



ACHIEVING  
**BALANCE**

FOREST STEWARDSHIP COUNCIL®  
ANNUAL REPORT 2011



**OUR VISION**

The world's forests meet the social, ecological and economic rights and needs of the present generation without compromising those of future generations.

**OUR MISSION**

The Forest Stewardship Council® (FSC®) shall promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.



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# A message from the Director General

The International Year of Forests, 2011, has been a challenging and exciting year for FSC. This year we finalised our first major review of the Principles and Criteria, invested heavily in developing and collaborating with our network of partners around the world, achieved milestones in the number of certificates issued worldwide, and saw a renewed commitment to FSC by our membership and stakeholders at our Sixth General Assembly.

The General Assembly, held in Kota Kinabalu, Sabah, Malaysia in June, was a significant, but extremely worthwhile, undertaking. With 416 delegates registered for the week-long meeting the General Assembly provided a space for our members, observers and Network Partners to mingle, discuss and reach agreements on some contentious issues. The two-day workshop to develop consensus around some outstanding areas of disagreement in the P&C Review process was particularly well attended and productive. Constructive discussions led to agreement on some difficult issues, and provided the way to further, ultimately successful, debates on others. With 27 Motions passed at the General Assembly the FSC membership has mapped out a clear course of action for the International Center, Network Partners and members over the coming years.

The FSC Network Unit has continued to push forward the development of FSC as a cohesive global force over the year. The formal agreements with 31 National Offices, 6 National Representatives and 8 National Focal Points by the end of 2011 is helping us build our global brand and provide consistent and cohesive services worldwide. The FSC Network Partners are essential to the dissemination of the FSC mission and the growth of FSC certification worldwide. The restructuring of the network that has been on-going in 2011 focuses attention on the partnership and mutual respect that exist between the different parts of the FSC organization.



FSC also now has Regional Offices in 4 regions (Asia-Pacific, Commonwealth of Independent States, Africa and Latin America), supporting Network partners and representing FSC in the region. FSC enhanced its profile in 2011 considerably in the European Union and in discussions on green economy and procurement, through active engagement in policy discussions.

This year also brought to a close a major milestone for FSC, when we took the revised Principles and Criteria to a membership vote between November 2011 and January 2012. This was the culmination of a transparent and inclusive process through which three successive drafts were open for membership review, allowing comments and changes to be debated and incorporated in an iterative process. It was encouraging to see that one-quarter of the FSC membership gave a written response to one or more of the three drafts at some point, showing yet again the importance of our membership in guiding and informing FSC's progress.

The membership's approval of the changes to the P&C is a positive affirmation that will help maintain the integrity of our standards while keeping FSC certification practical and effective.

Globally, FSC passed some exciting milestones in 2011 with the issue of the 20,000th chain of custody certificate and the 1,000th forest management certificate. The growth in FSC certification—both in terms of the number of certificates issued worldwide and organizational maturity—has been phenomenal over the past year, and this can be attributed to the hard work of our staff, Network Partners and members. We look forward with renewed enthusiasm to the year to come, and with gratitude to all those who made 2011 so successful. Thank you.

Yours truly,

A handwritten signature in black ink, appearing to read 'Andre Giacini de Freitas'. The signature is fluid and stylized, with a large loop at the beginning and a long, sweeping tail.

ANDRE GIACINI DE FREITAS  
FSC DIRECTOR GENERAL

# A message from the Chairman

What distinguishes FSC from other competing forest certification systems is its transparency, its balanced representation of all stakeholders, and the support of most of the world's strongest and best-known social and environmental NGOs.



The FSC General Assembly is the paramount moment, every three years, in which the amazingly effective “radical democracy” of our FSC system comes into play. The General Assembly held in Kota Kinabalu, Malaysia, one of the high points of 2011, was another splendid example. FSC members and friends, both old and new, participated in week-long negotiations around a large series of proposed changes in the system. And the results that emerged were agreements, across all three chambers, for a series of investigations and changes in our policies and procedures that should strengthen the organization significantly.

FSC experienced a sterling year in 2011 on other grounds as well. We surpassed important benchmarks in both the number of forest management certificates and chain-of-custody certificates, illustrating the rapid growth of market demand. We received major new commitments from globally-branded manufacturing and retail companies to give preference to FSC-certified products. And their decisions have had major repercussions at the forest level with some of the largest forest products companies in the world, even some who had opposed the FSC historically, now seeking FSC certification of their forest management practices.

FSC completed three years of introspection and consultation on our most fundamental Principles and Criteria, and submitted the Revised Principles and Criteria to a global vote of the membership at the end of the year. The efforts of the Working Group behind that revision illustrated, in another way, the transparency of the organization. They engaged in extensive consultation with the FSC membership, both in face-to-face meetings around the world and in on-line processes, culminating in a final pair of days at the General Assembly designed to attempt to resolve the last remaining disagreements.

I salute the work over the course of this past year of the whole FSC team, working in Bonn, in the FSC Regional Offices, and throughout the Global Network of national offices, national representatives, and national focal points. They are amazingly few people, given the size and impact of our organization; but their hard work is bearing very positive results. Their work, as well as that of ASI, the accredited certification bod-

ies, and, frankly, of every certificate holder in the system, is what makes the FSC the most credible assurance available anywhere that forest products that bear our label have come from well-managed forests and have been traced effectively to final consumers. That is the essence of our continued success.

MICHAEL E. CONROY  
BOARD CHAIR

# 2011

## 1 Canada

### FSC tells the story

Author and artist Franke James took viewers on a personal quest to understand the meaning of FSC certification in a video and visual storybook called 'Who cares about the forest?'



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## 2 Peru

### FSC Peru brings the forest to the city

FSC Peru, supported by WWF and the Cultural Center of Lima, celebrated FSC Friday by holding a series of workshops aimed at bringing the forest to the city. Children and adults learned about nutrition from forest products, how ecosystems work and sustain the city's population, how FSC labeling can help protect the forest, and they created masks from forest products.



## 3 Spain

### Magical FSC Forest in Madrid Malasaña

A group of loggers transformed the Plaza del Dos de Mayo of Malasaña into a magical forest inhabited by incredible wooden animals. The event was part of FSC's Wood Fair Campaign.

## 4 France

### FSC Village in the Paris Parc de Bagatelle

During the "Fête des jardins", a celebration of parks and woodlands of the Paris region, FSC France set up a FSC Village in the Parc de Bagatelle. Coinciding with FSC Friday, the FSC Village aimed to raise the profile of FSC certification among the general public. About 600 people visited the village over the weekend.

### 20,000th chain of custody certificate issued

The 20,000th FSC chain of custody certificate was awarded to French company Oberthur Technologies, which is piloting the production of FSC labelled paper SIM cards.

## 5 Belgium

### Belgian Government commits to certification

The Belgian Government launched an agreement with industry organizations to increase the share of labeled, certified timber in the market to at least 35%. Currently about 6% is FSC certified.

## 6 Germany

### FSC certified company 'memo' wins Environmental Award 2011

Every year the German Federal Foundation for the Environment (Deutsche Bundesstiftung Umwelt—DBU) awards a prize to those companies who have shown outstanding technological and business leadership in sustainability.

Among this year's prize winners is a member of FSC Germany and FSC-certified company—the memo AG.

The prize was awarded to memo's CEO Juergen Schmidt by the German Federal Minister and amounts to the largest prize money in Europe—250 000 Euro—for an environmental award.



## 7 Netherlands

### Good wood website launched

FSC Netherlands and FSC Belgium launched a joint website demonstrating building projects that use FSC certified wood, and providing advice on the implementation of FSC certified building projects.



**12 China**  
**Showing impressive growth in certificates**

The FSC Asia Pacific Regional Office opened in Hong Kong in January. A major role for the office is to increase the credibility of the trademark in China, and manage the rapid growth of FSC certification in Asia Pacific.



**13 Japan**  
**FSC International sculpture symposium**

Four wood-carving artists from Japan and overseas displayed large FSC certified wooden sculptures at Kofu Station, Yamanashi Prefecture for two weeks in September. More than 500 visitors attended side events. Later, the sculptures were transferred to Tokyo and displayed in the National Art Center.

**14 Australia**  
**Seeing the Forest Through the Trees**

The Australian Government Report "Seeing the Forest Through the Trees: Inquiry into the future of the Australian Forestry Industry" was published in November. In it the House of Representatives Standing committee recommended that the Australian Government should provide funding to FSC Australia to help progress the Australian FSC National Forestry Standard. Discussions are on-going with the Australian Government.

**11 South Africa**  
**FSC at COP 17 and Forest Day 5**

FSC presented its Strategic Framework for Climate Change Engagement at an official side event at the UNFCCC Conference of Parties in Durban, South Africa in December. FSC also had an information booth at Forest Day 5 and participated in the BWI Global Conference on Forestry, Opportunities and Actions for Trade Unions.

**9 Denmark**  
**FSC for Free**

Around 2,000 people attended a one-day event for which Danish designer Jonas Pedersen designed a basket that visitors could assemble from different species of wood using only an elastic band. 150 baskets were given away.



**10 Italy**  
**FSC Italy launches joint campaign**

Together with EU partners, FSC Italy launched the Sustainable Timber Action in Europe campaign to promote use of FSC certified and fair trade wood products by public authorities.

**8 UK**  
**FSC UK wins Bronze Lindley medal at Chelsea Flower Show**

FSC UK won a Bronze Lindley medal at the RHS Chelsea Flower Show for its exhibit, entitled "Linking gardens to forests". This featured a range of FSC certified wooden items found in a typical garden and encouraged visitors to consider the forests they were sourced from.



