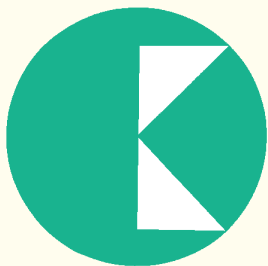


2001 ENVIRONMENTAL PROGRESS REPORT



“Committed to continual environmental improvement”



**CORNER BROOK PULP
AND PAPER LIMITED
WOODLANDS**



Introduction

Corner Brook Pulp and Paper Woodlands is pleased to present its 2001 Annual Environmental Progress Report. As with last year's environmental report, it is our intention to provide information on our forest related activities – harvesting, road construction and silviculture. Our objective, in this document, is to provide an overview of our activities which accurately reflects the efforts made by our employees to work in an environmentally responsible manner.

Corner Brook Pulp and Paper is committed to carrying out forest management activities in a manner that ensures protection and sustainability of all forest resources while maintaining natural biodiversity. While production of fibre is the heart of our business, our employees understand that the forest provides other important values and social benefits. Our goal is to conduct our activities so that the forest's multiple uses, values, and benefits are managed and protected with the same priority allotted to resources such as timber, water, wildlife, and soil.

Corner Brook Pulp and Paper's employees understand the importance of good forest stewardship. Their activities are highly visible to an environmentally conscious public. Our employees know that they have a moral obligation to do things right and ensure that their activities do not damage the forest environment.

This report provides a measure of how well we are doing. It is a report card of our environmental performance, and a benchmark for future improvements.

A handwritten signature in black ink that reads "Patrick Tompkins".

Patrick Tompkins
Woodlands Manager



Environmental Management

Corner Brook Pulp and Paper Woodlands' Environmental Management System (EMS) is officially certified to the ISO 14001 Standard. The Quality Management Institute presented the Certificate of Registration to Patrick Tompkins, Woodlands Manager of Corner Brook Pulp and Paper on July 17, 2001.

The scope of registration, which was achieved with a combined effort of all employees of CBPP Woodlands, includes the EMS as it applies to all Woodlands operations controlled by the Company in Forest Management Districts 9, 14, 15, 16 and 17. This includes management planning, road construction and maintenance, harvesting operations, transportation of fibre, silviculture and support services.

A great deal of work went into building this system. A team made up of Woodlands Superintendents, Safety and Environmental Coordinators as well as a Contractor representative has ensured our EMS is appropriate to the overall environmental aspects of our operations. Our EMS allows us to monitor our progress based on an international standard and analyze employee training needs. CBPP Woodlands has identified key elements such as operating procedures for emergency response, environmental incident reporting, reviewing environmental performance and employee training and awareness. The system will help us to measure our performance against set targets and make improvements to our overall operations.

"We are extremely pleased today to have reached this significant point in Environmental Management. It is very important to not only say that you are doing the right things but to be recognized by the industry to be doing the right things. We are proud of this Registration and pleased with the third party endorsement of our environmental practices," said Kevin Sheahan, Vice President and General Manager of Corner Brook Pulp and Paper.

Corner Brook Pulp and Paper
Woodlands' Environmental
Management System Registered
to ISO 14001



"Designation puts city mill
among leaders in industry"

The Western Star, July 18, 2001



Highlights of Woodlands ISO 14001 Registration Audit

QMI documented Corner Brook Pulp and Paper Woodlands conformance with the ISO 14001 standard on its operations. **The registration audit identified no findings of major non-conformance.** The following is a summary of observations and minor non-conformances reported by the audit. The minor non-conformances in the detailed audit findings are being incorporated into Company action plans for continuous improvement. Our implementation of those action plans will be reviewed in 2002 at Woodlands' first surveillance audit.

Good management practices were highlighted in the Auditor's comments regarding the implementation and effectiveness of CBPP Woodlands' EMS:

- "A strong and dedicated involvement of all"
- "The record keeping was excellent"
- "Committed to the environment and the EMS for all levels of the organization"
- "The activities observed in the field were very professional".

