



**KPMG Forest Certification Services Inc.**  
Box 10426, 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada

Telephone (604) 691-3000  
Fax (604) 691-3031  
[www.kpmg.ca](http://www.kpmg.ca)

To Mistik Management Ltd. FSC® CoC/CW Stakeholders

July 29, 2022

## **Controlled Wood Stakeholder Consultation**

**KPMG Forest Certification Services Inc. (KPMG FCSI) to conduct an FSC® Chain and Custody/Controlled Wood Certification Audit of Mistik Management Ltd**

**FSC Certificates: KF-COC-001035 and KF-CW-001035**

### **Purpose and scope of the audit**

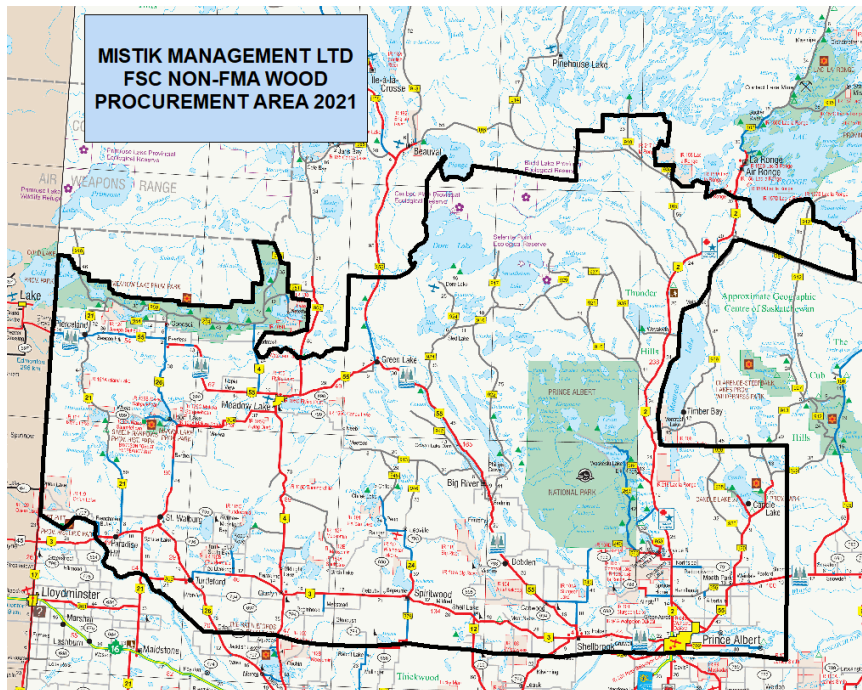
KPMG Forest Certification Services Inc. (KPMG FCSI) will be conducting a multi-site certification audit of Mistik Management Ltd (Mistik) against the requirements of the current Forest Stewardship Council® (FSC) chain of custody (CoC) and controlled wood (CW) standards. A stakeholder consultation process is planned for the summer of 2022, with the main assessment occurring between September 12 to October 7, 2022.

The supply area in the Meadow Lake, Saskatchewan area is described in the 2021 Mistik Due Diligence System Report on a map at figure 1 and copied below for your convenience.

The audit will be based on the current FSC CoC (FSC-STD-40-004 V3-1) and CW (FSC-STD-40-005 V3-1) and other relevant FSC standards.

Note that Mistik Management Ltd is also undergoing a FSC Forest Management re-certification audit and KPMG is conducting a parallel consultation process regarding Mistik planning and practices on the Mistik and NorthWind Forest Management Agreement (FMA) areas. **The consultation to which you are responding here is related to Mistik planning and practices from source areas not on the Mistik or NorthWind FMAs.**

Figure 1. Mistik Management Ltd FSC CoC and CW Supply Area (from 2021 Mistik DDS)



This letter serves as an invitation to interested and affected stakeholders who wish to provide comments that are pertinent to Mistik's FSC CoC/CW certification. The comments received by September 11, 2022 will be considered by KPMG FCSI in reaching its conclusions regarding Mistik's conformance with the applicable FSC CoC and CW standards. Comments received after the due date may not be considered until the next audit in 2023.

