



2021 FOREST MANAGEMENT AUDIT PUBLIC SUMMARY REPORT
FOR
MISTIK MANAGEMENT LTD.
MEADOW LAKE, SASKATCHEWAN

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1.0 Introduction

This public summary audit report presents the results of the 2021 FSC forest management surveillance 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.

The scope of the 2021 audit included forest management plans and practices on the Mistik and Northwind Forest Products (formerly L&M Wood Products) FMAs.

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. Northwind Forest Products (Northwind) 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 Northwind 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 Northwind FMA area).

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

Mistik staff manage both the Mistik and Northwind 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 Northwind FMA area are processed at the Northwind specialty wood products mill or the NorSask sawmill.

B. Location

The Mistik and Northwind 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 current Mistik FMP covers 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, Northwind, government agencies and various external experts. The FMP covers both the Mistik and Northwind FMA areas and includes values, objectives, indicators, and targets (VOITs) that apply to both landbases. 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 (2020) surveillance audit. Although Mistik continues to concentrate its operations in the southern two-thirds of the Mistik FMA area (as well as within the Northwind 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 Northwind

Mistik's approach to forest management does not involve the use of chemical pesticides. This approach applies to both the Mistik and Northwind 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 Northwind FMAs. 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 Sakâw 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 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 Northwind FMA areas in a provincial context

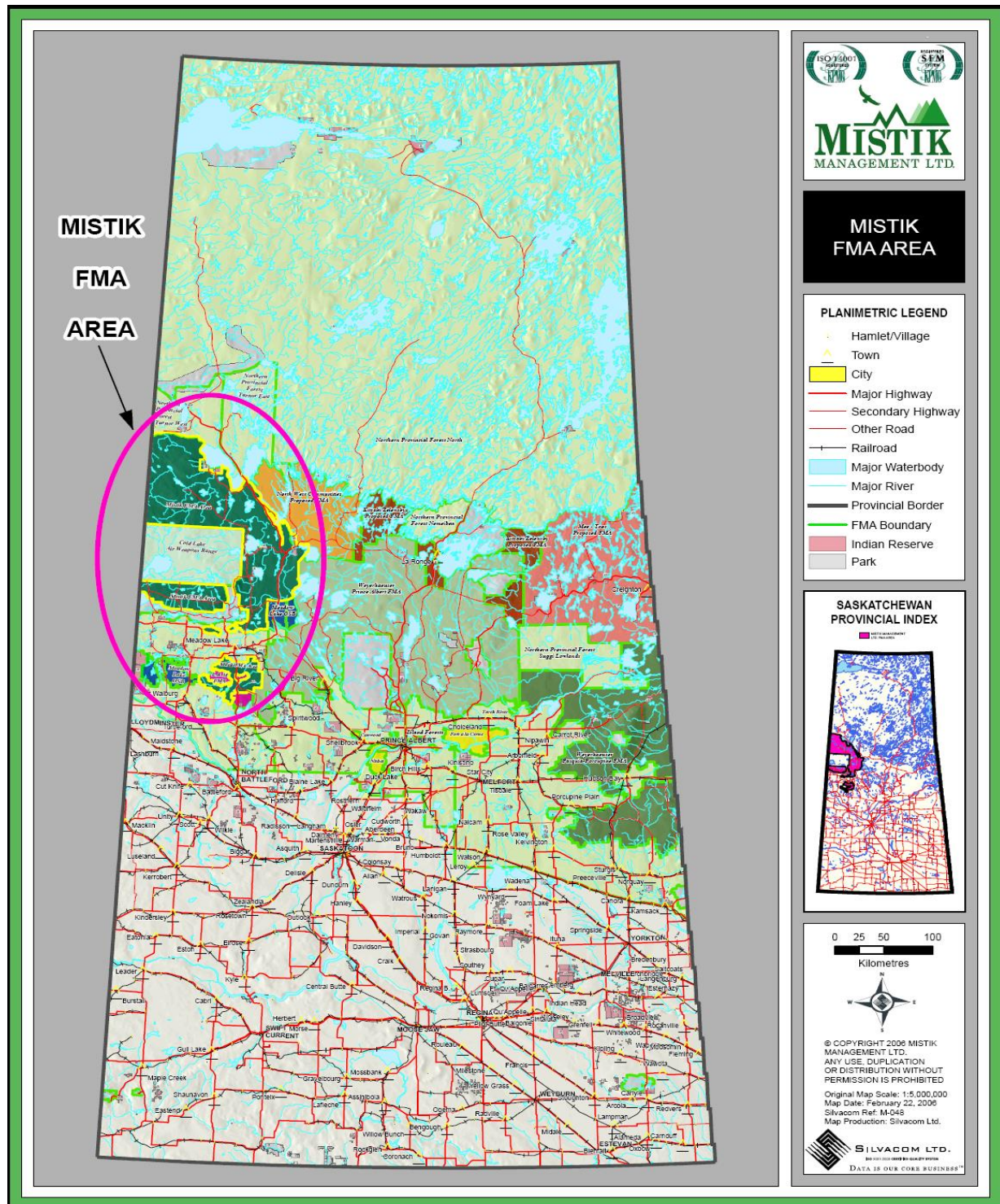
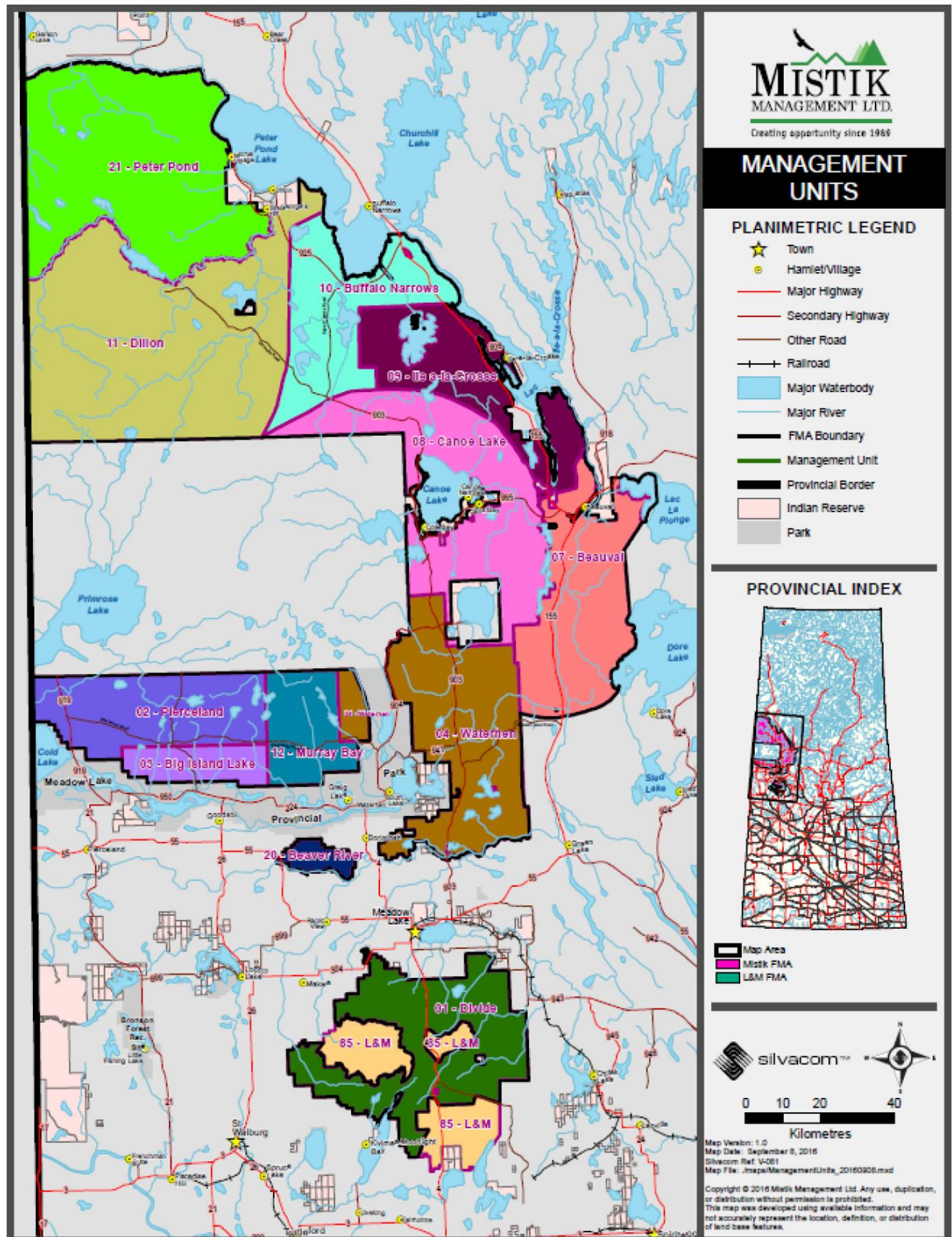


