

THE 2003-2004 ANNUAL REPORT
of the
SUSTAINABLE FORESTRY BOARD, INC.

Advancing Economic Viability, Environmental Health and Social Responsibility Through the Sustainable Forestry Initiative® Standard



SUSTAINABLE FORESTRY BOARDSM

Diverse Perspectives Creating a Focused Vision

The mission of the Sustainable Forestry Board is to develop systems and approaches to improve the practice of sustainable forest management, and promote the long-term health and sustainability of our forests by governing the Sustainable Forestry Initiative® (SFI) Standard.

The Sustainable Forestry Board, the non-profit organization having the sole oversight of the Sustainable Forestry Initiative Standard, closed 2004 with more than 152 million acres of managed forest lands enrolled in the SFI Program. More than 100 million of those acres are certified by independent third-party auditors.

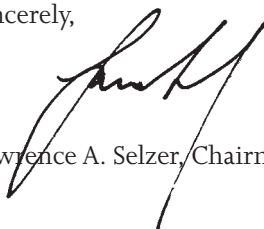
During 2004, the SFB focused its energy and resources on the completion of a comprehensive review of the SFI Standard (SFIS) and Auditing Procedures and Qualifications (APQ). The resulting 2005–2009 Standard and APQ reflect the balance needed to maintain and promote economic viability, environmental health, and social responsibility in our working forests.

The Sustainable Forestry Board is a balanced group consisting of environmental and academic leaders, industry CEO's and national figures representing more than 90% of the industrial forestland in North America, over 10 million non-industrial private landowners, state forests, and more than 100,000 trained loggers. For the past ten years all of these diverse interests have come together to achieve one goal – sustainable forestry. As part of its commitment to present and future generations, The Sustainable Forestry Board, through The SFI Program, maintains specific provisions requiring the conservation of biodiversity and the protection of sites with cultural or historical importance, along with imperiled species and communities.

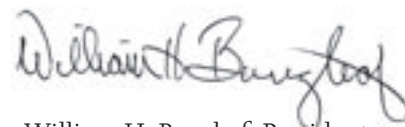
The SFB understands the need to maintain its vigilance and focus on the challenges ahead. One of the core values of the SFI Program is that of continual improvement of the Standard. To this end, the Sustainable Forestry Board will explore new horizons and push for balanced enhancements in the future. In 2005 the SFB will host workshops throughout North America promoting the new Standard, helping program participants implement new provisions, and reaching out to other private forest landowners to encourage sustainable forest management. The SFB will continue its outreach to all stakeholders to encourage reforestation, fund local assistance programs, and provide information on water and soil conservation, wildlife habitat, and management for imperiled and critically imperiled species and communities. As part of the continual improvement process, the SFB will fund a number of pilot projects, aimed at exploring emerging issues that may affect the economic, environmental, and social viability of sustainable forestry.

With an outstanding group of conservation and business leaders, more than a dozen voluntary committees and task forces, the commitment of SFI Program Participants, and dedicated staff, the SFB is well positioned for another year of enhancing sustainable forest management in North America. On behalf of the entire Board, we wish to thank all of our supporters for helping us with this very important task.

Sincerely,



Lawrence A. Selzer, Chairman



William H. Banzhaf, President

Lawrence A. Selzer, Chair
President and Chief Executive Officer
The Conservation Fund

John A. Luke, Jr, Vice Chair
Chairman and Chief Executive Officer
MeadWestvaco Corporation

Skeet Burris, Secretary/Treasurer
Family Forest Landowner
Cypress Bay Plantation

John H Cashwell
President
Seven Islands Land Company

Norm L. Christensen, Jr.
Professor of Ecology and Founding Dean
Nicholas School of the Environment, Duke University

John Faraci
Chairman and Chief Executive Officer
International Paper Company

George H. Fenwick
President
American Bird Conservancy

John Innes
FRBC Chair of Forest Management
University of British Columbia

Steve McCormick
President
The Nature Conservancy

Colin Moseley
Chairman and President
Simpson Resources Company

Paul Portney
President
Resources for the Future

Steven R. Rogel
Chairman, President and CEO
Weyerhaeuser Company

Gerald Rose
Sustainable Forestry Representative
National Association of State Foresters

Laurie A. Wayburn
President
The Pacific Forest Trust

Joe Young
President
Low Country Forest Products, Inc.

