

Audit Report

S2 Surveillance Audit for Corner Brook Pulp And Paper Limited

Client Representative: Ms. Kim Childs

011643-08

Audited Address: 1 Mill Road, Corner Brook, Newfoundland, CAN,
A2H 6J4

Start Date: Jul 04, 2019 End Date: Jul 05, 2019

Type of audit - Integrated

Issue Date: Current on dates of audit

Audit Report

Background Information

SAI Global conducted an audit of Corner Brook Pulp And Paper Limited beginning on Jul 04, 2019 and ending on Jul 05, 2019 to ISO 14001:2015.

The purpose of this audit report is to summarise the degree of compliance with relevant criteria, as defined on the cover page of this report, based on the evidence obtained during the audit of your organization. This audit report considers your organization's policies, objectives, and continual improvement processes. Comments may include how suitable the objectives selected by your organization appear to be in regard to maintaining customer satisfaction levels and providing other benefits with respect to policy and other external and internal needs. We may also comment regarding the measurable progress you have made in reaching these targets for improvement.

SAI Global audits are carried out within the requirements of SAI Global procedures that also reflect the requirements and guidance provided in the international standards relating to audit practice such as ISO/IEC 17021-1, ISO 19011 and other normative criteria. SAI Global Auditors are assigned to audits according to industry, standard or technical competencies appropriate to the organization being audited. Details of such experience and competency are maintained in our records.

In addition to the information contained in this audit report, SAI Global maintains files for each client. These files contain details of organization size and personnel as well as evidence collected during preliminary and subsequent audit activities (Documentation Review and Scope) relevant to the application for initial and continuing certification of your organization.

Please take care to advise us of any change that may affect the application/certification or may assist us to keep your contact information up to date, as required by SAI Global Terms and Conditions.

This report has been prepared by SAI Global Limited (SAI Global) in respect of a Client's application for assessment by SAI Global. The purpose of the report is to comment upon evidence of the Client's compliance with the standards or other criteria specified. The content of this report applies only to matters, which were evident to SAI Global at the time of the audit, based on sampling of evidence provided and within the audit scope. SAI Global does not warrant or otherwise comment upon the suitability of the contents of the report or the certificate for any particular purpose or use. SAI Global accepts no liability whatsoever for consequences to, or actions taken by, third parties as a result of or in reliance upon information contained in this report or certificate.

Please note that this report is subject to independent review and approval. Should changes to the outcomes of this report be necessary as a result of the review, a revised report will be issued and will supersede this report.

Standard:	ISO 14001:2015
Applicable codes:	0811 0851 2411 / A02.0 A02.0 DD20.1
Scope of Certification:	All Woodlands operations in the Forest Management Districts No. 5,6,9,10,14,15 and 16 including management planning, road construction and maintenance, harvesting operations, transportation of fibre, silviculture and support services.
Dependency:	Not Applicable
Permissible exclusions:	None
Number of Staff:	175
Number of Shifts:	1
Total audit duration:	Person(s): 2 Day(s): 3.00
Audit Team Member(s):	Team Leader Rod Seabrook
Audit Team Member(s):	Team Member Fabrice Lantheaume

Audit Report

Definitions and action required with respect to audit findings for Surveillance Audits

Major Non-conformance:

Based on objective evidence, the absence of, or a significant failure to implement and/or maintain conformance to requirements of the applicable standard. Such issues may raise significant doubt as to the capability of the management system to achieve its intended outputs (i.e. the absence of or failure to implement a complete Management System clause of the standard); or

A situation which would on the basis of available objective evidence, raise significant doubt as to the capability of the Management System to achieve the stated policy and objectives of the customer.

NOTE: The “applicable Standard” is the Standard which SAI Global are issuing certification against, and may be a Product Standard, a management system Standard, a food safety Standard or another set of documented criteria.

Action required: This category of findings requires SAI Global to issue a formal NCR; to receive and approve client’s proposed correction and corrective action plans; and formally verify the effective implementation of planned activities within 60 days. Correction and corrective action plan should be submitted to SAI Global prior to commencement of follow-up activities as required. Follow-up action by SAI Global must ‘close out’ the NCR or reduce it to a lesser category within 60 days from the last day of the audit.

