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Recruiting New FSC Executive Director

FSC International is looking for a candidate for the post of Executive Director. The position will be based at the International Office in Bonn, Germany.

The new Executive Director will focus on ensuring that FSC forest products certification is reliable and transparent, strengthening FSC's relationships with stakeholders in all sectors, and growing public awareness of - and confidence in the FSC brand.

Oxford RH, a specialized consulting firm on human resources for development organizations, is managing this process. Candidates must apply by January 25th 2008.

For a detailed job description, visit www.oxfordhr.co.uk. For further information and to apply for the ED position please contact Michael Wills direct at Oxford HR Consultants - mwills@oxfordhr.co.uk.

Dear FSC supporters, partners and teams around the world,

Personally and on behalf of the FSC Global Network, I would like to wish you a happy and successful 2008 and thank you for your untiring support and confidence. Your outreach, experience, comments and critique helped us greatly to ground our work in the real world, to balance our approaches and to ensure that we live up to FSC's mission and values.

One of the most important milestones for FSC was the development of the FSC Global Strategy in 2007. With our concerted effort and contributions from our wide and global network, we have compiled a strategic road map for the coming years.



Mr. Heiko Liedeker, Executive Director of FSC IC

2008 will bring critical new developments. We will complete the review of the FSC governance structure. The facts, needs and analyses are on the table and will now be compiled into a consolidated approach which will carry FSC forward and ensure the successful implementation of the FSC strategy. We will introduce direct licensing of the FSC trademarks together with a new revenue model which will allow us to not only meet FSC's immediate needs, but to invest strategically and to strengthen our systems outreach and impact.

In November last year I decided to move on from FSC to facilitate a transition to new executive leadership. Over the past 6 years we lead FSC from troubled waters through many changes, to being the leading benchmark for forest certification worldwide. We are now looking for a new Executive Director who will lead the FSC global network through the next stage of successful development as FSC enters into this next phase of global leadership.

In November 2008, FSC will hold its fifth General Assembly in Cape Town, South Africa. 2008 will be a most critical year in every aspect. Your expertise and support are essential to facilitate our work and guide the FSC global network through another work of extraordinary progress and achievements.

With all the best wishes for you, your families and your teams for the year 2008.

Yours sincerely,

Heiko Liedeker
Executive Director

LOCAL FSC DEVELOPMENT

FSC's presence is strengthening and expanding across the globe, particularly in Africa. With the accreditation of 10 new National Initiatives in 2007 alone, there are now 46 FSC National Initiatives around the world promoting FSC.

National Initiatives are a key component of the FSC network, supporting local development and market initiatives, developing national and regional indicators and supporting FSC certificate holders. As of December 2007, FSC is now also represented in Australia, Burkina Faso, China, Cote D'Ivoire, Democratic Republic of Congo, Ethiopia, France, Japan, Portugal and Ukraine.