The Sustainable Forestry Board relies on the power of diverse thinking to create innovative approaches and public credibility, as it provides leadership in the field of sustainable forest management.

Members of the SFB represent the conservation and environmental community, Sustainable Forestry Initiative Program Participants, and the broader forestry community.



Resources Committee

The Resources Committee is designed to support the work of the SFB. Its area of focus is the development of information which can assist the Board in the creation of policies related to the SFI Standard, auditing procedures, or auditor qualifications. Committee members are either SFB members or an appointed SFB representative.

Maureen Frisch, Co-Chair
Vice President, Public Affairs
Simpson Investment Company

Evan Smith, Co-Chair
Director of Forestry Projects
Northwest Field Representative
The Conservation Fund

Tom Thomson
Family Forest Landowner
Thomson Family Tree Farm

John McNulty
Vice President, Forestry
Seven Islands Land Company

Norm L. Christensen, Jr.
Professor of Ecology and Founding Dean
Nicholas School of the Environment, Duke
University

George O'Brien
Senior Vice President
International Paper Company

George H. Fenwick
President
American Bird Conservancy

Fran Raymond-Price
Manager, Forest Policy
The Nature Conservancy

John Innes
FRBC Chair of Forest Management
University of British Columbia

Roger Sedjo
Senior Fellow, Energy and Natural
Resources Division
Resources for the Future

E. G. Parker
President, Forestry Division
MeadWestvaco

Cassie Phillips
Vice President, Sustainable Forestry
Weyerhaeuser Company

Justin Ward
Senior Director, Agriculture, Forestry &
Fisheries
Conservation International

Gerald Rose
Sustainable Forestry Representative
National Association of State Foresters

Laurie A. Wayburn
President
The Pacific Forest Trust

Joe Young
President
Low Country Forest Products, Inc.

The Sustainable Forestry Initiative External Review Panel

Jane A. Difley, Chair
President and Forester
Society for the Protection of New
Hampshire Forests

Philip J. Janik, Vice Chair
Retired
USDA Forest Service

Richard W. Brinker
Dean, School of Forestry & Wildlife
Auburn University

Craig Cox
Executive Director
Soil and Water Conservation Service

Elizabeth Estill
Deputy Chief, Programs, Legislation
and Communications
USDA Forest Service

Jo Ellen Force
Head, Department of Forest Resources
University of Idaho

Paul D. Frey
Louisiana State Forester
Office of Forestry

Michael T Goergen, Jr
Executive Vice President
Society of American Foresters

James R. Grace
Director
Pennsylvania Bureau of Forestry

Peter DeMarsh
President
New Brunswick Federation of
Woodlot Owners

H. Theodore Heintz, Jr.
Council on Environmental Quality

Bill Horvath
Forestry Specialist
National Association of Conservation
Districts

Winifred B. Kessler
Director, Wildlife, Fisheries, Ecology, and
Watershed
USDA Forest Service

David Ledford
Director, Appalachian Wildlife Initiative
Rocky Mountain Elk Foundation

Dennis C. Le Master
Professor Emeritus
Purdue University

Pat McElroy
Washington State Forester
Washington Department of Natural
Resources

Alan Wentz
Senior Group Manager
Ducks Unlimited

R. Neil Sampson, Executive Secretary
President
The Sampson Group, Inc.

Members of the External Review Panel provide an ongoing, independent, quality-oriented review of the SFI Program. They ensure that the Annual Progress Report is objective, credible, and fairly reports the status of SFI Program implementation. These volunteers are independent professionals from environmental and conservation groups, academia, and public agencies.

About SFB

The SFB has governed the content of the SFI Standard since 2001. The SFI Standard reflects the market and social realities of the 21st century in that it meets consumer demands for forest products while using environmentally appropriate practices within a context of social responsibility. Participants in the SFI Program include foresters, scientists, landowners, logging professionals, wood and paper producers, users, and sellers, who are all committed to meeting the rigorous measures of the SFI Standard.

The SFI Program includes more than 200 Participants worldwide, managing more than 152 million acres of forestland. Today, the SFI Standard remains the most widely used standard in North America, with ever increasing credibility and market acceptance.

The SFB upholds 9 Principles of Sustainable Forestry, along with all SFI Program participants:

- Sustainable Forestry
- Responsible Practices
- Reforestation and Productive Capacity
- Forest Health and Productivity
- Long-Term Forest and Soil Productivity
- Water Resource Protection
- Special Sites and Biological Diversity Protection
- Legal Compliance
- Continual Improvement

The SFB also maintains 13 SFIS Objectives which translate the Principles into areas of required action. They are a roadmap for expanding sustainable forestry and visibly improving performance. Each Objective has a number of mandatory corresponding Performance Measures and Indicators.

The Objectives promote:

- Broadening the implementation of sustainable forestry
- Ensuring long-term forest productivity and conservation of forest resources
- Protecting water quality
- Enhancing wildlife habitat and contributing to biodiversity
- Maintaining the aesthetic quality of managed forests
- Protecting special sites
- Continuing improvement in wood utilization
- Broadening the practice of sustainable forestry on private land through procurement programs
- Improving forestry research, science and technology
- Improving the practice of sustainable forestry through proper training
- Complying with all applicable laws
- Encouraging public participation and communication
- Continuing improvement of the practice of sustainable forestry

As a newly established organization, the SFB's main focus is maintaining and refining the SFI Standard in a transparent and credible environment. The SFB meets this challenge with a multi-stakeholder approach to problem solving. Because the SFB consists of conservationists, scientists, foresters, public officials, and landowners working together, dynamic tension is a natural, and valued, outcome. The combination of such diverse areas of expertise ultimately leads to the creation of an SFI Standard based on economic viability, environmental health, and social responsibility.

The SFB believes the SFI Standard must have broader implications beyond forest management. A commitment to sustainable forestry also requires a commitment to social responsibility. Both embody the need to focus on health and safety issues, employee training and education, forest ecosystem health, and special sites. A critical part of this effort is communicating the benefits of the practice of sustainable forestry to the general public.



Forest of Exceptional Conservation Value (FECV)

In 2002, the SFB added FECV requirements to the SFI Standard. Since then SFI Program Participants must conserve and protect forests that are globally threatened or rare, with high levels of endemism, or have little human intervention. In addition Program Participants must have “plans to locate and protect known sites associated with viable occurrences of critically imperiled and imperiled species and communities.” The SFB appointed the FECV taskforce to monitor the implications and effectiveness of these changes.

2004 SFB Review of the SFIS

The SFB requires a formal comprehensive review of the SFI Standard every three years. The most recent was completed in 2004, resulting in changes to take effect in January 2005. The SFB appointed committees to both review public comments and propose modifications to the SFI Standard. In addition to three public comment periods, six public meetings were held for all stakeholders to discuss any proposed changes. During the time between comprehensive reviews of the SFI Standard, the SFB can elect to make changes to the Standard based on compelling scientific evidence. SFI Participants must implement any changes to the Standard within one year of adoption.

Outreach

SFB staff attends conferences, give presentations and serves on panels, on behalf of the SFB. President William Banzhaf conducted moderated discussions and presentations about the role of the SFB and the implementation of the SFI Standard for a number of stakeholders and interested parties. These included state forestry and environmental organizations, foundations, state and federal agencies, the forest products industry, family landowner groups, and international fora in Europe, Africa, South America and Asia. SFB Program Coordinator, Allison Welde, spoke at an international conference with the goal on engaging ENGO's into the forest certification community. She also spoke on the SFI Program and the SFB to a Chinese delegation interested in forest certification in the US.

Auditor Peer Reviews

The SFB oversees peer reviews of all auditors performing SFI audits annually. These peer reviews are performed by an independent, contracted organization, and ensure that audit firms are following accepted the auditing procedures and the additional requirements outlined in the Standard. Each audit firm must have one audit per year witnessed by the peer reviewer. In 2004, there were seven peer reviews of audit firms completed, and all firms met or exceeded the peer review requirements.

Looking Ahead

In the coming year, the SFB will hold regional workshops in conjunction with the National Forest Foundation (NFF) that will aid SFI Program Participants in implementing new provisions of the 2005 SFI Standard. The Workshop will reach out to family forest landowners to strengthen a partnership with the Forest Service and expand our ability to educate landowner groups about protection of habitat and water quality. The SFB will also oversee a number of research projects intended to elicit more information on topics that were discussed, but not added to the Standard, during the SFIS review. These include protecting last known sites for vertebrate species and protecting species beyond federally listed threatened and endangered species. Additional studies will focus on biodiversity and the economics of forest certification.



