



December 2011

Glatfelter SFI Summary Surveillance Audit Report

The SFI Program of the Glatfelter Pulpwood Company has achieved continuing conformance with the SFI Standard®, 2010-2014 Edition according to the NSF-ISR SFIS Surveillance Audit Process.

Glatfelter Pulpwood Company was initially certified to the SFIS on November 9, 2001 and re-certified by NSF-ISR in October, 2004 and 2009. An upgrade audit to the SFI 2010-2014 Standard was conducted in 2010. This report describes the second annual follow-up Surveillance Audit designed to focus on changes in operations, the management review system, and efforts at continuous improvement. In addition, a subset of SFI requirements were selected for detailed review.

Headquartered in York, PA, Glatfelter is a global manufacturer of specialty papers and fiber-based engineered materials, offering over a century of experience, technical expertise and world-class service. U.S. operations include facilities in Spring Grove, PA and Chillicothe and Fremont, OH. International operations include facilities in Canada, Germany, France, the United Kingdom, and the Philippines, a representative office in China and a sales and distribution office in Russia. Glatfelter's sales approximate \$1.5 billion annually and its common stock is traded on the New York Stock Exchange under the ticker symbol GLT.

Glatfelter's U.S. operations are certified to the SFI Program Standard as well as the SFI/PEFC Chain of Custody standards. Glatfelter's U.S. papermaking operations produce book publishing papers, carbonless forms, engineered and specialty products and envelope and converting papers.

Glatfelter Pulp Wood Company manages 32,127 acres of land in Pennsylvania, Virginia, and Delaware. Glatfelter Pulp Wood Company operates a pulpwood mill in Spring Grove, Pennsylvania that procures wood from Pennsylvania, Delaware, Virginia, Maryland, New York, New Jersey, and West Virginia. The species utilized include most pine and hardwood species. Glatfelter Pulp Wood Company's SFI Program is managed by David Nelson, Pennsylvania District Supervisor.

The surveillance audit was performed by NSF-ISR on November 9-10, 2011 by an audit team headed by Mike Ferrucci, Lead Auditor. Audit team members fulfill the qualification criteria for conducting SFIS Certification Audits of "Section 9. SFI 2010-2014 Audit Procedures and Auditor Qualifications and Accreditation" contained in Requirements for the SFI 2010-2014 Program: Standards, Rules for Label Use, Procedures, and Guidance. The objective of the audit was to assess conformance of the firm's SFI Program to the requirements of the Sustainable Forestry Initiative® Standard, 2010-2014 Edition.

The scope of the SFIS Audit included fee timberland and procurement operations. Procurement was the focus because there have generally been minimal land management practices undertaken over the past several years (the lands are being sold). However during the past year there were some harvests, so land management was also reviewed. Forest practices that were the focus of field inspections included those that have been conducted since the previous field audit that was conducted during November, 2010. A sample of procurement operations since that time was reviewed to ensure that SFI Procurement Standards were met. In addition, a subset of SFI

obligations to promote sustainable forestry practices, to seek legal compliance, and to incorporate continual improvement systems were reexamined during the audit. Use of the SFI logo and the requirement to provide a public of audit reports were also reviewed.

As with the initial certification, several of the SFI Performance Measures were outside of the scope of the Glatfelter Pulp Wood Company's SFI program and were excluded from the scope of the SFI Certification Audit as follows:

- Indicator 2.1.4 because Glatfelter Pulpwood Company does not plant exotic tree species.
- Indicator 2.1.7 because Glatfelter Pulpwood Company does not plant trees in non-forested landscapes.
- Objectives 11-13 because Glatfelter Pulpwood Company does not procure wood outside of the U.S. and Canada
- Indicator 15.1.2 as this organization does not conduct research on genetically engineered trees via forest tree biotechnology.
- Objective 18 as this company does not have forest management responsibilities on public lands.

