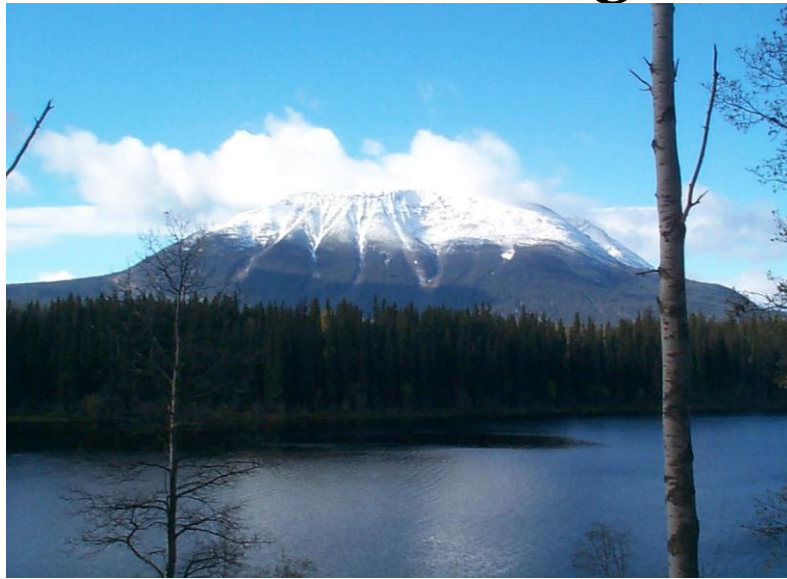# Morice
Sustainable Forest Management Plan

2013/14 Annual Report

Prepared by:

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

Canadian Council of Forest Ministers'
Criteria for SFM

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Photos: hiway16.com.

1.0 Introduction

This is the 2013/14 Annual Report for the Morice Sustainable Forest Management Plan (SFMP), covering the reporting period of April 1, 2013 to March 31, 2014. 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 standard[1]. 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 tranistion 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 2014 Canfor has increased the size of the DFA within the Morice Timber Supply Area (TSA). The significant addition in area area includes locations south of Houston including Nadina lake, Whitesale lake, Andrew Bay and Tathsa lake. By the next reporting period these areas will be included in the analysis and used to compile the SMF report.

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 (March 2012).

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 34 indicators listed in Table 1; 26 indicators were met within the prescribed variances and 7 indicators were not met within the prescribed variances. 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 2013 to March 31st 2014

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	**26**	**0**	**7**

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

	health, or safety issues as rationalized and documented by a qualified professional.

Was the Target Met? Yes

Based on PEM 0.0 hectares were harvest however in 3 different blocks there were some area's put in WTP's. This indicator is managed based on the PEM data set and also site plan information collected in the field.

Indicator 1.1.2 Forest area by type or species composition

Indicator Statement	Target and Variance
Percent distribution of forest type (treed conifer, treed broadleaf, treed mixed) >20 years old across DFA	Target: (Treed conifer: 85-95%; Treed Broadleaf: 2.5-7.5%; Treed Mixed: 2.5-7.5%) Variance: None below proposed targets

Was the Target Met? Yes

Table 1: Forest area by type

Percent distribution of forest type (coniferous, broadleaf, mixed) >20 years old across the DFA		
Report Year	Forest type	Canfor
2013	Coniferous	93.0%
	Broadleaf	2.7%
	Mixed	4.2%

Indicator 1.1.3 Forest area by seral stage or age class

Indicator Statement	Target and Variance
Percent late seral distribution by ecological unit across the DFA	Target: As per table. Variance: As per table.

Was the Target Met? No

The target for certain SBSdk, ESSF mc, ESSFmv3 BEC zones were not met by Canfor.

