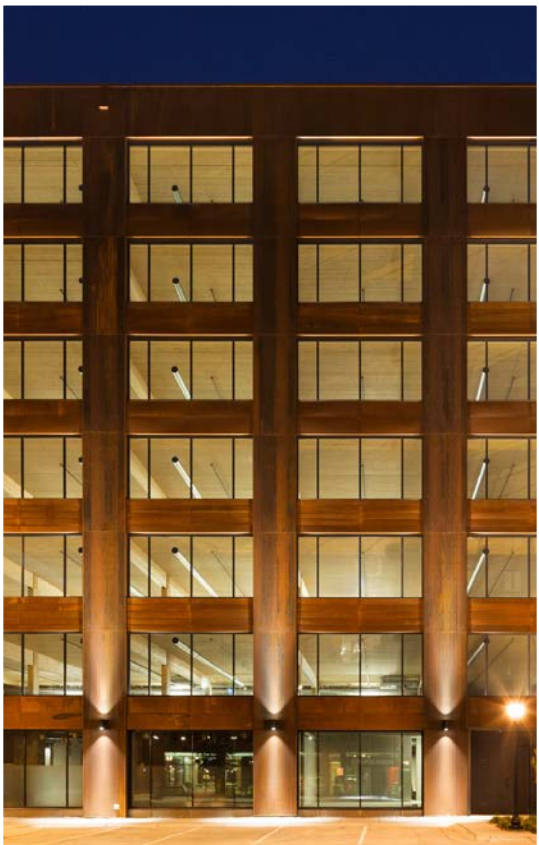




**S|L|B**  
SOFTWOOD  
LUMBER BOARD

**ANNUAL REPORT**

**2016**



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**Softwood Lumber Board**  
[www.softwoodlumberboard.org](http://www.softwoodlumberboard.org)  
[info@softwoodlumberboard.org](mailto:info@softwoodlumberboard.org)

“ We invest in the SLB so we can sell more lumber, plain and simple. The only way we are going to earn more is to sell more, and the SLB helps us do this by creating more market opportunities for our products.”

## JACK JORDAN

Chair Emeritus, Softwood Lumber Board  
Executive Vice President, Jordan Lumber & Supply Inc.



# LETTER FROM THE CHAIRMAN

Dear Colleagues,

The Softwood Lumber Board (SLB) and its highly focused programs and activities generated 906 million board feet (mmbf) in incremental softwood lumber consumption in 2016, putting our cumulative impact at over 2.59 billion board feet (bbf) of new consumption since 2011. Thanks to each of you for the important role you play in supporting our industry.

2016 gave us cause to celebrate new innovations as well as reminders of how important it is to protect existing markets. The SLB joined the entire industry in celebrating the arrival of the next generation of buildings that use softwood lumber-based systems, including the seven-story T3 office building in Minneapolis, built using nail-laminated timber.

By partnering with the U.S. Forest Service, U.S. Department of Defense, Oregon State University, and many other expert partners, the SLB demonstrated mass timber's performance and durability against wind, fire, and seismic events. This research will open new opportunities for softwood lumber-based building systems as we help others understand what is possible when building with wood.

Investments in market research showed where the industry should next turn to expand and defend markets. For example, WoodWorks efforts continue to mitigate the loss of softwood lumber consumption caused by shifts from single family to multifamily construction by increasing the share of softwood lumber products used in light-frame, mid-rise construction. Over 97% of WoodWorks' project conversions in 2016 were constructed using light-frame building systems. In addition, WoodWorks is starting to see increasing interest in the use of wood for non-residential construction—one of the significant growth opportunities for our industry.

Our communications programs, reThink Wood and Wood, Naturally, continue to promote softwood lumber's value proposition to their target audiences. reThink Wood's efforts showcase the economic and environmental benefits of shifting to wood construction in the low, mid, and tall building segments. Meanwhile, when producers of composite decking material went on the attack against wood, Wood, Naturally countered with its successful "There's No Substitute for Real" campaign on social media. The campaign generated more than 11 million impressions and higher-than-average engagement, overshadowing the competition in this important residential segment.

We look forward to working with you in 2017 as we continue to defend and expand markets, stimulate new and emerging opportunities for softwood lumber-based building solutions, and tell our story to ever-growing audiences on behalf of the industry.



