SECTION 7

SFI POLICIES

JANUARY 2015
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1. **SFI POLICY ON ILLEGAL LOGGING**

The SFI program has strong existing measures in the SFI 2015-2019 Forest Management Standard, SFI 2015-2019 Fiber Sourcing Standard and the SFI 2015-2019 Chain-of-Custody Standard to avoid illegal sources of supply. This section covers the issue as to whether an organization can certify one operation to the SFI 2015-2019 Fiber Sourcing Standard (Section 3, Appendix 1) or SFI’s Chain-of-Custody Standard (Section 4) in the SFI requirements document, while another operation controlled by the company is engaged in illegal logging. This is an evolving issue and as federal and international laws, regulations, agreements, treaties and definitions of illegal logging change, SFI Inc. will review and update the language as necessary.

A. SFI Inc. will not license any person or entity to use SFI’s trademarks or labels, and SFI may revoke any license previously granted, if the proposed licensee or an Affiliate of the licensee has been found to have engaged in illegal logging by a government authority in the jurisdiction where the logging occurred, unless the evidence available to SFI supports a conclusion that, in the business judgment of the SFI Inc. Board, any incidents of illegal logging by the entity are followed by prompt corrective action and do not show a pattern of illegal logging.

B. SFI Inc. will not license any person or entity to use SFI’s trademarks or labels, and SFI may revoke any license previously granted, if the evidence available to SFI supports a conclusion that, in the business judgment of the SFI Inc. Board, the proposed licensee or an Affiliate of the licensee has engaged in a pattern of illegal logging.

C. Any person or entity whose application for an SFI license has been denied or whose license has been revoked pursuant to this section may reapply for a license upon a showing that any past illegal Logging has been stopped, that appropriate actions have been taken to prevent it from recurring, and that the proposed licensee and its Affiliates do not knowingly engage in Illegal Logging. Such showing shall be supported by a third-party audit conducted by an SFI certification body accredited to conduct 2015-2019 SFI Standards certifications and shall include local expertise as part of the audit team.

D. As used in this section,

- “Illegal Logging” means harvesting and trading of wood fiber in violation of applicable laws and regulations in the country of harvest.
- “Affiliate” means any person or entity that directly or indirectly controls, is controlled by, or is under common control with the proposed licensee.
- “Control” means owning a majority of the stock, appointing a majority of the directors, or otherwise having the practical or legal power to direct the operations of a person or entity.

2. **SFI POLICY ON FOREST TREE BIOTECHNOLOGY**

The SFI program has strong existing measures in the SFI 2015-2019 Forest Management Standard and the SFI 2015-2019 Fiber Sourcing Standard regarding research on genetically engineered trees via forest tree biotechnology. The use of genetically modified organisms is an evolving issue and as federal and international laws, regulations, agreements, treaties and marketplace recognition of the use of genetically engineered trees via forest tree biotechnology change, SFI Inc. will proactively review and update the SFI 2015-2019 Standards and Rules language and this policy as necessary.

A. SFI Inc. recognizes that forest tree biotechnology offers the potential to prevent the loss of tree species like the American Chestnut due to devastating diseases and to further improve the quality and productivity of trees, and their resistance to insects and disease and to grow trees with characteristics that allow them to be more efficiently manufactured into building products, paper and to provide feedstock for bioenergy.

B. SFI Inc. recognizes that genetically engineered forest trees are not approved for commercial plantings in the United States and Canada and, even if approved in the future, it will take many years for fiber from genetically engineered forest trees to reach manufacturing facilities.

C. SFI Inc. realizes that much research is still being conducted to study the ecological cost benefits of genetically engineered trees and regulations concerning forest biotechnology continue to evolve. As such research and regulations develop, SFI Inc. will review to understand the impacts of genetically engineered trees from an ecological perspective.

D. SFI Inc. is endorsed by the Program for the Endorsement of Forest Certification (www.pefc.org), which has restrictions on the use of genetically engineered trees until December 31, 2015:

Genetically-modified trees shall not be used.

Note: The restriction on the usage of genetically-modified trees has been adopted based on the Precautionary Principle. Until enough scientific data on genetically-modified trees indicates that impacts on human and animal health and the environment are equivalent to, or more positive than, those presented by trees genetically improved by traditional methods, no genetically-modified trees will be used.

Note: The policy on the exclusion of material from genetically modified forest based organisms remains in force until 31 December 2015.
E. Given the issues identified in item (b) regarding legal approval and lack of commercialization and in item (d) regarding PEFC requirements for endorsement of the SFI program, the use of fiber from genetically engineered trees via forest biotechnology is not approved for use in SFI labeled products.

F. The SFI 2015-2019 Standards and Rules requirements regarding research on genetically engineered trees via forest tree biotechnology will remain in place.

G. SFI Inc. will proactively review and update the SFI 2015-2019 Standards and Rules language and this policy as necessary.