



**FORESTSTM
FOR ALL
FOREVER**

Forest Stewardship Council®



MARKET **INFO** PACK

2016–2017

A review of Forest Stewardship Council® (FSC®)
market developments, statistics, and trends.
January 2017

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Explanatory Notes

This document is available in digital and print format.

It is a tool intended to be used by FSC and its stakeholders, updated biannually to keep them informed of the latest developments.

A comma is used as a thousands separator, for example 1,000 is one thousand.

A point is used to indicate decimals.

Details and percentages in the tables do not necessarily add up to totals due to rounding.

The source of the data is indicated for each graph.

All sections provide data until January 2017.

Minor discrepancies between constituent figures and totals are due to rounding.

Closing date: January 2017.

Cover photos: © FSC India / Jasvinder Sehgal; © Westwind Forest Stewardship Inc.; © FSC Canada / Morten Bo Johansson

A MESSAGE FROM OUR DIRECTOR GENERAL

Dear Stakeholders,

Welcome to our 2016–2017 Market Info Pack.

FSC’s Global Strategy calls for the realization of a new forest paradigm by 2050, where the true value of forests is recognized and fully incorporated into society worldwide – and meaningful action needs ambitious commitments.

This year marks the start of a new FSC – an FSC that is enhancing our value for members and certificate holders by growing from a trusted certification scheme into an effective brand that is widely known, understood, and loved.

To do this, we have set a 20 by 2020 target, which is our goal to increase our share of global forest-based trade to 20 per cent by 2020. We have developed six indicators that give an overall view of FSC’s presence across the supply chain. These indicators provide the baseline of our current share so that we can track our performance to 2020. This also aligns with our commitment to and endorsement of the UN Sustainable Development Goals and the 11 goals and 35 targets we have identified where FSC can make the most difference.

“**Meaningful action needs ambitious commitments, which is why we have set a target to increase our share of global forest-based trade to 20% by 2020.**”

To progress towards our goals, we’re focusing more on sectoral approach, which in 2016 and 2017 includes, amongst others, non-timber forest products - such as rubber and cork - sport, fashion, and packaging. We participated in several key initiatives in these industries that have achieved some important results. For example, along with NGO Canopy, we’re helping fashion brands representing over USD100 billion in annual revenue source more certified pulp-based fibres for clothing, while our work with the Rio Olympics led to certified Olympics assets spanning podiums, tickets, and even tracks.



We’ve also commissioned two studies to collect data and develop deep insight into the market needs of our stakeholders. Collectively, these studies show that certificate holders and members believe our brand does offer consumers a clear sign that their organizations are serious about responsible forest management, with 80 per cent saying that FSC creates a positive corporate image¹. We also found that 85 per cent of respondents in our externally conducted survey regard FSC certification as credible proof of timber legality², giving them confidence that the timber they source really is from responsibly managed forests. We also rated highly for staff knowledge in the same survey.

These survey results are supported by the growth of FSC certification over the past few years. The number of FSC forest management certificates have risen by 35 per cent over the past five years and in the same period, FSC-certified forest areas have grown by 47 million hectares³ – an area roughly twice the size of Romania.

We have also improved the tools and services we offer to our members. The full suite of dynamic utilities includes a Marketing Toolkit, a trademark training course, reports, and campaign support. This further empowers our stakeholders to drive awareness of their commitment to sound forest management to their customers.

These are all crucial markers of progress towards our paradigm. It is by becoming a powerful market force that FSC will make a vital difference in how consumers and producers see and value forests and the tangible – and intangible – benefits we derive from them every day.

¹ FSC Global Market Survey 2016, N = 3713.

² B2B International on behalf of FSC International, Differentiating the FSC brand B2B segmentation and brand positioning research, 2016. 332 external respondents in 13 markets plus 71 internal interviews. The confidence interval is +/-5.4% of all FSC members and licence holders (at a 95% confidence level).

³ FSC Certificate Database, January 2017.

Today more than a quarter of the world's population relies on forest resources for their livelihoods⁴. Many developing nations use fuelwood to meet up to 90 per cent of energy needs, making these resources economically, environmentally, and socially vital. That's why FSC's work has never been more important. A growing body of scientific research also demonstrates the role forests and trees play in economic growth, rural development, and how forestry contributes to achieving all UN Sustainable Development Goals.

⁴ Food and Agriculture Organization of the United Nations, FAO, <http://www.fao.org/forestry/livelihoods/en>

As we continue to work within our Global Strategy⁵, the result will be a strengthened FSC framework that responds better to our stakeholders' needs, increases our market value, and transforms the way we work.

Our plan is bold and our ambition is as challenging as it is crucial. It will require perspective shifts from political, social, and economic stakeholders. But our forests have no alternative – they need our most creative thinking, our best efforts, and a radical new approach to take their conservation to a new level of impact so that we can preserve *Forests For All Forever*.

⁵ FSC Global Strategic Plan 2015–2020, <https://ic.fsc.org/en/fsc-global-strategic-plan-2015-2020>.



Kim Carstensen
FSC Director General



Congo natural river © FSC IC / Jean Baptiste Lopez



French-Severn forest © Westwind Forest Stewardship Inc.

ABOUT FSC

For over 20 years, FSC's work in developing, defining, and implementing rigorous certification standards has earned us the highest global reputation in forest management and made us a leading body that sets the standards for what is a responsibly managed forest, both environmentally and socially. Today we are a credible and trusted international NGO with a powerful track record in driving responsible management of the world's forests.



WE STAND FOR FORESTS

FSC works to take care of the world’s forests for future generations – making sure we all have *Forests For All Forever*. We support this through a global forest certification system that awards forest management and chain of custody certificates. In practice, this means that when timber leaves an FSC-certified forest, companies along the supply chain have been audited against our best practice standards and that when a product bears the FSC logo, consumers can be sure it’s been made from responsible sources.

The FSC forest management standards have been developed through broad stakeholder engagement and provide leading guidelines for responsible forest management. Responsible forest management as promoted by FSC means no deforestation and conversion as well as maintaining and enhancing biodiversity and ecological processes. From the social aspect, it aims to protect workers’, communities’, and Indigenous Peoples’ rights while respecting the economic viability of forest management operations.

By offering credible, simple ways for more people to make ethical choices, such as our ‘checkmark and tree’ logo which helps companies promote FSC-certified forest products, we’re helping societies recognize the value of forests for a sustainable future.

FSC’s national offices also engage in regional advocacy work, turning local challenges into opportunities and working to influence policy for the benefit of forests. While the primary focus is working with governmental institutions, we also engage with global organizations and NGOs to develop work that we lobby to have integrated into policy frameworks or that supports private initiatives such as the Consumer Goods Forum.

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.

HOW WE DO IT

We provide an internationally recognized global certification scheme that helps ensure socially, economically, and environmentally responsible management of the world’s forests. We operate as a multi-stakeholder organization and have been doing so since 1994.

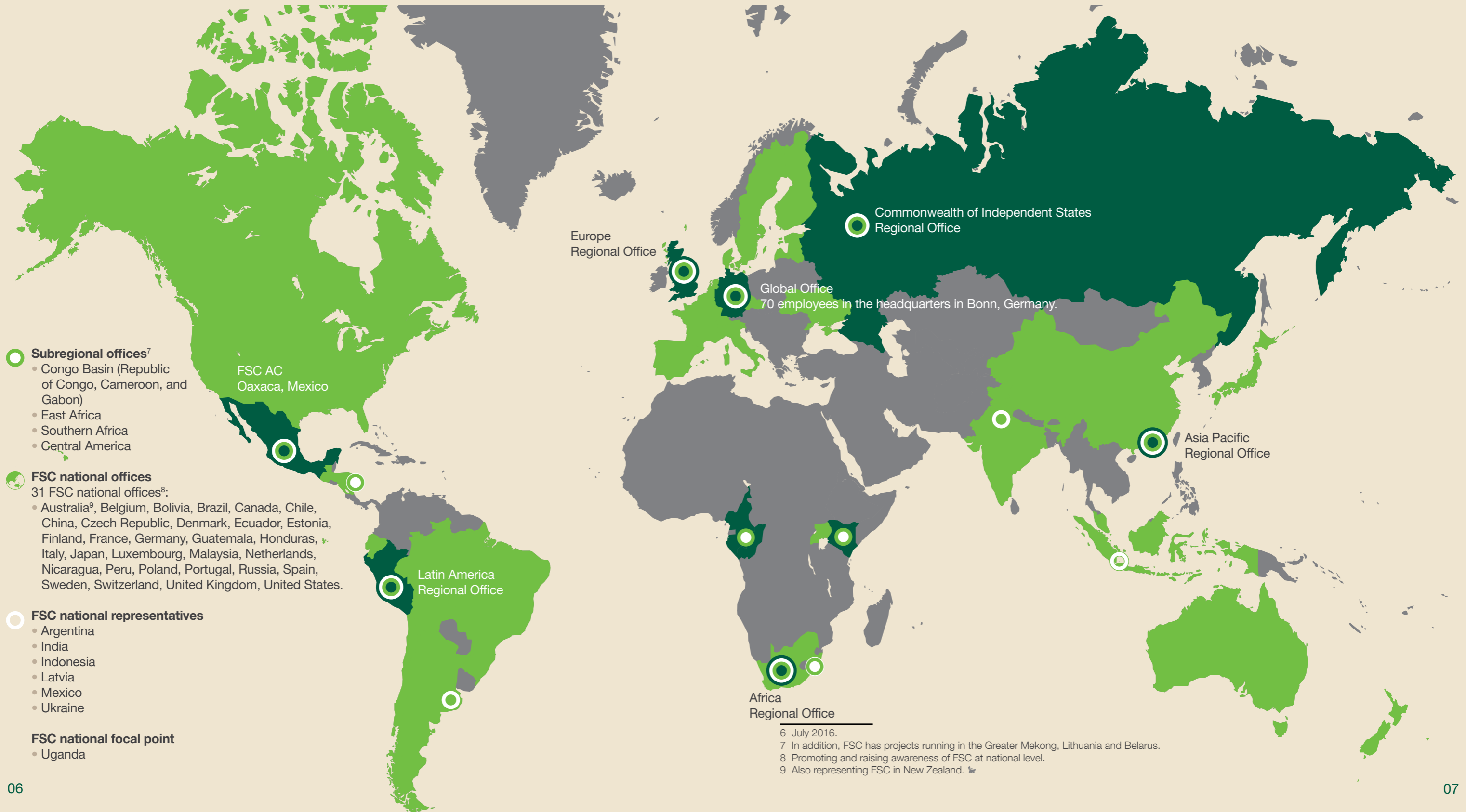


ONE FSC – A GLOBAL ORGANIZATION

FSC Worldwide

267 employees at FSC globally⁶.

Our global organization has international headquarters but it is represented locally by the FSC Network Partners. These partner organizations promote the responsible management of the world's forests on behalf of FSC at national level. Currently FSC has 42 Network Partners and 5 Regional Offices around the world. Operations in all regions are supported and carried out by knowledgeable and expert staff.





© FSC GD / Arturo Escobar

DRIVING THE HIGHEST STANDARDS

FSC provides multiple routes for organizations of different sizes to certify their operations, including offering options for groups of smaller businesses to operate under one certificate. Certification types can cover forest management or the entire value chain, as well as a range of forest species and region types, under forest management and chain of custody certificates. We also support members and certificate holders of all sizes with a range of tools and services that empower them to leverage their relationship with us by promoting their commitment to responsible forest management.

We have the highest standards, giving users the strongest assurance that certified forests are being managed responsibly. The FSC Principles & Criteria outline what we have identified as the essential elements or rules of environmentally appropriate, socially beneficial, and economically viable forest management.

- **The FSC system provides certification for forest management, chain of custody, multi-site chain of custody, single projects, groups, and verification of controlled wood.**
- **Our tools and services include the FSC trademark service provider programme, which has grown on average 18% every year since 2015.**
- **Europe has the largest share of FSC trademark service licence holders with 77%, followed by Asia Pacific with 15% and North America at 4%.**

FOREST MANAGEMENT CERTIFICATION

Our forest management (FM) certification is awarded to operators that manage their forest operations in socially, environmentally, and economically responsible ways. As part of the certification process, the applicant's current forest management undergoes an in-depth review to check for any areas of nonconformity with FSC's leading standards. Once certification is awarded, the certificate holder's compliance is checked by independent FSC-accredited certification bodies conducting regular audits. The management of both natural and plantation forests falls under FM certification. We also offer streamlined certification procedures for small or low-intensity managed forests (SLIMFs) for small-scale producers¹⁰.

CHAIN OF CUSTODY CERTIFICATION

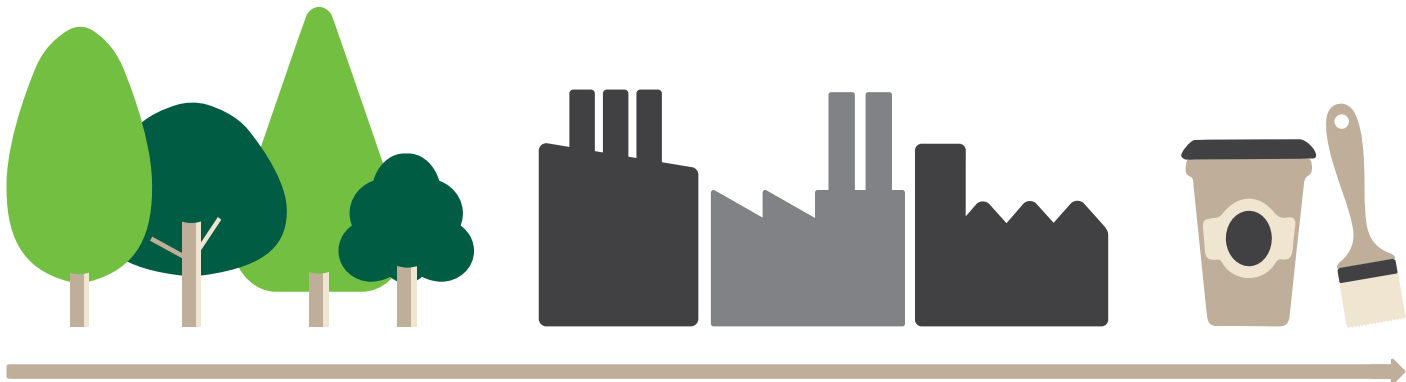
The chain of custody (CoC) certificate tracks products from forest to shelf, ensuring the origin of materials used in FSC-certified products. It applies to companies that process, manufacture, or trade FSC-certified forest products.

