

The Future Is Now

A letter from SLB Chairman Marc Brinkmeyer

Dear Colleagues,

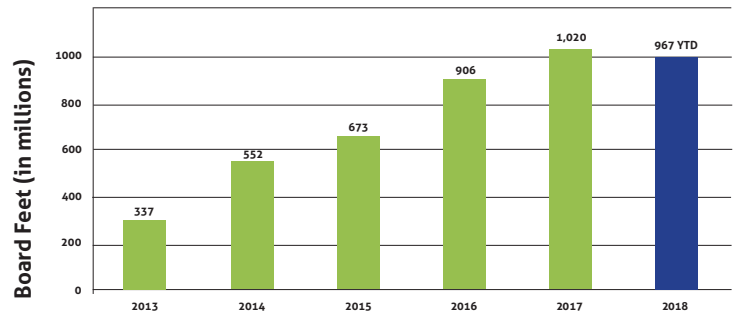
As we embark on our second term, the challenge is to adapt our programs to reflect the shifting market conditions to maximize the returns and the value we create for the industry. SLB-funded research suggests that there is an incremental 8.5 bbf of annual demand available to the softwood lumber industry in the United States, the majority in buildings of eight stories or less. These buildings are diverse in function, appearance, and location, yet the value proposition of wood is the same: performance, affordability, versatility, sustainability, efficiency, and aesthetics.

The primary objective of the SLB—to increase the demand and use of softwood lumber—remains paramount. How specific opportunities are captured will evolve as the SLB works with programs to refine established tactics, identify new methods, and more aggressively target decision-making audiences. The result will minimize duplication, identify gaps, and ensure each SLB investment is optimized and focused on the organization’s goals.

The primary objective of the SLB—to increase the demand and use of softwood lumber—remains paramount.

The SLB is beginning its second term with a new leadership team, modernized processes and procedures, and refined definitions for success. The SLB has matured as an organization, evolving from a start-up check-off program to a sophisticated industry influencer. The SLB will continue to focus its investments on building codes, communications, and conversion to wood, but our team has been hard at work over the past several months analyzing and making recommendations on important refinements that will help our programs reflect rapidly changing market conditions, emerging opportunities, supply chain dynamics, and competitor behavior in the coming years.

SLB Q3 Demand Chart



SLB-funded programs resulted in 300.4 mbf of incremental demand in Q3 2018. This momentum puts the SLB on track for 1.2 bbf for FY2018, an 18% increase over the prior year.

Four key investment priorities define the SLB’s program:

1. Protect the current share in established and newly captured market segments.
2. Prioritize conversion of projects to wood in non-residential and multifamily buildings up to six stories.
3. Support and promote innovative buildings that showcase the capacity of wood construction, particularly in the seven- to 12-story range.
4. Expand broad market acceptance and use of lumber-based mass timber construction in larger and taller buildings.

We are committed to maintaining the SLB as the pre-eminent industry-sponsored initiative advocating for softwood lumber in the building sector, and to delivering tangible results to our investors. Our investment blueprint for the next several years is now in place, and we are ready to get to work. Work that is ever more important as we face a challenging single-family housing market.



Marc Brinkmeyer, Chairman, Idaho Forest Products

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Program Review

Building a Better Program



Thanks in part to the SLB, the conditions and needs of the softwood lumber industry today are very different—and more advantageous—than when the SLB launched in 2012, driven by next-generation lumber and mass timber building systems and rising awareness of the economic, social, and environmental benefits of wood. The new challenge for the SLB is to evolve our programs and approach to establish softwood lumber as the material of choice for the built environment by 2024.

Think Wood and Wood, Naturally combine efforts to target commercial and residential construction.

To meet this challenge and at the direction of its Board of Directors, the SLB launched a comprehensive review of its funded programs in the fall of 2018 to refine, align, and optimize the SLB's overall investment strategy and tactics, align expenses with revenues, and ensure continued return on investment and value-add for investors.

As part of the review, each program allocated its 2018 SLB funding across 20 common tactics (e.g., media, communications, trade shows, education), mapped spending by audience, and posited the program's outlook over the next seven years. This data and subsequent analysis enabled the SLB to identify persisting gaps as well as instances of duplication that can be minimized.

