Interpretations for the SFI 2015-2019 Standards and Rules

August 2019

Official SFI Standard Interpretations contained in this document are auditable requirements

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Process Overview

SFI Section 8 of the SFI 2015-2019 Standards and Rules document, outlines the process for interpretations that are necessary for consistent implementation of the SFI program requirements.

"From time to time, a formal process may be needed to interpret the SFI 2015-2019 Standards and its supporting documents. As part of SFI Inc.'s commitment to continual improvement of both the SFI certification process and the SFI Standard, such concerns shall be submitted promptly to the SFI Inc. Interpretations Committee by contacting staff at SFI Inc. The SFI Inc. Interpretations Committee shall respond within 45 days of receipt.

It is neither the intent nor the responsibility of the SFI Inc. Interpretations Committee to resolve disputes arising through certification; nevertheless, the committee will provide opinions and direction to assist parties in answering interpretive questions. Through this process, the SFI program shall maintain a record of opinions and concerns available to both Program Participants and certification bodies to assist with certification planning. SFI Inc. shall periodically review this record and, where appropriate, recommend changes for inclusion in the SFI Standard or SFI audit procedures."

Part 1: Interpretations for Section 2 - SFI 2015-2019 Forest Management Standard

1. Performance Measure 8.1, Indicator 1, under *SFI 2015-2019 Forest Management Standard* states that "*Program Participants* will provide (emphasis added) a written *policy* acknowledging a commitment to recognize and respect the rights of *Indigenous Peoples*". Does this *indicator* require that *Program Participants* transmit this *policy* or otherwise publish it in any specific way?

   Yes. The intent of providing a written *policy* in PM 8.1, Indicator 1 is for the *SFI Program Participant* to make it available to the public or interested party. The *Program Participant* is free to choose how best to make their *policy* available. It could be by active and targeted distribution, by posting on a relevant section of their web-site, by providing it upon request in written or electronic format, or other ways as determined by the *Program Participant*. (June 2016)

2. Are SFI Program Participants, as part of forest management planning (Objective 1) and continual improvement (Objective 15), required to understand, identify and avoid potential negative impacts?

   Yes. Forest management planning includes the cycle of inventory and planning, implementation, monitoring and evaluation, and shall include an appropriate assessment of the social, environmental and economic impacts of forest management operations. This shall form a basis for a cycle of continuous improvement to minimize or avoid negative impacts. (April 2018)

Part 2:   Interpretations for Section 3 - SFI 2015-2019 Fiber Sourcing Standards

1. We are a *SFI Program Participant* certified to the *SFI 2015-2019 Forest Management Standard*. We do not own a manufacturing facility or remanufacture round wood (saw-logs, pulp wood) but we do purchase certified and non-certified round wood for re-sale. (reference – SFI 2015-2019 Fiber Sourcing Standard Part 1.1 – Additional Requirements). We do not intend to make any SFI claims for the non-SFI certified logs we resell. Are we required to be certified to the *SFI 2015-2019 Fiber Sourcing Standard*?

    No. If you do not own a manufacturing facility you are not required to certify to the *SFI 2015-2019 Fiber Sourcing Standard*. The scope of the *SFI 2015-2019 Fiber Sourcing Standard* applies to inputs into manufacturing facilities.

    In the absence of a manufacturing facility, the action of buying and reselling logs means the organization is acting as a *wood producer* and therefore does not require certification to the *SFI 2015-2019 Fiber Sourcing Standard* provided the organization is not making a SFI claim on any wood, certified or non-certified, they buy and sell. (May 2015)

2. My organization manages forestland and has manufacturing facilities. If my organization sources all of our primary sources from forests certified to the SFI, CSA or ATFS Standards, does my mill still need to be certified to the SFI 2015-2019 Fiber Sourcing Standard?

