THE FUTURE IS decided NOW.

SUSTAINABLE FORESTRY INITIATIVE

SFI-00001

2012 PROGRESS REPORT

Message from the President and CEO

IT IS HARD TO IMAGINE A WORLD WITHOUT FORESTS.

We depend on forests for our existence, for the clean air we breathe, for the clean water we drink, for wildlife habitat, and for carbon sequestration. We depend on forests to sustain sacred places and communities. Forests also provide us with an endless stream of products that contribute to our shelter, our literacy, our energy sources, our culture, and our health, well-being and livelihoods. We know these things, yet too often we take them for granted.

We need to be more conscious in our relationship with forests, how we value them, how we manage them, and how we live with them. The theme of our progress report is The Future is Decided Now — we want to convey through this theme that the decisions we make, and the actions we take today, can have a real influence on the future of our forests and, in turn, on our collective future. In this report, we reflect on the past year and we look further ahead to understand the dynamics and outcomes associated with our programmatic decisions and the decisions of those around us.

While forests are characterized by natural disturbances and are dramatically influenced by fire, insects, disease, and climate, we make decisions that determine how and whether we manage for fire, how and whether we control insects and disease, how and whether we can maximize carbon storage and mitigate climate change. The how and the whether are influenced by our knowledge, by our research, by our conservation objectives and ultimately by our decisions on our forestlands and others.

Decisions we make today will influence whether markets for illegal logging thrive or die, they will influence the value placed on ecosystem services, or the emphasis we give to renewable energy, or the care we take to address species at risk. We can influence whether forests grow in area and in biodiversity, or whether they are threatened or converted to other uses. This report shows how decisions made by SFI leaders in the past led to innovative approaches for promoting responsible forest practices that are unmatched by any other certification program in the world. They have positively contributed to the forests we have today through unique requirements for logger training, use of best management practices for water quality, fiber sourcing, and a solid commitment to research. The stories herein provide insight into why we have strengthened our standard in the areas we have, why we chose to support selected conservation, indigenous and community projects, and how we decided that we could extend the scope of our long-standing grassroots network of implementation committees, unique to the SFI program, to engage in community and youth projects. Through these actions, we believe we can contribute to a future of healthy forests and communities.

Our SFI program participants know that buyers of forest products can make or break a forest community by recognizing the products that come from a well-managed forest or by neglecting to include 196 million acres (79 million hectares) of SFI-certified forestland in North America, and 364 million acres (147 million hectares) of SFI-recognized forestland through affiliated certifying organizations. At SFI we want to thank green building programs that recognize forest products and forest certification, and we want people to understand that saying no to forest products doesn't translate into more forests, it translates into less forestland. Without markets for forest products, there is a risk forests will be converted to other uses. We want people to understand that saying yes to SFI certification sends a signal for more logger training, more landowner outreach, more wildlife habitat, more conservation easements, more community outreach and more conservation partnerships, and of course more well-paying jobs in the forest sector. We are committed to responsible forestry, and we are committed to partnerships that educate tomorrow's leaders in responsible forestry, so that tomorrow's forests can be as good as or better than today's.

We hope you make a choice today to support our program and all the organizations that support responsible forestry. Please do your part. The future is decided now.

Kathy Abusow, President & CEO

Quick Facts and Statistics

THE SUSTAINABLE FORESTRY INITIATIVE (SFI) is an independent, 501(c)(3) non-profit charitable organization recognized and accepted by organizations and governments internationally, and supported by conservation groups, community organizations and forest professionals. SFI Inc. manages the largest single forest certification standard in the world. Currently, there are 248 SFI program participants applying the SFI 2010-2014 Standard requirements in forests throughout the U.S. and Canada.

PROGRAM STATISTICS

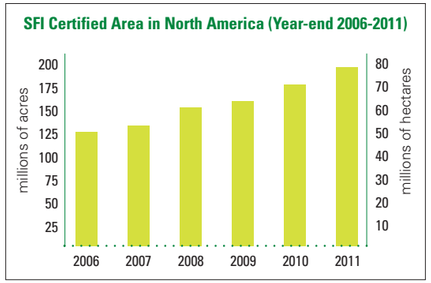
(as of December 31, 2011)

Forest area certified to the SFI Standard in North America

The area certified to the SFI Forest Management Standard increased over the last year by eight percent. By the end of 2011, certified area equaled:

196 million acres/79 million hectares

(up from 181 million acres/73 million hectares in December 2010)



SFI Chain-of-Custody Certificates

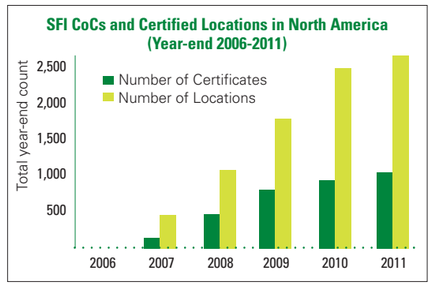
The number of SFI chain-of-custody certificates increased by six percent since last year and the number of SFI chain-of-custody certified locations increased by eight percent. By the end of 2011, there were:

1,026 SFI Chain-of-Custody Certificates around the world

(up from 964 in December 2010)

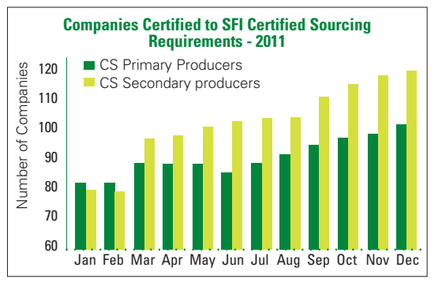
2,519 SFI Chain-of-Custody Locations around the world

(up from 2,342 in December 2010)



SFI Certified Sourcing Certificates

The number of primary and secondary producers certified to the SFI certified sourcing requirements over the last year increased by nearly 30 percent — from 160 companies in December 2010 to 205 companies at December 2011. Primary producers are third-party certified to the SFI Requirements: Section 2 – SFI 2010-2014 Standard, Objectives 8-20. Secondary producers are certified to the SFI Requirements: Section 4 – Rules for Use of SFI On-Product Labels.



QUICK FACTS

SFI IMPLEMENTATION COMMITTEES (DEC. 2011)	
Number of community-based SFI Implementation Committees	37
Total number of SFI Implementation Committee members	947
Percentage of SFI Implementation Committee members representing SFI program participants	61%
Percentage SFI Implementation Committee members representing community partners	39%
2011 contributions by SFI Implementation Committees to support local activities such as training and education for loggers, and outreach to family forest owners	$2.5 million
Contributions since 1995	$60.2 million
2011 contributions by SFI Implementation Committees to American Forest Foundation programs locally	$118,112
Contributions to Project Learning Tree	$39,812
Contributions to other local American Tree Farm System programs	$78,300

OPERATIONS TRAINING	
Number of resource and logging professionals trained in responsible forestry through the SFI program or its recognition of other programs in 2011	6,497
Total trained since 1995	135,835[1]

RESEARCH	
Total SFI program participants have invested in forest research activities in 2011	$83.2 million
Amount contributed since 1995	$1.3 billion

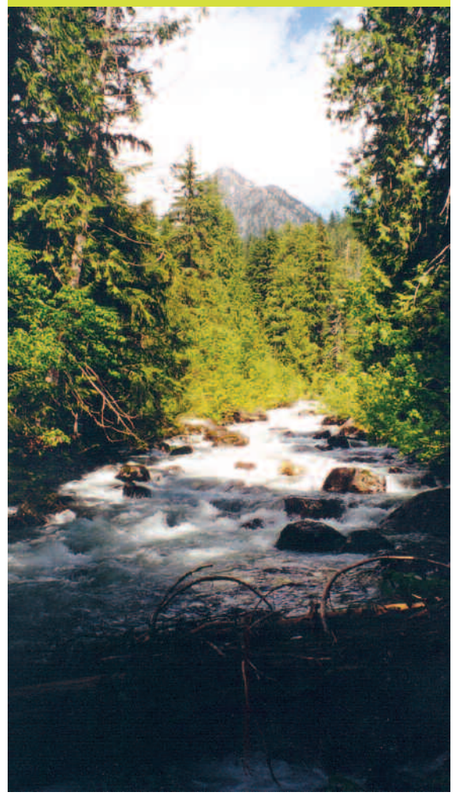
"Wouldn't you want to be involved in a program with an impact on more than 190 million hectares of land? Think of all the people and values SFI touches, from forests to markets."

John M. Hagan III Ph.D., President, Manomet Center for Conservation Sciences, SFI Board Member representing conservation interest

[1] The total may include individuals that have completed training programs more than once.

