



FSC®
ANNUAL
REPORT
2019



FSC GLOBAL DEVELOPMENT GMBH
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25 Years of Making a Difference

After the 1992 Earth Summit in Rio failed to produce an agreement to manage the world's forests responsibly, a collection of businesses, environmentalists and community leaders came together to create the Forest Stewardship Council. A group of timber users, traders and representatives of environmental and human-rights organizations met in California, USA to discuss the need for a credible, market-based approach that would improve forest practices worldwide.

The FSC founding assembly took place in Toronto, Canada with 130 participants from 26 countries in 1993. In 1994 the FSC head office was officially registered in Oaxaca, Mexico.

In the 25 years that followed, FSC continued to grow from strength to strength to become the world's most trusted sustainable forest management solution to secure better outcomes for markets, communities and forests for today and tomorrow.

Our 2019 Annual Review celebrates not only our achievements for the year, but also the hard work in the preceding 25 years that made it all possible.

25 Years Chronology

1994

- FSC is officially born. FSC Asociación Civil is established as a legal entity in Mexico.
- The first certified product, a wooden spatula, becomes available in the UK.

1996 -1997

- The first general assembly takes place.
- The first FSC national standard is endorsed in Sweden.
- Principle 10 for plantations is ratified.

1998-1999

- 10 million hectares of forest certified to FSC standards.
- First FSC-certified and labelled non-timber product produced (Chicle gum, Mexico).
- First complete book printed on FSC-certified paper: "A Living Wage" by Lawrence B. Glickman.
- Tenth certification body accredited.

2000 - 2002

- FSC receives the City of Göteborg International Environmental Prize.

- Policies developed on group certification of chain of custody, and sampling for multi-site organizations.
- FSC Board of Directors endorses FSC social strategy.

2003

- Re-location of the FSC secretariat from Oaxaca, Mexico to Bonn, Germany.
- 40 Million hectares of certified forest.
- 20,000 FSC-certified products on the market.

2004

- Standards for small or low-intensity managed forests (SLIMF) come into force after two years of development.
- FSC wins prestigious ALCAN prize for the contribution it has made to improving forest management around the world.

2005

- Accreditation Services International GmbH created to manage the FSC certification programme.
- More than 10 million hectares of tropical forest certified to FSC standards.

2006

- FSC project certification standard approved. FSC complies with ISEAL Code of Good Practice.
- FSC controlled wood standards come into force.

2007-2008

- Global FSC Strategy approved by the FSC Board of Directors.
- FSC Global Development created to strengthen FSC markets and trademarks.

- More than 100 million hectares certified to FSC's Principles and Criteria, distributed to over 79 countries.

2009

- 15,000th chain of custody certificate celebrated.
- FSC celebrates the 1,000th forest management certificate in Portugal.
- First meeting of European small forest holders' network held in Bonn, Germany.

2011

- Regional offices opened in Latin America and Asia Pacific.
- Forest Certification for Ecosystem Services (ForCES) programme launched.
- FSC membership climbs to 800.
- 20,000th chain of custody certificate and 1,000th forest management certificate issued.

2012

- 30 national offices, 7 national focal points and 5 national representatives.
- FSC group certificates include almost a quarter of a million small and community producers.

2013

- Over 180 million hectares of forest world wide are managed according to FSC standards.
- 27,000th chain of custody certificate issued.

- Permanent Indigenous Peoples' Committee established to give a formal voice to Indigenous Peoples in FSC's principles.



2015

- Launch of new global brand campaign: Forests For All Forever.
- The Global Strategic Plan 2015 - 2020 outlines the future direction of FSC at an international level and the challenges faced by the world's forest stakeholders.

2016

- Much of the timber used in the construction of venues for the 2016 Rio Olympic and Paralympic Games was FSC-certified. In addition, millions of FSC-certified products were used at the Games.
- Indonesian trade unionist, Rulita Wijayaningdyah, is appointed Chairperson of the FSC International Board of Directors – the first Asian woman to hold this position.



- Pilot test for wood identification technologies is completed in North America with great success.

2018

- The FSC Ecosystem Services Procedure FSC-PRO-30-006, an initiative to create incentives for the preservation of valuable ecosystem services in responsibly managed forests, is launched.

This is a world-first in forest certification.

- FSC International moves into new offices in Bonn.

2017

- The Vancouver Declaration is launched as a commitment made by organizations around the world to work towards meeting UN's Sustainable Development Goals by sustainably sourcing forest products.
- ÁmaZ in Peru becomes the first restaurant in the world to achieve FSC certification.

2019

- FSC celebrates 25 years of sustainable forest management.
- Over 199 million hectares certified.
- Over 37,000 chain of custody certificates.



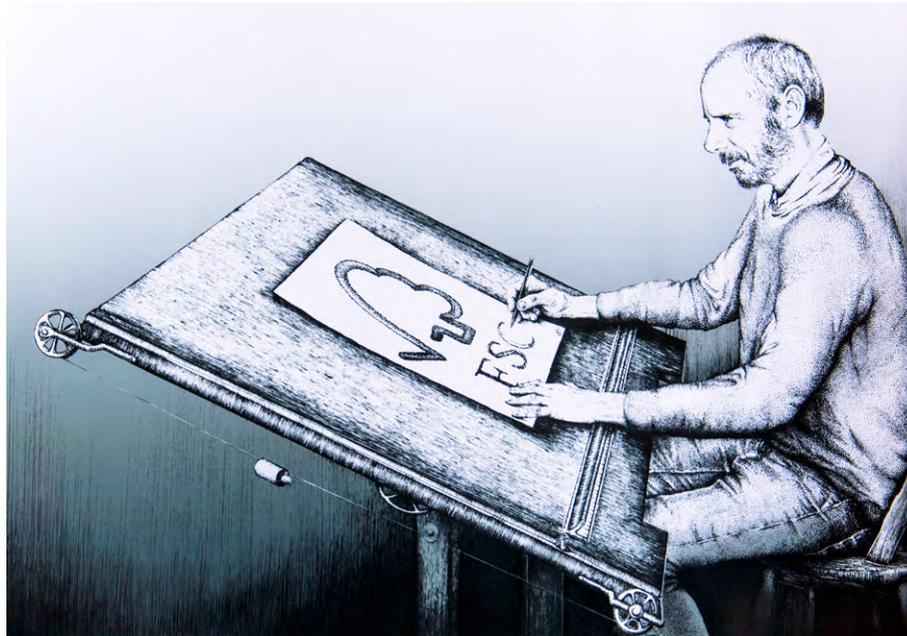
25 Years of a Friendly Checkmark-and-Tree

25 years on, a friendly checkmark-and-tree logo holds its own for the world's forests

Thanks to Tristram Branscombe-Kent's invaluable inspiration, thousands of consumers worldwide come across the friendly checkmark-and-tree logo along with our 'Forests For All Forever' tag line. This year, as we celebrate our 25th anniversary, we honour his memory and convey our gratitude, on behalf of all the people who work hard contributing to the health of the world's forests and a healthier planet.

Have you ever come across a small, almost indiscernible, logo representing a checkmark and a tree on many of the products that you buy at your local supermarket or DIY store? It sits on the corner of the milk or juice carton, you see it on the wrapping of some of the world's favourite brands of paper and personal hygiene products, and you often eat at or sit on a piece of furniture that bears it in some unsuspecting place.

It's the FSC logo and it's a statement that tells you that the product that you have purchased has been produced using wood from a responsibly managed forest, ensuring that its biodiversity is respected while providing social benefits to the communities that depend on it.



Portrait of my father, Tristram D. Branscombe (by Danny Branscombe, 2019)

Communicating a vision

Behind the FSC checkmark and tree, there's a story of commitment by a group of people that came together 25 years ago. That group of people had a vision, and the creativity of a uniquely talented graphic designer.

It all started in 1994 when the first FSC members saw the need to have a logo that consumers and producers alike could easily identify with the mission for global forestry

that was just dawning: to promote environmentally sound, socially beneficial, and economically prosperous management of the world's forests.

These members were presented with an initial design that represented a cluster of trees casting a shadow in the form of a world map. Although the idea was adequate, "a number of stakeholders saw it difficult to recognize. Also, due to its size, the map left out some

parts of the world, which was criticized by some members for obvious reasons," comments Tim Synnott, an FSC founding member and its first Executive Director. Therefore, a much simpler and efficient version was needed.



The first proposal of an FSC logo was rejected

"The Board and I quickly realized that the first logo was quite unsuitable for labels due to its complexity, so we commissioned Tristram Branscombe-Kent to design a new one in 1995, a process that took several months of refining and agreeing," adds Synnott.

Branscombe-Kent, who was born into a family of artists, ran a successful design agency from Broadstairs in the UK. He began his early career as a graphic designer in a variety of agencies and locations including London, Athens and New York before creating Tristram Kent Associates (TKA) first in Canterbury and then in Broadstairs. "TKA at the time was doing a lot of work for many local and London-based companies, universities, and councils," recalls Margaret Branscombe-Kent, Tristram's widow.

25 Years of a Friendly Checkmark-and-Tree

The birth of a symbol

Branscombe-Kent arrived at FSC's first headquarters in Oaxaca, Mexico, in June 1994 to meet with the Board members at their third meeting and to gather their impressions.

The commission was clear: the concept had to immediately tell consumers that the product they were about to purchase represented the FSC mission and came from well-managed forests. The challenge was not easy, as this commitment was at an infant stage at the time and some of the green claims on labels that began to appear on products in the early 1990s were downright misleading. "Consumers were simply not as knowledgeable about ethical choices back then and they had no way of knowing whom to trust or believe. It was a novelty and we had to convey a very simple and effective message to reassure them," says Synnott.

After gathering the Board's input, Branscombe-Kent hopped back on a plane and flew back to England, where he began to work on what came to symbolize the world's first choice of responsibly sourced forest products.

Some of the early sketches show a variety of options as he toyed with the idea that responsible forestry had to include imagery that would be immediately recognizable with the obvious – trees. These included a dual-shaped tree that was meant to symbolize a broadleaf and a conifer with the abbreviation FSC beneath it. Other options were bolder and documented an interest in conveying more abstract symbolism, such

as a photograph of a tree that had been digitally reduced to a minimal amount of bitmap information and meant to identify with the dawning digital age.



Some early proposals of an FSC logo

"Tristram liked to produce concepts that could be quickly and easily understood. He worked long hours until he felt satisfied with the result. Because he did not confine his interests and talents to the arts, but was also fascinated by science, I remember how motivated he was to work on the FSC logo," Margaret remembers.

The final drafts were presented to the FSC Board of Directors and the option of the checkmark-and-tree logo was accepted at the beginning of 1996. For the Board members, this was the perfect choice as it conveyed a tree with a universally recognized sign of approval – a checkmark. Twenty-five years on, it proved to be the right choice.

"Tristram's meticulousness and dedication to accuracy led him to enquire with ten different cultural and public institutions worldwide to ensure that the checkmark was widely recognized as a symbol of acceptance," adds Margaret.

The logo was officially launched at an event in London on 21 February 1996, and the first product bearing it – the now legendary Sainsbury's cooking spatula – was available soon after, beginning a journey that keeps telling us today just how important it is to buy products that help preserve the world's forests for future generations.



The FSC checkmark-and-tree trademark

Reflections from the Director General

Over the past 25 years, FSC has grown from a bright idea to a real force for forest management internationally. In 1994, concerned people were searching for ways to minimize the damage the international timber trade was doing, particularly to tropical forests. As a result, a determined group of organizations and individuals created an organization to enable the market to become part of the solution, and FSC was born.

In 2019, we made further strides towards improved management of tropical forests, particularly in Gabon, where the government proactively sought independent verification of their performance on forest management. Consequently, the process to make FSC certification the norm in the country was put in motion. There will be many challenges to overcome and hard work lies ahead of us. This is an unprecedented move, and we will need to work closely with the government, forestry companies and stakeholders in Gabon to make it happen. But given the dual crises of biodiversity loss and climate change, and the importance of tropical forests to mitigating these issues, we need to think out of the box and find innovative solutions.