# LEADERSHIP

## A world of change through FSC certification

### Canada's FSC certified forest area expands by 14%

Canada, already the country with the largest area of FSC certified forest, increased its certified area by 14% in 2011 to 46.1 million hectares. This is a staggering growth of 207% in the last five years. Commitments have been made to FSC certify an additional 9.8 million hectares over the coming years.

### Working with small and medium forest enterprises in Colombia

The FSC Working Group in Colombia provided technical and logistical assistance in 2011 to an EU-funded project being implemented by Fundación Natura and the National Federation of Wood Industries (FEDEMADERA) in Colombia. The project aims to achieve FSC forest management and/or chain of custody certification among at least 50 small and medium forest enterprises in the country. In a separate initiative the Working Group is also providing technical assistance to companies to identify areas of High Conservation Value Forest (HCVF), as well as recommendations for its management, monitoring and control.

### First FSC forest management certification in Finland

UPM-Kymmene Oyj became the first Finnish company to be FSC certified for forest management in October. The FSC certificate covers about half of UPM's forest in Finland and follows the approval of the Finnish FSC National standard earlier in the year.

### Certified forest area in Russia reaches 29 million hectares

The area of FSC certified forest in Russia reached 29 million hectares in 2011, the second largest national area after Canada. This is made up of 113 forest management certificates. Chain of custody certificates reached 172 in number.

### Realizing the potential of the Paradise Forests

In January 2011 the FSC Asia Pacific Regional Office opened in Hong Kong and Alistair Monument became the new FSC Asia Director. Asia Pacific is a hugely diverse region and working there requires an understanding of the ecological, business, cultural and legislative challenges of different forest types. There are now nearly 6 million hectares of FSC forest in Asia and FSC is investing in its network to develop forest stewardship standards and focus capacity building on key forest countries such as Indonesia and Malaysia. The new FSC Principles and Criteria will have an important impact in the region, particularly if there is clear resolution on the issue of forest conversion.

IN 2011, CANADA INCREASED ITS CERTIFIED AREA BY 14% TO STAND AT 46.1 MILLION HECTARES





# FSC's Sixth General Assembly held in Malaysia

The Sixth Annual FSC General Assembly was held in Kota Kinabalu, Sabah, Malaysia, between 25th June and 1st July 2011. Nearly 500 people from 80 countries attended the event, including 233 FSC members, 143 observers, and 40 FSC Network Partners.

A large number of workshops and side events gave participants the opportunity to discuss important issues in depth, and share their experiences and knowledge with others. A Principles & Criteria Review Workshop was held over two days to discuss key issues with regards to the revision of the P&C, and find solutions to the outstanding points on which consensus had yet to be reached. The 150 participants covered 23 issues, and took 13 of these away for small group discussions which resulted in consensus on several items.

Over the course of the week lively discussion preceded votes on 38 Motions, of which 27 were passed and 11 failed. In a major highlight, Motion 51, which called for "Strengthening the Controlled Wood System" was passed unanimously. Further highlights included the positive vote of Statutory Motion 1.1 on recognizing the importance of social issues and the role of ecosystem services in FSC, and of Motion 19 which asks FSC to establish a permanent Indigenous Peoples' committee to strengthen their involvement in FSC.



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500 PEOPLE  
80 COUNTRIES

INCLUDING 233 FSC MEMBERS, 143 OBSERVERS,  
AND 40 FSC NETWORK PARTNERS ATTENDED  
THE SIXTH ANNUAL FSC GENERAL ASSEMBLY.

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# National standards through multi-stakeholder engagement

## **Working group launched for French national standard**

The working group to develop a French national standard was launched in April 2011. The working group met five times during the year, and proposed indicators for most of the principles.

## **FSC Finland Forest Stewardship Standard approved**

The Finnish national standard for forest certification was approved in January and became effective in May 2011, allowing certification bodies and forest managers three months to adapt their systems and management practices to the new standard.

## **Developing a regional FSC standard for French Guyana**

Together with WWF France, members of FSC France spent ten days in French Guyana in March, building contacts with local actors, introducing the FSC concept and making field visits. The official regional working group was launched in May, and version 0 of the indicators was completed and is now ready to be sent out for consultation.



## **FSC NATIONAL STANDARDS**

FSC national standards are based on the international FSC Principles and Criteria (P&C) but adapted to national (or regional) conditions by adding country-specific indicators, verifiers and guidance. FSC National Initiatives support National Standards Working Groups, which comprise balanced representation of members from social, environmental and economic chambers. Working Groups develop locally-appropriate standards based on the P&C, which are field tested, voted on by national FSC members and finally approved by FSC.

# Innovative new tools and procedures

## **Russian FSC standard submitted for accreditation**

The last version of the Russian FSC forest management standard, approved in 2008, has been revised, with many requirements made clearer and more concrete. The latest version of the standard was sent for accreditation with FSC International Center in 2011.

## **Revising the national Swedish FM standard**

During 2011, FSC Sweden prepared for the upcoming revision of the Swedish FM standard by starting to collate questions and comments from stakeholders about the interpretation of the existing standard. Studies were initiated on specific issues to be addressed during the revision, such as the conditions where applying practices that maintain or develop multi-layered forest stands.

## **Draft national standard field tested in Tanzania**

The draft national FSC forest management standard for Tanzania was field tested by the Soil Association in November 2011. Feedback was incorporated into a further draft, which it is expected will be ready for submission to FSC IC in 2012.

## **Principles and Criteria review**

Between January 2009 and November 2011 the P&C Review Working Group developed three public drafts of the revised Principles and Criteria. Several interim internal drafts were also prepared between the major public drafts.

For the three public drafts, the Working Group received and reviewed written comments from approximately 110 members and stakeholders each time. In total, about one-quarter of the entire FSC membership gave some written response to one or more of the three drafts.

In line with the principal mandate of the review the Working Group aimed at clarifying the wording of the current Principles and Criteria. The Working Group was given no mandate for increasing or decreasing the stringency of the Principles and Criteria. One of the most significant changes to the P&C during the review was the integration of existing Principle 10 on plantations into the main body of the P&C, so that all principles now apply to all management units.

Between March and May 2011, all FSC members were invited to participate in a survey on Draft 4-0. The survey aimed to identify those revisions in Draft 4-0 that—despite the efforts of the P&C Review Working Group to develop a draft acceptable to all interests in the FSC system—might be an obstacle to a positive vote by the FSC membership.

A workshop was held in June 2011 in conjunction with the FSC General Assembly in Kota Kinabalu, Malaysia. More than 85 members from all FSC sub-chambers attended, as well as over 35 stakeholders from across the world. Participants discussed key issues identified through the survey on Draft 4-0. The objective of the workshop was to agree on solutions to those key issues for which there was not yet a broad consensus in the FSC membership. Members from all chambers as well as various observers attended the workshop.

During the P&C review process, detailed Explanatory Notes were developed to provide background for members to understand the proposed changes and how the revised P&C would be implemented in practice. Following the vote on the revised P&C, a chamber-balanced Working Group will be established to develop



## FSC PRINCIPLES AND CRITERIA

The ten FSC Principles require the forest owner or manager to do the following:

- 1 Compliance with laws and FSC Principles**  
to comply with all laws, regulations, treaties, conventions and agreements, together with all FSC Principles and Criteria.
- 2 Tenure and use rights and responsibilities**  
to define, document and legally establish long-term tenure and use rights.
- 3 Indigenous peoples' rights**  
to identify and uphold indigenous peoples' rights of ownership and use of land and resources.
- 4 Community relations and worker's rights**  
to maintain or enhance forest workers' and local communities' social and economic well-being.
- 5 Benefits from the forest**  
to maintain or enhance long term economic, social and environmental benefits from the forest.
- 6 Environmental impact**  
to maintain or restore the ecosystem, its biodiversity, resources and landscapes.
- 7 Management plan**  
to have a management plan, implemented, monitored and documented.
- 8 Monitoring and assessment**  
to demonstrate progress towards management objectives.
- 9 Maintenance of high conservation value forests**  
to maintain or enhance the attributes which define such forests.
- 10 Plantations**  
to plan and manage plantations in accordance with FSC Principles and Criteria.

# New frontiers in FSC certification

Generic Indicators to accompany the revised P&C. These will be based on the Explanatory Notes and the existing FSC Forest Stewardship Standards: structure, content and suggested indicators (FSC-GUI-60-004 V1-0). The generic indicators aim to balance international specificity with the need to allow sufficient local adaptation in national standards.

The vote on the final Draft of the revised Principles and Criteria was held between November 2011 and January 2012.

## **Pesticide policy guidance addendum issued**

In October an addendum was issued providing a list of approved derogations for the use of 'Highly Hazardous Pesticides'. These are pesticides that are normally prohibited in FSC certified forests, but which have been temporarily approved for use under defined circumstances. The addendum (FSC-GUI-30-001a V1-0 EN) is available on the FSC website.

## **Updated Policy for Association issued**

In July 2009 FSC first introduced a policy establishing the criteria for the association of third parties with FSC (FSC-POL-01-004). The policy is aimed at protecting the credibility and integrity of the FSC system as a whole by ensuring that only companies or organizations who meet a set of minimum criteria may be associated with FSC. In September 2011, a revised Policy for Association was approved, which clarified the terms used, as well as the requirements to be implemented by FSC before entering into an association with other organizations.

