

**Project No. 011643-07**

September 19, 2015

Mr. Faron Knott  
Corner Brook Pulp And Paper Limited  
Woodland Operations  
Mill Road  
P.O. Box 2001  
Corner Brook, NL  
CAN, A2H 6J4

**SUBJECT: REGISTRATION PROGRAM**

Dear Mr. Knott,

Please find attached the Audit Report raised as a result of our S2 Surveillance Audit of your management system to the CAN/CSA - Z809-2008 standard conducted in your Corner Brook facility on Sep 07-11, 2015.

We thank you and your organization for the support and co-operation given during the audit.

Best regards,



Sylvain Frappier ing.f.  
**SAI Global**

## SUSTAINABLE FOREST MANAGEMENT SYSTEM

### CAN/CSA-Z809-2008

**Auditee:** Corner Brook Pulp And Paper Limited  
**Address:** Mill Road P.O. Box 2001  
Corner Brook NL  
CAN A2H 6J4

**Contact:** Mr. Faron Knott  
**Date(s) of Audit:** Sep 07, 2015 to Sep 10, 2015  
**Total Number of Audit Days:** 3  
**Audit Team Leader:** Sylvain Frappier  
**Type of Audit:** S2 Surveillance Audit  
**Audit Frequency:** Annual  
**SIC / NACE Code:** 0811 0851 2411/A02.0 A02.0 DD20.1

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### REPORT DISTRIBUTION

Corner Brook Pulp And Paper Limited  
SAI GLOBAL File  
Sylvain Frappier

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#### **Statement of Confidentiality**

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## **SECTION 1 - EXECUTIVE SUMMARY**

<b>Scope #</b>	<b>Scope Description</b>
5	Forest Management for all Woodlands operations on the Defined Forest Area (Forest Management Districts No. 5,6,9,14,15,16).

### **Site:**

Corner Brook Pulp And Paper Limited  
Mill Road  
P.O. Box 2001  
Corner Brook  
NL  
CAN, A2H 6J4

### **Summary of Audit Findings:**

A 24 Months Surveillance, audit was conducted on Sept 7-11, 2015 on the Corner Brook Pulp and Paper defined forest area consisting of the districts 5, 6, 9, 14, 15 and 16. One major, one minor nonconformance and four (4) opportunities for Improvement were identified. The audit team found that Corner Brook Pulp and Paper SMF system generally conforms to the requirements of CAN/CSA Z809-2008 and adheres to the company's requirements, with the exception of the noted nonconformity. Five (5) positive attributes of the management system were also noted.

### **Recommendations:**

Based on the results of this surveillance audit the Sustainable Management System of Corner Brook Pulp And Paper Limited is not effectively implemented and does not fully meet the requirements of CSA Z809 for the area(s) of non-conformance identified during the audit and as documented in the attached Non-conformance Report(s) and summarized in this report.

As discussed during the closing meeting, please submit a root cause analysis with an action plan within 30 days for both major and minor non-conformance for approval by the Lead Auditor.

Major non-conformances must be closed within 60 days. Implementation of the actions for minor non-conformance will be verified at the next surveillance audit, or at the latest 12 months following the issuance of the non-conformance.

A recommendation for registration to the CSA Z809 standard to the scope of registration identified in this report is on hold pending the receipt, review, and acceptance of the corrective action taken and closure of the major non-conformances.

## SECTION 2 - DESCRIPTION OF THE DEFINED FOREST AREA (DFA):

### **Geographic Locations, Forest Types, Size, Legal Tenure and SLF Description:**

The Defined Forest Area (DFA) for this SFM Plan includes all of Corner Brook Pulp and Paper Limited (CBPPL) limits on insular Newfoundland. CBPPL manages approximately 1.5 million hectares of Crown land on the Island of Newfoundland. These timber limits span from the Codroy Valley on the southwest corner of the island, to Plum Point on the Northern Peninsula, and east to Gander in central Newfoundland (Figure 1). These limits are contained within provincial forest management Districts 5, 6, 9, 14, 15, 16,

In 2010, CBPPL sold some of their timber limits to the Crown some to be used as protected areas, others as sources of fibre for Crown operators, sawmills, the pellet plant, and domestic cutters. These areas can be sorted into three groups.

