

ANNUAL REPORT 2023

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The Forest Stewardship Council® has harnessed its core strength of co-creation, positioning the organization as convener of good work so that we can give forests a voice. That global voice, that advocate, is FSC[®]. We make a tangible impact in every country we operate in, through our membership, network partners, certificate holders, and other allies who have contributed to success stories and stepped up in global policy discussions around forests. These are some of the ways FSC has shown up in 2023. We've done much to catalyse action that helps the world's forests achieve their rightful place: as valuable ecosystems, recognized and fully incorporated into society.

GIVING FORESTS A VOICE TO CLAIM THEIR RIGHTFUL PLACE.

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FROM THE DESK OF ZANDRA MARTINEZ



Zandra Martinez

Chairperson of the International Board of Directors for the Forest Stewardship Council

Throughout 2023, FSC's Board of Directors focused on accountability and agility. By linking the year's priorities and budget with our Global Strategy 2021-2026, we ensured that every action was purposeful and impactful. As for agility, it was demonstrated in how we adapted to evolving global realities, swiftly addressing the needs of stakeholders while keeping forests at the heart of everything we do.

This year also saw significant progress in our commitment to international rules of good business practice. We defined FSC's Remedy Framework procedures to conform with our Policy for Association. This further reinforced our position as the world's most reliable forest certification system.

Our response to the European Regulation on Deforestation-free Products (EUDR) was a prime example of this. This new regulatory landscape brought challenges for our certificate holders, and FSC stepped up by aligning our system with EUDR requirements and supporting certificate holders on their compliance journey. These efforts underscore our commitment to keeping FSC's certification system relevant in a changing world.

Another achievement was taking meaningful steps to embed gender, diversity, and inclusion into FSC's culture and operations. By integrating these values within our organization and across our system, we laid a stronger foundation for collaboration, innovation, and equitable impact. FSC's true power lies in co-creation. In 2023, this unique ability to convene diverse stakeholders helped us advocate for sustainable forestry on the global stage by growing our presence and ambitions at the United Nation's Conference of the Parties (COP) – making sure FSC is shaping these agendas and positioning our solutions as 'ready to be implemented', so that policy objectives become really tangible for forests and the people who rely on them.

Together, with our members, network partners, certificate holders and allies, we advanced a shared vision of forests as vital ecosystems – protected, responsibly managed, and fully valued as a foundation for resilient communities, sustainable economies, and the health of our planet.

As we look back on 2023, it is clear that the past year's achievements have strengthened FSC's ability to fulfil its mission. By embracing co-creation, prioritizing accountability, and acting with agility, we have deepened our global relevance and position as a transformative force for forests worldwide.



FROM THE DESK OF KIM CARSTENSEN



Kim Carstensen Director General of the Forest Stewardship Council

It is fitting that the theme of this year's report centres on co-creation. Collaboration among diverse groups of stakeholders, all coming together to achieve a shared goal, embodies our organisation's spirit. As I look back over the last decade at FSC, I have a deep sense of pride and gratitude for all we've accomplished together, year after year – and 2023 was no different.

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Much of 2023's work focused on the EUDR, often through the lens of co-creation. We engaged with key stakeholders, such as European Commission representatives, FSC certificate holders, and NGOs, to understand the challenges and opportunities this regulation presents. The overwhelming sense in these collaborative moments is that FSC has an important job. There must be support in place for those who need to comply, especially for smaller organisations. This is what FSC offers: clear and credible guidance to address the specific concerns of those looking to comply.

While we must keep people at the heart of every forest stewardship solution, we also rely on people with the necessary passion and conviction to champion such solutions and, indeed, forests' value. Across FSC, from the Congo Basin to Ukraine, I see spectacular dedication from people working tirelessly to protect vulnerable species while supporting local communities. This human commitment gives forests a voice – one that reflects both their ecological significance and their role in sustaining communities – and ensures that we, as a society, continue to make the correct decisions for the future. This human commitment and spirit of co-creation were clear throughout the year. For instance, the work of the FSC Indigenous Foundation (FSC-IF) in Panama led to funding for a project to promote the ecosystem services of certified Indigenous Cultural Landscapes. It shows that FSC-IF has power as a bridge between the donor community and Indigenous Peoples' communities, ensuring all voices have a platform. Another example lies in our progress in applying our Remedy Framework in the Asia Pacific region. Meeting with regional members in 2023, the positive energy was palpable – our teams feel empowered by this strong framework, guiding their engagement with companies and stakeholders to bring about real-world change through remediation.

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ABOUT THIS REPORT

This report is a platform for highlighting our progress over the past 12 months and, equally, a space for outlining obstacles we had to overcome along the way. Over and above our mission to promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests, we had to navigate disruptive forces, including the ongoing impact of Russia's invasion of Ukraine and a coup d'état in Gabon. We have had to reimagine ways of working to keep pace with technology advancements and evolving governance frameworks like the European Union Regulation on Deforestation-free Products (EUDR). But we've also realized successes – some key achievements are visualized in this report and unpacked in detail under the progress updates for our Goals.

Actions taken under our **Global Strategy** implementation framework move us closer to our **2025 objective** of growing FSC's reach so that we may achieve our **2050 vision** of a new forest paradigm.



Anakarina Pérez Oropeza Head of Strategy

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This year's Annual Report marks a milestone in FSC's work: 2023 is the halfway mark in implementing our Global Strategy 2021–2026. We have achieved much over the past three years and, despite challenges throughout 2023, have remained steadfast in pursuing our vision, unlocking progress and new opportunities that we are proud of.

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How do we track progress?

END GOAL:	Our purpose is to realize a new forest paradigm by 2050.
	This pinnacle will be reached when society as a whole
	recognizes the true value of forests and enshrines this value
	socially, economically, and in care for the environment.

MID-TERM TARGET:

To make the new forest paradigm a reality, **we must grow FSC's reach** so that our stewardship values are implemented far and wide. The number of certified hectares is a positive metric for demonstrating this. At present, **FSC forecasts for 2025 put us on track to certify 176 million hectares**, with up to 32 million of those hectares representing smallholdermanaged areas or natural tropical forests. Societal changes (such as political struggles restricting access) mean this number must be constantly revised to ensure that it's a realistic ambition.

2023 IMPLEMENTATION:

How do we ensure we are working efficiently towards that 2025 target? We rely on our <u>2021–2026 Global Strategy</u>. This implementation framework is divided into three working Strategies that define four Goals, accompanied by a list of Actions to keep us on track. This Annual Report shares progress made on the 2023 implementation of the Global Strategy, in our efforts to co-create forest solutions, transform markets, and catalyse change.

HIGHLIGHTS OF ACHIEVEMENTS THAT SHOWCASE A SLICE OF OUR PROGRESS THROUGHOUT 2023:

Strategy 1 Highlights



Strategy 2 Highlights

105,000ha

of natural rubber forests newly certified across **China and Viet Nam**.

Leveraged new **eDNA** technoalogy for impact evaluations.

ACTION 29



26

new signatories added to Fashion Forever Green Pact.

