

**BYLAWS OF THE SUSTAINABLE FORESTRY INITIATIVE, INC.**  
**A District of Columbia Nonprofit Corporation**

**ARTICLE I**

1. Name. The name of the organization is the Sustainable Forestry Initiative, Inc. (the "Corporation"), a nonprofit corporation organized under the District of Columbia Nonprofit Corporation Act.
2. Location. The principal office shall be within or without the District of Columbia, as determined by the Board of Directors.
3. Nature. The Corporation is a non-governmental, voluntary, nonprofit, and nonstock charitable and educational corporation.
4. Purpose. The purposes for which the Corporation is organized and operated are charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Code), as stated in the Articles of Incorporation, to ensure the environmental, social, and economic sustainable development of the nation's forests, for the benefit of public and private stakeholders. The Corporation shall have sole responsibility for all activities necessary for the development, maintenance, implementation, promotion, and continual improvement of the Sustainable Forestry Initiative<sup>®</sup> Standard and Program.

**ARTICLE II**

Membership. The Corporation shall not have members.

**ARTICLE III**

1. Board of Directors. There shall be eighteen members of the Board of Directors, each of whom shall serve three-year terms and until their successors are elected. Approximately one third of the Directors shall be elected annually and serve staggered terms according to policies and procedures adopted by the Board. Unless approved by unanimous consent, a Director may not serve more than two consecutive full terms and will not be eligible for re-election until one year has elapsed since the Director's last term.
  - 1.1 Composition of Board of Directors. The Board of Directors shall strive to represent a diversity of stakeholder groups. It is desirable

that Directors have knowledge of sustainable forest management. Six Directors shall be drawn from the forest, paper and wood products industry, for-profit forest ownership or management entities, distributors, manufacturers, retailers or allied organizations. These Directors will comprise the Economic Sector of the Board. Six Directors shall be drawn from nonprofit environmental /conservation and or foundations or academic organizations with an environmental focus. These Directors will comprise the Environmental Sector of the Board. The remaining six Directors shall be from other stakeholder groups including academic, community or social interests. These Directors will comprise the Social Sector of the Board. In the event that any Director is no longer associated with the company/organization he/she represented at the time of election to the Board or if that company/organization is acquired or goes out of business, that Board seat shall be considered vacated.

- 1.2 Nominations Committee. Each year the Chairman shall establish a three-person Nominations Committee to prepare a list of nominations for election to fill Board seats as terms expire or as vacancies need to be filled. The Chairman shall choose one member of the Nominations Committee from each of the three Sectors that comprise the Board.
- 1.3 Expansion of the Board of Directors. The number of Directors on the Board of Directors may be expanded by amending these Bylaws, as set out below, as long as the ratio of representation and ratio of quorum requirements remains the same.
2. Authority. The Board of Directors sets the strategic direction and policies of the Corporation. The Board of Directors delegates to the Executive Committee its authority to act for the Corporation when the Board is not in session, consistent with any policies and procedures established by the Board.
3. Meetings. Meetings of the Board of Directors are called by the Chairman. The Board shall meet at least two times a year as determined by the Board. Notice of a meeting of the Board, specifying the business to be conducted, shall be provided to the Directors at least fifteen days in advance of a meeting. The presence of sixty percent (60%) of the Directors in office with a minimum of two attending from each Sector shall constitute a quorum. Directors may participate in meetings via conference call or other means of communication by which all persons participating in the meeting are able to hear one another, and such participation shall constitute presence in-person at the meeting.