### **About FSC and the CoC and CW standards**

The FSC is an international non-profit organization founded in 1993 to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests. It supports the development of national and regional standards to be used to evaluate whether a forest is being well-managed.

It is an association of members consisting of a diverse group of representatives from environmental and social organizations, forest and product industries, Indigenous People's organizations, community forestry groups and certification bodies from around the world. Membership is open to all who are involved in forestry or forest products and share its aims and objectives.

FSC, with its head office in the city of Bonn, Germany, is governed by an elected Board which consists of people from industry, environmental, social and labor groups, Indigenous People's representatives and others.

FSC-STD-40-004 V3-1 was recently released for use by FSC. Organizations holding certifications to the previous version of this standard must be assessed against the current version by December 31, 2022.

### **Your role**

We would appreciate your comments on issues that are pertinent to Mistik's FSC CoC/CW certification. Such comments may include, but are not necessarily limited to, concerns or observations regarding the Company's due diligence system (i.e., the system of measures and procedures developed by the organization to minimize the risk of sourcing material from unacceptable sources). Comments received will be considered by KPMG FCSI in assessing Mistik's performance against the requirements of the applicable FSC CoC and CW standards. A summary of stakeholder comments will also be included in the Mistik FSC CoC/CW certification audit summary report.

A questionnaire is provided with this letter for your comments on issues that are pertinent to Mistik International's FSC CoC/CW certification. However, additional materials and other methods of communication will also be accepted. Upon request, arrangements may also be made to allow stakeholders to meet with members of the audit team prior to or during the on-site portion of the audit.

### **Access to information**

FSC requires that stakeholders be provided access to certain information as part of the consultation process, including:

- A description of the supply area and respective risk designation. This information is included within the body of this letter and the summary of the Mistik Due Diligence System (DDS).
- A written summary of the Mistik DDS. A copy of this document is available in the Mistik FSC CoC stakeholder information package on KPMG FCSI's website at <https://home.kpmg/ca/en/home/services/environmental-social-and-governance/assurance/certification/fsc-stakeholder-consultations.html>.
- Copies of the applicable FSC CoC and CW standards. These can be obtained from FSC International at <https://fsc.org/en/document-centre>.
- A copy of the latest version of the FSC Canada National Risk Assessment can be found at: <https://ca.fsc.org/ca-en/controlled-wood/national-risk-assessment>
- The procedure for filing complaints. A copy of KPMG FCSI's dispute resolution procedures are available on KPMG FCSI's website at <https://home.kpmg/ca/en/home/services/environmental-social-and-governance/assurance/certification/kpmg-forest-certification-services.html>

- Contact information of the person or position responsible for addressing complaints. This can be obtained by visiting the KPMG FCSI website noted above.

### **KPMG FCSI Contact information**

All comments and requests for additional information should be directed to Bodo von Schilling at:

KPMG Forest Certification Services Inc.  
PO Box 10426, Pacific Centre  
Vancouver, B.C.  
V7Y 1K3  
Fax: (604) 691-3031  
Email: bvonschilling@kpmg.ca

### **Our commitments**

1. The source of specific comments received will remain confidential unless the commenting party specifically indicates to the contrary.
2. We will respond to all stakeholders who provide comments and provide information on how their comments were taken into account.
3. A summary of stakeholder comments and how they were considered by KPMG FCSI will be included in the Mistik FSC CoC/CW certification audit summary report.

### **Dispute resolution procedures**

As required by FSC, KPMG FCSI also draws notice to the existence of dispute resolution procedures that are available to all stakeholders providing comments. A written description of the dispute resolution process is available on KPMG FCSI's website at <https://home.kpmg/ca/en/home/services/environmental-social-and-governance/assurance/certification/fsc-stakeholder-consultations.html>

Yours very truly,

A handwritten signature in cursive script that reads "Bodo von Schilling". The signature is written in black ink and is positioned below the closing "Yours very truly,".

