

FSC Controlled Wood Due Diligence System (FSC-STD-40-005 V3-1)

The Mistik Management Ltd. due diligence system (DDS) is designed to meet the FSC requirements of its chain of custody certification system currently registered under FSC Chain of Custody (KF-COC-001035) and FSC Controlled Wood code (KF-CW-001035). The system is in place to ensure that product deliveries to Mistik’s parent mills, NorSask Forest Products Limited Partnership and Meadow Lake Mechanical Pulp meet the low-risk designation for sourcing wood.

1. General information

Organisation name:	MISTIK MANAGEMENT LTD.
FSC certificate code:	KF-CW-001035
Organisation’s DDS contact person:	KEVIN GILLIS CERTIFICATION COORDINATOR
DDS prepared/assisted by:	MISTIK MANAGEMENT LTD. ENVIRONMENTAL AND SUSTAINABLE FOREST MANAGEMENT COMMITTEE
Date last reviewed/updated (by the organisation):	JUNE 16 TH , 2022

2. Suppliers

A listing of suppliers is maintained by Mistik’s Scaling Coordinator and is part of the Chain of Custody Standard Operating Procedure (EMSOP16_CHAIN OF CUSTODY.DOC). Mistik’s suppliers are categorized into 2 main categories: (logging and delivery suppliers) and (landowner/administrator). Due to the sensitive and private nature of the information contained in the suppliers list, it will only be released upon request and through approval by Mistik’s management representatives.

3. Supply areas

The supply area covers the portion of Saskatchewan outlined in black (Figure 1) below. The supply area follows the Alberta/Saskatchewan border beginning at the Meadow Lake Provincial Park (Cold Lake), continuing south following the boundary of Saskatchewan River then follows the commercial forest boundary to near the Nesbit Provincial Forest then northward and around the east side of Prince Albert National Park and northeast to Montreal Lake and north to Lac la Ronge and Wapawekka Lake then west along the Sakaw FMA boundary to Lac la Plonge. The boundary then follows the Mistik FMA and links up with the north edge of Meadow Lake Provincial Park to the Alberta border. This is Mistik’s main procurement area. There are smaller areas of potential procurement embedded in the Mistik FMA (First Nation Lands & municipal lands) that

are extremely hard to show on the map. There is also land outside of the provincial boundary (north-western Alberta) that may also be considered for potential procurement. In all potential purchases an individual risk assessment would be completed on the land(s) being considered for timber purchase. All NRA required control measures would be implemented as per the standard requirement.