Figure 2: Map of the Mistik FMA area management units



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.

Mistik was transitioned to the National Forest Stewardship Standard of Canada standard during the 2020 audit. At the time, Principles 3 and 4 were audited in their entirety along with all of the Criteria that are required to be audited every year.

2021 is the last year in the Mistik FSC forest management audit cycle. Although FSC Canada guidance indicates that all of the requirements of the National Forest Stewardship Standard of Canada must be audited over the remaining years in the audit cycle, it also provides for the ability to take a risk-based approach to the auditing of the FSC Principles such that not all Principles need be audited where there is adequate justification.

A documented FSC forest management audit scope risk assessment was completed in June 2021 and those Principles that were determined to be higher risk were included within the scope of the 2021 audit. The details of this risk assessment are contained in the Mistik FSC forest management audit file that is maintained by KPMG FCSI.

The scope of the 2021 Mistik FSC forest management surveillance audit included:

- All forest management activities carried out by Mistik on the Mistik and Northwind 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.
- Criterion 3.2: The Organization shall recognize and uphold the legal and customary rights of Indigenous Peoples to maintain control over management activities within or related to the Management Unit to the extent necessary to protect their rights, resources and lands and territories. Delegation by Indigenous Peoples of control over management activities to third parties requires Free, Prior and Informed Consent.
- Criterion 3.4: The Organization shall recognize and uphold the rights, customs and culture of Indigenous Peoples as defined in the United Nations Declaration on the Rights of Indigenous Peoples (2007) and ILO Convention 169 (1989).
- Criterion 4.4: The Organization shall implement additional activities, through engagement with local communities, that contribute to their social and economic development, proportionate to the scale, intensity and socio-economic impact of its management activities.
- Criterion 4.5: The Organization, through engagement with local communities, shall take action to identify, avoid and mitigate significant negative social, environmental and economic impacts of its management activities on affected communities. The action taken shall be proportionate to the scale, intensity and risk of those activities and negative impacts.
- 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.
- Principle 6.0: The Organization shall maintain, conserve and/or restore ecosystem services and environmental values of the Management Unit, and shall avoid, repair or mitigate negative environmental impacts – all Criteria.
- 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.
- Principle 8.0: The Organization shall demonstrate that, progress towards achieving the management objectives, the impacts of management activities and the condition of the Management Unit, are monitored and evaluated proportionate to the scale, intensity and risk of management activities, in order to implement adaptive management – all Criteria..
- Principle 9.0: The Organization shall maintain and/or enhance the High Conservation Values in the Management Unit through applying the precautionary approach – all Criteria.

- 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.
- FSC-STD-50-001 V2-0 (Requirements for use of the FSC trademarks by Certificate Holders).

NB: To ensure an efficient audit process, the 2021 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 2021 FSC surveillance audit of the Mistik and Northwind FMA areas was conducted by a 2 person audit team. The names and respective roles of the audit team members are shown in Table 1 on the following page.

Table 1: The 2021 KPMG FCSI surveillance audit team

Audit Team Member	Role on Audit Team
Dave Bebb, RPF(BC), EP(EMSLA)	FSC lead auditor and CSA Z809 auditor. Overall responsibility for the FSC audit process. Assessment of: conformance with the following FSC Principles and Criteria: Criteria 1.4 and 1.6. Criterion 2.3. Criteria 3.2 and 3.4. Criteria 4.4 and 4.5. Criterion 5.2. Principle 6.0 (all Criteria). Criterion 7.6. Principle 8.0 (all Criteria). Principle 9.0 (all Criteria). Criterion 10.3. On-site assessment of selected field sites.
Yurgen Menninga, RPF(BC), EP(EMSLA)	CSA Z809 lead auditor and FSC auditor. On-site assessment of selected field sites.

