



**BUREAU
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**Bureau Veritas Certification
North America, Inc.
SFI Audit Report**

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PQC Code	E01E

Contract Number:	US.1556137	Certification Audit:		Re-Certification Audit:		X	Surveillance: (Indicate visit # or Pre-Assessment)	
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Audit Summary

Introduction

This report summarizes the results of a recertification audit conducted on the International Paper Company's (IP) environmental management system and Sustainable Forestry Initiative program for fiber sourcing. Matt Tormohlen, Bureau Veritas Certification Auditor conducted the headquarters audit in Memphis, TN on September 10-11, 2014. Brian Callaghan (Lead Auditor), Julie Stangell, Winston Savelle and Melani Potts conducted the audit of the West Region wood basins including Red River-Mansfield, Valliant, Texarkana, Vicksburg, Bogalusa, during the week of October 6 – 10, 2014. Julie Stangell and Melani Potts completed the West Region audit the week of November 17-20, 2014 with audits of the Orange, Texas and the Springfield, Oregon fiber basins.

Audit Scope, Objectives and Process

The audit scope was "Sustainable wood fiber procurement activities". The audit was conducted against the SFIS 2010-2014 standard. SFI Objectives 8, 9, 10, 14, 15, 16, 17, 19, and 20 were covered during the audit. There were no substitutions or modification of indicators. Specifically, the two objectives of the SFI audit were to verify that the Program Participant's SFI Program is in conformance with the SFI Objectives, Performance Measures and Indicators, and to verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground.

Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as provided by the most recent version of the Bureau Veritas Certification SFI Auditor Handbook (v17) available on the auditor access website.

Company Information

International Paper operates a wood procurement system for twenty-one papermills located throughout the United States. The organization's headquarters is located in Memphis, Tennessee. International Paper's wood procurement system is certified to both the SFI and ISO 14001 standards.

International Paper procures wood in the West Region through open market purchases and purchased stumpage (timber deeds). The West Region has the largest purchased stumpage program within the Company.

Multi-Site Requirements

International Paper maintains a multi-site certification consisting of three regions associated with its paper mills. This year West Region was audited as part of the regular rotation between the regions. The company qualifies for multi-site sampling since the management system is controlled and directed by the central office. The central office operates an internal audit program for its SFI and ISO 14001 system. The internal audit program is quite thorough, and is one upon which Bureau Veritas can rely.

Sites	Sites Audited During this Event
Memphis, TN (Central Office)	X
Augusta Papermill – Augusta, GA	
Bogalusa Papermill – Bogalusa, LA	X
Eastover Papermill – Eastover, SC	
Franklin Pulpmill – Franklin VA	
Georgetown Papermill – Georgetown, SC	
Mansfield Papermill – Mansfield, LA	X
Orange Papermill – Orange, TX	X
Pensacola Papermill – Pensacola, FL	
Pine Hill Papermill – Pine Hill, AL	
Prattville Papermill – Prattville, AL	
Red River Papermill – Campti, LA	X
Riegelwood Papermill – Riegelwood, NC	
Riverdale Papermill – Selma, AL	
Rome Papermill – Rome, GA	
Savannah Papermill – Savannah, GA	
Springfield Papermill – Springfield, OR	X
Texarkana Papermill – Queen City, TX	X
Ticonderoga Papermill – Ticonderoga, NY	
Valliant Papermill – Valliant, OK	X
Vicksburg Papermill – Vicksburg, MS	X

Audit Plan

The audit began with an opening meeting at the Memphis, headquarters on September 10th. Mr. Tormohlen, conducted a review of corporate procedures and records for the International Paper SFI and ISO 14001 programs with the SFI manager on the September 10-11. The Company has an excellent intranet site for maintaining access to records and procedures.

The field audit began the week of October 6-10, audits were carried out at the Red River-Mansfield, Valliant, Texarkana, Vicksburg, and Bogalusa wood basins. From November 17-12 audits were conducted on the Orange and Springfield basins. A closing meeting was held on November 20. An audit plan was developed and is maintained on file by Bureau Veritas Certification.

Audit Results

The field audit consisted of a review of 18 open market tracts and 29 stumpage purchases. Field sites in Red River/Mansfield fiber supply areas were audited by Mr. Callaghan. Mr. Savelle audited the Valliant & Texarkana woodsheds. Ms. Stangell audited the Bogalusa, Vicksburg, Orange and Springfield wood basins. International Paper does a good job monitoring forestry best management practices (BMPs) compliance on both purchased stumpage and open market tracts, and works with its suppliers and loggers to improve BMP compliance. International Paper has developed an excellent

landowner information packet which it distributes to landowners and suppliers delivering wood to IP facilities.

