

FIRST AMENDED BYLAWS OF  
THE FOUR STATES TIMBERLAND OWNERS ASSOCIATION

ARTICLE I – Name and Purpose

Section 1: The name of the organization shall be Four States Timberland Owners Association (and shall be referred to in these bylaws and elsewhere as “FSTOA” or the “Association”).

Section 2: The purpose of the Association is to bring together a group of interested timberland owners with an objective to obtain and maintain Forest Stewardship Council (FSC) group management certification.

Section 3: Vision: To be recognized as a leader in expert and responsible forest management.

Section 3: Domtar A.W. LLC, a Delaware limited liability company, with a place of business in Ashdown, Arkansas, shall take on the administrative and certain managerial duties associated with establishing and maintaining the Association, which shall be qualified as a Group Entity as defined in the FSC Standard for Group Entities In Forest Management Groups (FSC-STD-30-005 V1) for the purpose of FSC certification and Domtar will cover the costs required of the Association by the FSC to achieve and maintain such certification. The Group Entity (the Association) shall hold the forest management certificate issued by the FSC.

ARTICLE II – Membership and organizational structure

Section 1: The Association shall be a “Type I group” as defined in the FSC Standard for Group Entities in Forest Management Groups (FSC-STD-30-005 V1) and shall only have administrative responsibilities. It is specifically understood that the Association shall not have any responsibilities related to implementation and performance of forest management activities of any member.

Section 2: Membership criteria: The individual or a legal entity interested in joining and becoming a member of the Association shall:

- A. Own timberland within the general area of southwest Arkansas, southeast Oklahoma, northeast Texas, and northwest Louisiana that is currently not enrolled in any other FSC certificate.
- B. Understand and undertake and agree to comply with the FSC Principles and Criteria for forest stewardship. (For a general summary of such FSC principles please see Appendix A, “Synopsis of FSC Principles and Criteria” and the complete FSC-US Forest Management Standard document).
- C. Be and remain in compliance with all applicable government laws, rules and regulations.
- D. Adhere to Best Management Practices guidelines of the state in which the timberland property of the prospective member is located.
- E. Agree not to make conversions of its certified timberland to non-forested land.
- F. Agree to provide annual records of gross harvest tonnage and products (not prices) and reforestation activities to the Association for purposes of documenting sustainable forest practices.
- G. Agree to follow proper FSC Chain of Custody procedures when selling timber from its timberlands. (See Appendix B, “Chain of Custody”).
- H. Agree to the following requirements for contractors doing work on its timberlands:
  1. All logging contractors must have state logging certification and be current in all continuing education required by the state where work is performed.
  2. All contractors must be EEO/AA employers, and be committed to ensure reasonable accommodations for individuals protected by Section 503 of the Rehabilitation Act of 1974, and Title 1 of the Americans with Disabilities Act of 1990.

3. All contractors shall be subject to and comply with all applicable governmental laws, rules, regulations, executive orders, priorities, ordinances and restrictions now hereafter in force, including, to the extent applicable, but not limited to (a) the Fair Labor Standards Act of 1938, as amended; (b) Title VII of the Civil Rights Act of 1964, as amended; (c) the Age Discrimination in Employment Act of 1967; (d) Section 503 of the Rehabilitation Act of 1973; (e) Executive Order 11246; (f) the Vietnam Era Veterans' Readjustment Assistance Act of 1974; (g) the Occupational Safety and Health Act (including the OSHA Process Safety Management Standard 29 C.F.R. 1910.119); (h) the Civil Rights Act of 1991; (i) the Americans with Disabilities Act; and (j) the rules, regulations and orders pertaining to the above.
  4. All contractors shall comply with all federal, state or local safety rules and regulations which apply to the work, contractor, or its employees or subcontractors. Contractors shall provide their employees with proper training (including hazard communication training) and all personal protective equipment necessary for them to perform the work in a safe and efficient manner and shall familiarize their employees with the applicable OSHA regulations and any other safety rules, regulations and policies.
  5. All contractors shall be required to report any and all unsafe working conditions observed by a contractor or its employees or subcontractors, to the member. All the work on the site where the unsafe working conditions are observed shall cease until such condition(s) is corrected or otherwise ceases to exist.
- I. Agree to notify FSTOA of any disputes with loggers, neighbors or other stakeholders regarding its property.
  - J. Allow authorized FSC, ASI, CB's and FSTOA personnel access to the property and documentation to carry out internal monitoring and formal audits as required by the FSC rules and guidelines, and understand that FSTOA will compile an annual summary of the overall monitoring results, which it will make public. The information from the public summary of audit findings shall not provide any personal information of FSTOA members and may also be published by the CB's, ASI and FSC.
  - K. Allow Domtar the opportunity to bid on any timber sales planned by the Association members.
  - L. Grant FSTOA personnel permission to use the air space above the enrolled property for aerial observations. These observations are for the use of land management activities, forest health evaluations, harvesting evaluations and periodic monitoring as required by the FSC rules and guidelines. These observations will be conducted with current drone technology along with video and/or photographic devices. Images collected will be used for management activities and FSTOA promotional activities only.