Of course, tropical forests are also important to many Indigenous Peoples and communities who depend on forests for their livelihoods. We recognize that sustainable forest management is essential to ensure that these forest resources are available and accessible to future generations. I think the developments within Gabon present a very good opportunity to show that there is a definite market benefit for companies that are certified and that it can result in improved

performance and improved earnings simultaneously.

As an additional measure to promote the rights of Indigenous Peoples, we launched the FSC Indigenous Foundation, governed by a board of Indigenous Peoples and led by an Indigenous director. It is a strategic and operative entity designed to champion the rights of Indigenous Peoples and promote sustainable ways for them to manage their land and improve their livelihoods.

A further major achievement in terms of our social impact was gaining consensus across constituencies regarding the FSC core labour requirements, a feat that has been made possible by the dedication and will to compromise shown by our trade union and company members.

We still face many obstacles and areas for improvement, and we endeavor to continue addressing these issues in a democratic way with input from a variety of stakeholders. Over the years, controlled wood has been one of the most divisive issues we have had to deal with in FSC, but in 2019 we made great progress in reaching agreement on a controlled wood strategy. While this by no means removes all the controversy, it does provide us with a framework to guide us in terms of future milestones.

We've also seen critical reports about credibility issues in tropical countries and in Eastern Europe, for instance issues with charcoal in Ukraine and Poland. We have taken action to suspend or terminate the certificates of companies with credibility issues in the charcoal supply chain in 2018, and by 2019

I am happy to say we have cleaned up this supply chain. We've also seen a substantial increase in certified forest area in Namibia, driven in part by greater consumer demand for sustainable and ethical charcoal.

Investments in technology such as block chain, fibre testing, transaction verification and remote sensing have not only helped us to deal with supply chain integrity problems, but are designed to also be of particular benefit to smallholders and communities in tropical forests. To that end, I am grateful to the Dutch Postcode Lottery, who provided a sizeable grant in 2019 for us to scale up these various initiatives.

Looking ahead, we recognize that data will become more and more important for our organization. In a decade from now, simply having a certificate will not be adequate without proof of the positive status of the certified forest. Our strategy will adapt to this reality and focus on ensuring that we produce and record the information we need to document our contribution to solving the climate, biodiversity and social crises we are seeing in many parts of the world. The new FSC climate programme and the rolling out of our ecosystem services tools are both part of that response that has already been set in motion in 2019.

What makes our approach unique and effective is the democratic co-creation thereof by all our members. It lies in the way we all come together across different interests to find common ground whether in local or national issues, or at the global level.

While our system is not perfect, we have come a long way in 25 years. Most of our members are happy and engaged within our governance system, despite the complexities that inevitably come with the array of (sometimes conflicting) perspectives. Despite all challenges, FSC is still spearheading innovation and new solutions, and this has maintained our position as the world's strongest and most recognized forest certification system.

I look forward to our sustained collaboration with members and partners, and I am grateful for their continued support.



Kim Carstensen
Director General

Strategic Overview



Mission:

Forests For All Forever. FSC will promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.



2050 Beacon:

A new forest paradigm realized. The true value of forests is recognized and fully incorporated into society worldwide.



Global Strategic Plan 2015-2020

Commitments:

Increased focus on outcomes: FSC will deliver meaningful impact, report on outcomes, and refine the system accordingly.

Empowerment of people: Through our actions, FSC will empower smallholders, women, communities, workers, Indigenous Peoples and other under-represented groups.

Mission advancement through alliances: FSC will advance impact by working more closely with complementary and aligned organizations.

User orientation: FSC will renew our entrepreneurial spirit and shift processes to emphasize the needs of the users of our system.



Strategy 1

- **Strengthen the FSC framework & governance.**
- **Streamline standards, increase consistency, improve governance and develop new forest solutions.**



Strategy 2

- **Increase the market value of FSC.**
- **Rapidly expand consumer preference, overcome market barriers and create new market opportunities.**



Strategy 3

- **Transform the way we work.**
- **Globally align functions, deliver world-class service and promote institutional knowledge.**



What's next: Global Strategy 2021–2026

The Global Strategy (2021–2026) is in the process of being developed by the FSC International Board of Directors, based on input from FSC members and other stakeholders.

The input process in 2019 included expert advice to the FSC Board Strategic Planning Committee from an external advisory group of experts and from the Boston Consulting Group (a management consulting firm committed to advise on FSC's strategy), as well as an evaluation of the lessons learned from the Global Strategic Plan (2015–2020). In September 2019, the Board gathered for a strategy retreat in Cancún, where a high-level theory-of-change exercise was conducted to further align the updated Global Strategy with the level of ambition established in the 2050 Beacon.

The initial process included engagement with the membership through the regional members' meetings and the solutions forums.

Reflections from the Chairpersons of the Board

As we look back on the year 2019, it seems so very far away, given the shocks of the pandemic and economic downturns in many parts of the world that have monopolized attention since the end of that year. But we need to remind ourselves that we did very important work in 2019 and celebrate it before we move on.

Amid many complex issues we tackled in 2019, the FSC network welcomed wider discourse, accepted new challenges and found innovative ways to continue to promote responsible forest management with full conviction. Together, members, staff, businesses, certificate holders and stakeholders helped to make this past year a benchmark in FSC's history. The milestones of 2019 included celebrating 25 years of making a difference, as well as passing the 200 million certified hectare mark. The large celebration of our 25-year anniversary in Mexico was a reminder of our legacy, and the growth in chain of custody certification and forest management under our Principles and Criteria was a solid reaffirmation of our ultimate purpose.

FSC achieved critical objectives set in the 2015-2020 Global Strategic Plan, including the '20 by 2020' objective to have 20 per cent of the global forest trade certified by FSC by 2020. With about a quarter of the global industrial roundwood volumes coming from FSC-certified forests, FSC has become a defining force for achieving environmental and social safeguards in forest management.

In recognition of the unique and pressing challenges faced by Indigenous Peoples

who are dependent on forests, FSC also set in motion the process to establish the FSC Indigenous Foundation. This is an operational body with goals to enhance the engagement of Indigenous Peoples in the FSC certification system, as well as to develop tools for improved forest management in certified Indigenous territories.

Additionally, following a long and challenging process, the finalization of the controlled wood strategy was an achievement welcomed by many. It brought consensus across the divide of conflicting views about one aspect of the future of FSC.

While we have much to applaud, we still have much to do. Incorporating the FSC core labour requirements in the chain of custody certification has been a long process, but we are pleased to see real progress in this area. Amid ongoing global challenges such as illegal logging and deforestation, FSC's investigations into unacceptable activities resulted in the suspension and termination of multiple certificates. We're currently laying the foundations for our new global strategy which will take us from 2020 to 2025. Over this period, we will continue to improve the credibility of our system, while delivering new tools and approaches to ensure the FSC programme is more accessible, more robust and better supported by digitization. The data-driven approach aims to further increase integrity in FSC-certified supply chains and to demonstrate the positive impact of our standards on forests and people.

FSC's strength has always come from the diversity within our membership. From NGOs and Indigenous Peoples to trade unions,

businesses to scientists, our members have the same vision: Forests For All Forever. And when there are disagreements about how to achieve this vision, our democratic processes have paved the way for joint solutions to be found despite different perspectives. Alongside these strengths, there are also challenges. The scope and complexity of the work FSC does has increased, and so have the processes to support these developments. Ensuring a rigorous and fair process that all stakeholders buy into can be a difficult endeavor. But we have been collaboratively addressing these difficulties for 25 years, and we have grown stronger as a result. There was an increased effort to reach out to the FSC membership in 2019, and multiple regional meetings resulted in a healthy dialogue in the governance review process, as well as on other key topics such as post 1994 conversion and updating the Policy for Association.

While no system in isolation provides a silver bullet solution to climate change, it is clear that responsible forest management and systems such as FSC must be essential parts of the overall strategy for mitigation.

At a high-level COP 25 Climate Conference Leadership Dialogue in 2019, the heads of UN agencies committed to help countries improve forest management and reduce deforestation. As the COP 25 President, Chile initiated the 'Santiago Call for Action on Forests'. The call recognized that forests and trees, combined with improved land management, could provide up to 30 per cent of greenhouse gas mitigation needed by 2030 to limit the global average temperature rise to below 2 degrees Celsius. This issue is

the one that most of our members and stakeholders have asked us to confront head on, and we intend to do so.

FSC has always led the way toward achieving sustainability in forestry. FSC is the "grandparent" among certification systems for sustainability: Inspired by the Smart-Wood certification concept, it in turn inspired the creation of the Roundtable on Sustainable Palm Oil, the Roundtable on Responsible Soy, and the Roundtable on Sustainable Biomaterials. These are the premier global sustainability certification systems, and they are all making a difference in their own fields, even though each of them continues to improve, strengthen and face their own challenges. Even the development of industry-led competitors is ultimately due to the wonderful idea that is FSC.

Focusing on areas where our impact could be most significant, for instance natural forests in the tropics, FSC will scale up existing activities as part of the solution to the global challenges of our time – the twin crises of biodiversity loss and climate change.

Additionally, we see progress towards increased recognition of the true value of forests, and of certification and good forest management, including conservation and restoration, and respect for Indigenous Peoples', women's and workers' rights, which all remain central to our mission.

Work continues on smallholder solutions, aiming to establish smallholder and community forest certification as foundational building blocks of the FSC system, and of sustainable forestry worldwide.

Reflections from the Chairpersons of the Board

We are optimistic about the investment in technology which will improve the management of data and make the demonstration of impacts on the ground simpler and easier to showcase.

We aim to revitalize and inspire our membership as we resolve our internal controversies through reaching significant consensus-based decisions, and through adopting modern technologies to address internal complexities of our rules, for example our approach to conversion, dispute and risk management and supply chain integrity.

As we look ahead to the coming years, I thank you for engaging with FSC, and for working together on the global imperative to conserve and manage forests as if our lives depend on it -- which they do.



Barbara Bramble
Chairperson
of the Board of Directors
2020



Hans Djurberg
Chairperson
of the Board of Directors
2019



FSC Board Members

25 Years of Strength in Collaboration

Membership Highlights

Governance Review Phase Two

As requested by the membership at the 2017 General Assembly, we continued the second phase of our work to revise FSC's governance, to ensure that fundamental principles of good governance were implemented systematically.

The universities of Magdeburg (Germany) and Feevale (Brazil) analyzed the input collected from FSC's stakeholders, including international members, national members, FSC staff and certificate holders. In addition, 2,043 individual responses to an online survey and 114 personal interviews were considered. The resulting recommendations were discussed with the Board Governance Committee members and the report was presented to the Board of Directors for approval at the Board Meeting in August 2019.

The Board of Directors welcomed the report and mandated the Secretariat to develop a proposal to implement the recommendations.



FSC International Board Elections

Six members of the FSC International Board of Directors finished their term of office, and Estevão Do Prado Braga, a southern Economic Chamber member, resigned from his post. Candidates conducted campaigns through online media to help inform the members casting their votes. In total, seven new board members were elected in 2019 and took office on 1 January 2020.



Members' Portal

The members' portal, an online platform created exclusively for international members, was relaunched in 2019. The portal allows members to read the latest relevant news, stay abreast of the activities of the FSC International Board of Directors and follow up on the implementation of motions approved during FSC General Assemblies. The portal provides a compilation of the various consultations, surveys, and other FSC engagement activities.

One of the new features of the revamped portal was an improved motions platform, allowing members to discuss and submit robust motions simply and easily.

4 regional meetings in Africa, Europe, Latin America and North America with over 400 participants in total.



7 new board members were elected.

25 Year Anniversary Celebration in Cancún, Mexico

The FSC 25th Anniversary was celebrated by companies, NGOs, members and communities alike in Cancún, Mexico. 150 people joined to commemorate this important day.