Based on the review and in keeping with its strategy, the SLB will continue to focus its investments on codes, communications, and conversion but recommends altered tactics under each. These include:

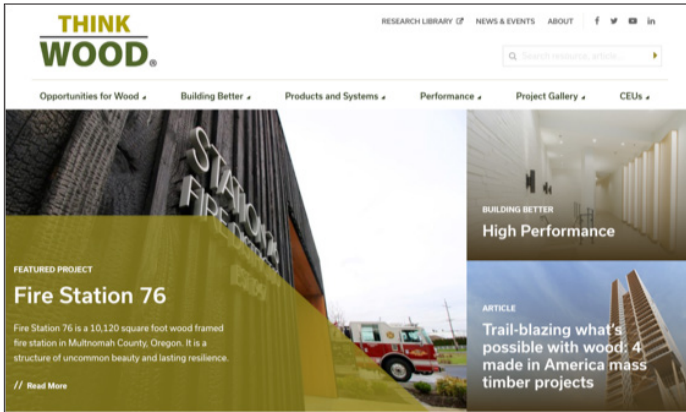
Consolidation: The growth in wood buildings indicates increasing momentum in the commercial, multifamily, and mid-rise non-residential buildings. To optimize SLB investments and support this momentum, Think Wood and Wood, Naturally will be united under the Think Wood brand. In 2019, Think Wood will be targeting construction and design professionals in the residential, multifamily, and non-residential segments.

As a result of the consolidation, the Think Wood program will be focusing its marketing and communication efforts in 2019 on architects, engineers, developers, and contractors. The account team responsible for executing Wood, Naturally activities will be a key partner for the Think Wood program, providing marketing strategy recommendations and execution for paid, earned, and owned media channels.



Mark Clement deck demonstration at Remodeling Show and Deck Expo

The SLB will also continue to support the Association Partnership Program and the Wood Pavilion at the International Builder Show, JLC Live New England, the Remodeling Show and Deck Expo, the American Institute of Architects Convention, and the Greenbuild trade show. Wood, Naturally content will be transitioned over to Think Wood's website to continue to connect interior and exterior product information with residential contractors, builders, and remodelers, providing a seamless experience



Thinkwood.com will be the online resource for residential single-family, multifamily and non-residential content for indoor and outdoor softwood lumber applications.

that highlights the benefits of wood in appearance and structural applications, indoors and outdoors, within the residential and commercial segments.

Online Education: The SLB spends significant resources on continuing education course development for building professionals led by the American Wood Council (AWC), Think Wood, and WoodWorks. The SLB proposes to implement a single Learning Management System across its programs and audiences, which will allow it to capitalize on combined marketing and improve user experience by providing learning tracks by profession, material, application, and so on.

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Customer Relationship Management (CRM) and Marketing Automation Tools: The SLB's programs have over 300,000 contacts, with about 10% of contacts appearing in more than one database. The SLB recommends implementing enterprise-wide CRM and marketing automation tools to better track, manage, and communicate with prospects and ultimately achieve more conversions.

Help Desk Resources: Both WoodWorks and AWC offer help desk resources for building and design professionals,

yet different platforms limit their ability to share information between programs. The SLB recommends that both programs build and access a shared platform to create greater efficiency.

The SLB presented these recommendations and others to its Executive Committee and the SLB Board of Directors at its November meeting. We look forward to keeping our investors and partners updated on our progress and results as we implement these changes.



Taking Stock of Industry Communications

The SLB recently conducted a quantitative review to assess if its industry communications satisfy our investors' and partners' wants and needs. Among the key findings:

- Ninety percent of SLB investor respondents are Very Satisfied or Satisfied with the SLB's monthly newsletters, quarterly print newsletters, news flashes, and market updates.
- Respondents are most interested in content related to industry data, news, and reports, followed by feature articles, SLB program updates, and infographics.
- When asked why they subscribe to SLB communications, respondents cited industry knowledge, trends, and program updates as main motivations.
- When asked about frequency, 25% of respondents asked for weekly communications, 65% for monthly, and the remainder for quarterly or annual.

The SLB will use these insights to continue to refine and improve our industry communications program to ensure we are delivering the content and information most valued by our investors.

