2022 Sustainable Forest Management Plan Annual Report Summary

Canadian Forest Products Ltd.

Kootenay Operations

September 2023

Executive Summary

Canfor's Kootenay operations are certified to two sustainable forest management certification schemes. The Radium forest license (FL A19879) and the Wynndel forest license (FL A20214) are currently under the Sustainable Forest Initiative (SFI) certification standards and are not included in this report. The rest of Canfor's Kootenay operating area is certified under the Forest Stewardship Council (FSC) National Standard of Canada.

This is the eighth Annual Report for the Canfor Kootenay Region Sustainable Forest Management Plan (SFMP, version 5.0) and summarizes the progress and performance made by Canfor to achieve the targets within the SFMP.

Each of the four main value areas (ecological, economic, social, and Indigenous Peoples) has a suite of associated measures and targets. This summary report provides the information that demonstrates Canfor's performance relative to the indicators. The following tables summarize Canfor's overall achievements meeting the assigned targets.

Table 1. SFMP Indicator Summary

Classification	Ecological	Economic or Social	First Nations	Total
Number of Targets Achieved	24	12	4	**40**
Number of Targets Achieved Within Variance	4	0	1	**5**
Number of Targets Being Reworked	1	0	0	**1**
Number of Targets Failed	3	0	0	**3**
Number of Targets in Progress	1	0	0	**1**
Total	**33**	**12**	**5**	**-**

Individual Indicator and Target Summary

Table 2. Ecological Indicators and Target Summary

Indicator	Indicator Statement	Target (Variance)	Result
Ecosystem Representation	Representation of ecosystem groups across the DFA	Rare Ecosystems – Reserve (0 ha with harvest or roads)	Achieved
		Uncommon Ecosystems – Reserve and/or retain high levels of structural retention for those ecosystems below target levels	Achieved
		Common Ecosystems – Maintain at least 25% of each ecosystem in the NHLB (Non-Harvestable Land base) or under an ecosystem restoration or High Conservation Value Forest management regime	Achieved
Conservation Gap Analysis	Complete a Conservation Gap Analysis for the management unit	Complete for 2022	Achieved
Patch Size Distribution by Natural Disturbance Type	Patch size distribution by Natural Disturbance Type (NDT), within ecosystems	Trend towards patch size distribution targets as defined in the Biodiversity Guidebook (Table 21), by Natural Disturbance Type (NDT) within Ecosections, over the mid-term (20-50 years)	Achieved Within Variance
Distribution of Forest Type	Percent distribution of forest type across the DFA	No significant decline (>10% of the total amount) in broadleaf or mixedwood types by BEC zone, over a 10-year period	Achieved
Old and Mature Forest Retention	Amount of old and mature stands by landscape unit and BEC variant	a) Full compliance with the mature and old targets as defined in the Kootenay Boundary Higher Level Plan Order (KBHLPO)	Achieved
		b) Spatial identification of stands to meet KBHLPO targets (no more than -0.3% variance) (≥ -0.3%)	Achieved
Seral and Structural Stages Relative to the Range of Natural Variability	Area of old, mature, and early seral stands, by ecosystem (BEC subzone) grouping, for current and future time periods relative to the Range of Natural Variability	To be compatible with (either within or moving towards) the Range of Natural Variability	Achieved
Interior Forest Habitat	Median patch size of Old Growth and Mature Managed Areas, by NDT and Ecosection	Median patch size is maintained or increases through time	Achieved
Green Tree and Snag Retention	Density (stems/ha) of dominant and co-dominant green trees and	All blocks or block areas to exceed the densities specified in FSC-BC	Not Met

September 2023

	snags (standing dead trees) on each cutblock or cutblock area (gross block area)	Indicator 6.3.9 for each Natural Disturbance Type (NDT) and Biogeoclimatic zone combination (Table 12)	　
Landscape Unit Wildlife Tree Patch Retention	Percent of Wildlife Tree Patches retained across the DFA	Minimum of 7% retention	Achieved
Riparian Management	a) Riparian Reserves and Management Zones planned in accordance with Canfor's Integrated Riparian Assessment;	0 non-conformances	Achieved
	b) Within each block, the combined Riparian Reserve and Management Zone widths meet the FSC budgets in table 52 (SFMP). In unique cases it may not be possible on a block-by-block basis. In these cases, it must be achieved on a cutting permit basis.	0 non-conformances	Achieved
Species of Management Concern - Habitat Protection	Forest management activities conform to operational plans that include the appropriate management strategies from the SWP for blocks containing habitat for species of management concern	100% conformance (5)	Achieved
Tree Seed	Percentage of tree seed used in yearly tree planting program that is consistent with the Chief Foresters' Standards for Seed Use	100% compliance (-5%)	Not Met
Natural Regeneration	a) Percentage of stands at free growing that have a component of natural regeneration	100% of stands (-10%)	Achieved
	b) Percent of stands that have 60% of their total inventory coming from natural regeneration at free growing	60% of stands (-10%)	Achieved
Mix of Species Planted	Percentage of hectares planted with more than one species (by year)	100% of hectares (-30%)	Achieved Within Variance
Managing for Species Diversity During Tree Thinning	Percentage of maximum density spaced hectares with species diversity maintained or enhanced	100% of hectares (-10%)	Achieved
Wildlife Features (previously Sites of Biological Significance)	Forest management activities conform to operational plans that include the appropriate management strategies from the SWP for blocks containing sites of biological significance	100% conformance	Not Met
High Conservation Value Forests	Forest management activities conform to operational plans that include the appropriate HCVF management strategies	100% conformance (-5%)	Achieved Within Variance

