



# SUSTAINABLE FORESTRY INITIATIVE

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SFI-00001

## Sustainable Forestry Initiative Inc. Board of Directors Conference Call AGENDA

**Thursday, December 5, 2013**

1:00 p.m. to 4:00 p.m. (Eastern Time)

ACCESS (Dial-In) NUMBERS:

Call-in toll-free number (US/Canada): 866-740-1260

Call-in toll number (US/Canada): 303-248-0285

Attendee access code: 5963458#

	<b>Administrative</b>	<b>Page</b>
1:00 p.m. – 1:10 p.m.	<p><b>I. Welcome, Introductions, Confidentiality and Antitrust Reminder</b> (Larry Selzer)</p> <p><b>II. Review of September 17, 2013 Meeting Minutes</b> (Larry Selzer) <i>Action: Approve minutes from September 17, 2013 meeting.</i></p>	3 4 – 10
1:10 p.m. – 1:45 p.m.	<p><b>III. Administration and Operating Procedures</b></p> <p>a. Automatic Deferral Voting Procedure (Kathy Abusow) <i>Action: Approve recommended SFI Inc. operating procedures on voting.</i></p> <p>b. Conservation and Community Partnerships Grant Program – Grant Selection Process (Dick Brinker) <i>Action: Approved revised grant selection process.</i></p> <p>c. Nominations Committee Update (Kathy Abusow) <i>Action: Approve Board candidate for the Economic sector.</i></p> <p>d. Levels of Participation (Craig Blair) <i>Action: Approve recommended SFI Inc. levels of participation</i></p>	11 – 13 13 – 15 16 – 19 20 – 21
1:45 p.m. – 2:20 p.m.	<p><b>IV. 2014 Workplan</b> (Kathy Abusow) <i>Discussion: Review 2014 workplan.</i></p> <p><i>Question for discussion:</i></p> <p>- <i>The 2014 Workplan has been modified to further refine the metrics, specifically to ensure that they are measurable and meaningful. Will the proposed metrics appropriately allow SFI to measure success at the end of 2014?</i></p>	22 – 27
2:20 p.m. – 2:40 p.m.	<p><b>V. 2014 Budget</b> (Monique Hanis) <i>Action: Review and approve 2014 proposed budget.</i></p> <p><i>Question for discussion:</i></p> <p>- <i>Is the budget appropriate for the anticipated 2014 activities?</i></p>	28
2:40 p.m. – 3:50 p.m.	<p><b>VI. SFI 2015-2019 Draft Standard</b> (Rob Olszewski)</p>	29 – 36

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. Such information may be disclosed only as authorized by the Board, or by the President.

	<p><i>Action: Approve draft SFI 2015-2019 Standard. Review and discuss SFI Policy on Forest Tree Biotechnology.</i></p> <ul style="list-style-type: none"> <li>o <i>Redline Section 2</i></li> <li>o <i>Redline Section 3</i></li> <li>o <i>Redline Section 4</i></li> <li>o <i>Redline Section 13</i></li> <li>o <i>SFI Policy on Forest Tree Biotechnology</i></li> </ul>	<p>Separate file Separate file Separate file Separate file 37</p>
3:50 p.m. – 4:00 p.m.	<p><b>VII. Other Business, Written Updates and Roundtable</b> <i>Objective: Discuss any additional questions from meeting participants regarding written updates.</i></p> <p><b>Written Update(s):</b></p> <ul style="list-style-type: none"> <li>a. 2014 Conservation and Community Partnerships Grant Program Themes and Timeline</li> <li>b. Strategic Direction Planning update</li> <li>c. SFI Fiber Sourcing and Chain of Custody update</li> </ul>	<p>38 – 39 40 – 41 42 – 45</p>
4:00 p.m.	<b>Adjourn</b>	
<b>2014 Board Meetings and/or Conference Calls</b>	<p><b>February 11-12</b> - Strategic Planning Face to Face meeting (<i>Resources Committee members invited.</i>) Feb 11: ALL DAY; Feb 12: 8am-1pm eastern (Washington, DC)  <b>April 30</b> – Face to Face Meeting; 9:00 a.m. – 4:00 p.m. eastern (Washington, DC)  <b>September 16</b> – Face to Face Meeting; 8:00 a.m. – 1:30 p.m. eastern (Montreal, QC)  <b>November 5</b> – Conference call; 1:00 p.m. – 3:00 p.m. eastern</p>	
<b>2014 Resources Committee Meetings and/or Conference Calls</b>	<p><b>January 21</b> – conference call; 2:00 p.m. – 3:30 p.m. eastern  <b>April 10</b> – conference call; 2:00 p.m. – 3:30 p.m. eastern  <b>June 3</b> – face to face meeting; 9:00 a.m. – 4:00 p.m. eastern, Washington DC  <b>July 31</b> – conference call; 2:00 p.m. – 3:30 p.m. eastern  <b>October 9</b> – conference call; 2:00 p.m. – 3:30 p.m. eastern  <b>December 3</b> – conference call; 2:00 p.m. – 3:30 p.m. eastern</p>	



## **Antitrust and Confidentiality Reminder for SFI Inc. Board of Directors Meetings**

The SFI Board of Directors includes 18 members representing environmental, social and economic interests equally, including representatives of companies that may compete with each other and with other SFI Program Participants. Many SFI Program Participants may compete with other SFI Program Participants. Therefore, the antitrust laws apply to SFI board decisions and actions. It is SFI's policy to comply fully with the antitrust laws.

All proposed actions of the Board of Directors, including Committee recommendations to the Board, are reviewed by antitrust counsel before the Board acts. The agenda for today's Board meeting and the materials that have been circulated are approved by antitrust counsel. Antitrust risks can arise when the Board's discussions depart from the agenda.

If any Board member is concerned that a proposed Board action (or any SFI conduct) may unreasonably restrict competition among SFI Program Participants or their suppliers or customers, you are encouraged to discuss your concern with SFI's antitrust counsel.

SFI meetings and associated social events should not be occasions for discussion of business issues unrelated to SFI. Confidential and proprietary business information should not be discussed at SFI meetings. This means there should be no discussion of, or exchange of confidential information about:

- Individual company prices, price changes, discounts, allowances, credit terms, etc.;
- Individual company data on costs, production, capacity, inventories, sales, etc.;
- Industry pricing policies, price levels, or price changes;
- Changes in industry production, demand, capacity or inventories;
- Company bids on contracts for particular products, or company procedures for responding to bid invitations; or
- Any other competitively sensitive information.

If you believe the discussion during the meeting has crossed the line into prohibited territory, your responsibility is to bring this to the attention of the chair. SFI antitrust counsel will be present throughout the meeting. Please do not hesitate to raise such questions.

**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. Such information may be disclosed only as authorized by the Board, or by the President.

Privileged and Confidential  
Attorney-Client Communication  
11/28/07



**MINUTES OF THE**  
**Sustainable Forestry Initiative, Inc.**  
**Board of Directors In-Person Meeting**

**September 17, 2013**

Submitted to Counsel \_\_11/14/2013\_\_\_\_\_; Approved by Counsel \_\_11/14/2013\_\_\_\_\_  
Submitted to SFI Board of Directors \_\_09/27/2013\_\_\_\_\_; Approved by Board of Directors \_\_\_\_\_

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This document will serve as the record of the proceedings of the Sept. 17, 2013 meeting of the Sustainable Forestry Initiative, Inc. (SFI Inc.) Board of Directors.

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Prepared by SFI Inc. for the Board of Directors

11/21/2013

**Draft Minutes – Sept. 17, 2013 SFI Inc. Board of Directors**

<b>ACTION #</b>	<b>Action Item Description</b>	<b>Responsible</b>	<b>Deliver by:</b>
<b>#01- SEPT-13-BOD</b>	<b>Board Consensus Voting.</b> SFI Staff will develop an Automatic Deferral Mechanism for Voting operating procedure, stating "If the SFI Board ever finds itself in a situation due to attendance where any one sector blocks a proposal supported by the other two sectors, then that issue is automatically deferred to a subsequent board meeting where attendance is such that no one sector can block a proposal that the other two sectors support."	Monique Hanis	December 5, 2013
<b>#02- SEPT-13-BOD</b>	<b>SFI Levels of Participation.</b> Staff to refine the framework for SFI Supporters and SFI Program Applicants.	Jason Metnick	December 5, 2013
<b>#03- SEPT-13-BOD</b>	<b>SFI Levels of Participation.</b> Staff to inform non-certified SFI program participants regarding the changes to levels of participation categories, and path forward.	Jason Metnick	January 15, 2014
<b>#04- SEPT-13-BOD</b>	<b>Conservation and Community Partnerships Grant Policy.</b> Staff to develop an analysis with legal review of the Conservation Grant award process and potential options for Board members that do not participate on the Grant Committee.	Andrew de Vries	December 5, 2013
<b>#05- SEPT-13-BOD</b>	<b>SFI Successes and Assets.</b> Staff to provide a copy of Kathy Abusow's 2013 Successes and Assets presentation to all Board members.	Amy Doty	Completed
<b>#06- SEPT-13-BOD</b>	<b>2014 Strategic Planning.</b> SFI Inc. will establish a strategic planning process and schedule to include an in-person Board meeting for in-depth strategic planning.	Kathy Abusow	December 5, 2013

Prepared by SFI Inc. for the Board of Directors

11/21/2013

**Draft Minutes – Sept. 17, 2013 SFI Inc. Board of Directors**

**PARTICIPANTS**

	<i>Board members</i>	<i>Organization</i>		<i>Resources Committee Members</i>	<i>Organization</i>
1.	Larry Selzer (Chair)	President & CEO, The Conservation Fund	14.	Jimmy Bullock	Senior Vice President, Forest Sustainability Resource Management Service, LLC
2.	Craig Blair	President & CEO, RMS	15.	Michele Curtis	Wood Supply Manager, Buckeye Technologies
3.	Dick Brinker	Retired Professor Emeritus Auburn University	16.	Brian Kernohan	Manager, Environmental Affairs Hancock Timber Resource Group
4.	Skeet Burris	Family Forest Landowner	17.	Chris Smith	Manager Forest Industry and Government Relations, Western Boreal Program Ducks Unlimited Canada
5.	Dan Christensen*	CEO, Hancock Natural Resource Group		<b><i>SFI Inc. Staff</i></b>	
6.	John Crowe	President, Buckeye Technologies	18.	Kathy Abusow	President & CEO
7.	John Hagan	President, Manomet Center for Conservation Sciences	19.	Monique Hanis	Vice President, Marketing & Communications and COO
8.	Jonathan Haufler (After Voted in)	President, The Wildlife Society	20.	Mickey Raup*	SFI Inc. Counsel Polsinelli PC
9.	Bob Luoto*	Representing independent professional loggers and American Loggers Council	21.	Nadine Block	Vice President, Government Affairs
10.	Mark Rodgers, PhD*	COO, Affiliates Services Habitat for Humanity Canada	22.	Jason Metnick	Vice President, Customer Affairs
11.	Roger Sedjo	Senior Fellow, Resources for the Future	23.	Andrew de Vries	Vice President, Conservation & Indigenous Relations
12.	Greg Siekaniec	President and CEO, Ducks Unlimited Canada		<b><i>Guest</i></b>	
13.	Chief David Walkem	Chief of the Cooks Ferry Indian Band, Merritt, British Columbia	24.	Will Novy-Hildesley	Founder and CEO, Quicksilver Foundry

