



J.D. Irving, Limited Woodlands Operations – 2011 SFI Surveillance Audit

In September 2011, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an annual surveillance audit of J.D. Irving, Limited's (JDI's) woodlands operations against the requirements of the 2010-2014 edition of the Sustainable Forestry Initiative® (SFI) standard. To provide for a more efficient audit, an ISO 14001 re-registration audit was conducted at the same time. This Certification Summary Report provides an overview of the audit process and KPMG's findings.

Description of J.D. Irving, Limited Woodlands Operations

JDI's forestry operations occur on both freehold and Canadian Crown Land. The freehold land is in New Brunswick (750,000 ha), Nova Scotia (105,000 ha) and Maine (508,000 ha). On Canadian Crown Land in New Brunswick, the company operates a sub-licence on licence #9, #3, #5 and #1 and manages licence #7 (1,038,000 ha). The annual volume allocations are 438,000m³ on licence #9, 117,000m³ on licence #3, 10,000m³ on licence #5, 180,000 m³ on licence #1 and 1,256,000m³ on licence #7. Additional Crown volume allocations exist in Nova Scotia (35,000 m³ a year).

All of the JDI forestry operations have previously (2000-2001) individually completed both ISO 14001 registration and SFI® certification. The more recently purchased Miramichi Timber Holdings freehold land was added to JDI's SFI® certification program in 2006. Consistent with prior years, sub-licencee operators on licence #7 in New Brunswick have operated under the JDI Environmental Management System (EMS) and are included within the scope of JDI's ISO 14001 and SFI® certifications.

JDI's procurement operations in New Brunswick, Nova Scotia, Prince Edward Island, Quebec and Maine provide fiber for the Irving Paper Limited and Irving Pulp and Paper Limited mills in Saint John, New Brunswick, the Lake Utopia corrugated medium mill in St. George, New Brunswick and 11 Sawmills (9 in New Brunswick, 1 in Nova Scotia and 1 in Maine). Procurement operations for all of the sawmills, pulp, paper and corrugated medium mills are included within the scope of JDI's SFI® certification.

Audit Scope

The audit was conducted against the requirements of the 2010-2014 edition of the SFI standard, and incorporated a limited scope assessment against the SFI program objectives for: Forest management planning;

- Forest productivity;
- Management of visual quality and recreation benefits;
- Protection of special sites;
- Efficient use of forest resources;
- Adherence to best management practices when fibre sourcing;
- Training and education; and
- Management review and continual improvement.

The scope of the 2011 SFI surveillance audit of J.D. Irving, Limited's woodlands operations included all of the woodlands operations in New Brunswick, Nova Scotia and Maine, as well as fibre procurement activities for the Company's sawmills located in south eastern New Brunswick.



The Audit

- **Audit Team** – The surveillance audit was conducted by a three person audit team. The team included 2 certified environmental auditors from KPMG PRI (an SAF certified forester and a biologist), and a consulting forester. Chris Ridley-Thomas, EP(EMSLA) was the audit team leader on the engagement.
- **Audit Approach** – Annual SFI and ISO 14001 audits are conducted to ensure that action plans are implemented and SFI® and ISO 14001 requirements continue to be met.
- **Audit Focus Areas** – The audit focused on assessing actions taken with respect to opportunities for improvement identified during previous KPMG PRI audits and actions to maintain SFI conformance against the above noted selected SFI objectives sampled during the audit.
- **Site Visits** – The field audit took place over a two week period in mid to late September 2011 and assessed performance at field operations in Maine, New Brunswick and Nova Scotia. Forestry program planning, implementation and monitoring were assessed in Black Brook, Sussex, Deersdale, CMS (Chipman, Miramichi and St. George), Nova Scotia and Maine woodlands operations. The audit also focused on the Company’s fibre procurement operations in southeastern New Brunswick. The work included an assessment of field activities and the design of the underlying EMS and its delivery on the SFI® objectives. An intensive field inspection program covered 48 roads, 52 harvesting units, 33 silviculture sites and 5 procurement sites.
- **J.D. Irving, Limited’s SFI Program Representative** – Scott MacDougall served as J.D. Irving, Limited’s SFI program representative during the audit.

Use of Substitute Indicators

No substitute indicators were utilized during the audit.