Q3 Program Highlights



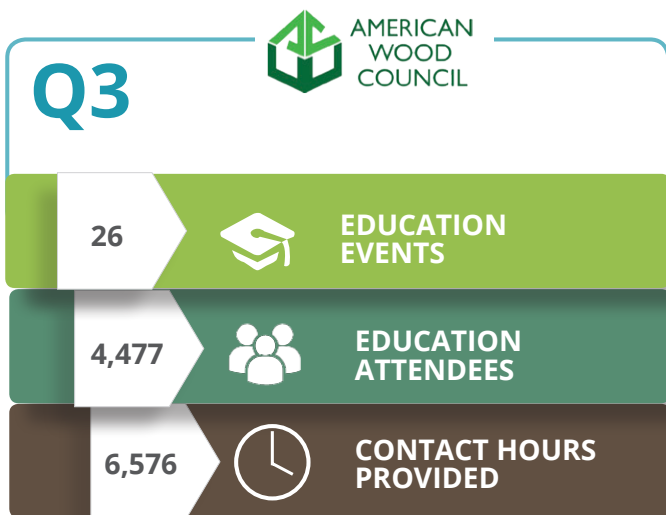
Walter Huntington Apartments, a 5-over-1, 46,000 square feet.
Courtesy: RODE Architects.



WREN Apartments in Los Angeles, CA.
Courtesy: Kevin C. Korczyk / K2 Creative LLC.

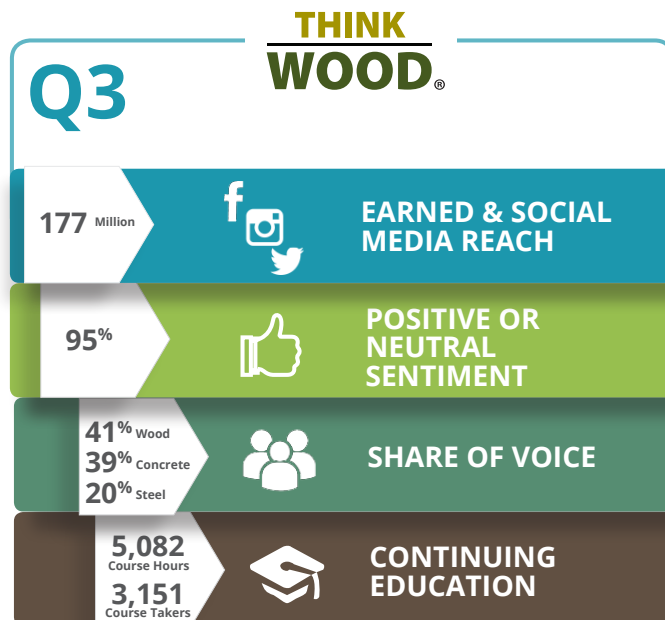
Building Standards: American Wood Council

- The ICC Ad Hoc Committee on Tall Wood Buildings (TWB) submitted 14 code change proposals for the 2021 International Building Code, introducing three new classes of mass timber construction. All 14 changes were recommended for approval with or without modifications.
- AWC formed a Mass Timber Code Coalition comprised of building, code, and fire-service professionals. The coalition placed op-eds, increased communications with building and fire officials, reached out to organizations new to ICC, and arranged for experts to travel to the final ICC hearings to liaise with code officials.
- AWC continued to work with Koffel and Associates to develop tall mass timber building requirements in standards developed by the National Fire Protection Association.



Non-Residential Communications: Think Wood

- Think Wood nurtured more than 1,700 prospects for organizations such as WoodWorks. Year-to-date prospects are up 91% compared with 2017.
- Think Wood's pro-wood messaging reached design professionals and specifiers more than 177 million times in Q3 and over 751 million times year-to-date.
- Over 205,500 professionals engaged with Think Wood's light-frame and mass timber resources, up 17% from Q2 and 40% compared with 2017 year-to-date.
- Think Wood created over 5,300 social media engagements compared with steel's 2,071; however, concrete exponentially increased its engagements to over 9,000.
- Think Wood launched three new continuing education units and reached over 3,000 test takers.





Wood, Naturally campaign image.
Created by influencer Brian Patrick Flynn.