3.3 Audit procedures associated with the 2021 surveillance audit

The 2021 surveillance 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 2021 audit was conducted using a hybrid audit approach that included:

- An enhanced off-site document review combined with telephone interviews/video conferencing with a sample of Mistik employees, contractors and external stakeholders.
- A focused site assessment that included visits to a sample of field sites by the 2 members of the audit team.

A. Enhanced off-site document review/telephone interviews

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) and telephone interviews with selected Mistik staff and external stakeholders was conducted from September 8-October 15, 2021 (i.e., immediately in advance of the field 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 2020 surveillance audit including Mistik's progress towards addressing the findings of previous audit visits, (2) review documents and records that relate to the scope of the 2021 audit, (3) obtain audit interview evidence from selected Mistik staff and third-parties, and (4) provide for a more efficient use of auditor time during the on-site portion of the surveillance audit.

B. Stakeholder consultation

The 2021 surveillance audit involved:

- The administration of a pre-audit questionnaire that was sent to all of the members of the Mistik public advisory group (PAG) approximately 2 months prior to the commencement of the off-site portion of the audit. Only a limited number of responses to this questionnaire were received, all of which were positive.
- Telephone interviews with a sample of representatives of local Indigenous communities and external stakeholders with an interest in the Mistik and Northwind FMAs. Interviewees were selected for interviews based on: (1) the relevance of their views in relation to the scope of the audit, (2) their availability at the time of the audit, and (3) audit time constraints.

The large majority of the representatives of local Indigenous communities and external stakeholders interviewed during the 2021 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 communities, rights holders and other directly affected persons during the 2021 Mistik surveillance audit and how they were addressed by the audit team.

Table 2: Audit observations and conclusions regarding comments received during the 2021 Mistik audit from Indigenous Peoples, rights holders and other directly affected persons

Comment	Audit Team Observations	Audit Conclusions
<p>The large majority of the representatives of local Indigenous communities and external stakeholders interviewed during the 2021 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>Beyond the few instances discussed below, the representatives of local Indigenous communities and external stakeholders interviewed during the audit did not raise 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 representatives of local Indigenous communities and external stakeholders merited the issuance of any audit findings.</p>
<p>An interview with a representative of Saskatchewan MoE Forest Service suggested that Mistik had experienced an increase in compliance incidents over the past year.</p>	<p>After further review by the KPMG FCSI Lead Auditor it was determined that while some of these observations are valid, others are not. Specifically:</p> <ul style="list-style-type: none"> • The agency conducted significantly more field inspections over the past year, which translated into the identification of greater number of compliance incidents (e.g., some roads that were not fully reclaimed within the required 2 year period, a few a few harvest blocks where landing debris was not adequately disposed of within the required 2 year period, a few NoVs (Notices of Violation) that were issued in relation to recently installed stream crossings). However, there is a strong likelihood that the level of non-compliance has not actually changed significantly from prior years but the recent increase in inspections has resulted in more issues being identified. • Inspection of a 2020 harvest block (12—08-009) during the 2021 audit for which a fine for causing rutting was issued found that the area that had been impacted was very small compared to the size of the block, and the impacts to soil productivity were relatively minor. • The representative of Saskatchewan MoE Forest Service indicated that the quality of operational planning had deteriorated in the past few years and cited as one example of perceived 	<p>The audit team concluded that none of the comments received from this stakeholder merited the issuance of any audit findings. However, the 2022 audit will include an assessment of Mistik's implementation of its new EMS procedures to address the various compliance issues identified by Saskatchewan MoE Forest Service staff over the past year (e.g., block boundary and road deviation assessment form, recording of GPS way-points from staff inspections of road reclamation and slash abatement, etc.) to confirm that: (1) they have been implemented as required, and (2) they are effective in addressing the root cause(s) that gave rise to these issues.</p>

Comment	Audit Team Observations	Audit Conclusions
	<p>weaknesses in 3 harvest event plans that as a result were not approved. However, after further research it appears that in reaching this conclusion the representative was applying a draft government document that outlines expectations for harvest event plans that has yet to be provided to Mistik in its entirety and is not expected to be approved by government until late 2021/early 2022.</p> <ul style="list-style-type: none"> Mention was made of a number of blocks that had exceeded the allowable block area deviation. However, the analysis upon which this conclusion was based actually included a number of blocks that had been harvested 3-4 years ago. Mistik has made a number of operational improvements to help address this issue in the past few years but these post-date some of the harvest blocks included in the government's analysis. <p>However, notwithstanding the above observations, some of the assertions of the Saskatchewan MoE Forest Service representative appear to have merit, particularly those that relate to road reclamation, slash abatement and road and boundary deviations.</p> <p>Interviews with Mistik staff found that they are in the process of developing new/revised procedures to help reduce the occurrence of these issues in the future. However, these procedures are quite new or still in draft form and as a result there is currently insufficient evidence of their implementation to assess their effectiveness.</p>	
<p>An interview with the Chief of a First Nation whose traditional territory is located in the northern portion of the FMA (where Mistik has not had active operations for over a decade) expressed dissatisfaction regarding the circumstances under which the Company had curtailed its operations in the area, which had apparently resulted in some local contractors going bankrupt. He indicated that the community does not want Mistik to re-commence active harvesting operations in the area unless there is a commitment to do so for the long term.</p>	<p>Follow-up on this issue by the KPMG FCSI Lead Auditor (which included an interview with Mistik's current General Manager) found that the decision to not operate in the northern portion of the Mistik FMA was made by Mistik's parent companies (rather than Mistik) and took place over a decade ago. In addition, Mistik has also started to re-engage with the northern communities (including the First Nation to which this comment pertains) in preparation for potentially going back to the northern portion of the Mistik FMA in a few years when they have support from their parent companies to do so. As part of these discussions, Mistik has stated that they will not return until they can make a long term commitment to the northern communities to operate in the north, rather than just coming in for a year or two to do fire salvage.</p>	<p>The audit team concluded that none of the comments received from this representative of a local Indigenous community merited the issuance of any audit findings.</p>

C. Surveillance audit procedures

The 2021 surveillance 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 principles, criteria, indicators and verifiers included in the standard.