"SFI has an amazing reach. There are currently about 2,000 organizations directly involved in the SFI program and over 200,000 individuals across all sectors supporting the work of SFI in different capacities. This collaboration is very promising for the future of our forests."

Robert A. (Bob) Luoto, Chair, SFI Board of Directors, representing independent professional loggers and the American Loggers Council



> Integrity

"SFI certification addresses much that is important to First Nation communities — from recognizing indigenous people's rights and traditional knowledge to environmental values such as wildlife habitat to social and economic values such as stable jobs and markets."

David Walkem, Chief of the Cooks Ferry Indian Band in southern British Columbia, President of Stuwix Resources Joint Venture which manages a forest licence for eight shareholder Indian bands in BC, SFI board member representing indigenous interests

THE IMPORTANCE OF SOUND DECISIONS

The independent Board of Directors that has controlled the standard setting, certification, and complaints of the SFI program since 2002 reflects the diversity of communities, forest management and markets across North America. Since the start, its three chambers — environmental, social and economic — have had equal status, and members have had qualifications and affiliations that allow them to speak for the interests of their specific chamber.

This has resulted in a program that meets today's realities, and positions SFI Inc. to understand what is needed in the future. Board members include CEOs and other leaders from conservation groups, government agencies, university departments, unions, logging associations and forest companies. They include academics, biologists, economists, wildlife ecologists, accountants, foresters, administrators, political scientists, landowners and producers of forest products.

In March 2012, an Aboriginal representative was elected to the SFI Board. David Walkem, who was the first Status Indian in British Columbia to become a registered professional forester (RPF), is President of Stuwix Resources Joint Venture. Craig Blair also joined the Board's economic chamber in March 2012, as a long-standing SFI program participant and President and CEO of Resource Management Service LLC., a privately held timberland investment firm serving pension funds, endowments, foundations and family offices.

"I am the Chairman of the SFI Board of Directors which is fully accountable for its actions and totally responsible for the SFI program — our 18 volunteer members set and implement the SFI forest certification standard following a public review process, and ours is the only body that can modify the standard. Although we strive to operate on a consensus basis, our bylaws contain strict voting requirements to ensure no one interest can dominate. All Board actions must be approved by at least 80 percent of those present — including at least two representatives from each sector (environmental, social and economic)."

Robert A. (Bob) Luoto, Chair, SFI Board of Directors, representing independent professional loggers and the American Loggers Council

SFI ENDORSED BY PEFC

SFI's involvement with PEFC allows the SFI program to support a global network of responsible forestry while providing access to SFI products in markets around the world. In 2011, the SFI program was once again endorsed by the independent Programme for the Endorsement of Forest Certification (PEFC).

PEFC is the world's largest forest certification umbrella organization, and it has endorsed 31 national forest certification standards and about 606 million acres/245 million hectares. Its rigorous sustainable forest management criteria are founded on internationally recognized criteria and indicators developed by government agencies around the world.

To earn PEFC endorsement, SFI completed a detailed application, including a checklist covering hundreds of questions on how the standard is developed, forest management requirements, chain-of-custody certification and accreditation. The SFI application then went to public review and comment, followed by an examination by a PEFC-approved assessor, review by PEFC's board and ultimate approval by the PEFC General Assembly. PEFC endorsement adds international value to SFI Inc.'s position as a respected, third-party certification program with certified lands across Canada and the United States.

PEFC
PEFC/29-1-1
Promoting Sustainable Forest Management
www.pefc.org

TAKING ACTION AGAINST ILLEGAL LOGGING

Addressing illegal logging is part of a better future for forests and communities that requires the involvement of many players. Illegal logging is a critical international issue, which can undermine good forest governance, leading to loss of wildlife habitat and reducing the potential for forests to provide stable supplies of products and support local communities. While SFI-certified forests exist only in the United States and Canada where illegal logging is not a major issue, the SFI program takes significant steps to support responsible forest management and procurement worldwide.

SFI Objective 12. Avoidance of Controversial Sources including Illegal Logging. To broaden the practice of sustainable forestry by avoidance of illegal logging.

Performance Measure 12.1. Program Participants shall ensure that their fiber sourcing programs support the principles of sustainable forestry, including efforts to thwart illegal logging.

Indicators:

1. Process to assess the risk that the Program Participant's fiber sourcing program could acquire material from illegal logging.
2. Program to address any significant risk identified under 12.1.1.

To complement SFI Standard requirements, SFI awarded a multi-year grant to the World Resources Institute to support the creation of the Forest Legality Risk Tool, which will help companies throughout the supply chain have better information and thereby assist them in avoiding illegal sources. The open access, map-based global information risk tool was launched in May 2012 and is available at www.forestlegality.org/.

"MeadWestvaco has operating facilities in 30 countries and our products are marketed worldwide. SFI certification is an important value proposition to our customers and provides assurance that the wood we use at our U.S. mills is sourced responsibly. SFI also requires that off-shore sources be risk assessed for illegal logging and if risks are identified, they are addressed. We are pleased that SFI supported the creation of the World Resources Institute forest legality risk tool. This new tool offers a practical way to make sure we have the right information and ask the right questions when evaluating the risk associated with procuring fiber and fiber-based materials from outside of North America."

Joe Lawson, Global Director, Sustainable Forests, MeadWestvaco (MWV), an SFI program participant

KEEP NORTH AMERICA'S WORKING FORESTS AS FORESTS

A Message from Larry Selzer, President and CEO, The Conservation Fund, and Vice-Chair of SFI Board of Directors

At The Conservation Fund, we know that one of our greatest conservation challenges in North America today is the loss of working forests. We also know forests that are managed to provide economic return and for social attributes are more likely to continue to remain as forests and therefore likely to support environmental values as well.

That's why we work with our many partners to help landowners and communities develop sustainable solutions that integrate economic return with environmental quality. And that's why we support third-party certification programs like SFI. The Conservation Fund owns almost 100,000 acres of working forests in the United States — all are actively managed and 40,000 acres are certified to the SFI 2010-2014 Standard, with hopes for the remainder to be certified by the end of 2012.

We need to fully recognize the critical importance of working forests before they are gone and the services they provide are no longer available. Our inability to clearly articulate the importance of working forests is at the heart of our collective failure to align policies and practices toward ensuring that working forests remain forests.

We know how important it is to maintain our critical infrastructure. It is time to think of forests as infrastructure — a self-sustaining economy in green that provides us with clean air to breathe, clean water to drink, carbon sinks to reduce the amount of greenhouse gases in the atmosphere, and a source of renewable energy — not to mention the millions of jobs that depend on them.

But before we can ask citizens to invest more in forests, we need to convince them those forests are, and will be, well managed — and that's where forest certification comes in. Certification provides the public a window into the forest, and it provides them with independent assurance that certified forests are responsibly managed.

Certification has fundamentally changed the way forests are managed here in North America — SFI alone has certified more than 195 million acres in North America and, in collaboration with state forestry associations, universities and others, has trained more than 135,000 loggers[2] — a record of success that no other forest certification standard can match. If well-managed forests are our goal, then we should all be celebrating the remarkable victory of having millions of acres of forests across North America certified.

SFI certification was created to balance forest interests, and it does this extremely well. I have dedicated my life to conservation and the protection of our working forests, and, I am pleased to serve in the conservation chamber, one of three equal chambers making up the SFI Board of Directors.

***Larry Selzer** has been involved with the SFI program from the start, and is currently a member of the conservation chamber of the SFI Board of Directors. This message was adapted from his keynote address to the SFI 2011 annual conference, which is posted at www.sfiprogram.org/Annual-Conference/2011/presentations/selzer.php*

[2] The total may include individuals that have completed training programs more than once.

"Certification plays a vital role in leading the continual improvement of forest management practices and providing customers with certainty that the products they use each day come from well-managed forests that are sustained for current and future generations."

Craig Blair, President and CEO, Resource Management Service LLC, SFI board member representing land managers.

> Conservation

"SFI, like science, never stops learning. It is more than words on paper. SFI and its partners deliver actual results on the ground and in communities across North America. They build knowledge and advance understanding."

C. T. (Tat) Smith Jr., Professor and Dean Emeritus, Faculty of Forestry, University of Toronto

"Best Management Practices are designed to protect state water resources, and evidence shows consistent improvement in implementation rates. These outstanding results are largely due to SFI program requirements for BMPs implementation, outreach and training, and landowners, foresters, and loggers who are dedicated to environmental care. The latest data showed that South Carolina's BMP implementation rate for timber harvesting operations reached an all-time high of 98.6%, and implementation rates continue at a very high level today."

