017.**

The charcoal is made from the harvesting of bushes that invade the savannah. These bushes are often thorn bushes and invasive tree species. They are unwanted because of their rapid spread and negative effects on local ecosystems, negatively impacting biodiversity, threatening species and absorbing scarce groundwater. To produce charcoal, Gideon's crew harvest and cut the bushes to burn them in kilns for hours and turn them into charcoal. Charcoal producing contributes to clearing the bush. This helps to restore the ecosystems of the area which has been affected by generations of human activities.

### **FSC certification ensures responsible charcoal production**

Four months ago, Gideon decided to begin the FSC certification process. He joined the CARBO Namibia group scheme, which helps around 20 farmers to obtain FSC certification. That way, Gideon is sure that his FSC charcoal will be sold to CARBO directly assuring him and his workers a steady income. Gideon is getting ready for his first audit which will hopefully conclude with his FSC forest management certification. Frank Detering,

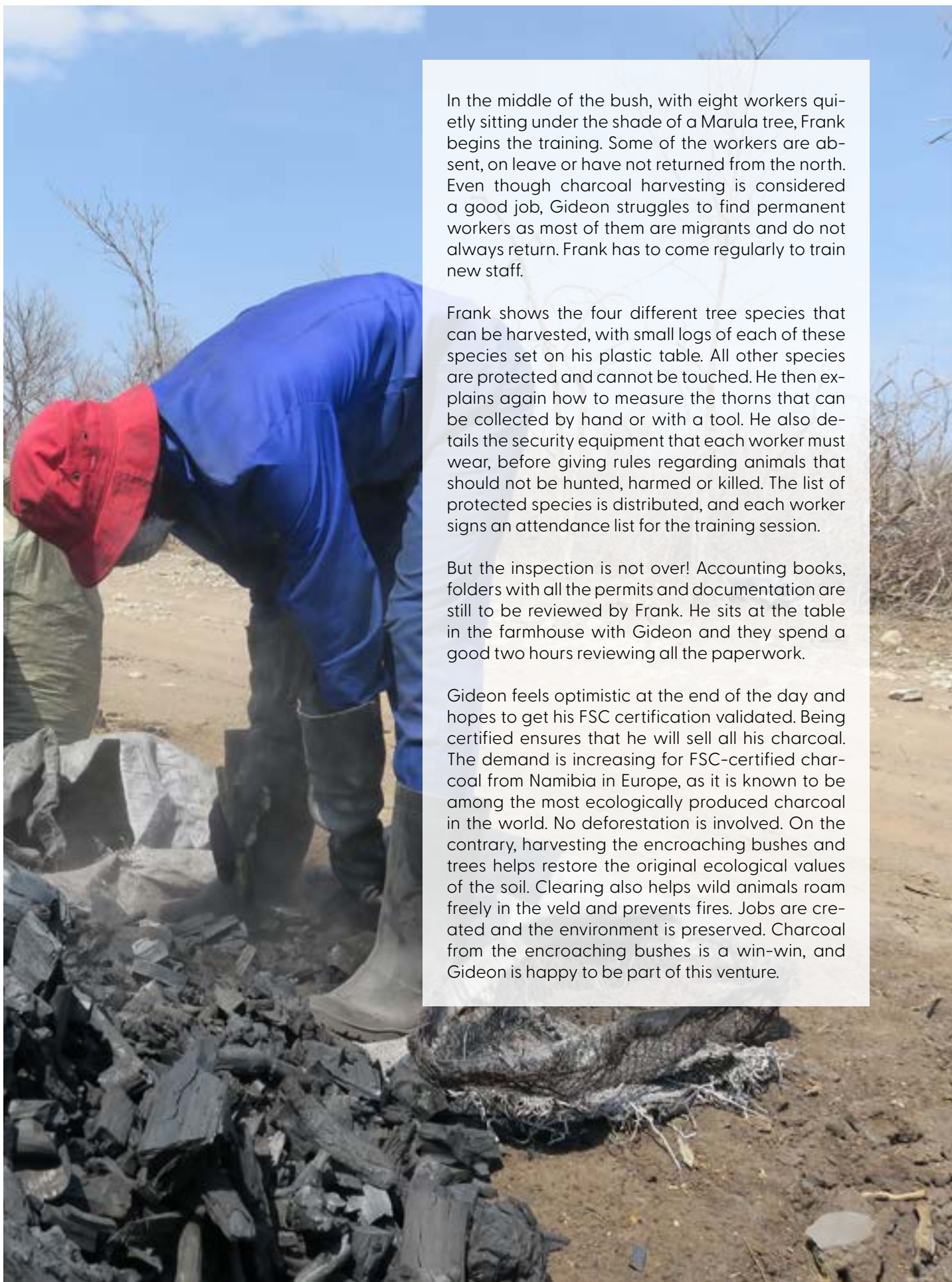
the certification manager of CARBO Namibia, is helping Gideon and other local farmers to prepare for their FSC certification.

