## SFI. Live By the Standard.

Larry Selzer, President & CEO The Conservation Fund

"The Sustainable Forestry Initiative® program is a fully independent leader in forest certification."

SUSTAINABLE FORESTRY INITIATIVE

www.SFlprogram.org



SUSTAINABLE FORESTRY INITIATIVE® . GROWING STRONGER TOGETHER





Good for you. Good for our forests."

## SOME QUICK FACTS

### about the SFI Program

The SFI program promotes responsible forest management in North America through a comprehensive, science-based forest certification standard, chain-of-custody certification and unique fiber sourcing requirements.

### In 2008:

- SFI program participants invested \$88.9 million (US dollars) in forest research, raising the total since 1995 to \$1.07 billion (US dollars).
- 1.6 million acres (648,000 hectares) of SFI program participants' lands were reforested through planting or natural regeneration an area the size of the State of Delaware.
- 6,627 resource and logging professionals were trained in responsible forestry through the SFI program or its recognition of other programs.<sup>1</sup>
- The SFI program's fiber sourcing requirements helped improve forestry on uncertified lands in North America, and achievements included:
  - About 10.9 billion cubic feet of wood fiber used by SFI program participants met the fiber sourcing requirements of the SFI Standard – the amount of wood found in more than eight million average singlefamily homes in North America.
  - 93 percent of the raw material used by SFI program participants was provided by loggers trained in sustainable forestry practices.

### SFI Inc. is an independent, 501c(3) non-profit charitable organization.

- Its Board of Directors has equal representation of environmental, social and economic interests.
- It is endorsed and accepted by organizations and governments internationally, and is supported by conservation groups, community organizations and forest professionals.
- A network of 37 local SFI Implementation Committees across North America meets diverse local needs.

### This progress report shows SFI program achievements in 2008, including the rapid growth that continued into 2009. A full list of current program participants can be found on pages 12 to 16, and program statistics, as of May 22, 2009, include:

- 245 program participants in North America (United States and Canada).
- 162 million acres (65.6 million hectares) of third-party certified lands, the equivalent of the land area of 10 U.S. northeastern states or the three Canadian Prairie provinces.
- 635 chain-of-custody certificates at 1,411 locations.
- 52 fiber sourcing certifications.

### Area Certified to SFI Program: 1998 - 2008



The area certified to the SFI Standard has grown from 700,000 acres (280,000 hectares) across North America at the end of 1998 to a total of 154 million acres (62.3 million hectares) at the end of 2008.

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### Sustainable Forestry Initiative Webinar Series SFI 101

Kathy Abusow, President & CEO, SFI Inc., April 24, 2009



## The SFI Program A Single North American Assurance



1 Standard for all of North America Fully Independent Non-Profit Charitable 501c3 3 Chamber Board: Social - Environmental - Economic



SUSTAINABLE FORESTRY INITIATIVE Good for you. Good for our forests."



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## The Sustainable Forestry Initiative<sup>®</sup> Program Ensuring Healthy Forests for Generations to Come

The Sustainable Forestry Inhoine program is locused on meeting the demand for the summaries forestry initianies program is locused on meeting the demand for wood and paper products while protecting the environment and helping ensure luture generations will have the full range of forest benefits.

The SM Standard and its cathlication procedures are oversum by the Board o Directors of the Sustainable Porestry Initiative, Inc.

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Develop partnerships to help protect major tropical wilderness areas biodiversity hot spots. & Help eliminate flegal logging through callaborative efforts with intern conservation organizations and the use of Clucin of Custody procedures.

to train loggers and loresters in sustainable lorestry prodices -

Contribute to research efforts needed to continually improve how w

There are now more than 51 million heatares across North America indu third party audited to the ST Standard, one of the most regorous standar use arrywhere in the world.