Prepared by SFI Inc. for the Board of Directors

11/21/2013

**Draft Minutes – Sept. 17, 2013 SFI Inc. Board of Directors**

\*indicates participation via conference call

AGENDA ITEM	DISCUSSION	ACTION ITEM
<b>Chairman's Remarks</b>	Chairman Larry Selzer called the meeting to order at 8:30 a.m. central time and welcomed participants to this in-person meeting in conjunction with SFI's Annual Conference. He thanked those participating as speakers and moderators.	
<b>Roll Call, Confidentiality and Antitrust Reminder, Meeting Minutes</b>	<p>Larry Selzer called on meeting attendees to introduce themselves. Mickey Raup provided an antitrust and confidentiality reminder. Selzer invited two new Board members Greg Siekaniec and Mark Rodgers to provide additional remarks as this was their first in-person meeting since joining the board.</p> <p>Kathy Abusow welcomed everyone and noted record attendance for the SFI Annual Conference, as well as record sponsorships, the first Standard Revision workshop occurring this same morning and the ATFS workshop. She thanked Resource Management Service and Ducks Unlimited Canada for their conference sponsorships.</p> <p><b><u>SFI Inc. Board of Directors Decision:</u></b> The meeting minutes from the June 11, 2013 meeting were approved unanimously without revision.</p>	
<b>Board Membership and SFI Actions</b>	<p><b><i>Board Membership:</i></b> Kathy Abusow reviewed the candidates proposed by the Nominations Committee to fill vacancies on the SFI Board of Directors including union representative Bob Matters, Chairman of the Wood Council of the United Steelworkers of Canada to fill the open social sector seat vacated by Bill Street and Jonathan Haufler, President-Elect of The Wildlife Society to fill Tom Franklin's seat in the environmental sector. Haufler heads the Ecosystem Management Research Institute. In addition, John Crowe announced his resignation from the board and retirement from Buckeye Technologies, following Georgia-Pacific acquisition of Buckeye Technologies. Crowe recommended Georgia-Pacific CEO and President James Hannan be nominated to the SFI Inc. Board of Directors, who agreed to serve if nominated and was approved by the Nominations Committee.</p> <p><b><u>SFI Inc. Board of Directors Decision:</u></b> The board elected the following candidates to first, three-year terms of the SFI Inc. Board of Directors:</p> <ul style="list-style-type: none"> <li>· James Hannan, President and CEO, Georgia-Pacific;</li> <li>· Jonathan Haufler, President-Elect of The Wildlife Society; and</li> <li>· Bob Matters, Chairman of the Wood Council of the United Steelworkers of Canada.</li> </ul> <p><b><i>Board Consensus Voting:</i></b> Monique Hanis provided an overview of the proposed operating procedure to ensure that no one sector represented on the SFI Board could block action by two other sectors as this would be inconsistent with SFI's policy of consensus decision-making.</p>	

Prepared by SFI Inc. for the Board of Directors

11/21/2013



**Draft Minutes – Sept. 17, 2013 SFI Inc. Board of Directors**

AGENDA ITEM	DISCUSSION	ACTION ITEM
	<p>categories, and path forward in January 2014.</p> <p><b>Conservation Grant Program:</b>  Dick Brinker provided an overview of SFI’s conservation and community grant program and an alternative to the recent policy change precluding SFI board member organizations from applying for grants while the board member serves a term. He referenced the June 11, 2013, board approval of the clarified grant-making process that prohibits Board member organizations from applying directly or receiving funds for a grant as the lead organization on a project. Board member organizations are eligible to serve as a partnering organization on a grant project. The board discussed concerns about limited participation by environmental and social sector organizations and options allowing for such participation yet the need to avoid any real or perceived conflict of interest. There was concern that no matter how structured, there could be perceived conflicts of interest and that board policy should encourage transparency, integrity and no conflict in the grant-awards process. No changes were made at the meeting, however, staff was asked to conduct a more thorough review, including legal review of options for potential participation by board member organizations. Other key discussion points included that the board does need to be ultimately responsible for grant decisions, that any conflicts need to be stated and documented transparently so that appropriate decisions can be made, and that there is the potential for board members to recuse themselves from board discussions where a conflict presents itself.</p> <p><b>ACTION:</b> Staff to develop a more thorough analysis with legal review of the Conservation Grant award process.</p>	<p><b>BOD</b></p> <p><b>#04-SEPT-13-BOD</b></p>
<p><b>SFI Success and Assets and 2014 Workplan</b></p>	<p>Kathy Abusow presented highlights of SFI successes over the last few years, noting key historic milestones achieved including standard revisions, growth of label approvals for use on products, acreage certified and supply of fiber. Abusow covered challenges which have strengthened SFI, such as SFI’s push for LEED recognition and management of Forest Ethics issues. Larry Selzer referred Board members to the proposed 2014 SFI Workplan for their review and feedback during the December 2013 meeting.</p> <p><b>ACTION:</b> Staff to provide a copy of Kathy Abusow’s 2013 Successes and Assets presentation to all Board members.</p>	<p><b>#05-SEPT-13-BOD</b></p>
<p><b>Strategic Direction Discussion</b></p>	<p>Larry Selzer introduced Will Novy-Hildesley to lead a discussion about longer term strategic direction, including addressing three key questions about SFI (Who are you? What do you do? And why does it matter?) Attendees discussed a number of strategic questions about SFI’s trajectory including a process for moving forward. There was general excitement and consensus around SFI being at an inflection point where the 240 million acres certified to the Standard can be seen as a starting point, as opposed to an end point. Discussion covered topics including SFI having a leadership voice on sustainable forestry, partnering with others, representing a gateway to 240 million acres of well managed forests with quantifiable impacts as well as thinking big on birds, thinking fast on forest health including pest, disease, wildfire, climate</p>	<p><b>#06-SEPT-13-</b></p>

Prepared by SFI Inc. for the Board of Directors

11/21/2013

**Draft Minutes – Sept. 17, 2013 SFI Inc. Board of Directors**

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>ACTION ITEM</b>
	<p>change, carbon registries and more. Board members requested a process that allowed for additional Board and Resources Committee input, preferably with in-person meeting time devoted to Strategic Planning by the board and where possible expanding on existing meeting dates.</p> <p><b>ACTION:</b> SFI Inc. will establish a strategic planning process and schedule to include an in-person Board meeting for in-depth strategic planning.</p>	<b>BOD</b>
<b>Other Business, Written Updates</b>	<p>Kathy Abusow reviewed written updates provided in the meeting materials. Abusow noted SFI Inc. staff will meet with USBGC leadership on September 26 to address a path forward for consideration of SFI in meeting LEED criteria. Abusow also noted SFI's involvement in five key sustainability forums and recognition of SFI's increased bird conservation activities.</p> <p>Nadine Block updated the board on work of the bioenergy task force including updated messaging. Abusow also noted planned 2014 meeting dates for board members to hold on their schedules.</p>	
<b>Adjournment</b>	<p>Larry Selzer thanked the board for their active discussion and participation, particularly those on the phone.</p> <p>Meeting was adjourned at 12:12 p.m. CST to join the External Review Panel for a working luncheon.</p>	

Prepared by SFI Inc. for the Board of Directors

11/21/2013

**Briefing Note: SFI Inc. Board Operating Procedures  
November 21, 2013**

**Background:**

During the September 17 SFI Board of Directors meeting, the SFI Inc. Board instituted a new voting procedure to prevent an unusual scenario where one sector could block a vote for policy put forth by the other two sectors. The operating procedure to manage this is summarized in the attached *SFI Inc. Board Operating Procedures*.

Also included is a placeholder for procedures for the Conservation and Community Partnerships Grant Program – Grant Selection Process. SFI staff will update these operating procedures as needed to clarify process, roles and responsibilities for the board, key committees and staff.

**Next Steps/Action:**

Approve the SFI Inc. Board Operating Procedures – A.) Automatic Deferral Mechanism for Voting; and B.) SFI Conservation and Community Partnerships Grant Program - Grant Selection Process.

**Attachment:**

- SFI Inc. Board Operating Procedures

*Prepared by: Monique Hanis, VP Marketing and Communications & COO*

**SFI Inc. Board of Directors Operating Procedures**

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**November 21, 2013**

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B. Conservation and Community Partnerships Grant Program - Grant Selection Process ..... 2

A. Automatic Deferral Mechanism for Voting (Approved by Board - September 17, 2013)

In practice, the SFI Inc. Board has a history of coming to consensus on issues brought to a vote. In fact, since SFI Inc. was established as an independent nonprofit, we have never had a situation where one group of stakeholders represented by one of the SFI board sectors (environmental, social, or economic) blocked an action supported by the others or tried to pass a policy unsupported by the others. However, there is an unlikely possibility that such a scenario could occur. For example if six social, three environmental and two economic board members are in attendance (for a total of 11 that meets SFI 60% quorum requirements), the social chamber with six total votes could block an action supported by the other two with only 5 (SFI requires 66%, or 8 board members in this case, to pass an action).

To prevent this unusual scenario, where any one chamber could block a vote, the SFI Inc. board adopted an operating procedure on September 17, 2013:

If the SFI Board ever finds itself in a situation with a quorum where the votes of any board chamber block a proposal supported by the other two sectors, then the issue is to be automatically deferred to a subsequent board meeting where attendance is such that no one sector can block a proposal.

B. Conservation and Community Partnerships Grant Program - Grant Selection Process (For Board Approval - December 5, 2013)

**Purpose**

This document describes the roles and responsibilities of the SFI Staff, SFI Board of Directors, and SFI Grant Management Committee during the grant selection process of the SFI Conservation and Community Partnerships Grant Program.

**Roles and Responsibilities**

- SFI Staff: Responsible for managing the overall grant program, which includes budget oversight; theme selection, in consultation with the SFI Grant Management Committee; the request for proposals (RFP) process; working with potential applicants; compiling, analyzing and summarizing all applications received; making recommendations to the Grant Management Committee regarding which applications to fund; advising all applicants on results; preparing and finalizing contracts; and conducting oversight, including regular progress review of funded projects; making payments to grantees per contract terms as key milestones are reached (or related to progress in some way).
- Grant Management Committee: The Grant Management Committee (which is a subcommittee of the Board) is responsible for accountability of grant recipients and appropriate SFI staff administration of grants.
  - Made up of current Board members, with no existing affiliation to existing funded grant projects. The Grant Management Committee provides direction to SFI Staff on specific themes to be highlighted in the RFP; advises staff on grant selections; recommends a slate of grant projects to the Board for approval; meets quarterly

to review progress reports from funded grant projects; and works with staff to ensure projects stay on budget and meet expected outcomes.