- 3.1 If membership on the Board of Directors falls below the required minimum of two Directors from each Sector, the presence of sixty percent (60%) of the Directors in office shall constitute a quorum for the sole purpose of filling vacancies on the Board. That election requires an affirmative vote of eighty percent (80%) of those present.
4. Removal. A Director may be removed by the Board of Directors upon a vote in accordance with Article III.5 of these Bylaws, with the Director being considered for removal not participating in the vote. If a Director is unable to attend at least one meeting in person in a twelve-month period, the Chairman may request that the Director resign from the Corporation.
5. Voting. In order to ensure that no Sector of the Board of Directors can control the future of the Corporation, it shall take a minimum of sixty-six percent (66%) of those present to approve any action of the Board except where provided otherwise by law or by Article III.3.1 of these Bylaws. A Director may select an individual to represent him/her and to vote by proxy at one of the two meetings to be held each year. These individuals will be counted when determining a quorum.
6. Amendments to the SFI<sup>®</sup> Standard, Certification or Accreditation Procedures and Bylaws. Amendments to the Sustainable Forestry Initiative<sup>®</sup> Standard, including the Program Principles and Objectives, Performance Measures, and Indicators, may be made only at a meeting of the Board of Directors where notice of the nature of the proposed amendment(s) has been provided to the Directors at the previous meeting and the proposed language for the amendment(s) has been provided to the Directors at least forty-five days in advance of the meeting. Similarly, amendments to these Bylaws, as well as merger or dissolution of the Corporation, require that notice of the nature of the proposed amendment(s) or action be provided to the Directors at the previous meeting and the proposed language for the amendment(s) or action be provided to the Directors at least forty-five days in advance of the meeting.
7. Compensation. Directors shall serve without compensation unless otherwise determined by the Board of Directors. Directors may be reimbursed for actual travel expenses.
8. Board Member Responsibility. The members of the Board of Directors shall act in a way that earns respect for and enhances the credibility of

the Sustainable Forestry Initiative Standard and Program, both domestically and internationally.

9. Confidentiality. Each Director shall maintain the confidentiality of all discussions and deliberations of the SFI Board of Directors, including agendas, minutes and materials presented at or distributed for meetings of the Board. Each member of the Resources Committee shall also maintain the confidentiality of all discussions and deliberations they may participate in as well, including agendas, minutes and materials presented at or distributed for meetings of the Board that they may receive. Such information may be disclosed only as authorized by the Board, or by the President.
10. Conflicts of Interest. Each Director shall promptly disclose to the Board any circumstance that may constitute a conflict of interest, including but not limited to circumstances in which the Director or an organization with which he or she is affiliated (1) publishes a forest certification standard; or (2) does business or seeks to do business with SFI (except as a program participant, certificate holder or label user). The Board may require that the Director take steps to resolve the conflict, including but not limited to recusing himself or herself from Board discussion and decision on matters related to the conflict, or terminating the affiliation that creates the conflict.

#### **ARTICLE IV**

1. Officers. The Officers of the Corporation are the Chairman, Vice-Chairman, President, and Secretary-Treasurer. All Officers will be elected by a vote of the Board.
2. Election and Term of Office. The Officers, except the President, are elected by the Board of Directors from among the membership of the Board for a full one-year term of office. At the end of the Chairman's full term his/her duties will be assumed by the Vice Chairman. It will be the annual responsibility of the Nominations Committee to select for potential election a new Vice Chairman and Secretary-Treasurer. The Secretary-Treasurer is not part of the succession structure and does not automatically become the Vice Chairman at the end of his/her term of office. If sufficient Directors are willing and able to serve, the Chairman, Vice Chairman, and Secretary-Treasurer must each come from a different one of the three Sectors that make up the Board, and no elected officer may serve more than two consecutive terms as an officer. However, if the Board finds that it is impossible to satisfy the conditions of the preceding sentence from the Directors who are willing and able to serve,

the Board may elect more than one Officer from the same Sector, or may elect an Officer to more than two consecutive terms.