Michael Case  
2016 Chairman, Softwood Lumber Board  
President & CEO, The Westervelt Company



“ The SLB's investments into programs influenced over 900 million board feet of incremental consumption in 2016. This is a firm figure, verified by a third party.”

**MICHAEL CASE**  
President & CEO  
The Westervelt Company

# THE SLB'S GROWING INFLUENCE ON SOFTWOOD LUMBER DEMAND

Since 2011, the SLB has acted on behalf of the industry to promote the benefits and uses of softwood lumber in residential, non-residential, and new market segments to protect and increase demand for softwood lumber products in the United States.

In 2016, independent evaluations show that the SLB investment model and programs are helping the industry sell more wood. Evaluators found that the SLB generated 2.59 billion board feet (bbf) of new demand from 2011–16, with demand growing exponentially year-on-year, from 151 million board feet (mmbf) in 2012 to 906 mmbf in 2016.

Throughout 2016, the SLB teamed with FPIInnovations to research and analyze new areas where it can influence markets in wood's favor, such as in low- and mid-rise construction, and mitigate threats to market share, such as the ongoing shift away from single-family to multifamily residential starts.

This research provides a blueprint for the next wave of SLB investment. For example, although wood dominates

## SLB Investments Continue to Increase Demand

**2.59**<sup>Bbf</sup>

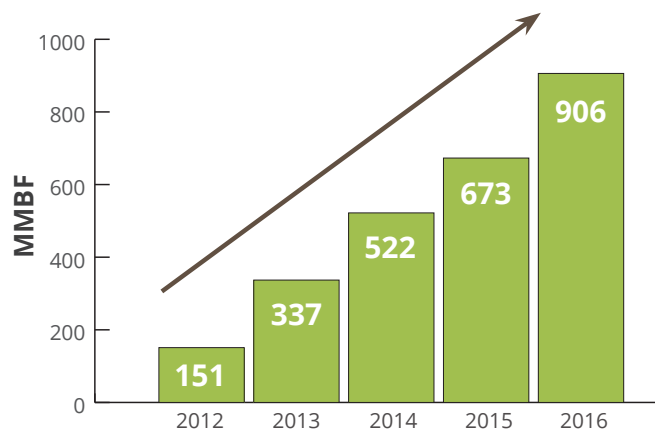
of new demand has resulted from SLB investments since 2012

## Wood Market Opportunities

Building Height	Building Type	Target Market Share		Volume Opportunity
		Residential	Non-Residential	U.S.
1–4 Story	Non-Res	N/A	25%	1.60–3.44 BBF
5 & 6 Story	Res & Non-Res	67%	67%	0.85–3.62 BBF
7 & 8 Story	Res & Non-Res	50%	35%	0.66–1.01 BBF
9–12 Story	Res & Non-Res	33%	33%	0.22–0.33 BBF
13–20 Story	Res & Non-Res	10%	5%	0.07–0.15 BBF
<b>TOTAL</b>				<b>3.40–8.55 BBBF</b>

Source: Dodge/CMD/FPI/RISI

the one- to four-story residential segment, it is virtually nonexistent in non-residential construction and at five stories and above. Capturing just 25% of the one- to four-story non-residential segment will generate 1.5 bbf to 3.5 bbf of incremental demand annually; reaching a 67% market share in both residential and non-residential five- to six-story buildings will generate incremental demand between 1 bbf to 4 bbf; and capturing just 30% of market share in the seven- to eight-story segment will generate an additional 1 bbf of demand.



“SLB funded programs influenced 906 mbf of new demand for softwood lumber in 2016, 35% more than in 2015. The SLB’s impact is growing year-to-year as its program investments take hold and generate more leads, convert more projects, and encourage more wood champions to specify softwood lumber products in new projects.”

**DOUG ADAMS**  
President  
Prime Consulting Group

# LETTER FROM THE PROGRAMS CHAIRMAN

Dear Colleagues,

As you will read in the program updates featured in this report, the SLB continues to put your resources to good effect and deliver sustained market protection and growth for the industry. SLB investments are guided by our innovative marketing funnel, such that we open new opportunities for softwood lumber's use; create knowledge, awareness, and excitement about what is possible when building with softwood lumber; generate and steward project leads; and ultimately sell more softwood lumber to meet rising demand.