In 2003, the SFB received voluntary contributions of more than \$337,000 in funding. In 2004, projected contributions will exceed \$450,000. These funds originated from 2 sources: contributions from SFI Program Participants, and a grant of \$50,000 from the NFF. SFI Program Participants form the core group of financial supporters for the Board. Looking toward the future, the Board aims to continue to broaden its funding base by establishing additional partnerships in the public and private sectors. The SFB uses more than 90% of the funding it receives for its core mission. The remaining funds are used for the management and administration of the non-profit.

The SFB would like to express its appreciation to the dedication and support of all its contributors. A list of contributors, organized by funding level, can be found at the end of this report. In addition, the American Forest & Paper Association (AF&PA) provides in kind support to the SFB on an annual basis. Due to the small staff size of the SFB, the Board outsources its human resources and database management to AF&PA, but AF&PA does not directly fund the SFB.

The Sustainable Forestry Board's independently audited financial statement and IRS Form 990 are available upon request.

SFI Program Participants

The American Forest & Paper Association, requires all of its members to conform to the SFI Standard. To date, there are 115 members of AF&PA. In addition, the SFI Program has close to 100 licensees. SFI Program Licensees conform to the SFI Standard, but are not members of the American Forest & Paper Association. Licensees include nonprofit, educational and public organizations in addition to smaller private forest products companies.

SFI Certification

The SFI certification process for Program Participants is rigorous, comprehensive, and consistent with accepted auditing principles throughout the world. Independent third party certification must be performed by individuals accredited by the Registrar Accreditation Board (RAB) and organizations listed as Registrars of the American National Standards Institute (ANSI) of the International Standards Organization (ISO). A complete list of third party certifiers can be found at www.aboutsfb.org. Third party certified companies may publicly announce their certification and may use the SFI Label on their products if they can also meet stringent label use requirements. Almost 75% of lands enrolled in the SFI Program are 3rd party certified.

SFI Program Data

SFI Participants are committed stewards of the land. They actively improve the health, productivity and management of forestland that we all share, by reaching out to landowners in the community, training employees, and supporting cutting edge research.

Since 1995, the SFI Program has:

- Invested more than half a billion dollars in sustainable forestry research.
- Provided \$31.4 million to communities across North America for sustainable forestry programs.
- Trained more than 83,000 loggers in best management practices. In 2003, these loggers delivered over 90% of raw materials used by SFI Participants.

In 2004, 152 million acres throughout the US and Canada were acres enrolled in the SFI Program. Over 113 million acres of these lands were independently third party certified.

Table 1. SFI Program acres in the US and Canada

Country	Total acres(million)	3rd Party Certified acres (million)
US	62.6	38.5
Canada	89.5	79.1
Total	152.1	112.6

To date over 90% of industrial forests in North America are enrolled in the SFI Program

American Bird Conservancy
American Fisheries Society
American Forests
American Tree Farm System
American Legislative Exchange Council
Arkansas Wildlife Federation
Association of Western Pulp and Paper Workers, UBC
Bat Conservation International, Inc.
Center for Wildlife Information
The Conservation Fund
Conservation Federation of Missouri
Council of State Governments
Ducks Unlimited
Forest Resources Association
Izaak Walton League of America
Longleaf Alliance
Michigan United Conservation Clubs
National Association of Conservation Districts
National Association of Professional Forestry Schools and Colleges
National Association of State Foresters
National Fish and Wildlife Foundation
National Fisheries Institute
National Tree Trust
National Wild Turkey Federation
National Woodland Owners Association
Northeastern Lumber Manufacturers Association
Northwest Regional Planning Commission
PACE International Union
Pulp and Paper Workers Resource Council
Quality Deer Management Association
Quail Unlimited
Rocky Mountain Elk Foundation
Ruffed Grouse Society
Society for the Protection of New Hampshire Forests
Society of American Foresters
South Carolina Wildlife Federation
Southern Council of Industrial Workers, UBC
USDA Cooperative State Research, Education, and Extension Service
Wildlife Habitat Council
Wildlife Management Institute
The Wildlife Society
Tree Musketeers
United Brotherhood of Carpenters and Joiners of America
United Mine Workers of America
Western Council of Industrial Workers, UBC

These leading national and international organizations have expressed support for the goals of the SFI Program. In addition, nineteen states have passed resolutions or proclamations endorsing support for the goals of the SFI Program, and nine major U.S. labor unions representing 2.5 million workers have endorsed the SFI program.