Findings

All aspects of the International Paper's SFI system were found to be in compliance with the SFI 2010-2014 standard, with the exception of two minor non-conformances discussed below.

Objective 8: Landowner Outreach

IP has developed its own landowner information brochure, which is very well done and contains all the requirements of this indicator. The Company provides the brochure to landowners from whom it purchases timber, and to its wood suppliers for their use. IP tracks distribution of landowner packets. IP's harvesting procedures provide a program to address Forests of Exceptional Conservation Values (FECV) on purchased stumpage tracts. The pre-harvest planning process includes a review of potential FECVs that could occur in the area. No FECVs were identified on the purchased stumpage tracts reviewed during the audit.

International Paper actively participates in fifteen SFI State Implementation Committees (SICs) that have developed information packages for landowners and loggers.

Objection 9 : Use of qualified resource and qualified logging professionals

International Papers' sustainable forestry brochure contains information encouraging landowners to use trained loggers. IP requires all loggers delivering wood to its facilities to be SIC trained. IP maintains a list of trained loggers. In addition, a list of trained loggers is available on each state's SIC database.

IP's harvesting procedure provides a program to ensure compliance with BMPs on purchased stumpage tracts. The program consists of contractual requirements, training, pre-harvest planning, and harvest inspections. The 23 purchased stumpage tracts reviewed during the audit demonstrated compliance with state BMPs except where noted.

A contingency logging plan is in place to provide for procedures to use during adverse weather conditions. Mill inventory targets are in place they build inventory in anticipation of wet weather season. Remote chipmills and woodyards provide additional wood storage. Tracts are identified that have wet-weather logging capabilities and prices set to encourage use of wet weather tracts. The West Region has experienced considerable wet weather since spring. All purchased stumpage and gatewood tracts reviewed during the audit demonstrated very little adverse impacts to soil productivity. A number of very dry upland sites were logged during wet weather periods. All of this provided evidence of implementation of the company's wet weather contingency plan.

Objective 10: Adherence to Best Management Practices

The West Region has the largest purchased stumpage program within the Company, as such 18 stumpage tracts were inspected during the audit. IP has a rigorous pre-harvest assessment along with on-going compliance inspections for its purchased stumpage program. All stumpage tracts are monitored at least weekly to ensure operational compliance.

From our examination of 29 tracts where landowner surveys had been completed, we found that all

BMPs had been adequately monitored. IP has a program in place to monitor BMP compliance through the use of state BMP audits, reporting of inconsistent practices, and a gatewood auditing program. Gatewood tracts are randomly selected and a landowner survey form is completed. A review of landowner surveys conducted on gatewood tracts indicated they are being completed accurately.

On one stumpage tract it was observed that one water bar was incorrectly placed which caused water and debris to flow into a stream. A non-conformance was issued (NC1) and corrective actions were implemented the following day. Figure 1 shows the site after corrective actions had been completed.



Figure 1. Corrective actions implemented effectively and quickly after discovery.

International Paper's program to maintain or improve rates of BMP compliance consists primarily of working with individual suppliers to take corrective actions when deficiencies are identified. The company summarizes BMP compliance results and analyzes the results to set goals for improvement. The company's follow-up practices and use of the compliance data for continual improvement were identified as a Notable Practice.

Objective 14: Legal and Regulatory Compliance

International Paper has committed within their Environmental Policy to be in legal compliance in all that they do. The Company has committed to legal or regulatory compliance within its Environmental Policy. A progressive EHS program has been implemented at all mill locations and all fiber supply offices. Safety was a consistent focus across the region during the field portion of the audit.

Objective 15: Forestry Research, Science, and Technology

International Paper spends approximately one million dollars on forestry research supporting groups

such as NCASI, and several forestry schools. The Company supports a wide range of research from water quality, to forest productivity to bio-diversity.

Objective 16: Training and Education.

International Papers' environmental policy and fiber supply policy contain commitments to the SFI Standard. The environmental policy was observed posted at offices throughout the region. The company requires the use of trained loggers on all operations. In one case a logging contractor running three active jobs only had two qualified loggers on staff, a minor non-conformance was issued.

International Paper is active on 15 SFI State Implementation Committees. They are actively involved in the development of training materials for a variety of the items identified.

