



**2020 FOREST MANAGEMENT PUBLIC SUMMARY REPORT
FOR
MISTIK MANAGEMENT LTD.
MEADOW LAKE, SASKATCHEWAN**

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FSC Certificate Registration Code:

KF-FM/COC-001005

Certification Expiry Date:

November 13, 2022

Audit Dates:

Enhanced off-site document review: October 19-23, 2020
Remote audit: October 26-30, 2020

Date Report Prepared:

December 28, 2020

Date Report Finalized:

January 22, 2021

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1.0 Introduction

This audit report presents the results of the 2020 surveillance/scope expansion audit of Mistik Management Ltd. (Mistik) by KPMG Forest Certification Services Inc. (KPMG FCSI) against selected requirements of the Forest Stewardship Council® (FSC®) National Forest Stewardship Standard of Canada (FSC-STD-CAN-01-2018 V 1-0 EN). This standard was approved on October 19, 2018 and became effective on January 1, 2020. Existing forest management certificate holders (including Mistik, which is currently certified to the FSC National Boreal Standard) have until June 30, 2021 to transition to the new standard. Within the transition period, a certificate holder can choose to be evaluated to the previous regional forest management standard or the new national standard. Mistik elected to be evaluated against the new National Forest Stewardship Standard of Canada for the 2020 surveillance/scope expansion audit.

Note: The scope of the 2020 audit was expanded from the previous years to include forest management plans and practices on the L&M Wood Products (L&M) FMA in addition to Mistik's FMA. In October 2018 the Meadow Lake Tribal Council (MLTC), which owns one of Mistik's parent companies (NorSask Forest Products Inc. (NorSask)), purchased the assets of L&M Wood Products (L&M). Following the purchase of L&M by MLTC, a decision was made by Mistik's parent companies to include the L&M FMA area within the scope of Mistik's FSC forest management certification.

Note: A copy of the National Forest Stewardship Standard of Canada can be obtained on the FSC Canada website at www.fscCanada.org.

2.0 The Forest Management Enterprise

2.1 General background information

A. Type of operation

Mistik Management Ltd. (Mistik) is a forest management company that is wholly owned and directed by NorSask Forest Products Inc. (NorSask) and Meadow Lake Mechanical Pulp Inc. (Meadow Lake Pulp). NorSask is wholly owned by the Meadow Lake Tribal Council (MLTC), which includes 9 First Nations (Cree and Dene) with traditional territories either within or adjacent to the Mistik FMA area and is the largest First Nations owned forest products company in Canada. L&M is wholly owned by the MLTC and is based in Glaslyn, Saskatchewan and operates a wood product mill which produces pressure treated posts and rails. Meadow Lake Mechanical Pulp is jointly owned by Elite Shine Investments Ltd. (80%) and Paper Excellence BV (20%), both of which are privately held companies.

The Mistik and L&M Forest Management Agreement areas (FMAs), which were combined to make the Mistik FMP area, occur entirely within the Canadian boreal forest. The 2019 Mistik FMP area encompasses 1,878,499 hectares of forests, water and non-forested land. The FMP area is currently managed within the context of thirteen management units, including timber reserve and recreation areas ranging in size from 13,705 ha to 355,677 ha (see Figure 2). The approved 2019 FMP authorizes a combined maximum harvest of 1,679,067 m³ of coniferous and deciduous wood per year (1,549,739 m³/year from the Mistik FMA area and 129,328 m³/year from the L&M FMA area).

Management Unit 85 (the L&M FMA) is included in Mistik's 2019 Forest Management plan from a strategic perspective. Due to the small size of the L&M FMA the preparation of a separate forest management plan comes at a great financial cost for little perceived benefit to L&M and the province of Saskatchewan. The inclusion of the L&M FMA within Mistik's FMP provides L&M with financial scales of economy while also generating more reliable forestry related metrics. However, the L&M FMA is separate from the Mistik FMA and as such requires its own annual operational approvals.

Mistik staff manage both the Mistik and L&M FMA areas. Trees harvested from the Mistik FMA area are processed in the NorSask sawmill and MLMP BCTMP (bleached-chemo-thermo-mechanical-pulp) mill. Trees harvested within the L&M FMA area are either processed at the L&M specialty wood products mill or the NorSask sawmill.

B. Location

The Mistik and L&M FMA areas are located in northwest Saskatchewan adjacent to the Alberta border (see Figure 1). Most of the FMP area is located north of the town of Meadow Lake extending north to the Kimowin River (north end of Peter Pond Lake), bordered on the west by the Alberta/Saskatchewan border and the Cold Lake Air Weapons Range and on the east by Dore Lake, Lac la Plonge and Lac Ile a la Crosse. An additional portion of the FMP area occurs south of Meadow Lake.

2.2 Changes in forest management plans and practices since the previous audit

The Mistik FMP was recently revised to now cover the 2019-2039 period. The plan was prepared with the input of the Mistik Public Advisory Group (PAG) and the FMP Planning Team which included representatives of Mistik, L&M, government agencies and various external experts. The FMP now covers both the Mistik and L&M FMA areas and includes values, objectives, indicators, and targets (VOITs) that apply to both landbases (although there are minor differences in some of the targets between the Mistik and L&M FMAs). The plan is in 3 volumes which were subject to a staged approval process by government, with the final volume (volume 3) receiving approval of the Minister of Environment on May 23, 2019, although the approval is retroactive to April 1, 2019.

There have been no significant changes to Mistik's forest management practices since the previous (2019) surveillance audit. Although Mistik continues to concentrate its operations in the southern two-thirds of the Mistik FMA area (as well as the L&M FMA area), the Company continues to work towards re-establishing a harvesting presence in the northern third of the Mistik FMA area.

2.3 Use of pesticides by Mistik and L&M

Mistik's approach to forest management does not involve the use of chemical pesticides. This approach also applies to both the Mistik and L&M FMA areas.

2.4 Other forest areas over which Mistik has some management responsibility

Mistik's land management responsibilities are limited to the Mistik and L&M FMUs. However, the Company has several responsibilities that extend to the Sakâw Askiy FMA with respect to both of its shareholders (NorSask and MLMP). None of the responsibilities associated with the Sakâw FMA have been included with Mistik's FSC FM certificate because Mistik is not named as a partner in the FMA.

Mistik's General Manager sits on the Board of Directors as an 'alternate' and plays an active role in the forest management decision making process for the Sakâw Askiy FMA. Mistik also provides financial support to the FMA for several forest related activities to ensure the efficient delivery of wood products. Overall management of the Sakâw Askiy FMA is led by Meadow Lake OSB (MLOSB). Mistik and MLOSB share a haul delivery system that is compatible at both mills. There is no confusion with respect to non FSC-certified products from the Sakâw Askiy FMA and FSC-certified products from Mistik's certified lands due to the robust processes in place. The confirmation of haul set-up is done through the scaling department by Mistik staff and entered by the scaling coordinator into the scale computers prior to delivery and only Mistik logs are identified as FSC-certified.

There has been no excision of area from the scope of Mistik's certification related to the Sakâw Askiy FMA as it is a distinct independent forest management area.

