

UNDERSTORIES

SUMMER 2005

A Publication of Dogwood Alliance

The understory is one of the five basic layers, or strata, of a forest. The other four layers are the canopy, the shrub layer, the herb layer and the forest floor. The understory is made up of shorter, shade-loving trees—like the dogwood tree—and younger trees that may some day grow to join the canopy layer.

OfficeMax Shareholders' meeting Shakeup

OfficeMax's annual shareholder meeting in April marked another opportunity for concerned shareholders to demand that OfficeMax, one of the world's largest retailers of paper products, adopt a strong and meaningful environmental paper procurement policy. While activists were handing out fact sheets and holding banners demanding protection for endangered forests outside, shareholders including Dogwood Alliance and supporters were inside with shiny suits and pointed questions. We didn't miss the chance to address the company's CEO and Board of Directors about their financial support for unsustainable forestry practices and logging of endangered forests in the American South and Canadian Boreal.

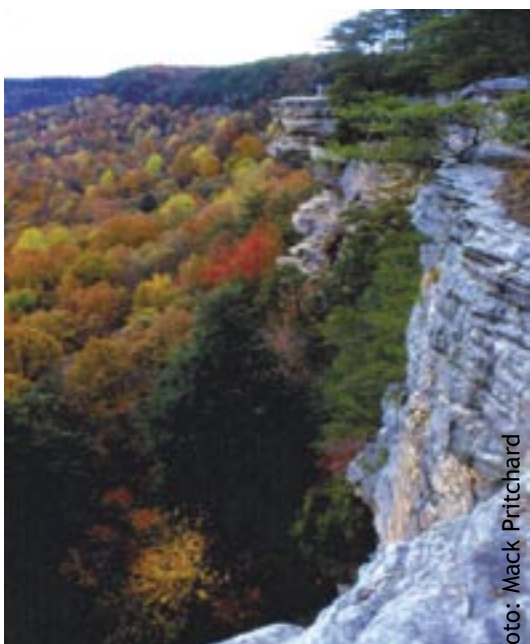


Photo: Mack Pritchard

Inside the meeting, Dogwood Alliance peppered the board of directors with questions about the company's failure to protect Southern forests and presented CEO Sam Duncan with this picture of the Cumberland Plateau so he could see what his company was destroying.

While OfficeMax originally planned to take no questions from shareholders during the meeting, like thunderstorms on sunny summer days in the South, the questions kept popping up. As the meeting was coming to a close, Andrew Goldberg, Dogwood Alliance Implementation Director, stood up and asked the company why it is lagging behind its competitors regarding environmental corporate sustainability.

Lamar Marshall, a native of the Cumberland Plateau in Alabama and a state appointed outdoor Ambassador, traveled all the way to Chicago to attend the meeting and ask the company why it continued to support companies that destroy the endangered forests of his community to make paper sold at its stores.

ForestEthics' Dan Howell spoke of the negative impacts OfficeMax



Local Chicago activists join Dogwood Alliance and ForestEthics to protest outside the OfficeMax annual shareholder's meeting, calling on the company to protect the world's endangered forests.

paper suppliers have on the Canadian Boreal and Max Muller, a representative of Green Century Capital Management, pointed out that investors are paying increased attention to the environmental practices of companies. Many investors are considering socially and environmentally responsible companies in their investment decisions.

Eva Hernandez, Dogwood Alliance campaign organizer, left the CEO with the thought that the future of these endangered forests is in his hands, personally delivering beautiful photographs of the Cumberland Plateau and Canadian Boreal to him.

While OfficeMax had taken the unusual step of closing its annual meeting to the media, allowed no one from the general public to enter, and no questions were directly answered, Dogwood can proudly say, message delivered!

Shareholder Activism: Protecting Endangered Forests One Company at a Time

Shareholder activism is a tool that can be used to influence corporate practices, build democracy and protect the environment. The strategy was pioneered by religious and social justice leaders in the 70's and has been used to promote peace and justice, support the end of apartheid in South Africa, and protect endangered forests. The premise is this: shareholders have a right to influence corporate governance toward socially responsible decisions. Introducing and supporting resolutions is the most common form of shareholder activism. However, it can also be useful to hold minimal shares in a company in order to attend and speak at annual general meetings, which are required by law to be held and open to all shareholders.

This spring, Dogwood Alliance used two shareholder meetings as a forum to advocate for the protection of Southern forests. First, we attended the annual meeting of OfficeMax to ask the CEO questions repeatedly and directly about the company's failure to adopt a comprehensive environmental paper procurement policy and to stop selling products from endangered forests in the Southern U.S. Next, we worked with Green Century Asset Management, a socially responsible investment firm that filed a shareholder resolution with International Paper, calling on the company to certify its operations according to the standards of the Forest Stewardship Council. Dogwood Alliance attended IP's annual meeting to speak in support of the resolution and raise the profile of IP's destructive forest management practices in our region.

