



## Meadow Lake OSB Limited Partnership — October 2015

In October 2015, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI surveillance audit of Meadow Lake OSB Limited Partnership'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's Woodlands Operations

Meadow Lake OSB's woodlands operations are located in the vicinity of Prince Albert, Saskatchewan, and encompass an area of two million hectares on the Prince Albert (PA) Forest Management Agreement (FMA) area as well as the Meadow Lake Term Supply Licence (TSL) area.

Meadow Lake OSB's woodlands have a total AAC (allowable annual cut) of 1.6 million cubic metres per year, and the 2015 audit found that the Company's forest harvesting continues to conform to the AAC applicable to these operations.

The woodlands operations that are included within the scope of the Company's SFI certification are covered by government-approved harvest plans that address both timber and non-timber values. These are developed to be consistent with higher level plans such as the Detailed Forest Management Plan which provide direction to forest management within the areas managed by the organization.

The forests managed by the Company are within the boreal forest eco-region, and are made up of mixed-wood stands on the west and softwood dominated stands to the north and east. Common tree species are trembling aspen, pine, spruce, balsam, poplar, and birch.

The forest management approach employed by the Company is based on even-aged management, ground-based harvesting systems, clearcut harvesting with the retention of reserves of standing trees, post-harvest regeneration of deciduous species through natural suckering, and in the case of conifer species regeneration through planting with a mix of ecologically suited tree species.

### Description of Meadow Lake OSB's Manufacturing Facilities and Fibre Sourcing Program

The company operates an Oriented Strand Board (OSB) mill near the community of Meadow Lake, Saskatchewan. Most of the logs for the mill are sourced from the company's SFI-certified timberlands, with the remainder being purchased from other crown-land operators (most of which are also SFI-certified) as well as a small amount from privately held land.

The Company participates in the Western Canada SFI Implementation Committee (WCSIC) Purchase Wood Monitoring Program by completing risk assessments for all wood purchases and purchase wood inspections as necessary. The results are then collated by WCSIC (of which the Company is a member) in order to identify trends in performance and opportunities for improvement.



### Audit Scope

The scope of the audit covered the following:

- The objectives of the SFI standard noted at Table 1 later in this report and the organization’s activities and management system processes that pertain to them.
- Activities conducted under the Company’s management system between August 31, 2014 and October 8, 2015.

### The Audit

- **Audit Team** – The audit was conducted by Yurgen Menninga, RPF, EP(EMSLA), and Adrienne Hegedus, MSc, EMS(LA), both of who are employees of KPMG PRI who have conducted numerous forest management audits under a variety of standards including SFI, ISO 14001, CSA Z809 and FSC.
- **2015 SFI Surveillance Audit** – The audit involved an on-site assessment of a sample of elements of the Company’s SFI program, and included visits to several field sites (six roads, five cutblocks, three silviculture sites, two camps, and two wood procurement sites) to evaluate conformance with the requirements of the SFI standard. The audit took a total of five auditor days to complete, four days of which were spent on-site at the operations included in the audit sample. The balance of audit time was spent preparing the audit plan, completing an audit checklist, and preparing the main and public summary audit reports.
- **Meadow Lake OSB’s SFI Program Representative** – Michelle Young, RPF, served as Meadow Lake OSB’s SFI program representative during the audit.

### Use of Substitute Indicators

The audit involved an assessment of conformance against the applicable objectives, performance measures and indicators included SFI standard. None of the indicators included in the SFI standards were modified or substituted for the purpose of this audit.

### Audit Objectives

The objectives of the audit were to evaluate the sustainable forest management system at Meadow Lake OSB to:

- Determine its conformance with the requirements of the SFI 2010-2014 standard;
- Evaluate the ability of the system to ensure the company’s woodlands operations meet applicable regulatory requirements;
- Evaluate the effectiveness of the system in ensuring the company meets its specified SFM objectives, and
- Where applicable, identify opportunities for improvement.

<b>Meadow Lake OSB 2015 SFI Audit Findings</b>	
Open non-conformities from previous audits	0
New major non-conformities	0
New minor non-conformities	1
New opportunities for improvement	0

#### 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:

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.

**Table 1—Evidence of Conformity with the SFI 2010-2014 Standard**

Primary sources of evidence assessed to determine conformity with the SFI 2010-2014 standard are presented in the following tables.