Table 2: Old Forest by Natural Disturbance Unit Merged BEC

Landscape Unit	BEO (Biodiversity Emphasis Option)	NDT	BEC Variants	Seral Stage (Years)	Target %	Target Drawn Down by 2/3 %	Actual May 2014
Buck	Low	2	ESSFmc	>250	>9	>3	3.04
		3	SBSdk	>140	>11	>3.7	32.91
		3	SBSmc2	>140	>11	>3.7	38.76
Burnie	High	2	ESSFmk	>250	>13		89.1
Fulton	Low	2	ESSFmc	>250	>9	>3	27.7
		3	SBSmc2	>140	>11	>3.7	31
Gosnel	Intermediate	2	ESSFmc	>250	>9		38.78
		2	ESSFmk	>250	>9		53.5
		3	SBSmc2	>140	>11		47.7
Granisle	Low	2	ESSFmc	>250	>9	>3	0

		3	SBSmc2	>140	>11	>3.7	27.98
Houston Tommy	High	2	ESSFmc	>250	>13		40.19
		3	SBSdk	>140	>16		16.58
		3	SBSmc2	>140	>16		38.65
Kidprice	Intermediate	2	ESSFmc	>250	>9		13.04
		2	ESSFmk	>250	>9		24.77
		3	SBSmc2	>140	>11		37.53
Morice Lake	High	2	ESSFmc	>250	>13		23.96
		2	ESSFmk	>250	>13		83.48
		3	SBSmc2	>140	>16		68.98
Morrison	Intermediate	2	ESSFmv3	>250	>9		0.75
		3	SBSmc2	>140	>11		45.45
Nadina	Intermediate	2	ESSFmc	>250	>9		5.59
		3	SBSdk	>140	>11		21.16
		3	SBSmc2	>140	>11		34.75
Nanika	High	2	ESSFmk	>250	>13		50.02
North Babine	Low	2	ESSFmv3	>250	>9	>3	2.28
		3	SBSdk	>140	>11	>3.7	89.43
		3	SBSmc2	>140	>11	>3.7	39.8
Owen	Intermediate	2	ESSFmc	>250	>9		11.46
		3	SBSdk	>140	>11		29.67
		3	SBSmc2	>140	>11		40.23
Parrotts	Low	2	ESSFmc	>250	>9	>3	3.78
		3	SBSdk	>140	>11	>3.7	28.41
		3	SBSmc2	>140	>11	>3.7	25.69
Sibola	High	2	ESSFmk	>250	>13		75.33
		3	SBSmc2	>140	>16		79.01
Tahtsa	Low	2	ESSFmc	>250	>9	>3	4.1
		3	SBSdk	>140	>11	>3.7	16.88
		3	SBSmc2	>140	>11	>3.7	33.98
Thautil	High	2	ESSFmc	>250	>13		20.28
		3	SBSmc2	>140	>16		41.15
Tochcha Natowite	Intermediate	2	ESSFmv3	>250	>9		1.9
		3	SBSmc2	>140	>11		36.4
		3	SBSwk3	>140	>11		51.55
Topley	Low	2	ESSFmc	>250	>9	>3	3.01
		3	SBSmc2	>140	>11	>3.7	19.37
Triotsa	High	2	ESSFmc	>250	>13		36.04

		2	ESSFmk	>250	>13		54.02
		3	SBSmc2	>140	>16		88.3
Valley	Intermediate	2	ESSFmc	>250	>9		22.93
		3	SBSdk	>140	>11		10.74
		3	SBSmc2	>140	>11		29.51
Whitesail	Intermediate	2	ESSFmc	>250	>9		23.58
		3	SBSdk	>140	>11		65.86
		3	SBSmc2	>140	>11		49.63

Canfor is managing SBS dk sites so that percentages will be up to target levels by 2019. For example the Valley is just below target at 10.74% (target is 11%) and is forecast to be at 12.7% by 2019. The Houston Tommy was under target last year and is now at 16.58% which is above target.

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 is very difficult to get natural occurring stands that live to 250 years. The age class 8 stands have stems older than 250 years and exhibit the old growth characteristics that this indicator is trying to maintain.

The solution in other areas (e.g. PG TSA) has been to have both age class 8 and 9 stands contribute to old sera in the ESSF as it does in the SBS. It is expected this issue will get addressed with the pending Biodiversity Order for the Morice TSA.

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	Target: Landscape level target of 7%
Was the target met? Yes	

Stand level retention consists primarily of wildlife tree patches (WTP) and riparian management areas. WTP are forested patches of timber within or adjacent to a harvested cutblock while riparian management areas are associated with water features within or adjacent to the harvest cutblock. Stand retention provides a source of habitat for wildlife, sustains local genetic diversity, and protects important landscape or habitat features, such as mineral licks and raptor nesting sites. Maintenance of habitat through stand retention contributes to conservation of ecosystem diversity by conserving a variety of forest age classes, stand structure and unique features at the stand level.