¹⁰ SLIMF: Small or low-intensity managed forests describes managed or owned forests that are considered comparatively 'small' in size or that are managed and harvested in alignment with low-intensity practices, whether they are harvested for timber or non-timber products.

Principles for responsible forest management

There are 10 principles¹¹ overall and each one is supported by several criteria that provide a way of determining whether the principle has been met in practice. They include complying with relevant laws, respecting the rights of workers and Indigenous Peoples, improving community relations, protecting workers' health and safety, minimizing negative environmental impacts, maintaining high conservation values, and implementing ecologically and socially appropriate forest management and restoration techniques.

¹¹ <https://ic.fsc.org/en/what-is-fsc-certification/principles-criteria/fscs-10-principles>



FSC-accredited certification bodies also issue the following FSC certificates:

Multi-site CoC certification

- Multi-site CoC certification for larger companies with several function and process-sharing sites.
- Central administration of the sites is audited.
- These can either be identical in function (such as branches) or a set of buildings (for example, factories and sales offices).



Housing association 'Eigen Haard' in Amsterdam © Eigen Haard

Project certification

- For virtually any type of new build, refurbishment, civil engineering projects, and events.
- Project manager liaises with certification body.
- System of collating and verifying documents related to purchases of FSC-certified timber.
- Lasts for the duration of the project (other certificates are issued for five years).

Controlled wood

FSC also allows material that has a low risk of being sourced:

- illegally
- in violation of traditional and human rights
- from forests where management activities threaten high conservation values
- from forests being converted to plantations and non-forest use; or
- from forests in which genetically modified trees are planted.



Controlled wood © FSC A.C.

Group certification

- Allows several woodlands to be certified together as a group.
- Makes certification affordable and streamlined for small- to medium-sized properties.
- An FSC-accredited certification body audits a member sample and conducts a risk assessment.
- A group coordinator ensures all members use systems that meet FSC requirements.

RETAILERS AND NON-MANUFACTURERS: A LOOK INTO FSC TRADEMARK LICENSING

To improve awareness of responsible forest products and materials, we have made promoting FSC-certified products and services as simple as possible. We make our logo available for promotional materials and marketing campaigns, giving retailers, brand owners, and other organizations with no FSC certification the opportunity to promote FSC-labelled products.

By signing an FSC trademark licence agreement and joining our FSC trademark service programme, companies can create their own unique and powerful point-of-sale materials, signalling their commitment to responsible forest management to their customers. The programme also helps retailers and non-manufacturers enhance the transparency of their supply chain and communicate their corporate responsibility.

Since 2015, the number of retailers and non-manufacturers signing into the programme has grown on average 18% every year. Today Europe has the largest share of FSC trademark service licence holders with 77%, followed by Asia Pacific with 15% and North America at 4%.

FSC's Trademark Service Programme (TSP) also offers participants advice on the best ways to use and promote FSC-branded products. This can enhance the way their customers see them and gives them a role in improving market access for responsible forest products.

Figure 1. Evolution of FSC Trademark Service Licence Holders, 2015–2017¹²

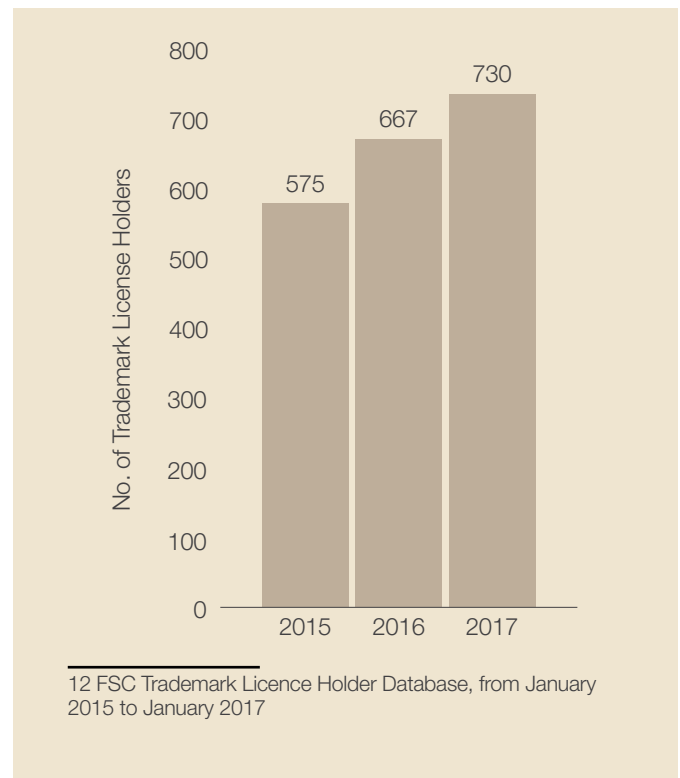
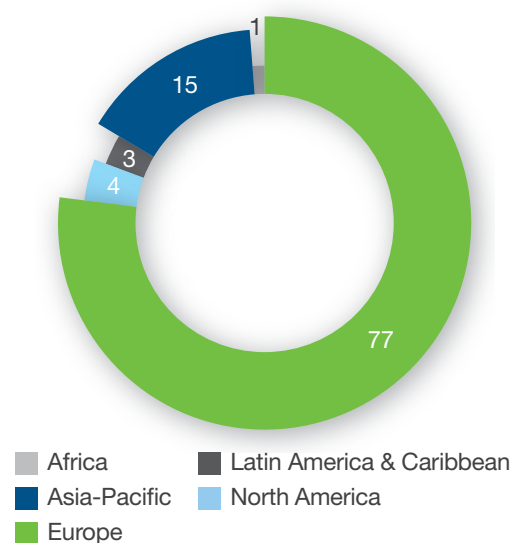


Figure 2. Global distribution of FSC Trademark Service Licence Holders by region (%), 2017¹³



FSC TOOLS AND SERVICES

One way we can further enhance awareness of responsible forest-based products is by empowering our members, certificate holders, and other commercial stakeholders with tools and services that support and promote their commitment to sound forest management. We have developed a full suite of dynamic utilities that help various organizations make the most of their relationship with FSC while communicating their environmental principles to consumers in a variety of effective, exciting ways.



FSC worldwide

FSC is present in numerous regions and countries around the world and we can be found online at: <http://ic.fsc.org>



FSC Marketing Toolkit

The toolkit provides a complete and dynamic set of campaign materials to help licence holders communicate their FSC commitments across various channels, including social media, print, pack, and point of sale. With downloadable assets in 13 languages, licence holders can create their own bespoke campaigns with high-impact imagery and research-tested messaging. The site is hosted in English and Spanish, with a flexible strategic framework that allows local market adaptation.



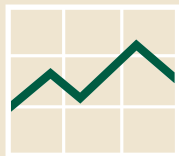
FSC trademark training course

Through certification bodies and network partners, FSC certificate holders can access an online training course in how to use the FSC trademarks.



FSC trademark portal

The portal features an FSC label generator, promotional panel generator, and a collection of related resources such as requirements and guides. The labels are available in more than 50 languages.



Market Info Pack

A comprehensive biennial document to outline the evolution and current state of FSC certification. The pack also provides an overview of sectors, the FSC brand, and recent market trends, with relevant figures and statistics on FSC performance.



FSC monitoring and evaluation reports

Part of our commitment to transparency, the reports increase the understanding of the complex impacts of our different programmes and provide a strong foundation for impartial and consistent evaluation of our effectiveness in delivering our mission.



Campaign Sharing Platform

This brand activation tool is a public extension of the **Marketing Toolkit**. The platform showcases all the campaigns related to *Forests For All Forever* and provides a single source for related global marketing releases. The shareable stories provide best practice case studies and samples alongside qualitative marketing actions that FSC delivers worldwide.



Trademark service provider (TSP) network

Trademark service providers license the promotional use of the FSC trademark for non-certificate holders. Our national and regional offices license and approve the use of our logo for sales promotion of FSC-certified products.



Made with Heart

The Made with Heart campaign website is how we promote smallholder products to consumers – starting with the on-product SCLO label that helps distinguish such products in the marketplace. The website provides various creative assets in both English and Spanish to be able to roll out a marketing campaign online, in-store, or print.

Find these and other tools at <http://ic.fsc.org>



Precious Woods operation © FSC GD / Arturo Escobar

FSC BY NUMBERS¹⁴

We track our performance to ensure our influence and positive outcomes continue to grow and that we are living up to our ambition to preserve *Forests For All Forever*. We record changes in our membership and certificate holder numbers as well as the land area covered by our certification.

- **196.3** million hectares of FSC-certified forest area in **82** countries.
- **846** FSC members from **82** countries.
- **31,599** FSC chain of custody certificates in **122** countries.
- **163,380** smallholders worldwide.
- **39** certification bodies worldwide.
- **1,462** forest management certificates in **82** countries.

¹⁴ FSC Certificate Database, January 2017.

FSC FOREST MANAGEMENT

Table 1. Countries with largest FSC-certified forest areas¹⁵ in the world¹⁶ in 2017

Although Canada, Russia, and the United States still dominate in terms of hectares certified, European nations lead the way in how much of their total forest area is covered by FSC certification.

Country	FSC-certified forest area (Mha)	Percentage of total forest cover ¹⁷
Canada	54.6	16
Russia	43.7	5
United States	13.7	4
Sweden	12.2	44
Belarus	8.4	98
Poland	6.9	74
Brazil	6.2	1
Ukraine	2.8	30
Indonesia	2.8	3
Congo, Republic of	2.6	12
Chile	2.3	13
Gabon	2	9
United Kingdom	1.6	52
South Africa	1.3	15
Estonia	1.3	61
Finland	1.3	6
New Zealand	1.2	13
Australia	1.2	1
Germany	1.1	10
Lithuania	1	50



Sudbury forest © Vermillion Forest Management

¹⁵ Countries with the largest certified areas in which FSC has representation. FSC Certificate Database, January 2017.

¹⁶ According to the Food and Agriculture Organization of the United Nations (FAO).

¹⁷ Food and Agriculture Organization of the United Nations, 2015. *Global Forest Resources Assessment 2015*. FAO, Rome, Italy.

<http://www.fao.org/3/a-i4808e.pdf> (accessed 26 August 2016). Estimated percentage given the FAO definition for 'forest cover'.

Figure 3. Evolution of FSC FM certificates, 2012–2017¹⁸

Certification bodies award forest management (FM) certification to those forest managers or owners whose practices meet FSC Principles and Criteria. FM certification rose from 1,084 certificates in 2012 to 1,462 certificates in 2017, a significant 35 per cent rise over five years.

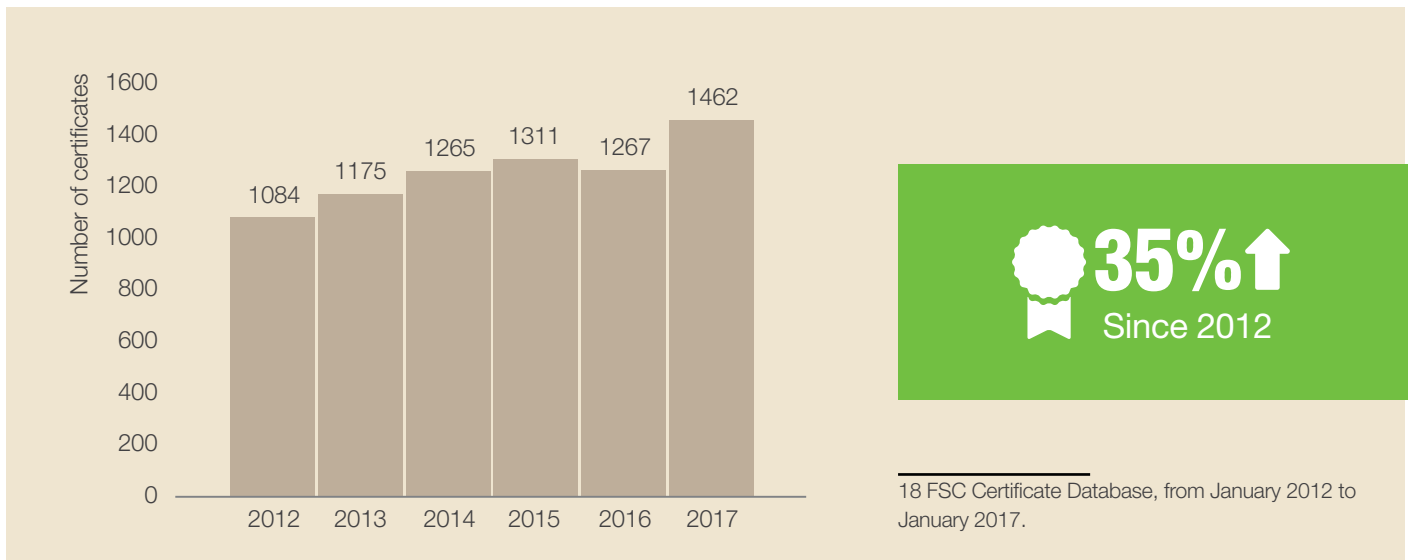


Figure 4. Evolution of FSC-certified forest area, 2012–2017¹⁹

In January 2017, more than 196 million hectares of forest in 82 countries were managed according to FSC standards, showing a 32 per cent increase from 149 million hectares in 2012.

There has been a growth of 47 million hectares in FSC-certified forest areas around the world since 2012, roughly twice the size of Romania. Since 2015, FSC-certified forest area has increased by 11 million hectares, an area almost the size of England's surface area²⁰.