Objective 17: Community Involvement in the Practice of Sustainable Forestry

"*IP Giving*" supports, enhances and respects the communities in a variety of philanthropic efforts conducted through the International Paper Foundation (IP Foundation) and its businesses. The IP Foundation supports U.S. non-profit organizations within the communities where International Paper has operating facilities. The Foundation's primary focus areas are environmental education and literacy with limited funds going towards health and human services needs and employee involvement. The Company also supports "Coins 4 Kids", United Way and a variety of charitable organizations.

Objective 19: Communications and Public Reporting.

SFI annual reports have been prepared and supplied to SFI annually as required.

Objective 20: Management Review and Continual Improvement.

International Paper has a well-established internal review system, which includes annual internal audits and mill, region and headquarters levels. The most recent management review meeting was in August 2014 that reviewed the environmental management system and its implementation.

Findings

Previous non-conformances: None

Non-conformances:

PM 10.1 Ind. 2: On Tract HD Foote Lumber 13 it was observed that above a stream that one of the water bars was misaligned resulting in sediments entering the stream.

PM 16.1 Ind. 4: It was observed that one logger was running three operations but only had two Qualified Professional Loggers (QPLs) in the company; one operation does not have a QPL on site the majority of the time, as required by IP procedures.

Opportunities for Improvement: None

Notable Practices:

PM10.2 Ind. 1 & 2: IP has a system for surveying landowner properties when harvest is in progress or completed. The landowner surveys are used as an educational/ training tool to encourage suppliers and loggers to improve BMP implementation, potentially improving BMP implementation across all ownerships. IP goes one step farther by rolling-up landowner survey results annually and presenting results to the State SICs. Trends in the data become opportunities to improve state-wide logger training programs.

Logo/label use:

The company uses the SFI fiber sourcing label with approval from SFI Inc. No unauthorized use of the SFI logo was observed. The company does not use the Bureau Veritas Certification logo.

Customer Feedback System

International Paper has functioning customer feedback systems at each of its mills. In a review of these records no complaints against the Company's SFI program were found.

SFI reporting:

The Company submits its annual reports to SFI Inc. on time prior to the March deadline. The Company also posts its audit reports to the SFI website, the 2013 reports can be found there.

Conclusions

Results of the 2014 recertification audit indicate that International Paper's fiber sourcing program continues to implement an effective SFI Program that meets the requirements of the SFI 2010 – 2014 standard. All non-conformances identified during the audit have been closed. The lead auditor issued a recommendation for recertification to the SFI 2010-2014 standard.

Surveillance Audit Schedule

The 2015 audit will be a surveillance audit and will be conducted in the fall of 2015 in the Central Region.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: September 10, 2014				To: November 20, 2014			
Number of SF02's Raised:			Major:		0		Minor:		2
Is a follow up visit required:		Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	Date(s) of follow up visit:			
Follow-up visit remarks:									
Team Leader Recommendation:									
Corrective Action Plan(s) Accepted		Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>	Date:	Nov. 19/14
Proceed to/Continue Certification		Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>	Date:	Nov. 19/14
All NCR's Closed		Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>	Date:	Nov. 19/14
Standard audit conducted against:									
1)	SFIS 2010-2014			3)					
2)				4)					
Team Leader (1):		Team Members (2,3,4...)							
Brian Callaghan		2) Julie Stangell							
		3) Winston Savelle							
		4) Melani Potts							
		5) Matt Tormohlen							
Scope of Supply: (scope statement must be verified and appear in the space below)									
<i>Sustainable wood fiber procurement activities</i>									
Accreditation's		ANAB							
Number of Certificates		4							
Proposed Date for Next Audit Event									
Date	October 2015								
Audit Report Distribution									
Brenda Heindl – brenda.heindl@ipaper.com									
Melani Potts – melani.potts@us.bureauveritas.com									