If significant risk issues (e.g. safety, environmental, food safety, product legality/quality, etc.) are detected during an audit these shall be reported immediately to the Client and more immediate or instant correction shall be requested. If this is not agreed and cannot be resolved to the satisfaction of SAI Global, immediate suspension shall be recommended.

In the case of an already certified client, failure to close out NCR within the time limits means that suspension proceedings may be instituted by SAI Global.

Follow-up activities incur additional charges.

Minor Non-conformance:

Represents either a management system weakness or minor issue that could lead to a major nonconformance if not addressed. Each minor NC should be considered for potential improvement and to further investigate any system weaknesses for possible inclusion in the corrective action program

Action required: This category of findings requires SAI Global to issue a formal NCR; to receive and approve client’s root cause analysis, proposed correction and corrective action taken or planned to be taken; and formally verify the effective implementation of planned activities at the next scheduled audit.

Opportunity for Improvement:

A documented statement, which may identify areas for improvement however shall not make specific recommendation(s).

Action required: Client may develop and implement solutions in order to add value to operations and management systems. SAI Global is not required to follow-up on this category of audit finding.

EXECUTIVE OVERVIEW

The objective of this audit was to determine continuing compliance of your organization’s management system with the audit criteria; and it’s effectiveness in achieving continual improvement and system objectives.

Changes to the audit plan and the reasons for the change

None

Significant issues impacting on the Audit Programme

None

Site(s) description: activities/processes at each site

- Forest management planning
- Forestry Operations (road construction & maintenance, harvesting, forwarding, processing, hauling, silviculture)

Interrelationship between sites (dependency)

Not applicable

The objectives of the audit were achieved

Overall Recommendation

The capability of the management system to meet expected outcomes

Corner Brook Pulp and Paper continues to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability. The intended outcomes of the environmental management system, as listed below, are being achieved, with minor exceptions related to compliance, in a manner consistent with the company's Forest and Environmental Policy.

- enhancement of environmental performance;
- fulfilment of compliance obligations;
- achievement of environmental objectives

Audit recommendations are always subject to ratification by SAI Global certification authority.

For the following standard(s): ISO 14001:2015

Based on the evidence verified and findings of this audit, the management system is in need of immediate attention and rectification. Non-conformance has been identified suggesting a lack of effective system implementation in accordance with minimum requirements of the standard. Refer to Non Conformance report No. 2019-01 and NCR 2019-02.

Non-Conformances (NCRs):

All of the applicable requirements of the ISO 14001:2015 were audited as per the audit plan and considered to be adequately implemented with the exception of the non-conformances identified below.

NCR No.	Level	Clause	Description	Final CAR Due Date:
2019-01	Minor	9.1.2	Legal requirements were not fully followed	September 3, 2019
2019-02	Minor	7.2	Training records were not available for all workers who can affect the environmental performance of the company	September 3, 2019

Positive Observations:

- Comprehensive management reviews and associated actions arising from the discussions
- Contractors met have very good understanding of aspects and impacts

Opportunities for Improvement:

The following opportunities for improvement have been identified.

- Consider placing pack pumps close to operating equipment
- Consider adding a check of proper ditch depth and culvert integrity to the Road Inspection Report form
- Consider conducting a review of the placement of portable fire extinguishers on heavy equipment to ensure ready availability in the event of a fire
- Consider reviewing the practice of using aggregate from steep side hills along road right of ways

It is suggested that the opportunities for improvement be considered by management to further enhance the company's Management System and performance of the business.

Audit Trail Summary Management System

Review of any changes including documentation

Changes to the company since last audit include: A new Woodlands Manager was appointed in April 2019.

The management system manual revision was reviewed and found to be in conformance with the requirements of the standard.

Use of marks and/or any other reference to certification

The use of the StandardsMark and claims of certification appear to be in accordance with the guidelines available via the SAI Global website.