The following is a description of minor non-conformances documented during the audit and CBPP Woodlands' action plan, implemented since the audit, to address each one:

- Environmental objectives & targets should be documented in such a way that demonstrates that the organization has considered the legal and other requirements and views of interested parties in setting these objectives and targets.

CBPP Woodlands Environmental Management Review Committee did consider these requirements in setting its objectives and targets. An additional review has been completed and references to legal and other requirements and interested parties were recorded.

- The auditor noted some individual, site-specific instances where the Company's Environmental Work Instructions were not being followed. On one jobsite, used oil was being disposed of at a local municipal dumpsite instead of an approved waste disposal site. On another, an acetylene tank was improperly secured and the tank used for diesel fuel to run a generator did not meet Company specifications.

CBPP Woodlands addressed these issues by ensuring that contractors follow Environmental Work Instructions. This is done through improved communications and EMS Inspections conducted by Operations Superintendents and Contractors. For details on 2001 EMS Inspection results, see page 11.

"The activities observed in the field were very professional"

Pierre Levac, Auditor, QMI

- Better documentation is required for the final inspection of access road construction. The completion of this checklist, when developed, will determine if Environmental Work Instructions are being followed.

CBPP Woodlands has developed and implemented a checklist that is completed when roads are constructed. Payment is made to the contractor when it is determined that Environmental Work Instructions have been followed ensuring the road is constructed to Company standards.

- Improvements in fibre utilization are required to meet the requirements of the Company's Forest and Environmental Policy, which includes the commitment to "enhance the utilization of valuable timber resources."

An action plan has been developed and implemented to address the utilization of merchantable fibre:

- √ *An "In-bush" training and awareness program has been developed and implemented. During field visits conducted during the summer of 2001, utilization survey data and pulpwood specifications and standards were communicated to all Woodlands' professional loggers and harvester operators. Posters and brochures detailing utilization requirements are posted on each operation.*
- √ *A report was compiled to identify sources and causes of fibre losses. This report was generated from data collected by the Newfoundland Forest Service and highlights the areas where improvement is needed.*
- √ *Environmental Work Instructions have been developed for all job classifications (from professional logger to pulpwood truck driver) specifying proper procedures to maximize fibre utilization.*
- √ *A Utilization Manual has been developed to standardize survey procedures, reporting of survey results, and how corrective actions are communicated and implemented on our operations.*
- √ *Utilization surveys were conducted in 2001. While this is an annual project, two technicians were involved in this process as opposed to one in 2000.*
- √ *An annual report has been compiled to analyze 2001 survey results. The improvement in fibre utilization for 2001 is demonstrated in the chart at right.*
- √ *Fibre utilization was added to EMS Inspection checklist.*
- √ *Guidelines relative to fibre utilization standards for winter harvesting areas have been developed and will be implemented in 2002.*



In 2001, increased awareness of fibre utilization resulted in an overall improvement of 25%.





Setting objectives and targets is an essential component of Woodlands' Environmental Management System.

Objectives and Targets

Corner Brook Pulp and Paper Woodlands considers many things when establishing and reviewing its objectives and targets. These items include legal requirements, technological options, operational requirements, views of interested parties and the significant environmental aspects of our activities.

Progress on objectives and targets for 2000-2001

- All employees have completed environmental awareness training with an understanding of how they impact on the forest environment
- The Environmental Management System has been documented so it conforms to the ISO 14001 standard
- Environmental Work Instructions have been written and communicated to reduce the potential for fuel, oil, and chemical pollution
- Emergency Response Plans have been improved to include environmental emergencies and response teams have been formed on all job sites where potential for an environmental emergency exists
- Our EMS inspection program has been improved to ensure consistency on all of our woodlands operations
- Annual internal EMS audits are conducted to ensure that our environmental management system conforms to the ISO 14001 standard.