Canfor manage's stand level retention for each cut block. Retention levels in each block are documented in the associated Site Plan, recorded in the Licensee database system and reported out in RESULTS (Ministry of Forests and Range data base) on an annual basis.

The current status for average stand level retention for all cutblocks completed harvesting between April 1, 2013 and March 31, 2014 in the DFA is found in Table 2.

Table 2: Stand Level Retention in Harvested Areas, 2013/14

Licensee	Total Gross area harvested between April 1st and March 31st	Total retention in blocks harvested between April 1st and March 31st	Percentage
Canfor	5998.3	983.9	16.40

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

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, 2013/14

Licensee	Number of blocks with dispursed retention	No. those Blocks that were in Conformance	Percent
Canfor	**1**	**1**	100

Canfor developed plans for PARR0168 to have dispersed Stand Level Renetion along a major wetland to enhance small mamal populations and habitat connectivity. The outcome met the objectives and resulted in a win-win with a trapping tenure holder.

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? No	

During an external surveillance audit conducted by KPMG for the Houston forest management group; the block PARR0001 was noted that the required 10 trees/stubs with a dbh over 15cm for every 100 meters was not achieved. It was a ocular assessment noted by an external auditor on April 19, 2013 as an opportunity for improvement. The incident was followed up by a permitting supervisor and a harvesting supervisor to ensure that contractors and consultants were clear on managing for these scenario's in the future. A training session was held on May 30, 2014. Brian Aitken, RPBio, PAg, CPESC of DWB Consulting Services Ltd. was hired to teach the a workshop, which was designed to discuss correct stream and wetland classification and management strategies.   Both consulting firms that complete Canfor block layout had people attend the workshop.

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, 2013/14

Licensee	BEC Variant	Patch Type	Patch Size Class (ha)	Current Status (2013/2014)	Forecasted Target (trend toward)
Canfor	ESSF	Early	Large	56.3%	50% - 60%
		Early	Small	9.8%	15% - 25%
	SBS	Early	Large	64.9%	50% - 60%
		Early	Small	8.5%	20% - 30%

Age criteria for patch types are as follows:

- Early <=2 0 year old forest.

Patch size classes are as follows:

- Small >1 and <=40

- Medium >40 and <=250 No targets set.

- Large >250

Canfor is generally trending away from targets and needs to create more small patches in the SBS and ESSF. Canfor also has an abundance of large patches in the SBS. With an emphasis on mountain pine salvage it is difficult to control patchsize. In this case two different objectives are in conflict (salvage versus patchsize) and salvage has been given priority. This Indicator will be managed for, more proactively once the Pine Partition has concluded in the Morice TSA. By the next time analysis takes place in 2017 Canfor will be trending towards the forcasted targets.

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? No	

This indicator evaluates the success of implementing specific management strategies for Species of Management Concern, including Species at Risk, as prescribed in operational plans.   Appropriate management of these species and their habitat is crucial in ensuring populations of flora and fauna are sustained in the DFA.

Canfor must ensure:
- Key staff are trained in Species at Risk (SAR) identification;
- SAR listings are reviewed and management strategies are updated periodically
- Strategies are implemented via operational plans.

Canfor currently has a system in place to evaluate the consistency of forest operations with operational plans. Tracking this consistency will ensure problems in implementation are identified and corrected in a timely manner. Canfor also implemented new Best Management Practices for Species at Risk and of Management Concern.

There was a Mountain Goat UWR non-compliance and a Root Cause Analysis conducted by Canfor Planning and Permitting staff. The situation had a minor overlap with the 1 km buffer polygon, however there was no official ministry notification provide until December 2013 only after the ministry was reminded there was no formal notification. Canfor's planning management considered this as an administratively induced error due the ministry not informing licensees about the Mountain Goat UWR when it was implemented.

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
Regeneration will be consistent with provincial regulations and standards for seed and vegetative material use.	Target: 100% Variance: none

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, 2013/14

Licensee	Total Planted Seedlings	Planted in Accordance with Chief Forester's Standards*	Total % DFA**
Canfor	5,983,551	5,978,885	99.92%**

Reported based on the number of seedlings planted.

