

SFI'S ESG LEADERSHIP THROUGH STANDARDS AND CERTIFICATION



TURNING ESG RISK INTO OPPORTUNITY THROUGH SFI CERTIFICATION

SFI certification is a powerful option to provide customers and producers of forest products with the tools and guidance needed to make responsible supply chain decisions and achieve responsible forest management goals. With over 350 million acres/142 million hectares certified to the SFI Forest Management Standard, and tens of millions of acres positively influenced by the SFI Fiber Sourcing Standard, SFI is creating solutions on a broad scale for critical ESG topics.

Brands, investors, and consumers reduce forest sector ESG risks when procuring forest products from companies certified to SFI Standards. The SFI standards create positive impact on key ESG topics such as:

- How SFI standards can help with ESG disclosures through 3rd party audits
- Climate Resiliency and Carbon
- Fire Resiliency
- Biodiversity and Species Recovery
- Old Growth Forest Conservation
- Water Quality and Quantity, and Soil Health
- Deforestation Mitigation
- Reducing Risk from Controversial Sources
- Indigenous Peoples' Rights, Recognition, and Relationship Building
- Environmental Education and Forest Literacy
- Building a Diverse Workforce
- Human and Workers Rights
- Healthy Communities and Urban Forestry
- Governance

Third-party forest certification is a forest manager's proof point of sustainable forest management and helps mitigate risk and create long-term value.

SFI'S STANDARD DEVELOPMENT PROCESS

As part of SFI's commitment to continual improvement, SFI revises its standards every five years. The last revision process included two public comment periods, a dozen webinars, and comments from nearly 2,300 individuals and organizations. 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.

SFI VISION

A world that values and benefits from sustainably managed forests.

SFI MISSION

To advance sustainability through forest-focused collaboration.



THE SFI STANDARDS CREATE POSITIVE IMPACT ON KEY ESG TOPICS

| ESG THEMES | SFI FOREST MANAGEMENT STANDARD | SFI FIBER SOURCING STANDARD |
|--|--|--|
| ENVIRONMENT | | |
| Climate Resiliency & Carbon | <ul style="list-style-type: none"> Objective 9 - Climate Smart Forestry SFI-certified organizations must identify and address climate change risks, develop adaptation objectives and strategies to address those risks, and identify and address mitigation opportunities in forest operations. | <ul style="list-style-type: none"> Objective 5 - Forestry Research, Science and Technology SFI-certified organizations must invest in research, science and technology such as climate change adaptation and mitigation, and to broaden the awareness of climate change impacts on forests, wildlife, and biological diversity. |
| Fire Resiliency | <ul style="list-style-type: none"> Objective 10 - Fire Resilience and Awareness SFI-certified organizations must elevate efforts to address undesirable wildfire, reduce long-term wildfire risks, and educate the public about wildfire management. | <ul style="list-style-type: none"> Objective 7- Community Involvement and Landowner Outreach SFI-certified organizations must provide education and outreach to forest landowners describing the importance of wildfire risks. |
| Biodiversity and Species Recovery | <ul style="list-style-type: none"> Objective 4 - Conservation of Biological Diversity SFI-certified organizations must maintain or advance the conservation of biological diversity at the stand- and landscape-level and across a diversity of forest and vegetation cover types and successional stages including the conservation of forest plants and animals, aquatic species, threatened and endangered species, Forests with Exceptional Conservation Value, old-growth forests, and ecologically important sites. | <ul style="list-style-type: none"> Objective 1 - Biodiversity in Fiber Sourcing SFI-certified organizations are required to promote and conserve biological diversity, as well as Forest with Exceptional Conservation Value, and are also required to conduct an assessment on Forest with Exceptional Conservation Value across their wood and fiber supply area. |
| Old Growth Forest Conservation | <ul style="list-style-type: none"> Objective 4 - Conservation of Biological Diversity SFI-certified organizations must actively support and participate in programs to ensure old growth forests are being conserved. A typical SFI plan may consist of mapping old growth forests as part of an environmental plan, and then developing measures to either manage those stands in a manner that takes into account their unique features or protect the stand as an ecologically important site. | <ul style="list-style-type: none"> Objective 11 - Avoid controversial sources SFI-certified organizations must assess the risk of sourcing forest fiber from controversial sources including forest activities that are contributing to regional declines in habitat conservation and species protection, including biodiversity and special sites and threatened and endangered species. If an SFI-certified organization determines they are sourcing from such areas, they will need to mitigate this risk of sourcing this forest fiber. |
| Water Quality and Quantity, and Soil Health | <ul style="list-style-type: none"> Objective 3 - Protection and Maintenance of Water Resources Objective 2 - Forest Health and Productivity SFI-certified organizations must use best management practices (BMPs) to protect water quality in rivers, streams, lakes, wetlands and other water bodies and riparian areas during all phases of forest management. SFI-certified organizations must also implement water, wetland and riparian protection which includes protection of water quantity during management activities. Finally, SFI's forest management standard requires the use of practices that protect and maintain soil health in addition to soil productivity. | <ul style="list-style-type: none"> Objective 2 - Adherence to Best Management Practices SFI-certified organizations are required to broaden the practice of sustainable forestry through best management practices to protect water quality. This includes monitoring all wood suppliers to maintain rates of conformance to best management practices to protect water quality and to identify areas for improved performance. |
| Deforestation Mitigation | <ul style="list-style-type: none"> Objective 1 – Forest Management Planning Objective 2 - Forest Health and Productivity SFI-certified organizations are required to promptly reforest after harvest through planted or natural regeneration. Deforestation occurs when forests are permanently converted to other land uses. It's important to ensure that, in our attempt to address the critical issue of forest loss, policies or metrics don't confuse harvesting in well-managed forests with deforestation. The SFI standard requires SFI-certified organizations to exclude any forestlands converted to non-forestland use from their SFI certificate and conduct a landscape assessment to determine ecological impacts and prohibits conversion of forest types if there would be negative impacts. | <ul style="list-style-type: none"> Objective 11 - Avoid controversial sources The SFI Fiber Sourcing Standard requires SFI-certified organizations to assess the risk of sourcing forest fiber from controversial sources including from conversion sources originating from regions experiencing forest area decline. If a SFI-certified organization determines they are sourcing from such areas, they will need to mitigate this risk of sourcing this forest fiber. |

