



Annex 1
**SFI RESPONSIBLE FIBER SOURCING
STANDARD AND ASSOCIATED LABELS**

www.sfiprogram.org

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Preface

SFI Inc. is an independent, non-profit, charitable organization dedicated to promoting sustainable forest management in North America and supporting responsible procurement globally. The SFI Board is a three chamber Board of Directors representing environmental, social and economic interests equally, and the program addresses local needs through its grassroots network of 37 SFI Implementation Committees across North America.

The SFI program is unique in addressing the fact that 90 percent of the world's forests are not certified. Through its third-party fiber sourcing certification, *program participants* – whether they own or manage forest lands or buy the raw materials they need – ensure the wood fiber used to make an SFI-labeled product is from a responsible source, whether it is from certified or uncertified forests.

Program participants can make claims about *responsible fiber sourcing* and access SFI certified fiber sourcing labels once they have been successfully audited by a third-party *SFI certification body* to the SFI 2005-2009 Standard and/or SFI Responsible Fiber Sourcing Standard and Associated Labels (Annex 1).

In North America, *program participants* must comply with all applicable laws to protect the environment, workers and local communities, and go beyond this to improve forest practices proactively through logger education and by encouraging their suppliers to use the services of qualified resource and logging professionals. Since 1995, *program participants* have invested close to \$1 billion (US) in forest research, and have trained more than 110,000 loggers.

When sourcing fiber from jurisdictions outside of North America that may lack effective laws, *program participants* must establish adequate measures to avoid fiber from *controversial sources*, and must promote the conservation of biodiversity hotspots and major tropical wilderness areas.

The SFI program meets guidelines on environmental claims in product advertising and communication issued by the U.S. Federal Trade Commission and guidelines on environmental labeling and advertising issued by the Competition Bureau of Canada.

Studies have shown that consumers appreciate the value of forest certification in helping them identify wood and paper products from legal, responsible sources. A 2008 survey by GfK Roper Public Affairs & Media and the Yale School of Forestry and Environmental Studies found that North American consumers believe it is important or essential to have eco-labels that describe the environmental impacts caused by the manufacture, use and disposal of products. Of 10 eco-labels tested in the United States, the SFI label had the highest familiarity rating of any forest certification program.

The fact that the SFI program can deliver a steady supply of fiber from well-managed forests is especially important at a time when there is increasing demand for green building and responsible paper purchasing, and only 10 percent of the world's forests are certified. The American Consumer Council says it supports the good work of the SFI program, and applauds the positive and progressive actions it is taking. A poll by TerraChoice Environmental Marketing found that procurement specialists included the SFI label on a list of the top 10 eco-labels they relied on frequently to make buying decisions.

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1. Scope and Purpose

- 1.1 Scope:** This document describes the requirements for *certified program participants* and *secondary producers* in the United States or Canada seeking use of the SFI Certified Fiber Sourcing on-product label. *Primary* or *secondary producers* with operations outside of the United States and Canada should refer to section 4 of this document (page 5).
- 1.2 Purpose:** The purpose of this document is to describe the requirements *certified program participants* and *secondary producers* must meet in order to use the SFI on-product label.
- 1.3 Label:** The following label applies to the SFI Responsible Fiber Sourcing Standard and Associated Labels (Annex 1).



2. Normative and Informative References

- 2.1 Normative:** The following normative SFI standards are referenced in this document and can be found on the SFI Inc. website at www.sfiprogram.org:
- i. SFI 2005-2009 Standard
 - ii. Annex 1 – SFI Responsible Fiber Sourcing Standard and Associated Labels
 - iii. Annex 3 – Rules For Use of SFI On-Product Labels and SFI Off-Product Marks
 - iv. Annex 4 – SFI Definitions
- 2.2 Informative:** The following informative SFI standards are referenced in this document and can be found on the SFI Inc. website at www.sfiprogram.org:
- i. SFI Audit Procedures and Qualifications
 - ii. Annex 2 – SFI Chain-of-Custody Standard and Associated Labels

3. Certified Fiber Sourcing Label

- 3.1** *Primary producers* are manufacturing units that produce forest products (wood, paper, pulp, or composite products) and source 50% or more (by weight) of their wood-based raw materials directly from primary sources. They must account for 100% of their *primary sources* as coming from *responsible fiber sources*.

