



## Forest Stewardship Council® • Synergies





## Our vision

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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

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

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The past year was one of tremendous growth and accomplishment. As we reflect on our achievements, it is clear that our collaborative approach continues to strengthen our standards and services. In 2010, we focused our resources on the key challenges and strategies that ensure our strength and effectiveness. As a result, we see an even deeper commitment to FSC® from market partners, stakeholders, and members and a momentum to keep working together to meet new challenges.



In 2010, we responded to market growth with focused research, increased engagement with market partners and improved services, standards and policies. Through a comprehensive brand positioning project and global Certificate Holder survey, we've created an invaluable knowledge base that will further strengthen the FSC brand in the global marketplace. We've also strengthened relationships and exchange with business partners to facilitate market solutions and increase awareness of FSC certification worldwide.

We also prioritized engagement with stakeholders around the world through development of new resources and tools, and increased information exchange. Our online services now include a Stakeholder Portal which facilitates updates from FSC on disputes, assessments and key forest issues, as well as a way for stakeholders to bring feedback directly to FSC. Additionally, FSC facilitated stakeholder meetings

and workshops on the Principles and Criteria review, social issues, smallholder markets, and capacity building at the national level.

Our commitment to continuous improvement is evident in revised trademark guidelines, improved labelling tools, streamlined pesticides derogation process, and the establishment of a Policy and Standards Committee. We prioritized National Standards development and launched innovative projects on traceability, ecosystem services and satellite imagery. Additionally, our Accreditation Program scaled up its capacity and implemented a series of new quality controls to assure continued rigor of monitoring throughout the system.

We've strengthened the relationship between FSC and our Global Network through structured partnership agreements and the establishment of a fully resourced Network Unit. These developments allow us to operate more effectively as an international organization, while addressing regional and national priorities with focused attention.

As we look towards the International Year of Forests and our next General Assembly, we are keenly aware of the challenges and work ahead of us. We can be confident that our concerted efforts will continue to make a difference. The commitment of FSC Members, Board of Directors, Certificate Holders and engaged stakeholders is transforming forest management and ensuring that the FSC system continues to deliver solutions that benefit people and forests worldwide.

Yours truly,

Andre Giacini de Freitas  
FSC Executive Director

Nearly two decades ago, the Forest Stewardship Council® started to bring diverse perspectives together and facilitate effective forest management solutions. The significance of this participatory structure and democratic approach is now evident in our shared achievements and growing success. As we look forward to our 6th General Assembly in 2011, our commitment remains absolute to face the challenges ahead through continued engagement and effective collaborations.

As global social and environmental concerns grow more urgent and complex, FSC continues to become increasingly relevant. This is evident in the significant uptake of FSC certification in 2010, and the measurable impacts that ongoing independent research reveals. Worldwide, the FSC community is expanding and the discourse continues to incorporate new challenges and ideas.

While our frameworks may change, our values and guiding principles remain steadfast. We are built upon the foundation that an informed, inclusive and democratic forum is where solutions are created. It is this principle, unique to FSC, which allows essential social and environmental criteria for forest management to be defined by those most affected. This is embedded in all FSC processes, from large system-wide decisions like those we will take at the next General Assembly, to smaller localized strategies developed between stakeholders and certified operations at the forest management level.

We can see that our approach is having a positive effect, and this reinforces our commitment to multi-stakeholder processes. FSC certification is a mechanism to change the way that forests are managed to improve conditions for forest workers, respect the rights of indigenous peoples, protect biodiversity and strengthen socio-political frameworks. This is done only through dialogues that bring disparate perspectives together to find consensus-based solutions.

In 2011, we will celebrate the International Year of Forests around the world. We will also convene in Malaysia to determine our next priorities and set a course through the challenges we can expect in the coming years. As Members, National Offices, Certificate Holders, supporters, stakeholders and staff, we've all made a contribution towards a future for the world's forests and the pinnacle year ahead will prove again that our work brings us towards our vision. With appreciation, I look forward to our continued collaboration and success in the coming year.

With my best regards,

Chris van der Goot  
Chairman, FSC Board of Directors



**Canada – Vancouver Olympic venues 2010**

The Athlete Housing Village and the Vancouver Olympic/Paralympics Centre were all built using FSC certified wood products.

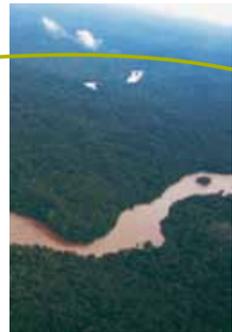
**Mexico – FSC at Forest Day and COP 16**

FSC had a booth at Forest Day, and organized a side event at the UNFCCC COP 16 negotiations in Cancún.



**Honduras – Forest certification recognized in law**

The promotion of forest certification by the state was included in the regulations to the Forest Law for Protected Areas and Wildlife.



**Amazon Alternative**

The Amazon Alternative signed Terms of Understanding with 30 companies, community organizations, NGOs and local authorities. By year-end 182,000 hectares had been certified.

**P&C Review**

The consultation on the third draft of the Principles and Criteria (P&C) resulted in over 500 pages of comments. FSC organized meetings in Latin America and Europe to increase representation by the South and social stakeholders.

**Germany – The first FSC National Office**

FSC Germany became the first FSC National Office on 16 June 2010.



**UK – FSC Friday increasingly popular**

An increasing number of schools took part in FSC Friday, with FSC being the subject of several school assemblies. More and more companies promoted the event around the world.



**Germany (Bonn) – New stakeholder portal**

A new stakeholder portal was launched on the FSC website. The new resource will facilitate stakeholder engagement.



**Denmark – Fifth Danish FSC Design Award**

The fifth Danish FSC Design Award, held in 2010, was the most popular yet – receiving more than 77 entries.



**Successful completion of PPP-NI project**

The PPP-NI project closed on 15 November 2010, having contributed significantly to the consolidation of FSC certification in the 13 project countries.

**Japan – Toyota and Tokyo Electric Power obtain FSC certification**

Tokyo Electric Power Company (TEPCO) and Toyota Motor Corporation (TMC) obtained forest management certification for Oze-Tokura Forest and Mie prefectures, respectively.



**Germany (Bonn) – FSC Global Awards**

The first FSC Global Awards were celebrated on the eve of FSC Friday 2010. AkzoNobel is the first Global Partner of FSC.

**Tanzania – Certified miombo woodland increases**

Four more villages were included into the Mpingo Group Forest Management certificate, bringing a total of 16,000 hectares of miombo woodland from six different villages under the certificate.



**Australia – Pixel building**

The Pixel building in Melbourne, Australia, is the first commercial office building outside the United Kingdom to achieve FSC project certification.



**Borneo Initiative**

The Borneo Initiative signed agreements with 13 forest management companies. These agreements are expected to result in 1.4 million hectares of FSC certified forest.

**FSC's democratic process effects solutions to the pressures facing the world's forests and the people who depend on them. The implementation of the consensus-based social and environmental requirements in the FSC standards continues to make a direct and positive impact on forests and communities around the globe.**

#### SLIMF certification in Honduras benefits indigenous people

The first certificates for non-timber forest products (NTFPs) in Honduras were achieved in La Mosquitia. A total of 76,600 hectares of forest were included in the small and low-intensity managed forest (SLIMF) certification. FSC certification will benefit the local indigenous community where Palma de Ojón (American oil palm) and Cedro Macho (crabwood) are managed for the production of oils called Batana and Swa.

#### First FM certification in Tasmania

A sixth-generation Tasmanian farming family, led by Peter and Anne Downie, received FSC forest management (FM) certification for their 6,500 hectare property, Lagoon of Islands, in the Central Highlands of Tasmania. It is the first FSC FM certification in Tasmania.

#### Corporate responsibility in Japan

In Japan, Tokyo Electric Power Company (TEPCO) obtained FM certification in Oze-Tokura Forest (16,334 hectares, about 150km north of Tokyo) in February 2010. Toyota Motor Corporation (TMC) obtained FM certification for Mie prefecture (1,690 hectares, about 150km south-west of Nagoya) in May 2010.

#### Luxembourg's forests FSC certified

The City of Luxembourg has its own certificate, and many municipal forests in the country are covered by a group certificate. In 2010, five new townships were added, bringing the number of townships with certified forests to 35, and the certified area to 8,720 hectares. Over 20 per cent of Luxembourg's total forest area is now FSC certified, including nearly 50 per cent of public forests.

#### First Chaco forest certification

The first area of Chaco forest achieved certification in Argentina in 2010, with the assistance of UNITAN and the dedicated efforts of producer Gustavo Rhiner. A total of 1,800 hectares were certified in 2010.

#### Over 40 million ha certified in Canada

There are now over 40 million hectares – equivalent to the size of Germany – of FSC certified forests in Canada, which represents a 360 per cent increase since 2005. The rapid growth in supply of FSC certified fiber is anticipated to continue as an additional 10 million hectares of forests are slated to be certified. In 2010, more than 250,000 hectares were FSC certified in Portugal and over 50 CoC certificates issued, representing a growth of approximately 350 per cent since the official launch of FSC in Portugal in 2006. The goal is to reach 500,000 hectares of certified forests by 2013.

