



February 15, 2005

Mr. Don Brain
Superintendent of Forestry & Continuous Improvement
Abitibi-Consolidated Company of Canada
7 Mill Road
P.O. Box 500
Grand Falls-Windsor, NL
A2A 2K1

File No. 010185-03

Dear Mr. Brain:

SUBJECT: REGISTRATION PROGRAM

Please find attached the Audit Report raised as a result of our surveillance audit (S1) of your Sustainable Forest Management System against the CSA Z809-02 standard conducted in your Grand Falls – Windsor, Newfoundland and Labrador facility on February 1 – 3, 2005.

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

Best Regards,

A handwritten signature in black ink that reads 'Glenn Keays'. The signature is written in a cursive, flowing style.

Glenn M. Keays, M.Sc., CEA(SFM), EMS(LA)
QMI Team Leader

Encls.

Cc: B. Ferguson
QMI File

MANAGEMENT SYSTEM AUDIT REPORT

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REPORT DISTRIBUTION

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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
A2A 2K1

Client No: 010185-03

Contact Person: Don Brain **Title :** Superintendent of Forestry & Continual Improvement

SECTION 2 – RESULTS OF DOCUMENT REVIEW

Audit Standard: CSA Z809:2002

US SIC / NACE Codes : 0851 / A 0202
0811 / A 0201
2411 / A 0202

Scope of Registration:

The Sustainable Forest Management (SFM) System, as it applies to Timber License, Freehold and Charter Land areas, considered to be the Defined Forest Area. The SFM System includes 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 conservation practices.

Defined Forest Area

1,782,813 hectares of land including:

- § Timber Licenses within Districts 5, 6, 8, 9 10, 11, 12, 13, 14, and 16;
- § Approximately 214, 000 hectares of Freehold land; and
- § Leased Land

The forest ecosystems within the DFA are boreal and are dominated by Black Spruce, Balsam Fir, and smaller amounts of Hardwoods like White Birch and Trembling Aspen.

SECTION 3 – AUDIT DETAILS

Type of Audit : S2

Audit Dates: February 1 – 3, 2005

Duration of Audit: 2 Persons / 1 ½ Days

Audit Team:

Team Leader: Glenn Keays, M.Sc., CEA(SFM), EMS(LA)

Auditor: Bruce Ferguson, RPF, EMS(LA)

Purpose and Scope of this audit

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

Audit Coverage

- § The audit activities covered all of the elements of the CAN/CSA Z809-2002 standard.
- § A total of two days field time was included, involving visits to various operations within the DFA, where practices were observed and workers interviewed.
- § Meetings with Planning Team members were conducted to evaluate the effectiveness of the public participation process and receive direct comment on the process from team members.
- § A review of the SFM Plan and associated documentation was completed.
- § SFM System documentation (element 7 of the standard) was reviewed as part of an annual surveillance audit of the company's ISO 14001-1996 registered Environmental Management System, conducted concurrently, and is reported separately.

Dependency Note

Not applicable

Issue / Revision status of the Manual (documented system)

§ FEMS Manual, NFW-1SY, Revision 2

§ SFM Plan 2001-2021 & Amendment to SFM Plan, May 2003

Statutory and Regulatory Requirements referenced

Pre Audit Meeting

The Pre-Audit 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.

Post Audit Meeting

A Post Audit meeting was attended by the persons listed in the 'Meeting Attendees' form.

SECTION 4 – AUDIT FINDINGS

The following elements of CSA Z809-02 were assessed during this surveillance audit:

- 4.1 General Requirements
- 4.2 Required Activities
- 5.1 Basic Requirements
- 5.2 Interested Parties
- 5.3 Process
- 5.3.1 Basic Operating Rules
- 5.4 Content
- 5.5 Communication
- 6. SFM Performance Requirements
- 7.1 General
- 7.2 SFM Policy
- 7.3.4 Rights and Regulations
- 7.3.5 Incorporation of Public Participation Requirements
- 7.3.6 Setting DFA-Specific Performance Requirements
- 7.3.7 SFM Plan
- 7.4.1 Structure and Responsibility
- 7.4.2 Training, Awareness, Qualification and Knowledge
- 7.4.3 Communication
- 7.4.6 Operational Control
- 7.4.7 Emergency Preparedness and Response
- 7.5.2 Corrective and Preventive Action
- 7.5.4 Internal Audits
- 7.6 Management Review

Nonconformances:

No nonconformances were identified during this surveillance audit.

Status of any previously recorded NCRs

SFM-2003-01

Response Due Date: December 11, 2003

This nonconformance was addressed with appropriate corrective action by the required response date. No further instances of nonconformity to these requirements were identified.

Positive Aspects of the Management System

- Contractor compliance with operating procedures and operator knowledge of environmental considerations is good.
- New training program for harvester and forwarder operators is very comprehensive, and the trainer is to be commended on a very good effort.
- Efforts to develop and implement a corrective and preventive action database will greatly assist with improving on the CAR/PAR process.

Effectiveness of the Internal Audit System

The company conducts period “process” and “system” audits, which combined, provide for an effective auditing process. Audit findings are reported to the management team and are addressed through the company’s corrective and preventive action procedure. This process has been demonstrated to be effective for Abitibi-Consolidated, Newfoundland Woodlands.

Opportunities for Improvement:

Recommendations:

7.3.6 Setting DFA-Specific Performance Requirements

Consider increasing the level of participation of the Public Advisory Committee so that they are included in the process of monitoring the SFM Plan implementation and recommending improvements.

7.4.6 Operational Control

Review portable bridge design specifications to improve on the prevention of soil/debris being deposited between wood cross members into watercourses during use.
Procedure Reference: 3PR-446-PB-01

System Weakness:

7.3.4 e) Rights and Regulations

Review approvals, licenses and permits as they apply to ownership tenures, rights and responsibilities in the defined forest area to ensure there is a comprehensive list of requirements identified in order to demonstrate compliance.

7.4.7 Emergency Preparedness and Response

Review the adequacy of emergency response procedures as they pertain to: 1) the testing of emergency situations other than spills (e.g., accidents and fires); and 2) the consistency of emergency contact numbers between LI-06 and IE-01.

7.5.1 c) Checking and Corrective Action

Review the procedure for evaluating compliance with legislation (3PR-454-1A-01), to ensure all legislation applicable to the scope of the SFM system are addressed during compliance audits, e.g., provincial forestry and forest fire legislation.

Please note that these OFIs will be reviewed as part of the preparation for the next audit

Conclusion

The results of the Surveillance Audit indicates that the Management System of Abitibi-Consolidated Company of Canada, Newfoundland Woodlands, is suitable and effective and will continue to be recommended for registration to CSA Z809:2002.

Next Scheduled Audit:

Dates: September 12, 2005 Type of Audit: Surveillance

No. of Persons: 2 No. of Audit Days Required: 3



QMI Team Leader

February 15, 2005