Clause	Audit Report			
Opening Meeting	Participants:	Will Thomas	BG	Fiber Specialist
	Discussions:	Pam Wallace	BG	Fiber Specialist
		Brian Callaghan	BV Auditor	BV Lead Auditor
		Julie Stangell	BV Auditor	BV Auditor
		Craig Beals	HQ-Memphis	Manager Fiber Supply Planning / Pacific
		Region Manager		
		Brenda Heindl	HQ-Memphis	EMS Manager
		John Dickson	MN/RR	Fiber Supply Manager
		Winfred Johnson	MN/RR	Forester
		Matt Meyerpeter	MN/RR	Forester
		Ron Presley	MN/RR	Fiber Specialist
		Jake Walker	OR	Forester
		Erin Welch	OR	Fiber Supply Manager
		David Helm	Region Office	West Region Manager
		Mark Deloney	RR	Mill CoC Rep
		Kevin McElwee	SP	Fiber Supply Manager
		Ben Carothers	TX	Fiber Supply Manager
		Brett Redmann	TX	Senior Technician
		Tommy Richey	TX	Forester
		Trevor Parrington	VA	Fiber Specialist
		John Boyette	VB	Fiber Supply Manager
		Ramey Harrell	VB	Fiber Specialist
		Camille Walton	VB	Mill CoC Rep
		Eddie Williams	VB	Mill CoC Rep
		Bernie Chascin	BG	Mill Manager
		Hugh Guest	VB	Forester
		Larry Sanders	VB	Forester
		Hunter Whitely	RR	Mill Manager
		Kate Douglas	MN/RR	Mill CoC Rep
		Mark Deloney	MN/RR	Mill CoC Rep
		Anitra Collins	OR	Mill Manager
		Sue Zeni	SP	Mill CoC Rep
		➤ Introductions		
		➤ Scope of the audit		
		➤ Audit schedule/plan		
		➤ Nonconformance types – Major / Minor		
		➤ Review of previous nonconformances - 0.		
		➤ Process approach to auditing and audit sampling		
		➤ Confidentiality agreement		
		➤ Termination of the audit		
		➤ Appeals process		
		➤ Closing meeting timing		
Closing Meeting	Participants:	Will Thomas	BG	Fiber Specialist
	Discussions:	Pam Wallace	BG	Fiber Specialist
		Brian Callaghan	BV Auditor	BV Lead Auditor
		Julie Stangell	BV Auditor	BV Auditor
		Craig Beals	HQ-Memphis	Manager Fiber Supply Planning / Pacific
		Region Manager		
		Brenda Heindl	HQ-Memphis	EMS Manager

John Dickson	MN/RR	Fiber Supply Manager
Winfred Johnson	MN/RR	Forester
Matt Meyerpeter	MN/RR	Forester
Ron Presley	MN/RR	Fiber Specialist
Jake Walker	OR	Forester
Erin Welch	OR	Fiber Supply Manager
David Helm	Region Office	West Region Manager
Mark Deloney	RR	Mill CoC Rep
Kevin McElwee	SP	Fiber Supply Manager
Ben Carothers	TX	Fiber Supply Manager
Brett Redmann	TX	Senior Technician
Tommy Richey	TX	Forester
Trevor Parrington	VA	Fiber Specialist
John Boyette	VB	Fiber Supply Manager
Ramey Harrell	VB	Fiber Specialist
Camille Walton	VB	Mill CoC Rep
Eddie Williams	VB	Mill CoC Rep
Bernie Chascin	BG	Mill Manager
Hugh Guest	VB	Forester
Larry Sanders	VB	Forester
Hunter Whitely	RR	Mill Manager
Kate Douglas	MN/RR	Mill CoC Rep
Mark Deloney	MN/RR	Mill CoC Rep
Anitra Collins	OR	Mill Manager
Sue Zeni	SP	Mill CoC Rep

- Introductions and appreciation for selecting Bureau Veritas Certification.
- Review of audit process - process approach and sampling.
- Review of OFIs and System Strengths
- Nonconformances - 2
- Date for next audit Oct 2015 Central Region
- Reporting protocol and timing