Investors Call on International Paper to End Destructive Forestry Practices

On May 8th 2006, International Paper (IP) – the South's largest paper producer – was forced to respond to a shareholder resolution filed by Green Century Capital Management, an environmentally and socially responsible investment firm. The resolution criticized IP's use of the "Sustainable Forestry Initiative" (SFI) to certify destructive logging practices as "sustainable," highlighting the impact IP is having on forests in the Southern US and Canadian Boreal regions. Citing a visible trend in increased market demand for environmentally preferable products, the resolution called for IP to prepare a report assessing the feasibility of increasing the use of post-consumer recycled fiber and adopting the environmentally-preferable Forest Stewardship Council (FSC) certification for all virgin fiber within ten years.

The introduction of the resolution put the controversy surrounding IP's conversion of forests to plantations, logging of endangered forests such as those found in the Cumberland Plateau and investment in research related to genetically engineered trees prominently on the agenda at IP's annual shareholders' meeting, forcing the CEO, John Faraci, to respond to the concerns raised. As an owner of one share of stock in IP, Dogwood Alliance was able to attend the annual meeting and support the resolution. Though only 5.7% of the preliminary tally of the shareholder votes was cast in favor of the Green Century Capital Management's shareholder resolution, it was the first resolution of its kind introduced at an IP shareholder meeting. It will certainly not be the last...stay tuned for news about IP's next annual meeting in '07.

ANNUAL REPORT 2005



In June 2005, Dogwood Alliance and the Natural Resources Defense Council signed an historic agreement with Bowater, Inc, the largest timber company logging in the Cumberland Plateau region. The company committed to end the conversion of natural forests to single species plantations and dramatically improve its forest management practices, becoming the first timber company in the South to make this kind of step toward forest protection. (Pictured here: Sarah Hodgdon, NRDC President John Adams, and Bowater CEO Arnie Nemirow)



On May 20th, Dogwood Alliance joined a coalition of national organizations to run this full-page ad in the *New York Times* exposing the Sustainable Forestry Initiative (SFI) as a phony green label that certifies forest destruction.



Dogwood Alliance hit the road for two extended roadshows across the South, hosting presentations highlighting both the shortcomings of the Sustainable Forestry Initiative (SFI) and the OfficeMax campaign. Pictured here is a presentation to the Alabama Teacher's Association in Birmingham.

Dear Dogwood Alliance supporters and friends,



We are nearing the end of an era at Dogwood Alliance. In a few months, we anticipate the release of a comprehensive environmental paper procurement policy committing OfficeMax to stop purchasing paper made from the South's endangered forests, match the 30% industry average of post-consumer recycled content for all paper sold, and stop sourcing paper from suppliers that convert natural forests to industrial tree plantations.

With your support, we have transformed the way copy paper is manufactured and sold by convincing Staples, Office Depot and soon OfficeMax to create demand in the marketplace for environmental paper. In fact, last October, David Clapp, a paper industry economist, linked the first increase in almost a decade in recycled paper production to demand created by Staples and Office Depot. I hope you'll join the Dogwood Alliance board and staff in celebrating this incredible accomplishment!

There's a green revolution happening, and Dogwood Alliance is at the forefront. We have developed a reputation as an organization that companies can trust to help them find win-win solutions for improving forestry practices, protecting endangered forests and increasing post-consumer recycled content. Today there is a demand in the marketplace for products that won't cause harm to the environment. Big corporate customers like Staples and Office Depot are asking tough questions, insisting that paper companies provide copy paper, newsprint and packaging that are good for the environment.

In the coming year, you can depend on Dogwood Alliance to remain in the front line of the fight to protect Southern forests. We'll be there, standing side-by-side with major retailers, to insist that International Paper and other suppliers improve their forestry practices. We'll work to use the markets pressure generated by our campaigns to protect endangered forests on the Cumberland Plateau and across the region.

Watch for a new campaign in the coming months! (If you haven't signed up for our e-alerts yet, go to www.dogwoodalliance.org/join and sign up.) Building on the foundation of our work with office supply stores, we are gearing up to transform packaging. Won't it be satisfying to know that companies are reducing useless packaging—the very same packaging that's consuming our forests and filling up our landfills? With your support, we know that we can win just as we have every year for the last ten years at Dogwood Alliance! Thank you for your continued support. We couldn't do it without you.

