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Did you know ...

The provincial Department of Finance completed an analysis of our value to the Provincial economy in 2010. Based on their analysis of 2009 figures, they reported that CBPP operations created \$80.33 million in direct labour income, \$48.51 million in indirect labour income, and \$38.65 million in induced labour income. That's a total of \$167.49 million in labour income generated here in the Province as a result of our operations.

Contributed by Pat Tompkins.

CBPPL Communicator is an initiative of our Communications and Engagement Team.

PRINTING PAPER – It's a Changing World!!

Guess what is the largest (most readership) English-speaking newspaper in the world? Please stop reading for a minute and think about it....

Okay, *Times* up.

Yes, it is *The Times*...but which *Times*? *The Times of London*, *The New York Times*, *The LA Times*...? No, none of them. The *Times of India* claims the distinction of being the largest English-speaking newspaper in the world. And remember that the literacy level in India is only at 65%.

The new figures show that the four largest markets for newspapers are: China, with 107 million copies sold daily; India, with 99 million copies daily; Japan, with 68 million copies daily; and the United States, with nearly 51 million and losing ground every year. Indian newspaper sales increased 11.2% in 2007 and 35.51% in the five-year period. Newspaper advertising revenues in India were up 64.8% over the previous 5 years. 74 of the world's 100 best-selling dailies are published in Asia. India, China and Japan account for 62 of them. Note: *I will also discuss the South America situation at the next round of Employees presentations this month.*

All North American research studies show that newspapers are facing hard times but circulations worldwide increased by 2.57% in 2007, taking global daily sales to a new high of over 532 million copies. That's all great but what's in it for Corner Brook Pulp and Paper? It all revolves on how good is your quality and how low cost you make newsprint.

- You need good fiber : We have it
- You need good affordable and reliable power : We have it
- You need good papermaking skills : We have it
- You need low cash costs to offset fossil fuel dependant transportation costs and a Canadian dollar getting stronger and stronger vs the US dollar: **That's our immediate challenge!**

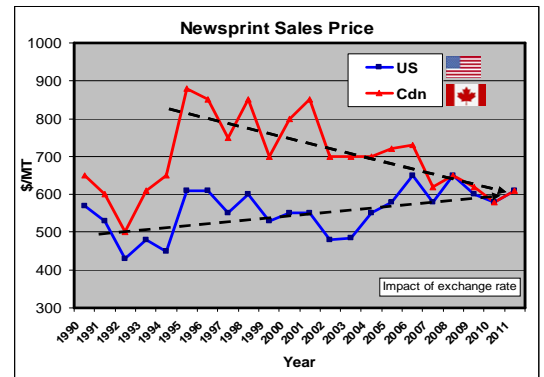
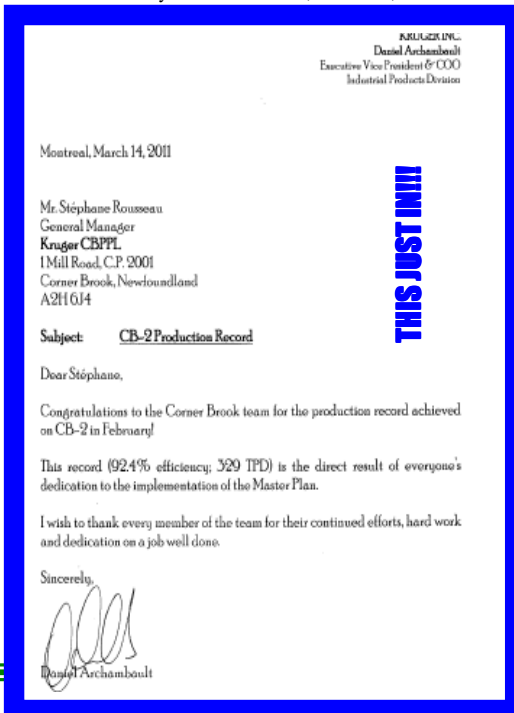
To calculate the net income from sales of newsprint we have to subtract the transportation cost to destination. For Corner Brook it varies from \$100 to \$150 per mt depending on distances. Unfortunately the emerging markets are further ...and that is at the heart of our challenge to improve our costs.

- Like our competitors still in business, we have two options: 1) Close our installations like 45% of North American mills did in last 5 years;
- 2) Find ways to reduce our costs and ship quality newsprint to emerging countries in a profitable way. The decision is in **OUR** Hands.