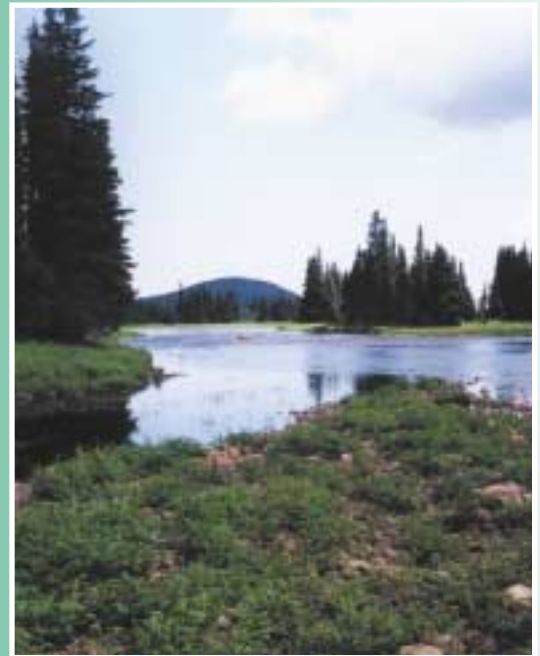
OBJECTIVES AND TARGETS FOR 2002

OBJECTIVE	SPECIFIC TARGET
Minimize impacts of harvesting on soil	To meet or exceed acceptable soil disturbance standards.
	Develop procedures for the protection of natural regeneration during harvesting operations.
Prevent siltation of streams and waterbodies	Implement water quality control program for all major stream crossings on Company limits.
Minimize the effects of harvesting on visual quality.	Develop policies, parameters and operating procedures to reduce visual impacts of harvesting.
Maximize the utilization of fibre	Develop techniques to improve fibre utilization.
Reduce the potential for pollution during all phases of our operations	Continue program to clean up sites of past operations.
Reduce the potential for fuel spills during all phases of our operations	Catalogue all fuel tanks and trucks on Company operations.

Main River

While Corner Brook Pulp & Paper Limited is committed to sustainable forest management in all our operating areas, some special initiatives were undertaken in 2001 for the Main River area.

- Formed the Gros Morne National Park Connectivity Working Group with Gros Morne National Park. The intent of the working group is to apply science based approaches to ensure that Gros Morne does not become isolated from the surrounding landscape as a result of forest management activities adjacent to the park. In addition to CBPP and park staff, scientists from Natural Resources Canada Canadian Forest Service, the Inland Fish and Wildlife and Parks Divisions of the Department of Tourism, Culture and Recreation and the Department of Forest Resources and Agrifoods participate in the working group. Work of the group to date includes:
 - Selected four indicator species: Marten, Caribou, resident birds and Lynx. The idea being that if harvesting takes place in such a way that these four species continue to cross the landscape, the group will consider it a successfully connected landscape.
 - Conducted a literature review of habitat and connectivity requirements for the indicator species to assess current knowledge, thereby better defining what connectivity should mean for Gros Morne National Park.
 - Held a workshop for managers to review results of literature review and to discuss future plans.
 - Conducted field studies to better determine marten distribution in the region (complementary to the Main River study conducted by the wildlife division, Dept. Tourism, Culture & Recreation).
 - Generated preliminary maps showing harvesting for next 30 years.
- Announced a policy of no clear cutting in the Main River watershed. After reviewing recent studies and conducting additional surveys in the Main River watershed CBPP determined that clear cutting was not the most appropriate silvicultural regime for the watershed. Variable retention and selection harvest techniques will be developed for harvest operations in the watershed.
- Conducted initial partial harvest trials in the Main River watershed in October and November. The objective of the harvest prescription was to meet the new pine marten habitat guidelines developed by the Newfoundland Pine Marten Recovery Team.
- Appointed an independent Scientific Advisory Board jointly with the Sierra Club of Canada to provide independent recommendations on forest management in the Main River watershed.



The Main River was designated as a Canadian Heritage River in August 2001. Corner Brook Pulp and Paper's contribution of more than 12,000 hectares of timber limits to a waterway park and no-cut areas along the full length of the river was an integral part of the management plan approved by Parks Canada's Heritage River Board.