Figure 1: Map of the Mistik and L&M FMA areas in a provincial context

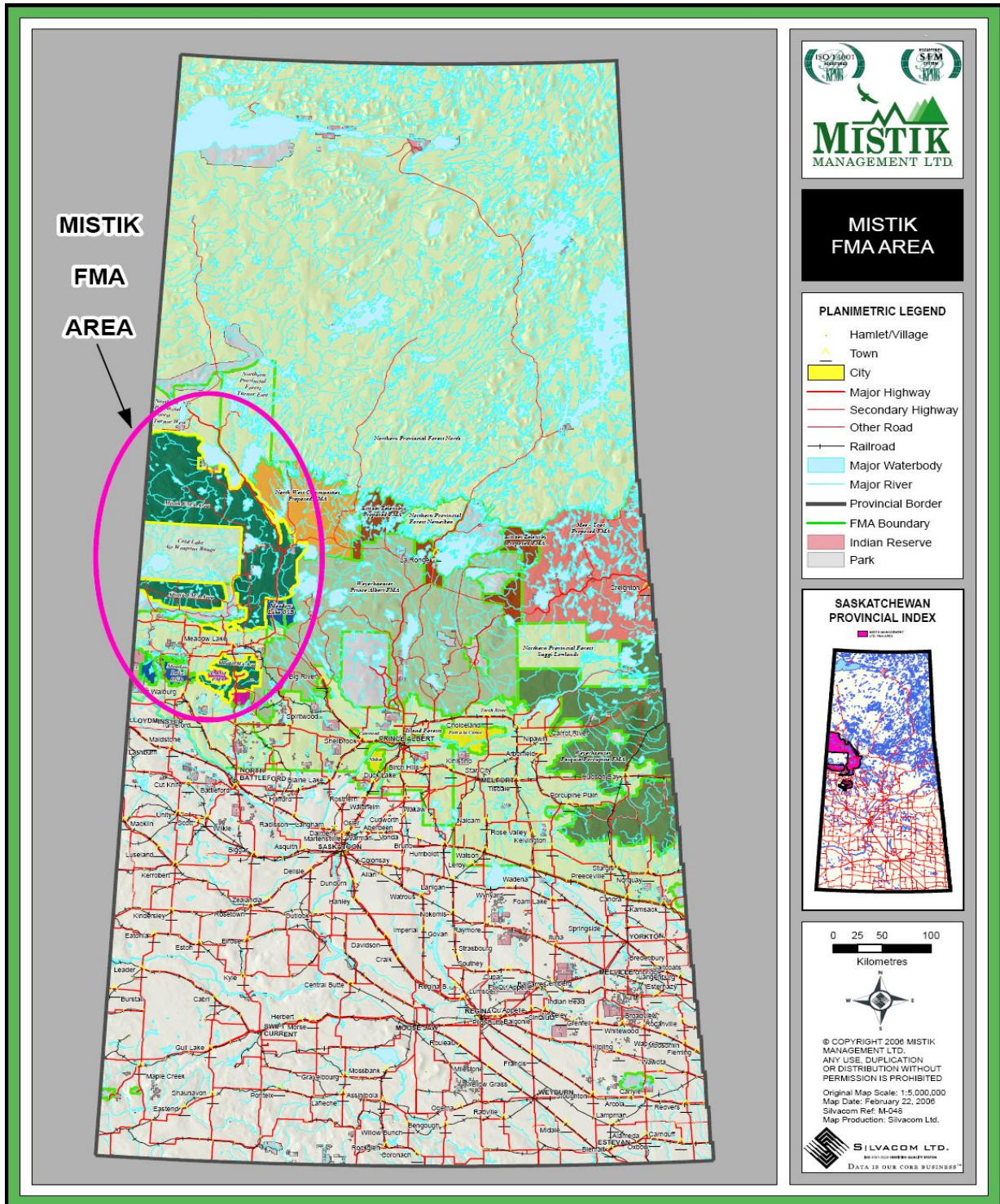
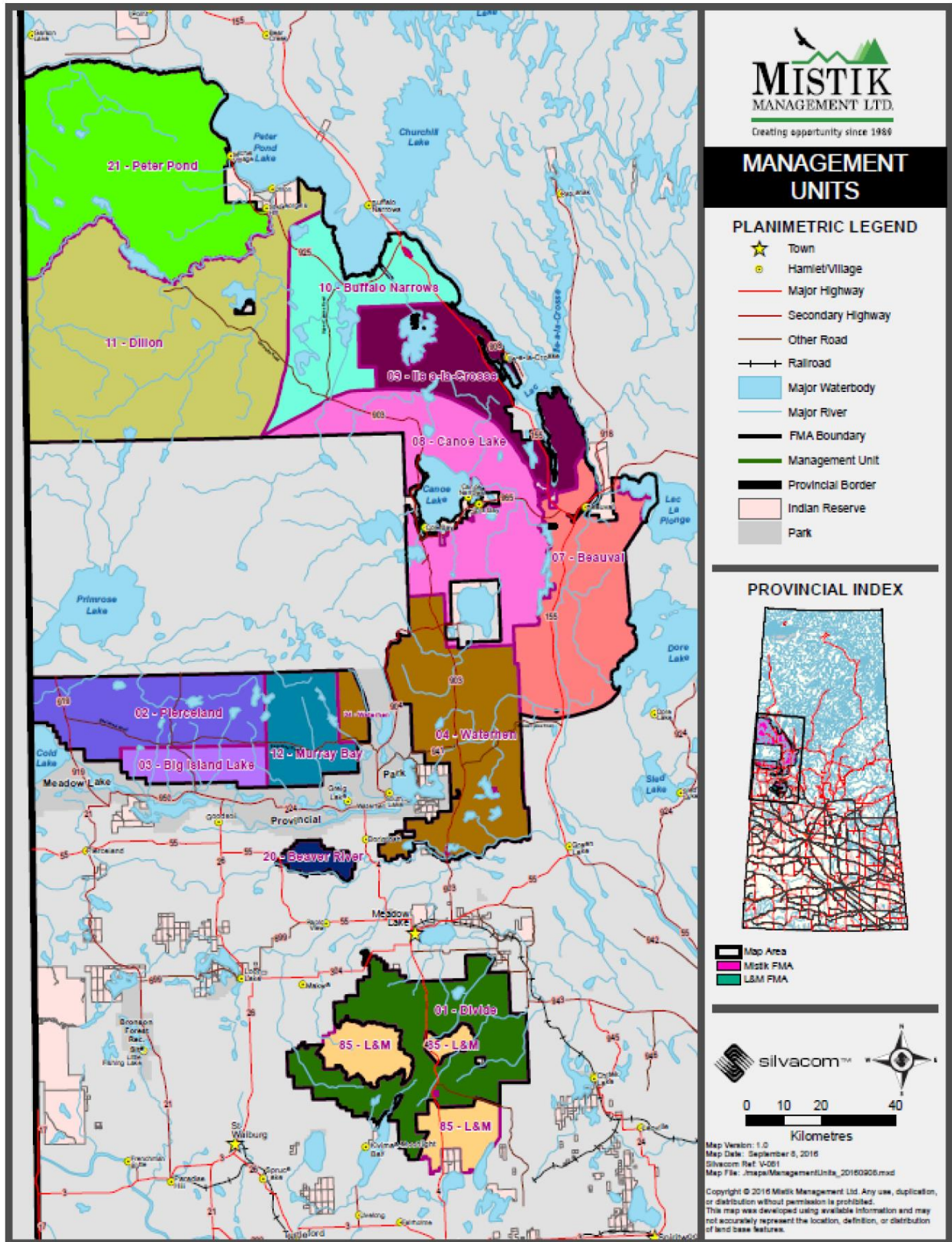


Figure 2: Map of the Mistik FMA area management units



3.0 The Surveillance Audit Process

3.1 Audit scope

FSC-STD-20-007 V3-0 (Forest Management Evaluations) requires that each FSC Principle be audited in its entirety at least once during the 5 year certification cycle. In addition, certain Criteria (e.g., 1.4, 1.6, 2.3, etc.) must be audited every year. Further, FSC Canada has outlined requirements related to the scope of annual surveillance audits in situations where the new National Forest Stewardship Standard of Canada standard is implemented by a certificate holder part way through the 5 year certification cycle.

The scope of the 2020 Mistik FSC forest management surveillance audit included:

- All forest management activities carried out by Mistik on the Mistik and L&M FMA areas (planning, stakeholder consultation, roads, harvesting and silviculture, etc.) since the previous audit visit.
- Mistik's handling of outstanding liabilities created as a result of past forest practices (silviculture liabilities on older harvest blocks, road deactivation obligations, etc.).
- Mistik's performance in relation to the following FSC Principles and Criteria:
 - Criterion 1.4: The Organization shall develop and implement measures, and/or shall engage with regulatory agencies, to systematically protect the Management Unit from unauthorized or illegal resource use, settlement and other illegal activities.
 - Criterion 1.6: The Organization shall identify, prevent and resolve disputes over issues of statutory or customary law, which can be settled out of court in a timely manner, through engagement with affected stakeholders.
 - Criterion 2.3: The Organization shall implement health and safety practices to protect workers from occupational safety and health hazards. These practices shall, proportionate to scale, intensity and risk of management activities, meet or exceed the recommendations of the ILO Code of Practice on Safety and Health in Forestry Work.
 - Principle 3.0: Indigenous Peoples' Rights : The Organization shall identify and uphold Indigenous Peoples' legal and customary rights of ownership, use and management of land, territories and resources affected by management activities – all Criteria.
 - Principle 4.0: Community relations: The Organization shall contribute to maintaining or enhancing the social and economic well-being of local communities – all Criteria.

- Criterion 5.2: The Organization shall normally harvest products and services from the Management Unit at or below a level which can be permanently sustained.
- Criterion 6.4: The Organization shall protect rare species and threatened species* and their habitats* in the Management Unit* through conservation zones, protection areas, connectivity and/or (where necessary) other direct measures for their survival and viability. These measures shall be proportionate to the scale, intensity and risk of management activities and to the conservation status and ecological requirements of the rare and threatened species. The Organization shall take into account the geographic range and ecological requirements of rare and threatened species beyond the boundary of the Management Unit, when determining the measures to be taken inside the Management Unit.
- Criterion 6.6: The Organization shall effectively maintain the continued existence of naturally occurring native species and genotypes, and prevent losses of biological diversity, especially through habitat management in the Management Unit. The Organization shall demonstrate that effective measures are in place to manage and control hunting, fishing, trapping and collecting.
- Criterion 7.6: The Organization shall, proportionate to scale, intensity and risk of management activities proactively and transparently engage affected stakeholders in its management planning and monitoring processes, and shall engage interested stakeholders on request.
- Criterion 8.2: The Organization shall monitor and evaluate the environmental and social impacts of the activities carried out in the Management Unit, and changes in its environmental condition.
- Criterion 9.4: The Organization shall demonstrate that periodic monitoring is carried out to assess changes in the status of High Conservation Values and shall adapt its management strategies to ensure their effective protection. The monitoring shall be proportionate to the scale, intensity and risk of management activities, and shall include engagement with affected stakeholders, interested stakeholders and experts.
- Criterion 10.3: The Organization shall only use alien species when knowledge and/or experience have shown that any invasive impacts can be controlled, and effective mitigation measures are in place.
- A review of Mistik’s progress towards addressing the open findings of previous FSC forest management audits.
- Mistik’s ongoing implementation of the plans and procedures developed by the company to obtain certification to the CSA Z809 standard (i.e., the company’s environmental management system (EMS) and CSA Z809 sustainable forest management (SFM) plan and related procedures and records).

- Any changes in management, operations, procedures and controls or economic circumstances that have taken place since the previous audit.
- Recent changes to normative documents, including national or local legislation, which may affect the certification.
- Changes to the scope of the certificate, where applicable.
- Any complaints received from stakeholders that might have a bearing on the Mistik FSC forest management certification.
- Public claims and communication by Mistik regarding its FSC certification, including the use of the FSC logo.

NB: To ensure an efficient audit process, the 2020 FSC surveillance audit of Mistik’s FMA area was conducted concurrently with the annual CSA Z809 audit of the Company’s SFM system.

3.2 Audit team

The 2020 FSC surveillance/scope expansion audit of the Mistik and L&M FMA areas was conducted by a 4 person audit team. The names and respective roles of the audit team members are shown in Table 1.

