

Morice

Sustainable Forest Management Plan



2015/16 Annual Report

Prepared by:

Canadian Forest Products Ltd. – Houston Division

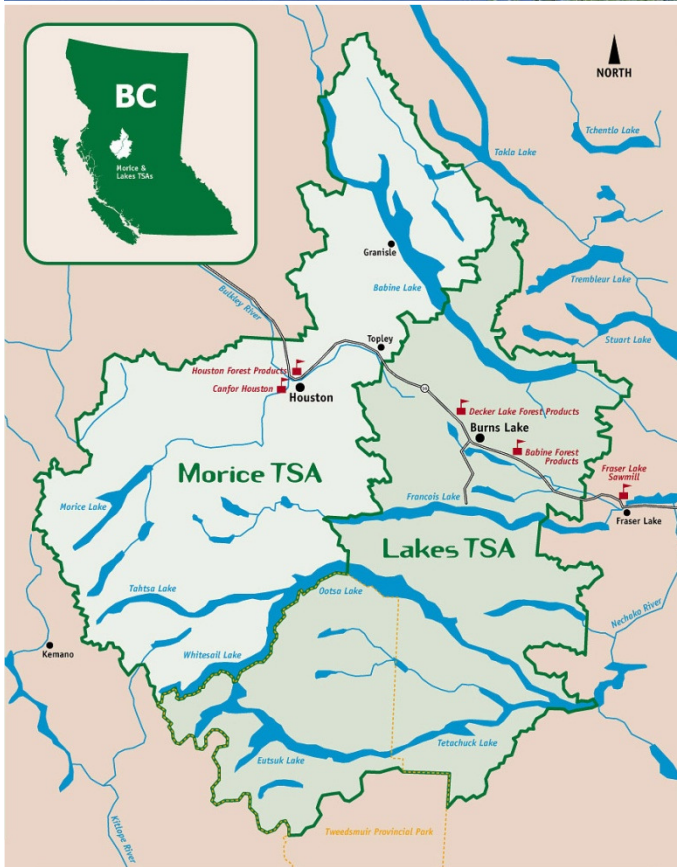
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Morice Timber Supply Area
 (Morice TSA and Lakes TSA form the Nadina Forest District)
 British Columbia, Canada.

**Canadian Council of Forest Ministers’
 Criteria for SFM**

1. Conservation of Biological Diversity
2. Maintenance and Enhancement of Forest Ecosystem Condition and Productivity
3. Conservation of Soil and Water Resources
4. Forest Ecosystem Contributions to Global Ecological Cycles
5. Multiple Benefits to Society
6. Accepting Society’s Responsibility for Sustainable Development



Photos: hiway16.com.

1.0 Introduction

This is the 2015/16 Annual Report for the Morice Sustainable Forest Management Plan (SFMP), covering the reporting period of April 1, 2015 to March 31, 2016. The SFMP is a result of efforts of one major licensee (Canadian Forest Products Ltd.) and the public advisory group to achieve and maintain Canadian Standards Association (CSA) certification to the CSA Z809-08 standard¹. The current signatory to the plan is:

1. Canadian Forest Products Ltd. (Canfor), Morice Operations

As of September 2013 BCTS is no longer a signatory for the SFMP due to the fact they have moved to SFI certification.

The Morice SFMP includes a significant public involvement component. In developing the SFM Plans for the DFA, over 100 meetings were held with local participants who represented a wide range of stakeholder interests. Well over 200 people with an interest in how local resources are managed have contributed their knowledge and expertise to the development of the SFM Plans; they represented a cross-section of local interests including recreation, tourism, ranching, forestry, conservation, water, community and Aboriginals. These dedicated volunteers from the public have helped develop the goals, objectives and indicators needed to deliver the SFM Plans.

In the fall of 2010, the licensees (BCTS and Canfor) started the transition to the Canadian Standards Association (CSA) Sustainable Forest Management (CSA Z809-08) standard.

The SFMP includes a set of values, objectives, indicators and targets that address environmental, economic and social aspects of forest management in the Morice Defined Forest Area. An SFMP developed according to the CSA standard sets performance objectives and targets over a defined forest area (DFA) to reflect local and regional interests. Consistent with most certifications, and as a minimum starting point, the CSA standard requires compliance with existing forest policies, laws and regulations. Changes to this annual report reflect the 2008 (CSA Z809-08) standard requirements as embodied in the Morice Defined Forest Area SFMP.

