

SECTION 7

SFI POLICIES

JANUARY 2015



SUSTAINABLE
FORESTRY
INITIATIVE

SFI-00001





SFI POLICIES

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SECTION 7

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1. SFI POLICY ON ILLEGAL LOGGING¹

The *SFI program* has strong existing measures in the *SFI 2015-2019 Forest Management Standard*, *SFI 2015-2019 Fiber Sourcing Standard* and the *SFI 2015-2019 Chain-of-Custody Standard* to avoid illegal sources of supply. This section covers the issue as to whether an organization can certify one operation to the *SFI 2015-2019 Fiber Sourcing Standard* (Section 3, Appendix 1) or *SFI's* Chain-of-Custody Standard (Section 4) 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 occurred², 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*.³
- C. Any person or entity whose application for an *SFI* license has been denied or whose license has been revoked pursuant to this section may reapply for a license upon a showing that any past *Illegal Logging* has been stopped, that appropriate actions have been taken to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 *2015-2019 SFI Standards* certifications and shall include local expertise as part of the *audit team*.⁴
- 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.
 - “*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.

2. SFI POLICY ON FOREST TREE BIOTECHNOLOGY⁵

The *SFI program* has strong existing measures in the *SFI 2015-2019 Forest Management Standard* and the *SFI 2015-2019 Fiber Sourcing Standard* regarding research on genetically engineered trees via *forest tree biotechnology*.⁶ The use of genetically modified organisms is an evolving issue and as federal and international laws, regulations, agreements, treaties and marketplace recognition of the use of genetically engineered trees via *forest tree biotechnology* change, *SFI Inc.* will proactively review and update the *SFI 2015-2019 Standards and Rules* 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, and 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), which has restrictions on the use of genetically engineered trees until December 31, 2022: Genetically-modified trees shall not be used.⁷

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 2022.*

- 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 2015-2019 Standards and Rules* 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 2015-2019 Standard and Rules* language and this *policy* as necessary.

¹ As Approved by the SFI Board of Directors on September 23, 2008.

² 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.

³ 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.

⁴ The audit shall cover all operations in all jurisdictions where the *illegal logging* occurred.

⁵ As approved by the SFI Board of Directors on December 5, 2013.

⁶ 5.1.2 (FS) and 10.1.2 (FM). 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 micro-propagation, tissue culture, and somatic embryogenesis; and genetic engineering (GE), which is the physical manipulation and asexual insertion of genes into organisms.

⁷ PEFC ST 1003:2010, Sustainable Forest Management-Requirements, 5.4.7.