Environmental Education

The following article is from the Fall 2001 Edition of CBPP Woodlands' employee newsletter "From the Stump" which captures the essence of our environmental education efforts.

"There is absolutely no substitute for field trips and tours of our forests and operations to let the public see first hand how CBPP manages its forest resources. People have a chance to "see for themselves" what we do and how we do it, and to learn first-hand about our forest ecosystems and how they are managed. We have been providing public tours of our forest operations for six summers; this summer's tour attracted 410 people - for a total of 1947 people to date. This very popular Tour program is held over a period of 5 - 7 days and involves enormous preparation and organization. Aside from these tours, Woodlands staff also provide numerous field trips throughout the year to various groups such as students, customers, public officials, or individuals from industry related organizations.

In the fall of 2001, a field trip with Deer Lake's Elwood High School Level III students was particularly interesting. They were taken to a nearby area and shown various age classes of forests that reflected the long history of logging by people from their own community. One stop was an area that was pre-commercially thinned this year. It turns out that their bus driver for the field trip was one of the loggers that cut this area 15 years ago. Holding the attention of a busload of teenagers can often be quite challenging, but it was no problem at all that day.

Since 1996, we have sponsored The Summer Institute Program for Educators, a joint initiative of Corner Brook Pulp and Paper, the Western Newfoundland Model Forest and District 3 School Board. It is a week-long program for primary and secondary school teachers from across the Province. The Program has been very popular with teachers from all areas of the Province. It is successful because it gives educators a first-hand look at forest ecology and management and provides them with hands on tools that they can take back to the classroom. What better way to reach our youth!

During fall 2001, a delegation from the United Kingdom took part in a tour of Canadian forest operations sponsored by the Canadian Embassy in Great Britain. The Department of Forest Resources & Agrifoods (DFRA) organized the Newfoundland leg of the trip, and Corner Brook Pulp and Paper was invited to host a field trip of our harvesting and silviculture operations.

Comments from 2001 Tour Participants

"The Company's regard for the environment is very impressive. It certainly seemed to us to be a first class operation."

Kevin & Jean Rowe
Florida, USA

"The staff was friendly and well-informed and I was impressed by the skills so professionally demonstrated by the various equipment operators."

Rhonda Loomes
Corner Brook, NF

We'd like to share a letter received by DFRA from one of the tour participants. The sender has many interesting and positive comments on his experience here in Newfoundland.

Corner Brook Pulp and Paper is proud of how it conducts day-to-day business in the forest. In the face of the many problems that challenge our forest managers every day, we are certainly encouraged to see comments that reflect so positively on our forest management planning and operating practices.”

I am writing to thank you most sincerely for all you did for making the recent visit of the British group to Newfoundland so interesting, instructive and enjoyable. I came home feeling very well informed about practices and attitudes towards forestry in the Province. I was very impressed at what is being done, and as one whose main interest is silviculture, I was fascinated (as well as somewhat horrified) by the problems Newfoundland foresters have to face with spruce budworm and other insects. I feel sure that practices and policies now compare with the best there are anywhere in the world, and will do my best to let people in Britain know about this.

I know that organising and conducting trips like this is a stressful business, and was very impressed at how smoothly it all went. I only wish I could do things as well myself! The visits were interesting and informative, and the many friendly and helpful people we met in Newfoundland contributed a great deal to the tour, quite apart from the very generous hospitality we received.

I would be very grateful if you could pass on my appreciation to Kevin Sutton (of the Department of Forest Resources and Agrifoods) and the folks at Corner Brook Pulp and Paper, whose addresses I will not have until several kgs of paper we picked up on the tour arrive by post.

Regards and many thanks,

*Peter Savill
Oxford Forestry Institute
Department of Plant Sciences
University of Oxford, England*





“The EMS Inspection conducted by CBPP Woodlands is a step ahead of the rest of the industry.”