Gene Kodama, State Forester, South Carolina Forestry Commission

CONSERVATION RESEARCH TODAY FOR FORESTS TOMORROW

SFI's commitment to research began in 1995 with the decision to require that program participants provide in-kind support or funding for forest research to improve the health, productivity and sustainable management of forest resources, and the environmental benefits and performance of forest products. It was a unique requirement, one that continues to set SFI apart as the only forest certification standard in North America that requires participants to invest in research activities.

This commitment to research is based on the fact that research leads to new information, better decision-making and continual improvement of the SFI standard and of forest management in general. The SFI 2010-2014 Standard has two principles, two objectives, four performance measures and eight indicators for research and continual improvement (www.sfiprogram.org/files/pdf/Section2_sfi_requirements_2010-2014.pdf), including a requirement for program participants to support research:

> **SFI Performance Measure 15.1.** Program Participants shall individually and/or through cooperative efforts involving SFI Implementation Committees, associations or other partners provide in-kind support or funding for forest research to improve forest health, productivity, and sustainable management of forest resources, and the environmental benefits and performance of forest products.

SFI Inc. acknowledges the research achievements of its participants and partners through leadership awards. In 2011, Lyme Timber Company and the Wildlife Management Institute (WMI) received an SFI Conservation Leadership Award for Biodiversity Research for improving habitat for the American woodcock in New York State. The Lyme Timber Company, a private timberland investment company, and WMI, a non-profit conservation, scientific and educational organization, are collaborating to implement the Northern Young Forest Initiative, a landscape-scale habitat restoration project in the Adirondack region. To support current and future populations of woodcock, Lyme Timber created nearly 11,000 additional acres/4,450 hectares of suitable habitat, and in 10 years plans to have more than 15,000 acres/6,000 hectares of brushy early successional habitat for American woodcock and other species.

In 2011, SFI program participants invested $83.2 million for research activities that improve the health, productivity and responsible management of forest resources. Program Participants were involved in more than 170 conservation-based projects, in collaboration with over 500 partner organizations, including conservation organizations, state or provincial agencies, academic institutions, family forest owners and other forest products companies. This wide variety of projects collaboratively addressed issues related to biodiversity, wildlife habitat, water quality, protection of special sites and much more. **Since 1995, SFI program participants have invested nearly $1.3 billion for research.**

SFI CONSERVATION AND COMMUNITY PARTNERSHIPS GRANT PROGRAM

Number of grants awarded in 2012	5
Total number of grants awarded since 2010	29
Total SFI commitment since 2010	$1.27 million
Total value with partner contributions	$4.8 million

Another pivotal decision that will have lasting effects on the program and responsible forestry occurred in 2010 when the SFI Conservation and Community Partnerships Grant Program was introduced. The program was launched to build on and support the Standard's long-standing commitment to research. It funds collaborative projects that support SFI values, such as endangered species management, landowner outreach and education, strengthening global supply chains, and strengthening community involvement in forestry. Supporting partnerships in research can improve the implementation of SFI certification and forest management in North America.

Forests play an enormous role in protecting water resources and producing clean water for wildlife habitat and human use. Since best management practices to protect water quality are integral to responsible forest management, the SFI program introduced best management practices in its first requirements in 1995. It has had a tremendous impact — implementation of best management practices continues to improve with the support and growth of SFI certification. This commitment to water resources was further strengthened when the SFI 2010-2014 Standard extended mandatory best management practice requirements to SFI fiber sourcing certification. The SFI 2010-2014 Standard has a principle, two objectives, four performance measures and 16 indicators for protection of water quality (www.sfiprogram.org/files/pdf/Section2_sfi_requirements_2010-2014.pdf) – including a requirement that states all program participants must meet or exceed all state and provincial best management practices on lands they own or control:

> SFI Performance Measure 3.1. Program Participants shall meet or exceed all applicable federal, provincial, state and local water quality laws, and meet or exceed best management practices developed under Canadian or U.S. Environmental Protection Agency–approved water quality programs.

To further support the implementation and development of best management practices, SFI identified water resources as the topic of interest for new grant projects in 2012. SFI awarded $126,500 for five new projects, including education programs that use SFI requirements to expand knowledge on best management practices, research projects to inform the next SFI standard revision cycle and demonstration activities to show the effects of SFI requirements on the ground. Each project is led by a non-profit organization, and involves partnerships with SFI program participants, government agencies, universities, and others who are interested in improving forest management in the United States and Canada, and supporting responsible procurement globally.

NEW 2012 GRANT PROJECTS SUPPORT WATER RESOURCES

Forest Ecosystem Science Co-operative Inc.	Test how current forest management practices, including SFI requirements, mimic natural disturbance patterns in the boreal region, and make recommendations on how harvesting practices can better mitigate impacts on forest hydrology. **PARTNERS:** Ainsworth Engineered Canada LP, Domtar Inc., Miisun Integrated Resource Management Inc., Resolute Forest Products, Wagner Ontario Forest Management Ltd., Weyerhaeuser Company Ltd., Ontario SFI Implementation Committee, Canadian Forest Service, Ontario Ministry of Natural Resources, Lakehead University, EACOM Forest Products, Hearst Forest Management
National Association of State Foresters	Survey and report on the development and implementation of BMPs related to water quality in all U.S. states and territories. Will inform SFI standards and result in a database for use by land managers to assess the level of BMP implementation in their state. **PARTNERS:** U.S. Forest Service, State and Private Forestry
South Carolina Forestry Foundation	Using SFI water resources requirements as a model for responsible forestry, conduct a seven-day teachers' tour to illustrate how working forests support South Carolina's environment, economy and quality of life. **PARTNERS:** South Carolina SFI Implementation Committee, South Carolina Forestry Commission, South Carolina Timber Producers Association, South Carolina Tree Farm Committee
University of Tennessee Forest Research and Education Center	Install demonstration sites to test and illustrate how BMPs protect water quality and support sustainable forestry practices. Use results to improve logger training programs. **PARTNERS:** University of Tennessee Department of Biosystems Engineering and Soil Science, Tennessee SFI Implementation Committee, Tennessee Forestry Association, Rogers Group Inc.
World Resources Institute	Illustrate how SFI requirements related to BMPs result in improvements in water quality or quantity, and to show how SFI certification complements government initiatives to protect water resources. **PARTNERS:** U.S. Endowment for Forestry and Communities, Willamette Partnership

SFI GRANT PROJECTS SUPPORT FUTURE FOREST CONSERVATION

Conservation Easements: Protecting Special Sites for the Future

In 2005, the SFI program added a requirement to its standard to promote awareness of conservation easements — a popular way to protect ecosystem services for future generations while allowing private landowners to continue generating a return from their forestlands. Today, SFI-certified companies and other private landowners work with conservation groups and local land trusts to establish easements on special sites, protecting them from conversion and using SFI certification to fulfill requirements for responsible forest management.

SFI Indicator 17.1.4. Participation in efforts to support or promote conservation of managed forests through voluntary market-based incentive programs such as current-use taxation programs, Forest Legacy Program or conservation easements.

Three non-profit conservation organizations were awarded an SFI conservation grant in 2011 to help hardwood forest owners in the southeastern United States understand the value of conservation easements:

The Land Trust for Tennessee, the North Carolina Coastal Land Trust and the Wildlands Network have provided advice and support for landowners and governments on the benefits of working forest conservation easements through direct contact, workshops and written materials. In less than one year the project has resulted in protection for close to 2,000 acres/800 hectares, and more easements are being negotiated. The efforts of these three organizations have expanded awareness of how conservation easements can work for private landowners, forged new partnerships that will continue to result in more working forests operating under easements, and increased awareness of SFI certification in the southeastern United States. When this project wraps up in late 2012, it is expected to have made an impact on the future of southern forests, by protecting working forests from development and laying the groundwork for future easements through education and outreach.

Bird Studies Canada: Managing Forests to Support Bird Habitat

Responsibly managed forests provide habitat for birds, mammals, amphibians and other species. Through SFI's grant program, Bird Studies Canada is leading a project that began in 2010 and will help foresters improve forest habitat management beyond regulatory compliance for the conservation of bird biodiversity and species-at-risk across Canada.

SFI Objective 4. Conservation of Biological Diversity including Forests with Exceptional Conservation Value. To manage the quality and distribution of wildlife habitats and contribute to the conservation of biological diversity by developing and implementing stand- and landscape-level measures that promote a diversity of types of habitat and successional stages, and conservation of forest plants and animals, including aquatic species.