If a *primary producer* sources from company-owned or company-controlled lands enrolled in the SFI program, those lands must be third-party certified to the SFI 2005-2009 Standard.

- 3.2** *Secondary producers* are manufacturing units that produce forest products and source 50% or more (by weight) of their wood-based raw materials from *secondary sources*. They must account for at least two-thirds ($\frac{2}{3}$) (by weight) of the wood or wood fiber in the product(s) or manufacturing unit as coming from *responsible fiber sources*. The other one-third ($\frac{1}{3}$) cannot come from *controversial sources*.
- 3.3** The label cannot be used if offshore raw material comes from *controversial sources* so adequate measures are needed to ensure certified products do not include fiber from *controversial sources*.
- 3.4** Calculation of percentage for use of the Certified Fiber Sourcing Label is as follows:
- 3.4.1** *Primary producers* shall demonstrate conformance with the requirements of 3.1 at all times, which means 100% *responsible fiber sources* requirements for every production batch.
- 3.4.2** *Secondary producers* shall specify how they will meet the requirements of 3.2 to conform with the two-thirds rule. They may base the calculation on a production batch or time period (which cannot exceed one quarter). The percentage may be calculated as:
- Rolling Average Percentage – The percentage calculated for wood fiber consumed during, for example, the previous four quarters or 12 months. The period over which the rolling average is calculated shall not exceed one year.
 - Simple Percentage – The percentage calculated for wood fiber consumed in the specific production batch.
- 3.4.3** In all cases, the organization must demonstrate that the requirements of 3.1 and/or 3.2 are met before the label can be used in relation to a specific production batch or time period.

4. Organizations Outside the United States and Canada

- 4.1** A *primary producer* or *secondary producer* outside the United States and Canada must successfully complete an annual audit by an accredited *SFI certification body* against the requirements of the SFI Responsible Fiber Sourcing Standard and Associated Labels (Annex 1).
- 4.2** A *primary producer* outside the United States and Canada must account for 100% of its *primary sources* as coming from *responsible fiber sources*.
- 4.3** A *secondary producer* outside the United States and Canada must account for at least two-thirds ($\frac{2}{3}$) (by weight) of the wood or wood fiber in the product(s) or manufacturing unit as coming from *responsible fiber sources*. The other one-third ($\frac{1}{3}$) cannot come from *controversial sources*.

5. Responsible Fiber Sources

Responsible fiber sources are confirmed by an *SFI certification body* to be sourced:

- 5.1 From *certified forest content*, which includes specific forest tracts third-party certified to the SFI 2005-2009 Standard or other *acceptable forest management standards* (Canadian Standards Association (CAN/CSA-Z809) and the American Tree Farm System).
- 5.2 Through a procurement system certified to conform with the SFI 2005-2009 Standard.
- 5.3 *Pre-Consumer Recycled Content*: Material diverted from the waste stream during a manufacturing process. It does not include materials such as rework, regrind or scrap generated in a process and capable of being reclaimed within the same process.
- 5.4 *Post-Consumer Recycled Content*: Material generated by households or by commercial, industrial and institutional facilities in their role as end-users of the product, which can no longer be used for its intended purpose.

6. Sourcing From Outside the United States and Canada

6.1 Process to Avoid *Controversial Sources*

When sourcing from outside the United States and Canada, the organization shall establish adequate measures to ensure that the certified products do not include raw material from *controversial sources*. Use of controversial sources is not allowed in SFI labeled products. The organization shall:

- 6.1.1 Require a signed self-declaration that the supplied raw material does not originate from *controversial sources*. If it has signed contracts with its suppliers, it shall include such a declaration in the contracts.
- 6.1.2 Evaluate the potential risk of procuring raw material from *controversial sources* and establish a program to check a sample of self-declarations by suppliers, using second- or third-party verification.

Note: The potential risk evaluation carried out by the organization should be based on the regional / country level.

- 6.1.3 Ensure procurement from areas outside the United States and Canada promote the conservation of biodiversity hotspots and major tropical wilderness areas.
- 6.1.4 Develop a process with direct suppliers to promote the principles of sustainable forestry.
- 6.1.5 Ensure it knows whether direct suppliers are applying the principles of sustainable forestry.

