



**BUREAU
VERITAS**

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

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Company Name	Verso Corporation
Contact Person	Gordon Mouw
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Phone / Fax	715-422-3295
PQC Code	E06
Contract Number	US.1945092

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	1	Scope extension audit:	
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Audit Summary	
Introduction	
<p>A first surveillance audit of Verso’s SFI program for fiber sourcing was conducted by Brian Callaghan (lead auditor) on the below dates for the purposes of recommendation for continued certification:</p> <p align="center">Luke Maryland: 31 May – June 1, 2016 Duluth MN: 20 July, 2016 WI Rapids, WI: 1-2 Sept., 2016</p>	
Audit Scope, Objectives and Process	
<p>The scope of the audit is “SFI Procurement Activities for 6 Primary Mills”. The audit was conducted against the SFI 2015-2019 Standard. All applicable objectives and indicators were reviewed. There was no substitution or modification of indicators. Specifically, 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 verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground. During this surveillance audit Objectives 1, 2, 4, 6, 9, and 10 were examined, the remaining objectives will be audited in 2017. 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 process at each site consisted of a half day document review of documented policies, and research and training involvement at each site. One and one half-days were spent evaluating field sites throughout each facilities procurement area. Field sites were selected based on the presence of sensitive sites within harvest areas, and identification of issues on the harvest inspection sheet. A closing meeting was held at each facility to discuss audit results and “next steps” for continued certification. A final closing meeting for the Fiber Procurement audit was conducted at the Verso offices in Wisconsin rapids</p>	
Company Information	

Verso Corp. is a maker of fine papers and super calendar papers. The company has six mills in five states (Wisconsin, Michigan, Minnesota, Maine, and Maryland).

Multi-Site Requirements

Verso has a large multisite certification, which requires that audits be carried out at three of their facilities per year. As per the schedule, the Wisconsin Rapids, Stevens Point, Biron and Escanaba sites were audited.

The organizations fiber procurement system is overseen from the HQ location by Mr. Gordon Mouw. Each facility included in the scope of this certificate has a certification manager on-site who oversees the day to day activities of the fiber procurement programs and reports regularly to Mr. Gordon Mouw. All raw material transactions are tracked through a centralized computer system (*LIMS*) accessible from any Verso facility.

Multi-Site	X	Group Certification	
Sites		Sites Audited During this Event	
Wisconsin Rapids(Central Office)		X	
Escanaba Michigan			
Quinnesec Michigan			
Androscoggin Maine			
Duluth MN		X	
Luke MD		X	
Stevens Point WI			

Audit Results

During the field portion of the audit 15 sites were visited which had been inspected by Verso staff. Nine of the areas cuts, there were five selection harvests and one softwood thinning. All sites were considered high risk as they all included features where best practices are needed (e.g. water crossings, shorelines, vernal pools).All sites were found to be carefully logged and the observations of Verso staff were accurate.

Objective 1-Biodiversity in Fiber Sourcing:

Verso is active in the area of biodiversity They fund research into biodiversity by NCASI, Michigan State and the USFS. Company staff participate in regional planning and research efforts that relate to biodiversity and climate change.

It is standard practice for company foresters to query State Natural Heritage Databases to determine the presence (or lack thereof) of any FECVs prior to harvest of all stumpage contracts. Local landowner knowledge and on-the-ground verification by field foresters is also utilized to identify local FECV.

Objective 2-Adherence to Best Management Practices:

Verso has developed an in-depth BMP monitoring program in which each field forester formally evaluates a sample of harvest sites completed by wood producers in their designated region of

procurement. The program focuses evaluation on areas of highest risk including sites with water crossings, steep slopes, specific habitat values, or wet sites. During the field audit it was found that all inspections were accurate and true.

Objective 3-Use of Qualified Resource and Qualified Logging Professionals: Not audited

Objective 4-Legal and Regulatory Compliance:

Verso maintains access to applicable laws and regulations and maintains a list of applicable laws within its DCS. Compliance evaluated by Verso through general business practices. The organization requires location data for all wood it receives from each harvest site and it is also specified in all contracts. In addition, the organization has completed an official risk assessment of its procurement basins as part of Due Diligence System for a separate verification scheme. This risk assessment addressed the occurrence of illegal logging, violation of traditional human rights and other controversial sources. All results determined negligible risk for all procurement basins.