#### The Amazon Alternative & the Borneo Initiative

FSC Netherlands worked on two development programs: the Amazon Alternative and the Borneo Initiative. The goal of both programs is to increase the uptake of FSC certification and stimulate responsible trade in wood products in the Amazon and Indonesia. The Amazon Alternative signed Terms of Understanding with 20 companies, six community organizations, three local NGOs and one local authority, which if successful may result in up to 2 million hectares of FSC certified forest. By year-end, 182,000 hectares had been certified. The Borneo Initiative signed agreements with 13 forest management companies. These agreements are expected to result in 1.4 million hectares of FSC certified forest.



#### Miombo woodland certification reaches more communities in Tanzania

Four villages were included into the Mpingo Conservation Project Group forest management certificate, bringing a total of 16,000 hectares of miombo woodland from six different villages under the certificate. The villagers mostly produce logs of *Dalbergia melanoxylon* for use in musical instruments in Europe. Certification has brought important benefits to the local communities in the area including better incomes and control over their own resources.

**“Forest certification is the right path for the competitiveness of the forest sector.”**

Rui Pedro Barreiro, Portugal's Secretary of State for Forestry and Rural Development.



#### State support for FSC certification in Portugal

The Portuguese government signaled that forest certification is a high priority. The Portuguese Forest Services (AFN) initiated forest certification on public lands in 2010, aiming to certify 30,000 hectares of public forests by the end of 2011. The government also launched an incentive for private forest certification: 68,000 hectares of forest were

approved for financial support and in a second application more than 37,000 hectares were submitted for approval. In 2010, more than 250,000 hectares were FSC certified and over 50 CoC certificates issued, representing a growth of approximately 350 per cent since the official launch of FSC in Portugal in 2006. The goal is to reach 500,000 hectares of certified forests by 2013.

## National standards through multi-stakeholder engagement



### FSC and LEI collaborate in Indonesia

In 2010, FSC and the Lembaga Ekolabel Indonesia (LEI) launched a collaboration to explore potential areas of cooperation in responsible forest management and forest certification in Indonesia.

FSC and LEI have identified six specific areas for collaboration, including the analysis of compatibility between forest management standards and other central components of the two schemes, and a particular focus on information exchange on certification of community-based forest operations.

The cooperation between the two certification schemes has the potential to benefit from synergies between the locally relevant standards and processes led by LEI in Indonesia, and the internationally recognized FSC standards.

### 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 must be approved by FSC.

### Consultations to develop SLIMF standard in Guatemala

As part of the development of the national SLIMF standard, a number of public consultation events were held and field tests carried out. Following five information workshops and seven input-gathering workshops, a public consultation phase kicked in. Eleven forest management training courses drew 282 participants, including technical staff of public and private organizations, NGOs, municipal forestry staff and community technical staff.

### Approval of SLIMF standards to benefit smallholders

New SLIMF standards were approved in Brazil, Cameroon and Mexico. The new standards will make it easier for small and low intensity forest managers to achieve FSC certification. Brazil's SLIMF standard will apply to forests that meet the definition of SLIMF in the standard, and should aid a technical review and revision of the existing standards for Brazil. In Cameroon the SLIMF standard is adapted to the conditions particular to community managed forests and will be aligned with the Congo Basin Regional Standards process in due course.

### FSC US releases nationwide FM standard

In July 2010, FSC US launched a single comprehensive standard for forest operations in the contiguous United States. The revised standard captures on-the-ground conditions representing forest stewardship and provides a solid foundation for FSC certified forestry in the US. The revised standard marks the end of a multi-year process that incorporated the myriad environmental, social and economic values associated with forests and forest products in the US. The new US standard harmonizes nine regional standards into one to reduce complexity and improve efficiencies in the management and auditing process.

### Swedish forest management standard approved

A new revised FM standard for Sweden was approved by FSC in February after seven years of discussions nationally. The Swedish FSC SLIMF Standard for Forest Certification was also approved in May 2010. The Swedish SLIMF standard is a component of the national Swedish FSC standard and sets specific requirements for small and low intensity managed forests. Together with the SLIMF requirements, the FM standard came into effect for all forest management certifications in Sweden from 1 June 2010.

### German national standard V2 approved

Germany's FSC Forest Stewardship Standard V2-0 was approved in June 2010. FSC's requirements for national standards have undergone many changes since the first German Standard was approved in 2001. Based on extensive public consultation and agreed by consensus, the standard is supported by environmental, social and economic groups in the country.

### Mexico completes national standard

Mexico's full national standard covers all scales and intensities of forest management. Having spent many years developing a national standard, Mexico was able to use the GEF project not only to produce a standard for SLIMF but also to complete their national standards process.

### Standards Working Group established in Finland

A Standards Working Group was established in April as part of the conditions for the approval of the Finnish national standard. Following public consultation on an early draft and a two-day workshop, a new version of the national standard was drafted in June. The new version was unanimously approved by the Board of the Finnish FSC Association, and the Finnish FSC Working Group. The new version of the Finnish national standard was sent to the FSC Policy and Standards Unit for approval in October 2010.

### Standards for native forests and plantations in Chile

The FSC Chile Standard for Certification of Native Forests and the FSC Chile Standard for Certification of Plantation Forests were both approved in May 2010. The approval of the two national standards marks a major achievement for FSC Chile and is the outcome of years of effort.



### Global Forest Registry

The Global Forest Registry offers a free source of information on the risks of sourcing controversial timber throughout the world. It covers over 150 countries and aims to help producers, retailers, distributors, wholesalers and public buyers understand their risks when purchasing wood products, helping companies to meet FSC Controlled Wood requirements.

The system is a joint project between FSC, the Rainforest Alliance and NEPCo (Nature, Ecology and People Consult). In September, the second version of the Global Forest Registry was launched, which now allows users to find information on the risk of sourcing unacceptable wood at a sub-country level – state, county or municipality. It also allows users to upload custom map data on a separate map layer, allowing them to see, for example, the precise location of HCVPs.

### Principles and Criteria review

In February the third draft of the revised Principles and Criteria (P&C) was disseminated for a 60-day consultation period. FSC facilitated various meetings with members of the Social Chamber, representatives of certified communities and National Initiatives from Central and South America all aimed at providing comments on Draft 3-0. The consultation on the third draft of the P&C resulted in over 500 pages of comments from 122 written submissions and the valuable feedback from the meetings. Based on the comments, the P&C Review Working Group identified 12 issues of major importance for discussion at a chamber-balanced P&C Review Workshop.

In November 2010 FSC facilitated the chamber-balanced P&C Review Workshop in Bonn. In January 2011, after further consultation with the workshop participants and other FSC members, the P&C Review WG recommended that the vote on the P&C be postponed to allow time to incorporate further feedback from stakeholders. Accordingly, the P&C Review Steering Committee postponed the vote on the final draft of the revised P&C, which is now planned for November 2011.



## FSC® Principles and Criteria

The 10 Principles and their 56 associated Criteria (P&C) reflect the global consensus on forest management that meets the social, environmental and economic needs of present and future generations. As the core document of FSC, the P&C form the basis for all FSC policies and standards.

**Principle 1.** Compliance with all applicable laws and international treaties.

**Principle 2.** Demonstrated and uncontested, clearly defined, long-term land tenure and use rights.

**Principle 3.** Recognition and respect of indigenous peoples' rights.

**Principle 4.** Maintenance or enhancement of long-term social and economic well-being of forest workers and local communities and respect of worker's rights in compliance with International Labour Organisation (ILO) conventions.

**Principle 5.** Equitable use and sharing of benefits derived from the forest.

**Principle 6.** Reduction of environmental impact of logging activities and maintenance of the ecological functions and integrity of the forest.

**Principle 7.** Appropriate and continuously updated management plan.

**Principle 8.** Appropriate monitoring and assessment activities to assess the condition of the forest, management activities and their social and environmental impacts.

**Principle 9.** Maintenance of High Conservation Value Forests (HCVPs) defined as environmental and social values that are considered to be of outstanding significance or critical importance.

**Principle 10.** In addition to compliance with all of the above, plantations must contribute to reduce the pressures on and promote the restoration and conservation of natural forests.

[www.fsc.org/pc](http://www.fsc.org/pc)

### New FSC Policy and Standards Committee

In March, the independent Policy and Standards Committee (PSC) was established, with the aim of streamlining, facilitating and accelerating decision-making about new and revised FSC policies, standards, procedures and other norms. The PSC was developed through a Call for Members and application process in 2009; the sub-chamber balanced committee replaces the previous Policy and Standards Committee, which was made up of members of the FSC Board of Directors.

### Improved pesticides derogations applications process

In 2010, new procedures were put in place for processing applications for pesticide derogations (FSC PRO-01-004). The new version 3-0 introduces the option of national derogation processes to be carried out in the context of national FSC standards. New tools were also developed for better administrative management of pesticide derogations including a database of applications for derogations and a file transfer protocol. Over the year there was a significant improvement in the administration of applications for derogations, with an average of two months needed to process an application compared with five months required previously. The list of approved derogations is now updated quarterly, instead of annually as before.



### Exploring FSC's potential role in forest carbon

Since 2009, the FSC Forest Carbon Working Group (FCWG) has been working under the directive of the membership to explore the roles that the FSC Principles and Criteria, governance, policy and forest certification can play in climate change mitigation frameworks.