ACTION 20

Strategy 3 Highlights

Engaged **1,300**

stakeholders across *Wood You Find It* event and **EUDR** webinar.

ACTION 41

Increased Forest Week campaign reach by

19.4% YoY.

ACTION 46





Published 5 impactful stories from Argentina, Lithuania, Peru, Uganda, and Viet Nam.

Impact at a glance

160+

Million hectares of forest certified

1,700+

Promotional Licence Holders

1,500+

Forest Management Certifications

58,000+

Chain of Custody Certifications

77 Verified Impact sponsors

80 Verified Impact stewards

ACTION 48

STRATEGY 1 CO-CREATE AND IMPLEMENT OREST OLUTIONS

Co-creation is a foundational principle of FSC's mission to ensure *Forests For All Forever*. It's also a defining pillar of **Strategy 1**, which aims to engage members and stakeholders in an inclusive, collaborative approach to shaping effective stewardship solutions. Through this engagement, it's important to secure support for FSC's work, which is why there is also a focus on clarifying our relevance in tackling global issues and showing the credibility of our work. Four Goals capture the essence of this strategy, and 20 guiding Actions provide a roadmap to achieve these Goals.

Goal 1	Action 1	Membership Engagement
Engage members and stakeholders to	Action 2 🔮	Membership Enhancement
co-create solutions	Action 3 🙆	Co-Creation Initiatives
	Action 4 🔄	Indigenous Peoples' Engagement
	Action 5	Information Technology
Goal 2	Action 6	Requirements Accessibility
Develop outcome-	Action 8	Outcome Orientation
oriented policies and standards	Action 9 😚	Risk-Based Approaches
	Action 49 🛃	Merging Requirements
	Action 50 🗐	New Policy for Association and Remedy
Goal 3	Action 10	Supply Chain Verification
Enhance verification	Action 11	Quality Data
and integrity	Action 12	Geographic Information Systems Technology
	Action 1 3 💼	System Integrity
	Action 51	Ecosystem Services Safeguards and Integrity
Goal 4	Action 14 🛄	Expand Ecosystem Services
Expand FSC's relevance		
-	Action 15 😚	Climate-Related Indicators
for tackling climate and	Action 15 🐼 Action 13 📾	Climate-Related Indicators Restoration Toolbox
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GOAL 1 PROGRESS

ENGAGE MEMBERS AND STAKEHOLDERS TO CO-CREATE SOLUTIONS



Actions



Guillermina Garza Membership Director

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Co-creation sets FSC apart. It entails rallying and empowering an engaged community around a shared purpose: to ensure Forests For All Forever. We drive co-creation initiatives by constantly seeking out and nurturing opportunities to connect with our members, network partners, staff, certificate holders, and external stakeholders. Convening these diverse groups is the best way to spark new ideas and evolve current thinking so we can create truly impactful forest stewardship solutions together.

To revitalize **MEMBERSHIP ENGAGEMENT for Action 1**, we sought to strengthen dialogue with our members, who are the biggest advocates of our mission. To maintain and strengthen this valued membership ecosystem, we pursued meetings both with larger groups at an international scale and in more targeted settings regionally. In 2023, this approach saw us hosting two virtual meetings per region, two hybrid regional membership meetings in Africa and Asia-Pacific, and four membership townhalls, where four motion implementation reports were shared for discussion.

To roll out our balanced membership-recruitment strategy, which falls under Action 2 MEMBERSHIP ENHANCEMENT, we looked at ways to facilitate strong and equal representation across our chambers, groups, and regions. To showcase the benefits of FSC membership, we published member videos from different regions and collaborated with government agencies in exhibitions and workshops. We also appointed two regional managers in areas where we wanted to boost our presence: Africa and Asia-Pacific. This led to 35 new members from Africa and 13 from Asia-Pacific joining. Additionally, 11 members from Latin America, 10 from Europe, and four from North America came on board. In total, we welcomed 73 new members during 2023.

It's important that we work with our members, network partners, and stakeholders for the rapid incubation of stewardship solutions, which is the aim of **Action 3 CO-CREATION INITIATIVES**. Under this Action, we started work on a report (due for release in 2024) that outlines lessons learnt from different approaches to co-creation as a basis for the future design of successful initiatives. Data for the report was collated by running internal workshops and literature reviews in the fourth quarter of 2023.



Actions



Great strides have been taken under Action 4 INDIGENOUS PEOPLES' ENGAGEMENT with the launch of programme for developing capability through the <u>Permanent</u>. <u>Indigenous Peoples Committee</u> (PIPC) and the <u>FSC Indigenous Foundation</u> (FSC-IF). FSC-IF supported 38 Indigenous leaders' participation in an Expert Degree in Indigenous Peoples, Human Rights, and International Cooperation. The organization also backed the Forest and REDD+ certification programme for Indigenous leaders, which saw 38 leaders awarded certification upon completion. PIPC provided input in the consultation process for the FSC Complaints and Appeals Procedure and ecosystem services (ES) revision (input on the latter helped develop our specific impact claims for Indigenous Peoples' communities).

Action 5 INFORMATION TECHNOLOGY focuses on ways to use technology to enable and strengthen stakeholder engagement. In 2023, this Action saw the roll-out of a 24/7 support chatbot called Birch on the FSC Connect platform, the application for an electronic Trademark License Agreement (eTLA) to provide a seamless support experience for FSC's certificate holders, plus the beta launch of web and mobile versions of the FSC Search tool, used for licencing and certification information. The Search tool also has a multilingual support feature, driving increasingly inclusive stakeholder engagement.



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GOAL 2 PROGRESS

DEVELOP OUTCOME -ORIENTED POLICIES **AND STANDARDS**



Actions



Joanna Nowakowska

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We are committed to publishing policies and standards that tick several boxes. They must be data-driven, clear, consistent, easily accessible, and user-friendly. Crucially, in defining responsible forest management, our policies and standards must also be outcome oriented – this is how we show that they truly guide real-world impact.

Director of System Performance

For Action 6 on REQUIREMENTS ACCESSIBILITY, we investigated generative AI and AI applications to see if the technology could help us digitize our normative framework to improve accessibility and useability of standards. We tested the use of AI document databases, however there were discrepancies in the potential responses generated, showing room for improvement and the need for AI models to undergo extensive training on FSC certification concepts. The key takeaway from our tests was that FSC needs an AI governance model to fully harness Al's potential in a way that aligns with our rigorous standards and specific requirements. Subsequently, we pivoted our focus for this Action to start work on an Al governance model.

We explored ways to evolve our monitoring and evaluation approach so that the impact of FSC certification for forest management is more clearly conveyed. This work, under Action 8 OUTCOME ORIENTATION, included populating the FSC Impact Dashboard with screened results from a selection of independent scientific publications. This offers an easy way to compare outcomes in FSC-certified forests versus uncertified forests. The dashboard summarizes the scientific publications' findings on 13 environmental outcomes (such as animal biodiversity), 12 social outcomes (such as the living conditions of forestry workers), and eight economic outcomes (such as market profitability). By searching within certain parameters, you can see how robust a publication's findings are, and whether the findings on a specific outcome show certification as positive or negative.