In 2017, our programs will focus communications and conversion efforts on non-residential construction in the low- and mid-rise markets; expand opportunities above those currently permitted by code; support research to stimulate innovative uses of mass timber products such as nail-laminated timber; increase outreach to code officials and state and local jurisdictions; mitigate threats to existing markets, such as decking, while countering competitors' efforts to restrict our access to new market segments; and expand our use of social media and other communications vehicles to promote softwood lumber's value proposition in the most compelling, impactful way possible.

We will pursue this work in a dynamic environment that sees our competitors fighting to recapture market share that we have gained through our industry's strong positioning and performance over the last five years. Our competitors' reaction is an indicator of our success, and with your support, the SLB will continue to protect and further grow market share for softwood lumber in 2017. We look forward to working with you.

Sincerely,



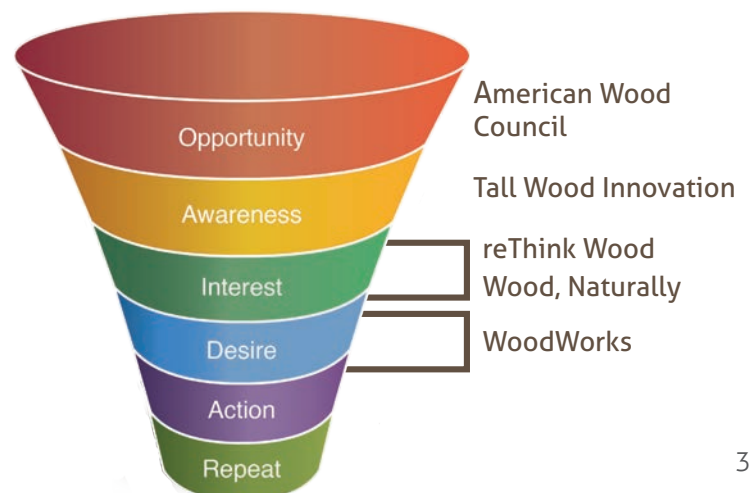
Don Kayne  
SLB Vice Chair and Chair, SLB Programs Committee  
President & CEO, Canfor Corporation



“SLB investments are guided by our innovative marketing funnel, which identifies the steps we as an industry need to take to increase demand for softwood lumber products. No single partner covers all industry development needs, but by creating an industrywide effort, the SLB ensures that partners leverage each others' success to tackle specific needs.”

**DON KAYNE**  
President & CEO  
Canfor Corporation

## SLB Funded Programs



# AMERICAN WOOD COUNCIL

## AWC Plays Offense and Defense on the Industry's Behalf

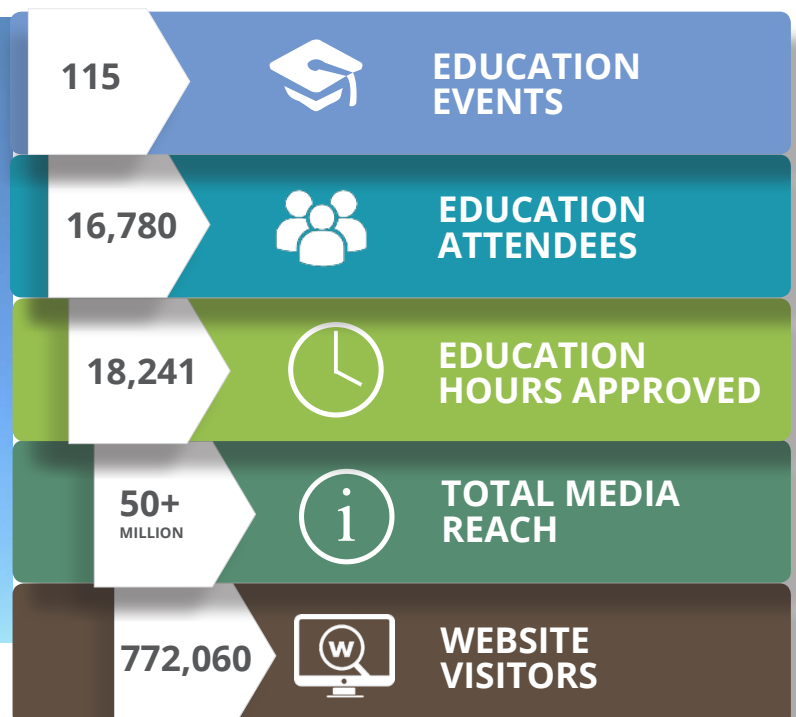
The American Wood Council (AWC) continues to act on behalf of the industry to create acceptance and opportunities for wood products in markets affected by building standards.