## **Engaging with climate change**

In June 2011, the FSC Secretariat published the edited report of the FSC Forest Carbon Working Group (FCWG), which was submitted to the FSC Board of Directors in April 2011. The report is an outcome of the process mandated by the 2008 FSC General Assembly (Policy Motion 43). Based on the report, a strategy paper entitled the Strategic Framework for an FSC Climate Change Engagement was published in November 2011.

## **GENERAL ASSEMBLY 2011 CLIMATE CHANGE-RELATED MOTIONS**

**In July 2011, the FSC General Assembly adopted three policy motions proposed by FSC members. These were:**

**Motion 10:** FSC shall identify the risks with respect to claims made and rewards received for the provision of ecosystem services (including carbon sequestration and storage) by certificate holders and take measures to ensure protection and integrity of the FSC brand.

**Motion 16:** The General Assembly requests the Principles & Criteria Review Working Group to recognize carbon as an environmental value and address responsible stewardship of carbon storage and sequestration.

**Motion 17:** The General Assembly requests FSC to explore the feasibility and wider implications of including natural ecosystems with globally, regionally and/or nationally significant amounts of carbon stored in vegetation and soil as a High Conservation Value.

The strategy paper provides a framework and timescales for the implementation of climate change engagement. Between 2011 and the end of 2013, activities have been identified that include the identification of indicators, and the development of FSC Guidance on best practice for including carbon stock as an environmental value; needs assessment, capacity building and technical support; development of guidance and policy; and field testing of reward mechanisms. Many of the activities identified in the strategy paper will be carried out as part of the GEF co-funded Forest Certification for Ecosystem Services (ForCES) project.

### **Forest Certification for Ecosystem Services Project**

While FSC has made great progress in terms of adoption and market recognition, it remains a system largely limited to certifying wood products entering the international timber market. Although some non-timber forest services are already certified under FSC, this project aims to extend FSC certification to additional services by developing standards that can be applied to emerging markets for biodiversity conservation and other ecosystem services.

A principal advantage of FSC over other systems is its ability to bundle these services together in one certification, thus widening market opportunities and reducing costs. An important element of the project will be to test market potential and an appropriate new business model will need to be developed that consists of a thorough market assessment.

The four-year Forest Certification for Ecosystem Services (ForCES) project, co-funded by the Global Environmental Facility (GEF), has a total budget of about US\$7 million and will be supervised centrally by FSC IC in Bonn. Local partners and stakeholders have helped to set up ten pilot sites in four countries: three in Asia (Vietnam—37,000 ha, Nepal—57,000 ha and Indonesia—475,000 ha) and one in South America (Chile—320,000 ha). The key objective is to achieve FSC certification of these areas. The main ecosystem services to be covered will be carbon sequestration, watershed protection, biodiversity conservation, disaster risk prevention, and recreational services.

It is expected that the ForCES project will produce a number of key outputs including:

- » generic and national indicators for the management and monitoring of ecosystem services;
- » a methodology to assess social and environmental benefits of FSC certification;
- » a viable business model for rewarding the provision of ecosystem services.

During 2011 work plans were designed for each of the ten pilot sites, with the aim of starting project implementation in January 2012. The work plans identify potential buyers of certified ecosystem services at national and international levels to gauge the level of demand for the final certification model.

### **Curbing illegal logging: an opportunity for FSC**

During 2011, FSC welcomed a new European Union Timber Regulation (EUTR), which joins similar laws in the US (Lacey Act), Switzerland, and Australia to exclude illegally-harvested timber and timber products from the market.

The EU regulation aims to ensure that from March 2013 no illegally harvested timber, or derivatives, appear on the EU market. Specifically, it requires any companies placing timber or products on the EU market for the first time to apply their own due diligence system to prevent illegal timber use, or to work with an European Commission-accredited monitoring organization that will provide such a system.

FSC will seek to ensure compliance with the EUTR by requiring that EC-accredited monitoring organizations are allowed to offer a FSC Due Diligence System (DDS) to their clients. To this end, the FSC General Assembly adopted a motion mandating FSC to get the FSC DDS up and running by mid-2012. This includes measures aimed at:

- » ensuring that the legality requirements of the FSC DDS are entirely in line with the EUTR.
- » ensuring that the operators in the EU will be able to give competent authorities access to relevant information that is collected in the earlier stages in the chain-of-custody. This requires recording of more detail on species of trees, and a track-and-trace system.
- » offering legal verification as a temporary measure on the way to more complete FSC certification for those operators who are currently working with FSC but also have timber or products that are not FSC certified.

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VIETNAM

37,000 HA

NEPAL

57,000 HA

INDONESIA

475,000 HA

CHILE

320,000 HA

**THE ForCES PROJECT**

THE MAIN ECOSYSTEM SERVICES TO BE COVERED WILL BE CARBON SEQUESTRATION, WATERSHED PROTECTION, BIODIVERSITY CONSERVATION, DISASTER RISK PREVENTION, AND RECREATIONAL SERVICES.

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Discussions are underway between FSC and its European certification bodies to determine which of them will seek accreditation to become monitoring organizations. This process will strengthen FSC's position as the leading standard for responsible forest management worldwide and at the same time create an ever bigger market for responsibly-sourced timber, which has more stringent requirements than just legality.

### **Controlled Wood risk assessments**

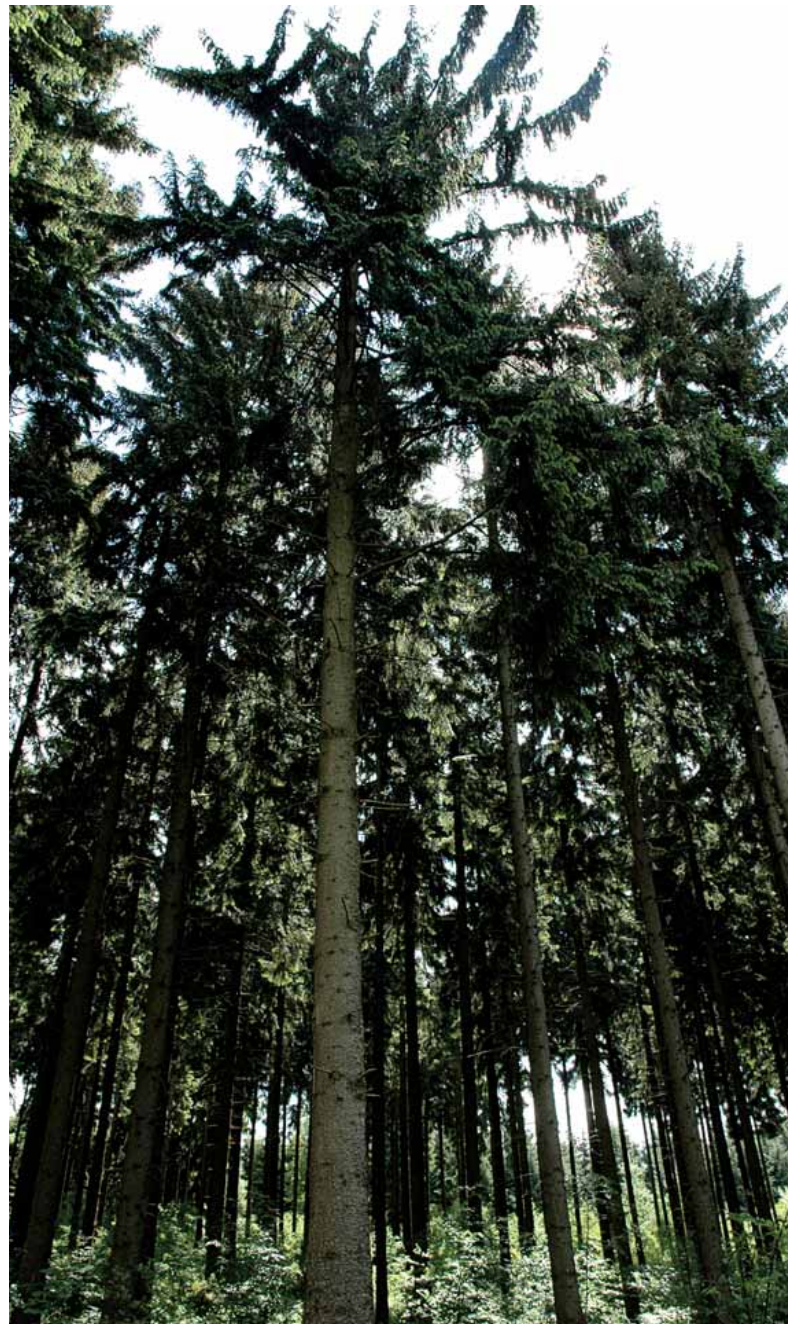
The FSC Controlled Wood system aims to avoid the use of 'unacceptable' material in FSC Mix products. When correctly applied, the Controlled Wood standard has effectively changed sourcing behavior and has been shown to keep potentially unacceptable wood out of FSC supply chains. However, some elements—such as company risk assessments, which allow companies themselves to assess whether their sources meet the controlled wood standard—have presented challenges.

Following the unanimous approval of Motion 51: Strengthening the Controlled Wood System at the 6th General Assembly, FSC is revising the controlled wood system. Company-developed risk assessments are being phased out by the end of December 2012 and replaced by FSC-developed National Risk Assessments. In addition, a Technical Committee was established to help revise the requirements for sourcing controlled wood from areas designated as 'unspecified risk'; the controlled wood standard is being brought into line with the EU Timber Regulation and the USA Lacey Act; and existing company risk assessments are under review.

FSC's International Policy and Standards Unit approved a Controlled Wood Risk Assessment for the United Kingdom in March, in only the second full, country-wide official national assessment to be approved. England, Scotland and Wales were rated as Low Risk against the five minimum categories. Northern Ireland was rated as Low Risk for all categories except one: there is currently no requirement for a felling license in Northern Ireland, creating an Unspecified Risk for legality. This should be only a temporary risk, however, as a new license regime is expected to be introduced in 2012.

The national Controlled Wood Risk Assessment for Germany was conditionally approved in June, and came into effect in August. The risk assessment was conducted at the county level for all five Controlled Wood categories.

In November, FSC Russia also released a final draft of the FSC Controlled Wood Risk Assessment for the Russian Federation. This process was initiated in 2010, and has been the subject of wide discussion by many stakeholders.





### Mapping forests through satellite services

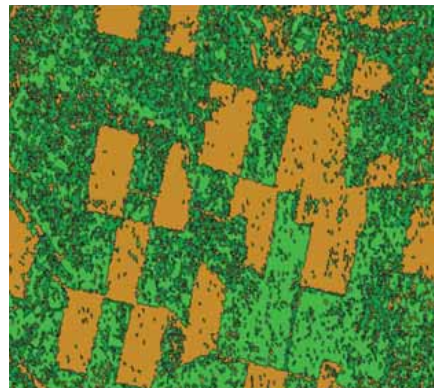
This on-going project, funded by the European Space Agency (ESA) is investigating how satellite mapping combined with satellite-derived global positioning technology could provide a basis for increasing the rigor of certification, increase transparency and permit more participation by members.

The goal of the project is to demonstrate that the technology can deliver improvements in the quality of mapping and monitoring in forest management and certification; make certification data and processes more accessible and transparent to stakeholders; add rigor and discipline to the certification process by standardizing the range and quality of geospatial information; and reduce the costs of certification by improving the efficiency of certification bodies in the audit process.

The project has confirmed FSC's belief that satellite mapping can provide an independent source of spatially and temporally accurate information that could support and enhance the credibility of certificates.

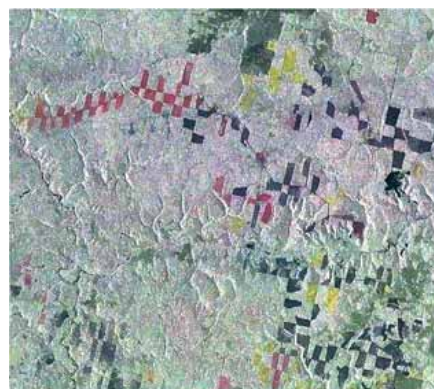
The project has confirmed FSC's belief that satellite mapping can provide an independent source of spatially and temporally accurate information that could support and enhance the credibility of certificates. Two examples are shown:

#### EXAMPLE 1



Can satellite data confirm compliance and by identifying the location and extent of forest clearfells and seed tree regeneration within clearfells in very large boreal concessions?

#### EXAMPLE 2



Can satellite data demonstrate compliance by showing the exact location of changes in forest area in relation to predetermined protected areas such as riparian buffer zones?

The project was featured on Dutch national television in 2011. Some 2.5 million people watched a news item about the project on the six and eight o'clock news programs, as well as during the children's news hour.



# EQUITABLE ACCESS TO BENEFITS

## Improving lives through FSC certification

### **Certification of Forest Contractors (CeFCo)**

FSC National Offices in Spain, Portugal, and Bulgaria led efforts to develop certification standards for forestry contractors. The standards were compiled from FSC national standards, the Rainforest Alliance's Smartlogging standards, and other relevant national forestry indicators. Using these standards, project partner NEPCo carried out assessments of three contractors in Spain, all of which resulted in Smartlogging certificates, and pre-assessments of three contractors in Portugal. In addition, three new smallholders who utilize forestry contractors were certified through the project in Spain and one is awaiting certification decisions in Portugal. These results compliment the Smartlogging certificate and landowner certificate issued in Denmark in 2009. Work on developing contractor standards continues in Bulgaria and Sweden. The contractors certified through this project are important drivers of improving forest management and increasing the area of certified forests by helping landowners to become certified.

The contractors certified through CeFCo are important drivers of improving forest management and increasing the area of certified forests by helping landowners to become certified.

### **Increasing smallholder training capacity for FSC certification**

Through the Global Partnership with AkzoNobel, the Smallholder Support Program at FSC International Center and the Regional Community Forestry Training Center for Asia-Pacific (RECOFTC) hosted a regional Train the Trainers workshop in Bangkok, Thailand. The workshop is designed to teach participants how to train smallholders in FSC certification, market access, value-chain analysis, and business development. This ambitious agenda was created as part of the three-year Train the Trainers Asia Program, a pilot program generously sponsored by AkzoNobel, created and delivered in partnership with RECOFTC and Proforest.



Train the Trainers Asia is designed to increase regional capacity in the FSC Network to provide technical and training services to smallholders. The goal of the project is to provide on-the-ground training to communities and small forest producers that

will help them improve their forest management practices and achieve maximum benefit from their FSC certification. The training sessions are designed to be delivered in the local context of smallholders, meaning that they are delivered in the local language and address local issues related to forest management and certification. The participants at the regional workshops designed training programs for delivery in their home countries—China, Indonesia, Laos, Vietnam, Solomon Islands, Papua New Guinea, Australia, and New Zealand—under the tutelage of RECOFTC's highly-skilled training and technical team.

Manuals have also been developed to help the participants of the regional workshop take their new skills to the field. FSC and RECOFTC are piloting a new approach to understanding certification for smallholders that helps the smallholders see themselves as key actors in the supply chain and enables them to visualize how they can add value to their businesses.

# Improving the benefits of FSC certification

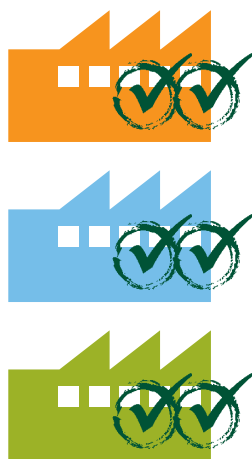
## **New labeling option for products from small and community producers**

After two rounds of public consultation, FSC has approved a new labeling option to differentiate products from small and community producers around the globe. The guidelines for using this option can be found in the Advice Note on Labeling Products from Small and Community Producers (FSC-ADV-50-003). The new labeling option is available for products (wood and nuts, for example) that carry the FSC 100% and FSC Mix labels when the product comes from small or community producers. The new text for the 100% label reads “From well-managed forests of small or community producers”. FSC is working to promote the new labeling option and to connect interested retailers to eligible producers.

## **FSC/FLO Dual Certification Project**

This year the number of FSC-Fairtrade dual certified smallholder producers increased to three. FSC continued to work with the Fairtrade Labeling Organization as well as Fairtrade national licensing initiatives and FSC national offices in Germany and Sweden to launch the first dual certified products.

THREE  
FSC-FAIRTRADE  
DUAL CERTIFIED  
SMALHOLDER  
PRODUCERS  
LAUNCHED THE  
NEW LABEL



In April, FSC Sweden was invited to the Department of Commerce together with Fairtrade Sweden, Khärs (a manufacturer of dual certified flooring), SSC Forestry (a company exporting dual certified wood from Chile), and the Chilean Embassy. The purpose of the meeting was to brief Department of Commerce representatives on the Dual Certification Project and provide input for an upcoming speech by the Swedish Prime Minister in Chile on forestry and how the Dual Certification Project is a good example of successful partnerships for sustainable forest management. Dual certified flooring was also featured at an event during Almedalen week at Gotland, Sweden, and a first shipment of dual certified flooring was sent to Japan to help with the post-earthquake reconstruction. In May, dual certified furniture was displayed at the MOW furniture fair in Barntrup, Germany, and by the end of the year six retailers planned to carry the furniture in Germany by late 2011 or early 2012.

## **FSC certified plantations and local communities: challenges, activities, standards, and solutions meeting**

On 11–13 April 2011, FSC brought together approximately 100 community members, company representatives, researchers and practitioners from around the world to explore collaboration between plantation companies and local communities in the FSC system. The meeting was held in São José dos Campos, Brazil. On the first day participants heard from academics and professionals regarding the types of conflicts that have arisen between communities and plantation companies, and how FSC certification can contribute to ameliorating these situations by providing a platform for dialogue as well as by helping to bring different types of benefits to the parties involved. They also heard from researchers who presented five independently researched case studies of FSC certified plantation companies outlining various company–community partnerships, the successes they achieved and the lessons that they learned.

The second day included a visit to a certified company, Fibria, with a presentation about the company's social management planning tools, stops at two local community centers to speak with local people about how they are affected by the company and company–community engagement efforts to date, and a visit to a plantation to see workers in action.

On the third day, participants worked in small groups to develop indicators for FSC criteria related to the meeting topics, such as forest workers, local communities, indigenous peoples, and community development. The results will be used in the development of the FSC's generic indicators for the Principles and Criteria, which will begin in 2012.

FSC brought together approximately 100 community members, company representatives, researchers and practitioners from around the world to explore collaboration between plantation companies and local communities.



A GROWING

# DEMAND

FOR FSC CERTIFIED PRODUCTS

## Innovative solutions for effective market engagement

### **In Good Company: showcasing nearly two decades of FSC success**

Since 1993, FSC has encouraged responsible forest management worldwide. During this time, thousands of businesses—from the world's biggest furniture and paper companies to small, family-run operations—have recognized the benefits that FSC brings to their sustainable business strategies.

