

Project No. 011643-08

Sept 13, 2015

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

SUBJECT: REGISTRATION PROGRAM

Dear Mr. Knott:

Please find attached the Audit Report documenting the results of our 24 Month Surveillance Audit (S2) of your management system to the ISO 14001:2004 standard conducted at your Corner Brook facility during the week of Sept 7- 11 2015. The Recommendation at the end of Section 4 of this report provides a status of your registration.

We thank you and your organization for the support and co-operation provided during the audit and if you have any questions, please contact the undersigned.

Best Regards,



Sylvain Frappier
SAI Global Team Leader
Encls.

SAI Global Confidential

MANAGEMENT SYSTEM AUDIT REPORT

REPORT CONTENTS

- Section 1: Company Information**
- Section 2: Purpose**
- Section 3: Management System and Scope**
- Section 4: Audit Details and Results**
- Section 5: Audit Findings**

REPORT DISTRIBUTION

Corner Brook Pulp And Paper Limited
SAI Global File
Guillaume Gignac

COMMERCIAL- IN – CONFIDENCE

The contents of this report must not be disclosed to a third party without the agreement of the SAI Global Client

DISCLAIMER:

This report has been prepared by SAI Global (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 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.

SECTION 1 - COMPANY INFORMATION

Company Name: Corner Brook Pulp And Paper Limited
Address: Mill Road
P.O. Box 2001
Corner Brook, Newfoundland
CAN, A2H 6J4
Client No.: 011643
Contact Person: Mr. Faron Knott
Title: Environmental Management Representative

SECTION 2 – PURPOSE

The purpose of the audit was to evaluate the extent of conformance to the referenced standard, confirm the effective inter-action between the elements of the system audited, and verify demonstrated commitment to maintain the effectiveness of the system. The purpose of this audit report is to summarize the degree of conformance with relevant criteria, as defined within this report, based on the evidence obtained during the audit of your organization.

This audit was performed in accordance with the requirements of SAI Global procedures which reflect the requirements and guidance provided in recognized international standards relating to audit practices such as ISO/IEC 17021, 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 containing details of organization size and personnel as well as evidence collected during preliminary and subsequent audit activities relevant to the application for initial registration of your organization. Such information includes details of your primary contact persons and site addresses. Please take care to advise us of any change that may affect the application and/or registration or may assist us to keep your contact information up to date, as required by our Terms and Conditions.

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.

SECTION 3 - MANAGEMENT SYSTEM AND SCOPE

Audit Standard: ISO 14001:2004

US SIC / NACE Codes: 0811 0851 2411 / A02.0 A02.0 DD20.1

Scope of Registration

Woodlands operations in the Forest Management Districts No. 5, 6, 9, 14, 15, 16 including management planning, road construction and maintenance, harvesting operations, transportation of fibre, silviculture and support services.

Statutory and Regulatory Requirements Referenced

1. Corner Brook Pulp and Paper uses the services of through Global LTS for Legal tracking.
2. Federal, Provincial and Municipal applicable to forest management and forestry operations are being tracked. In addition other and internal requirements set by the organization are being tracked.

Dependency Note

Not Applicable

SECTION 4 - AUDIT DETAILS AND RECOMMENDATION

Type of Audit: 24 Month Surveillance Audit

Audit Dates: Week of Sept 7 - 11 2015

Duration of Audit: **Person(s):** 2 **Day(s):** 3.00 mandays

Audit Team

Position	Name
Team Leader	Sylvain Frappier
Team Member	Fabrice Lantheaume

Surveillance Audit

Executive Overview

The Environment Management System of Corner Brook Pulp and Paper Woodlands Operations continues to function effectively for the organization in achieving its Environment Policy. Senior management continues to maintain a high level of commitment to the EMS and its improvement. In addition all staff and forestry contractors including contractor employees continue to demonstrate a genuine interest in doing the right thing to improve the organization's EMS. Several positive points were noted during the audit:

- Contractor and employee commitment to sustainable forest management.
- Stakeholder participation maintained.
- Positive general feedback from DNR.
- Effective use of cross drainage pipes to divert surface water before the stream crossing.
- Use of GPS data to locate drainage pipes.
- Documentation - the EMS is very well documented, and documentation is well organized.
- Operator's awareness - good awareness of field staff interviewed on species at risk and environmental impacts.

Management System – Main Components

Management System Documentation

The management system manual revision was reviewed and found to be in conformance with the requirements of the ISO 14001:2004 standard.

Management Review

Management review meetings are conducted Quarterly. A review of the records of the most recent management review was performed and found to meet the requirements of the ISO 14001:2004 standard.

Policy

Based on the results of this audit, the Corner Brook Pulp And Paper Limited management system is effectively implemented and fulfils the stated policy.

