



**Bureau Veritas Certification  
North America, Inc.  
ISO 14001:2004 Audit Report**

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Contract Number:	HQ 11410	Certification Audit:		Re-Certification Audit:		Surveillance: (Indicate visit # or Pre-Assessment)	S1
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**Audit Summary**

This report summarizes the results of surveillance audit #1 Smurfit-Stone Container Corporation's EMS and SFI program. Richard Boitnott, BVQI SFI Lead Auditor conducted the stage 1 audit 9/25/2006 through 9/26/2006. Richard Boitnott and Brian Callaghan conducted the stage 2 audit 10/9/2006 through 10/12/2006. Mr. Boitnott audited the Coshocton Ohio and Stevenson Alabama regions, while Mr. Callaghan audited the Ontonagon Michigan region.

This renewal audit was conducted in two stages. The first stage was conducted 9/25/2006 through 9/26/2006. The objectives of stage 1 were to: 1) review Smurfit's EMS and SFI procurement system documents in accordance with the requirements of the SFI 2005-2009 and ISO 14001:2004 standards, and 2) develop the main surveillance audit plan. The current version of the Smurfit EMS website was used for documentation of the management system. The stage 1 audit was conducted in the corporate office to review system documentation. The audit was conducted against the ISO 14001:2004 and SFIS 2005-2009 standards. Standard BVQi protocols and forms were applied throughout the audit as provided by the BVQi NA SFI Auditor Handbook, Third Version dated March 2003. During stage 1, Smurfit's EMS scope of "*The activities, products, or services (including Cooperative Land Management) to purchase and deliver wood in the U.S. that can interact with the environment and over which the organization can be expected to have control and influence*" was reviewed and confirmed

The second stage field audit was conducted 10/9/2006 through 10/12/2006. Documents and records were reviewed for the Coshocton Ohio region. Field sites were reviewed in the Stevenson Alabama and Ontonagon Michigan regions. The objective of the second stage audit was to verify the effective implementation of Smurfit's EMS and SFI program. Specifically, two objectives of the SFI audit were to:

1. Verify that the Program Participant's SFI Program is in conformance with the SFI Objectives, Performance Measures, and Indicators, and any additional indicators that the Program Participant chooses, and
2. Verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground.

Opening and closing meetings were held for both stages. The objectives of the audits, and audit process for collecting evidence and making findings were discussed. The audit plans were discussed

and agreed to, and the time and place of closing meetings were confirmed.

A review of Smurfit's objectives and targets and environmental management programs provided evidence the organization has continued to improve its use of the O&T process to drive continual improvement. Smurfit actively uses its objectives, targets, and programs to improve its performance.

There were no non-conformances issued during the re-certification audit. Smurfit developed corrective actions for the opportunities for improvement issued during re-certification.

A review of the most recent internal audit provided evidence that Smurfit is continuing to implement a rigorous auditing program. Smurfit's internal audit is conducted by the corporate technical department, providing an independent assessment of each region's conformance with the ISO 14001:2004 and SFI standards. Regulatory compliance auditing is conducted in conjunction with the internal audit process.

No non-conformances were issued during either the stage 1 or stage 2 audits. Three (3) opportunities for improvement were issued relative to the organization's EMS. These should be considered in light of how they may affect conformance during future audits.

1. ISO 14001 4.4.2: The competence, training and awareness procedure addresses competence of contractors through training. However, interviews with employees indicated another method of evaluating competence is through inspections. Consider revising the competence, training and awareness procedure to ensure all methods of evaluating competence of contractors is captured.
2. ISO 14001 4.4.5: The organization has an objective and target to electronically control state BMP manuals, a document of external origin. However, this method of control is not adequately addressed in the document control procedure. Review the document control procedure to ensure the control of documents of external origin.
3. ISO 14001 clause 4.5.2: Smurfit has a procedure to evaluate compliance using a combination of field inspections and internal audits. However, this procedure is not described well in the EMS. Consider better documentation of the system used to evaluate compliance with legal and other requirements.