Section 4: All membership information shall be kept secure and only accessed by the following personnel:

- A. FSTOA Group Manager
- B. FSTOA Secretary
- C. FSTOA Foresters
- D. Authorized FSC, ASI and CB Auditors

Section 5: Members will have full control and responsibility for the management of their property.

Section 6: Any member may terminate its membership without any explanation or liability, at any time, by providing thirty (30) days advance written notice to the FSTOA Secretary.

Section 7: The Board of Directors shall have the authority to terminate a membership of a member in the Association for any reason, by a three quarters (3/4) majority vote.

Section 8: If, in the process of periodical mandatory monitoring of the members, either FSTOA or FSC auditors find deficiencies in a member's compliance with the requirements of the group entity FSC certificate, either FSTOA or a FSC auditor will issue a Corrective Action Request (CAR) to such member. The CAR will specify the deficiency, and allow a certain time period for remedy and compliance. The member must comply with the CAR within period specified. Failure to comply shall be deemed as sufficient grounds for termination of the member from the Association and from the group entity FSC certificate. In such a case, the Permanent Board Members, acting together, shall have the authority to so terminate the membership.

#### Section 9: Dispute Resolution

- A. In the event of a dispute or complaint from a member regarding any aspect of the FSTOA management, the member may indicate this to the Group Manager or Secretary. The Group Manager or Secretary shall respond to the member within 7 days and keep a written record of the complaint and the response. If the issue is not resolved following a response from the Group Manager or Secretary, this item will be reported at the following quarterly Board Meeting and the complainant shall be invited (but not required) to attend and present the complaint in person before the Board. If the member chooses not to present the issue before the Board, the Board shall nevertheless discuss and propose a resolution to the issue and shall inform the member of its decision within 7 days following the Board's meeting.
- B. In the event of a dispute or complaint between a third party and a FSTOA member, pertaining to any and all issues affecting the Association, the complainant will receive a complaint pertaining to any and all matters affecting the Association, from a third party, that member must inform the Group Manager or Secretary of such complaint without delay. If the complaint from a third party is received directly by the Group Manager or Secretary, it will be documented and distributed to the affected member and the FSTOA Board. The Group Manager will respond in writing to all complaints within 7 days. The member will have the chance to respond to the complaint affecting him and provide his view. The Group Manager will provide a written response to the complaint and the member within 15 days of the receipt of complaint.

### ARTICLE III – Board of Directors

Section 1: The Board is responsible for overall policy and direction of the Association. The Board of Directors shall have two (2) permanent Board Members appointed by Domtar and five (5) elected Board Members from the general membership. All Board Members shall be voting members. Any action taken by the Board shall be approved by at least a three quarters (3/4) majority vote.

Section 2: The Board shall receive no compensation.

Section 3: The Board shall meet as needed, at an agreed upon time and place.

Section 4: In the first year of the existence of the Association, the Group Manager shall appoint five (5) Board Members, each to a four (4) year term. During the 1<sup>st</sup> quarter of the year Board Members terms expire, replacement nominations for five (5) Board Members shall be received and voted on by the general membership. The elected Board Members shall each serve four (4) year terms and shall be eligible for reelection. An additional four (4) Board Members will be added at which time the Association exceeds 500,000 acres. These Board Members will be elected and serve under the same stipulations listed above.