**Canfor planted GSNL0042 with 4,666 trees that exceeded the Chief Forester's Transfer Limits CFTL. The elevation was off by 10 meters for the planting stock. However we are consistent with the transter limits that allow up to a 5% variance by license. Therefore this was no non-conformance to Canfor's certification and no non-compliance with the CFTL.

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	

Canfor currently has a systems in place to evaluate the consistency of forest operations with operational plans. Tracking this consistency will ensure problems in implementation are identified and corrected in a timely manner.

No incidents or corformance issues reported.

Identification of features includes delineation of protected areas (eg. parks, ecological reserves) to achieve the geographic and ecological goals of provincial Protected Areas Strategies (PAS), through representation of a cross-section of ecosystems and old forest attributes. At the stand level, sites of biological significance include fisheries sensitive features (e.g. waterfalls, staging area, spawning area); significant mineral licks and wallows; bird stick nests (e.g. Bald Eagle, Osprey, Great Blue Heron, Goshawk); bat hibernating and roosting areas; dens (e.g. bear, fisher, wolverine); hot springs; goat cliff and avalanche chutes.Unique areas of biological significance are identified in the field during the planning phase and are managed through avoidance (either by relocating the road and/or harvest area or by protecting it with a wildlife tree retention area) or using an appropriate conservation management strategy such as timing of harvest.

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 hertitage resource assessment. <u>Variance</u>: 0%
Was the target met? Yes	

All blocks go through an information sharing and the culture hertitage values are reviewed. High potential areas or areas with any resource values identified go through a field archaeological impact assessment.There is a check at the planning stage and the permitting stage. The ministry also does an independent review of all Canfors submitted permits and info sharing packages.

Indicator 2.1.1 Reforestation success (regeneration delay)

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

Year	Average years to declare regeneration delayfollowing the start of harvesting.
2013	Canfor 1.8

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	Target: <2.2% Variance: None
Was the target met? Yes	

Canfor reported 1.5% for 2013.

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	Target: 100% over cut control period as defined by Timber supply forecast harvest flow. Variance: 10%
Was the target met? Yes	

Year	2013	Total
Harvest volume	1,227,666	1,227,666 - (324,500) = 903,166
Cut control	940,424	940,424

Canfor is currently managing multiple licence's. Canfor is using FLA16828 as a vessel to credit other licence's; specially FLA16828 will be used to transfer volume to FLA91846, with an AAC of (324,500m3), to ensure that licence's annual allowable cut is met. This transfer will bring the FLA16828 licence within (~96% of the cut control) which meets the target variance of 10%.

Indicator 3.1.1 Level of soil disturbance

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

Canfor had no ITS incidents relating to soil disturbance in 2013.

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	Target: 100% of blocks harvested annually will meet targets
	Variance: -10%
Was the target met? Yes	

Canfor was 100% compliant.

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.	Target: 100% Variance: 0%
Was the target met? *Yes (indicator was changed and endorsed by PAG on July 3, 2013)*	

Mountain Pine Bettle landscape level impacts and resulting forest management activities have 7 sensitive watersheds ecceeding the the ECA threshold of 30% (Lamprey, Pimpernel, Objective, Owen, Buck, Klo and Mcbride Creek). Therefore Canfor required a change to the indicator statement as follows; "sensitive watersheds that are above Peak Flow targets will have mitigation measures instituted". These mitigation measures include; Stream crossing quality surveys, Inventory reviews (ground review of disturbed areas to determine hydrologic recovery), Deactivation to manage runoff and ditch flow by the follow specific features or tools, Ditch blocks, Sumps ,Silt fences, Cross drains, Grass seeding the cut or fill slopes and the road bed and Water bars. These measures will be listed in the site plans for blocks that fall inside these Sensitive watersheds and carried out during and post harvest starting in fall of 2013.

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.	Target: 100% Variance: 0%
Was the target met? *Yes*	

Canfor had all high hazard drianage structures in sensitive watersheds removed.