SFIS Surveillance Audit Process

The review was governed by a detailed audit protocol designed to enable the audit team determine conformance with the applicable SFI requirements. The process included the assembly and review of audit evidence consisting of documents, interviews, and on-site inspections of ongoing or completed forest practices. Documents describing these activities were provided to the auditor in advance, and a sample of the available audit evidence was designated by the auditor for review.

During the audit NSF-ISR reviewed a sample of the written documentation assembled to provide objective evidence of SFIS Conformance. NSF-ISR also selected field sites for inspection based upon the risk of environmental impact, likelihood of occurrence, special features, and other criteria outlined in the NSF-ISR SFI-SOP. NSF-ISR also selected and interviewed stakeholders such as contract loggers, landowners and other interested parties, and interviewed employees within the organization to confirm that the SFI Standard was understood and actively implemented.

The possible findings for specific SFI requirements included Full Conformance, Major Non-conformance, Minor Non-conformance, Opportunities for Improvement, and Practices that exceeded the Basic Requirements of the SFIS. Surveillance Audits generally focus on conformance issues and do not generally address exceptional practices.

Overview of Audit Findings

Glatfelter's SFI Program was found to be in substantial conformance with the SFIS Standard. The NSF-ISR Audit team determined that there was one new minor non-conformance: SFI Indicator 4.1.3 requires the "Development and implementation of criteria, as guided by regionally appropriate best scientific information, to retain stand-level wildlife habitat elements such as snags, stumps, mast trees, down woody debris, den trees and nest trees." Minor Non-conformance: Criteria set by Glatfelter for the retention of stand-level wildlife habitat elements were not implemented on one company tract visited.

Glatfelter has developed plans to address this finding. Progress in implementing the remaining corrective action plan will be reviewed in the next audit.

Five opportunities for improvement were also identified, and included:

- There is an opportunity to improve by updating the list of potential -1 and G-2 species and communities.
SFI Indicator 4.1.3 requires a "Program to locate and protect known sites associated with viable occurrences of critically imperiled and imperiled species and communities also known as Forests with Exceptional Conservation Value. Plans for protection may be developed independently or collaboratively, and may include Program Participant management, cooperation with other stakeholders, or use of easements, conservation land sales, exchanges, or other conservation strategies.
- There is an opportunity to improve the frequency and depth of training to ensure that the field foresters are kept current on biodiversity and ecosystem research into forest management decisions.
SFI Indicator 4.2.2 requires "A methodology to incorporate research results and field applications of biodiversity and ecosystem research into forest management decisions."
- There is an opportunity to improve knowledge of climate change trends and projections.
SFI Indicator 15.3.2 requires "Program Participants are knowledgeable about climate change impacts on wildlife, wildlife habitats and conservation of biological diversity through international, national, regional or local programs.
- There is an opportunity to improve by having an independent internal auditor conduct those portions of the internal audit which cover issues managed by the PA District Supervisor, who has been conducting the internal audits.
Multi-site Requirements for the SFI 2010-2014 Program, Section 9, Appendix 1, Part 5.1 v require Glatfelter to "Maintain an internal audit or monitoring program sufficient to provide annual performance data on overall organizational conformance with the relevant standard."
- There is an opportunity to improve the process for establishing corrective and preventive measures.
Multi-site Requirements for the SFI 2010-2014 Program, Section 9, Appendix 1, Part 5.1 vii require Glatfelter to "Establish corrective and preventive measures if required and evaluate the effectiveness of corrective actions taken."

These opportunities for improvement do not indicate a current deficiency, but served to alert Glatfelter to areas that could be strengthened or which could merit future attention.

The audit process also found two areas where Glatfelter exceeded the SFI 2010-2014 Standard:

- Glatfelter exceeded the standard with significant involvement in organizing, sponsoring, and/or providing content and the trainer role in multiple loggers training sessions and by providing partial funding for their suppliers who attend any SFI-endorsed logger training session in Pennsylvania. SFI Indicator 16.2.1 requires “Participation in or support of SFI Implementation Committees to establish criteria and identify delivery mechanisms for wood producers’ training courses.
- Glatfelter provides an exceptional degree of support and participation on SFI Implementation Committees in the regions of operations. SFI Indicator 17.1.1 requires “Support, including financial, for efforts of SFI Implementation Committees.

