



# REPORT Forest Certification



## Mistik Management Ltd - 2024 CSA Z809-16

In June 2024 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 PRI'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). Mistik has a total annual allowable cut (AAC) of 1,734,852 m<sup>3</sup>.

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;
- Significant changes in SFM Indicators and Targets and monitoring of Values, Objectives, Indicators and Targets (VOITS);
- Legal requirements;
- 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 Cindy Hutchison - Project Lead Auditor (LA), FSC FM and CSA Auditor, Shawn Ellsworth - FSC CoC Lead Auditor and CSA Auditor, Lorne Carson - FSC FM and CSA Auditor, Dean Assinewe - FSC FM and CSA Auditor, Laird Van Damme - FSC FM and CSA Auditor. Members of the audit team are KPMG PRI 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. Nine external stakeholders were interviewed. The audit team conducted field assessments of a large number of field sites (11 roads, 10 harvesting blocks, 11 silviculture sites and 0 logging camps) to assess the Company's planning, harvesting, silviculture, camps and road construction, maintenance and deactivation practices. The 2024 audit took approximately 9.5 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.

### Mistik Management Ltd. 2024 CSA Z809-16 Audit Findings

Open non-conformities from previous audits	0
New major non-conformities	0
New minor non-conformities	5
New opportunities for improvement	1

### Types of audit findings

#### Major non-conformities:

Are pervasive or critical to the achievement of the SFM Objectives.

#### Minor non-conformities:

Are isolated incidents that are non-critical to the achievement of SFM Objectives.

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.

#### Opportunities for Improvement:

Are not non-conformities but are comments on specific areas of the SFM System where improvements can be made.

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- Evaluate the ability of the system to ensure that Mistik Management Ltd. meet applicable regulatory requirements;
- 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

- Spruce Creek Bridge install is exemplary.
  - Waterhen Logging crew was not prepared for an auditor but excelled in EMS practices.
  - The cutblock file notations/records for the Beauval area were extensive, demonstrating a high level of diligence.
  - Open door policy for receipt of complaints and a publicly available complaints resolution procedure (on website). Good record keeping on public/stakeholder consultations.
  - Co-management payments to First Nations and other local communities.
  - Operational mapping on GPS devices allow for ribbonless boundaries which where appropriate.
  - Corrective actions to meet residual retention targets were implemented.
  - Changes to the road system for block 01-034-014 were made to avoid the snowmobile trail.
  - Every block in the south seems to have had input from stakeholders. This is usually the case on a subset of blocks, but in this instance, it was all blocks.
  - Commendable amount of effort and knowledge around Mistik's reforestation success, particularly around monitoring of blocks that are 25 and 30 years old. Staff have detailed summaries of the results of this monitoring and are familiar with this process.
  - The use of GeoTab to track wood fibre movement is a robust way to track the source of wood deliveries and also track important KPIs regarding driving behaviors
- Follow-up on Findings from Previous Audits

### Follow-up on Findings from Previous Audits

At the time of this assessment there were a total of 5 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.

### 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 and 1 opportunity for improvement were identified during the CSA Z809 –16 surveillance audit of Mistik Management Ltd. woodlands operations. These included:

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**Minor non-conformity: 2024-NC-02**

**Standard/Element(s): 7.4.7 Emergency preparedness and response**

**Client Procedure: Mistik EMS Contractor Binder 2024**

CSA Z809 element 7.4.7 requires that the organization shall establish and implement procedures for preventing and responding to environmental emergencies and accidents. However, the audit found that this requirement had not been met.

**Description of the finding and evidence:** Two graders parked at East-West and Muskeg road intersections. One grader had all required EMS spill/fire kit but the other missing wildfire control and spill kit.

**Minor non-conformity: 2024-NC-03**

**Standard/Element(s): 7.3.3 Rights and regulations / Element c)**

**Client Procedure: Mistik EMS Contractor Binder 2024**

CSA Z809 element 7.3.3 requires that the organization shall ... c) demonstrate that ... health and safety of DFA-related workers are respected, and their contributions to SFM are encouraged. However, the audit found that this requirement had not been met.

**Description of the finding and evidence:** Summer student was not wearing PPE while inspecting culverts/ cross drainage at Muskeg Lake Road km 6.

Tree planters at Little Raspberry site were not wearing hard hats; meanwhile they confirmed occasional entry into the unharvested cut block to rest under shade.

**Minor non-conformity: 2024-NC-04**

**Standard/Element(s): 7.3.3 Rights and regulations / Element b)**

**Client Procedure: Mistik EMS Contractor Binder 2024**

**Crown Resources Land Lease (Sand and Gravel) April 2023**

**Clause 8: The Lessee agrees to maintain a minimum 4 to 1 slope on all excavated areas through the term of the lease for safety purposes.**

CSA Z809 element 7.3.3 requires that the organization shall ... b) demonstrate that relevant legislation and regulatory requirements relating to ownership, tenure, rights, and responsibilities in the DFA have been identified and complied with...

**Description of the finding and evidence:** Aggregate pit km 79 E\_W road, set back to tree line and pit face not sloped to angle of repose. This is outside new conditions for approval (Crown Resource Land Lease April 2023).

**Minor non-conformity: 2024-NC-05**

**Standard/Element(s): 7.3.3 Rights and regulations / Element c)**

**Client Procedure: None**

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CSA Z809 element 7.3.3 requires that the organization shall ... c) demonstrate that ... health and safety of DFA-related workers are respected, and their contributions to SFM are encouraged. However, the audit found that this requirement had not been met.

**Description of the finding and evidence:** One large potentially hazardous snag left standing at roadside in blk 02-032-005ormity: One large potentially hazardous snag left standing at roadside in blk 02-032-005

**Minor non-conformity:** 2024-NC-10

**CSA Requirements:** 7.4.7 Emergency preparedness and response

**Non-conformity:** Mistik states the level of frequency of drills. Records and interviews do not support that they are being done at this frequency.

**Opportunity for Improvement:** 2024-OFI-06

**CSA Requirements:** 7.4.6 Operational procedure and control / Elements a) and b)

**Opportunity for Improvement:** Although the spill kits were robust, the ones reviewed at Waterhen Forestry Products operation only had grey absorbent pads. White pads are used to absorb oils with oil-based liquids, allowing it to float yet repel water. Though there is an understanding from staff around how point-specific wildlife values and wildlife habitat values are identified, the EMSOP002 does not provide detail on how they are identified, nor on the protection methods to be used. There does not seem to be a written standard that describes how these sites are to be protected.

### Corrective Action Plans

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

### Audit Conclusions

The audit found that the Mistik's SFM system:

- Was in full conformance with the requirements of the CSA Z809-16 requirements included within the scope of the audit, including the requirement to complete internal audits and management reviews at planned intervals, except where noted otherwise in this report;
- 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 Next Audit

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

- EMS training records for operators.