2012 ANNUAL PERFORMANCE MONITORING REPORT

Alberta

Reporting Period:
May 1, 2012 - April 30, 2013

June 30th, 2013

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Alberta Division
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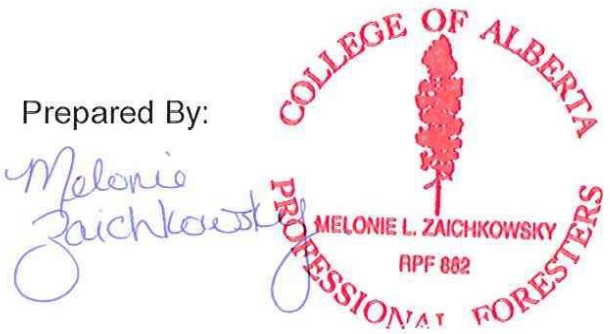
REPORTING PERIOD: May 1, 2012 –April 30, 2013

Prepared By:



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Executive Summary

The *2012 Annual Performance Monitoring Report* has been prepared in accordance with the Canadian Standards Association CAN/CSA-Z809-08 Sustainable Forest Management standard (CSA, 2008). The report summarizes the progress and performance that Canfor Alberta has achieved in meeting and maintaining the Sustainable Forest Management (SFM) requirements.

The *Sustainable Forest Management Plan 2012* (SFMP) for the Canfor Alberta Defined Forest Area (DFA) conforms to the Canadian Standards Association (CSA) Sustainable Forest Management Standard, which is one of the primary certification systems in Canada. The SFMP includes a set of values, objectives, indicators and targets (VOITs) that address environmental, economic, and social aspects of forest management within the DFA. Development of the VOITs for the 2012 SFMP were founded on four guiding documents:

1. The CAN/CSA Z809-08 Standard;
2. Canfor Corporate Indicators prepared under the CAN/CSA Z809-08 Standard;
3. The *Alberta Forest Management Planning Standard, Annex 4 VOITs* (ESRD, 2006)*;* and
4. The Canfor Grande Prairie 2005 VOITs prepared under the CAN/CSA Z809-02 Standard.

Canfor has been developing a new Forest Management Plan (FMP) that is required under the terms of Forest Management Agreement 9900037 (Province of Alberta Order in Council 198/99) (GOA, 1999) since 2010. The plan submission date has been extended to May 30, 2014 to allow time for the development of a caribou strategy that aligns with Environment and Sustainable Resource Development's range plan for the Little Smoky and A La Peche caribou herds.

As a means of strengthening Canfor's commitment to SFM, the 2012 SFMP will be incorporated into the FMP as a way to link the values, objectives and targets set out in the SFMP to the strategic vision and operational strategies set out in the FMP.

Lumber markets continued to improve in 2012, reflecting the gradual but steady recovery of the US homebuilding industry. Meanwhile, Canfor maintained a concentrated focus on Asian markets where sales of North American forest products remained strong. Canfor's Grande Prairie facility demonstrated operational improvement in 2012, reflecting implementation of capital investments completed in 2011 in the planer, log yard and sawmill.

Mountain pine beetle (MPB) survival rates in north-west Alberta remained relatively high in 2012 and for the first time beetles were detected along the Northwest Territories border. Canfor continued its aggressive strategy to mitigate the potential loss of timber supply due to the MPB infestation by focusing harvesting on pine stands. The 2011 capital improvements resulted in increased production and product recovery from small timber, thereby improving the company's ability to successfully manage the Alberta government's healthy pine strategy. The government continued to support the strategy by approving $40 million in emergency funding for mountain pine beetle mitigation activities including detection, sanitation harvesting, stand rehabilitation and research. The majority of the activities were conducted in western Alberta, including the Canfor FMA area, where the risk of spread across the boreal forest region is considered to be highest.

In 2012 Canfor Alberta demonstrated overall conformance to the SFM requirements of the CAN/CSA Z809-08 standard, the ISO 14001:2004 standard and Canfor corporate environmental commitments as verified by internal and third party audits.

Progress toward achievement of individual SFM targets is described fully within this *2012 Annual Performance Monitoring Report*. Following is a summary of performance:

Classification	2012
Number of targets"Meets"	44
Number of targets "Does Not Meet"	3
Number of targets "Pending"	10
Total number of CSA Z809-08 targets	**57**

2012 results indicate Canfor Alberta achieved 95% in meeting the targets outlined in the SFMP. For targets not met, explanations have been provided regarding the contributing factors, and corrective actions to address identified deficiencies or weaknesses have been included in the text.

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1. Introduction & Overview

1.1. Certification

Certification of sustainable forestry practices is an essential element for Canadian Forest Products Ltd. (Canfor) to meet public expectations and maintain product market share. Canfor Alberta has sought and achieved certification under a variety of respected standards including International Organization for Standardization (ISO) 14001, CAN/CSA Z809-02 and Program for the Endorsement of Forest Certification (PEFC) Chain of Custody. In 2012, in conjunction with the active forest tenure holders and consultation with the Forest Management Advisory Committee, Canfor developed a *Sustainable Forest Management Plan 2012* (Canfor, 2012) based on the CSA Z809-08 standard. Canfor was audited and received certification to the CSA Z809-08 standard on November 8, 2012.

1.2. The CSA Sustainable Forest Management System Standard

In 1996, six criteria were developed by the Canadian Council of Forest Ministers (CCFM, 1997) to address sustainable forest management. The criteria address the key aspects of forest management.

In 2000, when CSA set out to review and approve the original standard it sought out and incorporated public input once again. From the review, work on the third edition of the CSA Z809-08 began in 2004. Input from existing public advisory groups active in the implementation of this standard as well as Aboriginal representation was included to improve the effectiveness. As a result, the 6 Criterion have been reviewed and revised:

Criterion 1: Biological Diversity;
Criterion 2: Ecosystem Condition and Productivity;
Criterion 3: Soil and Water;
Criterion 4: Role in Global Ecological Cycles;
Criterion 5: Economic and Social Benefits; and
Criterion 6: Society's Responsibility.

The CSA process led to the development of a set of critical elements for each of the criteria. Under the CSA standard, adoption of the CCFM criteria and elements as a framework for value identification provides vital links between local sustainable forest management and national and provincial-scale forest policy, as well as a strong measure of consistency in identification of local forest values across Canada. This standard, which utilizes a continual improvement approach, requires public participation, practical demonstration of sustainable forest management practices, and management commitment. Through a process of public participation, the CSA performance framework attains local relevance to the critical elements in the form of locally determined values[1], objectives[2], indicators[3] and targets[4] (VOITs). Canfor's Alberta Forest Management Group (FMG) Forest Management Advisory Committee assisted Canfor in the development of the Sustainable Forest Management Plan (SFMP) by identifying quantifiable

[1] Values: an FMA area characteristic, component or quality considered by an interested party to be important in relation to a CSA SFM element or other locally identified element;
[2] Objectives: a broad statement describing a desired future state or condition for a value;
[3] Indicators: a variable that measures or describes the state or condition of a value; and
[4] Targets: a specified statement describing a desired future state or condition of an indicator. Targets should be clearly defined, time limited, and quantified if possible.

local level values, objectives, indicators and targets applicable to sustainable forest management.

1.3. Sustainable Forest Management Policy

Senior Canfor management has endorsed the corporate *Environment Policy* (May 2011) and *Canfor's Sustainable Forest Management Commitments (May 2012)* that apply to all of the Canfor forestry operations.

1.4. The Defined Forest Area

The CSA standard states that organizations "*shall designate a clearly defined forest area to which the standard applies*." The Defined Forest Area (DFA) for Canfor Alberta is the Forest Management Agreement (FMA) area indicated in Figure 1 below. The compartments are defined as Peace, Puskwaskau, and Main.

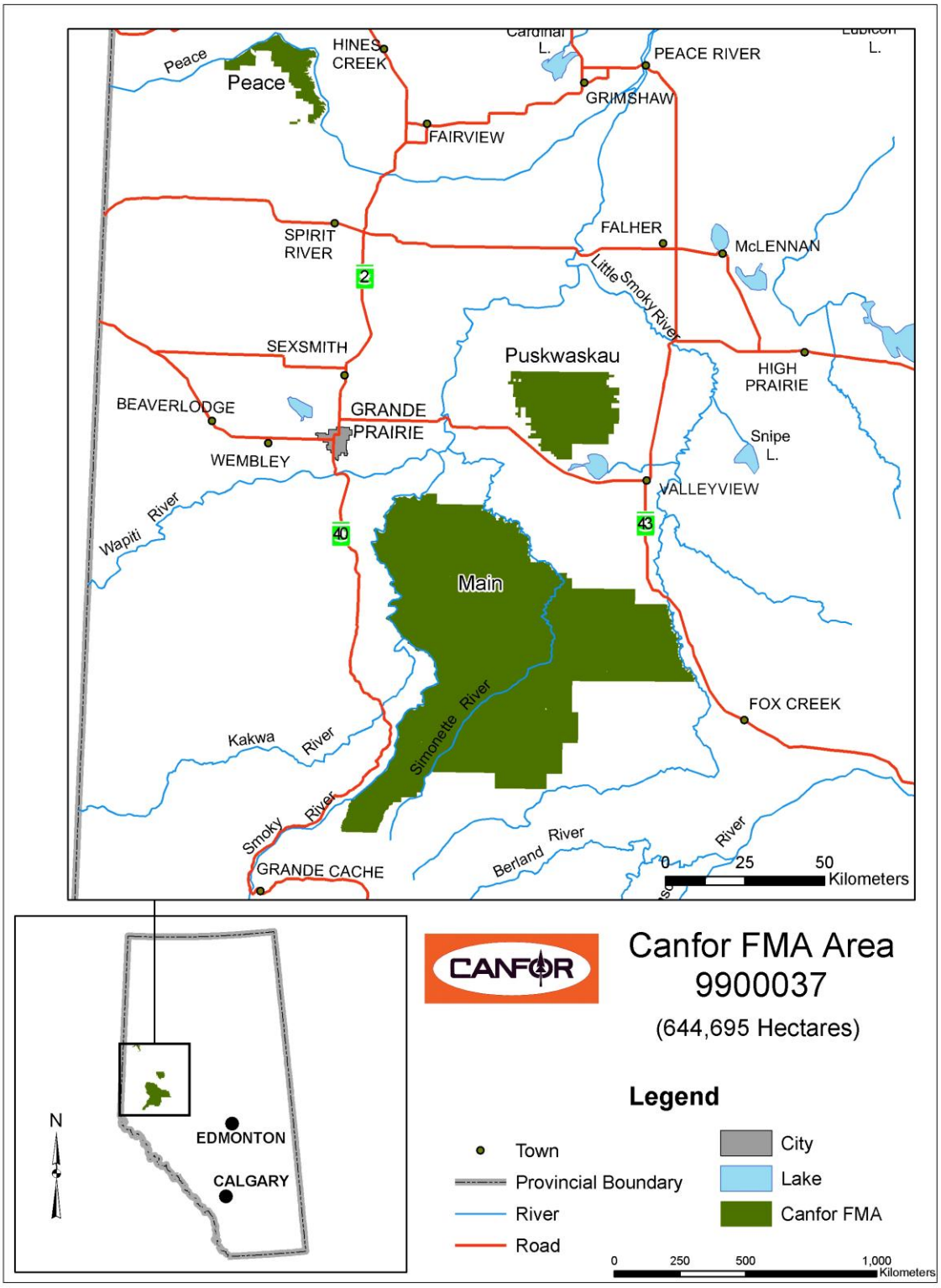

Figure 1. Defined Forest Area (DFA)

1.5. Landbase & Resource Information

Total Landbase: 644, 695 hectares (ha)
Productive Landbase (Coniferous and Deciduous): 475, 446 hectares
Approved (2009) Coniferous AAC: 715,000 m^3/yr
Approved (2009) Deciduous AAC: 453,712 m^3/yr

1.6. Annual Report

The 2012 Annual Performance Monitoring Report (APMR) is the first report Canfor has prepared to illustrate its progress in meeting commitments identified in the 2012 SFMP in accordance with the CSA Z809-08 standard (CSA, 2008). This report contains information regarding the achievement and maintenance of SFM requirements in general (Section 2) and also indicates the status of each of the 57 targets (Sections 3-9). Unless otherwise stated in the report, all of the targets are reported for the period of May 1, 2012-April 30, 2013 (2012 timber year).

Three classifications are used for reporting performance toward achievement of each target:

1. Meets;
2. Does not meet;
3. Pending

2. Progress in Meeting and Maintaining SFM Requirements

In 2012, the Canfor Forest Management Advisory Committee (FMAC) developed quantifiable local level values, objectives, indicators and targets of sustainable forest management, as defined in the Canadian Standards Association CAN/CSA Z809-08 standard. These were then used to develop the 2012 SFMP. The SFMP was audited by an independent third party (KPMG Performance Registrar) and approved on November 8, 2012.

Since approval of the SFMP, Canfor Alberta FMG has maintained overall conformance to the SFM requirements of the CAN/CSA Z809-08 standard and Canfor corporate commitments. Results of internal and external third party audits are included in Section 9.

Progress toward achievement of individual targets is included in Sections 3 through 8. Results of target achievement are summarized in Table 1 below.