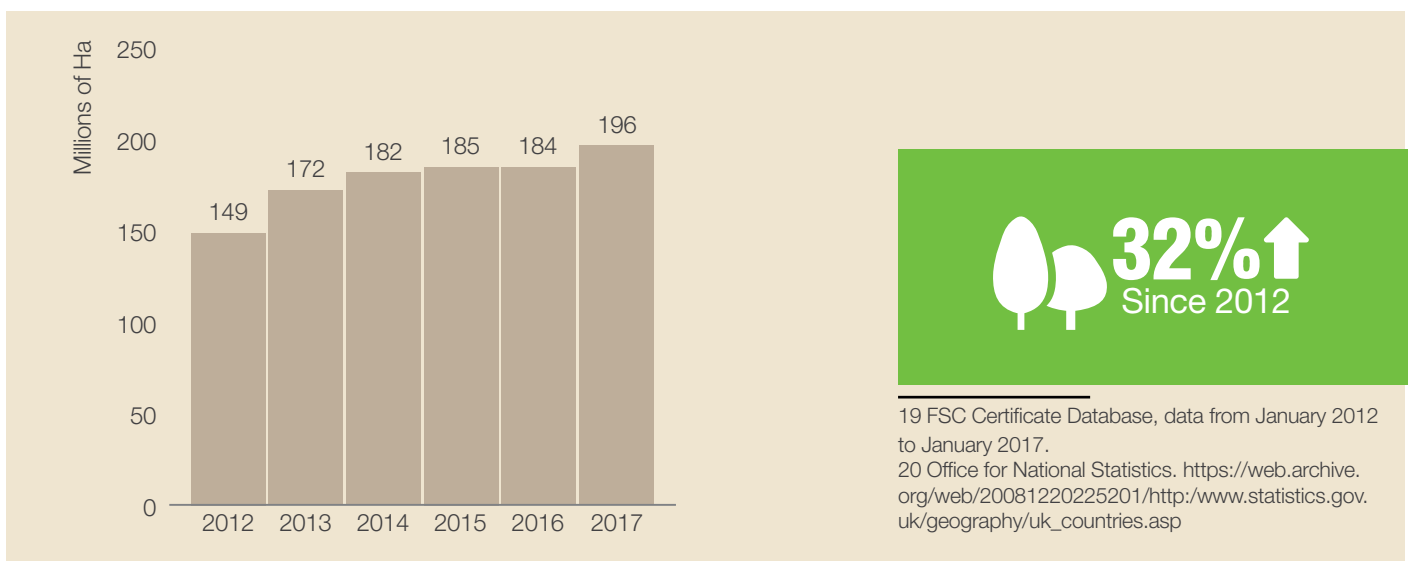




Figure 5. Global distribution of FSC FM certificates by region (%) in 2017²¹

Europe continues to hold the largest share of FSC FM certificates, with 629 certificates, 14 per cent more than in 2015. The next biggest regions are Latin America and the Caribbean, North America, and Asia, with 263, 249, and 234 certificates respectively.

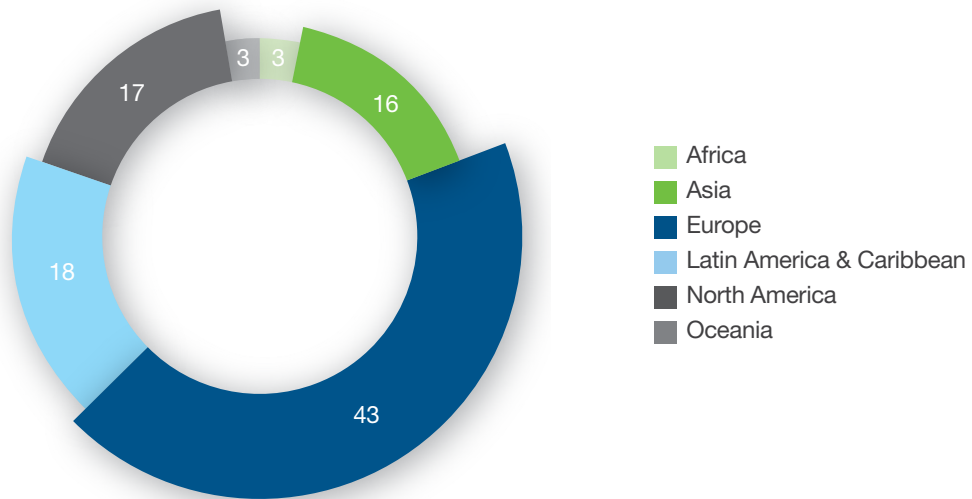


Figure 6. Global FSC-certified area by forest type (Mha) in 2017²²

Natural forest continues to dominate the FSC-certified forest area with 65 per cent, while plantations now represent 9 per cent of the global area, a slight increase on the previous year.

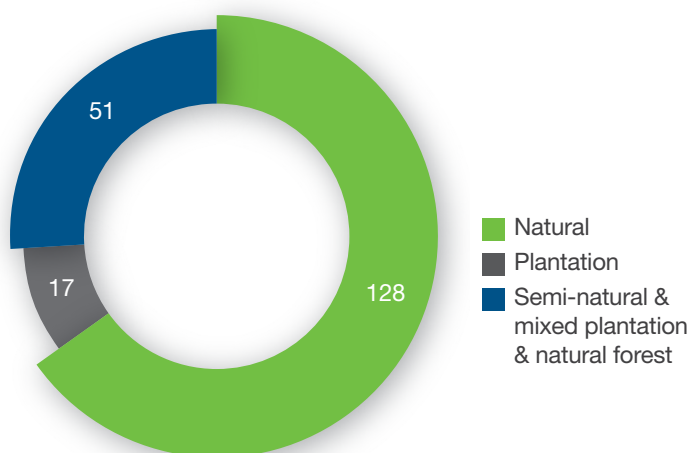
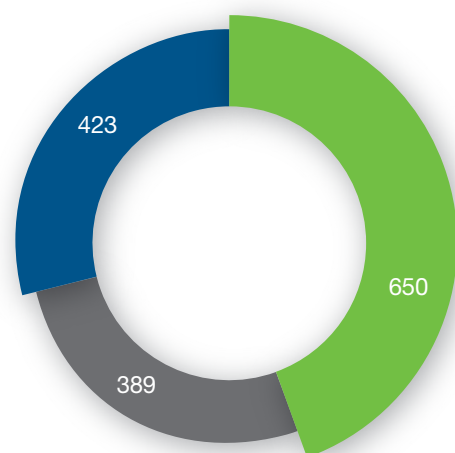


Figure 7. Global FSC FM certificates by forest type (number of certificates) in 2017²³

With FM certificates increasing to 1,462, natural forests still dominate, with 44 per cent of certificates. Plantations account for 27 per cent of certificates.



21 FSC Certificate Database, January 2017.

22 FSC Certificate Database, January 2017.

23 FSC Certificate Database, January 2017.

Table 2. Countries with largest FSC-certified area per region in 2017²⁴

Globally, North America has the largest FM-certified area at 54.6 million hectares, followed by Europe at 43.7 million hectares. Russia leads Europe, Brazil is the top performer in Latin America and the Caribbean, Indonesia stands out in Asia, and in Africa, the Republic of Congo for Africa ranks highest.

Region	Country	FSC-certified area (Mha)	No. FSC FM certificates
Africa	Congo, Republic of	2.6	4
Asia	Indonesia	2.8	33
Europe	Russia	43.7	150
Latin America & Caribbean	Brazil	6.2	118
North America	Canada	54.6	68
Oceania	New Zealand	1.2	21

**Table 3. FSC-certified forest area: Countries with highest growth, 2015–2017²⁵
(Average annual percentage change)**

At approximately 117 per cent, Suriname's growth in FSC-certified area was the most impressive – more so as it involves the addition of just two certificates. Thailand, Belarus, and Viet Nam also saw large increases in the quantity of certificates held.

Country	2015		2017		Increase in certified forest area (%)
	FSC-certified area (ha)	No. FSC FM certificates	FSC-certified area (ha)	No. FSC FM certificates	
Suriname	113,371	2	362,740	4	117
Thailand	23,612	6	61,830	17	79
Namibia	88,817	3	211,861	4	56
Argentina	271,068	12	467,933	12	36
Belarus	5,097,540	22	8,497,225	55	30
Viet Nam	133,823	11	218,883	29	28
Bulgaria	685,969	17	1,079,030	18	26
Congo, Republic of	1,730,753	2	2,625,003	4	24
France	22,493	8	33,987	6	23
Indonesia	2,000,329	30	2,846,184	33	20

²⁴ FSC Certificate Database, January 2017.

²⁵ FSC Certificate Database, from January 2015 to January 2017.

FSC CHAIN OF CUSTODY

Table 4. FSC CoC certificates: Countries with highest growth, 2015–2017²⁶
(Average annual percentage change)

European countries saw the most impressive growth since January 2015 in terms of CoC certificates, with Romania adding over 225; this was followed by Russia (more than 130), Latvia (89), Ukraine (82), and Bulgaria (70). Other notable increases included India (99) and Thailand (54).

Country	FSC CoC certificates 2015	FSC CoC certificates 2017	Percentage increase in CoC certificates (%)
Ukraine	66	148	50
Bulgaria	61	131	49
Thailand	63	117	37
Romania	297	523	33
Russia	295	428	21
Latvia	217	306	19
India	255	354	18
Mexico	93	128	17
Lithuania	197	270	17
Serbia	104	141	17
Viet Nam	396	532	16
Portugal	162	217	16
Turkey	190	249	15
Estonia	186	242	14
China	3,799	4,841	13
Slovenia	171	216	13
Poland	1,186	1,466	11
Spain	696	844	10
Bosnia and Herzegovina	258	312	10
Indonesia	203	241	9

Table 5. Countries with the largest number of FSC CoC certificates per region, 2017²⁷

Region	Country	No. FSC CoC certificates	Region	Country	No. FSC CoC certificates
Africa	South Africa	113	Latin America & Caribbean	Brazil	1,083
Asia	China	4,841	North America	United States	2,746
Europe	United Kingdom	2,364	Oceania	Australia	271

²⁶ FSC Certificate Database, from January 2015 to January 2017.

²⁷ FSC Certificate Database, from January 2015 to January 2017.

Figure 8. Evolution of FSC CoC certificates, 2012–2017²⁸

CoC certificate holders are the link between the responsible production and consumption of FSC-certified products. The number of CoC certificates increased from 22,230 globally in 2012 to 31,599 in 2017, an increase of 42 per cent.

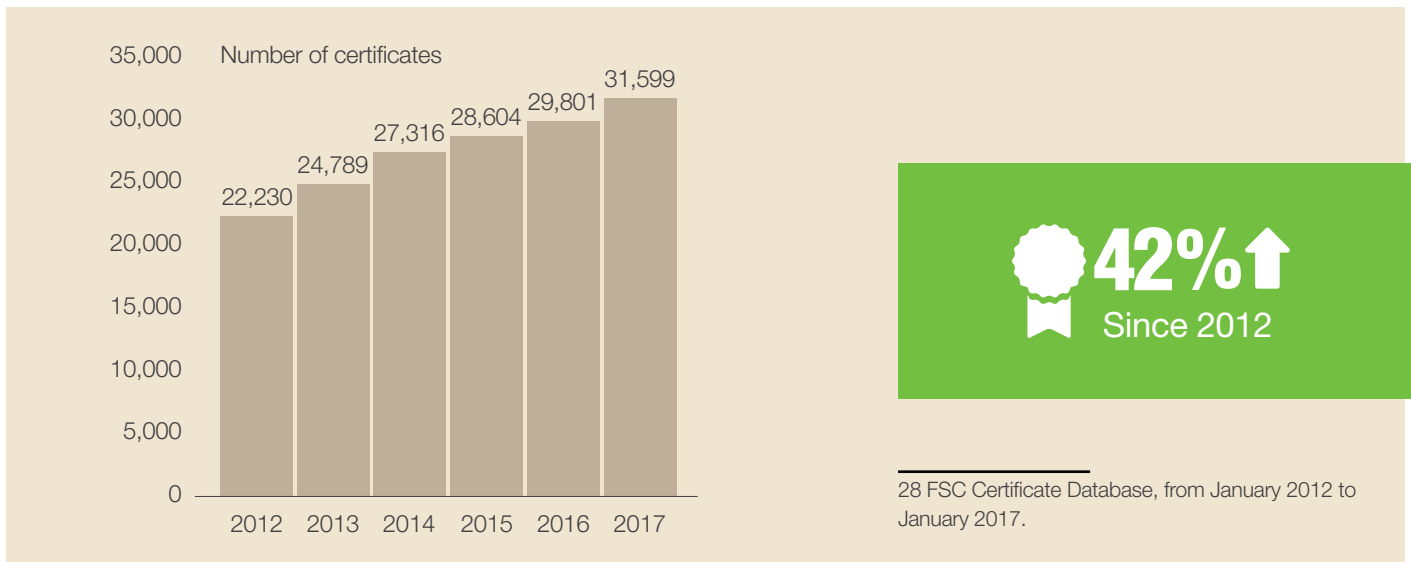
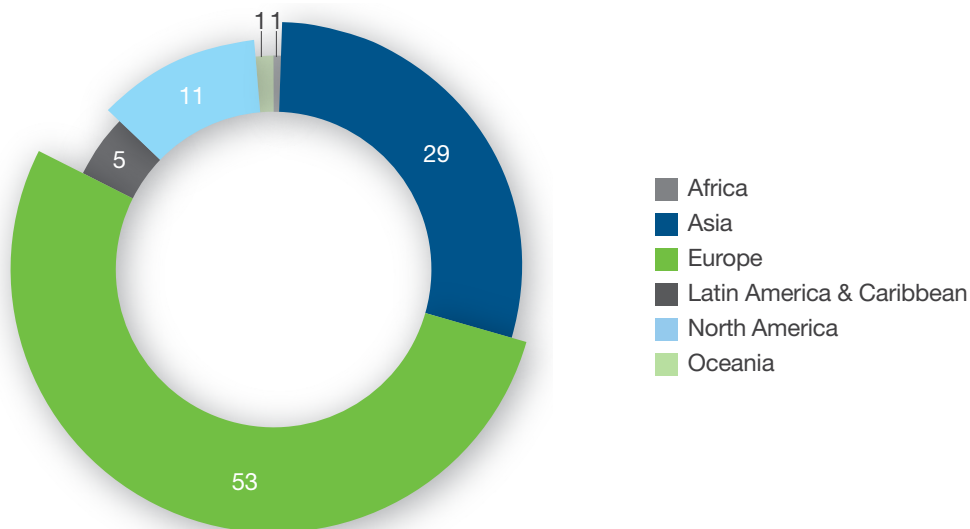


Figure 9. Global distribution of FSC CoC certificates by region (%) in 2017²⁹

The majority of FSC CoC certificates are concentrated in Europe with a total of 16,746, followed by Asia and North America with 9,130 and 3,608, respectively.



