



Putting It All Together
2010 Canopy Annual Report

canopy

LETTER TO STAKEHOLDERS

With our world moving so fast today, it's easy to focus only on what's right in front of you - to miss the forest for the trees. But at Canopy we know that securing a future for our planet's forests and the critical habitat and ecosystem services they provide - clean air and water and a stable climate - requires an attention to detail grounded in big-picture thinking.

To yield the rate and scale of change our climate and species need, we must magnify our small team's impact creatively. By harnessing the supply-chain influence of major paper consumers—our corporate partners—Canopy creates the economic leverage to bring about large-scale systems change, addressing the problems our forests face at their core: unsustainable consumption and production.

At Canopy, we set audacious goals and pride ourselves on consistently delivering on them, year after year. 2010 was no exception.

- Canopy played a key role in brokering the historic **Canadian Boreal Forest Agreement**. The world's largest conservation initiative, we expect it will conserve 50–70% of a threatened area of forest the size of Texas. The ambitious Agreement sets a high-integrity precedent for conservation internationally.
- The greening of markets was a key driver of that Agreement, and Canopy's growing partnership with *Canada's National Newspaper* is an excellent example. Part of their 2010 redesign, *the Globe and Mail's* policy with Canopy to incorporate environmental standards for their suppliers set the green bar for the newspaper industry across North America.

These are just some of our impressive 2010 results. But, true to our nature, we want more. To effect even larger-scale change, Canopy grew its staff this year. Their tireless dedication, along with that of our fabulous board, lets us work through complex solutions in all their detail—to clearly see the trees. Our 700-plus partner companies and publications, who serve as eco-champions and ambassadors for our planet, help us magnify our impact—to continue to see the forest. And the foundations and individuals who so generously fund our efforts allow us to thrive like a healthy functioning ecosystem.

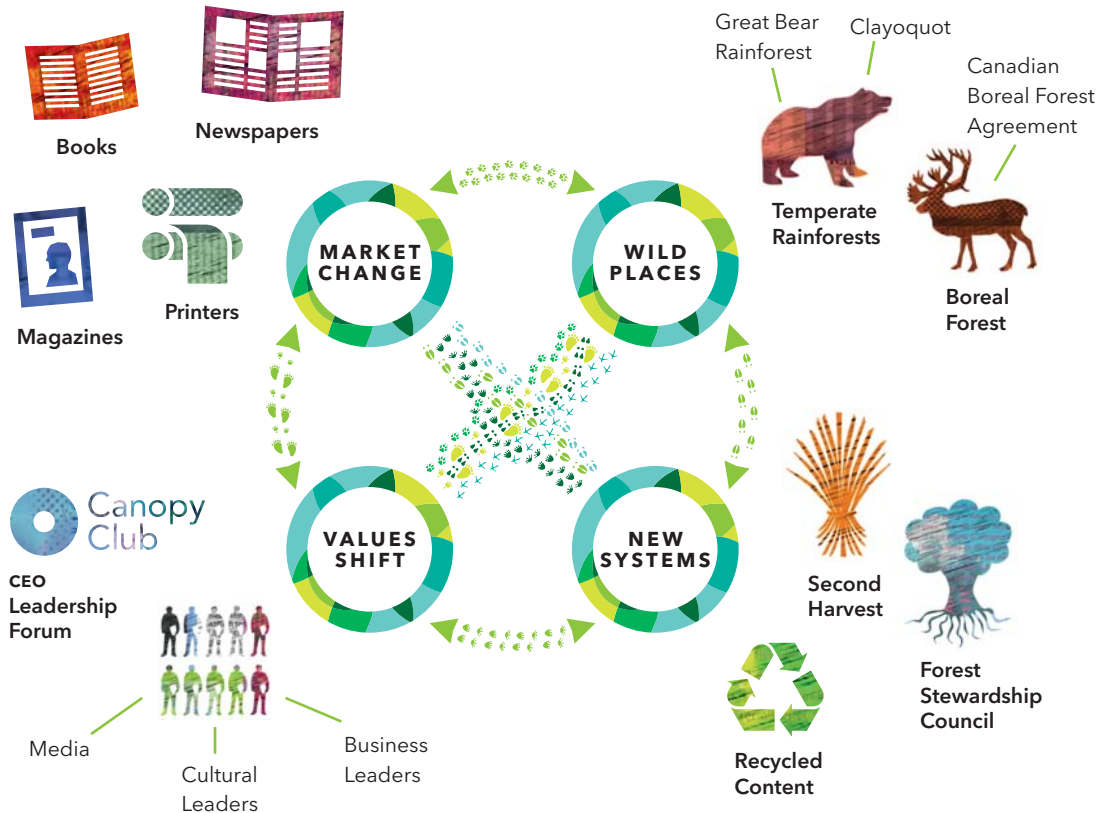
Our extended team is keeping our sights firmly set on multifaceted solutions for the forests that keep our planet whole. *Tous ensemble*, at Canopy we're Putting It All Together.