The 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 2019/20 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;
- On-site audit of a sample of roads, harvest blocks, silviculture sites and camps on the Mistik and Northwind FMA areas.

D. Audit sample and time requirements

The audit involved the on-site assessment of a sample of active and recently completed sites across the southern portion of the Mistik FMA area as well as the Northwind FMA area. The total number of field sites inspected during the audit was as follows:

Roads: 15 (1 of which was a Northwind site)

Harvesting blocks: 15 (2 of which were Northwind sites)

Silviculture sites: 7 (0 of which were Northwind sites)

Camps: 1

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	01-12-012 01-21-005 01-22-037
Pierceland	02-17-016
Big Island Lake	03-03-014 03-010-017

Waterhen	04-10-003 04-23-023 04-37-056 04-37-058 04-40-012
Beauval	07-15-021
Canoe Lake	08-11-005 08-11-008 08-16-020
Murray Bay	12-08-009 12-17-001 12-17-003
Northwind	85-07-021 86-18-006

The 2021 Mistik FSC surveillance audit required approximately 22.5 person days to complete.

4.0 Audit Findings

4.1 Current status of findings identified in previous audits

The 2021 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

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 2021 Mistik FSC surveillance audit took place.

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

At the time of the 2021 surveillance/scope expansion audit there were a total of 5 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	<p>Mistik-2017-FSC-OFI-02:</p> <p>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 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 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>

FSC Indicator	Finding
	<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>2021 surveillance audit follow-up comments: Most of the issues that gave rise to this finding have now been addressed. Interviews with Mistik planning staff and review of a sample of recent CMB/Chief and Council consultation records found evidence of the Company having periodically asked these bodies whether the current consultation model is working for them. In addition, telephone interviews with a sample of representatives of these bodies confirmed that they were generally happy with the Mistik's current approach to consultation with their community. Further, progress has also been made towards documenting commitments made to various communities/stakeholders in the Smartsheet system. 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 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 BILCN'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</p>

FSC Indicator	Finding
	<p>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>2021 surveillance audit follow-up comments:</p> <p>There has been little progress towards improving the relationship between Mistik and BILCN since the previous audit. Although Mistik has made a number of attempts to reach out to BILCN in the past year, they have so far been unsuccessful in organizing a meeting with Chief and Council. Mistik has however been successful in arranging a few limited contracting opportunities with BILCN and continues to pay BILCN co-management fees for harvesting that is conducted within their traditional territory.</p> <p>Current status of this finding: Open.</p>
National Boreal Standard Indicator 4.1.1	<p>Mistik-2017-FSC-OFI-05:</p> <p>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>2021 surveillance audit follow-up comments:</p> <p>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 continue to be hampered over the past year due to COVID-19 travel and social distancing restrictions. Although there are apparently 2 groups in Buffalo Narrows that are interested in forming a CMB for this FMU, discussions remain preliminary at this time. Further, a number of the Indigenous communities representatives and external stakeholders from the northern part of the Mistik FMA who were interviewed during the audit indicated that they don't want to see Mistik come back until there is a commitment to do so for the long term. Finally, the current wood supply situation in Saskatchewan is such that Mistik does not 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.</p> <p>Current status of this finding: Open.</p>
National Boreal Standard Indicator 6.5	<p>Mistik-FSC FM-OFI-2019-01:</p> <p>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</p>

FSC Indicator	Finding
	<p>and in most cases it is unlikely that the extent of rutting observed would exceed regulatory requirements.</p> <p>2021 surveillance audit follow-up comments:</p> <p>The previous (2020) surveillance audit found that Mistik had taken a number of steps to address the root cause of this finding, including providing additional training to contractors. The 2021 surveillance audit included review of recent harvest block inspection records, interviews with Mistik staff and a sample of equipment operators and field inspection of a sample of active and recently completed harvest blocks. There was no evidence of any recent rutting issues on the sample of sites visited. Further, a visit to the site of a rutting incident from 2020 (block 12-08-009) that was investigated by Saskatchewan Ministry of Environment and for which the Company received an administrative penalty found that the area where the rutting occurred was concentrated in a small portion of the block, did not have any impacts on riparian values and is unlikely to have any long term impacts on site productivity. The audit concluded that the issues that gave rise to this finding had been adequately addressed.</p> <p>Current status of this finding: Closed.</p>
<p>National Forest Stewardship Standard of Canada Criterion 3.3</p>	<p>Mistik-FSC FM-OFI-2020-01:</p> <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). 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</p>

FSC Indicator	Finding
	<p>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>2021 surveillance audit follow-up comments:</p> <p>Mistik has yet to develop a draft document that addresses the core requirements of FPIC and share it with the various formalized groups that it works with. However, they have had internal discussions at the BoD level regarding what such a document might look like, and hope to have a draft in place before Christmas 2021. According to Mistik staff, although the document will address the core FPIC requirements, they envision tailoring each agreement that it is based on to reflect what the community wishes the agreement to address. Although the action plan to address this finding remains a work in progress, the due date is not until March 31, 2022. As such, there is still time to implement the action plan before the due date specified.</p> <p>Current status of this finding: Open.</p>

4.2 New audit findings

The new audit findings that were identified during the 2021 Mistik surveillance audit are described in sections A and B below.

A. New non-conformities identified during the 2021 Mistik surveillance audit

No new major or minor non-conformities with the applicable FSC Principles and Criteria were identified during the 2021 Mistik surveillance audit.

B. New opportunities for improvement identified during the 2021 Mistik surveillance audit

The 2021 Mistik surveillance/scope expansion audit identified 1 new opportunity for improvement in relation to the requirements of the National Forest Stewardship Standard of Canada, as noted in Table 6 on the following page.