Global Standards with Local Relevance

Africa

The FSC Africa regional office was officially established in 2013, making it one of the youngest FSC offices in the network. The small but formidable team had many achievements to celebrate in 2019.

Southern Africa recorded a 35 per cent growth in forest management certified area (632,800 ha) and 25 per cent in chain of custody certificates (31 new certificates). It is noteworthy that Namibia alone recorded a national growth of 83 per cent in its forest management certified area. This growth was achieved through key partnerships with skilled consultants and donors, along with capacity development training of stakeholders in South Africa, Namibia, Mauritius and Mozambique.

In Eastern Africa, an increase in chain of custody certificates (from five to seven) was registered, and the Uganda Timber Growers Association achieved a group forest management certificate (1,322 ha), underpinned by smallholders. The sub-regional office organized two business forum meetings, bringing together over 70 producers and manufacturers with the sole aim to promote the uptake of certification, influence public procurement policies and to engage with both large-scale producers and smallholders.

In the Congo Basin, FSC participated in a highly successful Gabon Wood Show in which some wood manufacturing firms with connections to European markets expressed great interest in FSC certification.

The sub-regional FSC office drafted and negotiated a country cooperation agreement with the government of Gabon.

The African team successfully secured EUR 150,000 in Namibia to support sustainable charcoal production. In addition, EUR 75,000 per year over the next four years was secured from the Prince Albert of Monaco Foundation, and EUR 25,000 through the Netherlands Enterprise Agency. Both contributions will be used for projects in Gabon.



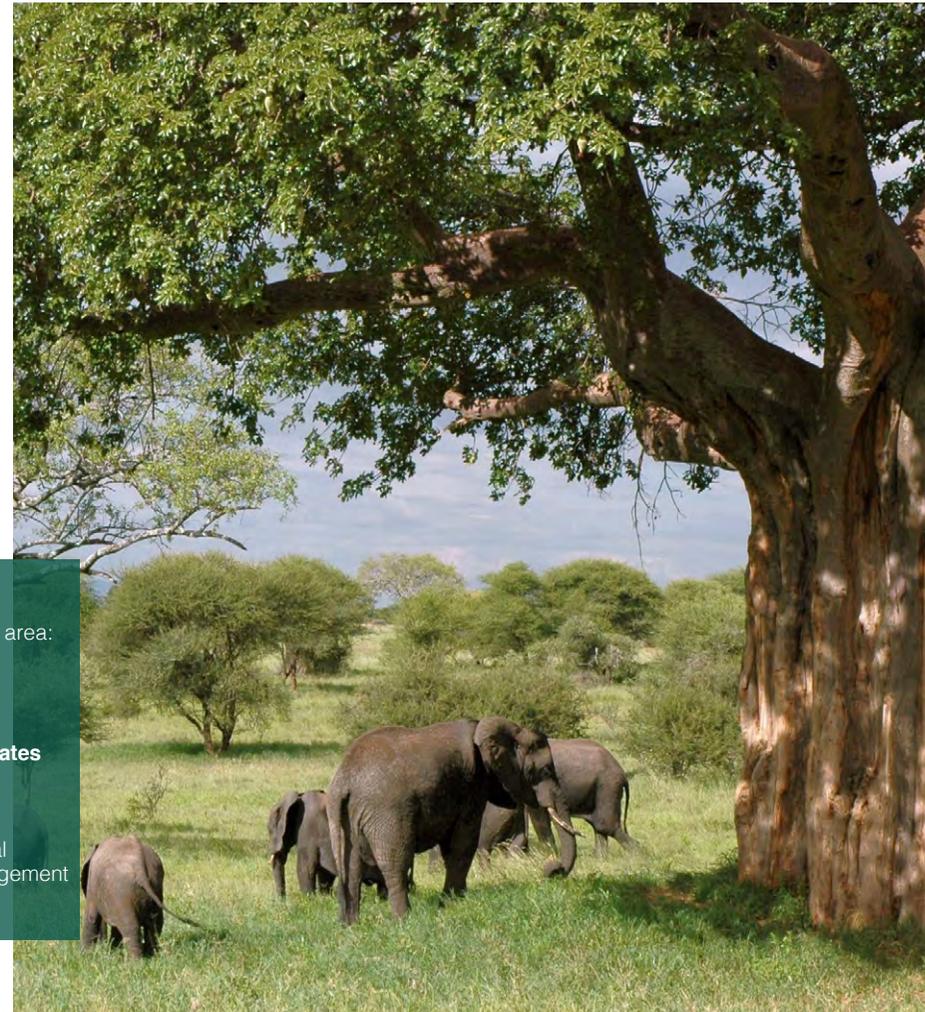
5% Growth in forest management area:
an additional **632,800 ha**



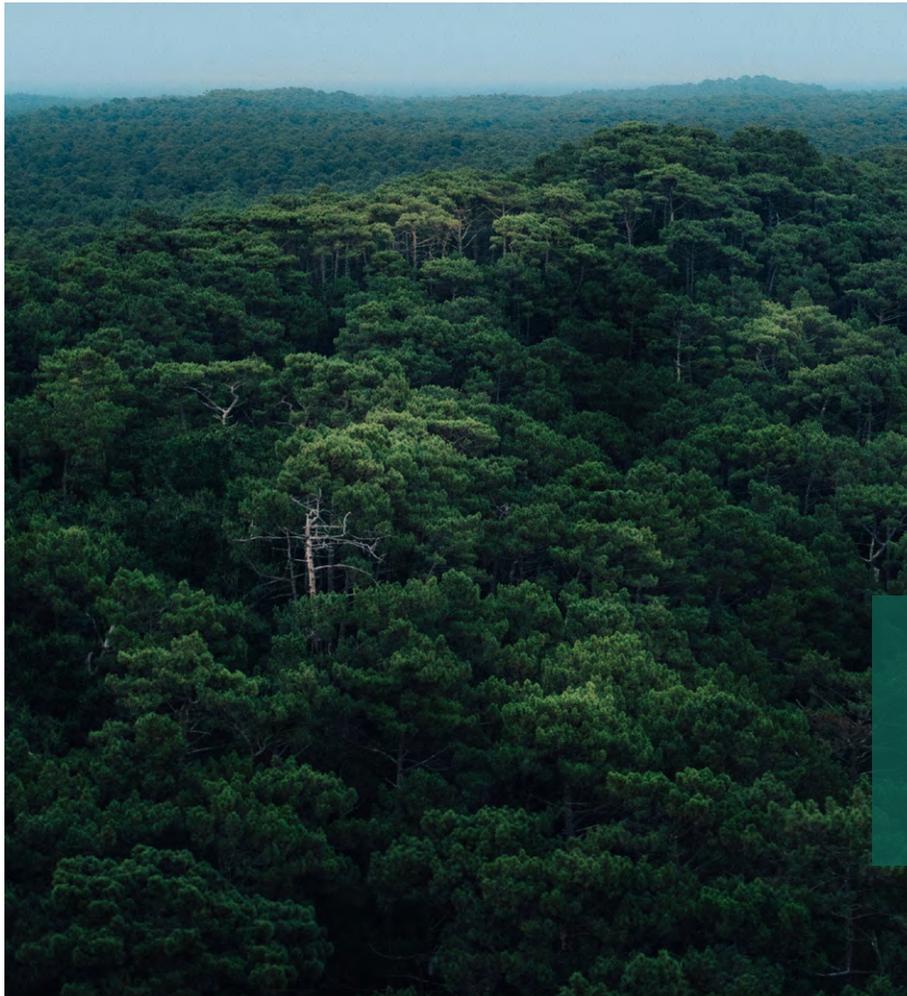
25% Growth in chain of custody
numbers: an additional **31 certificates**



Namibia alone recorded a national
growth of 83% in its forest management
certified area



Global Standards with Local Relevance



Latin America

As one of the most important regions for tropical forests, FSC has had a strong presence in Latin America since its inception. The first FSC head office was established in Oaxaca, Mexico, and the FSC Latin American Regional Office was established in 2011 in Lima, Peru.

Here are a few highlights from 2019:

In Peru, 104 smallholders gained forest management certification under a group certificate, making it one of the largest group certificates for smallholders in the Latin American region.

In Argentina, Arcos Dorados (McDonald's) committed to including FSC-certified materials in all "guest packaging" for 2020.

The FSC Guatemala team conducted training on FSC product markets for certificate managers and staff of the Forest Services Community Enterprise and Association of Forest Communities of Petén organizations in Petén.

A successful relationship with Tetra Pak in Mexico flourished into creating joint communication using social network influencers to talk about the benefits of FSC certification to the wider public. A video from Mariel de Viaje, travel influencer with more than 300,000 followers is the result of this cooperation.

A strategy to promote and develop group certification for small owners and communities was developed. By the end of 2019 FSC had two new group certifications, one in Chihuahua and another one in Durango.



In Peru, **104 Smallholders** gained forest management certification



FSC international membership in **Mexico** grew from 32 to **40 members**

Global Standards with Local Relevance

North America

In 1995, the United States chapter of FSC was established, and is now headquartered in Minneapolis, Minnesota. A Canadian office soon followed, established in 1996 and now headquartered in Toronto.

FSC Canada was proud to announce the launch of a comprehensive new, national standard for responsible forest management in Canada. After six years of rigorous consultation with industry, environmental and social stakeholders, and Indigenous groups, the new standard targets the most pressing issues threatening Canadian forests today, including:

- The woodland caribou crisis
- The rights of Indigenous Peoples
- Workers' rights including gender equity
- Conservation and landscape management

In 2019, multinational consumer goods company Procter & Gamble strengthened their commitment to FSC in Canada with their new fibre sourcing goal to increase the amount of FSC-certified fibre to 75 per cent by 2025.

FSC US launched the next-generation online construction supplier marketplace on schedule in November 2019 and has since connected 5,000+ users with 200+ FSC suppliers across North America. For 2020, FSC US, Canada and Mexico teams will add 500 more suppliers to the database.

FSC US also created a new "Climate-Smart Construction" group to help building project teams successfully identify, access, and use climate-smart wood. This group has since grown to 300 members.

Additionally, FSC US was pleased to announce the approval and publication of the FSC controlled wood national risk assessment for the conterminous United States. FSC US worked in partnership with certificate holders and other stakeholders for nearly seven years to develop this innovative, landscape-scale approach to risk identification and mitigation. The result looks beyond simple risk avoidance, to encourage conservation partnerships to create on-the-ground change.



Procter & Gamble commit to increase the amount of **FSC-certified fibre to 75% by 2025**



5,000 users and 200+ suppliers joined **FSC US's construction supplier online marketplace**



FSC US's **climate smart construction group** has **grown to 300 members**

Global Standards with Local Relevance



Europe

The FSC headquarters relocated to Bonn, Germany in 2003 and a European regional office opened in 2012.

FSC brought together European decision makers, owners and managers of Europe's public forests in Prague in October 2019 to explore how FSC could add value to Europe's public forests. Around half of the forests in Europe are publicly owned and with this event, which was the first of its kind organized by FSC, we aimed to help make FSC an organization that was more accessible to public forest administrators.

Ten European countries (Belgium, Bulgaria, Croatia, Denmark, Estonia, France, Poland, Slovakia, Ukraine and the United Kingdom) received their first certificates in the textiles value chain in 2019. In Denmark, the textile brand Masai, the first Danish fashion brand to obtain FSC certification, got their entire value chain certified.

In 2019, FSC saw a solid certificate and promotional license growth in Europe:



Growth in forest management area: an additional **1,068,672 ha**



Growth in chain of custody numbers: an additional **1,077 certificates**



Growth in promotional license agreements: an additional **137 agreements**

Global Standards with Local Relevance

Asia Pacific

The Asia Pacific office was established in Hong Kong in 2011. As the world's most populated region and home to the fastest-growing economies in the world, sustainable development initiatives are of particular importance in this region.