- No organization represented by a Grant Management Committee member can submit a proposal for a grant.
  - If an organization represented by a Grant Management Committee member wishes to submit a grant proposal then that Committee Member must step down from their responsibilities on the Grant Management Committee.
  - In the case of large, non-corporate organizations such as Universities, Governments, or similar organizations, the prohibitions apply only to those departments directly represented by a member of the SFI Board, not the university or other institution as a whole.
- SFI Board of Directors:
    - The Board approves the total funds available for grant projects annually, and makes the final decision on the allocation of grants.
    - Organizations represented on the Economic chamber of the Board cannot submit proposals for grants but are encouraged to partner with third party organizations that do submit grants through direct or in-kind contributions.
    - Organizations represented on the Conservation and Social chambers of the SFI Board of Directors are eligible to submit grants through this Conservation and Community Partnership Grants program.
      - Board members representing organizations wishing to apply for grants must recuse themselves from all discussions and decisions related to grants from the time the grant is submitted, and if successful, until the time that the grant is completed.
    - Further, Board members are held to a high standard of transparency via the following Conflict of Interest Statement in the [By-Laws of the SFI Inc. Board of Directors](#):

*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.*

### **Grant Selection Process**

<b>Activity</b>	<b>Responsible Entity</b>
Approves total amount of annual funding for grants program	SFI Board of Directors
Determines project themes and revises RFP	SFI Staff, SFI Grant Management Committee
Opens RFP process and accepts applications	SFI Staff
Closes RFP process, reviews and summarizes all applications against criteria	SFI Staff
Reviews and recommends applications and final funding to SFI Grant Management Committee	SFI Staff
Reviews and provides feedback and advice on final recommendations to SFI Staff, and recommends a slate of projects to the Board for approval	SFI Grant Management Committee
Informs SFI Grant Management Committee and Board of final funding recommendations	SFI Staff
<b>Final Decision on the Allocation of Grants and Funds</b>	<b>SFI Board of Directors</b>
Applicants informed of final decisions	SFI Staff
Contracts prepared and signed by applicants and SFI	SFI Staff
On-going monitoring of funded projects	SFI Staff, oversight by SFI Grant Management Committee



## **Briefing Note: Nominations Committee Report to SFI Inc. Board of Directors – Nov. 21, 2013**

Below is an update on the current status of SFI Board recruitment, including information regarding a new board member candidate for discussion and approval.

### **Sector Updates:**

#### Environmental Sector

- Roger Sedjo, Senior Fellow, Resources for the Future, will complete his second term in March 2014. SFI Inc. will work with the Resources Committee to identify a candidate for the SFI Inc. Board's review and approval at a future meeting.

#### Social Sector

- No term completions at this time.

#### Economic Sector

- Henry (Hank) Ketcham's, Executive Chairman, West Fraser Timber Co. Ltd., term is expiring and he has recommended Anne Giardini, President of Weyerhaeuser Canada, as a replacement, who in turn has been recommended by the Nominations Committee.

### **New Board Member Candidate:**

A bio for Anne Giardini, President of Weyerhaeuser Company, Canada is attached. The nominations committee, comprised of Larry Selzer, Dick Brinker, Craig Blair and Bob Luoto, reviewed this candidate and recommends Ms. Giardini for a first three-year term to the SFI Board, commencing January 1, 2014.

**Action:** Approve Anne Giardini's candidacy to the SFI Inc. Board of Directors.

*Prepared on behalf of the Nominations Committee by: Kathy Abusow, President and CEO.*

# Anne Giardini, Q.C.

Vancouver, BC  
604.661.8086 (Office)

E-mail office: [anne.giardini@weyerhaeuser.com](mailto:anne.giardini@weyerhaeuser.com)  
E

## Summary

I am a lawyer and executive admitted to the bars of Ontario, British Columbia and Washington State. Since 2008 I have been President of the Canadian subsidiary of Weyerhaeuser Company, an international forest products company with a head office in Washington. Weyerhaeuser is engaged in growing and harvesting timber, the manufacture, distribution and sale of forest products, real estate construction and development, and related activities. I work with senior management in the US and Canada on corporate, legal, policy, governance and strategic issues.

Previously, I was Canadian Vice President and General Counsel for Weyerhaeuser working in many areas of law including corporate law, contracts, acquisitions and divestitures, administrative law, pensions, benefits and safety, litigation, insurance, construction, real estate, environmental, first nations, ethics and governance.

I am very active as a board member and volunteer. I am also an author and frequent public speaker. I have been married for 26 years and have three children ages 18 to 24.

## Career Background

*President (October 2008 to present)*

*Vice-President and General Counsel (2006 to 2008)*

*Counsel/Assistant General Counsel (1994-2006)*

*Weyerhaeuser Company Limited*

### Areas of Activity:

- § Strategy – Strategic advice and leadership for Canadian operations.
- § Governance – Canadian lead to ensure financial, legal, environmental, sustainability, transparency, and other aspects of sound corporate governance. Carried out a review and made recommendations with respect to Weyerhaeuser's world-wide ethics and business conduct programs in 1997.
- § Corporate, commercial, contracts – Strategy, negotiation, drafting.
- § Acquisitions and divestitures – Senior role in a number of acquisitions and divestitures, including purchase and sale of shares and assets across Canada, in the United States and in Mexico.
- § Administrative – Extensive work negotiating and overseeing governmental, licensing, permitting and other administrative issues in New Brunswick, Ontario, Saskatchewan, Alberta, British Columbia and Mexico.
- § Employment, labour, pensions, benefits safety – Oversight of employment and labour matters from shop floor to senior officer benefits and terms of employment. Member of and secretary to Weyerhaeuser's North American Pension Investment Committee, former secretary to the Canadian retirement committee, Canadian lead for ethics and business conduct.
- § Litigation, insurance – Oversight of litigation matters including real estate, products liability, corporate-commercial, contracts, and insured matters.
- § Aboriginal, safety and environmental – Lead and manage work to ensure safety and sustainability of Weyerhaeuser's Canadian operations. Deeply involved in developing lasting and workable accommodations with aboriginal groups.
- § Boards and committees – Board member and officer, Weyerhaeuser Company Limited, member, advisor, secretary for several Weyerhaeuser boards and committees.
- § Public Reporting and financing – Provide information, analysis and oversight for parent company corporate and public reporting.

## Prior employment

Lawyer, Torkin Manes Cohen & Arbus, Toronto ON

1993 – 1994

Anne Giardini

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Corporate Counsel, Superior Propane, Markham ON	1992 – 1993
Associate, Corporate-Commercial, Blakes, Markham ON	1990 – 1991
Re-articling for admission to Ontario Bar	1988 – 1989
Dobson & Associates, Milan and Rome, Italy	1987 – 1987
Associate, Mawhinney & Kellogg (now Fraser Milner Casgrain), Vancouver BC	1986 – 1987
Articled Student, Bull, Housser & Tupper, Vancouver BC	1985 – 1986
Clerk, Court of Appeals for British Columbia	1984 – 1985

### ***Education***

LL.M - Trinity Hall, University of Cambridge Cambridge, England	1987-88
LL.B - University of British Columbia Vancouver, British Columbia (in top 10% of class)	1981-84
B.A. Simon Fraser University Burnaby, British Columbia (Major – Economics, Minor - Political Science)	1978-80
University of Ottawa Ottawa, Ontario (1st year toward Bachelor of Arts)	1977-78

### ***Languages***

English and conversational French and Italian

### ***Memberships, awards, activities and achievements***

Recipient, Lexpert Zenith Award, 2013  
 Recipient, Queen Elizabeth II Diamond Jubilee Medal, 2013  
 Member, Federal Advisory Council for Promoting Women on Boards, April 2013 to present  
 Named one of Canada's Top 25 Most Influential Lawyers, Canadian Lawyer Magazine, 2011  
 Recipient, Canadian Corporate Counsel Association Robert V. A. Jones Award recognizing leadership in corporate counsel practice and exceptional contributions to the Corporate Counsel bar or community, 2011  
 Executive Member, Alberta Forest Products Task Force, 2011 to present  
 Named one of BC's 100 Women of Influence, Vancouver Sun, 2010  
 Recipient, Canadian General Counsel Award for Business Achievement, 2010  
 Named BC Queen's Counsel, 2010  
 Honorary Patron, Seaforth Highlanders of Canada, Vancouver, BC, 2010 to present  
 Member, UBC Forestry Faculty Advisory Council, 2009 to present  
 Magazine advisor, UBC Faculty of Law and Canadian Corporate Counsel Association, 2010 to present  
 Host, panellist, presenter, facilitator, Vancouver International Writers and Readers Festival, 2005-present  
 Member, Retention of Women in the Law Task Force, Law Society of BC, 2008-2009  
 Event Chair, Women of Distinction Awards, Vancouver YWCA, 2007-2008  
 Planning Committee Chair, Women of Distinction Awards, Vancouver YWCA, 2006-2007  
 Planning Committee Member, Women of Distinction Awards, Vancouver YWCA, 2005-2007  
 Named *Distinguished Alumna* of UBC Law School, 2007  
 Member, Weyerhaeuser Company CEO's Council, 2005-2007  
 Recipient, Weyerhaeuser President's Award, 2005  
 Member, Law Society of BC, Law Society of Upper Canada, and Washington State Bar (limited to in-house)

### ***Memberships, awards, activities and achievements, continued***

Team Manager, Thunderbirds Minor Hockey, 2003-2008  
Frequent presenter and speaker, various legal and other conferences and groups, 1996 to present  
Former Vice-Chair, Forestry Section, and member of a number of sections, Canadian Bar Association (BC Branch)  
Law Foundation of British Columbia Fellowship for studies at Cambridge, 1987-88  
First year Italian Prize, University of British Columbia, 1987  
Civil Litigation Prize, University of British Columbia, 1984  
Clerkship with the Court of Appeals for British Columbia, 1984-85

### ***Boards***

Member, Board of Governors, Simon Fraser University, 2009-present, and Deputy Chair, 2012-present  
Chair, SFU Finance and Administration Committee, 2010-present  
Board Member, Vancouver Board of Trade, 2012-present  
Board Member, UniverCity (Burnaby sustainable urban community), 2010-present  
Board Member, Forest Products Association of Canada, 2008-present  
Board Member, Alberta Forest Products Association, September 2013 to present  
Chair FPAC Aboriginal Relations Committee, 2007-present  
Chair, Vancouver International Writers and Readers Festival, 2009-2013  
Board Member, Vancouver International Writers and Readers Festival, 2008-2013  
Board Member, Writers' Trust of Canada, 2007-2009  
Member and Vice-Chair of Board, Knox United Church, 2001-2009

### ***Publications***

I have written and published short stories as well as articles and papers on ethics, legal, aboriginal and other topics, wrote a weekly column for the *National Post* for several years, and was a contributor to the bestseller *Dropped Threads*, Random House, 2001. My first novel, *The Sad Truth About Happiness*, was published by HarperCollins/Fourth Estate in Canada, the UK, the US and Australia in spring 2005. My second novel, *Advice for Italian Boys*, was published by HarperCollins in March 2009.

Co-author of a chapter on the topic of aboriginal rights and industry in *Aboriginal Law: Developments Since Delgamuukw*, Canada Law Books, 2009 and co-author of chapter on the topic of in-house corporate practice in *Canadian Legal Practice – A Guide for the 21st Century*, Butterworths, 2009.



**Briefing Note: SFI Levels of Participation**  
**Updated – November 21, 2013**

**Background:**

The Sustainable Forestry Initiative® (SFI) Inc. has two levels of participation, a “Program Participant” and a “Certified Program Participant.” Participation either as a “Program Participant” or a “Certified Program Participant” is open to any forest landowner, forest land manager, or forest products producer operating in the United States or Canada. Since forest certification was adopted by SFI® in 1999, the SFI program has always had these two levels of participation. The reason for two distinct levels of participation is to give any interested organization an opportunity to be a part of the SFI program. A non-certified “Program Participant” might join SFI to get a better understanding of the SFI Standard, requirements and SFI Implementation Committees before moving forward with SFI certification. A non-certified “Program Participant” pays SFI program fees the same as a “Certified Program Participant” would. A non-certified “Program Participant” cannot make any claims about their products being certified, and also cannot use the SFI off-product mark or on-product label. They currently can make a claim that they abide by the SFI standard.

**Recommendation for Changes to Levels of Participation:**

In an effort to broaden participation in the SFI program and clarify the different levels of participation SFI offers, SFI Staff recommend creating three distinct levels. Details regarding each level are below.