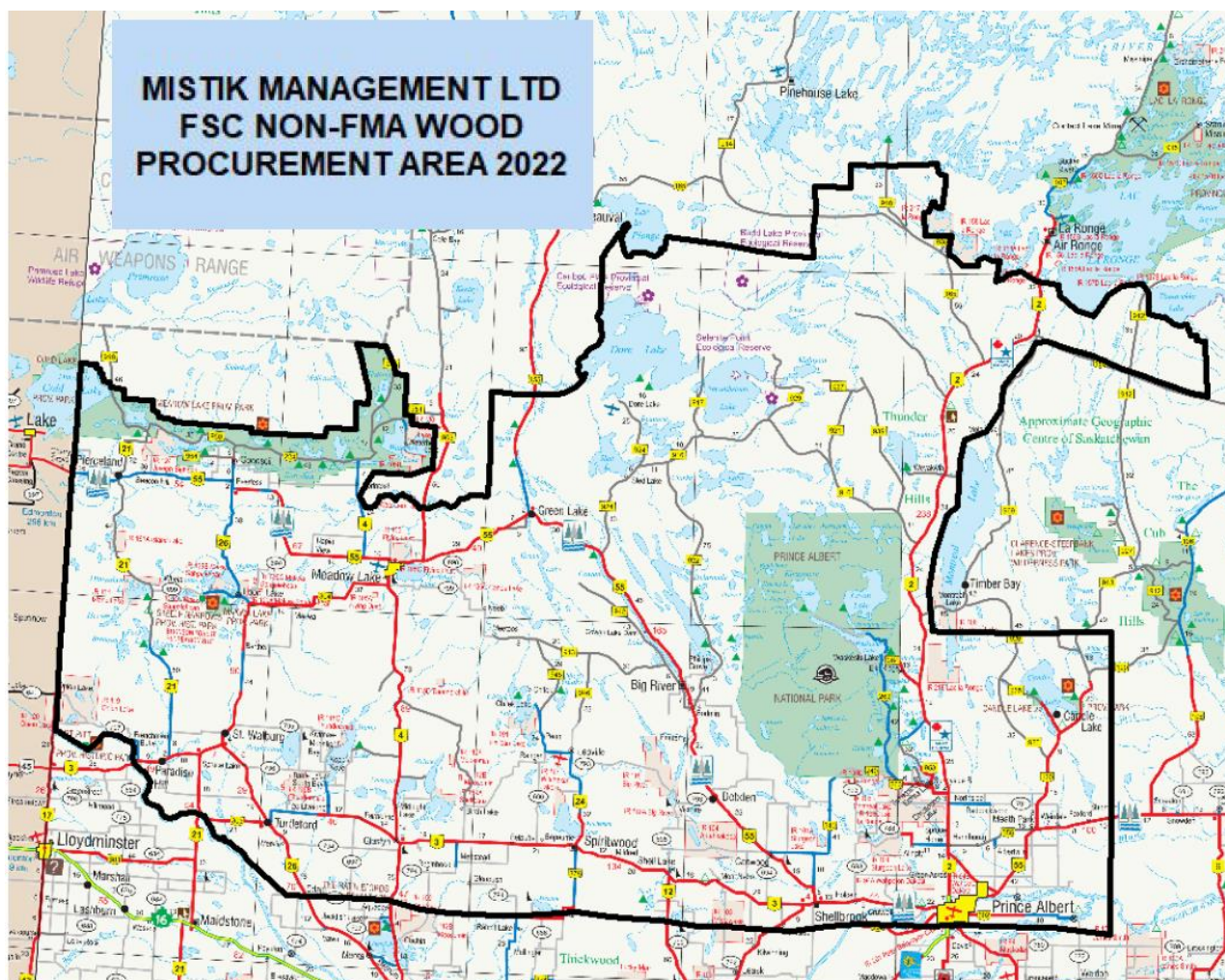


FIGURE 1 – MISTIK MANAGEMENT PROCUREMENT AREA 2022-2023

4. Risk assessment and Control Measures

Implementation of the FSC National Risk Assessment for Canada (NRA) was approved and implemented as of June 26th, 2019, with the final version being approval by FSC International on November 5th, 2019 and is used as the assessment tool for Mistik’s DDS. Control measures as per the NRA for the supply area have been implemented and are summarized in the next section. (<https://ca.fsc.org/preview.national-risk-assessment-for-canada-fsc-nra-ca-v2-1.a-2392.pdf>)

4. a. Risk Mitigation

Control Measures for all specified risk areas have been proposed in the NRA. Below are the control measures implemented or existing for the supply area determined by the NRA. See the map and associated Specified Risks and Control Measures.

TABLE #1 – FSC NATIONAL RISK ASSESSMENT SPECIFIED RISK CONTROL MEASURES FOR THE ASSESSMENT AREA

CONTROLLED WOOD CATEGORY	CONTROLLED WOOD INDICATOR
CATEGORY # 2 – Wood harvested in violation of traditional and human rights Selected NRA Control Measure - CM – 1 Indigenous Peoples with legal and/or customary rights within the forest management unit do not oppose the Forest Management plan.	2.3 The rights of Indigenous and Traditional Peoples are upheld
CATEGORY # 3 - Wood from forests in which high conservation values are threatened by management activities Selected NRA Control Measure - CM – 8 Evidence demonstrates that forests in the sourcing area have a <i>management plan</i> ¹ that contributes to the recovery of woodland caribou critical habitat, as identified in the Federal Recovery Strategy. The management plan identifies and implements: a) Best Management Practices (BMPs) that reduce disturbance to and restore critical habitat including, but not limited to: <ul style="list-style-type: none"> • access management (e.g. road decommissioning, integrated access plans, restoration of linear features); OR • aggregate harvesting (i.e. harvest scheduling to minimize disturbance footprint). OR b) Harvest deferrals, set asides, and/or protection areas within areas of critical habitat, where forest operations are not permitted. Rationale is provided as to how such actions will contribute to reducing the level of disturbance over time in critical habitat, in support of meeting the threshold requirements in the Federal Recovery Strategy.	3.1 High Conservation Value #1 : Species Diversity

CATEGORY # 3 - Wood from forests in which high conservation values are threatened by management activities

3.2 High Conservation Value #2 : Landscape-level ecosystems and mosaics

Selected NRA Control Measure -
CM – 2

Forest operations do not reduce an IFL below 50,000 ha, **AND** all meet applicable options below:

- a) For an IFL between 50,000 and 62,500 ha, cumulative impacts forest operations do not affect more than 10% of the IFL.
- b) For an IFL between 62,501 and 75,000 ha, cumulative impacts forest operations do not affect more than 20% of the IFL.
- c) For an IFL between 75,001 and 200,000 ha, cumulative impacts forest operations do not affect more than 30% of the IFL.
- d) For an IFL between 200,001 and 500,000 ha, cumulative impacts forest operations do not affect more than 35% of the IFL.
- e) For an IFL larger than 500,001 ha, cumulative impacts forest operations do not affect more than 45% of the IFL.