Five (5) notable practices were identified relative to the organization's EMS and SFI program:

1. ISO 14001 4.4.6: Observed excellent attention to wildlife habitat, T&E species, and special sites in the planning of controlled stumpage tracts.
2. ISO 14001 4.4.7: The audit team observed excellent attention to petroleum spills in both regions, including the use of mats to prevent leaks from reaching the ground in the Stevenson region, and providing additional training in the Ontonagon region in response to a spill.
3. ISO 14001 clause 4.5.3: A new process has been put into effect to evaluate effectiveness during the next internal audit. A review of nonconformities is part of internal audit planning, and the effectiveness is evaluated for each NCR.
4. SFIS PM 9.1 Ind. 1: Smurfit's encouragement of more wood procurement related research by NCASI represents a commendable effort to support research activities.
5. SFIS PM 8.1 Ind. 1: Development of the "Family Forest Fact" sheet in Ohio is an excellent publication to promote biodiversity conservation in an easy-to-understand format.

Results of both stages of the renewal audit indicate Smurfit's EMS and SFI program continues to implement an effective environmental management system.

<b>Summary of Audit Findings:</b>											
Stage 1 Audit Dates:	From: 9/25/2006				To: 9/26/2006						
Stage 2 Audit Dates:	From: 10/9/2006				To: 10/12/2006						
Number of SF02's Raised:			Major:		0		Minor:		0		
Is a follow up visit required:		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Date(s) of follow up visit:					
Follow-up visit remarks:											
<b>Team Leader Recommendation:</b>											
All NCR's now cleared:		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Proceed to/Continue Certification		Yes	X	No	<input type="checkbox"/>
Date:											
Standard(s) audit conducted against:											
1)	ISO 14001:2004			3)							
2)	SFIS 2005-2009			4)							
Team Leader (1):			Team Members (2,3,4...)								
Richard Boitnott			2) Brian Callaghan								
			3)								
			4)								
			5)								
Scope of Supply: (scope statement must be verified and appear in the space below)											
The activities, products, or services (including Cooperative Land Management) to purchase and deliver wood in the U.S. that can interact with the environment and over which the organization can be expected to have control and influence.											
Accreditation's:											
Number of Certificates:											
Audit Report Distribution											
Merle Conkin-Smurfit Stone											
Richard Boitnott-Bureau Veritas Certification											
Teresa Puder- Bureau Veritas Certification											

**AUDIT SUMMARY REPORT FOR ISO 14001:2004**

Company / Site:		Processes											
Smurfit-Stone Container Corporation		A	B	C	D	E	F	G	H	I	J	K	T O T A L S
Auditor:		Fernandina Office	Fernandina Office	Coshocton Region	Stevenson region	Stevenson region	Stevenson region						
Richard Boitnott													
Exclusions / Justifications:													
Shifts Audited: Check all that apply													
First	Second												
Date:		9/25	9/26	10/9	10/10	10/11	10/12						
Period ( A.M. / P.M. )													
4.1	General Requirements						X						
4.2	Environmental Policy			X									
4.3.1	Environmental Aspects	X											
4.3.2	Legal and Other Requirements	X											
4.3.3	Objectives, Targets and programme(s)	X											
4.4.1	Resources, roles, responsibility and authority				X	X							
4.4.2	Competence, Training and Awareness			X									
4.4.3	Communication	X											
4.4.4	Documentation		X										
4.4.5	Control of Documents		X										
4.4.6	Operational Control			X	X	X							
4.4.7	Emergency Preparedness and Response				X	X							
4.5.1	Monitoring and Measurement	X		X	X	X							
4.5.2	Evaluation of Compliance	X											
4.5.3	Nonconformity, corrective and preventive action	X											
4.5.4	Control of Records			X									
4.5.5	Internal Audit	X											
4.6	Management Review	X											
	Use of Logo		X										
<b>TOTALS</b>													