Actions taken on previous audit issues

Communication to contractor to provide proof that the first aid kit has required supplies and fire extinguisher has been inspected for this particular float truck by July 12, 2018.- Verified email from contractor to CBPP staff that the first aid kit and fire extinguisher were replaced on truck in question on July 5, 2018

Communication to three harvesting contractors detailing requirements for Emergency Preparedness and response for supplier service vehicles by August 31, 2018 – Verified sent Oct 2, 2019

Revise our instruction to service providers to indicate requirements for Emergency Preparedness by August 30th 2018. – Verified letter provided to contractors and list of service providers

Develop a focus audit to target service providers. Trial and implement in January 2019. - Verified form for Service Provider Focus Audit - completed by Contractor Supervisor - Verified report for NWFR and Western Petroleum Feb 12, 2019 - 92% compliance - inspector C. Chubb

Create Standard Operating Procedure for Take 5 – Short-Term Operations (includes service providers) which will include requirements for Emergency Preparedness by January 2019 – Verified SOP SA-24 Take 5 – Short term operations – hazard assessment – May 28, 2018 – VERIFIED example for Humber Arm Contracting Jun 25, 2019

Management Responsibilities, Commitment and Performance Monitoring

There continues to be a satisfactory level of input and support from top management to ensure the management system provides the intended controls, customer satisfaction and improvement opportunities. The health and performance of the system continues to be monitored via KPI's and related targets. The stated objectives are being met.

Management Review

Meetings verified dated: July 18, 2018, November 14, 2018, January 9, 2019, May 10, 2019

Records of the most recent management review meetings were verified and found to meet the requirements of the standard. All inputs were reflected in the records, and appear suitably managed as reflected by resulting actions and decisions.

Internal Audits

Internal audits are being conducted at planned intervals to ensure conformance to planned arrangements, the requirements of the standard and the established management system.

Examples verified included: February/March/June 2019

Corrective and Preventive Action & Continual Improvement Processes

The company is implementing an effective process for the continual improvement of the management system through the use of the policy, objectives, audit results, data analysis, the appropriate management of corrective and preventive actions and management review.

Audit Trail Summary EMS/RC/e-S/RIOS/R2

Site Inspection

The audit team toured the site and concluded that the conditions of the site do not fully reflect an effectively implemented management system. Details are provided in NCR No. 2019-01

Risks (including Aspects and Footprint)

Based on the results of this audit, the Corner Brook Pulp And Paper Limited management system has established, implemented and maintained procedures for the identification, evaluation, upkeep, control and monitoring of risks.

Examples of Risks Audited: Soil and water contamination, leaving merchantable wood in harvest area, sedimentation, turbidity, temperature (water), rutting, compaction and erosion.

Compliance Evaluation

Corner Brook Pulp And Paper Limited has implemented processes for periodically evaluating its fulfilment of compliance obligations. Legal compliance review conducted on 3 year cycle – is conducted in addition to #2 inspections – last compliance audit conducted Feb/Mar and Jun 2019 – list of applicable legs/regs in Section 3.2 of audit report and results documented in audit report dated June 21, 2019 – deficiencies rated from 0 to 3 (lowest to highest) – CARs prepared to address deficiencies

Audit Trail Summary Processes

Process: Policies and Planning

Auditees: Chief Forester, SFM Forester

Records/Objective Evidence:

5.2 Environmental Policy

- Documented Forest and Environmental Policy - Corner Brook Pulp and Paper Woodlands Division dated January 2019 signed by Mill Manager (retired) and VP & General Manager
- Includes endorsement of Kruger Inc. Corporate Forest Policy and Environmental Policy
- Policy is appropriate to a forestry enterprise
- Includes commitments to protection of the environment, prevention of pollution, meet or exceed legal and other requirements, and continual improvement
- Several additional commitments e.g. ecologically sound practices, promoting public/aboriginal awareness, climate change mitigation/adaptation
- Posted throughout office and in field sites
- Available publicly in the Environmental Progress Report (e.g. 2018 <https://cbppl.com/wp-content/uploads/2019/06/EPR-2018.pdf>)

Manual #1 Section 4 Version 2 – Environmental Aspects

6.1.1 General

- Summary of Risks and Opportunities and Associated Objectives V3 – covers aspect/issue/need/expectations/obligations, relevance, risks, opportunities, objective, CSA Indicator/Action Plan/Program Objective
- Potential emergency situations identified as follows: personal injury; fire; fuel/oil & other hazardous products spill; siltation, transportation hazard; power line contact; lost employee, fatality- see Emergency Response Procedures Rev 26 Jun 10, 2019