Section 5: A quorum shall consist of a simple majority of the Board Members but shall require the presence of both Permanent Board Members. Should a Permanent Board Member not be able to attend a Board meeting, Such Permanent Board Member shall be entitled to appoint another Domtar representative to act on his behalf at such meeting.

Section 6: At least ten (10) days prior to each Board Meeting, each Board Member shall receive written notice of such meeting, indicating the date, time and location of such Board meeting. Such notice may be in the form of an e-mail.

Section 7: The two (2) Permanent Board Members shall serve as Group Manager and Secretary. Their duties shall be as follows:

A. Group Manager

1. Convene any scheduled Board meetings and preside at each meeting.
2. Manage all the steps of application for and maintenance of group FSC certification.
3. Inform the Association and its members about their obligations and responsibilities necessary for the FSC group certification.
4. Act as the contact point for the FSC certification agency.
5. Develop a general management plan for the Association.
6. Assist, upon a member's request, in the development of individual members' management plans.
7. Ensure that the forest management requirements established by the FSC are being met by all members, including through the following procedures:
  - i. Review documentation provided (on the forms supplied by the FSTOA) by each individual member regarding its forest management activities.
  - ii. Inspect and audit a portion of these activities for compliance with the Association's and FSC Principles and Criteria (FSC P&C) according to Part 3 of the monitoring requirements of the FSC Standard for Group Entities.
  - iii. At his sole discretion, delegate these inspections to qualified personnel under his authority.
  - iv. Provide an annual report to members and the FSC on the Association's status.

B. Secretary:

1. Keep records of Board actions.
2. Take minutes at Board meetings.
3. Send out meeting announcements; distribute copies of minutes to each Board Member.
4. Maintain group records according to Part 1 Section 5 of the FSC Standard of Group Entities in Forest Management Groups.
5. Keep all member information secure and protected from unauthorized access.
6. Keep an accurate and up-to-date list of the membership, and assure that corporate records of the Association are maintained.

Section 8: If a member of the Board of Directors resigns, the Group Manager shall appoint a successor who shall serve out the remainder of the departing member's term.

Section 9: When unplanned vacancies on the Board occur, new Board Members shall be appointed by the Group Manager. These vacancies will be filled only to the end of the specific Board Member's term.

Notwithstanding the foregoing, in the event of a vacancy with respect of a Permanent Board Member, Domtar shall appoint the person who will fill the vacancy.

#### ARTICLE IV – Indemnity

Section 1: Each member shall indemnify, defend and hold harmless the Association, from any and all claims, including, but not limited to, third-party claims, fines, losses, damages, costs and expenses, including, without limitation, reasonable legal fees and expenses, arising in any way or resulting from such member's breach of the forgoing Bylaws or Membership Agreement or such member's negligence or willful misconduct in connection with its involvement, participation and activities related to the Association.

Section 2: The Association shall indemnify, defend and hold harmless Domtar, its parent, affiliates and their respective directors, officers, employees, agents, and representatives (collectively the "Indemnities"), from any and all claims, including, but not limited to, third-party claims, fines, losses, damages, costs and expenses, including, without limitation, reasonable legal fees and expenses, arising and in any way resulting from Indemnities' involvement, participation and activities for and behalf of the Association.

Section 3: The Association shall indemnify, defend and hold harmless each Board Member, from any and all claims, including, but not limited to, third-party claims, fines, losses, damages, costs and expenses, including, without limitation, reasonable legal fees and expenses, arising and in any way resulting from Indemnities' involvement, participation and activities for and behalf of the Association, except that this indemnification shall not be construed to indemnify a Board Member from and against any breach of fiduciary duty.

Section 4: The members of the Association agree and acknowledge that they shall have no claim of any nature whatsoever against Domtar or any Board Member, for their actions in connection with the formation, management, or operation of the Association. The members of the Association further acknowledge that neither Domtar nor any Board Member shall have any liability whatsoever to any member arising from that member's management activities on that member's forest lands.

Section 5: Except as specifically provided in these Bylaws, neither Domtar nor any Member shall have any financial obligations with respect to the funding of the Association.

#### ARTICLE V – Meetings

Section 1: The dates of meetings of members shall be set by the Permanent Board Members, who shall also set the time and place.