Bodo von Schilling, RPF (BC, AB), EP(EMSLA)  
*KPMG FCSI*  
(604) 691-3440

Enclosures

## Controlled Wood Stakeholder Questionnaire – 2022 Mistik FSC® Re-certification Audit

**To:** Bodo von Schilling, KPMG FCSI      **Fax #:** 604-691-3031

**From:** \_\_\_\_\_ **Phone #:** \_\_\_\_\_

**Organization (if applicable):** \_\_\_\_\_

KPMG Forest Certification Services Inc. (KPMG FCSI) will be conducting a certification audit of Mistik Management Ltd. (Mistik) against the requirements of the current Forest Stewardship Council® (FSC) chain of custody (CoC) and controlled wood (CW) standards. A stakeholder consultation process is planned for the late summer of 2022, with the main assessment occurring between September 12 to October 7, 2022. This questionnaire is intended to obtain information from interested and affected stakeholders regarding issues that are pertinent to Mistik's FSC CoC/CW certification. Such comments may include, but are not necessarily limited to, concerns or observation's regarding the Company's due diligence system (i.e., the system of measures and procedures developed by the organization to minimize the risk of sourcing material from unacceptable sources). Comments received will be considered by KPMG FCSI in assessing Mistik's performance against the requirements of the applicable FSC CoC and CW standards. A summary of stakeholder comments will also be included in the Mistik FSC certification report. However, the identity of individuals/organizations providing comments will be kept confidential by KPMG FCSI unless the party providing comments specifically indicates in writing to the contrary.

Note that Mistik Management Ltd is also undergoing a FSC Forest Management re-certification audit and KPMG is conducting a parallel consultation process regarding Mistik planning and practices on the Mistik Forest Management Agreement (FMA) area. **The consultation to which you are responding here is related to Mistik planning and practices from source areas not on the Mistik or NorthWind FMAs.**

NB: In order to be considered during the 2022 audit, comments must be received no later than September 11, 2022. At the discretion of the Lead Auditor, late submissions may be considered at the 2022 audit or may be identified for follow-up at the 2023 surveillance audit.

**Controlled Wood Stakeholder Questionnaire – 2022 Mistik FSC® Re-certification Audit**

**To:**                    **Bodo von Schilling, KPMG FCSI**                    **Fax #:**    **604-691-3031**

**From:** \_\_\_\_\_                    **Phone #:** \_\_\_\_\_

**Organization (if applicable):** \_\_\_\_\_

1. Do you have any specific concerns regarding the Mistik due diligence system (DDS) or other issues that are pertinent to the Company's FSC CoC/CW certification (i.e., not on the Mistik/NorthWind FMAs)? <u>Comments:</u>	<b>YES</b> <b>NO</b> <b>NA</b>
2. If you answered yes to question 1 above, have you communicated your concerns to Mistik? <u>Comments:</u>	<b>YES</b> <b>NO</b> <b>NA</b>
3. If you answered yes to question 2 above, in your opinion, has Mistik made a reasonable attempt to address your specific concerns? <u>Comments:</u>	<b>YES</b> <b>NO</b> <b>NA</b>
4. Do you have any other concerns regarding Mistik's FSC CoC/CW certification that have not been addressed in the above questions? <u>Comments:</u>	<b>YES</b> <b>NO</b> <b>NA</b>
5. Are there any specific issues or requirements of the FSC CoC or CW standard (FSC-STD-40-004 V3-1 and FSC-STD-40-005 V3-1) that you believe merit special attention during the 2022 Mistik FSC CoC/CW audit? <u>Comments:</u>	<b>YES</b> <b>NO</b> <b>NA</b>

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

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

### 1. General information

Organisation name:	MISTIK MANAGEMENT LTD.
FSC certificate code:	KF-CW-001035
Organisation's DDS contact person:	KEVIN GILLIS CERTIFICATION COORDINATOR
DDS prepared/assisted by:	MISTIK MANAGEMENT LTD. ENVIRONMENTAL AND SUSTAINABLE FOREST MANAGEMENT COMMITTEE
Date last reviewed/updated (by the organisation):	SEPTEMBER 10 <sup>TH</sup> , 2021