The United Nations designated 2011 as the International Year of Forests to celebrate and raise awareness about the sustainable management of the world's forests.

FSC marked this occasion by launching *In Good Company*, a campaign celebrating the values that have united FSC members, supporters and partners for nearly two decades. *In Good Company* showcases the corporate leadership that has provided incentives for the implementation of FSC standards in forests across the world and aims to encourage new partners to join the FSC system.

*In Good Company* provides an opportunity for integrated marketing between FSC and key partners by providing resources and guidance on using FSC for marketing their products, while also promoting FSC itself. *In Good Company* will focus on a number of key business leaders, telling the stories of their relationships with FSC, and providing them with a variety of creative elements to help communicate this message to their consumers.

Thousands of businesses have recognized the benefits that FSC brings to their sustainable business strategies.

### **Trademark training**

In 2011 FSC International launched the Trademark Training for Certification Bodies (CBs) with the aim of unifying CBs' interpretations of trademark approvals and providing them with better official guidelines. This training course is the main reference resource for CBs to update their knowledge, learn how to analyze trademark cases and give approvals to certificate holders. The training course takes the form of seven videos, containing practical and visual examples and exercises, and a virtual exam.

The response from trademark approvers has been very positive. By the end of the year, 400 trademark approvers from 28 CBs had successfully taken the training course and obtained their certificate of completion. As a result of its positive reception, the training course is being translated into Spanish, German and Chinese, and further guidelines will be provided.

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400 TRADEMARK APPROVERS

28 CERTIFICATION BODIES

SUCCESSFUL COMPLETION OF FSC'S TRADEMARK TRAINING IN 2011

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# Identifying market trends for FSC certification



## Trademark Service Provider system

Many companies wish to promote and communicate about FSC products, yet they do not need to be FSC certified themselves. As such, they can encounter difficulties in making accurate FSC claims. To better support them, FSC created the Trademark Service Provider (TSP) system through which FSC National Offices work directly with companies in their countries and provide them with correct advice, ready-to-use artwork and verification of their claims and promotional materials. As well as providing a way for companies to promote their FSC certified products, the TSP system is also a mechanism for monitoring trademark use and misuse

The TSP system was launched as a pilot in 2010 and tested for more than a year by FSC Germany, Poland, Switzerland and UK. The pilot phase allowed for testing different approaches to trademark approval in the local market. By the end of 2011, 32 National Offices had been trained on trademark approvals and cases for non-certificate holders. The most recent training session took place in Lima, Peru for eight Latin American Offices, which will cover the Latin American market. Representatives are also ready to provide TSP services in the Asian and European markets.

## Global market survey launched on unprecedented scale

FSC's Annual Market Survey is a powerful tool that enables us to gain key information about trends in the marketplace. It also provides vital information to certificate holders, enabling them to promote their certification with greater efficiency, better understand the global market for FSC certified products and show their customers that FSC is the preferred global standard for forest certification.

The 2011 FSC Global Survey was launched on 4 November 2011. An unprecedented number of FSC certificate holders—21,500—received invitations to participate in the process. This on-line survey aims to elicit feedback from all certificate holders on FSC in the marketplace and includes questions on their experience with certification in general and their interest in smallholder and community forest products.

All certificate holders were encouraged to complete the short survey, which is available in 13 languages. As an added incentive every certificate holder that participated will receive the report by e-mail before it is published.

The FSC Global Market Survey ensures an open exchange of information and ideas between FSC and certificate holders and keeps us engaged and responsive to their needs.



# Chain of Custody news



## Policy reviews and changes

In 2011, the Chain of Custody (CoC) Program completed reviews of several standards and procedures, leading to the publication of a number of new or revised normative documents. Major reviews were carried out of the requirements for sourcing reclaimed materials (FSC-STD-40-007), and FSC's Product Classification (FSC-STD-40-004a). The main FSC Chain of Custody Standard (FSC-STD-40-004) was subject to a minor review, and a new accreditation procedure on evaluation of the FSC Values and Occupational Health & Safety (FSC-PRO-20-001) was published.

Three further processes were launched in 2011, and will be completed during 2012. These include the development of the trademark standard for non-certificate holders (FSC-STD-50-002), which is being carried out in cooperation with the FSC trademark department; and a major review of CoC Group and Multi-site requirements (FSC-POL-40-002 and FSC-STD-40-003). A minor review of the accreditation standard for CoC evaluations (FSC-STD-20-011) was also initiated.

In addition to updates to standards and procedures, the CoC Program introduced measures to improve the communication of technical information to stakeholders. These included the publication of standard interpretations on the FSC website and the development of a Technical Update newsletter in cooperation with Marketing and Communications Department.

During 2011, the CoC Program also initiated a study of the cross-site credits model. FSC approved 16 companies to participate, which are currently pilot testing the model. The results of the pilot study will be submitted to the FSC Board by December 2012.

FSC APPROVED 16 COMPANIES AS TEST PILOTS FOR THE CROSS-SITE CREDITS MODEL STUDY INITIATED BY THE CoC PROGRAM. ▼





# Celebrating success and commitment

## Development of the FSC Online Claims Platform

FSC recently achieved the significant milestone of 20,000 chain of custody certificates, which demonstrates both the unprecedented success of FSC certification and the importance of ensuring that FSC's integrity is maintained at such large scale.



During 2011, FSC worked with Historic Futures Ltd. to develop an Online Claims Platform to reduce the incidence of inaccurate product claims of FSC labeled

goods. The claims platform aims to allow FSC to verify any FSC claim within 48 hours. Due to the complexity of implementing such a solution across 22,000 or more certificate holders, the online traceability platform will be developed in two phases. During the first phase we will develop an online claims platform that tracks shipments of FSC products as they flow between FSC CoC certificate holders. This platform will be fully operational for all certificate holders during the second quarter of 2013, with implementation expected until the end of 2014. The second phase aims to allow full traceability, tracking products and claims within certified manufacturers.

# 20,000+

CHAIN OF CUSTODY CERTIFICATES

## Global Partner Program launched in key markets

The global partnership agreement with AkzoNobel, announced in September 2010, was launched in the UK, Netherlands, Germany, Switzerland, Brazil, Denmark and Sweden, with a diverse range of activities offered throughout 2011. The partnership aims to highlight the significance of forests and raise awareness of FSC among consumers, and helps to drive demand for FSC certified products. The partnership is being implemented via FSC Network Partners and the AkzoNobel brand offices, through jointly designed and implemented projects and campaigns.

## FSC Friday celebrations around the world

FSC Russia held its first FSC Friday celebration, with events taking place in nine cities across Russia and Siberia. Schoolchildren in St. Petersburg and kindergarten children in Segezha played FSC-themed games with wood and paper products from Russian FSC certified companies.



In Guatemala, the new FSC National Office took the opportunity presented by FSC Friday to invite representatives of public institutions, forest practitioners, industry, communities, producers, forest owners and international organizations to celebrate its new status. Familiarity with the FSC logo was promoted through a press conference and speeches.



### **FSC UK presents awards for outstanding contributions**

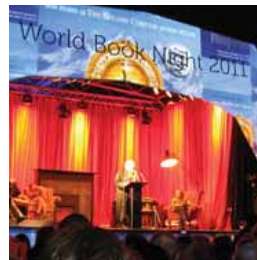
FSC UK has presented awards for outstanding contribution to Hanson Clarinets and Sound & Fair, Bristol Zoo Gardens, WWF UK and Ace UK during 2011. Hanson Clarinets and Sound & Fair worked together to produce the world's first FSC certified clarinet, establishing the chain of custody from the forests in Tanzania to the Hanson factory in Yorkshire. WWF UK was recognized for its contribution to FSC UK, and particularly for its "What Wood You Choose" Campaign. On FSC Friday 2011, FSC UK went to Bristol Zoo Gardens in recognition of the zoo's excellent promotion of FSC through education sessions and activities for all ages. ACE UK, which represents leading beverage carton manufacturers, Elopak, SIG Combibloc and Tetra Pak, facilitated a number workshops throughout the year to promote responsible forest management.

### **Dutch FSC Awards**

The Dutch FSC Awards were given out in three categories: retail, construction and contracting authority. Tetra Pak Benelux and FrieslandCampina jointly won the retail award for their use of FSC certified packaging in beverages. Construction company Ooijevaar received an award for its renovation of 105 century-old houses in Alkmaar, while the municipality of Middleburg won the contracting authority award for their efforts to promote partnership with FSC Netherlands among other municipalities in the province.

### **One million FSC certified books given away at World Book Night**

In the biggest literary event in history, World Book Night was launched in Trafalgar Square, London on 4th March. One million books printed on FSC certified paper were given away to readers, while well-known authors and celebrities read excerpts from their favorite poems and novels.



**“World Book Night is committed to sustainable printing solutions and is pleased that we were able to use FSC certified paper for all 1 million World Book Night special editions.”**

**JAMIE BYNG  
CHAIR, WORLD BOOK NIGHT**

# Market successes— growing demand for FSC certification

## Manufacturing—Packaging Products

**SIG Combibloc's** FSC certified aseptic carton packs have been introduced to the US market with the launch of a range of premium juices called 'Earth Wise' produced by Johanna Foods.

"As one of the world's leading system suppliers of carton packaging and filling machines for beverages and food, SIG Combibloc places great importance in sourcing raw paper board from well-managed forests.

Using the FSC system and the FSC label perfectly fits to safeguard the sustainable use of wood as the main raw material for SIG Combibloc carton packs.