It is important to note that the Morice SFMP is a working document and is subject to continual improvement. Over time, the document will incorporate new knowledge, experience and research in order to recognize society's environmental, economic and social values.

This Annual Report measures the Canfor's performance in meeting the indicator targets outlined in the SFMP over the Morice Defined Forest Area (DFA). The DFA is the Crown Forest land base within the Nadina Forest District and the traditional operating areas of the signatory licensee, excluding woodlots, Parks, Protected Areas and private land. The intent of this Annual Report is to have sustainable forest management viewed by the public as an open, evolving process that is taking steps to meet the challenge of managing the forests of the Morice DFA for the benefit of present and future generations.

In the being of 2015 Canfor has increased the size of the DFA within the Morice Timber Supply Area (TSA). The significant addition in area includes locations south of Houston including Nadina Lake, Whitesail Lake, Andrew Bay and Tahtsa Reach. These new areas have been incorporated into this reporting period.

The following Table summarizes the results for the current reporting period. For clarification of the intent of the indicators, objectives or the management practices involved, the reader should refer to the Morice Sustainable Forest Management Plan document (December 2014).

1.1 List of Acronyms

Below is a list of common acronyms used throughout this annual report. For those wishing a more comprehensive list should consult the Morice Sustainable Forest Management Plan.

BCTS – BC Timber Sales

BEC – Biogeoclimatic Ecosystem Classification

CSA – Canadian Standards Association

CE & VOIT- Criterion, Element & Value Objective Indicator Target
 DFA – Defined Forest Area
 FPPR – Forest Planning and Practices Regulation
 MoFRLNRO – Ministry of Forest, Range, Lands and Natural Resource Operations
 NDU – Natural Disturbance Unit
 PAG – Public Advisory Group
 SAR – Species at Risk
 SFM – Sustainable Forest Management
 SFMP – Sustainable Forest Management Plan

1.2 Executive Summary

Of the 33 indicators listed in Table 1; 30 indicators were met within the prescribed variances and 2 indicators were not met within the prescribed variances. One other indicator is pending. For each off-target indicator, a corrective and preventative action plan is included in the indicator discussion.

Table 1: Summary of Indicator Status, April 1st 2015 to March 31st 2016

Indicator Number	Indicator Statement	Target Met	Pending	Target Not Met
1.1.1	Total hectares logged in rare and uncommon ecosystems	X		
1.1.2	Percent distribution of forest type (treed conifer, treed broadleaf, treed mixed) >20 years old across DFA			X
1.1.3 & 4.1.1	Percent late seral distribution by ecological unit across the DFA. & Maintain the retention of existing (or replacement of) old forest retention area.	X		
1.1.4(a)	Percent of stand structure retained across the DFA in harvested areas	X		
1.1.4(b)	Percent of blocks meeting dispersed retention levels as prescribed in the site plan/logging plan	X		
1.1.4(c)	Number of non-conformance where forest operations are not consistent with riparian management requirements as identified in operational plans	X		
1.1.5	Percent forest in each patch type by patch size class by BEC variant by licensee.			X
1.2.1 & 1.2.2	Percent of forest management activities consistent with management strategies for Species of Management Concern.	X		
1.2.3 & 1.3.1	Regeneration will be consistent with provincial regulations and standards for seed and vegetative material use.	X		
1.4.1	Percent of forest management activities consistent with management strategies for protected areas and sites of biological significance.	X		
1.4.2	Percent of identified Aboriginal forest values, knowledge and uses considered in forestry planning processes.	X		
2.1.1	The regeneration delay, by area, for stands established annually	X		
2.2.1	Percent of gross forested landbase in the DFA converted to non-forest land use through forest management activities		X	
2.2.2 & 5.1.1 (a)	Percent of volume harvested compared to allocated harvest level.	X		
3.1.1	Percent of harvested blocks meeting soil disturbance objectives identified in plans.	X		
3.1.2	Percent of cutblocks reviewed where post harvest CWD levels are within the targets contained in plans	X		
3.2.1(a)	Sensitive watersheds that are above Peak Flow targets will have mitigation measures instituted.	X		