G. Keyes, auditor, Jacques Whitford
Environment Limited

Measuring Environmental Performance

By using regular environmental audits and inspections, CBPP Woodlands is able to track and report progress on environmental performance and follow-up with corrective action plans that improve our operations.

EMS Audits

EMS Audits allow us to closely examine and check the processes used in our operations through periodic evaluation. An audit looks at the details of how things are done, identifies good and bad practices, highlights areas for improvement and finds new ways to do things. While the registrar, QMI, conducts external EMS audits, CBPP Woodlands conducts annual internal audits of its EMS to ensure it conforms to the ISO 14001 standard. Audit programs help identify inadequate processes or methods and require the establishment of action plans to set priorities and to correct weaknesses.

Environmental Inspections

EXTERNAL

Corner Brook Pulp and Paper Woodlands operations are continuously monitored by government agencies such as the Department of Fisheries and Oceans, the Department of Forest Resources and Agrifoods, and the Department of Environment. These agencies monitor our operations on a regular basis and report their findings to the company. They have the ability to lay charges or declare our operations mismanaged on a forest district or operating level where serious infractions are identified.

INTERNAL

CBPP Woodlands conducts regular EMS inspections of harvesting, road construction and pre-commercial thinning operations to ensure we are doing things right, and are in compliance with government regulations and Company policies.

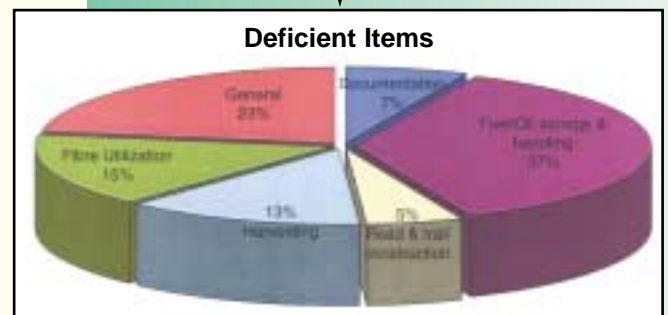
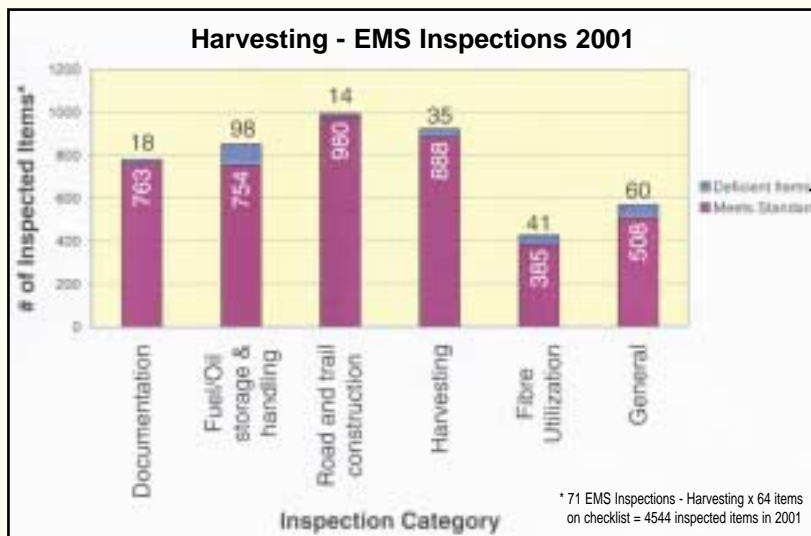
102 EMS inspections of our operations were conducted in 2001.