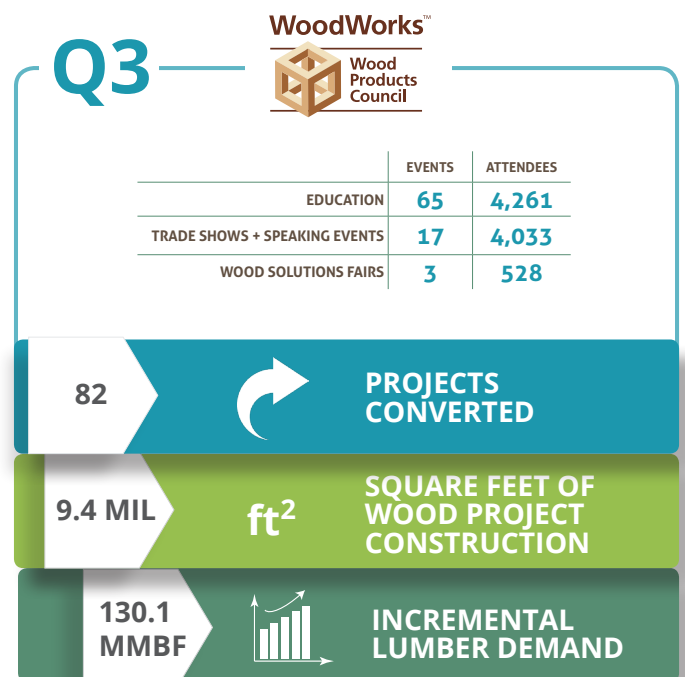
Port 45, five stories and 145,000 square feet.
Courtesy: Hacin & Associates.

Residential Promotion: Wood, Naturally

- Wood, Naturally generated more than 3 million engagements among its homeowner and professional audience on Facebook and Pinterest, and viewers clicked to visit the website over 88,000 times.
- Wood, Naturally drove more than 13,900 referrals to species associations in Q3, exceeding year-end targets by 33%.
- Wood, Naturally continued to leverage content partnerships with well-known, influential contractors and designers, including Jen Woodhouse, Ron Hazelton, Mark Clement, and Brian Patrick Flynn. Content developed as part of these partnerships consistently created the most social media engagement.
- Content effectiveness surveying revealed a 10.2% lift in net purchase intent and a 23.6% lift in net purchase consideration. The video The Wisdom of Wood: Wood Is Crafted by Nature Not in Factories created the highest increase in purchase intent (14%) and purchase consideration (26.6%).

Design and Construction: WoodWorks

- WoodWorks newly influenced 169 projects through 824 individual interactions in the third quarter (Q3).
- Eighty-two directly influenced and converted projects went to construction in Q3, representing incremental consumption of 33.7 mbf, up from 76 projects and 29.2 mbf in Q2.
- When adding projected indirect impact, WoodWorks converted 316 projects in Q3, representing 130.1 mbf of incremental softwood lumber demand attributable to its efforts.
- WoodWorks acquired 2,569 new contacts in Q3 and has grown its contacts database by 4.7% year-to-date.
- WoodWorks delivered 9,090 education hours through 85 hosted and third-party events.



Mass Timber: McDonald's Is "Lovin' It" in Chicago



McDonald's Flagship in Chicago, IL. Photo credit: Ross Barney Architects

A key ingredient to Think Wood's successful presence at trade shows is its customer service orientation and commitment to showing genuine interest in each and every person that visits its booth. Asking what and where people are building, their experiences with wood, and barriers they encounter helps build personal connections, identify new prospects, and unlock opportunities.

This approach helped Think Wood connect with Carol Ross Barney of Ross Barney Architects at the June AIA show in New York City, after Barney and a colleague visited the learning center of Think Wood's booth. Ross Barney Architects is the celebrated Chicago-based firm behind the 19,000-square-foot, 269-seat flagship McDonald's restaurant built using mass timber and steel, which opened in Chicago's River North neighborhood earlier this year.



Photo credit: Ross Barney Architects

Ross Barney first turned to wood after McDonald's stipulated that its main goal for the project was to achieve Platinum LEED. Ross Barney's choice of mass timber emanated from the project architect early in the design process, thanks to wood's ability to deliver greater design authenticity, including in comparison with some of the materials McDonald's had used previously. While allegedly more durable, these other materials were neither authentic, sustainable, nor in keeping with McDonald's current mandate to achieve outstanding environmental performance.

Research has shown that materials such as concrete, steel, and heavy plastics have a larger carbon footprint than renewable materials such as wood.