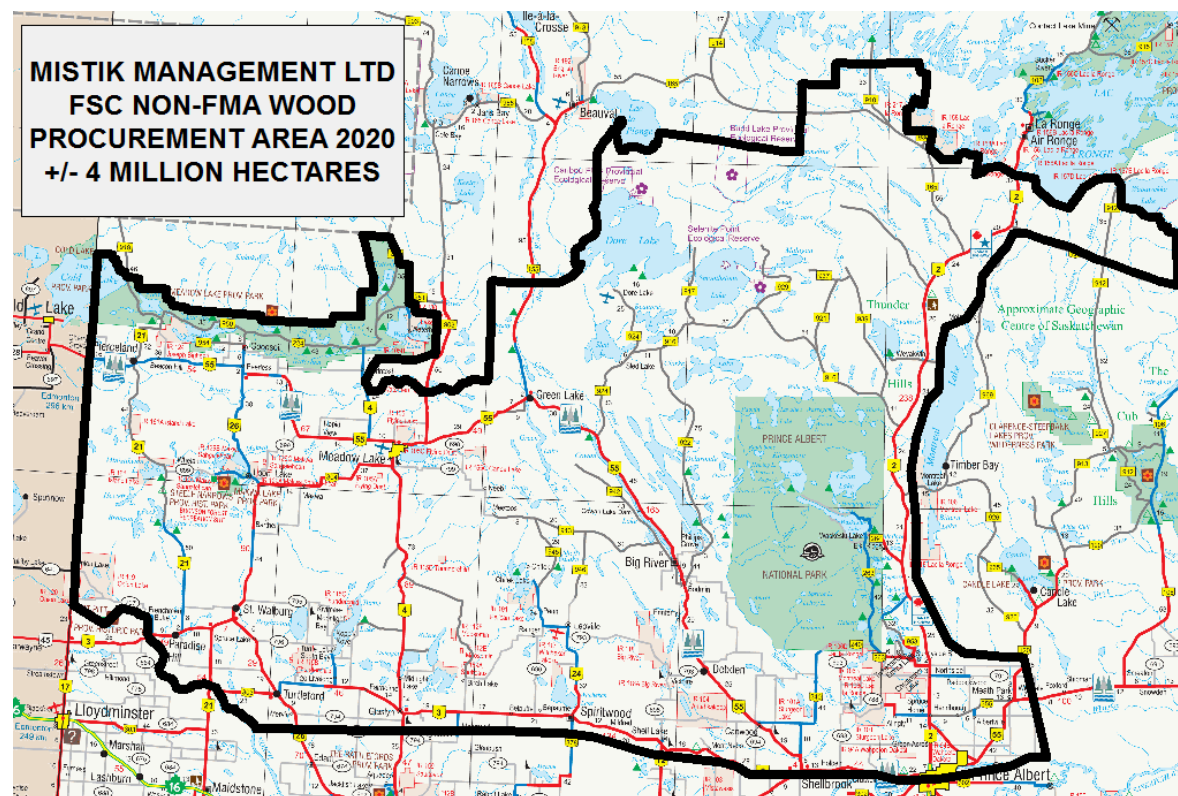
### 2. Suppliers

A listing of suppliers is maintained by Mistik's Scaling Coordinator and is part of the Chain of Custody Standard Operating Procedure (EMSOP16\_CHAIN OF CUSTODY.DOC). Due to the sensitive and private nature of the information contained in the suppliers list, it will only be released upon request and through approval by Mistik's management representatives.

### 3. Supply areas

The supply area covers the portion of Saskatchewan outlined in black (Figure 1) below. The supply area follows the Alberta/Saskatchewan border beginning at the Meadow Lake Provincial Park (Cold Lake), continuing south following the boundary of Saskatchewan River then follows the commercial forest boundary to near the Nesbit Provincial Forest then northward and around the east side of Prince Albert National Park and northeast to Montreal Lake and north to Lac la Ronge and Wapawekka Lake then west

along the Sakaw FMA boundary to Lac la Plonge. The boundary then follows the Mistik FMA and links up with the north edge of Meadow Lake Provincial Park to the Alberta border.



**FIGURE 1 – MISTIK MANAGEMENT PROCUREMENT AREA 2021**

#### 4. Risk assessment and Control Measures

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

#### 4. a. Risk Mitigation

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

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

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

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

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

Selected NRA Control Measure -

CM – 2

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

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

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

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

## 5. Technical experts used in the development of control measures

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

## 6. Complaints procedure

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

Mistik's complaint process included the following commitments:

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