

## **Glatfelter – Wood Division SFI 2016 SFI Surveillance Audit Summary Report**

### **Introduction**

The SFI Program of the Glatfelter – Wood Division has achieved continuing conformance with the SFI 2015-2019 Standards and Rules<sup>®</sup>, Section 3 according to the NSF Audit Process.

Glatfelter was initially certified on November 9, 2001 and re-certified by NSF in October, 2004 and 2009. An upgrade audit to the SFI 2010-2014 Standard was conducted in 2010 and recertification audits in 2012 and 2015. This report describes the next Surveillance Audit, which included a review of a portion of the requirements as well as consideration of any changes in operations, the effectiveness of the management review system, and the efforts at continuous improvement.

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 common stock is traded on the New York Stock Exchange under the ticker symbol GLT.

Glatfelter – Wood Division 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's SFI Program is managed by Scott Kurtzman.

The surveillance audit was performed by NSF October 25-26, 2016 by an audit team headed by Norman Boatwright, Lead Auditor. Audit team members fulfill the qualification criteria for conducting audits. The objective of the audit was to assess conformance of the firm's SFI Program to the requirements of the SFI 2015-2019 Standards and Rules<sup>®</sup>, Section 3.

The scope of the audit included operations. Forest practices that were the focus of field inspections included those that have been conducted since the previous field audit in October 2015. 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 – Wood Division's SFI program and were excluded from the scope of the audit as follows:

- Indicator 5.2.2: The Company does not conduct research on genetically engineered trees.
- Objective 8: The Company does not have Public Land Management responsibilities.
- Objectives 11-13: The Company does not procure wood outside of the U.S. and Canada

### **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 reviewed a sample of the written documentation assembled to provide objective evidence of conformance. NSF also randomly selected a sample of field sites for inspection and requested that Glatfelter foresters pick additional sites based upon the risk of environmental impact, likelihood of occurrence, special features, and other criteria outlined in the NSF SOP. NSF 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 included Full Conformance, Major Non-conformance, Minor Non-conformance, Opportunities for Improvement, and Practices that exceeded the Basic Requirements.

### **Overview of Audit Findings**

Glatfelter's SFI Program was found to be in full conformance with the SFI Standard and no non-conformances or opportunities for improvement were identified.

A transitional minor non-conformance to CI 6.1.5 was identified during the 2015 audit and the implementation of the approved corrective action plan was reviewed and deemed adequate.

The next Surveillance Audit is scheduled for the week of October 9, 2017.

### **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. Biodiversity in Fiber Sourcing** - To address the practice of sustainable forestry by conserving biological diversity.

*Summary of Evidence* – Review of records, interviews with landowners and participation in the MD, PA and VA SICs.

**Objective 2. 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 3. Use of Qualified Resource and Qualified Logging Professionals** - To encourage forest landowners to utilize the services of qualified logging professionals, certified logging professionals (where available) and qualified resource professionals.

*Summary of Evidence* – Training records of selected personnel, records associated with harvest sites audited, interviews with loggers and wood suppliers and landowner interviews were the key evidence for this objective.

**Objective 4. Legal and Regulatory Compliance** - To comply 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. Regulatory organizations contacted included the MD, PA, VA Forestry Commissions.

**Objective 5. Forestry Research, Science and Technology** - To invest in forestry research, science and technology, upon which sustainable forest management decisions are based and broaden the awareness of climate change impacts on forests, wildlife and biological diversity.

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

*Summary of Evidence* – Confirmed by the Company's financial and physical support of the Pennsylvania, Virginia and Maryland/Delaware SICs and their development of education and logger training programs.

**Objective 7. Community Involvement and Landowner Outreach** - To broaden the practice of sustainable forestry through public outreach, education, and involvement and to support the efforts of SFI Implementation Committees.

*Summary of Evidence* – Confirmed by the Company's financial and physical support of the Pennsylvania, Virginia and Maryland/Delaware SICs and their development of handouts for forest landowners.

**Objective 9. Communications and Public Reporting** - To increase transparency and to annually report progress on conformance with the SFI Fiber Sourcing Standard.

*Summary of Evidence* – Confirmed audit report was filed on time with SFI Inc. and that the Company maintains copies of previous reports.

**Objective 10. Management Review and Continual Improvement** - To promote continual improvement in the practice of sustainable forestry by conducting a management review and monitoring performance.

*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 areas, and to conform with forestry 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 lands that are ecologically, geologically or culturally important in a manner that 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. Legal Compliance**

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

## **9. Research**

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

## **10. Training and Education**

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

## **11. Community Involvement and Social Responsibility**

To broaden the practice of sustainable forestry on all lands through community involvement, socially responsible practices, and through recognition and respect of Indigenous Peoples' rights and traditional forest-related knowledge.

## **12. Transparency**

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

## **13. Continual Improvement**

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

## **14. Avoidance of Controversial Sources including Illegal Logging in Offshore Fiber Sourcing**

*(Applies only to the SFI 2015-2019 Fiber Sourcing Standard)*

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.

*Source: Sustainable Forestry Initiative® (SFI) Standard, 2015–2019 Edition.*



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