Table 1. 2012 Target Summary

CSA Core Indicator	Indicator Statement	Target	Meets	Does Not Meet	Pending
1.1.1 Ecosystem area by type	**1.1.1** Percent of occurrence of identified uncommon (Forested/Woodland) plant communities protected within DFA	**1.1.1** 100% of identified uncommon (Forested/Woodland) plant communities will be maintained			X
1.1.2 Forest area by type or species composition	**1.1.2** Percent distribution of forest type (treed conifer, treed broad leaf, treed mixed) >20 years old across DFA	**1.1.2** Maintain the current baseline percent distribution of forest types (treed conifer, treed broad leaf, treed mixed) >20 years old into the future	X		
1.1.3 Forest area by seral stage or age class	**1.1.3a)** Area of old interior forest by natural region by cover class across the DFA	**1.1.3a)** Area of old interior forest will not be less than the current hectares by natural region of each cover class over the next 200 yrs			X
	1.1.3b) Range of patch sizes by subunit and entire DFA	**1.1.3b)** The Preferred Forest Management Scenario patch size distribution will be constrained through the modeling to meet the targets in the table below (based on literature review), over 200 year planning horizon			X
	1.1.3c) Percent of area of old, mature and young forest by natural region across the DFA	**1.1.3c)** Over the 200 year planning horizon A. Gross land base: >13% old forest, > than 76% mature plus old forest, < than 11% young forest; and B. Net land base: >10% old forest, > than 73% mature plus old forest, < than 17% young forest			X
1.1.4 Degree of within-stand structural retention	**1.1.4a)** Percent of total annual harvested area retained in openings across the DFA	**1.1.4a)** 4% of total annual harvested area will be left un-harvested as structural retention of which 2% will be merchantable	X		
	1.1.4b) Percent of blocks meeting dispersed retention levels as prescribed in the site plan/logging plan	**1.1.4b)** 100% of blocks prescribed to have dispersed retention will meet the levels as identified in site/logging plans		X	
	1.1.4c) Number of non-compliances where forest operations are not consistent with riparian management requirements as identified in operation plans	**1.1.4c)** No non-compliances specific to Operating Ground Rules (OGR), with riparian management requirements in forest operations	X		
	1.1.4d) Area of un-salvaged burned forest	**1.1.4d)** 100% of Salvage Plans for burned areas will be in confromance with Environment Sustainable Resource Development directive	X		
	1.1.4e) Area of un-salvaged blowdown	**1.1.4e)** In areas of blowdown that are salvage logged, greater than 25% of the area (ha) will be left un-salvaged	X		
1.2.1 Degree of habitat protection for selected focal species, including species at risk	**1.2.1a)** Trumpeter Swan habitat maintained	**1.2.1a)** No future winter harvest within 200 meters and no summer harvesting within 800 meters of provincially identified Trumpeter Swan sites	X		
	1.2.1b) Percentage of significant wildlife mineral licks conserved	**1.2.1b)** 100% of significant wildlife mineral licks will be conserved annually, consistent with Operating Ground Rules	X		
1.2.2 Degree of suitable habitat in the long term for selected focal species, including species at risk	**1.2.2a)** Sufficient amount of functional woodland caribou habitat over time	**1.2.2a) (1):** No timber harvesting will occur in the high intactness zone identified for the Little Smoky range for the period 2007-2022	X		
		1.2.2a) (2): Less than 20% of the forested land base in the caribou range will be less than 30 years old			X
		1.2.2a) (3): Canfor FMG Alberta open route density in the caribou range south of Deep Valley Creek will be zero	X		
	1.2.2b) Fish risk ranking for bull trout and arctic grayling	**1.2.2b)** Annually report on fish risk ranking for bull trout and arctic grayling by watershed for the Main area of the DFA, utilizing ASRD's "Conceptual Approach to Fish Risk" ranking			X
	1.2.2c) Annual report on amount of Barred Owl habitat available for breeding pairs	**1.2.2c)** Report on habitat available at key points in time (0, 20, 50, 100 and 200 years) for Barred Owl breeding pairs will be completed and results incorporated into the Prefered Forest Management Scenario			X
	1.2.2d) Density (lineal km/km^2) of open (Licence of Occupation and Temporary non-reclaimed) roads	**1.2.2d)** Density of open roads (linear km/km^2) not to exceed 110% of the current levels in individual DFA parcels (Main, Puskwaskau & Peace) and grizzly bear and caribou wildlife areas	X		
1.2.3 Proportion of regeneration comprised of native species	**1.2.3** Regeneration consistent with provincial regulations and standards for seed and vegetative material use	**1.2.3** Annually, 100% conformance with the Alberta Forest Genetics Resources Management and Conservation Standards	X		
1.3 No core indicator in Z809-08 for Element 1.3 - waiting for practical indicators to be developed	**1.3** Regeneration will be consistent with provincial regulations and standards for seed and vegetative material use	**1.3** 100% conformance with the Alberta Forest Genetic Resources Management and Conservation Standards for all seed collection and seedling deployment		X	
1.4.1 Proportion of identified sites with implemented management strategies	**1.4.1a)** Percent of forest management activities where consultation has occurred for operations near protected park areas	**1.4.1a)**The Province will be consulted 100% of the time when operations will occur within one kilometre of legally protected park areas	X		
	1.4.1b) Percent of forest management activities consistent with management strategies for sites of biological significance	**1.4.1b)**100% of identified biologically significant sites will have implemented management strategies identified in consultation with the Province, annually	X		
1.4.2 Protection of identified sacred and culturally important sites	**1.4.2 (6.2.1)** % of identified historic sacred and culturally important sites, forest values, traditional knowledge and uses considered in forestry planning processes	**1.4.2 (6.2.1)**100% of historic, sacred and culturally important sites, forest values, traditional knowledge and uses known or identified through consultation are considered in forestry planning processes	X		

CSA Core Indicator	Indicator Statement	Target	Meets	Does Not Meet	Pending
2.1.1 Reforestation success	**2.1.1a)** Prompt reforestation	**2.1.1a)** 100% of all harvested sites will be reforested within 2 years	X		
	2.1.1b) Prompt retreatment of failed areas	**2.1.1b)** All harvested blocks that have not achieved the regeneration targets as per the Regeneration Standards of Alberta establishment survey standards will have remedial treatments completed within 12 months of the survey date	X		
	2.1.1c) Actual regenerated stand yield compared to the yield expectations of the Timber Supply Analysis	**2.1.1c)** The regenerated stand yield (Mean Annual Increment) for the total of all sampling populations will meet or exceed the regenerated stand yield assumptions of the Timber Supply Analysis in the Regenation Standards of Alberta performance survey process		X	
	2.1.1d) Noxious weed program implementation	**2.1.1d)** 100% of previously identified and scheduled for treatment noxious weeds will receive treatment along Canfor Alberta's License of Occupation (LOC) roads	X		
2.2.1 (4.2) Additions and deletions to the forest area	**2.2.1 (4.2)** Percent of gross forested land base in the DFA converted to non-forest land use through forest management activities.	**2.2.1 (4.2)** Forest Management company activities not to exceed NET 3% reduction in gross forest land base in the DFA over the life span of the FMA agreement (May 26, 1964)	X		
2.2.2 Proportion of the calculated long-term sustainable harvest level that is actually harvested	**2.2.2** % of volume harvested compared to long term harvest level	**2.2.2** Not to exceed 100% of the approved harvest level (Annual Allowable Cut) over 5 years (5 yr. quadrant balance)	X		
3.1.1 Level of soil disturbance	**3.1.1a)** % of harvested blocks meeting soil disturbance objectives identified in plans and Operating Ground Rules	**3.1.1a)**100% of harvested blocks will not exceed 5% soil disturbance without government approval as outlined in Operating Ground Rules	X		
	3.1.1b) % of soil erosion and slumping incidences with mitigation strategies implemented	**3.1.1b)** 100% of known erosion and slumping events caused by forest operations will have a mitigation strategies implemented within one year of identification	X		
3.1.2 Level of downed woody debris	**3.1.2** Percentage of harvested area by subunit with coarse woody debris equivalent to preharvest conditions	**3.1.2** 100% of subunits (Peace, Puskwaskau and Main) will meet or exceed coarse woody debris conditions equivalent to the preharvest state	X		
3.2.1 Proportion of watershed or water management areas with recent stand-replacing disturbance	**3.2.1a)** Watershed with high or medium risk level assessments with mitigation strategies implemented	**3.2.1a)** 100% of watersheds with a high or medium risk level will have approved mitigation strategies implemented			X
3.2.1 Proportion of watershed or water management areas with recent stand-replacing disturbance	**3.2.1b)** Drainage structures with identified water quality concerns that have mitigation strategies implemented	**3.2.1b)** 100% of medium and high hazard drainage structures will have mitigation strategies implemented according to the road maintenance plan for permanent Canfor Alberta License of Occupation roads	X		
	3.2.1c) Forestry water crossing construction and maintenance work in compliance with Code of Practice for Water Course Crossings or Operating Ground Rules within each subunit	**3.2.1c)** 100% of forestry water crossing construction and maintenance work in compliance with Code of Practice for Water Course Crossings or Operating Ground Rules	X		
4.1.1 Net carbon uptake	**4.1.1** The Preferred Forest Management Scenario (PFMS) will be run through a Carbon Budget Model	**4.1.1** A Carbon Budget Model will be run for the DFA within six months of the PFMS being developed			X
4.2 (2.2.1) Additions and deletions to the forest area	**4.2 (2.2.1)** Percent of gross forested land base in the DFA converted to non-forest land use through forest management activities	**4.2 (2.2.1)** Forest Management company activities not to exceed NET 3% reduction in gross forest land base in the DFA over the life span of the tenure (May 26, 1964)	X		
5.1.1 Quantity and quality of timber and non-timber benefits, products, and services produced in the DFA	**5.1.1a)** % of volume harvested compared to long term harvest level	**5.1.1a)** Not to exceed 100% of the approved harvest level (Annual Allowable Cut) over 5 years (5 yr. quadrant balance)	X		
	5.1.1b) Maintenance of recreational areas for non-timber values	**5.1.1b)** Canfor Alberta will maintain a minimum of 3 recreational areas for use by the public within DFA	X		
5.2.1 Level of investment in initiatives that contribute to community sustainability	**5.2.1 a)** Investment in local communities	**5.2.1a)** Over a rolling 5-year period, a minimum of 75% of Canfor Alberta forest operations dollars paid for contract services will be expended locally	X		
	5.2.1 b) Investment in local communities	**5.2.1b)** Canfor will provide financial/in-kind support to a minimum of 8 community events or services	X		
5.2.2 Level of investment in training and skills development	**5.2.2** Training in environmental and safety procedures in compliance with company training plans	**5.2.2** 100% of Canfor FMG Alberta employees and contractors have both environmental and safety training	X		
5.2.3 Level of direct and indirect employment	**5.2.3** Level of direct and indirect employment	**5.2.3** Report annually on trend of Canfor Alberta's level of direct and indirect regional/provincial employment created from the DFA	X		
5.2.4 Level of Aboriginal participation in the forest economy	**5.2.4** Opportunities for Aboriginal communities and contractors to participate in the forest economy.	**5.2.4** Maintain evidence that opportunities have been provided	X		
6.1.1 Evidence of a good understanding of the nature of Aboriginal title and rights	**6.1.1** Canfor FMG Alberta employees will receive Aboriginal awareness training	**6.1.1** 100% of Canfor FMG Alberta Forestry Supervisors, Coordinators, Superintendants, and the Operations Manager will receive credible and effective Aboriginal awareness training once every two years			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	**6.1.2** Members of local Aboriginal communities will be provided ample opportunity to understand Canfor Alberta's forest management plan	**6.1.2** Opportunity to communicate key components of the forest management plan have been communicated to each affected local Aboriginal group	X		
6.1.3 Level of management and/or protection of areas where culturally important practices and activities (hunting, fishing, gathering) occur	**6.1.3** % of forest operations in conformance with operational/site plans developed to address Aboriginal forest values, traditional knowledge and uses	**6.1.3** 100% of forest operations are conducted in conformance with operational/site plans that have been developed to address Aboriginal forest values, traditional knowledge and uses	X		

Indicator Statement	Target	Meets	Does Not Meet	Pending
6.2.1 (1.4.2) % of identified historic, sacred and culturally important sites, forest values, traditional knowledge and uses considered in forestry planning processes	**6.2.1 (1.4.2)** 100% of historic, sacred and culturally important sites, forest values, traditional knowledge and uses known or identified through consultation are considered in forestry planning processes	X		
6.3.1 Relationships with other forest businesses and users	**6.3.1** Evidence of minimum of 4 relationships annually within the vicinity of the DFA	X		
6.3.1 Implementation and maintenance of a certified safety program	**6.3.2** 100% of Canfor FMG Alberta and eligible DFA-related contractors will obtain and maintain a Certificate of Recognition (COR) or equivalent	X		
6.3.3 Implementation and maintenance of certified safety program	**6.3.3** 100% of recommendations from Partners in Injury Reduction (PIR) audit will be addressed and action plans developed	X		
6.4.1 Public advisory group maintained and satisfaction survey implemented	**6.4.1** 80% annual satisfaction from surveys from all four sections reported	X		
6.4.2 Number of educational opportunities for information/training/capacity building that are delivered to the public advisory group annually	**6.4.2** Provide one educational opportunity per FMAC meeting, plus one field tour opportunity per year	X		
6.4.3 Number of opportunities for information/training/capacity development that are delivered to the Aboriginal communities annually	**6.4.3** Greater than or equal to 1 Aboriginal information/training/capacity development opportunity per year	X		
6.5.1 The number of educational opportunities provided to the community	**6.5.1** A minimum of 5 educational opportunities provided annually	X		
6.5.2a) CSA Z809-08 Sustainable Forest Management monitoring report made available to the public annually	**6.5.2a)** CSA Z809-08 Sustainable Forest Management monitoring report available to public annually via worldwide web and copies in print by request	X		
6.5.2b) Percentage of public inquiries that receive an initial contact	**6.5.2b)** 100% of all inquiries recieve initial contact within 1 month of receipt	X		
		44	**3**	**10**

3. Criterion 1: Biological Diversity

Conserve biological diversity by maintaining integrity, function and diversity of living organisms and the complexes of which they are part.

Element (1.1): Ecosystem Diversity

Conserve ecosystems diversity at the stand and landscape level by maintaining the variety of communities and ecosystems that naturally occur on the DFA.

Value: Natural ecosystems on the landscape
Objective: All current ecosystems are represented on the landscape at current levels

CSA Core Indicator 1.1.1: Ecosystem area by type
Indicator Statement 1.1.1: Percent of occurrence of identified uncommon (Forested/Woodland) plant communities protected within DFA

Target 1.1.1:	**Acceptable variance:**
100% of identified uncommon (Forested/Woodland) plant communities will be maintained	0% acceptable variance

Status: Pending

Canfor's SFMP indicates that the process for accessing Alberta Conservation Information Management System (ACIMS) information and site identification will to be developed over two years.

ACMIS has added Canfor to its uncommon plant communities update notification list (**http://tpr.alberta.ca/parks/heritageinfocentre/datarequests/default.aspx**).
All planning and permitting staff and contractors are given the uncommon (Forest/Woodland) plant communities list and the form for reporting uncommon plant communities to ACIMS if they are found in the DFA.

Canfor is in the process of developing an uncommon (forest/woodlands) plant community identification manual that will assist field personnel in identfying these communities. The identification manual will include uncommon plant community reporting procedures and forms and will be distributed to all Planning and Permitting staff and contractors to be used for the 2014 field season.

CSA Core Indicator 1.1.2: Forest area by type or species composition
Indicator Statement 1.1.2: Percent distribution of forest type (treed conifer, treed broad leaf, treed mixed) >20 years old across DFA

Target 1.1.2:	**Acceptable variance:**
Maintain the current baseline percent distribution of forest types (treed conifer, treed broad leaf, treed mixed 0 >20 years old into the future	The modeled area will be allowed to vary +/- 5% of the baseline percent for all three strata over the life of this SFMP

Status: Meets

There have been no changes to the distribution of forest types as indicated in Table 2 below.

Table 2. Forest Area by Type

Forest Type	>20 Years (Ha)	Baseline Target Percent	2012 Percent
Treed Conifer	226,315	42%	42%
Treed Broad Leaf	69,705	13%	13%
Treed Mixed	247,923	46%	46%
Total	543,617	100%	100%

CSA Core Indicator 1.1.3: Forest area by seral stage or age class
Indicator Statement 1.1.3a): Area of old interior forest by natural region by cover class across the DFA

Target 1.1.3a):	**Acceptable variance:**
Area of old interior forest will not be less than the current hectares by natural region of each cover class over the next 200 yrs	Area of old interior forest will not be less than 90% the current hectares by natural region of each cover class

Status: Pending

Canfor's Forest Management Plan (FMP) development and submission has been extended to May 30, 2014 in order to incorporate the strategies of Environment & Sustainable Resource Development's (ESRD) range plan for the Little Smoky and A La Peche caribou herds (due to be completed by December 31, 2013). Canfor has built old interior forest constraints into the FMP model for the complete 200 year planning horizon and will be able to report the forecasts for each scenario. The current status of old interior forest by each cover class is shown in Table 3.