SFI Objective #	Sources of Key Evidence of Conformity
1. Forest Management Planning	Not in scope in 2015
2. Forest Productivity	Site plans, silviculture reports, field inspections.
3. Protection and Maintenance of Water Resources	Not in scope in 2015
4. Conservation of Biological Diversity	Annual Operating Plan (AOP), site plans, field inspections.
5. Management of Visual Quality and Recreational Benefits	Not in scope in 2015
6. Protection of Special Sites	AOP, site plans, stakeholder consultation records, site inspections.
7. Efficient Use of Forest Resources	Not in scope in 2015
8. Landowner Outreach	SFI Implementation Committee (SIC) material
9. Use of Qualified Resource and Logging Professionals	Not in scope in 2015
10. Adherence to Best Management Practices	SFI Implementation Committee material, site inspections
11-13	N/A to Canadian Sourcing
14. Legal and Regulatory Compliance	Forest Management Plan, AOP, permits, inspection records, internal audit, health & safety policy, site inspections.
15. Forestry Research & Technology	Not in scope in 2015
16. Training and Education	Environmental Management System, training records, SIC minutes & resources.
17. Community Involvement in the Practice of Sustainable Forestry	Not in scope in 2015
18. Public Land Management Responsibilities	AOP and associated referral process, site plans, referral of site plans to Stakeholders.
19. Communications and Public Reporting	SFI annual report, SFI public summary report
20. Management Review and Continual Improvement	Environmental Management System, management review, internal audit.



The audit included visits to a number of field sites to ensure harvesting, road construction, and stream crossings such as those shown here were implemented in accordance with legal as well as company environmental management system requirements.

## Good Practices

The following good practice was identified during the course of the audit.

- SFI Objective 18 (public land management responsibilities) – During cut-block planning and harvesting, the company summarizes all communications, commitments, and block changes made to accommodate stakeholders. This provides a quick and easy reference for other staff to know the block issues through the life of the block, as well as years afterwards for adjacent block planning. In addition, a review of these summary sheets and associated harvest plans indicate stakeholder concerns are well accommodated through this process.

## Follow-up on Findings from Previous Audits

At the time of this assessment there was one open non-conformity from previous external SFI audits. The audit team reviewed the status of the action plans that were developed by the Company to address these previous audit findings and concluded that they: (1) had been implemented as required, and (2) were effective in addressing the root causes of these non-conformities. As a result, all of the previously identified non-conformities have now been closed.

## Areas of Nonconformance

One minor non-conformity was identified during the SFI surveillance audit of the company's operations:

- SFI Objective 14— (legal and regulatory compliance) – Recently revised stream crossing permit requirements specify that Meadow Lake OSB is to provide the government with specific information for each crossing (such as vegetative cover, fish and wildlife species, soil types, and landform). However the audit found that while this information has been provided for larger streams, it was not provided for some smaller streams.

## Opportunities for Improvement

No new opportunities for improvement were identified during the audit.

## Audit Conclusions

The audit found that Meadow Lake OSB's sustainable forest management system:

- Was in full conformance with the requirements of the SFI 2010-2014 standard included in the scope of the audit, except where noted otherwise in this report;
- Has been effectively implemented, and;
- Is sufficient to systematically meet the commitments included within the organization's environmental and SFM policies, provided that the system continues to be implemented and maintained as required.

As a result, a decision has been reached by the lead auditor to recommend that Meadow Lake OSB continue to be certified to the SFI 2010-2014 standard.



When Meadow Lake OSB purchases logs harvested by others, the company's purchase wood inspection program includes a monitoring process to verify that best management practices (BMPs) are being implemented.

This photo shows some privately owned land, and Meadow Lake OSB purchased the logs harvested in the foreground. In the background is a wetland and stream complex, and the audit confirmed BMPs were implemented and the wetland and stream were not impacted by the harvesting of the purchase wood area.

### Corrective Action Plans

Corrective action plans designed to address the root cause of the non-conformity identified during the audit have been developed by Meadow Lake OSB and reviewed and approved by KPMG PRI. The next audit will include a follow-up assessment to confirm that the corrective action plans have been implemented as required.

### Focus Areas for the Next Audit Visit

The following items have been identified as focus areas for the next audit visit:

- Implementation of action plans developed to meet the new SFI 2015-2019 forest management and fibre sourcing standards.
- Operations on the Term Supply License area, which has been inactive for a number of years.
- Development of the government's Natural Forest Pattern standard, and implications on Meadow Lake OSB's operations
- Forest Management Plan approval.

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