



REPORT Forest Certification



Mistik Management Ltd - 2023 CSA Z809-16 - March 26, 2024

In October 2023 an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out surveillance audit of the Mistik Management Ltd. (Mistik) Defined Forest Area (DFA) against the requirements of the CSA Z809-16 Sustainable Forest Management (SFM) standard. This Forest Certification Report provides an overview of the CSA Z809 audit process and KPMG's findings.

Description of Mistik's Operations

The Mistik DFA CSA Z809-16 certification covers the Mistik and L&M (NorthWinds Forest Products) Forest Management Agreement (FMA) areas. The majority of the 1.9 million hectare CSA Z809-16 certified landbase is north-west of the community of Meadow Lake, Saskatchewan, with a smaller portion of the certified area being south of Meadow Lake.

Mistik Management Ltd. is a company that manages all forest management activities on the Mistik and L&M FMAs, supplying logs to the owner's mills: Meadow Lake Mechanical Pulp Inc. pulp mill, NorSask Forest Products Inc. sawmill, and Northwind Forest LP sawmill and post/rail mill.

Forest Management Context

The Mistik DFA is located in the boreal forest, and includes a mosaic of deciduous and coniferous forest, open and treed fens, bogs and water in northwest Saskatchewan. It is in the Boreal Plains Ecozone, and is mostly within the Mid-Boreal Upland Ecoregion with a small southern portion of the FMA being in the Boreal Transition Ecoregion.

The ecosystem is fire-dominated, with forest fires occurring frequently in this area and often of considerable size. The fire return period for the FMA is approximately 45 years, resulting in relatively little old and very old forest (approximately 5-15% depending on the cover type), often present in small patches. On average the area burned by forest fires annually is approximately 3-4 times the area that is harvested each year.

Where possible, Mistik plans harvesting areas as disturbance events using a single pass system. Employing a diversity of cutblock sizes and shapes, Mistik maintains a proportion of overstory structure and immature trees within harvested areas in an attempt to emulate the natural disturbance patterns imposed on the landscape by forest fires.

The area is managed under a government-approved Forest Management Plan (FMP). The approved Harvest Volume Schedule (HVS) comprising softwood sawlog, softwood pulp and hardwood volumes is 1,612,669 m³/year for the Mistik FMA, while the approved HVS for the L&M FMA is 136,232 m³/year.

Due to markets, the company continues to concentrate its operations in the southern two-thirds of the Mistik FMA, although it is working towards re-establishing a harvesting presence in the northern third of the FMA. Mistik applies a self-imposed AAC reduction that reflects the current reduced scope of its operations due to market conditions. The fact that the Company has yet to re-establish operations in the north is unlikely to have any long-term impact on Mistik's ability to meet the targets included in the FMP.

Mistik Management Ltd. CSA Z809-16 certification was originally granted on August 16, 2005 and is valid until September 13, 2026.



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Audit Scope

The audit was conducted against selected/all of the requirements of the CSA Z809-16 standard, including those related to:

- The public participation process;
- Development and maintenance of the SFM plan;
- Monitoring of SFM performance, and;
- Implementation of the various management system components (e.g., training programs, operational controls, monitoring and inspections, internal audits, etc.) that are required under the CSA Z809-16 standard.

The Audit

- **Background** – Annual surveillance audits by an accredited Certification Body are required to assess the operation’s continuing conformance with the requirements of the CSA Z809-16 standard. In addition, full scope re-certification audits are required once every 5 years.
- **Audit Team** – The audit was conducted by a five person audit team comprising Shawn Ellsworth - Project Lead Auditor (LA), FSC CoC Lead Auditor and CSA Auditor, Cindy Hutchison - FSC FM, CSA Auditor, Lorne Carson - FSC FM and CSA Auditor, Dean Assinewe - FSC FM and CSA Auditor, Camila Massaroth - FSC FM and FSC CoC/CW Auditor in Training. Members of the audit team are KPMG employees and contractors and have conducted numerous audits to a variety of standards including ISO 14001, CSA Z809, SFI and FSC.
- **Document Review** – DFA-specific off-site document reviews were completed prior to the field audit in order to assess environmental management system (EMS) documentation (e.g., SFM Plan and associated values, objectives, indicators and targets, documentation pertaining to the Public Advisory Group (PAG) process, etc.) and increase the efficiency of the field portion of the audit.
- **Field Audit** – The on-site field audit included interviews with all staff working at the time of the audit as well as approximately a dozen contractors. Two external stakeholders were interviewed. The audit team conducted field assessments of a large number of field sites (15 roads, 12 harvesting blocks, 3 silviculture sites and 1 logging camps) to assess the Company’s planning, harvesting, silviculture, camps and road construction, maintenance and deactivation practices. The 2023 audit took approximately 12 auditors days to complete, 6 of which were on-site. The balance of audit time was spent preparing the audit plan, conducting off-site document reviews, completing various audit checklists and preparing the main and public summary audit reports.
- **Mistik DFA SFM / EMS Representative** – Mr. Kevin Gillis, RPF, served as the SFM system/EMS representative during the audit.