Table 3. Area of Old Interior Forest by Natural Region and Cover Class

Cover Class	Natural Region	Area (ha)
C	Boreal Forest	910
CD	Boreal Forest	212
DC	Boreal Forest	146
D	Boreal Forest	180
C	Foothills	12,605
CD	Foothills	543
DC	Foothills	370
D	Foothills	4
Total		14,970

Indicator Statement 1.1.3b): Range of patch sizes by subunit and entire DFA

Target 1.1.3b):	**Acceptable variance:**
The Preferred Forest Management Scenario patch size distribution will be constrained through the modeling to meet the targets in the table below (based on literature review), over 200 year planning horizon	The acceptable variance is to be within +/-10% of the FMP PFMS forecast based on reporting periods 0, 10 and 50 years

Status: Pending

Canfor's FMP development and submission has been extended to May 30, 2014 in order to incorporate the strategies of ESRD's range plan for the Little Smoky and A La Peche caribou herds (due to be completed by December 31, 2013). Canfor has built patch size into the FMP model for the complete 200 year planning horizon and will be able to constrain the model to meet the targets outlined in Table 4 when selecting the Preferred Forest Management Scenario (PFMS).

Table 4. Patch Size Distribution Targets

Area	Period	Year	Percent		
			0_100	100_500	500+
DFA	0	0	69	26	5
Main	0	0	79	21	0
Peace	0	0	91	9	0
Puskwaskau	0	0	86	14	0

Indicator Statement 1.1.3c): Percent of area of old, mature and young forest by natural region across the DFA

Target 1.1.3c):	**Acceptable variance:**
Over the 200 year planning horizon A. Gross land base: >13% old forest, > than 76% mature plus old forest, < than 11% young forest; and B. Net land base: >10% old forest, > than 73% mature plus old forest, < than 17% young forest	Area of old and mature forest by cover class shall be between 90% and 100% of target areas. Area of young forest by cover class, shall not exceed 110% of target area

Status: Pending

Canfor's FMP development and submission has been extended to May 30, 2014 in order to incorporate the strategies of ESRD's range plan for the Little Smoky and A La Peche caribou herds (due to be completed by December 31, 2013). Canfor has built seral stage reporting into the FMP model for the complete 200 year planning horizon and will be able to report the seral stage forecasts for each scenario. The current status has been recalculated by Natural Region in Tables 5 and 6 and will be revised in the SFMP.

Table 5. Seral Stage Distribution of the Gross (Forested) Land Base

Seral Stage	Boreal Forest Natural Region			Foothills Natural Region		
	Forested Area (ha)	Current Percent	Target (%)	Forested Area (ha)	Current Percent	Target (%)
Pioneer	17,712	5.5%	<22.1%	21,243	7.7%	<15.4%
Young	12,483	3.8%	<43.6%	32,123	11.6%	<42.2%
Mature	115,282	35.5%	25.2%	62,209	22.4%	25.1%
O. Mature	126,149	38.9%	5.3%	79,127	28.5%	7.3%
Old	53,027	16.3%	>3.8%	82,931	29.9%	>10.0%
Total	**324,653**			**277,633**		

Table 6. Seral Stage Distribution of the Net (Forested) Land Base

Seral Stage	Boreal Forest Natural Region			Foothills Natural Region		
	Forested Area (ha)	Current Percent	Target (%)	Forested Area (ha)	Current Percent	Target (%)
Pioneer	17,666	6.8%	<22.1%	21,188	9.5%	<15.4%
Young	12,053	4.6%	<43.6%	31,367	14.0%	<42.2%
Mature	103,737	39.8%	25.2%	56,748	25.4%	25.1%
O. Mature	95,129	36.5%	5.3%	63,518	28.4%	7.3%
Old	32,092	12.3%	>3.8%	50,709	22.7%	>10.0
Total	**260,677**			**223,530**		

CSA Core Indicator 1.1.4: Degree of within-stand structural retention
Indicator Statement 1.1.4a): Percent of total annual harvested area retained in openings across the DFA

Target 1.1.4a):	**Acceptable variance:**
4% of total annual harvested area will be left un-harvested as structural retention of which 2% will be merchantable	50% of the annual targets (i.e. annual amounts could be 1% of non-merchantable, 0.5% coniferous dominated and 0.5% deciduous dominated) to take into account that not all blocks in an FHP will be harvested in a single year. The rolling 5-year average will have no allowable variance to the target

Status: Meets

The total harvested area from May 1, 2011 to April 30, 2012 (2011 timber year) was 2,893 ha. 5.6% of the total area was left as structural retention, of which 4.7% was merchantable.

Table 7. Percent of Structural Retention by Broad Cover Group

BCG	% Merch Retention area	% Non-merch Retention area	Merch Retention Volume (m3)		
			Conifer	Decidous	Total
C	2.9%	0.7%	14,420	1,940	16,360
CD	0.5%	0.1%	1,775	1,729	3,503
D	0.1%	0.0%	13	424	438
DC	1.1%	0.0%	1,899	4,993	6,892
Du	0.1%	0.0%	258	678	936
Other NM	0.0%	0.1%	0	0	0
Total	**4.7%**	**0.9%**	**18,365**	**9,764**	**28,129**

Indicator Statement 1.1.4b): Percent of blocks meeting dispersed retention levels as prescribed in the site plan/logging plan

Target 1.1.4b):	**Acceptable variance:**
100% of blocks prescribed to have dispersed retention will meet the levels as identified in site/logging plans	90% of the blocks that had planned dispersed retention will meet the planned dispersed retention target

Status: Does Not Meet

Of the 74 blocks harvested during the 2011 timber year, 52 blocks had some form of dispersed retention; only one block meets the criteria of this target. During the review and reporting of this target we discovered that a management system to ensure achievement of the target has not been fully implemented. A plan to address this issue and the resulting system will be fully implemented during the 2013 timber year.

Indicator Statement 1.1.4c): Number of non-compliances where forest operations are not consistent with riparian management requirements as identified in operation plans

Target 1.1.4c):	**Acceptable variance:**
Zero non-compliances, specific to Operating Ground Rules (OGR), with riparian management requirements in forest operations	The allowable variance is two incidents per year

Status: Meets

One non-compliance related to riparian management requirements was reported in Canfor's Incident Tracking System (ITS) in the 2012 timber year. In that incident, a portion of a creek was aerial sprayed with herbicide. The details of the incident have been recorded and action plans created in ITS.

Indicator Statement 1.1.4d): Area of un-salvaged burned forest

Target 1.1.4d):	**Acceptable variance:**
100% of salvage plans for burned areas will be in conformance with Environment and Sustainable Resources Development directive	None. All salvage plans will conform to ESRD standards

Status: Meets

There were no fires within the Canfor DFA in the 2012 timber year.

Indicator Statement 1.1.4e): Area of un-salvaged blowdown

Target 1.1.4e):	**Acceptable variance:**
In areas of blowdown that are salvage logged, greater than 25% of the area (ha) will be left un-salvaged	None. 25% of blowdown areas will be left un-salvaged

Status: Meets

There were no patches of blowdown identified greater than 10 ha in the 2012 timber year.

Element (1.2): Species Diversity

Conserve species diversity by ensuring that habitats for the native species found in the FMA are maintained through time, including habitats for known occurrences of species at risk.

Value: Through time all current habitats are represented
Objective: Habitat for focal species is maintained on the landscape
CSA Core Indicator 1.2.1: Degree of habitat protection for selected focal species, including species at risk
Indicator Statement 1.2.1a): Trumpeter Swan habitat maintained

Target 1.2.1a)	**Acceptable variance:**
No future winter harvest within 200m and no summer harvesting within 800m of provincially identified Trumpeter Swan sites	None, unless approved by ESRD for some overriding reason

Status: Meets

There was no harvesting within 200m of Trumpeter Swan sites in 2012; however three blocks overlapped the 800m buffer, none of which were harvested during the summer season.

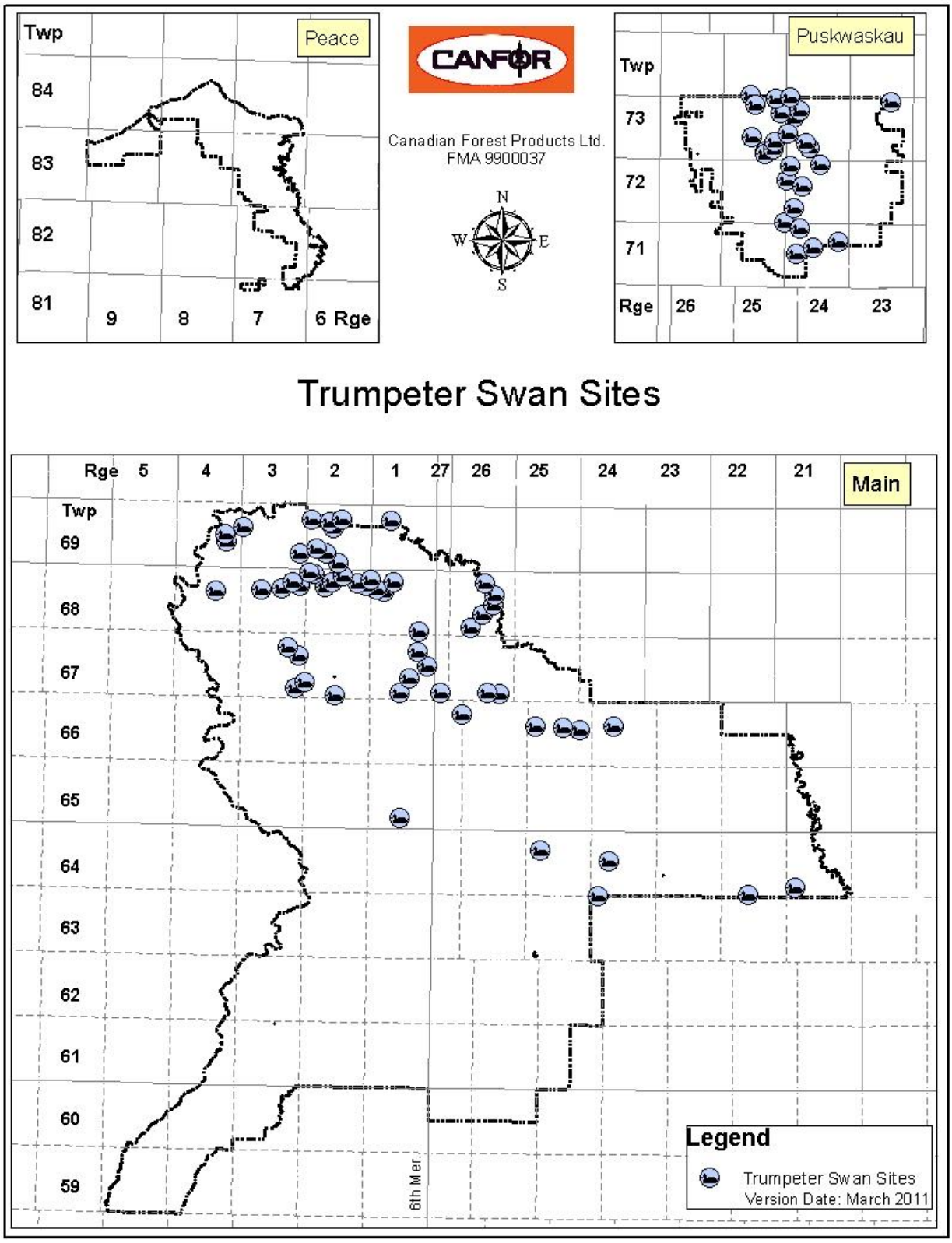

Figure 2. Trumpeter Swan Sites

Indicator Statement 1.2.1b): Percentage of significant wildlife mineral licks conserved

Target 1.2.1b):	**Acceptable variance:**
100% of significant wildlife mineral licks will be conserved annually, consistent with Operating Ground Rules	No variance. All mineral licks will have buffers applied unless approved by ESRD for some overriding issue

Status: Meets

In the 2012 timber year, there was one new significant wildlife zone found during field layout. At the time of layout, the mineral lick was fully buffered to meet Canfor FMA 990037 Operation Ground Rules-FMU G15 (ESRD, 2011). Canfor and ESRD had a field visit and determined that the buffer should be partially harvested to address fresh mountain pine beetle attack. The boundary was changed and an operating ground rule deviation was submitted and approved in the AOP.

Value: Through time all current habitats are represented
Objective: Current species diversity is maintained on the landscape
CSA Core Indicator 1.2.2: Degree of suitable habitat in the long term for selected focal species, including species at risk
Indicator Statement 1.2.2a): Sufficient amount of functional woodland caribou habitat over time

Target 1.2.2a) (1):	**Acceptable variance:**
No timber harvesting will occur in the high intactness zone identified for the Little Smoky range for the period 2007-2022	None

Status: Meets

In the 2012 timber year, there was no timber harvesting in the caribou high intactness zone. The caribou high intactness zone is indicated as Zone 1 in Figure 3.

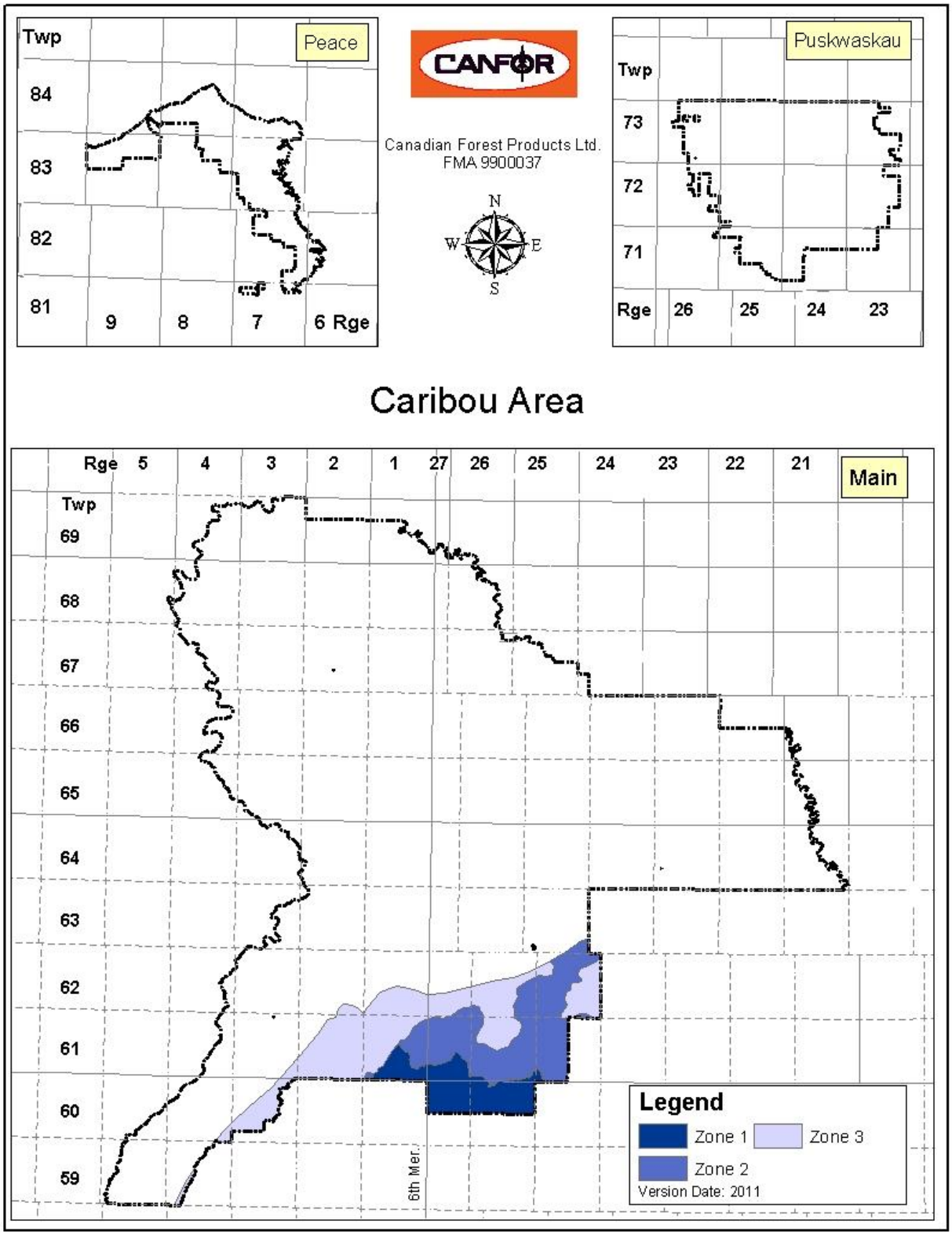

Figure 3. Caribou Area

Target 1.2.2a) (2):	Acceptable variance:
Less than 20% of the forested land base in the caribou range will be less than 30 years old	Up to 25% of the land base will be less than 30 years old for a portion of the planning timeframe

Status: Pending

Canfor's FMP development and submission has been extended to May 30, 2014 in order to incorporate the strategies of ESRD's range plan for the Little Smoky and A La Peche caribou herds (due to be completed by December 31, 2013). Canfor has built a constraint into the model to target and report the percentage of forested landbase in the caribou range less than 30 years old for each of the model scenarios.

