



## Meadow Lake OSB Limited Partnership—August 2013

In August 2013, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI certification audit of Meadow Lake OSB Limited Partnership's (MLOSB's) woodlands operations against the requirements of the 2010-2014 edition of the Sustainable Forestry Initiative® (SFI) standard. This Certification Summary Report provides an overview of the process and KPMG's findings.

### Description of Meadow Lake OSB LP's Woodlands Operations

Meadow Lake OSB's woodlands operations are situated within the Prince Albert (PA) Forest Management Agreement (FMA) area as well as the Meadow Lake Term Supply Licence (TSL) area.

In regards to the FMA, MLOSB is a shareholder in Sakaw Askiy Management Inc. which is a working consortium of various stakeholders who hold an allocation of the annual allowable cut and associated forest management responsibilities. MLOSB manages its own allocation, as well as that for other shareholders including L&M Wood Products Ltd., Meadow Lake Mechanical Pulp Inc., AC Forestry Ltd. and NorSask Forest Products Inc. L&M Wood Products is unique in this arrangement in that it manages its own harvesting and assigns the planning and silviculture responsibility to MLOSB. The remaining shareholders listed above hold the allocation but assign all forest management responsibility to MLOSB. The TSL is held solely by MLOSB. The total annual allowable cut for the FMA and TSL operations is 1,596,310 m<sup>3</sup> per year of hardwood and softwood species.

The SFI certification will include Meadow Lake OSB as well as L&M Wood Products as a multi-site certification; as the remaining shareholders listed above are included in the certification but have no involvement in forestry activities, they are included in what the SFI standard refers to as a group certification

### Audit Scope

The audit was conducted against the requirements of the 2010-2014 edition of the SFI standard, and incorporated an assessment against the SFI program objectives for:

- Forest management planning;
- Forest productivity;
- Protection and maintenance of water resources;
- Conservation of biological diversity;
- Management of visual quality and recreation benefits;
- Protection of special sites;
- Efficient use of forest resources;
- Fibre sourcing (landowner outreach, adherence to best management practices, promotion of conservation of biological diversity, etc.);



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SFI-01154



## Findings: Meadow Lake OSB Woodlands Operation—August 2013

- Legal and regulatory compliance;
- Forestry research, science and technology;
- Training and education;
- Community involvement in the practice of sustainable forestry;
- Public land management responsibilities;
- Communications and public reporting, and;
- Management review and continual improvement.

The scope of the 2013 SFI certification audit of MLOSB’s woodlands operations included all of the woodlands operations noted above, as well as fibre procurement activities for MLOSB’s oriented strand board plant located near the community of Meadow Lake.

### The Audit

- **Audit Team** – The audit was conducted by Yurgen Menninga RPF, EP(EMSLA), acting as lead auditor, and Bodo von Schilling RPF, EP(EMSLA). Yurgen is an employee of KPMG PRI and Bodo is an independent consultant, and both have conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, CSA Z809 and FSC.
- **SFI Certification Audit**– The audit involved an on-site assessment of all elements of the Company’s SFI program, and included visits to several field sites to evaluate conformance with the requirements of the SFI standard.
- **Surveillance Audits** – Annual SFI surveillance audits will be conducted by the audit team on a go-forward basis to ensure that SFI requirements continue to be met.
- **Meadow Lake OSB’s SFI Program Representative** – Michelle Young RPF served as the Company’s SFI program representative during the audit.

SFI Objective #	Sources of Key Evidence of Conformity
1. Forest Management Planning	Forest Management Plan (FMP), Annual Operating Plans (AOP)
2. Forest Productivity	Site plans, silviculture reports, field inspections.
3. Protection and Maintenance of Water Resources	Field inspections of riparian areas, site plans, field inspections.
4. Conservation of Biological Diversity	FMP, AOP, site plans, field inspections.
5. Management of Visual Quality and Recreational Benefits	AOP, harvest plans, field inspections.
6. Protection of Special Sites	AOP, site plans, stakeholder consultation records, special site inspections.

### Company ABC Ltd. SFI Certification Audit Findings

Major non-conformities	0
Minor non-conformities	3
Opportunities for improvement	3

#### 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, which must be fully implemented by the operation within 3 months.

Major non-conformities must be addressed immediately or certification cannot be achieved / maintained.