    No. If all of your primary sources comes from forests certified to the SFI, CSA or ATFS Standards, then the requirements for fiber sourcing do not apply. Fiber sourcing is designed to ensure the non-certified fiber comes from responsibly managed forests, and forest management certification covers this. Any certification claims, statements or use of the on-product label must follow the rules outlined in SFI's Rules for Use of SFI On-Product Labels and Off-Product Marks (Section 5). (January 2016)

Interpretations for Section 3 - Appendix 1: Rules for Use of the SFI Certified Sourcing Label SFI 2015-2019 Fiber Sourcing Standards

1. If I am a _primary producer_ certified to the _SFI 2015-2019 Fiber Sourcing Standard_ (Section 3, Objectives 1-13), and 100% of the raw material is sourced from _primary sources_ that are certified to _SFI 2015-2019 Fiber Sourcing Standard_ (Section 3, Objectives 1-13), are there additional requirements to meet Appendix 1, specifically Part 7. Minimum Management System of Appendix 1?

   No. If you are a _Primary Producer_ and certified to the _SFI 2015-2019 Fiber Sourcing Standard_ (Section 3, Objectives 1-13), you have met the minimum management systems requirements specified in Part 7 of _SFI 2015-2019 Fiber Sourcing Standard_ Appendix 1: Rules for Use of _SFI Certified Sourcing_ Label. (March 2015)

2. If I am a _primary producer_ and source more than 5% of the raw material from _secondary sources_ (the remaining raw material is from primary sources that are certified to the _SFI 2015-2019 Fiber Sourcing Standard's_ requirements), are there additional requirements to meet Appendix 1, specifically Part 6. Due Diligence System to Avoid Controversial Sources as well as Part 7. Minimum Management System of Appendix 1?

   Yes. If more than 5% of the raw materials are sourced from _secondary sources_ you will need to meet Part 6. Due Diligence System to Avoid Controversial Sources as well as Part 7. Minimum Management System of Appendix 1. (March 2015)

3. If I am a _secondary producer_ am I obligated to meet all of the requirements (except those referencing _primary producers_) in _SFI 2015-2019 Fiber Sourcing Standard_ - Appendix 1 to use the _SFI Certified Sourcing_ label?

   Yes. A _secondary producer_ must meet all the requirements in _SFI 2015-2019 Fiber Sourcing Standard_ - Appendix 1 except those referencing _primary producers_ in order to use the _SFI Certified Sourcing_ label. This includes Part 6. Due Diligence System to Avoid Controversial Sources as well as Part 7. Minimum Management System of Appendix 1. (March 2015)

4. The _SFI 2015-2019 Fiber Sourcing Standard_, Appendix 1 (Part 6) requires SFI certified organizations to have a due diligence system to avoid _controversial sources_. Part 6.3.1, is specific to conducting a risk assessment of forest-based products that are not in compliance with applicable state, provincial or federal law. Part 6.3.1 states "the risk assessment shall be carried out at the national level and where risk is not consistent, at the appropriate regional level." This clause is not found in the risk assessment for forest-based products from _illegal logging_ (Part 6.3.2) and forest-based products from areas without effective social laws (Part 6.3.3). Is the intent to also carry out the risk assessment at the national level and where risk is not consistent, at the appropriate regional level for Parts 6.3.2 and 6.3.3?

   For reference the definition of _controversial sources_ in Part 6.1 is:

a. Forest-based products that are not in compliance with applicable state, provincial or federal laws, particularly as they may relate to:
    - conversion sources;
    - 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 worker and
    - Indigenous Peoples' property, tenure and use rights

b. Forest-based products from *illegal logging*

c. Forest-based products from areas without effective social laws addressing the following:
    - workers' health and safety;
    - fair labor practices;
    - *Indigenous Peoples'* rights;
    - anti-discrimination and anti-harassment measures;
    - prevailing wages and
    - workers' right to organize.

Yes. The intent is to carry out the risk assessment of all *controversial sources* at the national level and where risk is not consistent, at the appropriate regional level. This includes both forest-based products from *illegal logging* (Appendix 1 - Part 6.3.2) and forest-based products from areas without effective social laws (Appendix 1 - Part 6.3.3).