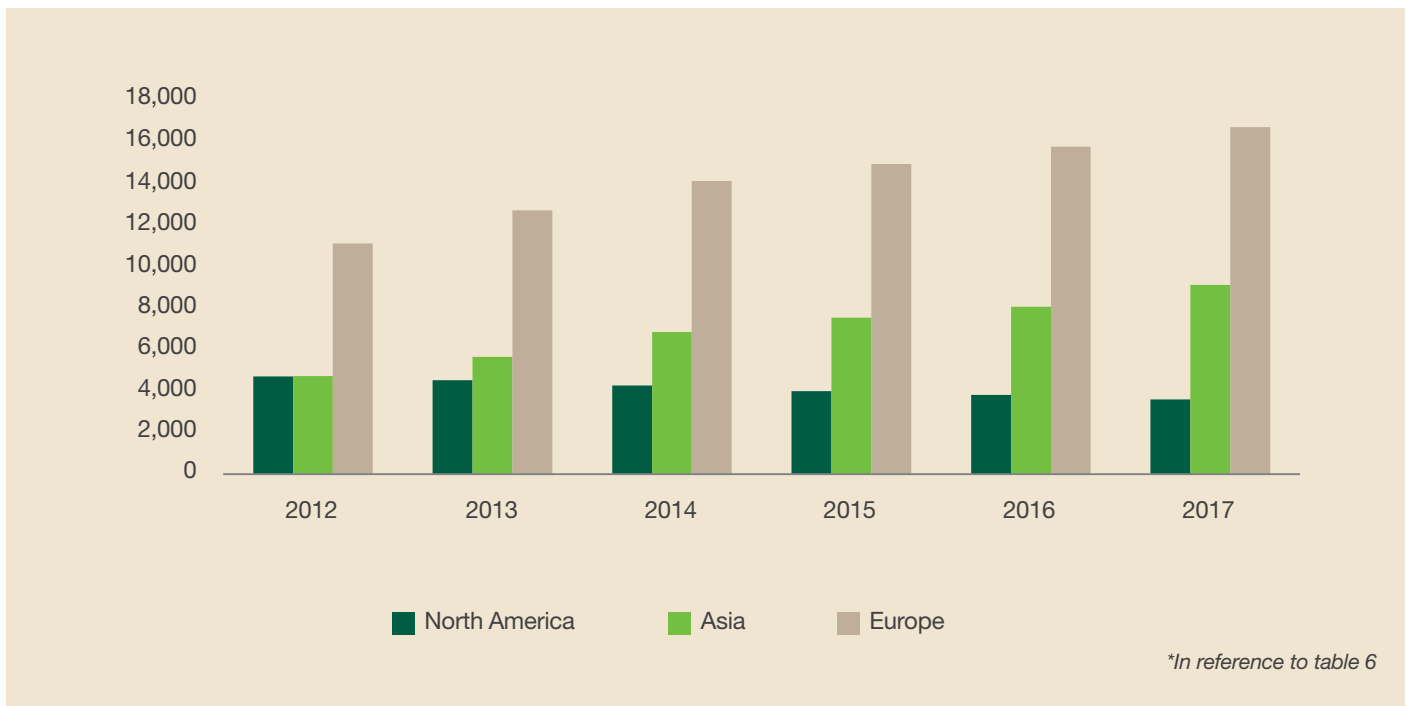
²⁹ FSC Certificate Database, January 2017.



Table 6. Evolution of FSC CoC certificates: Northern hemisphere, 2012–2017³⁰

Region	Number of certificates					
	2012	2013	2014	2015	2016	2017
Asia	4,724	5,652	6,857	7,553	8,083	9,130
Europe	11,125	12,729	14,155	14,961	15,802	16,746
North America	4,721	4,535	4,270	4,008	3,815	3,608

Figure 10. Evolution of FSC CoC certificates: Northern hemisphere, 2012–2017³¹



The country that holds the most FSC CoC certificates (*please refer to Table 5*) in Asia is China, with 4,841, followed by the United States (2,746) in North America and the United Kingdom (2,364). The region that has seen the largest growth in terms of CoC certificates in the northern hemisphere is Asia.

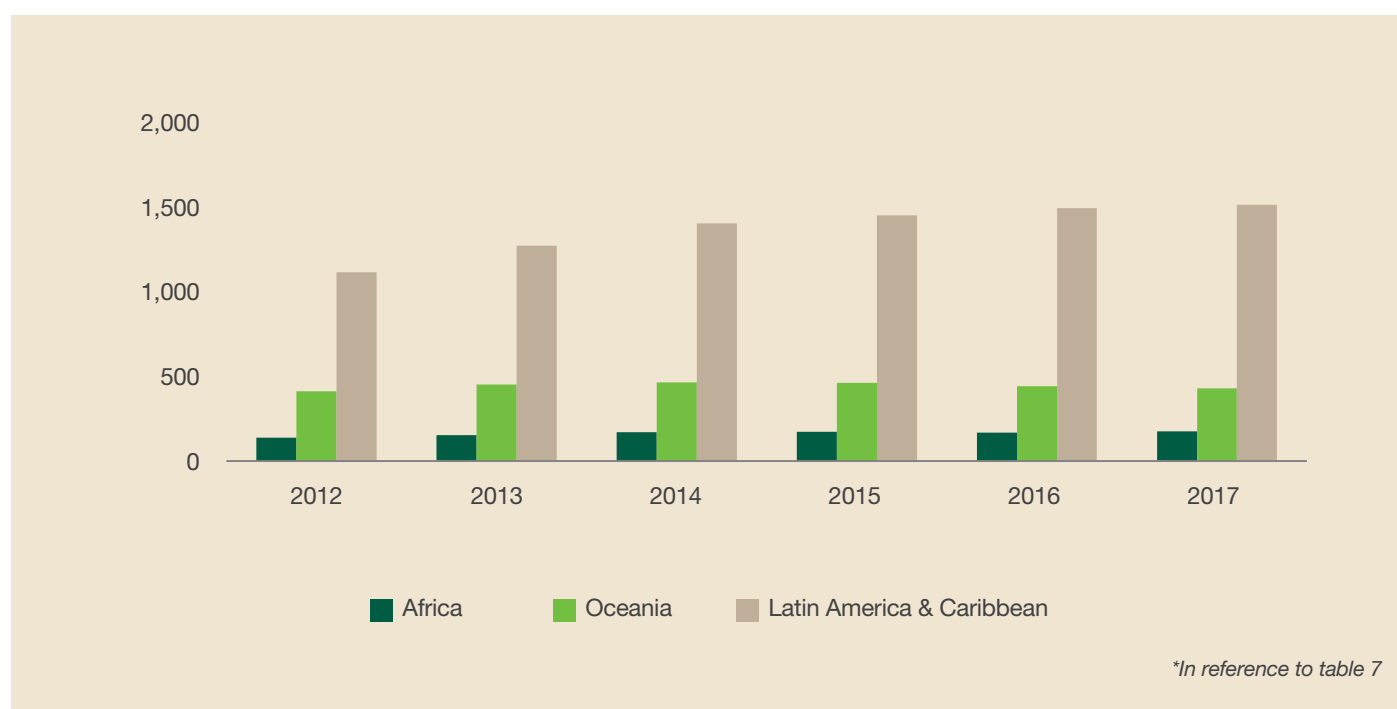
³⁰ Source: FSC Certificate Database, from January 2012 to January 2017.

³¹ Source: FSC Certificate Database, from January 2012 to January 2017.

Table 7. Evolution of FSC CoC certificates: Southern hemisphere, 2012–2017³²

Region	Number of certificates					
	2012	2013	2014	2015	2016	2017
Africa	136	153	169	171	168	174
Latin America & Caribbean	1,114	1,270	1,402	1,450	1,493	1,513
Oceania	410	450	463	461	440	428

Figure 11. Evolution of FSC CoC certificates: Southern hemisphere, 2012–2017³³

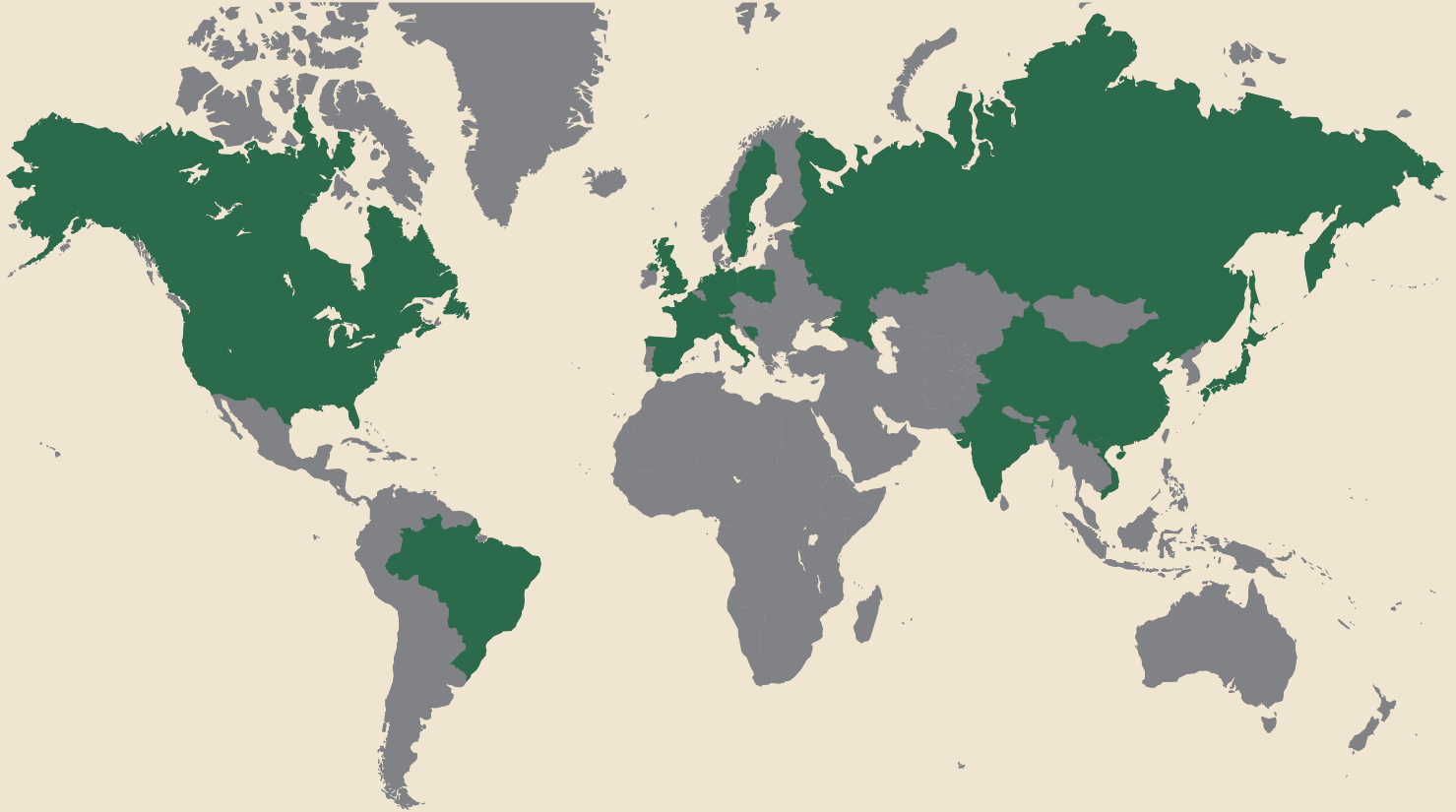


In the southern hemisphere, the country that holds the most FSC CoC certificates (*please refer to Table 5*) is Brazil (1,083) in Latin America and the Caribbean, followed by Australia (271) in Oceania, and South Africa (113) in Africa. Latin America is the region that has seen the strongest growth since 2012.

³² Source: FSC Certificate Database, data from January 2012 to January 2017.

³³ Source: FSC Certificate Database, data from January 2012 to January 2017.

Countries with highest number of FSC CoC certificates in 2017³⁴



Country	No. FSC CoC certificates	Country	No. FSC CoC certificates
China	4,841	France	743
United States	2,746	Canada	734
United Kingdom	2,364	Hong Kong	617
Germany	2,202	Viet Nam	532
Italy	2,067	Switzerland	474
Poland	1,466	Russia	428
Netherlands	1,235	India	354
Japan	1,115	Sweden	340
Brazil	1,083	Latvia	306
Spain	844	Belgium	288

³⁴ Countries with the highest number of CoC certificates in which FSC has representation. FSC Certificate Database, January 2017.



FSC SMALLHOLDERS³⁵

As a major link in the chain of forest stewardship, FSC is committed to growing inclusivity by creating certification routes and supporting services for as many types of forest owners and managers as possible. For as long as FSC has been operating, we have been working with smallholders to enhance their role as caretakers of forests and major suppliers of niche products. FSC defines smallholders as small and community producers that are engaged in FSC-certified value chains. These might include communally held forests, territories of Indigenous Peoples, small woodlots and plantations, and forests managed for low-intensity wood and non-wood harvesting.

Smallholders often require extra assistance in getting into supply chains and with marketing their products. This is why FSC continues to develop and improve approaches tailored to smallholders' needs. Our efforts have also seen increases in certified areas and the number of smallholder certificates issued.

Figure 12. Global FSC-certified area controlled by smallholders (Mha)³⁶

In January 2017, the FSC-certified area controlled by small or low-intensity managed forest operations, by community producers and by community producers overseeing SLIMF operations, was 8 million hectares. This accounts for 4 per cent of the total global FSC-certified forest area.