Target 1.2.2a) (3):	Acceptable variance:
Canfor FMG Alberta open route density in the caribou range south of Deep Valley Creek will be zero	None

Status: Meets

Canfor Alberta does not own any open route access south of Deep Valley Creek within the caribou range area.

Indicator Statement 1.2.2b): Fish risk ranking for bull trout and arctic grayling

Target 1.2.2b):	Acceptable variance:
Annually report on fish risk ranking for bull trout and arctic grayling by watershed for the Main area of the DFA, utilizing ASRD's "Conceptual Approach to Fish Risk" ranking	Zero. All watersheds will have fish risk ranking calculated and reported to ESRD annually within the Main portion of the DFA

Status: Pending

By monitoring the fish risk using road densities, forest managers at Canfor and ESRD are able to identify the high risk watersheds and collaboratively develop mitigation strategies that will reduce the risk to bull trout and arctic grayling fish populations. Canfor and ESRD have decided an important next step is to calculate the road density of the planned future roads and create a Fish Ranking Watershed Map to understand how the future operations will affect the risk of fish. Using Lidar technology Canfor will also calculate all possible road/stream crossings for each watershed and use this information, in conjunction with ESRD, to direct specific mitigation efforts.

Figure 4 shows the 2012 fish risk for bull trout and arctic grayling by watershed by road density (km/km2) of permanent and non-reclaimed temporary forest industry roads within the Main parcel of the DFA.

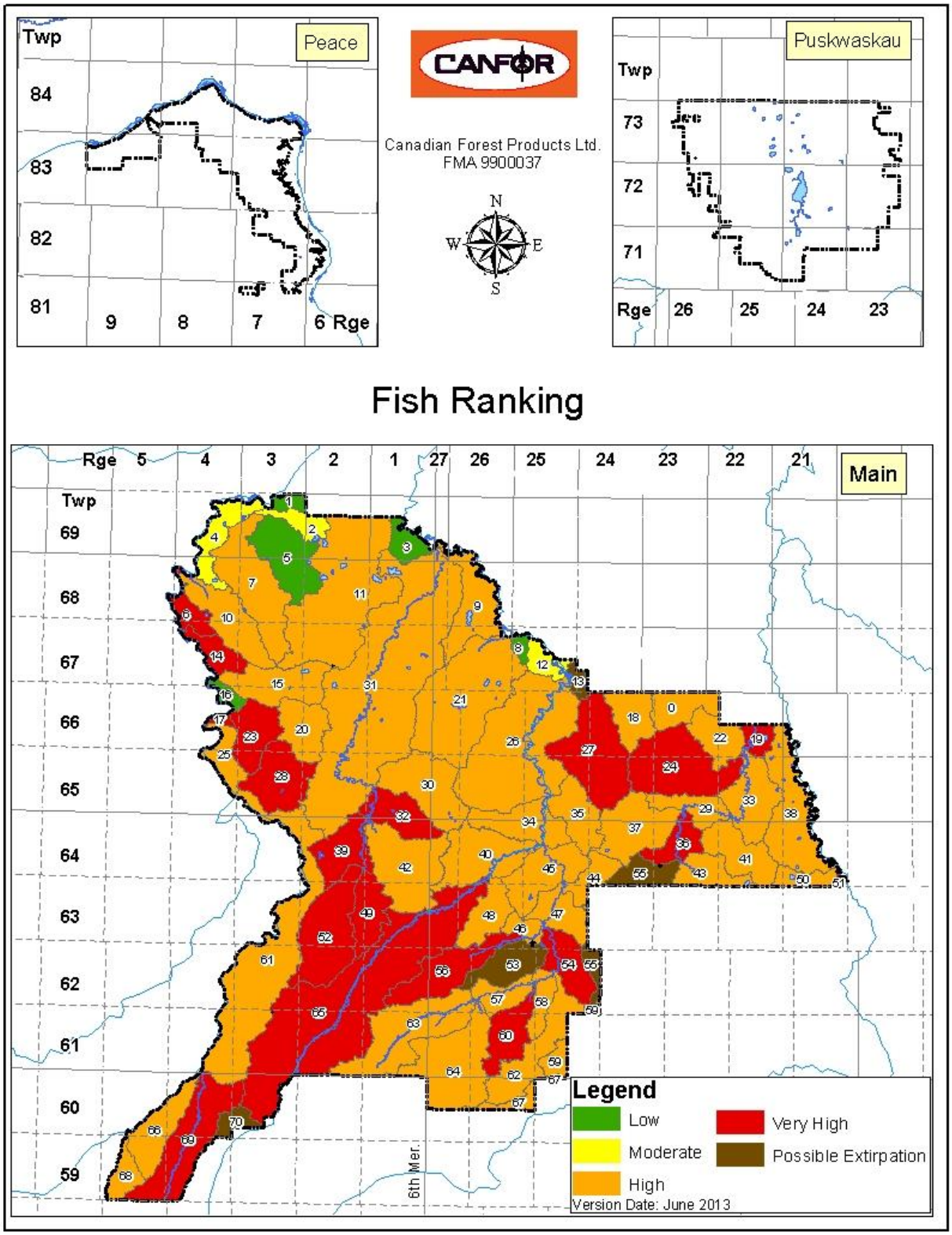

Figure 4. Fish Risk Ranking by Watershed

The five categories of fish ranking: low, moderate, high, very high, and possible extirpation along with other bull trout and arctic grayling details and mitigation strategies are documented in the *Sustainable Forest Management Plan 2012*.

Table 8 outlines the changes in fish risk ranking from 2011 to 2012 calculated by road density. Of the 71 watersheds in the Main portion of the DFA, three watersheds increased from moderate to high level of risk, one watershed from high to very high risk, and two watersheds increased from very high to possible extirpation risk. When interpreting these results the size of each watershed and the portion of watershed in Canfor's FMA must be considered. The majority of the roads constructed are temporary roads that are reclaimed and reforested. They are inspected for final clearance two years after being built. These roads are a short term risk to fish.

Table 8. Fish Risk Ranking

Watershed ID	2011 Rd Density (km/km2)	Fish Risk Rating	2012 Rd Density (km/km2)	Fish Risk Rating	Increase Explanation
18	0.13	Moderate	0.23	High	4 km increase in roads, no Canfor operations in the reporting period.
21	0.18	Moderate	0.29	High	14.7 km increase in Canfor temporary roads.
43	0.19	Moderate	0.32	High	5.1 km increase in Canfor temporary roads and oil and gas roads.
55	0.95	Very High	1.04	Likely Extirpated	4.5 km increase in Canfor temporary roads. Only a portion of this watershed is in Canfor's FMA.
60	0.60	High	0.68	Very High	4.5 km increase in oil and gas roads, no Canfor operations in this reporting period.
70	0.91	Very High	1.07	Likely Extirpated	3 km increase in Canfor temporary roads. Only a portion of this watershed is in Canfor's FMA.

Indicator Statement 1.2.2c): Amount of barred owl habitat available for breeding pairs

Target 1.2.2c):	**Acceptable variance:**
A report on habitat available at key points in time (0, 20, 50, 100 and 200 years) for barred owl breeding pairs will be completed and results incorporated into the Preferred Forest Management Scenario	Not Applicable

Status: Pending

Canfor's FMP development and submission has been extended to May 30, 2014 in order to incorporate the strategies of ESRD's range plan for the Little Smoky and A La Peche caribou herds (due to be completed by December 31, 2013). Once the range plan is completed, Canfor will be able to select its PFMS and report on habitat available for barred owl breeding pairs at key points in time of the FMP. Canfor is currently working with ESRD to incorporate the Barred Owl Habitat Model into the FMP model in order to assist in the selection of the PFMS.

Indicator Statement 1.2.2d): Density (lineal km/km2) of open (License of Occupation and Temporary non-reclaimed) roads

Target 1.2.2d):	**Acceptable variance:**
Density of open roads (linear km/km2) not to exceed 110% of the current levels in individual DFA parcels (Main, Puskwaskau & Peace) and grizzly bear and caribou wildlife areas	Zero

Status: Meets

In 2012, the density of open roads in the individual DFA parcels (Main, Puskwaskau & Peace) and grizzly bear and caribou wildlife areas did not exceed 110% of the current (2011) levels.

Table 9. Density of Open Roads

Area	2011 Road (Km)	2012 Road (Km)	Area (Km^2)	2011 Density (Km / Km^2)	2012 Density (Km / Km^2)	Percent Change from Current Density
Main	2567	2717	5509	0.47	0.49	106%
Peace	177	190	241	0.73	0.79	107%
Puskwaskau	173	173	697	0.25	0.25	100%
Caribou Area	365	378	713	0.51	0.53	103%
Grizzly Bear Range	1053	1091	1899	0.55	0.57	104%

CSA Core Indicator 1.2.3: Proportion of regeneration comprised of native species
Indicator Statement 1.2.3: Regeneration consistent with provincial regulations and standards for seed and vegetative material use

Target 1.2.3:	**Acceptable variance:**
Annually, 100% conformance with the Alberta Forest Genetics Resources Management and Conservation Standards	None

Status: Meets

Analysis of the planting data showed no non-native species were planted on the DFA in the 2012 timber year.

Element (1.3): Genetic Diversity

Conserve genetic diversity by maintaining the variation of genes within species and ensuring that reforestation programs are free of genetically modified organisms.

Value: Natural genetic diversity
Objective: Genetic diversity will be maintained on the landscape
CSA Core Indicator 1.3: No core indicator in Z809-08 for Element 1.3-waiting for practical indicators to be developed
Indicator Statement 1.3: Regeneration will be consistent with provincial regulations and standards for seed and vegetative material use

Target 1.3:	**Acceptable variance:**
100% conformance with the Alberta Forest Genetic Resources Management and Conservation Standards (AFGRMS) for all seed collection and seedling deployment	None

Status: Does Not Meet

The AFGRMS outlines seed collection and seedling deployment guidelines for Stream 1 (wild seed) and Stream 2 (genetic superior seeds grown in seed orchards) seedlings.

There was no Stream 1 wild seed collection on the FMA area in 2012. Stream 2 seed is collected at the Huallen Seed Orchard on an annual basis pending crop availability. All requirements are adhered to and managed by the orchard manager. This program is monitored by the Alberta Government for compliance.

Seed deployment guidelines are known by the company silviculture supervisors and adhered to during the planting allocation program. An analysis is done at the end of the program to determine that the planting program meets all seed deployment guidelines. The analysis looks at the actual seed zone/breeding region and compares it to the seedlot that was planted. Each seedlot is from a specific seed zone or breeding region.

Blocks that are harvested may have two seed zones or belong to more than one breeding region as overlaps do occur. Breeding regions are specific to species; G1 breeding region is for white spruce, B1 breeding region is for lodgepole pine and L2 breeding region is for black spruce. Seed zones are not species specific; rather they are ecologically and elevationally based. Canfor's DFA contains the following seed zones: Upper Foothills (UF1.3), Lower Foothills (LF1.4), Central Mixedwood (CM3.4) and the Dry Mixedwood (DM1.2), Sub Alpine (SA 1.1).

Generally speaking, if a block is in a certain seed zone, then it must be planted back to that seed zone (or breeding region).

There are 2 deployment rules that allow for a variance to that rule without applying for a government variance.

1) Seed Zone: If the block is within one km of another seed zone and 100 meteres in elevation it can be planted with stock grown from seed originating in the other seed zone. This is the case in many blocks that have two seed zones; the elevation and distance rule is applied and the next closest seed zone may be used.
2) Breeding Region: If the block is only partially intersected by the breeding region, the breeding region seedlings can be deployed across the entire block as long as highest or lowest elevation of the block is within 50m of the breeding region elevation limits (defined in each breeding region "CPP" (controlled parentage program)).

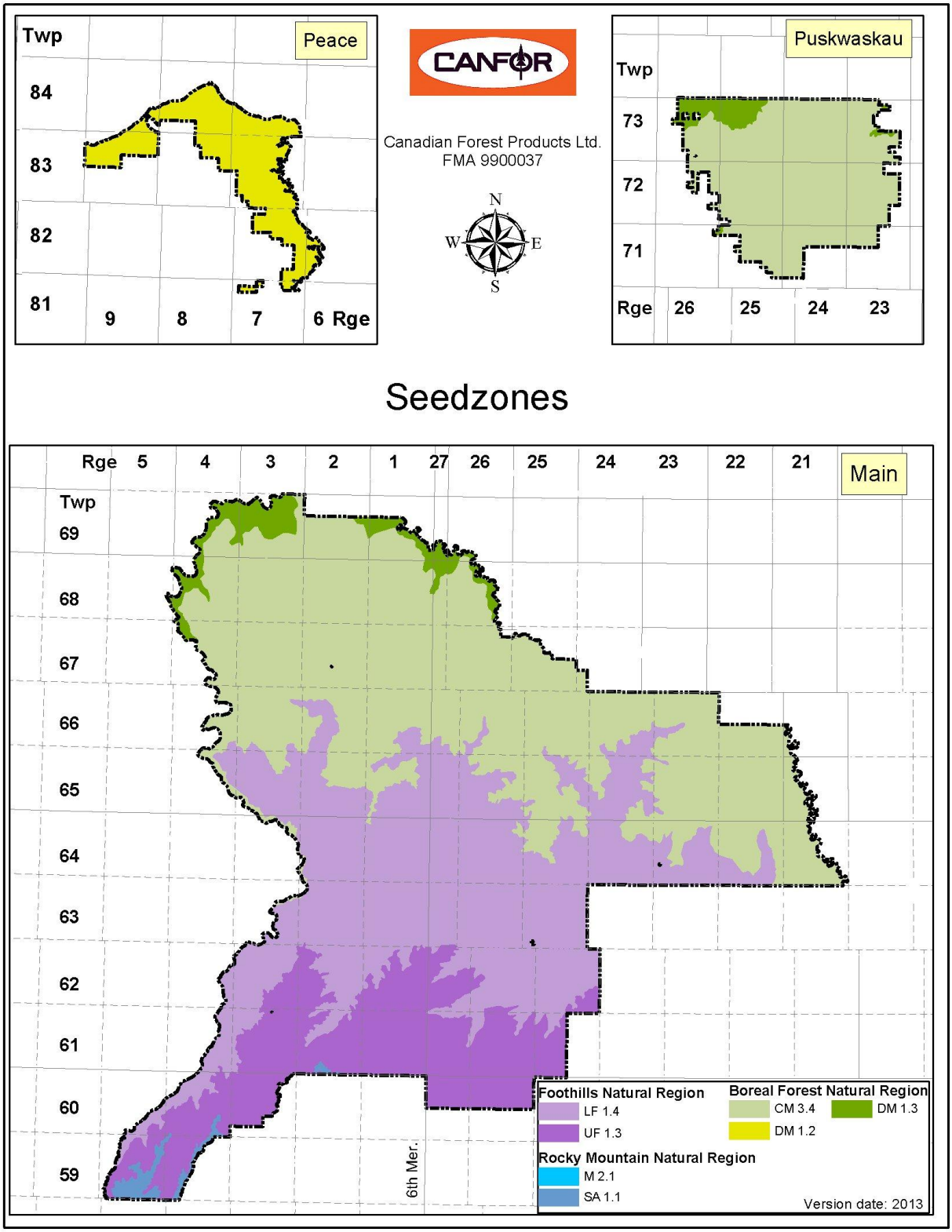

Figure 5. Seedzones

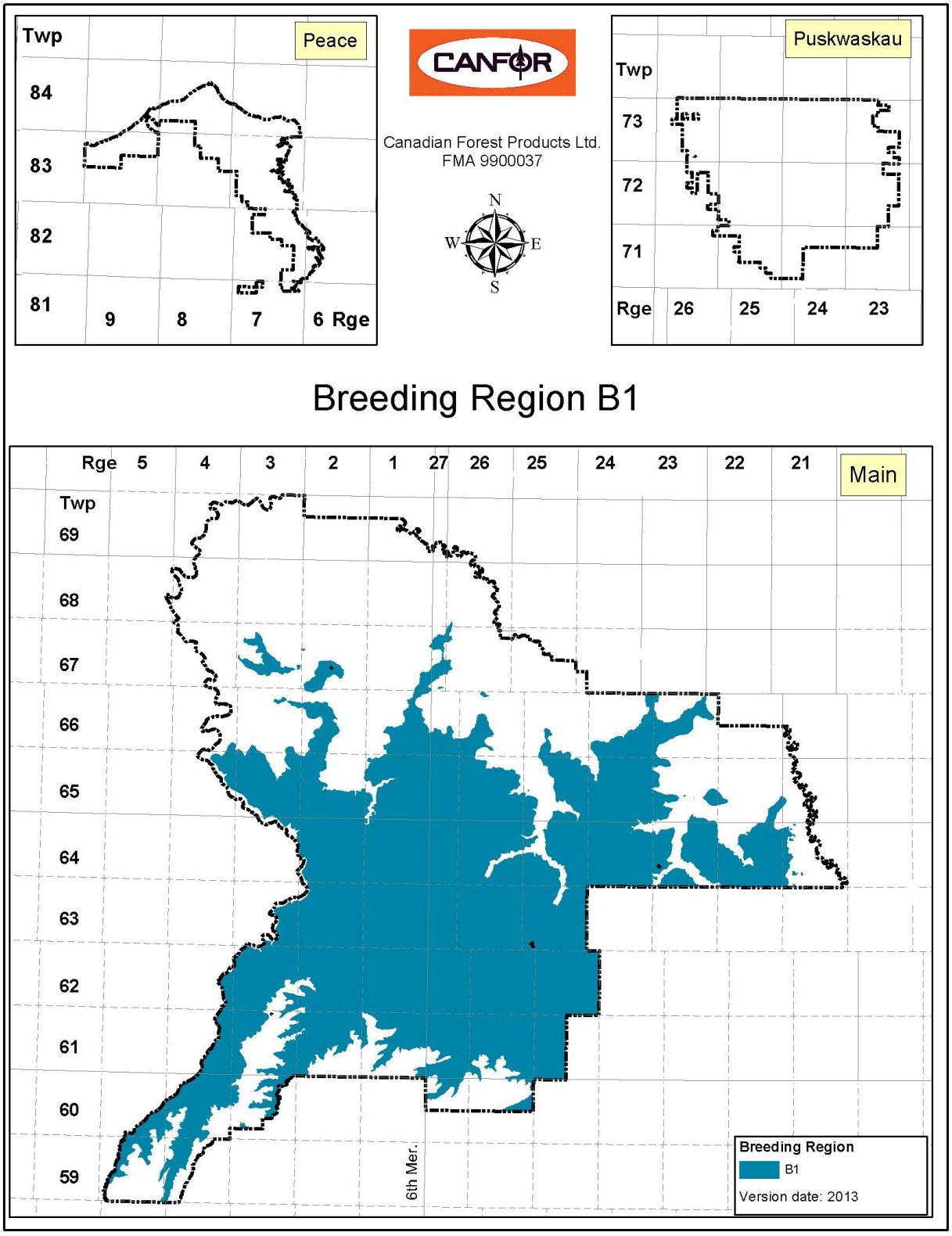

Figure 6. Breeding Region B1

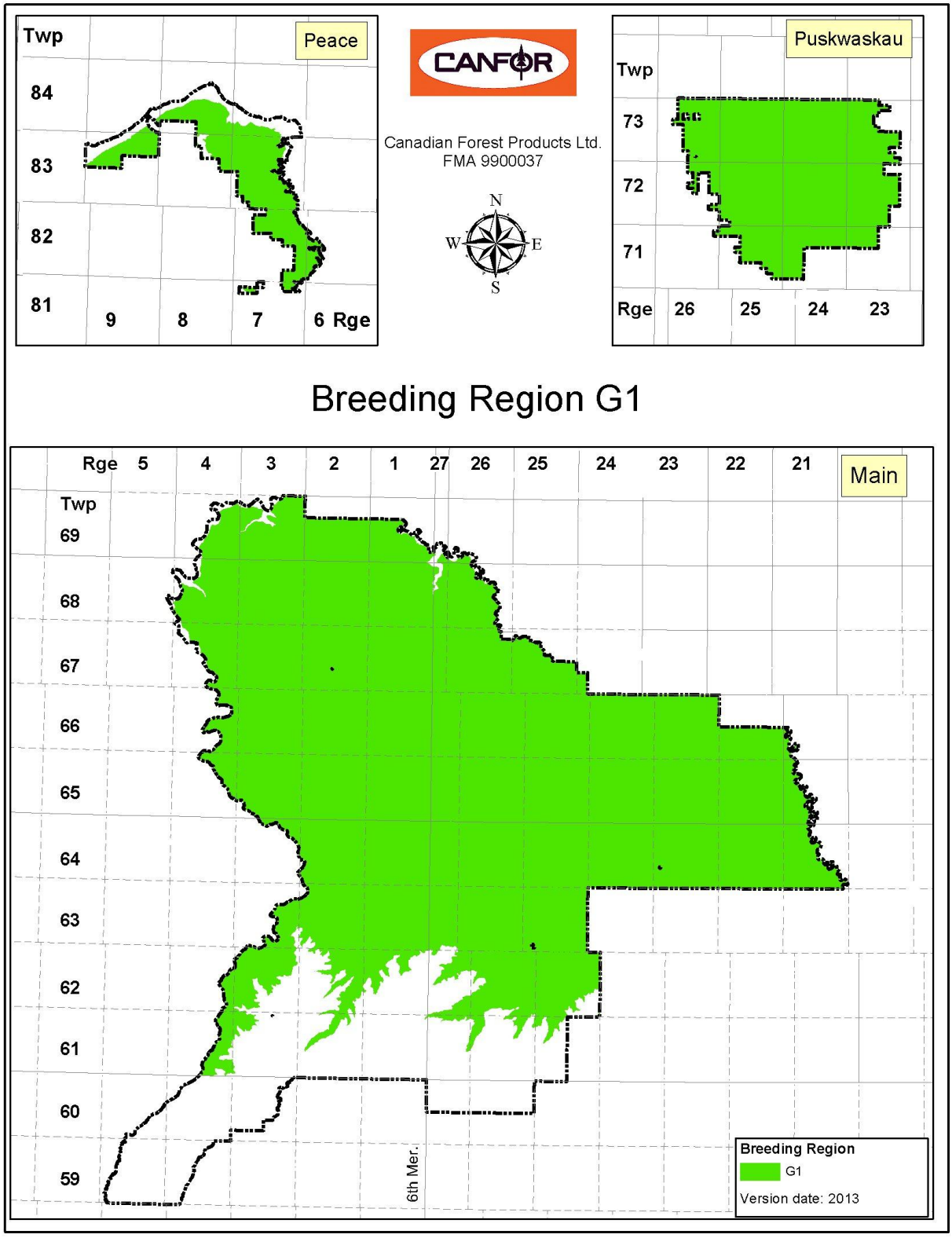

Figure 7. Breeding Region G1

If there are no seedlings available for a seed zone in which blocks were harvested, a variance from the government must be approved prior to planting that block. If it is not approved, the block must be planted the following year and appropriate seedlings ordered.

In the 2012 timber year, analysis indicated that two blocks were planted with stock originating outside of the appropriate seed zone. A variance for one of the blocks was approved, however the other block is considered out of compliance as it was planted with B1 lodgepole pine even though it is located entirely within the G1 white spruce breeding region.

Table 10. Summary of 2012 Blocks Planted Out of Seed Zone

Block ID	Seedzone/Breeding region	Planted To	In Compliance
S152084	G1/Cm3.4	B1	No
G071362	DM1.3	DM1.2	Yes - approved variance on file

The seed zone compliance report will be analyzed prior to planting in order to avoid planting in an incorrect seed zone. This will highlight any potential areas of non-compliance and provide sufficient time to adjust the plan.

Element (1.4): Protected Areas & Sites of Special Biological and Cultural Significance

Respect protected areas identified through government processes. Cooperate in broader landscape management related to protected areas and sites of special biological and cultural significance. Identify sites of special geological, biological, or cultural significance within the DFA and implement management strategies appropriate to their long-term maintenance.

Value: Identified protected areas and sites that have special biological significance
Objective: Conservation of the natural states and processes to maintain protected areas and sites that have special biological significance
CSA Core Indicator 1.4.1: Proportion of identified sites with implemented management strategies
Indicator Statement 1.4.1a): Percent of forest management activities where consultation has occurred for operations near protected park areas

Target 1.4.1a):	**Acceptable variance:**
The Province will be consulted 100% of the time when operations will occur within one kilometer of legally protected park areas	None. All planned harvest within one kilometer of a Protected Park Area will show consultation records

Status: Meets

Between May 1, 2012 and April 30, 2013, Canfor harvested blocks in the Peace parcel of the DFA which is located directly adjacent to the Dunvegan West Wildland Provincial Park. Multiple harvested blocks were located within 1km of the park boundary and Canfor initiated consultation with the province prior to the harvesting of these blocks. The province did not have any objections to the harvesting of the blocks within 1km of the Provincial Park and requested that due to the high incidence of Mountain Pine Beetle in the area that Canfor harvest the pine up to the edge of the banks of the Peace River. After harvesting activities were completed, Canfor

installed Provincial Park Boundary signs at the request of Alberta Tourism, Parks and Recreation at the boundaries of the blocks and the Provincial Park.

Indicator Statement 1.4.1b): Percent of forest management activities consistent with management strategies for sites of biological significance

Target 1.4.1b):	**Acceptable variance:**
100% of identified biologically significant sites will have implemented management strategies identified in consultation with the Province, annually	None. All identified special biologically important sites will have management strategies developed with the Province

Status: Meets

In 2012 all identified biologically significant sites had management strategies implemented.

A significant mineral lick was identified in one of the openings, but due to the presence of mountain pine beetle in the buffer of the mineral lick, ESRD requested that a portion of the buffer with infested trees be harvested.

Value: Identified protected areas and sites that have special biological and cultural significance. Understand and respect Aboriginal special needs
Objective: The natural states and processes to maintain protected areas and sites that have special biological and cultural significance will be conserved. Early and effective consultation with Aboriginal peoples will be provided
CSA Core Indicator 1.4.2: Protection of identified sacred and culturally important sites
Indicator Statement 1.4.2 (6.2.1): Percent of identified historic, sacred and culturally important sites, forest values, traditional knowledge and uses considered in forestry planning processes

Target 1.4.2 (6.2.1):	**Acceptable variance:**
100% of historic, sacred and culturally important sites, forest values, traditional knowledge and uses known or identified through communication are considered in forestry planning	None. All identified sites will be considered

Status: Meets

All records and action plans, from May 1, 2012 to April 30, 2013, in Canfor's Creating Opportunities for Public Involvement (COPI) database were reviewed and it was determined that 100% of historic, sacred and culturally important sites, forest values, traditional knowledge and uses were considered in the forestry planning process.

4. Criterion 2: Ecosystem Condition and Productivity

Conserve forest ecosystem condition and productivity by maintaining the health, vitality, and rates of biological production.

Element (2.1): Forest Ecosystem Resilience

Conserve ecosystem resilience by maintaining both ecosystem processes and ecosystem conditions.

Value: Healthy forest ecosystem
Objective: Meet reforestation targets on all harvested areas
CSA Core Indicator 2.1.1: Reforestation success
Indicator Statement 2.1.1a): Prompt reforestation

Target 2.1.1a):	**Acceptable variance:**
100% of all harvested sites will be reforested within 2 years	5% of any years blocks could be delayed due to seed, nursery or climatic issues. Planting of top piles and roads are not considered here as they may be completed later than two years to accommodate the burning of top piles

Status: **Meets**

All blocks harvested in the 2010 timber year received a planting treatment within 2 years of skid clearance date.

Value: Healthy forest ecosystem
Objective: Forest ecosystem health will be maintained
CSA Core Indicator 2.1.1: Reforestation success
Indicator Statement 2.1.1b): Prompt retreatment of failed areas

Target 2.1.1b):	**Acceptable variance:**
All harvested blocks that have not achieved the regeneration targets as per the Regeneration Standards of Alberta establishment survey standards will have remedial treatments completed within 12 months of the survey date	A six-month variance to the twelve-month retreatment period will apply for up to 50% of the blocks requiring remediation treatments. The six months allows for surveys done in the spring of one year to have treatments done in the following summer when seedlings may not be available the first summer

Status: **Meets**

Establishment surveys are conducted every second May in Canfor's DFA. Harvested blocks that are 5-7 years old are pooled and surveyed in one year. Canfor completed establishment surveys on the DFA in 2011 and has scheduled the next set of surveys for 2013, therefore the results below are for establishment surveys completed from May 1, 2011- April 30, 2012.

There were 3 blocks that did not meet the reforestation criteria set out in the Regeneration Standards of Alberta. These blocks received prompt retreatment as detailed in Table 11 below.