### SFI Online Marketing

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One online advariating promoting the SPL advertising and have clicked through to appears on well-read websites such as obtain more information about the SFI program. CNVMoneycom and Fortune cont. SFI scheetising The SFI, Inc. staff would like to highlight was featured prominentry on the special "Green program participants' advertisements, editorials, Instrumors' section of CNNMoney. Our advertising and other SH program prim coverage on our is also targeted to appear next to anticles on the envisor receisigned website. If you would like to purificiconstent-reaching people at the moment they are pare, please forward portinent electronic files to reading and thinking about environmental issues. caty do yestiprogram.org. These materials will be The goal of our online initiative is to extend possed in a "newsroom" for easy access to current

our reach beyond people in the forest products news information legalding the program. For industry by reaching out to decision makers and more information, contact Rick Cantroll influentials interested in environmental issues,

### Chain-of-Custody Program Growing

IN A MAY 22 PRESS RELEASE, Story linsa In other SFI Chain-of-Costody news, innounced the achievement of third-party chains. PricewatechouseCoopers' (PwC) fragst products of-custedy-centification at six of its North American. Chain-of-Castody program recently accelved mills. This certification is valid for Sustainable "accreditation from the Standards Council of Forestry Initiative (SFI) and the Programme for the Canada. PwC can provide chents a will array of Endorsement of Foren Certification (PERC) CXC services new including certification to the schemes. Stora Easo is the first coated paper. Susteinable forestry initiative and Programme for manufacturer in North America to achieve SFL, the Endorsement of Forest Certificanon standards. Chain-of-Custody certification. For more information, contact joion Meinich.

### SFI Marketing Toolkit Production

WE ARE PLEASED to another the revised tion by program participants. and updated SFI, Inc. indeki and poolsit are now. To order copies of the tookin and/or tritokil, a available for distribution. For the first prim run, a completed order form should be admitted to SH, limited countity will be available by request. Irst stati. The order form is attached to the email Each nonlikit order will be limited to 100 copies - containing this newsletter All response must include and tribled orders are limited to 200 copies. name, company, sincer address, telephone number Requests for additional copies will be considered. and number of repres for order processing. For more Print files are also available for use and customiza- information, rentact Amy Dorp.



### he Sustainable Forestry Initiative® Program stainable Forestry Initiative (SFI) program has always met the demands for wood and py brings the SE's program an even stronger presence in the marketplace. A fully In usings the srift program an even stronger presence in the marketplace, a using deni Roard of Directors, including environmentalists and conservation organizations, and an analysis of the strong stronger and yre than 125 million acres across North America are independently, third-party

(8)

America's Largest Forest Certification Program

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## SFI Inc.: Making a Difference on the Ground

Progress Report 2007



### Message from the President



### 2007 was quite a year.

It began with the creation of SFI Inc., a fully independent non-profit 501c(3) charitable organization. Its Board of Directors has had authority over the SFI Standard, certification procedures and complaints since 2002, and now is the sole governing body of all aspects of the program with equal representation from its environmental, social and economic chambers.

SFI Inc. started 2007 with 135 million acres (54.6 million hectares) of certified lands across North America, and this rose to 143.7 million acres (58.1 million hectares) by the end of the year. There were 21 SFI chain-of-custody certifications at 48 locations at the start of the year, and 102 certifications at 408 certified locations by the end of the year. This momentum has continued into 2008.

There are good reasons for this growth. Attention to corporate social responsibility and public interest in forest issues are at an all-time high, and consumers are seeking out products they trust represent the right environmental choice. And the SFI program has proven it can meet this expectation.

Our forest, fiber sourcing and chain-of-custody certifications, backed by on-product labels, are all valuable tools to deliver real progress on the ground. More certified lands means more protection for biodiversity, wildlife habitat, water quality and countless other environmental values. Program participants invest time and resources into forest management research, and share their knowledge with their suppliers, including family forest owners. Our network of 37 SFI Implementation Committees allows us to work with community partners to broaden the practice of responsible forestry.

This report is structured around three strategic goals that are the foundation of our work: integrity, conser vation collaboration and market outreach.

We will continue to work with the conservation community and other stakeholders to address some of the major challenges and opportunities facing our forests. We aim to be recognized as a world-class forest certification program that is positively influencing the markets for certified forest products while improving forest practices across North America and promoting responsible procurement globally. We believe consumers are beginning to view SFI-certified products as a sound environmental choice.

We will achieve these goals with a forest certification standard we know is strong, grounded in science, progressive and based on integrity. The strength of our standard has been proven through our collaboration with conservation groups and our wide market acceptance.

It is important to look back at what SFI Inc. and its partners have achieved in 2007, but is it just as important to look ahead, especially in a year when we will begin the public review process that will lead to the 2010-14 SFI Standard, and will ask the market's advice about whether our on-product labels are transparent, easy to understand and meet the needs of our customers and consumers.