Table 6: Summary of new opportunities for improvement

Standard	FSC Criterion	Finding
National Forest Stewardship Standard of Canada	6.7	<p>Mistik-FSC FM-OFI-2021-01:</p> <p>Criterion 6.7 requires that organizations develop and implement best management practices to avoid negative impacts on water quality and quantity and mitigate and remedy those that occur. Mistik has addressed this requirement through the development and implementation of various standard operating procedures (SOPs) under its EMS. Inspection of a sample of active field sites during the audit found that the applicable SOPs had been implemented as required in the large majority of instances. However, the following isolated issues were noted:</p> <ul style="list-style-type: none">• Inspection of the Almar camp in block 3-10-017 found that a fuel truck's fire extinguishers, while charged, were expired (other extinguishers nearby in the camp were valid and on hand).• Inspection of a skidder working on block 4-40-006 found that the operator did not have a copy of the block map.• Inspection of a truck mounted slip tank on block 8-11-005 found that although the tank was adequately secured to the vehicle and had the required TDG (1202) label, there was no drip containment present to catch drips from the nozzle when not in use.

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 2020 surveillance audit took place.

4.4 Surveillance audit decision

The 2021 surveillance 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 Northwind 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. continue to be certified to the FSC National Forest Stewardship Standard of Canada.

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)
FSC Principle 1 : Compliance with Laws		
1.4	Mistik's EMS includes detailed procedures for recording and reporting non-compliances and non-conformances that are the direct result of Mistik's activities on the FMA. These incidents are recorded in Mistik's non-conformance tracking matrix, a copy of which is provided to MoE Forest Service Branch on a regular basis. In addition, all major non-compliance issues related to Mistik's activities are reported to MoE Forest Service Branch immediately. The Company also has procedures for recording and reporting of illegal activities by third parties. Under this procedure (EMSOP018), Mistik staff are required to document any observed activity by third parties that appears to contravene Provincial or Federal legislation on an Incident Report Form and report the incident to Mistik management in a timely manner. If the illegal activity is perceived to be of a serious nature or is an immediate danger to Mistik staff, contractors or workers, the procedure requires the immediate notification of the MoE. Interviews with Mistik staff and review of Company records found that this procedure has been fully implemented.	C
1.6	Formal dispute resolution procedures are included in CMB agreements (section 9.0) and the terms of reference of the CSA Z809 public advisory group. In addition, Mistik has an SOP (EMSOP-19) for receiving public input where CMBs are deemed to be dysfunctional which has been provided to all of the CMBs/Advisory Boards that the Company deals with. The basic protocol for resolving such disputes includes the following steps: <ul style="list-style-type: none"> Attempting to deal with the issue at the planning stage (if possible) through direct discussions with those concerned. Bringing the issue to the attention of the General Manager (Robert Follett) for resolution in the event that it cannot be resolved at the field level. If Mistik is unable to resolve a dispute using the above means, the only recourse available to the other party to the dispute is through the courts. Review of a number of documents related to recent disputes and interviews with the affected parties found that Mistik's procedures for resolving disputes: (1) have been implemented as required, and (2) are reasonably effective. There have been no new disputes of substantial magnitude regarding issues of statutory or customary law since the previous audit.	C
FSC Principle 2 : Workers Rights and Employment Conditions		

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
2.3	Mistik continues to implement a comprehensive health and safety program that includes annual staff contractor safety training, documented safety policies and procedures and the provision of required safety equipment to workers. Interviews with a sample of Mistik staff and contractors and a review of staff and contractor safety records found that there were no staff or contractor lost time accidents during the past year.	C
FSC Principle 3 : Indigenous Peoples' Rights		
3.2	<p>Review of recent CMB records (for Canoe, Île-à-la-Crosse and Waterhen) and interviews with a sample of representatives of Indigenous communities did not identify any situation where actual or implied FPIC had not been obtained, notwithstanding the current COVID-19 related challenges regarding face to face meetings with the various Indigenous communities that Mistik consults with.</p> <p>Follow-up comments on the status of Mistik-2017-FSC-OFI-02: Most of the issues that gave rise to this finding have now been addressed. Interviews with Mistik planning staff and review of a sample of recent CMB/Chief and Council consultation records found evidence of the Company having periodically asked these bodies whether the current consultation model is working for them. In addition, telephone interviews with a sample of representatives of these bodies confirmed that they were generally happy with the Mistik's current approach to consultation with their community. Further, progress has also been made towards documenting commitments made to various communities/stakeholders in the Smartsheet system. 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: There has been little progress towards improving the relationship between Mistik and BILCN since the previous audit. Although Mistik has made a number of attempts to reach out to BILCN in the past year, they have so far been unsuccessful in organizing a meeting with Chief and Council. Mistik has however been successful in arranging a few limited contracting opportunities with BILCN and continues to pay BILCN co-management fees for harvesting that is conducted within their traditional territory.</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 continue to be hampered over the past year due to COVID-19 travel and social distancing restrictions. Although there are apparently 2 groups in Buffalo Narrows that are interested in forming a CMB for this FMU, discussions remain preliminary at this time. Further, a number of the Indigenous communities representatives and external stakeholders from the northern part of the Mistik FMA who were interviewed during the audit indicated that they don't want to see Mistik come back until there is a commitment to do so for the long term. Finally, the current wood supply situation in Saskatchewan is</p>	OFI

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	<p>such that Mistik does not 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.</p> <p>Current status of this finding: Open.</p>	
3.3	<p>Follow-up comments on the status of Mistik-2020-FSC-OFI-01:</p> <p>Mistik has yet to develop a draft document that addresses the core requirements of FPIC and share it with the various formalized groups that it works with. However, they have had internal discussions at the BoD level regarding what such a document might look like, and hope to have a draft in place before Christmas 2021. According to Mistik staff, although the document will address the core FPIC requirements, they envision tailoring each agreement that it is based on to reflect what the community wishes the agreement to address. Although the action plan to address this finding remains a work in progress, the due date is not until March 31, 2022. As such, there is still time to implement the action plan before the due date specified.</p> <p>Current status of this finding: Open.</p>	OFI
3.4	<p>Review of recent records of engagement between Mistik and the Indigenous communities present within the Mistik FMA area 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 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 the affirmative. Based on the information obtained during the audit there is no evidence that the rights, customs and culture of Indigenous Peoples as defined in UNDRIP and ILO Convention 169 are being violated by Mistik. Note that the chief of one First Nation located in the northern portion of the Mistik FMA expressed dissatisfaction regarding previous interactions with Mistik (specially, he indicated that when Mistik pulled out of the northern portion of the FMA a number of local forestry contractors went bankrupt). However, the decision to not operate in the north was made by Mistik's parent companies and took place over a decade ago. Also, Mistik has also started to re-engage with the a number of northern communities in preparation for potentially going back in a few years when they have support to do so. As part of these discussions, Mistik has stated that they will not return until they can make a long term commitment to the northern communities to do so, rather than just coming in for a year or two to do fire salvage.</p>	C
FSC Principle 4 : Community Relations		
4.4	<p>Mistik continues to provide culturally appropriate engagement through its Public Advisory Group meetings, co-management boards and open stakeholder process. This includes providing tours of 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. In addition, Mistik continues to provide co-management fees to those CMBs/Indigenous communities located in the management units where the Company as current harvesting operations. These fees are based on the volume harvested during the year in a given FMU and are provided on an unfettered basis where the community is free to use them as they see fit. In addition, an interview with Mistik's General Manager found that Mistik has recently embarked on a new capacity</p>	C