6.1.2 Aspects

- Semi-quantitative risk matrix and Impact Index Calculation Factor Sheet utilized
- 3 rules used to determine significance (impact score >40; professional judgement; use of consolidation of SEAs for different activities)
- Environmental Aspect and Impact Chart listed by function, activity, operating situation (normal/abnormal), aspect, impact and associated scoring; list of legal references - Verified Version 8 May 24, 2017
- EMS Committee meetings review Aspects at least once per year
- Currently 6 SEAs identified with associated Environmental Work Instructions developed as operational controls as per below – NOTE: some EWIs do not yet include District 10 in the scope (work in progress)
 - Maintenance of visual quality – EWI-1 Version 3
 - Potential for fuel spill – EWI-2 Version 5 – refers to tanks less than 454 litres
 - Fiber recovery – EWI-3 Version 3
 - Collection and disposal of garbage – EWI-4 Version 3
 - Potential for degradation of water quality – EWI-5 Version 7
 - Potential for soil disturbance 0 EWI-6 Version 5
- SOPs prepared that support EWIs
- Sticker for equipment provides reminder to operators about SEAs – new in last month

NOTE: – procedure refers to Global LTS – replaced by Stantec

6.1.3 Compliance obligations

- CBPPL now uses Stantec to provide updates to legal requirements – provided list of requirements that need to be tracked for changes
- Quarterly updates provided – reviewed updates for Q1 for 2019
- Environmental Aspect and Impact Chart lists associated applicable legal requirement for each aspect

6.2.1/6.2.2 Environmental objectives/actions

- 6 current programs with associated objectives
- Programs developed and documented and progress tracked
 - EMS Documentation Improvement – 4 targets – one completed, one archived
 - Fuel Consumption – 1 target
 - Public Values – 3 targets
 - QLP Promotion – new program started May 28, 2019 in support of SFI certification – 3 targets – no actions as yet identified or status provided (auditor is aware of operator training in support of QLP program)
 - Residual retention – 1 target
 - Road construction – 1 target
- All programs are directly linked to CBPPL business processes i.e. planning, harvesting, road construction, equipment operation

Note:

- some actions assigned to people who no longer work for CBPPL –e.g. fuel consumption Tim Moulton, Debbie Hearn, Dave Chamberlain
- status of actions should be reviewed and updated as needed – e.g. fuel pods on Nobles trucks, references to CBFA
- these issues were identified during the internal audit and recommendations were developed to update the objectives and targets

Summary and Conclusions:

Activities associated with the processes were assessed in relation to specific standard requirements and relevant procedures. Through interviews with personnel and review of relevant records it was determined that the process is consistently applied and effective in meeting the established process objectives.

Process: Operations/Emergency preparedness; Competence and awareness; Environmental objectives

Auditees: CBPPL: Chief forester, SFM Forester, EMS consultant, Roads technician (2); Operations Supt., Safety & Training Supervisor

LTD Construction: supervisor, processor operator, mechanic; Major's Construction: feller buncher operator, processor operator, forwarder operator, truck driver, loader operator, foreman

Records/Objective Evidence:

Verified 5.1 Operational control tables V9 SEA and associated work instructions :

EWI 1 Maintenance of visual quality

EWI 2 Potential for fuel spill

There are a number of Standard Operating Procedures in place:

Harvesting :

H01 Cutting Extractions Trails and temporary forwarder crossings

H02 Harvesting Adjacent to sensitive areas

H03 Controlling erosion

H05 Road side storage

H06 Leaving wildlife trees for biological diversity

Roads:

R09 Road construction methods

R02 Culvert and pipe arch installation

General:

G02 : Transport and storage of fuel and oils

Field operations were visited in District 16, Upper Hummer Rd and operational control procedures audited

All the operators met understood very well their responsibilities with regards to ISO including the significant environmental aspects (SEAs) related to their activity. For example, the feller buncher operator mentioned rutting, erosion, spills and wood utilisation as SEAs and referred to actions from the works instructions or operational control procedures.