SF02/NA NONCONFORMITY REPORT

Company Name and Site:		SF02#:	
International Paper		NC 1	
Contract #:	Type of audit (e.g., initial, surveillance):	Team Leader:	
	SFI Renewal	Brian Callaghan	
Date:	Standard and Clause #:	Team Member:	
October 8/14	SFI 2010-2014 10.1 2	As above	
Major	Minor	Other Documents (if applicable):	
	X	Company Representative:	
Steve Tomlin			
REQUIREMENT OF AUDITED STANDARD:			
Program to ensure that harvests of purchased stumpage comply with best management practices			
OBSERVED NONCONFORMITY:			
On Tract HD Foote Lumber 13 it was observed that above stream that one of the water bars was misaligned resulting in sediments entering the stream.			
ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION PLAN (To be completed by the Company. Plan to be submitted in 30 days)			
Corrective Action Plan Date:	11/18/2014	Company Representative:	Brenda Heindl
Root Cause Analysis and Corrective Action			
Root Cause: A water bar above the drain had not been properly installed due rushing to complete the job and incomplete inspection of results			
Corrective Action Plan: Have supplier rework water bar.			
ROOT CAUSE AND CORRECTIVE ACTION PLAN ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Verify effective identification of Root Cause and acceptance of Corrective Action Plan)			
Root Cause:			
Corrective Action Plan:			
Plan Accepted:	Yes	X	No
Comments:			
Auditor:	Brian Callaghan	Date:	Nov 19, 2014
CORRECTIVE ACTION IMPLEMENTATION			
To be completed by Company – Provide objective evidence. Not to exceed: 90 Days <input checked="" type="checkbox"/> 1 Year <input type="checkbox"/>			
Corrective Action Completion Date:	10/10/2014	Company Representative:	Brenda Heindl
Corrective Action Implementation: On October 10, 2014, the water bar was reworked by the supplier to prevent water from reaching the drain.			
Method used to verify effectiveness of action taken: IP Mansfield forester responsible for the tract visited after work was done and provided before and after pictures of site.			
CORRECTIVE ACTION IMPLEMENTATION ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Acceptance of Corrective Action taken)			
Accepted:	Yes	X	No
Nonconformance Closed:		Yes	X
Follow Up Comments:			
Auditor:	B Callaghan	Date:	Nov.19, 2014



SF02/NA NONCONFORMITY REPORT

Company Name and Site: International Paper Company- Bogalusa, MS		SF02#: NC 2
Contract #: US.1556137	Type of audit (e.g., initial, surveillance): Renewal	Team Leader: Brian Callaghan
Date: 10/09/2014	Standard and Clause #: SFI 2010:2014 Fiber Sourcing, 10.1 & 16.1.4	Team Member: Julie Stangell
Major Minor X	Other Documents (if applicable): ISO14001, 4.4.2	Company Representative: Brenda Heindl
REQUIREMENT OF AUDITED STANDARD:		
SFIS 10.1 Program for the purchase of raw material from certified logging professionals (where available) and from wood producers that have completed training programs and are recognized as qualified logging professionals. SFIS 16.1.4 Contractor education and training sufficient to their roles and responsibilities. ISO14001 4.4.2 The organization shall ensure that any person(s) performing tasks for it or on its behalf that have the potential to cause a significant environmental impact identified by the organization is competent on the basis of appropriate education, training or experience and shall retain associated records.		
OBSERVED NONCONFORMITY:		
Logger runs three operations but only has two Qualified Professional Loggers (QPLs) in the company; one operation does not have a QPL on site the majority of the time, as required by IP procedures.		
ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION PLAN (To be completed by the Company. Plan to be submitted in 30 days)		
Corrective Action Plan Date:	10/27/2014	Company Representative: Brenda Heindl
Root Cause Analysis and Corrective Action		
Root Cause: A supplier interviewed during the BV audit had misunderstood IP's logger training requirement for a trained person to be on-site with each of his 3 crews the majority of the time. The supplier was serving as the trained representative on 2 of his 3 crews. Corrective Action Plan: During the BV audit, the supplier agreed to send an employee from his 3 rd crew to the SIC approved logger training course as soon as possible.		
ROOT CAUSE AND CORRECTIVE ACTION PLAN ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Verify effective identification of Root Cause and acceptance of Corrective Action Plan)		
Root Cause: The root cause analysis is accepted. Corrective Action Plan: The corrective action plan is accepted.		
Plan Accepted:	Yes X No	Comments: Corrective action plan to be implemented by 16 Nov 2015
Auditor:	Julie Stangell	Date: 17 Nov 2014
CORRECTIVE ACTION IMPLEMENTATION		
To be completed by Company – Provide objective evidence. Not to exceed: 90 Days <input type="checkbox"/> 1 Year <input checked="" type="checkbox"/>		
Corrective Action Completion Date:		Company Representative: Brenda Heindl
Corrective Action Implementation: IP's BG Fiber Supply will work with the supplier to locate the next available SIC training course and ensure supplier registers an employee from his 3 rd crew for the course. Method used to verify effectiveness of action taken: Once the supplier's employee has completed the SIC course, IP's BG Fiber Supply will obtain a copy of the employees training record and will update their logger training records.		
CORRECTIVE ACTION IMPLEMENTATION ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Acceptance of Corrective Action taken)		
Accepted:	Yes X No	Nonconformance Closed: Yes X No

Follow Up Comments:			
Auditor:	Brian Callaghan	Date:	Nov 19, 2014