



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

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PQC Code	E01E

Contract Number:	US.1505842	Certification Audit:	X Stage 2	Re-Certification Audit:		Surveillance: (Indicate visit # or Pre-Assessment)	
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Audit Summary

Introduction

A certification audit for SFI Fiber Sourcing certification was undertaken of Verso Paper’s wood procurement systems. The audit was undertaken December 1 to 4 2014 in Maine by Brian Callaghan RPF CEA(SFM) a senior lead auditor with Bureau Veritas Certification.

Audit Scope, Objectives and Process

The scope of this audit is Paper and Pulp Manufacturing; cover mills at Androscoggin Maine, and Bucksport Maine. The Bucksport mill closed effective December 3rd 2014 its fiber sourcing was assessed as part of this audit. The two primary 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 any additional indicators that the Program Participant chooses, and verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground. The audit was conducted against the “*The SFI Standard 2010-2014*” covering Principles 8, 10, 12, 14, 16, 17, and 20. There was no substitution of indicators 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

An audit plan was prepared and provided to the Company prior to the audit. The audit process included opening and closing meetings, document review and systems check. A copy of the audit plan is on file at Bureau Veritas Certification’s offices in Houston Texas.

Company Information

The Verso Paper Corporation is a leading producer of coated papers, including coated groundwood and coated freesheet, supercalendered and specialty paper products. Verso Paper Corp. currently owns and operates two paper mills in Maine (2), and Michigan (1). The company is a publically traded firm with a traditional structure of a president supported by seven vice presidents covering finance, sales, manufacturing, human resources, information systems, legal, and sustainability. An independent board of directors is in place to protect governance of the Company. Each mill is led by a mill manager who

along with their on-site team controls the day-to-day operations of the mill. Wood is procured by each mill from a variety of landowners and sources. The company does not purchase stumpage tracts, it only purchase wood directly to the mill(s).

Multi-Site Requirements

As a certification audits were carried out at each of the three mills. Central office requirements were audited remotely utilizing Verso’s corporate information network. All multi-site requirements of the SFI standard were checked and found in conformance.

Sites	Sites Audited During this Event
Memphis, Tennessee (Central Office)	
Androscoggin Maine	X
Bucksport Maine	Closed Dec 3, 14
Quinnesec Michigan	

Audit Results

The SFI FS certification audit was examined the management information system developed by Verso Paper to meet the SFI 2009-2014 standard additionally site inspections were undertaken of seven sites where BMP site inspections had been undertaken in the initial inspections undertaken for this program.

Objective 8: Landowner Outreach

Verso Paper actively participates in four SFI State Implementation Committees (SICs) that have developed information packages for landowners and loggers. The Company encourages its suppliers to provide information packages to individual landowners. In 2012 the Company introduced the Verso Forest Certification Grant program aimed at small and medium sized land owners .

Objective 10: Adherence to Best Management Practices

Verso Paper has implemented a clearly defined fiber sourcing policies to ensure fiber sourcing activities and facility inventories (system inventory) do not compromise adherence to the principles of sustainable forestry. The Company’s fiber sourcing policies includes certified logging professional as one criteria by which wood is purchased. Verso Paper master agreement contains the following “ *Seller certifies that logging professional working for the seller shall be in compliance with BMPs for forestry*”. Random site inspections will be undertaken to confirm conformance to BMPs.

Verso Paper has a program to address weather conditions. Each year Verso Paper builds a detailed purchase plan that takes into account market demand and the amount of supply that is typically available throughout the year. The plan takes into account that there will times of the year when harvesting will not occur (e.g. spring break-up). That plan is reviewed weekly and adjusted accordingly to assure there are sufficient inventories so fiber-sourcing activities don’t compromise adherence to the principles of sustainable forestry.

Verso Paper has developed and implemented a verifiable monitoring program of its woods suppliers at each mill. During the audit eight sites were visited where Verso staff had undertaken inspections. The BMP monitoring program put in place utilizes a inspection form which covers all major aspects of forest harvesting and BMP implementation. The BMP form has been improved by identifying the “completeness” of the job (e.g. 50%, 90%, and 100%) and GPS coordinates.

Objective 14: Legal and Regulatory Compliance

Verso Paper has no recorded legal or regulatory compliance issues in its procurement of roundwood or chips for its mills. The Company has made a commitment to comply with the laws in each of the states it operates in. All locations maintain a checklist for applicable state and federal laws. The Company's Code of Conduct requires adherence to all laws and regulations. A progressive EHS policy and program is available at all mill locations which strives to "meet or exceed all relevant EHS laws and regulations".