The three-year project has already provided data to SFI program participants and more than 60 other data users, and consultations with forestry associations and regulatory agencies have led to the integration of project data into regional forestry operations and regulatory agency planning. New maps showing habitat and abundance for target bird species will help forest managers in the Maritime Provinces comply with regulations, and work has begun on a similar tool for British Columbia.

With new data and support from Bird Studies Canada, forest landowners in Canada have access to better information and tools to make management decisions, while providing important habitat for migratory birds and species-at-risk. Over time, the use of these data and tools will result in more usable habitat for a variety of bird species.

Planning Forest Road Crossings to Protect Wetlands

Ducks Unlimited Canada
Conserving Canada's Wetlands

DALHOUSIE UNIVERSITY
Inspiring Minds

Wetlands serve many functions important to wildlife and people – they provide habitat for many species and protect more inland areas from flooding. A decade ago, protection for non-forested wetlands was added to the 2002 SFI Standard to recognize the importance of these types of wetlands. Implementation strategies to meet this requirement vary according to the type of wetland area. To provide more direction and ensure that best management practices for road building in wetlands are having the desired outcomes, SFI Inc. awarded two conservation grant projects in 2011 that will result in improved knowledge about forest road crossings and their effects on wetland hydrology. These projects will provide concrete guidance that will protect the future of wetlands in Atlantic Canada and the western boreal region in Manitoba. SFI Standard requirements (www.sfiprogram.org/files/pdf/Section2_sfi_requirements_2010-2014.pdf) and these kinds of research projects work together to help land managers use the best available technology to protect sensitive areas during harvesting activities.

SFI Indicator 3.2.4 Identification and protection of non-forested wetlands, including bogs, fens and marshes, and vernal pools of ecological significance.

In Manitoba, Ducks Unlimited Canada, in partnership with Louisiana-Pacific Corporation, Weyerhaeuser Saskatchewan and FPInnovations, has built the first of a number of test sites that will determine best practices for planning and building forestry roads to protect wetland ecosystems in the western boreal forest. A 2011 workshop enhanced understanding of wetland hydrology, how forest roads might affect wetlands, and possible techniques to maintain hydrology.

In Atlantic Canada, Dalhousie University has identified sites, installed treatments and completed a literature review that will lead to best management practices for forest road crossings to avoid disrupting water flows in wetlands. Project partners include Ducks Unlimited Canada, local SFI Implementation Committees, the Nova Scotia Department of Environment, New Brunswick Department of Environment, Nova Scotia Department of Natural Resources, J.D. Irving Ltd., Bowater Mersey Paper Company Ltd., FPInnovations and the University of New Brunswick.

This work will identify best practices to protect wetland hydrology, informing SFI Standard requirements and potentially provincial laws.

RESPONSIBLE SOURCING FOR BIOENERGY FEEDSTOCKS

Countries around the world are investing in renewable energy options as they look for ways to promote energy security and reduce consumption of fossil fuels. This has led to a global increase in the use of wood fiber as a source for pellet manufacturing or electricity production. SFI Inc. took steps during its 2010-2014 Standard revision process to address this emerging market issue, and SFI continues to seek out opportunities to learn from the application of the SFI Standard in the context of bioenergy feedstocks.

SFI Inc. and The Nature Conservancy are working together on a pilot project that will help bioenergy companies in the United States establish responsible forest fiber procurement systems so they can maintain the health and sustainability of the forest resource and avoid negative environmental impacts on water quality, soil productivity and biodiversity.

Project participants include Craven County Wood Energy in New Bern, NC, and Burlington Electric Company in Burlington, VT, both of which operate power plants fueled by forest residuals. The pilot project will examine the applicability of SFI fiber sourcing requirements for bioenergy feedstock procurement, and conduct an analysis to identify gaps or areas for improvement. Under SFI fiber sourcing, program participants take measures to ensure the raw material in their supply chain is from responsible sources whether they own or manage lands or buy the fiber.

"The Nature Conservancy is interested in this project with SFI to explore how the SFI Standard's unique fiber sourcing requirements can be used in conjunction with other measures to address the need of procurement of woody biomass for bioenergy facilities while managing for important forest values."

Glenn Prickett, Chief External Affairs Officer for The Nature Conservancy.

> Community

"We are proud to be involved in this project which also has an environmental emphasis, with the involvement of SFI and Built Green Canada. TD Canada Trust is committed to supporting grassroots community and environmental projects — and this meets both our objectives."

Eric Hovey, Financial Advisor of TD Canada Trust Prospect St. in Fredericton.

"Scouting's earliest history reflects the importance of teaching young people to understand and respect the environment," he said. "Being good stewards of the land is something everyone can and should support, and through SFI certification we can all learn how the forest contributes to our everyday life."

Chief Scout Executive Bob Mazzuca sees the big-picture importance of this partnership (the forest and the trees)

PARTNERING WITH HABITAT FOR HUMANITY

In 2008, the Minnesota SFI Implementation Committee was looking for a way to promote responsible forestry and to give back to the community. It partnered with North St. Louis County Habitat for Humanity, and together they drew together an impressive number of resources to build a home in Hibbing, MN. Donated timber was harvested and made into OSB and structural lumber, the land was replanted with donated seedlings, and members of the committee joined other volunteers in building the home.

Minnesota committee members, who won the 10th SFI Implementation Committee achievement award in 2008, shared their experiences with colleagues at an SFI annual conference, and this led to the decision to partner with more Habitat projects in many other communities – in Portland, Maine; Alderville and Oakville, Ontario; Nashville, Tennessee; Winnipeg, Manitoba; Burnaby, British Columbia; Fredericton, New Brunswick; and Lauderdale, Mississippi.

They included the first Habitat for Humanity homes certified to Built Green Canada. Through its community partnerships grant program, SFI Inc. helped Habitat for Humanity affiliates across the United States to become certified to the ANSI-ICC 700-2008: National Green Building Standard.

Habitat for Humanity (www.habitat.org) builds homes for hard-working, low-income people. Future homeowners put in hundreds of hours of sweat equity and, in return, their lives are transformed by the positive experience of working with their community in building their home, and the many benefits that come from owning their own home.

WORKING WITH BOY SCOUTS AND GIRL GUIDES

Boy Scouts and Girl Guides share the SFI goal to promote sustainable forestry, environmental conservation and wise use of natural resources through education and demonstration. SFI shares a desire to ensure tomorrow's leaders are grounded in a respect for forests and forest communities.

In 2012, SFI signed a Memorandum of Mutual Support espousing Boy Scouts of America as the national leader in developing lifelong conservation values among youth in the United States. SFI recognizes that helping youth is a key to building a more conscientious, responsible, and productive society. SFI and the Boy Scouts of America have agreed to initiate a plan of mutual support to encourage and expand their mutual goals for sustainability in America.

In 2011, SFI Inc. and Scouts Canada kicked off an effort to work together to educate youth about the benefits of responsible forestry and SFI certification. SFI Inc. once again sponsored a Skills Day at Conestoga College in Kitchener, Ontario, where more than 40 Girl Guides learned about forest certification and how to work with wood, and built picnic tables for the local Habitat for Humanity affiliate with SFI-certified lumber donated by the Ontario SFI Implementation Committee.

BOY SCOUTS OF AMERICA®

SCOUTS CANADA

Girl Guides of Canada
Guides du Canada

In October 2011, Bryan Wendell, senior editor of Scouting magazine, included the following in his blog:

Boy Scouts of America, Sustainable Forestry Initiative: A natural partnership
What would we do without forests? There'd be no place to hang our bear bags. No place to stop for shade while backpacking. No place to take great fall photos. And no paper to print Eagle Scout Court of Honor programs, merit badge pamphlets, and, well, Scouting magazine.

Yep, we need our nation's forests. And the forests need us, too. So hats off to us, the Boy Scouts of America, for helping protect this valuable national resource. We do that so well, in fact, that last month the Sustainable Forestry Initiative honored the BSA with its President's Award. This prestigious honor was given for using the forests and their resources in a responsible way, though the award actually reads, "embracing third-party forest certification and educating youth about the value of sustainable forest management."

Did you know the BSA has been doing this for more than 100 years? Here's how:

- Forestry merit badge: Helps Scouts explore the complexity of forests, learn about forest resources, and understand the role people play in sustaining the health of forests
- Philmont Scout Ranch: Certified to the SFI 2010-2014 Standard
- Scouting magazine: Printed on SFI chain-of-custody certified paper (something we're quite proud of, I should say)
- 2013 National Scout Jamboree: Constructed using wood from SFI-certified lands

OUTCOME OF COMMUNITY GRANTS

In 2011, a decision was made to expand the SFI Community and Conservation Partnerships Grant Program by introducing a new category for smaller community-based projects. This was in recognition of International Year of Forests, and it helped not only to raise understanding about resource management from Mississippi to British Columbia but also to certify Habitat for Humanity Homes to the ANSI-ICC 700-2008: National Green Building Standard.