I. SFI Certified Program Participant:

- a. A forest landowner, forest land manager, or primary forest products producer operating in the United States or Canada who participates in the SFI program through a contractual agreement to abide by the *SFI 2010-2014 Standard*, and who has been certified by an accredited SFI certification body to be in conformance with the *SFI 2010-2014 Standard*. These organizations pay SFI an annual licensing fee based on sales and land managed. Because certification is independent from SFI Inc., licensing fees have no impact on certification status.
- b. An organization that has been certified by an accredited SFI certification body to be in conformance with the SFI Chain-of Custody Standard and associated labels (Sections 3 and 4).
- c. A Certified Program Participant can make claims regarding their certifications and can access and use SFI on-product labels provided they meet the SFI Label Use Requirements.

II. Applicant:

- a. A forest landowner, forest land manager, or primary forest products producer operating in the United States or Canada who joins SFI to get a better understanding of the SFI Standard, requirements and SFI Implementation Committees before moving forward with SFI certification.
- b. Applicants have not yet proceeded to certification, thus they cannot use the SFI off-product mark or the SFI on-product label, cannot make claims that they conform to the SFI Standard, and cannot make claims that their products are certified. These organizations pay SFI an annual licensing fee based on sales and land managed.
- c. Applicants have two years to move to the SFI Certified Program Participant category. However, staff would work with the Applicant to ensure a smooth transition if they cannot meet the two-year deadline.

III. SFI Supporter:

- a. This level of participation is intended for any association, conservation group, community group, university, government agency, buyer of forest products, or an individual that supports the SFI program. If an organization is not eligible for SFI certification or does not put product into the marketplace, then it can join as a SFI Supporter. Landowners who are American Tree Farm System certified can join as an SFI Supporter as well.
- b. SFI Supporters would need to demonstrate their support of the principles and objectives of the SFI program, and are encouraged to promote their support on their website, newsletters and other media. SFI Supporters would also be encouraged to develop a purchasing policy that recognizes the SFI program and promote SFI with their suppliers.

Proposed Fee Schedule for SFI Supporters:

- \$2,500 – For-Profit Organization
- \$1,000 – State/Provincial/Local Government agencies and National Non-Profit Organizations
- \$500 – Universities and State/Provincial/Local Non-Profit Organizations
- \$100 – Individual

**Changes to Website, Section 13 – SFI Definitions, and Licensing Agreement:**

If the changes to the levels of participation are approved, SFI Inc. will revise the SFI Inc. website, licensing agreement and *Section 13 - SFI Definitions*.

- The website will be amended to include a section on the various levels of participation with more information on each level.
- Current Definitions in Section 13 of the SFI Program Requirements document will be changed to reflect the new definitions for the various levels of participation.
- Currently “Program Participants” are required to execute a “Program Participation and License Agreement” with SFI Inc. This agreement states the requirements of each party and includes language stating how a “Program Participant” is allowed to communicate their participation and/or certification. It further states which logos and/or labels the “Program Participant” is allowed to use in conjunction with their participation. Agreements will be changed stating the requirements of a “SFI Certified Program Participant,” and “Applicant.” Specifically, it will make it clear that an “Applicant” shall not make a claim of adherence, conformance or certification to the SFI 2010-2014 Standard, until such time that an SFI certification body certifies that organization to be in conformance with the SFI 2010-2014 Standard.

**Summary of Changes to Levels of Participation:**

- Change the name of “Program Participant” to “Applicant.”
- Add a new category called “SFI Supporter” for any association, conservation group, community group, university, government agency, buyer of forest products, or an individual that wants to publicly be recognized as supporting the principles and objectives of the SFI program.
- Update SFI Inc. website, *Section 13 – SFI Definitions* and Licensing Agreement to reflect all approved changes.
- Because many of these categories are defined terms within the SFI Standard, any changes to definitions will be made with the release of the 2015-2019 SFI Standard. In the meantime, SFI staff will inform current non-certified “Program Participants” of these changes in January 2014, and inform them they have until December 31, 2015 to become a “SFI Certified Program Participant.”

**Action:**

Approve recommendation for changes to levels of participation.

*Prepared by: Jason Metnick, VP Market Affairs, SFI Inc.*



**Briefing Note: SFI 2014 Workplan  
November 21, 2013**

Every year the SFI Board of Directors reviews and approves the SFI workplan for the upcoming year. Attached is the draft workplan for 2014, with updates reflecting feedback from the Resources Committee.

SFI in 2014 will continue to focus on conservation, community, the SFI Standard, and market acceptance as strong pillars of our work. We have streamlined and reframed this for 2014 to highlight our core priorities and key activities. This workplan also offers measurable and meaningful metrics to allow us to measure success. Where appropriate, the workplan suggests goals for success.

*Attachment:*

- *Draft SFI 2014 Workplan*

*Prepared by: Nadine Block, VP Government Affairs*

## DRAFT SFI 2014 WORKPLAN

November 21, 2013

### **SFI STRATEGIC OBJECTIVE**

Ensure the integrity of the SFI program is strong, grounded in science and research, and based on conservation and community collaboration resulting in a program that is recognized globally as supporting responsible forestry.

### **Core Priorities**

*\*Note: The core priorities of this workplan are not listed in an order of priority, but rather are all equal priorities and mutually reinforcing priorities.*

### **Strengthen SFI's conservation and community impact and credentials**

We recognize that diverse voices and perspectives play an essential role in defining a sustainable future for our forests. SFI has been partnering with conservation and community organizations since our inception. The research requirements of our standard have resulted in significant advancements in conservation knowledge. The conservation and community partnerships grant program has yielded an investment of \$4.8 million, counting partner contributions. With 240 million acres as our gateway, SFI is committed to making sustainable forest management a reality on the ground and to educating the next generation to make sure we have thriving, working forests into the future. We will position SFI to explore emerging issues and marketplace drivers that will drive forest management into the future.

### **Demonstrate SFI as the proof point for responsible forestry**

SFI's Standard identifies the critical elements of responsible forestry – protecting water, enhancing wildlife habitat, replanting trees, and other important aspects. Our program makes it real and meaningful for those practicing forestry on the ground and translates it for those who want to support responsible forestry further up in the supply chain. Our work in 2014 will focus on "continual improvement" and providing a robust and transparent process for refining and improving our standard. We will continue to implement and grow the Forest Partners program, which will help increase SFI certification across the entire forest supply chain, from landowners to brand owners.

### **Grow SFI's Market Recognition**

Working from SFI's position as a recognized and credible leader in responsible forestry, we will build our recognition in the marketplace, where private and public sector leaders and consortia recognize and include SFI in policies. We will continue to engage with influencers in the corporate and government arena to ensure our program participants have the tools they need to advance our collective goals. We will accomplish this by building on and leveraging our strengths and our support to increase our impact in the marketplace.



## STRENGTHEN SFI'S CONSERVATION AND COMMUNITY IMPACT AND CREDENTIALS

### **1) CONSERVATION: Enhance conservation benefits on the ground by scaling up involvement of SFI Program Participants, and ensuring relevancy and focus of conservation programs and partnerships.**

- a. Build and enhance the grants program to further our knowledge about forest conservation, and ensure the relevancy of this work to the broader conservation community.
- b. Develop methods to account for the conservation impact of SFI program participants to compellingly convey the story of conservation on SFI managed forests.
- c. Facilitate transfer of conservation knowledge and lessons to scale up local or regional work to have greater impact across the SFI forest land base
- d. Support and facilitate research to strengthen the SFI program – through conservation grants, requirements in our standard, building more effective partnerships in the academic community, and other avenues.
- e. Strengthen relationships with conservation community to support the SFI Standard, and recognize SFI as a primary participant in advancing sustainable forestry
- f. Raise awareness of the SFI Program's contributions in advancing responsible fiber procurement for bioenergy applications, including through the project with TNC and through engaging European stakeholders.
- g. Explore SFI's role in the climate change arena through our standard requirements, conservation grants, and carbon markets.
- h. Broaden outreach to foundations to promote and support the SFI standard, or at least minimize negative campaigns.
- i. Coordinate with conservation organizations on media opportunities to promote conservation grants.

#### Metrics:

- **Invitations by credible conservation partners to participate in symposia, workshops or collaborative discussions in 2014 related to central topics within the conservation community**
- **Number of earned media impressions of conservation-related SFI projects and partnerships – *GOAL IS TO MAINTAIN 2013 NUMBERS***
- **Total dollars spent by partners in support of Conservation Grant projects ("leveraged" funds) – *GOAL IS 10% INCREASE OVER 2013***

### **2) COMMUNITIES AND GRASSROOTS: Align the SFI program as a means to promote vibrant forest communities and healthy forest markets and to facilitate the link between healthy forests and strong communities.**

- a. Elevate the role of SFI and healthy communities with Aboriginal and Tribal leaders through initiatives with programs such as CCAB (Canadian Council for Aboriginal Business), Intertribal Timber Council (ITC) and others.
- b. Engage the logging community to provide more value out of SFI logger training programs.
- c. Demonstrate SFI as a means to recreational and outdoor opportunities to the outdoor enthusiast community.
- d. Promote SFI's unique SIC network to expand awareness and implementation of SFI program.
- e. Empower SFI Implementation Committees to lead grassroots efforts in fostering local community projects, sharing best practices, and helping create future leaders.

- f. Engage forestry universities in the role SFI plays for the future of our forests.
- g. Deepen relationships (MOUs, coordinated projects, etc.), with community-based programs such as Habitat for Humanity, Boy and Girl Scouts of America, 4H, and Scouts Canada.
- h. Elevate SFI's fiber sourcing program as a community benefit.

Metrics:

- Number and type of community projects involving SFI and SICs
- Positive statements from community organizations we support and/or work with, such as H4H Thought Leadership Build Series – *GOAL IS AT LEAST TWO STATEMENTS*
- Number of earned media impressions of community and indigenous-related activities of SFI, SFI program participants, and SICs – *GOAL IS TO MAINTAIN 2013 NUMBERS*
- Number of indigenous-related events (Intertribal Timber Council, Canadian Council for Aboriginal Business ) SFI staff participate in annually – *GOAL IS AT LEAST TWO EVENTS*

<b>DEMONSTRATE SFI AS THE PROOF POINT FOR RESPONSIBLE FORESTRY</b>
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**3) PROOF POINT: Solidify the SFI 2015-2019 Program Requirements as a proof point for responsible forestry**

- a. Communicate how the SFI Program Requirements continue to make a positive contribution to conservation, social and economic objectives related to future forests
- b. Demonstrate the SFI Program Requirements review as an open and transparent process through workshops, public comment periods, and balanced & engaged task forces.
- c. Engage the External Review Panel as an independent point of reference for the SFI 2015-2019 Program Requirements review process.
- d. Launch the new 2015-2019 SFI Program Requirements as the standard for responsible forestry
- e. Maintain and promote PEFC endorsement for forest management objectives in the global marketplace
- f. Investigate PEFC endorsement for SFI's chain of custody standard to align international objectives
- g. Seek ANSI Standard Development Organization accreditation for increased credibility in government and customer markets
- h. Investigate ANSI accreditation of SFI label using new ANSI Ecologo Accreditation program
- i. Serve as a source of statistics on certified forests through annual reporting and use annual reporting to demonstrate SFI's leadership role.