### **The FSC certification: a rigorous system**

When Frank's car enters Gideon's farm for an inspection, the tension on Gideon's face is visible. Even if the actual audit is not happening today, it is still a big day for Gideon. Frank first asks to check a harvesting site after verifying the farm's map. The conservation area is also verified as its fauna and flora are monitored and studied for research purposes.

On the first harvesting site, Frank checks that none of the preserved tree species have been touched. Frank also makes sure that the diameters of the harvested trees respect the FSC norm: no less than 25 mm and no more than 180. The harvested site must be cleared of dead wood. A few meters away, two kilns and a few heaps of already burnt charcoal are laid out on the soil. Frank examines the charcoal that has already been produced to verify not only the sizes of the chunks but also their color, to guarantee that they have not been over-burnt. Frank also throws a chunk of charcoal onto the heap. The charcoal emits a small ringing sound. This is proof of good quality charcoal.

After this in-field inspection, the group drives back to the cattle pen. There, Frank visits the charcoal workers' living quarters. According to FSC's rules, workers must be provided decent housing with access to water and sanitation. The huts are small but the facilities meet the requirements, providing good protection from the sun and the rain, potable water, sanitation and electricity.



In the middle of the bush, with eight workers quietly sitting under the shade of a Marula tree, Frank begins the training. Some of the workers are absent, on leave or have not returned from the north. Even though charcoal harvesting is considered a good job, Gideon struggles to find permanent workers as most of them are migrants and do not always return. Frank has to come regularly to train new staff.

Frank shows the four different tree species that can be harvested, with small logs of each of these species set on his plastic table. All other species are protected and cannot be touched. He then explains again how to measure the thorns that can be collected by hand or with a tool. He also details the security equipment that each worker must wear, before giving rules regarding animals that should not be hunted, harmed or killed. The list of protected species is distributed, and each worker signs an attendance list for the training session.

But the inspection is not over! Accounting books, folders with all the permits and documentation are still to be reviewed by Frank. He sits at the table in the farmhouse with Gideon and they spend a good two hours reviewing all the paperwork.

Gideon feels optimistic at the end of the day and hopes to get his FSC certification validated. Being certified ensures that he will sell all his charcoal. The demand is increasing for FSC-certified charcoal from Namibia in Europe, as it is known to be among the most ecologically produced charcoal in the world. No deforestation is involved. On the contrary, harvesting the encroaching bushes and trees helps restore the original ecological values of the soil. Clearing also helps wild animals roam freely in the veld and prevents fires. Jobs are created and the environment is preserved. Charcoal from the encroaching bushes is a win-win, and Gideon is happy to be part of this venture.

## 11. Labels and Trademarks

### Rising interest in promoting with FSC

FSC's trademark service programme continued to grow in 2020, despite challenging market conditions. The number of promotional licence holders (such as retailers and brands) grew by 16.3 per cent, reaching a total of 1,246. By the end of 2020, 19 out of the top 50 largest retailers globally held a valid FSC promotional licence agreement. Also, a [new web page](#) to explain the benefits of promoting with FSC was launched.

### Continued support for FSC trademark users

FSC's new trademark registrations for 2020 were based mainly on analyzed data from licensing activities from 2019 and projected licensing activities. The trademark registration strategy intended to improve FSC's ability to act against violations and misuses of its trademarks, ensure that FSC trademarks were conforming with national trademark laws, enhance compliance when joining or subscribing to online brand management platforms and ensure that FSC was licensing trademarks that do not pose a risk to itself and/or its licensees.

- There were 92 individual trademark applications submitted by FSC in 2020.
- FSC received 80 trademark registration certificates during the same year.

As of 31 December 2020, FSC's Trademark portfolio included (cumulatively) 749 successfully registered trademarks and 187 trademark applications yet to be finalized.

### FSC certification portal

FSC launched the FSC certification portal to communicate any revision of the certification requirements and handle the electronic signing of trademark licence agreements. The portal allows certificate holders to receive certification requirement updates from both their certification body and from FSC directly.