THE SFI STANDARDS CREATE POSITIVE IMPACT ON KEY ESG TOPICS

| ESG THEMES | SFI FOREST MANAGEMENT STANDARD | SFI FIBER SOURCING STANDARD |
|---|--|---|
| ENVIRONMENT | | |
| Reducing Risk from Controversial Source | <ul style="list-style-type: none"> Objective 1 - Forest Management Planning Objective 11 - Legal and Regulatory Compliance 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” <p>The SFI Forest Management Standard also requires certified organizations to conduct a detailed environmental assessment if they plan to convert a forest to another forest type.</p> | <ul style="list-style-type: none"> Objective 11 - Avoid controversial sources 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” <p>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.</p> |
| SOCIAL | | |
| Indigenous Peoples’ Rights, Recognition, and Relationship Building | <ul style="list-style-type: none"> Objective 8 – Recognize and Respect Indigenous People’s Rights SFI-certified organizations must respect nation-to-nation relationships, ensuring that established legal, customary, and traditional rights frameworks are upheld. SFI-certified organizations are also required to recognize and respect Indigenous Peoples’ rights, confer with Indigenous Peoples whose rights may be affected by the SFI-certified organization’s forest management practices, and respond to Indigenous Peoples whose rights may be affected by forest management practices on the SFI-certified organization’s private lands. | <ul style="list-style-type: none"> Objective 11 - Avoid controversial sources SFI-certified organizations must assess the risk of sourcing forest fiber from controversial sources including any activity where the spirit of UNDRIP (United Nations Declaration on the Rights of Indigenous Peoples) is not met. If an SFI-certified organization determines they are sourcing from such areas, they will need to mitigate this risk of sourcing this forest fiber. |
| Environmental Education and Forest Literacy | <ul style="list-style-type: none"> Support through Project Learning Tree | |
| Building a Diverse Workforce | <ul style="list-style-type: none"> Objective 13 - Training and Education Objective 11 - Legal and Regulatory Compliance The SFI 2022 Forest Management Standard requires the training of forest sector personnel and contractors and requires the use of trained logging professionals to deliver raw materials. This also includes the training of personnel and contractors to fulfill their responsibilities to effectively implement requirements in the standard focused on recognizing and respecting Indigenous Peoples’ rights and traditional knowledge. | <ul style="list-style-type: none"> Objective 6 - Training and Education Objective 4 - Legal and Regulatory Compliance The SFI 2022 Fiber Sourcing Standard requires the training of forest sector personnel and contractors and requires the use of trained logging professionals to deliver raw materials. |