The next audit is scheduled for November, 2012. This will be a re-certification audit.



General Description of Evidence of Conformity

NSF’s audit team used a variety of evidence to determine conformance. A general description of this evidence is provided below, organized by SFI Objective.

Objective 1. Forest Management Planning - To broaden the implementation of sustainable forestry by ensuring long-term forest productivity and yield based on the use of the best scientific information available.

Summary of Evidence – The forest management plan and supporting documentation.

Objective 2. Forest Productivity - To ensure long-term forest productivity, carbon storage and conservation of forest resources through prompt reforestation, soil conservation, afforestation and other measures.

Summary of Evidence –Glatfelter has programs for reforestation, for protection against insects and diseases, and for careful management of activities which could potentially impact soils.

Objective 3. Protection and Maintenance of Water Resources - To protect water quality in streams, lakes and other water bodies.

Summary of Evidence – Field observations of a range of sites were the key evidence. Auditors visited portions of field sites that were close to water resources.

Objective 4. Conservation of Biological Diversity including Forests with Exceptional Conservation Value To manage the quality and distribution of wildlife habitats and contribute to the conservation of biological diversity by developing and implementing stand- and landscape-level measures that promote habitat diversity and the conservation of forest plants and animals, including aquatic species.

Summary of Evidence – Written plans and policies, NCASI membership, and staff involvement in conferences and workshops that cover scientific advances were the evidence used to assess the requirements involved biodiversity conservation.

Objective 5. Management of Visual Quality and Recreational Benefits - To manage the visual impact of forest operations and provide recreational opportunities for the public.

Summary of Evidence – Field observations of completed operations and policies/procedures for visual quality were assessed during the evaluation. Further the recreation program of leases for hunting was confirmed.

Objective 6. Protection of Special Sites - To manage lands that are ecologically, geologically, or culturally important in a manner that takes into account their unique qualities.

Summary of Evidence –Records of special sites and training records were assessed during the evaluation.

Objective 7. Efficient Use of Forest Resources - To promote the efficient use of forest resources.

Summary of Evidence – Field observations of completed operations, contract clauses, and discussions with supervising field foresters and with loggers provided the key evidence.

Objective 8. Landowner Outreach - To broaden the practice of sustainable forestry by forest landowners through fiber sourcing programs.

Summary of Evidence – Interviews with staff and stakeholders and review of programs offered (newsletters and brochures on file) were used to confirm these requirements.

Objective 9. Use of Qualified Resource and Qualified Logging Professionals - To broaden the practice of sustainable forestry by encouraging forest landowners to utilize the services of forest management and harvesting professionals.

Summary of Evidence –Records associated with harvest sites audited were the key evidence.

Objective 10. Adherence to Best Management Practices - To broaden the practice of sustainable forestry through the use of best management practices to protect water quality.

Summary of Evidence – Field observations and review of BMP monitoring records were the primary evidence used to assess adherence to BMPs.

Objectives 11 -13 are Not Applicable.

Objective 14. Legal and Regulatory Compliance -

Compliance with applicable federal, provincial, state and local laws and regulations.

Summary of Evidence – Field reviews of ongoing and completed operations were the most critical evidence. A web search did not find any non-conformances.

Objective 15. Forestry Research, Science, and Technology - To support forestry research, science, and technology, upon which sustainable forest management decisions are based.

Summary of Evidence – Support for the National Council on Air and Stream Improvement was the key item in determining conformance. Foresters were interviewed regarding their knowledge of climate change predictions and possible impacts.

Objective 16. Training and Education -To improve the implementation of sustainable forestry practices through appropriate training and education programs.