Indicator Number	Indicator Statement	Target Met	Pending	Target Not Met
3.2.1(b)	Percentage of high hazard drainage structures in sensitive watersheds with identified water quality concerns that have mitigation strategies implemented.	X		
4.1.1	See 1.1.3			(refer to related indicators)
4.2	See 2.2.1	(refer to related indicators)		
5.1.1(a)	See 2.2.2	(refer to related indicators)		
5.1.1(b)	Conformance with strategies for non-timber benefits identified in Plans.	X		
5.2.1(a)	Investment in local communities	X		
5.2.1(b)	Benefits directed into local communities by licensee (Local Indicator).	X		
5.2.2	Training in environmental & safety procedures in compliance with company training plans	X		
5.2.3	Level of direct & indirect employment	X		
5.2.4	Number of opportunities for Aboriginals to participate in the forest economy	X		
6.1.1	Employees will receive Aboriginal awareness training	X		
6.1.2	Evidence of best efforts to obtain acceptance of management plans based on Aboriginal communities having a clear understanding of the plans.	X		
6.1.3	Percent of forest operations in conformance with operational/site plans developed to address Aboriginal forest values, knowledge and uses	X		
6.2.1	(see 1.4.2)	(refer to related indicators)		
6.3.1(a)	Primary and by-products that are bought, sold, or traded with other forest-dependent businesses in the local area	X		
6.3.2 & 6.3.3	Implementation and maintenance of a certified safety program	X		
6.4.1	PAG established and maintained, and satisfaction survey implemented according to the Terms of Reference	X		
6.4.2	Numbers of educational opportunities for information and/or training that are delivered to the Public Advisory Group	X		
6.4.3	(See 1.4.2)	(refer to related indicators)		
6.5.1	Number of people to whom educational opportunities are provided.	X		
6.5.2	SFM monitoring report made available to the public.	X		
Totals		30	1	2

1.3 SFM Performance Reporting

This annual report will describe the success of the licensee in meeting the indicator targets over the DFA. The report is available to the public and will allow for full disclosure of forest management activities, successes, and failures. The sole signatory to the SFMP has reported individual performance within its traditional operating areas as well as performance that contributes to shared indicators and targets across the plan area. Canfor is committed to work together to fulfill the Morice SFMP commitments including data collection and monitoring, participation in public processes, producing public reports, and continuous improvement.

2.0 SFM Indicators, Targets and Strategies

Indicator 1.1.1 Ecosystem area by type

Indicator Statement	Target and Variance
Total hectares logged in rare and uncommon ecosystems	Target: Rare ecosystems groups as identified in the previous table will not be harvested. Variance: Harvesting may occur in rare ecosystems for access, forest

Buck	Low	2	ESSFmc	>250	>9	>3	3.04
		3	SBSdk	>140	>11	>3.7	28.66
		3	SBSmc2	>140	>11	>3.7	37.28
Burnie	High	2	ESSFmk	>250	>13		89.39
Fulton	Low	2	ESSFmc	>250	>9	>3	27.72
		3	SBSmc2	>140	>11	>3.7	29.40
Gosnel	Intermediate	2	ESSFmc	>250	>9		40.61
		2	ESSFmk	>250	>9		64.96
		3	SBSmc2	>140	>11		54.84
Granisle	Low	2	ESSFmc	>250	>9	>3	0
		3	SBSmc2	>140	>11	>3.7	28.62
Houston Tommy	High	2	ESSFmc	>250	>13		40.09
		3	SBSdk	>140	>16		16.98
		3	SBSmc2	>140	>16		36.92
Kidprice	Intermediate	2	ESSFmc	>250	>9		12.73
		2	ESSFmk	>250	>9		24.82
		3	SBSmc2	>140	>11		36.61
Morice Lake	High	2	ESSFmc	>250	>13		23.94
		2	ESSFmk	>250	>13		83.48
		3	SBSmc2	>140	>16		64.13
Morrison	Intermediate	2	ESSFmv3	>250	>9		0.75
		3	SBSmc2	>140	>11		46.03
Nadina	Intermediate	2	ESSFmc	>250	>9		5.59
		3	SBSdk	>140	>11		20.60
		3	SBSmc2	>140	>11		33.03
Nanika	High	2	ESSFmk	>250	>13		50.03
North Babine	Low	2	ESSFmv3	>250	>9	>3	1.79
		3	SBSdk	>140	>11	>3.7	6.37
		3	SBSmc2	>140	>11	>3.7	33.23
Owen	Intermediate	2	ESSFmc	>250	>9		12.09
		3	SBSdk	>140	>11		29.63
		3	SBSmc2	>140	>11		42.26
Parrotts	Low	2	ESSFmc	>250	>9	>3	4.12
		3	SBSdk	>140	>11	>3.7	27.96
		3	SBSmc2	>140	>11	>3.7	25.67
Sibola	High	2	ESSFmk	>250	>13		75.35
		3	SBSmc2	>140	>16		77.88
Tahtsa	Low	2	ESSFmc	>250	>9	>3	4.06