Audit Objectives

The objectives of the audit were to evaluate the sustainable forest management system on the Mistik DFA to:

- Determine conformance with the CSA Z809-16 Sustainable Forest Management Standard.
- Evaluate the ability of the system to ensure that Mistik Management Ltd. meet applicable regulatory requirements;

Mistik Management Ltd. 2023 CSA Z809-16 Audit Findings	
Open non-conformities from previous audits	1
New major non-conformities	1
New minor non-conformities	5
Now opportunities for improvement	0

<u>Types of audit findings</u>
<p>Major non-conformities:</p> <p>Are pervasive or critical to the achievement of the SFM Objectives.</p>
<p>Minor non-conformities:</p> <p>Are isolated incidents that are non-critical to the achievement of SFM Objectives.</p> <p>All non-conformities require the development of a corrective action plan within 30 days of the audit. Corrective action plans to address major non-conformities must be fully implemented by the operation within 3 months or certification cannot be achieved / maintained. Corrective action plans to address minor non-conformities must be fully implemented within 12 months.</p>
<p>Opportunities for Improvement:</p> <p>Are not non-conformities but are comments on specific areas of the SFM System where improvements can be made.</p>

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- Evaluate the effectiveness of the system in ensuring that Mistik Management Ltd. meet their specified objectives, and;
- Where applicable, identify opportunities for improvement.

These objectives were met.

Good Practices

- As evidenced by our stakeholder interviews, Mistik has put a lot of effort into communicating with impacted stakeholders to understand their concerns and incorporate this knowledge into their operational plans.
- The Mistik has a very good system of identifying and protecting stakeholder concerns and environmental features during the planning and operations phase.
- Plants of the Sparrow's Egg Lady's Slipper species were identified in Mistik areas. The company isolated the area because this plant is extremely rare and installed a protection barrier at the site.

Follow-up on Findings from Previous Audits

At the time of this assessment there were a total of 4 open minor non-conformities from previous audits. The audit team reviewed the implementation of the action plans developed by Mistik to address these issues and found that they had been effectively implemented. As a result, 3 of the non-conformities identified during previous audits have now been closed except for 2022-NC-01 that based on additional observations this finding is being elevated to a Major Nonconformity in 2023.

Major non-conformity: 2022-NC-01

CSA Requirements: 7.3.3 Rights and regulations / Element c)

Non-conformity: Unsafe worker conditions identified at Almar Camp at 42km gravel pit.

Audit Conclusions in Relation to Significant Concerns Raised by Third Parties during the Audit

No significant concerns were brought to the attention of the audit team by third parties (PAG members, local Aboriginal communities, regulatory agencies, DFA workers or other interested parties) during the audit.

New Areas of Nonconformance

A total of 5 minor non-conformities were identified during the CSA Z809 –16 surveillance audit of Mistik Management Ltd. woodlands operations. These included:

Minor non-conformity: 2023-NC-01

CSA Requirements: 7.4.6 Operational procedures and control / Element a)

Non-conformity: The site visit to the bridge on the Taylor Creek Road revealed that there is debris (sand, gravel, clay) on the bridge deck. There are no guards on the bridge to prevent this debris from falling over the edge into the watercourse.

Sediment control BMP's for forest roads and stream crossings were not effectively implemented.

Minor non-conformity: 2023-NC-02

CSA Requirements: 7.3.3 Rights and regulations / Element c)

Non-conformity: During the site visit to the bridge on Taylor Creek Road it was observed that the bridge was missing a guard rail on ½ of one side of the bridge. It was also noted that delineators were not present.

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Minor non-conformity: 2023-NC-03

CSA Requirements: 7.4.6 Operational procedures and control / Element a)

Non-conformity: During the site visit to one block it was noted that there was soil compaction in the north end of the block on both sides of the Taylor Creek Road. In particular these were in the area immediately behind the location of the deciduous decks.

Minor non-conformity: 2023-NC-04

CSA Requirements: 7.4.6 Operational procedures and control / Element a)

Non-conformity: The company determined that 300 mm culverts would be necessary to cross ephemeral areas in 3 locations on one harvest block. The pre-harvest site prescription called for using a mat covered with geotextile to minimize disturbance and sediment deposition in the sensitive area. However, during the on-site visit it was observed that there were no protection or restoration measures in the place, and it was noted that the area was disturbed due to multiple crossing of machinery in one ephemeral area.

Minor non-conformity: 2023-NC-06

CSA Requirements: 7.4.7 Emergency preparedness and response

Non-conformity: During an inspection of one harvest block it was noted that the fuel truck that was on site did not have appropriate drip containment to protect the soils from fuel leaks from the hose and dispensing nozzle. It was similarly noted that there were not any absorbent pads located with the fuel truck to catch the leaking fluid. From interviews and a review of the correspondence between Mistik and contractor staff, as well as safety meeting minutes from the contractor, it was learned that this was an issue that was taking place over a period of time.

Corrective action plans have been developed by the Company to address all of the non-conformities identified during the audit.

Corrective Action Plans

Written corrective action plans that are designed to address the root causes of all identified non-conformities were provided to KPMG after the audit and were reviewed by KPMG for adequacy, and either approved or returned for revision.

Audit Conclusions

The audit found that the Mistik's SFM system:

- Was in conformance with the CSA Z809-16 requirements included within the scope of the audit;
- Continues to be effectively implemented, and;
- Is sufficient to systematically meet the commitments included in the SFM Plan, provided that the system continues to be implemented and maintained as required.

Focus Areas for the Next Audit

The following issues/potential concerns have been identified as focus areas for the next audit visit:

1. Implementation of action plans to address the audit findings.
2. Disposition of tenures to other parties.