One group consists of areas where harvesting has been restricted. Rodney Pond Reserve (District 6) and Little Grand Lake Provisional Ecological Reserve (Districts 14 & 15) are two examples where CBPPL had already agreed to no harvesting whatsoever. However these areas could not legally become ecological reserves while CBPPL held timber rights, even if no harvesting occurred. Two other areas in District 15 & 16 will become primarily view shed corridors. A designated portion of the Humber Valley, from near the mouth of the Humber to the tip of Deer Lake, will be set aside for aesthetic purposes, and, for agricultural development (a section on the north shore of Deer Lake). A corridor from Cormack to Gros Morne, along highway 430 and Bonne Bay Road, will also be designated a view shed. Finally in this group, the Main River Management Area (watershed surrounding the Waterway Park), which was previously restricted to a partial harvest to conserve old growth forest, has been handed over to the provincial government, to be developed at their discretion.

A second group of areas that were previously CBPPL limits and have been sold to the Crown will be used to supply fibre to Crown operators, sawmills, the pellet plant and domestic cutters. A large block of forest south and southwest of Gander Lake and another block around Notre Dame Junction (both in District 6) will be set aside for Crown operators and sawmills. All of CBPPL limits in District 17 have been transferred to Crown, to be used for Crown operators and domestic cutters. CBPPL has also relinquished “absolute right of refusal” on any Crown wood in District 17 and “first right of refusal” on any Crown wood in District 18, to allow wood to go to the pellet plant in Roddickton.

A third group of areas has also been included in this recent agreement – blocks of CBPPL limits where Crown currently had control. The Rodney Pond Exchange and Dead Wolf block in District 6 will be used for Crown operators, and all of CBPPL limits in District 8 will be used for Crown operators and sawmills in central and eastern Newfoundland.

Through the transfers, exchanges, and sale of land, CBPPL has and continues to share its timber limits with other users of the forest, for consumptive and non-consumptive purposes. The total timber rights relinquished in the sale transaction is outlined in Table 1.

**Table 1 Timber rights relinquished by CBPPL**

Block Description	District	Land Base (less Water)		
		Productive (ha)	Non-Productive (ha)	Total (ha)
Rodney Pond NASP Area	6	5,125	5,156	10,281
Little Grand Lake Reserve	14/15	24,939	16,031	40,970
Humber Valley View shed	15	17,165	3,811	20,976
Gros Morne Corridor View shed	15/16	4,030	1,906	5,936
Main River Watershed	16	26,477	27,418	53,895
District 6, East of SW Gander (not including Rodney Pond)	6	41,942	38,534	80,476
District 6, Notre Dame Junction	6	15,860	10,376	26,236
District 17, All Holdings	17	74,907	96,302	171,209
District 8, All Holdings	8	23,956	13,492	37,448
<b>Sub-Total</b>		<b>234,401</b>	<b>213,026</b>	<b>447,427</b>

**Table 2 Productive Forest Area Summary by Working Group (data 2014)**

Districts 5, 6, 9, 14, 15, 16.			
Tree Species(Working group)	Total Area (Ha)	Percentage of DFA Area (Productive)	Percentage of Total Area on the DFA
Balsam Fir (bF)	325,091	45.4%	22.9%
Black Spruce (bS)	213,082	29.8%	15.0%
Disturbed by Insects or Fire (DI)	65,346	9.13%	4.6%
Softwood Hardwood (sH )	53,449	7.5%	3.8%
Not Sufficiently Stocked (NS)	25,069	3.5%	1.8%
Hardwood Softwood (hS)	22,780	3.2%	1.6%
White Birch (wB)	10,202	1.4%	0.7%
Trembling Aspen (tA)	367	0.05%	0.0%
Jack Pine (jP)	82	0.0%	
Engelmann Spruce (eS)	11	0.0%	
Red Maple (rM)	0	0%	0.0%
Total Productive Area (ha):	715535	100%	50.5%