Objective 16: Training and Education.

Verso Paper's management information system contains all staff training records. All staff interviewed knows and understand their roles in the SFI system.

Written statement of commitment to the SFI 2010-2014 Standard Can be found on posted at all mills and wood yards, provided to fiber sourcing staff. All staff knows and understands their roles in the SFI system. : Staff was previously trained with previous owners and has rediscovered their knowledge through developing the system and participating in SIC activities.

Objective 17: Community Involvement in the Practice of Sustainable Forestry

The company is active in the Michigan, Wisconsin, Maine and New Hampshire SICs. They participate in state logger training initiatives in the areas they operate in. They support master logger programs in Maine and Wisconsin. Logger training in all four states includes meet the requirement of the standard/ Verso received the SFI Presidents Award in 2010 in Maine for its community outreach program. In 2012 the Company introduced the Verso Forest Certification Grant program aimed at small and medium sized land owners, with the objective to increase the availability of certified wood.

Objective 19: Communications and Public Reporting.

SFI annual reports have been prepared and supplied to SFI annually since the inception.

Objective 20: Management Review and Continual Improvement.

They have a well-established internal review team, which meets quarterly to review processes and results. Annual review occurs quarterly review meetings to review system performance. Review the results of the BMP inspections.

Findings

Previous non-conformances: *Not Applicable.*

Non-conformances: *Not Applicable.*

Opportunities for Improvement: *Not Applicable.*

Notable Practices:

PM10.2 Indicator 1 – The evolution of the BMP monitoring form based upon staff input and field results has provided significant improvements to the program and is an excellent example of continuous improvement and adaptive management.

Internal Audit Program

Verso Paper has a rigorous internal audit and management review process. The Company has an internal review committee which meets quarterly to review company performance. The latest internal audit of the SFI fiber sourcing system was undertaken in August of 2014. Management Review occurs at the third quarter meeting of the internal review committee. Bureau Veritas can rely on the Verso internal audit system to monitor and report on system performance.

Logo/label use:

The Company does not use the Bureau Veritas trademark. The Company does use the SFI label for promotional uses. The Company maintains a file containing all trademark approvals granted by SFI Inc.

SFI reporting:

Verso Paper has been reporting on their activities to SFI Inc. since its inception. Procedures are in place to ensure on-time reporting.

Conclusions

Verso Paper has met all the requirements of a SFI Fiber Sourcing standard 2009-2014, certification should be continued.

Surveillance Audit Schedule

Annual surveillance audits will be undertaken in Michigan and Maine starting in 2015.

SEE SF61/SF71 FOR AUDIT NOTES

Summary of Audit Findings:						
Audit Date(s):	From: Dec. 1, 2014			To: Dec. 4, 2014		
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		Date:		
Proceed to/Continue Certification	Yes	X	No	Date:	Dec 25, 2014	
All NCR's Cleared	Yes	No		Date:		
Standard audit conducted against:						
1)	SFI 2010-2014	3)				
2)		4)				
Team Leader (1):	Team Members (2, 3, 4...)					
Brian Callaghan	2)					
	3)					
	4)					
	5)					
Scope of Supply: (scope statement must be verified and appear in the space below)						
<i>Paper and Pulp Manufacturing</i>						
Accreditation's	ANAB					
Number of Certificates	3					
Proposed Date for Next Audit Event						
Date	Oct 2015					
Audit Report Distribution						
Dave.griswold@versopaper.com						
Melani.potts@us.bureauveritas.com						

Clause	Audit Report
Opening Meeting	Participants: Greg Barrows, Dave Griswold Discussions: <ul style="list-style-type: none"> ➤ Introductions ➤ Scope of the audit ➤ Audit schedule/plan ➤ Nonconformance types – Major / Minor ➤ Review of previous nonconformances - 0. ➤ Process approach to auditing and audit sampling

	<ul style="list-style-type: none"> ➤ Confidentiality agreement ➤ Termination of the audit ➤ Appeals process ➤ Closing meeting timing
Closing Meeting	<p>Participants: Dave Griswold,</p> <p>Discussions:</p> <ul style="list-style-type: none"> ➤ Introductions and appreciation for selecting Bureau Veritas Certification. ➤ Review of audit process - process approach and sampling. ➤ Review of OFIs (1) and System Strengths ➤ Nonconformances - 0 ➤ Oct 2015 ➤ Reporting protocol and timing