Nicole Rycroft

Nicole Rycroft,
Founder and Executive Director



CANOPY'S MODEL OF CHANGE



With our planet poised at a critical juncture, Canopy's campaigns focus on catalyzing solutions that achieve the vital changes needed to maintain the long-term health of our planet and all its species.

Working toward broad and fundamental market-based change the way Canopy does requires us to maintain a holistic view of the system we operate in. That's the perspective we bring to the table – the one for which our business and

environmental allies rely on us. And thanks to that perspective, the work our campaigners do every day with our market partners and cultural leaders helps change societal values of how to manage ourselves within the limits of our natural world. This values shift, along with the purchasing influence of these businesses, leads to new, more benign infrastructure systems and to conservation agreements. These initiatives can be landmark treaties, like the Canadian Boreal Forest

Agreement signed in 2010, or smaller, ongoing improvements in the way our forests are managed, such as expanded Forest Stewardship Council (FSC) certification.

In fact, each of the four areas in the diagram influences the others every day. That's why we've made big-picture connections back to forests our specialty. At Canopy, we don't see the forest for the trees. We see it for the planet.

MARKET CHANGE: *Campaigns That Deliver Results*



Although we at Canopy are guided by the question “What do our forests and our planet need?” we recognize that being an environmental not-for-profit organization casts us in the role of influencers rather than ultimate decision makers.

To create the scale of change that our planet requires means that we need to be the strongest influencers for our forests possible.

As a conservation organization that works to create systemic change in the marketplace, Canopy has spent much of the past decade building a power base for the world’s forests and species. But finding like-minded partners isn’t simply a matter of

reaching out to “low-hanging fruit.” As our growing basket of heavy-hitting champions demonstrates, Canopy has a knack for developing strategic partnerships with some of North America’s most influential companies, giving our forests the voice that markets seldom hear.

With 50% of the world’s forests disappearing into pulp and paper products, Canopy has focused on

transforming the purchasing practices and environmental impacts of some of North America’s largest paper consumers—publishers and printers. We currently work with more than 700 book publishers, newspapers, magazines and printers to create change for our forests, climate and species. During 2010 we saw continued strong progress.



Making Headlines – Greening North America’s Newspapers

Canopy ensured Canada’s national newspaper, *The Globe and Mail*, made a splash for the planet with their new-look redesign by supporting them to ensure that environmental performance was a core requirement of their suppliers. This in turn has led paper producers to develop new environmental products and prioritize reducing the impacts of their current fibre sourcing.

Expanding our engagement in the massive US newspaper market, Canopy is now stewarding similar initiatives with most major North American newspaper conglomerates and flagship titles. We look forward to exciting advances in 2011!

Did you know?

Despite newspaper circulation declines, about 268,000 trees are still cut down in Canada and the US to produce newsprint every day.*

Engaging the Gatekeepers of the Printed World

Given the large and lucrative paper contracts they control, printers have an unparalleled ability to spark new eco-paper development, reduce the logging of endangered forests, and improve forest management. In 2010, Canopy launched efforts to green major US printers. In only a few months, we secured **cutting-edge environmental commitments** from eight, including Earth Color, and renewed engagement from Top 5 giant Transcontinental—a strong start to ensuring fewer printers leave their mark on our intact forests.

Did you know?

*Paper production (from forest floor to rolling out of the mill) accounts for a hefty 48–66%** of the footprint of a book, magazine or newspaper printed on conventional virgin papers.*

Ensuring Textbooks Don’t Get an F for the Planet

To ensure that a child’s education doesn’t cost the earth she’ll inherit, Canopy launched work with large educational and children’s book publishers in 2010. A trailblazer in the sector, Scholastic took a leadership role on curtailing Indonesian rainforest destruction and made significant headway on shifting their books and educational materials onto FSC and 100% recycled papers. And rallying behind our **Raise Your Hand for the Forest** campaign, four key teachers and students associations signed on in support of an “endangered-forest-free” educational sector in 2010.

Did you know?

750,000 trees are logged yearly just to provide the paper for textbooks in Ontario and Quebec.*

Making Magazines a Greener Read

A glossy magazine doesn’t have to gloss over its environmental responsibilities. Canadian magazine publishers continued to set the bar globally in 2010, switching many titles onto FSC-certified papers and, in the case of giants Rogers and Transcontinental, strongly supporting the Boreal Forest Agreement. Canopy focused on securing further commitments from large magazine conglomerates—stay tuned for announcements in 2011.

Did you know?

About 50% of old-growth trees logged in the Boreal and temperate rainforest end up in paper products.

* Environmental impact estimates were made using the Environmental Defense Fund Paper Calculator: www.papercalculator.org.

** See canopyplanet.org/index.php?page=greening-printers-new for sources.

WILD PLACES

Conserving Ancient Forests

Canopy's work starts and ends with the wild places that help keep our planet functioning smoothly and inspire us all. By working with partners to create change on the paper mill floor, we limit change to the forest floor.



"We know in the forestry industry that if we want to have jobs tomorrow, we have to skate hard and fast to where the puck is going to be...The marketplace is increasingly demanding goods of the highest environmental quality ... working with these environmental groups gives us credit for our efforts."

– Avrim Lazar, CEO of Canadian Forest Products Association





2010 Conservation Highlights

Launching the World's Largest Conservation Initiative

For forest conservation, 2010 was no normal year. In fact, it was the year that Canopy and our environmental allies launched the world's largest conservation initiative, the result of two years of intense negotiations with over 20 forestry companies and eight years of greening markets by Canopy. Covering an area the size of Texas, the **Canadian Boreal Forest Agreement (CBFA)** immediately delivered a respite for threatened wildlife across Canada, as 28.5 million hectares (70 million acres) of critical habitat for woodland caribou* were deferred from active logging for the next three years. In return, Canopy and eight environmental market allies agreed to suspend "do not buy" and anti-investment campaigns.

A significant focus for Canopy over the next three years will be guaranteeing large-scale conservation, protection of species and sustainable forestry practices across the entire 70 million hectares (170 million acres) of forest the CBFA covers—in other words, making the Agreement on paper a reality on the ground.

Did you know?

Canada's Boreal forest contains 25% of the planet's freshwater, and is part of the world's largest terrestrial carbon sink, housing 26 years worth of fossil fuel greenhouse gas emissions.

Northern Caribou Haven

Recognizing that not all critical zones of the Boreal were captured in the CBFA, Canopy has been working with the Cree and environmental allies to secure permanent protection of additional critical caribou habitat that lies outside the Agreement's boundaries. Direct dialogue with Canopy and major publishers we work with resulted in a commitment from the area's two major logging companies not to log or build roads into the massive intact forest expanse that lies north of Quebec's Broadback River for the next three years. This concession provides the space for Canopy and our allies to secure permanent solutions.

Did you know?

The Great Bear Rainforest stores more carbon per hectare than any other forest ecosystem globally.

Putting the Grrrr Back in Great Bear

Canopy harnessed critical market leverage to help unblock the political logjam that had been stalling the world-renowned **Great Bear Rainforest Agreement**. Working with large publishers and printers to award contracts to leading West Coast paper producers, Canopy's role was key in getting this process back on track. This customer engagement, combined with our GBR allies' efforts, triggered the B.C. government and logging companies to take action on agreed-upon conservation goals and steps to improve wellbeing for local communities.

* Woodland caribou act as an "umbrella species" in Canada's Boreal Forest, meaning that if their habitat is protected, many other plants and animals will also be safe.



NEW SYSTEMS

Shifting Infrastructure

CONSERVING OUR ENVIRONMENT MEANS TRANSFORMING THE CONSUMPTION AND PRODUCTION SYSTEMS THAT ARE CURRENTLY UNDERMINING OUR PLANET'S HEALTH.

