

**Project No. 011643-07**

August 27, 2014

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

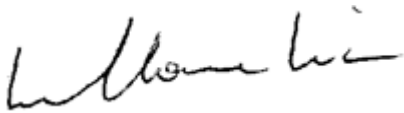
**SUBJECT: REGISTRATION PROGRAM**

Dear Mr. Knott,

Please find attached the Audit Report raised as a result of our 12 Month Surveillance Audit of your management system to the CAN/CSA - Z809-2008 standard conducted in your Corner Brook facility on Aug 20, 2014.

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

Best regards,



Guillaume Gignac  
SAI Global

Team Leader  
Encls.

SAI GLOBAL Confidential

## SUSTAINABLE FOREST MANAGEMENT SYSTEM

### CAN/CSA-Z809-2008

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

**Contact:** Mr. Faron Knott  
**Date(s) of Audit:** August 18 to August 22, 2014  
**Total Number of Audit Days:** 4,5  
**Audit Team Leader:** Guillaume Gignac  
**Type of Audit:** Surveillance 1  
**Audit Frequency:** 12 Months  
**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  
Guillaume Gignac

---

#### Statement of Confidentiality

The information contained in this report is privileged and confidential and intended only for the use of the organization to who it is addressed. If you are not the intended recipient, you are hereby notified that any distribution, copying, disclosure or taking of any action in reliance on the contents of this transmission is strictly prohibited and review by any individual other than the intended recipient shall not constitute waiver of privilege. If you have received this report in error, please notify us immediately and return it to us.

## **SECTION 1 - EXECUTIVE SUMMARY**

<b>Scope #</b>	<b>Scope Description</b>
1	Forest Management 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  
Newfoundland & Labrador  
CAN, A2H 6J4

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

A surveillance audit was conducted on August 18, 2014 on the Woodlands operations on Corner Brook Pulp and Paper Limited's Defined Forest Area (Forest Management Districts No. 5,6,8,9,14,15 ande 16) sustainable forest management system. One major nonconformance, four minor nonconformance and 10 opportunities for Improvement were identified. The audit team found that Corner Brook Pulp and Paper Limited 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 Corner Brook Pulp and Paper Limited certification be suspended. Six (6) 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. The areas of non-conformance must be resolved within a 60-day time frame for the major non-conformance and an action plan approved within 60 days for the minor conformances. 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.

## 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 (incorporated into CBPPL's DFA in Figure 1), 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 viewshed 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 viewshed. 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 3.

**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 Viewshed	15	17,165	3,811	20,976
Gros Morne Corridor Viewshed	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>

**Area of DFA:**

The Defined Forest Area (DFA) for this SFM Plan includes all of Corner Brook Pulp and Paper Limited (CBPPL) limits on insular Newfoundland. These limits are contained within provincial forest management districts 5, 6, 9, 14, 15 and 16.

CBPPL manages approximately 1.5 million hectares of forest land on the Island of Newfoundland.

**Legal Tenure / Licence Description:**

All land as part of the DFA is Crown Land. Corner Brook Pulp and Paper Ltd. (CBPPL) has exclusive ownership of the timber resource on the DFA. This right originates from several sources, a series of agreements, purchases, deeds, grants and licenses dating from 1922 to 1994. The Bowater's Newfoundland Act of 1938 amended the term and conditions of current timber licenses, and any licenses subsequently acquired by CBPPL. By this Act, the term of all licenses held by CBPPL at that time and any future licenses subsequently acquired by the Company was extended to 99 years, commencing on the 29th day of November 1938.

**Volume and Species Harvested:**

<b>Districts 5, 6, 9, 14, 15, 16.</b>		
<b>Tree Species</b>	<b>Total Area (Ha)</b>	<b>Percentage of DFA Area (Productive)</b>
Balsam Fir (bF)	325,511	22.9%
Black Spruce (bS)	213,295	15.0%
Disturbed by Insects or Fire (DI)	65,379	4.6%
Softwood Hardwood (sH )	53,501	3.8%
Not Sufficiently Stocked (NS)	25,089	1.8%
Hardwood Softwood (hS)	22,817	1.6%
White Birch (wB)	10,208	0.7%
Trembling Aspen (tA)	367	0.0%
Jack Pine (jP)	82	0.0%
Engelmann Spruce (eS)	11	0.0%
Total Productive Area (ha): 716,260 50.5%		

<b>Districts 5, 6, 9, 14, 15, 16.</b>	
	<b>Volume Harvested (m3)</b>
Softwood	382,008
Hardwoods	920

**SECTION 3 - ORGANIZATION:**

**Description of the DFA Workforce:**

CBPPL Woodlands employs some 200 employees in their harvest operations from almost 50 Newfoundland communities. This total includes approximately 40 seasonal forestry workers who carry out silviculture operations in the summer and fall. The Company employs another 315 people at the Mill in Corner Brook and in 25 at 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 \$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; and
- 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 belong to the Federation of Newfoundland Indians. Because the Mi'kmaq were not in Newfoundland at the time of the first European presence, they have no special Aboriginal rights to hunt, fish, or trap in forested areas (ruled by Justice Leo Barry in 2003 and upheld in 2007 by the Newfoundland and Labrador Court of Appeal). 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. When formed, the Qalipu Mi'kmaq First Nation Band became a landless band.

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. This is achieved through active participation of Aboriginal People on CBPP Public Advisory Committee (PAC).

### **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 at Mill Road P.O. Box 2001 Corner Brook, Newfoundland & Labrador CAN, A2H 6J4 and Forest management districts no. 5, 6, 9, 14, 15 and 16 in 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	Guillaume Gignac, ing. f.
Team Member	Daniel Martin, ing. f.