With two representatives for each subchamber, the Working Group ensures that the views of all FSC stakeholder groups are well represented and receive due consideration. An Advisory Group of experts (including both FSC members and non-members) was also established to provide specific technical, scientific and strategic input on issues under examination by the FCWG. In December, the FCWG released a discussion paper highlighting strategic considerations related to forest carbon and responsible forest management, which

concentrated on three focal areas of stewardship, accountability and commoditization. The fifth and final meeting of the FCWG was held in Bonn in January 2011, providing final recommendations for the FSC Board.

FSC organized a side-event during the 16th Conference of the Parties (COP) in Cancún, Mexico. Held in collaboration with The Nature Conservancy (TNC), the event focused on the importance of improved forest management for ensuring that natural forests maintain their productivity and biodiversity, and provide climate benefits. A panel of experts including Francis E. Putz of the University of Florida,

Sandra Brown from Winrock International, Bronson Griscom from TNC and Stefan Salvador from FSC highlighted the positive impact of FSC certification on the promotion of low-carbon logging practices.

FSC also had a booth at Forest Day 4, which was visited by a large number of participants. Forest Day 4, organized by CIFOR and the Collaborative Partnership on Forests to coincide with the COP talks, drew 1,500 participants and provided a great networking opportunity for FSC.



“The conservation of carbon stocks is becoming a key part of responsible forestry and FSC certified stewardship can help protect the world’s forest carbon sinks.”

Eric Palola, Senior Director, Forests, National Wildlife Federation

### Ecosystem Services

The Ecosystem Services Project aims to incorporate additional ecosystem services into FSC certification. The project is funded by the Global Environment Facility (GEF) and these are matched by co-funding from project partners.

FSC and the United Nations Environment Programme (UNEP) signed a contract for a preliminary phase, launched in April 2010 with an inception workshop at the headquarters of the Center for International Forestry Research (CIFOR) in Bogor, Indonesia. Twenty-three participants from civil society, government, development and research institutions represented the four pilot countries: Chile, Indonesia, Nepal and Vietnam, as well as FSC, CIFOR, the Center for People and

Forests (RECOFTC) and other regionally based organizations. They formulated a joint first phase work-plan, allocated the budget and assigned responsibilities. The principal aims were to identify pilot sites in the target countries, undertake initial soundings of the market prospects for FSC certification of ecosystem services, and develop the implementation phase project document for subsequent approval by UNEP/GEF.

In November a second workshop was held at RECOFTC in Bangkok, drawing 18 representatives from principal project partners. They selected sites and discussed project targets and budget allocation, amongst other key issues. The preliminary project phase has now formally ended and the project document

will be revised and submitted in 2011 to the GEF, through UNEP, for approval. If approved, it is anticipated that the full implementation phase will begin around September 2011 and continue for four years.

“UNEP is very pleased working with FSC to demonstrate ES-based forest certification, and development of a reliable market-tool for verifying the claims regarding its benefits such as carbon sequestration, watershed protection, soil retention and biodiversity conservation.”

Max Zieren, Regional Focal Point Asia and Task Manager Biodiversity and Land Degradation, UNEP





### Mapping forests through satellite technology

Funded by the European Space Agency (ESA) under the Value Adding Element program, this project aims to develop Earth Observation (EO) services to support FSC certification by the operational demonstration of a portfolio of space borne EO services on FSC certified natural forests and plantations.

The goal is to demonstrate that the latest advances in this 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.

An example of optical satellite picture

In addition, the project aims to make the maps and geospatial data generated more accessible and utilizable by development of an Open Source GIS software, the Forest Management Toolkit.

This enables visualization of the maps, and the identification, location and extraction of forest and non-forest areas and area changes over time.

This toolkit, based on the Open Source GIS software Q-GIS, which is in the debugging and evaluation phase, will be available for download by all FSC members in May 2011.

Project outputs that have been demonstrated in an operational environment for both forest certification and sustainable forest management include mapping and monitoring of forest and non-forest area, of protected areas and buffer zones, of area changes, and mapping and monitoring of retention and regeneration.

The identification of forest species, estimation of timber volumes and mapping of infrastructure are further demonstrated project outputs.



The trials were undertaken across a range of forest management systems and geographies including temperate natural forest mega concessions (Mondi Syktyvkar in Komi, Russia), smallholder temperate forestry (Holmen Skog in Sweden) and large scale sub-tropical plantations (Sappi Forest Products Division in South Africa).

The trials will also enable Accreditation Services International (ASI) to assess its potential to obtain data that it typically requires as part of its accreditation reviews or compliance checks. These trials are now all complete and the validation process is well under way.

By early May 2011, evaluation reports from the certificate holder and the relevant certification body will be submitted to FSC and ASI. The provided EO products have been developed and validated over the last 10 years and reflect the maturity of the EO sector for forest mapping.



## Equitable access to benefits

### Improving lives through FSC® certification

FSC has a long and successful history of addressing social issues through policies, standards and a dedicated Social Policy Program. Making certification more accessible, beneficial and credible for small and low-intensity managed forests (SLIMFs), communities, forest workers and indigenous people continues to be a priority for FSC. In 2010, significant progress was made towards these goals through programs and projects that continue to increase the relevance of FSC certification to empower small forest owners and communities.

#### New online resources

The Social Policy Program section on the FSC website was launched to provide background information on FSC's engagement with social issues and important resources such as relevant FSC policies, guidance documents and links. The new section has dedicated pages with information on forest workers' rights and indigenous peoples as well as a page with research ideas and topics related to the social aspects of FSC certification. To access the section, please go to [www.fsc.org/socialprogram.html](http://www.fsc.org/socialprogram.html)

The smallholder portal was updated to be more user-friendly and expanded to include case studies of successful certified smallholders. The smallholder portal is a resource designed to provide more information to smallholders such as steps to certification, certification options, technical guidance and benefits of certification. For more information, please visit [www.fsc.org/smallholders](http://www.fsc.org/smallholders)

Find information about the FSC Principles and Criteria, visit [www.fsc.org/pc.html](http://www.fsc.org/pc.html). Please read FSC certification and social issues at [www.fsc.org/factsheets.html](http://www.fsc.org/factsheets.html)

The FSC Principles and Criteria include significant social requirements that make a real impact on the livelihood of local communities.

#### Certification of Forest Contractors (CeFCo)

The CeFCo project started in May 2009 with the aim to facilitate certification of small private forests through both the certification of forestry contractors and the development of guidelines and tools for sharing certification responsibilities between forest owners and contractors.

Access to forest management certification and its benefits is more challenging for small forest holders who often face cost and procedural obstacles to certification. The option to contract a certified forest service provider will allow forest owners to reduce the costs and work load of becoming certified. A joint project of FSC, Nature, Ecology and People Consult (NEPCo) and the European Network of Forest Entrepreneurs (ENFE), the project will result in a concept for the certification of forest contractors and small forest operations in Denmark, Sweden, Bulgaria, and Portugal. In 2010, Spain was added to the project with funding from Fundación Biodiversidad. The draft standards for contractor certification were completed in Denmark, Spain and Portugal. More information at [www.cefcoproject.org](http://www.cefcoproject.org)

#### Social requirements

- ✓ Recognition and respect of indigenous rights
- ✓ Access to jobs, training and health for all workers and their families
- ✓ Effective stakeholder consultations and conflict resolution mechanisms
- ✓ Maintenance or enhancement of social and cultural values in forest areas that need special protection
- ✓ Social impacts assessments



#### FSC and smallholders – supporting small forest operations

Smallholders are those who own, manage or use forests that are considered smaller in relation to others in their region, and who apply low-intensity harvesting practices to timber and/or non-timber forest products. FSC is committed to providing resources to assist smallholders with FSC certification. The Lisbon Process called for activities to make certification more accessible and beneficial for smallholders. The FSC Network of EU Smallholders is one of the first outcomes of this Process.

#### Support for FSC Network of EU smallholders

In September, FSC Switzerland and Gut für Wald und Mensch, with support from FSC and TetraPak, hosted the second meeting of the FSC Network of EU smallholders in Muri, Switzerland.

Europe is home to 16 million small forest holders owning some 55 per cent of European forests. The Network provides opportunity for information exchange on smallholder forest management and European markets. It strengthens smallholder participation in FSC governance and serves as model for similar initiatives in other regions around the world.

Participants analyzed the status of European smallholders within the FSC system, the implications of the P&C review and revision for smallholders, and the strengthening of the Network.



## Ensuring credibility through balanced participation

### Strengthening the social chamber

FSC organized social chamber meetings in Quito, Ecuador for Latin America and Sydney, Australia for the Asia-South Pacific regions in late 2010. The meetings gave the social chamber a unique opportunity to meet and discuss how to strengthen the chamber, improve internal communication, strategize on the priorities for work by chamber members, and develop motions for the 2011 FSC General Assembly.

A meeting of the National Initiatives of Latin America took place in Quito, Ecuador, in late 2010. The meeting identified activities and informational materials on social issues

that are currently used by the NIs and their partners in the region. The meeting facilitated a gap analysis of existing resources in Latin America, information exchange and increased collaboration among NIs in the region.