Much of 2023 centred on aligning FSC's Normative Framework with the EUDR. For Action 9 RISK-BASED APPROACHES, we focused on revising the Risk Assessment Framework. Key changes to the framework include the addition of five indicators to ensure it meets both our Policy to Address Conversion and EUDR requirements - for example, one indicator specifically assesses conversion of natural forests for agricultural use. Our work under Action 9 not only shows our commitment to mitigating potential certification obstacles but also highlights our involvement in important globally relevant policy support.



IN ACTION

New paths for incentivizing remedy over degradation

Forest stewardship as a solution would have no credibility if we didn't institute punitive action for those who don't adhere to our rigorous requirements for association. However, it's equally important that FSC's action doesn't stop there we can't simply cut ties with disassociated organizations, because it serves our greater purpose to help them make better choices. In this way, we can start to reverse the social and environmental harms caused by past conversion and other unacceptable activities. This thinking inspired the creation of our Policy to Address Conversion and Remedy Framework and the revision of the Policy for Association. These developments provide a route by which millions of hectares of previously converted forests can be restored and then managed in a responsible manner, showing the positive outcomes of offering non-judicial access to remedy in the forestry sector. This has made FSC more relevant in the restoration space, showing how we successfully incentivize the market to restore deforested and degraded land. The Remedy Framework also paves the way for healing and brings restitution to the people who have been harmed by the unacceptable activities of disassociated organizations.

Actions



With Action 7 completed and closed in 2022, we could divert our focus to new workstreams. As such, two new Actions were added in 2023 under Goal 2: Action 49 MERGING REQUIREMENTS and Action 50 NEW POLICY FOR ASSOCIATION AND *REMEDY.* Action 49 covers efforts to align the scope of our normative requirements in a process that will take around two years to complete. Work started in 2023, with progress made on revisions of the general accreditation standard and Chain of Custody framework. An empowering initiative under Action 50 was the launch of the FSC Check tool in 2023. This tool enables staff to proactively conduct a risk-based review of organizations and individuals who want to join or re-join the FSC system. Going forward, all new applicants for certification and membership will be invited to go through FSC Check. In November 2023, APRIL and FSC signed a *Remedy Framework*, which initiated the implementation of <u>APRIL's remedy process</u>.

GOAL 3 PROGRESS

ENHANCE VERIFICATION AND INTEGRITY



Actions

Marc Jessel Chief System Integrity Officer

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Integrity is critical to FSC's mission, and it touches upon every aspect of our work. It includes building trust in FSC across the supply chain. It's about being transparent in our commitment to upholding our rigorous standards and holding certificate holders accountable in meeting the same. It's about ensuring accuracy of the data we use to inform our decisions and proving, through verification, that our solutions make impactful change. In 2023, we sought to strengthen FSC rules governing integrity and to use technology responsibly to harness accurate data as a cornerstone for verification

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Introducing traceability in supply chains was a focus under **Action 10 SUPPLY CHAIN VERIFICATION.** To this end, we launched the beta trial of our Supply Chain Verification traceability tech stack, with 72 participants signed up to participate. In 2023, eight supply chains moved to the second stage of the verification process, ready for their data readiness assessment.

How do we offer better support for implementation of our requirements? Through stronger data management. **Action 11 QUALITY DATA** encapsulates our aim to fully incorporate and standardize data collected about certified operations – starting with the data from 50 forest management digital audit reports submitted by certification bodies in 2022. Although it's a long-term process, we have started to apply data-management recommendations in our new Data Warehouse infrastructure to support activity for Action 11. We also introduced the FSC forest management audit template for data collection, with certification bodies required use this from 1 January 2023.

To secure the impact data that keeps integrity intact, we sought to improve spatial analytics and reporting. The first task under **Action 12 GEOGRAPHIC INFORMATION SYSTEMS (GIS) TECHNOLOGY** was the implementation of <u>Motion 61/2021</u>, a call to compile a digital map of FSC-certified forests worldwide. Development of the FSC Certified Area Submittal started in 2023, with the goal of releasing a minimum viable product (MVP) for 100 selected certificate holders by the first quarter of 2024, then incorporating this MVP into the Normative Framework.



Actions



The focus for **Action 13 SYSTEM INTEGRITY** is to strengthen our ability to identify actors that are not meeting FSC's normative requirements around environmentally appropriate, socially beneficial, and economically viable management of the world's forests. Aligning with our partner Assurance Services International, we carried out our 2023 workplan. This included launching transaction verification (TV) loops on <u>birch plywood</u>, <u>African teak</u>, and <u>forest management units in Viet Nam</u>, continuing with TV investigations into teak and <u>bamboo</u>. We also finalized TVs for <u>Paulownia</u> and <u>Aucoumea</u> and completed the investigation of <u>Sweden's old growth</u> <u>forests</u>. In addition, we completed the evaluation of <u>compliance with International</u> <u>Labour Organization (ILO) core labour rights and organized relevant trainings</u> for certification bodies.

Newly added to 2023's roster was **Action 51 on ECOSYSTEM SERVICES SAFEGUARDS AND INTEGRITY.** It entails publishing enabling policies on ES claims and on the carbon units implementation system in managed forests. In 2023, we developed a system integrity and implementation plan, with progress made on the ES safeguards toolbox and ES Claims registry. These enabling policies are scheduled to be finalized in 2024 to support the ES Procedure release in 2025.

2023 milestones for Supply Chain Verification

8

supply chains entered data-readiness assessments – **4 linked** to high-risk areas. 72

companies trialling new Supply Chain Verification traceability tech.

GOAL 4 PROGRESS

EXPAND FSC'S RELEVANCE FOR TACKLING CLIMATE AND BIODIVERSITY CRISES



Mark Smith Executive Director of FSC Investments and Partnerships

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At FSC, we respect forests' immense value in tackling global crises like climate change and biodiversity loss. We need to instil this respect in others and more than that, we must show that FSC's work is key to supporting forests as they tackle these crises. As the global sponsor of the FSC Priority on Climate, Biodiversity, and Restoration – which aims to position our solutions for restoration, conservation, and sustainable forest management as crucial tools for meeting both policy and market demands – it is critical to continue building upon Goal 4's impact.

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In support of Action 14 to EXPAND ECOSYSTEM

SERVICES, additional assessments on improved impact metrics were incorporated into the ES Procedure, due to be completed in 2025. This entailed adding new impact categories and several new indicators – relating to social aspects and global environmental agendas – to enhance the ES range that the ES PRO supports. Additionally, a Global Technical Support Centre was launched in 2023 and now consists of a centralized team in Bonn, strengthened by regional leads in Latin America, Asia-Pacific, Europe, and the Congo Basin.