For the long-term conservation of forests, we need:

- Broader adoption of sustainable logging practices, as guided by the Forest Stewardship Council (FSC)
- Increased use of recycled fibre in paper production
- A diversified fibre basket that includes non-wood paper fibres—our Second Harvest campaign
- A reduction in overall consumption

Canopy works on all of these avenues to change every day. In 2010, we focused on FSC and Second Harvest.



Improving Forest Management with FSC

Forest certification is a crowded landscape. Of the many schemes out there, Canopy promotes the Forest Stewardship Council as the most rigorous standard for sustainable forest management. Our work of mobilizing major paper consumers to give preference to products from FSC-certified operations over the past decade has been a key factor behind FSC's success. In 2010, several forestry companies secured FSC on forest tenures largely due to the encouragement of Canopy's large publisher and printer partners.

Snapshot of FSC 2010 Benchmarks for Canada and the US

- 8.1 million newly certified hectares, an increase of 17.9%
- 40.0% of world's FSC-certified forest area located in North America
- 511 new Chain-of-Custody certificates granted
- Now more than 400 FSC papers offered



A New Sector—Second Harvest

With North American paper coming almost exclusively from carbon-rich forests, Canopy continues to see great potential in diversifying North America's fibre basket. For years now, more than 20% of the paper produced in China and India has been made from the byproducts (straws and stalks) of crops such as wheat, rice and sugar cane—without removing a single calorie from the food supply. Given its much smaller ecological footprint than wood pulping, using this crop waste for paper is a way to save forests, sequester carbon, and support a sustainable paper industry.

In North America, more than 300 book publishers, magazines and newspapers have explicitly committed to supporting the development and use of papers made from such agricultural residues. Even though North America has an abundance of straw every year after the grain harvest, the infrastructure to make those papers—pulp machines and collection networks—does not yet exist here.

Through its **Second Harvest** campaign, Canopy is committed to kick-starting the commercial-scale production of agricultural residue papers by building market demand and bringing together players from different industries to create a new system. In 2010 we made significant progress:

- We conducted an Agricultural Residue Paper Market Survey to gauge North American demand, identifying at least 800,000 tons annually.
- We are working with five leading paper producers and several green entrepreneurs to develop the supply chain.
- Market feedback we gathered helped one entrepreneurial endeavour secure government funding for the next stage of wheat and flax straw paper trials.

Using crop waste for paper is a way to save forests, sequester carbon, and support the paper industry.



VALUES SHIFT

Supporting Environmental Leaders Today...

Systemic change doesn't happen without a shift in values, and such a shift requires strong leadership. Recognizing that CEOs are uniquely positioned to help drive ambitious, large-scale endeavours, we started the Canopy Club program three years ago to enlist their support. In 2010 we brought together a core group of our most progressive signatory partners, including *The Globe and Mail*, Indigo Books, Rogers Communications and Transcontinental, Inc., to identify ways to support conservation success in North America's Boreal forests.

All of our Canopy Club partners advanced substantive environmental goals in 2010 by improving their sustainability performance, playing key roles in driving the Boreal Forest Agreement goals forward, and directly engaging their suppliers on issues of conservation priority.



"Canopy is showing some of the world's largest corporations that publishing the books, magazines and newspapers that enrich our lives does not need to come at the expense of the forests that sustain life on the planet. As a writer and a reader, I am profoundly grateful for Canopy's game-changing results."

– Naomi Klein

...and Tomorrow



Canopy is also empowering children to lead the conservation charge and help determine the future of our planet. In 2010, we partnered with Scholastic to give their ClassroomsCare campaign, designed to teach children the joy and importance of reading, a green twist, focusing on Canada's Boreal forests.

More than 4800 elementary classes across Canada read 100 books each. In doing so, they enabled the scientific study of woodland caribou by Wildlife Conservation Society Canada, providing vital data to monitor changes in the population size and distribution of this sensitive species that serves as a barometer for the health of the entire Boreal ecosystem. This research is now helping shape Canopy's long-term conservation efforts for critical habitat zones including the Boreal Forest Agreement's early-stage "no logging" deferral zones. The thousands of kids involved in this program can be proud of the natural legacy they have helped create – simply by reading.



"There are few environmental organizations that can match Canopy in its unflinching commitment to saving the world's forests and the many species that depend on them – including all those that breathe oxygen, like ourselves – while having the pragmatic acumen necessary to help companies do better by those forests."