Section 2: Each meeting will provide specific training on a topic relative to the FSC Certification Standard. This training shall be included in the minutes and a detailed summary or outline of the training will be distributed to all members. The members are invited to submit recommendations for any future training topics of interest to them.

Section 3: Special meetings may be called by the Group Manager, a majority of the Board of Directors, or a majority of the general membership.

Section 4: Ten (10) days advance written notice of any special meeting shall be given to each voting member. Written notice may be sent in an e-mail.

Section 5: The Association shall hold meetings of members annually as determined by the FSTOA Group Manager.

#### ARTICLE VI – Committees

Section 1: The Board may create committees of members as needed.

#### ARTICLE VII – Amendments

Section 1: These Bylaws may be amended as necessary by a three quarters (3/4) majority of the Board of Directors. All members shall be informed of any changes to the Bylaws and shall be required to acknowledge and accept such changes in writing.

#### ARTICLE VIII – Dissolution of the Association

Section 1: The Association may be dissolved by a three quarters (3/4) majority of the Board of Directors.

Section 2: Domtar may elect to terminate its membership and all of its involvement in the Association at any time, upon thirty (30) days advance written notice to all members. Upon termination of its sponsorship, Domtar shall relinquish to the Association's elected Board Members the group entity FSC Certificate, together with all applicable records and documents and all obligations of Domtar under these Bylaws will immediately terminate. Domtar may at its discretion and upon a request from the Board of Directors of the Association, advise the Association or an alternate new group entity in applying and obtaining a group entity FSC certification.

**Four States Timberland Owners Association  
Membership Agreement**

I agree to the above stated Bylaws and want to become a member of the Four States Timberland Owners Association group of landowners certified by the FSC, for the property owned by me and the description of which is attached hereto (only the property specified herein shall be eligible for becoming FSC certified under the certificate to be held by the Association). I commit to comply with all FSC certification requirements, the obligations and responsibilities of the FSTOA membership as outlined in the Bylaws.

Landowner Name: \_\_\_\_\_

Ownership Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_ Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

## Appendix A: Synopsis of FSC Principles and Criteria

A clear understanding of the Principles set up by the FSC is necessary to managing your forest in an acceptable way. The synopsis below is meant to highlight the governing principles established by the FSC and its expectations as to the landowners conduct:

### 1. Compliance with laws and FSC principles

Landowner will comply with local, state, and federal laws and with FSC principles.

### 2. Tenure and use rights and responsibilities

Landowner will hold legal title and respect traditional or established land uses.

### 3. Indigenous peoples' rights

Landowners will follow all laws and treaties regarding protections of indigenous peoples as well as cultural and archeological resources.

### 4. Community relations and workers' rights

Landowners keep community and affected parties informed. Workers' rights and safety are protected.

### 5. Benefits from the forest

Landowners seek to strengthen and diversify the local economy, and avoid dependence on a single forest product.

### 6. Environmental impact

Landowners protect and enhance important ecological components of the forest.

### 7. Management plan

Landowners will develop and implement comprehensive forest management plans.

### 8. Monitoring and Assessment

Landowners will assist FSTOA in the monitoring and assessment of group practices.

### 9. Maintenance of High Conservation Forests (HCF's)

Landowners will identify and protect areas designated as High Conservation Value Forests on their property.