Being globally 100% FSC CoC certified, SIG Combibloc is on track to fulfill its target to sell 40% FSC labeled carton packs until end of 2014.

After the successful launch in Europe and China, SIG Combibloc continued its strategy with the introduction in Thailand, Indonesia, South Africa, USA and Canada.

We are proud that we are able to offer this added value to our key customers globally and we are looking forward to see the FSC label on billions of SIG Combibloc cartons all over the world."

ROLF STANGL  
CEO, SIG COMBIBLOC



## Manufacturing—Pulp and Paper Products

**Kimberly-Clark** became the first US tissue maker to offer FSC certified, branded consumer tissue products in October. Kleenex brand facial tissues and Scott Naturals brand products sold in North America both now carry an FSC label.

"Across the globe, our customers expect Kimberly-Clark to provide the highest quality products and to conduct business in a socially responsible and ethical way. Our Responsible Fiber Sourcing policy states preference for Forest Stewardship Council (FSC) certified fiber sources. Increasingly, customers of our iconic brands such as Kimberly-Clark, Kleenex, Andrex and Scott, are expressing preference for our FSC certified products. In 2010, 33% of the fiber K-C used in its global tissue products was FSC-certified versus just 5.4% in 2007."

SUHAS APTE  
VICE PRESIDENT, GLOBAL SUSTAINABILITY  
KIMBERLY-CLARK CORPORATION

**Kruger Products** became the first FSC certified supplier of consumer and commercial tissue products in Canada in March. Kruger produces leading brands such as Cashmere, Purex, Sponge Towels, Scotties and White Swan and will carry over 150 lines of FSC-certified tissue products, the largest FSC-certified product line-up across North America.

The **UK's Royal Mail** is the first postal operator in the world to produce fully FSC certified postage stamps and all Royal Mail stamps will soon be printed on FSC certified paper. A special set of stamps to commemorate the London 2012 Olympics will be available in 2012 carrying the FSC label.



**Publishing**

**Metro Montreal** became the first newspaper in North America to guarantee that all of its newsprint is FSC certified in June.

**Construction**

The **London 2012 Olympic Park** covers 2.5 square kilometers and contains the Olympic Stadium, the Aquatics Centre, the Velodrome and the Basketball Arena.

Builders of the park have been required to use wood and wood products that have been certified under systems recognized by the UK Government. This has led to the documentation of all forest-derived materials that have entered the construction site.

These records allow a comprehensive independent auditing exercise—currently underway—to confirm precisely the proportion of FSC certified material that has been used on the site. FSC UK believe this audit will be sufficiently robust to allow the London Olympic Park to claim that a certain percentage of the timber consumed during the project is from FSC sources.

**Retail**

**Rona** became the first Canadian national do-it-yourself retailer to certify all its retail outlets, when it achieved chain of custody certification of ten retail locations and three distribution centers in November.

**Trenitalia**, the main national Italian train company introduced tickets using FSC certified paper. More than ten million tickets are printed every month.

**AEON Co Ltd**, Japan’s largest retailer, held a two-day promotional event with FSC Japan in September. AEON already produces FSC certified notebooks for children and FSC certified tags for clothing products. At the event 800 visitors learned about FSC and FSC products using games and wooden blocks.

**John Lewis** in the UK has switched all its outdoor furniture to FSC certified wood.

“Since 2010, all the timber used in John Lewis’ outdoor furniture range has been FSC certified, and we are committed to increase the number of products we sell from FSC certified sources. John Lewis works closely with FSC UK to verify our FSC claims and to ensure correct use of the FSC trademark which we, and our customers, see as a mark of trust.”

LUCY SHAW  
RESPONSIBLE SOURCING MANAGER

# INCREASING STAKEHOLDER OUTREACH & ENGAGEMENT

## Smallholder Support Program

The Smallholder Support Program launched in May 2011 in the Business Development Unit at FSC International Center. The program has its roots in the work of FSC's social policy program, but includes more market-based and financial mechanisms to help smallholders gain and maintain FSC certification. The program works through regional and national channels to bring more capacity to the FSC Network to support smallholder certification.

The main goal of the program is to increase supply from smallholders to meet the market demand for FSC products. This is accomplished strategically by linking smallholders with the tools, networks, and information they need to become FSC certified and find a profitable market for their products.

Chad Davis manages the Group Chain of Custody certification for Sustainable Northwest, an NGO working in the Pacific Northwest and interior West USA.

"The benefits are clear," Chad says. "For small businesses it is the ability to access new and growing market opportunities, especially the emerging 'green building' market. The wood products industry is highly competitive here, and FSC allows small, family-owned businesses to 'get in there' and compete."

The Smallholder Support Program is also developing regional portfolios of generic information materials for smallholders who do not already know about FSC. These materials are simple, illustrative, and can be easily translated into local languages. The portfolio allows National Offices to create outreach and educational materials from the template and develop a final product that is cost-effective to make and distribute. Portfolios will be available for Latin America, Asia, Africa, Europe and North America.



The Smallholder Support Program is leading efforts to distinguish small and community products in the market place through FSC's new Small and Community Label option. This label will be available to all forest

management certificate holders that qualify as a Small and Low Intensity Managed Forest (SLIMF) or are indigenous or traditional community producers. The Smallholder Support Unit has developed a marketing and supply strategy that will be implemented with FSC's Marketing and Communications Team. This will include a marketing toolkit, an online awareness-raising campaign, and support for producers, such as creating new supply chain linkages to enable better sourcing of smallholder products.

Finally, for smallholders who need financial assistance the Smallholder Support Program is researching more and better financial mechanisms aimed at the needs of small businesses. For example, we have entered a Memorandum of Understanding with the Finance Alliance for Sustainable Trade (FAST) to identify ways to support small and medium enterprises in their efforts to find new investors and sources of financing. In 2012, FSC is also developing a Smallholder Fund, which will be available for projects that smallholders initiate as part of their efforts to become FSC certified.

For smallholders who need financial assistance the Smallholder Support Program is researching more and better financial mechanisms aimed at the needs of small businesses.



### New members elected to the FSC Board of Directors

In November, FSC International welcomed the election of new members to the Board of Directors. Dr Michael E. Conroy, who has a distinguished career in both academia and philanthropy, was elected as Chairman of the Board.

Three new members were elected. Pedro González Chaverri from FUNDECOR in Costa Rica represents the Environmental South, while Larry Joseph (Individual Member) from Canada takes the Social North seat. Margareta Renström of WWF International (Environmental North) was re-elected. Chris van der Goot (Social North) and Eric Palola (Environmental North) both finished six-year terms serving on the FSC Board of Directors and stepped down in 2011.

### FSC MEMBERSHIP

FSC is a membership association. Each member, whether an organization or an individual, represents their interest based on their professional activities. The diversity of interests is reflected in the three chamber structure of membership: economic, environmental and social. Anybody who supports the idea of improved forest management around the world can become an FSC member.

	MEMBER TYPE	NORTH	SOUTH	TOTAL
<b>Environmental</b>	INDIVIDUAL	38	118	156
	ORGANIZATION	90	26	116
	<b>SUBTOTAL</b>	<b>128</b>	<b>144</b>	<b>272</b>
<b>Economic</b>	INDIVIDUAL	64	89	153
	ORGANIZATION	157	78	235
	<b>SUBTOTAL</b>	<b>221</b>	<b>167</b>	<b>388</b>
<b>Social</b>	INDIVIDUAL	31	57	88
	ORGANIZATION	39	17	56
	<b>SUBTOTAL</b>	<b>70</b>	<b>74</b>	<b>144</b>
<b>Total</b>		<b>419</b>	<b>385</b>	<b>804</b>

# EFFORTS

## IN MONITORING & EVALUATION

### Developing impacts indicators

As member of the International Alliance for Social and Environmental Accreditation and Labelling (ISEAL), FSC needs to be in full compliance with the ISEAL Code of Good Practice for Assessing the Impacts of Social and Environmental Standards, by the end of 2013. The FSC Monitoring and Evaluation (M&E) Program worked with other ISEAL members to develop the Impacts Code, and throughout 2011 cooperated closely with ISEAL to further revise the Code and related documents, as well as to develop joint projects that contribute to this process.

The Impacts Code requires that standards systems (such as FSC) understand the changes that they are seeking to bring about and measure their progress towards those changes. The Code sets out the process by which standards systems can provide evidence of their social and environmental impacts, helping them understand and improve the effectiveness of their systems.

The M&E Program supports different FSC companies and units to conduct surveys and provides them with background information on FSC related issues to support their publications and activities.

**The Code sets out the process by which standards systems can provide evidence of their social and environmental impacts, helping them understand and improve the effectiveness of their systems.**

### Encouraging research on FSC

The M&E Program promotes external research on the impacts of FSC certification and helps researchers access information about FSC. In 2011, the M&E Program devoted considerable time and resources to responding to enquiries and ensuring that researchers understand the complexity of the FSC system. These efforts are reflected in the quality of publications that address the requirements, challenges and opportunities of FSC certification.



The M&E Program published a number of papers and posters for international conferences organized by IUFRO, CIFOR and CIRAD, as well as a Researchers' Session at the FSC General Assembly, to present findings about

the impacts of FSC certification on forest management, biodiversity and people. Additionally, during other smaller scientific events the M&E Program encouraged exchanges among researchers and used presentations and handouts on FSC's research needs and outcomes to engage them. The materials focused on a variety of areas including ecology, soil science, the hydrology of plantations, mixed and natural forests, health and safety in forest work, socio-economic developments in smallholder forestry, economic consequences for forest industries and global timber markets, and impacts of FSC's outreach on governance and political decision-making processes.