Table 1: The 2020 KPMG FCSI surveillance/scope expansion audit team

Audit Team Member	Role on Audit Team
Orrin Quinn, RPF (BC)	FSC lead auditor. Overall responsibility for the FSC audit process. Assessment of: conformance with FSC Criterion 2.3 and Principle 4.
Dave Bebb, RPF(BC), EP(EMSLA)	CSA Z809 lead auditor and FSC auditor. Assessment of all applicable CSA Z809 requirements as well as FSC Principle 3. Follow-up on the actions taken by Mistik to address the open findings from the previous CSA Z809 and FSC audits.
Yurgen Menninga, RPF(BC), EP(EMSLA)	FSC auditor. Assessment of conformance with FSC Criteria 1.4, 1.6, 5.2, 7.6, 8.2 and 10.3. Remote review of selected field sites.
Branden Beatty, RPBio, EP(EMSLA)	FSC auditor. Assessment of conformance with FSC Criteria 6.4, 6.6 and 9.4. Remote review of selected field sites.

3.3 Audit procedures associated with the 2020 surveillance audit

The 2020 surveillance/scope expansion audit was based on a detailed audit plan that was developed by KPMG FCSI and provided to Mistik approximately 1 month in advance of the audit. Due to the health risks related to COVID-19, the 2020 audit was conducted remotely through an enhanced document review (including the review of drone footage of a sample recent and active field sites) and telephone/video conferencing with a sample of Mistik employees, contractors and external stakeholders.

A. Enhanced off-site document review

The enhanced off-site review of various Mistik forest management planning documents and records (including records generated through the Company's EMS such as the most recent internal audit and management review) was conducted from October 19-23, 2020 (i.e., immediately in advance of the remote audit). The objectives of this step in the audit process were to: (1) develop an initial understanding of the events that had taken place since the 2019 surveillance audit including Mistik's progress towards addressing the findings of previous audit visits, and (2) provide for a more efficient use of auditor time during the remote portion of the surveillance audit.

B. Stakeholder consultation

The 2020 surveillance audit involved telephone interviews with a sample of stakeholders with an interest in the Mistik FMA. Stakeholders were selected for interviews based on: (1) the relevance of their views in relation to the scope of the audit, (2) stakeholder availability at the time of the audit, and (3) audit time constraints.

All the stakeholders interviewed during the 2020 surveillance audit indicated that: (1) they had a good working relationship with Mistik, and (2) the Company was very open and honest regarding its proposed forest management plans and practices. Further, the representatives of Indigenous communities that were interviewed all confirmed that the communities they represent are generally supportive of Mistik's forest management activities within the management units where their communities reside.

A file review of a sample of recent stakeholder consultation records (minutes of co-management board meetings, correspondence with stakeholders regarding Mistik's forest management plans and practices, etc.) found that Mistik continues to make significant efforts to share its plans with local organizations and communities and attempt to address their concerns.

Table 2 on the following page describes the comments that were received from local Indigenous Peoples, rights holders and other directly affected persons during the 2020 Mistik surveillance audit and how they were addressed by the audit team.

Table 2: Audit observations and conclusions regarding comments received during the 2020 Mistik audit from Indigenous Peoples, rights holders and other directly affected persons

Comment	Audit Team Observations	Audit Conclusions
<p>All of the stakeholders interviewed during the 2020 surveillance audit indicated that: (1) they had a good working relationship with Mistik, and (2) the Company was very open and honest regarding its proposed forest management plans and practices. Further, the representatives of Indigenous communities that were interviewed all confirmed that the communities they represent are generally supportive of Mistik's forest management activities within the management units where their communities reside.</p>	<p>None of the stakeholders interviewed during the audit raised any significant concerns in relation to Mistik's performance relative to the requirements of the National Forest Stewardship Standard of Canada that were included within the scope of the audit.</p>	<p>The audit team concluded that none of the comments received from external stakeholders merited the issuance of any audit findings.</p>

C. Remote audit procedures

The remote audit involved the collection of sufficient and appropriate audit evidence necessary to conclude on Mistik's level of conformance with the applicable requirements of the National Forest Stewardship Standard of Canada. A detailed audit protocol was used for this purpose, which includes all of the Principles, criteria, indicators and verifiers included in the standard.

The remote audit included formal opening and closing meetings and was structured to be as efficient as possible. The procedures employed by the audit team during the audit included:

- Review of various documents and records (e.g., the 2017/18 Annual Report, EMS procedures and related records, correspondence with various agencies and stakeholders, etc.) to assess conformance with specific elements of the standard;
- Telephone (Microsoft Teams and/or Skype for Business) interviews with a sample of Company employees, contractor personnel, Indigenous communities and co-management board (CMB) and Advisory Board representatives, and;
- Virtual audit of selected sample harvest blocks, roads and silviculture units with Mistik / L&M personnel (i.e., review of drone footage, maps, photos, etc.).

D. Audit sample and time requirements

The audit involved the remote review of records for a sample of active and completed sites across the southern portion of the Mistik FMA area as well as the L&M FMA area. The total number of field sites inspected during the audit was as follows:

Roads: 15 (5 of which were L&M sites)
 Harvesting blocks: 15 (5 of which were L&M sites)
 Silviculture sites: 5 (1 of which was an L&M site)
 Camps: 0

The field sites assessed during the audit are identified in Table 3 below.

Table 3: Field sites assessed during the audit

Management Unit	Block/Road
Divide	01-40-005
Pierceland	02-10-042 02-12-010 02-17-015 02-17-095
Big Island Lake	03-03-014 03-04 road RoW
Waterhen	04-23-023 04-40-009
Canoe Lake	08-05-003 08-18-014 08-16-020
Murray Bay	12-08-009
L&M	85-03-001 85-07-018 85-08-004 85-09-001 85-10-008 86-18-004

The 2020 Mistik FSC surveillance/scope expansion audit required approximately 22.5 person days to complete.

4.0 Audit Findings

4.1 Current status of findings identified in previous audits

The 2020 surveillance audit included a detailed review of the current status of the open findings from previous Mistik FSC audits. The results of this review are summarized in sections A and B below.

A. Current status of the open non-conformities identified during previous audits

There were no open FSC forest management non-conformities from previous audits at the time that the 2020 surveillance audit took place. However, there was 1 open CSA Z809 minor non-conformity that was specific to the L&M FMA area (which was not in scope at the time of the 2019 FSC forest management surveillance audit). The current status of the open non-conformities from previous audits is discussed in Table 4 below.

Table 4: Current status of the open non-conformities identified during previous audits

FSC Indicator	Finding
NA	NA. There were no open non-conformities from previous FSC forest management audits at the time that the 2020 Mistik FSC surveillance/scope expansion audit took place. Although the 2019 Mistik CSA Z809 did identify one minor non-conformity in relation to missing inspections on some recent L&M harvest blocks, the L&M FMA was not within the scope of Mistik's FSC forest management certification at that time. Further, follow-up on the status of this finding during the 2020 Mistik FSC forest management surveillance/scope expansion audit found that the Company's corrective action plan had been effectively implemented and there was no recurrence of the issues that gave rise to this finding. As a result, this previous CSA Z809 finding (which only applied to the L&M FMA area) has now been closed.

B. Current status of the open opportunities for improvement identified during previous audits

At the time of the 2020 surveillance/scope expansion audit there were a total of 6 open opportunities for improvement from previous FSC forest management audits. The audit team reviewed the status of these findings to evaluate the effectiveness of Mistik's efforts to address them. The current status of the open opportunities for improvement from previous audits is discussed in Table 5 on the following page.

Table 5: Current status of the open opportunities for improvement from previous audits

FSC Indicator	Finding
National Boreal Standard Indicator 3.1.2	Mistik-2017-FSC-OFI-02: Mistik works with several advisory/co-management boards (CMBs) as a means to consult with local communities and Indigenous peoples and ensure that their interests and concerns are adequately addressed in the Company's forest management plans. With respect Indigenous peoples, the CMB often serves as the primary vehicle for Mistik's consultation and accommodation in

FSC Indicator	Finding
	<p>relation to treaty rights. Records of Mistik’s interactions with the CMBs also serve as key evidence of the Company’s efforts to obtain agreement from affected Indigenous peoples that their interests and concerns have clearly been incorporated into in the Company’s forest management plans.</p> <p>However, although the CMB model was strongly supported by local communities and Indigenous peoples when it was first developed, over time a number of the CMBs (and the alternate engagement processes that Mistik utilizes where CMBs do not exist) have evolved to the point where there is a wide range in effectiveness in their ability to meet the Indigenous peoples and local community consultation requirements of the FSC National Boreal Standard.</p> <p>The following opportunities for improvement were identified during the audit in relation to the structure and function of CMBs:</p> <ul style="list-style-type: none"> ● CMB meeting minutes are taken (often by Mistik staff) but not reviewed/agreed between the parties. In addition, action items and commitments made by Mistik are not highlighted in the minutes or communicated to the CMB in writing. This creates a risk that differing opinions of the discussions could arise and commitments are forgotten or misunderstood. ● Mistik currently takes a passive, hands-off approach to the functioning of CMBs. This has contributed to the current situation where some CMBs are not as effective as they should be. There is a need for the Company to hold periodic discussions with the CMBs regarding whether the CMB model is achieving effective engagement and meeting the communities’ needs/expectations and if not, what might be needed to improve it. In addition, where a CMB does not currently meet FSC expectations for Indigenous peoples and local community consultation Mistik has an obligation to raise this issue with the CMB and work with them to address it. ● The current CMB funding model is tied to harvesting activity only. As such, there is no base funding to support CMB involvement at the planning stage and in those situations where forest harvesting is not planned in a management unit for the foreseeable future. There is a need to re-consider the CMB funding model to address this weakness. <p>2020 surveillance audit follow-up comments:</p> <p>Interviews with Mistik staff and a sample of community representatives and a review of consultation records for selected communities found that the Company currently takes minutes for its meetings with DFAC and the Canoe and Beauval CMBs, and that these groups are provided with copies for their review. In addition, the Company also provides the minutes of the meetings of the Mistik PAG to the members of this committee. In other situations (e.g., where Mistik meets with the Chief and Council of a local First Nation (such as Waterhen) or the Mayor and Council of a local community (such as Buffalo Narrows) Mistik is only a participant of these meetings and as such has no role in the preparation of any minutes that may be recorded. In addition, the audit found evidence that Mistik had recently had discussions with a number of communities regarding the current CMB model and whether it is meeting the needs/expectations of the community. However, the current CMB funding model remains tied to harvesting activity only. As such, there is no base funding to support CMB involvement at the planning stage and in those situations where forest harvesting is not planned in a management unit for the foreseeable future.</p> <p>Current status of this finding: Open.</p>
National Boreal Standard Indicator 3.1.2	<p>Mistik-2017-FSC-OFI-03:</p> <p>Indicator 3.1.2 requires the Company to obtain agreement from each affected Indigenous community verifying that their interests and concerns are clearly</p>