The world is changing. We shall not expect to change nothing and stay in business. This is not an option. And this applies to ALL types of businesses around the world including Corner Brook Pulp and Paper.

Every cost reduction related initiative counts. Less downtime and increased productivity are on the list of our best opportunities and our Master Plan addresses those directly. We can succeed, as a team, in this mobilized transformation and successfully be part of this changing world.

Stephane



Creating cost savings in unusual places

Corner Brook Pulp and Paper is no different than any one of our homes: we all have to pay insurance to protect our investment. For more than 10 years CBPPL has been considered by its insurer as not meeting its HPR (Highly Protected Risk) status. Over the last three years there have been a number of items completed to try and get on our insurer’s HPR list. By getting on this list, we are considered to be less of a risk and our insurance premiums should drop accordingly. The focus over the last three years was around completing recommendations from our insurer that were related to equipment upgrades and investment to correct the issues. (For example: new fire protection system in No. 3 basement chemical storage area; extra sprinklers in the TMP area around the digesters; replacement of main mill fire lines) There were also a number of equipment related inspection programs put in place to help track and ensure equipment performance.

A recent project in the paper sheds started out to be a complete replacement of the fire protection system. The insurer was concerned with the age of the systems and was uncomfortable with the perceived equipment condition. The cost to replace these systems was estimated at \$300,000 to \$400,000 per system with each shed having three systems. CBPPL did not feel that the systems were unsuitable and set out to prove to the insurer that the systems did work as designed. A complete inspection of the shed system was undertaken by two members of the mill’s ERT along with a fire protection technician from Viking Fire Protection. This work proved to be very valuable as deficiencies within the systems were corrected and proved to the insurer that the system worked and performed well. The cost to complete inspection and testing was around \$50,000.

This article and/or the information contained within was kindly supplied by Glenn Fisher.

Have Your Say

As part of the Communication and Engagement Initiative, a series of employee focus groups is being held to find out what your communication needs and wants are.

Individuals have been randomly selected and have been (or will be) contacted soon to schedule their focus groups.

These 2-hour focus group sessions are a vital part of finding out how effective our communication efforts have been so far and how we can improve them to fit your needs. They provide a good opportunity to “have your say” about how you think communications can be improved here at CBPPL.

Your participation is encouraged and very much appreciated.

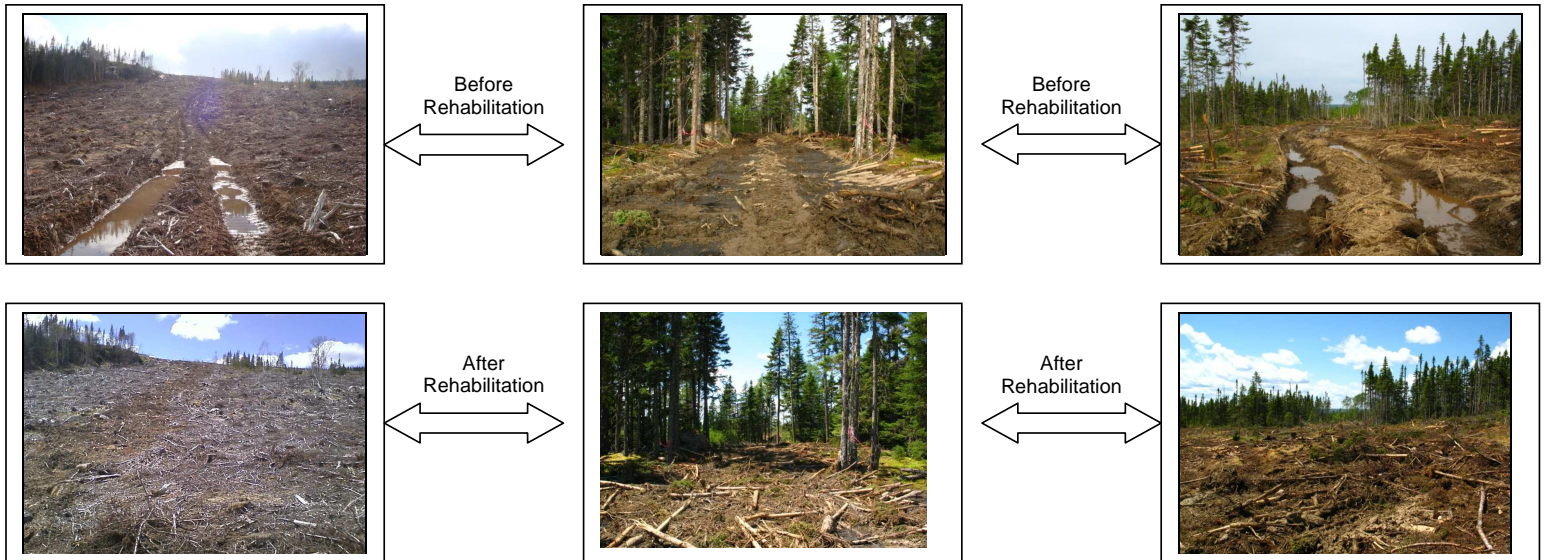
Minimizing our “Footprint” during Harvesting Operations