Clause	Audit Report		NCR:
Opening Meeting	Participants:  Discussions:	Stage 1 (9/25/2006): John Davis, Mike Branch, and Tim McElwain. Stage 2 (10/2/2006): Tim McElwain, Bob Loveless, Harry Bledsoe, Roger Young, Ray Seymour, David Hand, Miles Henderson, Dwayne Turner  The objectives of the audits, and audit process for collecting evidence and making findings were discussed for each stage of the audit. The audit plans were discussed and agreed to, and the time and place of the closing meetings were confirmed.	
4.1	Clause Title(s): Functional Area: Participants: Procedures: Samples/Records: Results:	General requirements Corporate EMS, Stevenson, Coshocton, and Ontonagon regions Tim McElwain  <b>Conformance:</b> Results of the audit indicate Smurfit's EMS continues to be implemented and maintained.	
4.2	Clause Title(s): Functional Area: Participants: Procedures: Samples/Records: Results:	Environmental policy Coshocton, Stevenson regions Clint Manns, Ray Seymour  Coshocton supplier letter (4/25/2006) <b>Conformance:</b> Observed copy of letters to suppliers communicating the environmental policy. Employees interviewed during the audit were aware of the policy	
4.3.1	Clause Title(s): Functional Area: Participants: Procedures: Samples/Records: Results:	Environmental aspects Corporate EMS Tim McElwain 04-Admin-01 Environmental Aspects Procedure Management review minutes of 2/21/2006, 5/10/2006, 7/11/2006 <b>Conformance:</b> The management team re-evaluated aspects in 2005 to reflect some new requirements with a change in the SFI Standard. The environmental aspects procedure requires the management review team to evaluate aspects annually. Management review minutes provide evidence of this review.	
4.3.2	Clause Title(s): Functional Area: Participants: Procedures: Samples/Records:  Results:	Legal and other requirements Corporate EMS, Stevenson region Tim McElwain, Ray Seymour, Todd Langston 05-Admin-01 Legal and Other Requirements Procedure Federal and State Regulatory Update Logs, Management review minutes of 2/21/2006, 5/10/2006, 7/11/2006 <b>Conformance:</b> Reviewed list of legal and other requirements maintained by state. Region managers are responsible for updating state regulatory logs. The government affairs manager is responsible for updating the federal log and reviewing changes with management during management review. Management review minutes provided evidence of the update by the government affairs manager. Also interviewed employees on knowledge of state legal and other requirements.	
4.3.3	Clause Title(s): Functional Area: Participants: Procedures: Samples/Records: Results:	Objective, targets and programs Corporate EMS Tim McElwain 06-Admin-01 Environmental Objectives and Targets Procedure Environmental Management Program Update <b>Conformance:</b> Reviewed status of objectives and targets. Targets are measurable, mostly establishing specific projects to be completed within a certain timeframe. Programs include timelines and responsibilities. Smurfit has made considerable progress in its objectives, targets and programs, using this procedure to drive accomplishment of tasks to improve the EMS. O&Ts are developed that include significant aspects, financial, business, and technological considerations, and input from	

		external parties.	
4.4.1	Clause Title(s): Functional Area: Participants: Procedures: Samples/Records: Results:	Resources, roles, responsibility and authority Stevenson region Roger Young, Ray Seymour 03-Admin-03 <b>Conformance:</b> Reviewed roles and responsibilities table with the area manager and region EMS coordinator. Both were aware of their roles and responsibilities and could locate their responsibilities in the table.	
4.4.2	Clause Title(s): Functional Area: Participants: Procedures: Samples/Records: Results:	Competence, training and awareness Coshocton, Stevenson regions Clint Manns, Ray Seymour 08-Admin-01 Competence, Training and Awareness Training records for Coshocton and Stevenson regions <b>Conformance:</b> Training records provided evidence that training has been conducted as required, and records are being kept. Procedure does adequately address competence of contractors	
4.4.3	Clause Title(s): Functional Area: Participants: Procedures: Samples/Records: Results:	Communication Corporate EMS, Stevenson region Tim McElwain, Ray Seymour 09-Admin-01 Communication Procedure External Information Communication Log, Report to CMD mill managers November 2005, Stevenson region communication log <b>Conformance:</b> Communication procedure provides for internal communication process. Procedure requires communication on status of the EMS to mill managers. Report to mill managers provided documentation this was completed as required. Reviewed external communication log maintained at the corporate level documenting relevant external communications. Stevenson region communication log is being documented and maintained according to the communication procedure	
4.4.4	Clause Title(s): Functional Area: Participants: Procedures: Samples/Records: Results:	Documentation Corporate EMS Tim McElwain EMS <b>Conformance:</b> EMS system documentation contains the main elements of the EMS, includes the scope, policy, objectives and targets, records, and direction to related documentation.	
4.4.5	Clause Title(s): Functional Area: Participants: Procedures: Samples/Records: Results:	Control of documents Corporate EMS Tim McElwain 10-Admin-01 Document Control <b>Conformance:</b> The document control procedure provides for modification and approval for documents. The EMS is controlled through a intranet site. All documents are available through the internet.	
4.4.6	Clause Title(s): Functional Area: Participants: Procedures: Samples/Records: Results:	Operational control Coshocton, Stevenson Regions Clint Manns, Bob Ploetz, Todd Langston, Dwayne Turner, Neil Price SFI Procedure Harvesting activities on the Carr, Fisher, Stevenson Land Co., Reynolds Top, RLH 2, and RLF 3 Winchester controlled stumpage tracts <b>Conformance:</b> A review of harvesting activities on the above mentioned tracts provided evidence that planning and implementation of harvests are being done according to the SFI procedures. <b>Notable Practice:</b> Observed excellent attention to wildlife habitat, T&E species, and special sites in the planning of controlled stumpage tracts.	
4.4.7	Clause Title(s): Functional Area:	Emergency preparedness and response Stevenson region	