FSC Indicator	Finding
	<p>incorporated into the management plan. Mistik has previously met this requirement with respect to most of the Indigenous communities whose traditional territories overlap the Mistik FMA area. However, Mistik and the Big Island Lake Cree Nation (BILCN) have until recently been involved in an adversarial relationship that included Mistik being named (along with the Saskatchewan government and various other industrial users) in BILFN's Statement of Claim. This claim asserts that the defendants are unjustifiably infringing upon BILCN's aboriginal and treaty rights within its traditional use area.</p> <p>Mistik and BILCN have recently turned a corner in their relationship and are in the process of finalizing an agreement that will result in the creation of a BILCN CMB and the removal Mistik as a named party in BILCN's Statement of Claim. In addition, Mistik has been paying CMB fees (without prejudice to BILCN's Statement of Claim) to BILCN for the last few years, and the parties are now discussing opportunities for BILCN members to obtain contracting work from Mistik within their traditional area. However, although there is much relief and optimism around the new agreement, there is a need for both parties to recognize that they may have different hopes and expectations for the agreement, particularly at this early stage in the process. In addition, there is an opportunity for Mistik to work proactively with both BILCN and the Waterhen First Nation regarding the distribution of CMB fees associated with harvesting in the Murray Bay management unit.</p> <p>2020 surveillance audit follow-up comments:</p> <p>Interviews with Mistik staff found that addressing this finding remains a work in progress. Although Mistik has in recent years made considerable process towards developing an improved working relationship with the BILFN, an apparent change in priorities of the new Chief and council to focus more on community issues rather than engaging with external parties such as Mistik, combined with stakeholder engagement challenges related to the current COVID-19 epidemic, has led to a delay in moving forward. Although Mistik has made a number of attempts to re-engage with BILFN over the past year, these have to date been unsuccessful.</p> <p>Current status of this finding: Open.</p>

FSC Indicator	Finding
<p>National Boreal Standard Indicator 3.3.1</p>	<p>Mistik-2017-FSC-OFI-04:</p> <p>Indicator 3.3.1 requires the Company to support the efforts of the affected Indigenous communities to conduct land use studies and mapping which result in an Indigenous areas of concern protection agreement, addressing information sharing, protection, mitigation and/or compensation, and confidentiality measures for Indigenous traditional values and uses. Mistik addresses this requirement in part through the maintenance of a Special Places inventory and a local knowledge database that describes many of the local indigenous land use values. However, while local Indigenous values and traditional use areas are mapped in the GIS, the application and integration of information on Indigenous values and traditional use areas is not as effective as it could be. The following weaknesses were noted in this regard:</p> <ul style="list-style-type: none"> ● Mistik was recently forced to go through a major change in its GIS. This conversion has resulted in a lack of full access to many attributes associated with local indigenous knowledge and random conversion errors that reduce the integrity of the data. ● The Indigenous values and traditional use areas locations are shown, but information on each feature is generic and lacks site-specific details. For example, locations were mapped in the GIS and listed as a “cultural/spiritual/heritage site” “rare wildlife site” and “public concern” without relevant supporting detail beyond these generic descriptions. Interviews with Mistik staff indicated that the site-specific detail exists in the previous database but is not easily available at present. ● With the new GIS Indigenous values and traditional use areas can be viewed but not printed, making it difficult to hold meetings that include a review of harvest plans in the vicinity of these features. ● Although Mistik has created some work-arounds to help address the issues encountered during the database conversion, these have yet to be formalized into documented standard operating procedures (SOPs) that address the means by which Indigenous information is: (1) updated, and (2) integrated into the planning process. ● Mistik has yet to disclose these issues with the database conversion to the Aboriginal communities who provided much of the information. There is a need for Mistik to be more open regarding the challenges they have encountered in the GIS conversion as a means to build trust and foster addition information sharing with Indigenous peoples. ● Mistik has yet to enter into data sharing agreements with each community that outline Mistik’s role as the steward of the community’s information. <p>2020 surveillance audit follow-up comments:</p> <p>Interviews with Company Planners found that the GIS can now be edited to allow for the addition of new Indigenous values and traditional use areas, and that requests for new information are a frequent topic of annual operating plan meetings between Mistik and the community representatives (CMBs and/or Chief and Council) that the Company attends to present and obtain feedback on its proposed plans. Further, the audit found that Mistik had recently entered into a Limited Licence Agreement for the use of intellectual property with Cold Lake First Nations (CLFNs) that is expected to help improve Mistik’s access to information on Indigenous values and traditional use areas that could potentially be impacted by forest management activities. Although not all of the Indigenous communities that Mistik engages with have the same level of sophistication as CLFNs with respect to maintaining information on Indigenous values and traditional use areas that can be used for planning purposes, it is clear that Mistik continues to make efforts to obtain such information where it exists.</p> <p>Current status of this finding: Closed.</p>

FSC Indicator	Finding
National Boreal Standard Indicator 4.1.1	<p>Mistik-2017-FSC-OFI-05: Mistik places a significant emphasis on hiring staff and contractors from local communities. However, due to higher delivered log costs and cheaper alternative sources of supply, Mistik's parent companies have in recent years not supported Mistik conducting harvesting operations (other than periodic salvage logging) in the northern portion of the FMA area. This situation has contributed to some logging contractors leaving the industry and a reduction in the effectiveness of some CMBs (who rely on CMB fees derived from current logging to fund their activities). In order to meet certain FMP targets related to local employment and community involvement and ensure local support for Mistik's future operations in the north in event that the fibre supply situation of its parent companies changes, there is a need for Mistik to re-establish relationships with northern communities, work with northern CMBs on a more regular basis and help re-establish a contractor base in the north.</p> <p>2020 surveillance/scope expansion audit follow-up comments: Interviews with Mistik staff and review of records of Mistik's recent efforts to engage with northern communities found that the Company continues to seek ways to reestablish relationships with local communities (e.g., through meetings with the mayor and council, providing funding to help maintain some roads used by local communities while Mistik is not active in the area, continuing the practice of inviting community representatives to meet with the Mistik BoD to discuss their concerns, etc.). However, these efforts have been hampered over the past year due to COVID-19 travel and social distancing restrictions. In addition, the current wood supply in Saskatchewan is such that Mistik does not currently have the full support and commitment of both of its parent companies to pursue higher delivered cost wood from the northern portion of the FMA. Until that situation changes, addressing this finding will likely remain a work in progress.</p> <p>Current status of this finding: Open.</p>
National Boreal Standard Indicator 6.5	<p>Mistik-FSC FM-OFI-2019-01: Inspection of a sample of active and recently completed harvest blocks on the Mistik FMA noted a few isolated examples of concentrated rutting that could potentially have been avoided if the contractors involved had either shut down operations earlier or moved their equipment to drier ground (e.g., 08-019-001). Note that it has been a very wet summer operating season for the Company and in most cases it is unlikely that the extent of rutting observed would exceed regulatory requirements.</p> <p>2020 surveillance/scope expansion audit follow-up comments: The audit reviewed the records for a sample of sites which in some cases included recent drone footage. Interviews with Mistik staff found that the spring 2020 contractor training program included a discussion regarding rutting, and the presentation used had been updated to address this audit finding. However, Mistik once again experienced a very wet summer in 2020. Although the number of soil disturbance issues identified through harvest inspections appear to have improved since last year, there was 1 recent rutting incident (2020-20) on a harvest block that is currently under investigation by Saskatchewan MoE.</p> <p>Current status of this finding: Open.</p>
National Boreal Standard Indicator 6.5	<p>Mistik-FSC FM-OFI-2019-02: Inspection of a sample of active and recently completed harvest blocks on the Mistik FMA noted a few isolated weaknesses in the implementation of Mistik's SOPs, including:</p> <ul style="list-style-type: none"> On block 07-019-009 the audit noted 2 examples of incomplete spill kits (1 in a processor and another in a pick-up with an auxiliary fuel tank). In

FSC Indicator	Finding
	<p>addition, the TDG label on the auxiliary fuel tank was oriented towards the front on the vehicle such that it was not readily visible from the outside.</p> <ul style="list-style-type: none"> On block 08-010-013 the audit noted a few bunches of logs that had not been skidded to roadside. In addition, the piling/scattering of logging debris on this block could have been done better than it was. On block 08-010-012 the audit noted that the spreading of aspen logging debris on a portion of the block was not sufficient to ensure that there were sufficient plantable spots. <p>2020 surveillance/scope expansion audit follow-up comments: Telephone Interviews with a sample of Mistik staff and contractors during the 2020 found that the issue regarding incomplete spill kits had been discussed with contractors and employees and was also covered in the 2020 contractor training program. Mistik is also now on an experimental basis using drones to check blocks for missed bunches, riparian issues, etc. In addition, review of the records for a sample of active and recently completed harvest blocks and interviews with Mistik staff did not identify any recurrence of the issues that gave rise to this finding.</p> <p>Current status of this finding: Closed.</p>

4.2 New audit findings

In addition to the review of the current status of previous audit findings, the 2020 surveillance/scope expansion audit also included an assessment of Mistik's conformance with the following FSC Principles and Criteria:

- The FSC Principles and Criteria noted in section 3.1 of this report.
- FSC-STD-50-001 V2-0 (Requirements for use of the FSC trademarks by Certificate Holders).

