



Project No. 012115-04

December 16, 2009

Mr. Gordon Cumming
ALGONQUIN FORESTRY AUTHORITY (AFA)
222 Main Street W.
Huntsville, Ontario
CAN, P1H 1Y1

SUBJECT: REGISTRATION PROGRAM

Dear Gord,

Please find attached the Audit Report raised as a result of our 24 Month Surveillance Audit of your management system to the CAN/CSA - Z809-2002 standard conducted in your woodlands operations during the period of on December 08-10, 2009.

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

Best Regards

A handwritten signature in black ink, appearing to read "Martin Litchfield". The signature is fluid and cursive, with a large, stylized initial "M".

Martin Litchfield RPF
QMI-SAI Global Team Leader
Encls.

QMI-SAI Global Confidential

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CONFIDENTIAL

SUSTAINABLE FOREST MANAGEMENT SYSTEM

AUDIT REPORT CAN/CSA-Z809-2002

Auditee: ALGONQUIN FORESTRY AUTHORITY (AFA)
Address: 222 Main Street W. Huntsville Ontario
CAN P1H 1Y1

Contact: Mr. Gordon Cumming
Date(s) of Audit: December 08, 2009 to December 10, 2009
Audit Team Leader: Martin Litchfield RPF
Type of Audit: 24 Month Surveillance Audit
Audit Frequency: 12 Months
SIC / NACE Code: 0851 A02.0

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REPORT DISTRIBUTION

ALGONQUIN FORESTRY AUTHORITY (AFA)
QMI-SAI Global File
Martin Litchfield

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SECTION 1 - EXECUTIVE SUMMARY

**Scope #**

1

Scope Description

The sustainable forest management system as it applies to the defined forest area which includes the entire Algonquin Park forest.

Site:

ALGONQUIN FORESTRY AUTHORITY (AFA)
 222 Main Street W.
 Huntsville
 Ontario
 CAN, P1H 1Y1

Summary of Audit Findings:

There were 3 non-conformances, 5 Areas of Concern and 4 Opportunities for Improvement

Recommendations:

The results of the Surveillance Audit indicate that the Management System of ALGONQUIN FORESTRY AUTHORITY (AFA) is suitable and effective with the exception of the 3 non-conformances identified in the audit report. Recommendation for continued registration to CAN/CSA-Z809-2002 standard will be subject to the effective resolution of the non-conformances.

SECTION 2 - INTRODUCTION TO CAN/CSA Z809-2002

The Canadian Standards Association (CSA) developed Canada's National Standard on Sustainable Forest Management CAN/CSA Z809, in response to heightened awareness about forest management practices. The Standard was developed by a SFM Technical Committee in an open and inclusive process managed by CSA. The SFM Technical Committee is required to review the Standard periodically to ensure it incorporates knowledge gained through time and implementation. As the first edition of the Standard was published in 1996, the committee has published a revised version in 2002. The Standards Council of Canada (SCC) accredits CSA to write standards and approves them as National Standards.

Sustainable Forest Management (SFM) refers to the way a defined forest area is managed to maintain and enhance the long-term health of forest ecosystems for current and future generations. This Standard, which utilizes a continual improvement approach, requires public participation, practical demonstration of sustainable forest management practices, and a management commitment to a management system. SFM takes into account environmental, social and economic factors.

Public Participation - The CSA Standard requires organizations to seek comprehensive and continuing public participation, including a special effort for Aboriginal Peoples, at the local community level for each defined forest areas. The public identifies forest values of specific importance to their environmental, social and economic concerns and needs. The public also takes part with the organization to



identify and select SFM goals, indicators and objectives to ensure these values are addressed.

Performance - By following a SFM plan that incorporates the values, goals, indicators and objectives, identified by the public process, which can be traced back to the Canadian Council of Forest Ministers (CCFM) set of Sustainable Forest Management Criteria, together with other legal requirements, performance can be demonstrated on the ground.