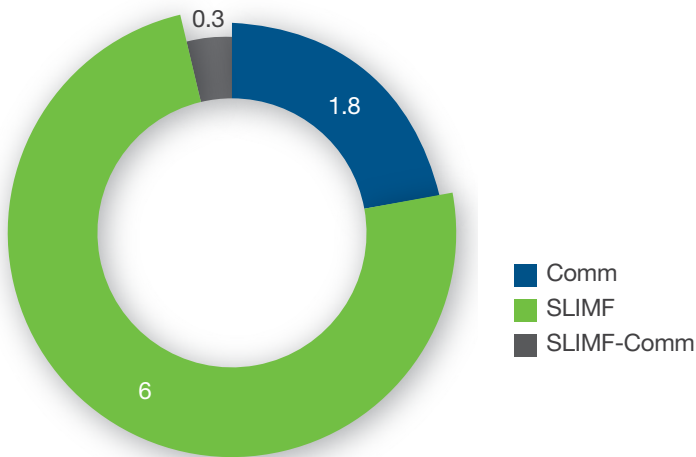
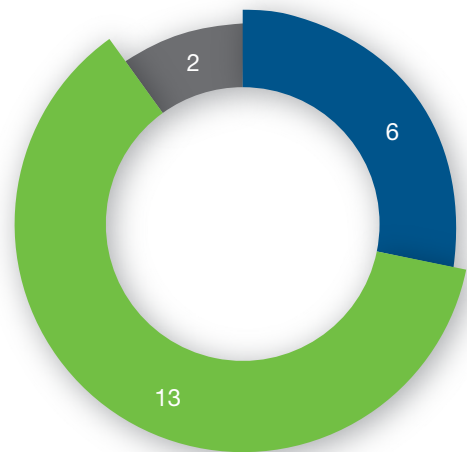


Figure 13. Global FSC FM and CoC certificates held by smallholders (%)³⁷

In January 2017, smallholders held 312 certificates, representing 21 per cent of all FSC FM and CoC certificates.



³⁵ Smallholders is the term used in FSC to describe those who own, manage, or use forests which are considered 'small' in size and those who apply low-intensity harvesting practices to timber or non-timber forest products. Smallholders can also describe those who practise community forestry, where ownership and management are community controlled. SLIMF: Small or low-intensity managed forest operations; Comm: Community producers.

³⁶ FSC Certificate Database, January 2017.

³⁷ FSC Certificate Database, January 2017.



OUR GLOBAL STRATEGIC PLAN

Preserving *Forests For All Forever* requires a change in how conservation is approached and how sustainability is integrated into our lives. While some regions still incentivize deforestation over responsible management, there's no doubt that the challenges faced by the world's forests are building up, even with improving conservation and growing awareness. Meaningful action needs ambitious commitments. FSC's Global Strategic Plan calls for the realization of a new forest paradigm by 2050, where the true value of forests is recognized and fully incorporated into society worldwide.

- FSC plans to roughly double its market share of global forest-based trade to **20% by 2020**.
- We have developed six indicators to track performance towards our **20% by 2020** target.
- We are committed to the UN Sustainable Development Goals and have identified **11 goals** and **35 targets** where FSC will make the most difference.

TRANSFORMING THE CONSERVATION CONVERSATION

We have set a target of doubling our market share of global forest-based trade from roughly 10% to 20% by 2020 to promote positive outcomes for forest conservation and the people who rely on forests.

Meaningful action needs ambitious commitments. FSC's Global Strategic Plan calls for the realization of a new forest paradigm by 2050, where the true value of forests is recognized and fully incorporated into society worldwide. This means FSC becoming a leading force that uses the power of markets to turn the tide of unsustainable forest management by 2020.

To do this, FSC must increase the global share of responsible forest-based trade. This will improve consumer awareness and give more people better access to ethical choices when they buy forest-based products.



TRACKING CHANGE

Our strategy depends on a bigger focus on our outcomes, the empowerment of people affected by forest-based trade, collaborating to promote our mission globally, and improving our systems for our users. Besides our market share, this will be done through a strengthened framework, refined governance, and intensified collaboration with global partners.

We have also developed six indicators to give us a baseline of our current share and to help us track our performance to 2020. These indicators have been selected because they give an overall view of FSC's presence across the supply chain.

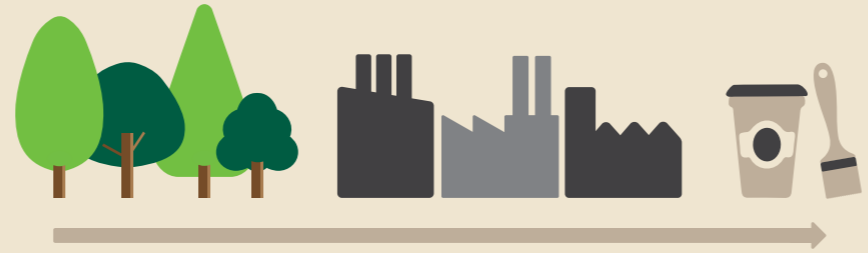




20% OF FOREST-BASED TRADE BY 2020

FSC aims to drive improved forest management, sustainable consumption, and conservation by transforming forest-based trade. Our goal is to reach a **20 per cent** share of global forest-based trade by 2020. For more information, please visit <https://ic.fsc.org/for-business/fsc-tools/local-market-successes/20-per-cent-of-forest-based-trade-by-2020>

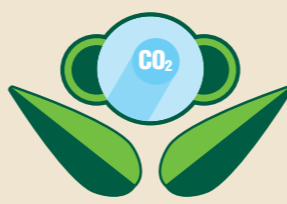
Measuring our share from forest to finished product....



Forest management certification
 Awarded to forest managers or owners whose management practices meet the requirements of the [FSC Principles and Criteria](#).

Intangible benefits
 Our share in ecosystem services, including voluntary forest carbon offsets, helps companies tackle climate change.

- FSC's share in forest carbon offsets sold: **6.0%**.
- **12.5%** of FSC certificate holders have earned money from ecosystem services.

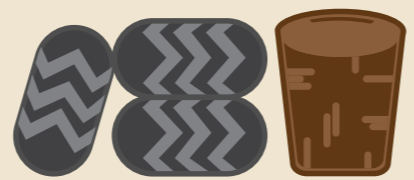


Harvesting timber
 From a selection of indicators, we have chosen key figures to measure our share across global forest-based trade. We are tracking harvests from FSC-certified forests, plantations, and productions in tropical regions.



- Harvested timber: **15.8%**
- Tropics timber: **12.6%**
- Plantation timber: **17.1%**

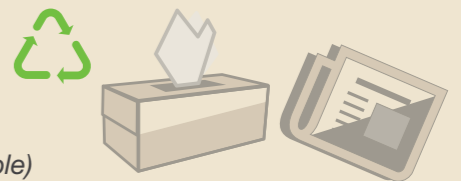
Going beyond timber
 We're expanding certification of non-timber materials, including natural rubber and cork, to grow our influence on forest-based trade.



- Natural rubber: **0.1%**
- Cork: **4.6%**

Paper used over again

We will measure the percentage of market share in recycled paper and paperboard.



(Indicator will be added as information is available)

Trusted products for consumers

We have developed certification standards for key products across a range of important categories. Our logo placement on certified products is one way we help consumers make more sustainable choices and support responsible forest management. The product categories where we will measure our market share include:



- Furniture
- Composites
- Paper & newsprint
- Structural & construction timber
- Packaging & paperboard
- Household & sanitary products

(Indicator will be added as information is available)

Chain of custody certification
 Awarded to manufacturers, processors, and traders of FSC-certified forest products. It verifies FSC-certified material and products along the production chain.

Tracking financial turnover

By collaborating with certificate holders, we're collecting data that meaningfully measures our market presence, including the share of turnover that our certificate holders earn from FSC-certified products.

- FSC's average (weighted by AAF) share in financial turnover of FSC CoC-certified companies from sales of forest products: **27.7%**
- FSC's median share in financial turnover of FM/CoC-certified companies from sales of forest products: **60.0%**

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



FSC has taken a leadership role in supporting and promoting the United Nations Sustainable Development Goals (SDGs) because our certification, standards, and practices can be a robust and effective tool to help a variety of organizations contribute to the targets.

Launched in September 2015, these 17 goals contain 169 targets covering the three dimensions of sustainable development: economic, social, and environmental. These ambitious goals provide a blueprint for replacing today’s growth-based economic model with a new model that aims to achieve sustainable and equitable economies and societies worldwide.

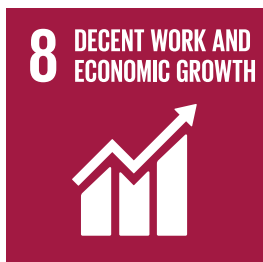
Our strategy makes us a particularly relevant partner for stakeholders implementing the UN’s SDGs, which we actively helped formulate. Our work addresses deforestation and forest degradation, and strengthens the contributions forests make to sustainable development. It also helps limit climate change, protect biodiversity, supply raw materials for a ‘low ecological footprint’ economy, and supports the livelihoods of hundreds of millions of people worldwide.

MOVING TOWARDS A NEW ECONOMY



The Life on Land SDG 15 focuses on protecting, restoring, and promoting the sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification, halting and reversing land degradation, and halting biodiversity loss. Our rigorous and comprehensive forest management standards can also help meet other SDGs, and we have identified the 11 goals and 35 targets where FSC will make the most difference.

These include No Poverty; Zero Hunger; Gender Equality; Clean Water & Sanitation; Affordable & Clean Energy; Decent Work & Economic Growth; Responsible Consumption & Production; Climate Action; Peace, Justice & Strong Institutions; and Partnerships for the Goals.



11 goals and 35 targets where FSC can help businesses achieve their sustainability goals and make a difference.

SDG'S: A NEW PARTNERSHIP OPPORTUNITY

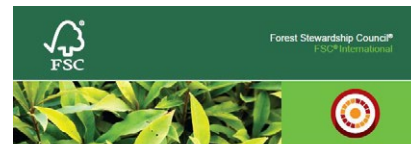
As an international membership driven and democratically governed organization, FSC is in a unique position to engage with and unite other purpose-driven organizations in different sectors under common goals that ensure forests and livelihoods are sustained for generations to come.

<https://ic.fsc.org/en/web-page/-/fsc-contributions-to-achieving-the-sustainable-development-goals>

LOCAL DIFFERENCES WITH GLOBAL IMPACTS

More specifically, because our certification processes were designed to address the environmental, social, and economic pillars of forest management, our work supports the SDGs by helping diverse communities access decent and equal employment opportunities. Moreover, this employment is designed to implement responsible production and waste management standards. It also protects resources that enhance food sources and provide energy resources.

For our licence holders, FSC certification can become a key tool in achieving core aspects of the SDGs by providing a framework for responsible operations and practices that directly addresses unsustainable consumption, while creating a new economic paradigm that empowers sustainable lifestyles and livelihoods.



FSC: A TOOL TO IMPLEMENT THE SUSTAINABLE DEVELOPMENT GOALS

In September 2015, the United Nations (UN) adopted the 2030 Agenda for Sustainable Development. This is intended to be a "plan of action for people, planet and prosperity" and "leads to strengthen universal peace in larger freedom" (UN, 2015). It sets as a priority the need to eradicate poverty in all its forms and dimensions, which is seen as an indispensable requirement for sustainable development.

Achim Steiner, the former Executive Director of the UN Environment Programme (UNEP), described its importance as follows: "The 2030 Agenda represents a paradigm shift to replace today's growth-based economic model with a new model that aims to achieve sustainable and equitable economies and societies worldwide and ensure greater public participation in decision-making. It is an agenda that aims to address the root causes of unsustainable consumption and production patterns and transform them to sustainable lifestyles and livelihoods that benefit all. A well-cared-for environment is crucial for sustainability and the survival of mankind" (UNEP, 2016).

Governments and international institutions are expected to lead the implementation of the 2030 Agenda, but the engagement of all actors in all societies is also expected and necessary to make it a success. In the view of the UN members, "partnership" is the 8th "P" which – along with people, planet, prosperity and peace – together summarize the scope of this new agenda.

At the core of this agenda are the Sustainable Development Goals (SDGs). These 17 goals, specified in 169 targets, cover the three dimensions of sustainable development – economic, social, and environmental – with a strong focus on quality of life, justice, and equality, as well as the sustainable consumption, production, and use of natural resources.

Halting deforestation and forest degradation, and practicing sustainable forest management are important for limiting climate change and its impacts, protecting biodiversity and freshwater supplies, providing raw materials for a low ecological footprint economy, and protecting the livelihoods of hundreds of millions of people. The SDGs can be major drivers in efforts to halt deforestation and forest degradation worldwide, and to strengthen the positive contributions that forests play in the future of sustainable development. That is why the Forest Stewardship Council (FSC) actively supported the formulation of the SDGs and the indicators that will help actors to focus their actions.

www.fsc.org/forestsforall



© FSC Denmark / Camilla Hansen

“ From 2017, assessment of progress towards the global indicator for Target 15.2 – progress towards sustainable forest management – will include reporting on forest certification, led by the Food and Agriculture Organization of the United Nations. ”

FSC: A tool to implement the Sustainable Development Goals, September 2016



© By light poet/Shutterstock.com

WHY CHOOSE FSC?

Today FSC operates in over 100 markets, with more certificates issued globally than any other forest certification scheme. We have over 800 social, economic, and environmental members, including the world's largest and most respected environmental NGOs such as Greenpeace and WWF. By developing the highest standards, we have become the most widely used certification by members of the Fortune 500.

- FSC received **71%** of all media exposure given to forest certification in 2016.
- A study showed that FSC owners and producers, and processors, earned higher net revenue.
- FSC is the only forest certification scheme that is a member of the **ISEAL Alliance**.

DELIVERING IMPACT

FSC operates democratically: our processes are open to public review and our product claims are independently audited. Wherever we operate, we consult locally but always implement the highest global standards and principles. FSC is also the only forest certification scheme member of ISEAL Alliance, the global association for sustainability standards.



FOSTERING PARTNERSHIPS – VALUE IMPACT ANALYSIS

FSC is committed to leading forest management certification standards globally and to being a platform that different sector businesses can use to collaborate around common goals. One of the ways we do this is our participation in the Value Impact Analysis (VIA) initiative, launched by IKEA, Tetra Pak, and Kingfisher. It brings together an international group of experts, professionals, NGOs, and industry representatives to debate, develop, and endorse the best methods to measure certification impact. Since its launch other businesses have joined the initiative, such as SCA, Precious Woods, and IDH.

Grouping these stakeholders together, the initiative will use the power of collective expertise to finalize a globally agreed set of best-in-class methodologies that will add further credibility to sustainability communications by creating a uniform and comprehensive process to assess the effectiveness of organizations like FSC. If a successful methodology is developed with FSC, the VIA will have a relevant tool for other voluntary standards and will be an important part of driving sustainability measurement forward.

www.isealalliance.org/VIA





© FSC GD / Arturo Escobar

CERTIFICATION DRIVES PROFITS AND FAIRER PAY

Achieving and maintaining FSC FM certification depends on several factors beyond environmental sustainability. There are a range of social indicators that must be met to ensure that forests create long-term, sustainable, and economically viable resources. This includes the payment of fair wages to employees from local communities.