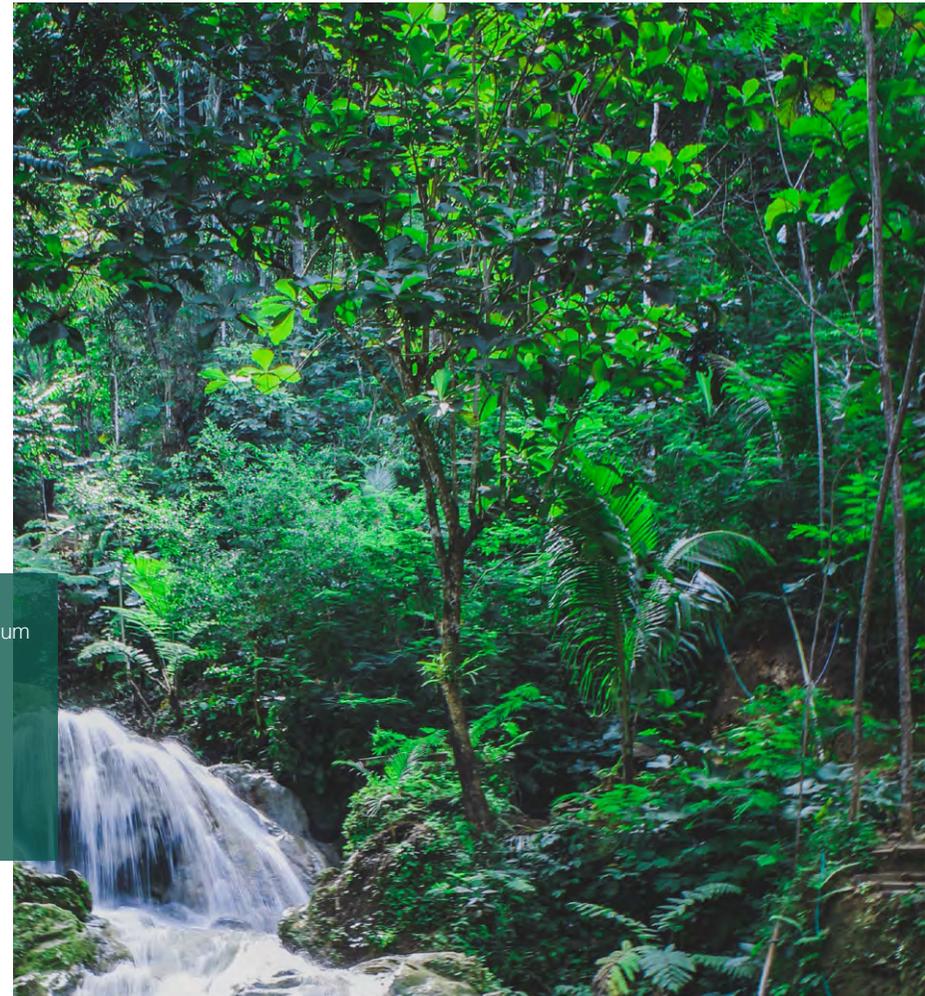
FSC attended the 2019 Beijing Horticulture Exposition with partners Tetra Pak, Stora Enso and Fengsheng Pulp and Paper, and created an exhibit called "A Green Journey." The exhibit demonstrated how everyday household items can be traced back to sustainably managed forests. FSC China also hosted a "sustainable forest" theme day at the event, co-organized with the Beijing Forestry Society, China Sustainable Consumption Roundtable and WWF China.

FSC Asia Pacific, Tetra Pak, WWF and NEP-Con collaborated around a partner event called "FSC's impacts in Asia Pacific on the forestry and value chains – perspectives from the private sectors and partners" at the Asia Pacific Forestry Week 2019. This event was co-organized by the Food and Agriculture Organization of the United Nations and the Korea Forest Service.

The FSC Asia Pacific Business Forum was held in Shanghai in October. Participating organizations included Japan Airlines, Lenzing, DS Smith, El Corte Ingles, Li & Fung, L'Oréal, REWE, Sri Trang, Xylo and more, with representatives from each organization participating actively in discussions and breakout sessions. The first-ever Asia Pacific

ic Leadership Awards were also presented. Award winners from FSC-certified companies and promotional trademark license holders included Maeil Dairies Co., Ltd, IKEA China, Kimberly-Clark Taiwan, Sunway Malls (RHB Trustees BERHAD), Stora Enso Consumer Paper Board China, Sichuan Qianwei Fengsheng Paper Co., Ltd, Tetra Pak Greater China and UPM China.

In December, FSC officially opened a Korea office in Seoul.



FSC Asia Pacific Business Forum attracts leading companies.



FSC Korea officially opens.

25 Years of Better Outcomes for Forests

From Principles to Outcomes

Our robust standards are based on 10 principles by which forests can be responsibly managed. These principles are designed to ensure that environmental, social and economic needs are balanced, and that long-term and healthy forest management plans are put into practice.

On the ground, the real benefits are:

- Waterways are protected
- Wildlife habitat and species are protected
- High conservation value forests are preserved
- Forest management practices are checked yearly
- Pesticides are rarely used
- Workers are kept safe and well
- People are respected
- Communities are valued



Russian Government Protects Untouched Forest

Russia is known to be one of the few countries in the world with vast remaining intact forest landscapes (IFLs). These are large areas of connected habitat, free from man-made disturbance that are crucial for mitigating climate change, maintaining water supplies and protecting biodiversity.

However, IFLs are diminishing in Russia; over 1.5 million hectares are being lost every year due to human activities, including logging, man-made forest fires, road construction and mining. At this rate, these forests will completely disappear from Russia within a few generations causing a massive loss of environmental values.

In response to this, FSC, WWF Russia, Greenpeace Russia and seven FSC-certified companies joined forces with the local government in an initiative to grant one of the region's most significant intact forest landscapes full government protection.

On 1 October 2019, the government agreed to create the Dvinsko-Pinezhsky State Natural Complex Reserve, protecting over 300,000 hectares of intact northern taiga and preserving a distinctive range of unbroken habitats for important terrestrial wildlife populations.

The reserve includes a unique array of intact northern taiga between the Northern Dvina and Pinega rivers in Russia. These forests are extremely valuable because they have not been affected by human activities and have remained in a natural state for thousands of years.

"Intact forests are part of the planet's natural climate regulation by keeping greenhouse gases out of the atmosphere, and at the same time they are rich in rare flora and fauna," says FSC Director General Kim Carstensen.

The territory is inhabited by more than 60 species of rare animals and plants listed in the Red Book of the Russian Federation and the Red Book of the Arkhangelsk region.

"It is obvious that without FSC these forests would have been cut down. The decision to create the reserve is also an obvious step towards coordinating the mechanism of management of particularly valuable natural areas within the framework of FSC certification throughout Russia," says Nikolay Shmatkov, Director of FSC Russia.

Read the rest of this story at [fsc.org](https://www.fsc.org)

25 Years of Better Outcomes for Forests



Protecting Endangered Tigers in the Taiga

Old growth forests, identified as high conservation values through FSC certification, protect habitat for the endangered Amur tiger in the Russian Far East.

The forests of the Russian Far East are some of the most diverse in the temperate zone, providing a habitat for a wide range of species, including one of the world's most magnificent predators – the Amur tiger. Yet this biodiversity hotspot is threatened.

Illegal logging is rife, driven by demand for inexpensive furniture. Logging roads provide access for poachers, leading to sharp declines in the populations of tigers and their prey. Authorized timber harvesting is not always better. Large-scale industrial exploitation is fed by continuous expansion into previously untouched old growth forests. Protection of key habitats for native species is practically nonexistent.

But FSC certification offers hope for the protection of large areas of high conservation value forests, and responsible management of extensive production forests in the region. FSC-certified timber leases now cover 3.7 million hectares in Primorye and Khabarovsk Provinces, and the region's largest leaseholder hopes to achieve certification on another 6.5 million hectares.



Certified companies have agreed to permanently exclude 125,728 hectares from logging and road building, and to adapt logging practices on a further 92,314 hectares to protect key habitat areas.

In this biodiversity hotspot, the delineation of high conservation value forests is a key benefit of FSC certification. Non-governmental organizations such as WWF Russia and Transparent World have used remote sensing and field verification to delineate large, roadless blocks of natural forests and help FSC-certified companies develop management strategies.

Read the rest of this story at fsc.org

FSC Performance and Standards Highlights

National Standards:

11 national standards were given final approval



We recognize that a one-size-fits-all approach to forest management is not practical, as the context is different in every country. National forest stewardship standards are locally adapted forest management standards which maintain the same stringent principles but are more appropriate for a specific local context.

In 2019, 11 national standards were given final approval. (Luxemburg, Vietnam, Bosnia and Herzegovina, Sweden, Namibia, The Netherlands, Papua New Guinea, Switzerland, Canada, Spain and Ukraine). Additionally, the FSC Board of Directors delegated the approval of interim national standards to the Policy Steering Group at the Secretariat to further streamline the process.

Motion 7 (on conversion):

 2 drafts of the FSC Policy on Conversion were developed

In 2017, the FSC international membership acknowledged the strategic importance of addressing the issues around conversion of natural forest-related ecosystems to plantations, and the need for alignment of the diverse ways in which conversion was treated in different parts of the FSC normative framework. To this end, the members passed motion 7 at the 2017 FSC General Assembly.

To advance this process, two drafts of the FSC Policy on Conversion were developed by a sub-chamber balanced working group and submitted for consultation. In addition, a technical working group was established to develop the mechanisms to operationalize the FSC Policy on Conversion.

Revision of the FSC Pesticides Policy:

 Final draft approved by FSC Board of Directors

The short-term objective of the FSC pesticides policy is to reduce the overall volume and number of chemical pesticides and eliminate the use of the most hazardous ones. It also helps promote best practices to minimize risks to human health and the environment. The long-term aim of this policy is to eliminate the use of chemical pesticides in FSC-certified forests.

In 2019, the final draft of the revised FSC pesticides policy was approved by the FSC International Board of Directors and published. Additionally, the relevant technical working group developed a first draft of the international generic indicators for the implementation of the FSC pesticides policy.

High Conservation Values (HCV):

 4 HCV guidance documents approved

FSC originally developed the term HCV to describe a biological, ecological, social or cultural value of outstanding significance or critical importance. In 1999, the term HCV was formally included in our Principles and Criteria, and today it is commonly used in certification standards across the world in many sectors.

The work started by FSC years ago continues today. In 2019, the following four HCV guidance documents targeted at standard developers and forest managers were approved by the FSC International Board of Directors:

- 1. Guidance to Standard Development Groups Developing National High Conservation Value Frameworks (FSC-GUI-60-009 V1.0)**
- 2. Template for National High Conservation Value Frameworks (FSC-GUI-60-009a V1-0)**
- 3. HCV Guidance for Forest Managers (FSC-GUI-30-009 V1.0)**
- 4. Intact Forest Landscapes for Forest Managers (FSC-GUI-30-010 V1-0)**

FSC Performance and Standards Highlights

System Performance



Principles for streamlining the normative framework approved

FSC's system performance programme consists of assurance quality and system development work areas. Under the system development work area, the team is working on a project to streamline the FSC normative framework (the overarching evaluative standards of the FSC system).

In 2019, principles for streamlining the normative framework were developed, and approved by the FSC International Board of Directors in November.

Another initiative to develop risk-based approaches for forest management certification made headway through focused stakeholder engagement activities, including workshops with certification bodies, network partners and FSC staff, as well as consultations on risk-based approaches documents.

Under the assurance quality work area, an independent study to implement Motion 61/

2017, Certification Assessment Integrity and Credibility, was initiated. This motion was passed at the 2017 general assembly and compelled FSC to research and propose solutions to systemic threats to certification assessment integrity and credibility. In the final quarter of 2019, interviews were conducted, research was done and a workshop was held. The draft report was received in December 2019.

Our impact

Maya Biosphere, Guatemala. In areas certified by FSC, the deforestation rate was 20 times lower than in other concessions; areas devastated by fires decreased from 6.5 per cent (1998) to 0.1 per cent (2007).