A stronger network will help NIs to promote FSC certification in their country and target resources to their key social stakeholders including small and community producers, communities affected by FSC certified operations, indigenous peoples, and forest workers.



## Improving the benefits of FSC® certification

### Differentiating products from smallholders and communities

The initiative to develop a special strategy to differentiate products from smallholder and community producers originates from Motion 19 of the 2008 General Assembly.

The goal is to allow a new label on the FSC certified product to highlight that it is made from forest resources



(timber or non-timber) from small, low-intensity and community producers.

This could provide new and exciting marketing and sales opportunities to community and SLIMF producers, as well as large companies who purchase forest products from these producers.

A draft policy for the label was distributed in November for stakeholder comments and will be revised by early 2011. The policy provides guidance on who will be eligible to use the potential label.

### FSC / FLO dual certification project

Social requirements, such as the recognition and respect of indigenous rights, and the

well-being of forest workers and local communities are central components of the FSC standards. Through cost-effective dual certification, this innovative pilot project aims to increase market benefits for small producers.

In 2010, FSC continued to work with the Fairtrade Labelling Organization (FLO), its national Labelling Initiatives and the FSC National Offices. A gap analysis of the FSC Principles and Criteria and applicable Fairtrade standards was conducted resulting in the development of FLO timber standards and compliance criteria. Additionally, several potential supply chains were researched including producers in Bolivia, Chile,

Honduras, and Indonesia, and buyers in Denmark, Germany, Austria, and Switzerland.

Dual labeling will bring smallholders and communities benefits including increased market access, minimum prices and guaranteed premiums. Monitoring and evaluation of the impacts on producers and retailers will be conducted in 2011. The project outcomes will provide input to further develop the dual certification concept, and identify how the FSC and FLO standards could be adapted for mutual coherence with pricing and premium-setting for timber and forest products.



A rich harvest in the Congo Basin

# A growing demand for FSC® certified products

Innovative solutions for effective market engagement

The value of the FSC brand continues to grow as demonstrated by the many market achievements from across the world. FSC has increased capacity to engage the market effectively and made trademark services more accessible and relevant. New programs with a focus on key customers are strengthening relationships and rewarding market success.

## Stronger ties with business partners

Our business partners continually drive the demand for FSC certified products. In the last few years, their efforts have led to phenomenal growth of the FSC system and significantly increased awareness and uptake of FSC certification.

Partnerships between FSC and committed customers have a positive impact on the supply and demand for FSC certified products. This market dynamic brings incentive to forest managers to address critical social and environmental issues by adopting the FSC Principles and Criteria.

In 2010, FSC and National Initiatives worked to further develop a key account management program to form close relationships with key business customers. The program focuses on developing and building sustainable long-term relationships based on mutual benefit. Key account management will facilitate an increased demand for FSC globally, support customers in expanding their range of FSC certified products and assist them in communicating their commitment to FSC.

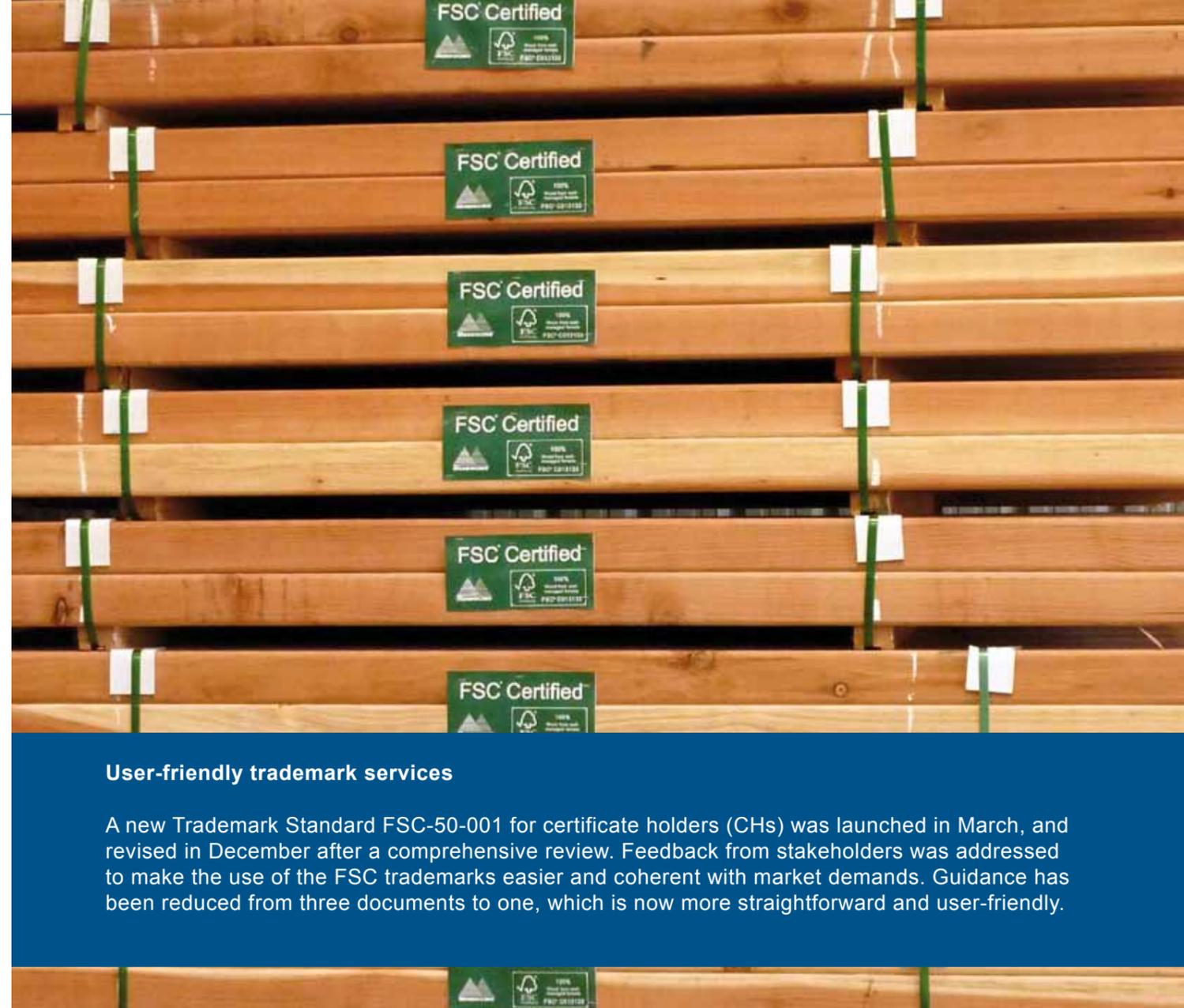
By working in collaboration to share skills and resources, these partnerships are driving innovative solutions and having a positive influence on the growth of FSC certification globally.

## New label generator

The new label generator, released in November 2009, allows certificate holders to generate fully formatted labels on their own. This stable and reliable system has overcome many of the problems associated with the previous version, and offers many extra features.

These include a total of 38 languages, 12 products and the ability to generate 'for placement only' labels, which allow certificate holders to generate properly designed labels without the logo, where product design is carried out by external, uncertified companies.

The use of CMYK colors also provides a better service for printers. The new label generator receives over 1,000 log-ins per day, and over 4,000 people visit the site every month.



## User-friendly trademark services

A new Trademark Standard FSC-50-001 for certificate holders (CHs) was launched in March, and revised in December after a comprehensive review. Feedback from stakeholders was addressed to make the use of the FSC trademarks easier and coherent with market demands. Guidance has been reduced from three documents to one, which is now more straightforward and user-friendly.

New labels provide a better link to the FSC® system with the introduction of the license code. The new labels reduce misuse and confusion, and now carry the trademark registration symbol.



**Identifying market trends**

This year FSC engaged ZEM from the University of Bonn, an external market research agency, to carry out the global survey. The aim of the survey is to understand certificate holder perceptions of FSC and the reality of their engagement with certification. The survey was sent out in 13 languages and ran from September through to December.

Responses were received from 29 countries, represented by over 3,500 companies. The global survey is one of the principal ways that FSC gains information about trends in the marketplace. The survey results highlight FSC's success in fostering public trust in the certification system as almost all respondents confirm that FSC is a trusted brand partner and a leader in advancing globally responsible forest management. FSC is recognized as a valuable investment as nearly

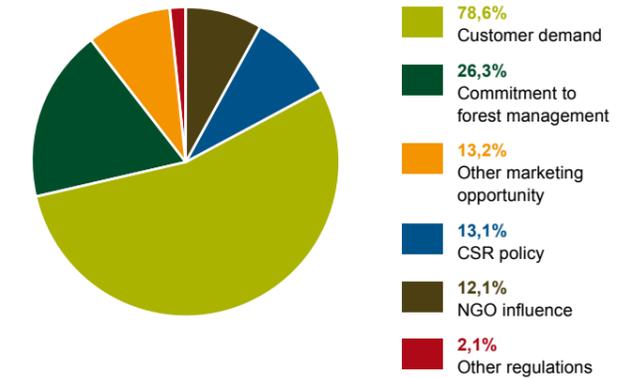
Table from FSC certified wood



80 per cent of respondents chose to become certified because of customer demand, proving that customers around the world are becoming more aware of FSC and support sustainable practices.