Metrics:

- Favorable feedback on standard revision process with stakeholders feeling their voice has been heard
- Final approval by the Board of Directors of the SFI 2015-2019 Standard during their November 2014 meeting
- Maintain PEFC endorsement of SFI forest management standard

#### **4) ADOPTION— Increase SFI certification across the entire forest supply-chain from forestlands to mills and manufacturers to brand owners**

- a. Pursue growth opportunities in landowner segments such as small woodlot owners in Canada, U.S. federal and state lands, aboriginal/tribal lands, and minority land-owners.
- b. Aggressively promote benefits of SFI through Forest Partners Program to encourage medium, private landowners and mills to certify to the SFI standard.
- c. Align strategically with ATFS to leverage growth and co-promotion opportunities.
- d. Track and report sustainability and procurement policies of brand owners that include SFI in their purchasing policy.
- e. Examine strategic relationship with CSA

#### Metrics:

- Forest Partners program metrics (# of certified acres in target states, # of CoC and fiber sourcing certificates) – *GOAL IS 5 MILLION ACRES BY END OF 2014*
- Number of certificate holders – *GOAL IS INCREASE BEYOND 2013 LEVEL*
- Number of annual label approvals – *GOAL IS INCREASE BEYOND 2013 LEVEL*
- Number of tribal/aboriginal acres certified to the SFI Standard – *GOAL IS INCREASE BEYOND 2013 LEVEL*

### **GROW SFI'S MARKET RECOGNITION**

#### **5) RECOGNITION: Secure marketplace and government recognition of the SFI program**

- a. Outreach to Fortune 500 companies to ensure SFI is recognized in wood, paper and/or packaging purchasing policies and in their sustainability policies.
- b. Ensure broad recognition of the SFI program by government agencies in the U.S., Canada, and globally, and leverage the government agencies that do recognize SFI to influence other agencies.
- c. Influence government policy (related to forest management, procurement of forest products, etc.) to positively impact future forests and healthy markets.
- d. Engage customer sustainability initiatives such as GreenBlue, The Sustainability Consortium, The Consumer Goods Forum, Sustainable Purchasing Leadership Council, the World Business Council for Sustainable Development, and WWF's Global Forest and Trade Network, to ensure SFI (or PEFC-endorsed standards like SFI) is recognized in their tools, guides, and policies.
- e. Outreach to financial community that reports on and influences the sustainability market, such as Dow Jones Sustainability Indices; Sustainable Investments Institute; SASB; Calvert Funds.
- f. Engage and support green building rating systems that recognize SFI in their codes, standards or rating tools, including IgCC, Green Globes, National Green Building Standard, Built Green Canada, and other tools.
- g. Demonstrate the value of SFI to green building rating systems that do not currently recognize SFI in their program, such as USGBC or regional programs like Built Green Washington.
- h. Outreach to the American Institute of Architects to demonstrate the value of the SFI program to sustainable building.
- i. Outreach to the builder community via groups like NAHB to educate and engage on value of SFI.

- j. Engage PEFC to ensure global recognition with key international customers.
- k. Encourage SFI Implementation Committee support by empowering them to influence local government and green building influencers.

Track:

- Number of procurement policies (corporate, government, consortia) that recognize all certification standards, rather than only a single standard
- Number of sustainability initiatives and rating tools for which SFI serves as a proof point for responsible forestry
- Positive customer sentiment and high perceived credibility of SFI as captured by market testing
- Number of additional Forest Partners making new 5-year commitments.

**6) PROMOTION: Elevate awareness of SFI's conservation, community and certification achievements and impacts across the supply chain through media, general outreach and leadership events about the future of our forests.**

- a. Create consistent positive drumbeat in media on range of topics to lead and drive conversations about the future of our forests and to drown out/marginalize negative campaigner messages.
- b. Focus attention on certifying the 90 percent of the world's forests that are not yet certified and how SFI contributes to that goal.
- c. Inspire and arm stakeholders to carry the positive messages about SFI in their sales and marketing efforts by supplying appropriate materials, training and coordination.
- d. Leverage SFI speaking opportunities and presence at key targeted industry trade shows, conferences, etc., to promote awareness and credibility of SFI program to critical market segments.
- e. Create and distribute impactful marketing materials to promote SFI program and elements like conservation, Forest Partners Program, SIC's.
- f. Produce annual conference to reinforce SFI loyalty among stakeholders and increase supportive communities.
- g. Promote the SFI label to consumers and consumer groups to increase awareness and understanding of what it conveys.
- h. Expand "It Starts at Home" campaign – get SFI networks to be ambassadors to help achieve collective goals.

Metrics:

- Number of media impressions with positive SFI media coverage – *GOAL IS MAINTAIN 2013 NUMBERS*
- Number of positive external quotes about SFI from business, conservation and political leaders
- Development of state-based fact sheets for each Forest Partners project state
- Number of SFI conference participants – *GOAL IS 5% INCREASE OVER 2013*



**Briefing Note: SFI 2014 Budget  
November 21, 2013**

**Overview of 2014 Budget**

The SFI 2014 core budget is \$6.5 million, plus an estimated \$500,000 in voluntary contributions to elevate SFI conservation credentials for a total budget of \$7 million. Effective January 1, 2014, SFI Inc. is implementing a 10 percent fee increase approved by the Board on December 6, 2012. Some adjustments may be necessary based on year-end financials and new net sales data received from program participants during the first quarter of 2014. Any significant adjustments will be presented to the Board for review and approval at the spring meeting.

The core budget is funded primarily from fees paid by program participants (forest products companies, landowners, conservation groups, public agencies and universities). Fees include funds from Forest Partners (\$66,000), fees for services we provide associated with PEFC management, as well as funds we collect for PEFC as the PEFC U.S. Governing Body. SFI Inc. pays licensing fees to PEFC International and passes on fees we collect on behalf of others.

Below is the 2014 budget comparison to 2013. You can view the detailed budget worksheet at: <http://www.sfiprogram.org/sfi-members/board-and-resources-committee/briefing-materials/>. If you need the log in information, please contact Amy Doty.

<b>2013 Activities</b>	<b>Budget 2013</b>	<b>2014 Activities</b>	<b>Budget 2014</b>
Conservation	\$580,000	1. Conservation & Community Impact <sup>1</sup>	\$1,600,000
Integrity	\$306,500	2. SFI Standard as Proof-Point; including revision	\$610,000
Market Outreach	\$2,489,000	3. Grow SFI Market Recognition	\$1,280,000
Admin	\$3,173,000	Core Operations: Staff/Admin/Office/Legal <sup>2</sup>	\$3,560,000
<b>Total Budget</b>	<b>\$6,548,500</b>	<b>Total Budget</b>	<b>\$7,050,000</b>

<sup>1</sup>Does not include \$193,000 in grants committed to in 2010-2013 but not payable until 2013 (restricted asset).

<sup>2</sup>Reflects increases in rent, insurance, payroll administration, etc. and full staff in Section III of budget worksheet.

**For Approval: Approve proposed 2014 SFI Inc. budget**

*Prepared by: Monique Hanis, VP & COO*

**Briefing Note: SFI 2015-2019 Program Requirements – Standard Revision Process  
November 21, 2013**

**I. Background:**

The Sustainable Forestry Initiative® (SFI) Inc. kicked off an 18 month Standard review process on June 5, 2013 with a 60 day public comment period. Stakeholders (individuals and organizations) were asked to submit their comments for improvement of the current SFI 2010-2014 program requirements via an on-line survey tool on the SFI public website. Stakeholders were further encouraged to identify areas where guidance to the requirements of the SFI program will assist in their implementation.

During the months of September and October various task groups (Forest Management, Fiber Sourcing and Chain of Custody) reviewed the public comments submitted during the 1<sup>st</sup> public comment period. These task groups provided recommendations to the SFI Resources Committee on enhancements for consideration for Section 2 (Forest Management and Fiber Sourcing), Section 3 (Chain of Custody), Section 4 (On Product Use of SFI Labels) and Section 13 (SFI Definitions). The Resources Committee met to discuss all proposed recommendations on October 23rd and November 18th.

This briefing note summarizes the significant proposed enhancements, as approved by the Resources Committee, for the SFI Program Section 2 (Forest Management and Fiber Sourcing), Section 3 (Chain of Custody), Section 4 (On Product Use of SFI Labels) and Section 13 (SFI Definitions).

**II. Summary of Enhancements to *Requirements for the 2015-2019 SFI Program*:**

**1. SFI Program Section 2 (Forest Management and Fiber Sourcing)**

**A. Forest Management Requirements**

**Objective 1:**

- New Performance Measure 1.2 - addresses conversion of one forest type to another forest type. The Performance Measure incorporates the existing SFI interpretation that specified under what circumstances conversion of one forest type to another forest type is permissible. In addition to the proposed language in Performance Measure 1.2, a new definition will be added for "forest type." Below is the proposed Performance Measure and proposed definition.

*Performance Measure 1.2. Certified Program Participants shall not convert one forest type to another forest type, unless in justified circumstances where the conversion:*

*Indicators:*

1. *Is in compliance with relevant national and regional policy and legislation related to land use and forest management; and*
2. *Would not convert native forest types that are rare and ecologically significant at the landscape level (4.3) or put any native forest types at risk of becoming rare; and*
3. *Does not create significant long-term adverse impacts on FECVs (4.2.2), old-growth forests (4.2.3), forests critical to threatened and endangered species (4.2.1), Special Sites (Objective 6); and*
4. *In the limited situations where a different forest type condition might be justified, an assessment considers:*
  - a. *Productivity/Stand Quality Conditions and impacts including economic values*

- b. *Specific ecosystem issues related to the site such as invasive species, insect/disease issues, riparian protection needs and others as appropriate to site including regeneration challenges*
- c. *Ecological impacts of the conversion including a review at the site and landscape scale as well as consideration for any appropriate mitigation measures*

*Forest Type - Classification of a forest stand by the dominant tree species or combination of tree species present (examples include pine, oak-hickory, maple-beech-birch, spruce-fir, douglas fir, etc.)*

- New Performance Measure 1.3 - addresses the conversion of forest land to other land uses. This Performance Measure now states in normative language the long standing SFI policy that lands that are converted to another land use are no longer eligible for SFI certification. The Performance Measure does allow conversion of forest land for use in forest management activities e.g. forest roads, log processing areas, wildlife plots, etc.

**Objective 2:**

- New Performance Measure 2.4 - Indicator 4 addresses chemical use and now prohibits the use of chemicals prescribed by the World Health Organization (WHO) 1A and 1B list of prohibited chemicals. This revision aligns SFI forest management requirements with PEFC endorsement requirements.  
[http://www.who.int/ipcs/publications/pesticides\\_hazard\\_rev\\_3.pdf](http://www.who.int/ipcs/publications/pesticides_hazard_rev_3.pdf)

**Objective 3:**

- Performance Measure 3.2 - now contains language directed at further enhancing protection of water quality and addresses wet lands and riparian areas which are now defined terms.

**Objective 4:**

- Performance Measure 4.1 - Indicator 3 has been strengthened to require a spatial and temporal assessment at the ownership or management unit level and where applicable at the landscape level.
- Performance Measure 4.1- Indicator 4 now requires that Certified Program Participants consider Indigenous peoples planning and priority setting efforts as well as credible priority setting efforts such as state wildlife action plans, state forest action plans or provincial wildlife recovery plans.
- Performance Measure 4.2 - now has individual indicators addressing Forests with Exceptional Conservation Value (FECV), threatened and endangered species and management for old growth forest.
- Performance Measure 4.3 - addresses ecologically important sites that would not be reflected in the Performance Measure 4.2 above.

**Objective 5:**

- This Objective is unchanged.

**Objective 6:**

- This Objective is unchanged.

**Objective 7:**

- The objective language has been revised to reflect that it is focused on fiber resources. Now called *Efficient Use of Fiber Resources*.

