



Project No. 012115-06

December 10, 2010

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 Re-Assessment 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 "M" and "L".

Martin Litchfield RPF
QMI-SAI Global Team Leader
Encls.

QMI-SAI Global Confidential

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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: November 29, 2010 to December 01, 2010

Audit Team Leader: Martin Litchfield RPF
Type of Audit: Re-Registration
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 1 non-conformance, 4 Areas of Concern and 2 Opportunities for Improvement

Recommendations:

The results of the Re-registration Audit indicate that the Management System of ALGONQUIN FORESTRY AUTHORITY (AFA) is suitable and effective with the exception of the 1 non-conformance 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-conformance.

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: 680,749 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.

Annual Allowable harvest:

Total = 761,058 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 all elements of the CAN/CSA-Z809-2002 standard as identified in the 2010 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 3317
 Block 1316
 Block 3421
 Block 1354-65-66
 Block 1325
 Block 1094
 Shirley Lake road
 Pembroke Yard
 Achray road
 AFA Tree marking

Personnel interviewed in the field:

Dombroski Logging; 3 employees
 Visneskie Logging; 1 employee
 Makwa Logging; 3 employees
 Jessup Logging; 1 employee
 AFA staff; 9 employees
 Robinson Contracting; 3 employees



Members of the public participation process interviewed:

Three members of the Advisory Group were interviewed. The discussions confirmed satisfaction with the FMP certification process. The results of the Satisfaction Survey were discussed and confirmed.

Provincial Government personnel interviewed:

MNR Compliance Specialist indicated no serious compliance concerns.

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.

Two First Nation representatives were interviewed during the audit. The representatives were satisfied with the AFA forest management program. Their input was respected. The only outstanding concern is the direction to limit access within the park:

VOITs verified (field & office)

All the VOITS were reviewed for each of the 6 Criterion. A total of 51 VOITS were assessed. While most were evaluated according to the reports and data provided. The following VOITS were also assessed during the field verifications:

- 1.2.1.1.2
- 1.2.1.2.1
- 1.3.1.1.1.
- 2.2.1.1.1
- 3.2.1.1.1
- 5.3.2.1.1

The annual report of VOIT assessment was effective and comprehensive. The only areas requiring attention are identified in the following table:

Indicator	Description	Field and/or Office	Improvement
6.3.1.1	Review of public complaints	Office	Need to document no complaints
6.3.1.1	Public Advisory Group satisfaction survey	Office	Need to document the benchmark for a satisfactory evaluation

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
2010-01	7.5.2	NCR, Corrective and Preventive Actions		January 4, 2011

Status of any previously recorded non-conformances (NCRs)

The three NCR's identified in the 2009 audit were reviewed and found to be effectively resolved.

NCR's 2009-01, 2009-02 and 2009-03 are closed.

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

The 2010-01 NCR has now also been cleared based upon the action implementation program submitted by the company

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:



- The effective and innovative use of the external communications procedure to resolve a public complaint about logging noise in the Scorch Lake camping area
- The AFA administrative and financial support for special projects within the Park such as the archeological studies, the Junior Forest Ranger program and the Logging Museum

Effectiveness of the Internal Quality Audit System:

The 2010 Internal Audit was conducted as prescribed in the AFA procedure. The audit was conducted during the period of September 20-24, 2010. All findings from the Internal Audit are being evaluated and monitored. The auditors were qualified and independent of the processes being audited.

Areas of Concern:

VOIT 6.3.1.1: Ensure that the results of the public comments are reviewed annually with the Advisory Group; even if there are no complaints or comments

CSA 7.5.4: Ensure that the Internal Audit explicitly evaluates the CSA requirements, including the field compliance VOITS

CSA 4.4.6 Review and reinforce fuel handling controls with contractors to ensure that fuel nozzles meet specifications, are properly secured when not in use and meet the AFA approved tank specifications.

CSA 4.5.1 – Review the use of spot checks as a component of the monitoring system, as it is currently not described in the management system.

Opportunities for Improvement:

VOIT 6.3.1.1: Consider identifying the survey benchmark for a satisfactory rating of the SFM public participation evaluation by the Advisory group

CSA 4.4.5 Consider a review of forms and records to discard documents of no further value to the EMS and to archive those with historical value.



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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Re-Assessment Audit:

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

Upon successful resolution of the area 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:

Date(s): November 29 to 30, 2011

Type of Audit: RR

No. of Persons: 2

No. of Audit Days Required: 4

Martin Litchfield RPF
QMI-SAI Global Team Leader

Date: 12/10/2010



Failure to provide action plans as arranged with SAI Global and/or to implement correction and corrective action within the nominated time frames may lead to a recommendation that your certification be denied or suspended.

Activity #:	012115-07	Client:	ALGONQUIN FORESTRY AUTHORITY (AFA)		App/Cert:	
Function/Area/Process:	Nonconformity, corrective action and preventive action			Site:	222 Main Street W. ,	
Std. and Clause No(s):	ISO 14001:2004 + CSA Z809	NCR#:	2010-01	Category:	Major	

Section 1- Details of non-conforming situation:

Non-conforming situation: The management system does not adequately address the standard requirements for Nonconformity, Corrective and Preventive Actions as seven corrective actions are past their due date, five of which are past their extended due date.

Requirement: ISO 4.5.3 + CSA 7.5.2

Objective evidence: Seven corrective actions are past their due date, five of which are past their extended due date.

Audit Team Leader	Name	Martin Litchfield	Organization's acknowledgement of receipt of NCR	Name	G. Cumming
	Date:	December 03, 2010		Date:	Dec.03/10

SAI Global Verification Method: (record if site visit is required or what information is to be provided):

Section 2- Organization's Response: (Attach separate sheet if required)

Root Cause Analysis (record or attach 5 why, 8D, fishbone diagram, etc. to support this analysis):

Correction with completion dates (what was the immediate fix? Submit objective evidence of correction):

Corrective Action Taken/Planned (with completion date(s) (record what action is planned or will be taken to prevent recurrence. Submit objective evidence of completed corrective actions):

Organization Representative :	Name:		Date:	
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Section 3- SAI Global Response Review:

Section 4- SAI Global Verification of Corrective Action for effectiveness

Section 5- SAI Global NCR Closure: