

Project No. 011643-07

July 17, 2017

Mr. Faron Knott
Corner Brook Pulp And Paper Limited
Woodland Operations
1 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 S1 of your management system to the CAN/CSA - Z809-2008 standard conducted in your Corner Brook facility on Jul 03, 2017.

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

Best regards,
SAI Global

Rod Seabrook

Team Leader
Encls.

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SUSTAINABLE FOREST MANAGEMENT SYSTEM

CAN/CSA-Z809-2008

Auditee: Corner Brook Pulp And Paper Limited
Address: 1 Mill Road P.O. Box 2001
Corner Brook NL
CAN A2H 6J4

Contact: Mr. Faron Knott
Date(s) of Audit: Jul 03, 2017 to Jul 04, 2017
Total Number of Audit Days: 4.5
Audit Team Leader: Rod Seabrook
Type of Audit: S1
Audit Frequency: Annual
SIC / NACE Code: 0811 0851 2411/A02.0 A02.0 DD20.1

REPORT CONTENTS

1. Executive Summary
- 2.. Description of the Defined Forest Area (DFA)
3. Organization
4. Audit Findings
5. General Assessment and Recommendation

REPORT DISTRIBUTION

Corner Brook Pulp And Paper Limited
SAI GLOBAL File
Rod Seabrook

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SECTION 1 - EXECUTIVE SUMMARY

Scope #	Scope Description
5	Forest Management Activities: planning, road construction and maintenance, harvesting operations, transportation of fibre, silviculture and support services in Forest Management District No. 5, 6 ,9, 10, 14,15 and 16

Site:

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

Summary of Audit Findings:

A 12 Month Surveillance audit was conducted on July 4 to 7, 2017 on the Corner Brook Pulp & Paper Ltd. (CBPPL) Defined forest area consisting of the Districts 5, 6, 9, 14, 15 and 16. Two minor non-conformances and seven Opportunities for Improvement were identified. The audit team found that CBPPL's 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 nonconformities. Failure to provide action plans as arranged with SAI Global and/or to implement correction and corrective action within the nominated time frames may lead to a recommendation that CBPPL's certification be suspended. Two positive attributes of the management system were also noted.

Recommendations:

The results of this Surveillance Audit indicate that the Management System of Corner Brook Pulp And Paper Limited is suitable and effective with the exception of the areas of non-conformance identified during the audit. As discussed during the closing meeting, please submit a root cause analysis with an action plan within 30 days for the minor non-conformances for approval by the Lead Auditor. A corrective action plan must be submitted within 60 days. Implementation of the actions for the minor non-conformances will be verified at the next surveillance audit, or at the latest 12 months following the issuance of the non-conformance.

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

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

The Defined Forest Area (DFA) under certification to CSA Z809-08 includes all forested land on insular Newfoundland for which Corner Brook Pulp and Paper Limited (CBPPL) has management responsibility. This does not include transmission lines that cross CBPPL limits. These timber limits span from the Codroy Valley on the southwest corner of the island, to Cat Arm on the Northern Peninsula, and east to Gander in central Newfoundland (Figure 1), and are contained within provincial forest management Districts 5, 6, 9, 14, 15, and 16. In addition, CBPPL has been given a three year approval to harvest within District 10.

CBPPL manages approximately 1.4 million hectares of Crown land on the Island of Newfoundland. The Forestry Services Branch has responsibility to supervise, control and direct various activities relating to forest resources on Crown lands and on their limits CBPPL is responsible for: preparing timber management plans for areas of productive forest; constructing and maintaining forest access roads; harvesting timber; and carrying out programs of reforestation and silviculture.

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. Timber rights were relinquished on a total area of 447,427 hectares

Area of DFA: 1,417,834 ha

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	9.1	4.6%
Softwood Hardwood (sH)	53,449	<1	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	<1	0.0%
Jack Pine (jP)	82	<1	0.0%
Engelmann Spruce (eS)	11	<1	0.0%
Total Productive Area (ha):	715,479	100%	50.5%

There are currently 26 species of mammals that make the DFA their home; 14 are native to the island and 12 have been introduced. Of the 368 bird species that have been identified on the Island of Newfoundland (NHSNL 2003), approximately 70 are common forest-dwelling species. There are also 20 species of inland fish on the DFA, from the familiar trout, salmon and smelt to the lesser-known mummichog and windowpane (Scott and Crossman, 1964).

The Department of Environment and Conservation's Wildlife Division is responsible for managing and conserving wildlife in Newfoundland and Labrador, while the Federal

Department of Fisheries and Oceans has a mandate to protect and conserve fish habitat for coastal and inland fisheries resources.

In addition to the use of timber within the DFA, other forest uses include tourism and recreation, mining, agriculture and outfitting, hunting, fishing, trapping and snaring. Recreational cabins are also popular within the DFA.

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. Labour income impacts (direct, indirect and induced) of CBPPL operations totals \$123.96 million (CBPPL, 2015).

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, and have Aboriginal title and rights. There are two First Nation Bands on the island of Newfoundland that follow their traditional values on CBPPL limits: Miawpukek First Nation and Qalipu Mi'kmaq First Nation Band. Miawpukek First Nation has a reserve of 548 hectares in Baie D'Espoir (outside of CBPPL limits); Qalipu Mi'kmaq First Nation Band is a landless band. The Qalipu First Nation is a member of the CBPPL's Public Advisory Committee. CBPPL has developed a target of direct First Nations involvement in the five year planning process through meetings with the communities. In addition, the company and the First Nations are members of the Canadian Boreal Forest Agreement and ongoing discussions are also conducted through that process.

SECTION 4 - AUDIT FINDINGS:

Scope #	Registration Scope Description
5	Forest Management Activities: planning, road construction and maintenance, harvesting operations, transportation of fibre, silviculture and support services in Forest Management District No. 5, 6, 9, 10, 14, 15 and 16

Audit Objective:**Stage 2 – 12 Month Surveillance Audit**

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 in 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

<u>Position</u>	<u>Name</u>
Team Leader	Rod Seabrook
Team Member	Francois Grimard

Audit Coverage:

Noted Deviations from the Audit Plan: None

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

DFA Forest Districts 15 and 16	
Block / Road Number / Name	Type of Operation Observed
District 15 – Crabbe’s River; Pynn’s Brook	Road construction; Harvesting; Water crossing installations
District 16 – Angle Pond West; Mcisaacs Brook; Canoe Pond	Road construction; Harvesting; Regeneration; Water crossing installations

Personnel (ie Staff/contractors) interviewed in the field:

- 9 operators and supervisors in District 15
- 5 operators and supervisors in District 16

Members of the public participation process interviewed: The audit team met with members of the PAC on July 4, 2017 – see attendance list maintained by the PAC.

Provincial Government personnel interviewed: Telephone interviews were conducted with three Forestry Agriculture and Foods Agency District Managers and four Conservation Officers responsible for monitoring compliance of CBPPL operations.

Aboriginal People interviewed: Qalipu Mi’kmaq First Nation – A telephone interview was conducted with the Band Manager, who is also the community’s representative on the PAC.

VOITs verified (field & office)

Indicator	Description	Field and/or Office	Improvement
1.1.1	Ecosystem area by type	Office	Target met
1.1.2	Forest area by type or species composition	Office	Target met
1.1.3	Forest age by seral type or age type	Office	Target met
1.1.4	Within-stand structural retention	Office/Field	Target met
1.2.1	Habitat for focal species - caribou	Office	Target met
1.2.2	Habitat for focal species - pine marten	Office	See NCR-2017-02

Indicator	Description	Field and/or Office	Improvement
1.2.3	Maintain indigenous species	Office/Field	OFI
1.3.1	Sufficiently stocked areas after harvest	Office/Field	Target met
1.4.1/1.4.2	Special sites	Office	Target met
3.1.1	Level of soil disturbance	Office/Field	OFI
3.1.2	Level of downed woody debris	Office/Field	Target met
3.2.1	Watersheds/management areas with stand replacing disturbance	Office	Target met
4.1.1	Net carbon uptake	Office	Target met
4.1.2	Reforestation success	Office	Target met
4.2.1	Additions/deletions to forest	Office	Target met
6.2.1	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	Target met
6.4.3	Promote capacity development and meaningful participation for Aboriginal communities	Office	Target met

Review of Changes: No significant changes since previous audit.

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 Attachment #2.

The SAI Global Audit Team recorded the following audit results:

Documentation Review:

The audit team reviewed the SFM documentation (interim SFM monitoring report, SFM plan) and found them to be complete and accurate.

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.

NCR Nos. now closed: 2016-01; 2016-02; 2016-03

Positive Aspects of the Management System:

- Ongoing publication of the Environmental Performance Report
- Involvement of the Public Advisory Committee

Non-conformances:

NCR No.	Clause No.	Clause Description	Type	Response Due
2017-01	7.4.6	Operational Procedures and Control	Minor	Sep 7, 2017
2017-02	6.3.1	Biological Diversity	Minor	Sep 7, 2017

Corrective Action Plans:

CBPPL must develop corrective action plans to address the root cause of the non-conformities identified during the audit. The root cause analysis and proposed corrective actions will be reviewed by SAI Global to ensure that they are appropriate and fully address the identified deficiencies. At the next annual Surveillance 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 situations have not reoccurred.

Opportunities for Improvement (OFI):

- Consider whether planting of Pw and Pr will enhance species diversity on the DFA as these species are considered species of conservation concern on the DFA
- Consider whether the Annual list of Agreement Verification letters should be added to the Communications procedure
- Consider whether legal requirements exist for the maintenance of documentation of fuel quantities carried in fuel tanks and fuel trucks on CBPP operations
- Consider whether indicator 3.1.1 (level of soil disturbance) should be refined to focus on minimizing soil disturbance on sites with sensitive soils
- Consider whether information on soils is available that would assist in identifying soils sensitive to disturbance as an aid to operational planning
- Consider whether the Pre-work Forms and operational maps should contain information on potential for soil disturbance for planned harvest areas

Please note that these Opportunities for Improvement will be reviewed as part of the preparation for the next audit.

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:

The results of this Surveillance Audit indicate that the Management System of Corner Brook Pulp And Paper Limited is suitable and effective with the exception of the areas of non-conformance identified during the audit. The areas of non-conformance must be resolved within a 60-day time frame. If the areas of non-conformance are not resolved by the agreed corrective action date, the registration suspension process will commence.

Upon successful resolution of the areas of non-conformance Corner Brook Pulp And Paper Limited will continue to be recommended for registration to the CAN/CSA-Z809-2008.

Next Scheduled Audit: A-00324729

Date(s): Jun 26 – 27, 2018

Type of Audit: S2

No. of Persons: 2

No. of Audit Days Required: 4

Forest Areas for the Next Audit:

- To be determined in consultation with client

Rod Seabrook
SAI Global
Team Leader

Date: July 17, 2017