### **SECTION 3 - ORGANIZATION:**

#### **Description of the DFA Workforce:**

CBPPL Woodlands employs some 200 employees made up of 20 full time and seasonal staff and 180 employees in the woods from 50 Newfoundland communities. This total includes also seasonal forestry workers who carry out silviculture operations in the summer and fall. The Company employs another 340 people at the Mill in Corner Brook and in the Deer Lake Power Company.

In addition to this direct employment, the operation of the mill also has indirect and induced impacts. Indirect impacts are realized by employees working for firms supplying CBPPL with goods and services. Induced impacts are generated by the direct and indirect income earners spending their earnings in the economy. Labor income impacts (direct, indirect and induced) of CBPPL operations totals \$167.49 million; net income benefits (after income and consumption taxes) is \$127.62 million (DOF, 2010).

#### **Management Objectives and Responsibilities on the DFA:**

Tenure (Ownership and Management Responsibilities)

The Newfoundland and Labrador Department of Natural Resources is responsible for the planning, development, and use of the forest resources of the province. The Forest Service of this department supervises, controls, and directs all matters relating to:

- constructing and maintaining forest access roads;
- protecting the forests of the province from fire, insect, and disease;
- carrying out programs of afforestation, reforestation, forest improvement, and tree improvement;
- cutting, classifying, measuring, manufacturing, marking, and inspection of trees and timber;
- preparing timber management plans for areas of productive forest land;
- developing and maintaining an up-to-date inventory of the timber resources of the province.

CBPPL has exclusive ownership of the timber resource on the DFA.

#### **Aboriginals Consultation Process:**

Aboriginal People on the island of Newfoundland are primarily Mi'kmaq. In 2008, the Federation of Newfoundland Indians and the Federal Government ratified an Agreement in Principle to form the Qalipu Mi'kmaq First Nation Band. The Qalipu Mi'kmaq First Nation Band is considered to be a landless band. They members of this community are integrated in the social fabric of the people of Newfoundland and have no reserves. The community is growing at a fast pace and would count approximately 20 000 members.

The other community on the island is located in Conne River and is the Miawpukek First Nation. This community is established on the south coast of the island part of the province of Newfoundland and Labrador. Miawpukek Reserve was established

according to traditional oral history in 1870. It was officially designated as Samiajij Miawpukek Indian Reserve under the Indian Act in 1987. Most of the members, as of June 1985, are registered Indians. The ancestries of the community members include Mi'kmaq, Innu, Abenaki and European lines.

Although the Aboriginal People on the island of Newfoundland have no special rights to Crown land, their knowledge of sustainable forest management is taken into account in the development of CBPPL's Sustainable Forest Management Plan.

#### **SECTION 4 - AUDIT FINDINGS:**

##### **Audit Objective of the Stage 2 –24 Month Surveillance**

To confirm the management system complies with the applicable elements of the Standard; to confirm the organization complies with its own policies and procedures; to confirm the management system is suitable for the organization; to confirm that the management system is suitable and effective, and enables the client to achieve its own objectives.

**Audit Criteria:** CSA Z809:2008

**Audit Scope:** Facilities/organizational units/functional units audited are located on the Forest Management Districts No. 5,6,9,14,15,16 in the province of Newfoundland.

##### **Description of SAI Global and the SAI Global Audit Team:**

SAI Global is a third party management system certification Registrar. Established in 1984, SAI Global has worked with thousands of organizations in North America and around the world, issuing registration certificates to those that meet international and national management system standards.