Field audit: Black Duck- District 14:

Brushing, patch gravelling, subgrade construction 2018; water crossing installations

Operations appeared consistent with SOPs and work instructions in difficult road construction conditions; no evidence of spills or industrial waste; viewed water crossing and cross drain installations – two culverts were observed to have been dented and one was somewhat bowed indicating more care should have been taken during installation – see OFI

- fill had been added over an existing culvert to raise the level of the road bed; the fill appears to have been taken from a very steep bank along RoW near the culvert resulting in trees toppling down the cut slope and a likely long term stability issue – see OFI

RoW clearing and subgrade construction 2019 – LTD Construction

Interviews with workers indicated awareness of potential impacts on the forest environment and mitigation measures; no evidence of spills or industrial waste

Viewed set up trailer including large spill kit, hay bales, filter cloth and stakes – fire extinguisher was found to be discharged – see NCR

Ditches created during subgrade construction exceed the 1.2 m maximum specified depth in some areas along the road – see OFI – CBPPL discussion with contractor to trim ditches to correct specs
Required documentation present i.e. employee orientation, prework; SOP binder; ERP, DFO permit, Safety Data Sheets, Forestry and Environment Policy, and Operating Permit – NOTE: permit lacked Appendix describing required forest firefighting equipment

Fuel management requirements were met with the exception that the fuel tank mounted in the Supervisor's pickup was not adequately secured – see NCR

Observed small brook with apparently seasonal flow was being crossed by the processor – brush mat was applied to permit crossing and there was no evidence of sediment entering the brook – NOTE: the brook did not appear on operations map – CBPPL staff have surveyed the brook and will be applying a 30 m buffer

Observed processor and reviewed emergency preparedness procedures with operator – pack pumps required during fire season were viewed at setup trailer some distance from the operating processor and may not be effective in the event of a fire – see OFI; the portable fire extinguisher mounted on the processor could not be accessed during the audit suggesting that a different mounting location should be considered – see OFI

Verified the emergency preparedness and response procedure section 13 of the EMS manual.

Verified the Emergency response procedure manual version 12 updated 15 June 2017.

Discussed with the different machine operators present in the field.

Simulation schedule 2019 v2

Test verified : medical emergency

March 2019 – emergency response test report C-FRM-04 :

September 2018 Sedimentation

October 2018 Spill test with Majors contractor

Sedimentation August 2018 with Majors contractor

Audit Report

The manual covers the following emergency situations: forest fires, fuel oil, hazardous products spill response, sedimentation emergency response, transportation hazard. The emergency plan covers all relevant emergency situations and details the emergency responses. The different situations are tested. Discussions with operators showed that they were well aware of the responses in case of emergency.

Reviewed the Competence and Awareness training Section 8 of the EMS manual.

Environmental training need matrix v2.

Intelix training management platform

Training records verified for the following operators :

LTD Construction:

Dave Wells, foreman

Lonnie Wells, processor (no records), Charlie Rose, mechanic (no records) – see NCR

CBPPL

Kevin Robertson, ok

Markus Flynn, ok

Majors

Jim Reid, foreman, ok

Leon Burt, truck driver, ok

Summary and Conclusions:

Activities associated with the processes were assessed in relation to specific standard requirements and relevant procedures. Through interviews with personnel and review of relevant records it was determined that the process is not consistently applied and effective in meeting the established process objectives. – See NCR-2019-01; NCR-2019-02

Process: Performance evaluation

Auditees: Chief Forester, SFM Forester; EMS consultant

Records/Objective Evidence:

Verified the procedure on Monitoring and measurement section 14 of the EMS manual.

Focus audits:

Schedule for contractor 2019: every month each contractor needs to do 4 focus audits per contractors.

Fuel storage and use

Compliance inspection :

Number 1 inspection NWRF done in 11 March 2019 – contractor is responsible to fill

Number 2 inspection: done by CBPPL on contractors: verified for Majors contracting done on 13 March 2018. Passed 100%

Number 2 inspection report on NWFR done in March 2019 Howards area. 100% score.

Number 3 inspections: final inspection after the harvesting is done.