Harvesting

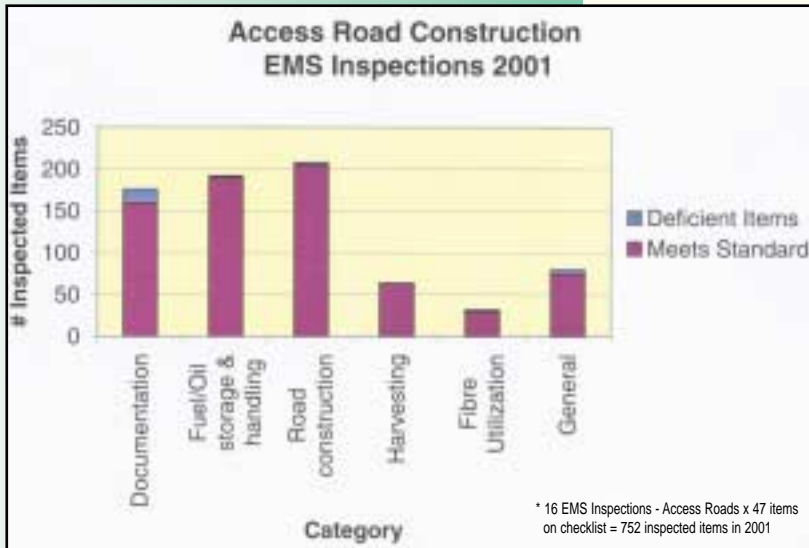
EMS Inspections are conducted bi-monthly on all harvesting operations by Woodlands Operations Superintendents. This is a very thorough inspection with 64 items reviewed for compliance with Government regulations and Company Environmental Work Instructions and Policies.

This chart demonstrates environmental performance and highlights areas that require improvement. In 2001, a significant number of deficiencies on harvesting operations were related to Fuel and Oil Storage & Handling. This is mainly due to fuel pump hoses not being equipped with automatic shut-off nozzles or unacceptable use of fuel transport tanks. Contractors also had an administrative problem with obtaining the proper registration for fuel tanks.

General items include having hay on site for silt control and correcting prior deficiencies. The deficiencies in Fibre Utilization resulted mainly from pieces of wood being harvested and left at roadside.



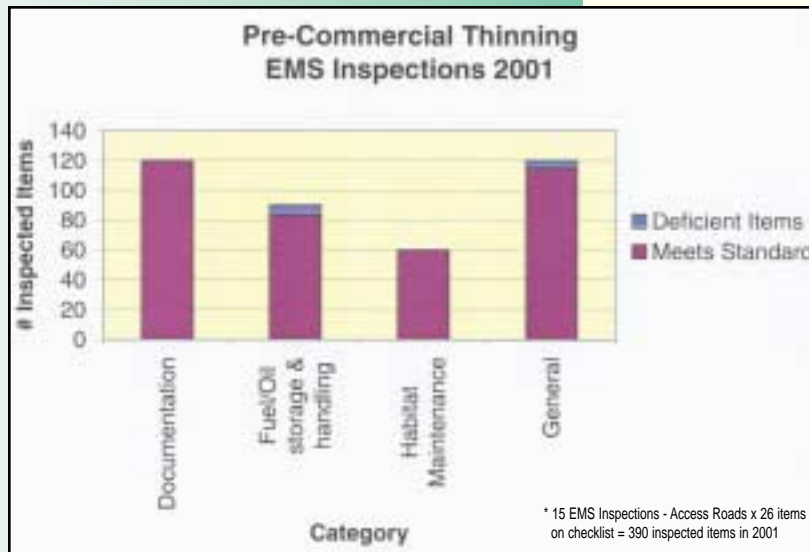
Forest Access Road Construction



While EMS Inspections on Forest Access Road construction were very good overall, there were some areas of concern. Deficiencies in Documentation resulted from contractors not having a copy of required items on site. These documents include *CBPP Woodlands Forest Management Planning and Operating Practices (FMPOP's)* and *CBPP Woodlands Safe Practice Manual*.

General items also include having garbage removed from site and correcting prior deficiencies.

Pre-Commercial Thinning



All EMS Inspections conducted on Pre-Commercial Thinning (PCT) operations in 2001 exceeded Company standards. Only 11 of 390 items inspected were deficient.

No deficiencies were recorded in *Documentation* or *Habitat Maintenance*. Habitat Maintenance includes items such as the protection of berry bushes and hardwood retention.

