

## Position on Forest Certification

Forest certification is the most effective tool available to leverage our lending and procurement to promote sustainable forests and to document that our policies are being met. Forest certification is one element of our forest policies. For our own use of forest products, we require that our suppliers document the sustainability of their fiber sources and obtain third-party certification in accordance with an acceptable forest certification standard.

We believe certification standards must have certain fundamental components. They must:

- Be credible, independent and widely accepted
- Set rigorous forest and land management standards
- Protect biodiversity, endangered species and other conservation values
- Require third-party auditing
- Provide a mechanism for chain-of-custody documentation
- Be transparent

We recognize that there is sometimes disagreement within the forestry and environmental communities about which standard is most appropriate for forest management, particularly for forests in North America. But in our view, the Forest Stewardship Council (FSC), the Sustainable Forest Initiative (SFI), the Canadian Standards Association (CSA) and other credible forest certification standards meet the majority of these criteria.

We have observed the application of each of these standards on the ground in the forests, and we have carefully reviewed comparisons of these standards by Yale University, the Pinchot Institute, the Meridian Institute and others. Some standards are better suited to certain forest regions and landscapes than others, and some are more practical than others. The FSC Standard, for example, is widely accepted by the environmental community and is especially recognized for protecting social values and community rights (although these are less critical issues in developed countries), but the majority of certified forestland in the United States is certified to other standards.

Our approach is to try to adopt the best components of each standard. To be the leader in sustainable paper, our goal is to document the general sustainability of our suppliers.

But our society has a long way to go, because no single forest certification system yet comes close to certifying enough U.S. forest acreage to supply the variety of paper grades that we and our customers need. The reason is inescapable and is unlikely to change soon: the overwhelming percentage of forestland in the United States is privately owned and the majority of those are family-owned forests. Most of the smaller private owners are currently indifferent to certifying their forestlands to one or any of the standards.

At Bank of America, we strive to leverage our procurement program through our supply chain to create a market for certified forest fiber by providing the independent forestland owner an incentive to certify their forests. Bank of America's goal is to accelerate this process by procuring forest products whose fiber is third-party certified according to a credible, independent and widely accepted standard like the FSC, SFI and CSA standards.