These targeted outreach initiatives continually strengthen the M&E program and are sparking the interest of an increasing number of external researchers. Individual scientists and authors from different organizations and backgrounds often approach FSC with complex research questions.





## **MONITORING AND EVALUATION PROGRAM**

FSC established the Monitoring and Evaluation Program (M&E) in early 2008 to assess delivery against its mission by analyzing the impacts of certification on responsible forest management. The Monitoring and Evaluation Program promotes external research on the impacts of FSC certification and assists researchers to access information about FSC. Researchers are invited to share their findings with FSC. For further information about research needs and related questions, please contact the M&E Program Manager Dr. Marion Karmann at [m.karmann@fsc.org](mailto:m.karmann@fsc.org).

# STRENGTHENING OUR GLOBAL NETWORK

## Network Unit

In 2011 the FSC Network Unit (a newly-developed part of FSC dedicated to supporting and coordinating the FSC network of partner organisations) expanded. FSC now has four regional offices around the world (Asia Pacific, Africa, Commonwealth of Independent States (CIS, the former Soviet Republics) and Latin America). FSC also has forty-five contracted partners all over the world, collaborating with FSC and representing FSC in their national context.

Based on the FSC Board of Directors decision to decentralise FSC, the FSC Network Unit was established in 2010 to coordinate and support FSC Network Partners and enhance decentralisation. In close collaboration with the FSC Network, a policy for development of the Network was established (60.001) concentrating on the role of FSC and its partners and identifying where support is needed. The relationship with FSC's Network Partners was formalised in collaboration agreements and we now no longer call them 'National Initiatives' or 'Contact Persons'. FSC now differentiates three categories of Network Partner: National Focal Points (mainly providing information) in eight countries, National Representatives (individuals representing FSC in their countries) in five countries and National Offices in thirty-one countries.

The FSC Network Team in Bonn organized a global Network Meeting and three Regional Meetings of Network Partners. For better communication, a bi-weekly Network Newsletter was launched. Further work is now finalized and provides a better definition of the differentiation between the three categories of Network Partner, codified in the Network Procedure. In 2012 a training program for Network Partners and an FSC Network Handbook will be developed.

The Network Team was also strengthened by the establishment of a FSC Advocacy Service in 2011. This service ensured continued engagement and structured discussions on the EU Timber Regulation and placement of certification on the agenda of Rio+20 and discussions on Green Economy.



29%

**AWARENESS IN HONG KONG HAS RISEN FROM 16% TO 29% IN 2011.**

### **FSC Network Unit activities**

During 2011, the Network Unit worked with Network Partners to develop the FSC Policy (Development and Transition of the FSC Network, FSC-POL-60-001 V1-1 EN) that regulates and defines the FSC Network structure. The Network Unit signed agreements with National Representatives in five countries, and National Focal Points in a further eight countries.

The Network Unit has focused on increasing representation and activity at a regional level, with the establishment of a Latin American Regional Office and Asia Pacific Regional Office. In Africa, regional meetings directed at the development of a Regional Standard for the Congo Basin were held.

China is growing rapidly in importance for FSC, and the two staff members making up our new Chinese representation have developed successful collaboration with the corporate sector in Hong Kong and Taiwan. Partly as a result of this, awareness of FSC has risen in Hong Kong from 16% to 29% in 2011.

## Highlights from the FSC network

FSC certification continues to grow rapidly in Russia and the Commonwealth of Independent States (CIS) under the scope of the CIS Countries Regional Office. The areas of forest covered by FSC forest management certification rose by five million hectares in 2011, while chain of custody and controlled wood certificates increased by 30%. In an exciting development, FSC certification has been specified as a component for green building projects in preparation for the 2014 Sochi Winter Olympic Games in Russia.

### **FSC launches Technical Updates Newsletter**

FSC has launched a new type of update aimed at informing the FSC network about policy developments. The monthly newsletter includes information on consultations, policy and standards documents and other processes.

### **Argentina**

Papelera Río Quequén in Argentina became the first company in Argentina, the second in Latin America, and the third globally to achieve 100% recycled FSC certification. FSC Argentina celebrated the event with a party at which the head of FSC Argentina personally presented the certificate.

During 2011, FSC Argentina signed its agreement with FSC International to become the National Focal Point, and plans to establish a National Office in 2012.

### **Australia**

FSC Australia has commenced a training and development series called the FSC Knowledge Tree which has achieved support from major corporations. The training series seeks to rapidly increase brand recognition and knowledge about FSC in Australia and has been attended by over 400 people. The series will grow into more detailed training sessions during 2012.

FSC Australia has rapidly grown membership numbers by 45 in 6 months, providing valuable input into the organisation and valuable funding to support the development of an Australian National Forestry Standard.

### **Belgium**

In November the 600th FSC chain of custody certificate in Belgium was awarded to Machiels Building Solutions, who make prefabricated components for wooden and low energy houses. FSC Belgium organized several chain of custody training sessions for companies in the wood and paper industry. Over the last four years, more than 250 companies have participated in these training sessions.

At this year's Antwerp book fair in November, FSC Belgium found that one in three books in the Fiction Top 10 carried the FSC label.





### China

FSC continues to grow in China, which now has the largest number of chain of custody certificates (1743 in mainland China, and 398 in Hong Kong) of any country in the Asia Pacific region. More consumer products are being produced and labeled for the Chinese market itself, in addition to those being exported to European, North American and Japanese markets. FSC labeled Tetra Pak, SIG and Kimberly Clark products are now available in China, and 15% of Cantonese speakers in Hong Kong are now aware of the FSC label.

### Colombia

The FSC Working Group in Colombia (Grupo de Trabajo para la Certificación Forestal Voluntaria) assisted in two training events: training for experts in forest certification took place in June in partnership with Smartwood; and an intensive one-week course for FSC auditors was held in November, together with Fundación Natura, FEDEMADERAS and Smartwood.

### Denmark

FSC Denmark held a major exhibition at the Trapholt Museum for design and art. Over nine months 40,000 visitors saw products and prototypes from the winners of the last five Danish FSC Design Awards.

### Estonia

FSC Estonia engaged in negotiations to develop cooperation with FSC certified printers in order to promote the use of certified paper in the public sector. FSC Estonia also held discussions with key ministries, district cabinets and commercial banks to encourage them to use FSC certified paper.

### Guatemala

In December 2010 FSC Guatemala achieved recognition as the FSC National Office. During 2011, FSC Guatemala worked with the national forest service to develop a National Plan for the promotion of legality. They organized 11 regional workshops and meetings to develop and validate a National Scheme for Responsible Management of the Forest Industry in Guatemala. FSC Guatemala was also closely involved in an FAO-aided process to revise and update Guatemala's forest policy.

### Italy

FSC Italy celebrated its tenth anniversary by holding a gala event with music, workshops, art and debates attended by companies, NGOs, certification bodies, forest owners, students and the public. The celebrations, on December 16th coincided with the official initiative of the Municipality of Padua for the International Year of Forests.

### Japan

On the third day after the Japanese earthquake in March, FSC certified Kesen Region Forest Owners Cooperative (Sumita-cho) began to build temporary housing for local people, using local FSC certified wood. In the emergency situation, chain of custody procedures could not be maintained, so the houses are not FSC certified. Nonetheless, the 110 temporary houses received considerable media coverage as the most prompt construction of temporary housing and were adopted as a symbol of disaster recovery.

### Netherlands

In August, the 2,500th FSC certificate in the Netherlands was awarded to construction company Pruysen. The number of certificates issued has risen fast, from 1000 certificates at the end of 2009. Of the 2,500 certificates, 1169 are single-site chain of custody certificates; the remainder include forest management, group and multi-site certificates.

### Russia

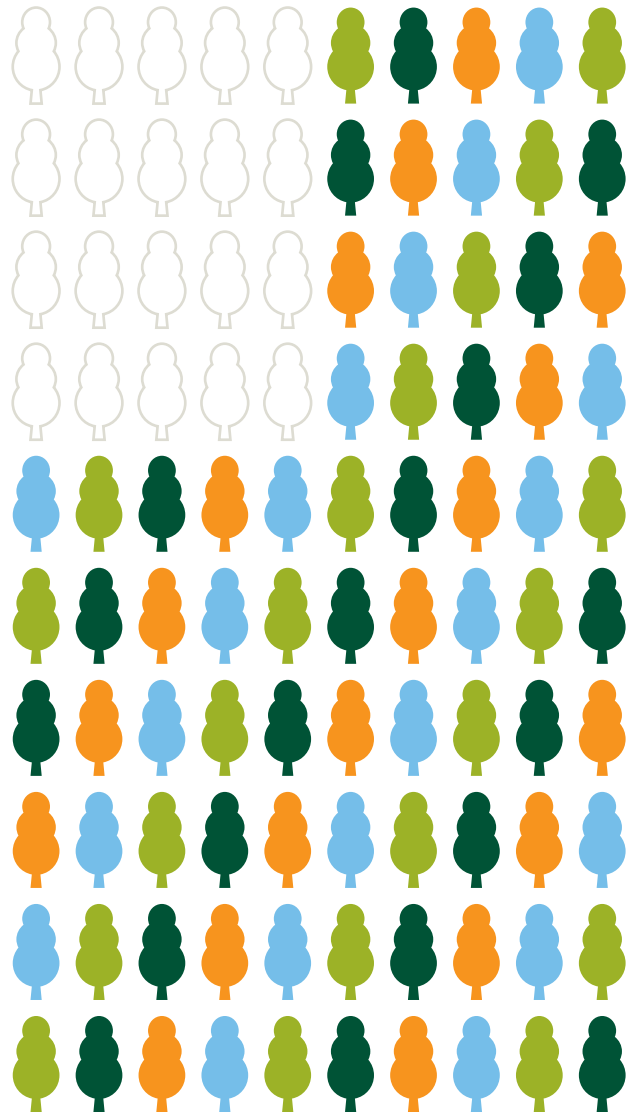
FSC Russia was officially registered in Russia as a non-commercial partnership, allowing it to launch a membership program. FSC Russia doubled the number of staff it employs, and opened an office in Krasnoyarsk, Siberia, serving the Russian Far East and Siberia. Following its opening, FSC Russia held a roundtable discussion on green consumer choice and a press conference.

