



**BUREAU  
VERITAS**

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

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PQC Code	E01E
Contract Number	US.1556137

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	1	Scope extension audit:	
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Audit Summary
<b>Introduction</b>
<p>This report summarizes the results of a surveillance audit conducted on the International Paper Company’s (IP) environmental management system and Sustainable Forestry Initiative program for fiber sourcing. Brian Callaghan (Lead Auditor), and Julie Stangell, conducted the audit of the Central Region wood basins including Rome, Riverdale, Prattville, Pine Hill, and Pensacola.</p>
<b>Audit Scope, Objectives and Process</b>
<p>The audit scope was “Sustainable wood fiber procurement activities”. The audit was conducted against the SFIS 2015-2019 Fiber Sourcing Standard. The SFI Objectives 2, 3, 4, 9, 10 were covered during the audit. Additionally, all new or revised indicators within the 2015 standard were evaluated. Objectives 8, 11, 12, and 13 which do not apply. There were no substitutions or modification of indicators.</p> <p>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.</p> <p>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(v19) available on the auditor access website.</p>
<b>Audit Plan</b>
<p>An audit plan was developed for the audit and provided to the client. The plan is maintained on file by Bureau Veritas Certification. The audit began with an opening meeting at the Memphis, headquarters on September 21<sup>st</sup>. Mr. Callaghan conducted a review of corporate procedures and records for the International Paper SFI program with the SFI managers. The field audit began on September 23<sup>rd</sup> with the audit of the Rome Georgia mill’s wood procurement program. October 19-23, audits were carried out at the Pensacola, Pine Hill, Prattville and Riverdale mills wood basins. A closing meeting was held on October 23 in Prattville.</p>

### **Company Information**

International Paper operates a wood procurement system for twenty 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 2015-2019 SFI standard.

International Paper procures wood in the central region through open market purchases and purchased stumpage (timber deeds). The Central Region includes the Rome, Riverdale, Prattville, Pine Hill, and Pensacola mills.

### **Multi-Site Requirements**

International Paper maintains a multi-site certification consisting of three regions associated with its paper mills. This year Central 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 system. The internal audit program is quite thorough, and is one upon which Bureau Veritas can rely.

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

### **Audit Results**

Auditors inspected 34 landowner surveys in the Central Region. All surveys were found to be accurate and highlighted follow-up activities necessary to meet BMP requirements. Central Region has an excellent system for documenting and tracking follow-up activities. In general, all forest operations were professionally conducted and where issues were identified they were corrected quickly, though in one instance the land owner did not wish to have the work done, so it wasn’t.

This audited included the application of the new SFI standard. All of the new or modified indicators were found to be in compliance which allows for the certification to be upgraded to the SFI 2015-2019 SFI Fiber Sourcing Standard.

#### Objective 1-Biodiversity in Fiber Sourcing:

International Paper has incorporated information on biodiversity into their Fiber Procurement and Harvesting procedures. The Company also provides biodiversity information to landowners and the general public in their booklet – Sustainable Forestry Practices for Landowners. Conservation partnerships that International Paper is involved in also promote biodiversity.

#### Objective 2-Adherence to Best Management Practices:

From our examination of 34 tracts where landowner surveys had been completed and examining two stumpage tracts, 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. If any follow-up activities are seen as necessary they are communicated to the contractor and for the most part corrected. The audit team was impressed with the follow-up activities program being operated in the region.

International Paper supplier contracts have language requiring BMP compliance.

#### Objective 3-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 2 stumpage tracts reviewed during the audit demonstrated compliance with state BMPs.

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.

#### Objective 4-Legal and Regulatory Compliance:

International Paper has committed within their Environmental Policy to be in legal compliance in all that they do. There have been no recorded legal or regulatory compliance issues in the Central Region with regards to wood procurement. International Paper supplier contracts require all laws and regulations be followed.

International Paper has a program to assess the risk that fiber could be acquired from illegal logging. The Company has developed Due Diligence System (DDS) procedures and their DDS has been third-party verified.

International Paper has a Code of Conduct that demonstrates its commitment to comply with social laws, such as those covering civil rights, equal employment opportunities, anti-discrimination and anti-harassment measures, workers' compensation, indigenous peoples' rights, workers' and

communities' right to know, prevailing wages, workers' right to organize, and occupational health and safety. This Code of Conduct is included in the Company's supplier contracts.

Objective 5-Forestry Research, Science and Technology: Not Audited

Objective 6-Training and Education:

International Paper's fiber purchase contracts require suppliers/loggers to be in compliance with the applicable State SIC logger training program. There is a system in place to verify logger training.

Objective 7-Community Involvement and Landowner Outreach: Not Audited

Objective 8-Public Land Management Responsibilities: Not Applicable

Objective 9-Communications and Public Reporting:

SFI annual reports have been prepared and supplied to SFI annually as required. The 2014 audit report is posted on the SFI website.

Objective 10: 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 2015 that reviewed the environmental management system and its implementation.

Objective 11-Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Conservation Wilderness Areas: Not Applicable

Objective 12-Avoidance of Controversial Sources including Illegal Logging: Not Applicable

Objective 13-Avoidance of Controversial Sources including Fiber Sourced from Areas without Effective Social Laws: Not Applicable

## **Findings**

### **Previous non-conformances:**

- 1) 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. The water crossing was immediately rehabilitated. The operator was required to get additional training.
- 2) 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 – this nonconformance was closed by the contractor having a third supervisor QPL trained.