As similar requirements are found in the SFI 2015-2019 Chain of Custody Standard, this interpretation also applies to the SFI 2015-2019 Chain of Custody Standard - Parts 4.3.2 and 4.3.3. (May 2015)

Part 3:   Interpretations for Section 4 – SFI 2015-2019 Chain-of-Custody Standard

1. Are organizations certified to SFI 2015-2019 Chain of Custody Standard (SFI Section 4) required to demonstrate compliance with all applicable social laws at the federal, provincial, state and local levels in the country in which they operate?

    Yes. Following all applicable social laws is a basic requirement of the SFI Program, which means this is a requirement for all SFI standards including the SFI Chain of Custody Standard. Both the SFI 2015-2019 Forest Management Standard and the SFI 2015-2019 Fiber Sourcing Standard have a requirement in their respective standards to comply with all applicable social laws. Fiber from those two standards counts in SFI COC claims and labels. As such, organizations certified to the SFI 2015-2019 Chain of Custody Standard shall take appropriate steps to comply with all applicable social laws at the federal, provincial, state and local levels in the country in which the SFI Program Participant operates. This includes having a policy demonstrating compliance with social laws, such as those covering civil rights, equal employment opportunities, 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. (August 2016)

2. Section 4.3.2 of the SFI 2015-2019 Chain of Custody standard requires a risk assessment of sourcing forest-based products from illegal logging. Furthermore, the SFI Policy on Illegal Logging prohibits an operation from licensing the SFI trademarks or labels if they are engaged in illegal logging. Are there guidelines that would indicate what kind of risk assessment is necessary for an appropriate assessment of risk?

    Yes. The SFI 2015-2019 Chain of Custody Standard requires a risk assessment of sourcing forest-based product from illegal logging. To support this requirement the following information is provided to identify the level of detail expected in risk assessments specific to illegal logging.

    All risk assessments are expected to include a country level consideration of risk and include consideration of available illegal logging statistics (sources of this information are dependent on the jurisdiction). The risk assessment shall consider related data that affects the likelihood of sourcing from illegal logging, including corruption levels (e.g. Transparency International's Corruption Perception Index, organizations charged under the Lacey Act) and supply chain transparency that affects the certificate holder's ability to determine where the fiber originates.

    Where country-level risk assessments indicate a risk for illegal logging other than low, or a lack of supply chain transparency for sources not covered by 4.2.a or 4.2.b, a verification program is required as per section 4.4 of the SFI Chain of Custody Standard, in order to reduce the risk of sourcing fiber from illegally logged sources.

    Where country-level risk assessments indicate that different parts of a country have different risk levels and supply chain data are sufficiently transparent to establish all

sourcing back to forest units in specific regions (e.g., provinces or states), the risk assessment may be conducted at this regional level for all applicable areas from the fiber supply area. Where fiber can accurately be determined to be sourced from low risk regions only, a verification program is not mandatory.

For countries or regions where the risk is not low, a supply chain specific risk assessment shall identify each of the pathways that could allow illegal logs to enter the supply chain and the associated likelihood that these practices may occur. For each pathway where the risk is other than low, the risk assessment shall also identify the specific verifiable controls that the participant has in place to substantially reduce the risk of sourcing fiber from illegal logging.

Where the verifiable measures are considered to be effective in reducing the risk of receiving fiber from illegal logs to low, sourcing of fiber from these areas may occur if a verification program is established in accordance with Section 4.4 to confirm the operating effectiveness of the measures for rejecting fiber from illegal logging.

Where the verifiable measures are not considered to be effective in reducing the risk of receiving fiber from illegal logging to low, fiber from these sources shall be avoided in accordance with the SFI Policy on Illegal Logging. Where an organization receives fiber, and then learns this fiber may be from illegal sources, this fiber must be segregated and prevented from entering the chain of custody system. If subsequent verification demonstrates that the risk of this fiber originating from illegal logging is low, this fiber can re-enter the chain of custody system.