Objectives

Based on the results of this audit, the Corner Brook Pulp And Paper Limited management system is effectively implemented and the stated objectives are being met.

Internal Audits

Internal audits are being conducted at planned intervals to ensure conformance to planned arrangements, the requirements of the ISO 14001:2004 standard and the established management system.

Compliance Evaluation

Corner Brook Pulp And Paper Limited has implemented processes for periodically evaluating its compliance with applicable legal and other requirements. Compliance evaluations for legal requirements are conducted every 3 and for other requirements every years as part of their internal audit. The element was not audited this year.

Continual Improvement

Corner Brook Pulp And Paper Limited is implementing an effective process for the continual improvement of the management system through the use of the policy, objectives, audit results, data analysis, corrective and preventive actions and management review.

Review of Changes

Corner Brook Pulp and Paper had a number of staff changes over the past 2 years at all level with staff leaving to work on the Musk Rat Falls project. This did put a lot of pressure on the management system however they are still in reasonably good shape.

Previous Audit Issues

The non-conformances raised at the last audit were verified. They were properly implemented. See respective the NC reports for final conclusions.

Usage of Marks, Logos and Certificate

The certificates are well posted in the organization's office. CORNER BROOK PULP AND PAPER LIMITED uses the SAI Global Mark on maps and other documents.

Environmental Management System Components**Site Inspection**

The audit team toured a number of operational sites and concluded that the conditions of some of the sites do not fully reflect an effectively implemented management system. Details are provided in NCR No. 2015-01, 2015-02.

Aspect and Hazard Identification

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 and upkeep of :

1. Maintenance of visual quality;
 2. Potential for fuel spill;
 3. Fibre recovery;
 4. Collection and disposal of garbage;
 5. Potential for degradation of water quality;
 6. Potential for soil disturbance ;
- and the associated impacts and risks

Operational Controls, Monitoring and Measurement Processes

Implementation of necessary operational, monitoring and measurement controls for Potential for degradation of water quality is not adequately demonstrated. Details are provided in NCR No. 2015-01 and 2015-02

Emergency Preparedness and Response

Corner Brook Pulp and Paper Ltd has identified the potential emergency situations and developed and tested response procedures. Many test of the emergency procedure are done annually with different contractor employees and for different potential emergency situation.

SECTION 5 – AUDIT FINDINGS

Functions, Activity, Processes and Areas Audited	
All of the applicable requirements of the ISO 14001:2004 standard for the functions, processes and areas listed below were reviewed.	
4.1 General Requirements	<p>The scope of the EMS was properly defined and communicated to company personnel. Overall the company has established, implemented, documented, maintained, and continually improved an Environmental Management System program in conformity with the requirements of ISO 14001:2004.</p> <p>Conclusion: Compliance</p>
4.2 Environmental Policy	<p>The policy is signed by management and is dated December 2014. It is made available publicly through the website (in the 2014 environmental progress report) The document covers all elements required by the standard. http://www.cbtpl.com/Reporting/EPR2014.pdf</p> <p>Conclusion: Compliance</p>
4.3.2 Legal and other requirements	<p>Procedure Manual 1, Section 5. Revised March 2011. Verified: list of legal requirements: audit criteria 2015. CBPP Woodlands subscribes to the Legal Tracking Service (LTS) of Global LTS, this is an on line web based service that identifies and tracks changes to legal requirements at the three levels of government. This process is described in the LTS procedures Global LTS (located in Manual 8,). The EMR is notified of Updates by email. The EMR communicates the updates to CBPP Woodlands staff (by e-mail and Woodlands EMS Management Review Committee meetings). Verification documents will be maintained as records (minutes of Management review meetings). Access to all relevant legislation is available at: http://globalts.com/ It is the responsibility of Resource Innovations Inc. to maintain this information as current and inform CBPP Woodlands of any changes. It is the responsibility of the EMR to communicate these changes to staff and contractors.</p> <p>CBPP Woodlands maintains a list of Non-Regulatory Guidelines and Voluntary Commitments (Manual 8 – Legal and Other Requirements, Section 2). This list includes any voluntary agreements to which the company subscribes that relate to the environmental aspects of CBPP Woodlands. The list will be reviewed and updated quarterly as part of the EMS Management review; compliance notes will be added to the minutes and will include actions and persons responsible. (see Management Review Minutes, Manual 3).</p> <p>Conclusion: Compliance</p>
4.3.3 Objectives Targets and Programs	<p>Procedure EMS SFM Manual 1 , section 6 - Revised March 2007 The procedure mentions that targets must be Specific, Measurable, Achievable, Realistic, and Trackable. 5 objectives and targets (Programmes) are developed as part of the EMS and considering the significant environmental aspects.</p> <p>Fuel Consumption programme: Target set in 2009 was to measure and monitor fuel consumption. Programme is partly completed for trucks consumption. Additional actions are developed for forestry machinery with FP Innovations. Ongoing.</p>