THE SFI STANDARDS CREATE POSITIVE IMPACT ON KEY ESG TOPICS

| ESG THEMES | SFI FOREST MANAGEMENT STANDARD | SFI FIBER SOURCING STANDARD |
|---|--|---|
| SOCIAL | | |
| Human and Workers' Rights | <ul style="list-style-type: none"> Objective 11 - Legal and Regulatory Compliance Objective 13 - Training and Education <p>SFI-certified organizations are required to comply with all applicable laws and regulations including the U.S. Occupational Safety and Health Administration (OSHA) and Canadian Centre for Occupational Health and Safety (CCOHS) regulations. In addition, SFI-certified organizations must have a written policy demonstrating commitment to comply with social laws. The policy can include such laws as 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. Finally, SFI-certified organizations must respect the rights of workers and labor representatives in a manner that encompasses the intent of the International Labor Organization (ILO) core conventions.</p> <p>SFI-certified organizations are also required to support training courses for the logging professionals that address logger safety, (OSHA) and/or (CCOHS) regulations, wage and hour rules, and other provincial, state, and local employment laws.</p> | <ul style="list-style-type: none"> Objective 4 – Legal and Regulatory Compliance Objective 6 – Training and Education Objective 11 - Avoid Controversial Sources <p>SFI-certified organizations are required to comply with all applicable laws and regulations including the U.S. Occupational Safety and Health Administration (OSHA) and Canadian Centre for Occupational Health and Safety (CCOHS) regulations. In addition, SFI-certified organizations must have a written policy demonstrating commitment to comply with social laws. The policy can include such laws as 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.</p> <p>SFI-certified organizations are also required to support training courses for the logging professionals that address logger safety, (OSHA) and/or (CCOHS) regulations, wage and hour rules, and other provincial, state, and local employment laws.</p> <p>Finally, SFI-certified organizations must avoid sourcing fiber from forest activities where the ILO Declaration on Fundamental Principles and Rights at work and UNDRIP are not met, from areas without effective social laws, and from conflict timber.</p> |
| Healthy Communities and Urban Forestry | <ul style="list-style-type: none"> SFI's Urban and Community Forest Sustainability Standard <p>SFI-certified organizations are required to provide recreational opportunities for the public and to support and promote mechanisms for public outreach, education and involvement related to sustainable forest management.</p> <p>SFI is also developing a new SFI Urban and Community Forest Sustainability Standard in partnership with American Forests, Arbor Day Foundation, the International Society of Arboriculture, the Society of Municipal Arborists, and Tree Canada. The standard will increase the resiliency and sustainability of communities of all sizes.</p> | <ul style="list-style-type: none"> Objective 7- Community Involvement and Landowner Outreach <p>SFI-certified organizations are required to support and promote mechanisms for public outreach, education and involvement related to sustainable forest management. All SFI-certified organizations are required to participate in the SFI Implementation Committees (SICs) where they have operations. SICs are an integral part of the SFI program and play a vital role in landowner outreach and supporting and promoting responsible forestry and the SFI program at the state, provincial and regional level.</p> |
| GOVERNANCE | | |
| Governance | <ul style="list-style-type: none"> Objective 17 - Management Review and Continual Improvement <p>SFI-certified organizations are required to establish a management review system to examine findings and progress in implementing the Standard.</p> | <ul style="list-style-type: none"> Objective 10 - Management Review and Continual Improvement <p>SFI-certified organizations are required to establish a management review system to examine findings and progress in implementing the Standard.</p> |
| SFI Standards and 3rd Party Audits | <ul style="list-style-type: none"> Certified organizations must be third party audited to the Standard | |

For more information, contact:

SFI'S ESG Leadership

Jason Metnick, Senior Vice President, Customer Affairs
602-374-6539 | jason.metnick@forests.org

April 2023