Systems and Continual Improvement- The CSA Standard has system requirements, which are consistent with the internationally recognized ISO14001 Environmental Management System Standard. The system follows the concept of “plan – do – check – act”. The system framework helps an organization implement, track and monitor their progress towards meeting the economic, social and ecological performance objectives for the defined forest area. The Standard uses adaptive management procedures with recognize that SFM is a dynamic process that must incorporate new knowledge acquired through time, experience and research. The Standard requires there be an annual report on the indicator objectives with an annual review of the system and performance in the forest to identify areas for continual improvement.

Third Party Independent Audits - To become certified to the Standard is strictly voluntary but the organization must go through a third party independent audit of the SFM Requirements in the Standard. The audit is conducted by a Registrar accredited by the Standards Council of Canada. In addition the individual auditors employed or contracted by the Registrar have the requisite forestry expertise and are certified as environmental management systems auditors by the Canadian Environmental Auditing Association.

SECTION 3 - DESCRIPTION OF THE DEFINED FOREST AREA (DFA):

Geographic Locations, Forest Types, Size, Legal Tenure and DFA Description:

The Algonquin Park forest is the northern-most forest management unit in the Ministry of Natural Resources southern region for their administrative purposes in Ontario, Canada. The forest contains two basic forest complexes - tolerant hardwoods and hemlock that primarily occupy the Precambrian Uplands on the west, and white/ red pine, poplar and white birch found mainly in the eastern Ottawa Lowlands.

Area of DFA: 680,293 hectares – total forested area

Legal Tenure / Licence Description: The entire Algonquin Park forest constitutes the Defined Forest Area (DFA). Forest management activities occur only within the Recreation and Utilization Zone (R/U zone) of the Park as defined in the Algonquin Provincial Park Management Plan.



SECTION 4 - ORGANIZATION:

Description of the DFA Workforce: AFA has 23 permanent employees and approximately 10 seasonal staff. There are approximately 420 people involved in forestry operations in the Algonquin Park forest, most as contractors working directly for AFA.

Management Objectives and Responsibilities on the DFA: AFA's objective is to ensure the long-term health of Algonquin Park's forest while producing a sustainable supply of forest products for the forest industry of the region. AFA is responsible for forest planning, harvesting, distribution of wood products, renewal and tending.

Volume and Species Harvested 2007/2008:

Conifer =	184,098
Hardwood =	257,117
Total =	441,215 m3

AAC Determination Process: Allowable harvest levels are determined through the Ontario government's approved Forest Management Plan for the Algonquin Park forest. The computer model used for this calculation is the Strategic Forest Management Model.

Products Produced and Mills Associated with the DFA Timber:

The Algonquin Park forest supplies 13 mills with regular volumes & another 5-10 smaller mills with surplus volumes. Products include sawlog material (42%), pulp quality material (57%) and specialty products (veneer/poles 1%)

First Nations Consultation Process:

First Nations are consulted throughout the development and implementation of the Forest Management Plan for the Algonquin Park forest. First Nations are either involved through regular public consultation opportunities or through a customized process defined by the community. First Nation members are actively involved with the forest management planning team, the local citizens committee and the forest certification advisory group.

SECTION 5 - AUDIT FINDINGS:

Scope #	Scope Description
1	The sustainable forest management system as it applies to the defined forest area which includes the entire Algonquin Park forest.

Audit Criteria:

To evaluate the suitability, adequacy and effectiveness of the organization's Management System in meeting the requirements of the CSA Z809: 2002 standard and



the organization's Management System Documentation, for the declared scope of registration

The audit addressed the selected elements of the CAN/CSA-Z809-2002 standard that were identified in the 2009 audit plan

Description of QMI-SAI Global and the QMI-SAI Global Audit Team:

Quality Management Institute (QMI-SAI Global) is a third party management system certification Registrar. QMI-SAI Global is a Division of the CSA Group. Established in 1984, QMI-SAI Global has worked with thousands of organizations in North America and around the world, issuing registration certificates to those that meet international and national management system standards.

The QMI-SAI Global Sustainable Forest Management audit team members bring with them considerable experience in the area of sustainable forest management and environmental management systems auditing. Audit teams are comprised of certified auditors and registered professional foresters. All audit team members are subject to strict confidentiality and conflict of interest agreements.

The following personnel conducted this audit:

Audit Team

<u>Position</u>	<u>Name</u>
Team Leader	Martin Litchfield RPF
Team Member	Rod Seabrook

Audit Coverage:

Operations / Cut-Blocks Visited during the field audit include:

- Block 361-1
- Block 370-3
- Rock Lake road
- Gypsum Road
- Block OPU 1325
- Block OPU 1326

Personnel (ie contractors) interviewed in the field:

- Dombroski Logging; 3 employees
- Jessop Logging; 2 employees
- AFA staff; 5 employees
- Robinson Contracting; 7 employees

Members of the public participation process interviewed:

- Chief Richard Zohr; Bonnechere Algonquin First Nation
- Irvin Yateman; Algonquin Nation Kijicho-Manitou
- John Winters; Park Superintendent



Mike Wilton; Algonquin Eco Watch
Derrick Luetchford; Ontario Federation of Anglers and Hunters

Provincial Government personnel interviewed:

Darrel Reynolds; MNR Compliance

Members of First Nations interviewed:

Individual letters were sent to nine First Nations requesting their input and comments regarding their involvement in the CSA certification process. There were no identified Metis groups affected by the DFA. Chief Richard Zohr responded to the request letter and was interviewed by the lead auditor.

The following First Nation representatives were interviewed during the audit:

Chief Richard Zohr; Bonnechere Algonquin First Nation
Irvin Yateman; Algonquin Nation Kijicho-Manitou

Summary:

The findings were discussed with Mr. Cumming and the AFA management team. The Audit Team Leader commenced the closing meeting by thanking the ALGONQUIN FORESTRY AUTHORITY (AFA) staff for the cooperation and courtesy extended to the audit team during the audit.

In addition, the Audit Team Leader detailed the registration process, the requirements for future surveillance audits, and the re-assessment process.

The official closing meeting was attended by the personnel listed in Attachment #2.

The QMI-SAI Global Audit Team recorded the following audit results:

Documentation Review:

The audit team reviewed the SFM documentation, the SFM monitoring report, and the SFM plan and the draft action plan summary arising from the Independent Forest Audit

Non-conformances:

NCR No.	Clause No.	Clause Description	Type	Response Due
2009-01	7.4	Implementation and Operation		February 07, 2010
2009-02	7.5	Checking and Corrective Action		February 07, 2010
2009-03	7.5	Checking and Corrective Action		February 07, 2010

Status of any previously recorded non-conformances (NCRs)

No previously recorded or outstanding NCRs.

All the previously identified Areas of Concern and Opportunities for Improvement have been addressed and effectively resolved



Significant Issues:

1. The “Lightening the footprint” joint recommendation report continues to raise concerns amongst the advisory committee members
2. First Nation representatives are concerned about additional access restrictions and road breaching within Algonquin Park; while Algonquin Park staff prefer more road access restrictions

Positive Aspects of the Management System:

1. The support for the Junior Forest Ranger program educational awareness booklet
2. The liaison and communication between AFA staff, contract supervisors and contractor employees

Effectiveness of the Internal Quality Audit System:

The 2009 Internal Audit was conducted as prescribed in the AFA procedure. The audit was conducted by Craig Howard, an independent forest consultant and was assisted by Ron Cahill. Both auditors are qualified and independent of the processes being audited.

Areas of Concern:

VOIT 3.2.1.2: Review the establishment of benchmarks and the monitoring of the wells in the aggregate pits to ensure the maintenance of water quality and quantity

7.4.2: Review the monitoring of contractor training records to ensure that mandatory training records are maintained in accordance with the training needs matrix

7.3.4: Review the system requirements for conducting monthly legal reviews and updates as the current practice is quarterly

7.4.3.1: Review and correct the 2007-2008 SFM annual report to identify the correct financial contributions for wolf research

7.5.1.6: Ensure that audit evidence is available to confirm that the compliance audit has been conducted as prescribed.

Opportunities for Improvement:

- 7.4.2: Consider modifying the training management system to address



refresher training and expiry dates

- 7.4.1: Consider explicitly identifying the assignment of the EMS and SFM management representative in the SOP
- 7.4.3.1: Consider establishing interim reporting metrics for annual reporting of indicators within 5 year reporting timeframes
- 7.5.1: Consider documenting closure of issues noted on the tree marking inspection forms

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

SECTION 6 - GENERAL ASSESSMENT AND RECOMMENDATION:

Based on the review of the company's SFM program, and the audit results, the following recommendation is made:

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Surveillance Audit:

The results of this Surveillance Audit indicate that the Management System of ALGONQUIN FORESTRY AUTHORITY (AFA) is suitable and effective with the exception of the areas of non-conformance identified during the audit. The areas of non-conformance must be resolved within a 60-day time frame.

Upon successful resolution of the areas of non-conformance ALGONQUIN FORESTRY AUTHORITY (AFA) will continue to be recommended for registration to the 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: Possible change to October timing

Date(s): December 6 to 8, 2010

Type of Audit: RR

No. of Persons: 2

No. of Audit Days Required: 6

Martin Litchfield RPF



QMI-SAI Global Team Leader

Date: 12/16/2009



Non-conformance Report

QMI SAI Global

Project Code(s): 012115-04

File No.: 012115
NCR No(s): 2009-01
NCR Classification: Non-conformance
Standard(s): CAN/CSA - Z809-2002
Clause: 7.4 Implementation and Operation
Audit Type(s): 24 Month Surveillance Audit
Date(s) CA Required: February 07, 2010
Client: ALGONQUIN FORESTRY AUTHORITY (AFA)
Address: 222 Main Street W. ,
Huntsville, Ontario
CAN, P1H 1Y1

(A) Nonconformity:

7.4.7: The management system does not adequately address the standard requirements for periodic testing of the emergency response plan.

Reference to Requirement:

CSA Z809: 2002 element 7.4.7

Objective Evidence Observed:

Annual testing of the emergency response plan has not been conducted for either the Huntsville or Pembroke operations as prescribed. The last periodic test was conducted in October 2007

Originator: Martin Litchfield
Team Leader: Martin Litchfield
Date: December 09, 2009



Non-conformance Report

QMI SAI Global

Project Code(s): 012115-04

File No.: 012115
NCR No(s): 2009-02
NCR Classification: Non-conformance
Standard(s): CAN/CSA - Z809-2002
Clause: 7.5 Checking and Corrective Action
Audit Type(s): 24 Month Surveillance Audit
Date(s) CA Required: February 07, 2010
Client: ALGONQUIN FORESTRY AUTHORITY (AFA)
Address: 222 Main Street W. ,
Huntsville, Ontario
CAN, P1H 1Y1

(A) Nonconformity:

The management system did not adequately address the standard requirements for calibration in the monitoring and measurement element

Reference to Requirement:

CSA Z809: 2002 element 7.5.1

Objective Evidence Observed:

The calibration of the weigh scale in the Madawaska Yard has not been conducted as prescribed. The calibration was scheduled for two times per year, but the last calibration was September 2007.

Originator: Rod Seabrook
Team Leader: Martin Litchfield
Date: December 09, 2009



Non-conformance Report

QMI SAI Global

Project Code(s): 012115-04

File No.: 012115
NCR No(s): 2009-03
NCR Classification: Non-conformance
Standard(s): CAN/CSA - Z809-2002
Clause: 7.5 Checking and Corrective Action
Audit Type(s): 24 Month Surveillance Audit
Date(s) CA Required: February 07, 2010
Client: ALGONQUIN FORESTRY AUTHORITY (AFA)
Address: 222 Main Street W. ,
Huntsville, Ontario
CAN, P1H 1Y1

(A) Nonconformity:

The management system does not adequately address the standard requirement for investigating the cause of nonconformances

Reference to Requirement:

CSA Z809: 2002 element 7.5.2

Objective Evidence Observed:

An adequate assessment of the cause of nonconformities has not been conducted as required. The root cause analysis section of the nonconformity report is not being used.

Originator: Rod Seabrook
Team Leader: Martin Litchfield
Date: December 09, 2009