A recent study of equity distribution from forest products in Tanzania revealed some of the social differences between certified and non-certified producers³⁸. FSC-certified and non-certified operations were compared and showed that, among the saw millers as producers and processors, FSC-certified Sandal Wood Industries (SWI) timber earned higher net revenue than non-FSC-certified timber. During their operations, the saw millers for SWI paid their workers USD4.38 per person per day, while Miteja paid USD1.44 per person per day wages. SWI also recruited and trained villagers to work for the company but Miteja did not.

HEALTHIER FORESTS SUPPORTING BETTER WATER

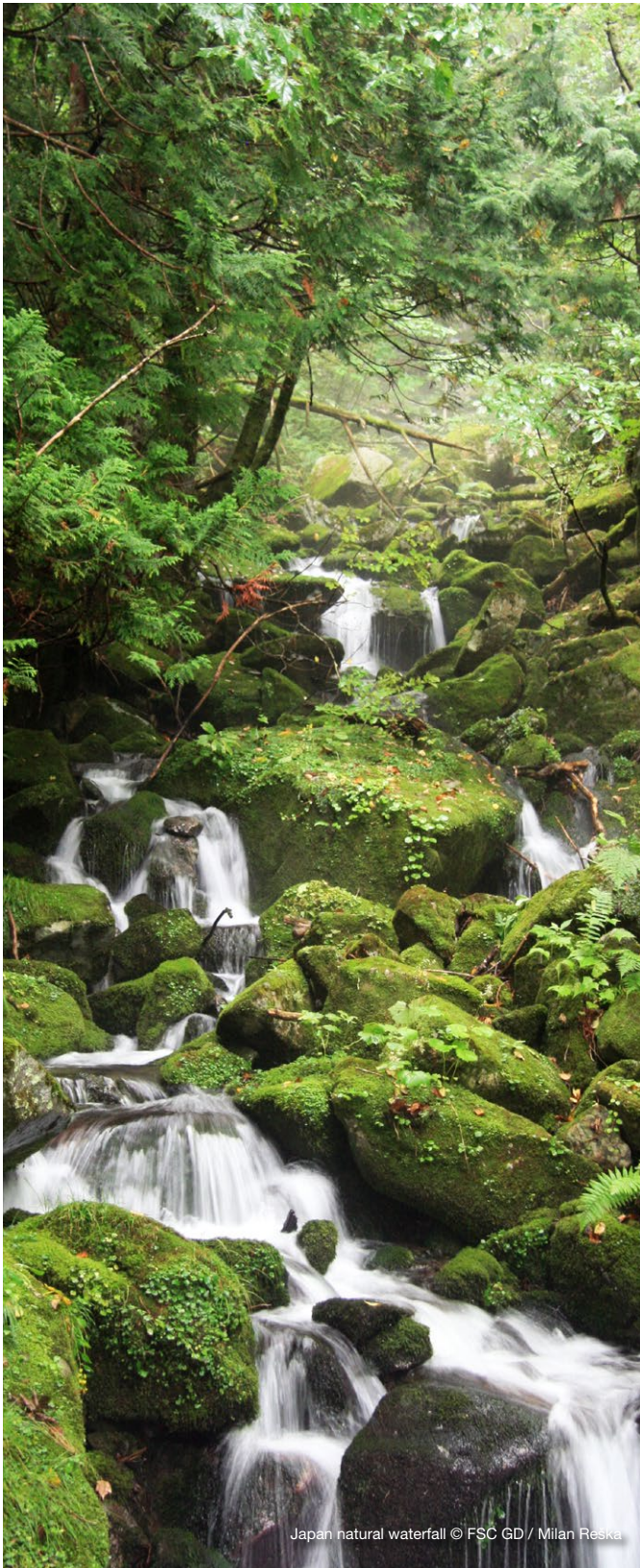
As awareness of climate change grows, the environmental value of forests in the public conversation is often connected with carbon capture and CO₂ management. However, forests are also a crucial partner in maintaining and enhancing the condition of water systems that provide water supplies and purification, flood control, harvestable organisms, and hydropower sources. Moreover, streams, rivers, lakes, and ponds account for less than 1 per cent of the Earth's surface but harbour 10 per cent of all described species.

A study published in the *Journal of Applied Ecology*³⁹ has assessed the effects of FSC certification on the ecological condition of streams crossing Mediterranean evergreen oak woodlands. The authors used the Stream Visual Assessment Protocol (SVAP) to compare the ecological condition of streams located in areas with three and five years of certification, in non-certified areas, and in least disturbed streams.

The study's data show that because compliance with FSC standards requires removing or reducing the main causes of stream degradation, ecological recovery and growth is enhanced for water bodies around FSC-certified operations. Overall, FSC-certification empowers passive ecological restoration and allows natural regenerative processes without the need for human activity.

38 Kalonga, S.K., Kulindwa, K.A, and Mshale, B.I. (2015) Equity in distribution of proceeds from forest products from certified community-based forest management in Kilwa District, Tanzania. *Small-scale Forestry* 14(1), 73–89. (Also available at https://www.researchgate.net/publication/266684863_R_Equity_in_Distribution_of_Proceeds_from_Forest_Products_from_Certified_Community-Based_Forest_Management_in_Kilwa_District_Tanzania_Small-scale_Forestry)

39 Dias, F.S. et al. (2015) Effects of forest certification on the ecological condition of Mediterranean streams. *Journal of Applied Ecology*. (Also available at <http://onlinelibrary.wiley.com/doi/10.1111/1365-2664.12358/abstract>).



Japan natural waterfall © FSC GD / Milan Reska



© Eastern Ontario Model Forest

IMPROVED ECONOMIC PERFORMANCE

Part of promoting the value of certification is about showing that it leads to improved economic performance for our certificate holders and members. WWF conducted a cost-benefit analysis of FSC certification on a cross-section of forest operators and released the *Profitability and Sustainability in Responsible Forestry: Economic impacts of FSC certification on forest operators*⁴⁰.

The study found that producers can benefit significantly from FSC certification, earning on average an extra USD1.80 for every cubic metre of FSC-certified roundwood or equivalent, over and above the certification costs. On average, it took the companies that were studied six years to break even on their investment in FSC.

“This study shows that while the investment costs of entering into an FSC certification process can be considerable, for tropical forest operators and small or medium enterprises, the investment can be good for the bottom line. This is an important finding given the crucial role of these groups in safeguarding forests for the future.”

⁴⁰ WWF (2015) Profitability and Sustainability in Responsible Forestry: Economic impacts of FSC certification on forest operators. (Also available at http://wwf.panda.org/wwf_news/?250330).

DRIVING AWARENESS

We are in an exciting phase of growth and have been focusing more of our efforts on increasing global awareness of the FSC brand and what our certification means from the forest manager to the end consumer.

BRAND EXPOSURE

As FSC continues the journey from certification scheme to a leading and loved brand, our media exposure is an important measure for how we're performing. We're pleased to report that over the 2016 period, our global media clipping data shows that FSC garnered significant media coverage (71%) as a forest certification scheme, most coverage being either positive or neutral (combined 94%)⁴¹.

Research conducted in the USA, Germany, and China showed that 49 per cent of respondents had seen an on-product FSC label. The survey also concluded that younger people were more likely to say that they had seen an FSC label, showing that sustainability is of strong interest to youth. Overall, FSC labels were strongly associated with being good for the environment and with sustainability⁴².



© FSC GD / Echtzeit GmbH & Co. KG

⁴¹ Meltwater global media clipping service, FSC benchmark report 2016.

⁴² B2B International on behalf of FSC International, Getting Our Labels Right – FSC consumer study. 2,013 respondents in the USA, China, and Germany. Overall margin of error +/-2.2% at 95% confidence.

BRAND PURPOSE

Throughout 2016, FSC representatives from around the world attended events to increase our engagement and reinforce our brand purpose with stakeholders. These events provide an important opportunity to connect with stakeholders, inspire innovative solutions to sustainability challenges, and to show how FSC goes beyond certification to help a variety of businesses make a bigger impact throughout their supply chain.

FSC was present and invited to speak at a number of key Sustainable Brands events. Sustainable Brands is a collaborative community formed from over 348,000 sustainable businesses worldwide. The conferences provide an inspiring opportunity to debate, share tools, and add to the latest thinking around sustainable supply chains and consumption.

Sustainable Brands Cape Town

Cape Town's Sustainable Brands conference was a chance for Tetra Pak, South African Airways, and FSC to share views on how to grow market demand from environmentally conscious consumers and move eco alternatives into the mainstream.

Sharing research, attendees gained insight into the South African consumer's growing interest in low-impact products. A local study by Tetra Pak showed that 63 per cent of South Africans believe that people pay attention to environmental logos, placing South Africans ahead of consumers in India, China, the UK, and Turkey. Moreover, Tetra Pak's experience with the country's retailers has included a demand that house brands of carton-packaged liquids be FSC branded.

Awareness is growing in other industries too. In 2013, South African Airways committed to becoming the world's most sustainable airline group within 10 years. As part of this impressive target, the airline has signed an agreement with FSC that will change the way it procures forest-based products.

63% of South Africans believe that people pay attention to environmental logos.



Agripa Munyai (Tetra Pak) at Sustainable Brands Cape Town 2016 © Candice Chaplin



Sustainable Brands Cape Town 2016 © Candice Chaplin

Sustainable Brands Copenhagen

FSC was invited to the two major panel discussions of the Copenhagen leg of the Sustainable Brands conference in September 2016. Alongside global organizations that included IKEA, Unilever, Stora Enso, LEGO, Johnson & Johnson, and Adidas, FSC discussed and debated the future of green brands, labels, and how to implement ambitious and multidisciplinary partnerships to achieve new goals and create a more sustainable future. This was part of the conference’s theme of the value of broad partnerships, and how to collaborate to drive green development and put a brake on negative environmental and social impacts.

Sustainable Brands San Diego

For the 2016 US conference, 1,500 sustainability leaders convened in San Diego, California, to explore innovative opportunities for brands to create positive impact at scale.

During the event, FSC participated on a panel with partners ISEAL Alliance, Sustainable Agriculture Network, and Marine Stewardship Council, discussing the promise and potential of certification systems.

In the face of continuing environmental degradation, the discussion focused on whether tools like certification are doing enough. Attendees explored how various certification systems and their stakeholders can innovate and adapt to achieve meaningful scale, lasting change, and truly transformative impacts.

BRAND VALUE

We want to make it simple for consumers to choose FSC, and for our members and certificate holders to gain value from our brand. That’s why we created our Marketing Toolkit as an online resource for those developing communications about FSC. Available in both English and Spanish, with a look to broaden the platform to other languages in the short to medium term, the site provides guidance on using our *Forests For All Forever* brand, downloadable campaign assets, and a sharing platform – where licence holders can find examples of FSC campaigns for inspiration.

The creative assets (print ads, online banners, flyers, among many others) and tools are offered for multiple sectors and in 13 languages to all licence holders, along with support, when needed, for more bespoke campaigns. FSC also updates the site so that the tools provide a comprehensive framework but with dynamic and relevant resources⁴³.



⁴³ FSC Marketing Toolkit & Global Brand Positioning: <https://marketingtoolkit.fsc.org>

THE BUSINESS CASE FOR *FORESTS FOR ALL FOREVER*

Promoting certified products

Leroy Merlin (Italy)

Leroy Merlin is a home-improvement and gardening retailer that sells FSC-certified garden furniture, fences, frames, boards, and household articles. In 2014, the group's Italian stores decided to increase their commitment to responsible sourcing by setting a target to purchase 80 per cent of their timber from FSC-certified suppliers by 2016.

**70% growth in sales and
33.5% growth in sales value.**



The *Forests For All Forever* campaign

was launched in May 2016 to help promote this ambitious target and to raise awareness about the importance of buying certified products. The campaign included a complete set of promotional elements – such as branded roll-ups, cards, and table tents – to highlight the FSC-certified garden furniture area and to encourage consumers to look for the FSC logo on forest products.

A QR code took consumers to the 'Feel the Forest' video, which helped viewers further understand the strength of Leroy Merlin's commitment to the certification process.

Raising awareness of *Forests For All Forever*

El Corte Inglés (Spain)

**Sales increased 45.7% in
seven weeks.**

El Corte Inglés is one of the world's largest department store chains, with outlets spanning Spain and Portugal. As well as stocking popular brands, the company offers its own branded options across all product lines with a large selection of forest-based products.

The company is working to achieve zero net deforestation by 2020 by sourcing exclusively from sustainably managed forests.

To raise awareness of its FSC-certified products, El Corte Inglés launched a campaign that included theatre tickets printed on FSC-certified paper, a line of FSC-certified wrapping paper, and product catalogues printed on FSC-certified paper. All items were co-branded with the El Corte Inglés logo and carried the FSC labels, and provided references to extra information about sustainably managed forest products.

The next phase was a 'Back to School' campaign that featured in-store promotions of over 90 different types of notebook that used FSC-certified 'Frost' brand paper. Each notebook included a one-page inlay explaining the benefits of responsibly sourced paper. The notebooks helped to raise funds for forest preservation in Spain, with EUR0.10 of each unit being donated. Most importantly, through raising awareness of the importance of responsible forest management, sales increased 45.7 per cent in seven weeks.





© FSC GDV Arturo Escobar

DELIVERING BUSINESS VALUE

This year we worked with an independent research agency to collect data from members, certificate holders, and other relevant stakeholders to get a clear picture of how FSC is performing. Our survey included 332 participants, 50 per cent of whom have been working with FSC for more than six years. We also conducted our 2016 Global Market Survey of licence holders to gain insight into their experience of working with FSC and to receive feedback to ensure our tools and services are meeting their needs.

- **80%** of members and certificate holders believe FSC certification creates a positive brand image.
- **87%** of certificate holders plan to renew their certification.
- **83%** of our Global Market Survey certificate holders are satisfied with FSC.

LEADING THE WAY

Since our Strategic Plan sets out an FSC that is more user oriented, it's imperative that FSC has deep insight into and understanding of the needs of our various stakeholders. This means going beyond transparency and credibility to examine the business value of certification, including market access, knowledge, expertise, and the reputation of the certification system.

Through our research, we found that most stakeholders believe our brand offers consumers a clear sign that their organizations are serious about responsible forest management, with 80 per cent saying that FSC creates a positive corporate image.