4. b. Risk assessment and mitigation for mixing in the supply chain

Supply chain type	Risk of mixing	Control measures	Findings from field verification if undertaken as a control measure
<ol style="list-style-type: none"> 1. <i>Wood delivered and purchased from approved forest management license areas and term supply areas</i> 2. <i>Wood delivered and purchased directly from private land owners</i> 3. <i>Wood delivered and purchased from first nation lands</i> 	<ol style="list-style-type: none"> 1. All harvesting is from legally approved harvest areas and is identified in an approved operating plan. Stock pile and staging sites have been noted as sites for potential risk of mixing. 2. All harvesting is legally confirmed and an assessment is completed to ensure that procurement is low risk. 3. All harvesting is initiated by the First Nation government and is approved through band council resolution and Indigenous Services Canada 	<ol style="list-style-type: none"> 1. Stock pile measures in place include Government of Saskatchewan approval of stockpile and staging sites in an operating plan or amendment approval. All inventories are mass scaled for volume and audited by Price Waterhouse Cooper. Deliveries volumes are measured against scale data to ensure accuracy. 2. No measures required. 3. No measures required. 	<ol style="list-style-type: none"> 1. All approved staging sites were monitored for accuracy and no findings were recorded for issues associated with any type of product mixing or volume errors. 2. Field verification confirmed through CW audit for location. 3. Field verification confirmed through CW audit for location.

5. Technical experts used in the development of control measures

Name	License/Registration #	Qualification	Scope of service
Kevin Gillis	<i>SK ASFP Registration #087 RPF</i>	<i>Recognized and accepted Member of FSC Indigenous Chamber and FSC Standards Development Group Member associated with Indigenous Chamber representation.</i>	<i>Rights of Indigenous Peoples Control Measure</i>
Kevin Gillis	<i>SK ASFP Registration #087 RPF</i>	<i>Member of the “Range Plan for Woodland Caribou in SK” planning table member</i>	<i>High Conservation Value #1 Species Diversity</i>
Kevin Gillis	<i>SK ASFP Registration #087 RPF</i>	<i>Member of the FSC Case Studies of the Intact Forest Landscape Determination in Canada</i>	<i>High Conservation Value #2 Landscape level ecosystems and mosaics</i>

6. Complaints procedure

Complaints, concerns, issues, comments or suggestions for improvements from stakeholders related to our controlled wood certification program or due diligence system can be sent to [MISTIK MANAGEMENT LTD. BOX 9060, MEADOW LAKE, SASKATCHEWAN, S9X 1V7], kevin.gillis@mistik.ca, 306-236-4431 by mail, email, or phone. We commit to following up on stakeholder input and provide stakeholders with feedback within two weeks upon receiving a complaint, concern, issue, comment or suggestion.

Mistik’s complaint process included the following commitments:

1. Complaint will be acknowledged within two weeks of receipt of the complaint; an official response will be made to the complaint in a form that best suits the complainant. Mistik’s complaint procedure will also be communicated at this time.

2. Mistik will attempt to resolve the issue within two weeks of receipt of the complaint. If the issue cannot be resolved immediately, involvement of other Mistik staff members that may provide assistance in addressing the matter will be initiated. The evidence provided in the complaint will be assessed to determine whether the complaint is or is not substantial.
3. If the issue cannot be addressed within two weeks of Mistik being made aware of the matter, or a resolution process cannot be agreed to that is mutually agreeable to both the complainant and Mistik, document the nature of the issue on a Mistik Stakeholder Discussion Form and notify Mistik's General Manager.
4. Complaint details will be forwarded to the certification body, affected customer(s) and FSC Canada within two weeks of receipt of the written complaint.
5. Notification will be made to the complainant, regarding the status of the complaint on a regular basis by the Operations Manager.
6. Employ a precautionary approach towards the sourcing of the relevant material while a complaint is pending.
7. Within two months of receipt of the complaint, review all sources of information relevant to the complaint. Review Mistik's original documentation related to the chain of custody determination. Based on all the evidence, through the corrective action procedure, make a new chain of custody determination that will either validate the complainant's evidence or validate Mistik's original chain of custody evidence.
8. If a non-conformance of Mistik's chain of custody procedure is found, create a corrective action report. Ensure that the supplier is excluded from Mistik's FSC controlled wood suppliers list. The supplier shall not be designated as a FSC controlled wood source until such time as Mistik's Operations Manager formally reviews the source area again and determines the appropriate chain of custody classification.
9. Verify that the corrective action has been taken by suppliers and assess for effectiveness.
10. Exclude the material in question and suppliers from Mistik's controlled wood supply chain if no corrective action is implemented.
11. When resolution of the complaint has been achieved, the complainant, the certification body, and FSC Canada will be notified of the actions taken to resolve the complaint.
12. File all chain of custody determination decisions made in response to complaints by source, year and supplier.