A. New non-conformities identified during the 2020 Mistik surveillance audit

No new major or minor non-conformities with the applicable FSC Principles and Criteria were identified during the 2020 Mistik surveillance/scope expansion audit.

B. New opportunities for improvement identified during the 2020 Mistik surveillance audit

The 2020 Mistik surveillance/scope expansion audit identified one new opportunity for improvement in relation to the requirements of the National Forest Stewardship Standard of Canada, as noted in Table 6 below.

Table 6: Summary of new opportunities for improvement

Standard	FSC Criterion	Finding
National Forest Stewardship Standard of Canada	3.3	<p>Mistik-FSC FM-OFI-2020-01: Criterion 3.3 requires that in the event of delegation of control over management activities that may affect an Indigenous community's legal and/or customary rights, a binding agreement between the organization and the Indigenous</p>

Standard	FSC Criterion	Finding
		<p>Peoples be concluded through free, prior and informed consent (FPIC). The agreement must define its duration, provisions for renegotiation, renewal, termination, economic conditions and other terms and conditions. The agreement must also make provision for monitoring by Indigenous Peoples of the organization's compliance with its terms and conditions. In addition, Indicator 3.3.1 requires that these agreements be reached based on culturally appropriate engagement while Indicator 3.3.2 requires that records of binding agreements be maintained.</p> <p>The FSC National Forest Stewardship Standard of Canada defines a binding agreement as "A deal or pact, written or not, which is compulsory to its signatories and enforceable by law. Parties involved in the agreement do so freely and accept it voluntarily." In addition, FSC-STD-60-004 V1-0 (FSC International Generic Indicators) notes that "binding agreements reflect cultural requirements and may also be based on oral and honour systems, to be applied in cases where written agreements are not favoured by Indigenous Peoples, either for practical reasons or on principle. Recognizing that Indigenous Peoples may not want to grant Free Prior and Informed Consent and/or delegate control for their own reasons, the Indigenous Peoples may choose to offer their support for management activities in a different way of their choosing".</p> <p>Portions of three written treaties (treaties 6, 8 and 10) between the Crown and Indigenous Peoples collectively cover all of the Mistik FMA area. Under these treaties, the signatories: "hereby cede, release, surrender and yield up to the Government of the Dominion of Canada, for Her Majesty the Queen and Her successors forever, all their rights, titles and privileges, whatsoever, to {lands in Canada}", subject to the condition that Indians: "shall have right to pursue their avocations of hunting and fishing throughout the tract surrendered as hereinbefore described, subject to such regulations as may from time to time be made by Her Government of Her Dominion of Canada, and saving and excepting such tracts as may from time to time be required or taken up for settlement, mining, lumbering or other purposes by Her said Government of the Dominion of Canada, or by any of the subjects thereof duly authorized therefor by the said Government."</p> <p>In addition, Mistik has signed co-management board (CMB) agreements with a number of the Indigenous communities' present on the FMA, although these documents are somewhat dated and pre-date the development of the National Forest Stewardship Council of Canada. In situations where a CMB does not exist, Mistik has various verbal agreements with local Indigenous communities on how they will engage with the community regarding their proposed operating plans (which in some situations results in Mistik dealing directly with the Chief and Council). The written and verbal agreements that are currently in place collectively address the intent of Criterion 3.3, however some of these agreements lack the formality of a binding legal agreement and do not reference the concept of FPIC (although it may be implied or may be undocumented). As such, there is an opportunity for Mistik to develop a document that more clearly outlines</p>

Standard	FSC Criterion	Finding
		<p>how it will address the requirements of Criterion 3.3 (including FPIC) and share it with the Indigenous communities present within the FMA area to obtain their agreement with Mistik's proposed approach, regardless of whether a signed CMB agreement with the community exists or not.</p> <p>Note: There appears to be an inherent conflict within Criterion 3.3 insofar as the definition of a binding legal agreement allows for the possibility of agreements that are verbal rather than written, while at the same time requiring that records of such agreements exist.</p>

4.3 Stakeholder complaints and appeals

KPMG FCSI has not received any new stakeholder complaints or appeals regarding the Mistik FSC forest management certification since the 2019 surveillance audit took place.

4.4 Surveillance/scope expansion audit decision

The 2020 surveillance/scope expansion audit found that Mistik had adequately addressed all of the non-conformities identified during previous audits. In addition, the Company continues to make progress towards addressing the opportunities for improvement that have been identified during previous audits. Further, the audit found that Mistik had met the requirements of the FSC National Forest Stewardship Standard of Canada that were included within the scope of the audit on both the Mistik and L&M FMA areas, as evidenced by the fact that no new non-conformities were identified.

As a result, it is the opinion of the KPMG FCSI lead auditor that Mistik:

- Conforms to the requirements of the FSC National Forest Stewardship Standard of Canada that were included within the scope of the audit, except where noted otherwise in this report;
- Has made sufficient progress towards addressing the open findings identified during previous audits.

In light of the above, KPMG FCSI has decided that Mistik Management Ltd. be certified to the FSC National Forest Stewardship Standard of Canada. Further, the scope of the Company's FSC forest management certificate will be expanded to include the L&M FMA area.

Appendix A: Summary of Observations and Conclusions Regarding the FSC Principles and Criteria included in the Scope of the Audit

The following table provides a summary of the audit team’s observations and conclusions regarding the FSC Principles and Criteria that were included in the scope of the audit. Additional details regarding conformance with these requirements is contained in the applicable audit checklist(s), which are retained by KPMG FCSI in the Mistik FSC certification audit file.

Table 7: Observations and conclusions regarding the FSC Principles and Criteria included within the scope of the audit

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
Expansion of the Scope of the Mistik FSC Forest Management Certification to Include the Area Covered by the L&M FMA		
All	<p>The scope of the 2020 audit was expanded from that of previous years to include forest management plans and practices on both the Mistik and L&M Wood Products (L&M) FMAs.</p> <p>Mistik and L&M hold current Forest Management Agreements with the Province of Saskatchewan that grant the legal right to manage the lands covered by the FMAs in accordance with applicable regulatory requirements and the approved FMP. Mistik staff are responsible for forest management plans and practices on both the Mistik and L&M FMA areas. All forest management commitments, policies and procedures that were previously developed for the Mistik FMA area also apply to the L&M FMA area.</p> <p>Mistik continues to implement an EMS that is designed to address many of the elements of the ISO 14001 standard on both the Mistik and L&M FMA areas. The EMS includes procedures to maintain access to applicable regulatory requirements, inspect the implementation of site plans and applicable operational controls and address weaknesses in implementation where identified. Interviews with a sample of staff and contractors found that they were adequately aware of applicable EMS and regulatory requirements, including those that relate to agreements with local Indigenous communities. Remote assessment of a sample of field sites found that the EMS continues to be effectively implemented on both FMA areas. In addition, review of Mistik’s non-conformance tracking matrix found that the Company had done a good job of identifying issues and prioritizing corrective actions based on the significance of the incident.</p> <p>The Mistik FMP was recently revised to now cover the 2019-2039 period. The plan was prepared with the input of the Mistik PAG and the FMP Planning Team which included representatives of Mistik, L&M, government agencies and various external experts. The FMP now covers both the Mistik and L&M FMA areas and includes VOITs (Values, Objectives, Indicators and Targets) that apply to both landbases (although there are minor differences in some of the targets between the Mistik and L&M FMAs). However, the L&M FMA is separate from the Mistik FMA and as such requires its own annual operational approvals.</p> <p>Review of a sample of forest management plans and records for both the Mistik, and L&M FMA areas and interviews with Mistik staff and a sample of external stakeholders (including representatives of a number of local Indigenous communities), found that Mistik was in conformance with the</p>	C

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	FSC forest management Principles and Criteria that were in scope for the 2020 audit on both the Mistik and L&M FMA areas, except where noted otherwise in this report.	
FSC Principle 1 : Compliance with Laws		
1.4	Mistik's EMS includes an SOP (EMSOP018_ILLEGAL ACTIVITY REPORTING) that outlines requirements for internal and external reporting of unauthorized activities undertaken by Company staff, contractors and third parties. The SOP points out that while enforcement is a government responsibility, staff will still report it. Interviews with Mistik staff confirmed their awareness of the requirements of this SOP. There was one case in the past year of a member of the public bucking decked logs for firewood, but the individual ceased when informed by Mistik staff, who then directed him to another location where logs had been set aside expressly for community firewood purposes.	C
1.6	Mistik has a robust engagement process with the communities located within and adjacent to the Mistik and L&M FMA areas that includes a variety of means by which stakeholders can make complaints known to the Company (e.g., regular meetings with CMBs, Chief and Council and/or Mayor and Council, direct interaction with other tenure holders (trappers, guide outfitters), an open-door policy whereby anyone can come into the office to make a complaint or express a concern, imitating representatives of local communities to attend the annual meeting of the Mistik BoD to raise any concerns they may have, etc.). Mistik has developed a complaint and dispute resolution procedure that meets the content requirements of the FSC National Forest Stewardship Standard of Canada that is posted online at https://mistik.ca/wp-content/uploads/2015/11/5-Mistik-Dispute-Resolution-Procedure.pdf . As well, Mistik maintains a printed copy of this procedure that is posted in its office. Up to date records of all complaints and disputes are maintained by the Company and are published in the FMP annual report.	C
FSC Principle 2 : Workers Rights and Employment Conditions		
2.3	A review of the Annex A companion document provided by FSC Canada did not identify and compliance related issues with respect to current health and safety regulations for Mistik and L&M. The audit confirmed that Mistik's health and safety program applies to both the Mistik and L&M FMAs. In addition, Mistik has developed, implemented and maintained a documented health and safety program, including policies, procedures and related training for staff and contractors that meets the content requirements of Annex C of the FSC National Forest Stewardship Standard of Canada. Further, Mistik completes annual EMS reviews, including updating several OH&S documents such as health care, vacation time, and harassment policies. Records are kept by the Company on health and safety practices including accident rates, a description of accidents and their causes, and lost time due to accidents. There has been no lost time accidents (LTAs) over the past year and there was one lost time accident, representing 8 weeks lost time, associated with a Mistik Contractor.	C
FSC Principle 3 : Indigenous Peoples' Rights		
3.1	Mistik has a good understanding of the Indigenous communities who may be affected by its forest management activities within both FMAs. Section 7 (Community and Social Profile) of the 2019 Mistik FMP describes all of the Indigenous communities (First Nations and Metis) present within the FMA and identifies which treaties (6, 8 or 10) apply to them. Mistik maintains a 'Special Places' geographic coverage in its GIS that reflects Mistik's ongoing understanding and incorporation of unique ecological, heritage, cultural, spiritual, recreational into planning and	C