Achievements included:

- More than 130 Boy and Girl Scouts in the metropolitan Atlanta region joined the **Chattahoochee Chapter of the Society of American Foresters** on A Walk in the Forest at Stone Mountain Park in October to learn about the forestry profession and get a chance to earn a Forestry Merit badge.
- The **Evans Lake Forest Education Society** hosted a symposium for 12 K-7 teachers at its center in British Columbia, and provided a forest education resource package.
- The **Hardwood Forestry Fund** began the process of turning an old soybean field in Devil's Lake State Park in Wisconsin into a forest by planting 23,000 hardwood seedlings to maintain the ecological and economic success of the forest and respond to forest fragmentation.
- **Lauderdale County Habitat for Humanity** received support for a home built with SFI-certified products and certified to the National Green Building Standard.
- The **Mississippi SFI Implementation Committee** supported state FFA (Future Farmers of America) and 4-H champions in their national competitions.
- The **National Housing Endowment** certified Habitat for Humanity homes in several U.S. communities, including Bay Saint Louis, MS; Traverse City, MI; Pittsboro, NC, and Greensboro, NC., to the ANSI-ICC 700-2008 National Green Building Standard.
- The **Northwest Natural Resources Institute** provided an opportunity for 22 educators to learn about forest management, procurement and product manufacturing as part of its annual Natural Resources Teacher Workshop in Washington State.
- Support for the 32nd annual **National 4-H Forestry Invitational**, which is held in Jackson's Mill, WV, and provides youth with practical forest management skills so they appreciate the importance of forests as a source of products, benefits and services.

"The Yakama Nation's economy relies heavily on their timber resource, so it is vital that our forest practices be sustainable to promote economic development and community growth while protecting cultural and spiritual values so critical to the People of the Yakama Nation – SFI certification validates that we are meeting these goals."

Steve Andringa, Program Manager, Tribal Forestry, Yakama Nation

INDIGENOUS COMMUNITIES BRING NEW OPPORTUNITIES AND INSIGHT

In early 2011, SFI Inc. increased outreach to build new partnerships with indigenous communities, and improve awareness of the SFI program and its community involvement requirements. It is a natural partnership since indigenous peoples in North America and around the world have long relied on forests for cultural, spiritual and material needs; and the SFI program supports these values.

Over the last two years, more than five million acres/two million hectares of lands owned by or managed for indigenous communities became certified to the SFI Standard — more than any other certification standard in North America. And in March 2012, the SFI Board of Directors added First Nation representation when David Walkem, President of Stuwix Resources and Chief of the Cooks Ferry Indian Band, was elected to its economic chamber.

CERTIFICATION	NATIONS	ACRES	HECTARES
Capacity Forest Management	16 First Nation groups in British Columbia	1,400,000	572,000
Miitigoog General Partner Inc.	Wabaseemoong Independent Nation, Naotkamegwanning First Nation, and Ochiichawe'Babigo'ining First Nation in Ontario	3,000,000	1,100,000
Stuwix Resources Ltd.	Eight First Nation groups in British Columbia	277,000	112,000
Yakama Nation	Yakama Nation in Washington State	624,000	253,000
	Total	5.3 million acres	2 million hectares

"The SFI Standard is effective and fits the model we have in our territory. It reinforces many of the objectives we currently have in managing our forests — protecting special sites, conservation and community involvement, and it is recognized in our U.S. markets. Through SFI certification we can now communicate these important values to our customers and communities."

Lorraine Cobiness, President, Miitigoog General Partner Inc. and Chief of Ochiichagwe'Babigo'Ining First Nation

SFI IMPLEMENTATION COMMITTEES

UNIQUE AND SIGNIFICANT CONTRIBUTORS TO RESPONSIBLE FORESTRY

Today we can clearly see the benefits that resulted from the 1995 decision to establish the first SFI Implementation Committee to strengthen the new program's link to local communities. Since the start, these committees have provided a strong foundation for the SFI program, engaging in important issues across North America, from logger training and education to landowner outreach to conservation and community projects. They are a key reason why the SFI program is able to manage the largest single forest certification standard in the world while staying in touch with diverse local values and interests. This approach to promotion and implementation of responsible forestry practices is unique to the SFI program – no other sustainable forestry program in the world has this level of grass-roots support for local implementation.

Thanks to SFI Implementation Committees, local interests help to shape the SFI program and implementation issues are addressed at the community level. The committees were, and remain, essential to the SFI program's ability to advance on-the-ground forest management practices, and they will continue to have an important role in the SFI program's future success. Extensive reviews in 2002-2003 and in 2009 led to specific guidance on how the committees can effect change in local communities regarding forest management practices.

Today, 37 community-based SFI Implementation Committees (www.sfiprogram.org/sic-maps.php) across the United States and Canada make important contributions related to SFI Standard implementation and SFI program recognition. Almost 40 percent of the close to 900 members of the regional, state and provincial SFI Implementation Committees represent community groups, including conservation organizations, academia, loggers, local forest companies and public agencies, and the rest represent SFI program participants.

In September 2011, Mississippi won the 13th SFI Implementation Committee Achievement Award for advancing logger training, building community partnerships and raising awareness about the value of third-party forest certification.

"We know our communities, and we understand how important it is to work with local partners so we can achieve the greatest results, and the SFI program provides us with a mechanism to do this," said Committee Chair Arnulfo Zendejas of Plum Creek Timber Co. "As a result, we are able to create, promote and deliver programs and materials that reach thousands of people, supporting reforestation, best management practices, biodiversity, and a lot more."

SUPPORTING LOGGERS – FUNDAMENTAL TO PROMOTING RESPONSIBLE FORESTRY

Logger training has also been part of the SFI program's innovative approach to promoting responsible forestry on all lands since 1995. Those developing the program knew well-trained logging professionals would have a major impact on the future of all forests – certified or not. As a result of this decision, almost 136,000 loggers[3] have completed SFI-approved training programs, including thousands of independent contractors who are the key to the quality of forest harvesting. SFI is the only certification program in the world with these requirements, and states such as Texas, South Carolina and Tennessee point to it as one reason for consistent improvement in their best management practices to protect water quality.

The SFI 2010-2014 Standard (www.sfiprogram.org/files/pdf/Section2_sfi_requirements_2010-2014.pdf) introduced new language to recognize certified loggers and the impact training programs are making on the ground. The decision to recognize certified logging professionals demonstrates the SFI program's commitment to continual improvement and in supporting responsible forest harvesting practices on the ground.

[3] The total may include individuals that have completed training programs more than once.

"I've conducted and coordinated extension education activities for professional loggers, foresters, and landowners since 1988. And as far as I'm concerned, the creation of SFI was a dream come true – it meant logging professionals, and forests, across the United States and Canada were able to benefit from our work."

Richard W. (Dick) Brinker, Ph.D., Dean Emeritus, School of Forestry and Wildlife Sciences, Auburn University and member of the SFI Board of Directors

WORKING WITH GOVERNMENT

SFI Implementation Committees work with government agencies to achieve common goals and raise awareness about the benefits of certification and sustainable forest management. The Maine SFI Implementation Committee is involved in a fish passage/stream connectivity education effort in partnership with state and federal agencies and NGOs. Maine also participated in the Kennebec Woodland Partnership, founded by the Kennebec Land Trust and Maine Forest Service to encourage family forest owners to manage their forest lands responsibly, and will lead an effort to expand this statewide in 2012.

Tennessee is organizing statewide county forest-landowner associations to help shape forest policy throughout the state. Many committees, including Arkansas, Alaska and Georgia, arranged information sessions for state, provincial and/or local government officials.

SUPPORTING LANDOWNERS AND THE NEXT GENERATION

Throughout 2011, members of SFI Implementation Committees worked in partnership with local conservation and recreation groups, professional associations, universities and schools, and government agencies to advance responsible forest management. They help landowners through workshops, publications and webinars. In 2011, the Florida committee supported workshops on longleaf pine restoration; water and fisheries conservation; and invasive exotic plants identification.

Committees are also reaching the next generation by supporting Project Learning Tree workshops, engaging teachers in responsible forest management practices that they can take back to the classroom and teach their students.

The Wisconsin committee supported the development of signs for the interpretative nature trail at the Trees for Tomorrow campus – in addition to providing high school student scholarships to learn about sustainable forestry at Trees for Tomorrow. Mississippi designed and supported a working forest exhibit at the Mississippi Children's Museum.