Certification bodies are expected to assess the accuracy and reliability of risk assessments as part of the certification process, including assessing the effectiveness of verifiable measures for rejecting fiber from illegal logging. (August 2019)

3. Section 4.4 of the SFI 2015-2019 Chain of Custody standard requires a program to mitigate risks, other than low risks, that are identified through an organization's due diligence system. Section 4.4 also indicates that a signed contract and/or self-declaration is required to demonstrate that the supplied forest-based product does not originate from controversial sources. Is a signed contract and/or self-declaration sufficient to mitigate risks identified through the due diligence system?

   No. While a signed contract / self-declaration is an important part of a verification program, for risks identified as other than low where 4.2.a or 4.2.b are not utilized, a verification program shall also:

   • Identify the verifiable measures that the participant must guard against each of the pathways by which illegal logs can potentially enter the supply chain.
   • Assess the operating effectiveness of verifiable measures, through field-based verification.
   • For direct sources, include field and document verification of legality back to the forest units from which fiber is sourced.
   • For indirect sources, include site and document verification of suppliers (such as lumber suppliers, chip suppliers and wood yards) to establish the legality of their

inputs and sample-based field verification of their supply sources back to the forest units from which they source fiber.

Where sampling is conducted as part of the verification program, the sampling program should be risk based and sufficient in intensity to draw valid conclusions across all fiber inputs. Certification bodies are expected to include within the scope of their audits the existence and sufficiency of the verifiable measures used to reduce risks, the operating effectiveness of verifiable measures and the implementation and effectiveness of associated field and documentation based verification programs, including the level of sampling. Certification body conclusions shall be based on field review of the overall implementation, accuracy, effectiveness and results of the verification programs in reducing risk. (August 2019)

Part 4: Interpretations for Section 5 - Rules for Use of SFI On-Product Labels and Off-Product Marks

No current interpretations.

Part 5: Interpretations for Section 8 – SFI Standard Development and Interpretations Process

1. During the SFI Standard development, does SFI take into account the ISEAL Impact Code for Good Practices?

   Yes. The SFI Standard is periodically reviewed through an open and public process that addresses research, responds to emerging issues and ensures continuous improvement of SFI program participants' performance. SFI takes into account many guides and documents during the review. Currently, SFI follows ISO Guide 59 - Code of good practice for standardization – for its own standard setting process. In 2018 SFI became an ISEAL subscriber. ISEAL Subscribers must commit to ISEAL's mission. For SFI's next standard development and revision process, SFI will also take into account ISEAL's Impact Code for Good Practices. (April 2018)

Part 6: Interpretations for Section 9 – SFI 2015-2019 Audit Procedures and Auditor Qualifications and Accreditation

1. My organization manages forestland and operates manufacturing facilities. Do I need to certify both my forestland to the SFI 2015-2019 Forest Management Standard and my manufacturing facilities to the SFI 2015-2019 Fiber Sourcing Standard?

    Yes. Per the requirements in the SFI 2015-2019 Forest Management Standard (1.2 Additional Requirements) and SFI 2015-2019 Fiber Sourcing Standard (1.2 Additional Requirements), SFI Program Participants that own or have management authority for forestlands must also conform to the SFI 2015-2019 Forest Management Standard and SFI Program Participants with fiber sourcing programs (acquisition of roundwood and field-manufactured or primary-mill residual chips, pulp and veneer to support a forest products facility) must also conform to the SFI 2015-2019 Fiber Sourcing Standard.

    However, we understand that an organization might manage multiple forest management units/tenures and operate multiple manufacturing facilities. As such, an organization can choose which forest management units/tenures obtain SFI Forest Management certification. Isolated small forest management units in which the primary purpose is to buffer a manufacturing facility are not required to be certified to SFI Forest Management Standard. These forest management buffer areas may include wood production as an additional goal but not the primary goal and activities in these buffer areas should reflect the commitment to SFI and be in compliance with the requirements of the SFI 2015-2019 Fiber Sourcing Standard. Furthermore, only those manufacturing facilities that are sourcing from the wood and fiber supply area of the land units/tenures that are certified to the SFI 2015-2019 Forest Management Standard are required to obtain SFI 2015-2019 Fiber Sourcing certification. Organizations with multiple forest management units/tenures and multiple manufacturing facilities have 2 years to ensure certification to the respective SFI Standards.