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	<p>operational activities. This is updated through ongoing engagement with CMBs and individual members of local Indigenous communities. In addition, the Company has developed and made publicly available an Indigenous Peoples Relations Policy that outlines Mistik’s commitment to recognize and respect the legal and customary rights of the Indigenous Peoples whose interests may be impacted by forest management activities on the Mistik and L&M FMAs.</p> <p>The Company continues to employ a variety of culturally appropriate means to identify and respect the legal and customary rights of Indigenous communities that may be affected by its forest management activities on the FMAs. This includes regular meetings with CMBs and/or Chief and Council where CMBs do not currently exist, implementation of Mistik’s open door policy, direct communication between Mistik’s staff (many of whom are of indigenous descent), and members of affected communities, etc. Telephone interviews with a sample of representatives of Indigenous communities during the audit (including Canoe Lake, Waterhen and Beauval but not BILFN as they didn’t return calls from either Mistik or KPMG during the audit) found that Mistik continues to work to engage with these communities to identify and attempt to address any concerns they may have. Their level of success in this regard does however vary among communities. While Mistik has demonstrated a high level of engagement with Canoe Lake, Waterhen and Beauval, they have been less successful in engaging with Big Island Lake over the past year. There are a number of reasons for this, some of which relate to the current COVID-19 epidemic while others are more the result of internal social issues within Big Island Lake community. However, the evidence reviewed during the audit confirmed that Mistik continues to reach out to Big Island Lake in an attempt to identify and address any concerns that they may have regarding Mistik’s forest management activities within Big Island lake’s asserted territory (which overlaps with those of some neighboring First Nations such as Waterhen). Further, Mistik has had recent discussions with both the Cold Lake First Nation (CLFN) regarding an intellectual property agreement and has also recently met with Buffalo River FN regarding the potential for future forest management activity in the area (Mistik has not been active in the northern portion of the Mistik FMA area for several years).</p> <p>Mistik has identified the legal and/or customary rights that may be impacted by its forest management activities on both FMAs. The Company uses the CMB process to resolve most disputes however Mistik also works individually with communities to resolve specific disputes if the CMB process is not acceptable. In addition, a formal dispute resolution process (which is in addition to that contained in CMB agreements) has been in place for several years. Further, CMB representatives have an open invitation to attend Mistik BoD meetings to voice any concerns they may have, and disputes may also be resolved through the assistance of MLTC which owns NorSask and is composed of 9 local First Nations. Telephone interviews conducted with a sample of Indigenous community representatives, present on the FMAs, found that these dispute resolution procedures continue to be implemented as required.</p>	
3.2	<p>The audit confirmed that Mistik continues to engage with the Indigenous communities present within the Mistik and L&M FMAs regarding its proposed forest management activities through culturally appropriate processes including CMBs (where these exist) or meetings with Chief and Council. Mistik’s Annual Operating Plan is discussed during these meetings, as are any concerns that the communities may have regarding what is being proposed. These meetings also serve as a forum to discuss local economic opportunities for the affected communities that are associated with Mistik’s forestry operations.</p>	OFI

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	<p>Mistik is a significant employer for many of the Indigenous communities and, in many cases, members of a community are given the exclusive right to all the forestry related work within the community's management unit. Representatives of local Indigenous communities are also invited to meet with Mistik's BoD during which they can raise any concerns related to Mistik's operations in their respective management unit. All of the representatives of local Indigenous communities interviewed during the audit stated that they were happy with Mistik's level of engagement with the community and indicated that Mistik had been very responsive in working to address any concerns raised, including situations where proposed harvest blocks had either been dropped or the boundary had been moved to protect those features that had been identified as being important to the community.</p> <p>The audit did not find any evidence that the legal and/or customary rights Indigenous Peoples are being violated by Mistik. However, should this occur in the future, a formal dispute resolution process (which is in addition to that contained in CMB agreements) has been in place for several years.</p> <p>The CMB process employed by Mistik employs the basic principles of FPIC, although these CMBs have been in place for much longer than the concept of FPIC has existed within FSC terminology. Review of the records of recent CMB meetings and meetings between Mistik and Chief and Council (in the case of Waterhen) did not identify any situations where FPIC had not been obtained, although it was not always described in those terms by those interviewed or documented in writing. Review of the available documentary evidence and interviews with representatives from a sample of Indigenous communities present within the Mistik FMA found that the approach taken by Mistik to obtaining FPIC addresses the main elements of this indicator, although as noted under Criterion 3.3 below the process is not as well documented as it could be.</p> <p>Follow-up comments on the status of Mistik-2017-FSC-OFI-02: Interviews with Mistik staff and a sample of community representatives and a review of consultation records for selected communities found that the Company currently takes minutes for its meetings with DFAC and the Canoe and Beauval CMBs, and that these groups are provided with copies for their review. In addition, the Company also provides the minutes of the meetings of the Mistik PAG to the members of this committee. In other situations (e.g., where Mistik meets with the Chief and Council of a local First Nation (such as Waterhen) or the Mayor and Council of a local community (such as Buffalo Narrows) Mistik is only a participant of these meetings and as such has no role in the preparation of any minutes that may be recorded. In addition, the audit found evidence that Mistik had recently had discussions with a number of communities regarding the current CMB model and whether it is meeting the needs/expectations of the community. However, the current CMB funding model remains tied to harvesting activity only. As such, there is no base funding to support CMB involvement at the planning stage and in those situations where forest harvesting is not planned in a management unit for the foreseeable future.</p> <p>Current status of this finding: Open.</p> <p>Follow-up comments on the status of Mistik-2017-FSC-OFI-03: Interviews with Mistik staff found that addressing this finding remains a work in progress. Although Mistik has in recent years made considerable progress towards developing an improved working relationship with the BILFN, an apparent change in priorities of the new Chief and council to focus more on community issues rather than engaging with external parties such as Mistik, combined with stakeholder engagement challenges related to the current COVID-19 epidemic, has led to a delay in moving forward. Although Mistik has</p>	

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	<p>made a number of attempts to re-engage with BILFN over the past year, these have to date been unsuccessful.</p> <p>Current status of this finding: Open.</p> <p>Follow-up comments on the status of Mistik-2017-FSC-OFI-05: Interviews with Mistik staff and review of records of Mistik’s recent efforts to engage with northern communities found that the Company continues to seek ways to reestablish relationships with local communities (e.g., through meetings with the mayor and council, providing funding to help maintain some roads used by local communities while Mistik is not active in the area, continuing the practice of inviting community representatives to meet with the Mistik BoD to discuss their concerns, etc.). However, these efforts have been hampered over the past year due to COVID-19 travel and social distancing restrictions. In addition, the current wood supply in Saskatchewan is such that Mistik does not currently have the full support and commitment of both of its parent companies to pursue higher delivered cost wood from the northern portion of the FMA. Until that situation changes, addressing this finding will likely remain a work in progress.</p> <p>Current status of this finding: Open.</p>	
3.3	<p>Criterion 3.3 requires that in the event of delegation of control over management activities that may affect an Indigenous community’s legal and/or customary rights, a binding agreement between the organization and the Indigenous Peoples be concluded through free, prior and informed consent (FPIC). Indicator 3.3.1 requires that these agreements be reached based on culturally appropriate engagement, while Indicator 3.3.2 requires that records of binding agreements be maintained. In addition, Indicator 3.3.3 states that the agreement must define its duration, provisions for renegotiation, renewal, termination, economic conditions and other terms and conditions. The agreement must also make provision for monitoring by Indigenous Peoples of the organization’s compliance with its terms and conditions.</p> <p>The FSC National Forest Stewardship Standard of Canada defines a binding agreement as “A deal or pact, written or not, which is compulsory to its signatories and enforceable by law. Parties involved in the agreement do so freely and accept it voluntarily.” In addition, FSC-STD-60-004 V1-0 (FSC International Generic Indicators) notes that “binding agreements reflect cultural requirements and may also be based on oral and honour systems, to be applied in cases where written agreements are not favoured by Indigenous Peoples, either for practical reasons or on principle. Recognizing that Indigenous Peoples may not want to grant Free Prior and Informed Consent and/or delegate control for their own reasons, the Indigenous Peoples may choose to offer their support for management activities in a different way of their choosing”.</p> <p>Portions of three written treaties (treaties 6, 8 and 10) between the Crown and Indigenous Peoples collectively cover all of the Mistik FMA area. Under these treaties, the signatories: “hereby cede, release, surrender and yield up to the Government of the Dominion of Canada, for Her Majesty the Queen and Her successors forever, all their rights, titles and privileges, whatsoever, to {lands in Canada}”, subject to the condition that Indians: “shall have right to pursue their avocations of hunting and fishing throughout the tract surrendered as hereinbefore described, subject to such regulations as may from time to time be made by Her Government of Her Dominion of Canada, and saving and excepting such tracts as may from time to time be required or taken up for settlement, mining, lumbering or other purposes by Her said Government of the Dominion of Canada, or by any of the subjects thereof duly authorized therefor by the said Government.”</p>	OFI

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	<p>In addition, Mistik has signed co-management board (CMB) agreements with a number of the Indigenous communities' present on the FMA, although these documents are somewhat dated and pre-date the development of the National Forest Stewardship Council of Canada. In situations where a CMB does not exist, Mistik has various verbal agreements with local Indigenous communities on how they will engage with the community regarding their proposed operating plans (which in some situations results in Mistik dealing directly with the Chief and Council). The written and verbal agreements that are currently in place collectively address the intent of Criterion 3.3, however some of these agreements lack the formality of a binding legal agreement and do not reference the concept of FPIC (although it may be implied or may be undocumented). As such, there is an opportunity for Mistik to develop a document that more clearly outlines how it will address the requirements of Criterion 3.3 (including FPIC) and share it with the Indigenous communities present within the FMA area to obtain their agreement with Mistik's proposed approach, regardless of whether a signed CMB agreement with the community exists or not.</p> <p>Note: There appears to be an inherent conflict within Criterion 3.3 insofar as the definition of a binding legal agreement allows for the possibility of agreements that are verbal rather than written, while at the same time requiring that records of such agreements exist.</p> <p>Mistik-FSC FM-OFI-2020-01</p> <p>The CMB agreements that are currently in place between Mistik and a number of the Indigenous communities present within the FMA area explicitly address the majority of the requirements of Indicator 3.3.3 including renewal/renegotiation, termination, dispute resolution and economic conditions, including the payment of co-management fees. Although these agreements do not specifically address the issue of monitoring, this concept is implicit in the text of these agreements which speak to the ongoing dialogue between Mistik and the CMB regarding Mistik's forestry activities and their potential to impact the rights and values of the community. Further, although these agreements do not explicitly speak to their duration, it is implied that they would continue indefinitely, subject to renewal/renegotiation every 5 years and the provision that either party to the agreement may terminate it after having given 30 days' notice.</p> <p>Note: Some of the agreements between Mistik and the Indigenous communities present within the Mistik FMA area are verbal and undocumented. However, as noted previously, FSC-STD-60-004 V1-0 allows for this possibility, As such, there appears to be an inherent conflict within the FSC National Forest Stewardship Standard of Canada insofar as the definition of a binding legal agreement allows for the possibility of agreements that are verbal rather than written, while at the same time requiring that records of such agreements exist.</p>	
3.4	<p>Review of recent records of engagement within the Mistik and L&M FMAs found that Mistik continues to devote considerable effort to engaging with local communities in order to explain its forest management plans, obtain community input regarding those plans and attempt to address any concerns raised. Telephone interviews with representatives of the Waterhen FN, Beaval CMB and Canoe Lake CMB (which has representation from the Canoe Lake FN and the Metis communities of Cole Bay and Jans Bay) during the audit found that these communities were quite happy with Mistik's efforts to engage with them and indicated that Mistik is very responsive to any concerns raised. When asked whether the community was generally supportive of Mistik's ongoing forestry operations in the area all of those interviewed answered in affirmative. Based on the information obtained during the audit there is no evidence that the rights,</p>	C

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	<p>customs and culture of Indigenous Peoples as defined in UNDRIP and ILO Convention 169 are being violated by Mistik. Note that an attempt was also made to interview someone from Big Island Lake during the audit and a number of voice messages were left for the Band Administrator by both Mistik and KPMG FCSI. However, these messages were not returned.</p>	
3.5	<p>Mistik maintains a Special Places inventory and a local knowledge database that describe many of the local indigenous land use values. This information is being updated over time through outreach discussions with the community (including meetings with CMBs or Chief and Council where CMBs do not currently exist) and through Mistik's staff (many of whom are of local Indigenous descent). Mistik has also recently entered into an intellectual property sharing agreement with the Cold Lake First Nations that is intended to help facilitate the sharing of information for forest management planning purposes. In addition, the Company provides funds through the CMB which can be used for forest management and mapping work. Mistik has also done archaeological and anthropological work describing the pre-contact through contact indigenous peoples' history as described in Mistik's FMP Background Information (Vol. 1). A telephone interview with a Mistik planner during the audit confirmed that the information included in the Special Places inventory is being used to inform block level planning on the Mistik and L&M FMAs. Further, any additional information that is brought forward during the Mistik and CMBs/Chief and Council meetings is used to inform annual operational plans.</p> <p>The Company has established many leave areas (mostly around waterways) that were identified as important landscape features by local Indigenous communities. Some of these have achieved more formal protection status through approval by the Saskatchewan government but many of these areas are simply deferred from harvesting until the adjacent areas have re-established. Telephone interviews conducted during the audit with representatives of a number of Indigenous communities present within the FMAs found that they were generally happy with the level of protection provided by Mistik to sites of special cultural, ecological, economic, religious or spiritual significance.</p> <p>Remote review of the records for a sample of recent and active harvest sites during the audit and telephone interviews with the Mistik Harvesting Supervisors with responsibilities for these areas did not identify any situations where sites of special cultural, ecological, economic, religious or spiritual significance had not been identified and protected.</p>	C
3.6	<p>Mistik provides a harvest volume-based royalty to CMBs which are used at the CMB's discretion. In most communities these funds are used for projects that benefit the larger community although some are targeted to individuals for specific projects. However, these funds are unrelated to any traditional knowledge or intellectual property that Mistik might obtain from local Indigenous communities that could be used for creating a product or service. Mistik has to date not obtained any traditional knowledge or intellectual property from local Indigenous communities that could be used for commercial gain. The Company does not have a policy for compensation specifically to Indigenous communities for their contributions of local knowledge for benefits that Mistik may realize from that knowledge, nor is such a policy necessary given the current circumstances.</p> <p>Discussions with Mistik staff indicated that Mistik is willing to enter into specific agreements if Mistik gains commercial benefits from a specific resource that was supported by local knowledge.</p>	C
FSC Principle 4 : Community Relations		
4.1	<p>FN communities' legal and customary rights are documented in the GIS system for stakeholder commitments. Culturally appropriate engagement</p>	

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	<p>includes ensuring that confidentiality is maintained with communities during this process. Examples of confidentiality include an Intellectual Property Agreement with the Cold Lake FN, and non-disclosure of bait outfitter sites. Each community is slightly different in the process (structured vs. formal to accommodate culturally appropriate processes). Some FNs do not have representation on co-management boards, such as the Flying Dust FN, but meetings are held with the elders and natural resource representatives to review operating plans and engagement processes. Mistik advertises annually in the local paper requesting input on its operating plans and Mistik's utilizes its PAG process to ensure community rights and interests are identified and addressed.</p> <p>Local interests are mapped, such as recreation areas, snowmobile trails (local use and official provincial recognized trails), bait sites, grazing areas, wild rice access, culturally sensitive areas such as cultural burial sites, traditional use cabins, and memorial sites. Mistik has a process in place to protect local interests, with the consideration of culturally appropriate confidentiality.</p> <p>Any conflicts are identified through the operational plan engagement; however, most concerns are easily resolved based on community input. Most concerns are addressed through avoidance and Mistik's GIS system includes a layer (smartsheet) which captures all stakeholder interests. These interests are summarized in the operating plan which lists all the interested parties and engagements.</p>	
4.2	<p>An interview with staff identified that culturally appropriate engagement with local communities occurs every 10-years during the consultation process for the 20-year FMP. As well, Mistik completes annual consultation meetings every fall with local communities for its annual operating plan and consults with the co-management boards and individual stakeholders on all proposed plans. Mistik advertises annually in the local paper for input into operational planning and engages with local communities through the co-management boards and the Public Advisory Group. Staff identified that there have been no situations where the legal and customary rights of local communities related to management activities have been violated. Refer to the detailed comments under Principle 3. Mistik maintains a dispute resolution process to address concerns with local communities as noted under criterion 1.6.</p>	
4.3	<p>Mistik's Annual Report contains indicators to meet commitments for local employment in the workforce from communities. FMP Indicator 23: vendor contract payments made by Mistik to businesses in local communities identifies the total number of vendors and dollars spent specific to the FMA area. FMP Indicator 26: number of local communities represented in Mistik workforce identifies whether there are contractors hired from the local area. In 2017-18 Mistik achieved 91% and in 2018-19 achieve 100% with respect to the number of contractors hired from local communities. Contractor EMS training occurs each year for all EMS related requirements and there is additional awareness training for silviculture contractors. Mistik also provides co-management board fees for northern communities based on its agreements that help create opportunities for local communities.</p>	
4.4	<p>Mistik provides culturally appropriate engagement through its Public Advisory Group meetings, co-management groups, open stakeholder process. This includes providing tours its field operations and affiliated mills to the PAG, co-management boards, and general public. Mistik is engaged on a continuous basis informally through its local stakeholder engagement to promote social and economic development with local communities and its members. An interview with staff identified that Mistik was engaged in career fairs, in the community of Meadow Lake, in Sept 2018 and Sept 2019 to promote forestry.</p>	