### South Africa

The FSC Africa Regional Director, Elie Hakizumwami, visited South Africa, the first official visit by an FSC staff member. His visit was well received by forest industry, government and non-governmental organizations. With Elie's help, FSC South Africa developed a strategy to increase its profile, increase public procurement of certified products, develop a SLIMF standard for timber farmers, and establish a national network of environmental NGOs. Over 80% of South Africa's plantation area is FSC certified, covering over 1.6 million hectares, and there are 120 chain of custody certificates.

### Sweden

FSC Sweden worked with FSC certified company Sveaskog to organize a field day for sales representatives of Duni, a supplier of FSC certified table settings. Ten representatives, from Scandinavia, France, the Netherlands and the UK, were invited to visit forestry operations in the field to better better the environmental and social aspects of responsible forest management in practice. The trip facilitated discussions about messaging, consumers' frequently asked questions, and challenges of communicating FSC to the market.



OVER 80% OF SOUTH AFRICA'S PLANTATION AREA IS FSC CERTIFIED, COVERING 1.6 MILLION HECTARES. ▲

SCALING UP OUR

# ACCREDITATION

PROGRAM

## INDEPENDENT THIRD-PARTY CERTIFICATION

Accreditation Services International (ASI) is a global accreditation body that oversees and supports the implementation of a number of industry-leading sustainability standards, including the Forest Stewardship Council (FSC), the Marine Stewardship Council (MSC) and the Aquaculture Stewardship Council (ASC). ASI evaluates and accredits the competence, credibility, independence and integrity of Conformity Assessment Bodies (CABs). ASI became a full member of the ISEAL Alliance in 2011 and operates a quality management system consistent with the requirements of ISO/IEC Guide 17011.

ASI completed over 250 assessments during 2011 for both the MSC and FSC programs, in over 30 countries. With the introduction of two further certification programs (ASC and RSPO) to those managed by ASI this number is expected to increase markedly in 2012 and beyond.

In order to meet the administrative needs of such a large program ASI implemented a new Accreditation Management System (AMS) in January 2011. This ambitious package acts as the front end in managing non-conformities, reports, assessment schedules, suspension processes and complaints in line with the ASI Quality Management Procedures and ISO 17011.

As the range of standards managed by ASI grew, so too did our staff and as a result Accreditation Services International moved to larger premises in March, readily accessible by public transport from central Bonn. Four new assessors joined the FSC accreditation program team in 2011: Ned Daly, Matthias Wilnhammer, Sofia Ryder and Xiangjun Yang were recruited as ASI External Technical Experts. In August, ASI recruited a new Accreditation Program Officer (APO), Mr. Uriel Barrantes for the FSC program.

As ASI's new Compliance Manager, Paolo Tranquillini will be responsible for ensuring that ASI maintains the credible implementation of standards on behalf of scheme owners. Romona Anton occupies the new role of Business Administration Manager, ensuring the smooth running of ASI's core administrative functions. Following the return of Managing Director Sam Ponder to Australia on completion of his contract, Guntars Lagūns was appointed ASI's new Managing Director.



ASI became an associate member of the ISEAL Alliance in 2007 and has worked closely with that organization

for a number of years. ASI's efforts to improve the credibility and independence of ISEAL's governance and procedures were widely recognized and in August 2011, the ISEAL Board approved ASI's application to join ISEAL's highest membership tier and become a Full Member.

Finally, ASI has embarked on several initiatives to improve communication with stakeholders and CABs. These include a redesign of the ASI website which was released in November and the launch of a quarterly newsletter earlier in the year.



# INFORMATION

## FOREST STEWARDSHIP COUNCIL AND SUBSIDIARIES

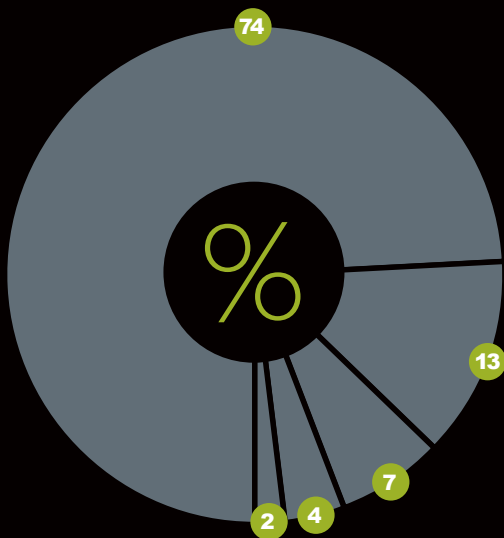
Consolidated Statement of Activities in USD  
for the year ended 31 December 2011

INCOMING RESOURCES	2011		2010	
<b>Donation program</b>	706,664	4%	696,642	5%
<b>Accreditation program</b>	13,445,627	74%	12,761,411	86%
<b>Membership program</b>	392,997	2%	390,798	3%
<b>Commercial services</b>	1,227,277	7%	554,588	4%
<b>Other</b>	2,421,087	13%	425,884	3%
<b>Total incoming resources</b>	<b>18,193,632</b>	<b>100%</b>	<b>14,829,323</b>	<b>100%</b>
<b>RESOURCES EXPENDED</b>				
<b>Operating expenses</b>	14,409,242	99%	10,862,008	98%
<b>Depreciation on tangible and intangible assets</b>	162,576	1%	218,163	2%
<b>Total resources expended</b>	<b>14,571,818</b>	<b>100%</b>	<b>11,080,171</b>	<b>100%</b>
<b>Surplus (loss)</b>	<b>3,621,814</b>		<b>3,749,152</b>	
<b>Exchange rate</b>				
1 EUR =	1,2980 USD		1,3412 USD	
1 USD =	13,9787 MXN		12,3817 MXN	



## INCOMING RESOURCES BY PROGRAM

2011



74% ACCREDITATION PROGRAM

13% OTHER

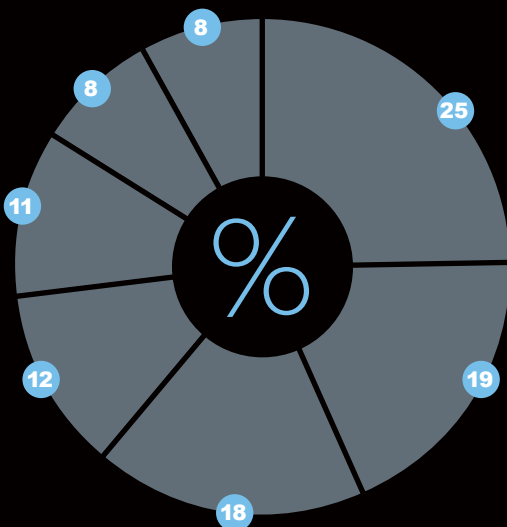
7% COMMERCIAL SERVICES

4% DONATION PROGRAM

2% MEMBERSHIP PROGRAM

## AREAS OF INVESTMENT

2011



25% NETWORK

19% POLICY & STANDARDS

18% ACCREDITATION

12% GOVERNANCE

11% MANAGEMENT & ADMINISTRATION

8% COMMUNICATION

8% MARKETS

# DIRECTORS

2011



**Chris van der Goot**

Chairman of the Board  
Ecohout, Netherlands  
Social North



**Margareta Renström**

Vice Chairperson  
WWF International, Switzerland  
Environmental North



**Ana R. Young**

Vice Chairperson  
Individual, Chile  
Economic South



**Mario Abreu**

Treasurer  
Tetra Pak International, Sweden  
Economic North



**Jaime Levy**

ALTROPICO—Fundación  
Alternativas para el Desarrollo  
Sostenible en el Tropico, Ecuador  
Social South



**Wang Xiaoping**

Beijing Forestry Society, China  
Environmental South



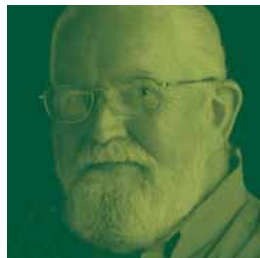
**Roberto Waack**

AMATA, Brazil  
Economic South



**Eric Palola**

NWF, USA  
Environmental North



**Michael Conroy**

Colibri Consulting, USA  
Social North

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BRACELPA (Brazilian Pulp and Paper Association)

Domtar Corporation

Freshfield Foundation

GFTN (Global Forest and Trade Network)

ICCO (Inter Church Organization for Development Cooperation)

Mondi

Potlatch Corporation

SIG Combibloc

Suzano Pulp and Paper

Sveaskog Förvaltnings AB

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WWF France

WWF Sweden

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Green Ink Ltd.

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