Figure 14: FSC is a market leader (%)⁴⁴

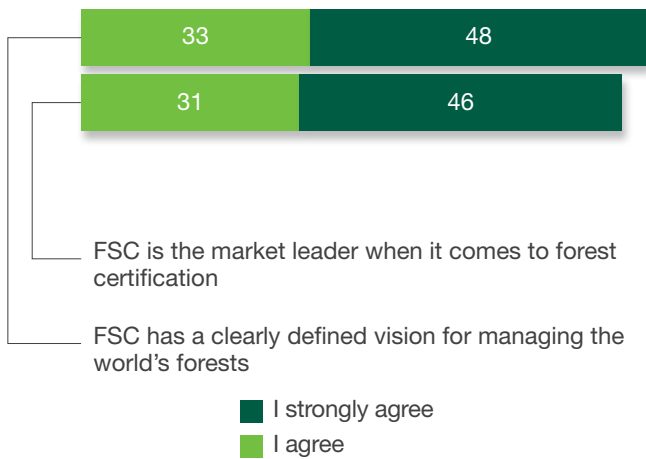


Figure 15: FSC creates benefits for business (%)⁴⁵



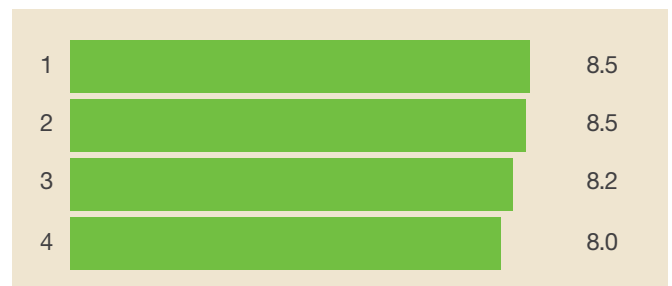
INTEGRITY AND ASSURANCE

Trust in our certification is the foundation of our brand, and our externally conducted survey showed that 85 per cent of respondents saw FSC as an honest organization with integrity, and that 85 per cent regard FSC certification as credible proof of timber legality⁴⁴.

B2B research data also showed that respondents rated FSC highly for brand reputation and staff knowledge, while our Global Market Survey recorded a positive general satisfaction level of 82.8 per cent from our certificate holders.

Figure 16: FSC satisfaction levels⁴⁶

- 1 The honesty and integrity of FSC
- 2 The level to which you regard FSC certification as proof of timber legality
- 3 The knowledge and expertise of FSC staff
- 4 The strength and reputation of the FSC brand



⁴⁴ B2B International on behalf of FSC International, Differentiating the FSC brand B2B segmentation and brand positioning research, 2016. 332 external respondents in 13 markets plus 71 internal interviews. The confidence interval is +/-5.4% of all FSC members and licence holders (at a 95% confidence level).

⁴⁵ FSC Global Market Survey 2016, N = 3713.

⁴⁶ B2B International on behalf of FSC International, Differentiating the FSC brand B2B segmentation and brand positioning research, 2016. How satisfied you are with FSC across a number of different areas. Please use a scale from 1 to 10, where 1 is not 'at all satisfied' and 10 is 'extremely satisfied'.

Figure 17. Certificate retention levels (%)⁴⁷

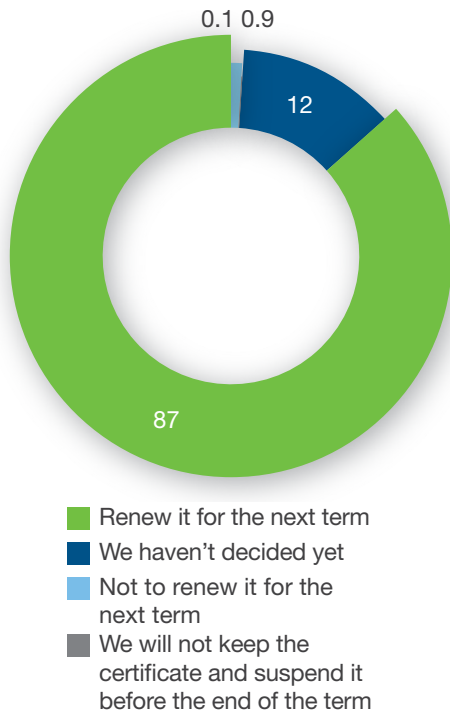
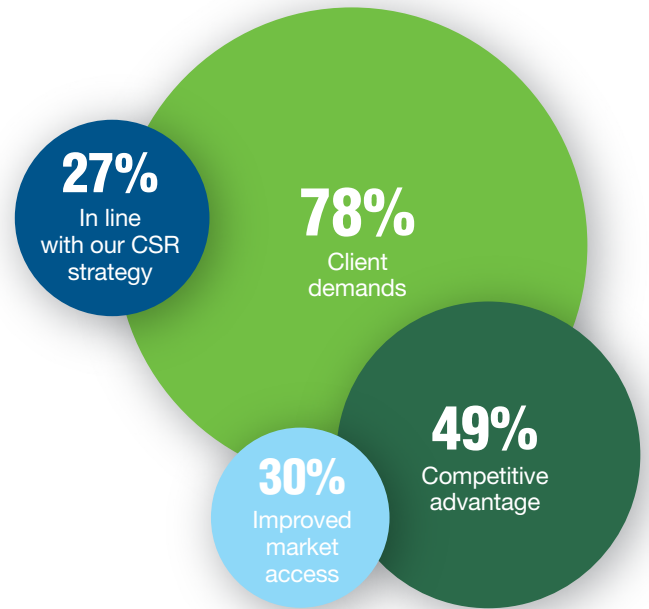


Figure 18. Reasons for becoming FSC certified⁴⁸



KEY RESULTS

We believe that the 86.5 per cent of certificate holders in our Global Market Survey that plan to renew their certificates are strong evidence of the benefits of working with us. Our strong proof of timber legality and knowledgeable staff mean that our stakeholders trust us as an effective and credible source of expertise. We are also perceived as honest, transparent, and robust, while having an effective global presence backed by credible certification.

In terms of motivation for becoming FSC certified, most respondents gave client demands as the primary reason, followed by competitive advantage and improved market access. These responses are aligned to previous survey results.

Externally, most Global Market Survey respondents see FSC as offering strong environmental protection (34 per cent), robust social responsibility (32 per cent), and a good reputation (20 per cent). This shows that our participants strongly believe that we have a positive impact on conditions for local and Indigenous Peoples, while protecting biodiversity.

Through our powerful global reputation and reliable certification, we can also report strong satisfaction among our members, with 77 per cent committed to renewing their memberships.

⁴⁷ FSC Global Market Survey 2016, N = 3713.
⁴⁸ FSC Global Market Survey 2016, N = 3713.



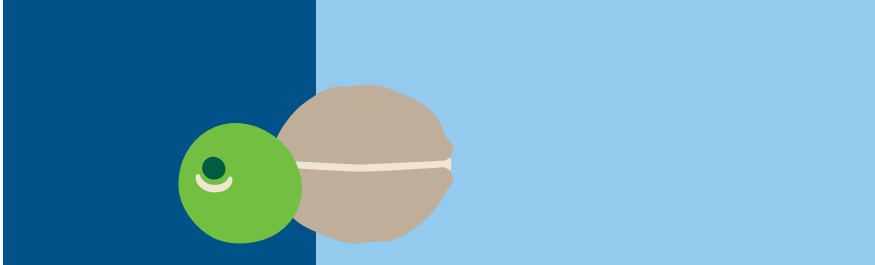
Kim Carstensen and Rolf Stangl © SIG Combibloc

INNOVATING IN MARKETS

We have a range of certification methods that provide responsible options to a series of sectors, including non-timber forest products, construction, DIY, fashion, retail, packaging, sport, and finance. Expanding our presence in these industries provides important opportunities to promote responsible forest materials and products to diverse and powerful markets. Our work over the past year has included engagement with global brands and events to drive the use of sustainable and responsible forest products across key sectors.

- Our work with two leading packaging firms has led to them sourcing **100%** of their paperboard from FSC-certified and other controlled sources.
- FSC-certified assets for the Rio 2016 Olympic Games, including **5,130** wooden medal boxes, **185** podiums, **93** Paralympic ramps and a velodrome track.
- Approximately **25%** of FSC certificate holders have a CoC certificate covering wood for construction.

NON-TIMBER FOREST PRODUCTS



Non-timber forest products include commodities like gums, resins, fruits, nuts, cork, rubber, and medicinal herbs and fungi. The forests that are cultivated for these products often provide a range of social and economic benefits by being a critical subsistence resource in many rural economies. These forests can also produce fewer negative impacts on ecosystems than timber harvesting, be complementary to timber production, help with carbon capture and storage, and protect important water and soil sources in forest systems.



Cork bottle stoppers © Corticeira Amorim

Collaborating for responsible cork

Corticeira Amorim

FSC is an important partner in highlighting the sustainability of cork forests and the robust forest management practices of cork producer Grupo Amorim.

Among other products, the company produces cork stoppers for wine bottles. Consistent growth has contributed an extra billion stoppers to yearly sales in just five years, with totals now reaching 4.2 billion units. Amorim has also engaged with the FSC for several years to ensure the sustainability of its offering. In 2016 the company launched the world's first natural cork stoppers guaranteed to have no detectable trichloroanisole (TCA) molecules that may taint flavours in wine.

Apart from stoppers, innovative applications have allowed Corticeira Amorim to compete in industries as diverse as transportation, sports applications or heavy construction units.



"FSC core values and the centuries-old cork forest and products management practices are extremely well aligned."

- Carlos de Jesus, Head of Marketing & Communication, Corticeira Amorim



Empowering sustainable surfing with certified natural rubber

Patagonia and Yulex

For years, wetsuit manufacturers have had little choice but to use neoprene, despite the fact that it is a nonrenewable, petroleum-based material with an energy-intensive manufacturing process. But in 2016, thanks to a partnership with Yulex® and FSC, Patagonia introduced the world's first – and only – neoprene-free wetsuits, made with natural rubber from Guatemalan sources that are FSC certified by the Rainforest Alliance.

Produced from a tree-based polymer, the Patagonia suits perform just as well as conventional wetsuits while reducing the manufacturing emissions by 80 per cent. To enhance the ozone and UV resistance of the suits, the FSC-certified rubber is blended with a small amount of chlorine-free synthetic rubber, which also increases the durability and strength of the material and gives surfers around the world a truly high-performance and sustainable option.

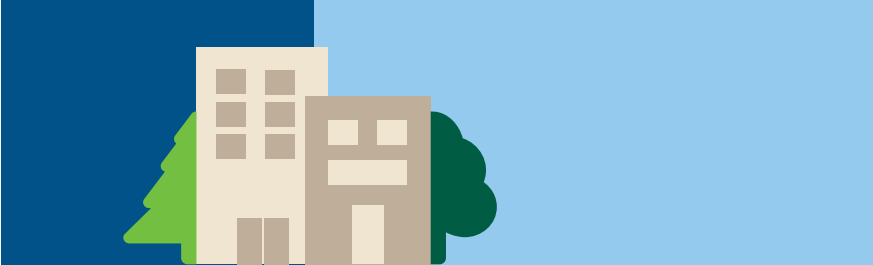
“Yulex shares FSC’s stated mission regarding the world’s rubber plantations and is also working directly with FSC-certified plantations to improve the quality of crude natural rubber for medical and consumer applications. Since only 0.5% of the world’s rubber supply currently comes from FSC-certified sources, we hope our choice will motivate other businesses to incorporate more sustainable practices in their supply chains.”

- Jeff Martin, Founder and CEO, Yulex Corporation

“Surfers and wetsuit manufacturers – including Patagonia – have relied on neoprene for years, because we had no alternative. Through our partnership with Yulex we’ve invested in a plant-based game-changer and built it into our entire fullsuit line.”

- Jason McCaffrey, Business Unit Director, Patagonia Surf

CONSTRUCTION



The building and construction sector is a major user of FSC-certified wood, and is set to grow by 67 per cent by 2020. Its value is predicted to grow from USD7.2 trillion today to USD12 trillion, meaning that it will account for 13 per cent of the global GDP⁴⁹.

Today around 25 per cent of our certificate holders have a CoC certificate that covers wood for construction.

By choosing sustainable and FSC-certified wood over non-certified – and by opting for FSC-certified lesser known timber species (LKTS)⁵⁰ over non-certified tropical timber – the sector can play an essential role in supporting responsible forest practices and halting the conversion of forestland to soy or palm plantations and grazing.



49 Construction 2020 report by Oxford Economics (executive summary).

50 LKTS: Lesser known timber species are species of timber that are considered under-utilized for commercial purposes but which have the properties and potential to perform the same functions as overused and threatened timber species.

Pioneering sustainable innovation in building

Royal BAM Group

In line with its objectives to become climate and resource positive, Royal BAM Group's policy is to use only certified sustainable timber. This commitment has earned the company global recognition, including a position on the Climate 'A' List by CDP and the Highest Score for Circular Business from the Benchmark Circular Business Practices 2015.



"Procurement of FSC-certified sustainable tropical timber, in particular, can help reduce climate change."

- Ing. P. (Peter) Gijsen, CSR Manager, Royal BAM Group



Car park and restaurant, Roosendaal © Precious Woods

Protecting tropical biodiversity

Precious Woods

Founded in 1990, Precious Woods has become one of the largest companies in the field of sustainable tropical forest management.

Focusing on the production and sale of FSC-certified semi-finished products made from tropical wood, the company also uses the wood waste generated during production to produce green energy, which allows Precious Woods to sell additional emission allowances in Brazil.

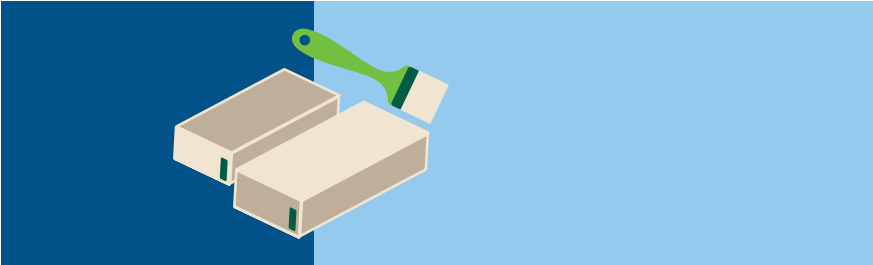
Precious Woods Group is headquartered in Switzerland, with staff employed across Brazil, Gabon, and Switzerland.