6.1.6 Have a process in place to assess the risk of fiber from countries without effective social laws addressing the following:

- workers' health and safety;
- fair labor practices;
- indigenous peoples' rights;
- antidiscrimination and anti-harassment measures;
- prevailing wages; and
- workers' right to organize.

6.1.7 Program to address any significant risk identified under 6.1.6

6.1.8 See Appendix 2 of this document for SFI Inc.'s Policy on Illegal Logging.

7. Application Requirements

7.1 *Primary producers* must annually submit to the *Office of Label Use and Licensing*:

1. A copy of their SFI 2005-2009 Standard certificate and a copy of their annual audit report issued by an *SFI certification body* that clearly identifies the specific forestlands and/or manufacturing units covered under the scope of the certificate.
2. Evidence of a successful completion of their most recent surveillance audit to the SFI 2005-2009 Standard.
3. A list of the manufacturing unit(s) and product(s) for which the SFI Certified Fiber Sourcing Label use approval is sought.

7.2 *Secondary producers* must annually submit to the *Office of Label Use and Licensing*:

1. An annual SFI Responsible Fiber Sourcing Standard and Associated Labels (Annex 1) audit report issued by an accredited *SFI certification body*.
2. A list of the manufacturing unit(s) and product(s) for which the SFI Certified Fiber Sourcing Label use approval is sought.

7.3 *Primary or secondary producers* outside the United States and Canada must annually submit to the *Office of Label Use and Licensing*:

1. An annual SFI Responsible Fiber Sourcing Label Standard and Associated Labels (Annex 1) audit report issued by an accredited *SFI certification body*.
2. A list of the manufacturing unit(s) and product(s) for which the SFI Certified Fiber Sourcing Label use approval is sought.

8. Office of Label Use and Licensing

8.1 The *Office of Label Use and Licensing* shall evaluate and approve applications for use of all SFI on-product labels, shall establish label-use rules and procedures set out in the Rules for Use of SFI On-Product Labels and SFI Off-Product Marks (Annex 3), and shall maintain oversight of use of all SFI on-product labels.

8.2 Approval for use of any SFI on-product labels will become effective upon authorization issued by the *Office of Label Use and Licensing*, and remains in effect for one year, unless terminated pursuant to the terms set out in the SFI Label Agreement.

- 8.3 The *Office of Label Use and Licensing* may periodically announce additional rules and procedures to ensure ownership and use of the SFI on-product labels are adequately protected under applicable law, and to ensure proper consumer understanding.
- 8.4 Applicants must provide specific examples of proposed SFI on-product label use and related promotional literature to the *Office of Label Use and Licensing*, in keeping with the Rules For Use of SFI On-Product Labels and SFI Off-Product Marks (Annex 3).
- 8.5 In response to questions and issues raised by SFI on-product *label users* or *certification bodies*, the *Office of Label Use and Licensing* will periodically announce and formally adopt interpretations to the SFI Responsible Fiber Sourcing Standard and Associated Labels (Annex 1). All interpretations will be posted at www.sfiprogram.org.

9. Challenges or Complaints

- 9.1 The *Office of Label Use and Licensing* will hear challenges or complaints regarding SFI on-product label use (see Appendix 1 for guidelines).
- 9.2 If an SFI on-product *label user* fails to comply with any aspects of this document, approval for SFI on-product label use may be withdrawn.

10. Other Conditions Pertinent to Primary and Secondary Producers

- 10.1 A *secondary producer* may use the Certified Fiber Sourcing Label on products from a single manufacturing unit as long as the specific supply for that product(s) or for that manufacturing unit meets all the content requirements set out in this document.
- 10.2 A *label user* may not use the SFI program label on any products from manufacturing unit(s) for which it has not obtained approval from the *Office of Label Use and Licensing*.
- 10.3 The SFI on-product label is to be used for specific product(s) or manufacturing unit(s), and must be certified and approved as such.