	<p>EMS Documentation programme. Target is to develop a new document system. Intelx Software is being installed for all documents, starting with H&S. All EMS documentation will be captured in the system throughout 2015-2016.</p> <p>Residual retention programme: target is to retain a minimum of 10% of the operating area that resembles the structural characteristic of natural disturbance. Evidence of monitoring and results checked with the planning manager. Monitoring shows that this % is well above 10% for all districts where there has been harvesting operations: Weasel Pond operating area data were checked (Leave area analysis summary report).</p> <p>Road construction programme. Target is to Educate road construction contractors to SOPs for building and ballasting roads and installing culverts. Achieved: Culvert installation checklist in place and checked for Majors Logging in 2015. Training for all contractors. This programme was however not efficient as issues in the field were identified and raised as a NC under the FSC standard.</p> <p>Programmes are in place and are monitored - Management review show that programmes and targets are assessed every quarter.</p> <p>OFI Considerer clarifying the environmental programme on Residual retention target (retain 10% of an operating area that resembles the structural characteristics of natural disturbances) and the SOP PL 07 Pre-Harvest residual retention planning – Procedure 04 (Goal is to retain a minimum of 10% of productive timber post-harvest).</p> <p>Conclusion: Compliance</p>
<p>4.4.3 Communication</p>	<p>EMS / SFM Handbook - Manual # 1 ; Section 9 ; Communications and Reporting ; Version No.: 12; Last Revised: March 2015</p> <ul style="list-style-type: none"> a) Procedure for internal communication is well documented and several means of communications are used such as training/information sessions, meetings, newsletters and bulletin boards b) External communication report is documenting all request from external parties. Very well documented with many request. <p>CBPP Woodlands reports annually on its significant environmental aspects and SFM progress through the publication of the Environmental Progress Report. The 2014 report is available on the company website (www.cbpp.com)</p> <p>Conclusion: Compliance</p>
<p>4.4.4 Documentation</p>	<p>Procedure EMS SFM Handbook - Manual 1. Section 10. revised April 2012. The EMS is very well documented and has 3 main documentation levels as follow :</p>

	<p align="center">Figure 10.1 Key EMS/SFM Documentation</p> <p>Interactions between levels are described as follow :</p> <p align="center">Figure 10.2 - Interrelation of Documentation</p> <p>OFI: Consider revisiting the title of the document 'Roads weekly staff inspection form' to align with the intent of doing the biweekly inspection or other frequency as indicated in the pre work document</p>
<p>4.4.5 Control of documents</p>	<p>Procedure EMS SFM Handbook - Manual 1, Section 11. Revised February 2015. Responsibility is described in the procedure. Electronic versions of the documents are described as being controlled. The procedure describes the process as follow : The EMS document will reside permanently on a network drive on a NT file server located in the Data Processing department of CBPPL. The file server's network name is "cbsgroups". The document itself will be located on a mapped network drive called "groups on 'cbsgroups' " under the "Woodlands" folder in another folder called "EMS". The "Woodlands" folder is accessible to everyone in the Woodlands group but the file itself will be read-only access.</p> <p>No issues with uncontrolled documents / obsolete documents were found during the field visits. The controlled documents are readily available through the electronic network. Documents are periodically revised as indicated by the revision dates at the end of procedures Documents are dated</p>
<p>4.4.6 Operational Control</p>	<p>Procedure in place - Manual # 1, Section 12. Last revised April 2, 2103 v. 7 Environmental Work Instruction Manual, Manual # 6).</p>