Nova Scotia developed a website with links to information about key topics such as certification, biodiversity and safety. Like many committees, the South Carolina SFI Implementation Committee has a coordinator who provides useful information to individuals and groups, and attends landowner association meetings. In Virginia, the SFI Implementation Committee provides information on sustainable forest management to more than 8,000 forest landowners each year through newsletters, workshops, field tours, publications and a website, in cooperation with the Virginia's Links to Education about Forestry Program.

A GEORGIA TREE FARM AND HEALTHY MARKETS

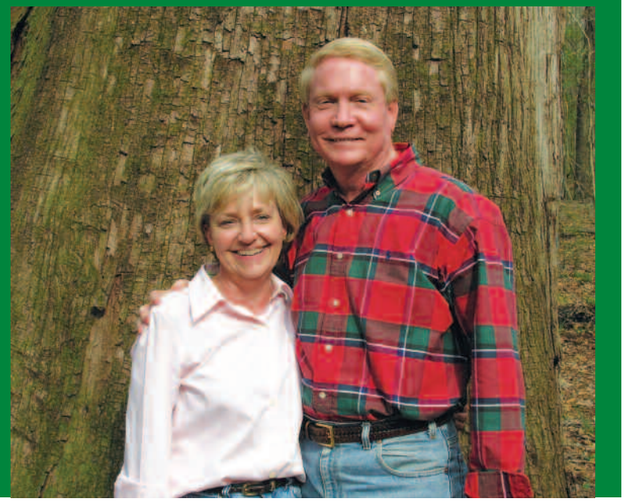
Earl and Wanda Barrs have managed 1,500 acres/600 hectares of forestland in Bleckly County, Georgia, for 25 years – Earl's family first settled the land in the late 1800s. The tree farm, Gully Branch, has been recognized nationally as a state-of-the-art forest. The Barrs were recognized as 2009 National Outstanding Tree Farmers of the Year by the American Tree Farm System, a program of the American Forest Foundation (AFF).[4] Wanda, who has dedicated her professional life to education, serves as vice-chair of the AFF Woodlands Operating Committee and on the AFF Board of Trustees. Earl, a trained forester, serves as chair of the Georgia Department of Natural Resources Board.

"Gully Branch is certified to the American Tree Farm System® standards, and our ATFS management plan outlines in great detail how we will protect and enhance our tree farm for timber, wildlife, water and recreation. Gully Branch has been used as one of Georgia's premier outdoor classrooms and since 1994, more than 7,000 students and adults have visited our tree farm.

"Across the country, families and individuals own more of America's forestland than any other group, including the federal government or industry. In Georgia, families own more than half of the forestland in the state, and 70 percent of the wood used by industry comes from family forest owners like us. These families play a key role in providing jobs and economic vitality for rural communities.

"But we will only continue to see the benefits that our forests provide – clean air, clean water, wildlife habitat, recreation, wood products, jobs and economic vitality – if we continue to work to ensure healthy markets for our wood products.

"When markets were healthiest, so were America's forests because landowners had the resources to reinvest in their forests. It is important that organizations recognize wood grown and certified to the ATFS and SFI standard so that family forest and working forests can be sustained and help grow in the green building market."



[4] The American Tree Farm System is recognized by the SFI program and endorsed by PEFC.

> Market Transformation

"While Minnesota has experienced its own share of mill closures during the recent economic downturn, we are blessed to have retained a viable forest products industry still operating in the state. I am convinced this is due in part to a stable supply of certified fiber coming from our state forest lands, and stronger market access made possible by forest certification. Minnesota in total has seven million acres certified to the SFI 2010-2014 Standard. I am convinced that this large amount of well managed and certified forest land will help to sustain both healthy forests and healthy forest product industries for future generations."

Robert S. Tomlinson, Manager of Strategic Land Asset Management, Minnesota Department of Natural Resources

MARKET TRANSFORMATION FOR FORESTS

Every company, every organization and every individual in North America can shape the future of our forests and our resource communities through their actions today. By asking for SFI-labeled wood and paper products you can help transform markets and support a healthy future for forests, for communities and for conservation.

Leaders who know that the future of our forests and communities depend on our choices and actions today prefer to choose forest products from certified forests and responsible fiber sources that take environmental values into account.

SFI Inc. is working with suppliers, landowners, government agencies and conservation groups to grow the certified land base and certified sourcing. It is committed to making sure anyone who buys wood, paper and packaging products — from students buying supplies for school to large retailers and developers — can find the certified forest products they need.

The on-line SFI Certification Database (www.sfiprogram.org/find-sfi-forest-products) offers searchable information on all certificates for SFI forest management, chain-of-custody and certified sourcing standards as well as products manufactured by SFI certified organizations.

If you are an SFI program participant, you can also raise awareness about the benefits of SFI. In 2011, the SFI program unveiled an on-line promotion toolkit so participants and supporters can share facts about the benefits of SFI certification with their customers, stakeholders and staff. The website – www.sfiprogram.org/promotion – includes presentations, promotional materials and information about SFI fact sheets.

SFI produced a number of new publications, including:

- Sustainable Forestry and Biodiversity outlines the many ways SFI certification maintains biodiversity and protects forest health.
- Government & SFI — Partnering to Help Responsible Forestry shows how SFI program activities complement the work of government agencies in the United States.
- Supporting Responsible Forestry with SFI looks at SFI program activities in Canada.
- What Others are Saying provides examples of the agencies and organizations that recognize SFI.

"I work on lands certified to SFI, and I am proud of what I see our people accomplishing on SFI-certified land every day. Consumers are in a great position to encourage more forest certification and advance the tremendous benefits for our forests and our communities. When you see the SFI label in the marketplace, write a letter to the organization and thank them for supporting our forest communities."

Robert A. (Bob) Luoto owns and operates Cross & Crown Inc. in Oregon, and represents independent logging professionals and the American Loggers Council on the SFI Board of Directors

"If the USGBC wants to support North America's forests and its indigenous peoples, it will expand the LEED certified wood criteria to recognize all of North America's credible certification standards."

Ryan Clark, Manager, Forestry & Strategic Planning, Capacity Forest Management, which manages forestry operations for First Nations clients.

GREEN BUILDING

Green building rating tools, codes and standards continue to grow in market acceptance as businesses and governments seek out better ways to make buildings and homes more energy efficient. Material use is a key component to any credible green building rating tool, code and/or standard. Architects and builders can choose from a number of rating tools, codes and/or standards that support the responsible production of wood and paper products by recognizing SFI certification, including:

- International Green Construction Code (IgCC)
- ANSI/ICC 700-2008:National Green Building Standard
- ANSI-GBI 01-2010 Green Building Assessment Protocol for Commercial Buildings (built on Green Globes U.S.)
- Built Green Canada
- Green Globes
- CASBEE (Japan)
- Green Star Program (Australia)
- BREEAM (United Kingdom)

IgCC is a regulatory tool published in March 2012 that helps state and local governments in the United States increase energy efficiency and complement voluntary green building rating systems. The biobased materials section of the newly adopted Code states that "wood and wood products used to comply with this section, other than salvaged or reused wood products, shall be labeled in accordance with the SFI Standard, FSC Indicators of Sustainable Forestry, PEFC Council Technical Document or equivalent fiber procurement system..." Local governments in Washington State, New Hampshire, Arizona, Colorado, Rhode Island, Oregon, North Carolina, Maryland and Florida have already adopted the IgCC.

The Government of Maine has also adopted an inclusive approach to forest certification. In December 2011, Maine Governor Paul LePage signed an executive order directing that "any new or expanded state buildings shall incorporate 'Green Building' standards that give certification credits equally to forest products grown, manufactured, and certified under the Sustainable Forestry Initiative, Forest Stewardship Council, American Tree Farm System, and Programme for the Endorsement of Forest Certification systems."

While the U.S. Green Building Council (USGBC) deliberates its treatment of certified wood in its revised Leadership in Energy and Environmental Design (LEED) rating tool, others, such as the International Green Construction Code (IgCC), recognize all credible programs, such as SFI.

Increased understanding of the value of using wood from responsibly managed forests for any new construction or renovation project helps create demand for certified forest products. To help raise awareness of the benefits of certified wood for green building, SFI sponsored a Continuing Education Unit (CEU) that appeared in the January/February 2012 issue of GreenSource Magazine, published by McGraw Hill. Architects and builders can earn continuing education credits through the American Institute of Architects by reading the article, Certified Wood Branches Out, and taking an online test. By the end of April 2012, the article had been viewed close to 20,000 times and 474 individuals had taken the test.