The survey also confirms that the FSC logo is a useful marketing tool for companies who want their socially and environmentally responsible products to be clearly differentiated in the market place. This is crucial because the growing use of the FSC logo on products and in advertisements will underpin an increasing recognition and demand for FSC certified products worldwide.

**Why did you originally choose to become FSC certified?**



**Chain of custody policy reviews and changes**

**FSC Board approves special requirements for chip and fiber products**

During 2009 FSC conducted a detailed market and policy analysis to better understand the market supply of FSC certified products made with chip and wood fiber. Based on the results of this study, a transitory period was granted for two exemptions:

- Co-products from uncertified virgin material input to be exempt from Controlled Wood requirements until 31 December 2012;
- A reduced labeling threshold of 50 per cent for chip and fiber products until 31 December 2015.

These decisions aim to increase the demand for FSC

products while supporting the FSC market to strengthen procurement planning.

**New standard to define eligibility criteria for group CoC certification**

In the years following the initial adoption of the CoC group policy, growth of this type of certification has been slow, due in part to the difficulty of adopting the eligibility criteria at an international scale.

FSC recognizes there are large variations in economic development between countries and in the different sectors within each country. As a result there are no internationally agreed definitions of small enterprises, and the FSC group standard

was developed considering the need for improvement in the definition of small organizations to ensure equitable access to the benefits of FSC certification worldwide.

Taking these aspects into account, FSC developed a new procedure FSC-PRO-40-002 V1-0 to be used by FSC National Offices to adjust the definition of 'small' businesses that are eligible for group CoC certification at national level.

According to this procedure, national eligibility criteria were approved for the USA on 20 July 2010, which permit any small business in the USA with annual forest product sales of less than USD 5,000,000 to be part of a CoC group certificate.

**Traceability**

The FSC has in place sophisticated chain of custody (CoC) standards and associated accreditation mechanisms to enable independent, third-party certification bodies to conduct credible audits and inspections.

However, as the network of FSC certificate holders grows, it has become more globalized, more complex and more commercially important, leading to an increase of opportunities and incentives for deliberate and accidental misrepresentation of FSC product claims.

As a result, in 2010, FSC initiated a project to develop and implement an online traceability system.

A discovery phase of this project was completed and the development and implementation of this tool will take place in 2011 and 2012.

FSC certified kitchen furniture



## Celebrating success and commitment on FSC® Friday



**FSC Friday is a day dedicated to the celebration of forests around the globe and the promotion of responsible forest management worldwide. On FSC Friday, people are invited to investigate what is in their shopping basket and look for the FSC logo. Events related to FSC Friday take place around the world with companies and supporters promoting the FSC logo and what it stands for. FSC Friday always takes place on the last Friday of September.**

### Global Awards

The first FSC Global Awards were celebrated on the eve of FSC Friday 2010. Recognizing outstanding achievements by business partners who are promoting the FSC brand worldwide, the FSC Global Partner Awards were a unique celebration of FSC's growth and success in the past years.

Dr. Michael E. Conroy, author of "Branded! How the 'Certification Revolution' Is Transforming Global Corporations" was the keynote speaker at the award ceremony. Companies were awarded according to their field of work, including the construction sector, financial services, the retail sector, the packaging industry, pulp and paper, timber manufacturing, the transportation sector and the publishing industry.

### Global Partner Program

The FSC Global Partner Program was launched at the FSC Global Awards ceremony through an exclusive 5 year partnership agreement with AkzoNobel.

The FSC Global Partner Program is designed to support the effective mechanism of FSC certification by increasing awareness and action towards responsible procurement decisions.

As a global leader in sustainability and the largest global paints and coatings company, AkzoNobel will support FSC's outreach efforts by educating customers and helping to drive demand for FSC certified products across a number of countries. AkzoNobel will also support the development of FSC National Initiatives and has sponsored specific activities within the FSC Social Policy Program targeting the uptake of FSC certification amongst smallholders.

### Key client workshop

These workshops are designed as a platform for discussing issues at the core of FSC's work. Sixty participants drawn from FSC staff, national offices and key clients including Kimberly-Clark, SCA and Kingfisher participated in the workshops on 24 September 2010. Discussion topics included the role of FSC in the future of the world's forests; strategies for increasing supply of FSC certified products worldwide; supporting the investments of FSC clients in building the FSC brand; and the relationship between FSC and legality assurance.

### FSC Friday celebrations around the world

Many FSC National Initiatives celebrated FSC Friday with unique local events. In Finland a 15-second video-clip was produced and presented from 16–26 September 2010 at 'Love and Anarchy', the Helsinki International Film Festival. The clip ran 308 times on a public screen of 16m<sup>2</sup>, and was viewed by approximately 900,000 pedestrians during the festival at Kamppi Square. The event overlapped with FSC Friday.

In the UK, an increasing number of schools took part in FSC Friday, with FSC being the subject of several school assemblies. Certified companies also promoted the event through in-store and on-line promotions, press releases and on-product promotions.



FSC UK awarded Arjowiggins Graphic a prize for the most innovative celebrations of FSC Friday. Encouraged to draw and write about their favorite tree, employees created it in organic play dough.

In Bulgaria, stakeholders engaged in promoting FSC certification in the country organized a high-profile conference that attracted great media attention and resulted in extensive coverage in newspapers and magazines.

FSC Friday was marked by Tetra Pak Benelux, Brazil, Sweden, Switzerland and UK. Posters, banners and other publicity materials were used to increase awareness of FSC. Employees participated in FSC themed quizzes and presentations, and

some cafeterias allowed only FSC beverage cartons on that day. Tetra Pak UK organized a week-long internal awareness campaign, and in Romont, Switzerland, Tetra Pak factory employees and their families heard about FSC during the annual Family Day, which takes place on FSC Friday.

AkzoNobel Denmark/Sweden, Switzerland, Germany and UK all participated actively in FSC Friday. Intranet messages and competitions, videos, giveaways, factsheets and rainforest displays in foyers, all contributed to increased awareness of FSC.

Giveaways and competition prizes were rainforest or wood-related. AkzoNobel Germany featured a competition where the top prize was 25m<sup>2</sup> of forest from Cologne.



### Financial Services

The **Co-operative Bank UK** launched FSC certified check books and paying-in books, featuring the FSC logo on each check.

**KBC Bank** is the first major Belgian paper user to sign an FSC Convention with FSC Belgium, which commits them to the responsible use of paper and wood products. In 2010, the bank used more than 3,000 tons of FSC certified paper.

**Itaú Unibanco** is the first financial institution in Brazil to achieve FSC chain of custody (FSC CoC) certification for its own print unit. With 51 tons of paper used annually, Itaú's

decision to print invoices, statements and other institutional documents on FSC certified paper is a milestone for FSC in Brazil. Itaú has also started a program to promote the benefits of FSC certification to partners and employees.

The **Forest Finance Group** farms over 3,500 hectares of forest area in Central America (Panama) and Asia (Vietnam). The company specializes in forestry investments, which combine profitable rates of return with social sustainability. In 2010, more than 1,000 hectares of certified forest were sold to investors.

“In the future, the FSC standards will still set the benchmark for us, our investors and our partners on all levels. It is a benchmark that we like to set even higher, as it brings together nature, man and return.”

Harry Assenmacher, CEO, Forest Finance



“Our ambitious goal is to increase the percentage of our carton packs that are FSC labeled to 40 per cent by 2015.”

Rolf Stangl, CEO, SIG Combibloc

### Manufacturing – Packaging Products

Globally all **SIG Combibloc's** board suppliers have achieved CoC certification and the carton pack manufacturer has achieved FSC certification for all of its production sites and sales organizations worldwide. SIG Combibloc launched China's first FSC certified carton packs in May 2010. Beverage cartons on average are composed of 75 per cent wood fiber. SIG Combibloc insists that wood for carton packs should be sourced from FSC certified forests and/or other controlled and acceptable sources.

By August 2010 all of **Tetra Pak's** packaging material factories in Europe, and more than 60% of their factories globally were FSC CoC certified. With purchases already reaching 800,000 tons of FSC certified paper annu-

“We see a need to enable our customers to communicate with the consumers about the advantages of using responsibly managed renewable materials. The FSC mark, now present in over 8 billion of our cartons per year, is the perfect way to do just that.” Charles Brand, Vice President Marketing and Product Management, Tetra Pak



ally, and active participation in the Global Forest and Trade Network (GFTN) and the High Conservation Value (HCV) Resource Network, Tetra Pak works closely with suppliers to secure more FSC certified supply. Tetra Pak offers FSC certified packaging material to customers in a growing number of coun-

tries. Today FSC labeled Tetra Pak cartons are being sold in Argentina, Brazil, China, Denmark, Germany, France, Ireland, Italy, Spain, Switzerland, Sweden, Thailand, the UK and USA. In 2010 alone, more than 8.5 billion FSC labeled Tetra Pak cartons reached consumers – up from 200 million in 2008.

## Manufacturing – Pulp and Paper Products

In 2010, [Kimberly-Clark](#) continued its support for FSC certification in the various markets where it operates by sponsoring workshops in Russia and Taiwan and achieving FSC CoC at an additional nine tissue mills.