Verified the following : inspection NWRF done 18 May 2018, Nobels resources Inc. 29 April 2018

Utilisation ground disturbance and wildlife tree assessment tally card: 28 April 2018 camp 34

Leak reporting: legal and other requirements Majors contractor done in upper Humber May June 2019

Tracking summary report, government report: November 2018 (96 spills reported).

Road inspection report: contractor LTD done on 10 October 2018 on Black Duck road.

Internal audits: verified 21 June 2019 Internal audit report and audit plan.

Legal compliance report: verified 21 June 2019 legal compliance report.

There is a thorough inspection and monitoring system in place which helps to monitor compliance: inspections 1, 2 and 3 and the road inspection report in addition to the internal audits and legal compliance audits.

Internal audit:

- Audit conducted Feb/Mar/Jun 2019
- Covered Z809 and 14001
- Included audit of legal compliance obligations and Kruger corporate procedures
- NCs – ISO 2 – WHMIS 2015 training required for some employees; pulpwood contracts required signature – actions developed and in process

Management review:

Quarterly management reviews are conducted where the following agenda items were reviewed and discussed with the management team over the review cycle:

- Approval of minutes of last meeting
- Review of unfinished business
- Environmental issues from operations
- Environmental policy review
- Environmental Management/Sustainable Forest Management System – internal and external audits
- Environmental incident reports and incident investigations
- Structure and documentation
- Environmental work instructions
- Environmental progress report
- Indicator report
- Approval of document revisions
- Environmental training
- Emergency response
- EMS compliance inspection reports
- Environmental objectives, targets and programs
- Sustainable forest management – VOITs
- Actual or potential changes in legislation or corporate requirements
- Review non-regulatory and voluntary requirements
- Bew and emerging environmental issues of relevance
- Concerns of interested parties
- External and internal communications
- Environmental budget
- Upcoming audit schedule
- Commitments to continual improvement
- Internal auditor evaluation
- Advances in science and technology
- Chain of custody risk assessment
- EMS remains suitable, adequate and effective
- Management review status

Quarterly minutes reviewed for Q2, Q3, Q4 2018 and Q1 2019 – reviews are comprehensive and well documented; concerns listed and recommendations/actions developed and assigned with target dates and completion status documented

Summary and Conclusions:

Activities associated with the processes were assessed in relation to specific standard requirements and relevant procedures. Through interviews with personnel and review of relevant records it was determined that the process is consistently applied and effective in meeting the established process objectives.

Process: Improvement

Auditees: Chief Forester, SFM Forester, EMS consultant

Records/Objective Evidence:

Verified the non-conformity and corrective action procedure section 15 of the EMS manual.
Verified the incident summary report 2019
Verified the incident flowchart to determine if an investigation is necessary
Verified the list of Reportable Environmental Incidents
Verified the preventive action log Section 3 of the EMS

Non conformities verified :

Incident report 2018-04 Raptor Nest Buffer
Incident investigation 2018-04 No Grub infraction LTD Construction
Incident report 2019-01 Oil spill

Preventive action log:

Sept 2018 : No grub infraction
May 2018: Cutting outside the AOP

EMS Operations Meeting minutes verified: Feb 2019 incident 2019-01 discussed, November 2018 incident 2018-10 and 2018-11. Attendance sheets for operations meeting dated 15 Feb and 21 June 2019.

Tracking xls tool shows 11 non-conformities in 2018. Sedimentation incidents fires and spills are the most common incidents reported.

Root causes are analysed for each of the non-conformities identified. The NCR are well documented and followed up.

Preventive actions are also documented and addressed.

The Incident summary report helps to determine if similar non-conformities are being repeated over the years (like sedimentation issues have 100 occurrences since 2010).

CBPPL also discuss the incidents reports during the operations meetings in order to determine if similar non-conformities exists or could potentially occur. Attendance to these meetings include contractors and BBPPL representatives.

Summary and Conclusions:

Activities associated with the processes were assessed in relation to specific standard requirements and relevant procedures. Through interviews with personnel and review of relevant records it was determined that the process is consistently applied and effective in meeting the established process objectives.

This report was prepared by:
Rod Seabrook
SAI Global Management Systems Auditor

END OF REPORT