Indicator 4.1.1 Net Carbon Uptake

Indicator Statement	Target and Variance
Maintain the retention of existing (or replacement of) old forest retention area	Target: As per inidicator 1.1.3 Variance:
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	Target: As per inidicator 2.2.1 Variance:
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	Target: No non-conformances for site level plans Variance: 0
Was the target met? *Yes*	

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

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

Licensee	2009 Status	2010 Status	2011 Status	2012 Status	2013 Status	Average
Canfor	45.0%	48.0%	79.8%	74.7%	56.9%	60.72%

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	Target: $38,000 5-year rolling average Variance: -10%
Was the target met? *No*	

Licensee	2009 Status	2010 Status	2011 Status	2012 Status	2013 Status	5-yr rolling average
Canfor	$34,390.00	$8,113.25	$20,289.93	$47,997.03	$25,456.53	$27,342.40

This indicator was developed in 2009 when Canfor was signed onto supporting the construction of the Houston Leisure Facility. Since 2009 the town of Houston has not developed or pushed for any legacy projects. On June 18, 2013 Canfor presented information to council regarding CSA and the indicator 5.2.1 specifically. Canfor representative inquired for potential town of Houston legacy projects. Currently Canfor has not heard back from Houston town council formally.

Moving forward Canfor will be working with the PAG to re-establish this indicator's target. A couple options to for a new target are "number of successful groups soliciting donations from Canfor on a project specific basis" or "number of donations made over the calendar year". This target will be addressed at a PAG meeting before the end of the 2014/2015 reporting year.

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	2013 Status	Target
Canfor Employees	100%	100%
Canfor Contractors	100%	100%

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: $= 940{,}424\text{m}^3 * 2.65\text{jobs}/1000\text{m}^3$ $= 2492$ direct and indirect jobs <u>Variance</u>: Canfor: -10% or 249 jobs per year
Was the target met? *Yes*	

Canfor volume:

	2013	Percent
AAC	940,424	
Total Cut	903,166	96%

The equation for 2013 is as follows (total cut) 903166 * 2.65 jobs/1000m3= 2393 (jobs). Currently with the 2013 numbers met the variance with (2393 jobs) respectively. This was shy of the target by 99 jobs and well within the variance of -10% or 249 jobs.

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	2011 Status	2012 Status	2013 Status	Target
Canfor	5	5	8	≥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	<u>Target</u>: 100% <u>Variance</u>: -10%

training	

***Was the target met?** Yes*

Licensee	2013 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.	Target: >=3 approaches/Aboriginal community within the DFA, for 100% of management plans, as required Variance: None
***Was the target met?** Yes*	

COPI records and arch/cultural reports demonstrate communication and assessment efforts.

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	Target: 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. Variance: -0%
***Was the target met?** Yes*	

Licensee	2013 Status	Target
Canfor	100%	100%

Canfor had 112 blocks with consultation records and no records of non conformances.

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.	Target: Maintain >=13 relationships Variance: -20%

Was the target met? Yes

Product	Number of opportunities	Organization
Logs	6	Decker Lake, HPLP, Hunky Dory, Tahtsa Timber, Stella-Jones, Groot Bros, .
Trim Blocks	3	Kyah, DH, Brinks/PVR
Sawdust/shavings	1	Houston Pellet (HPLP)
Chips	1	Canfor Pulp limited Partnership
Total	11	

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	Target: 100% Variance: 0%
Was the target met? Yes	

Canfor has mainatained safe certification.

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.	Target: PAG meeting satisfaction score of >=4 Variance: 0
Was the target met? Yes	

PAG Meeting Number - Date	Average Meeting Score
76 and 77 – July/Nov 2013	4.0

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	Target: >= 1 (annual) Variance: None
Was the target met? Yes	

Durring the November 6, 2013 meeting James David presented to the PAG, the major components and a general awareness document pretainting to Sustainable Forestry Initiative SFI. Please note this was the last official meeting for BCTS and that they transisitioned to SFI in the fall of 2013.

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? No	

There was a formal educational experinces provided to the public at the Houston town council meeting on June 18, 2014 where the attendance was ~15 people. This experience did not meet the target of the indicator, however the message was passed along to the community by the HOUSTON Today on the Wednesday June 26, 2013 paper in a front page article. Moving forward Canfor is planning on presenting information at local high schools in the winter of 2015 to meet the target for the 2014/2015 reporting year.

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
Was the target met? No	

This report was not available to the public prior to September 30, 2014. Unfortunately the release of the cut control numbers were delayed and the final report was posted after the September 30, 2014 target. Moving forward in order to not repeat this occurrence Canfor will post the report with indicators "pending" to minimize the reliance on information outside of the signatory's control.

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SFM REPORT