Sincerely,

Sarah Hodgdon – Executive Director
Dogwood Alliance

OUTGOING BOARD MEMBERS



Thank you to three outgoing members of Dogwood Alliance's founding board: John Johnson, Jon Ellenbogen and Ginger Dollar (pictured here) and to Susan Russo, who also completed her term of service on the board of directors at the end of 2005.



On March 31, over 90 prominent Southern scientists signed a letter to the members of the Sustainable Forestry Board promoting protection of the great biological diversity of Southern forests and joined Dogwood Alliance in calling for fundamental improvements in the timber industry's Sustainable Forestry Initiative (SFI) certification standards. Pictured here is Dr. William G. Eickmeier of Vanderbilt University (right) and John Noel of the TN Environmental Council.

Dogwood Alliance is a network of over 70 organizations working to build broad-based support to end unsustainable industrial forestry practices in the Southern United States. We work in the marketplace to hold paper suppliers and retailers accountable, running campaigns to increase available recycled paper and to stop the destruction of the South's endangered forests, end the conversion of native forests to sterile pine plantations, and stop...

ANNUAL REPORT 2005



Dogwood Alliance appeared in print in over 70 stories across the nation in 2005 and was quoted on everything from the Bowater victory and the SFI campaign to student activism and sustainability.



We launched the OfficeMax campaign in 2005 that included many exciting events like the day of action in which hundreds of actions took place around the country. In Asheville, after delivering a letter to the store manager, activists following the lead of Dogwood Alliance intern Cory Oberlin chant outside of the local OfficeMax store, "OfficeMax, OfficeMax, endangered forests off your racks!"

FINANCIALS

REVENUE

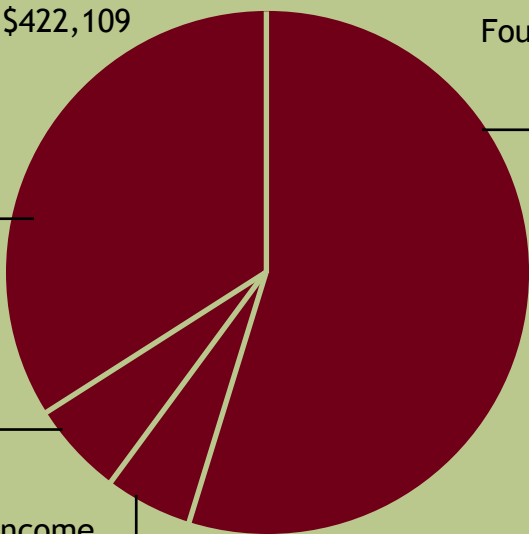
Total Revenue \$422,109

Contributions
\$180,137
43%

Program
service fees
\$10,500
2%

Other:
Sales, interest,
events, rental income
\$9,972
2%

Foundation Grants
\$221,500
53%



EXPENSES

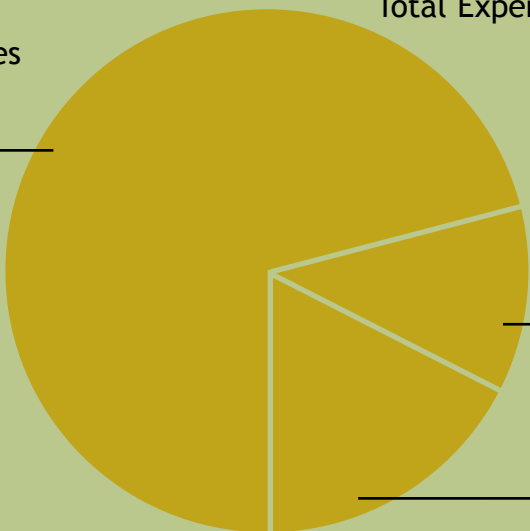
Total Expenses: \$389,230

Program services
\$276,340
71%

Fundraising
\$55,729
14%

Management
& General
\$57,161
15%

Net assets
at year end:
\$219,348



Thank you to the following members of the Dogwood Alliance Vista Circle whose investments in the long-term success of Dogwood Alliance made our work to defend Southern forests possible in 2005.