    Any certification claims, statements or use of the on-product label must follow the rules outlined in SFI's Rules for Use of SFI On-Product Labels and Off-Product Marks (Section 5). (January 2016)

2. The International Standard, ISO/IEC 17065:2012 is a normative reference for the SFI 2015-2019 Chain of Custody Standard (Section 4) and for the Rules for Use of SFI Certified Sourcing Label (Appendix 1 in Section 3 – SFI 2015-2019 Fiber Sourcing Standard). Clause 7.4.7 in ISO/IEC 17065:2012 only applies to initial audits and states, "If one or more nonconformities have arisen, and if the client expresses interest in continuing the certification process, the certification body shall provide information regarding the additional evaluation tasks needed to verify that nonconformities have been corrected."

    Does SFI require conformance with ISO/IEC 17065:2012, clause 7.4.7 when addressing major and minor nonconformities for initial audits?

    Yes. Any certification body that conducts initial audits to the SFI 2015-2019 Chain of Custody Standard (Section 4) or the Rules for Use of SFI Certified Sourcing Label

(Appendix 1 in Section 3) must conform to the requirements of ISO/IEC 17065:2012. If a non-conformity is found during the initial audit, a certificate shall not be issued until the certification body verifies that the corrective action was effectively implemented. (January 2016)

3. I operate a sawmill and we would like to become certified to the SFI 2015-2019 Chain of Custody standard to meet market demand for SFI COC product. Due to the cost and limited staff, the requirements to also obtain a certification to the SFI 2015-2019 Fiber Sourcing Standard are unobtainable at this time. Moreover, I am being asked for SFI COC product. Can my organization get certified to the SFI 2015-2019 Chain of Custody Standard without having to obtain a certification to the SFI 2015-2019 Fiber Sourcing Standard?

    No. Per the requirements in the SFI 2015-2019 Chain of Custody Standard (1.2 Additional Requirements), primary producers must also conform to the SFI 2015-2019 Fiber Sourcing Standard if they choose to get certified to the SFI 2015-2019 Chain of Custody Standard.

    However, we understand the work requirements needed to obtain a certification to the SFI 2015-2019 Fiber Sourcing Standard, and given this work requirement, primary producers have 2 years to ensure certification to the SFI 2015-2019 Fiber Sourcing Standard. This two-year time frame will allow the primary producer to meet immediate market demands, while working towards fiber sourcing certification.

    Any certification claims, statements or use of the on-product label must follow the rules outlined in SFI's Rules for Use of SFI On-Product Labels and Off-Product Marks (Section 5). Because the average percentage method also makes claims about fiber sourcing, during the two-year transitional period, the primary producer can only use the volume credit method, and can only use the SFI COC label that reads "Certified Chain of Custody, Promoting Sustainable Forestry." (August 2016)

4. Section 9 - SFI 2015-2019 Audit Procedures and Auditor Qualifications and Accreditation (5.6) states that to maintain SFI 2015-2019 Standard certificates, Program Participants shall recertify their SFI programs to the SFI 2015-2019 Sections 2 and 3 Standards every three years. However, ISO 17021-1:2015 now allows schemes such as SFI to determine a different certification cycle other than 3 years. Will SFI Inc. adopt a different certification cycle for the SFI 2015-2019 Forest Management Standard and the SFI 2015-2019 Fiber Sourcing Standard?

    Yes. In August 2016, SFI Inc. informed all accredited certification bodies and accreditation bodies that as allowed under ISO 17021-1:2015, SFI is reverting to a five-year certification cycle for the SFI 2015-2019 Forest Management Standard and the SFI 2015-2019 Fiber Sourcing Standard. Program Participants can work with their certification bodies on the timeline to transition to the 5-year cycle. (January 2017)

5. Does SFI have separate requirements for small and/or medium sized management units that take into account the scale and intensity of operations?

Yes, SFI Inc has two optional modules for smaller operations; a SFI Small Lands Group Certification Module as well as a SFI Small-Scale Forest Management Module for Indigenous Peoples, Families and Communities. Both of these optional modules take into account scale and intensity of smaller operations.

The SFI 2015-2019 Forest Management Standard also addresses size and scale through forest management planning under Performance Measure 1.1, Indicator 1. Performance Measure 1.1, Indicator 1 states, "forest management planning (shall occur) at a level appropriate to the size and scale of the operation." This indicator lists nine forest management planning activities SFI Program Participants need to address related to size and scale of their operation. They include:

a. a long-term resources analysis;
b. a periodic or ongoing forest inventory;
c. a land classification system;
d. biodiversity at landscape scales;
e. soils inventory and maps, where available;
f. access to growth-and-yield modeling capabilities;
g. up-to-date maps or a geographic information system (GIS);
h. recommended sustainable harvest levels for areas available for harvest; and
i. a review of non-timber issues (e.g., recreation, tourism, pilot projects and economic incentive programs to promote water protection, carbon storage, bioenergy feedstock production, or biological diversity conservation, or to address climate-induced ecosystem change). (April 2018)

Part 7: Interpretations for Section 10 – Communications and Public Reporting

1. SFI Section 10 - Communications and Public Reporting requires a public summary audit report to summarize the results of a SFI 2015-2019 Forest Management or a SFI 2015-2019 Fiber Sourcing audit. The report shall include as one of the items:

   (f) the dates the audit was conducted and completed. This shall include the number of auditor days spent to conduct the audit, broken down by auditor time spent off and onsite. This shall include the specific woods operations visited if there is more than one operation/region associated with the certificate.

   Acknowledging that the purpose of the public summary audit report is to transparently communicate the results of a SFI 2015-2019 Forest Management or SFI 2015-2019 Fiber Sourcing audit, can the public summary report record the number of onsite audit days, and then describe the overall intent and purpose of what occurred during the offsite audit days, without stating the actual number of offsite audit days spent to conduct the audit?

   Yes. For the public summary report to effectively and transparently communicate the audit results, the report shall record the number of onsite audit days, and then can state the overall intent and purpose of what occurred during the offsite audit days. Onsite audit days are days spent assessing operations in the field to verify conformance with SFI requirements such as long term sustainable harvest levels, prompt reforestation, implementation of water quality best management practices, conservation of biodiversity and logger training. To do this auditors review management plans and related documents; conduct interviews with the program participant's staff, contractors and stakeholders; assess harvesting operations and silviculture and road construction and road maintenance practices. Offsite audit days on the other hand are used for planning the audit, document review and report writing and this process can be described in a qualitative manner in the public summary report without revealing the actual number of offsite audit days. (January 2017)

2. SFI Section 10 - Communications and Public Reporting requires that a public summary audit report summarize the results of a SFI 2015-2019 Forest Management or a SFI 2015-2019 Fiber Sourcing audit. Requirement (h) states the report shall include "the certification decision." Because the decision occurs after the audit report is completed, is it more accurate for Section 10 to require that the public summary audit report record "the certification recommendation?"

   Yes. The intent is for the "certification recommendation" by the Lead Auditor to be included in the audit report. The certification recommendation is then reviewed by an independent reviewer and, if the audit file supports the recommendation, the reviewer will make the decision to grant certification. A positive certification decision can be verified on the SFI program website through a valid SFI certificate. (January 2017)

3. Performance Measure 14.1 as well as Section 10 state, "A SFI Program Participant shall provide a summary audit report (one copy must be in English) to SFI Inc. after the

successful completion of certification." How long after the successful completion of the audit shall it take to make the summary report publicly available on the SFI website?

The summary report shall be posted to the SFI website within 90 days of the successful completion of certification. (April 2018)