We began 2008 by presenting the first SFI Inc. Leadership in Conservation Research Award. We were among the sponsors of an international workshop hosted by Forest Trends that examined the critical global issue of illegal logging. The Minnesota SFI Implementation Committee and North St. Louis Habitat for Humanity brought together an amazing array of donors to build a home made with forest products sourced by SFI program participants and to be built by SFI volunteers.

These examples show the depth of our program, its link to both local communities and international issues. SFI Inc. stands for responsible forest management in North America and responsible procurement around the world. Our steady growth shows that corporate leaders, international markets and consumers at home share this view.

KATHY ABUSOW President and CEO Sustainable Forestry Initiative Inc.



# SUSTAINABLE FORESTRY INITIATIVE

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Vice Chairman Marvin Brown

Secretary and Treasurer Mary Motlow

President and CEO Kathy Abusow

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Patrick J. Moore Chairman and CEO Smurfit-Stone Container Corporation

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William B. Rogers President and CEO The Trust for Public Land

Roger Sedjo Senior Fellow Resources for the Future

Lawrence A. Selzer President and CEO The Conservation Fund

Steven A. Williams, Ph.D. President and CEO Wildlife Management Institute

Michael Zagata Executive Director & CEO The Ruffed Grouse Society, Inc.

SOCIAL SECTOR:

Marvin Brown State Forester Oregon Department of Forestry

Thomas Buffenbarger International President International Association of Machinists and Aerospace Workers

Norm L. Christensen, Jr., Ph.D. Professor of Ecology and Past Dean Duke University

John Innes, Ph.D. FRBC Chair of Forest Management University of British Columbia

Bob Luoto Representative American Loggers Council

Mary Motlow Family Forest Landowner April 23, 2009

Peter Goldman Washington Forest Law Center 651 Second Avenue, Suite 360 Seattle, WA 98104

Re: Your requests for information

Dear Mr. Goldman:

In response to your March 24 and April 3 requests, I enclose the following documents:

- 1. SFI's 2007 Amended Form 990 tax return (the 2008 return has not yet been filed);
- 2. SFI's 2007 Annual Report (it is on our website at this link: http://www.sfiprogram.org/files/pdf/annual-progress-2007.pdf)
- 3. SFI's Form 1023, and the responding IRS Determination Letter.

You also requested a list of the donors who contribute to SFI. Please note that the vast majority of our financial support is provided by SFI Program Participants who use our forest management and fiber sourcing standards. These SFI Program Participants, listed in our annual progress report, include forest product and paper companies, conservation organizations, state and local public agencies, foundations, and universities.

If you have further questions, please contact me at Kathy.Abusow@sfiprogram.org

Sincerely,

Kathy Abusow President & CEO



### SFI Inc. Transparency Policy

As an advocate for sustainable forestry, a public charity and the custodian of the most widely-used forest certification system in North America, SFI Inc. is committed to be open and transparent about the development and administration of the SFI Standard, about our operations as a public charity, and about our policy goals and priorities. To implement this commitment, the Board of Directors of SFI Inc. has adopted the following transparency policy:

1. <u>Transparency in the Development of the SFI Standard</u>. The SFI Standard shall be developed through a transparent process including public notice of proposed changes, regional workshops to present and discuss proposed revisions with stakeholders, and opportunities for public comment on drafts of the Standard.

2. <u>Disclosures regarding Tax-Exempt Status and Charitable Operations</u>. SFI Inc. shall disclose to the public all information required by the Internal Revenue Code. SFI Inc.'s Form 990 tax returns for the past three years, its Form 1023 Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, and the responding IRS Determination Letter are available upon request. SFI Inc. is primarily supported financially by SFI Program Participants who use our forest management and fiber sourcing standards. These SFI Program Participants, listed in our annual progress report posted on the SFI website, include forest product and paper companies, conservation organizations, state and local public agencies, foundations, and universities.

3. <u>Transparency in Policy Goals and Initiatives</u>. SFI Inc. shall disclose to the public information about its policy goals, priorities and activities, through events such as the annual SFI Conference, regional workshops, publication of an Annual Progress Report and a monthly newsletter, and periodic updates on the SFI website.