Appendix 1
Challenges or Complaints Procedures for
SFI Responsible Fiber Sourcing Standard and Associated Labels (Annex 1)

Any party with information or claims about the practices of an *SFI program participant* or *label user*, or questions about the validity of an SFI Annex 1 certification and or SFI label use may seek to have those claims investigated, as outlined below.

1. The complainant should outline concerns in a letter to the certificate holder or *label user*.
2. Within 45 days, the certificate holder or *label user* shall respond to the complainant, and forward a copy of the complaint and response to its *SFI certification body*.
3. The *SFI certification body* shall investigate the validity of the complaint based on the seriousness of the claim, and respond no later than the next annual assessment.
4. If the complainant is not satisfied, they may provide the original documentation and response to the *SFI Office of Label Use and Licensing*, which shall investigate and respond within 45 days.

Upon reviewing the information, the *SFI Office of Label Use and Licensing* may:

1. seek more information from the complainant or the certificate holder or *label user* before making a final determination; or
2. find that the complaint is without merit and no further action is required; or
3. find that corrective actions are necessary; or
4. if the certificate holder or *label user* fails to take appropriate corrective measures or if no action would be sufficient to remedy the situation, suspend the label license.

Appendix 2
SFI Policy on Illegal Logging
As Approved by the SFI Board of Directors
September 23, 2008

The SFI Program has strong existing measures in the SFI 2005-2009 Standard, SFI Responsible Fiber Sourcing Standard and the SFI Chain-of-Custody Standard to avoid illegal sources of supply. This appendix covers the issue as to whether an organization can certify one operation to SFI's Responsible Fiber Sourcing Standard (Annex 1) or SFI's Chain of Custody Standard (Annex 2), while another operation controlled by the company is engaged in *illegal logging*. This is an evolving issue and as international laws, regulations, agreements, treaties and definitions of *illegal logging* change, SFI Inc will review and update the language as necessary.

- (a) SFI Inc. will not license any person or entity to use SFI's trademarks or labels, and SFI may revoke any licence previously granted, if **the proposed licensee or an Affiliate of the licensee has been found to have engaged in *Illegal Logging* by a government authority in the jurisdiction where the logging occurred**¹, unless the evidence available to SFI supports a conclusion that, in the business judgment of the SFI Inc. Board, any incidents of *Illegal Logging* by the entity are followed by prompt corrective action and do not show a pattern of *Illegal Logging*.
- (b) SFI Inc. will not license any person or entity to use SFI's trademarks or labels, and SFI may revoke any licence previously granted, if **the evidence available to SFI supports a conclusion that, in the business judgment of the SFI Inc. Board, the proposed licensee or an Affiliate of the licensee has engaged in a pattern of *Illegal Logging***.²
- (c) Any person or entity whose application for a SFI licence has been denied or whose license has been revoked pursuant to this section may reapply for a licence upon a showing that any past *Illegal Logging* has been stopped, that appropriate actions have been taken to prevent it from recurring, and that the proposed licensee and its Affiliates do not knowingly engage in *Illegal Logging*. Such showing shall be supported by a third party audit conducted by an *SFI certification body* accredited to conduct 2005-2009 SFI Standard certifications and shall include local expertise as part of the audit team.³
- (d) As used in this section,
- "*Illegal Logging*" means logging on land where the entity conducting the logging has no legal right to harvest.⁴
 - "Affiliate" means any person or entity that directly or indirectly controls, is controlled by, or is under common control with the proposed licensee.
 - "Control" means owning a majority of the stock, appointing a majority of the directors, or otherwise having the practical or legal power to direct the operations of a person or entity.

¹ This enables SFI to take action that is based on a government finding (conviction, court decision, regulatory decision, fine etc.) of *Illegal Logging*. SFI would not make any factual determinations of *illegal logging*; they would be made by the government. No audit of overseas operations is required unless and until such a finding is made.

² This enables SFI to take action against a company that is known to engage in a pattern of *Illegal Logging*, but that has NOT been subject to government enforcement actions (perhaps because the local government is corrupt or ineffective). The SFI Board would need to make the factual determinations based on the best evidence available to it. No audit of overseas operations is required unless and until such a finding is made.

³ The audit shall cover all operations in all jurisdictions where the *illegal logging* occurred.

⁴ This definition does not cover most environmental law violations. It is intended to be limited to timber theft.