A project that sees FSC partner with the Roundtable on Sustainable Palm Oil to establish best practices and pilot methods to improve traceability of greenhouse gas emissions across complex value chains was confirmed in December 2023. The insights gained will further our efforts around **Action 15 CLIMATE-RELATED INDICATORS** and support FSC certificate holders in preparing for future climate risk regulations. This project was made possible through a grant secured from the <u>ISEAL Innovations Fund</u>, which is supported by Switzerland's <u>State Secretariat for Economic Affairs</u>.

By engaging with key stakeholders in prominent restoration forums, FSC can gain valuable insight for the design and launch of the **RESTORATION TOOLBOX** under **Action 16**. To make this happen, FSC participated in various key forums hosted by Initiative 20x20, AFR100, the Society for Ecological Restoration, the Global Partnership on Forest and Landscape Restoration, and the Assisted Natural Regeneration Initiative.

Areas with special social, economic, and environmental value – such as Intact Forest Landscapes (IFLs) – were discussed at the 2022 General Assembly. As a result, Motion 23 was passed, signalling the start of a <u>new approach to certifying</u> <u>forest management units in IFLs</u>. It involves developing landscape-specific indicators in FSC's standards that Actions

address the associated risks and best management options. This is where **Action 17 FOCUS FORESTS** comes in. Under this initiative, we developed a procedure and guidance for the standards revision by working in partnership with FSC national offices, members, researchers, technical experts, and affected stakeholders. This guidance is based on learnings gleaned from input by external organizations and landscape dialogue exercises. FSC staff participated in two such dialogue exercises in 2023. The draft procedure and guidance are set to be tested in IFL pilots in Brazil, Peru, Canada, and the Republic of Congo during 2024 and 2025.

In 2023, a handheld GIS-based app was developed to identify increased shared values from intensively managed FSC-certified forests. This encapsulates our efforts toward **Action 18 SUSTAINABLE INTENSIFICATION**. We created a set of regionally relevant identifiers for stakeholders in intensified forestry in South Africa, Australia, and New Zealand. These identifiers of shared values were captured in a handheld registration tool that our network partners offered to members in these regions for trialling. In 2023, four companies put the device to the test in their intensively managed plantations, with results being evaluated so that improvements can be made in 2024.

IN ACTION

Certification helps stewards balance environmental and economic interests

Forestry company Arauco is the steward of over 218,000 hectares that have been certified by FSC since 2015. The land they manage responsibly in the Argentinian province of Misiones is divided equally between native forest (consisting of large conservation blocks) and productive forest (pine and eucalyptus plantations). Both the native and productive areas are located within <u>Missionary Forest</u>. This forest, in turn, forms part of a larger ecoregion called the Atlantic Forest, which stretches from Argentina to Brazil and Paraguay. Sadly, the heavy demand for natural resources has devastated more than 90 per cent of the 1.5 million km² Atlantic Forest. This makes the stewardship of Missionary Forest all the more critical, especially considering its importance as a home of threatened species, like the jaguar. While its populations have been displaced in most parts of Argentina, this majestic big cat



still roams Misiones province. Wildlife monitoring has shown that jaguars are thriving, particularly in the protected areas of the Missionary Forest. The fact that the latest estimates count 100 of the species – compared with 30 in the year 2000 – is testament to Arauco's efforts, showing how certification standards contribute to biodiversity conservation.

STRATEGY 2 TRANSFORM MARKETS

FSC 70 C121510

Creating awareness around the benefits of sustainable forestry helps stimulate demand for products and services that support it. FSC has worked diligently to secure market demand for sustainable forestry products and services, and our focus this year for **Strategy 2** was to strengthen and continue this progress. Four Goals were set out for this Strategy, which we tackled through 17 Actions during the year. These data-driven, outcome-oriented actions will help us enhance market demand for FSC-certified products and services while strengthening certification across strategic supply chains. It will also allow us to keep the rights of often marginalized groups in the spotlight to ensure forests can continue to deliver on our social targets.

Goal 5 Advance FSC in strategically important value chains	Action 19 (2) Action 20 (2) Action 22 (2) Action 23 (2)	Circular Economy Fibre Development Solid Wood Development Non-Timber Forest Product Development
Goal 6 Increase market uptake of FSC-certified products and services	Action2455Action25100Action26100Action27100Action28100	FSC Sourcing Preference Ecosystem Services Markets E-Commerce Tropical Forest Products Trademark
Goal 7 Harness data to demonstrate positive outcomes	Action 29 (2) Action 30 (1) Action 31 (1) Action 52 (4)	Impact and Performance Ecosystem Services Impact Shopper Solution Global Forest Potential
Goal 8 Enhance social benefits for Indigenous Peoples, communities, smallholders, and workers	Action 32 Action 33 Action 34 Action 35 Action	Community and Family Forests Indigenous-Based Solutions Diversity and Gender Workers' Rights

GOAL 5 PROGRESS

ADVANCE FSC IN STRATEGICALLY IMPORTANT VALUE CHAINS



Actions



Fabian Farkas Acting Chief Markets Officer

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A targeted effort on linking supply and demand in strategic value chains can help to unlock and uplift entire industries – if it happens with integrity and transparency. This is why certifications like FSC's Chain of Custody are so valuable. Our credible certification framework is applied consistently across entire chains, enabling end-to-end sustainable market and product innovation.

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In 2023, we addressed the need for a CIRCULAR ECONOMY under Action 19 in a few ways. First, we aimed to drive larger-scale awareness of the FSC Recycled label, targeting both businesses and consumers through B2B and B2C promotional campaigns. In 2023, assets were created for the campaigns, directing readers to our web page on circularity. Second, we examined new ways to integrate circular business models within the FSC framework, particularly in our Chain of Custody (CoC) standards, which were created before the introduction of many modern circularity principles. Some CoC certificate holders expressed difficulty in maintaining FSC certification when adopting circular business models, highlighting the need for a revision of our CoC standards. We actively engaged with the FSC community to understand the root causes and find appropriate solutions and hosted community webinars as part of the conceptual phase of our revision process.

To continue 2022's success under Action 20 FIBRE DEVELOPMENT, we added an additional 26 signatories to our Fashion Forever Green Pact in 2023. Not only did we significantly surpass our target to add nine new signatories, but we also helped build the strength and impact of the Pact membership to over 50 signatories, growing the size and impact of the Pact, which today is supported by 40 per cent global fibre suppliers. Other highlights under Action 20 include onboarding well-known brand Target to certify their largest home furnishings supplier, adding Walmart to our list of certificate holders with their launch of FSC-labelled boxers, and enabling Amazon's adoption of Plant-Based Fiber Blended certification. These activities have boosted our presence in the e-commerce sector, leading to increased demand for certified packaging and other fibre-based products.

Implementing supply-and-demand solutions across solid wood value chains (tropical timber, furniture, construction) defines **Action 22 SOLID WOOD DEVELOPMENT**. We wanted to remove market-entry

Growing impact in fashion



Surpassed target of **9**, instead adding **26 signatories** in 2023 to the Fashion Forever Green Pact.



The Pact now has over **50 signatories** and is



supported by **40%** of global fibre suppliers.