**New Objective added - Objective 8:**

- A new Objective called *Recognize and Respect Indigenous Peoples' Rights - To recognize and respect Indigenous Peoples' rights and traditional knowledge*. This is a new objective which reflects existing SFI forest management requirements regarding respect for Indigenous rights and values.

The Objective now has an additional requirement which states, "Certified Program Participants with forest management responsibilities on private lands are encouraged to communicate with and/or respond to local Indigenous Peoples with respect to sustainable forest management practices."

## **B. Fiber Sourcing Requirements**

Because a new Objective was added to the forest management section, the numbering for the following Objectives have changed:

- Objectives 9-11 and 15-21 apply to Certified Program Participants in the United States and Canada that purchase fiber. In the SFI 2010-2014 Standard these were Objectives 8-10 and 14-20
- Objectives 12-14 now apply to those Certified Program Participants that purchase fiber from outside the United States and Canada. In the SFI 2010-2014 Standard these were Objective 11-13

Also, the requirements of the following Objectives from SFI 2010-2014 have been moved.

- The requirements under the 2010-2014 Objective 8 *Landowner Outreach* have been revised and moved to the new Objective 9 *Biodiversity* and Objective 18 *Community Involvement and Landowner Outreach*. The intent is to reinforce the requirement that all Certified Program Participants (not just those that purchase fiber) have a responsibility for outreach to small landowners regarding the benefits of reforestation, biodiversity and use of BMPs.
- The requirements under the 2010-2014 Objective 9 *Use of Qualified Resource and Qualified Logging Professionals* have been moved to Objective 11.
- The requirements under 2010 - 2014 Objective 11 *Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Biodiversity Wilderness Areas* are now under Objective 12. The requirements remain unchanged.
- The requirements under 2010-2014 Objective 12 *Avoidance of Controversial Sources including Illegal Logging* are now under Objective 13. The new objective has minor editorial changes.
- The requirements under 2010-2014 Objective 13 *Avoidance of Controversial Sources including Fiber Sourcing from Areas without Effective Social Laws* are now Objective 14. The requirements remain unchanged.

### **Objective 9:**

- Proposed Objective 9 - is called *Biodiversity - To broaden the practice of sustainable forestry by conserving biological diversity*.

The intent of this Objective is to strengthen the existing requirements for conservation of biological diversity within a Certified Program Participants wood and fiber supply area.

- Performance Measure 9.1 - was added for the promotion and conservation of biological diversity. This includes a program to address conservation of biodiversity, individually or collaboratively for fiber sourcing within the United States and Canada.

### **Objective 10:**

- Performance Measure 10.1 – now requires the use of written agreements for the purchase of raw material sourced directly from the forest. These agreements must include provisions requiring the use of best management practices

### **Objective 11:**

- This is the 2010-2014 Objective 9. The Objective has been renumbered but the requirements remain unchanged.

**Objective 12:**

- This is the 2010-2014 Objective 11. The Objective has been renumbered but the requirements remain unchanged.

**Objective 13:**

- This is the 2010-2014 Objective 12. The Objective has been renumbered.
- Indicator 13.1.1 - includes World Resources Institute Risk Information Tool, the World Bank, or Transparency International as organizations that can help assess risk of acquiring fiber from illegal logging.

**Objective 14:**

- This is the 2010-2014 Objective 13. The objective has been renumbered but the requirements remain unchanged.

**C. Forest Management and Fiber Sourcing Requirements**

**Objective 15:**

- This is the 2010-2014 Objective 14 *Legal and Regulatory Compliance*. The Objective has been renumbered.
- Performance Measure 15.1 - now has additional requirements that address assessing the potential of sourcing from illegal logging from within the United States and Canada.

SFI staff are investigating the development of a tool to allow Certified Program Participants to conduct risk assessments looking at illegal logging in United States and Canada. The expectation is to have a tool ready for use, if it is possible to develop one, in time for the launch of the new SFI 2015-2019 Standard.

**Objective 16:**

- This is the 2010-2014 Objective 15. The Objective has been renumbered.
- Performance Measure 16.1 - minor change to include catastrophic fires (Indicator 16.1.1) and clarify that only international protocols for forest tree biotechnology ratified by the US and/or the Canadian governments are applicable (Indicator 16.1.2).
- SFI Policy on Forest Tree Biotechnology - The Board will consider adopting a policy on forest tree biotechnology during their December call. The policy reinforces the SFI program's strong existing measures in the current SFI 2010-2014 Standard regarding research on genetically engineered trees via forest tree biotechnology. The policy also highlights that the use of genetically modified organisms is an evolving issue, and as federal and international laws, regulations, agreements, treaties and market place recognition of the use of genetically engineered trees via *forest tree biotechnology* change, SFI Inc. will proactively review and update the SFI Standard language and the policy as necessary. This includes understanding the impacts of genetically engineered trees from an ecological perspective. If approved by the Board, the policy will be added to *Section 6 - Guidance to SFI 2015-2019 Standard*.

**Objective 17:**

- This is the 2010-2014 Objective 16 *Forestry Research, Science, and Technology*. The Objective has been renumbered
- Performance Measure 17.1 - was strengthened with a proposed requirement for use of written agreements for the use of certified logging professionals (where available) or wood producers that have completed training programs and are recognized as qualified logging professionals.
- Performance Measure 17.2 - was strengthened with the addition of a continuing education requirement for Qualified Logging Professionals (QLP) and Qualified Resource Professionals (QRP).

The intent is to have the same requirements for use of QLP and QRP regardless of whether the fiber originates from a Certified Program Participants' ownership or public tenures or has been purchased from a wood producer.

- Indicator 17.2.1 (e) - was added for awareness of rare forested natural communities as identified by provincial or state agencies, or by credible organizations such as NatureServe, The Nature Conservancy, etc.
- Definition of a *Qualified Logging Professional* - was revised to make it clear a QLP must be on site for each logging crew to be considered trained.

*For a logging crew to be considered trained, each crew must operate under the direction of a qualified logging professional that is on-site working as a member of the crew, who has completed the SFI Implementation Committee approved state or provincial logger training program.*

- The need to further clarify a cap for deliveries by untrained loggers to SFI certified program participant mills will be addressed in *Section 6 - Guidance to SFI 2015-2019 Standard (4.2. Use of Trained Loggers)*. The underlined text will be added.

*They should strive to limit their deliveries from untrained loggers to no more than 5% of their raw material from logging professionals who have completed training programs, with allowances for turnover in the logging workforce, availability, timing and length of training programs, other wood suppliers (defined as a person or organization who infrequently supplies wood fiber on a small scale, such as farmers and small-scale land-clearing operators), and availability of trained logging professionals locally. This cap on deliveries by untrained loggers also needs to recognize that catastrophic events (severe storms, wildfire, beetle epidemics) can result in large-scale salvage efforts over comparatively short periods of time which can result in increased deliveries by untrained loggers.*

#### **Objective 18:**

- The requirements for this Objective are primarily from 2010-2014 Objective 17 with additional requirements from the 2010-2014 Objective 8. The Objective is now called *Community Involvement and Landowner Outreach in the Practice of Sustainable Forestry*.
- Landowner outreach requirements are now in Performance Measure 18.1.

#### **Objective 19:**

- This Objective was 2010 – 2014 Objective 18. Requirements are unchanged. The Objective has been renumbered.

#### **Objective 20:**

- This objective was 2010 – 2014 Objective 19. Requirements are unchanged. The Objective has been renumbered.

#### **Objective 21:**

- This Objective was 2010 – 2014 Objective 20. Requirements are unchanged. The Objective has been renumbered.

## **2. SFI Program Section 3 - Chain of Custody**

### **General Enhancements:**

- Pre-consumer recycled content is now considered under the definition of certified content. Certified content currently consists of post-consumer content and certified forest content (SFI, CSA & ATFS). This change will allow pre-consumer content to count under the calculation of certified content. This will require revised labels as the labels currently only reference post-consumer content. Timing is to phase out old labels one year after the new 2015-2019 Standard is approved.

- Proposed set of standardized SFI Claims for input materials
- Proposed new definition of controversial sources

Controversial Sources Include:

- a) *Forest activities which are not in compliance with applicable state, provincial or federal laws, particularly as they may relate to:*
  - *legally required protection of threatened and endangered species,*
  - *requirements of CITES (The Convention on International Trade in Endangered Species of Wild Fauna and Flora)*
  - *legally required management of areas with designated high environmental and cultural values,*
  - *labor regulations relating to forest workers,*
  - *indigenous peoples' property, tenure and use rights*
- b) *fiber sourced from illegal logging.*
- c) *fiber sourced from areas without effective social laws*

*Note: Conversion sources cannot be included when calculating certified forest content*

**Section 3 Percentage Based Method:**

- Volume credits can now be calculated using volume of inputs and input/output ratio which accommodates actual production processes.
- Fiber supplied from outside the United States and Canada, with a valid PEFC chain of custody and claim, can be accepted as being free of controversial sources.
- Formatting changes to align SFI percentage approach with PEFC chain of custody requirements

**Section 4 – Management System Requirements:**

- Internal audit requirements have been clarified and strengthened.

**Section 5 – Outsourcing Agreements:**

- The requirements regarding outsourced activities within the scope of a Certified Program Participants have been expanded.

**3. SFI Program Section 4 - Rules For Use Of SFI On-Product Labels**

**General Enhancements:**

- Added the proposed new controversial sources definition to the certified sourcing label requirements.
- Moved exiting interpretations into the general rules for use of SFI on-product labels section.

**SFI Fiber Sourcing and Chain of Custody**

- The Chain of Custody and Certified Sourcing Task Group has been examining the impacts of requiring existing users of the Certified Sourcing label to undergo chain of custody certification to continue use of the Certified Sourcing label. A separate briefing note was developed as a written update for the Board's December call which includes pros and cons of this policy change. SFI will discuss the pros and cons of this policy change during the standard review workshops with additional stakeholders for feedback and input. The feedback from those workshops will help to propose a recommendation for Board consideration in February.

**4. SFI Program Section 13 – SFI Definitions**

Several definitions have been added in Sections 2, 3 and 4. A list of the definitions added is below.

- **claim period:** Time period for which the chain of custody claim applies.

- **climate change:** A change in the state of the climate that can be identified (e.g. by using statistical tests) by changes in the mean and/or the variability of its properties and that persists for an extended period typically decades or longer. Climate change may be due to natural internal processes or external forcings or to persistent anthropogenic changes in the composition of the atmosphere or in land use. *Note: taken from the Intergovernmental Panel on Climate Change (IPPC).*
- **controversial sources:**
  - a. Forest activities which are not in compliance with applicable state, provincial or federal laws, particularly as they may relate to:
    - legally required protection of threatened and endangered species,
    - requirements of CITES (The Convention on International Trade in Endangered Species of Wild Fauna and Flora)
    - legally required management of areas with designated high environmental and cultural values,
    - labor regulations relating to forest workers,
    - indigenous peoples' property, tenure and use rights
  - b. fiber sourced from *illegal logging*.
  - c. fiber sourced from *areas without effective social laws*

Note: *Conversion sources* cannot be included when calculating *certified forest content*

- **illegal logging:** The theft of timber or logs and cutting in parks, reserves or other similar areas where otherwise precluded by laws such as the United States Lacey Act, as amended in 2008, the European Union Timber Regulation (EUTR), or other relevant state, provincial, or federal legislation. The Lacey Act<sup>1</sup> makes it unlawful to import, export, transport, sell, receive, acquire, or purchase in interstate or foreign commerce any plant, with some limited exceptions, taken, possessed, transported or sold in violation of the laws of the United States, a State, an Indian tribe, or any foreign law that protects plants. The EUTR<sup>2</sup> prohibits illegally harvested timber or products derived from such timber to be brought into the EU, and creates obligations for operators who place timber and timber products on the EU market. In addition, see Section 7 in the SFI requirements document, SFI Legality Requirements and Policies for Avoidance of Illegal Logging, for SFI Inc's Policy on Illegal Logging.