Impact of FSC Certification on Deforestation and the Incidence of Wildfires in the Maya Biosphere Reserve, Dave Hughell and Rebecca Butterfield, Rainforest Alliance, 2008

Peruvian Amazon. A 2019 WWF study showed FSC-certified low-intensity logging could help preserve wildlife species in tropical forests. These concessions could even complement protected areas to provide extensive habitat for a wide range of Amazonian species.

Managing forests, supporting wildlife: Can biodiversity thrive in responsibly logged tropical forests?, WWF, 2017



Other achievements



95% of all originally planned FSC risk assessments completed

FSC is continuously working to improve all standards, not just for the management of forests but for all stakeholders along the entire supply chain. We celebrated the following highlights in 2019:

- A new version of FSC-STD-40-006 FSC Standard for Project Certification was approved
- The incorporation of FSC core labour requirements into the chain of custody standard began
- The strategy for FSC mix products and controlled wood was finalized and published
- 95% of all originally planned FSC risk assessments were completed

25 Years of Better Outcomes for Communities

Leaving a Healthy Planet to Our Children

Though it can be argued that all people are indirectly dependent on forests in some way (for instance for paper, hygiene products or furniture), millions of people depend on forests for their livelihoods in a much more direct way on a daily basis.

These people include smallholders, communities who live adjacent to or in forests, Indigenous Peoples, and forest workers.

FSC's principles explicitly address the rights of workers, Indigenous Peoples and communities. Over the years we have spearheaded multiple initiatives to ensure that these individuals and communities are heard and empowered by our system.

Thailand's smallholder farmers working to protect the environment

Sanya Thongphoem is a rubber plantation owner and farmer. However, these days he is better known as the bee-keeper of Rattaphum—a district with a population of 73,744—in the southern Thailand province of Songkhala.

Like many children born into farming homes, Thongphoem grew up in the plantations.

Tapping rubber was as natural to him as play. "I have been tapping latex since I was a young boy. On days when I did not have school, I helped my parents in the plantations," he says.

Despite completing his graduation, Thongphoem chose to continue working as a farmer and rubber tapper. According to him, he chose self-determination over subordination. "I did not want to become someone's employee, so I decided to stick to rubber tapping," he says.

Today he owns 2.5 hectares of rubber plantations certified by FSC. Most of these were inherited from his father-in-law.

Thongphoem's plantation is one of 1,632 smallholder members of an FSC group certificate, led by group manager, Panel Plus. The company, which represents almost 5,000 hectares of smallholder farms in Thailand, manufactures wood substitute products like ecofriendly wood particle boards and medium-density fibreboard, which are used to make furniture.

Thoengphoem is not the only farmer who has benefitted from being a member of Panel Plus' FSC-certification.

Forty-five-year-old Somjit Yunu, a member with 1.2 hectares of land, says she has learned better management practices for her plantation and a more positive way to nourish her land.

Before joining Panel Plus, her farmland was mostly dedicated to a single type of crop. After gaining considerable knowledge about how her land can be of multi-crop use, she

now also grows mahogany and durian—a type of Indigenous fruit—on it.

This kind of farming, where multiple crops are planted and rotated, retains soil diversity and is characterized by higher overall crop yields.

This has brought about very visible benefits to Yunu—both economically and environmentally.

"I now use the organic garbage I earlier threw away, as fertilizer for my land. The soil is better and less likely to degrade. The biggest reward for me is that I have started noticing that the soil has more earthworms and the quality of the fruit is better, so enhancing its retail value," Yunu says.

Another rubber plantation smallholder, Somjit Aphainet, is an inspiration and model in agroforestry for many others in his village.

The 67-year-old plantation owner bought 1.5 hectares of deforested land 30 years ago and nurtured it into an oasis of rubber trees and salak, a type of palm tree native to the region. He has been a pioneer in multi-crop practices and has helped many convert their monoculture lands to healthy multi-crop ones.

He only joined Panel Plus in 2017, and despite already being a pioneer of sorts in agroforestry, he says joining the group has only advanced his knowledge of managing his plantation.

"I have learned better waste, data and records management after becoming a

member. The diseases to my plants have decreased considerably, I make better use of my land and monitoring them is now much more convenient thanks to the constant knowledge that Panel Plus imparts," Aphainet says.

Growing multiple crops also provides farmers with a form of insurance. If one crop fails, they still have the other to rely on. Thongphoem says his attitude towards work and life has changed.

"Money is not everything. A healthy planet which we can leave for our children and their children is."

A version of this story appeared in the Bangkok Post and a related commentary piece appeared in Mongabay.



25 Years of Better Outcomes for Communities

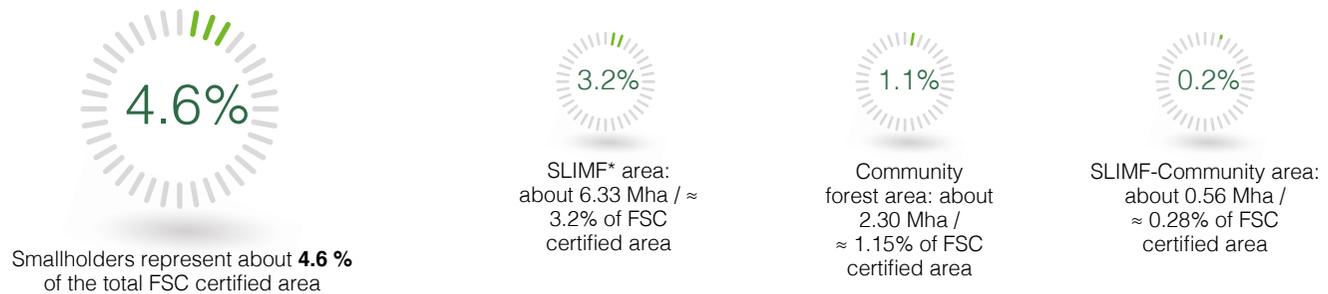
Working with Smallholders and Communities

Through coordinated work streams, initiatives and activities, FSC established a framework to test, evaluate, and scale up successful solutions for smallholders and communities. In turn, these efforts are improving relevant forest management standards, exploring the flexibility of the FSC system, and developing new forest solutions. The focus is now shifting and prioritizing methodologies to address barriers related to market access and business development in smallholders and community settings.

Highlights for 2019 include:

FSC advanced efforts on the revision of the group standard and free, prior and informed consent guidelines. A proposal to include forestry contractors in the FSC system and to launch a new international procedure on the continuous improvement concept was approved. Options for simplified forest management standards in the Asia Pacific region and United Kingdom were explored. Additionally, a Smallholder Access Programme pilot test in the United States was launched, and pilot tests in China were completed. The test aimed to identify alternatives for smallholders and communities to comply with the conservation area threshold.

Global FSC certified area controlled by smallholders (Mha and %) at the end of 2019



Global FSC Forest Management / Chain of Custody certificates held (or partially held) by smallholders at the end of 2019



Source: FSC certificate database for 5.12.2019

25 Years of Better Outcomes for Communities



A Sustainable Community: Keeping Forests and Tribal Culture Alive

Kasam Lakshmi Tripuri is a young widow and a mother of two girls for whom finances have been a challenge since her husband passed away. But her fortunes changed when she was given the rights to tap 160 rubber trees in the nearby forest for their latex. The sale of this latex gives her and her family a stable monthly income.

She is just one of a large family of workers and beneficiaries of the Tripura Forest Development and Plantation Corporation (TFDPC), an initiative of India's Tripura state government. The corporation manages commercial rubber and bamboo plantations spread over 38 rubber plantation centres across the state's eight districts. Since 2015 TFDPC has maintained both FSC forest management and chain of custody certification. Tripura is the smallest of India's seven north-eastern states, at 10,490 square kilometres. Home to a large tribal population, much of the state struggles with poverty. Tribal people have traditionally been dependent on the forests for their survival, practicing *jhum* (slash and burn) methods of agriculture. Over time, this has resulted in large tracts of dense forests being cleared for food crops. Today, to save forests from destruction, the practice of *jhum* is discour-

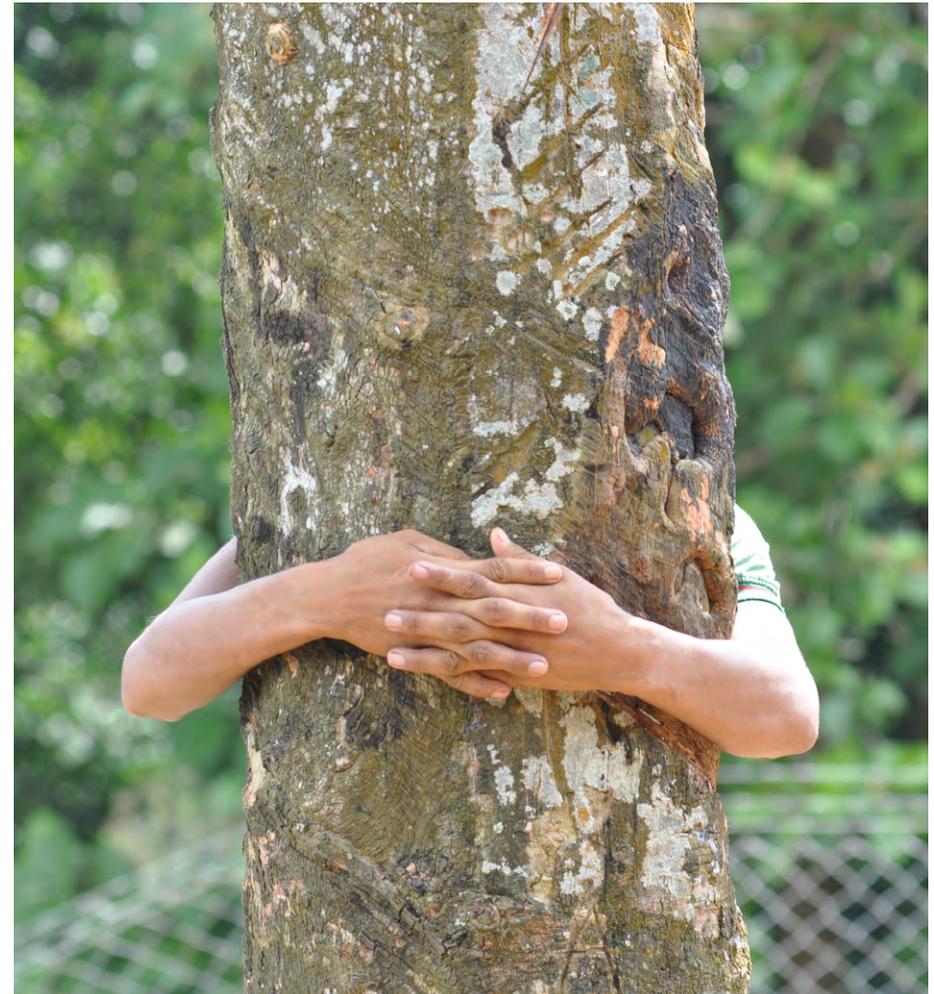
aged but this comes at a steep price: food insecurity for many of the tribal people.

Now, under TFDPC, tribal families are provided with a one-hectare rubber plantation allowing them to extract latex. TFDPC then buys this latex at fair prices. So far, this scheme has provided sustainable incomes for over 1,200 families, and brought other social benefits such as improvement of community facilities like rain shelters. TFDPC has been working towards responsibly managing plantations and FSC certification takes this responsible management even further, endorsing and adding value to TFDPC's efforts – something that will soon enable them to compete in international markets.

Samir Tripura is the TFDPC officer-in-charge in the village of Kathalchari: "The population here was living in extreme poverty until a few years ago. Now, given that each of them owns rights to at least 150-200 rubber trees, their income levels have risen considerably." "I own rights to 200 trees and begin tapping at 4:30am. Once the trees have begun trickling latex, I go back home, get my children ready for school and go back at 8am to collect the latex. I earn as much as Rs 15,000-20,000 (USD 219-292) per month and my family is able to enjoy greater quality of life," says Samir.