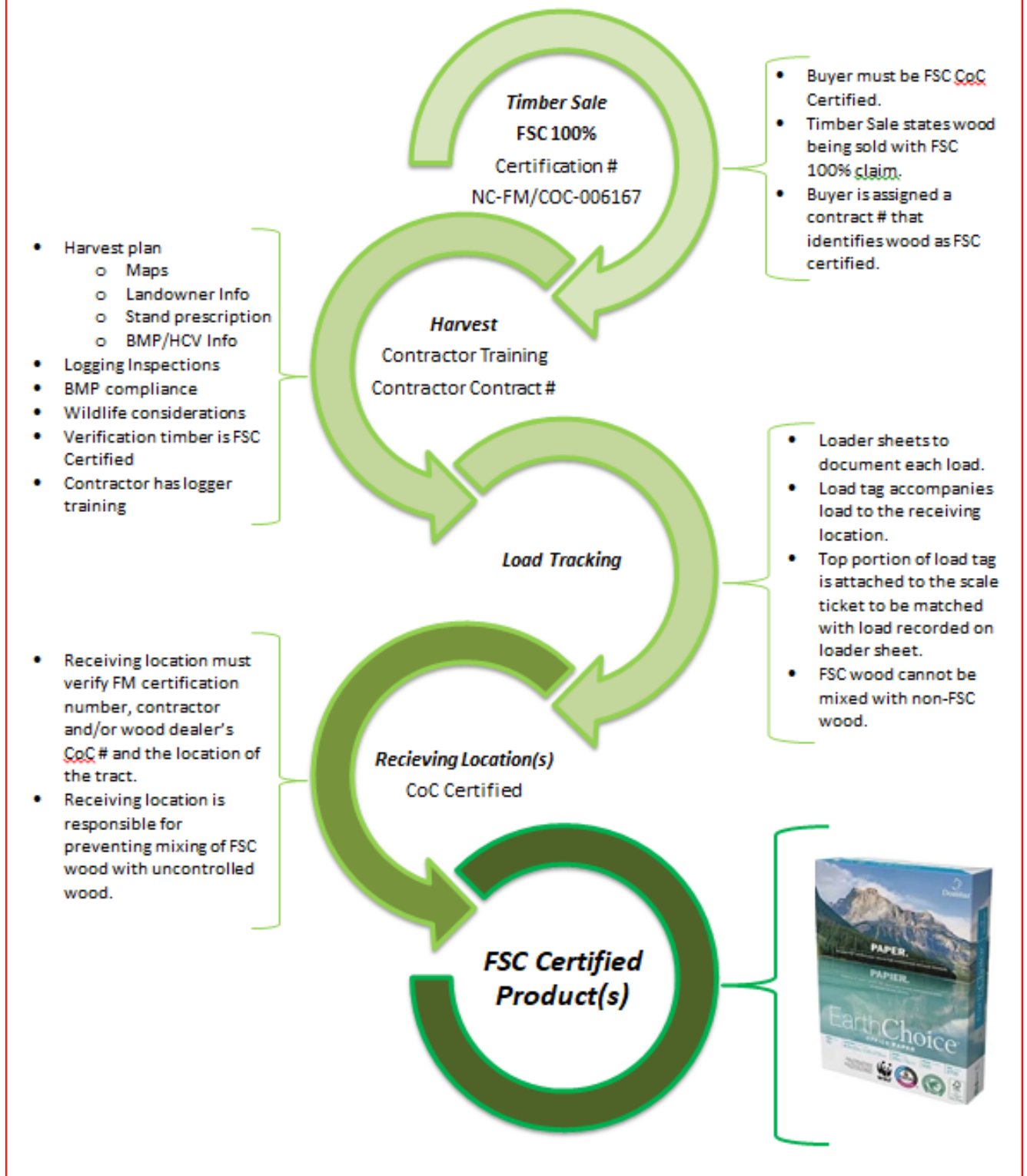
### 10. Plantations

Landowners will not convert natural forests to plantations or use genetically modified trees.

Please note that the above summary is being provided to you for information purposes only and is not meant to replace or alter the FSC-US Forest Management Standard document, which should be read in its entirety in order to become familiar with its principles and objectives. The complete FSC-US Forest Management Standard document is available from the Group Manage.



## Appendix B: Chain of Custody (CoC)



The figure above shows the tracking of timber from its harvest to the Forest Gate. The Forest Gate is defined as the point where ownership of the timber passes from the member to the timber purchaser and the member's responsibility for tracking the timber ends. Depending on the type of timber sale the Forest Gate will differ. For Pay as Cut sales where the timber is purchased by weight or scale, the Forest Gate is at the receiving location where the timber is weighed or scaled and payment is determined. For Lump Sum sales where a tract of timber is sold for a total amount, the Forest Gate is at the contract signing when payment is made.

In some cases Lump Sum purchasers may not provide actual tons harvested. In these cases the Loader Tracking Sheets and the Settlement Report will not be available but the member is still required to provide a Harvest Plan, Logging Inspections, and a Final Inspection. In the Final Inspection, harvest totals should be provided from best estimates of acres harvested and tons per acre.