Actions





barriers for certified manufacturers from Asia-Pacific and give retailers in developed countries access to new supply chains that meet their sustainability goals. By connecting manufacturers and retailers in this way, we also demonstrate the business value of FSC certification. In partnership with WWF, we launched a sustainable wood furnishings project in 2023, successfully connecting six Viet Nam-based manufacturers to US retailers, including Costco and Williams-Sonoma, Inc. Another project saw the distribution of an internal FSC toolkit on applying our *Sustainable Wood Sourcing Policy*. The purpose of the toolkit is to enable network partners to help local companies adopt the policy. To test the success of this regional approach, we identified four network partners in France, the Netherlands, Spain, and Denmark, and are in the process of collating their feedback. This exercise shows how we enhanced communication with network partners using globally aligned but regionally relevant guidance.

Similar to Action 22, **Action 23 NON-TIMBER FOREST PRODUCT (NTFP) DEVELOPMENT** focused on driving supply-and-demand solutions across the value chain. In 2023, 100,000 hectares of natural rubber forests in China and 5,000 hectares in Viet Nam were certified – this is a huge milestone, considering no rubber forests were certified in those countries in 2022. Additionally, we strengthened our engagement with footwear brands, helping them promote the use of FSC-certified NTFPs (like rubber, cork, and bamboo) in their products. Subsequently, Birkenstock increased its sourcing goals for FSC rubber from 25 to 55 per cent.

GOAL 6 PROGRESS

Actions



INCREASE MARKET UPTAKE OFFSC-CERTIFIED PRODUCTS AND SERVICES



Ana-Maria Baban Acting Commercial Director

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Driving demand for sustainable product choices is central to our mission of Forests For All Forever. In 2023, we strengthened our partnerships with major global brands, resulting in significant commitments to FSC-certified sourcing, with collaborations helping to transform awareness and adoption of sustainable practices across key industries. Alongside this, our targeted marketing efforts have been critical to scaling this impact and embedding sustainable forest management in consumer choices worldwide.

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We created a list of 70 major brands to engage with in support of **Action 24 FSC SOURCING PREFERENCE.** In 2023, a substantial number of brands on this list – 42 of them – pledged their commitment to prioritize FSC-certified sourcing. This will go a long way toward driving demand of FSC-certified materials and products. Our efforts led to several notable success stories being highlighted in the period: following their pledge, Icebug was featured in the BBC Story Works documentary *Fashion Redressed*, and Pirelli made its own <u>announcement</u> in October 2023, sharing that only FSC-certified tyres would be used in 2024's Formula 1 races.

Our efforts around **Action 25 ECOSYSTEMS SERVICES MARKETS** included positioning FSC as a credible climate solution provider, leveraging our ability to cover multiple ecosystem services (ES) and unlocking the true value of forests, which extends beyond the economic worth of timber. To land this message, we launched our <u>Ambassadors of the Forests</u> campaign, positioning the new name of our ES claims solution: Verified Impact. We targeted existing licence holders and garnered widespread awareness. Key performance metrics included campaign views of over 5 million, with high content engagement rates (12 per cent versus the 1 per cent industry benchmarks).

IN ACTION

Feathery forest ambassadors highlight the link between data and ecosystem services

Between October and December 2023, we ran our <u>Ambassadors of the Forest</u> campaign to position FSC in the space of climate and nature-based solutions and to reboot our Ecosystem Services solution, now named <u>Verified Impact</u>. The strengthened solution uses verified data to quantify forests' ES, connecting the stewards who deliver these services to sponsoring companies looking to make a tangible difference in their sustainability efforts. Using Verified Impact, Viet Nam's <u>Huong Son State Forest Company</u> was able to prove that it successfully sequestered 727,425 tons of carbon dioxide from the atmosphere between 2015 and 2020 by adhering to the Forest Stewardship standards.



Actions



Action 26 on E-COMMERCE highlights our pledge to transform the consumer connection to sustainable product choices across e-commerce platforms. In 2023, our efforts bore fruit – we surpassed our listings target, which was to reach 100,000. For example, over 175,000 FSC-certified products are now being sold online through the Amazon Climate Pledge Friendly programme.

The outcome we want to achieve under **Action 27 TROPICAL FOREST PRODUCTS** is to grow downstream demand for certified tropical timber and NTFPs in key end user segments, like construction and furniture. In 2023, we built toward this with a refresh of our marketing materials on the FSC International website: we added a new page on <u>Other Forest Products</u> and updated information on the <u>Wood page</u> to include tropical timber. Additionally, we publicized market-driven stories, such as the *Forest for the Future* podcast episode about the <u>yachting industry's adoption of sustainable practices</u>.

Action 28 TRADEMARK captures how we increase the value of FSC as a brand through effective trademark promotion and management. In 2023, the focus for this Action was on the Promotional Licence Holder (PLH) programme. We launched a toolkit featuring the PLH value proposition and a sales deck, empowering FSC network partners to sell Promotional Licences to brands and retailers.

GOAL 7 PROGRESS

HARNESS DATA TO DEMONSTRATE POSITIVE OUTCOMES



Actions



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If we're ever to make forest certification the norm, we must be able to prove that it works. This requires us to generate, and then harness, verified forest-impact data to show that FSC-certified forests offer environmental, social, and economic benefits.

Michael Marus

Director of Technology and Information

Evaluating FSC's effect in the real world is what Action 29 IMPACT AND PERFORMANCE is all about. To give us a consolidated view of the value we add, we launched the Impact Dashboard that enables us to monitor the contribution of FSC certification to the diversification of forest products and the strengthening of local economies. We also sought to strengthen our science-based measurement of FSC outcomes, investing in new technology to do so. Using the new environmental DNA (eDNA) tool, we conducted an impact evaluation of our work in Gabon, proving that FSC certification really does improve biodiversity, as explained in a news item. The practice of leveraging technology to quantify FSC's impact was also applied to our ES projects and investments. For Action 30 ECOSYSTEM SERVICES **IMPACT**, we delivered the proof of concept for FLINTpro, which is a digital tool that conducts carbon impact estimations in FSC-certified forests.

How can we deliver outcomes against Action 31 SHOPPER SOLUTION, empowering consumers to make sustainable product choices? We believe that creating a digital ID solution for certified products is the best starting point. In 2023, we developed an MVP for the digital ID solution and conducted a self-verification pilot with a major e-commerce player. Following MVP updates, the pilot phase will continue into 2024 with three companies.

Various external factors, such as geopolitical instability and climate change, affected the total hectares of land we were able to certify in 2023. To better align our ambition for certified hectares, we instituted **Action 52 GLOBAL FOREST POTENTIAL**. Under this Action, we pinpointed 42 countries across 10 regions, collating data on total forest area per country so that we could propose a 2024 forecast for certified hectare targets. This impacted our original 2026 objective, with the target of certifying 300 million hectares revised to an achievable forecasted target of 185 million hectares.