- 2.1. President. The President shall be elected by the Board of Directors from qualified candidates. If the candidate is a member of the Board upon election as President, his/her Board seat shall be considered vacant.
- 2.2. Immediate Past Chairman. If the Chairman is no longer a Director at any time during the year following the end of his/her term as Chairman, he/she:
  - 2.2.1 shall be invited to attend and participate in meetings of the Board as Immediate Past Chairman during that year.
  - 2.2.2 shall not have the powers or duties of an Officer.
  - 2.2.3 shall not be entitled to vote at Board meetings, shall not be counted to determine a quorum, and shall not represent any Sector.
  - 2.2.4. may choose to have a representative on the Resources Committee<sup>1</sup>. The Resources Committee representative shall not be entitled to vote at Resources Committee meetings, shall not be counted to determine a quorum, and shall not represent any Sector.
3. Duties. The Officers perform those duties that are usual to their positions and that are assigned to them by the Board of Directors. In addition, the Chairman, as the principal officer of the Corporation, presides at meetings of the Board and Executive Committee, and is a member ex-officio of any committees established by the Board. The Vice-Chairman acts in place of the Chairman when the Chairman is not available. The President shall serve as the chief executive officer of the Corporation and shall have the general powers and duties of management usually vested in a chief executive officer of a nonprofit corporation and shall have other powers and duties as may be prescribed by the Board of Directors or the Bylaws. The President shall be accountable to the Board of Directors and serve as a non-voting ex-officio member of the Executive Committee. The Secretary-Treasurer is both the recording officer of the Corporation,

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<sup>1</sup> The Resources Committee is the primary working committee of the Board. The Board relies on the Resources Committee to develop recommendations on changes and enhancements to the SFI Standard, certification procedures, quality control and other policies and procedures the Board may deem to be necessary. Each Board member may also serve on the Resources Committee or appoint one person from their organization (or allied organization) to serve on the SFI Inc. Resources Committee on their behalf. Also see Article V.1.1.

- responsible for minutes, records, notices, etc, and the financial officer, with responsibility for oversight of revenues and expenditures, and reporting on the financial affairs of the Corporation to the Board and Executive Committee.
4. Vacancies. If a vacancy occurs among the Officers for any reason, the Board of Directors may fill the position for the unexpired portion of the term.

## **ARTICLE V**

1. Executive Committee. The Executive Committee shall consist of the Officers of the Corporation and is empowered to act with the authority of the Board when the Board is not in session, as provided in Article III.2 of these Bylaws.
  - 1.1 Audit and Compensation Committee. The Audit and Compensation Committee shall be composed of the current Chairman, the Immediate Past Chairman and the Secretary-Treasurer of the Corporation. The Audit and Compensation Committee will assist the Board of Directors in fulfilling its fiduciary responsibilities to provide oversight with respect to (a) the integrity of the Corporation's financial statements and tax filings, (b) the Corporation's system of internal controls, and (c) the engagement of the independent auditors. The Audit and Compensation Committee will also make recommendations to the Board regarding all areas of compensation and benefits for the Corporation's President & CEO.
  - 1.2 Other Committees. The Chairman shall appoint, with the concurrence of the Board of Directors, individuals to serve on other committees of the Board, including but not limited to, the Resources Committee.
  - 1.3 Task Groups. Committees may establish affiliated Task Groups presided over by a member of the affiliated Committee.
2. Indemnification. Directors, Officers, and other authorized employees or agents of the Corporation shall be indemnified against claims for liability arising in connection with their positions or activities on behalf of the Corporation to the full extent permitted by law and as further authorized by the Board of Directors.
3. Disclosure; Books and Records. The Corporation shall disclose to the public all information that the Internal Revenue Code requires

the Corporation to disclose. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and committees having any of the authority of the Board of Directors. The Corporation shall keep at its registered or principal office a record giving the names and addresses of the directors and any other information required under District of Columbia law. The Board of Directors shall adopt, and may amend from time to time, a policy or policies implementing this paragraph.

4. Progress Report. The Board of Directors shall prepare a progress report that reviews and addresses the state of the Corporation's sustainable forestry program and related efforts, and such other educational materials as it determines periodically. The progress report will be made publically available on an annual basis.
5. Fiscal Year. The fiscal year for the Corporation is the calendar year.