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	building initiative that includes providing loans to representatives from various northern communities to enable them to purchase logging equipment.	
4.5	Interviews with Mistik planning and operations staff and a review of documents found that Mistik continues to maintain its commitments with its co-management boards and local and Indigenous communities in its Smartsheet, maps, and stakeholder files. Review of the Smartsheet and interviews with Mistik planning staff found that the Company has made several changes to the format of the Smartsheet over the past year in order to better document when commitments to external stakeholders have been made and communicate their status to MoE Forest Service Branch (who are provided with a copy on a regular basis). Review of recent consultation records with Waterhen, Canoe and Île-à-la-Crosse and interviews with a sample of representative from these and other northern communities found that Mistik continues to work diligently in trying to identify and address the potential for significant negative social, environmental and economic impacts from its operations.	C
FSC Principle 5 : Benefits from the Forest		
5.2	Review of Mistik's harvest volume records for the 2020 operating year found that the Company continues to be in significant undercut position relative to both the hardwood and softwood AACs for the Mistik and Northwind FMAs. Further, an interview with the Mistik Planning Manager and a review of the 2019/20 annual report found that for the reporting year Mistik had harvested only: (1) 23% of the Mistik FMA softwood AAC and 86% of the Northwind softwood AAC, and (2) 45% of the Mistik FMA deciduous AAC and 26% of the Northwind AAC. This is consistent with Mistik's current voluntary commitment to reduce its harvest level by a proportion that is at least equal to the volume that could be harvested from the northern portion of the Mistik FMA were Mistik to re-establish active operations there. However, at present there is insufficient support from both of its parent companies to do so, although this may change in the future given the recent fibre supply announcements made by the provincial government regarding the PA pulpmill and other planned processing facilities in the province.	C
FSC Principle 6 : Environmental Values and Impacts		
6.1	Volume 1 of the 2019-2021 FMP includes a detailed assessment of the environmental values present on the Mistik and Northwind FMAs. The current FMP was reviewed by KPMG FCSI in detail when it was first approved by government. The landscape level assessments that were completed to support the development of the 2019-2039 FMP remain in place and unchanged. However, Mistik has recently completed phase 1 of a new protected areas gap analysis (in cooperation with AI-Pac, CPAWS and DU) that will help inform future proposals for protected areas within the combined Mistik and AI-Pac landbases.	C
6.2	Volume 2 of the 2019-2039 FMP includes a wide variety of VOITs. Key landscape level VOITs (such as seral stage, event size, old forest, caribou habitat, etc.) are based on the NRV analysis previously completed for Mistik by David Andison. This volume of the FMP also includes the results of a forest estate modeling exercise that was completed using the Remsoft Spatial Planning System. Various constraints were included in the model to reflect the landscape level VOITs identified in the FMP. The analysis, which included several different planning scenarios, was conducted over a 200 year planning horizon. The results of the analysis (which are aspatial) were then run through Remsoft's Spatial Optimizer in order to apply spatial/proximity constraints to control the spatial and temporal distribution of disturbance events and mimic operational planning strategies, such as those	C

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	required to address the habitat needs of SAR and the protection of HCVs. Further, the audit confirmed that Mistik continues its practice of conducting PHSPs in order to ensure that stand level environmental values are identified and addressed prior to harvest, although these are no longer a specific regulatory requirement.	
6.3	<p>Mistik has developed and implemented an ISO 14001 compliant EMS that includes a large suite of SOPs that are designed to address the environmental risks associated with the Company's significant environmental aspects. Although the Company is no longer certified to ISO 14001, the EMS is still relied upon to address various requirements of the CSA Z809 and FSC forest management standards. Review of the suite of SOPs included in the EMS found that a number of them address the protection of soil productivity during road construction and forest harvesting activities. In addition, Mistik continues to voluntarily complete block level PHSPs prior to harvesting as a means to help identify and protect sensitive soils. Inspection of a sample of active and recently completed harvest blocks did not identify and concerns related to the protection of forest soils. The on-block road systems were not overbuilt, and there was no evidence of significant soil disturbance by harvesting equipment. Further, the level of CWD retained on-site appeared adequate, as was the proportion of the original stand that had been retained as clumps, islands and individual trees/snags. Finally, the FMP includes a VOIT related to net carbon uptake, and the field audit did not identify any situations where management activities had resulted in negative impacts to carbon values.</p> <p>Follow-up comments on the status of Mistik-2019-FSC-OFI-01:</p> <p>The previous (2020) surveillance audit found that Mistik had taken a number of steps to address the root cause of this finding, including providing additional training to contractors. The 2021 surveillance audit included review of recent harvest block inspection records, interviews with Mistik staff and a sample of equipment operators and field inspection of a sample of active and recently completed harvest blocks. There was no evidence of any recent rutting issues on the sample of sites visited. Further, a visit to the site of a rutting incident from 2020 (block 12-08-009) that was investigated by Saskatchewan Ministry of Environment and for which the Company received an administrative penalty found that the area where the rutting occurred was concentrated in a small portion of the block, did not have any impacts on riparian values and is unlikely to have any long term impacts on site productivity. The audit concluded that the issues that gave rise to this finding had been adequately addressed.</p> <p>Current status of this finding: Closed.</p>	C
6.4	<p>Mistik's program for the management of species at risk (including the Company's approach to the management of woodland caribou) has not changed since the previous surveillance audit and as such continues to meet the requirements of the National Forest Stewardship Standard of Canada. That said, Saskatchewan has quite recently approved the SK2 West caribou range plan. Interviews with Mistik planning staff found that they have been given a year to revise the FMP to be consistent with the new range plan. It is not clear that this is an achievable within this timeframe given the significant time and cost that will likely be required to meet this target. The 2022 Mistik FSC FM audit will include an assessment of Mistik's progress in this regard.</p>	C
6.5	<p>Mistik's approach to protected areas is unchanged since the Company was certified to the Canadian Boreal Standard several years ago. Although Saskatchewan Environment has yet to designate the protected areas that were previously proposed by Mistik, the Company continues to respect these areas when planning forest harvesting operations. However, Mistik</p>	C