The SAI Global Sustainable Forest Management audit team members bring with them considerable experience in the area of sustainable forest management and environmental management systems auditing. Audit teams are comprised of certified auditors and registered professional foresters. All audit team members are subject to strict confidentiality and conflict of interest agreements.

The following personnel conducted this audit:

##### **Audit Team**

Team Leader: Sylvain Frappier

Team member: Fabrice Lantheaume

##### **Audit Coverage:**

**Noted Deviations from the Audit Plan:** None

**Table 4 Operations / Cut-Blocks Visited during the field audit include:**

<b>Districts 14, 15 and 16</b>	
<b>Block / Road Number / Name</b>	<b>Type of Operation Observed</b>
District 14 Camp 180 Resource road	Service truck Machine maintenance Transport Harvester (not operating) Variable retention / snags Endangered species Pollution prevention Stream protection, buffer zones Rutting FHVC Fire prevention Training Monitoring of compliance Bridge construction Best management practices (SOPs)  Personnel met: Nobel resources contractor representative 1 foreman 2 mechanics 1 forwarder operator 1 Forest Service monitoring officer
District 14 Crabbed River McPhersons pond	Road and bridge building Spill response  Contractor met onsite : Majors Personnel interviewed : 1 excavator operator
License 15 Taylor brook Major	Road building, culvert, cross drain and bridge installations
License 16 Camp 153 2014 section Spider Branch	Road building, culvert, cross drain and bridge installations
License 16 Camp 153 2015 section Spider Branch	Road building, culvert, cross drain and bridge installations

**Members of the public participation process interviewed:**

The auditors met with the Public Advisory Committee (PAC) on Sept 9 2015. Twenty three (23) members of the PAC were present at that meeting to discuss with the auditors. The following topics were covered during that discussion:

- Review of VOITs
- Expert participation
- PAC Members representation
- Decision making process
- Availability of documentation and support to make decision
- Content of the PAC annual survey



Outreach from the PAC member  
 PAC website  
 Venue, time of meeting

In all comment were positive, the organization maintains an open dialogue

**Provincial Government personnel interviewed:**

Officers of the provincial government from district 14, 15 and 16 were interviewed as part of this audit. We also met in the field with an officer to discuss monitoring done by the Department of Natural resources.

All comments were positive, the organization is cooperative and any issue raised as part of field verification is dealt with diligently.

**Aboriginal People interviewed:**

Qalipu Mi'kmaq First Nation - Director of Work Force Qalipu  
 Miawpukek First Nation – Chief and the Forestry Manager

**Table 5 VOITs verified (field & office)**

Indicator	Description	Field and/or Office	Improvement
4.1.1	Net carbon uptake	Office	
4.1.2	Reforestation success	Office	
4.2.1	Additions and deletions to the forest area	Office	See OFI
5.1.1	Quantity and quality of timber and non-timber benefits, products, and services produced in the DFA	Office	
5.2.1	Level of investment in initiatives that contribute to community sustainability	Office	
5.2.2	Level of investment in training and skills development	Office and discussed with PAC	
5.2.3	Level of direct and indirect employment	Office and discussed with PAC	
5.2.4	Level of Aboriginal participation in the forest economy	Office and discussed with Aboriginal representative	See OFI
6.1.1	Evidence of a good understanding of the nature of Aboriginal title and rights	Office	
6.1.2	Evidence of best efforts to obtain acceptance of management plans based on Aboriginal communities having a clear understanding of the plans	Office	
6.1.3	Level of management and/or protection of areas where culturally	Office	

	important practices and activities (hunting, fishing, gathering) occur		
6.2.1	Evidence of understanding and use of Aboriginal knowledge through the engagement of willing Aboriginal communities, using a process that identifies and manages culturally important resources and values	Office	

**Review of Changes:**

**Summary:**

The findings were discussed with Mr. Faron Knott. The Audit Team Leader commenced the closing meeting by thanking the Corner Brook Pulp And Paper Limited staff for the cooperation and courtesy extended to the audit team during the audit.

