

# **SFI Fiber Sourcing Standard**

## **Reducing Risk (avoid deforestation, illegal logging)**

**July 1, 2022**

### **Why It Matters**

Sourcing fiber from certified lands gives consumers, customers and the ESG community certain assurances, but it is equally important to ensure the sustainability of the non-certified forest fiber in forest-based products and ensure this fiber does not come from controversial sources. This can be defined as the deforested areas, converted areas, illegal logging, or other risks associated with forest products.

### **How The SFI Fiber Sourcing Standard Reduces Risk**

The SFI Fiber Sourcing Standard distinguishes SFI from all other certification programs in that it governs how SFI-certified organizations procure fiber from non-certified forestland to ensure the sustainability across entire landscapes while at the same time avoid controversial sources of fiber.

98% of the fiber SFI-certified organizations source comes from forests in the U.S. and Canada where forests are considered low risk for deforestation and activities like illegal logging. The other 2% is sourced from either FSC or PEFC certified forests outside the U.S. and Canada. This means that SFI's work, and the companies that support it, can focus on elevating the many benefits that come from forests. However, we still have clear requirements in our standards to ensure that work supports global efforts to reduce deforestation and illegal logging.

SFI-certified organizations are required to comply with all applicable laws and regulations. In addition, SFI has an Illegal Logging Policy that states, "SFI Inc. will not license any organization to use SFI's trademarks or labels, and SFI may revoke any license previously granted, if the proposed licensee has been found to have engaged in Illegal Logging by a government authority in the jurisdiction where the logging occurred"

The SFI Fiber Sourcing Standard also requires SFI-certified organizations to assess the risk of sourcing forest fiber from controversial sources including illegally logged fiber, conflict timber and other controversial fiber sources. If an SFI-certified organization determines they are sourcing from such areas, they will need to mitigate this risk of sourcing this forest fiber.

### **SFI Fiber Sourcing Standard Requirements**

#### **Objective 4. Legal and Regulatory Compliance.**

To comply with all applicable laws and regulations including international, federal, provincial, state, and local.

**Performance Measure 4.1.** Certified Organizations shall comply with all applicable federal, provincial, state, and local forestry and related and environmental laws and regulations.

Indicators:

1. Access to relevant laws and regulations in appropriate locations.
2. System to achieve compliance with applicable international, federal, provincial, state, or local laws and regulations.
3. Demonstration of commitment to legal compliance through available regulatory action information.

**Performance Measure 4.2.** Certified Organizations shall take appropriate steps to comply with all applicable social laws at the federal, provincial, state, and local levels in the country where the Certified Organization operates.

Indicator:

1. Written policy demonstrating commitment to comply with social laws, such as those covering civil rights, equal employment opportunities, gender equality, diversity inclusion, anti-discrimination and anti-harassment measures, workers' compensation, Indigenous Peoples' rights, workers' and communities' right to know, prevailing wages, workers' right to organize, and occupational health and safety which meet the spirit and intent of the International Labour Organization (ILO) Declaration on the Fundamental Principles and Rights at Work (1998).

#### **SFI Policy on Illegal Logging**

SFI has strong existing measures in the SFI 2022 Forest Management Standard, the SFI 2022 Fiber Sourcing Standard, the SFI 2022 Chain-of-Custody Standard, the SFI 2022 Certified Sourcing Standard, the SFI Small Lands Group Certification Module, and the SFI Small Scale Forest Management Module for Indigenous Peoples and Families to avoid illegal sources of supply. This appendix covers the issue as to whether an organization can certify one operation to the SFI 2022 Fiber Sourcing

Standard, the SFI 2022 Chain-of-Custody Standard (Section 4) or SFI 2022 Certified Sourcing Standard (Section 5), the SFI Small Lands Group Certification Module or the SFI Small Scale Forest Management Module for Indigenous Peoples and Families in the SFI requirements document, 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 license previously granted, if the proposed licensee or an Affiliate of the licensee has been found to have engaged in Illegal Logging by a government authority in the jurisdiction where the logging occurred, unless the evidence available to SFI supports a conclusion that, in the business judgment of the SFI Inc. Board, any incidents of Illegal Logging by the entity are followed by prompt corrective action and do not show a pattern of Illegal Logging.
- B. SFI Inc. will not license any person or entity to use SFI's trademarks or labels, and SFI may revoke any license previously granted, if the evidence available to SFI supports a conclusion that, in the business judgment of the SFI Inc. Board, the proposed licensee or an Affiliate of the licensee has engaged in a pattern of Illegal Logging.
- C. Any person or entity whose application for an SFI license has been denied or whose license has been revoked pursuant to this section may reapply for a license upon a showing that any past Illegal Logging has been stopped, that appropriate actions have been taken to prevent it from recurring, and that the proposed licensee and its Affiliates do not knowingly engage in Illegal Logging. Such showing shall be supported by a third-party audit conducted by an SFI certification body accredited to conduct 2022 SFI Standard certifications and shall include local expertise as part of the audit team.
- D. As used in this section,
  - "Illegal Logging" means harvesting and trading of wood fiber in violation of applicable laws and regulations in the country of harvest, including trade in CITES (The Convention on International Trade in Endangered Species of Wild Fauna and Flora) listed species.
  - "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.

### **Objective 11 - Avoid Controversial Sources**

To manage the risk of sourcing fiber from controversial sources.

**Performance Measure 11.1.** The Certified Organization shall have a process to access and collect information regarding the sources of its procured fiber.

**Performance Measure 11.2.** The Certified Organization shall individually and/or through cooperative efforts involving SFI Implementation Committee(s) have a process to conduct a risk assessment.

**Performance Measure 11.3.** The Certified Organization shall have a process to assess substantiated concerns.

**Performance Measure 11.4.** The Certified Organization shall have a process to mitigate the risk of sourcing controversial fiber from high-risk areas.

**Performance Measure 11.5.** The Certified Organization shall have a process to avoid controversial sources.

Controversial sources are defined as:

- a. Forest activities which are not in compliance with applicable state, provincial, federal, or international laws.
- b. Forest activities which are contributing to regional declines in habitat conservation and species protection (including biodiversity and special sites, Alliance for Zero Extinction sites and key biodiversity areas, threatened and endangered species).
- c. Conversion sources originating from regions experiencing forest area decline.
- d. Forest activities where the spirit of the ILO Declaration on Fundamental Principles and Rights at work (1998) are not met.
- e. Forest activities where the spirit of the United Nations Declaration on the Rights of Indigenous Peoples (2007) are not met.
- f. Fiber sourced from areas without effective social laws
- g. Illegal Logging including trade in CITES (The Convention on International Trade in Endangered Species of Wild Fauna and Flora) listed species.
- h. Conflict Timber.
- i. Genetically modified trees via forest tree biotechnology.

**SFI's Standard Development Process**

As part of SFI's commitment to continual improvement, we revise the SFI standards every 5 years. This last revision process included two public comment periods, a dozen webinars, and nearly 2,300 individuals and organizations commenting on the 2022 Standards. This ensures everyone has a voice in shaping the SFI Standards.

**Independent Third-Party Certification**

Organizations certified to the SFI Standards are also required to undergo annual audits by independent and accredited certification bodies to deliver ongoing conformance. Third-party independent certification is critical to verify that requirements set out in the SFI standards and supporting documents are met.