GOVERNMENTS BACK ALL CERTIFICATION STANDARDS

SFI Inc. values the input and perspectives of public officials and decision-makers. That's why government officials are on the SFI Board of Directors and External Review Panel, and are strongly represented on local SFI implementation Committees. As governments in the United States and Canada strive towards sustainable practices and policies, it is significant when they recognize the value of forest certification programs that work to improve on the ground management and support our forest communities.

The U.S. Department of Agriculture demonstrated its recognition of the environmental and economic benefits of wood certified to all credible standards, including SFI. It issued a report in September 2011 saying wood from sustainable sources promotes a healthy environment and a strong economy, with an accompanying news release that said: "Sustainability of forest products can be verified using any credible

The White House Easter Egg Roll continues to support forest certification — for the fourth year, the paperboard used for the official gift box is certified to SFI and the hardwood eggs are certified to FSC.

third-party rating system, such as Sustainable Forestry Initiative, Forest Stewardship Council or American Tree Farm System certification."

The Canadian Council of Forest Ministers set out similar direction in 2008 when it issued a statement saying: "Governments in Canada accept that these standards (Canadian Standards Association, Forest Stewardship Council and SFI) demonstrate, and promote the sustainability of forest management practices in Canada ... Customers can be assured that these forest certification standards are complementary to and demonstrate each Government's sustainable forest management regime."

In 2011, the U.S. Department of Education also included office paper from forests certified to SFI or comparable certification standards in the evaluation criteria for its Green Ribbon Schools program, designed to recognize schools that save energy, reduce costs, feature environmentally sustainable learning spaces, protect health, foster wellness, and offer environmental education to boost academic achievement and community engagement. In Canada, agencies such as the Competition Bureau of Canada and Public Works and Government Services also call out certified forest products, and list all of the standards used in Canada, which includes SFI.

In a December 2011 news release, Maine Governor Paul LePage said: "We believe that by supporting the full range of forest certification programs, we are advancing Maine's forest industry and the interests of our forest landowners in local, national, and global competition for market share ... We are also protecting our valuable natural resources and traditional outdoor heritage."

When government policies consider all credible forest certification standards, including SFI, they are promoting responsible forestry as well as a steady supply of forest products — and jobs — in North America.

SFI FOREST PARTNERS: INVESTING IN OUR FUTURE

In order to meet the demands of buying products from healthy and sustainable forests, all stakeholders in the supply chain need to be part of investing in the future of our forests. SFI Inc. launched its SFI Forest Partners program in 2012, providing opportunities for a broad base of interests to support conservation goals and sustainable forest practices through partnerships and SFI certification options in North America.

The program builds on the success of a pilot project that resulted in an additional 1.4 million acres/570,000 hectares of lands certified to the SFI forest management standard in Maine. The innovative pilot project, involving Time Inc., Hearst Enterprises, National Geographic Society, Verso Paper Corp., Sappi Fine Paper North America and NewPage Corporation, recognized the challenge for small and medium-sized landowners to obtain forest certification, so they made it more accessible and affordable to get certified to the SFI standard.

The SFI Forest Partners program expands this approach in the southeastern United States and eventually across all of North America, bringing together landowners, manufacturers, distributors, customers and even conservation groups. It will encourage more landowners to certify their forests and small mills to certify to the forest management and/or fiber sourcing objectives of the SFI Standard, and to recognize and support environmental conservation initiatives.

Helping buyers of forest products, conservationists, forest landowners and others collaborate on shared objectives can have a positive impact on our forests, our communities and forest products produced from responsibly managed forests and fiber supply chains. As a Forest Partner, they can be a proud advocate of supporting our forests with conservation benefits and responsible sourcing.

"Forest certification offers benefits at every stage of the supply chain. Through SFI Forest Partners℠, Time Inc. is able make a direct contribution to responsible forestry practices by encouraging more certified lands – something we welcome, and our customers welcome."

Guy Gleysteen, Senior Vice President of Production at Time Inc.

YOU CAN CHANGE THE FUTURE

When you buy SFI labeled products, you are choosing to support responsible forestry today and into the future. You are also supporting rural communities, stable jobs and the numerous conservation values that depend on healthy forests.

Buyers can find SFI-labeled products to meet any need – whether it is furniture, lumber for their home, or paper for their office. There are currently SFI-certified organizations in 25 countries around the globe. These include major brands who are using the SFI on-product label – from small printers and lumberyards to international entities with multiple locations. A wide selection of popular products come in SFI-labeled packaging, including cosmetics, school supplies, food, shoes, magazines and paper cups.

In June 2011, SFI Inc. introduced an on-line label approval process to improve program efficiency, resulting in more than 3,000 online label approval requests from June 2011 to April 2012. Five years ago, the SFI program averaged about five label approvals a year; in 2011, this increased to 20 approvals a day, and in 2012 it continues to climb — with a record of 70 online label approval requests on January 16, 2012.

The SFI program labels require conformance to guidelines on environmental claims in product advertising and communication issued by the U.S. Federal Trade Commission and guidelines on environmental labeling and advertising issued by the Competition Bureau of Canada. To learn more about what the different labels mean, visit: www.sfiprogram.org/SFILabels/

SFI Certificate Holders and Program Participants

(April/May 2012)

• 3 Dimension Graphics Inc • 3C Packaging • 3M Canada, Abrasive Engineering • 3M Company • A&A Trading Ltd • A&B Printing • A&H Lithoprint Inc • A. Johnson Co LLC • A.T. Clayton and Co Inc • Abbott Communications Group • ABC Imaging • Aboriginal Printing • ABS Graphics • Absolute Printing Trading DBA Fuse Graphics • AC Graphics • Academy Graphic Communication Inc • Accell Graphics • Access Business Group - Corrugated Printing • Accord Carton • AccuCopy of Greenville Incorporated • Ace Graphics • Adams Lithographing • Adden Furntiture • Admore Inc • Advance Packaging Corporation • Advance Paper Box Company / Packaging Spectrum • Advanced Printing of NY • Advanced Web Offset • Advantage Mailing Inc • Advertiser Printers Inc • Advocate Printing and Publishing Company Ltd • AGI North America LLC • Agillity Press Inc • Ainsworth Engineered Canada LP • AJ Schrafel Paper Corporation • AJM Packaging • Alaska Department of Natural Resources • Alberta Newsprint Company • Albuquerque Printing Company • Alexander Lumber Company • Alexandre Côté Ltée • All Out Print Communications Inc • All Packing Company • Allegheny Dimension • Allegheny Plywood Company • Allen Group Marketing SMC Co Inc • Allen-Bailey Tag & Label Inc • Allied Litho Inc • Allied Printing & Graphics, Co Inc • Allied Printing Resources • ALLPAK TROJAN • Allstate Insurance Company • Alpha Printing • Alpha-Omega Graphics and Print Media Services Inc • Alpine Litho Graphics • AM Lithography • Ambrose International • Amcor Packaging Distributions • American Color Graphics Inc • American Greetings Corporation • American Hardwood Industries • American Litho • American Press LLC • American Printing Company Inc • American Web Inc • Ames Plantation • Ample Industries • Anbrook Industries Ltd • ANC Timber Ltd • Anchor Paper Company • Anglo American Hardwoods • Angstrom Graphics • Anstadt Printing • Ansun Graphics • Anthony Forest Products • Apex Color • Apex Graphics DBA Apex Trade Web and John Sands & Associates • Appleton Coated LLC • Applied Paper Pulp & Substrate Sources DBA Princeton Papers • Appling County Pellets LLC • Arandell Corporation • Arbour Press LLC DBA Arboroakland Group • ARC Paper LLC • Arcade Marketing Inc • Arizona Public Service (APS) Company • Arkay Packaging • Arma Container Corporation • Arna Marketing Group Inc • Arrowhead Press • Art & Negative Graphics • Art for Everyday • Art Print Company • Aspen Press • Aspen Printing Co Inc • Associated Hardwoods • Associated Printing • AT Limited Partnership • Atco Wood Products Ltd • Athens Paper Company • Atikokan Forest Products Inc • Atlantic Corporation of Wilmington Inc • Atlas Trading International • Auburn University • AV Group (AV Nackawic Woodlands and AV Cell Woodlands) • Avery Dennison • Avery Dennison OPNA Headquarters • AxiSource Inc • B&G House of Printing Inc • Baldwin Paper Co Limited • Bang Printing • Barton-Cotton • Bassette Company • Bates Container LLC • Bay Cities Container Corporation • Bay Corrugated Container Inc • Bayou Wood Pellets LLC • Baywood Paper Limited • Beasley Timber Management • Bedwick Jones Printing Inc • Beisser Lumber Company • Bell Container Corp • Bellak Color Printing Corp • Bellwyck Packaging Solutions • Beloit Box Board Company Inc • Bemis Paper Packaging • Ben Franklin Press & Label Co • Bennett Lumber Products Inc • Bennett Packaging of Kansas City Inc • Benson Media Inc • Berea College Printing Service • Bert-Co Industries • Best Deal Graphics • Best Press Inc • Better Business Forms Inc, DBA Clondalkin Group • BFC Form Services Inc • Bibler Bros Lumber Co • Bind-Rite Robbinsville • Bind-Rite Services Inc • Bio PAPPEL International Inc • Biomass Energy LLC • Black Bear Forest Inc • Blue Heron Paper Company • Blue Ridge Printing • Boaz Printing • Boca Systems • Boehmer Box LP DBA Canampac/DBA LYFT Visual • Boelter Industries Inc • Bois Expansion Inc • Boise Cascade LLC • Boise Paper Holdings LLC • Boncraft Printing Group • Boozer Laminated Beam Company Inc • Boscus Canada Inc • Bosslitho • Boutwell, Owens & Co Inc • Bowers Forest Products • Bowne Business Communications • Bowne of Atlanta • Bowne of Canada • Bowne of Houston • Bowne of Los Angeles • Boxes R US Inc DGA Ultimate Paperbox Co • Boyd Brothers Inc • BPG Graphic Solutions • BPM Inc • Bradford & Bigelow • Bradner Smith and Company • Bridge View Paper Company • Bridgeport Forest Products Inc • Bridgewater Wholesalers Inc • Brilliant Graphics • British Columbia Timber Sales • Brown Industries Inc DBA Brown Printing • Brown Printing • Bryant & Young • BSC Acquisition Sub LLC, DBA Double Envelope, Convertgraphics and Champion Printing Company • BST Printing DBA SVEC Conway Printing • Buches du Nord Inc - DBA Moulures M.Warnet Mouldings Inc • Buckeye Florida LP • BUILDING PRODUCTS PLUS LLC • Burd and Fletcher • Burrows Paper Corporation • Business Ink, Co • BUYSEASONS Inc • C & S Press Inc • C&B Display Packaging Inc • C&C Wood Products • C&D Lumber Co • C.J. Duffey Paper Company • C.W. Zumbiel Co • Cadmus Communications, A Cenveo Company • California Litho-Arts • California Redwood Company • Caliper Woodworking Crop • Callaway Gardens • Cal-Tex Lumber Company Inc • Campbell Printing • Canadian Paper and Film Converters • Canadian Wood Products - Montréal Inc • Canfor Southern Pine • Canyon Lumber Co Inc • Capacity Forest Management Ltd • Cape Cod Lumber Company Inc • Capital Corrugated & Carton • Capital Printing • Capital Printing Corporation • Caraustar Industries Inc • Cardinal ColorPrint • CardPak • Carolina Container Company • Carrier Lumber • CartonCraft Inc • Cascades Canada ULD Div. 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SFI FUNDING