	<p>Each work instruction is documented. Employees interviewed during the field audit (5 operators) demonstrated good knowledge of operational control procedures applicable to their operations exceptions with culvert installation. During the field audit issues related to water crossing were identified. Stabilization being the main issue. See Major NC</p> <p>Major NC In several instances it was observed that stabilization on water crossing was not efficient to prevent siltation.</p> <p>Evidence: Rip rap size did not correspond to the SOP requirement and it contained fine material. In some cases, it was also observed that slope of the bank did not respect the 1:1.5 ratio as indicated in SOP R-02.</p>
<p>4.5.1 Monitoring and measurement</p>	<p>Minor NC Monitoring of the environmental program on Road Construction and water crossing installation and the related SOPs was not efficient.</p> <p>Evidence: Monitoring failed to identify inadequate implementation of SOP on culvert installation (R02: Steel culvert and pipe arch installation).</p>
<p>4.5.2 Evaluation of compliance</p>	<p>EMS / SFM Handbook - Manual # 1 ; Section 5 ; Rights, Regulations & Responsibilities - Legal and Other Requirements ; Version No.: 5 ; Last Revised: April 28, 2007</p> <p>A Legal requirements compliance audit is done every 3 years. A legal compliance audit was done in 2013 with the internal audit which was scheduled in February and June 2013. Other requirements are verified for compliance at the internal annual audit. Signed letters of acknowledgement of CBPP being in good standing with the agreements in place are done annually with the different organizations.</p>
<p>4.5.3 Nonconformity, Corrective Action and Preventive Action</p>	<p>CBPPL has a procedure in place last Revised on December 15 2014.</p> <p>NCRs are being tracked 2 ways. NCR originating from internal or external audits are being documented in the CAR report. NCR originating from No2 or No 3 inspection are being documented in the Incident investigation.</p> <p>Procedure is complex and repetitive. The procedure does not clearly address how NC issued from internal and external audit are being managed in the system. They are however at the moment being followed properly.</p> <p>Any employee may fill in an incident report. The report must be sent to the superintendent and/or to the EMS manager who will get a copy of each incident report. NCRs from Internal and External audits are reported on the CAR report which is different than the Incident report. Environmental incident and investigation log and Preventive action log are recording all actions taken for non-conformities or to prevent them.</p> <p>A number of Incident reports were verified along with NCR raised at the internal audit.</p> <p>OFI: Consider reviewing the procedure Nonconformity, Corrective and Preventive action to reduce its complexity and repetitiveness and better description of how NC from Internal and external audit are being</p>

	<p>managed</p> <p>Conclusion: Compliance</p>
4.5.4 Control of records	<p>Procedure EMS SFM Handbook Manual 1, Section 16- Revised march 2015 The procedure is complete and describes well the process to control environmental records. No issues were found related to records control. All records needed for the completion of the audit were traceable and available. All records are identified, located and listed in the Table 16.1 Environmental records. Retention time is defined for each document.</p> <p>Conclusion: Compliance</p>
4.5.5 Internal Audit	<p>Internal audits are conducted annually. An Internal audit was conducted in 2 phases. Part 1 on February 9 and March 5 2015, Part 2 on June 5 2015. The auditor report was released June 5 2015. The audit criteria included ISO 14001:2004, CSA Z809-2008 and FSC National Boreal Standard. The audit scope covers the Woodlands Operations of CBPPL. It includes all activities, products and services of the company as referenced in the EMS/SFMS/FSCMS.</p> <p>The audit was performed by Hearn Consulting Inc. along with CBPPL staff as auditors. Boyd Brake, Kevin Robertson, Mike Mc Carthy and Matt Chase were assigned to the Part 1. Part 1 was done by Debbie Hearn and Faron Knott. A total of 32 man-days were allocated to the audit. Audit resulted in 1 Major NC and 11 Minor NC</p> <p>FOR CSA – 2 Minor NCs</p> <p>OFI: Consider evaluating the possibility of having members of the PAC to participate in the internal audit.</p> <p>Conclusion: Compliance</p>
4.6 Management Review	<p>The company holds management reviews quarterly. The minutes of the meeting for September 12, 2014, November 26 2014, March 27, 2015 and July 19, 2015 were reviewed.</p> <p>Very comprehensive. Interview with the Woodlands Manager was held. Very strong commitment in maintaining their EMS was noted. Again in this past year CBPPL was challenged with a lot of staff turnover</p> <p>Based on the management review records, reviews were judged to effectively evaluate the environmental system. They also were found to assess the suitability and effectiveness of the system with regards to the standard and the company's operations.</p> <p>Conclusion: Compliance</p>

Non-Conformances (NCRs):

All of the applicable requirements of the ISO 14001:2004 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:
2015-01	Major	4.4.6	In several instances it was observed that stabilization on water crossing was not efficient to prevent siltation.	Action plan must be submitted by October 14 2015. Implementation of actions shall be done by November 14 2015.

2015-02	Minor	4.5.1	Monitoring of the environmental program on Road Construction and water crossing installation and the related SOPs was not efficient.	Action plan must be submitted by October 14 2015. Implementation of actions shall be done by September 14 2016.
---------	-------	-------	--	---

Opportunities for Improvement (OFI)

4.4.4 Documentation

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

4.5.3 Nonconformity, Corrective Action and Preventive Action

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

4.5.5 Internal Audit

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

Positive observations:

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

During our next audit the issues identified as requiring attention will be reviewed to ensure they have been adequately addressed, as well as the following:

Next Scheduled Audit:

Date(s): July 4 -
Type of Audit: RR
No. of Persons: 1
No. of Audit Days Required: 4.5 man days



Sylvain Frappier
 SAI Global Team Leader

Date: September 13, 2015