		3	SBSdk	>140	>11	>3.7	17.74
		3	SBSmc2	>140	>11	>3.7	30.96
Thautil	High	2	ESSFmc	>250	>13		20.61
		3	SBSmc2	>140	>16		37.72
Tochcha Natowite	Intermediate	2	ESSFmv3	>250	>9		1.58
		3	SBSmc2	>140	>11		34.85
		3	SBSwk3	>140	>11		46.77
Topley	Low	2	ESSFmc	>250	>9	>3	1.13
		3	SBSmc2	>140	>11	>3.7	19.02
Triotsa	High	2	ESSFmc	>250	>13		36.01
		2	ESSFmk	>250	>13		54.20
		3	SBSmc2	>140	>16		82.76
Valley	Intermediate	2	ESSFmc	>250	>9		22.51
		3	SBSdk	>140	>11		9.64
		3	SBSmc2	>140	>11		29.54
Whitesail	Intermediate	2	ESSFmc	>250	>9		23.62
		3	SBSdk	>140	>11		65.83
		3	SBSmc2	>140	>11		48.20

Canfor is managing SBSdk sites so that percentages will be up to or approaching target levels by 2019. For example the Valley is below target at 9.64% (target is 11%) and is forecast to be at 12.7% by 2019.

The ESSF units that are under target are being managed for. The bigger issue is hitting the age class 9 (250 years) status with natural factors creating a downward pressure on age through mortality of older stems. This is a common issue through most areas of the interior where it is very difficult to get natural occurring stands that classify as age class 9. The age class 8 stands have stems older than 250 years and exhibit the old growth characteristics that this indicator is trying to maintain.

This indicator will change in the next year to reflect the newly signed Biodiversity Order for the Morice TSA which has a different structure to account for old seral stage forests.

Indicator 1.1.4(a) Degree of within-stand structural retention

Indicator Statement	Target and Variance
Percent of stand structure retained across the DFA in harvested areas	<u>Target:</u> Landscape level target of 7%
Was the target met? Yes	

The current status for average stand level retention for all cutblocks completed harvesting between April 1, 2015 and March 31, 2016 in the DFA is found in Table 2.

Table 2: Stand Level Retention in Harvested Areas, 2015/16

Licensee	Total Gross area harvested between April 1 st and March 31 st	Total retention in blocks harvested between April 1 st and March 31 st	Percentage
Canfor	6913.6	947.1	13.70%

Average % Retention = (Total WTRA / Total Block Area) X 100

Concerns were raised by auditors about the high level of retention prescribed. It was found that roughly half of the WTP's were non THLB. For example, they may overlap with existing legal reserves, legal orders or non-productive areas. Old growth management area overlap was also occurring. These will become legal in late 2016 under the Biodiversity Order for the Morice TSA, and had been respected over the reporting period. Prescriptions were reviewed looking for opportunities for less WTP designation resulting in a reduced % retention from previous year by 0.3%.

Indicator 1.1.4(b) Degree of within-stand structural retention

Indicator Statement	Target and Variance
Percent of blocks meeting dispersed retention levels as prescribed in the site plan/logging plan	<u>Target:</u> 100% of the blocks <u>Variance:</u> 0
Was the target met? Yes	

Table 3: Dispersed Stand Level Retention in Harvested Areas, 2015/16

Licensee	Number of blocks with dispersed retention	No. those Blocks that were in Conformance	Percent
Canfor	9	9	100

All the blocks with dispersed retention had the retention identified to help meet riparian area retention requirements along S4 and S6 streams. The outcome met the objectives.

Indicator 1.1.4(c) Degree of within-stand structural retention

Indicator Statement	Target and Variance
Number of non-conformance where forest operations are not consistent with riparian management requirements as identified in operational plans	<u>Target:</u> 100% of the blocks <u>Variance:</u> 0
Was the target met? Yes	

All prescribed retention levels around streams where met.

Indicator 1.1.5 Degree of habitat connectivity (local indicator)

Indicator Statement	Target and Variance
Percent forest in each patch type by patch size class by BEC variant by licensee.	<u>Target:</u> Trending toward <u>Variance:</u> None
Was the target met? No	

Table 4: Current status by patch type and class and BEC, 2015/16

BEC Variant	Patch Size Class (ha)	Current Status (2013/2014)	Current Status (2014/2015)	Current Status (2015/2016)	Target	Trend
ESSF	Large	55.8%	47.2%	47.1	50% - 60%	Away
	Small	9.9%	15.7%	14.4%	15% - 25%	Away
SBS dk	Large	74.7%	63.5%	67.4%	50% - 60%	Toward
	Small	8.1%	9.2%	9.7%	20% - 30%	Toward
SBS mc & wk3	Large	63.4%	62.7%	63.6%	50% - 60%	Away
	Small	8.8%	8.8%	8.2%	20% - 30%	Away

Both SBS medium patch categories were in target and the ESSF medium was moving away.

Age criteria for patch types are as follows:

- Early <=20 year old forest.

Patch size classes are as follows:

- Small >1 and <40
- Medium 40 to 250 No targets set.
- Large >250

The data is for the entire TSA in order to be consistent with legal commitments. There are improvements in the SBS large as it has started to move toward the target. The SBS mc is forecast to move in target in the next few years. The SBS small continues to be a concern and has been the focus of Canfor block design. Forecasting forward shows the small patch starting to trend toward target in the SBS. These general improvements relate to salvage operations starting to wind down. A different approach is being reviewed for our next FSP as the trending toward is not well defined and does not describe how major salvage events are to be addressed.

It is interesting to note that the targets for patch come from the LRMP document. They differ significantly from recommendations or guidance in the biodiversity guidebook (BDG). The LRMP uses blended percentages and treats the SBS and ESSF the same. The BDG recommends smaller openings in the ESSF in contrast to the SBS. We are largely consistent with the BDG for the SBS and instead of needing more large in the ESSF we would need less. Following the BDG is being reviewed as a solution to this ongoing difficulty meeting patch size targets that don't seem to work.

Indicator 1.2.1 Degree of habitat protection for selected focal species, including species at risk

Indicator 1.2.2 Degree of suitable habitat in the long term for selected focal species, including species at risk

Indicator Statement	Target and Variance
Percent of forest management activities consistent with current Best Management Practices for Species of Management Concern	Target: 100% Variance: 0%
Was the target met? Yes	

There was special management for caribou, 8 goat areas, one bear den and 2 stick nests.

Indicator 1.2.3 Proportion of regeneration comprised of native species

Indicator 1.3.1 Genetic diversity (not a core indicator)

Indicator Statement	Target and Variance
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Regeneration will be consistent with provincial regulations and standards for seed and vegetative material use.	<u>Target:</u> 100% <u>Variance:</u> none
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Was the Target Met? Yes

Adherence to the Chief Forester's Seed Use Standards is crucial for sustainable forest management as the standards are designed to establish healthy stands composed of ecologically and genetically appropriate trees. Planting unsuitable genetic stock could result in stands that will not meet future economic and ecological objectives.

Table 5 details the areas planted within the DFA in accordance with the Chief Forester's Standards for Seed Use for this reporting period.

Table 5: Compliance with Chief Forester's Standards for Seed Use, 2015/16

Licensee	Total Planted Seedlings	Planted in Accordance with Chief Forester's Standards*	Total % DFA**
Canfor	6,562,400	6,562,400	100.0%

Reported based on the number of seedlings planted.

There were no blocks with seedlings outside the transfer limits

Indicator 1.4.1 Proportion of identified sites with implemented management strategies

Indicator Statement	Target and Variance
Percent of forest management activities consistent with management strategies for sites of biological significance	<u>Target:</u> 100% <u>Variance:</u> 0%
Was the target met? Yes	

There were a number of sites identified including bear dens, stick nests and areas identified for goshawk management. There were no ITS incidents or issues with the management of these sites.

Indicator 1.4.2 Protection of identified sacred and culturally important sites**Indicator 6.2.1 Evidence of understanding and use of Aboriginal knowledge through the engagement of willing Aboriginal communities, using a process that identifies and manages culturally important resources and values**

Indicator Statement	Target and Variance
% of identified Aboriginal forest values, knowledge and uses considered in forestry planning processes	<u>Target:</u> 100% of blocks and roads have consultation and a cultural heritage resource assessment. <u>Variance:</u> 0%
Was the target met? Yes	

22 blocks had identified values. For the majority of blocks the area was excluded from harvest. CMT's were flagged for stubbing and marked on SP maps in cases were not excluded from the block. There were no incidents around this indicator.

Indicator 2.1.1 Reforestation success (regeneration delay)

Indicator Statement	Target and Variance
Average regeneration delay for stands established annual	<u>Target:</u> less or equal 2.5 years <u>Variance:</u> +0.5 years
Was the target met? Yes	

The weighted average regen delay for this last reporting year was 2.18 years.

Year	Average years to declare regeneration delay following the start of harvesting.
2015/16	Canfor 2.18

Canfor is well under target.

Indicator 2.2.1 Additions and deletions to the forest area

Indicator Statement	Target and Variance
Percentage of gross forested land base in the DFA converted to non-forest land use through forest management activities	<u>Target:</u> <2.2% <u>Variance:</u> None
Was the target met? Pending	

According to the data we are currently sitting at 1.76%. While reviewing the details it was noted that we are missing a significant number of roads from areas previously identified as West Fraser operating area. Before the change in DFA we were close, but below the target. We suspect we are still below target, but do not have the data to support that conclusion at this point.

It will take a significant work load and time to get the data set updated. An additional concern was raised about reviewing a mechanism for removing roads as they become completely revegetated or rehabilitated.

Indicator 2.2.2 Proportion of the calculated long-term sustainable harvest level that is actually harvested

Indicator Statement	Target and Variance
Percent of volume harvested compared to allocated harvest level	<u>Target:</u> 100% over cut control period as defined by Timber supply forecast harvest flow. <u>Variance:</u> 10%
Was the target met? Yes	

Year	2012	2013	2014	2015	Total
Harvest volume	947,396	1,184,956	933,819	1,236,984	4,303,155
Cut control	940,424	1,021,549	1,264,924	1,264,924	4,491,821

Canfor is currently at 95.8% of cut control after 4 years. Note A91846 was acquired in October of 2013 so one quarter of 324,500 was added to the 2013 AAC. The cut control period for license A91846 expired 2015 and A16828 in 2016.

Indicator 3.1.1 Level of soil disturbance

Indicator Statement	Target and Variance
Percent of harvested blocks meeting soil disturbance objectives identified in plans	<u>Target:</u> 100% of blocks meet soil disturbance objectives <u>Variance:</u> 0%
Was the target met? Yes	

There was one ITS incident in COMF0046. The Canfor supervisor was concerned limits had been exceeded. A qualified independent survey indicated the results had not been exceeded. Rehab was still scheduled for areas of concern. The pending incident was also concluded from last year with a formal survey indicating results had not exceeded limits in PARR0177 either.

Indicator 3.1.2 Level of downed woody debris

Indicator Statement	Target and Variance
Percent of cut blocks where post harvest CWD levels are within the targets contained in Plans	<u>Target:</u> 100% of blocks harvested annually will meet targets <u>Variance:</u> -10%

Was the target met? Yes

There were no ITS related to CWD and no issues identified in audits. A best practices refresher was also provided to harvesting contractors in 2016.

Indicator 3.2.1(a) Proportion of watershed or water management areas with recent stand-replacing disturbance

Indicator Statement	Target and Variance
Sensitive watersheds that are above Peak Flow targets will have mitigation measures instituted.	<u>Target:</u> 100% <u>Variance:</u> 0%
Was the target met? Yes	

All sensitive watersheds dropped below thresholds in last year. In Lamprey/Pimpernel mitigation measure were still being implemented.

Indicator 3.2.1(b) Proportion of watershed or water management areas with recent stand-replacing disturbance

Indicator Statement	Target and Variance
Conduct inventory of high hazard drainage structures within sensitive watersheds and develop mitigation strategy for each of the structures. Action plans with respect to the identified drainage structures are being implemented.	<u>Target:</u> 100% <u>Variance:</u> 0%
Was the target met? Yes	

One bridge was installed in a sensitive watershed. Canfor installed a temporary bridge over an older bridge site to avoid any sedimentation or damage at 9k on the Lamprey FSR. The rotting logs and fill were removed from the older structure. The old structure was at risk of failing. Seeding and erosion control measures were also implemented on the site. The temporary structure has been left in to provide silviculture access and planned to be removed to complete the deactivation.

Indicator 4.1.1 Net Carbon Uptake

Indicator Statement	Target and Variance
Maintain the retention of existing (or replacement of) old forest retention area	<u>Target:</u> As per indicator 1.1.3 <u>Variance:</u>
Was the target met? See indicator 1.1.3	

Indicator 4.2 Forest Land Conversion

Indicator Statement	Target and Variance
Maintain the retention of existing (or replacement of) old forest retention area	<u>Target:</u> As per indicator 2.2.1 <u>Variance:</u>
Was the target met? See indicator 2.2.1	

Indicator 5.1.1(b) Quantity and quality of timber and non-timber benefits, products, and services produced in the DFA

Indicator Statement	Target and Variance
Conformance with strategies for non-timber benefits identified in Plans	<u>Target:</u> No non-conformances for site level plans <u>Variance:</u> 0
Was the target met? Yes	

In addition to the values identified in indicator 6.1.3 which include the protection of a number of trails there were 2 range tenure holder commitments and 4 visual commitments made.

Indicator 5.2.1(a) Level of investment in initiatives that contribute to community sustainability

Indicator Statement	Target and Variance
Investment in local communities	<u>Target:</u> >=45% <u>Variance:</u> -10%
Was the target met? Yes	

Licensee	2011 Status	2012 Status	2013 Status	2014 Status	2015 Status	Average
Canfor	79.80%	74.70%	56.90%	55.40%	58.50%	65.1%

Overall percentage increased from 62.9% to 65.1%.

Indicator 5.2.1(b) Level of investment in initiatives that contribute to community sustainability

Indicator Statement	Target and Variance
Amount of benefits directed into local communities	<u>Target:</u> \$38,000 3-year rolling average <u>Variance:</u> -10%
Was the target met? Yes	

Licensee	2013 Status	2014 Status	2015 Status	3-yr rolling average
Canfor	\$28,690.42	\$46,257.78	\$98,995.08	\$57,981.09

After a number of years not meeting this indicator we had an excellent result in 2015 and are well over the target for a 3 year rolling average.

Indicator 5.2.2 Level of investment in training and skills development

Indicator Statement	Target and Variance
Training in environmental & safety procedures in compliance with company training plans	<u>Target:</u> 100% of company employees and contractors will have both environmental & safety training. <u>Variance:</u> -5%
Was the target met? Yes	

Licensee	2015 Status	Target
Canfor Employees	98.2%	100%

Canfor Contractors	100%	100%
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On average per employee there 39 training sessions to complete. All the certification related training was completed.

Indicator 5.2.3 Level of direct and indirect employment

Indicator Statement	Target and Variance
Maintain average level of direct and indirect employment	<u>Target:</u> Canfor: = 1,264,924m ³ * 2.65jobs/1000m ³ = 3,357 direct and indirect jobs <u>Variance:</u> Canfor: -10% or 249 jobs per year
Was the target met? Yes	

Canfor volume:

	2015	Percent
AAC	1,264,924	
Total Cut	1,236,984	97.8%

The equation for 2015 is as follows (total cut) 1,264,924 * 2.65 jobs/1000m³= 3,357 (jobs). Based on the harvest in 2015 the calculation equaled 3,278 which is within the 10% variance.

Indicator 5.2.4 Level of Aboriginal participation in the forest economy

Indicator Statement	Target and Variance
Number of opportunities for Aboriginals to participate in the forest economy.	<u>Target:</u> >= number of realized opportunities from baseline assessment (3-year rolling average) <u>Variance:</u> -10% of baseline
Was the target met? Yes	

Licensee	2013 Status	2014 Status	2015 Status	Target
Canfor	8	7	9	≥5

Indicator 6.1.1 Evidence of a good understanding of the nature of Aboriginal title and rights

Indicator Statement	Target and Variance
Employees will receive Aboriginal awareness training	<u>Target:</u> 100% <u>Variance:</u> -10%
Was the target met? Yes	

Licensee	2015 Status	Target
Canfor	100%	100%

Canfor staff were trained as per training matrix.