	<p>Participants: Bob Ploetz, Todd Langston, Dwayne Turner, Neil Price</p> <p>Procedures: 12-Admin-01 Emergency Preparedness and Response procedure.</p> <p>Samples/Records: Carr, Fisher, Stevenson Land Co., Reynolds Top, RLH 2, and RLF 3 Winchester controlled stumpage tracts</p> <p>Results: <b>Conformance:</b> Reviewed emergency preparedness procedure. Primary emergency is associated with petroleum spills. The organization has done an excellent job in preventing petroleum spills, including the use of mats under equipment to capture leaks before they reach the ground. <b>Notable Practice:</b> The audit team observed excellent attention to petroleum spills in both regions, including the use of mats to prevent leaks from reaching the ground in the Stevenson region, and providing additional training in the Ontonagon region in response to a spill.</p>	
4.5.1	<p>Clause Title(s): Monitoring and measurement</p> <p>Functional Area: Corporate EMS, Coshocton Region, Stevenson Region</p> <p>Participants: Tim McElwain, Bob Ploetz, Todd Langston, Dwayne Turner, Neil Price, Ray Seymour</p> <p>Procedures: 13-Admin-01 Monitoring and Measurement Procedure, 11-Admin-04 Planning and Inspections Procedure, Region Annual Review Checklist, SFI Quarterly Report, Stevenson region monitoring and measurement plan</p> <p>Samples/Records: Open market inspections summary, open market BMP assessment, Checklist and Final inspections and weekly inspections for the Carr, Fisher, Stevenson Land Co., Reynolds Top, RLH 2, and RLF 3 Winchester controlled stumpage tracts</p> <p>Results: <b>Conformance:</b> Regional review checklist is used to document monitoring of operational controls, objectives and targets, and performance summaries at a region level. SFI Quarterly Report process is used to summarize performance. Observed copy of summary of inspections used to monitor performance. Stevenson region monitoring and measurement plan has procedure for summarizing data to report performance.</p>	
4.5.2	<p>Clause Title(s): Evaluation of Compliance</p> <p>Functional Area: Corporate EMS</p> <p>Participants: Tim McElwain</p> <p>Procedures: 13-Admin-01 Monitoring and Measurement Procedure, 16-Admin-01 Environmental Audit Procedure, 11-Admin-04 Planning and Inspections Procedure</p> <p>Samples/Records: Audit reports for the Coshocton, Stevenson, and Ontonagon regions</p> <p>Results: <b>Conformity:</b> Evaluation of compliance is conducted during inspections. Region managers are responsible for reviewing inspections to ensure compliance. Evaluations are also reviewed during the internal audit process. <b>Opportunity for improvement:</b> Smurfit has a procedure to evaluate compliance using a combination of field inspections and internal audits. However, this procedure is not described well in the EMS. Consider better documentation of the system used to evaluate compliance with legal and other requirements.</p>	
4.5.3	<p>Clause Title(s): Nonconformity, corrective actions and preventative actions</p> <p>Functional Area: Corporate EMS</p> <p>Participants: Tim McElwain</p> <p>Procedures: 14-Admin-01 Nonconformity, Corrective and Preventative Action Procedure</p> <p>Samples/Records: EMS Nonconformity report summary, NCR Hodge 06-01, NCR Ontonagon 06-01</p> <p>Results: <b>Conformity:</b> Reviewed nonconformity summary and 2 recent reports of nonconformity. Nonconformities contained evidence of corrective and preventative actions and a root cause analysis. <b>Notable Practice:</b> A new process has been put into effect to evaluate effectiveness during the next internal audit. A review of nonconformities is part of internal audit planning, and the effectiveness is evaluated for each NCR.</p>	
4.5.4	<p>Clause Title(s): Control of records</p>	