AWC's most significant accomplishment in 2016 was the defeat of a proposal to eliminate the use of fire-retardant treated wood (FRTW) for exterior load-bearing walls in mid-rise construction, which would have severely reduced the market for softwood lumber in mid-rise construction.

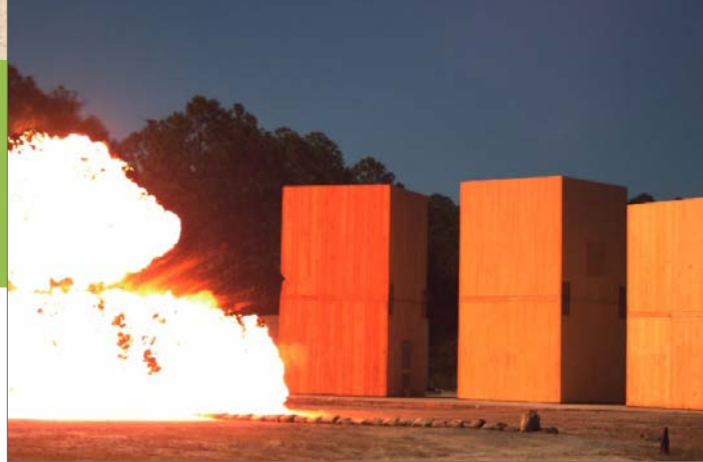
In 2016, AWC advanced 33 pro-wood changes to the International Code Council's (ICC) 2018 codes and standards, and led the charge to alter and defeat 133 proposals that threatened the market for softwood lumber, including a proposal to eliminate the use of fire-retardant treated wood on exterior load-bearing walls in mid-rise construction.

In 2016, AWC launched a new, online model-standards adoption map that illustrates which versions of codes and standards are applicable in each state, including at local or limited levels. Meanwhile AWC's education efforts reached over 16,700 building officials, engineers, and architects through 115 events across the United States, surpassing its 2015 reach by 45%. AWC also took steps to counter research put forward by the cement industry that downplays wood's role in mitigating climate change in its attempt to wrest market share away from softwood lumber.

*33 Changes successfully championed to the International Code Council (ICC) upcoming 2018 International Building Code.*



# WOODWORKS



**CLT blast tests at Tyndall Air Force Base open new wood markets in the military.**

## WoodWorks Grows Demand and Consumption

In 2016, WoodWorks converted 242 projects accounting for 96.6 mmbf of incremental consumption. When adding the projected indirect impact of the WoodWorks program, a total of 908 projects were converted, representing 370 million board feet of softwood lumber demand.

Efforts to increase the conversion of non-residential projects are paying off. WoodWorks supported 23% more non-residential projects than in 2015. WoodWorks expects this trend to continue in 2017 given a 41% increase in non-residential projects being assisted (not yet under construction). Interest in mass timber is a key driver. For design professionals who have a resistance to traditional light wood framing, heavy/mass timber offers a new alternative—one that compares in strength and stability to steel and concrete. Increased use of mass timber is of direct benefit to the lumber industry since these projects use three times more volume than light frame construction.

*A total of 2,991 individual interactions resulted in 515 projects influenced to convert to wood-based construction in 2016.*



**WoodWorks plays collaborative role, helps project achieve code variance.**

To open the door for even greater wood use, WoodWorks worked with the SLB, U.S. Forest Service, and U.S. Department of Defense to conduct live blast tests on three CLT structures at Tyndall Air Force Base. Tests of increasing force and intensity were successful, and all structures remained intact, opening up a new opportunity to expand the use of softwood lumber on military installations.

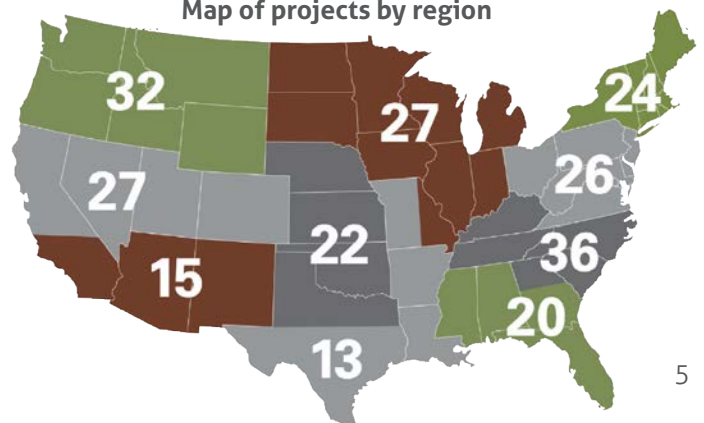
WoodWorks also delivered over 37,000 education hours to architects, engineers, and designers, building their capacity to incorporate wood in future projects.



	EVENTS	ATTENDEES	LEADS
EDUCATION	260	15,335	3,220
TRADE SHOWS + SPEAKING EVENTS	88	52,741	423
WOOD SOLUTIONS FAIRS	6	1,655	593

## 242 Direct project influences and conversions

Map of projects by region



# RETHINK WOOD

## reThink Wood Reaches Millions With Pro-Wood Messages

The reThink Wood program has truly established itself as the go-to resource for inspiration, information, and technical resources about lumber and wood. In 2016, reThink Wood reached over 40 million building professionals with compelling messaging to inspire them to use softwood lumber products in mid-rise and taller projects. Through placed and paid media, reThink Wood maintained softwood lumber's share of voice and increased its favorable mentions in relation to competing materials, effectively countering efforts by the concrete industry to reverse its diminishing market share in low- and mid-rise construction through its aggressive Build With Strength initiative.

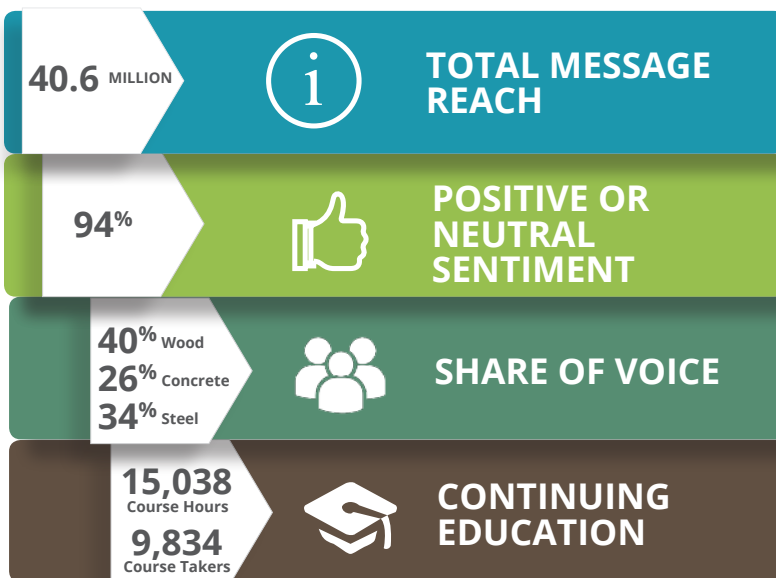
reThink Wood led an integrated lumber industry presence at trade shows such as the American Institute of Architects National Convention and conferences such as the

Innovations Conference in New York City. Bringing together SLB funded programs as well as industry associations in a wood pavilion creates a destination for those interested in wood construction.

Architects and other building professionals completed over 15,000 reThink Wood Continuing Education courses in 2016. As the result of its various activities, reThink Wood directed over 3,500 prospects to partner organizations, such as WoodWorks—a 10% increase over 2015.



reThink Wood broadens awareness of softwood lumber at American Institute of Architecture (AIA) National Convention.



*Over 3,500 nurtured and engaged prospects were directed to partner organizations, such as WoodWorks, to move toward action.*

reThink Wood's CEU on mass timber offers architects and engineers current information on products, research, and available resources.