Kimberly-Clark now has a total of 25 tissue mills worldwide, all FSC CoC certified, and has introduced FSC labeled tissue products in South Africa, Taiwan and across Europe. Most recently, Kimberly-Clark introduced FSC labeled facial tissue for its flagship Kleenex brand in North America.

Brazilian company [Suzano Pulp and Paper](#) produces FSC certified paper for the Latin American market and pulp for European and Asian markets. All of their pulp and paper products are FSC certified.

Through its project entitled Educar e Formar (Educate and Train), the company is supporting schools in three states of Brazil where it operates, refurbishing school infrastructure, supporting local teachers and encouraging reading. By 2010, the program reached 92,000 students, 5,605 teachers and refurbished 108 schools.

“The MPM exhibition drew many visitors and increased awareness of FSC certified paper as a biodiversity-conscious product.”

Keisuke Iguchi, General Manager of CSR promotion office Mitsubishi Paper Mills, Ltd.



[Mitsubishi Paper Mills \(MPM\)](#) has been eager to promote FSC certification and develop the market of FSC certified products in Japan. In October 2010, MPM participated in the International Trade Fair “Messe Nagoya 2010”, organized in cooperation with COP 16 of CBD, demonstrating how FSC certification takes special care of biodiversity.



“We are aware that all production has an impact on the environment, which is why we chose to get FSC certified. This gives us an assurance that the negative impact on the environment is reduced and that we are taking care of the forest and its workers. The demand for material printed on FSC certified paper is increasing significantly in Argentina and our certificate will help us continue to grow sustainably.”

Juan Pablo Meradi, President, Intergrafica (Argentina)

## Publishing

[Doring Kindersley Penguin's Eyewitness Travel Guides](#) and [Rough Guides](#) moved to FSC certified paper. With these new series, Doring Kindersley Penguin labeled in excess of 50 million books with the FSC logo in 2010.

In 2010 [HarperCollins](#) printed 40 million books on FSC certified paper in the UK, Europe and Asia. This represents over 70 per cent of all books printed by the company. One of the many highlights was the publication of a book by His Royal Highness Prince Charles, *Harmony, A New Way of Looking at Our World*, which was published on FSC certified paper in the UK and USA.

[Indigo Books & Music Inc.](#), Canada's largest bookseller, requires their suppliers to identify

whether a book contains FSC certified papers and/or post-consumer recycled content. By tracking this information, Indigo now identifies FSC certified products on their website and in-store kiosks to make it easier for customers to purchase FSC certified books.

[Random House Germany](#) has pioneered sustainable book production. All standard paper qualities used for the color books produced by Random House Germany are obtained solely from FSC certified sources. Annually more than 50 million paperbacks and more than 20 million hardbacks carry the FSC label. In 2010, WWF and Random House collected 20,000 signatures in Germany to convince German publishers to switch to more sustainable production.

## Construction

Kingfisher Operating Companies were amongst the first retailers to obtain FSC CoC certification for their UK and German stores, capturing one of the largest chain of custody scopes in the world. 50 per cent of the Group's sales volume is FSC certified, and FSC certified kitchens, garden furniture and flooring can be found in over 800 Kingfisher owned stores in eight countries in Europe and Asia. In 2009–10, the quantity of FSC timber sold increased for the third consecutive year.

Hornbach currently has more than 4,500 FSC certified items in its range of products. In 2010, the company made significant contributions to increasing awareness of the FSC logo – FSC certified products were promoted with TV spots, brochures and online advertisement in nine European countries.

In 2010 Keller Keukenfabriek, one of the largest producers of kitchens in the Netherlands, became FSC certified. This certification was the result of cooperation between FSC Covenant partner Vidomes, a housing corporation, and FSC Netherlands.

“Ongoing global deforestation is one of the pressing challenges of our time and not just in the International Year of Forests. The Otto Group has established sustainability throughout its business processes and is committed to sustainable forestry. FSC stands for transparency, reliability and ambitious goals. This is why the Otto Group supports FSC.”

Olaf Dechow, FSC–Paper Product Coordinator, Otto Group



“FSC is widely recognized as the gold standard of timber certification. M&S will continue to support the FSC in their efforts to raise awareness of sustainable timber across every part of our business and to develop certified supply chains. We believe any business using wood can only gain from partnership with the FSC.”

Laila Petrie, Sustainability Manager, M&S

## Retail

In 2010, 53 per cent of the wood and paper Marks & Spencer (M&S) purchased came from FSC certified sources. 95 per cent of upholstery products and 73 per cent of all food packaging are FSC certified. All building contractors are fully FSC certified. M&S is committed to using 100 per cent FSC, recycled or sources that otherwise protect forests and communities by 2012.

Leading European retailers Carrefour Group, Kingfisher, Marks & Spencer and IKEA launched the Timber Retail Coalition (TRC) on 6 April 2010 to ensure minimum ethical standards for all timber and wood products sold in the European Union. By providing a single platform for engaging with policymakers, the TRC will support measures to curb

illegal logging by ensuring that illegally harvested timber products do not have easy access to the EU marketplace.

Casa has increased efforts to promote the FSC label. In 2010, all their shops publicized the FSC label through posters and flyers and 90 per cent of the garden furniture was FSC certified.

In 2010, the Otto Group worked with over 60 FSC certified printers and paper suppliers. Over 500 projects related to FSC have been realized and the Otto Group has brought to the market print products in thirteen languages carrying the FSC logo, from catalogues to cardboard packaging. On a daily basis 130,000 FSC labeled packages are shipped worldwide, amounting to 33 million each year.

FSC has taken significant care to ensure that its overall credibility, integrity and transparency are not compromised by the exceptional growth of the system. We've focused on increasing stakeholder participation and making accreditation more effective. This has resulted in an updated dispute resolution system that allows better resolution in a more timely, transparent and credible way. FSC has also strengthened its global network of National Initiatives and enhanced communication to facilitate the sharing of experiences and best practice.

### Stakeholder portal provides tools for participation

As a multi-stakeholder organization, FSC is committed to providing tools and resources that increase participation of the public in processes of standard-setting and assessments.

In 2010, the stakeholder portal was launched to provide online access to information and updates. The portal makes it easy for stakeholders to find resources and information useful to participate in the FSC system.

### Upcoming assessment notifications

A notification system was introduced in 2010 to keep interested parties informed about upcoming forest management assessments. The new stakeholder notification system lists new applicants and existing certificate holders, shows when the next audit is due and which certification body is carrying out the assessment. This facilitates stakeholder input to the certification process.

**FSC has a unique governance structure that is built upon the principles of participation, democracy, and equity. FSC is governed by three chambers with equal vote and power that make decisions cooperatively.**

### Dispute resolution system

The dispute resolution standard was revised in 2009 and an online center for dispute submissions and tracking was developed and launched in 2010. Stakeholders can now submit and track complaints and appeals online.

The online center provides an overview of the official dispute resolution standards and procedures and allows submissions through an online dispute submission form. To facilitate access to information and enhance transparency, it also provides an overview of all active submissions and their review status.

### Stakeholder updates

The stakeholder updates section of the portal provides statements on current issues of importance to FSC certification worldwide. These official statements are posted to the portal in English and Spanish so that the public can stay fully updated. This section of the Portal enhances transparency and ensures that stakeholders have the resources necessary for informed decision-making.

**The three chambers represent environmental, economic and social interests. Each of these chambers is in turn divided into sub-chambers representing the North and South. This guarantees equal weight of vote and influence for representatives of varied interest groups, different parts of the world and varying levels of economic power.**

### Representation of membership at 31st December 2010

Count	Sub Chamber	Grand Total		
	Chamber	Member Type	North	South
Environmental	Individual	32	159	191
	Organization	89	30	119
	Subtotal	121	189	310
Economic	Individual	56	95	151
	Organization	120	58	178
	Subtotal	176	153	329
Social	Individual	23	68	91
	Organization	30	20	50
	Subtotal	53	88	141
<b>Grand Total</b>		<b>350</b>	<b>430</b>	<b>780</b>

### 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.

### Membership and Supporter Program

In 2010, FSC conducted a pilot for the integrated Membership and Supporter Program, involving three national offices. The integrated Membership and Supporter Program aims to strengthen the FSC Membership Program by incorporating a new model of participation.

The FSC Membership will now consist of Voting Members and Supporters. Supporters are non-voting participants (individuals or organizations) who have the commitment, expertise and dedication to support the mission of FSC. Based on the results of the pilot, the program will be extended to other National Initiatives. In 2010, FSC welcomed 43 new members from Argentina, Belgium,

Cameroon, Democratic Republic of Congo, Finland, France, Germany, Ghana, Honduras, India, Indonesia, Korea Republic, Latvia, Malaysia, Nigeria, Serbia, South Africa, Spain, Switzerland, USA and Uruguay.

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

Three new members were elected to the FSC Board of Directors in 2010: Jaime Levy was re-elected (Fundación Altropico, Social South, Ecuador) Dr. Michael E. Conroy (Social North, USA) and Dr. Wang Xiaoping (Beijing Forestry Society, Environmental South, China).

### Monitoring and Evaluation Program (M&E)

Throughout 2010, the Monitoring and Evaluation Program (M&E) worked closely with International Social and Environmental Accreditation and Labelling (ISEAL), to set up a monitoring system in line with the ISEAL requirements. 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 other activities.