<sup>1</sup> The Food, Conservation, and Energy Act of 2008 (Pub.L. 110-234, 122 Stat. 923, enacted May 22, 2008, H.R. 2419, Section 8204. Prevention of Illegal Logging Practices, also known as the 2008 U.S. Farm Bill).

<sup>2</sup> Regulation EU No 995/2010 of the European Parliament and of the Council of 20 October 2010.

- **forest type:** Classification of a forest stand by the dominant tree species or combination of tree species present (examples include pine, oak-hickory, maple-beech-birch, spruce-fir, douglas fir, etc.).
- **product group:** set of products manufactured or traded in the specified processes which are covered by the organization's chain of custody.
- **qualified logging professional:** A person with specialized skills in timber harvesting gained through experience or formal training who has successfully completed *wood producer training programs* and continuing education requirements recognized by *SFI Implementation Committees* as meeting the spirit and intent of *performance measure* under Objective 17 of the *SFI 2015-2019 Standard*.
  - a. For a logging crew to be considered trained, each crew must operate under the direction of a *qualified logging professional* that is on-site working as a member of the crew, who has completed the *SFI Implementation Committee* approved state or provincial logger training *program*.
  - b. All of the components of a training *program* could take several years to carry out, determining the point at which a logger is considered a *qualified logging professional* should be based on the individual's commitment to the *program*. That is, if a logger completes all the components or

modules offered in a given year, that logger should be considered as a *qualified logging professional*. If all available components or modules are not completed, then the logger is no longer considered trained until all available components are completed.

- **recycled content:** recycled content is defined as *pre-consumer recycled content* and *post-consumer recycled content*.
- **riparian area:** transition zone characterized by vegetation or geomorphology adjacent to rivers, streams, lakes, *wetlands*, and other water bodies.
- **vernal pool:** a seasonal wetland with sufficient water present during amphibian breeding season, absence of fish, and presence of wetland obligate fauna.
- **wetland:** (1) seasonally or permanently water-logged areas characterized by vegetation adapted for life in saturated /flooded conditions; (2) wetlands can be treed, shrubby or open and include bogs, fens, swamps, marshes and shallow open water areas; (3) wetlands may be stagnant systems (e.g. bogs), slow flowing (e.g. fens, swamps) or have fluctuating water levels (e.g. marshes, shallow open water).

*Prepared by: Gregor Macintosh Senior Director, Standards*

# SFI Policy on Forest Tree Biotechnology<sup>1</sup>

## November 2013

The SFI program has strong existing measures in the *SFI 2010-2014 Standard* regarding research on genetically engineered trees via *forest tree biotechnology*<sup>2</sup>. The use of genetically modified organisms is an evolving issue and as federal and international laws, regulations, agreements, treaties and market place recognition of the use of genetically engineered trees via *forest tree biotechnology* change, SFI Inc. will proactively review and update the SFI Standard 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, 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](http://www.pefc.org)) which has restrictions on the use of genetically engineered trees until December 31, 2015:

*"Genetically-modified trees shall not be used"*<sup>3</sup>.

*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 Standard 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 Standard language and this policy as necessary.

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<sup>1</sup> As Approved by the SFI Board of Directors XXX, XXX.

<sup>2</sup> 15.1.2. Research on genetically engineered trees via *forest tree biotechnology* shall adhere to all applicable federal, state, and provincial regulations and international protocols.

Definition: As commonly used, *forest tree biotechnology* encompasses structural and functional studies of genes and genomes (including development and application of genetic markers); various methods of vegetative reproduction such as micropropagation, tissue culture, and somatic embryogenesis; and genetic engineering (GE), which is the physical manipulation and asexual insertion of genes into organisms.

<sup>3</sup> PEFC ST 1003:2010, Sustainable Forest Management-Requirements, 5.4.7

**Written Update: Proposed Themes for the 2014 SFI Conservation and Community Partnerships Grant Request for Proposal (RFP)  
November 21, 2013**

**Background:**

SFI Staff and the Grant Management Committee (a subcommittee of the Board) manage the SFI Conservation and Community Partnerships Grant Program which was established in 2010. Each year SFI provides themes under which applicants can apply for grants.

This briefing note reflects input from the Resources Committee at their October 23, 2013 meeting. Below are listed the proposed themes and general instructions to potential grant applicants in 2014, as well as the proposed timeline for submission and review.

- **Conservation Grant Projects** - These funds will support projects that illustrate, inform, or improve the role of the SFI standard. It is expected that the majority of these funds will support projects in the following five categories: Carbon and Bioenergy; Forest Health; Water; Capacity Building; and Wildlife, Fish and Biodiversity.
  - **Carbon and Bioenergy:** Proposals are encouraged that (1) examine how bioenergy markets have impacted utilization and intensity of management on forestlands, or (2) develop tools to help landowners better understand the impacts of forest management on carbon in the atmosphere.
  - **Forest Health:** Proposals are encouraged that (1) provide guidance, technical assistance, or the business case to forest landowners about working forest conservation easements (note that this grant program will not fund acquisition of conservation easements); (2) examine the intersection between healthy, managed forests and public benefits, including clean air and water, wildlife habitat, and other ecosystem functions, or (3) examine the role of fire, pest, disease and climate change.
  - **Water:** Proposals are encouraged that (1) illustrate the role of SFI Standard requirements in protecting water quality and quantity in rivers, streams, lakes, wetlands and other water bodies; (2) address government decision-making on the topic of forestry roads and water quality; (3) contribute to current knowledge on the effectiveness of best management practices for water quality (BMPs); or (4) apply expert knowledge and research results in the development of best management practices that protect water quality in forestry.
  - **Capacity Building:** Proposals are encouraged that (1) assist with or support the growth of SFI certification within the Aboriginal/Tribal community in Canada or the U.S., or (2) enhance capacity of Aboriginal/Tribal community to assess and manage natural and cultural resources, or (3) develop and implement forest landowner outreach programs surrounding forest conservation practices.
  - **Wildlife, Fish and Biodiversity:** Proposals are encouraged that protect, promote, illustrate, improve or restore (1) key wildlife habitat in managed forests impacted by natural disturbances such as fire or flood, or (2) biodiversity, aquatic species, or wildlife habitat practices to meet SFI Standard requirements, or (3) which serve to demonstrate and/or establish the role of one or more successional habitats as they may benefit wildlife or biodiversity in managed forests.

- **Community Grant Projects** – These are community-based project applications for \$5,000.00 or less. Proposals may cover one of the following areas:
  - Forestry field tours on SFI-certified forests for educators and/or K-12 school children, working in collaboration with established programs like Project Learning Tree or Canadian Institute of Forestry/Canada Forestry Association equivalent;
  - Habitat for Humanity or other related community-based building projects which include the use of SFI certified building materials and ensure volunteers from the SFI community;
  - Projects or pilots supporting culturally important lands, progressive aboriginal relations, capacity building on SFI certified lands, and/or market promotion of co-branded certified products;
  - Projects informing and raising awareness among university students and academia of the SFI Program goals and objectives; or
  - Other community-based projects with groups such as Boy Scouts of America, Girl Scouts of the USA, Scouts Canada, Girl Guides, 4-H, that include the use of SFI certified products, operations or forests.
  
- **Proposed Grant RFP Timeline** - Below is the proposed 2014 Grant RFP timeline. For your reference, we have included a table showing changes from the 2013 timeline.

<b>2014 Grant RFP Timeline</b>	<b>2013 Grant RFP Timeline (for point of reference)</b>
January 7 – Post Grant RFP on the SFI website and notify potential grantees directly	February 6 – Posted Grant RFP on the SFI website and notified potential grantees directly
February 25 – Proposals due (allows 6 weeks to write proposals)	March 18 – Proposals due (allowed 5 ½ weeks to write proposals)
April 1 – Notify grant winners	April 18 – Notified grant winners
May 16 – Grant contracts finalized, in time for announcement in the SFI annual progress report	June 20 – Grant contracts finalized, in time for announcement in the SFI annual progress report. (Note: some contracts were not finalized by this date, and therefore were not included in the progress report.)

**Next Steps:** SFI Inc. will begin communicating regarding the SFI Inc. Conservation and Community Partnerships Grant program in early 2014.

*Prepared by: Andrew de Vries, Vice President, Conservation & Indigenous Relations, and Paul Trianosky, Senior Director, Conservation Partnerships*

## Briefing Note: Board Strategic Direction – White Papers and Timeline November 21, 2013

### **Background:**

The SFI Board and Resources Committee will convene a “Strategic Direction” session on February 11-12, 2014, to consider SFI’s strengths and assets and how best to build on them for SFI’s future direction.

SFI staff is developing a process to prepare for this meeting in order to effectively engage the Board and Resources Committee. Part of this process is identifying “white papers” that will inform the discussion by providing insights into key topics or analysis of efforts by partner organizations. This briefing note outlines six proposed white papers and identifies which SFI staff person will lead the effort to develop each paper. The SFI staff lead may consult with outside expertise, including Board and RC members.

These proposed white papers include Resources Committee member input.

### **Proposed White Papers**

#### **1. Customer and sustainability trends** (Kathy Abusow and Jason Metnick)

This paper will focus on the key market trends with respect to responsible forestry. Individual buyers of forest products, as well as consortia of buyers, continue to set goals for ensuring the fiber they buy is from a legal and sustainable source. The sophistication of these buyers can range from general policies that look to SFI as a proof point, to the more sophisticated buyers who may set criteria or benchmarks on topics such as conversion, biodiversity and chemical use. This paper will examine those trends, highlight major market leaders who are directing these trends, and implications for SFI.

#### **2. SFI’s role in forest policy** (Nadine Block)

This paper will highlight the forest policy issues that SFI currently engages in and contributes to and how SFI determines which policy issues are appropriate for SFI engagement. The paper will also explore how SFI can intersect with other organizations’ policy objectives (e.g., working with state foresters to accomplish objectives of state forest action plans) and will identify some additional policy issues for potential future consideration (e.g., carbon markets).

#### **3. Gateway to 240 million acres** (Andrew de Vries, Paul Trianosky, and Kathy Abusow)

This paper will focus on the opportunity presented by the size and distribution of SFI lands across North America, and the major forest ecosystems they cover, from northern boreal to temperate rainforest to Southeastern pine. Greater in area than Germany and France combined, the 240 million acres represents significant opportunities in communications, research and influence in a variety of areas including forest health, conservation, and working forests. This paper will explore ways in which SFI can use its size to positively influence and position the organization and its program participants.

#### **4. Matrix of partner organizations** (Nadine Block and Kathy Abusow)

We will create a “matrix” of organizations working on policies or research that could interface with SFI strategic direction. The matrix will highlight those organizations’ key objectives and how SFI currently intersects with them. This information will help us identify (1) additional beneficial ways in which we might partner with them to achieve our shared objectives, and (2) any duplication of roles that SFI would want to avoid. Organizations that will be included in this matrix include:

- Other standard setting organizations (PEFC, ATFS, CSA)
- Professional societies (Society of American Foresters, Canadian Institute of Forestry, Wildlife Society)

- Government agencies (US Forest Service, Canadian Forest Service, National Association of State Foresters)
- Trade associations (National Alliance of Forest Owners, American Forest & Paper Association, Forest Products Association of Canada)
- Research organizations (National Council on Air and Stream Improvement, FP Innovations)
- Conservation organizations

**5. Campaigners in the marketplace** (Jason Metnick)

This paper will focus on the forest campaign organizations who try to undermine SFI. It will examine the history of these groups, the current status of campaigns, and review where these campaigns are likely headed. The paper will show current examples of campaigns in various marketplaces, including paper, bioenergy, and green building, and discuss how markets are responding to these campaigns.