Table 11. Blocks Receiving Remedial Treatment after Establishment Survey

Block ID	Survey Date	Stocking Staus	Stocking Percent	Retreatments	Date	Comments
G242091	7/7/2011	NSR	22%	BackPack Broadcast Herbicide	8/19/2011	Spray for grass then replant due to low stocking
				Planting - Fill Plant	7/15/2012	
S112422	7/7/2011	NSR	78%	LFN- Let it grow treatment	7/29/2011	Undersized seedlings present - leave for a year and the seedlings will meet the height requirement
S112996	7/7/2011	NSR	77%	Aerial Discretionary Herbicide	8/22/2011	Spray grassy areas, also underheight trees along edge. Will pass after spray and 1 year of growth

Indicator Statement 2.1.1c): Actual regenerated stand yield compared to the yield expectations of the Timber Supply Analysis

Target 2.1.1c):
The regenerated stand yield (Mean Annual Increment) for the total of all sampling populations will meet or exceed the regenerated stand yield assumptions of the Timber Supply Analysis in the Regeneration Standards of Alberta performance survey process

Acceptable variance:
The yield results compared to the yield assumption can be lower in any two years of the quadrant, but cannot be lower in three or more years, or for the five-year period

Status: **Does Not Meet**

There were 12 blocks surveyed in the 2012 timber year.

11 of the 12 blocks met or exceeded the conifer MAI target but none of the blocks met the deciduous MAI target. The blocks that were surveyed were being managed to a conifer standard and although they had excellent conifer growth, they did not have enough deciduous regeneration to meet the deciduous target MAI.

Table 12. Summary of Regenerated Stand Yield

				MAI Target (M3/ha/yr)		MAI Survey Results	
Survey Year	Harvest Year	Landbase Designation Code	Total (Ha)	Conifer	Deciduous	Conifer	Deciduous
2009 to 2011	**1996 to 1999**	Deciduous	163	0.15	2.75	2.54	0.70
		Deciduous/Conifer	442	1.71	1.80	2.41	1.14
		Conifer/Deciduous	2,059	1.76	0.91	2.80	0.43
		Conifer	7,524	2.26	0.22	3.06	0.34
2012	**1998/1999**	Deciduous	0	0.15	2.75	na	na
		Deciduous/Conifer	7	1.71	1.80	2.06	0.31
		Conifer/Deciduous	23	1.76	0.91	2.33	0.62
		Conifer	39	2.26	0.22	3.10	0.12

Blocks surveyed to date under the Regeneration Standard of Alberta (RSA) process were originally managed to meet the 1991 coniferous free-to-grow standards. Under the inception of the new RSA, deciduous stocking is identified and managed differently than had been done under the 1991 standard. To address this issue going forward, in 2011 Canfor implemented a revised process in which blocks are checked within one year after harvest to identify areas

where deciduous regeneration is growing within the blocks so that they can be correctly declared and managed.

Indicator Statement 2.1.1d): Noxious weed program implementation

Target 2.1.1d):	**Acceptable variance:**
100% of previously identified and scheduled for treatment noxious weeds will receive treatment along Canfor Alberta's LOC roads	90% of identified weeds must be treated. The reason for the variance is that access issues can limit treatment of some patches of weeds. 100% of the identified noxious weed locations that are reasonably accessible will be treated. Treatment of these inaccessible noxious weed locations will occur once reasonable accessibility is available providing treatment at that time will be effective

Status: Meets

100% of the identified noxious weeds were treated in Canfor's DFA along Canfor held dispositions (License of Occupation (LOC's), Miscellaneous Surface Lease (MSL's), Surface Materials Lease (SML's)) as scheduled in 2012 Road Maintenance Plan.

Element (2.2): Forest Ecosystem Productivity

Conserve ecosystem productivity and productive capacity by maintaining ecosystem conditions that are capable of supporting naturally occurring species. Reforest promptly and use tree species ecologically suited to the site.

Value: Sustained forest ecosystem productivity
Objective: Limit the conversion of productive forest to other uses
CSA Core Indicator 2.2.1(4.2): Additions and deletions to the forest area
Indicator Statement 2.2.1(4.2): Percent of gross forested land base in the DFA converted to non-forest land use through forest management activities

Target 2.2.1(4.2):	**Acceptable variance:**
Forest management company activities not to exceed NET 3% reduction in gross forest land base in the DFA over the life of the Forest Management Agreement (May 26, 1964)	None

Status: **Meets**

In the 2012 timber year, Canfor applied for and constructed a 9.9 ha Miscellaneous Lease (MLL) on the DFA. The MLL will be used as a satellite log storage site. Logs will be stored at the location in the winter and will be hauled to the mill during the summer months. The construction of this MLL resulted in a 0.2% reduction in gross forest land base in the DFA.

Table 13. Percentage of Forest Land Converted to Non-Forest Land Use

DFA Total Area (ha)	Net Non-Forest Area Dispositions as of April 30, 2011 (ha)	Area Converted to Non-Forest Area Use May 1/12 to April 30/13 (ha)	Past non-forest area returned to forest land May 1/12 to April 30/13 (ha)	NET reduction in forest land area (ha)	PERCENTAGE of forest land converted to non-forest land use
644,695	1,448.0	9.9	0.0	1,438.1	0.2
The 9.9 hectares converted to non-forest land use is as follows: MLL 120099 located in SW 29-65-02-W6M which Canfor is using as a log storage site.					

Value: Sustained forest ecosystem productivity
Objective: Maintain productive harvest level
CSA Core Indicator 2.2.2: Proportion of the calculated long-term sustainable harvest level that is actually harvested
Indicator Statement 2.2.2: Percent of volume harvested compared to long term approved harvest level

Target 2.2.2:	**Acceptable variance:**
Not to exceed 100% of the approved harvest level (Annual Allowable Cut) over 5 years (5 yr quadrant balance)	The actual quadrant harvest volume will not exceed 105% of the allowable harvest level

Status: **Meets**

The current conifer harvest levels are at 75% and deciduous harvest levels are at 43%. Plans are projected to be slightly under the approved conifer harvest level upon completion of year five.

Table 14. Percent of Volume Harvested

Timber Disposition	Quadrant Period 1	Quadrant Harvest Level (m3)	Harvested as of April 30, 2013 (m3)	Percent	Remaining (m3)
FMA9900037	May 1, 2009 - April 30, 2013	3,575,000	2,685,607	75	839,393
DTA150001	May 1, 2009 - April 30, 2013	458,848	69,186	15	389,662
DTA150002	May 1, 2009 - April 30, 2014	839,085	51,288	6	747,974
DTA150003	May 1, 2009 - April 30, 2013	1,662,369	1,509,629	91	152,740

5. Criterion 3: Soil and Water

Conserve soil and water resources by maintaining their quantity and quality in forest ecosystems.

Element (3.1): Soil Quality and Quantity

Conserve soil resources by maintaining soil quality and quantity.

Value: Soil quality and quantity
Objective: Soil productivity will be maintained or enhanced
CSA Core Indicator 3.1.1: Level of soil disturbance
Indicator Statement 3.1.1a): Percent of harvested blocks meeting soil disturbance objectives identified in plans and Operating Ground Rules

Target 3.1.1a):	**Acceptable variance:**
100% of harvested blocks will not exceed 5% soil disturbance without government approval as outlined in Canfor Operating Ground Rules	Zero percent of post harvested blocks will not exceed 5%. road area disturbance without approval

Status: Meets

In the 2012 timber year, 100% of the harvested blocks that exceeded the 5% soil disturbance received government approval as outlined in the Canfor Operating Ground Rules.

Table 15. Percent of Blocks Exceeding 5% Soil Disturbance with Prior Approval

# of Harvested Blocks in 2012 TY	# of Blocks Exceeding 5% Soil Disturbance	# of Blocks Exceeding 5% Soil Disturbance with Prior Approval	% of Blocks Exceeding 5% Soil Disturbance with Prior Approval
78	5	5	100%

Value: Soil quality and quantity
Objective: Soil erosion will be minimized
CSA Core Indicator 3.1.1: Level of soil disturbance
Indicator Statement 3.1.1b): Percent of soil erosion and slumping incidences with mitigation strategies implemented

Target 3.1.1b):	**Acceptable variance:**
100% of known erosion and slumping events caused by forest operations will have mitigation strategies implemented within one year of identification	None. All reportable incidents will have mitigation strategies implemented within one year of identification

Status: Meets

In the 2012 timber year, 100% of known erosion and slumping events caused by forest operations had mitigation strategies implemented within one year of identification.

Table 16. Percent of Slumping Events Receiving Mitigation Strategies

# of Known Soil Erosion and Slumping Events	# of Known Events Containing Mitigation Strategies Within 1 Year	% of Known Events Containing Mitigation Strategies Within 1 Year
3	3	100%

Value: Soil quality and quantity
Objective: Maintain onsite course woody debris
CSA Core Indicator 3.1.2: Level of downed woody debris
Indicator Statement 3.1.2: Percentage of harvested area by subunit with coarse woody debris equivalent to pre-harvest conditions

Target 3.1.2:	**Acceptable variance:**
100% of subunits (Peace, Puskwaskau and Main) will meet or exceed coarse woody debris conditions equivalent to the pre-harvest state	None

Status: Meets

Current harvest practices require all excessive dead or dry fiber to be left dispersed within the harvest area during operations. With the onset of a large percentage of red and grey attacked mountain pine beetle trees in the DFA, dry beetle-killed trees with multiple checks are often left on site within harvest areas because they do not meet log quality standards for saw log production. Many of these trees are felled to facilitate skidding operations and are scattered within the harvest area or sometimes are left standing as a form of variable dispersed retention.

In the 2012 timber year, despite improved market conditions, deciduous companies operating on the DFA waived their requirement to utilize all secondary deciduous volume from areas associated with Canfor conifer harvest activities. In areas where deciduous companies deemed it to be not economically feasible to utilize secondary deciduous volume, the deciduous component of mixed wood stands was often felled to facilitate conifer forwarding operations. Felled, un-utilized deciduous stems are dispersed within the block and contribute to coarse woody debris volumes in combination with un-felled deciduous stems.

Recurrent previous surveys have indicated that the amount of CWD left after harvesting more than exceeds the pre-harvest volume. With the secondary deciduous volume outlined above being taken into account, the volume of CWD retained within harvest areas in 2012 far exceeded the pre-harvest CWD volume on site.

Table 17. Percent of Area with CWD meeting Pre-harvest States

Sub-Unit	Harvested Area (ha)	% of Harvested Area with CWD meeting or exceeding pre-harvest states
Deep		N/A
E8	189	100%
Economy		N/A
Latronell	447	100%
Peace	845	100%
Puskwaskua		N/A
Smoky	1007	100%
Simonette	799	100%

Element (3.2): Water Quality and Quantity

Conserve water resources by maintaining water quality and quantity.

Value: Water Quantity
Objective: Water quantity will be maintained
CSA Core Indicator 3.2.1: Proportion of watershed or water management areas with recent stand-replacing disturbance
Indicator Statement 3.2.1a): Watershed with high or medium risk level assessments with mitigation strategies implemented

Target 3.2.1a):	**Acceptable variance:**
100% of watersheds with a high or medium risk level will have approved mitigation strategies implemented	None. All medium and high risk ranked watersheds with scheduled operations will have mitigation strategies completed, in consultation with ESRD

Status: Pending

The Watershed Risk Level Map that was reported as the current status in the 2012 SFMP will be updated and calculated slightly different in the 2013 version of the SFMP. The 2012 analysis of watershed Equivalent Clear-cut Area (ECA) was calculated as an all-or-nothing constraint in that a cut block contributed 100% to ECA until it was 100% recovered and at 100% recovery it contributes 0 to ECA.

In the 2013 analysis, stand ECA is multiplied by the % recovery to determine its contribution to ECA. A stand that is 10% of the Max Mean Annual Increment (MAI) contributes 90% to ECA; a stand that is at 99% of the max MAI contributes 1% to the ECA.

The changes in methods of calculations have resulted in 10 watersheds in moderate risk level and 80 in low risk level as shown in Figure 8.

Canfor is currently in discussions with ESRD to develop mitigation strategies with a primary focus on watersheds with moderate risk levels. Currently there are not watersheds with a high risk level. These mitigation strategies will be linked to the strategies being developed with ESRD for 1.2.2b) Fish Risk Ranking for Bull Trout and Arctic Grayling.

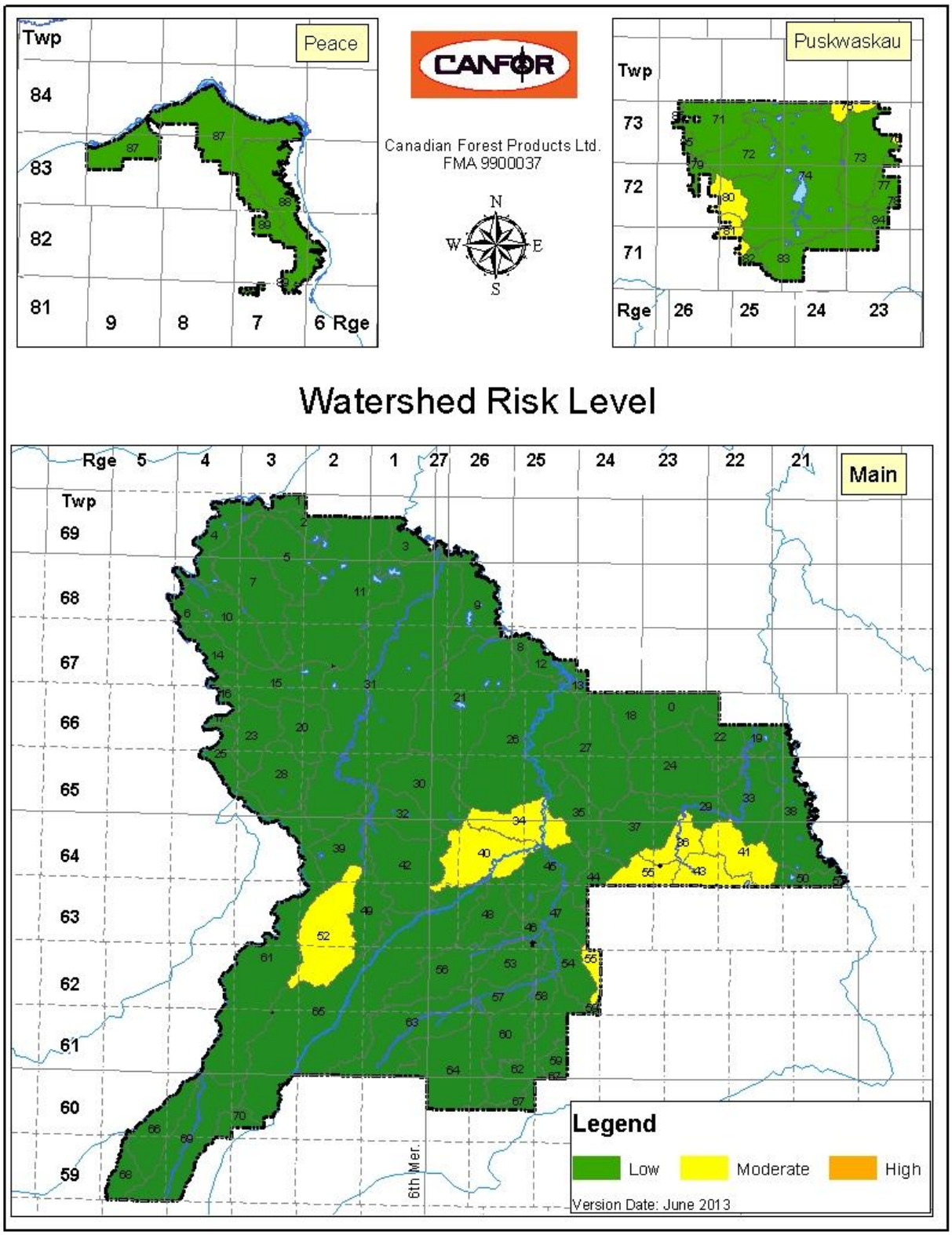

Figure 8. Watershed Risk Level

Value: Water Quality
Objective: Water quality will be conserved
CSA Core Indicator 3.2.1: Proportion of watershed or water management areas with recent stand-replacing disturbance
Indicator Statement 3.2.1b): Drainage structures with identified water quality concerns that have mitigation strategies implemented

Target 3.2.1b):	**Acceptable variance:**
100% of medium and high hazard drainage structures will have mitigation strategies implemented according to the road maintenance plan for permanent Canfor Alberta License of Occupation roads	90% of identified medium and high-risk crossings will have mitigation strategies implemented within six months of being identified

Status: Meets

Stream crossing inspections are completed in June and early July of each year. Any crossing inspections that indicate a high risk for safety are addressed immediately. As of 2012, remediation plans including the recommendations from the inspections for all medium and high hazard drainage structures are developed within six months of the stream crossing inspections. These remediation plans are scheduled to be implemented on a priority basis.