IN ACTION

Exploring new technology to monitor biodiversity

We rely on credible impact data collected in the field to demonstrate the benefits of responsible forest stewardship. Traditional methods for this kind of data collection can be demanding and costly, so we explored a new avenue in 2023: the environmental DNA (eDNA) tool. eDNA sampling is quick, easy, and non-invasive, identifying species through DNA traces in the ecosystem (usually in the area's water). eDNA was piloted in Gabon, where FSC-certified forest standards define strict requirements for managing watercourses, which ultimately impacts biodiversity. Here, eDNA revealed many species, including the African forest elephant and the elusive African palm civet, in areas that had been recently logged. The successful pilot will form part of our ongoing eDNA research, which we hope can empower forest managers to monitor their own forests more effectively in the future.





GOAL 8 PROGRESS

32 33 [™]

ENHANCE SOCIAL BENEFITS FOR INDIGENOUS PEOPLES, COMMUNITIES, SMALLHOLDERS, AND FOREST WORKERS



Stefan Salvador Director of Policy Operations

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Millions of people depend on forests, whether as a source of income or shelter, food, fuel and more. These landscapes often hold spiritual significance and help communities uphold cultural practices. As such, FSC solutions are now incorporating ways to create direct social and economic well-being for Indigenous Peoples, communities, smallholders, and forest workers.

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As part of our drive to enhance participation of and benefits for **COMMUNITY AND FAMILY FORESTS for Action 32**, we launched an e-training programme to clarify aspects of the *Forest Management Groups Standard*. In 2023, this training (available in <u>English</u>, <u>Spanish</u>, and <u>French</u>) was completed by 327 users. We also ran a pilot with three certification bodies in four countries across Asia Pacific to evaluate the growing uptake of the *Regional Forest Stewardship Standard* for smallholders. Insights gleaned from this will help us develop more tailored certification solutions.

Action 33 INDIGENOUS-BASED SOLUTIONS details our efforts to promote Indigenous Peoples' rights and community businesses through the uptake of FSC solutions. A key achievement here was securing USD 6 million in 2023 for the <u>Mesoamerican</u> <u>Alliance of Peoples and Forests</u> via the private-sector connections we forged at <u>Climate Week NYC 2023</u>. This was one of three global climate and forest events that Indigenous Peoples participated in – thanks to facilitation by FSC-IF, Indigenous Peoples were also involved in <u>Amazon Dialogues</u> and United Nations Climate Change's <u>Africa Climate Week</u>. FSC-IF also co-hosted the <u>Mesoamerican Climate</u>

Actions





ESC ANNUAL REPORT 2023

Week in Panama and secured approval and funding from the Inter-American Development Bank for a new project. This project will promote ecosystem services through certification of Indigenous Cultural Landscapes (ICLs) in collaboration with IDB Lab and the Climate Change Bureau.

Mainstreaming efforts for Action 34 DIVERSITY AND GENDER (D&G) saw progress in 2023. These efforts included hiring a Senior D&G Manager to oversee our Multi-Year Action Plan, hiring a Chief of People Officer, and appointing six staff diversity, equity, and inclusion (DEI) Ambassadors. We also launched a whistle-blowing system for Germany and a D&G Framework workshop at our Global Staff Meeting (GSM) – all to amplify FSC's internal targets for achieving equity around D&G, including more equitable sharing of benefits. Finally, FSC was thrilled to be invited as a content contributor for a first-of-its-kind Massive Open Online Course (MOOC) called ForGEDI, hosted by FutureLearn, which 932 participants had enrolled for by December 2023.

The purpose behind our Chain of Custody work is to ensure the successful rollout of the FSC Core Labour Requirements (CLR) in line with Action 35 WORKERS' RIGHTS. In partnership with Assurance Services International, we tackled this Action by conducting workshops on CLR issues in four high-risk countries (China, India, Indonesia, and Turkey) in October and November 2023. The purpose of these workshops was to inform certification bodies and auditors of the normative requirements of FSC's CLR and how they should be applied in the country context. Following on from the series, a CLR Q&A document was published in November 2023. Furthermore, we held two successful webinars in December 2023 on Motion 50 and Motion 51. This was done to gather stakeholder insights on how new International Labour Organization (ILO) Core Conventions will shape planned revisions of FSC Standards.

Diversity, equity and inclusion highlights

Appointed **6** staff DEI Ambassadors

Hired Chief of **People Officer:**





Sandrine Zitt

Launched 2 intercultural training pilots







Sinta Dewi

STRATEGY 3 CATALYSE CHANGE

Guided by 11 Actions, we aim to meet four Goals through collaboration and strong partnerships. This is the framework for **Strategy 3**, and it's how we'll catalyse the change to advance our 2050 vision for a future where forests' true value is recognized. This level of transformation requires collaboration through partnerships and meaningful coalitions across all aspects of our work with private- and public-sector organizations, policymakers, NGOs, and the media among others. Key to our success as a convening player is to build global awareness of FSC's value and credibility as we strive to enable local and global sustainability targets.

Goal 9 Collaborate to advance our vision	Action 36 🔁 Action 37 🜐	Operationalizing Partnerships Global Forest Agendas
Goal 10	Action 41 💿	European Union Advocacy
Support governments	Action 42 🕒	Regional and Global Trade
in meeting their goals	Action 53 💼	Government Engagement
Goal 11	Action 44	Sustainable Finance Relations
Show investors our worth	Action 45 🔁	Project Matchmaking
Goal 12 Boost awareness of forest value	Action 46 Action 47 💬 Action 48 👉 Action 54 🞯	FSC Brand Positioning Global Storytelling Media Engagement FSC Brand Architecture

GOAL 9 PROGRESS

COLLABORATE TO ADVANCE OUR VISION



Actions

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It is essential that we pursue and nurture strategic collaborations with like-minded partners. This is how we'll unlock success to co-create stewardship solutions with the greatest impact, relevance, and reach.



Chief Engagement and Partnerships Officer

Anand Punja



Action 36 OPERATIONALIZING PARTNERSHIPS focuses on identifying and then activating key relationships to help us achieve FSC's Global Strategy. Building on last year's success, our Technology Consortium played a key role in contributing to five FSC projects in 2023. This was down to the contributions made by six of the consortium's eight partners, expanding the skills and capabilities of FSC's team internally. During 2023, FSC also formed two new partnerships: one with the International Forestry Students' Association (IFSA) and the other with the International Union of Forest Research Organizations. Through the IFSA partnership, we were able to co-host the IFSA Annual Conference and the IFSA Job Fair, making sure the next generation of foresters are well supported in a fast-changing world.

It's so important to solidify FSC's relevance as a solutions provider that defines and contributes to **Action 37 GLOBAL FOREST AGENDAS.** We continue to grow our presence and ambitions at global Conferences of the Parties (COPs) – making sure FSC is shaping these agendas and positioning our solutions as 'ready to be implemented' so that policy objectives become really tangible for forests and the people who rely on them. In 2023, we also secured FSC participation in a USD 7 million Global Environment Facility-funded project run in partnership with Conservation International and AFR100, to protect Africa's Guinean forest biome.