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

Objective 6-Training and Education:

All logging contractors are required to maintain logger certification in the state in which they practice. Contractor status with the specific state program is validated on an annual basis prior to re-issuance/issuance of contracts, which include the requirement to maintain logger certifications.

Verso employees involved in the procurement program are trained annually or at the time of hire. All interviewed employees demonstrated adequate knowledge of the procurement program and its requirements as it pertains to their specific job duties/responsibilities.

In addition the organization has financially contributed adequately to the SICs in each state in which Verso operates. A sizable portion of these contributions are dedicated to the establishment, development and maintenance of wood producer training.

Objective 7-Community Involvement and Landowner Outreach: Not audited

Objective 8-Public Land Management Responsibilities: Not Applicable

Objective 9-Communications and Public Reporting:

Verso submitted the annual SFI certification report for posting on the SFI website. SFI annual report was submitted in late March 2016.

Objective 10-Management Review:

Quarterly management review meetings occur which involve the certification manager and representatives of each Verso Procurement area. Action items and management decisions to address the action items are documented in these meeting minutes. Information is collected through regular communication between the certification manager and the various procurement areas.

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:

None Issued.

Non-conformances:

None Issued.

Opportunities for Improvement:

None Issued.

Notable Practices:

None Uncovered.

Logo/label use:

The organization has a history of correct use of the SFI on-product and promotional logo. Verso continues to use the SFI trademark with proper approval from the SFI office of label use and licensing. The organization does not, at this time, intend on using the Bureau Veritas logo.

SFI reporting:

Audit reports for the most recent audit were appropriately submitted and posted to the SFI website.

Conclusions

Verso Corporation continues to implement and manage an SFI procurement program which meets the requirements of the SFI 2015-2019 standard for Fiber Sourcing. A recommendation for continued certification was issued at the closing meeting.

SEE SF61 FOR AUDIT NOTES

Audit Date(s):		From: May 31 2016				To: September 2 2016				
Number of SF02's Raised:			Major:		0		Minor:		0	
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 type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Date:	
Proceed to/Continue Certification			Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>	Date:	Sept 2 2016
All NCR's Closed			Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Date:	
Standard audit conducted against:										
1)	SFI 2015-2019 FS			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>Fiber procurement activities under purchased stumpage and open market programs</i>										
Accreditation's		ANAB								
Number of Certificates		1								
Proposed Date for Next Audit Event										
Date	August 1									
Audit Report Distribution										
Gordon Mouw (Gordon.mouw@versoco.com)										
Dawn Komnick (dawn.komnick@us.bureauveritas.com)										

Clause	Audit Report
Opening Meeting	Participants: Gordy Mouw, Ken Gibbs, Ken Roberts 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 ➤ Confidentiality agreement ➤ Termination of the audit ➤ Appeals process ➤ Closing meeting timing
Closing Meeting	Participants: Gordy Mouw Discussions: <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 and System Strengths ➤ Nonconformances - 0 ➤ Date for next audit. ➤ Reporting protocol and timing



SF02/NA NONCONFORMITY REPORT

Company Name and Site:		<u>SF02#:</u>	
Contract #:	Type of audit (e.g., initial, surveillance):	Team Leader:	
Date:	Standard and Clause #:	Team Member:	
Major	Minor	Other Documents (if applicable):	Company Representative:
REQUIREMENT OF AUDITED STANDARD:			
OBSERVED NONCONFORMITY:			
ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION PLAN (To be completed by the Company. Plan to be submitted in 30 days)			
Corrective Action Plan Date:		Company Representative:	
Root Cause Analysis and Corrective Action			
Root Cause:			
Corrective Action Plan:			
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	No	Comments:
Auditor:			Date:
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:		Company Representative:	
Corrective Action Implementation:			
Method used to verify effectiveness of action taken:			
CORRECTIVE ACTION IMPLEMENTATION ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Acceptance of Corrective Action taken)			
Accepted:	Yes	No	Nonconformance Closed: Yes No
Follow Up Comments:			
Auditor:			Date: