

APPENDIX III



SFI Public Audit Report Glatfelter Chillicothe Woodlands

The SFI Program of the Glatfelter Chillicothe Woodlands of Chillicothe, Ohio has achieved continuing conformance with the SFI Standard®, 2010-2014 Edition, according to the NSF-ISR SFIS Certification Audit Process. Glatfelter Chillicothe Woodlands was initially certified on December 4, 2006. This report describes the results of the recertification audit.

Glatfelter Chillicothe Woodlands's SFI Program is managed by Eric Roush, a forester with the company. Glatfelter Chillicothe Woodlands procures fiber for a pulp and paper mill in Chillicothe, Ohio. The mill uses both hardwoods and softwoods and accepts most trees common to the area. Most of the fiber is sourced from Ohio, Kentucky, and West Virginia through stumpage purchases or from independent wood suppliers. Small volumes are sourced from adjoining states, with occasional supplies from as far south as Georgia.

Wood procurement operations for the Chillicothe mill in southern Ohio and northwestern Kentucky, including the woodyards at Piketon, OH and Washington, WV were the focus of the audit, conducted on November 15-18, 2011 by Norman Boatwright, Lead Auditor for NSF-ISR. Audit team members conducting SFI audits for NSF fulfill the qualification criteria for conducting SFIS Certification Audits contained in the Sustainable Forestry Initiative® Audit Procedures and Qualifications (SFI APQ) 2010–2014 Edition.

The objectives of the SFIS Audit were to assess continuing conformance of the firm's SFI Program to the requirements of the Sustainable Forestry Initiative® Standard, 2010-2014 Edition and whether any outstanding corrective action plans were implemented. The scope of the audit included procurement operations conducted since the previous audit. In addition, SFI obligations to promote sustainable forestry practices, to seek legal compliance, and to incorporate continual improvement systems were within the scope of the audit.

The 2010-2014 Sustainable Forestry Initiative Standard® was used without modifying any requirements. Several of the SFI Indicators were outside of the scope of the company's SFI program and were excluded from the scope of the SFI Certification Audit as follows:

- Objectives 1-7 Land Management
- Objectives 11 - 13 Fiber Sourcing outside Canada and the US
- Core Indicator 14.2.2 Forestry enterprises
- Core Indicator 15.1.2 Research on genetically engineered trees
- Core Indicator 16.1.5 Forestry Enterprises
- Objective 18 Public land management responsibilities

SFIS Audit Process

NSF-ISR initiated the SFIS audit process with a planning phone call to confirm the scope of the audit, to review the categories of evidence to be used to assess conformance, to verify that Glatfelter Chillicothe Woodlands was prepared to provide evidence of continuing conformance to the SFIS Certification Audit, and to prepare an agenda and audit plan. NSF then conducted the SFIS Certification Audit of conformance

to the SFI Standard. A report was prepared by the lead auditor and reviewed by an independent Certification Board Member assigned by NSF. Final approval was provided by this CB Member.

The actual NSF-ISR SFI Certification Audit was governed by a detailed Audit Plan designed to enable the audit team to determine conformance with the applicable SFI requirements. The plan included detailed provisions for the assembly and review of audit evidence consisting of documents, interviews, and on-site inspections of ongoing or completed forest practices.

During the audit, NSF-ISR's audit team reviewed a sample of the written documentation assembled to provide objective evidence of SFIS Conformance. The audit team leader 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-Standard Operating Procedure. The lead auditor also selected and interviewed stakeholders such as contract loggers, landowners and agency staff, and interviewed employees within the organization to confirm that the SFI Standard was understood and actively implemented.

Follow-up or Surveillance Audits are required by the Sustainable Forestry Initiative Standard. The next Surveillance Audit is tentatively scheduled for October 29, 2012.

Overview of Audit Findings

The possible findings of the audit included Full Conformance, Major Non-conformance, Minor Non-conformance, Opportunities for Improvement, or Exceeds the Standard. Glatfelter Chillicothe Woodlands's SFI Program was found to be in conformance with the SFIS Standard. No non-conformances or opportunities for improvement were identified.

The Recertification Audit identified two (2) instances where Glatfelter exceeds the Standard requirements:

- CI 10.1.4: Program to address adverse weather conditions – Glatfelter's mill inventory buildup prior to the typically wet season, its guidelines to plan for and manage adverse weather conditions during active logging operations and its operation of two (2) woodyards which hold additional inventory collectively exceed the requirement.
- PM 10.2: Program Participants shall monitor the use of best management practices – Glatfelter has a sophisticated monitoring system with 3 tiers: State BMP implementation data for Ohio (only Master Logger certified loggers are checked for BMP implementation in Ohio), timber sale inspections on gatewood tracts and timber sale inspections on direct purchase tracts. Data is summarized by category and the summary separates contract logger and open market BMP compliance rates. Glatfelter has monthly staff meetings where BMP inspection results are discussed as well as discussion during the annual management review.

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 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 (SIC brochures) were used to confirm these requirements.

Summary of Evidence – Lists of qualified logging professionals are maintained by Glatfelter and Ohio and West Virginia state agencies of associations.

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 – Lists of qualified logging professionals are maintained by various state agencies.

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.

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.

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 – Financial records were confirmed by contacting the recipients of research support.

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, records associated with harvest sites audited, and stakeholder interviews 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 – Mailing lists, agendas for meetings, and selected summaries of comments were sufficient to assess the requirements.

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

Summary of Evidence – Confirmed audit reports will be filed with SFI Inc.

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, internal audits and interviews with personnel from all involved levels in 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

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