In addition, the Audit Team Leader detailed the registration process, the requirements for future surveillance audits, and the re-assessment process.

The official closing meeting was attended by the personnel listed in the meeting attendees

**The SAI Global Audit Team recorded the following audit results:**

**Documentation Review:**

The audit team reviewed the SFM documentation plan and found it complete and adequate

**Status of any previously recorded non-conformances (NCRs)**

The implementation and effectiveness of corrective actions relating to the following previously recorded NCRs were verified, accepted, and the NCRs cleared.

The relevant comments were recorded on the individual NCRs.

Closed NCR: 2014-01, 2014-02, 2014-03, 2014-04, 2014-05

**Positive Aspects of the Management System:**

- Effective use of cross drainage pipes to divert surface water before the stream crossing.
- Use of GPS data to locate drainage pipes.
- Effective PAC management.
- Documentation: the EMS is very well documented, and documentation is well organized.
- Operators' awareness: good awareness of field staff interviewed on species at risk and environmental impacts.

**Non-conformances:**

<b>NCR No.</b>	<b>Level</b>	<b>Clause</b>	<b>Description</b>	<b>Final CAR Due Date:</b>
2015-01	Major	7.4.6	In several instances it was observed that stabilization on water crossing was not efficient to prevent siltation.	Action plan must be submitted by October 14 2015. Implementation of actions shall be done by November 14 2015.
2015-02	Minor	7.5.1	Monitoring of the environmental program on Road Construction and water crossing installation and the related SOPs was not efficient.	Action plan must be submitted by October 14 2015. Implementation of actions shall be done by September 14 2016.

**Corrective Action Plans**

At the next annual audit a follow up on the implemented corrective actions will be done to confirm that the corrective actions were appropriate and effective in ensuring the non conforming situation has not reoccurred.

**Opportunities for Improvement (OFI):**

**7.5.2 - Nonconformity, Corrective Action and Preventive Action**

Consider reviewing the procedure Nonconformity, Corrective and Preventive action to reduce its complexity and repetitiveness and better description of how NC from Internal and external audit are being managed.

**7.5.4 - Internal Audit**

Consider evaluating the possibility of having members of the PAC to participate in the internal audit.

**CSA 7.4.4 - Documentation**

Consider revisiting the title of the document 'Roads weekly staff inspection form' to align with the intent of doing the biweekly inspection or other frequency as indicated in the pre work document.

**Core indicator 4.2.1 — Additions and deletions to the forest area**

Consider exploring other means of evaluation that would give a more direct appreciation of the conversion of land. i.e. % of road per cut block including.

**SECTION 5 - GENERAL ASSESSMENT AND RECOMMENDATION:**

Based on the review of the company's SFM program, and the audit results, the following recommendation is made:

**Surveillance Audit:**

Based on the results of this surveillance audit the Sustainable Management System of Corner Brook Pulp And Paper Limited is not effectively implemented and does not fully meet the requirements of CSA Z809 for the area(s) of non-conformance identified during the audit and as documented in the attached Non-conformance Report(s) and summarized in this report.

As discussed during the closing meeting, please submit a root cause analysis with an action plan within 30 days for both major and minor non-conformance for approval by the Lead Auditor.

Major non-conformances must be closed within 60 days. Implementation of the actions for minor non-conformance will be verified at the next surveillance audit, or at the latest 12 months following the issuance of the non-conformance.

A recommendation for registration to the CSA Z809 standard to the scope of registration identified in this report is on hold pending the receipt, review, and acceptance of the corrective action taken and closure of the major non-conformances.

**Next Scheduled Audit**

**Date(s):** Week of July 4 2016

**Type of Audit:** Reregistration

**No. of Persons:** 1

**No. of Audit Days Required:** 4.5 man days



Sylvain Frappier ing.f.

**SAI Global**

Team Leader

Date: September 14, 2015