To evaluate developments in forest management certification, the M&E Program, together with stakeholders, developed impact indicators for forest management, against which auditors will report in public certification reports.

### Encouraging research on FSC

The M&E published five papers and posters at the IUFRO World Forestry Congress in 2010 in Seoul, Korea. Additionally, during other smaller scientific events, the M&E encouraged exchange among researchers and engaged them through presentations and handouts on FSC's research needs and outcomes. 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 – for example the University of Wageningen has joined forces with FSC in an international network of researchers on certification and community managed forests.

Individual scientists and authors from different organizations and backgrounds often approach FSC with complex research questions. In 2010, the M&E devoted time and resources to adequately respond to enquiries and ensure 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.



### 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 and contact the M&E Program Manager Marion Karmann at [m.karmann@fsc.org](mailto:m.karmann@fsc.org)



### Developing impacts indicators

A broad range of international organizations such as the WWF and the International Trade Centre (ITC) are increasingly working to compare different certification standards and their impacts. This aims to empower consumers to better differentiate the origin of the commodities that they there are purchasing, and therefore support responsible production.

As standards in different areas cannot be easily compared with each other, the M&E supported research organizations in the development of adequate indicators. It also participated in the surveys to ensure that FSC is reflected in the analysis.



**At the close of 2010, 58 National Initiatives were promoting FSC and engaging stakeholders in their country. National Initiatives are now well integrated into the FSC system and networks have been established to facilitate sharing of experiences and best practice. Acting as representatives for FSC in their countries, FSC NIs raise awareness about FSC certification, provide information in local languages and participate in local events related to forestry and forest products.**

During 2010 FSC International signed cooperation agreements with 29 National Initiatives establishing them as formal FSC National Offices (NOs). The agreement consolidates the relationship between FSC International and its national representations by deepening cooperation and making the NOs the formal ambassadors for FSC in their respective countries. It expands and clearly defines activities and responsibilities of NOs, ranging from developing national forest management standards to participating in public policy development processes and ensuring stakeholder engagement and support.

NOs also support the engagement of the private sector in FSC and promote participation in the FSC Membership Program. FSC Germany became the first FSC NO on 16 June 2010, during FSC Germany's General Assembly.

### Successful completion of PPP-NI project

The PPP-NI project closed on 15 November 2010. With substantial results achieved over the last phase of 22 months, a significant contribution was made to the consolidation of FSC certification in the 13 project countries.

In China, with support from IKEA, FSC China promoted the uptake of FSC certification by engaging political support and the technical environment. Since then, FSC forest management certification has increased threefold. Most dramatically, chain of custody certification has grown exponentially in China (by 1000 per cent).

In the Congo Basin, NIs developed business plans for the first time. They also actively sought and obtained additional funding.



### The PPP-NI project

The Public and Private Partnership to strengthen the FSC National Initiatives (PPP-NI) aimed to optimize the influence of FSC National Initiatives and strengthen their capacities in Central America, the Amazon, Congo Basin and China. The PPP-NI project is a three year development partnership between FSC, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and IKEA.



**“FSC is now perceived as a robust market-based mechanism to ensure legality and sustainability along the entire supply chain. From the perspective of GIZ these efforts are critical in reaching development goals and enabling more producers in developing countries to manage their forest resources sustainably.”**

Stefan Essel, Program Social and Environmental Standards (GIZ)

Training was organized on administrative issues, the FSC system, chain of custody and controlled wood standards. During the project lifetime, the forest area certified in the Congo Basin increased by 50 per cent and the number of CoC certificates by more than 200 per cent.

In Latin America, the project has enabled reorganization under new structural models, particularly for some South American NIs. Business plans have been produced for Perú, Colombia and Ecuador while strategic plans were developed for Bolivia, Nicaragua, Honduras, Guatemala and Costa Rica. A harmonization of national standards was realized for Colombia, Bolivia and Perú.

Training workshops for NIs were held on CoC, group certification, controlled wood, as well as on administration, financing and marketing. In turn, NIs in South America offered training to the private and civil society sectors on a range of subjects from HCVs, through CoC and controlled wood, to certification in indigenous people's territories.

Over the project lifetime, the certified forest area has increased by about 25 per cent and the number of CoC certificates by 150 per cent in the eight Latin American countries.



### New Network Unit provides strategic coordination

The Network Unit was created in September to strengthen the relations between the FSC National Initiatives and the FSC International Center. New positions were created including a Network Director, a Network Officer, a Chief Advocacy Officer and Regional Directors for Africa, the CIS countries and the Asia-Pacific. Ms. Gemma Boetekees assumed the role of Network Director in November. She is responsible for coordinating the strategic development of the Network and facilitating the engagement of the National Initiatives with the different departments and organizations of the FSC Group and with stakeholders at regional and national level. The Regional Directors support national representations and promote FSC in countries where it is not present. The Chief Advocacy Officer is responsible for the overall coordination of FSC's work in public procurement policies and legislation.

The Pixel Building in Australia

### LEED in North America

The green building sector continues to be a major driver of demand for FSC certified wood products in Canada and the US. In further support of their recognition of FSC, the Canada Green Building Council (CaGBC) clarified that only wood products purchased from an FSC chain of custody (CoC) certified supplier are eligible for LEED credits.

As the US Green Building Council (USGBC) considered revising the certified wood credit in the LEED program, FSC US invested more than three years of effort to maintain high standards for "exemplary forest management." In autumn 2010, the USGBC members

voted to retain FSC as the only certification standard accepted in the program. Looking ahead, FSC remains committed to a strong independent benchmark for certified wood in LEED, one that sets the principles in FSC certification as the floor rather than the ceiling. While this vote was a success for FSC, there is much work ahead as the USGBC begins revising the entire LEED program for 2012. FSC US will remain involved in the LEED revision process, providing input, engaging stakeholders and making the case for "FSC or better" in LEED 2012.

The winner of the Danish FSC Design Award



## Highlights from the FSC® network

Visiting US Secretary of State, Hillary Clinton, and Australian Prime Minister, Julia Gillard, used the Pixel building as a backdrop for an announcement of bilateral cooperation on climate change initiatives. Grocon's flagship Pixel building in Melbourne is the first building in **Australia** to achieve FSC project certification.

**FSC Belgium** celebrated its fifth anniversary with a presentation of its new 'Save a forest' campaign with an interactive website where visitors can contribute a tree of their own design to the virtual forest. In the five years since FSC Belgium's creation, CoC certificates in the country have risen 500 percent.

The number of CoC certified operations in **Brazil** rose significantly – from 326 in 2009 to 691 in 2010. FSC Brazil also signed a technical cooperation agreement with the Brazilian Forestry Service aimed at building capacity and disseminating sustainable forest management information.

**FSC Chile** organized a series of workshops on FSC certification. Attended by 180 people in six cities, the workshops included municipal representatives, civil society organizations, neighbors' organizations, NGOs, workers' organizations, and academics.

**FSC Denmark** hosted the fifth Danish FSC Design Award in November 2010.

Five of the most prestigious schools of design and architecture were involved and were, prior to the competition, taught about FSC. The 2010 competition has been the most popular yet, receiving more than 77 designs.

In May, **FSC France** organized its first international event in Paris, with the support of the Mayor of Paris and the Ministry of Ecology, Energy, Sustainable Development and the Sea. The event was attended by 130 participants from diverse backgrounds.

FSC – for people, the forest and nature, is a collection of educational materials developed by **FSC Germany** and available for free on the FSC Germany website.

FSC Germany has produced interpretive panels for forests to show visitors that the forest is FSC certified.

The **UK** surpassed 2,000 CoC certificates in 2010, and a 2010 poll showed a significant increase in awareness. FSC UK's education webpage had been viewed more than 5,000 times by mid-2010, with over 700 lesson plans and activity ideas each being downloaded.

Members of **FSC Honduras** contributed to Article 76 of the regulations to the Forest Law for Protected Areas and Wildlife, to include the promotion of forest certification by the state. In October 2010, the regulation was approved in the Official Gazette.

The **Nepal** NI succeeded in getting forest certification into the curricula of all forestry colleges in Nepal, and retaining it in the curriculum of the Public Service Commission, the body mandated to recruit government employees. Training was conducted in all Regional Training Centers and for many community forest user groups in Nepal.

At the **FSC Japan** Forum 2010, a two-day event hosted by FSC Japan, over 400 participants shared information about FSC certified products. The forum connected certificate holders, and raised awareness for FSC certification.

In February, **FSC Perú** together with the Amazon Alternative alliance organized

three regional meetings to introduce the program and understand stakeholders' concerns.

FSC and WWF organized three round tables, two workshops and a press conference to promote FSC in **Russia**.

In May, the Russian Parliament discussed how to decrease legal and administrative barriers to the development of voluntary forest certification in Russia.

**With over 20 per cent growth in FSC/MSC certificate numbers over the last year, the need for third-party accreditation services has never been more important to the multi-stakeholder sector and demand for independent certification continues unabated. Together with this demand and an ever increasing number of applicant certification bodies, ASI has had an extremely busy and productive year.**

This growth has challenged ASI to scale up its capacity, streamline operations and provide cost effective accreditation services on behalf of stakeholders and shareholders.

ASI completed over 230 assessments during 2010 for both FSC and MSC programs, meeting the target sampling rate for 55 separately accredited Conformity Assessment Body (CAB) scopes.

The assessment system has benefited greatly from the introduction of compliance audits and desk reviews, which in combination with the annual schedule of office and witness assessments has made this achievement possible.

Following a management review early in 2010 several initiatives were prioritized for adoption, including development of a systems management platform, enhancements to the Quality Management System (QMS) procedures, service delivery through regional capacity and changes to organizational structure.

### Revision of QMS documents – ISO 17011

ASI undertook a revision of its QMS documents with the aim of streamlining reporting mechanisms. An internal audit undertaken by an external IAF auditor confirmed that the revised QMS conforms to ISO 17011 operational requirements – a key ISEAL requirement for the provision of accreditation.

One of the major changes addresses the Accreditation Procedure. In order to shorten timelines for reports, ASI assessors will send a Summary of Findings from the closing meeting to the CAB within 24 hours, followed by a peer-reviewed Final Report shortly thereafter.

The new procedure leads to significantly shorter reporting flows (one month instead of three). These and other changes to ASI's processes increase consistency, allow for integrated data management and ensure compatibility with new certification schemes and ISO requirements. The revised Accreditation Procedure is in place since August 2010.

### Accreditation Management System

ASI has introduced an online Accreditation Management System (AMS). The AMS acts as the front end of the business in managing non-conformities, reports and related records, assessment schedules, suspension processes and complaints.

These activities are now all aligned, integrated with and referenced in the ASI QMS. Over 1,300 non-conformities from the last two years have already been uploaded into the system.

The AMS also provides back office administration functions, such as managing assessment workflows, flagging critical timelines, maintaining document control, providing communications material, invoicing, and managing scheme key performance indicators (KPIs). It also has an interactive client portal for CBs.



### Independent third-party certification

Accreditation Services International (ASI) is a global accreditation body that oversees and supports the implementation of the FSC standards. ASI evaluates and accredits the competence, credibility, independence and integrity of Conformity Assessment Bodies (CAB). ASI became an associate member of the ISEAL Alliance in 2007 and operates a quality management system consistent with the requirements of ISO/IEC Guide 17011.

### Operational structure reorganization

The operational structure has been reorganized to reflect specific responsibilities. The ASI human resources strategy has been to develop staff capacity (now numbering 20 people) and align it to ensure sufficient geographical coverage amongst external consultant Lead Assessors (LAs).

### Training

By 31 December 2010, two new Accreditation Program Managers were fully qualified as ASI Lead Assessors. In addition to this, three Accreditation Program Officers have completed the ISO 9001 Lead Auditor course in August.

In December, six ASI Lead Assessors successfully completed the Social Accountability International SA 8000 lead assessor basic training.

### Calibration

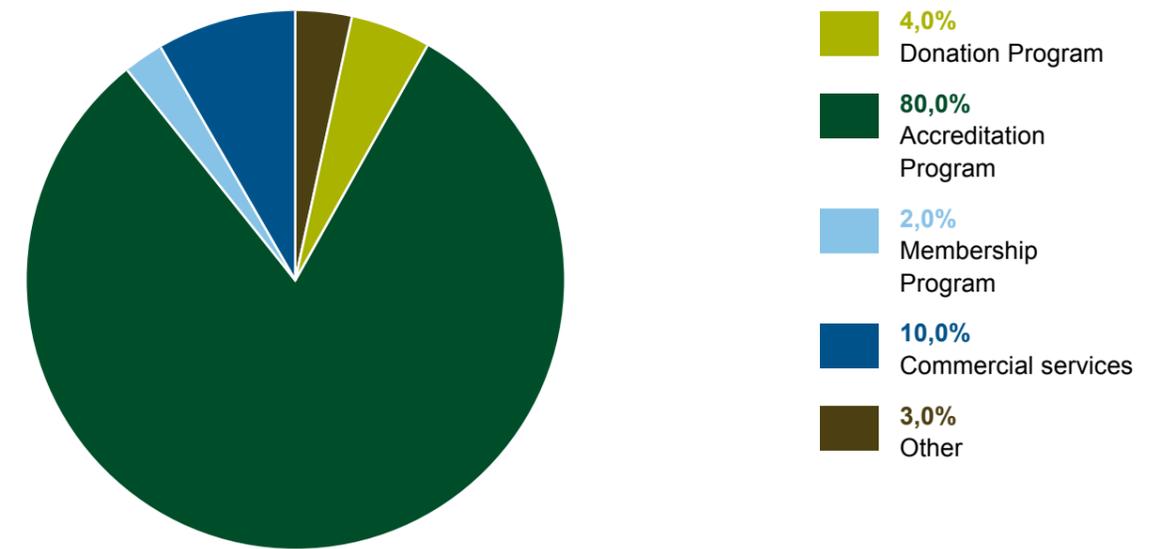
As part of the process to ensure intra-team consistency, the Lead Assessors held monthly calibration meetings in 2010, during which themes and new developments were thoroughly discussed.

**Forest Stewardship Council® and subsidiaries**

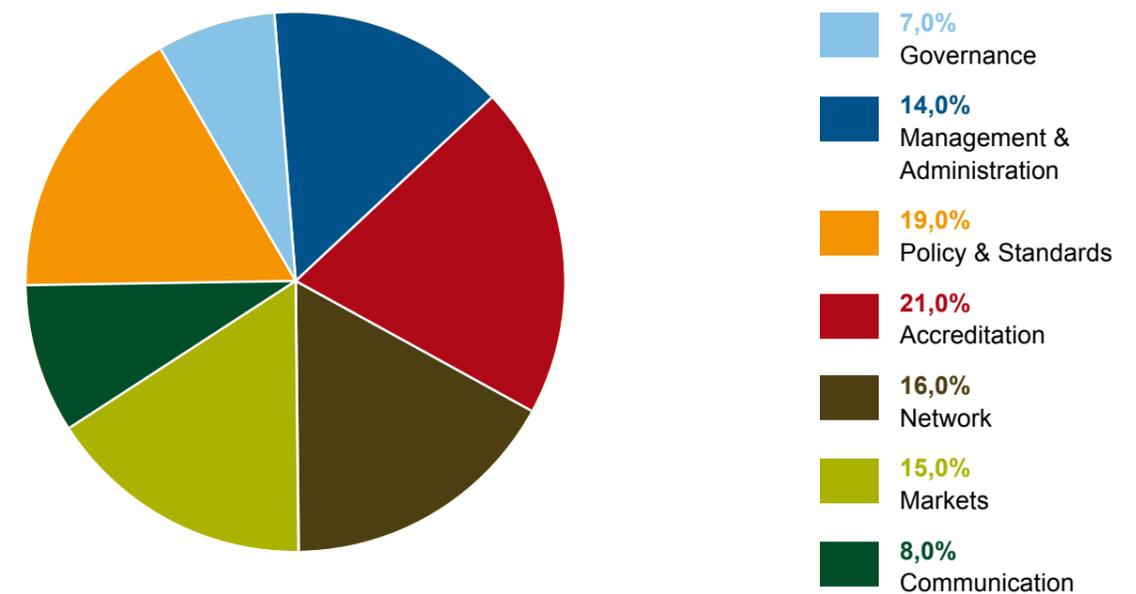
Consolidated Statement of Activities in USD for the years ended 31 December 2010 and 2009

Incoming Resources	2010		2009	
Donation Program	696,642	4%	596,707	5%
Accreditation Program	12,761,411	80%	9,730,596	83%
Membership Program	390,798	2%	326,648	3%
Commercial services	554,588	10%	519,426	4%
Other	425,884	3%	499,679	4%
<b>Total incoming resources</b>	<b>14,829,323</b>	<b>100%</b>	<b>11,673,056</b>	<b>100%</b>
Resources Expended				
Operating expenses	10,862,008	98%	6,652,739	96%
Depreciation on intangible and tangible assets	218,163	2%	277,006	4%
Taxes	–	0%	1,012	0%
<b>Total resources expended</b>	<b>11,080,171</b>	<b>100%</b>	<b>6,930,757</b>	<b>100%</b>
<b>Surplus (loss)</b>	<b>3,749,152</b>		<b>4,742,299</b>	
Exchange rate				
1 EUR =	1,3412 USD		1,4347 USD	
1 USD =	12,3817 MXN		13,0437 MXN	

**Incoming resources by program in 2010**



**Areas of investment in 2010**





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Orsa Florestal  
Brazil  
Economic South



**Eric Palola**

Vice Chairperson  
National Wildlife Federation  
United States of America  
Environmental North



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Alternativas para el Desarrollo Sostenible en el Tropico,  
Ecuador, Social South



**FSC® wishes to thank the following donors for their financial support during 2010. Without their support, our work in promoting the responsible management of the world's forests would not be possible.**

**Acre State Government, Brazil**

**Association Technique Internationale des Bois Tropicaux (ATIBT)**

**Dutch Ministry of Foreign Affairs Development Cooperation (DGIS)**

**European Space Agency**

**The Freshfield Foundation**

**Global Environment Facility (GEF)**

**Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH**

**Interchurch Organisation for Development Co-operation (ICCO)**

**Mondi group**

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**Mario Abreu**

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