In Tripura, with communities working hand-in-hand with TFDPC, FSC certification has created tangible long-term benefits for the people and the forest – benefits that will hopefully last for many generations.

Read the rest of this story at fsc.org



FSC as Part of the Climate Change Solution

Forests Help Mitigate Climate Change

FSC acknowledges the climate crisis as one of the largest threats mankind has ever faced, and FSC is determined to be part of the solution. FSC's global framework for forest management standards, approved in early 2015, enforces the importance of protecting the function of forests as net removers of carbon dioxide from the atmosphere. FSC has also started developing new tools for rewarding the preservation of valuable ecosystem services, including carbon storage, in responsibly managed forests.

Delivering Forest Solutions

FSC was approved as a technical partner in Initiative 20X20 for forest landscape restoration led by the World Resources Institute (WRI). This entailed engagement with 17 government authorities from Latin America, 15 impact investment fund representatives, allies such as WWF, the Nature Conservancy, the International Union for Conservation of Nature, the Food and Agriculture Organization, and others to develop joint solutions for forest landscape restoration, and to channel financial support to FSC-certified operations with a special focus on preserving ecosystem services.



FSC approved as technical partner in Initiative 20X20 for Forest Landscape restoration led by WRI



Engagement with 17 government authorities from Latin America



Engagement with key allies such as WWF, TNC, UICN, FAO and others

FSC was the co-lead for the section on forest management of the land sector technical working group for the Greenhouse Gas Protocol driven by WRI and the World Business Council for Sustainable Development. The protocol will be used by companies around the world committed to sustainability.

Scaling up Benefits for People who Depend on Forests

An agreement was concluded with Interconexión Eléctrica SA (ISA), one of the major energy companies in Latin America for the sponsorship of FSC-certified operations with ecosystem services in their scope.

Leverage Sustainable Finance/Investment for Forest Management

In August, impact investors were linked to FSC projects with a special focus on ecosystem services during an investment forum in Chile.

FSC Positioning in COP 25

FSC participated in the high-level forest event during the 2019 United Nations Climate Change Conference (COP 25) in the session "Women in forests." FSC presented its ecosystem services procedure and results from implementation in Latin America with a special focus on extended social and economic benefits to children and women in forest areas.



FSC as Part of the Climate Change Solution

On the Front Lines of Climate Change

It's a crisp and clear morning in early February when we arrive in snow-drenched Harads, about 50 kilometers south of the Arctic Circle. Rubbing gloved hands together, we set off in search of our guide. In a small filling station we encounter one of the town's 500 inhabitants clad in only a T-shirt and jeans. He responds to a comment about his bravery with a shrug and a flippant, "It's almost spring."

Sitting at a folding table sandwiched between packing shelves and the check-out counter, we meet Lars Evert Nutti, our guide and a member of the Swedish Sami community. The Sami are Indigenous Peoples who have lived along the coasts of the Arctic Sea and inland for generations. Today they live scattered across Sweden, Norway, Finland and parts of Russia. Many of the approximately 20,000–35,000 Sami in Sweden live in villages in the Arctic and maintain their traditional ways of living, including hunting, fishing and reindeer husbandry. As such, they rely on forests for their livelihoods and represent important stakeholders in the FSC system.

Lars is a quiet man, but has an air of calm determination. He sits back in his chair, observing us and sipping his coffee. His bright blue eyes flit across our notebooks and cameras, not missing a single detail. Observation is more than just a skill for a man who has spent much of his life in the forest. In these Arctic conditions, overlooking details can be deadly. We gulp down our coffees

and head out into the forest with Lars, to catch a glimpse into everyday life for a Sami reindeer herder.

In the forest it is freezing, the kind of cold that burns, creeping into grooves and scalding our skin even under multiple woolly layers. Eyes and noses water, then freeze. We stand stiffly watching the reindeer, careful not to spook them. The tiny icicles clinging to our noses and lashes remaining undeterred even as we furiously blink and sniff. Everything up here struggles with energy depletion: people, batteries, smartphones...

Reindeer migrate naturally across the country, seeking better grazing to survive the unforgiving winters. They feed on ground and tree lichens, at times digging deep into the powdery snow to find sustenance. Reindeer herders follow the natural migratory routes of the reindeer using snowmobiles to ensure that none of their reindeer wander off too far or fall prey to carnivores such as bears. This can be difficult to do and requires constant vigilance. Reindeer can smell food at a distance and in some instances a few individuals may wander off together, losing track of their herd in the pursuit of a tasty bite. Isolation can mean death, as only the strongest reindeer survive the winter.

Camilla Labba is a close friend of Lars, and another reindeer herder from the area. We meet her and her partner Stig Persson in their kitchen, a cozy space with three dogs scattered around the room. The young woman talks animatedly, explaining why the extreme weather patterns are harmful to the reindeer. "Climate change is a big problem. For example, the consistency of the snow is

different now. Where you once had snow, there is 3-6 cm of ice. The reindeer can't dig through the ice to reach food, and they starve." She continues, telling us that many reindeer herders are forced to buy supplementary feeds for their reindeer. "But this is not a good solution, because reindeer have sensitive stomachs, and some get so sick from the feed that they die," she says. Stig explains that it also costs a lot of money to buy the feed, and to hire additional help to monitor the reindeer and feed them daily. Some support is provided by the government to cover these costs, but it's not guaranteed and sometimes it arrives too late, when winter has long gone.

Camilla pours another cup of coffee. "Sometimes people don't understand the impact the extreme weather has. Recently we still had snow when it was all supposed to have melted already, and my little niece was so happy to see the snow. And I had to tell her that when she has her own reindeer she won't be happy anymore."

Read the rest of this story at fsc.org



25 Years of Better Outcomes for Markets

Market Rewards for Certificate Holders

Chain of custody certification helps ensure that FSC products are sold with legitimate claims and trademarks throughout the marketplace.

Organizations trading business-to-business must be certified to promote and sell certified products carrying any of the FSC labels. The FSC logo and labels create a strong link between well-managed forests and the end consumer, bringing market rewards to certified forest operations and companies.

Steady Growth of FSC Certificates in the Textile Sector

FSC certification in the textiles sector has seen unprecedented growth in the last few years. In 2019, this growth further built on the success of 2018, a year which saw an increase of 60 new chain of custody certificates in the sector. In the first half of 2019, 33 new manufacturers obtained FSC certification. In total, 136 textile companies became FSC certified worldwide between 2014 and June 2019.

This is partly due to the increase in brands committing to sourcing responsible man-made cellulosic fibres and the influence of the CanopyStyle campaign.

While Italy, China and India remain the leaders in FSC-certified textiles due to their number of certificates, Turkey has strongly embraced FSC this year. Four leading companies in the sector recently got certified: Modasan, Yilmazipek, Kivanç Textile and Sanko Textile. These companies follow in the footsteps of Karsu Textile, the first Turkish textile company to receive its FSC certificate in 2017.

Our impact

Congo Basin. FSC-certified forests provide more benefits to communities than uncertified forests, according to a study of logging concessions by the Center for International Forestry Research. (2014)

Cerutti, Paolo & Lescuyer, Guillaume & Tacconi, Luca & Atyi, Richard & Essiane, E & Nasi, Robert & Tabi, Paule Pamela & Tsanga, Raphael. (2017). Social impacts of the Forest Stewardship Council certification in the Congo basin. International Forestry Review. 19. 10.17528/cifor/004487

Tanzania. A study found that household forest income from FSC is significantly higher than non-FSC households. (2017)

Kalonga, S.K., Kulindwa, K.A., 2017. Does forest certification enhance livelihood conditions? Empirical evidence from forest management in Kilwa District, Tanzania. For. Policy Econ. 74, 49–61



Promoting the FSC Trademark

Promotional Licences

The FSC promotional licence is available to companies that do not label or manufacture certified products, but buy finished, FSC-labelled products from an FSC-certified company and sell these on to end users. The licence allows these companies to promote these certified goods.

The Trademark Portal allows certificate holders to download the FSC label and promotional designs. Labels can be used multiple times for all FSC-certified products matching the claim on the label. On average, the portal has 17,000 visitors every month. The FSC labels are available in 63 languages.

130,000 labels were **downloaded** from the online **FSC Trademark Portal** by certificate holders.

Highlights of FSC Promotional licences



67 Countries covered

31 FSC national and regional offices offer promotional licences

1,071 Promotional licences at the end of 2019

132 International promotional licences

Top Global Retailers with a Promotional Licence

13 out of Kantar's top 30 global retailers are FSC promotional licence holders; 18 out of Kantar's top 50 global retailers are FSC promotional licence holders

- 4 Schwarz Group
- 6 Walgreens Boots Alliance
- 7 Aldi Einkauf GmbH Co, oHG
- 9 Carrefour
- 11 Seven & I Holdings Co., Ltd.
- 12 Tesco PLC (Supermarket)
- 15 Target Corporation
- 19 Edeka Group
- 22 The IKEA Group (INGKA Holding B.V.)
- 23 REWE Group
- 26 Leclerc
- 29 Woolworths Limited (Aus)
- 30 Metro AG
- 33 Sainsbury's
- 38 H&M
- 46 Adeo Group
- 49 Systeme U
- 50 A.S. Watsons

Source: <https://consulting.kantar.com/wp-content/uploads/2019/05/2019-Kantar-Global-Top-50.pdf>

Protecting the FSC Trademark

Trademark Infringements

In 2019, FSC continued to take action against unlawful or unauthorised trademark use through a team of in-house trademark law experts working with global law firms, enforcement agencies, and service providers worldwide. The team implemented several key initiatives in 2019 as part of a global trademark infringement strategy targeting intellectual property (IP) enforcement and IP management. In particular, FSC's infringement strategy provides for civil and criminal, cross-border protection, including online protection and customs control. Consequently, individuals or companies who use FSC's trademarks and IP without authorization face civil and criminal legal sanctions, including financial and/or other penalties.

New trademark violation reports were received from a combination of FSC's network partners, certificate bodies, or were identified in-house or through third-party watch services.

The team received 75 new trademark violation reports in 2019. Trademark violations included unauthorised FSC trademark promotion, on-product label use, and FSC certificate use. Most of the cases actioned by FSC were resolved in-house, and/or working with expert legal counsel, IP service providers or trademark enforcement officers. FSC's online trademark enforcement activity resulted in infringement takedown successes on web-services and e-commerce platforms including on the Ali Baba, Amazon, eBay and

Facebook platforms with close to 1,000 successful take-down actions executed against unauthorised online trademark use.

FSC's infringement activities also included the drafting of legal guidelines, the performance of trademark law trainings, the fostering of bespoke regional special enforcement partnerships, and continued efforts in the development of customs and border control in targeted supply chains for regional hotspots and focal areas.

New Trademark License Agreement

FSC International carried out a major overhaul of FSC's Trademark License Agreement (TLA). The TLA is a contractual document signed by all certificate holders that regulates the relationship they have with FSC. The TLA also allows certificate holders to use the FSC trademarks for on-product labelling and for promotional activities.

FSC also developed an online portal to facilitate the electronic signature of the TLA and to enhance the communication to certificate holders. The new TLA also contains measures to ensure that FSC's operations comply with German and European legislation. This includes the EU General Data Protection Regulation, which ensures the safeguarding of personal data provided by certificate holders.

Finally, the new TLA incorporates provisions allowing FSC to take action against organizations selling non-certified products under the pretence of being certified (false claims). Organizations committing false claims now face financial penalties and expulsion from the FSC system. Blocked organizations will be listed on the FSC Public Search web portal so that compliant organizations can exercise due diligence vis-à-vis their suppliers.



Global Market Growth

2019 Global Market Survey Results

75% of certificate holders surveyed were **satisfied** with FSC certification.

89% of certificate holders surveyed **would renew** their certificates for the next term.

78% of certificate holders surveyed cited **'meeting client demands'** to be the **most important benefit** of FSC.