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	has recently (in 2018) completed phase 1 of a new protected areas gap analysis (in cooperation with AI-Pac, CPAWS and DU) that will help inform future proposals for protected areas within the combined Mistik and AI-Pac landbases. An interview with a representative of CPAWS (who is participating in this project) found that CPAWS continues to be supportive of the direction that Mistik is taking on this issue.	
6.6	The 2019-2039 FMP includes a variety of VOITs for various stand level attributes (e.g., size and range of disturbance events, proportion of stand level retention, etc.) that are based on the prior NRV analysis conducted by David Anderson. Further, operations staff have received training in the field identification of stand level attributes (e.g., wetlands, nesting sites, rare sites and plant communities, etc.) that may be identified either during the completion of block level PHSPs or during active operations. Inspection of a sample of active and recently completed harvest blocks during the audit found that stand level attributes had been protected where identified, and the level of post-harvest retention of patches, single trees/snags and CWD was sufficient to meet FMP targets.	C
6.7	<p>Mistik's EMS includes a number of SOPs that specify requirements for riparian management. Mistik's staff and contractors receive annual EMS training that includes training related to the Company's SOPs. Interviews with a sample of workers during the audit found that they were adequately aware of the requirements of these procedures. Inspection of a sample of active and recently completed harvest blocks on the Mistik FMA with riparian features did not identify any impacts on riparian values. In addition, we found that the Company continues to implement riparian buffers that often exceed regulatory requirements by a considerable margin. However, a few minor weaknesses in the implementation of operational controls were noted as discussed below.</p> <p>Inspection of a sample of active field sites during the audit found that the applicable operational controls had been implemented as required in the large majority of instances. However, the following isolated issues were noted:</p> <ul style="list-style-type: none"> • Inspection of the Almar camp in block 3-10-017 found that a fuel truck's fire extinguishers, while charged, were expired (other extinguishers nearby in the camp were valid and on hand). • Inspection of a skidder working on block 4-40-006 found that the operator did not have a copy of the block map. • Inspection of a truck mounted slip tank on block 8-11-005 found that although the tank was adequately secured to the vehicle and had the required TDG (1202) label, there was no drip containment present to catch drips from the nozzle when not in use. <p>Mistik-FSC-FM-OFI-2021-01</p>	OFI
6.8	As noted under Criterion 6.2, Volume 2 of the 2019-2039 FMP includes a wide variety of VOITs. Key landscape level VOITs (such as seral stage, disturbance event size and range, old forest, caribou habitat, etc.) are based on the NRV analysis previously completed for Mistik by David Anderson. Review of the 2019/20 annual report, interviews with Mistik planning staff and field inspection of a sample active and completed harvest blocks found that the Company continues to work towards the achievement of the landscape level VOITs included in the FMP. However, 2019 was the first reporting year under the current FMP and most of the landscape level targets are not due for formal reporting until either 2023 (5 year reporting interval) or 2028 (10 year reporting interval). While data for the current year is provided this information is only intended to be used to determine performance trends and to make adjustments in practices/plans where	C

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	necessary, as the formal assessment of performance is in most cases not due for several years. Further, interviews with Mistik planning staff and review of the current tactical plan confirmed that efforts continue to be made to ensure connectivity and limit the negative impacts of roads, particularly those in proximity to caribou habitat.	
6.9	Mistik's approach to forest management involves reforestation strategies that are designed to follow natural successional pathways and will in most cases result in mixed-wood stands. Only a portion of harvested stands are planted (typically at a density of approximately 1000 sph), and the stand is allowed to develop naturally after that. Brush control methods (including chemical brush control) are not used. Thinning and fertilization are not employed. This approach typically results in heterogeneous reforested areas with a mix of deciduous (aspen) and coniferous species (white and black spruce and jack pine), a longer shrub phase and longer rotations. In addition, the FMP includes targets for: (1) the retention of an average of 9% (including clumps, islands and individual trees) of the original stand post-harvest, (2) the maintenance of the relative abundance of cover species groups (CSGs) over time, and (3) the maintenance of a softwood component in hardwood-dominated stands. Inspection of a sample of regenerating stands during the current and previous audits did not identify any instances of forest conversion. Overall, it is clear that Mistik's reforestation program does not result in the creation of plantations as defined by the FSC.	C
6.10	N/A. There are no areas within the Mistik or Northwind FMAs that were converted to plantations as defined by FSC.	N/A
FSC Principle 7 : Management Planning		
7.6	Mistik continues to provide 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. Review of recent consultation records for Canoe, Île-à-la-Crosse and Waterhen and interviews with a sample of external stakeholders from these and other communities where Mistik has operations found that the Company continues to make considerable efforts to consult with local communities regarding its proposed operations. Review of a number of documents related to recent disputes and interviews with the affected parties found that Mistik's procedures for resolving disputes: (1) have been implemented as required, and (2) are reasonably effective. There have been no new disputes of substantial magnitude regarding issues of statutory or customary law since the previous audit.	C
FSC Principle 8 : Monitoring and Assessment		
8.1	The monitoring plan is contained in volume II of the 2019-2039 FMP in the section on VOITs. Details on the timing and process for monitoring individual VOITs is provided. In addition, SOP 17 (High Conservation Areas Planning and Forestry Implementation) includes a commitment to conduct HCV effectiveness monitoring and provides a brief description of how this will be achieved. Further, the Company has developed an effectiveness monitoring strategy matrix that describes Mistik's effectiveness monitoring strategy in greater detail. Review of the current 2019/20 annual report (dated September 2021) found that the monitoring plan continues to be implemented as required.	C
8.2	The suite of indicators to be included in the 2019/20 annual report has not changed since last year. Review of the monitoring information provided in	C