**Audit Coverage:**

**Noted Deviations from the Audit Plan:**

None

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

Districts 5, 6, 9, 14, 15, 16.	
<b>Block / Road Number / Name</b>	<b>Type of Operation Observed</b>
Bear Cove	Harvesting - Mechanical
Serpentine North	Harvesting - Mechanical
Lynx Pond	Road construction
Bear Cove	Road construction
Camp 184	Road construction
Serpentine North	PCT Operations



**Personnel (i.e. Staff/contractors) interviewed in the field:****Bear Cove – Nobles Resources**

Contractor  
Foreman  
Planner CBPPL Staff  
Forwarder Operator  
Harvester Operator

**Serpentine - North West Forest Resources**

Supervisor  
Contractor  
Forwarder Operator  
Harvester Operator  
Harvester Operator  
Truck driver

**Serpentine – CBPPL PCT Crew**

Supervisor  
Pre Commercial Thinner (3)

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

NF & Lab. Outfitters (2)  
General public (6)  
Model Forest of Newfoundland (1)  
Newfoundland Department of Natural Resources (1)  
Red Ochre Regional Board Inc. (1)  
Miawpukek First Nations (1)  
Union CEP Local 60N (1)  
Majors Logging (1)  
Ducks Unlimited Canada (1)

**Provincial Government personnel interviewed:**

District 5  
District Manager

District 9  
District Manager

District 14  
District Manager

District 15  
District Manager

**Aboriginal People interviewed:**

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. This is achieved through active participation of Aboriginal People on the Public Advisory Committee (PAC).

**VOITs verified (field & office)**

Indicator	Description	Field and/or Office	Improvement
1.1.1	Ecosystem Diversity - Ecosystem Area by Type	Office	See OFI
1.1.2	Ecosystem Diversity – Forest area by type or species composition	Office	
1.1.3	Ecosystem Diversity – Age Classes	Office	
1.1.4	Ecosystem Diversity – Within-Stand Structural Retention	Office & Field	
1.2.1	Species Diversity – Caribou Habitat	Office	See OFI
1.2.2	Species Diversity – Pine Marten Habitat	Office	
1.2.3	Species Diversity – Non-native Species	Office	See OFI
1.3.1	Genetic Diversity – Sufficiently Stocked	Office & Field	See OFI
1.4.1 and 1.4.2	Biological Diversity – Special Places	Office & Field	
2.1.1	Forest Ecosystems Resilience – Reforestation Success	Field	See OFI
2.2.1	Forest Ecosystem Productivity – Pre harvest Planning	Office	See OFI
2.2.2	Forest Ecosystem Productivity – AAC Harvested	Office	See OFI
3.1.1	Soil Quality and Quantity - Soil Disturbance	Field	
3.1.2	Soil Quality and Quantity – Downed Woody Debris	Field	
3.2.1	Water Quality and Quantity – Stand Replacing Disturbance	Field	

**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 Woodlands 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 attendance list.

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

The audit team reviewed the SFM documentation including the SFM Annual Indicator Report 2013 and the current SFM plan.

**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. 2013-01.

**Positive Aspects of the Management System:**

- Contractor and employee commitment to sustainable forest management
- Service trucks on logging operations are very well organized.
- PCT employee commitment to prevention of pollution by adding rubber seals to the portable gas reservoirs.
- Continued participation to the CBFA process.
- Stakeholder participation maintained.
- Positive general feedback from DNR.

**Non-conformances:**

All of the applicable requirements of the CSA Z809: 2008 were audited and considered to be adequately implemented with the exception of the non-conformances identified below.

NCR No.	Level	Clause	Description	Final CAR Due Date:
2014-01	Major	7.5.1	Nonconformity, corrective action and preventive action	October 22, 2014
2014-02	Minor	7.4.6	Operational control	October 22, 2014
2014-03	Minor	7.4.2	Training, awareness, qualification and knowledge	October 22, 2014
2014-04	Minor	7.5.1	Monitoring and measurement	October 22, 2014
2014-05	Minor	7.4.6	Operational control	October 22, 2014

**Opportunities for Improvement (OFI):**

- Indicator 1.1.1 - Consider clarifying that the target is a 5 year average and not an annual average.
- Indicator 1.2.1 - Consider adding a table to show progression of the target over time.
- Indicator 1.2.3 - Consider adjusting the target to reflect the official corporate position of not planting non-native species.
- Indicator 1.3.1 & 2.1.1 - Consider looking at the survey procedure to ensure that for mixed stands softwood is not the only species accounted for to determine the area is fully stocked.
- Indicator 2.2.2. AAC - May want to consider whether or not this indicator is still relevant.
- Consider implementing monitoring procedures for hardwood firewood permits.
- Consider informing DNR when CBPPL change their activities on the DFA (e.g. moving harvesters to a new area, trucking in a new area).
- Consider adding a revision number to the document entitled: Species at risk and high conservation values species on CBPPL limits.
- Consider using watercourse alteration certified installers.
- Consider finding an alternative to bailed hay as a required component of the emergency response plan.
- Consider evaluating the need to maintain a level of harvesting in the districts of high concentration of Balsam Fir in order to potentially mitigate the impact of a spruce budworm epidemic.

**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:

**Stage 2 - Surveillance:**

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 for the major non-conformance and an action plan approved within 60 days for the minor conformances. 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:** July 6, 2014

**Date(s):** July 6, 2014 to July 8, 2014

**Type of Audit:** 1 4Month Surveillance Audit

**No. of Persons:** 2

**No. of Audit Days Required:** 3.5

**Forest Areas for the Next Audit:** TBD on site.

Guillaume Gignac  
**SAI Global**  
Team Leader

Date: August 22, 2013