



September 25, 2003

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: SFM SYSTEM REGISTRATION PROGRAM

Please find attached the Audit Report raised as a result of our Registration Audit of your Sustainable Forest Management System against the CSA Z809-2002 Standard conducted at your Newfoundland Woodlands on September 8 to 11, 2003.

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

Yours truly,



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

Encls.

Cc: Francis Dubé, QMI

MANAGEMENT SYSTEM AUDIT REPORT

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REPORT DISTRIBUTION

- ABITIBI-CONSOLIDATED COMPANY OF CANADA
- QMI FILE
- AUDIT TEAM

Ownership of this report lays with **Abitibi-Consolidated Company of Canada, Newfoundland Woodlands** however it is a requirement of the CSA Z809-2002 Standard that the auditee make the results of independent certification and surveillance audit reports publicly available. Any questions or comments should be directed to the auditee.

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

File No: 010185-03

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

SECTION 2 – RESULTS OF DOCUMENT REVIEW

Audit Standard : CAN/CSA Z809-2002

US SIC / NACE Codes : 0851 / A 0202 Forestry Services
0811 / A 0201 Timber Tracts
2411 / A 0202 Logging – except wood chips produced in the field

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 : I – Initial Registration

Audit Dates: September 8 – 11, 2003

Duration of Audit: 2 Persons / 2 1/2 Days

Audit Team

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

Auditor: Bruce Ferguson, RPF, EMS(A)

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.

Issue / Revision status of the Manual (documented system)

- § FEMS Manual, NFW-1SY, Revision 2
- § SFM Plan 2001-2021 & Amendment to SFM Plan, May 2003

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

Application / Exclusions

CSA Elements 6.1 (Aboriginal and Treaty Rights) and 6.2 (Respect for Aboriginal Forest Values, Knowledge, and Uses) were not addressed by the company's SFM Plan. The DFA is located totally within insular Newfoundland, where there are no Aboriginal people remaining and no Treaties or Treaty Claims. It was verified during the audit that the exclusions claimed are justifiable, and that their exclusion does not affect the organisation's ability, or responsibility, to develop and implement a SFM System and to comply with applicable regulatory requirements.

Nonconformances

All of the applicable requirements of the CAN/CSA Z809-2002 were audited and considered to be adequately implemented with the exception of the nonconformances identified below.

Nonconformances :

SFM-2003-01

Response Due Date: December 11, 2003

Element 7.5.4 – The Company has not established and maintained procedures for annual internal audits. There is no evidence that the existing EMS internal audit process has taken into account SFM System requirements, either through documented procedures or management review

Status of any previously recorded NCRs

No previously recorded or outstanding NCRs.

Positive Aspects of the Management System

- § Excellent relationship with planning team and glowing reviews by members indicates an effective public participation process.
- § Very detailed and well presented description of the Defined Forest Area and associated ecosystems and forests in the SFM Plan.

Effectiveness of the Internal Audit System

The company conducts period "process" and "system" audits, which combined, provide for an effective auditing process of the EMS. 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, but needs to be expanded to include SFM components. See the statement of nonconformance listed above.


Opportunities for Improvement

- § 7.3.6.1 – Ensure current status units of measurement are the same as the indicators and targets.
- § 7.3.6.1 – Improve on description of alternative strategies in the SFM Plan. This includes descriptions of scenario-based strategies where the only alternative may be not to proceed with the project.
- § 7.3.6.1 – Provide more detailed forecasts for each alternative strategy associated with each indicator, and explanations of the analytical techniques used to generate them.
- § 7.4.3.1 – Prepare an annual report on meeting SFM requirements and make it available to the public.
- § 7.4.4.1 – FEMS Manual contains at the beginning of each section, a reference to the related ISO 14001 clause. Where appropriate, the CSA Z809-02 references should also be provided to illustrate applicability to both standards.
- § 7.5.2 – Revise and improve on corrective and preventive action procedures to better clarify what nonconformances will trigger a CAR/PAR and ensure this procedure is communicated to staff, and used.

General Assessment and Recommendation

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

The results of this Registration Audit indicate that the new Sustainable Forest Management System of Abitibi-Consolidated Company of Canada, Newfoundland Woodlands is found to be suitable and effective, and will be recommended for registration to the CSA Z809:2002 upon the acceptance of the correction action taken to address the nonconformance identified. Resolution must occur within a 90 day time frame before such a recommendation can be made. Any nonconformances that have not been responded to by the agreed date may subject the identified requirements and related processes to a re-audit.

	
Glenn M. Keays, M.Sc., CEA(SFM), EMS(LA) QMI Team Leader	File No. 010185-03 September 25, 2003