



Project No. 010185-06

October 7, 2006

Mr. Don Brain
ABITIBI-CONSOLIDATED COMPANY OF CANADA
Newfoundland Woodlands
7 Mill Road
P.O. Box 500
Grand Falls-Windsor, Newfoundland & Labrador
CAN, A2A 1X4

SUBJECT: REGISTRATION PROGRAM

Dear Mr. Brain,

Please find attached the Audit Report raised as a result of our Re-Assessment Audit of your management system to the CAN/CSA - Z809-2002 standard conducted in your Grand Falls-Windsor facility on September 27-29, 2006.

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

A handwritten signature in black ink, appearing to read 'Bruce Ferguson', with a long horizontal flourish extending to the right.

Best Regards,

Bruce Ferguson
QMI Team Leader
Encls.

QMI Confidential



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MANAGEMENT SYSTEM AUDIT REPORT

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REPORT DISTRIBUTION

ABITIBI-CONSOLIDATED COMPANY OF CANADA
QMI File
Bruce Ferguson

Statement of Confidentiality

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SECTION 1 - COMPANY INFORMATION

Company Name: ABITIBI-CONSOLIDATED COMPANY OF CANADA
Address: 7 Mill Road
P.O. Box 500
Grand Falls-Windsor, Newfoundland & Labrador
CAN, A2A 2K1
Client No.: 010185
Contact Person: Mr. Don Brain
Title: Superintendent of Forestry and Continuous Improvement

SECTION 2 - RESULTS OF DOCUMENT REVIEW

Audit Standard: CAN/CSA - Z809-2002
US SIC / NACE Codes: 0851 0811 2411 / A02.0 A02.0 A02.0

Scope of Registration

The Sustainable Forest Management (SFM) Requirements as they apply to the Timber License, Freehold and Charter Land areas considered to be the Defined Forest Area. The SFM Requirements include a public participation process, the selection and monitoring of SFM criteria and indicators, forest management planning, implementation of appropriate silviculture systems and day-to-day forest management and conservation practices.



SECTION 3 - AUDIT DETAILS

Type of Audit: Re-Assessment Audit
Audit Dates: September 27, 2006 to September 29, 2006
Duration of Audit: **Person(s): 2 Day(s): 3**

Audit Team

<u>Position</u>	<u>Name</u>
Team Leader	Bruce Ferguson
Team Member	William Sloan

Purpose and Scope of this audit

To evaluate the suitability, adequacy and effectiveness of the organization's Management System in meeting the requirements of the CAN/CSA - Z809-2002 standard and the company's Management System Documentation, for the declared scope of registration.

Audit Coverage

The audit activities covered all of the organizational and functional units or processes and activities as identified in the Audit Plan.

Issue/Revision status of the Manual (documented system)

Manual Rev: Date: n/a



Opening Meeting

The Opening meeting, where the scope and the method of performing the audit were explained, was attended by the persons listed in the Meeting Attendees form, which is maintained on file at QMI.

Closing Meeting

The persons listed in the Meeting Attendees form attended a Closing meeting.

SECTION 4 - AUDIT FINDINGS

Non-Conformances (NCR's):

NCR No.	Clause No.	Clause Description	Response Due Date:
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Status of any previously recorded non-conformances (NCR's), OFI or system weaknesses.

No previously recorded or outstanding NCR's, OFI or system weaknesses.

Positive Aspects of the Management System:

- Positive comments from the Planning Team about ACC openness, sharing of information, willingness to get non ACC experts, inclusively for additional members.
- Good working relationship with government representatives.

Effectiveness of the Internal Audit System:

The annual audits were performed according to the procedure in verifying the effectiveness of the management system.

Opportunities for Improvement

Recommendations:

- 5.3.1 Basic Operating Rules...consider reviewing and revising the planning Team Ground Rules (dated May 2003) to reflect actual procedures and process. This should be done prior to the development of the next SFM Plan and 5 Year Plan.



- 5.4 (a) Public Planning Team...consider improving the knowledge base of the non-ACC team members by demonstrating the value of chosen indicators that improve SFM such as how forecast modeling can improve SFM practices (e.g. data collected for wood supply modeling and habitat requirement analysis indicator).
- 5.4. (a) PPT...consider also, reviewing external audit findings with the Planning Team and potentially allow representative(s) of the PPT to attend and observe the field audit portions of future internal and external SFM audits.
- 6.5.5.2 Communities and Sustainability...consider revising target (with PPT) to reflect ACC's contribution to economic sustainability (versus declining employment numbers with caveats).

System Weakness:

- 6.2.2.2 Ecosystem Productivity...review and revise stated accomplishments to be consistent with the target (e.g. no. of ha. of NSR versus total trees planted).
- 6.4.4.1 Carbon uptake...review and revise to explicitly state the accomplishments (if any) for 2005 as per the target.
- 6.5.5.1 Non-timber Benefits...revise target (with PPT) to accurately depict what strategy is being employed to manage cabin development (i.e. versus reducing numbers...which is not the case).
- 7.3.1 DFA...review and revise all SFM documentation (i.e. SFM Plan and Amendment) and related documentation (in particular the V.O.I.T.'s) to account for the withdrawal of Districts 14 and 16 from the Defined Forest Area.
- 7.3.3 Shared responsibilities...revise the SFM plan to clearly outline the responsibilities of the Crown versus the Company on the limits and in the plan preparation of the DFA (e.g. wood supply modelling, values identification, compliance inspections, BMP fact-sheets etc. are done or provided by the the government) that contribute to sustainable forest management.
- 7.3.6.1 Performance Requirements...review and revise past SFM Annual Reports Summaries to ensure completeness and accuracy (and consider summarizing past accomplishments in each successive annual report for comparison and analysis of change).
- 7.3.7 SFM Plan...ensure all Z809 requirements for the development of the SFM Plan are well documented and described in the new SFM Plan and VOIT's and ensure during the public consultation that forecasting including assumptions and methods along with chosen strategies and significant actions to be



undertaken (including implementation schedule) is documented.

- 7.4.5 Document Control...Ensure all documents needing control have procedures and responsibilities established for their creation and modification (especially for the development and modification of the SFM plan and amendment.

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

Conclusion

Based on the review of the company's Management System documentation, and the audit results, the following recommendation is made:

Re-Assessment:

The results of the Re-assessment including the review of the performance of the ABITIBI-CONSOLIDATED COMPANY OF CANADA Management System over the past 3 years and the Re-assessment Audit, indicate that ABITIBI-CONSOLIDATED COMPANY OF CANADA's Management System meets the following criteria for maintenance of registration to CAN/CSA - Z809-2002.

An effective inter-action exists between all elements of the management system;
The entire management system is effective in light of any changes
Top management has demonstrated a commitment to maintain the effectiveness of the system

Next Scheduled Audit:.SFM

Date(s): Sept. 10-14, 2007

Type of Audit: S1

No. of Persons: 2

No. of Audit Days Required: 2

Bruce Ferguson
QMI Team Leader

Date: 10/07/2006