



**BUREAU  
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**Bureau Veritas Certification  
North America, Inc.  
SFI 2010:2014 Audit Report**

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PQC Code	E01E

Contract Number:	US.1661487	Certification Audit:		Re-Certification Audit:		Surveillance: (Indicate visit # or Pre-Assessment)	1
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**Audit Summary**

**Introduction**

This report summarizes the results of the first surveillance audit conducted on SAPPI Fine Papers, North America's SFI Wood Procurement program. Brian Callaghan RPF EP(EMSLA) (Lead) and Craig Howard RPF EP(EMSLA) undertook the audit on behalf of Bureau Veritas Certification. Mr Howard undertook the Maine portion of the audit May 20 and 21, 2015. Mr Callaghan undertook the Minnesota/Wisconsin portion August 22 and 23 2015. This audit was undertaken in conjunction with Company's SFI/FSC/PEFC chain of custody audits at both operations.

**Audit Scope, Objectives and Process**

The scope of the audit is "company purchased roundwood, residual chips and pulp for primary manufacture into pulp and coated paper" for their Skowhegan Maine and Cloquet Minnesota operations. The audit was conducted against the SFI 2010:2014 fiber sourcing standard. Eight SFI Objectives were the focus of this audit;

- Objective 8 – Landowner Outreach
- Objective 9 – Use of Qualified Resource and Qualified Logging Professionals
- Objective 10 - Adherence to Best Management Practices
- Objective 14 – Legal and Regulatory Compliance
- Objective 15 - Forestry Research, Science, and Technology
- Objective 16 – Training and Education
- Objective 19 – Communications and Public Reporting
- Objective 20 – Management Review and Continual Improvement

The objective of the audit was to determine the continued conformance of the company's wood procurement program with the SFI standard. 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 available on the auditor access website.

**Audit Plan**

The audit consisted of a review of program documentation, inspection of nine field sites where the Company monitored forest operations. A closing meeting was held August 23 the company office in Cloquet. An audit plan was developed and is maintained on file by Bureau Veritas Certification.

### Company Information

SAPPI operates mills in Cloquet Minnesota and Skowhegan Maine. The company procures wood from Maine, New Hampshire and Vermont for its Skowhegan mill and from Minnesota, Michigan and Wisconsin for the Cloquet facility. The supply of SFI certified wood for the sappi mills comes from predominantly non-industrial private lands, along with state lands, and a number of private timber investment companies in both Maine and Minnesota.

### Multi-Site Requirements

SAPPI Fine Papers North America has a multi-site certification covering its paper mills in Skowhegan Maine and Cloquet Minnesota. The Company's executive offices are in Boston Massachusetts. The headquarters portion of the audit were conducted from the Skowhegan office, where access was available to all necessary corporate information systems.

Sites	Sites Audited During this Event
Headquarters	X
Skowhegan Maine	X
Cloquet Minnesota	X

### Audit Results

The Company has a very effective monitoring system for its wood procurement systems. Monitoring results were found to be accurate and insightful for both gatewood tracts and purchased stumpage. Recordkeeping is quite sound. The Company is active in public outreach participating in a number of events and charities. The Company has had no issues of legal compliance in the past year. Note that the company elected not to update its program to meet the requirements of the 2015-2019 SFI Fibre-sourcing standard, in part due to a recent reduction in staff and in part because the phase in requirements of the new standard allow a period of grace before the new standard must be implemented. There were no functional updates to the SFI management program in the past year.

#### *Objective 8 – Landowner Outreach*

Landowner outreach packages developed by Maine SICs are provided to all landowners who sell their stumpage to SAPPI. Packages are provided to gatewood suppliers and loggers to provide to landowners. SAPPI's Sustainable Forestry brochure directs people to a website (SAPPIforestry.com) which addresses BMPs, aesthetics, forest regeneration, conservation and other topics for the small landowner. The Company works with landowners to identify Sites of Exception Conservation Values (SECVs). They also work closely with state natural heritage programs to assess tracts for the presence of rare, threatened and endangered species as well as SECVs. In Maine there are currently no formal FECVs in the state, though protection has been afforded to high elevation forests.

#### *Objective 9 – Use of Qualified Resource and Qualified Logging Professionals*

SAPPI requires all loggers and wood suppliers to be trained within the respective state logger training program. Training status was checked on five of the loggers who harvested stumpage sites inspected during the audit, all were found to be CLP qualified. All field foresters with the company are required to maintain their logger training credentials. SAPPI maintains records on all logger training

### *Objective 10 - Adherence to Best Management Practices*

Landowner and logger contracts all require BMP compliance. Supplier declarations also require a commitment to BMP use.

SAPPI has a rigorous BMP inspection program covering all of the stumpage tracts operated on. During the audits seven stumpage tracts were inspected, all complied with state BMPs. All inspections were found to be accurate and true. None of the sites visited were found to have BMP issues.

