



**BUREAU  
VERITAS**

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

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PQC Code	01E
Contract Number	US.1933965

Certification Audit:		Re-Certification Audit:	<b>X</b>	Surveillance Audit:		Scope extension audit:	
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**Audit Summary**

**Introduction**

Bureau Veritas Certification undertook a renewal audit of the Verso Corporation timberlands in Central Wisconsin August 28 to September 2 of 2016 . The objective of the audit was to determine Verso’s conformance to Sustainable Forest Initiative 2015-2019 forest management standard. The audit was undertaken by Brian Callaghan RPF EP(EMSLA) a forester with more than 30 years experience and more the 15 years undertaking forestry audits.

**Audit Scope, Objectives and Process**

The audit scope includes 5,500 acres of forest owned by the Consolidated Water and Power Company (CWPCo). The CWPCo lands are managed by Verso (its parent company). The audit was conducted against the SFIS 2015-2019 forest management standard. Specifically, two objectives of the SFI surveillance audit were to:

1. 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
2. Verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground.

For this recertification the entire SFI (2015-2019) forest management standard applicable to a forest management organization was applied. Performance measures and indicators related to all land management objectives were assessed. Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as provided the latest version of the Bureau Veritas Certification SFI Auditor Handbook.

**Audit Plan**

An audit plan (SF67) was prepared outlining the planned audit activities. A copy of the audit plan is on file with Bureau Veritas Certification.

**Company Information**

Verso Corporation is a maker of coated and uncoated white papers. They have seven mills in the United States. The company is certified to both the Sustainable Forest Initiative and Forest Stewardship Council forestry and chain-of-custody standards. The company manages flowage lands along the Wisconsin River owned by the Consolidated Water and Power Company (CWPCo). This audit was limited to management of the CWPCo land.

### **Audit Results**

A document review of the Company's SFI system was undertaken in August 28, including reviews of the FERC Forest Management Plan, the EMS system, the monitoring systems and the documented procedures. Document review covered all objectives in the standard. The company was well prepared and has effectively addressed all applicable aspects of the 2015-2019 standard.

Field visits were made to one red pine thinning project, two aspen clear cuts, and 2 Forests of Exceptional Conservation Value. All aspects of timber harvesting were well executed on the sites examined. Residual stand damage was not evident nor was significant soil damage. Inspection of an old growth forest on Big Island showed the continued encroachment of Buckthorn and Japanese Barberry into the stand. Small Island, another protected island, showed no encroachment by invasive species.

#### **Objective 1-Forest Management Planning:**

There are two management plans for the CWPCo land. There is FERC approved plan which covers all aspects of the flowage in great detail, this plan is reviewed every twenty years. There is a shorter Forest Management plan which covers aspects not covered in the FERC plan (e.g. landscape, forest diversity, etc). The CWPCo lands have a continuous inventory which is updated annually to reflect changes on the land base. The second plan was developed to cover certifications and allow better documentation of stand level forestry. In an examination for the new management plan it was realized that the CWPCo lands are heavily skewed to over mature forests, in order to speed the normalization (balancing) of the age class structure an accelerated harvest has been implemented.

Based on FERC regulations no conversion of forest lands to non-forest land can occur on the CWPCo lands. The Red Pine stands that currently exist will be naturally regenerated and will convert to oak-pine stands, which is a natural and under represented forest type.

#### **Objective 2-Forest Health and Productivity:**

The forest is managed using natural renewal. Two harvest sites examined both had ample natural regen coming in. THE management style also avoids the use of forest chemicals. The only application in last 10 years was the use of glyosphate on the Big Island FECV to remove invasive species. This application was by hand directly to the invasive plants. During the audit two clear cuts and one thinning were visited all had ample down woody debris, slash had been used to armour trails and there was no evidence of rutting.

#### **Objective 3-Protection and Maintenance of Water Resources:**

The service contract used by the Company has conditions for the use of BMPs while Verso staff monitor BMP implementation directly. Verso applies state BMPs for water quality and checks on their implementation. As a FERC regulated property there is a higher emphasis on water quality

The purpose of the CWPCo lands is to protect the flowage feeding power dams on the Wisconsin

River. There is a detailed FERC plan which covers resource protection in detail. Verso ,manages wood inventories to cover being shutdown for the fall and spring wet weather conditions. Additionally, there is a work instruction for all contractors noting when weather shutdowns are suggested.

**Objective 4-Conservation of Biological Diversity:**

Not audited during this event

**Objective 5-Management of Visual Quality and Recreational Benefits:**

Not audited during this event

**Objective 6-Protection of Special Sites:**

Not audited during this event.

**Objective 7-Efficient Use of Fiber Resources:**

Not audited during this event

**Objective 8: Recognize and Respect Indigenous People’s Rights:**

Not audited during this event.

**Objective 9-Legal and Regulatory Compliance:**

Verso staff have access to laws and regulations through their management system which has laws lists and links to state legal registries. The company has a code of corporate responsibility which identifies how the company will treat everyone There have been no legal compliance issues on CWPCo lands. There are regular police patrols of the boat ramps which can be a locus for crime.

**Objective 10-Forestry Research, Science and Technology:**

The Company pays financial support for NACASI as well as supporting projects at UW at Stevens Point and Michigan Tech. Verso is active on the Wisconsin SIC supplying the chair and members. Verso also provides significant funding to NACASI and several universities Verso has participated in regional planning initiatives and studies into global warming Both Ryan and Gordy were very knowledgeable with regards to climate change and how it may affect them.

**Objective 11-Training and Education:**

A written commitment is in place. Both staff involved in CWPCo are knowledgeable of the new SFI standard. Staff and contractors undertook training into the new standard in the spring of 2015. the harvest contract specifies that loggers must have the appropriate training through the local state program Verso is very active in the WI SIC Mr Mouw is the chair/ Verso requires all suppliers be FISTA trained which covers all the necessary aspects

**Objective 12-Community Involvement and Landowner Outreach:**

Not audited during this event.

**Objective 13: Public Land Management Responsibilities: N/A – no public lands**

**Objective 14-Communications and Public Reporting:**

Verso has posted their past audit reports on the SFI website, they also have provided the SFI Annual Report to SFI Inc. in March of every year.

**Objective 15-Management Review:**

Verso has a robust internal audit and management review program which covers the CWPCo lands. Each facility and fiber sourcing operations is audited annually and the results reviewed by senior management.

**Findings**

**Previous non-conformances: none**

**Non-conformances: none**

**Opportunities for Improvement: none**

**Notable Practices: none**

**Logo/label use:**

Verso does not use the SFI trademark as part of this certificate. Verso does not use the Bureau Veritas Certification trademark.

**SFI reporting:**

Verso has posted their past audit reports on the SFI website which were verified on August 31, 2015

**Conclusions**

Based upon the results of this audit the SFI forest management certificate for the Verso CWPCo lands should be recertified.

**SEE SF61 FOR AUDIT NOTES**

<b>Summary of Audit Findings:</b>										
Audit Date(s):		From: August 28 2016				To: September 2 2016				
Number of SF02's Raised:				Major:		00		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:										
<b>Team Leader Recommendation:</b>										
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:	2/09/16	
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 Forest Man.			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>Land management</i>										
Accreditation's		ANAB								
Number of Certificates		1								
Proposed Date for Next Audit Event										
Date	July 2017									
Audit Report Distribution										
Gordon Mouw – Gordon.Mouw@versoco.com										

Clause	Audit Report
Opening Meeting	Participants: Gordy Mouw, Eric Schliefer 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 - 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>
Closing Meeting	Participants: Gordy Mouw, Eric Schliefer 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>

