



**Memorandum of Understanding  
SFI Inc and American Forest Foundation**

This Agreement is effective from January 1, 2021, through December 31, 2021, between the **Sustainable Forestry Initiative, Inc ("SFI")** and the **American Forest Foundation ("AFF")**, with reference to the following facts:


- A.** The Programme for the Endorsement of Forest Certification International ("PEFC") is an international organization that endorses forest certification standards as conforming to PEFC's requirements. SFI and AFF publish and administer forest certification standards that have been independently endorsed by PEFC.
- B.** PEFC's governance documents, including the PEFC Council Statutes dated November 19, 2014, provide that forestry organizations that wish to "initiate and direct the implementation of the PEFC Scheme within their country" may designate a "National Governing Body (NGB)." SFI and AFF agree that SFI is the National Governing Body for the United States pursuant to the PEFC Council Statutes. This Agreement establishes procedures by which SFI will represent the interests of both SFI and AFF in the governance of PEFC.

Now, therefore, in consideration of the mutual promises set forth herein, SFI and AFF agree as follows:

- SFI will exercise the voting rights of the PEFC United States NGB as granted by the PEFC Council. In accordance with the requirements of PEFC, SFI will act in a manner that protects the equitable treatment of all PEFC endorsed forest certification standards and modules operating in the United States.
- Before SFI takes a position in PEFC governance on an issue affecting SFI and AFF, SFI will discuss that issue with AFF and attempt to achieve consensus on the position to be taken. If consensus cannot be reached during initial discussions, SFI will initiate a meeting of a Consensus Committee including one representative from each of SFI and AFF plus an independent facilitator selected by agreement of those representatives. The Consensus Committee will attempt to achieve resolution using a consensus approach. If this fails, the decision will be made by majority vote of members of the Consensus Committee (including the facilitator). The dissenting organization will have the opportunity to present a dissenting view to the PEFC Council.
- When PEFC US is asked to take a position in PEFC governance on an issue affecting only SFI or only AFF, the affected organization will determine the position to be taken.
- SFI and AFF will meet annually or more often, as agreed.

- PEFC membership fees will be allocated between SFI and AFF by agreement. The allocation of those fees is set forth in ANNEX I to this Agreement. SFI will invoice AFF three times a year. Invoices are payable net 30-days upon delivery.
- SFI will designate individuals to represent the PEFC US at the PEFC General Assembly and Members Meeting. However, AFF representatives will have the option of being part of the United States contingent at PEFC General Assemblies, at AFF's expense.
- SFI will fulfill the PEFC US Governing Body secretariat's roles and responsibilities as per ANNEX II. AFF will pay SFI an annual fee for SFI's role in fulfilling the responsibilities as per ANNEX II.
- The National Secretary of the PEFC US NGB shall be appointed annually by agreement between SFI and AFF and shall perform duties consistent with ANNEX II: PEFC US Roles & Responsibilities.
- SFI and AFF shall not be partners, joint ventures, or fiduciaries of each other, and they assume no obligations to each other except as stated herein.
- Either party may terminate this agreement by giving 45 days' written notice to the other party. Upon termination, the parties agree that SFI shall continue to be the PEFC US NGB and may exercise all rights of the NGB, unless and until PEFC appoints a new NGB for the United States and admits that Governing Body to the PEFC Council.
- This memorandum of understanding will remain in effect until either party requests a review and revised MOU is signed by both parties.

IN WITNESS WHEREOF, the parties have caused this Agreement and attached ANNEXS herein to be executed by their authorized representatives.

DocuSigned by:  
  
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Brian Crowe  
Chief Financial Officer  
Sustainable Forestry Initiative  
Date: 5/6/2021



Tom Martin  
President & CEO  
American Forest Foundation  
Date: May 10, 2021

## **2021 SFI Services Agreement with AFF as PEFC US NGB and Secretary**

### **ANNEX I: PEFC US Fee Schedule**

1. Following receipt by PEFC US of the Membership Fee invoice from PEFC International, SFI Inc. will invoice AFF for its portion of the PEFC US Membership fee. Invoicing will occur at the end of Q1, Q2 and Q3. This includes half the Subscription Fee and that portion of the Development Fee as detailed below. Invoices are payable net 30-days upon delivery.

