



Mistik Management Ltd. 2021 CSA Z809-16 Re-certification Audit

In October-November 2021 an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out a re-certification audit of the Mistik Management Ltd. (Mistik) Defined Forest Area (DFA) against the requirements of the CSA Z809-16 Sustainable Forest Management (SFM) standard. To provide for a more efficient audit, an FSC® forest management surveillance audit was conducted at the same time. This Forest Certification Report provides an overview of the CSA Z809-16 audit process and KPMG's findings.

Description of Mistik's and L&M's Woodlands Operations

The Mistik DFA CSA Z809 certification covers the Mistik and L&M Forest Management Agreement (FMA) areas. The majority of the 1.9 million hectare CSA Z809-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 mills: Meadow Lake Mechanical Pulp Inc. pulp mill, NorSask Forest Products Inc. sawmill, and Northwind Forest LP sawmill and post/rail mill.

The Mistik DFA is also certified to the FSC (Forest Stewardship Council®) National Forest Stewardship Standard of Canada. The results of the annual Mistik FSC audit are reported separately.



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. As Mistik continues to apply a self-imposed AAC reduction that reflects the current reduced scope of its operations,



Findings: 2021 Mistik CSA Z809-16 Re-certification Audit Page 2

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.

Audit Scope

The 2021 re-certification audit included an assessment against all applicable requirements of the CSA Z809-16 standard. The following CSA Z809 requirements were assessed during the audit:

- Public and aboriginal participation;
- Maintenance of the SFM plan;
- Monitoring of SFM performance, and;
- Implementation of various management system components (e.g., including rights & regulations, DFA-specific performance requirements, operational controls, monitoring and inspections, corrective & preventive actions, internal audits, management review) that are required under the CSA Z809 standard.

The Audit

- **Audit Team** – The audit was conducted by Yurgen Menninga, RPF, EP(EMSLA) and Dave Bebb, RPF, EP(EMSLA). Both members of the audit team are KPMG employees and have conducted numerous audits to a variety of standards including ISO 14001, CSA Z809, SFI and FSC.
- **CSA Z809 Re-certification Audit** – In consideration of the COVID-19 social distancing restrictions, a hybrid audit approach was undertaken. This meant that the onsite audit focused on visits to field sites, with most other activities such as interviews and review of documentation occurring remotely.

The audit included interviews with all staff working at the time of the audit as well as approximately a dozen contractors and several Public Advisory Group members and external stakeholders. The audit involved the assessment of all elements of Mistik’s sustainable forest management (SFM) system, and included site visits to 15 roads, 15 harvest blocks and 5 silviculture sites to evaluate implementation of the EMS. The 2021 combined CSA Z809/FSC audit took approximately 17 days to complete, 7 of which were onsite . The balance of audit time was spent preparing the audit plan, review of documentation and records, remote staff and stakeholder interviews, 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 requirements of CSA Z809-16;
- 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;

2021 Mistik Management Ltd. CSA Z809 Audit Findings	
Open non-conformities from previous audits	0
New major non-conformities	0
New minor non-conformities	0
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.

- Where applicable, identify opportunities for improvement.

These objectives were met.

Good Practices

During the course of the audit a number of good practices were identified, including:

- CSA Element 6.3.2: The summer of 2021 was historically hot and dry in the region that Mistik operates. In the late summer, through informal monitoring Mistik began noticing higher than usual seedling mortality due to the drought. To quantify the impact, Mistik initiated a program of late-season assessments of all blocks planted this year, which is outside of the normal silviculture survey program – this is the first time there has been a need to do this. Mistik has taken this proactive approach to determine which areas will need fill planting in 2022, in a way that is thorough, prompt, and mitigates the risk of plantation failure.
- CSA Z809-16 Element 7.4.6: Inspection of a sample of active and recently completed harvest blocks with riparian features found that the Company continues to implement riparian buffers that often exceed regulatory requirements by a considerable margin.
- CSA Z809-16 Element 7.4.6: A main harvesting contractor for Mistik was found to have developed an innovative means of handling waste oil containers. A plastic tote, rated for the transportation of oil, was modified by cutting off the top and adding a hinge to make a lid, allowing for easy access and eliminating the chance of oil leaks from multiple containers.
- CSA Element 6.3.5: To better utilize logging and local sawmill residues, the Meadow Lake Tribal Council, which owns NorSask, one of the 2 parent companies of Mistik, is nearing completion of their new 6.6 MW bioenergy plant at the NorSask mill site. The facility is being built with considerable Indigenous employment and has contributed approximately \$30 million in revenue to local Indigenous businesses.

Follow-up on Nonconformities from Previous Audits

At the time of this assessment there no open nonconformities from previous audits.

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.

Areas of Nonconformance

No new areas of nonconformance were identified during the 2021 audit.

Opportunities for Improvement

The opportunity for improvement was noted during the audit included:

- 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:
 - Inspection of a logging camp found that a fuel truck’s fire extinguishers, while charged, were expired (other extinguishers nearby in the camp were valid and on hand).



These photos show the plastic tote modified by a Mistik contractor for storage and shipment of waste oil buckets and jugs. Typically the empty containers are stored and transported individually. This method reduces the likelihood of drip-page and leaks.

- Inspection of a skidder working found that the operator did not have a copy of the block map.
- Inspection of a truck-mounted slip tank found that there was no drip containment present to catch drips if they were to occur from the nozzle.

Audit Conclusions

The audit found that the Mistik’s SFM system:

- Was in conformance with the CSA Z809 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.

In addition, the audit found that the scope of Mistik’s certification to the CSA Z809 standard is appropriate.

As a result, a decision has been reached that Mistik be re-certified to the CSA Z809-16 standard.

Corrective Action Plans

The audit did not identify any non-conformities with the requirements of the CSA Z809-16 standard. As a result, formal corrective action plans are not required.

Focus Areas for the Next Audit

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

- Implementation of 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.).



The top photo shows an active harvest block in the foreground, with a buffer on a wetland in the background. The bottom photo shows the other side of the timbered buffer, with the wetland, which had high beaver use, visible in the background. The audit found that the required 20 meter buffer was exceeded, improving habitat and biodiversity.