Deficiencies were minor and resulted from improper gas can covers and partially filled fire back-tanks.



Committed to Continual Environmental Improvement

- Use a system of treed buffers to reduce environmental impacts. A 20 metre buffer is left on all streams appearing on 1:50,000 topographic maps and 100 metre buffer on main stem of salmon rivers on Company limits. Larger buffers are left around sensitive sites as required in consultation with user groups such as cabin owners, ski lodges and wildlife areas
- Use environmentally friendly harvesting systems that reduce ground disturbance, including cable logging systems to access timber on steep slopes and sensitive sites
- Implementation of new harvesting methods to reduce visual impacts of harvesting operations



Working With Stakeholders

- CBPP has entered into a memorandum of understanding with the Newfoundland and Labrador Outfitters Association that formalizes both organizations' commitment to work together to develop mutually agreeable solutions to conflicts between harvesting and outfitting operations
- Implemented non clear-cut harvesting systems in the entire Main River watershed
- Established, with Gros Morne National Park, a connectivity working group to apply science based solutions to ensure that the park does not become isolated from the surrounding landscape as a result of forest harvesting near the Park
- Partner in Western Newfoundland Model Forest
- CBPP recognizes the importance and need for public and user group consultation as an important component of forest management planning to help identify community goals, values and concerns with our harvesting plans
- Eight (8) Planning Teams have been established since 1994 to assist in the preparation 5 Year Harvesting Plans for CBPP limits across the Island. Hundreds of public meetings, workshops, and field trips have resulted from these planning teams



Photo by: Tony Rotherham



Forest and Environmental Policy

Corner Brook Pulp & Paper Woodlands Division

Corner Brook Woodlands Division fully endorses the Kruger Inc. Corporate Forest Policy, Environmental Policy and the Environmental Statement of the Canadian Pulp and Paper Association (CPPA).

We will carry out our forest management activities to provide long-term sustainability and maintain natural biodiversity while supplying the fiber requirements for the Corner Brook mill. We shall:

- ✓ Commit to excellence and continual improvement in sustainable forest management and environmental performance on the land we manage.
- ✓ Plan and conduct our forest management activities in a manner that meets or exceeds legal requirements.
- ✓ Prevent pollution and protect key forest resources including timber, soil, water, wildlife, landscape, and biodiversity while managing for the forest's multiple uses, values and benefits.
- ✓ Set appropriate environmental objectives and targets, develop action plans to meet them, monitor progress and regularly review and update our objectives and targets.
- ✓ Use ecologically sound harvesting and silvicultural techniques to enhance the utilization of valuable timber resources and ensure that harvested areas are promptly regenerated.
- ✓ Promote public awareness and provide for public input into forest management planning.
- ✓ Promote environmental awareness among our employees and contractors and train employees in their specific environmental and forest management responsibilities.
- ✓ Increase our knowledge of sustainable forest management through the support of scientific research.
- ✓ Monitor our forest management and environmental management systems regularly through internal and external audits and use the results to improve our performance.
- ✓ Regularly report on our environmental performance to regulatory agencies, Kruger Inc. and the public.

This Policy, our Sustainable Forest Management System and our Environmental Management System shall be accessible, implemented, documented, maintained, audited, reviewed and communicated to all employees in accordance with the requirements of ISO 14001 standards.

July 2000

About Corner Brook Pulp and Paper Woodlands

Visit CBPP Woodlands Web Site to view Forest Management Plans, Newsletters, Current and Historic Photos and much more!

www.cbppl.com

- Corner Brook Pulp and Paper Limited is a wholly owned subsidiary of Kruger Inc
- Operate in 8 Forest Management Districts, managing over 2 million hectares of land on the Island
- Annual Allowable Cut of 869,500 m³
- Harvest in excess of 7,500 hectares per year
- Build in excess of 250 kilometers of forest access road per year
- 750+ Woodlands Employees
- Annual planting - 2.6 million trees
- Annual pre-commercial thinning - 1800 hectares



Photo by: Penney Photography

CONTACT INFORMATION:

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