**6. SFI's role in addressing non certified forest lands** (Jason Metnick and Nadine Block)

This paper will examine what SFI's current role is, and what our future role should be, in addressing non-certified forest lands in both North America as well as globally. It will address market trends, government regulation and what other forest certification programs are doing. The paper will also discuss SFI's fiber sourcing and chain of custody programs and how we can elevate these programs for further market recognition.

**Timeline of Next Steps**

With the assistance of consultant Will Novy-Hildesley from Quicksilver Foundry, SFI will engage staff, Board, and Resources Committee on the Strategic Direction discussion over the next few months. The anticipated timeline is as follows:

- Nov 2013 – Jan 2014: Pre-work for Board Level Strategic Direction Discussion
- December 11, 2013: SFI Inc. Staff Meeting facilitated by Quicksilver Foundry
- Feb 11-12, 2014: Board/RC Discussion on Strategic Direction, facilitated by Quicksilver Foundry

SFI will also consider holding a discussion of SFI strategic direction at the SFI annual conference, September 16-18, 2014, in Montreal.

*Prepared by: Nadine Block, Vice President, Government Affairs*

## Written Update: SFI Fiber Sourcing and Chain of Custody

November 21, 2013

### I. Background:

SFI's fiber sourcing requirements in the SFI Standard and the certified sourcing label requirements add significant value to the SFI program and are the catalyst for SFI's ability to positively impact the management of forest lands not owned or controlled by certified program participants. The fiber sourcing requirements are unique to the SFI program and give the SFI program a distinct advantage over other programs.

SFI and FSC have done an excellent job in certifying large public and industrial lands, and to date over 400 million acres are certified under both SFI and FSC in the United States and Canada. However, in the United States some 60% of the fiber used by certified program participants comes from family forestland owners, and in eastern Canada, 30% of the fiber comes from small woodlot owners and the vast majority of these owners are not certified.

The purpose of SFI's fiber sourcing requirements has always been to influence practices on family forest lands where certification may not be an option or practical. The costs associated with audits are high for family forest owners that may only get a financial return from their lands once or twice in a lifetime. Fiber sourcing certification accounts for the fiber in the supply chain that does not come from certified forests. The certified sourcing label is intended to represent good forest practices. Qualifying to use the certified sourcing label means SFI certified program participants complied with all applicable laws, encouraged owners of lands that are not certified to reforest, use best management practices to protect water quality, conserve Forests with Exceptional Conservation Value and use professional loggers and resource professionals trained in responsible forestry practices.

Unfortunately, the political perception increasingly seems to be that the certified sourcing label is the Achilles' heel in SFI's labelling program and this perception is discounting all the great things SFI participants are doing through their certified sourcing programs. Much of this criticism is coming from a select group of environmental and activist groups, and is based on their erroneous contention that consumers might be misled into thinking that products with the certified sourcing label contain certified forest content. It is possible for a program participant to use the certified sourcing label without any of the content in the product coming from a certified forest because it is the procurement system that is certified, and not necessarily the forests from which the fiber is being sourced. This white paper examines the opportunity currently available to greatly strengthen the fiber sourcing requirements and the certified sourcing label and associated claims.

### II. Opportunities:

More and more customers, government agencies and other programs are requiring chain of custody to support labeling claims. SFI Inc. has a unique opportunity to establish a strong leadership position in the supply chain by enhancing the certified sourcing label requirements by requiring certified program participants to get certified to the SFI chain of custody standard in order use the certified sourcing label or make a claim of certified sourcing.

Chain of custody is an accounting system process that tracks wood fiber through the different stages of production. Through chain of custody, companies can then make claims, through their tracking procedure, on how much of their product comes from responsibly sourced fiber through SFI's certified sourcing certification and/or from certified forests and/or from recycled materials.

SFI certified program participants and others in the SFI community know the benefits of the certified sourcing requirements and adding a chain of custody requirement has the potential to significantly increase the recognition of the SFI fiber sourcing programs and clearly distinguish the SFI program as the global leader in addressing supply from the 90% of the world's forests that are not certified.

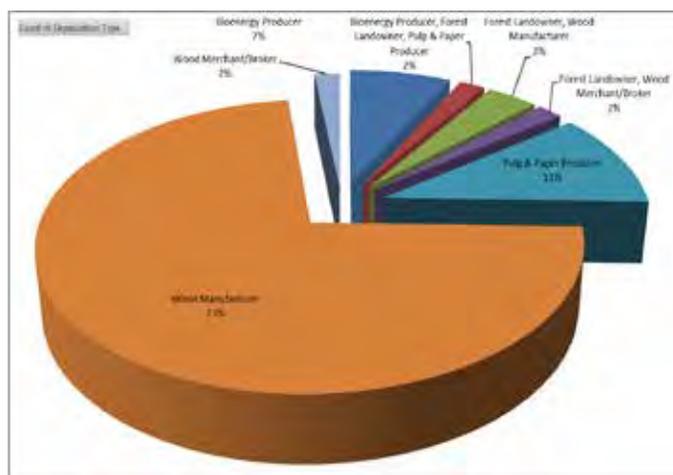
### III. Situational Analysis of Organizations with a Certified Sourcing Certificate:

A primary producer must be third party certified to the SFI Requirements: *Section 2 – SFI 2010-2014 Standard, Objectives 8-20*, in order to use the certified sourcing label. Primary producers are manufacturers sourcing more than half of their fiber directly from the forest.

Currently, there are 55 primary producers that are certified to *Section 2 – SFI 2010-2014 Standard, Objectives 8-20* that do not have a separate SFI chain of custody certification. However, this number does not reflect that a few of these primary producers may have 100 plus sites, so the impact may be much greater.

The breakdown by market sector is as follows:

PRIMARY PRODUCERS	
Market Sector	Count of Organization Type
Bioenergy Producer	4
Bioenergy Producer, Forest Landowner, Pulp & Paper Producer	1
Forest Landowner, Wood Manufacturer	2
Forest Landowner, Wood Merchant/Broker	1
Pulp & Paper Producer	6
Wood Manufacturer	40
Wood Merchant/Broker	1
<b>Grand Total</b>	<b>55</b>

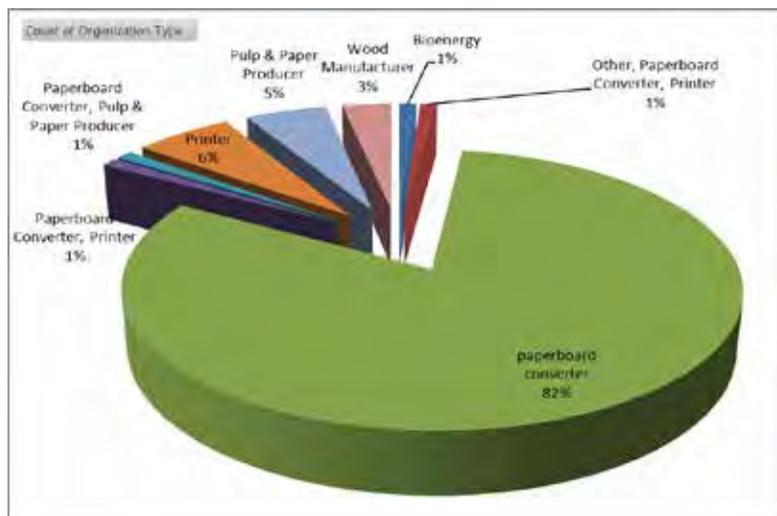


A secondary producer must be certified to the SFI Requirements: *Section 4 – Rules for Use of SFI On-Product Labels* in order to use the certified sourcing label. Secondary producers include organizations such as manufacturers, converters or printers sourcing more than half of their fiber from secondary sources who can verify that at least two-thirds of the supply comes from certified content, which includes content from specific forest tracts that are third-party certified to conform with the SFI 2010-2014 Standard (Objectives 1-7; 14-20) or other acceptable forest management standards (e.g. CAN/CSA-Z809 and ATFS), through a fiber sourcing system certified to conform to the SFI 2010-2014 Standard (Objectives 8-20), or from pre-consumer or post-consumer recycled content.

Currently, there are 96 secondary producers that are certified to *Section 4 – Rules for Use of SFI On-Product Labels* that do not have a separate SFI chain of custody certificate. However, this number does not reflect that a few of these secondary producers may have 100 plus sites, so the impact may be much greater.

The breakdown by market sector is as follows:

SECONDARY PRODUCERS	
Market Sector	Count of Organization Type
Bioenergy	1
Other, Paperboard Converter, Printer	1
Paperboard converter	78
Paperboard Converter, Printer	1
Paperboard Converter, Pulp & Paper Producer	1
Printer	6
Pulp & Paper Producer	5
Wood Manufacturer	3
Grand Total	96



#### IV. Challenges with Requiring Chain of Custody for Certified Sourcing Label Use:

The most significant hurdle for certified program participants would be the cost of the audit, and staff time to prepare for the additional tracking mechanisms to set up systems under chain of custody – implementation, training, and annual self-audit requirements. If organizations aren't willing to go through these additional steps and pay the additional costs, it's possible those organizations may drop their certificate. There are currently 12 primary producers who use the SFI certified sourcing label and do not have a chain of custody certification.

The risk is much lower for secondary producers. Since certification to *Section 4 – Rules for Use of SFI On-Product Labels* requires tracking already, the additional requirements, and audit costs for chain of custody are minimal. However, most of the secondary producers are using the SFI certified sourcing label on their products. As such, the largest cost will be updating artwork with any potential artwork changes, which can be very costly.

#### V. How Would This Work?

Currently a primary producer has to monitor or track their fiber flows to ensure conformance to SFI Standard and the certified sourcing label requirements. Requiring chain of custody means their process will have to be more robust, structured and thoroughly documented. The requirements for the certified sourcing label would

not be changed and the label could continue to be used “as is” except a “formal” chain of custody certification for the tracing of fiber sources would be added to the system being used.

## **VI. Next Steps**

Discuss pros and cons of requiring Chain of Custody for use of the Certified Sourcing label during standard review workshops with additional stakeholders. Take the feedback from those workshops to propose a recommendation for Board consideration. A separate white paper for the strategic direction discussion will also be presented to the Board in February.

### Pros:

- Better recognition/appreciation of the SFI fiber sourcing accomplishments;
- Improved supply chain management reduces risk to program;
- Incorporating our fiber sourcing program, explicitly in a chain of custody program, makes SFI untouchable in rigour and scope in terms of how we address responsible forestry in non-certified forest content.
- Chain of custody is the international language for tracking responsible fiber whether we like that reality or not. This allows us to package our strength in a framework that is globally recognized.

### Cons:

- Costs to certified program participants for audit and management (training, self-audits, more staff time);
- Some SFI Certified Program Participants have 100 plus sites that would need to move to chain of custody;
- If chain of custody is required, some organizations believe this may cause customers to demand more certified forest content, and there is still a lack of it in certain markets. This could put undue pressure on Certified Program Participants;
- Some Certified Program Participants may drop the certificate due to cost;
- May require a change to the SFI label which could be costly for secondary producers; and
- Even with this proposed change, it is possible some activist groups will still criticise the SFI fiber sourcing program and any label associated with it.

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