Gary Alexander	Edward Kountze
Frances D Armentrout	Astrov Fund
Dr. & Mrs. I. Leon Aronson	Mr. Robert L. Kuehlthau
Donald Barnett and Charlotte Lackey	Richard and Frances Latterell
John Beal	Josh and Hedy Marks
Parker Blackman	Judith and Benjamin Marks
George and Sally Blackwelder	Fran and Bill Marscher
Catherine L Butcher	Joe McCaleb
George Campbell	Diane McDonald
Caro Carter	Lynn McLure
Lloyd Clayton	Mr. & Mrs. William H Meadows III
Steaphen and Elizabeth Climer	David Morris
Frances Close	Mr. J. Bruce Mulligan
Mr. & Mrs. Robert C Cragg	NRDC
Roger Derrough	Stephen T O'Neil
Mary Diffendal	Mr. Philip Osborne
R.E.M. / Athens, L.L.C.	Dudley Porter
Leo and Kay Drey	Scott Reese
Laura Drey	Lisa Renstrom and Bob Perkowitz
Nancy and Thom Duncan	Julia Riddle
Jon Ellenbogen	Geoff Riffin
Julia O. Elmendorf	Speed & Beth Rogers
Jon, Amy and Ian Evans	Mitch Russell and Elizabeth Peeler Russell
Stephens S. Farrell	Mr. & Mrs. William H Scheide
Mrs. Glenna Florence	Gary Schwartz
Stephanie Funai	John T and Kathy Sheehan
Donald Funai	Chris Slay
Kim Gilliam	Fred and Alice Stanback
Scott Gollwitzer	Watermark Sports
Billy and Gail Hagler	Ms. Joanna Sturm
Jason Halbert	Donald G Sutherland
Donald and Penny Halbert	Randall Tate
David and Robyn Heeks	Mary Tkach
Jeff Hix	Steven L. Tracy
Todd and Pat Hodgdon	Ms. Liela C Von Stein
Jefferson Holt	Melinda Welton and John Noel
Ms. Maryphyllis Horn	Alan White
Darrell Hunt	Van and Myra Williams
Pat and Pam Jobe	
Christine Kane	
Bob Kaplan	

Thank you to the following foundations that supported Dogwood Alliance with grant funding in 2005.

Aveda	The Curtis and Edith Munson Foundation
Block Family Foundation	Patagonia
Common Stream	Town Creek Foundation
The Conservation Alliance	WestWind Foundation
Educational Foundation of America	
Environmental Support Center	
Merck Family Fund	



With the addition of a new Implementation Director, Dogwood Alliance held Staples and Office Depot accountable for making progress toward the goals of their environmental policies. Staples released this new line of 100% post consumer recycled paper.

...egregious practices like large-scale clear cutting and aerial spraying. We work with Fortune 500 companies like Staples, Office Depot and Bowater to implement positive environmental commitments and are currently campaigning against the last hold-out in the office supply industry, OfficeMax.



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Shareholder Activism on the Rise... (see page 1)

If this box is checked, it's time to renew your membership. You can use the form below or visit us online!

JOIN DOGWOOD ALLIANCE!

Support Dogwood Alliance today and become part of the positive, long-term solution to protect and sustain Southern forests. Join our e-activist list and make a secure online contribution on our website (www.dogwoodalliance.org/join).

If you prefer, you can send a check, made payable to Dogwood Alliance, to:
 Dogwood Alliance, P.O. Box 7645, Asheville, NC 28802.

Dogwood Alliance is always seeking creative ways to transform the way people view our natural resources. *Understories* is printed on 100% post-consumer recycled paper and with soy-based ink, meaning that no new trees were cut to produce this newsletter. In an effort to decrease our environmental footprint, we offer *Understories* on our website. If you would prefer to receive a notice via email every time a new edition of our newsletter is available online rather than receive a paper copy, please email scot@dogwoodalliance.org. Thanks!!!

Board of Directors

- | | |
|--|---|
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Indianapolis, IN</p> <p>Josh Marks
Atlanta, GA</p> <p>Aaron Viles
New Orleans, LA</p> |
|--|---|

We welcome the following members to the Dogwood Alliance Vista Circle in 2006. Thank you all for investing in our vision for the future of Southern forests.



- | | |
|---|--|
| <p>John Ashley</p> <p>Stephanie M. Biziewski</p> <p>Molly Brown</p> <p>Douglas P Ewen</p> <p>Richard and JoAnn Fireman</p> <p>William G Gazes</p> <p>Andrew Goldberg</p> <p>Pamela Goldberg</p> <p>Brandon Halbert</p> <p>Shannon Helms</p> <p>Jennifer Krill</p> | <p>Tom Leslie</p> <p>Robert and Janice Martin</p> <p>Elizabeth O'Connor</p> <p>Quake and Ronika Pletcher</p> <p>Jane Ritchie</p> <p>Michael Whelchel</p> <p>Half Moon Outfitters</p> <p>Deborah Hellman</p> <p>Aaron Price</p> <p>Peggy Seeger</p> |
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DRESSED FOR SUCCESS



Dogwood Alliance's newest staff members, Andrew Goldberg and Eva Hernandez, get ready to take on OfficeMax at the annual shareholder's meeting. Inside the meeting they had the opportunity to confront the company with tough questions (read more on the front page).

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