IN ACTION

Pooling tech expertise to drive forest agendas

Established in 2022, the FSC Technology Consortium convenes a group of tech experts from leading companies to workshop how <u>technology could help FSC unlock solutions</u> to various industry obstacles. Partners who have joined the Consortium include Amazon Web Services, Microsoft, Planet, Slalom, Salesforce, Docusign, and Esri. In fact, Esri was the first to join and has already gifted us a licencing contract worth USD 1.8 million, which will enable us to collect critical data and compile a digital map of all FSC-certified forests in support of our work in making the climate and ES benefits of FSC forests more visible. This is only one of several enabling collaborations, including the latest in the pipeline with another partner, Docusign.



STRATEGY 3

GOAL 10 PROGRESS

SUPPORT GOVERNMENTS IN MEETING THEIR GOALS



Actions



Peter Alele Africa Regional Director

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By strengthening the stewardship efforts of our teams on the ground in the countries where we operate, FSC can contribute meaningfully to governments' national goals, socially, environmentally, and economically. This shows the potential value we can add as a partner, supporting governments in meeting their global commitments around reversing loss and restoring nature, net zero, and economic inequality.

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For **Action 53 GOVERNMENT ENGAGEMENT**, the desired outcome is to develop our value proposition to the public sector and scale up national-level actions in selected high-potential countries. To achieve this, we published a <u>government solutions portfolio</u> on FSC.org and subsequently strengthened engagement efforts in Africa (Uganda and Kenya), Latin America (Brazil), and Asia (Malaysia), showcasing additional value propositions of FSC certification for conservation, ES, and landscape approaches.

We're committed to ensuring that mandatory and voluntary stewardship measures work hand in hand to achieve the European Union (EU) Green Deal objectives. This commitment defines our approach to **Action 41 EUROPEAN UNION ADVOCACY**. In 2023, we hosted 300 stakeholders in Brussels at the FSC <u>Wood You Find It</u> event to discuss the EUDR's geolocation requirement, and welcomed 1,000 attendees in March for our first external <u>webinar</u> about the EUDR. In partnership with ISEAL, we gained an audience with the EU presidency and EU Parliament to pitch key amendments that would strengthen the EU directive on 'empowering consumers for the green transition', which entered into force in 2024.
Actions



REGIONAL AND GLOBAL TRADE under Action 42 entails promoting responsible forest management for the supply of forest material – for example, from Africa or the Pacific to China. To build effective communication channels and deepen advocacy efforts, a delegation comprising FSC Africa, FSC China, WWF China, <u>WWF China</u>, the <u>China Academy of Forestry</u>, and the International Forest Investment and Trade initiative visited Gabon in 2023. Over a week, the delegation made inroads by hosting nine stakeholder engagement sessions and three workshops for around 50 participants from Chinese companies, the Chinese embassy, and the Gabon Water and Forest Ministry.

IN ACTION Voices are louder together

In June 2023, <u>we shared news</u> with our community about the landmark EU Regulation on Deforestation-free Products (EUDR), which was entered into force that month. This announcement signalled the start of our ongoing work around the FSC EUDR Aligned solution, for release in 2024. In total, we published five articles in our news centre about our work in support of EUDR and on <u>certificate holders embarking on their compliance journey</u>. One of the articles illuminates the importance of partnerships, showing our collaborative efforts over the past decade as part of a strong group of stakeholders who helped bring this regulation to life. To catalyse change, FSC joined the WWF global campaign in 2020 to advocate for stronger EU laws against deforestation. This call to action was the trigger that piqued the attention of the European Commission, which adopted a deforestation-free regulatory proposal in 2021 that FSC strengthened with recommendations.



GOAL 11 PROGRESS

SHOW INVESTORS OUR WORTH

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Actions



Mark Smith Executive Director of FSC Investments and Partnerships

Through participation in the <u>Green Bond Principles</u> (GBP) and <u>Initiative 20x20</u>, FSC reached 600 key financial actors to encourage the incorporation of FSC standards in their investment targets. Those we engaged with included traditional banks; development banks, such as ABN AMRO and HSBC; financial institutions; asset managers; and NGOs that participated as observers, including WWF and the Climate Bonds Initiative. FSC-aligned biodiversity key performance indicators were included in the final version of guidance from the GBP Task Force on Sustainability Linked Bonds. This is a key success under **Action 44 for SUSTAINABLE FINANCE RELATIONS.**

Another milestone for 2023 was accepting the invitation to be part of <u>AXA IM Alts' Natural Capital</u> <u>and Impact</u> Advisory Panel. With support from FSC Investments & Partnerships, FSC also engaged with global audiences on sustainable finance topics at climate events throughout the year, such as *New York Climate Week* and *COP28*, involving key partners such as the Zoological Society of London, Deutsche Bank, Asian Development Bank, BTG Pactual Timberland Investment Group, Planet Tracker, and REPALEAC (Network of Indigenous and Local Populations for the Sustainable Management of Forest Ecosystems in Central Africa).

To drive our mission forward, we need to attract investors and build strong partnerships. By proving that FSC is the most trusted and impactful forestry solution, we can create a world where forests thrive, biodiversity flourishes, and communities prosper.

> Action 45 PROJECT MATCHMAKING outlines the need to link FSC certificate holders and impact investors in specific projects to create social, economic, and environmental benefits. To meet this need, we interacted with more than 50 asset managers and investment funds in climate-related events, such as the Corporate Investments into Forestry & Biodiversity Summit and the European Business & Nature Summit. This was done late 2023 with the goal of securing interest in future restoration initiative opportunities.



IN ACTION

Investors fund restoration of degraded forests

By 2016, after nearly three decades of unsustainable activity, such as fuel-wood collection and charcoal burning, 82 per cent of tree cover had disappeared from West Bugwe Forest Central Reserve in Eastern Uganda. This sharp decline in native tree species damaged the ecosystem and had a negative impact on local communities who relied on the forest for their livelihoods. Seeking to restore 1,000 hectares of the reserve's degraded forest, Uganda's National Forest Authority signed a partnership agreement in 2020 with the private sector Uganda Timber Growers Association (UTGA). The UTGA had already obtained an FSC forest management group scheme certification in 2019, meaning West Bugwe's forest would need to meet FSC requirements for forest stewardship. One such requirement is to have 10 per cent of forestry land dedicated to conservation, which the partnership has successfully achieved within West Bugwe. Additionally, UTGA identified 150 local community members to train on tree nursing, planting, and pruning. The trainees helped UTGA meet many restoration goals, such as planting 180,000 trees. To verify the positive impact of its activities on West Bugwe, UTGA approached the FSC Verified Impact team for an ES audit. As a result, the UTGA obtained a certified claim for its biodiversity work, with a second claim around carbon sequestration currently being verified. Under Verified Impact, UTGA has also been connected with sponsoring companies looking to support stewardship efforts. Hammerbacher, a German furniture company, sponsors UTGA's biodiversity work, while another furniture brand, Pleijsier Bouw from the Netherlands, is supporting UTGA's restoration of an additional 250 hectares of degraded forests.