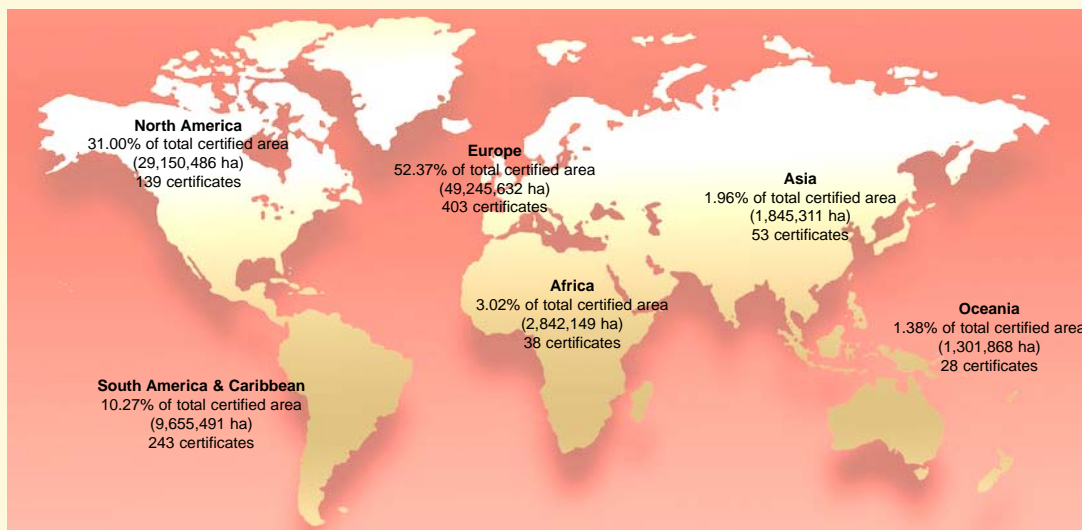
FSC CERTIFICATION AROUND THE WORLD

In 2007 FSC certification continued to grow at a strong pace all over the world, especially for chain of custody. The forest area certified to the FSC's Principles and Criteria grew by nearly 10 million hectares in 2007, reaching a total of 94 million hectares worldwide. Distributed over 74 countries, key contributions to this growth have been Russia, Canada, Sweden and the United States.

An important development for FSC this year has been in Africa. There are now FSC certified forests in 11 countries in the region and there are signs of growing interest and commitment to achieve FSC certification. An example of this is the statement from IFIA - the African Forest Industry Association, to achieve 10 million hectares of FSC certified forests by 2010.

2007 saw a strong growth in the number of FSC chain of custody certificates, which increased from 5,400 certificates to nearly 7,700 certificates, a growth of more than 40%. We see this growth as a clear sign of the demand for FSC certification in the market and expect that this demand will also support the increasing uptake of FSC certification at the forest level.

Key to this growth has been the increases in chain of custody in the United States and the United Kingdom, followed by Canada and China. The paper market is showing increasing signs of preference for FSC certification and has been an important driver for FSC chain of custody certification.



FSC certificates around the world. Information as of December 19th, 2007

FSC MEMBERSHIP STRENGTHENED

In 2007 the number of FSC members grew by 9%, from 643 members to 723. Most of the new members are coming from the Global South and from social and environmental interests. Africa was an especially significant contributor for membership increase.

We believe that this is a signal of the increasing relevance of FSC as an alternative to deal with bad forest practices in developing countries.

FSC members are vital actors in the organization, participating and voting in the General Assembly, and electing the FSC Board of Directors. FSC governance gives social, environmental and economic interests an equal voice and prevents any one interest from dominating.

| | Economic | Environmental | Social |
|-------|----------|---------------|--------|
| North | 158 | 121 | 55 |
| South | 128 | 183 | 78 |

FSC members around the world. Information as of December 20th, 2007

PREPARATIONS FOR 5TH FSC GENERAL ASSEMBLY - SOUTH AFRICA, NOVEMBER 2008

FSC has also started the preparations for its next General Assembly (GA). The fifth FSC General Assembly will convene in Cape Town, South Africa from November 5-7, 2008 and all FSC members are encouraged to participate.

Africa is a continent of growing importance to FSC and the realization of the General Assembly is expected to further strengthen the increasing number of local supporters, both from the economic sector as well as from social and environmental interest groups.

FSC RENEWS COMMITMENT TO LEADERSHIP - NEW GLOBAL STRATEGY LAUNCHED

The FSC Board of Director adopted the FSC strategy after an extensive consultation with FSC members and stakeholders. Entitled 'Strengthening Forest Conservation, Communities and Markets', the strategy will guide FSC through its second decade.

stresses the importance of making progress with forest certification in tropical forests and small producers and about growing the market share for FSC certified products and also forest ecosystem services.

The Strategy commits FSC to continued leadership in advancing globally responsible forest management. It

You can download the FSC Global Strategy from our website at www.fsc.org/globalstrategy/.

FSC MARKET DEVELOPMENT

2007 was a very good year for FSC in terms of market development. FSC continues to be the reference certification system for the leading private companies in the world, including the publishing sector, banks, retailers, packaging industry, do it yourself businesses and green building initiatives.

The publishing sector has been a special contributor for market development in 2007. Highlights of this have been the commitment from Harper Collins UK to print 26 millions books annually in FSC paper and the last issue of Harry Potter being published in FSC paper in several countries in the world.