Recognizing the need to prevent or minimize ground disturbance on our harvesting operations is a significant aspect of Corner Brook Pulp and Paper’s environmental management system. There are Provincial guidelines related to soil disturbance that we must adhere to and there are specific standards related to our two environmental certifications that we must meet. Ultimately though, we do what we can to minimize ground disturbance because it makes good business sense to look after our land base and ensure that it’s there for our next crop of trees.

During forest harvesting operations, it is almost inevitable that there will be some soil disturbance related to our activities. The type and amount of disturbance varies depending on the nature of the soil in the operating area, the season of the year, and the type of equipment being used by the contractor. Our objective though is to minimize our impact or our “footprint” on the area. Unfortunately, in spite of everything that we do to minimize soil disturbance during harvesting, the nature of our operations is such that there is often a need for some “rehabilitation” of the site before we leave it. The most common and noticeable type of soil disturbance is rutting. Rutting occurs when heavy equipment makes multiple passes over the same area and eventually compacts and breaks the surface of the ground. When the soils in the area are fine-textured or water saturated, ruts can become deep and may be sources of erosion, if not promptly addressed. If the ruts run down slopes, they can collect water and become channels for rainfall or melting snow. This channelled flow of water erodes the exposed soil in the rut and carries silt downhill where it can end up in ditches or possibly even streams.

Rehabilitation is an attempt to return the area to its natural condition. Filling in ruts and covering the exposed or disturbed areas with slash and woody debris from the cutover can prevent or minimize the chances of future soil erosion and siltation of watercourses. When ruts are rehabilitated, water from rain or melting snow is dispersed across the cutover in more natural flow patterns. Rehabilitation also helps to reduce the negative visual impact of our cutovers. Rehabilitation is an ongoing part of our day-to-day operations and the following pictures provide some indication of the efforts taken by Woodlands employees and contractors to minimize our impact or footprint during harvesting

This article and/or the information contained within was kindly supplied by Faron Knott.

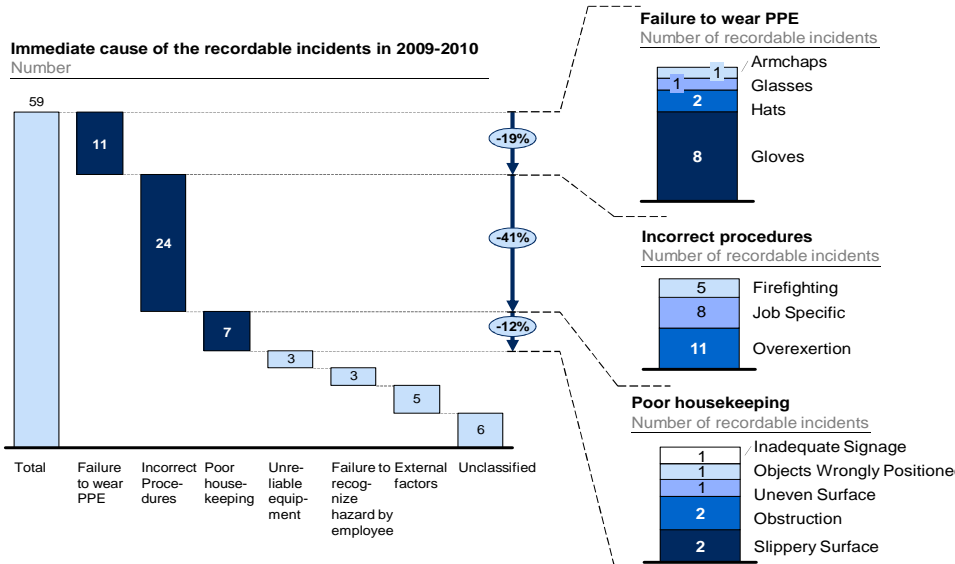


Health and Safety Initiative Update:

Members of the Health and Safety Initiative began an analysis of safety data and statistics from 2006-2010. The data was broken down to identify the details of the incident, contributing factors, root causes, job class, job task and other pertinent information. The results are quite interesting and everyone should be made aware of what issues we need to address to make our mill safer.