PEFC US Subscription fee: PEFC International charges a National Governing Body a subscription fee as part of their PEFC membership fee. In the current fee structure, the PEFC US fee is split equally between ATFS and SFI. PEFC US is classified as being at the XXL membership level: 89,705 CHF. Subscription fee is: 44,852 CHF per organization.

PEFC US Development Fee: PEFC Statutes (2014) state that the maximum National Governing Body membership fee must not exceed a cap of 500,000 EUR (550,000 CHF). The current fee cap is at 376,208 CHF. PEFC US has been at the cap since 2010. The PEFC Development fee is calculated by taking the total PEFC US membership fee minus the subscription fee (for XXL size category) and multiplying that figure by the scheme's certified area percentage.

2. PEFC US Revenue Sharing of Revenue from 2020 PEFC CoC Certificate Notification Fees

Based on the updated 2020 arrangement, for 2021, the number of PEFC Chain of Custody certificates on June 30, 2020 (231 certificates) are multiplied by 136.50 CHF for a total of **31,532 CHF**. Any monies collected by SFI for PEFC Chain of Custody certificates in excess of 31,532 CHF are to be divided proportionately after the first quarter of 2021 (once collected notification fees are in from CBs) based on percentages of certified area which would be **95.32%** for SFI and **4.68%** for ATFS in 2020. Revenue sharing takes place after the first quarter of 2021, after 2020 fees are collected.

## **ANNEX II: PEFC US Roles & Responsibilities**

### **RESPONSIBILITIES OF SFI**

#### **PEFC Data Collection**

SFI will:

- maintain a form to collect certificate, contact and product details for forest management and chain of custody certifications that will be sent to all certification bodies. This form will be updated as needed and forwarded to certification bodies for completion.
- Receive completed forms from notified Certification Bodies and review the forms to determine if all relevant information has been entered.
- ensure that all new PEFC endorsed Forest Management and PEFC Chain of Custody certificates are registered. Any applicable revisions will be made to existing certificate information.
- update information entered into the PEFC database structure, export, and send to the following PEFC International website on a monthly basis: <https://radix-tree.org/login.html?2Mi7nMeaY=kLcb7gcmq>
- correspond as applicable to PEFC certificate holders and certification bodies to confirm information received, including but not limited to requests for missing details and other specific inquiries.

#### **PEFC CB Notification**

SFI will:

- maintain a current list of accredited:
  - a. Certification Bodies (SFM Standards delivering certification audits to the SFI Forest Management Standard, the American Tree Farm Standard, and the Small Lands Group Certification Module) and
  - b. Certification Bodies delivering certification audits to the PEFC Chain of Custody Standard.
- enter the list and any appropriate revisions to the PEFC International database.
- create, revise, and update the notification contract between PEFC US and certification bodies delivering Forest Management and PEFC Chain of Custody audits, and send it to the relevant certification bodies.
- ensure PEFC Chain of Custody certification bodies have been notified and have signed notification contracts with PEFC US annually.
- communicate with Certification Bodies on notification contracts, current certifications, contact information, interpretations, etc.
- collect proof of accreditation for forest management and chain of custody certification bodies.

#### **PEFC Label Use**

SFI will:

- create and keep the PEFC logo Use Licensing Agreement up to date.
- customize the PEFC US logo Use Licensing Agreement and designate a unique logo ID number for each PEFC-certified company requesting a logo.

- forward PEFC logo use guidelines, as well as the PEFC logos to certified companies.
- approve PEFC logo use to ensure proper use of the logo in accordance with PEFC International logo/label/mark use guidelines by certified companies and organizations.
- maintain a database of issued PEFC logo ID numbers, PEFC logo use approvals, and PEFC logo ID contracts.

### **PEFC Fees**

SFI will:

- coordinate a fee schedule for transfer of PEFC International Membership and Subscription fees from ATFS to SFI to PEFC International.
- invoice PEFC US notified certification bodies to collect notification fees from PEFC CoC certified companies on a quarterly basis. Follow up with PEFC US notified certification bodies who have not yet paid. Send out emails and invoices every two weeks as required to ensure fees are remitted.
- communicate with certified companies on logo fees and respond to questions.
- maintain a list of companies issued PEFC logo use fees, including information payment received.
- coordinate semi-annual distribution of collected PEFC logo use fees from SFI to ATFS at mid-year and year end.