# WOOD, NATURALLY

## Inspiring Consumers to Choose Wood, Naturally

Wood, Naturally's role shifted in 2016 to protect softwood lumber's market share in residential applications. The program has been outperforming competitors on social media in terms of reach and engagement, closing the year with a larger Facebook following than leading competitors including Trex. Quite remarkable for a program of its size.

To counter new, aggressive messaging from composite decking materials, Wood, Naturally launched the evocative "There's No Substitute for Real" campaign on social media to help consumers connect with wood and their natural surroundings. The campaign excelled, delivering more than 11 million impressions and higher than average engagement.

*Third-party content partners enhanced the credibility, reach, and impact of Wood, Naturally's content promoting the use of softwood lumber in, on, and around the home.*

The Wood, Naturally campaign used third-party content partners, including well-known home stylist and blogger Emily Henderson and HGTV personality Bryan Patrick Flynn, to lend credibility to wood's benefits, reach wider audiences, and diversify content.

Wood, Naturally deepened relationships with corporate partners; the most successful partnerships were with Cox Industries, Simpson Strong Tie and DeWalt tool. In addition, the program continues to promote and collaborate with lumber industry associations both by supporting the joint tradeshow presence at regional shows such as JLC Live and by highlighting their specific expertise. Wood, Naturally referred contacts to associations 5,326 times in 2016.



**The "There's No Substitute for Real" campaign counters alternative decking material.**

# NATURAL ELEMENTS IN THE HOME MAKE YOU HEALTHIER

Incorporating natural elements, such as wood or plants, into the design of your home can reduce stress and improve overall health.\*

**FOLLOW THESE FIVE EASY STEPS TO A HEALTHIER HOME!**

- 1 GO WITH THE GRAIN**  
Nature is easily incorporated into a home through a wood feature wall, ceiling, wainscoting or floors. Unlike other natural elements, wood can also be used for a home's structure and exposed beams still produce a stress-reducing response.
- 2 LET THE SUN IN**  
Exposure to natural light has been linked to positive health outcomes, including weight control and improved mood. Minimize window coverings to let the natural light shine in.
- 3 USE YOUR GREEN THUMB**  
The addition of green plants to any indoor space is the most literal way of bringing the outside in, and inspires a relaxed and peaceful setting.
- 4 ADMIRE THE VIEWS**  
Simply rearranging your furniture to take advantage of the best outdoor views or natural light can help improve your home's overall atmosphere. If you can, orient furniture so that you have views of the outside and nature, as this should be the focal point of any room.
- 5 MAKE WAVES**  
Incorporate the soothing and relaxing sound of water with a fountain or other water elements into your home.

**WOOD NATURALLY**

\*Wood as a Restorative Material in Healthcare Environments, Sally Augustin and David Fall, June 2016. [www.woodnaturally.com/health/publications/governments/health-report.pdf](http://www.woodnaturally.com/health/publications/governments/health-report.pdf)

**Wood, Naturally infographic highlights the benefits of incorporating natural elements in the home.**

## WOOD, NATURALLY



# INNOVATING WITH MASS TIMBER



Hines T3 Building  
Photo courtesy of MGA



Timber City Exhibit at National Building Museum  
Photo by Yassine al Mansouri



Framework  
Lever Architecture

The SLB continues to bring mass timber to the forefront in the United States, as a key area of market growth for the industry. The use of these products in non-residential as well as residential construction has a significant and direct impact on increasing softwood lumber consumption. Not only do products such as nail-laminated timber and dowel-laminated timber open opportunities to expand market share, but they also typically account for three times more softwood lumber use than a light-frame system.

In 2016, the industry welcomed the opening of Minneapolis' seven-story mass timber T3 building. This building was constructed using a building system consisting of glulam columns and nail-laminated timber floors. The developer of the project, Hines, is planning a similar building in Chicago.

The Framework building in Portland, Ore., the winner of the SLB-sponsored Tall Wood Building Competition, is on course to follow suit. Framework passed intensive fire, structural, and acoustic tests throughout 2016 in partnership with research and technology partners, setting the 12-story building up to be a true innovator in the field of mass timber construction in the United States.

Longtime SLB collaborator Skidmore, Owings & Merrill (SOM) teamed with Oregon State University to test elements of SOM's concrete jointed timber frame system to better predict performance and help usher in a new design of hybrid timber-concrete construction. The hybrid system withstood eight times the loading and is about 30% stiffer than needed to satisfy code.

The SLB-sponsored Timber City exhibit at the National Building Museum in Washington, D.C., opened in September 2016. The exhibit showcases the many innovations that are bringing mass timber into the mainstream of building design and construction in the United States and worldwide.

“ The opportunities for building with mass timber are endless. It all flows from the technological advancements and the profile created by the SLB's Mass Timber Building Initiative.”

**DUNCAN DAVIES**  
President & CEO  
Interfor Corporation

# LETTER FROM THE FINANCE CHAIR

Dear Colleagues,

As we enter our sixth year of operations, the SLB continues to steward your financial investments prudently to deliver the greatest return for the industry across market segments and to ensure sound financial positioning.

In 2016, the SLB had \$12,313,919 in total revenue and \$15,322,918 in total expenses; 93.3% of expenses were directed to program activities and research, and 6.7% was spent on administration, operational costs, and staffing. Compared with our first full operational year in 2012, spending on programs and research has grown by over 200%. Even with this tremendous growth in program delivery, the SLB has maintained a highly competitive operating expense ratio. I hope you agree that based on our independently verified ROI, every dollar you have invested in the SLB has been spent wisely and has delivered a solid return to your organization in the form of greater softwood lumber demand, consumption, and profitability.

The SLB continues to receive nonfinancial support from the USDA, and we are grateful for its technical partnership. The SLB reimburses the USDA annually for its oversight costs and is not directly supported by any public funds.

Looking ahead, the SLB expects to direct approximately \$14,750,000 to program activities and research in 2017 prioritized by the Board of Directors.

We are committed to transparency, especially when it comes to reporting on the use of investor contributions. Please feel free to contact me if you have any questions regarding the SLB's financial positioning and performance.

On behalf of the Board, thank you for your continued support and commitment.



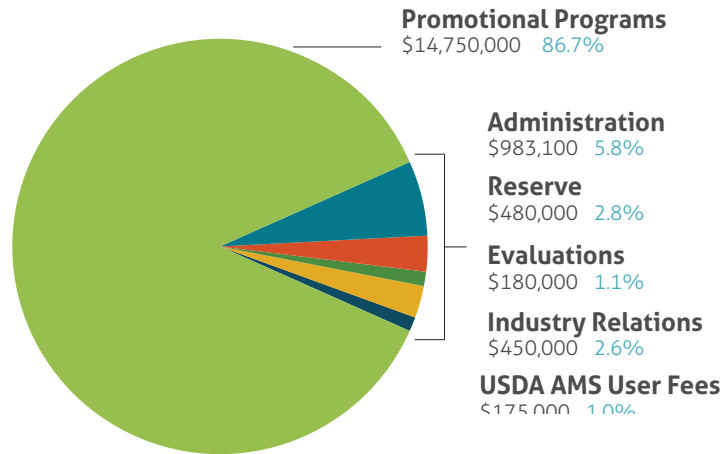
Steve Zika  
Treasurer and Chair, SLB Finance Committee  
President & CEO, Hampton Lumber



“Every dollar you have invested in the SLB has been spent wisely and delivered a solid return to your organization in the form of greater softwood lumber demand, consumption, and profitability for your company.”

**STEVE ZIKA**  
President & CEO  
Hampton Lumber

# 2017 SOFTWOOD LUMBER BOARD BUDGET



**2017 EXPENSE BUDGET SNAPSHOT:  
\$17,018,100**

“ For once, we have a major, unifying vehicle that brings us all together—big and small; north, south, east, and west; Canadian and American—to grow our markets.”

**DANNY WHITE**

President & CEO

T.R. Miller Mill Company Inc.