One of the best indicators for market demand in certification is chain of custody certificate numbers. In 2007, FSC obtained more than 2,300 new chain of custody certificates. Just as a comparison, PEFC, an alternative forest certification scheme dominated by industry, had only around 600 new chain of custody certificates.

Numerous governments worldwide continue to recognize FSC's unique strengths and contributions. FSC remains a proof of legality and sustainability within most European countries, and now also in Japan and New Zealand. Public procurement policies are affecting timber trade and producer associations who define minimum criteria for their members to demonstrate social and environmental responsibility.

INVESTMENT IN FSC MARKET DEVELOPMENT

As a further step to strengthen its system, in 2007 FSC has established a new business unit, 'FSC Global Development' in Bonn, Germany. The company will continue to develop and expand FSC markets whilst strengthening recognition and credibility of the FSC trademarks. Ms. Liza Murphy will be leading these global efforts as Managing Director of FSC Global Development.

The new company will strengthen ties between FSC and certificate holders by establishing a direct relationship for trademark licensing, and will also deliver a greatly expanded set of market development services. FSC will work in conjunction with its strong system of National Initiatives, certification bodies and partner organizations who share FSC's goals.



FSC certified garden chair carrying the FSC logo, 2007. Juan Carlos Reyes

FSC GOVERNANCE REVIEW

Based on Motion 51 from its last General Assembly, FSC has also started its Governance Review process. The objective of this process is to develop a strategically aligned governance system that is highly credible to FSC stakeholders, effective in ensuring implementation of the

FSC Strategy and which is financially viable. The FSC Board of Directors is leading this process and expects to submit recommendations to the FSC membership at the next FSC General Assembly.

OTHER FOREST CERTIFICATION SYSTEMS

2007 saw an increase in aggressiveness from other certification schemes towards FSC, especially by PEFC. Public procurement development processes and advertising campaigns are probably the most prominent example of this.

A reasonable amount of FSC's resources in 2007 went towards engaging in studies and processes that compared different certification schemes, providing accurate information on FSC's requirements and when necessary challenging incorrect statements about other certification schemes.

It is generally recognized that other certification schemes have been improving and becoming closer to FSC in many aspects. However, there are still some key

differentiators that set FSC aside from other international forest certification systems:

- FSC is the only system based on international standards and that is globally applicable;
- FSC is the only system that does not allow forest conversion;
- FSC is the only system that prohibits genetically modified organisms;
- FSC is the only system that goes beyond legality when dealing with highly hazardous chemicals;
- FSC is the only system that addresses the rights of indigenous peoples; and
- FSC is the only system that requires that standards are publicly available.

FSC CERTIFICATION FRAMEWORK

One of the highlights of 2007 in FSC's certification framework is the new chain of custody standard, which provides improved requirements for this type of certification and is expected both to facilitate uptake as well as monitoring of compliance with FSC requirements.

Another important development in 2007 was the develop-

ment of a draft for the new version of FSC's partial certification policy, based on the association with FSC's name and trademarks. The general direction was approved by the FSC Board of Directors in March 2007 and the initial draft was circulated in October 2007. A new draft is currently being produced, based on the comments received, and will soon be circulated for further consultation.

FSC'S ACCREDITATION PROGRAM

With two newly accredited certification bodies - LGA InterCert GmbH (IC) and Det Norske Veritas Certification AB (DNV) - there are now 18 FSC accredited certification bodies working worldwide.

To control the continued implementation of FSC rules and procedures, every year Accreditation Services International (ASI) conducts at least one office and one field audit for each FSC accredited certification body, having conducted more than 65 audits in 2007.

Another new feature developed in 2007 in FSC's accreditation program is the publication of summaries of ASI surveillance audits. These are available on ASI's website at www.accreditation-services.com, increasing transparency of the accreditation process.



FSC certified Forest, Croatia, 2007. Milan Reska

NEED FOR FURTHER IMPROVEMENTS

Despite the positive developments in FSC in 2007, there are still some issues in the system that need improving. We are grateful to the stakeholders that have constructively brought these issues to our attention during the year and FSC working to address them.

Things to look forward to in 2008 includes the further strengthening of our accreditation program, both through increased capacity and the revision of elements in our accreditation framework. A revised dispute resolution is also expected for the first half of the year as well as better support for the implementation of FSC Controlled Wood.