### **PEFC Endorsements**

SFI will:

- review and prepare a summary of assessment reports for standards applying for PEFC endorsement and provide an opinion on how PEFC US should vote to ATFS/AFF, allowing at least two weeks for ATFS to respond and consent to the process.
- submit Postal Ballot on PEFC US decision with PEFC US Chair signature to PEFC International on behalf of PEFC US.

### **Other PEFC International Requests**

SFI will:

- coordinate and prepare PEFC US Governing Body's position regarding issues such as procurement policies.
- coordinate and prepare PEFC US Governing Body's position regarding PEFC International Board and Nominations Committee nominations, allowing at least two weeks for ATFS to respond and consent to the process.
- coordinate and prepare PEFC US Governing Body's position regarding PEFC International voting on technical requirements and guidance and other PEFC International varied requests/inquiry's that may need American input, allowing at least two weeks for ATFS to respond and consent to the process.
- respond to general PEFC US issues from PEFC International.
- submit PEFC Governing Body's positions on all of the above.
- report to PEFC US representatives of SFI and ATFS on PEFC International issues or other relevant issues involving PEFC US member organizations.

## **PEFC Meetings and Committees**

SFI will:

- prepare and finalize documents for meetings on issues that arise (e.g., fees, strategy, agreements, etc.), as well as arrange details for the meeting/conference calls throughout the year.
- ensure that the PEFC US Chair participate in the PEFC International General Assembly on an annual basis.
- ensure that the PEFC US Secretary participate in the annual PEFC International Secretaries Meeting.
- participate fully in PEFC International working groups called upon by PEFC International for PEFC development such as:
  - PEFC SFM Permanent Working Group
  - PEFC Chain of Custody Permanent Working Group
  - PEFC Marketing Communication Advocacy Working Group
  - PEFC Asia
  - PEFC Packaging Working Group
  - PEFC Database Task Force
- deliver PEFC US issues and perspectives to PEFC International in a timely and consistent manner.
- provide PEFC International meeting summaries for PEFC US members.
- organize (as required) PEFC US meetings including preparation of meeting documents, meeting summaries and minutes.

## **PEFC Marketing, Development, Communications and Strategy**

SFI will:

- maintain the PEFC North America website to be used by any of the three endorsed standards in North America and collaborate with other PEFC National Governing Bodies in tradeshow as needed (e.g., Ecobuild, Packaging shows and Timber Expo).
- facilitate communication with other PEFC-endorsed standards on promotional strategy and marketing with the coordination of meetings and conference calls.
- coordinate on development, communications, and strategy issues.

## **Maintaining PEFC US Integrity**

SFI will:

- implement all PEFC activities in accordance with PEFC International's policies and statutes and its integration with existing SFM programs and infrastructures related to standards development and conformity assessment in the US.
- ensure that the operation of the PEFC US Governing Body does not breach international and US standards, conformity assessment requirements, US, and Canadian law.
- ensure continued conformance to PEFC International requirements, including maintaining signatory status to the PEFC International mutual recognition arrangement.
- act as a liaison to ISO, CASCO, International Accreditation Forum (IAF) or any other international standardization committees, as necessary.

- ensure that the Secretariat is a legally recognized entity, as required by PEFC International/Council, and therefore will act as the official representative of the PEFC US Governing Body on behalf of the US.

#### **Other PEFC NGB Activities benefiting American Tree Farm Standard**

SFI will:

- respond to general queries concerning PEFC in North America and Internationally.
- ensure strong involvement with PEFC communications work in Europe and Asia.
- respond to PEFC International inquiries on conservation group partnerships and green buildings.
- provide information and facilitate involvement in the Stakeholder Forum for companies such as International Paper, Weyerhaeuser, Louisiana Pacific, WestRock, etc.).

**Based on the outlined services listed above, AFF will pay SFI an annual fee of \$40,000 USD.** SFI will invoice AFF three times a year (e.g., Q1, Q2, Q3). Invoices are payable net 30-days upon delivery.