To verify compliance on purchase wood sites SAPPI has chosen to use the State of Maine's forest inspection data. As part of the Forest Practices Act the State inspects every permitted harvest site in the state for legal and BMP compliance. The company inspected 60 state reports. The state reports clearly showed that there were no BMP issues on any of the sites where SAPPI purchased timber.

### *Objective 14 – Legal and Regulatory Compliance*

Through its Sustainable Forestry Policy SAPPI has made a commitment to meeting all regulatory requirements. In a search of the historic record no instance of regulatory noncompliance were found against the SAPPI wood procurement program. The Sustainable Forestry Policy also commits the company to comply with social laws including those covering health and safety, civil rights, equal employment opportunities, antidiscrimination and anti-harassment measures, workers' compensation, indigenous peoples' rights, workers' and communities' right to know, etc.

### *Objective 15 - Forestry Research, Science, and Technology*

SAPPI directly supports the research activities of the University of Maine for research in a number of areas of forestry. Additionally, staff members act as adjunct professors at both Universities of Maine and New Hampshire. The company is an active participant on and supporter of SIC committees in five states: Maine, New Hampshire, Michigan, Minnesota, and Wisconsin.

### *Objective 16 – Training and Education*

SAPPI has a written statement of commitment to the SFI 2010-2014 Standard communicated throughout the organization, particularly to facility and woodlands managers, fiber sourcing staff, and field foresters. Staff education and training was found to be sufficient to their roles and responsibilities. SAPPI has an internal training system which tracks all staff training. Similarly contractor education and training was found to be sufficient. A database of training accomplishments and requirements is kept on all contractors and suppliers.

### *Objective 19 – Communications and Public Reporting*

SAPPI's 2014 SFI audit report is posted on the SFI website and freely available to the public. The Company provides its annual SFI report to SFI in a timely fashion.

### *Objective 20 – Management Review and Continual Improvement*

SAPPI has an internal management system which requires internal audits annually which are then presented to management for their review. The internal audit included a review of the BMP audit

program, review of Company wood suppliers, internal CARs, and any changes in the standards. Management review is conducted quarterly with forestry and wood procurement being standing agenda items.

### Internal Audit

The company conducts an internal audit of its program annually. The company has a robust internal audit program upon which Bureau Veritas Certification can rely on to ensure the company continues to meet requirements of the SFI/PEFC CoC standard.

### Findings

**Previous non-conformances:** No non-conformances were issued during the two previous audits.

**Non-conformances:** No non-conformances were issued during this audit.

**Opportunities for Improvement:** None issued.

**Notable Practices:** None issued.

### Logo/label use:

The company uses the SFI logo with approval from SFI, Inc. All label use observed during the audit was in accordance with the standard. SAPPI does not use the Bureau Veritas Certification logo.

### Conclusions

Results of the audit indicate SAPPI has continued to implement an effective wood procurement management system that meets the requirements of the SFI Standard, and is recommended for continued certification.

### Surveillance audits

A second surveillance audit will be undertaken in the summer of 2016 covering both locations..

**SEE SF61 FOR AUDIT NOTES**

Summary of Audit Findings:					
Audit Date(s):	From: May 20, 2015 Aug 22,2015			To: May 21, 2015 Aug 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:					

<b>Team Leader Recommendation:</b>						
Corrective Action Plan (s) Accepted	Yes		No		Date:	N/A
Proceed to/Continue Certification	Yes	X	No		Date:	Aug 23, 2015
All NCR's Cleared	Yes		No		Date:	N/A
Standard audit conducted against:						
1)	SFI 2010:2014	3)				
2)		4)				
Team Leader (1):		Team Members (2, 3, 4...)				
Brian Callaghan RPF		2) Craig Howard				
		3)				
		4)				
		5)				
Scope of Supply: (scope statement must be verified and appear in the space below)						
Company purchased roundwood, residual chips and pulp for primary manufacture into pulp and coated paper						
Accreditation's	ANAB					
Number of Certificates	1					
Proposed Date for Next Audit Event						
Date	Summer of 2016					
Audit Report Distribution						
SAPPI: Kevin McCarthy- kevin.mccarthy@SAPPI.com						
Bureau Veritas Certification: Dawn Komnick - dawn.komnick@us.bureauveritas.com						

Clause	Audit Report
<p>Opening Meeting Maine 20 May 2015 Skowhegan</p>	<p>Participants: Kevin McCarthy (Certification Manager)</p> <ul style="list-style-type: none"> <li>➤ Introductions</li> <li>➤ Scope of the audit</li> </ul> <p>Discussions :</p> <ul style="list-style-type: none"> <li>➤ Audit schedule/plan</li> <li>➤ Nonconformance types – Major / Minor</li> <li>➤ Review of previous nonconformances - 0</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>
<p>Closing Meeting – Cloquet 23 Aug 2015</p>	<p>Participants: </p> <ul style="list-style-type: none"> <li>➤ Kevin McCarthy (Certification Manager)</li> <li>➤ Introductions and appreciation for selecting Bureau Veritas Certification.</li> </ul> <p>Discussions :</p> <ul style="list-style-type: none"> <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>