SFI Program Participants

Separate divisions or units of forestry organizations operating under the SFI Standard are listed in italics. Third-party certified Program Participants are noted with an asterisk (*).



Platinum Leaf Program Participants

(contribute more than \$20,000 annually to the SFB)

Boise Cascade L.L.C.*

Georgia-Pacific Corporation*

International Paper Company
(Includes Houston Forest Products & Weldwood of Canada, Ltd.)*

MeadWestvaco Corporation*

Smurfit-Stone Container Corporation*

Temple-Inland Inc.*

Weyerhaeuser Company*



Gold Leaf Program Participants

(contribute \$10,000 to \$20,000 annually to the SFB)

Plum Creek Timber Company, Inc.*

Potlatch Corporation*

Sierra Pacific Industries*



Silver Leaf Program Participants

(contribute \$1,000 to \$10,000
annually to the SFB)

Abitibi-Consolidated, Inc.
(North America)*

Anthony Forest Products Company*

Bowater Incorporated
(North America)*

Domtar Inc.

Fraser Papers Inc.*

Graphic Packaging Corporation*

Green Diamond Resource Company*

Groupe Savoie, Inc.

Hancock Timber Resource Group*

Hankins, Inc.

Idaho Timber Corporation of Idaho*

Jasper Lumber Company, Inc.

J. D. Irving, Limited (North America)*

Jordan Timberlands, Inc.

Kitchens Bros. Manufacturing
Company, Inc.*

Longview Fibre Company

Louisiana-Pacific (North America)*

Masonite Corporation*

Neiman Sawmills, Inc. (Devils Tower
and Rushmore Forest Products)

Norbord Inc.

The Pacific Lumber Company*

Pacific West Timber Company*

Rainier Timber Company, LLC*

Rayonier*

Riverside Marketing

Rosboro Lumber Company

Simpson Investment Company*

Stimson Lumber Company*

Stora Enso North America*

Sundance Forest Industries, Ltd.*

Timber Products Company*

TimberWest*

UPM-Kymmene
(Blandin Paper Company)*



Bronze Leaf Program Participants

(contribute up to \$1,000 annually to the SFB)

Allegheny Wood Products, Inc.*

American Forest Management, Inc.

Ames Plantation

Augusta Logging Exporters, Inc.

The A. Johnson Company

Badger Paper Mills, Inc.

Banner Fibreboard Company

Bayroot, LLC

Beltrami County Natural
Resource Management

Bennett Forest Industries*

Bennett Lumber Products, Inc.

Bibler Bros. Lumber Company

Box USA Group, Inc.

Burns, Morris & Stewart, LLP

Canadian Forest Products*

Canal Wood, LLC

Caraustar Industries Inc.

Carlton County Land Department

Cathlamet Timber Company, LLC*

Cedarprime, Inc. (Includes International
Forest Products Ltd.)*

CityForest Corporation

Claude Howard Lumber Company, Inc.