If we correctly address three main issues; housekeeping, work procedures and PPE use and compliance we can reduce the OSHA rate of our mill by up to 72%. Keep in mind that these are items that we as a workforce have complete control of and do not have to deal with outside influences like the price of oil, the high Canadian dollar or whether we have to buy electricity off the grid to be successful as is often the case with most other improvement initiatives. Together, we can work to improve housekeeping in our own work areas, look carefully at how we perform our work and wear all required PPE as we do our individual part to reduce the probability of injury to ourselves and our co-workers. The following illustration will explain further the impact of these three issues.

Following proper procedures, wearing PPE and better housekeeping could have reduced injuries in the Mill in 2009-2010 by 72%



SOURCE: Team analysis

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This article and/or the information contained within was kindly supplied by Rod Wiseman.

A Kruger Safety Moment

Corner Brook Pulp and Paper Woodlands has just implemented another "Mission to ZERO" initiative to try and further improve the safety culture on our operations. For a number of years, we have been holding crew safety chats at the beginning of each day on our pre-commercial thinning operations. Then, earlier this winter, we implemented the practice of holding safety chats at the beginning of each shift on our harvesting and road construction operations. That initiative has been very well received and we are very pleased with the way that Woodlands employees have embraced the concept and taken ownership of it.

Now, we have adapted that idea of pre-work safety messages and brought it to our staff. A variation is necessary because our staff may or not come to the office each day and, when they do come to the office, they often arrive and begin work at different times. So, our plan for staff is to have a "Kruger Safety Moment" at the beginning of each meeting that we hold.

Regardless of the nature of the meeting (operations, planning, environmental management, etc.), the person leading it will take 30 seconds to a minute to ensure that it starts off with a safety message. The meeting chair can deliver the message himself/herself or they can call on someone else to do it. The message can be a short cautionary reminder to everyone to watch for specific hazards; an announcement of some safety milestone or success achieved on the operations; a reminder of upcoming safety meetings; a comment about an employee who has been observed doing something for our safety program that's noteworthy of recognition; or really anything related to safety on our Woodlands operations. The idea is simply to raise the awareness and priority of safety in all aspects of our work.

We also want to use these *Kruger Safety Moments* to let people outside of our Company know that the safety of our employees is our highest priority. If our meeting includes someone other than staff, like representatives of Government or people from the various groups that we deal with on a day-to-day basis, we will still start with our *Kruger Safety Moment*. The message to everyone is "Safety First".

This article and/or the information contained within was kindly supplied by Kevin Parsons.

#1 Sub-Station 5S Blitz

On Feb.21-25 there was a 5S kaizen blitz held in #1 Substation. This was the first phase of a 5 phase project which includes; phase 1-operating area, phase 2- workshop area, phase 3- main area of bottom floor, phase 4- transformer room and phase 5- third floor.

The team members were electricians Ted Taylor, Wade Bridger, and Ken Hann. Gary Fiander is the sponsor, Kim Moore, LSS green Belt and Sean Penney, 5S lead hand, along with many labourers from Local 64 casual pool.

This area was cluttered with a lot of old and obsolete equipment. The team worked so hard that by Wednesday we were able to move into the second phase, the workshop area. All garbage was removed and painting is complete for the entire second floor.

The substation has a lot of old and obsolete files with 18 file cabinets holding them. These files will be sorted through and updated. The plan is to reduce these files to only two lateral cabinets making it easier to find the files required to complete various jobs. There is also an old card system used for the maintenance of breakers and relays, this system will be computerized and will include a link to the standard maintenance procedure for each breaker/relay.

This article and/or the information contained within was kindly supplied by Kim Moore.



This pile represents about 1/3 of the garbage removed from #1 Sub Station

Corner Brook Pulp and Paper Limited



Comments?
Suggestions?

Email us at:

**Cbcommunications
@kruger.com**

Thanks to all who contributed articles and/or information to this month's **CBPPL Communicator!**

Future issues of CBPPL Communicator will be mailed and/or emailed early each month.