Indicator 6.1.2 Evidence of best efforts to obtain acceptance of management plans based on Aboriginal communities having a clear understanding of the plans

Indicator 6.4.3 Evidence of efforts to promote capacity development and meaningful participation for Aboriginal communities

Indicator Statement	Target and Variance
Evidence of best efforts to obtain acceptance of management plans based on Aboriginal communities having a clear understanding of the plans.	<u>Target:</u> >=3 approaches/Aboriginal community within the DFA, for 100% of management plans, as required <u>Variance:</u> None
Was the target met? Yes	

COPI records and arch/cultural reports demonstrate communication and extensive efforts to build relationships and share plans.

Indicator 6.1.3 Level of management and/or protection of areas where culturally important practices and activities (hunting, fishing, gathering) occur

Indicator Statement	Target and Variance
Percent of forest operations in conformance with operational/site plans developed to address Aboriginal forest values, knowledge and uses	<u>Target:</u> 100% compliance with operational plans and corresponding results and strategies. 100% of blocks and roads that have had a CHR assessment completed. 100% of blocks and roads have a completed consultation record. <u>Variance:</u> -0%
Was the target met? Yes	

Licensee	2015 Status	Target
Canfor	100%	100%

A total of 134 blocks had archaeological assessments with 22 blocks with values found. All high potential areas were dropped from harvest areas. No alteration permits were used. Post 1846 culturally modified trees were protected in wildlife tree patches or flagged and stubbed.

Indicator 6.3.1 Evidence that the organization has co-operated with other forest-dependent businesses, forest users, and the local community to strengthen and diversify the local economy

Indicator Statement	Target and Variance
Primary and by-products that are bought, sold, or traded with other forest-dependent businesses in the local area.	<u>Target:</u> Maintain >=13 relationships <u>Variance:</u> -20%
Was the target met? Yes	

Product	Number of opportunities	Organization
Logs	7	Decker Lake, HPLP, Hunky Dory, Tahtsa Timber, LBN, Lowell Johnson, WFN.
Trim Blocks	3	Kyah, DH, Brinks/PVR
Sawdust/shavings	1	Houston Pellet (HPLP)

Chips	1	Canfor Pulp limited Partnership
Total	12	

Indicator 6.3.2 Evidence of co-operation with DFA-related workers and their unions to improve and enhance safety standards, procedures and outcomes in all DFA-related workplaces and affected communities

6.3.3 Evidence that a worker safety program has been implemented and is periodically reviewed and improved

Indicator Statement	Target and Variance
Implementation and maintenance of a certified safety program	<u>Target:</u> 100% <u>Variance:</u> 0%
Was the target met? Yes	

Canfor has maintained safe certification. Houston had an onsite audit in the summer of 2016.

Indicator 6.4.1 Level of participant satisfaction with the public participation process

Indicator Statement	Target and Variance
PAG established and maintained, and satisfaction survey implemented according to the Terms of Reference.	<u>Target:</u> PAG meeting satisfaction score of ≥ 4 <u>Variance:</u> 0
Was the target met? Yes	

PAG Meeting Number - Date	Average Meeting Score
82 to 84 April 2 to Oct 6	4.5

Scores varied from 4.2 to 4.7 in the three meetings. It was noted that we are missing specific reference in our terms of reference to this satisfaction survey. We are however following the standard Canfor PAG survey process and our TOR is being amended.

Indicator 6.4.2 Evidence of efforts to promote capacity development and meaningful participation in general

Indicator Statement	Target and Variance
Numbers of educational opportunities for information and/or training that are delivered to the Public Advisory Group	<u>Target:</u> ≥ 1 (annual) <u>Variance:</u> None
Was the target met? Yes	

There were 4 training opportunities provided, Frank Doyle on Goshawk, Jay Greenfield on timbers supply, John Rex on Small streams and a field tour.

Indicator 6.5.1 Number of people reached through educational outreach

Indicator Statement	Target and Variance
Number of people to whom educational opportunities are provided.	<u>Target:</u> =50 people <u>Variance:</u> -10

Was the target met? Yes

In this reporting period the training was focused on driving safety. There were a couple of training events: Anatomy of a roll over and drop it and drive. The attendance alone with the anatomy of a roll over was 51 people.

Indicator 6.5.2 Availability of summary information on issues of concern to the public

Indicator Statement	Target and Variance
SFM Annual report made available to the public.	<u>Target:</u> SFM monitoring report available to public annually via the web. <u>Variance:</u> None
<p><i>Was the target met? Yes</i></p>	

This report was completed by September 30th. The report will be presented to the PAG group on October 25th, 2016.