Photo credit: Ross Barney Architects

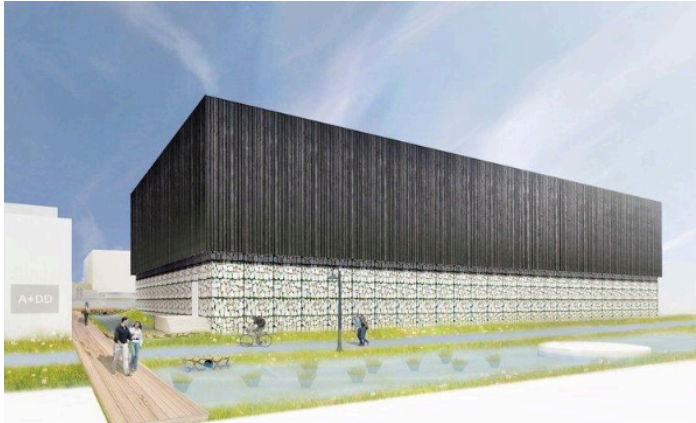
Ross Barney's final design prominently features exposed CLT throughout. Research has shown that materials such as concrete, steel, and heavy plastics have a larger carbon footprint than renewable materials such as wood. CLT offered a great alternative, Ross Barney explained, because wood can be harvested and renewed at

more regular intervals, it has a relatively low carbon footprint, and it can be used like any panelized material such as precast concrete or steel.

CLT was the perfect choice to help the project achieve its Platinum LEED goal as well as to distinguish its location—this McDonald's is the first commercial use of CLT in Chicago. McDonald's plans to renovate 1,000 restaurants across the country over the coming years, offering more opportunity to integrate CLT into their modernized designs.

Since the initial discussion with Ross Barney Architects at its booth at AIA, Think Wood has secured Building Design + Construction coverage for the project, and the two are actively collaborating on ways to amplify other Ross Barney wood projects. More proof that you never know what opportunity can be unlocked thanks to a positive attitude and a trade show.

Featured Project



Library Storage –Fayetteville, AR

PROJECT DETAILS

Description	Type IV, one story of CLT
Size	26,100 square feet
Value of construction	\$2.2 million
Value of wood products	\$198,326
Volume of lumber	522,000 board feet (equivalent)
Status	Under construction

University of Arkansas Library Storage –Fayetteville, AR

When WoodWorks Regional Director Sherry Mundell was invited to attend Innovate Arkansas symposiums in Little Rock and Fayetteville, she used the opportunity to introduce herself—and WoodWorks—to Roger Boskus of the architectural firm Miller Boskus Lack.

Afterward, Roger’s colleague Mark Bradley called Sherry for information on heavy timber design. She sent materials on heavy and mass timber and set up a meeting to discuss both. Conversation focused on a library storage building at the University of Arkansas, designed at the time as a steel-frame structure.

Discussion focused on CLT in particular, and Sherry provided information that ranged from building classification to design properties and the need to use product certified to the PRG 320 standard.

As the team became increasingly interested in the use of CLT, Sherry continued to provide information and support. Around this time, Binderholz was engaged as the product supplier and became involved in the design.

In keeping with the environmental advantages of CLT, the structure will be clad in fire-hardened wood siding. When filled to capacity, it will hold approximately 1.8 million volumes in a climate-controlled environment. It will also have a preservation and conservation area where materials are cleaned, repaired, and restored.

Although designed by different architectural firms, this project has a connection to a mass timber student housing project, also at the university. Peter MacKeith, dean of the Fay Jones School of Architecture and Design, has been following trends in mass timber for some time, and the school promotes and coordinates statewide mass timber education and practices. He invited Sherry to the Innovate Arkansas symposiums, which also led to her support of a mass timber student housing project designed by Leers Weinzapfel Associates, Modus Studio, and Mackey Mitchell Architects.

In a recent article, Dean MacKeith is quoted as saying: “The innovative use of CLT panels for the library storage building is exceptional, and the building overall will be a purposeful, cost-effective, and handsome design for its purposes.”

New Book Celebrates Impact of CLT



The SLB and Forestry Innovation Investment (FII) partnered with Waugh Thistleton Architects to commission the recently released book 100 Projects UK CLT to showcase what is possible when building with CLT.