September 2023

Reforestation Success	a) Percentage of blocks that achieve regeneration delay (RG) within the regen delay period	100% of blocks	Achieved
	b) Percentage of blocks that achieve free growing within the free growing (FG) period	100% of blocks	Achieved
Invasive Plant Species	a) Percentage of treatments with no follow up	0% of treatments (-10%)	Achieved
	b) Percentage of infestations that go untreated	0% of infestations (-10%)	Achieved
Permanent Access Structures	Percent of operable landbase converted to permanent access structures through forest management activities	5% or less converted per Landscape Unit (+2%)	Achieved
Land Conversion	Percent of DFA converted to non-forest land through forest management activities not including roads, landings and other infrastructure directly related to forest management	Less than 0.5% reduction of DFA annually	Achieved
Volume Harvested vs Allocated	Percent of volume harvested compared to allocated harvest level	100% over the legislated cut control period for Canfor's major replaceable forest licenses in the Kootenay region (+/- 10%)	Achieved
Detrimental Soil Disturbance	Number of blocks where the % detrimental soil disturbance exceeds acceptable limits	0 blocks (4)	In Progress
Coarse Woody Debris	Number of large pieces of CWD per ha in harvested cutblocks each year, by BEC zone in each major Forest License	100% of sampled blocks meet targets	Indicator is being reworked
Sensitive Watersheds	Percent of Sensitive Watersheds/Riparian Assessment Units, where forest development is planned, above ECA thresholds that have had further assessment by a qualified professional	100% of watersheds (-10%)	Achieved Within Variance
Stream Crossing Sedimentation Control	Number of drainage structures on Canfor's permitted roads identified as having a high risk of significant sedimentation that are not remediated within one year of identification	0 drainage structures (3)	Achieved

September 2023

Table 3. Economic/Social Indicators and Target Summary

Indicator	Indicator Statement	Target (Variance)	Result
Climate Change Adaptation	a) Annual meeting to review: possible effects of climate change, new information available, results of monitoring other indicators/strategies (from the perspective of climate change) and determine if changes are needed for the SFMP	Annual meeting	Achieved
	b) Implement climate change stocking standards into regeneration plans	Within one year of approval of FSP climate change stocking standard	Achieved
	c) Percent of cutblocks (by area) reforested with mixed species at free growing	100% of stands (-30%)	Achieved
Non-Timber Values	Number of incidences of documented concerns about non-timber forest values (NTFV) brought forward, where the NTFV strategy was followed	0 incidences	Achieved
Overlapping Tenures	Number of incidences of documented concerns related to overlapping tenures brought forward, where the Overlapping Tenures Strategy was not followed	0 incidences	Achieved
Investment in Local Communities - Local Procurement	Maintain a high percentage of procured goods and services that are from local sources	≥ 70% of Woodlands dollars spent in local communities; 5 year rolling average (-10%)	Achieved
Investment in Local Communities - Sponsorships, Donations, and Scholarships	Number of Corporate donations, scholarships, or other sponsorships to local community groups, individuals, or events	≥ 5 donations and/or sponsorships to regional communities, events or individuals per year (-1)	Achieved
Environmental and Safety Training	Training in environmental and safety procedures in compliance with company training plans	100% of Canfor Kootenay Woodlands employees will have required environmental and safety training (-5%)	Achieved
Educational Opportunity	Number of people who took part in an educational opportunity	25 people (-10)	Achieved
SFM Monitoring Report Public	SFM monitoring report made available to the public	One SFM Annual Report available to the public annually via web	Achieved
Third Party Verification	Independent, third-party review of the degree of Canfor achievement of meaningful participation	Compliance with external audit	Achieved
Certified Safety Program	Implementation and maintenance of a certified safety program	100% implementation	Achieved

Table 4. First Nations Indicators and Target Summary

Indicator	Indicator Statement	Target (Variance)	Result
Indigenous Peoples Awareness Training	Employees receive Indigenous Peoples awareness training	100% of staff who are required to have Indigenous Peoples awareness training as per the staff training matrix (-10%)	Achieved Within Variance
Indigenous Peoples Understanding of the Plans	Evidence of best efforts to obtain acceptance of applicable management plans based on Indigenous Peoples communities having a clear understanding of the plans	≥ 3 forms of communication for all applicable management plans	Achieved
Level of Indigenous Peoples Participation in the Forest Economy	Evidence of Indigenous Peoples participation in the forest economy and efforts to increase the level of participation	Maintain 2013 levels of Indigenous Peoples participation in the forest economy at a minimum and continual improvement towards strategies to increase those levels of participation based on a 3-year average (-10%)	Achieved
Evidence of Understanding and Use of Indigenous Peoples Knowledge	Management strategies, developed through a collaborative process including traditional knowledge and use, to protect identified Indigenous Peoples and other cultural forest values or sites of spiritual importance	Minimum of one process in place with willing Indigenous Peoples communities to identify and manage culturally important resources and values	Achieved
Level of Management and/or Protection - Indigenous Peoples Culturally Important Sites, Practices, and Activities	Forest management activities conform with operational plans which include management strategies to manage and protect Indigenous Peoples culturally important sites, practices and activities	100% compliance with operational plans	Achieved

If you have any questions regarding the results of this report or about the Canfor Kootenays certification program, please contact:

Ashleigh Harvison, RPF

Strategic Planning Forester

Phone: 604-773-3490

Email: ashleigh.harvison@canfor.com