##### Opportunities for Improvement:

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

### Audit Objectives

SFI Objective #	Sources of Key Evidence of Conformity
7. Efficient Use of Forest Resources	AOP, site inspections
8. Landowner Outreach	SFI Implementation Committee material
9. Use of Qualified Resource and Logging Professionals	SFI Implementation Committee material
10. Adherence to Best Management Practices	SFI Implementation Committee material, Environmental Management System inspections
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and Major Tropical Wilderness Areas	N/A to Canadian Sourcing
12. Avoidance of Controversial Sources including Illegal Logging	N/A to Canadian Sourcing
13. Avoidance of Controversial Sources including Sources without Effective Social Laws	N/A to Canadian Sourcing
14. Legal and Regulatory Compliance	FMP, AOP, permits, inspection records, internal audit, health & safety policy.
15. Forestry Research & Technology	Research material
16. Training and Education	Environmental Management System, training records, SIC minutes & resources.
17. Community Involvement in the Practice of Sustainable Forestry	Environmental Management System, training records, SIC minutes & resources.
18. Public Land Management Responsibilities	AOP and associated referral process, site plans, referral of site plans to First Nations.
19. Communications and Public Reporting	Not applicable at certification audit.
20. Management Review and Continual Improvement	Environmental Management System, management review, internal audit.

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Example of maintaining the visual quality from a recreational fishing lake near the community of Big River. The harvest block on the far side of the lake is well hidden and not easily discernible from the Lake.

### Good Practices

A number of good practices were identified during the course of the audit. Examples included:

- SFI Objective 4 (biodiversity) - The application of the retention requirements were well met, in particular with one specific contractor.
- SFI Objective 5 (management of visual quality and recreational benefits) The company developed an effective visual buffer around a local fishing lake near the community of Big River, even though no visual buffer was required. From the lake, even though the block surrounds the lake, effective buffering resulted in the block being not easily discernible. The buffer also incorporated a wildlife/outfitter travel corridor.
- SFI Objective 7 (harvest utilization) – The company practice to give logging contractors mill tours increases awareness around how in-block practices affect mill utilization.
- SFI Objective 18 (public land management responsibilities) - The practice of providing digital shape files for guide-outfitters who have applications for the data makes for a clear understanding of location and block feature information.
- SFI Objective 20 (continual improvement) - The MLOSB SFI evidence package , which records what programs processes, etc the company has in place to meet the requirements of the SFI standard, decreases the risk that SFI indicators are not met.

### Areas of Nonconformance

Three minor non-conformities were however identified during the SFI certification :

- SFI Objective 4 (biodiversity) – As in interim measure in relation to caribou, since the Saskatchewan Provincial Government has not finalized their caribou strategy towards meeting the federal caribou recovery strategy, the company has yet to formally identify their existing and/or planned measures to reduce adverse impacts to caribou.
- SFI Objective 14 (legal compliance) —Two gaps in meeting legal requirements were noted. These were late submission of the Sakaw Fire Control Plan and one instance of camp permit requirements not being met with respect to sewage disposal.
- SFI Objective 2 (soil productivity) - The company uses harvest pre-work meetings with logging contractors to communicate block specific issues, and these are documented. In the minority of cases, the forms could not be located.



The audit included on-site interviews with crews to test awareness of the SFI program and operator's responsibilities under the program.

### Opportunities for Improvement

Three opportunities for improvement were also identified during the audit. The key opportunities noted during the audit included:

- SFI Objective 1 (forest management planning) – Harvest allocation is set at the shareholder level, but it was found that cut control is monitored by government at the FMA level. There is an opportunity to have a mechanism to avoid one shareholder’s overcutting cause another shareholder to not be able to meet their allocation.
- SFI Objective 2 (forest productivity) - Some contractors were found to see the need for exceeding the legal minimum for fire response equipment, such as having large portable water delivery systems. There is an opportunity to assess whether this need is worth standardizing.
- SFI Objective 3 (water quality) - For ribbon-less boundary where machine operators follow a GPS map, additional operational controls such as GPS/map highlights or lists of values can improve compliance with regulations and conformance with MLOS procedures and best management practices.

### Corrective Action Plans

Corrective action plans designed to address the root cause(s) of the non-conformities identified during the audit have been developed by MLOS and reviewed and approved by KPMG PRI. The next surveillance audit will include a follow-up assessment of these issues to confirm that the corrective action plans developed to address them have been implemented as required.

### Audit Conclusions

The audit found that the Company’s Saskatchewan woodlands operations meet the requirements of the 2010-2014 version of the SFI standard in all material respects as there were no major non-conformities. As a result, a decision has been made to grant certification to the SFI standard for three years.



An example of good retention as selected by the harvesting contractor.

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