SFI Inc. is primarily supported financially by SFI program participants who use the program's forest management and fiber sourcing standards. These SFI program participants are listed on the SFI website (www.sfiprogram.org/files/pdf/SFIProgramParticipants.pdf), and include forest product and paper companies, conservation organizations, state and local public agencies, foundations, and universities. In 2011, SFI program participants provided 93 percent of the funding for SFI Inc., and the remaining seven percent came from annual conference revenue, various services agreements, investment income and other miscellaneous sources.

External Review Panel

THE SFI EXTERNAL REVIEW PANEL reviews the SFI program, both in terms of its policies and its implementation in the field by the SFI participants. In that process this year, we continue to be impressed with the merits and integrity of the program, as evidenced by an open and transparent web-based data collection system, a responsive system for handling requests for interpretations and answers to questions relating to the application of the SFI Standard, and an effective procedure for investigating and resolving claims of forestry practices that seem inconsistent with the requirements of the Standard. These reviews have allowed the Panel to provide an unqualified letter of support for this 17th SFI Progress Report. We believe it states the achievements of the SFI program fairly and accurately.

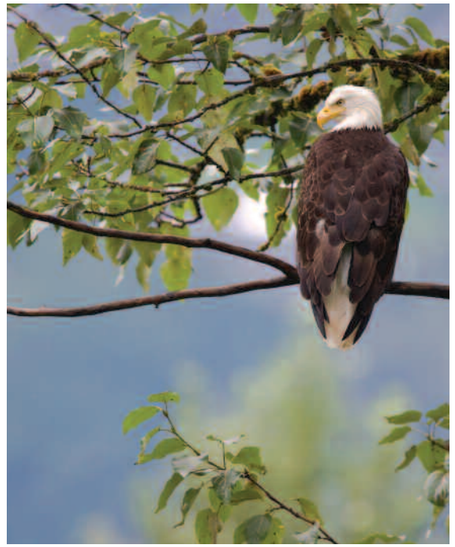
The theme of this report — the future is decided now — reflects the leadership that forest certification in general and SFI in particular have assumed in promoting sustainable forest management in North America. The SFI program, objectives, and its forest management objectives guide the practice of sustainable forest management for 196 million acres (79 million hectares) of lands managed by Program Participants. The fiber sourcing objectives set wood procurement practices on much of the other forests in North America, and extend to international protections against illegal logging. And the SFI chain of custody certification clearly and transparently identifies the type of wood procured from member or nonmember sources and relevant certified forest or certified procurement claims. Last, SFI clearly helps set the discussion agenda for the practice and science of forestry in North America.

This progress report underscores the importance of the SFI Implementation Committees (SICs) to the success and integrity of the program. These state, provincial, and regional groups are the front line in dealing with SFI participants and their application of the SFI Standard. They manage the review process when there is a claim of inconsistent practices, and oversee the critically important logger training processes that are a key part of the SFI program. In addition, they are key actors in the community and conservation grants program that has become a major part of the Sustainable Forestry Initiative. The Panel strongly commends the 37 SFI Implementation Committees for their achievements.

Since 1995, one feature of the SFI program that has set it apart from other forest certification programs is the focus on logger training. This has contributed to programs such as Master Logger and, in some states, to more formal Logger Certification Programs. We believe this has been an outstanding contribution to the cause of forest conservation in North America — one that extends far beyond certified forests. Skilled and conscientious loggers work on all forest lands — certified and uncertified — and their impact on the non-certified lands has been both measurable and significant. An excellent timber harvest on a non-certified forest is a major improvement in maintaining forest quality, but it is not the equivalent of forest certification that begins with a sustainable management plan and affects every aspect of forest management. Thus, while the work of certified loggers does not equate to a fully certified forest operation, it is a major step in the right direction, and we commend and support these important programs that are improving the practice of forest management where they exist.

In 2012, the Panel conducted a study to learn what SFI participants, auditors, and SIC chairs think about the effectiveness of the SFI Standard's individual performance measures and their impact on forest lands and operations. Program Participants perceive SFI as an effective and credible certification system, and the results suggest areas for future consideration in continuous improvement.

In summary, we find that the SFI annual report is accurate, and reflects the substantial impact that the SFI program is having on setting and achieving a high standard for the practice and continuous improvement of sustainable forest management in North America.



EXTERNAL REVIEW PANEL MEMBERS

The SFI External Review Panel is a distinguished group of independent experts representing conservation, environment, professional, academic and public organizations. The ERP's mission is to conduct an independent review of the SFI program and to ensure the annual SFI Progress Report fairly states the status of SFI program implementation. The volunteer panel provides external oversight through its independent review of the current SFI program while seeking steady improvements in responsible forestry practices.

Michael T. Goergen Jr. (CHAIR), Executive Vice President, Society of American Foresters
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Lena L. Tucker, Deputy Chief, Private Forests Division, Oregon Department of Forestry
R. Neil Sampson (EXECUTIVE SECRETARY), President, The Sampson Group Inc.

Board of Directors
(JUNE 2012)

SFI Inc.'s Board of Directors represents environmental, social and economic interests equally. Board members include representatives of environmental, conservation, professional and academic groups, independent professional loggers, family forest owners, public officials, labor and the forest products industry – reflecting the variety of interests in the forestry community.

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To Be Elected

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Woodworkers Department, International Association of Machinists and Aerospace Workers

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Faculty of Forestry, University of Toronto

Dr. Skeet Burris
Family Forest Owner
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Economic sector includes the forest, paper and wood products industry or other for-profit forest ownership or management entities:

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June 2012

SUSTAINABLE FORESTRY INITIATIVE
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2012 PROGRESS REPORT