## Changes to the MIX label text

As part of the controlled wood strategy, FSC worked with a technical working group to address the wish of stakeholders to change the text in the MIX label.

The label is changing from '[Product type] from responsible sources' to '[Product type] supporting responsible forestry' from January 2022. This is because products that bear the MIX label are made using a mixture of materials from FSC-certified forests, recycled materials, and/or FSC controlled wood. The original wording on the label states that all these components represent responsible sources. However, some FSC stakeholders were concerned that this general claim for all components does not reflect the fact that controlled materials are not FSC certified. By stating that FSC MIX products 'support responsible forestry' the new label credits the materials used with contributing more broadly to the FSC mission and recognizes the role that controlled wood and mixing play in advancing that mission.

The new label will be officially launched in January 2022. From the launch date, certificate holders will have a transition period of 2.5 years, during which time they may use the old or the new label.



## Dealing with infringements

FSC continuously strives to combat unlawful and unauthorized uses of FSC trademarks by executing appropriate and necessary actions against infringers. We have a specialized team of in-house lawyers and trademark experts who work with global law firms, enforcement agencies, and service providers worldwide, to enforce and manage infringement cases and reports effectively. Also, our network partners have dedicated enforcement officers who deal with infringement cases on a day-to-day basis and combat infringing activities in their respective countries.

In 2020, the in-house team received 105 new trademark violation reports from a combination of escalation from FSC's network partners, certification bodies, the online infringement reporting form and third-party watch services. These violations comprised a wide range of activities, including unauthorized trademark promotions on websites, social media sites, e-commerce platforms, and other channels.





# **Growing FSC through effective management**

## 12. Campaigns and Events

### Highlighting value chain success stories

FSC International launched Out of the Woods, a value-chain-focused webinar platform to raise awareness of all FSC priority sectors like textiles and natural rubber. It serves up success stories and milestones from forests to businesses, supported by certificate holders and promotional licence holders.

The first episode focused on the textiles value chain covering the role of sustainable forest management in enhancing sustainability in the fashion industry. There were 187 attendees and it generated 12,800 impressions on social media and 949 visits to FSC.org. The speakers included two FSC-certified companies, Masai Clothing Company and Brunello, and Canopy, an NGO focused on the sustainable procurement of viscose from forest fibres.

The second episode focused on the solid wood value chain, covering topics like project certification and the use of certified wood as a sustainable material in construction. It was even more successful, with 44,000 impressions on social media and 5.5 per cent average engagement on LinkedIn.

A video interview with Delia García, Head of Sustainability at El Corte Inglés, about the value of FSC was released in July 2020. She highlighted how FSC certification brought credibility and consistency to the sustainability strategy of El Corte Inglés and how it also helps them to meet the European Union Timber Regulations affected by generations of human activities.





## Amplifying our success

FSC International's average engagement rates across Facebook, Instagram, LinkedIn, and Twitter continued to perform well throughout the year (5.72, 10.98, 3.47, 1.63 per cent, respectively). Engagement is calculated as the sum of the number of reactions, shares, comments, clicks on links, videos, and images divided by the total reach of the post.

FSC marked the 2020 International Day of Forests by focusing on overlooked animals. The fun and educational campaign drew attention to overlooked species and the important ecosystem roles they play. It reached almost 100,000 people on social media platforms.

Our News & Views newsletter audience continued growing. More than 3,500 subscribers expect the latest information related to FSC in their inbox every two weeks.

FSC was featured in the December 2020 edition of National Geographic in a story that links FSC certification to protecting the highly endangered dormouse population in Lithuania and other parts of Europe. The story reached over 22 million people worldwide.

FSC entered into a content partnership with an online trade magazine for architecture called ArchiVibe to target architects in Europe. A series of four editorials were generated featuring 16 prominent architect companies in Europe, covering four countries: the Netherlands, the UK, Denmark, and Sweden. The article series positioned FSC in the architect community in Europe. The engagement rate of the articles on LinkedIn was over 7 per cent (average), and the article was visited by 4,523 readers online.

FSC also launched a podcast series called Forest for the Future focusing on innovation within FSC. New episodes are released every fortnight and cover everything from blockchain and open data to Earth observation and climate mitigation.

We also published impact stories on FSC.org from the Republic of the Congo, Russia, Guatemala, Namibia, Italy, Ecuador, Peru, and Spain among others, with network support. This achieved more than 23,000 views.