Currently there are 160 crossings inspected, 86 (54%) pose a high risk to water quality and 58 (36%) pose a medium risk.

Table 18. Percent of Crossings in Remediation Plan

Risk Ranking	Number of crossings by Risk	Percent of Total Crossings	Percent of Crossings in Remediation Plan	Number of Crossings in Remediation Plan that have been Repaired	Percent of Crossings in Remediation Plan that have been Repaired
High Risk Inspections	86	54%	100%	4	5%
Medium Risk Inspections	58	36%	100%	2	3%
Low Risk Inspections	15	9%	0	0	0
No Risk Inspections	1	1%	0	0	0
Total Crossings Inspected	160	100%	100%	6	4%

Value: Water Quality
Objective: Impacts to water quality will be minimized
CSA Core Indicator 3.2.1: Proportion of watershed or water management areas with recent stand-replacing disturbance
Indicator Statement 3.2.1c): Forestry water crossing construction and maintenance work in compliance with Code of Practice for Water Course Crossings or Operating Ground Rules within each subunit

Target 3.2.1c):	**Acceptable variance:**
100% of forestry water crossing construction and maintenance work in compliance with Code of Practice for Water Course Crossings or Operating Ground Rules	None. All construction and maintenance work will have the required approvals and will be carried out in compliance with Code of Practice for Water Course Crossings or OGRs

Status: Meets

As submitted in the 2013 Annual Operating Plan (AOP) Completed Structure Maintenance Report, Canfor performed work on 21 stream crossings within the DFA in the 2012 timber year. All work was completed within the Code of Practice for Watercourse Crossings and Operating Ground Rules.

6. Criterion 4: Role in Global Ecological Cycles

Maintain forest conditions and management activities that contribute to the health of global ecological cycles.

Element (4.1): Carbon Uptake and Storage

Maintain the processes that take carbon from the atmosphere and store it in forest ecosystems.

Value: Carbon uptake and storage
Objective: Carbon uptake and storage (i.e. carbon balance) will be maintained
CSA Core Indicator 4.1.1: Net carbon uptake
Indicator Statement 4.1.1: The Preferred Forest Management Scenario (PFMS) will be run through a Carbon Budget Model

Target 4.1.1:	**Acceptable variance:**
A Carbon Budget Model will be run for the DFA within six months of the PFMS being developed	None. The model runs will be completed and reported

Status: Pending

The Forest Management Plan PFMS has not been finalized, therefore the forecasts using the CFS-CBM-3- model have not been calculated. However, the current status has been calculated for this report and will be updated in the SFMP.

Carbon curves for each yield group have been developed using the Canadian Forest Service CFS-CBM-3- model. These curves are incorporated into the timber supply model such that indicators tracking above ground biomass, below ground biomass, dead organic matter and soil biomass are included as outputs for each timber supply scenario.

Table 19. Carbon Storage Current Status Summary

Carbon Pool	Millions of Tonnes of CO^2e (2012)
Above Ground Biomass	2.92
Below Ground Biomass	0.66
Dead Organic Matter	4.83
Soil Biomass	5.27
Total	**13.67**

Element (4.2): Forest Land Conversion

Protect forest lands from deforestation or conversion to non-forests, where ecologically appropriate.

Value: Sustainable yield of timber
Objective: Limit the conversion of productive forest to other uses
CSA Core Indicator 4.2 (2.2.1): Additions and deletions to the forest area
Indicator Statement 4.2 (2.2.1): Percent of gross forested land base in the DFA converted to non-forest land use through forest management activities

Target 4.2 (2.2.1):	**Acceptable variance:**
Forest management company activities not to exceed NET 3% reduction in gross forest land base in the DFA over the life of the FMA agreement	None

Status: **Meets**

In the 2012 timber year, Canfor applied for and constructed a 9.9 ha Miscellaneous Lease (MLL) on the DFA. The MLL will be used as a satellite log storage site. Logs will be stored at the location in the winter and will be hauled to the mill during the summer months. The construction of this MLL resulted in a 0.2% reduction in gross forest land base in the DFA.

Table 20. Percentage of Forest Land Converted to Non-forest Land Use

DFA Total Area (ha)	Net Non-Forest Area Dispositions as of April 30, 2011 (ha)	Area Converted to Non-Forest Area Use May 1/12 to April 30/13 (ha)	Past non-forest area returned to forest land May 1/12 to April 30/13 (ha)	NET reduction in forest land area (ha)	PERCENTAGE of forest land converted to non-forest land use
644,695	1,448.0	9.9	0.0	1,438.1	0.2
The 9.9 hectares converted to non-forest land use is as follows: MLL 120099 located in SW 29-65-02-W6M which Canfor is using as a log storage site.					

7. Criterion 5: Economic and Social Benefits

Sustain flows of forest benefits for current and future generations by providing multiple goods and services.

Element (5.1) Timber and Non-Timber Benefits

Manage the forest sustainably to produce an acceptable and feasible mix of timber and non-timber benefits.

Value: Sustainable yield of timber and non timber benefits
Objective: Sustainable forest management that maintains timber and non-timber benefits
CSA Core Indicator 5.1.1: Quantity and quality of timber and non-timber benefits, products, and services produced in the DFA
Indicator Statement 5.1.1a): Percent of volume harvested compared to long term approved harvest level

Target 5.1.1a):	**Acceptable variance:**
Not to exceed 100% of the approved harvest level (Annual Allowable Cut) over 5 years (5 yr quadrant balance)	The actual quadrant harvest volume will not exceed 105% of the allowable harvest level

Status: Meets

The current conifer harvest levels are at 75% and deciduous harvest levels are at 43%. Plans are projected to be slightly under the approved conifer harvest level upon completion of year five.

Table 21. Percent of Volume Harvested

Timber Disposition	Quadrant Period 1	Quadrant Harvest Level (m3)	Harvested as of April 30, 2013 (m3)	Percent	Remaining (m3)
FMA9900037	May 1, 2009 - April 30, 2013	3,575,000	2,685,607	75	839,393
DTA150001	May 1, 2009 - April 30, 2013	458,848	69,186	15	389,662
DTA150002	May 1, 2009 - April 30, 2014	839,085	51,288	6	747,974
DTA150003	May 1, 2009 - April 30, 2013	1,662,369	1,509,629	91	152,740

Indicator Statement 5.1.1b): Maintenance of recreational areas for non-timber values

Target 5.1.1b):	**Acceptable variance:**
Canfor Alberta will maintain a minimum of 3 recreational areas for use by the public within DFA	None

Status: Meets

Canfor maintains and supports several recreational areas (Figure 6) in both its Grande Prairie and Hines Creek operations. In 2012, Canfor maintained 4 public recreational areas within the DFA, and supported 2 recreational sites outside the DFA area:

- MacLeod Flats (formerly Smoky Flats);
- Economy Lake;
- Frying Pan Creek;

- Westview;
- Swan Lake (located outside DFA area, approximately 25 km west of Valleyview); and
- Stoney Lake (located outside DFA area, approximately 30 km northeast of Hines Creek.

A typical site includes camping stalls, picnic tables, firewood, garbage receptacles and pit toilets. MacLeod Flats, Economy Lake and Stoney Lake also have well water which must be boiled before using.

In 2012 the Swan Lake Recreation Area was operated and maintained by the MD of Greenview with Canfor providing financial support. Many positive comments were received regarding the facility and fishing resource.

Stoney Lake Campsite is located in Canfor's quota area northeast of Hines Creek. This recreation area has 28 overnight sites, a boat launch area, day use area, toilets, and non-potable water supply. An agreement was signed in 2006 with Alberta Tourism, Parks and Recreation whereby Canfor provides a financial contribution and Tourism, Parks and Recreation manages and operates the Stoney Lake site. This agreement continued in 2012.

To promote public use of the recreation areas, Canfor Alberta has produced a pamphlet titled *Canfor Public Recreation Areas* that is available through the Grande Prairie Tourism Association, Muskoseepi Park and Canfor Alberta's Administration Office.

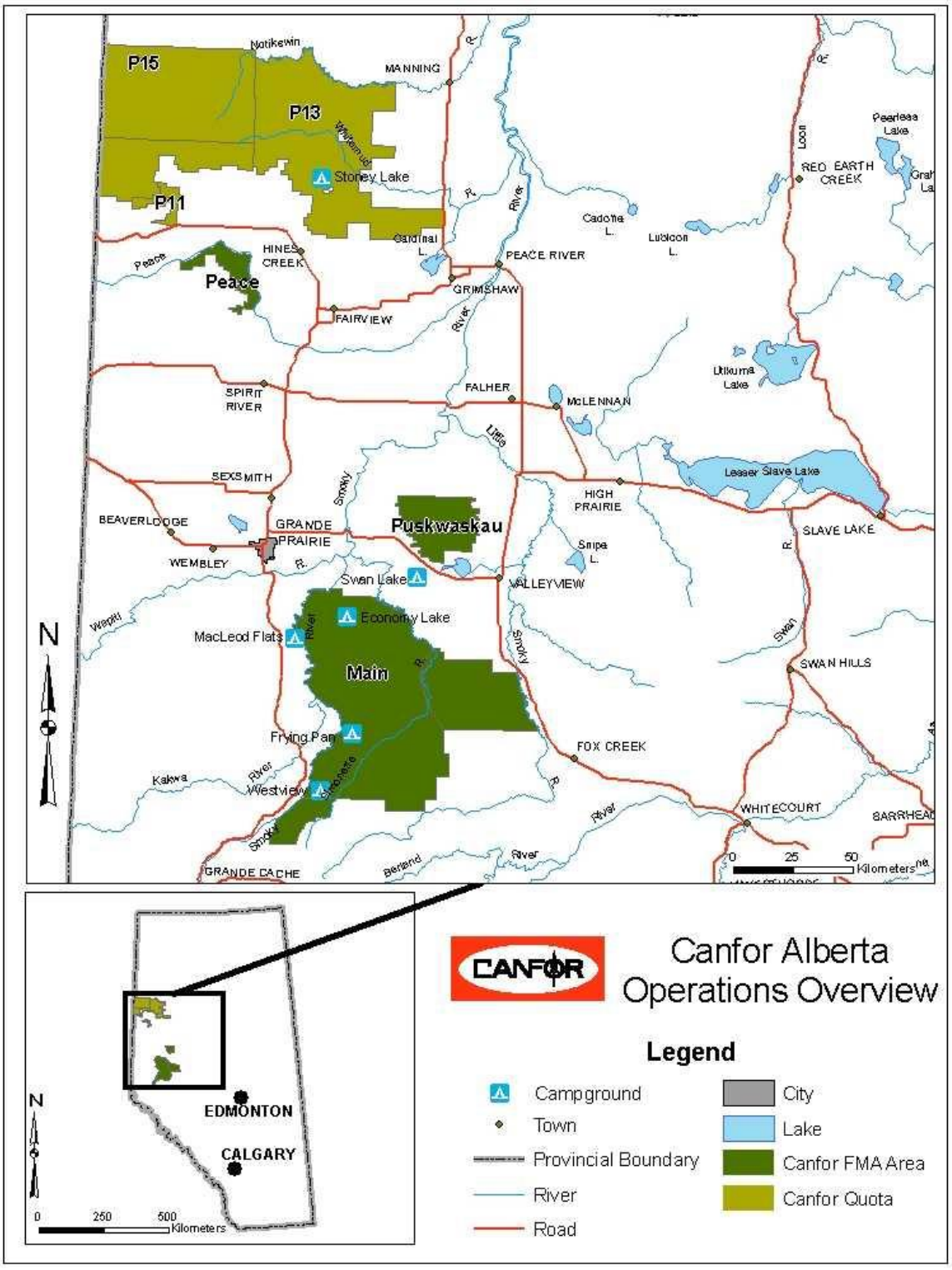

Figure 9. Location of Recreation Areas Managed by Canfor

Element (5.2): Communities and Sustainability

Contribute to the sustainability of communities by providing diverse opportunities to derive benefits from forests and by supporting local community economies.

Value: A range of benefits to local communities
Objective: Local communities and contractors will have the opportunity to share in benefits such as jobs, contracts and services
CSA Core Indicator 5.2.1: Level of investment in initiatives that contribute to community sustainability
Indicator Statement 5.2.1a): Investment in local communities

Target 5.2.1a):	**Acceptable variance:**
Over a rolling 5-year period, a minimum of 75% of Canfor Alberta forest operations dollars paid for contract services will be expended locally	None

Status: **Meets**

In 2012, Canfor Alberta forest operations spent 89% (5-year rolling average) of its dollars on local contract services. This increase from the previous year's 5-year rolling average can be attributed to increased log/haul contract rates and the purchase of Canfor Green Energy (CGE).

Table 22. Investment in Local Communities

Contribution	2008	2009	2010	2011	2012
Local Contract Services ($ millions)	34.4	31.3	34.9	34.2	49.5
Non-Local Contract Services ($ millions)	5.9	3.4	5.0	4.1	5.5
Subtotal	40.2	34.7	39.9	38.4	55.0
% Local Contract Services (5 year rolling avg.)	85%	88%	88%	88%	89%

Indicator Statement 5.2.1b): Investment in local communities

Target 5.2.1b):	**Acceptable variance:**
Canfor will provide financial/in-kind support to a minimum of 8 community events or services	Zero

Status: **Meets**

For the 2012 fiscal year, Canfor provided financial support to 6 community events and services:

1. Shock Trauma Air Rescue Service Foundation (STARS);
2. Grande Prairie Regional Emergency Medical Services (GPREMS);
3. QE11 Hospital Foundation;
4. United Way;
5. Girl Guides of Canada; and
6. Clear Hills Agri-show.

Canfor provided in-kind support to 5 community events and services:

1. Salvation Army (food bank and adopt a family);
2. Odessey House (items for the house);
3. Nitehawk Ski Patrol (office space);
4. Arbour Day (Canfor foresters presentations to school classrooms); and
5. Walk through the Forest (hosted a wildlife booth with Canfor forester presenters).

CSA Core Indicator 5.2.2: Level of investment in training and skills development
Indicator Statement 5.2.2: Training in environmental and safety procedures in compliance with company training plans

Target 5.2.2:	**Acceptable variance:**
100% of Canfor FMG Alberta employees and contractors have both environmental and safety training	None. All DFA-related contractors will have the required training. Administrative and clerical workers are out of scope.

Status: **Meets**

Canfor records from May 1, 2012 to April 30, 2013 show that all FMG Alberta employees and DFA-related contractors have been given the required environmental and safety training as outlined by company training procedures.

Value: Fair distribution of benefits across communities
Objective: A fair distribution of benefits and costs will be ensured across all communities in the local area
CSA Core Indicator 5.2.3: Level of direct and indirect employment
Indicator Statement 5.2.3: Level of direct and indirect employment

Target 5.2.3:	**Acceptable variance:**
Report annually on trend of Canfor Alberta's level of direct and indirect jobs created from the DFA	Not applicable

Status: **Meets**

Canfor's production volume continues to be at or near the annual allowable cut level, therefore direct and indirect employment levels are stable.

Table 23. Level of Direct and Indirect Employment

	Production Volume	Employment
Potential	715, 000	3146
2012	704,942	3102

CSA Core Indicator 5.2.4: Level of Aboriginal participation in the forest economy
Indicator Statement 5.2.4: Opportunities for Aboriginal communities and contractors to participate in the forest economy

Target 5.2.4:	**Acceptable variance:**
Maintain evidence that opportunities have been provided	Not applicable

Status: **Meets**

In the 2012 timber year, one local Aboriginal community was offered opportunity to bid on the clearing, grubbing, and burning of a new Satellite Yard located at km 288 on the Canfor Lease Cut-off Road. The bid was awarded to the Aboriginal community and they completed the work during February and March 2013.

Canfor also helped fund an Aboriginal economic opportunity through the Foothills Landscape Management Forum (FLMF) Road Patrol Project in which members of a local Aboriginal Community were hired to monitor public access in caribou ranges and collect data on wildlife sightings.

8. Criterion 6: Society's Responsibility

Society's responsibility for sustainable forest management requires that fair, effective forest management decisions are made.

Element (6.1): Aboriginal and Treaty Rights

Recognize and respect Aboriginal title and rights, and treaty rights. Understand and comply with current legal requirements related to Aboriginal title and rights, and treaty rights.

Value: Understanding and respecting Aboriginal and treaty rights
Objective: Aboriginal and treaty rights will be respected
CSA Core Indicator 6.1.1: Evidence of a good understanding of the nature of Aboriginal title and rights
Indicator Statement 6.1.1: Canfor FMG Alberta employees will receive Aboriginal awareness training

Target 6.1.1:	**Acceptable variance:**
100% of Canfor FMG Alberta Forestry Supervisors, Coordinators, Superintendants, and the Operations Manager will receive credible and effective Aboriginal awareness training once every two years	A minimum of 90% of Canfor FMG Alberta staff receives a minimum of one credible and effective training session every two years

Status: Pending

Credible and effective Aboriginal awareness training will be offered every two years for Canfor Alberta FMG staff and will be completed by May 2014.

CSA Core 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 Statement 6.1.2: Members of local Aboriginal communities will be provided ample opportunity to understand Canfor Alberta's forest management plan

Target 6.1.2:	**Acceptable variance:**
Opportunity to communicate key components of the forest management plan have been communicated to each affected local Aboriginal group	Not applicable

Status: Meets

Canfor has been developing a new Forest Management Plan (FMP) since 2010. The plan submission date has been extended to May 30, 2014 to allow time for the development of a caribou strategy that aligns with ESRD's range plan for the Little Smoky and A La Peche caribou herds. Throughout these last three years Canfor has contacted the three Aboriginal groups (Aseniwuche Winewak Nation, Horse Lake First Nation, and Sturgeon Lake Cree Nation) identified as having some interest in the Forest Management Area in regards to the development the FMP.

Canfor has provided opportunities for participation with the Forest Management Advisory Committee in the development of VOITs that will be included in the FMP, as well as

opportunities to attend Open Houses, and have made presentations to the three Aboriginal Communities to provide information on how a FMP is developed and to discuss how the Aboriginal Communities wish to be involved.

Canfor will continue to offer opportunities for each of these groups to provide input into the selection of the preferred forest management scenarios and continue with the consultation process.

CSA Core Indicator 6.1.3: Level of management and/or protection of areas where culturally important practices and activities (hunting, fishing, gathering) occur
Indicator Statement 6.1.3: Percent of forest operations in conformance with operational/site plans developed to address Aboriginal forest values, traditional knowledge and uses

Target 6.1.3:	**Acceptable variance:**
100% of forest operations are conducted in conformance with operational/site plans that have been developed to address Aboriginal forest values, traditional knowledge and uses	None. All operational/site plans that have been developed to address Aboriginal forest values, traditional knowledge and uses will be implemented

Status: Meets

All ITS records from the 2012 timber year were reviewed and there were no non-conformances associated with Aboriginal forest values, traditional knowledge and uses.

Element (6.2): Respect for Aboriginal Forest Values, Knowledge, and Uses

Respect traditional Aboriginal forest values, knowledge, and uses as identified through the Aboriginal input process.

Value: Identified protected areas and sites that have special biological and cultural significance. Understand and respect Aboriginal special needs
Objective: The natural states and processes to maintain protected areas and sites that have special biological and cultural significance will be conserved. Early and effective consultation with Aboriginal peoples will be provided
CSA Core 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 6.2.1 (1.4.2): Percent of identified historic, sacred and culturally important sites, forest values, traditional knowledge and uses considered in forestry planning processes

Target 6.2.1 (1.4.2):	**Acceptable variance:**
100% of historic, sacred and culturally important sites, forest values, traditional knowledge and uses known or identified through consultation are considered in forestry planning processes	None. All sites will be considered

Status: **Meets**

All records and action plans, from May 1, 2012 to April 30, 2013, in Canfor's Creating Opportunities for Public Involvement (COPI) database were reviewed and it was determined 100% of historic, sacred and culturally important sites, forest values, traditional knowledge and uses were considered in the forestry planning process.

Element (6.3): Forest Community Well-Being and Resilience

Encourage, co-operate with, or help to provide opportunities for economic diversity within the community.

Value: Inclusive public process
Objective: Affected and locally interested parties will be involved in the development of the decision-making process through an open, transparent and accountable process
CSA Core 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 6.3.1: Relationships with other forest businesses and users

Target 6.3.1:	**Acceptable variance:**
Evidence of minimum of 4 relationships with forest products businesses annually within the vicinity of the DFA	None. Canfor Alberta will maintain a minimum of four relationships with other forest products businesses.

Status: **Meets**

In the 2012 timber year, Canfor actively initiated and participated in relationships with five forest products businesses within the vicinity of the DFA.

Table 24. Relationships with Forest Products Businesses

Forest Industry User	Evidence of Relationship
Ainsworth Engineering	Incidental Agreements
DMI	Quarterly Operations Meetings
Tolko	Consultation on AOP/GDP
Weyerhaeuser	Pulp Agreement
Miller Western	Benchmarking Activities
Total # of Relationships	**5**

Value: Worker safety
Objective: Effective worker safety program
CSA Core Indicator 6.3.2: 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 6.3.2: Implementation and maintenance of a certified safety program

Target 6.3.2:	Acceptable variance:
100% of Canfor FMG Alberta and eligible DFA-related contractors will obtain and maintain a Certificate of Recognition (COR) or equivalent	90% of Canfor FMG Alberta and Contractors will have COR certification or equivalent.

Status: **Meets**

Records from the 2012 timber year show that Canfor FMG Alberta and all DFA-related contractors maintained a Certificate of Recognition (COR) or equivalent.

Value: Worker safety
Objective: Approved safety program
CSA Core Indicator 6.3.3: Evidence that a worker safety program has been implemented and is periodically reviewed and improved
Indicator Statement 6.3.3: Implementation and maintenance of a certified safety program

Target 6.3.3:	Acceptable variance:
100% of recommendations from Partners in Injury Reduction (PIR) audit will be addressed and action plans developed	None. Canfor will address all issues in the review of the safety program

Status: **Meets**

There were no recommendations to Canfor Alberta FMG from the 2012 PIR audit; therefore no action plans were required.

Element (6.4): Fair and Effective Decision Making

Demonstrate that the SFM public participation process is designed and functioning to the satisfaction of the participants and that there is general public awareness of the process and it's progress.

Value: Current scientific, local, and traditional knowledge
Objective: Forest management decisions will be based on scientific, local, and traditional knowledge
CSA Core Indicator 6.4.1: Level of participant satisfaction with the public participation process
Indicator Statement 6.4.1: Public advisory group maintained and satisfaction survey implemented

Target 6.4.1:	Acceptable variance:
80% annual satisfaction from surveys from all four sections will be reported	10% of target. Example: 80% target minus 10% variance equals minimum of 72%.

Status: **Meets**

Canfor's Forest Management Advisory Committee (FMAC) members filled out a *Forest Management Advisory Committee Evaluation Form* after the May 16 and November 21, 2012 meetings. The combined results for the year were 89% satisfaction.

CSA Core Indicator 6.4.2: Evidence of efforts to promote capacity development and meaningful participation in general
Indicator Statement 6.4.2: Number of educational opportunities for information/training/capacity building that are delivered to the public advisory group annually

Target 6.4.2:	**Acceptable variance:**
Provide one educational opportunity per FMAC meeting, plus one field tour opportunity per year	None. Opportunities will be provided

Status: **Meets**

During the 2012 calendar year the following three education opportunities and one field tour were provided to the FMAC:

1. Canadian Boreal Forest Agreement – BC/AB Regional Working Group Status Report was presented on May 16 from Jim Stephenson of Canfor;
2. Foothills Landscape Management Forum (Berland-Smoky Regional Access Development Plan) was also presented on May 16 from Jim Stephenson of Canfor;
3. Watercourse Crossing and Summer Harvest Operations field tour occurred on August 21;
4. Gord Stenhouse Presentation: The Foothills Research Institute (FRI) Grizzly Bear Program – accomplishments to date and new research to support recovery Grizzly Bear was delivered on November 21.

CSA Core Indicator 6.4.3: Evidence of efforts to promote capacity development and meaningful participation for Aboriginal communities
Indicator Statement 6.4.3: Number of opportunities for information/training/capacity development that are delivered to the Aboriginal communities annually

Target 6.4.3:	**Acceptable variance:**
Greater than or equal to 1 Aboriginal information/training/capacity development opportunity per year	None. At least one development opportunity will be provided annually

Status: **Meets**

Canfor provided three opportunities for information/training/capacity development in the 2012 timber year. Presentations were made to Aseniwuche Winewak Nation, Horse Lake First Nations, and Sturgeon Lake Cree Nation communities to provide information on what a Forest Management Plan (FMP) is, the components of an FMP, to introduce the concept of VOITs, and how the Aboriginal groups can provide input into the development of the FMP. Members from each of the communities attended the presentations, asked questions and received information about Canfor's operations.

Element (6.5): Information for Decision-Making

Provide relevant information and educational opportunities to interested parties to support their involvement in the public participation process, and increase knowledge of ecosystem.

Value: Current scientific, local, and traditional knowledge
Objective: Forest management decisions will be based on scientific, local, and traditional knowledge
CSA Core Indicator 6.5.1: Number of people reached through educational outreach
Indicator Statement 6.5.1: The number of educational opportunities provided to the community

Target 6.5.1:	**Acceptable variance:**
A minimum of 5 educational opportunities provided annually	None. At least five opportunities will be provided annually

Status: **Meets**

Canfor Alberta participated in six educational outreach initiatives in the 2012 year:

1. An active Forest Management Advisory Committee;
2. Research projects;
3. Vegetation management plan open house;
4. Annual Operating Plan (AOP) and General Development Plan (GDP) open houses;
5. Field tour; and
6. The Grande Prairie and Area Environmental Sciences Education Society.

CSA Core Indicator 6.5.2a): Availability of summary information on issues of concern to the public
Indicator Statement 6.5.2a): The number of educational opportunities provided to the community

Target 6.5.2a):	**Acceptable variance:**
CSA Z809-08 Sustainable Forest Management monitoring report available to public annually via worldwide web and copies in print by request	None. The SFMP and the APMR will be available digitally

Status: **Meets**

Canfor FMG Alberta's CSA Z809-08 Sustainable Forest Management monitoring report named, *Annual Performance Monitoring Report (APMR),* is publicly available on the Canfor Corporation website **www.canfor.com** and the *2011 APMR* can specifically be found at this link: **http://www.canfor.com/docs/responsibility/2011_annual_performance_monitoring_report.pdf?sfvrsn=2**

Indicator Statement 6.5.2b): Percentage of public inquiries that receive an initial contact

Target 6.5.2b):	**Acceptable variance:**
100% of all inquiries receive initial contact within 1 month of receipt	90% of public inquiries will generate a response within one month

Status: **Meets**

There were no public inquiries within the 2012 timber year.

9. Summary

The status of the 57 targets found throughout this *2012 Annual Performance Monitoring Report* is summarized in Table 25 below.

Table 25. Summary of Performance

Classification	2012
Number of targets"Meets"	44
Number of targets "Does Not Meet"	3
Number of targets "Pending"	10
Total number of CSA Z809-08 targets	**57**

Canfor's performance is assessed annually through internal and external audits. Canfor's independent third party audits are performed by KPMG Performance Registrar Inc, who define audit findings in the following categories:

- Good Practice: An Auditor's professional judgment where he/she notes a particular practice that stands out as above the industry norm or is an area where significant improvement over the previous year has been noted and the auditor wishes to recognize the company's efforts.
- Major nonconformities: Are pervasive or critical to the achievement of the SFM Objectives. They must be addressed immediately or certification cannot be achieved/maintained.
- Minor nonconformities: Are isolated incidents that are non-critical to the achievement of SFM Objectives. All nonconformities require the development of a corrective action plan within 30 days of the audit, which must be fully implemented by the operation within 3 months.
- Opportunities for Improvement: Are not nonconformities but are comments on specific areas of the SFM System where improvements could be made.

In 2012, 2 audits Canfor Alberta's forestry systems were conducted in the DFA:

- Internal audit of CAN/CSA Z809-08, including PEFC Chain of Custody for the Alberta FMA area and ISO 14001:2004 for the Canfor Alberta Division, with the following findings reported:
  - 6 opportunities for improvement; and
  - 2 minor non-conformances
- External audits were completed by an independent third party for CAN/CSA Z809-08, for all Canfor's woodlands operations, with the following findings reported:
  - 5 opportunities for improvement;
  - 8 minor non-conformance; and
  - 0 major non-conformances.

All independent third party audit non-conformance incidents require a corrective action plan to be prepared by Canfor and approved by the registrar. As well, Canfor develops corrective action plans for all non-conformance incidents and opportunities for improvement detected by Canfor during inspections of operations. All incidents and related action plans are recorded in the *Incident Tracking System* database by Canfor woodlands staff.

10. Literature Cited

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