Clemson University

The Conservation Fund

Crone Lumber Company, Inc.*

The Dean Company

SFI Program Participants



Devereaux Sawmill, Inc.
Duke University*
Durango-McKinley Paper Company
EHV Weidmann Industries, Inc.
Esleek Manufacturing Company, Inc.
FiberCorr Mills LLC
FiberMark, Inc.
Finch, Pruyn & Company, Inc.
Fitzpatrick & Weller, Inc.
Forest Investment Associates
Forest Systems, Inc.
Fox River Paper Company
Franklin Timber Company
French Paper Company
Gilman Building Products, LLC
Giustina Land & Timber Co.
Glatfelter*
Global Forest Partners LP
Glottsaul Tennessee Forest, LLC
Granite Hardwoods, Inc.
Grays Harbor Paper, LP
Green Bay Packaging Inc.
Greif Inc.
Gulf Lumber Company
Gulf States Paper Corporation
Hampton Resources, Inc.*
Hancock Lumber Company, Inc.
Harden Furniture, Inc.*
Hartford City Paper LLC
Hedstrom Lumber Company, Inc.
HHP, Inc.
Hollingsworth & Vose Company
Hull Forest Products, Inc.
Hull-Oakes Lumber Co.
Husby Forest Products*
H. W. Culp Lumber Company*
Ida Carson Callaway Foundation
Idaho Cedar Sales
Idaho Timber Corporation of Montana
Interstate Resources, Inc.
J. G. Gray Estate - Stream Companies
J. M. Huber Corporation - Engineered Woods Sector*
J. M. Jones Lumber Company, Inc.
Johnson Timber Corporation
J. W. Jones Lumber Company, Inc.
Konkolville Lumber Company
Koochiching County Land & Forestry
Lake County Forestry
Lampe & Malphrus Lumber Company
Lin Pac Inc.
Litchfield Park Corporation
Little Rapids Corporation
Maine Department of Conservation*
Maine Ornamental Woodworkers, Inc.
Manistique Papers, Inc.
Marion Plywood Corporation
Marvin International

Maryland DNR - Forest Service*

Massachusetts Department of Environmental Management

Matthews Four Seasons*

McShan Lumber Company

Menasha Forest Products Corporation

Menasha Packaging Company, LLC

Meyer Moulding &

Millwork, Inc.

Michigan Technological University

Missouri Department of Conservation

Mohawk Paper Mills, Inc.

Monadnock Forest Products Inc.

Monadnock Paper Mills, Inc.

Myllykoski-North America

Nagel Lumber Company, Inc.

The Newark Group Inc.

New South Lumber Company

Nicolet Hardwoods Corporation

North Carolina Division of Forest Resources (Bladen Lakes States Forest)*

North Carolina State University (Dept. of Forestry)*

Northern Hardwoods

North Pacific Lumber Company

North Pacific Paper Co. (NORPAC)

Olympic Resource Management*

Owens Forest Products

Packaging Corporation of America

Parsons & Whittemore, Inc. (Includes Alabama River Pulp Company, Alabama River Woodlands, Inc., and St. Anne Nackawic Pulp Company)*

Paul Smith's College

PB Lumber, LLC*

Penguin Forests, Inc.*

Pennsylvania Department of Conservation & Natural Resources

Philmont Scout Ranch

Pingree Associates, Inc.*

Pollard Lumber Company, Inc.

Ponderay Newsprint Company.

Pope & Talbot, Inc.*

Port Blakely Tree Farms, LP*

Port Townsend Paper Corporation

The Price Companies Inc.

Red Rock Enterprises, LLC

Riley Creek Lumber Company

Riverside Forest Products*

Robbins, Inc.

Robbins Lumber Company, Inc.*

Rock-Tenn Company

Rutland Lumber Company, Inc.

Sappi Fine Paper--North America

Seaman Paper Company of Massachusetts, Inc.

Seefeld Corporation*

Seneca Jones Timber Company

Shuqualak Lumber Company, Inc.

Sierra Forest Products

Smart Papers, LLC

Society for the Protection of New Hampshire Forests

Sonoco Products Company

Southern Lumber Company

Southworth Company

SP Newsprint Company

Starker Forests, Inc.

St. Louis County Land Department

Sustainable Forest Products of Michigan

Suwannee River Water Management District

T & S Hardwoods, Inc.

Tennessee Division of Forestry

Terminal Forest Products*

Thompson Tree Farm/Gates Tree Farm

Three Rivers Timber, Inc.*

TRC Cedar Limited*

Typhoon, LLC

University of Idaho

University of Minnesota College of Natural Resources

University of Washington

US GreenFiber, LLC

Weaber, Inc.

Webster Industries, Inc.

West Fork Timber Company, LLC

West Fraser (North America), Inc.*

Witherby Tree Farm*

Wrenn Brothers, Inc.

Yale University*



Photo credits:

Sun shining through leaves- by Ashley Adams
Deer w/trees in winter- by Harry Frank
Wolf- by Glenn Ostle



SUSTAINABLE FORESTRY BOARDSM

Sustainable Forestry Board, Inc.

1800 N. Kent Street Suite 1120

Arlington, Virginia 22209

703-797-2508

www.aboutsfb.org

William H. Banzhaf
President

Allison Welde
Program Coordinator