Members of the Communication and Engagement Team are:

- Robert Bene
- Lisa Janes
- Rob King
- Brendan Mitchell
- Tim Moulton
- Jenny Rumboldt
- Vicki Stokes
- Roy Temple

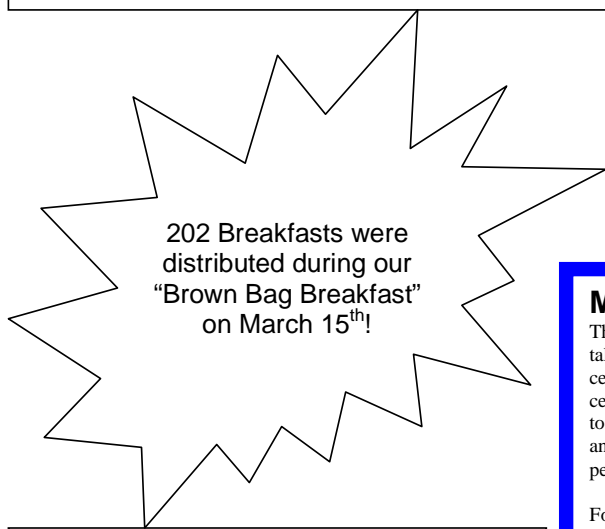
Making Their Voices Heard

Certification to the Sustainable Forest Management Standard (CSA-Z809) and the involvement of a Public Advisory Committee (PAC) has changed the way Corner Brook Pulp and Paper Woodlands (CBPPL) operates on their limits. Through the PAC, the public has the opportunity to identify their values in the forest, and help set targets for sustainable forest management taking these values into consideration.

Established in 2003, CBPPL's PAC consists of approximately 35 members, with representation from a variety of organizations and individuals who have an interest in the forest. The main role of the PAC is to provide organized and regular input into the Company's Sustainable Forest Management (SFM) Plan. The PAC meets at 4-6 times a year to review progress in meeting the SFM Plan targets.

PAC members bring a wealth of information to the meetings. Their contribution has been invaluable in ensuring the sustainability of CBPPL's timber limits. Committee members make sure their values are known and considered – *they make their voices heard!*

This article and/or the information contained within was kindly supplied by Pat Tompkins.



Woodlands' Safety Incentive Winner

Woodlands had zero recordable safety incidents in February. A random draw was held to celebrate. Dawson Heath, an operator with Major's Logging, was the lucky winner of a \$500 Canadian Tire gift card.



Jim Reid(R), foreman for Majors Logging presenting the award to equipment operator, Dawson Heath (L).

Suggestions and/or feedback can be forwarded to any Communication and Engagement Team member or e-mailed to *the Team* at **cbcommunications@kruger.com**.

We also encourage employee input on the content of CBPPL Communicator and invite suggestions that will make this newsletter more relevant and meaningful for employees.

Staff Changes

Congratulations and Thank You to the following retirees:

Paul Gushue, Paper Mill
Joe Quigley, Mechanical

Enjoy a happy, healthy retirement!

Welcome to:

Brian Luby, E/I

Congratulations also go out to:

Gavin Brake - obtained First Class Millwright certification

Mike Shears – promoted to E/I Supervisor

The information contained here was kindly supplied by Maureen Mercer.

Managing by Measuring – Part 1 - OEE

There are many times in business and in life where you take the time to step back, take a deep breath, and ask yourself the question “why?” Why are we acting in a certain way? Why are we managing in a certain way? Why are we spending in a certain way? Why are we behaving in a certain way? And many times the answer to the question is a simple justification of the current course – but sometimes the answer brings about a real period of reflection and then subsequent change in perspective.

For CBPPL in 2010 (and now in 2011) that change was a new focus on managing our business by measuring. And that is not to say we did not measure key production metrics before – just that we viewed them from a different perspective. Before 2010, CBPPL managed its production metrics with a bottom up focus: we counted our trim & speed & efficiency & basis weights and when these were all accounted for we produced our top line production metrics. What we were missing was the count of our ultimate potential. We never really answered the question of “how good can we ultimately be?”

And that was the base reason for shifting to a method called “OEE” or overall equipment efficiency. By moving to OEE we started measuring ourselves from the opposite or top-down perspective – we started with calculating the best we could possibly be. We asked ourselves what is our top speed? What is the highest availability we can possibly have? What is considered our best quality? Once those questions were answered we were able to produce a best case scenario or top-line target.

Today - any deviations from the top-line are accounted for against the standard, allowing CBPPL to put instant focus and corrective action against the shortfalls to the standard of “the best.”

This article and/or the information contained within was kindly supplied by Mark Ignor.