83% of certificate holders surveyed said that FSC **helped them** in creating a **positive corporate image**.



Keeping Our Audience Engaged

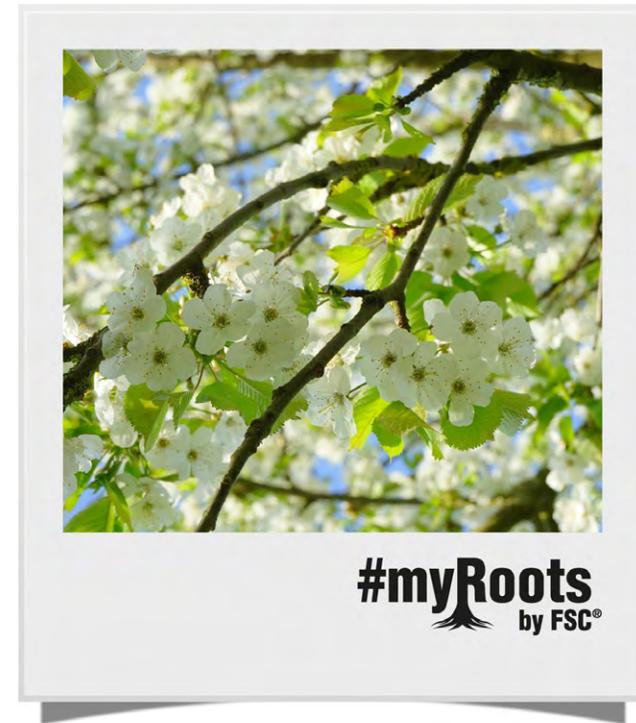
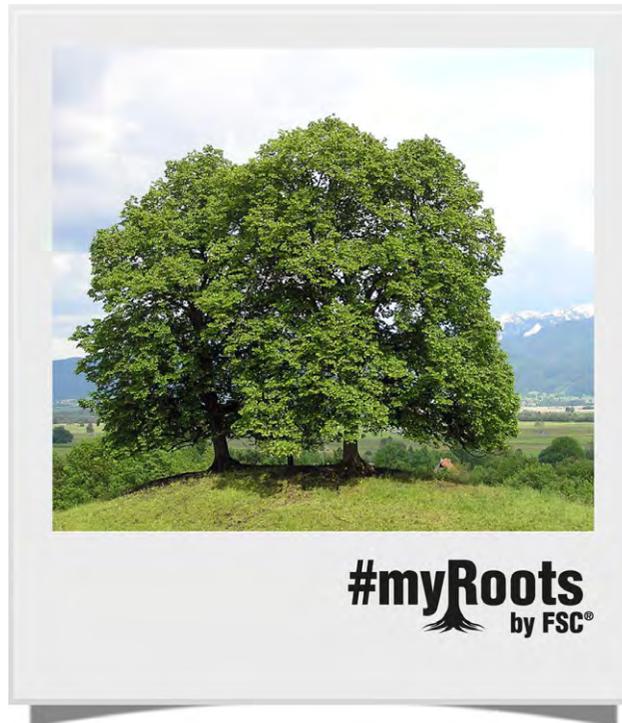
FSC's communications and marketing activities are a crucial component of its endeavor to make its system more accessible, more resilient, and more transparent.

In 2019, a brand-new FSC International website was launched, including a revamped members' portal.

Following the development of a new social media strategy, **FSC's social media engagement increased by over 80 per cent across all channels.** The "My Roots" campaign aimed to educate people about the value of trees in their region in an engaging, accessible way. It was positively received and reached over a million people across the world.

FSC's media engagement also increased, and as a result the story covering our partnership with Kew Gardens to create a fibre testing sample repository reached a potential global audience of over 1 billion people.

Potential global audience of **over 1 billion** people reached through mainstream media



Keeping our Audience Engaged

In January 2019, FSC launched the “Together we are FSC” campaign to communicate FSC’s role in helping companies deliver on the increasingly important sustainable development goals. This campaign was developed between the National Nordic FSC offices, the European FSC Office (through Sustainable Tropical Timber Coalition financing) and FSC International. The campaign was rolled out across social media channels and on the Marketing and Communications Toolkit, and reached over 130,000 people on the FSC International social media channels alone.



Reached over **130,000** people on the FSC International social media channels alone.

Our impact

A WWF study found that companies earned an extra US\$1.80 for every cubic meter of FSC certified roundwood or equivalent, over and above any new costs, due to price premiums, increased efficiency, and other financial incentives. Breukink, G., Levin, J., Mo, K., 2015. Profitability and sustainability in responsible forestry. Economic impacts of FSC certification on forest operators. WWF International report.

Vietnam. A study comparing financial returns from certified and non-certified forest products found that returns from certified timber are higher for both growers and for sawmill businesses. Maraseni, T.N., et al. 2017. The financial benefits of forest certification: case studies of acacia growers and a furniture company in Central Vietnam. Land use policy 69, 56–63.

Reflections from the Chief Operating Officer

In my three years at FSC, I am still pleasantly surprised to continuously discover new aspects of FSC, and especially FSC's strengths. It is a truly remarkable achievement to have built a brand that is so strong and so widely recognized around the world, not only with consumers, but with thought leaders in our field, as well as other stakeholders. Despite being an NGO and not having the resources to spend specifically towards building this brand, we have developed strong partnerships and due to the high level of public trust in FSC, I am proud to say that we hold our own with some of the biggest brands out there.

As a membership-driven system, negotiation and democracy is part of our DNA. We enter these daily discussions from a position of strength and self-confidence because of what we've built over these past 25 years.

Our staff numbers are growing as we strategically deploy the resources we have available. At the same time, we are working very hard to make sure that we have a diverse skill set among our staff. In the coming years we will continue to significantly strengthen our capacity further, with a specific focus on standards development, legal practice, new and existing opportunities in the market, and technological expertise.

To maintain a robust and adaptable system, it is important to have staff representation from regions in the world that are crucial for FSC's growth. To that end, I'm proud that FSC continues to attract a very diverse workforce, not only to the Bonn headquarters but also to the various national and regional offices. While we continue to strive for great-

er gender representation, especially at the management level, it's encouraging to see a growing number of young professional women joining the organization.

We believe in investing in our people, which is why throughout the course of the year, our programme managers attended a comprehensive and interactive leadership development course. This opportunity, and many others like it, will be extended to more FSC staff around the world.

Our strong financial position in 2019 was driven primarily by our top-line growth, as the number of chain of custody certificates increased steadily. We have also celebrated great success in growing resources through other means, such as fundraising and project work. Additionally, our bottom-line performance was achieved through very conscious cost management. In 2019, a systematic procurement approach became a central part of this strategy and has proven tremendously successful.

I applaud our staff for approaching this as an opportunity for improvement, and their participation in the process has helped in not only seeing good financial returns, but also clearer terms of reference which improve collaboration.

Technological advancement has been one of the critical focus areas for FSC, and 2019 was no exception. As a result of adopting and investing in new technology, we have seen increased global collaboration and a more efficient and effective workforce. Additionally, we are actively working on the application of technological advancements

such as blockchain and digital auditing processes as a big part of our strategy to maintain and enhance our system's integrity. We have made great strides in identifying and addressing issues in several supply chains, and generated significant knowledge to help us take action in similar situations in the future.

Our systematic and focused approach to trademark management and value chain development has led to significant increases in the number of organizations promoting FSC trademarks and holding chain-of-custody certificates around the world. This was also the first year we embraced storytelling as a communications tool to reach stakeholders, and it has been encouraging to see the positive response this approach has garnered from stakeholders and from the media.

As we move into the final year of the 2015-2020 Global Strategic Plan, we have started looking ahead to the next milestones, and mapping our way forward. We are committed to a transformative approach and to becoming even more results-oriented as an organization.

We have much to do, but also much to celebrate. Looking ahead to the next 25 years, I believe we will continue to grow our organizational performance and remain the most recognizable and trusted label in sustainable forest management.



Frank Harnischfeger
Chief Operating Officer

25 Years of Maintaining Integrity

Keeping the FSC System Strong

Being part of FSC means striving for better: not just ticking a box, but a shared commitment across all operations to protect forests for future generations. That's why FSC takes action if anyone connected to FSC is involved in destructive forestry activities, inside or outside certified areas, first to get them out of the FSC system, then to hold them accountable to remedy and fix what went wrong.

Policy of Association Complaints

Number of complaints received: **22**

Number referred to external organizations (such as certification bodies): **13**

Number resolved: **3**

Number rejected: **6**

Increasing Integrity

Strengthening the security of its supply chain is a priority for FSC. In 2019, FSC focused on cleaning up the global FSC-certified charcoal supply chain. This resulted in an increased demand for charcoal from verifiably certified sources. As a result, Namibia's certified forest management area increased from just under 200,000 hectares to 1.2 million hectares.

Another way FSC is addressing supply chain integrity issues is through wood identification technologies. One of these technologies includes mapping of isotope signatures. This signature is unique to each species of wood and each location, and can place a pinpoint a piece of timber to originating from a particular forest. The process involves taking samples from the forest, geo-locating these, and sending the sample and geo-location to the database library in Kew Gardens.



Sample analysis at the Kew Garden laboratory

In 2019, FSC:

- Opened a process to review the way FSC deals with Policy for Association disputes.
- Conducted a review of current complaints and appeals procedures and opened a public consultation.
- Disassociated from the Jari Group.
- Maintained association with the Korindo Group provided Korindo meets strict requirements.
- Entered into a roadmap with Vietnam Rubber Group to potentially end disassociation.

FSC's Ongoing Digital Transformation

The initiative "FSC is on the map" and the participation from certificate holders to voluntarily upload 50 per cent of the FSC-certified area to the online maps were definite highlights of the year. FSC took the first steps in using geographic information systems (GIS) in the FSC system and laid the foundations for us to develop GIS-based verification and risk-based auditing going forward.

The Dutch Postcode Lottery generously donated 1 million Euro to contribute to further developing our digital transformation initiatives.



FSC staff celebrated the Dutch Postcode Lottery donation

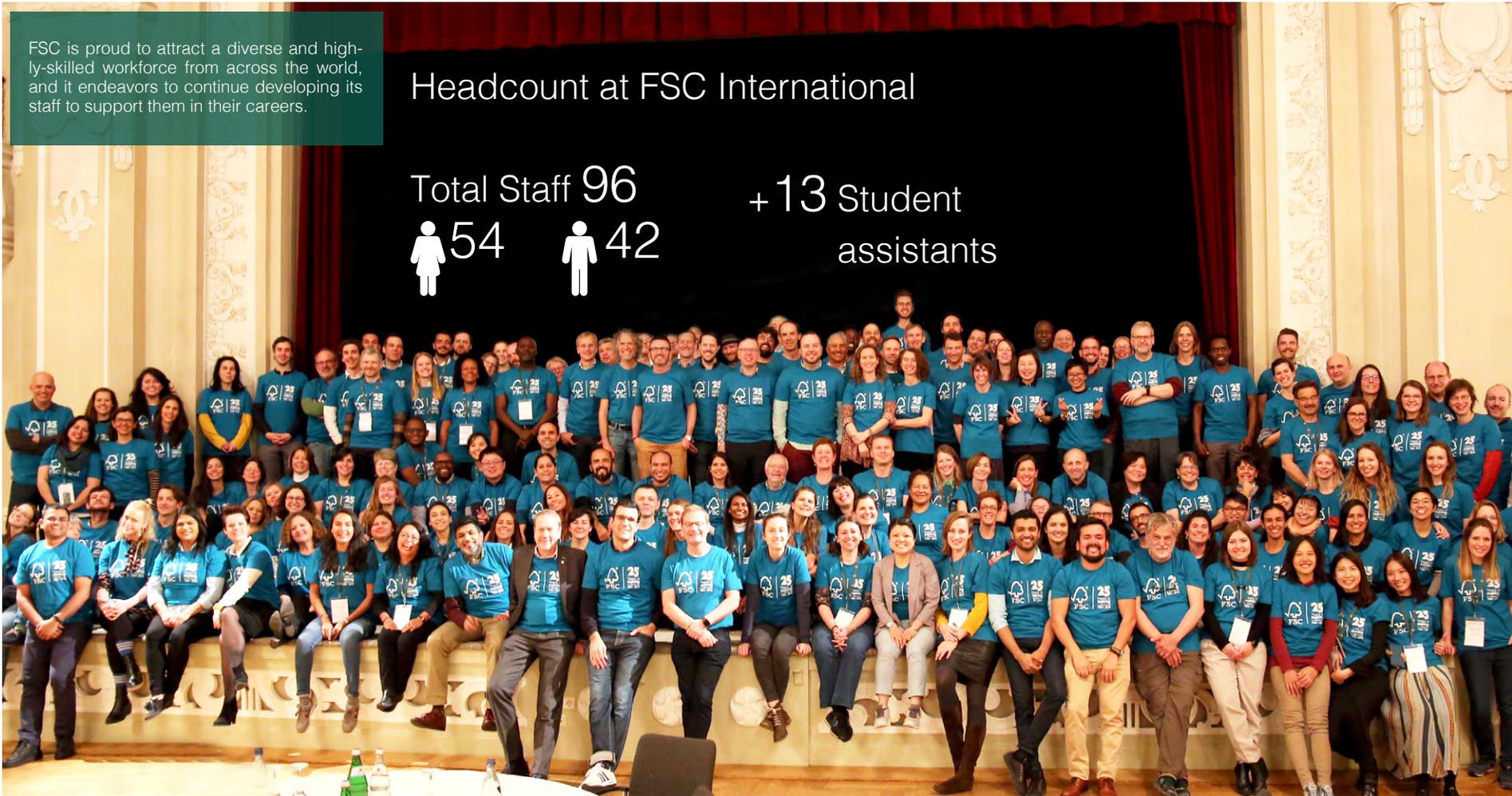
Our People are Our Power

FSC is proud to attract a diverse and highly-skilled workforce from across the world, and it endeavors to continue developing its staff to support them in their careers.

Headcount at FSC International

Total Staff 96
+ 13 Student assistants

54 42

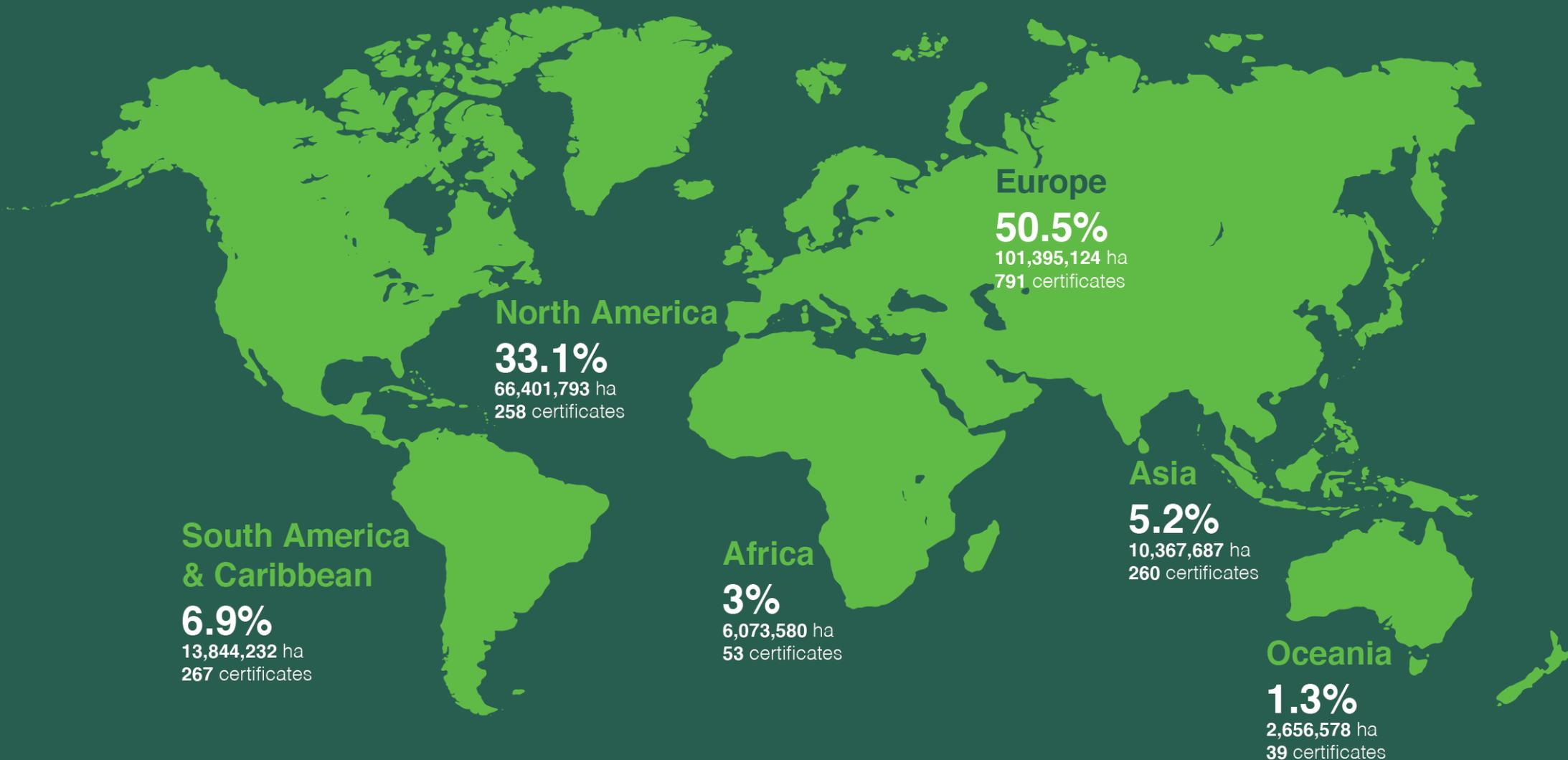


Financial Report

Forest Stewardship Council, A.C. and Subsidiaries Consolidated Statement of Comprehensive Income.	2019 US\$'000	2018 US\$'000
Revenue		
Annual administration fees	32,518	29,242
Donations	685	1,042
ASI generated income	5,352	5,553
Commercial services	217	721
Memberships and fees	297	284
Other	1,106	483
Total revenue	40,175	37,325
Expenses		
Total staff costs	9,978	9,486
Total travel costs	2,376	2,678
Total third party costs	18,965	19,857
Total back office costs	1,349	1,707
Total costs	32,667	33,728
Net exchange rate gains/losses	-35	168
EBITDA	7,473	3,765
Amortisation, depreciation and loss from disposal of non-current assets	- 479	- 1,263
EBIT	6,754	2,502
Tax expense	-2,548	- 2,043
Interest	15	7
Exchange gains arising on translation of foreign operations	-19	-47
Profit/loss for the period	4,174	419

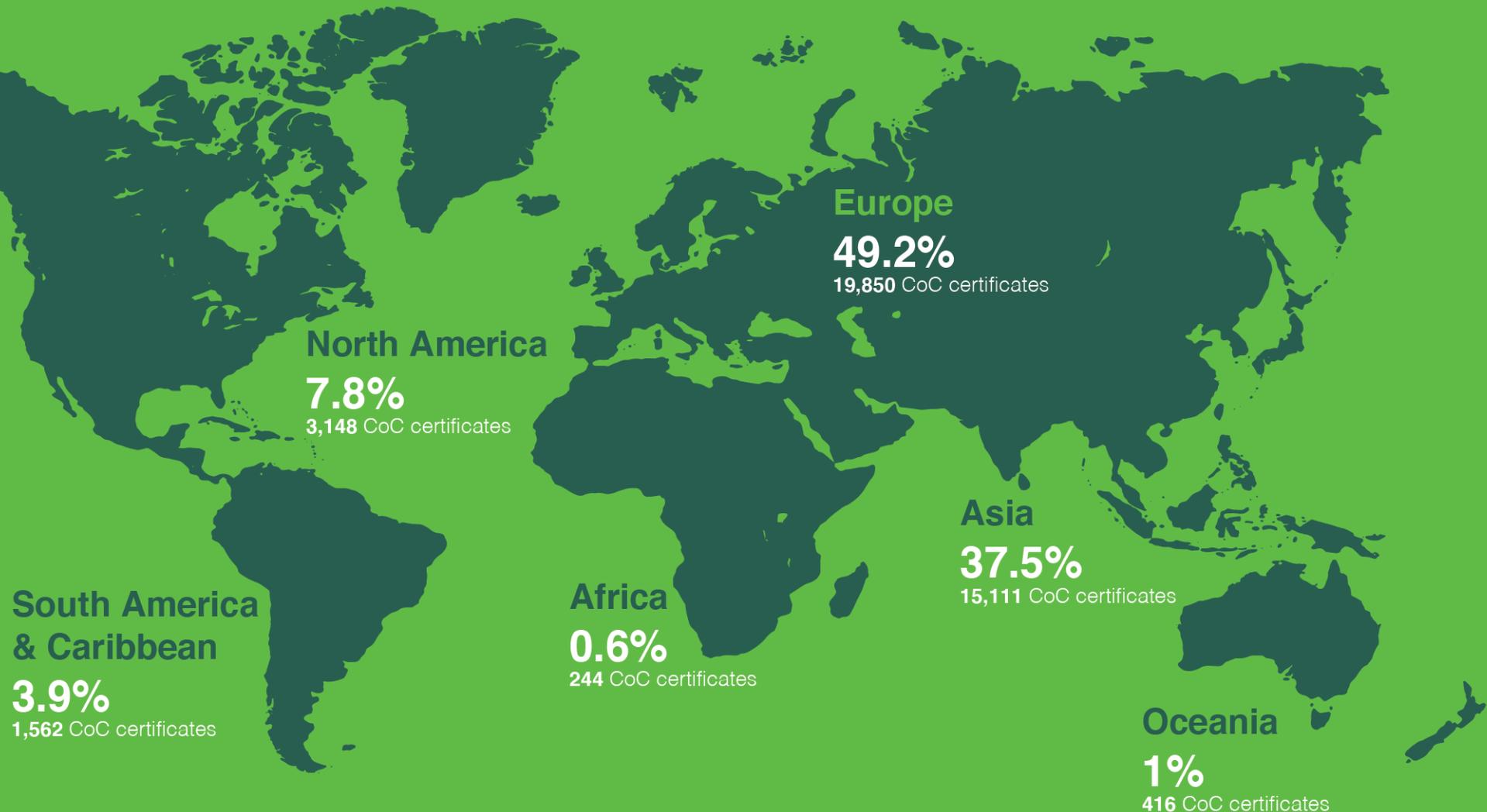
Global FSC Certified Area

200,738,995 ha 82 countries 1,668 certificates



Global FSC Chain of Custody Certificates

127 countries 40,331 certificates



% of total FSC chain of custody (CoC) certificates based on numbers from FSC International 04.12.2019

With special thanks to the following donors who made our 2019 achievements possible:

- Alberta Pacific
- Aldi (Nord, Süd and Hofer)
- Bullitt Foundation
- Rede Energia (CELPA)
- Domtar (CA)
- Dutch Postcode Lottery
- EC Euroclima+
- Environment and Climate Change Canada
- Environmental Systems Research Institute (ESRI)
- Fox Foundation
- Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)
- Google LLC
- Hewlett Packard Enterprise
- ISA
- IKEA
- Kimberly-Clark Foundation
- Microsoft Corporation
- MJ Murdock Charitable Trust
- Procter & Gamble Co
- Peter and Mary Russo Family Foundation, Inc
- Rayonier Advanced Materials
- Rothenberg Ludden Trust
- STARK Fonden
- Systems, Applications, and Products in Data Processing (SAP)
- Tableau Foundation
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- US Forest Service International Programs
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