**Non-conformances:** *None issued.*

**Opportunities for Improvement:** *None issued.*

### **Notable Practices:**

PM 2.2 1 - The region does an excellent job on the analytical side of the monitoring system. Data is

diligently tracked, compiled and analyzed, including follow up activity tracking.

**Logo/label use:**

The company uses the SFI Certified 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.

**SFI reporting:**

The Company submits its annual reports to SFI Inc. on time prior to the March deadlines. The Company also posts its audit reports to the SFI website, the 2014 reports can be found there.

**Conclusions**

Results of the 2015 audit indicate that International Paper's fiber sourcing program continues to implement an effective SFI Program that meets the requirements of the SFI 2015 – 2019 standard. No non-conformances were identified during the audit. The lead auditor issued a recommendation for continued certification to the SFI 2015-2019 Fiber Sourcing standard.

**Surveillance Audit Schedule**

The 2016 audit will be a surveillance audit and will be conducted in the fall of 2016 in the East Region.

**SEE SF61 FOR AUDIT NOTES**

Summary of Audit Findings:									
Audit Date(s):		From: July 28, 2015				To: October 23, 2015			
Number of SF02's Raised:			Major:		0		Minor:		0
Is a follow up visit required:			Yes	No	X	Date(s) of follow up visit:			
Follow-up visit remarks:									
Team Leader Recommendation:									
Corrective Action Plan(s) Accepted		Yes	No	N/A	X	Date:			
Proceed to/Continue Certification		Yes	X	No	N/A	Date:		Oct 23, 2015	
All NCR's Closed		Yes	No	N/A	X	Date:			
Standard audit conducted against:									
1)	SFI 2015-2019 Fiber Sourcing			3)					
2)				4)					
Team Leader (1):			Team Members (2,3,4...)						
Brian Callaghan RPF EP(EMSLA)			2) Julie Stangell						
			3)						
			4)						
			5)						
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		1							
Proposed Date for Next Audit Event									
Date	Fall 2016								
Audit Report Distribution									
Brenda Heindl – <a href="mailto:brenda.heindl@ipaper.com">brenda.heindl@ipaper.com</a>									
Dawn Komnic									

Clause	Audit Report
Opening Meeting	Participants: See below Discussions: <ul style="list-style-type: none"> <li>➤ Introductions</li> <li>➤ Scope of the audit</li> <li>➤ Audit schedule/plan</li> <li>➤ Nonconformance types – Major / Minor</li> <li>➤ Review of previous nonconformances - 2</li> <li>➤ Process approach to auditing and audit sampling</li> <li>➤ Confidentiality agreement</li> <li>➤ Termination of the audit</li> <li>➤ Appeals process</li> <li>➤ Closing meeting timing</li> </ul>
Closing Meeting	Participants: See below Discussions: <ul style="list-style-type: none"> <li>➤ Introductions and appreciation for selecting Bureau Veritas Certification.</li> <li>➤ Review of audit process - process approach and sampling.</li> <li>➤ Review of OFIs and System Strengths</li> <li>➤ Nonconformances - 0</li> <li>➤ Date for next audit</li> <li>➤ Reporting protocol and timing</li> </ul>

**International Paper**

**Central Region & Cedar River Audit 2015**

Cedar River audited July 28

Rome audited Sept 23-25

Riverdale, Prattville, Pine Hill, Pensacola audited Oct 19-23

First	Last	19-Oct Opening	23-Oct Closing	Office	IP Title
Lee Ann	Adams	X		PN	Quality Manager
Emilie	Bankson		X	RD	Riverdale Mill
Sophie	Beckham	X	X	Sustainability	Memphis
John	Bowers	X	X	PT/RD	Fiber Specialist
Linda	Brambellett	X	X	Region Office	Region Manager
John	Brown	X		PN	Procurement Forester
Brian	Callaghan	X	X	BV	BV
Robert	Clarke	X		Rome	Fiber Specialist
Ross	Congo	X	X	HQ-Memphis	EMS Manager
Ted	Crane		X	PT	Fiber Specialist
Jack	Frankhouser	X		PN	FS Associate
Sharon	Goodson		X	PT	Admin Specialist
Doug	Howell	X		PN	Manager Finished Products
Mike	Jacobs	X	X	PH	Quality Assurance Engineer
Wade	Koenenn	X		RD	Sr Procurement Tech
Candice	Kortesmaki		X	PT	FS Associate
Paul	Lohman	X	X	PT/RD	Fiber Supply Manager
Jessica	Oates	X	X	PT	Prattville Mill
Dwight	O'Neal	X		PN	Fiber Specialist
Brad	Phillips		X	PT	FS Associate
Charlie	Price	X		PN	Sr Procurement Tech
Heath	Raybon		X	PT	FS Associate
Rhonda	Russell	X	X	PN	Pensacola Mill
Theresa	Shell	X		Region Office	Central Region Field Financial Analyst
David	Shoupe	X	X	RD	FS Associate
Jake	Smith		X	PT	FS Associate
Lydia	Smith	X		PN	Admin Specialist
Ken	Stacey	X		PN	Fiber Supply Manager
Julie	Stangell	X	X	BV	BV
Cindy	Stewart	X	X	RD	Admin Specialist
Scott	Thomas	X		RM	Fiber Supply Manager
Wayne	Thomas	X		RD	Fiber Specialist
Joe	Twardy	X		PH	Fiber Supply Manager
Susan	Vickery	X		PN	Sr Procurement Tech
Jack	Williams	X	X	PN	Fiber Specialist