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
4.5	<p>An interview staff reinforced that Mistik identifies its negative impacts or stakeholder concerns through engagement documentation. Meeting minutes and the Stakeholder Engagement Summary Form captures concerns that were identified by stakeholders as negative impacts. Negative impacts are mitigated or avoided through following the standard operating procedures, provincial and federal regulations and through annual certification audits. As discussed, Mistik consults on its 20-year FMP renewed every 10 years and annually with its Annual Operating Plan. Annual meetings are held in the fall for active areas or through co-management boards and with individual stakeholders for proposed plans. Mistik maintains its commitments with its co-management boards and local and FN communities in its smartsheet, maps, and stakeholder files. The Mistik Planning Manager provided examples of recent engagement to mitigate negative impacts, such as with Niska Lake where trapping concerns resulted in a buffer increase from 90m to 200m and with redesigned and increased green-up area between blocks to address stakeholder concerns.</p>	
4.6	<p>Mistik maintains a Dispute Resolution Procedure in its office, available to anyone who wishes to raise a concern. Mistik also advertises in the local Northern Pride which states that Mistik is available to address any complaints and the Mistik website provides a link to participating in Mistik's planning process. An interview with Mistik's Certification Coordinator, identified that Mistik has an open-door policy with respect to any concerns from local communities or stakeholders. Refer to criteria 1.6.2 for comments related to a publicly available DRP.</p> <p>An interview with the Mistik Planning Manager identified that most concerns are addressed through open consultation with the local communities. Engagement happens all year round and Mistik can modify the plan through the review process with the Ministry of Environment or change the plan in the spring with an amendment. Mistik identified that there was only one example where the DRP was utilized with the Big Island Lake FN and there has been several documented attempts to set up meeting by Mistik but issues related to COVID and capacity, and the new Chief and Council are impacting the level of interaction – see criterion 3.1.3 for detailed comments related to Big Island Lake.</p> <p>Public complaints are recorded and documented in the annual report. A review of the 2017/2018 Annual Report (section 9.1) contains a Register of Issues and Concerns which records issues and concerns back to 2005. The Ministry of Environment monitors all complaints received by Mistik and Mistik is making efforts to increase level of details in its Annual Report.</p> <p>Mistik provided its EMS SOP #20 for complaint and dispute resolution that states "In some cases it may be appropriate to cease operations while the complaint or dispute is being resolved to ensure that issues of a substantial magnitude are not compounded during resolution." A further interview with staff reinforced that Mistik would cease operations for disputes of substantial magnitude and follow SOP #20.</p>	
4.7	<p>An interview with Mistik staff reinforced that special sites are protected through culturally appropriate engagement with FN communities. This included a review of Mistik's GIS layer (smart sheets) which identifies a map reference and a description of the site values. Mistik provided examples of excluding special sites from harvesting, patch retention around special sites, expanded riparian areas to protect a site, and buffering around trapper's cabins. Mistik ensures that sensitive information is protected and not placed on maps through agreements with local communities. Refer to Principle 3 comments, and specifically criterion 3.5 with respect to identification and protection on First Nation special sites. Mistik reinforced that when sites of special cultural, ecological, economic, religious or spiritual significance are</p>	

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	newly observed or discovered, management activities in the vicinity will cease immediately until protective measures have been agreed to with Indigenous and local communities, and as directed by local and national laws.	
4.8	An interview with staff identified that Mistik has never utilized traditional knowledge or intellectual property of a local community except for promoting agreed upon values with the Cold Lake FN. The Cold Lake FN Agreement allows Mistik to use "CLFN IP for designing harvest blocks, road locations, retention/protection areas, harvest timing and other features of operating plans is such a way to inform identification of impacts to CLFN sited and rights and discussions on how to mitigate of otherwise address these".	
FSC Principle 5 : Benefits from the Forest		
5.2	The 2019 Mistik FMP authorizes a combined maximum harvest of 1,679,067 m3 of coniferous and deciduous wood per year (1,549,739 m3/year from the Mistik FMA area and 129,328 m3/year from the L&M FMA area). This volume is only slightly higher than that approved under the previous 2007 FMP (which did not include the L&M FMA area). Review of the 2017/2018 annual report found that Mistik continues to harvest at a rate that is significantly below the annual AAC as well as 5 year average for all management units. However, harvest volumes under the current 2019 FMP will not be reported until the 2019 annual report is produced in spring 2021. The current harvest levels continue to reflect the reality that Mistik has voluntarily reduced its harvest levels to compensate for the fact that it is temporarily operating on a reduced landbase.	C
FSC Principle 6 : Environmental Values and Impacts		
6.4	<p>Mistik's Species at Risk (SAR) Program is updated annually through documentation obtained from the Saskatchewan Conservation Data Center (SCDC) which is responsible for gathering, interpreting and distributing standardized information on the ecological status of provincial wild species and communities (http://biodiversity.sk.ca/methods.htm). The SCDC Tracking List is reviewed in the spring of each operating year to determine species at risk and rankings that apply to species that are associated with the FMA area. The list includes provincial rankings as well as COSEWIC rankings.</p> <p>Mistik develops an annual list of expected Species at Risk that may be encountered on the FMAs. The list is modified into a presentation which is communicated to staff and contractors each operating year so that they can be identified and reported when observed by trainees. Records of this training were found to be on file.</p> <p>Mistik has been collecting species at risk data for more than 10 years that includes species sighted, locations, habitat features and measures of protection (nest buffers, den buffers etc.). Mistik is also participating in an interprovincial and multi-organization Protected Areas Strategy and gap analysis to provide scientific and Indigenous recommendations for conservation lands across the Mistik and Alberta Pacific Forest Industries FMAs. The program is being shared with Public Advisory Group, interested communities and Indigenous communities.</p> <p>The province of Saskatchewan has entered into a section 11 agreement with the federal government which allows the province to follow the provincial range plan for woodland caribou. The audit found that Mistik abides by these provincial government requirements (refer to SK 2 West Range Plan document: Range Plan for Woodland Caribou in Saskatchewan: SK 2 West Administration Unit) and the Mistik 20-Year FMP 2019).</p>	C

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	<p>The protection of the habitat of SAR is largely addressed through ensuring that these areas are avoided when planning and conducting forest management operations.</p> <p>The 2019 FMP includes a number of VOITs in this regard, including the target for Indicator 7b Part 1 which requires that no new timber harvesting or related activities will be planned for Mistik Caribou Habitat Management (CM) areas CM-1, CM-2, or CM-4 in the next 10 years. And that Mistik-caused disturbance in each CM area be less-than or equal to the current disturbance percentage.</p> <p>Stand level habitat protection measures (dens, nests, other) and reporting of species at risk are implemented by Mistik field staff and contractors. Remote review of the records for a sample of active and recently completed filed sites did not identify any instances where the habitat of SAR had been impacted by forest management activities.</p>	
6.6	<p>Mistik's 2019 FMP includes a number of VOITs that relate to the maintenance of the continued existence of naturally occurring native species and genotypes, and prevent losses of biological diversity, especially through habitat management in the Management Unit (e.g., seral stage targets, targets for the size distribution of harvest events, habitat availability targets for selected forest dwelling species, targets for the proportion of natural disturbance events that can be salvage logged, stand level retention targets, targets related to post-harvest levels of CWD, etc.). Interviews with Mistik planning staff and review of the most recent annual report found that Mistik continues to meet or exceed most of the related FMP targets. In addition, the audit confirmed that Mistik continues to implement its forest management activities in a manner that serves to maintain the regionally uncommon stand and site scale ecological elements and important habitat features listed in Indicator 6.6.3 (e.g., Ancient forest patches, vernal pools, small wetlands, nests and denning sites, etc.). The audit also found that Mistik works within the scope of its authority and within its sphere of influence (such as the implementation of road closure and access controls) to implement sustainable management related to hunting, fishing, and trapping, and collecting activities for which there are known concerns.</p>	C
FSC Principle 7 : Management Planning		
7.6	<p>The requirements contained in Criterion 7.6 largely duplicate the stakeholder engagement and dispute resolution requirements specified in Criterion 1.6 and Principle 4 (engagement with Indigenous Peoples and resolution of any related disputes are dealt with separately under Principle 3). Refer to the earlier discussions of these topics under the applicable Criteria for more details. No weaknesses in the content or implementation of Mistik's stakeholder engagement or dispute resolution procedures were noted during the audit.</p>	C
FSC Principle 8 : Monitoring and Assessment		
8.2	<p>Review of the 2017-2018 Mistik annual report and related monitoring information (e.g., scaling records, silviculture surveys, etc.) found that Mistik continues to monitor all of the information required under Criterion 8.2. The annual report is very comprehensive and provides detailed monitoring information in relation to the targets, strategies and commitments included in the 2007 FMP (monitoring data in relation to the VOITs included in the 2019 FMP will not be available until the 2019 annual report is prepared in spring 2021). In addition, the audit confirmed that Mistik continues to implement its EMS inspection processes as a means to evaluate the impact of forest practices at the site level.</p>	C
FSC Principle 9 : High Conservation Values		

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
9.4	<p>Review of the 2018-2019 annual report found that the Company continues to monitor its impacts on a wide range of indicators related to the HCVs present on the FMAs. In situations where targets have not been met, the Company has developed a rationale and related corrective action to address the variance. The 2019 annual report (which is expected to be produced in spring 2021) will report out against the VOITs included in the 2019 Mistik FMP and will include monitoring information for both the Mistik and L&M FMAs.</p> <p>The audit found that a comprehensive implementation and effectiveness monitoring program for HCVs is in place. In addition, Mistik is in the final stages of implementing the new HCV assessment which describes the HCV monitoring program and includes a high conservation value monitoring table.</p> <p>The Company's SOP for HCV Area Planning and Forestry Implementation notes that public consultation at the community and individual basis will be conducted to provide an open forum for requesting input from all interested/affected parties. Information regarding cultural interests or activities such as hunting, trapping, gathering, spiritual, heritage access or other traditional resource use must be considered and addressed. Mistik's SOP is designed to ensure that co-management, advisory board and Indigenous Peoples consultation occurs regarding special social, traditional and historic issues. The audit confirmed that the SOP continues to be implemented.</p>	C
FSC Principle 10 : Implementation of Management Activities		
10.3	<p>Mistik's reforestation program relies on both planting and natural regeneration (the latter bring predominantly aspen and pine stands that lend themselves to natural regeneration). The only tree species planted is white spruce, which is a naturally occurring species in the boreal forest. As such, no alien species are used in the Company's reforestation program.</p>	C
10.11	<p>Follow-up comments on the status of Mistik-2019-FSC-OFI-01:</p> <p>The audit reviewed the records for a sample of sites which in some cases included recent drone footage. Interviews with Mistik staff found that the spring 2020 contractor training program included a discussion regarding rutting, and the presentation used had been updated to address this audit finding. However, Mistik once again experienced a very wet summer in 2020 . Although the number of soil disturbance issues identified through harvest inspections appear to have improved since last year, there was 1 recent rutting incident (2020-20) on a harvest block that is currently under investigation by Saskatchewan MoE. Current status of this finding: Open.</p>	OFI