## LETTER FROM THE INDUSTRY RELATIONS & GOVERNANCE CHAIRMAN

“*The check-off program is not an expense or a tax but a true investment in the future of our industry. If we do not grow, we risk fading away. The SLB puts us all on a path toward growth.*”

**HANK SCOTT**  
President & CEO  
Collum's Lumber Products LLC

Last year, frustrated by the SLB's success, competing industries launched initiatives to take back the significant market share lost to the softwood lumber industry over the past five years. Despite their efforts, the softwood lumber industry generated significant new incremental demand and profitability in an otherwise modest market. This is why we—more than 200 companies strong in 2016—work together under a shared vision and unified voice as part of the SLB. As our return on investment shows, we are stronger and more effective in protecting and gaining market share when we work together.

As part of our commitment to keep you informed about SLB activities, we strengthened our collective voice and explored new mediums to share the SLB's story throughout 2016. New videos combined personal accounts and compelling visuals to describe the SLB's unique and effective programs and accomplishments, while stories and graphics placed in SLB and targeted publications ensured that investors had access to easily digestible information by which to gauge our performance.

In 2017, we plan initiatives to better understand and respond to how our investors prefer to receive and consume information, and we will reach up and down the supply chain—from individual company employees to distributors—to convey relevant, engaging content that emphasizes everyone's role in growing our industry.

The Industry Relations & Governance Committee is committed to maintaining effective, engaged leadership and transparency by overseeing Board communications, succession planning, and recruitment. On behalf of the committee, I look forward to working with you in 2017 to further grow the SLB's programs and impact.

The SLB's story and its success belong to all of us. Please tell our story again and again to foster greater involvement with our programs, amplify our messages, and ensure we achieve our shared goals.

Warm regards,

Hank Scott  
Secretary and Chair, SLB Industry Relations & Governance Committee  
President & CEO, Collum's Lumber Products LLC

# 2016 BOARD OF DIRECTORS

## Domestic Manufacturers

### U.S. South

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**Aubra Anthony Jr.** <sup>^</sup>  
President & CEO  
Anthony Forest Products Company

**Adrian Blocker**  
Senior Vice President  
Weyerhaeuser Company

**Michael Case, Chair** <sup>\* ^</sup>  
President & CEO  
The Westervelt Company

**Jack Jordan, Chair Emeritus** <sup>\* ^^</sup>  
Executive Vice President  
Jordan Lumber & Supply Inc.

**Fritz Mason** <sup>^</sup>  
Vice President & General Manager  
Georgia-Pacific Wood Products Inc.

**Hank Scott, Secretary** <sup>\*</sup>  
President & CEO  
Collum's Lumber Products LLC

**Danny White** <sup>^</sup>  
President & CEO  
T.R. Miller Mill Company Inc.

### U.S. West

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**Marc Brinkmeyer, Past Chair** <sup>\* ^^</sup>  
Chairman  
Idaho Forest Group

**George Emmerson**  
President & CEO  
Sierra Pacific Industries

**Andrew Miller**  
President & CEO  
Stimson Lumber Company

**Chuck Roady** <sup>^</sup>  
Vice President & General Manager  
F.H. Stoltze Land & Lumber Company

**Steve Zika, Treasurer** <sup>\* ^</sup>  
President & CEO  
Hampton Lumber

### U.S. Northeast & Lake States

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**Alden J. Robbins**  
Vice President & Sales Manager  
Robbins Lumber Company

## Importers

### Canada West

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**Duncan Davies, First Vice Chair** <sup>\* ^^</sup>  
President & Chief Executive Officer  
Interfor Corporation

**Don Demens**  
President & CEO  
Western Forest Products

**Don Kayne, Second Vice Chair** <sup>\*</sup>  
President & CEO  
Canfor Corporation

**Ted Seraphim**  
President & CEO  
West Fraser Timber Co. Ltd.

### Canada East

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**James Lopez**  
President & CEO  
Tembec Inc.

**Charles Tardif**  
Vice President Procurement &  
Business Development  
Maibec Inc.

### Overseas

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**Francisco Figueroa**  
Commercial Director  
Arauco Chile

\* Executive Committee

^ Finance Committee

^ Industry Relations & Governance Committee

“ The Softwood Lumber Board not only has protected but also has grown markets for our products in North America.”

**GEORGE EMMERSON**  
President & CEO  
Sierra Pacific Industries



# S|L|B

SOFTWOOD  
LUMBER BOARD

Softwood Lumber Board  
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