– Margaret Atwood



THE CANOPY TEAM



Staff

(left to right)

Jake Brennan

Communications Coordinator

Marnie Goldenberg

Operations Director & Senior Advisor

Fawzia Ahmad

Development Director

Nicole Rycroft

Founder and Executive Director

Neva Murtha

Second Harvest, Printer and Magazine Campaigner

Amanda Carr

Campaigns Director

Josée Breton

Conservation Campaigner and Québec Spokesperson

Randay Galawan

Corporate Campaigner, Book Sector

Tara Sawatsky

Corporate Campaigner, Newspaper Sector

Fueled by a deep commitment to social justice and a passion for wild places, Nicole Rycroft started Canopy at her kitchen table in 1999. Her energy and integrity, responsible for the organization's success, have helped her assemble a team of similarly dynamic, dedicated individuals who, regardless of their title, all work directly with our partners.

Board of Directors

(left to right)

Lisa Matthaus

Coordinator, Organizing for Change

Louise Dennys

Executive Publisher of the Knopf Random House Canada Publishing Group, Executive Vice-President, Random House of Canada Ltd.

Tracie Wagman

CEO, Help! We've Got Kids

Bruce Walsh

Marketing and Publicity Consultant

Faisal Moola

PhD, Director of Terrestrial Conservation and Science, David Suzuki Foundation, and Adjunct Professor of Forest Conservation, University of Toronto

Whether they are developing scientific frameworks for conservation or helping implement them on the ground, discovering great authors or promoting them, advising governments or families, Canopy's Board have skills and experience that complement those of our staff team and amplify our organizational impact.



You can read more about Canopy's staff and board here:

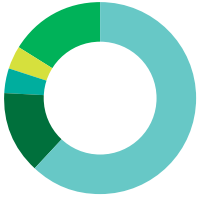
<http://canopyplanet.org/index.php?page=canopy-staff-and-board-of-directors>

Staff Photo: Jake Brennan; Board Photo: Marnie Goldenberg



FINANCES

Canopy Revenues



- Foundations – 62%
- Individual Donations – 14%
- Corporate Donations* – 4%
- In-Kind Donations – 4%
- Other Sources** – 16%

Total \$769,580***

* Please see Canopy's website for [our corporate giving policy](#)

** A significant portion stems from our 2010 special project, the book [Canada's National Parks - A Celebration](#)

*** \$56,344 deferred to cover Q1 expenses of 2011

Canopy Spending



- Campaigns – 70%
- Communications – 1%
- Fundraising – 10%
- Organization – 19%

Total \$713,236

CANOPY CULTURE

Life at Canopy

Canopy is all about what is possible. We think BIG and don't settle for less. We dare to ask for what our planet needs to thrive and we thrive on the challenge of delivering it. Our team is energetic and fun, and celebrating the good work done by individuals and companies to protect our forests, species and climate is an important part of who we are. Whether we're playing friendly tricks on one another, planning surprise hooky days for our hard-working colleagues, or showing up at a partner company's office in a caribou costume to recognize their green progress, we make sure that if you work with Canopy, you're in on the fun at some point!



Canopy Crush recognizes individuals in the environmental and social justice movements who knock our socks off and whose contributions have made a significant difference to the world we live in. In October 2010, Justina Ray, Executive Director and Senior Scientist of [Wildlife Conservation Society Canada](#) and a leading researcher on carnivore and biodiversity conservation, received a Canopy Crush for her tireless work on the Boreal woodland caribou and the conservation of its habitat.



INTEGRITY. INNOVATION. IN PRINT.



Canopy awarded [Hemlock Printers Ltd.](#) an Order of the Forest Award in 2010 to honour their extraordinary contributions to creating an Ancient Forest Friendly publishing and print industry in North America and to forest conservation globally. Congratulations Hemlock Printers for your environmental leadership in the print industry!