Audit Objectives

The objectives of the 2010 SFI/ISO 14001 surveillance audit were to:

- Evaluate the progress of J.D. Irving, Limited’s woodlands operations towards implementing the corrective actions developed to address the opportunities for improvement identified during previous audit visits.
- Assess the extent to which the Operation’s environmental management system (EMS), forest management plans (FMPs) and practices conform to the requirements of ISO 14001:2004 and the 2010-2014 version of the SFI standard.

Audit Conclusions

The audit found that:

- The Operation’s EMS, forest management plans and practices continue to meet the requirements of ISO 14001:2004 and the 2010-2014 version of the SFI standard in all material respects. Consequently, a decision has been made to continue certification to the ISO 14001 and SFI 2010-2014 standards. J.D. Irving, Limited’s SFI certification continues to be valid until December 31, 2012.

J.D. Irving, Limited SFI Certification Audit Findings

Major non-conformities	0
Minor non-conformities	0
Opportunities for improvement	5

Types of audit findings

Major non-conformities:

Are pervasive or critical to the achievement of the SFM Objectives.

Minor non-conformities:

Are isolated incidents that are non-critical to the achievement of SFM Objectives.

All non-conformities require the development of a corrective action plan within 30 days of the audit, which must be fully implemented by the operation within 3 months.

Major non-conformities must be addressed immediately or certification cannot be achieved / maintained.

Opportunities for Improvement:

Are not non-conformities but are comments on specific areas of the SFM System where improvements can be made.

- J.D. Irving, Limited’s woodlands operations have made adequate progress towards addressing the findings of previous ISO 14001 and SFI audits.

Evidence of Conformity with SFI 2010-2014

Primary sources of evidence assessed to determine conformity with the SFI 2010-2014 standard are presented in Table 1 below.

SFI Objective #	Key Evidence of Conformity
1. Forest Management Planning	Not in scope during the 2011 SFI surveillance audit.
2. Forest Productivity	FMPs, EMS, SOPs, BMPs for Road Building, SFM report card, Work Orders (WOs), Company and Department of Natural Resources (DNR) inspection and audit records, silviculture records, Field inspections, Staff and contractor interviews.
3. Protection and Maintenance of Water Resources	Not in scope during the 2011 SFI surveillance audit.
4. Conservation of Biological Diversity	Not in scope during the 2011 SFI surveillance audit.
5. Management of Visual Quality and Recreational Benefits	FMPs, EMS, SOPs, WO, Field inspections, Staff and contractor interviews.
6. Protection of Special Sites	Company’s unique areas program input process, Field inspections, Staff and contractor interviews.
7. Efficient Use of Forest Resources	Waste analyses, Utilization specifications, Biomass and residue utilization policy, EMS, SOPs, WO, Field inspections, Staff and contractor interviews.
8. Landowner Outreach	Not audited in 2011
9. Use of Qualified Resource and Logging Professionals	Not in scope during the 2011 SFI surveillance audit.
10. Adherence to Best Management Practices	EMS, Wood procurement policy, Certified logging professional lists and tracking system, Annual SFI submission, SIC websites, Interviews with procurement foresters, Field inspections of a sample of SENB Marketing Board audited sites, SENB inspection records.
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and Major Tropical Wilderness Areas	NA – Company does not source fiber from outside North America.
12. Avoidance of Controversial Sources including Illegal Logging	NA – Company does not source fiber from outside North America.
13 Avoidance of Controversial Sources including Sources without Effective Social Laws	NA – Company does not source fiber from outside North America.
14. Legal and Regulatory Compliance	Not in scope during the 2011 SFI surveillance audit.



The 2011 SFI surveillance audit observed a number of noteworthy examples of well thought out and implemented buffering designed to protect recreation and visually sensitive resource values.

SFI Objective #	Key Evidence of Conformity
15. Forestry Research & Technology	Not in scope during the 2011 SFI surveillance audit.
16. Training and Education	EMS, Company training program and records, SIC training resources/materials, Interviews with key staff
17. Community Involvement in the Practice of Sustainable Forestry	Not in scope during the 2011 SFI surveillance audit.
18. Public Land Management Responsibilities	Not in scope during the 2011 SFI surveillance audit.
19. Communications and Public Reporting	Not in scope during the 2011 SFI surveillance audit.
20. Management Review and Continual Improvement	EMS, Corporate and District management review records, SFM report card, Internal audit records, District inspection, monitoring and audit records.

Good Practices

A number of good practices were identified during the course of the audit. Examples included:

- **SFI Objective 2 (forest productivity)** – Numerous examples were noted during the field audit of plantations with well stocked, vigorous free growing stands ecologically suited to the sites. Excellent survival of trees planted in 2011 was also observed.
- **SFI Objective 3 (maintenance of water resources)** – The operation did an effective job of identifying and addressing maintenance issues associated with the December 2010 storm (identified in Deersdale, but more widely applicable).
- **SFI Objective 5 (visual quality and recreational benefits)** – The operation has done a good job of working with ATV/snowmobile clubs to allow access to trails and to protect trails during/following harvesting operations (Maine).
- **SFI Objective 5 (visual quality and recreational benefits)** – Good examples were noted during the field audit of the protection of visual and recreation resource values through well placed standing timber buffers, islands and peninsulas (identified in St. George, Doaktown, Deersdale and Maine on specific harvest blocks and in Black Brook for the planning for larger plantation removals).
- **SFI Objective 16 (training and education)** – New operator training programs run in conjunction with the New Brunswick Community College were effectively implemented. Operators interviewed demonstrated good awareness of EMS and site-specific operational issues (identified in several New Brunswick Districts).
- **SFI Objective 16 (training and education)** – Effective use of skills matrices to identify areas for improvement for particular operators and the corresponding establishment of coaching plans to address identified knowledge/skills gaps (identified in several Districts).
- **Several SFI Forest Land Management Objectives** – There was an overall effective level of field implementation of EMS and operational requirements.



JD Irving has established a robust Unique Areas Program which has resulted in the identification, inventorying, mapping and protection of numerous special sites across all Districts (including in the case of this photo a historic gravesite).



JD Irving's biomass and residue utilization policy addresses site-specific issues regarding residue, which includes specific limits and specifications to the sizing, location and separation of residue piles in order to minimize their impact on regenerating stands' stocking levels.

Follow-up on Findings from Previous Audits

The 2011 surveillance audit found that J.D. Irving, Limited’s woodlands operations continue to make adequate progress towards addressing the findings of previous ISO 14001 and SFI audits. The audit determined that the opportunities for improvement issued during the 2010 surveillance audit were satisfactorily addressed.

New Areas of Nonconformity

The 2011 surveillance audit of J.D. Irving, Limited’s woodlands operations did not identify any nonconformities against the requirements of the SFI or ISO 14001 standards.

Opportunities for Improvement

A total of 5 new opportunities for improvement were also identified during the audit. The key opportunities for improvement noted during the audit included:

- **SFI Objective 13 (Maintenance of water resources) and 20 (Continuous improvement)** – While well implemented overall, the Company’s road and bridge inspection and maintenance program remains focused on active operational areas, with the road infrastructure in inactive areas tending to be managed in a corrective as opposed to a preventative manner. In addition, the field audit observed an over-steepened slope on a decommissioned bridge as well as grass seeding that had not been applied to better stabilize the slopes leading into two streams (Maine).
- **SFI Objective 16 (Training and education)** – A number of operators on one block field visited in Nova Scotia were observed to be working outside of their machines without donning the requisite personal protective equipment.
- **SFI Objective 20 (Continuous improvement)** – The field audit of active operations found that relevant versions of up-to-date operational controls were readily available to operators in most instances, with a few isolated exceptions noted (e.g., respecting the lack of work orders for operators on three harvest blocks (in Deersdale, Sussex and Nova Scotia) and confusing operational plans for two harvest blocks with an indistinct shared boundary (in Deersdale)).
- **SFI Objective 20 (Continuous improvement)** – The field audit of active sites determined that fuel management and emergency preparedness and response best management practices were generally being adhered to, with isolated exceptions noted on a few sites (e.g., respecting one diesel tank without the required Transportation of Dangerous Goods label (in Deersdale), 3 diesel tanks that could have been better sited or afforded protection to reduce the risk of equipment collision (in Deersdale and St. George) and a few blocks where fire- and spill-related emergency response equipment was missing (in Black Brook and Sussex)).
- **SFI Objective 20 (Continuous improvement)** – While JDI has developed quantitative targets in relation to its environmental programs, an opportunity was identified to improve the relevance of the measures selected under individual environmental programs for measuring continuous improvement.



J.D. Irving’s tree planting program was found to be effectively implemented, with numerous examples observed during the field audit of well sited, stocked and vigorous free growing plantations.



The 2011 SFI surveillance audit included an assessment of the efficient utilization of forest resources (SFI Objective 7). No issues were identified during the audit in relation to this SFI Objective.

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