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
	the 2019/20 annual report and interviews with Mistik planning staff confirmed that the requirements of Criterion 8.2 continue to be met.	
8.3	The monitoring program included in the 2019-2039 FMP is based on an adaptive management framework. Where targets are not met there are explicit requirements to either: (1) revise the target (in the event that it is determined that the target was not appropriate in the first place), or (2) make fundamental changes to plans and/or practices in order to achieve the target in the future. Review of the monitoring results to date found that there has been no need to revise the FMP outside of the normal 10 year revision cycle. Note that the current 2019/20 annual report was the first one under the current FMP and none of the targets that were due for monitoring this year were found to have not been met, although 2 of them (stakeholder engagement and Indigenous communities involvement in forest planning) were characterized as “partially met”. A follow-up discussion with Mistik staff regarding these 2 targets found that they represented only minor variances that were related to: (1) the fact that Mistik has not been active in the northern portion of the FMA for several years, and (2) COVID-19 related challenges regarding face to face consultation with stakeholders.	C
8.4	Review of the Mistik website found that a copy of the current 2019/20 annual report (dated September 2021) has been made publicly available by posting on the Company’s website. In addition, the annual report has also been communicated to the members of the Mistik PAG.	C
8.5	<p>Mistik has developed a formal chain of custody SOP (EMS SOP 16) to govern how the Company manages the chain of custody within the forest. It applies to all wood harvested by Mistik and its contractors from the FMA. There are 2 endpoints under the Company’s chain of custody system including:</p> <ul style="list-style-type: none"> • The NorSask sawmill scale site, and; • The MLMP pulpmill scale site. <p>All applicable information regarding a load of logs is collected and recorded on the load slip before wood is removed from the harvest site. This information accompanies the load at all times when the load is in transit from the harvest site to its designated scale site. Load slip data must then be delivered by the log truck driver (via either wireless communication or manually) at the time that the load is weighed in at the applicable weigh scale. A document entitled “Delivery by Source Summary” is created based on scale site data and is used to document all deliveries to the mill scales.</p> <p>The company uses two programs to manage and implement its scaling program. LIMS (3-log program) and GPS Tracking, enabling Mistik to both track loads according to load administrative data, and track physical movement of loads.</p> <p>Review of the Company’s implementation of its chain of custody procedures found that they had been implemented as required. An annual scaling plan for 2021 has been developed and submitted to SE, scale site records were in place, as was evidence of weigh scale calibration and sample load stick scale results. The required load slip information was present on the sample of logging trucks inspected during the audit. In addition, the procedures related to the delivery and recording of load slip information at the designated scale sites were found to be implemented as required and effective in tracking the chain of custody up the point of delivery to the mill log yards. Interviews with Mistik staff confirmed that SE conducts periodic audits of the scaling process.</p>	C

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
FSC Principle 9 : High Conservation Values		
9.1	The Mistik HCV assessment was revised in April 2020 (Version 2.1) based on current information to better reflect the requirements on the National FSC Standard. The April 2020 revision, which has been peer-reviewed, was completed by a qualified external consultant (Tom Clark) with the assistance of Mistik staff and included engagement with the Indigenous communities and interested stakeholders present on the Mistik and Northwind FMAs. It identifies threats to the HCVs that have been identified, management strategies to address those threats and also how monitoring in relation to HCVs will be conducted. All of the HCVs identified in the assessment are depicted spatially in the Mistik GIS. The current Mistik HCV assessment is publicly available on the Mistik website.	C
9.2	The Mistik HCV assessment was built on the principle of the precautionary approach and was revised in April 2020 to better reflect that approach since it was first developed in 2007. The April 2020 revision, which has been peer-reviewed, was completed by an external consultant and included engagement with the Indigenous communities and interested stakeholders present on the Mistik and Northwind FMAs. It identifies threats to the HCVs that have been identified, management strategies to address those threats and also how monitoring in relation to HCVs will be conducted. Mistik also maintain SOP 17 (High Conservation Areas Planning and Forestry Implementation) which includes a commitment to conduct HCV effectiveness monitoring and provides a brief description of how this will be achieved. In addition, the Company has developed an effectiveness monitoring strategy matrix that describes Mistik's effectiveness monitoring strategy in greater detail.	C
9.3	Interviews with Mistik planning staff and a sample of representatives of local Indigenous communities and external stakeholders and inspection of a sample of active and recently completed field sites found that the management strategies that have been developed to maintain and/or enhance the identified HCVs continue to be implemented as required.	C
9.4	<p>Monitoring of FMP implementation in relation to HCVs is addressed in the updated HCV assessment (Version 2.1 April 2020). Various aspects of HCV monitoring are also addressed in the current 2019-2039 FMP and the HCV SOP.</p> <p>The monitoring program identifies elements of monitoring that address both implementation of HCV prescriptions and effectiveness of these prescriptions. The 2021 audit confirmed that both elements of the monitoring program continue to be implemented as required.</p> <p>Mistik has recently updated its HCV (Version 2.1 April 2020) assessment using the services of an external consultant and in consultation with local communities. The revised document identifies how all of the HCVs present on the Mistik and Northwind FMAs will be monitored.</p> <p>Review of the 2019/20 annual report found that the Company continues to monitor its impacts on a wide range of indicators related to the HCVs present on the Mistik and Northwind FMAs. In situations where targets have not been met, the Company has developed a rationale and related corrective action to address the variance.</p>	C

FSC Criterion	Observations	Conclusions (C/Mi/Ma/NA)
FSC Principle 10 : Implementation of Management Activities		
10.3	Interviews with Mistik planning staff and inspection of a sample of planted sites confirmed that Mistik's reforestation program does not include the use of non-native tree species. In addition, the Mistik SFM plan includes a target (in relation to indicator C-4) that 100% of all re-vegetation mixes used during the year be recommended for use by government. The Company reports on its performance in relation to this target annually. Review of Mistik's current re-vegetation mix found that it is composed of a mix of stream bank wheatgrass and rough fescue, both of which are native species.	C