## 13. Growing FSC Value Chains

### Packaging

In 2020, Tetra Pak reached 100 per cent FSC availability in their carton packages. Additionally, 140 billion of them are now FSC labelled, representing 76 per cent of their total sales. The company also expanded its scope and had its first paper straw factory FSC certified, reaching 100 certified sites among the chain of custody factories and markets worldwide:

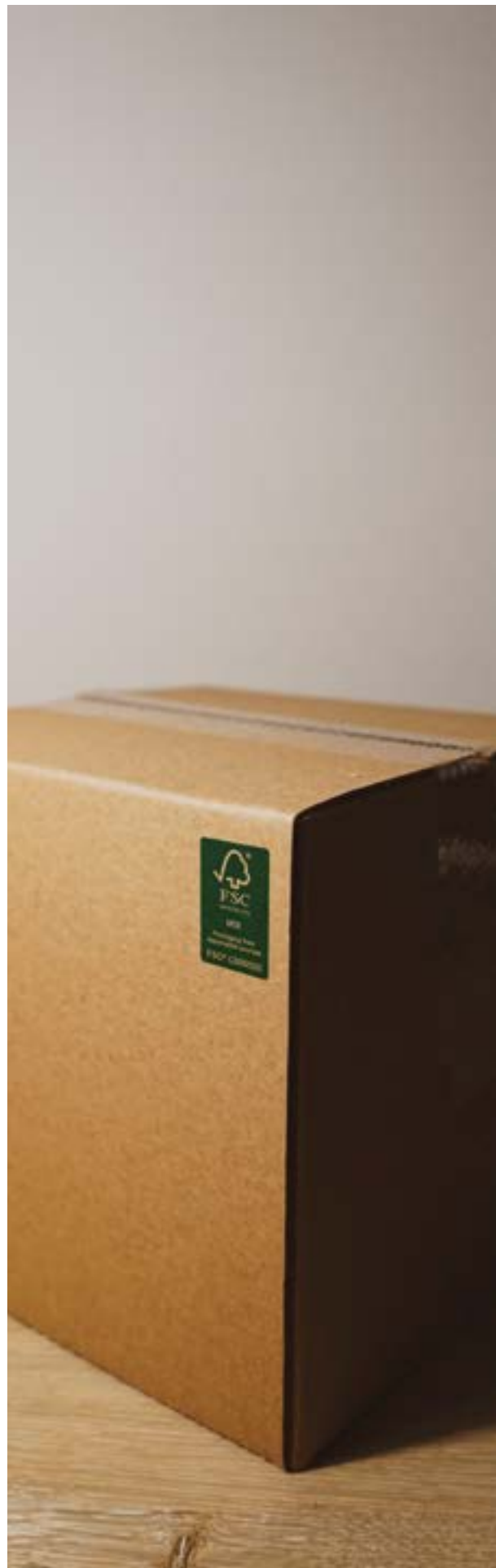
*“Since 2007 – when Tetra Pak introduced Forest Stewardship Council® certification to the liquid food carton industry – we have been working with paperboard suppliers around the world to ensure that all our packaging material factories are supplied with paperboard from 100 per cent FSC-certified and other controlled sources. As of 2020, this has enabled our company to deliver over 640 billion FSC-labelled packages in more than 110 countries, and to extend FSC chain of custody to our paper straws.”*

Julian Fox, Sustainable Sourcing and Operations Director, Tetra Pak

FSC has also been working closely with packaging giant, SIG Combibloc. The company reached 98 per cent FSC-labelled SIG cartons in 2019 and aimed to secure 100 per cent of its paper board as FSC certified:

*Over the last decade, SIG has chosen FSC certification for the stringency of its standards, requiring forest management practices that support biodiversity, prevent deforestation, and respect the rights of workers and local communities. Since 2009 all SIG’s liquid packaging board, including that used for paper straws, has come from FSC chain of custody certified suppliers, which has enabled over 300 billion packages to reach consumers worldwide. In 2020, more than 97 per cent of SIG cartons sold carried the FSC logo. This achievement was made possible in a large part by our engagement with board suppliers to embrace the wide-reaching benefits of FSC certification and by the support of our customers, who see great value in incorporating the FSC label in their packaging designs to demonstrate responsible sourcing of packaging materials.*

Samuel Sigrist, Chief Executive Officer, SIG Combibloc



## E-commerce

2020 saw FSC become a part of online retailer Amazon's Climate Pledge Friendly programme, making it easier for customers to discover and shop for more sustainable products. When searching for products, customers now see the Climate Pledge Friendly label signifying they have one or more of 19 different sustainability certifications that help preserve the natural world. The FSC selection in the Climate Pledge Friendly programme currently includes furniture, paper, stationery, and household products, and items from a range of other categories from international brands.