Summary of Evidence – Training records of selected personnel were the key evidence for this objective.

Objective 17. Community Involvement in the Practice of Sustainable Forestry -

To broaden the practice of sustainable forestry by encouraging the public and forestry community to participate in the commitment to sustainable forestry, and publicly report progress.

Summary of Evidence – Documents on file and staff interviews were sufficient to assess the requirements.

Objective 18: Public Land Management Responsibilities - Not Applicable.

To support and implement sustainable forest management on public lands.

Objective 19. Communications and Public Reporting - To broaden the practice of sustainable forestry by documenting progress and opportunities for improvement.

Summary of Evidence – Reports filed with SFI Inc. and the SFI Inc. website provided the key evidence.

Objective 20. Management Review and Continual Improvement - To promote continual improvement in the practice of sustainable forestry, and to monitor, measure, and report performance in achieving the commitment to sustainable forestry.

Summary of Evidence – Records of program reviews, agendas and notes from management review meetings, and interviews with personnel within the organization were assessed.



Relevance of Forestry Certification

Third-party certification provides assurance that forests are being managed under the principles of sustainable forestry, which are described in the Sustainable Forestry Initiative Standard as:

1. Sustainable Forestry

To practice sustainable forestry to meet the needs of the present without compromising the ability of future generations to meet their own needs by practicing a land stewardship ethic that integrates reforestation and the managing, growing, nurturing and harvesting of trees for useful products and ecosystem services such as the conservation of soil, air and water quality, carbon, biological diversity, wildlife and aquatic habitats, recreation, and aesthetics.

2. Forest Productivity and Health

To provide for regeneration after harvest and maintain the productive capacity of the forest land base, and to protect and maintain long-term forest and soil productivity. In addition, to protect forests from economically or environmentally undesirable levels of wildfire, pests, diseases,

invasive exotic plants and animals and other damaging agents and thus maintain and improve long-term forest health and productivity.

3. Protection of Water Resources

To protect water bodies and riparian zones, and to conform with best management practices to protect water quality.

4. Protection of Biological Diversity

To manage forests in ways that protect and promote biological diversity, including animal and plant species, wildlife habitats, and ecological or natural community types.

5. Aesthetics and Recreation

To manage the visual impacts of forest operations, and to provide recreational opportunities for the public.

6. Protection of Special Sites

To manage forests and lands of special significance (ecologically, geologically or culturally important) in a manner that protects their integrity and takes into account their unique qualities.

7. Responsible Fiber Sourcing Practices in North America

To use and promote among other forest landowners sustainable forestry practices that are both scientifically credible and economically, environmentally and socially responsible.

8. Avoidance of Controversial Sources including Illegal Logging in Offshore Fiber Sourcing

To avoid wood fiber from illegally logged forests when procuring fiber outside of North America, and to avoid sourcing fiber from countries without effective social laws.

9. Legal Compliance

To comply with applicable federal, provincial, state, and local forestry and related environmental laws, statutes, and regulations.

10. Research

To support advances in sustainable forest management through forestry research, science and technology.

11. Training and Education

To improve the practice of sustainable forestry through training and education programs.

12. Public Involvement

To broaden the practice of sustainable forestry on public lands through community involvement.

13. Transparency

To broaden the understanding of forest certification to the SFI 2010-2014 Standard by documenting certification audits and making the findings publicly available.

14. Continual Improvement

To continually improve the practice of forest management, and to monitor, measure and report performance in achieving the commitment to sustainable forestry.

Source: Sustainable Forestry Initiative® (SFI) Standard, 2010-2014 Edition

For Additional Information Contact:

Mike Ferrucci
SFI Program Manager, NSF-ISR
26 Commerce Drive
North Branford, CT 06471
203-887-9248
mferrucci@iforest.com

David Nelson, Glatfelter's Management Representative
Glatfelter Pulp Wood Company
228 South Main St.
Spring Grove, PA 17362
717-891-2509
dnelson@glatfelter.com