



DOGWOOD
ALLIANCE

2008 Annual Report

The Year We “Arrived”

How do you know when you’ve really “arrived”? For some, it may be when you generate a bunch of media hype. For others, a large bank balance might tip the scales. But for Dogwood Alliance, our arrival was about being recognized as a powerful and respected voice of reason in the industry we seek to change.

In 2008, after more than a decade of work, Dogwood Alliance began to build critical mass in the forest products marketplace and began to see changes on the ground in Southern forests. Most notably, we achieved a major milestone as we documented the end to one of the most destructive forestry practices in the South -- the conversion of natural forests to plantations on the Cumberland Plateau.

Taking on the Goliaths of Paper Consumption

Our reputation and success in the office supply industry paved the way for productive talks with more than 30 corporate consumers of paper packaging in the health and beauty, music and fast food industries that led to commitments from at least half of them to create environmental paper policies, express concerns to the biggest paper producers in the South and/or switch to more environmentally friendly paper suppliers.

Since fast food companies are particularly dominant players in the realm of forest degradation, we also launched No Free Refills (nofreerefills.org) targeted at this multi-billion-dollar industry. This effort

nearly doubled our ranks of e-activists (from 7,000 to 13,000), which resulted in constructive conversations with one of the nation’s most recognized fast-food brands. As the campaign has progressed, Dogwood has sharpened its focus, engaging in ongoing talks with forward-thinking companies and planning more targeted grassroots campaigns in response to those that are slow to improve their practices.

Bringing Producers and Consumers to the Table

Because they recognize our influence at the grassroots level and our common sense reasoning in the board room, 34 of the largest paper consuming companies accepted our invitation to a first-ever roundtable discussion in New York City, organized and hosted by Dogwood Alliance in partnership with the Environmental Paper Network and Green Press Initiative. Participants gathered to discuss the importance of incorporating sustainable forestry practices into their supply chains. The roundtable, Pulp and Paper in the Southern US: Risks and Opportunities for Business, Climate and Forests, included companies that represent millions of dollars in paper purchasing power, including Staples, Scholastic, McDonald’s, Starbucks, Time, Johnson & Johnson, Hearst and the New York Times. AbitibiBowater and Domtar were there as well, representing two of the South’s biggest paper producers that have made significant progress towards improving forestry practices in the South.

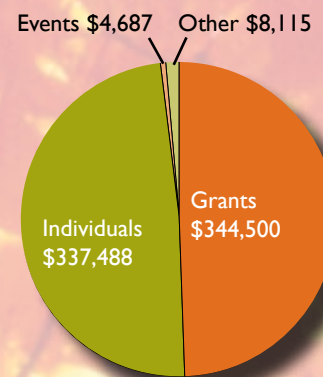
International Paper, the South’s largest paper producer was noticeably absent. Although they pushed hard for a seat at the table, Dogwood Alliance refused their admission because of the paper-producing

giant’s track record for unsustainable and damaging forestry practices. As 34 large corporate consumers of paper learned about how two of IP’s competitors in the South are improving forest practices, IP emerged as the clear laggard of the paper industry, continuing to paint its destruction of forests in a thick layer of greenwash while throwing out nothing but excuses about why it can’t change its ways.

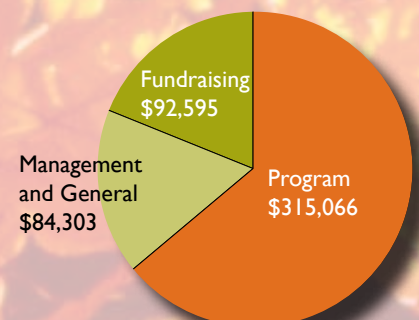
We did (and still do) continue our efforts to help IP see the light, including supporting a shareholder resolution at the company’s 2008 Annual General Meeting and meeting twice with IP executives to explore the potential for constructive negotiations. One day, IP will arrive, too.

2008 Financial Highlights*

2008 Income



2008 Expenses



*audited numbers, accrual basis

The Road We've Traveled

Any arrival is preceded by a journey, and ours in 2008 was a busy and productive one. In addition to the successes listed above, there were many others that cemented Dogwood Alliance's industry-wide status as a serious, knowledgeable steward of Southern forests.

Among Paper Consumers:

- Dogwood made significant progress with office supply companies, as Staples increased its goal on average recycled content for all its paper products from 30% to 50% and set a new goal for 50% FSC certification for all virgin fiber.
- We released the 2008 Green Grades report for the office supply industry, generating more than 50 media reports and earning additional commitments from the companies graded.
- The *Southern Swamplands and Paper Packaging Report* reflected the voices and concerns of people living in and round coastal forests in North Carolina and Virginia about the impacts of paper packaging production on their forests and communities and increased demands on IP and their customers to change their business practices.
- We created "Packaging Man," the Dogwood Alliance remake of the classic "PacMan" videogame, engaging more than 12,000 online visitors as they learned about threats to Southern forests.

In 2008 Dogwood staff and volunteers educated and activated the public through outreach at more than 30 events, including 4 days at the Bonnaroo music festival attended by nearly 100,000 people.



Progress on the Ground:

- Dogwood Alliance, working in partnership with the National Resources Defense Council and the University of the South used state-of-the-art satellite imagery to verify AbitibiBowater's complete phase out of the conversion of natural forests to plantations on the Cumberland Plateau. In addition, our work with the company resulted in the permanent protection of 16,000 acres of unique forests in the Cumberland Plateau.
- Domtar, the largest producer of copy paper in North America, came on the scene and became the first big Southern paper producer to commit to FSC certification across all of their mills.
- Domtar and The Home Depot joined with Staples, Dogwood Alliance and our other partners (Forest Stewardship Council, Green Press Initiative, Columbia Forest Products, The Forestand Group, Pacific Forest Trust and Environmental Defense) in the development of a new southern forests conservation initiative focused on paying private landowners to expand forest carbon sinks by increasing forest protection, conservation, restoration. Together, we adopted rigorous environmental standards for measuring forest carbon and identified southern landowners to participate in a pilot project. But perhaps what's most exciting about this new initiative (now called the Carbon Canopy) is the fact that it elevates the conversation beyond conservation issues. Today, more and more of our partners and activists understand



that protecting Southern Forests is a critical part of the solution to climate change.

Highlighting the Newest Threat:

- Dogwood brought a new threat to Southern Forests to light — bio-energy. Our report, *Don't Log the Forests for Fuel: a Position Paper on the Potential Environmental and Economic Impacts of the Cellulosic Ethanol Industry in the Southern US*, raised eyebrows and voices as the debate about burning wood for fuel began to heat up.

Overall, Dogwood Alliance garnered 135 media stories, online, on the air, and in print. But more than that, we began to see major changes in corporate culture and practices that affect Southern Forests. Not bad for a small, creative nonprofit with a bold and powerful mission. Together with our activists and donors, Dogwood Alliance is leveraging real and lasting protection for Southern forests! And, there's no end to what we can accomplish now that we've arrived.