The book features 100 case studies of unique CLT buildings, ranging from schools and health care facilities to fitness centers and a science laboratory. All projects featured are in the United Kingdom, which has

been a global pioneer of CLT construction with more than 500 projects completed to date. The book also includes a general primer on CLT construction, common technical approaches, benefits to building with mass timber, and practical lessons learned, making it an interesting and useful guide for any building professional interested in or ready to build with mass timber.

To access a digital copy of the book, please visit Thinkwood.com. A limited number of hard copies are also available for SLB investors. Contact Pete Andrews at pandrews@softwoodlumberboard.org for more information.

AWC Tall Wood Code Project

Tall Wood Clears Latest Hurdle Toward Code Inclusion

In October, ICC's membership approved all 14 tall wood building proposals put forward by the Ad Hoc Committee on Tall Wood Buildings during public comment hearings on proposed changes to the International Building Code and International Fire Code. The membership's approval followed earlier recommendations on the proposals from various ICC code development committees. Each tall wood proposal was approved with majorities of at least 68%. The 14 proposals will now be subject to two weeks of online voting, resulting in a final action in December.

The 14 tall wood building proposals were among dozens that emerged out of nearly 2,000 proposed changes to ICC's code that have been under consideration since April. At both committee and public comment hearings, the American Wood Council (AWC) led testimony in favor of the tall wood proposals, which also featured the expert testimony of building and fire officials, engineers, designers, developers, and researchers. In the end, pro-wood testimony was more convincing than that of the concrete and steel industries, which testified and submitted nearly 250 public comments in opposition.

If approved, the 2021 series of ICC codes, which will be published in late 2020, will designate three new types of construction allowing up to 18-story mass timber buildings. This will mark a significant victory for the industry and a remarkable return for the investments made by the SLB, the U.S. Endowment for Forestry and Communities, and the AWC.

Softwood Lumberboard Leadership



The Softwood Lumber Board is pleased to announce that it has completed its leadership succession plan. This was an important

undertaking as the Board entered its second term following the successful revote of our Softwood Lumber Check-off program. To prepare for the second term, the Executive Team conducted an intense review on all programs for revalidation of all deliverables.

"On behalf of the Board of Directors, I want to thank Steve Lovett for his tireless and inspired leadership of the SLB from its creation through the revote," said Chairman Marc Brinkmeyer. "Under Steve's leadership, the SLB made history, bringing together the US regional producers from the Northeast, Southeast, Intermountain and West Coast, whom together with the Canadian importers make up our industry.

The SLB will move forward under the leadership of Cees de Jager as President and CEO. Cees developed and administered the successful programs of the SLB during the first term as our Chief Marketing Officer. He has worked closely with Steve over the last 10 years. Their teamwork demonstrated tremendous leadership in executing the SLB's vision of making softwood lumber the building material of choice."

With de Jager's promotion, Ryan Flom has assumed the role of Chief Marketing Officer. Flom joined SLB in July as vice president of promotion and research. Together with Maureen Pello, who joined the SLB in October as vice president of operations, the three are responsible for leading the SLB and for increasing demand and expanding markets for softwood lumber products in the United States.

"The SLB is beginning its second term with a new leadership team, a strong mandate, and an enhanced, results-focused approach that drives our decisions and actions. The SLB has matured as an organization, evolving from a start-up check-off program to a sophisticated industry influencer. The SLB will continue to focus its investments on building codes, communications, and conversion from other materials to wood as a building material, but our team has been hard at work over the past several months analyzing and making important refinements that will ensure our programs reflect rapidly changing market conditions, emerging market opportunities, supply chain dynamics, and competitor behavior in the coming years," said SLB CEO Cees de Jager.

Over the next five years, the SLB will lead a comprehensive and collaborative effort to realize the significant opportunities available to grow demand for softwood lumber. The strategy is designed to increase softwood lumber's share in new market segments while protecting the share wood has already captured against competing interests.



About the SLB

The Softwood Lumber Board (SLB) is an industry-funded initiative established to promote the benefits and uses of softwood lumber products in outdoor, residential, and non-residential construction and to increase demand for appearance and softwood lumber products.

www.softwoodlumberboard.org | info@softwoodlumberboard.org | [@LumberBoard](https://twitter.com/LumberBoard)