FSC is the only certification system focusing exclusively on forest products that Amazon has selected to feature in the programme. The online retailer evaluated hundreds of external sustainability certifications and chose organizations that certify products that have demonstrated sustainability benefits for the environment.



## Tanzanian communities now supply FSC-certified timber to Serengeti Park Ecolodge

Rural communities in south-east Tanzania are reaping the fruits of their responsible forest management. They recently started supplying FSC-certified timber to expand an ecolodge located in the Serengeti National Park, one of the most famous parks in Africa.

Fifteen certified communities will benefit from long-running contracts to supply FSC-certified and kiln-dried sawn timber to the Grumeti Luxury Tented Camp for its ongoing rehabilitation and expansion projects. The Grumeti Luxury Tented Camp is located in the Serengeti National Park, home to millions of wild animals including zebras and wildebeests. The FSC-certified communities have already supplied a total of 43 cubic metres of kiln-dried sawn timber to the lodge since July 2018.

In 2009, these Tanzanian villagers formed the first group to obtain FSC certification for a community-managed natural forest in Africa, with the support of the Mpingo Conservation & Development Initiative. To date, over 200,000 ha have been FSC certified through this group certificate.

A high-profile and ethical company, Grumeti opted to purchase timber from a sustainable and responsible source. This decision has led to an increase in the value of timber, with the average premium being 60 per cent higher than in the normal market. It will also help to stamp out competition from illegal logging sources.

### Concrete benefits for the communities

Adhering to FSC's guidelines, principles, and criteria has primarily helped the communities manage their forests responsibly and ensure these forests remain healthy for future generations.

Now, thanks to the revenues generated from the sawn timber, these communities – comprising over 7,500 people – are investing in social services and infrastructure. For instance, they created local jobs for approximately 400 community members (more than 50 per cent youth and 20 per cent women). Plus, 100 primary and secondary school students, including 70 girls, benefited from new classrooms, school toilets, and school desks.

Housing for teachers was also built, and school lunches have been provided for free to the students. This contract also enabled villagers to build a timber yard and save revenues to develop a dispensary in Liwiti.

Besides infrastructure, the communities managed to provide relief food supplies worth around USD5,000 to 100 households who were victims of widespread flooding and the disastrous effects of extreme weather in early 2020. A motorcycle, for patrolling the villages and monitoring the surrounding forest, has also been purchased.

These numerous development projects have created incentives for local communities to look after their forests in a more responsible and sustainable manner.



## 14. Behind the scenes

### Supporting our people

In 2020, FSC brought on board more than 20 new staff, raising up to 104 with student assistants. The organization fostered professional development and took advantage of the talents by enabling them to take on positions or responsibilities more than ever.



## Financial Report 2020

Forest Stewardship Council, A.C. and Subsidiaries consolidated statement of comprehensive income.