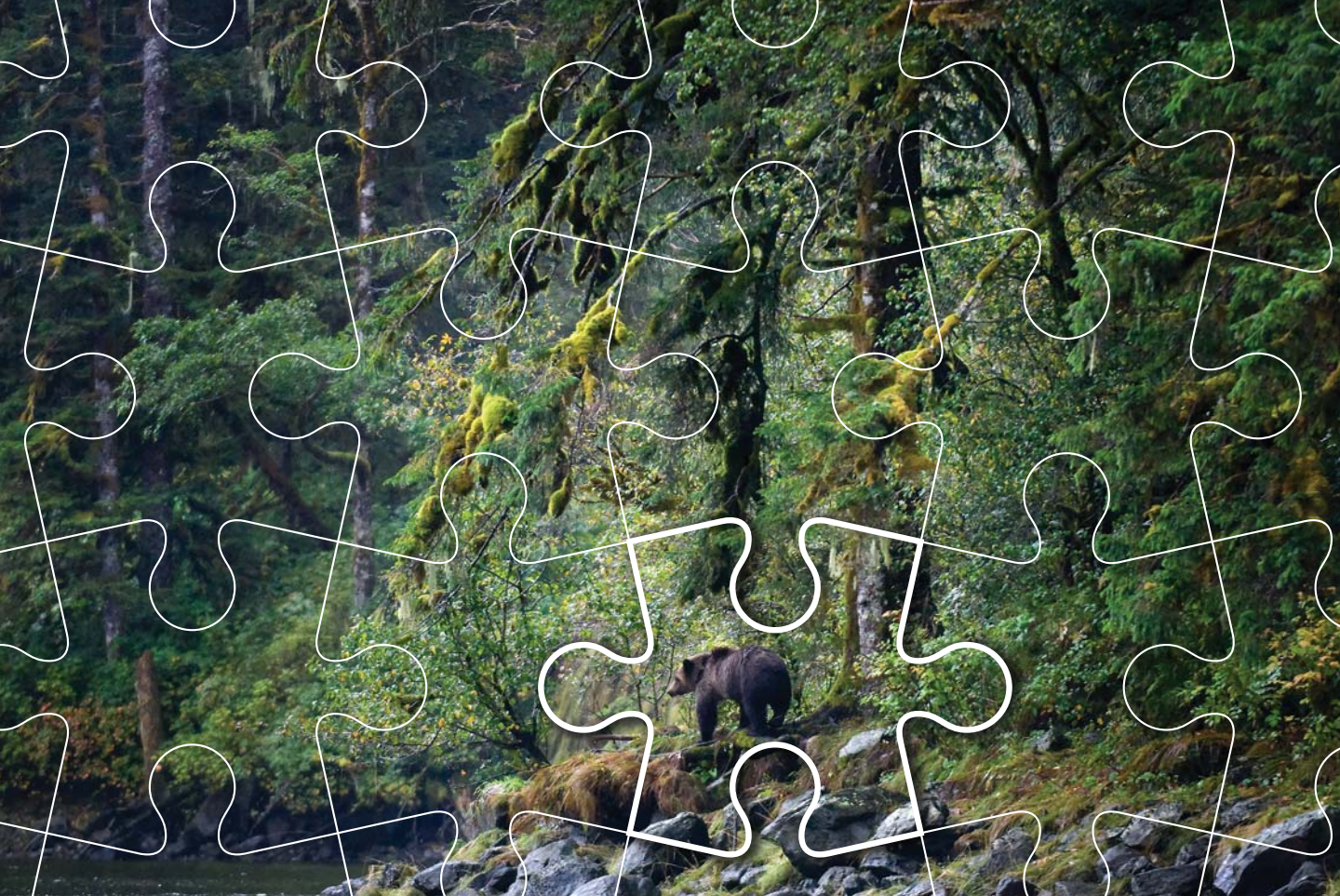


Photo: Andrew S. Wright

THE BIG PICTURE

In the Pacific coast temperate rainforests of Canada and Alaska, the grizzly plays a role so important that the Great Bear Rainforest was named after it. Sitting at the top of the food chain, this charismatic species is a canary in the habitat-loss and climate-change coal mine. At the same time, the grizzly is really just one piece of a bigger picture—the whole ecosystem puzzle that our own species is real-

izing we are only just beginning to understand. This is the puzzle that Canopy's campaigns solve.

Just as the grizzly is important to a healthily functioning ecosystem, so is each of Canopy's sector campaigns a key piece in a broader markets-based campaign approach. Together, our campaigns drive change in the values, practices and impacts of companies and individuals, the produc-

tion systems we depend on, and ultimately the conservation of the natural places that play an indispensable role in purifying our air and water and regulating our climate. One piece at a time, Canopy's work brings the larger picture into focus and facilitates systems change for the benefit of our planet and humanity.



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QUEBEC, NEW YORK

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