“Precious Woods sells more than 70 FSC-certified tropical species from our own concessions. We provide services that are more and more appreciated by those who are looking for differentiation. For example, architects wanting to give ethical value to their construction projects have access to a wide range of materials that show the impact of protecting biodiversity.”

- Stéphane Glannaz, Chief Commercial Officer, Precious Woods



DO IT YOURSELF (DIY)



For most retailers offering DIY products, FSC certification is a simple, reliable, and invaluable marketing tool. Our certification helps organizations assure their clients of their long-term commitment to socially beneficial, environmentally appropriate, and economically viable forest management.

Building greater transparency in timber supply chains

Castorama Poland

Timber is recognised as Castorama's most important, strategic raw material, which is why the company has been working on responsible timber sourcing and having a positive impact on forest ecosystems and people. Castorama adheres to a Group Timber Policy Standard, which stipulates that the most important criteria for timber is certification by independent organizations such as FSC.

For Castorama, the main benefits of working with FSC include full transparency in the supply chain, improved supplier dialogue and the guarantee for customers that the company supplies raw materials from sustainable sources.



© Milena Hagemajer / Castorama Poland

Putting trust in responsible sourcing

Kingfisher plc

For Kingfisher, what matters is not the value of selling FSC-certified products but what the cost for business and society would be without it.

Certification improves consumer trust, ensures supply, and prevents forest degradation. By partnering with FSC, Kingfisher can prove it sources from well-managed forests. That's why Kingfisher believes that FSC leads forest management improvement worldwide.



"For Kingfisher, the initial role of FSC is that this scheme sets the proxy for what sustainability in forest management looks like. This means that we don't have to struggle to define what 'good practice' looks like as we do in many other areas."

- Jamie Lawrence, Senior Sustainability Advisor, Kingfisher plc



FASHION



Today's fashion sector is growing, with technology enabling faster production. With more clothes being produced, keeping the industry sustainable is more important than ever.

Many of today's fabrics are made from cellulose fibres that come from wood pulp that is processed into rayon or viscose, lyocell, modal and trademarked brands such as Tencel and Excel. This creates a vital opportunity to source an important resource from traceable and sustainably managed sources.

The value of these materials means that fashion could contribute significantly to forest conservation and a low-carbon economy based on renewable and well-managed natural resources. At FSC, we have seen a recent increase in CoC certificates from forest cellulose fibre producers, a clear sign of the industry sourcing more raw materials from FSC-certified forests.



Getting ahead of sustainability trends H&M

Today's consumer might be familiar with key sustainability issues but retailers also know that this awareness is set to grow. Tackling the issues now is of the essence for companies looking to be responsible and meet the expectations of their customers.

For H&M, committing to responsible forest management is not only about making sure the company does not contribute to unsustainable forestry or deforestation, but also about supporting and embedding sustainable practices throughout the supply chain. The clothing retailer also counts forests as part of its new climate strategy scope and recognizes FSC as the most credible certification scheme to collaborate with on its sustainability journey.

Supporting innovative fibres in fashion

Canopy

Not-for-profit Canopy works with the forest industry's biggest customers and their suppliers to develop business solutions that prevent ancient and endangered forests being pulped into fabric. As part of this, the CanopyStyle initiative works with brands representing over USD 100 billion in annual revenue that are seeking large-scale science-based forest conservation in ancient and endangered forests. Participating brands include H&M, Stella McCartney, M&S, Levi's, and many more.

Together they promote the use of new fibres such as recycled clothing and leftover straw. With assurances in place that these critical forests aren't being logged, on the ground FSC certification is a critical part of implementing the CanopyStyle initiative and ensuring sustainable forestry. FSC is recognized as the preferred certification choice for the initiative and this is made clear in the public policies of the participating brands.

"Canopy is proud to be leading what is currently the fastest moving environmental issues in the apparel sector, partnering with more than 68 iconic fashion brands who have pledged to end the use of endangered forests in their clothes."

- Nicole Rycroft, Executive Director of Canopy

RETAIL



Retailers are in an exceptional position to promote sustainable consumption thanks to their direct contact with consumers and suppliers.

Today major Europe-based companies have developed or are in the process of developing sustainability strategies to turn consumption into a driver for reducing their ecological footprint. FSC-certified products are already part of these actions, through Tesco's Zero Net Deforestation goals, Eco-Design from El Corte Inglés, and sustainable packaging from Metro Group.

Over the past few years, the increase in the number of FSC trademark service licences shows a growing interest from retailers in communicating sustainability achievements and responsible sourcing of forest products.



Cheshire Oaks © M&S

Promoting awareness – Making responsibility simple

M&S

Wood is a critical material for M&S and is used in products, packaging, marketing materials, business operations, and store build and refit. The company has been working hard to implement wood sourcing policies that will make a positive contribution to maintaining resilient wood supplies as well as protecting communities and workers, reducing climate emissions, and ensuring healthy biodiversity and ecosystems.

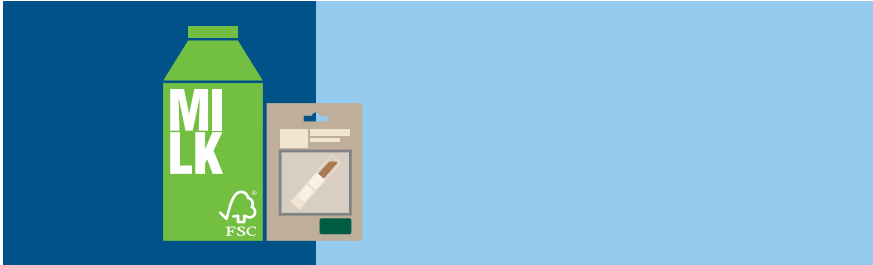
M&S has created a section dedicated to protecting forests on its corporate website and reports the proportion of wood usage that meets its policy in its annual Plan A report. The company also makes public the proportion that is FSC certified and uses the FSC label on products where space permits, and where the company believes that its customers will connect with its relevance.



“The multi-stakeholder discussions within FSC enabled me to understand forest conservation challenges from many different perspectives, and to build a network of forestry and supply chain experts willing to share their knowledge and experience.”

- Fiona Wheatley, M&S Plan A Sustainable Development Manager, Raw Materials

PAPER-BASED PACKAGING



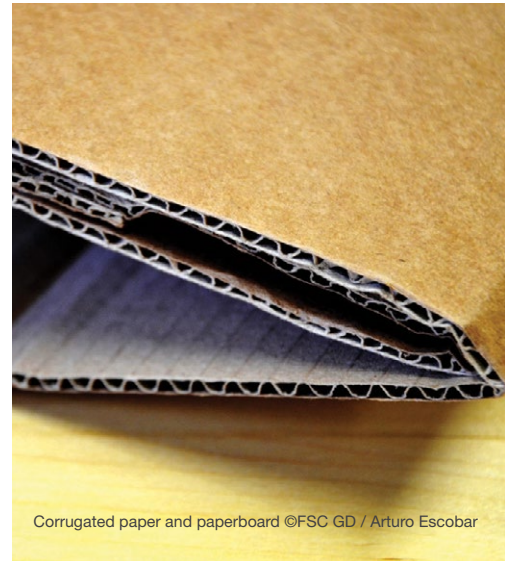
Paper and paperboard packaging accounts for over a third of the whole packaging market, and the sector is projected to grow to approximately USD213.4 billion by 2020⁵¹. Today the main uses for paper and paperboard packaging are food packaging, followed by home and personal care, and beverage packaging.

FSC certificate holders are extremely active in the sector. At least 5,000 certificate holders produce or trade FSC-certified paper and paperboard packaging, making the sector one of FSC's largest and putting FSC at the heart of the sustainability equation. For example, Swedish company Tetra Pak is a multinational food packaging company that has achieved full FSC CoC certification for all its converting plants – where finished packaging is produced from corrugated board sheets – and its market companies⁵².

Similarly, Swiss company SIG Combibloc, which manufactures and markets aseptic and non-aseptic carton packaging for beverage and liquid food products, has also achieved full FSC CoC certification. Furthermore, in August 2016, the company announced that all its carton packs can carry the FSC logo. This means that any of their customers that want to have the FSC logo on their packaging can now do so.

51 Sector report by Research and Markets 2016. <http://www.prnewswire.com/news-releases/global-paper-packaging--paperboard-packaging-market-trends--forecasts-to-2020---market-is-projected-to-be-valued-at-213-billion-300143109.html>

52 <http://www.tetrapak.com/sustainability/responsible-sourcing/paperboard>



Corrugated paper and paperboard ©FSC GD / Arturo Escobar



Bobbins, spools, rolls, and similar ©FSC GD / Arturo Escobar



Beverage carton selection © The Alliance for Beverage Cartons and the Environment Limited



Beverage packaging © SIG Combibloc

Committed to FSC

SIG Combibloc

By working with its global network of suppliers, SIG Combibloc has succeeded in ensuring a stable supply of FSC-certified and FSC-controlled wood material. The company has reached an important sustainability target as now all of its food and beverage cartons can carry the FSC logo.

“As one of the leading manufacturers of carton packs for foods and beverages, safeguarding the planet’s forests is a key corporate goal for us. Hand in hand with that goes our commitment to ensuring that the cardboard we use for our carton packs comes from 100 per cent responsible sources. We believe the FSC certification system is currently the most credible and the most widely accepted system for sustainable forest management globally. As the first manufacturer of food and beverage packaging in the world to do so, we have therefore created the conditions to ensure all carton packs we produce can carry the FSC logo. We’re very proud of that, because it’s a key goal within our corporate strategy, the Corporate Compass.”

- Rolf Stangl, CEO, SIG Combibloc





Beverage packaging © Tetra Pak

Driving progress in sustainable packaging

Tetra Pak

Tetra Pak is a major user of paperboard. Working with FSC helps ensure sound forest management practices and provides a credible certification that is widely recognized by Tetra Pak's customers and consumers worldwide.

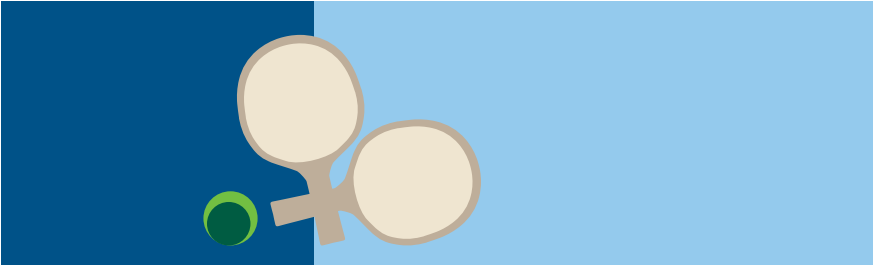
Starting from a good base of materials from renewable sources, on average over 70 per cent of a Tetra Pak carton is made up of paperboard, while 100 per cent of the paperboard sourced comes from FSC-certified and other controlled sources. Tetra Pak also believes FSC's logo can be a source of competitive advantage and increases brand equity.

“As a major user of paperboard, we feel it's our responsibility to do what we can to improve the management of the world's forests, which is why we have chosen the Forest Stewardship Council certification – a certification that strikes a balance between the economic, environmental, and social aspects of forest management.”

- Mario Abreu, Vice President Environment, Product Management & Commercial Operations



SPORT



Sport is a vital part of our global cultural and social heritage, with the power to persuade and educate millions of people. This makes it an important partner in the fight to raise awareness of our greatest sustainability challenges.

During the last few years, the uptake of FSC-certified materials and products in sports events has increased, along with awareness of sustainability and social responsibility in the sector. For example, at the London Olympics, more than two thirds of the wood used to build the Olympic Park was FSC certified. We're even certifying more consumer products – from latex soccer and volley balls to gym flooring and baseball bats made of wood.

We have made a lot of progress in the sports arena but for FSC, this is just the beginning.

Improving sustainability in European football UEFA

For football fans around the world, UEFA is an iconic institution. As a globally known brand, it has incredible reach and influence. That makes UEFA's support for sustainability so crucial and it's good news for responsible forest management that UEFA understands the significant role sport can play.

UEFA is working with FSC as part of its commitment to reducing its emissions and undertaking responsible sourcing. Through this working relationship with FSC, UEFA aims not only to reduce its own environmental impact, but to positively influence new generations of sports fans as well.



"With UEFA being based in Switzerland, a country where forest covers a third of the land, it was important for us to understand and prioritise the crucial role that this ecosystem plays in protecting our environment and social well-being."

- Martin Kallen, CEO, UEFA Events SA



Euro 2016 match tickets © UEFA



Olympic Velodrome © Rio 2016

Making Rio more responsible

Rio Olympics 2016

In preparation for the Rio summer Olympic and Paralympic Games, FSC built up a crucial partnership with the Rio 2016 Committee to increase environmental awareness around the games, and ensure the responsible use of forest products. It was agreed that all products acquired by the Organising Committee would be FSC certified, from structures to stationery.

Hundreds of organizations obtained FSC certification to help create a more responsible Olympics. This included the Brazilian Mint which, among other assets, produced all the athlete diplomas and certificates. Other certified suppliers were chosen as Olympic torch bearers, in recognition of their work taking care of forests in their region. By the end of the event, certified assets included 5,130 wooden medal boxes, 185 podiums, 93 Paralympic ramps, and a velodrome track.

“The partnership between Rio 2016 and FSC is an excellent example of how purchasing power can support the development of sustainable practices at major events. By using FSC we have made sure that we are using the right raw material while driving the market for certified wood. We’ve also been able to show small businesses that using certified wood is not complicated or difficult.”

- João Saraiva, Supply Director for the Rio 2016 Organising Committee

FINANCE



Today players in the finance sector – such as investors, asset managers, banks, and pension funds - are increasingly looking for ways to create positive impacts for the environment and society through their investment products and portfolios.

FSC supports this trend by offering standards for the responsible management of forests as well as tools to ensure deforestation-free forest products, mitigate the risks associated with forest investments, and to communicate environmentally responsible, socially beneficial, and economically viable forest management. Expanding on these benefits, FSC is also developing tools to demonstrate the impact that investments have on preserving ecosystem services.

The finance sector can further progress the responsible use of forest resources by expanding the requirements for FSC certification of forest management and companies along the supply chain.

FSC looks forward to continuing its work with finance sector networks, asset managers, banks, and service providers to ensure that it keeps promoting responsible forest practices around the world.



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