GOAL 12 PROGRESS

BOOST AWARENESS OF FOREST VALUE



Actions



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The pinnacle of our purpose is to solidify a culture where forests are appreciated. To help us get there, we can share compelling narratives around the inspired work of FSC and our members, helping crystallize the positive impacts of forest stewardship on the ground.

Trevor Armel Director of Marketing

Action 46 FSC BRAND POSITIONING highlights what we do to enhance FSC's market positioning as a meaningful contributor to forest stewardship and the greater sustainability space. We set a target to engage 1,000 companies and organizations during FSC Forest Week 2023. In this campaign, which raises the profile of responsible forestry and FSC's role in protecting forests globally, we surpassed our target: over 1,270 licence holders participated across 40+ countries, and the campaign reached over 50 million individuals globally. That's a 19.4 per cent increase in reach compared to 2022's campaign. A second outcome we chased was to run Forests First - our first large-scale, paid social media campaign - to activate consumer participation. We enlisted the support of companies in a fundraising drive in aid of Forests First and were excited to raise USD 200,000. Using these funds, we ran the awareness campaign in the fourth quarter of 2023, encouraging individuals to "choose FSC-certified products and help promote sustainable forestry." Forests First received 16 million views, exceeding our target by 3 million. Building on this success, we are developing additional waves of the campaign to go to market in 2024.

We continued with our holistic forest communications efforts in 2023, positioning forest stewardship as a vital solution for tackling social, climate, and biodiversity challenges. This task, carried out under Action 47 GLOBAL STORYTELLING, saw us engage eight digital micro-influencers to raise awareness of FSC Forest Week. Although this is new territory for FSC, we surpassed our initial target of outreach through five influencers. As the results were positive, helping to increase our brand awareness among new audiences, we aim to continue this initiative in 2024 and to develop a guide on how to collaborate with digital content creators. Posts on our five social media channels (Facebook, Instagram, LinkedIn, TikTok, and X) reached 12 million people in 2023 and had an overall engagement rate of 7 per cent, and the community grew to 400,000 followers. In addition, we published five new stories throughout the year, highlighting topics such as biodiversity successes and our smallholders' and communities' commitment to forests in Argentina, Lithuania, Peru, Uganda, and Viet Nam. A new series of videos, called FSC basics, was launched during the period to introduce the FSC system and solutions. The first two topics covered were Forest Management Certification and Chain of Custody Certification.

Actions



Enhancing FSC's visibility

FSC Forest Week 2023 reached over 50 million individuals globally = 19.4% more than in 2022.





Forests First reached 3.8 million US consumers and 16 million Canadian consumers, exceeding targets by 3 million.



Proactive strategies define our approach to **MEDIA ENGAGEMENT for Action 48**. To strengthen media relations and unlock new coverage opportunities, we ran a media trip in Australia in 2023, inviting four journalists (representing ABC, BBC Radio, Channel News Asia, and Agencia EFE) to spend five days in Tasmania. Here, they experienced our impact in person by visiting the Forico estate – Forico is Tasmania's largest private forest management company (and an FSC certificate holder since 2015). The media trip resulted in the publication of over 18 media stories, including these shared by <u>EFE</u> and <u>Channel News Asia.</u>

In 2023, a brand strategy consultant was onboarded to oversee a new project that is in full swing as part of **Action 54 FSC BRAND ARCHITECTURE.** The goal is to make updates to our core offerings so we can organize and reorganize our product and service portfolios to maximize relevance, effectiveness, and long-term competitive advantage. To this end, three workshops were conducted in 2023, including comparator research and stakeholder interviews across FSC. Implications and time horizons within shortlisted models are currently being discussed.

FOREST STEWARDSHIP COUNCIL, A.C. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2023	2022
		US \$'000	US \$'000
REVENUE	10		
Annual administration fees		62,029	50,367
Donations		170	122
ASI generated income		7,578	6,417
Commercial services		872	1,010
Memberships and fees		232	270
Other		449	299
Total Revenue		71,330	58,485

EXPENSES			
Staff salaries		13,944	11,077
Staff benefits		3,333	2,695
Staff recruitment and relocation		660	405
Total staff costs		17,937	14,177
Travel staff		630	1,073
Travel non-staff		1,802	1,337
Total travel costs		2,432	2,410
Fee principle cooperation and licence agreements		9,614	7,919
Externals		3,578	3,061
Consultants		12,638	8,517
Fee service agreements NO		75	541
Legal and consulting costs		1,366	985
IT & communication		2,145	1,732
External office cost services		1,652	2,050
Stipends		19	0
Costs meetings		1,534	2,135
Total third party costs		32,621	26,940
Rent		156	132
Basic costs		1,279	957
Office costs NO		245	169
Financial costs		612	386
Total back office costs		2,292	1,644
Total costs		55,282	45,171
Net exchange rate gains	11	21	-872
EBITDA		16,069	12,442

FOREST STEWARDSHIP COUNCIL, A.C. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	2022	2021
		US \$'000	US \$'000
EBITDA		16,069	12,442
Amortization and depreciation and loss from disposal of non-current assets	12	-234	-233
Amortization right-of-use assets	12	-403	-310
EBIT		15,432	11,899
Tax Expense	13	-5,480	-3,950
Interest income		635	49
Interest expense on lease liabilities	2	-43	-16
Financial result		592	33
Profit for the period		10,544	7,982
Other comprehensive income			
Exchange rate losses/gains arising on translation		48	-107
Total comprehensive income	14	10,592	7,875

SPECIAL THANKS

Special thanks to our donors, who made our 2023 achievements possible:

Babbel
Boll & Branch
Carrefour
Certifiée des Forêts (COMIFAC/PPECF)
Docusign
Esri
Essity
EULIFE
Food and Agriculture Organization
GitHub Inc.
Google LLC
HP Inc.
IKEA
ISEAL Alliance
Kadence
Kingfisher plc
Kimberly-Clark Foundation
Lowe's Companies, Inc.
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Natural Resources Canada
Microsoft Corporation
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M.J. Murdock Charitable Trust
Pantheon
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SCA (Svenska Cellulosa Aktiebolaget)
Slalom
Tetra Pak International
think-cell
United Nations Development Programme
UPM-Kymmene Corporation
United States Agency for International Development

REPORT ACRONYMS

CLR:	Core Labour Requirements
COP:	Conference of the Parties
D&G:	Diversity and gender
DEI:	Diversity, equity, and inclusion
eDNA	Environmental DNA
ES:	Ecosystem services
EU:	European Union
EUDR:	European Union Regulation on Deforestation-free Products
FSC-IF:	FSC Indigenous Foundation
GBP:	Green Bond Principles
GIS:	Geographic Information Systems
IFL:	Intact Forest Landscape
IFSA:	International Forestry Students' Association
ILO:	International Labour Organization
MVP:	Minimum viable product
NGO:	Non-governmental organization
NTFP:	Non-timber forest product
P&C:	Principles and Criteria
PIPC:	Permanent Indigenous Peoples' Committee
PLH:	Promotional Licence Holder
TV:	Transaction verification
UTGA:	Uganda Timber Growers Association





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