



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

16800 Greenspoint Park Drive, Suite 300S, Houston, TX 77060
Phone (281) 986-1300: Toll Free (800) 937-9311

Company Name	S.D. Warren Co dba SAPPI Fine Papers, N.A.
Contact Person	Kevin McCarthy
Address	1329 Waterville Road, Rte 201, Skowhegan, ME
Phone / Fax	Phone: 207-238-3067 Email: Kevin.mccarthy@SAPPI.com
PQC Code	E01E

Contract Number:	US.1661487	Certification Audit:		Re-Certification Audit:		Surveillance: (Indicate visit # or Pre-Assessment)	2
------------------	------------	----------------------	--	-------------------------	--	---	---

Audit Summary
Introduction
<p>This report summarizes the results of the second surveillance audit conducted on S.D. Warren Co dba SAPPI North America's (SAPPI) SFI Fiber Sourcing program. Brian Callaghan RPF EP(EMSLA) undertook the audit on behalf of Bureau Veritas Certification. Audit field work was split into two portions; the Maine operations were audited on May 11 2016, while Minnesota and Wisconsin operations were audited August 20 2016. This audit was undertaken in conjunction with the Company's SFI/FSC/PEFC chain of custody audits at both operations.</p>
Audit Scope, Objectives and Process
<p>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 2015:2019 Standards and Rules fiber sourcing standard. Seven SFI Objectives were the focus of this audit;</p> <ul style="list-style-type: none"> Objective 1 – Biodiversity in Fiber Sourcing Objective 2 – Adherence to Best Management Practices Objective 3 - Use of Qualified Resource and Qualified Logging Professionals. Objective 4 – Legal and Regulatory Compliance Objective 7 - Community Involvement and Landowner Outreach Objective 9 – Communications and Public Reporting Objective 10 – Management Review and Continual Improvement
<p>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.</p>
Audit Plan
<p>The audit consisted of a review of program documentation, inspection of twelve field sites where the Company monitored forest operations. A closing meeting was held August 20 the company office in Cloquet. An audit plan was developed and is maintained on file by Bureau Veritas Certification.</p>

Company Information

SAPPI operates pulp and paper 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 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 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 1 – Biodiversity in Fiber Sourcing

SAPPI's Sustainable Forestry brochure directs people to a website (SAPPIforestry.com) which addresses biodiversity, 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.

Objective 2 – 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 and five purchase wood 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 in Maine 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's operations were inspected in 54 state reports on harvest sites where the company procured timber. The state reports clearly showed that there were no BMP issues on any of the sites where SAPPI purchased timber.

Objective 3 - 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 4 – 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 7 - Community Involvement and Landowner Outreach

Landowner outreach packages developed by the various state SICs are provided to all landowners who sell their stumpage to SAPPI. Packages are also provided to gateway 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.

Objective 9 – Communications and Public Reporting

SAPPI's 2015 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 10 – 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:

NC 1 - The Wood Supplier contract contains reference to two documents “Sappi’s Border Strip Policy” and Sappi’s Erosion Control Regulations” neither exist. (PM 2.1, I 2)

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 renewal audit will be undertaken in the summer of 2017 covering both locations..

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:						
Audit Date(s):	From: May 11, 2016 Aug 20,2016			To: May 12, 2016 Aug 20,2016		
Number of SF02's Raised:	Major:		0	Minor:		1
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	X	No	Date:	Aug 23, 2015	
Proceed to/Continue Certification	Yes	X	No	Date:	Aug 23, 2015	
All NCR's Cleared	Yes	X	No	Date:	Aug 23, 2015	
Standard audit conducted against:						
1) SFI 2015:2019	3)					
2)	4)					
Team Leader (1):	Team Members (2, 3, 4...)					
Brian Callaghan RPF	2)					
	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 2017					
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</p> <p>11 May 2016</p> <p>Skowhegan</p>	<p>Participants: Kevin McCarthy (Certification Manager)</p> <ul style="list-style-type: none"> ➤ Introductions ➤ Scope of the audit <p>Discussions :</p> <ul style="list-style-type: none"> ➤ 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
<p>Closing Meeting – Cloquet</p> <p>20 Aug 2016</p>	<p>Participants: </p> <ul style="list-style-type: none"> ➤ Kevin McCarthy (Certification Manager) ➤ Introductions and appreciation for selecting Bureau Veritas Certification. <p>Discussions :</p> <ul style="list-style-type: none"> ➤ Review of audit process - process approach and sampling. ➤ Review of OFIs and System Strengths ➤ Nonconformances - 1 ➤ Date for next audit. ➤ Reporting protocol and timing



SF02/NA NONCONFORMITY REPORT

Company Name and Site:		SF02#:	
S.D. Warren Co dba Sappi Fine Papers, NA		1	
Contract #:	Type of audit (e.g., initial, surveillance):	Team Leader:	
US.1661487	Surveillance 2	Brian Callaghan	
Date:	Standard and Clause #:	Team Member:	
July 18 2016	SFI 2015-2019 FS, PM 2.1 I 2	same	
Major	Minor	Other Documents (if applicable):	Company Representative:
	X		
REQUIREMENT OF AUDITED STANDARD:			
2) Use of written agreements for the purchase of raw material sourced directly from the forest is required and must include provisions requiring the use of best management practices.			
OBSERVED NONCONFORMITY:			
The Wood Supplier contract contains reference to two documents “ “Sappi’s Border Strip Policy” and Sappi’s Erosion Control Regulations” neither of which exist.			
ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION PLAN (To be completed by the Company. Plan to be submitted in 30 days)			
Corrective Action Plan Date:	July 20 2016	Company Representative:	Kevin McCarthy
Root Cause Analysis and Corrective Action			
Root Cause: Periodic review of contract language was incomplete and failed to remove references to outdated policies.			
Corrective Action Plan: A new review was conducted and contract language was harmonized with current policies			
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: Accepted			
Corrective Action Plan: Accepted			
Plan Accepted:	Yes	X	No
Comments:			
Auditor:	B Callaghan	Date:	Aug 15 2016
CORRECTIVE ACTION IMPLEMENTATION			
To be completed by Company – Provide objective evidence. Not to exceed: 90 Days <input type="checkbox"/> 1 Year <input type="checkbox"/>			
Corrective Action Completion Date:	July 20 2016	Company Representative:	Kevin McCarthy
Corrective Action Implementation: Contract language has been revised			
Method used to verify effectiveness of action taken: reviewed copies of Northeast and Cloquet MOAs			
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:	Aug 15 2017