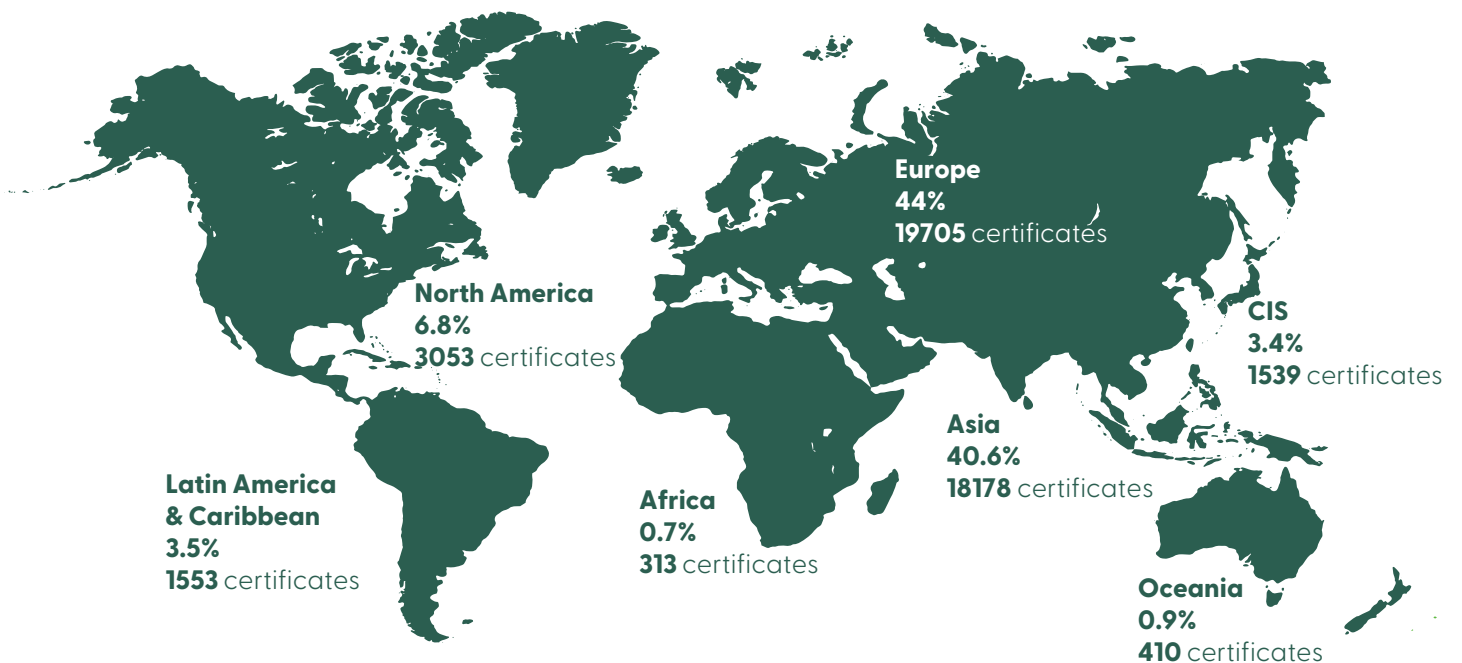
	Note	2020 US\$'000	2019 US\$'000
<b>Revenue</b>	11		
Annual administration fees		36,240	32,518
Donations		488	685
ASI generated income		5,874	5,352
Commercial services		103	217
Memberships and fees		172	297
Other		1,364	1,106
<b>Total revenue</b>		<b>44,241</b>	<b>40,175</b>
<b>Expenses</b>			
Staff salaries		7,853	8,081
Staff benefits		1,666	1,805
Staff recruitment and relocation		198	92
<b>Total staff costs</b>		<b>9,717</b>	<b>9,978</b>
Travel staff		113	336
Travel non-staff		486	2,039
<b>Total travel costs</b>		<b>599</b>	<b>2,375</b>
Fee principle cooperation and license agreements		6,251	6,341
License fee		20	134
Externals		2,376	2,509
Consultants		5,209	5,754
Fee service agreements NO		577	1,034
Legal and consulting costs		670	663
IT & Communication		857	835
External office cost services		1,073	864
Costs meetings		117	831
<b>Total third party costs</b>		<b>17,150</b>	<b>18,965</b>
Rent		93	87
Basic costs		714	637
Office costs NO		124	154
Financial costs		113	471
<b>Total back office costs</b>		<b>1,044</b>	<b>1,349</b>
<b>Total costs</b>		<b>28,510</b>	<b>32,667</b>
<b>Net exchange rate gains/ losses</b>	12	<b>637</b>	<b>-35</b>
<b>EBITDA</b>		<b>15,094</b>	<b>7,473</b>
<b>Amortization and depreciation and loss from disposal of non-current assets</b>	13	<b>-175</b>	<b>-479</b>
<b>Amortization right-of-use assets</b>	13	<b>-240</b>	<b>-240</b>
<b>EBIT</b>		<b>14,679</b>	<b>6,754</b>
<b>Tax expense</b>	14	<b>-4,091</b>	<b>-2,548</b>
<b>Interest income</b>		<b>19</b>	<b>15</b>
<b>Interest expense on lease liabilities</b>	2	<b>-22</b>	<b>-28</b>
<b>Financial Result</b>		<b>-3</b>	<b>-13</b>
<b>Profit for the period</b>		<b>10,585</b>	<b>4,193</b>
<b>Other comprehensive income</b>			
Exchange gains or losses arising on translation of foreign operations		146	-19
<b>Total comprehensive income</b>	15	<b>10,731</b>	<b>4,174</b>

## 15. Facts & Figures as at 31 December 2020

### Global FSC Certified Area 221,761,049.4 ha | 1,746 certificates



### Global FSC Chain of Custody certificates 44,751 certificates



## 16. Special thanks

### **Special thanks to the following donors who made our 2020 achievements possible:**

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