	<p>Functional Area: Coshocton, Stevenson Regions</p> <p>Participants: Clint Manns, Rey Seymore</p> <p>Procedures: 15-Admin-02 Records Retention List</p> <p>Samples/Records: Non-conformance reports, training records</p> <p>Results: <b>Conformance:</b> Records observed during the audit were maintained in accordance with the records retention list</p>	
4.5.5	<p>Clause Title(s): Internal Audit</p> <p>Functional Area: Corporate EMS</p> <p>Participants: Tim McElwain</p> <p>Procedures: 16-Admin-01 Environmental Audit Procedure</p> <p>Samples/Records: Audit reports for the Coshocton, Stevenson, and Ontonagon regions</p> <p>Results: <b>Conformance:</b> Audit reports provided evidence Smurfit is conducting internal audits in accordance with 4.5.5 and their own procedure. Smurfit's internal audit procedure has historically been a very robust process and has continued to do so.</p>	
4.6	<p>Clause Title(s): Management Review</p> <p>Functional Area: Corporate EMS</p> <p>Participants: Tim McElwain</p> <p>Procedures: 17-Admin-01 Management Review Procedure</p> <p>Samples/Records: Management review minutes of 2/21/2006, 5/10/2006, 7/11/2006</p> <p>Results: <b>Conformance:</b> Management review minutes provided evidence the management review team (Forest Resources Steering Team) is conducting management review and covering all the required elements of 4.6</p>	
Closing Meeting	<p>Participants: Stage 1 (9/26/2006): Merle Conkin, Joe Parsons, Tim McElwain. Stage 2 (10/2/2006): Tim McElwain, Bob Loveless, Harry Bledsoe, Roger Young, Ray Seymour, David Hand, Miles Henderson, Dwayne Turner, Robby Finley, Todd Langston, Glenda Thurmond, Trisha Moore</p> <p>Discussions: Results of the stage 1 and stage 2 audits were summarized, including a discussion of the opportunities for improvement and notable practices. Based on the results of the stage 1 audit, Bureau Veritas recommended to proceed to the second stage audit. Stage 2 audit planning was then reviewed. Based on the results of both audits stages, Bureau Veritas recommended continued certification to the ISO 14001:2004 and SFI:2005-2009 standards.</p>	



**BUREAU  
VERITAS**

## SF02/NA NONCONFORMITY REPORT ISO 14001:2004

Company Name and Site:		<u>SF02#:</u>
Contract #:	Department / Process:	Team Leader:
Date:	Standard and Clause#:	Team Member:
Major	Minor	Other Documents (if applicable):
		Company Representative:
<b>REQUIREMENT OF AUDITED STANDARD:</b>		
<b>OBSERVED NONCONFORMITY:</b>		
<b>ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION (to be completed by the Company)</b>		
Proposed Completion Date:	Actual Completion Date:	Company Representative:
Root Cause Analysis and Corrective Action Response:		
<b>CLEARANCE REPORT (to be completed by BUREAU VERITAS CERTIFICATION)</b>		
Corrective Action Accepted	Yes	
	No	
Nonconformance Downgraded	Yes	
	No	
Follow Up Comments:		
Auditor:		Date: