

The CANFOR logo is located in the top left corner. It consists of the word "CANFOR" in a bold, black, sans-serif font, with a stylized tree icon integrated into the letter "O". The logo is set against a white background within a red-bordered oval shape.

CANFOR

The background of the cover is an aerial photograph of a lush green forested valley. A wide, light-colored river or stream winds through the center of the valley, curving from the upper right towards the lower left. The forest is dense and vibrant green, with rolling hills visible in the distance under a clear blue sky.

2013 ANNUAL PERFORMANCE MONITORING REPORT Alberta

**Reporting Period:
May 1, 2013 - April 30, 2014
June 30th, 2014**



ANNUAL PERFORMANCE MONITORING REPORT

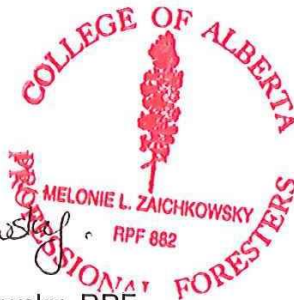
Alberta Fibre Division
June 30, 2014

REPORTING PERIOD: May 1, 2013 –April 30, 2014

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Executive Summary

The *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* (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 Defined Forest area (DFA). Development of the VOIT's for the 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 1, 2015 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 SFMP will be incorporated into the FMP as a way to link the values, objectives, indicators, and targets set out in the SFMP to the strategic vision and operational strategies set out in the FMP.

Lumber markets continue to improve reflecting the gradual but steady recovery of the US homebuilding industry. Meanwhile, Canfor is maintaining a concentrated focus on Asian markets where sales of North American forest products remain strong. Canfor's Grande Prairie facility continues to demonstrate operational improvement, a direct reflection of capital investments in the planer, log yard and sawmill.

Mountain pine beetle (MPB) survival rates in north-west Alberta remain relatively high and beetles continue to be detected along the Northwest Territories border. Canfor is continuing its aggressive strategy to mitigate the potential loss of timber supply due to the MPB infestation by focusing harvesting on pine stands. Recent capital improvements have 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 continues to support this strategy by approving millions in emergency funding for Mountain Pine Beetle mitigation activities including; detection, sanitation harvesting, stand rehabilitation and research. The majority of activities are conducted in western Alberta, including the Canfor FMA area, where the risk of spread across the boreal forest region is considered to be highest.

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

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

Classification	2013
Number of targets "Meets"	47
Number of targets "Does Not Meet"	5
Number of targets "Pending"	5
Total number of CSA Z809-08 targets	57

Prior period results indicate Canfor Alberta achieved 91% 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 provide 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 values¹, objectives², indicators³ and targets⁴ (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.

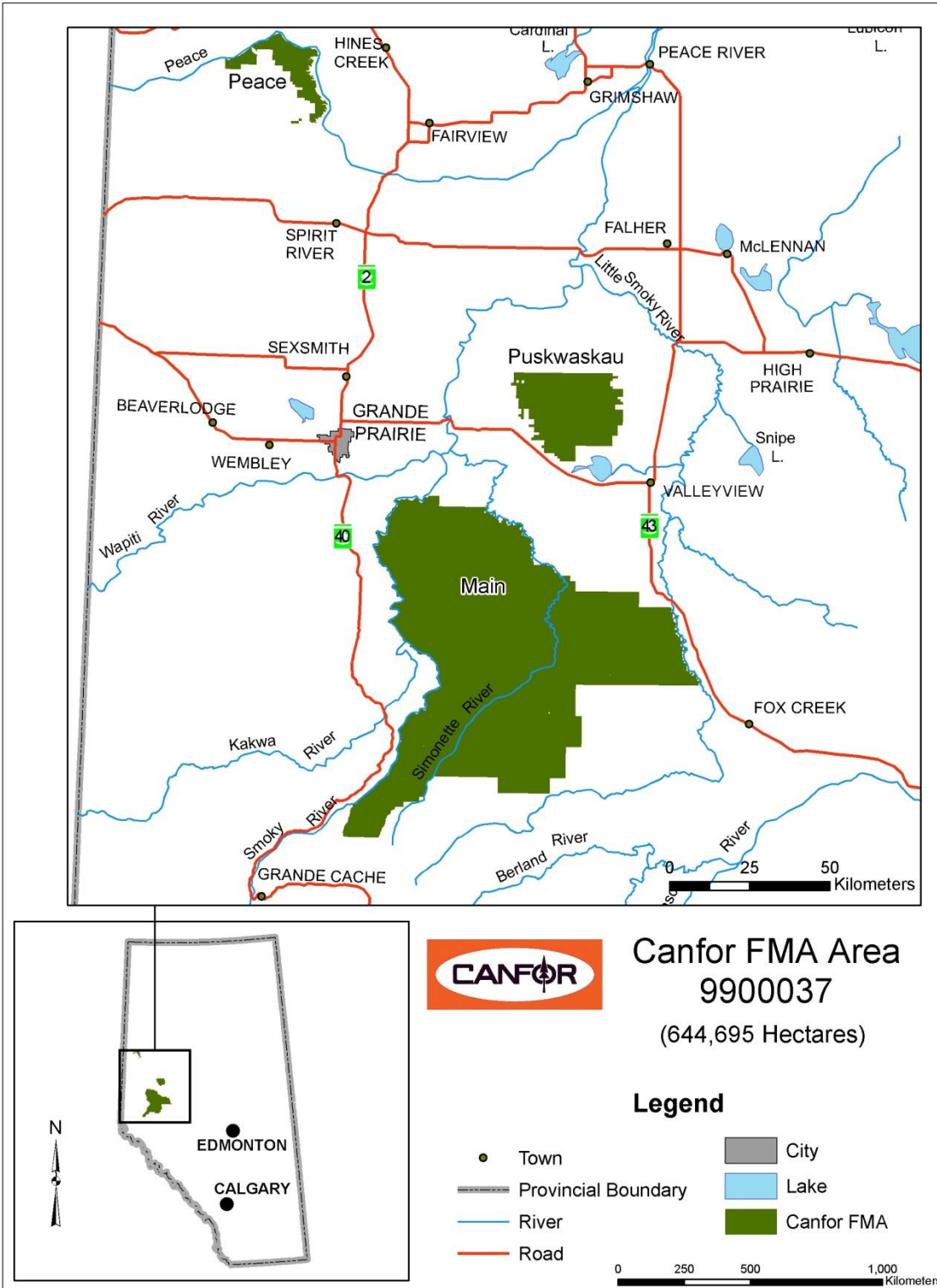


Figure 1. Defined Forest Area (DFA)

1.5. Landbase & Resource Information

Total Landbase: 644, 695 hectares (ha)

Productive Landbase (Coniferous and Deciduous): 480, 576 hectares

Approved (2009) Coniferous AAC: 715,000 m³/yr

Approved (2009) Deciduous AAC: 453,712 m³/yr

1.6. Annual Report

The 2013 Annual Performance Monitoring Report (APMR) has been prepared to illustrate Canfor's progress in meeting commitments identified in Canfor Alberta's *Sustainable Forest Management Plan 2012, Revised April 2014* 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, 2013-April 30, 2014 (2013 timber year).

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

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

2. Progress in Meeting and Maintaining SFM Requirements

In 2012, the Canfor Forest Management Advisory Committee (FMAC) developed qualitative and quantitative 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.

Canfor's 2013 independent third party audit identified some findings in regards to forecasts in the 2012 SFMP. As a result, the SFMP was revised in April 2014 and reviewed with the FMAC to address the audit findings.

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. 2013 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) 100% of area of old interior forest will be within the 10 year forecast by Natural Region			X
	1.1.3b) Range of patch sizes by subunit and entire DFA	1.1.3b) Patch size distribution will achieve natural patch size distribution levels over the 200 year planning horizon			X
	1.1.3c) Percent of area of pioneer, young, and old forest by natural Region across the DFA	1.1.3c) 100% of pioneer, young, and old forest by Natural Region will meet the Preferred Forest Management Scenario forecast			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) No less than 4% of the 5 year rolling average harvested area (ha) 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 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) Zero non-compliances, specific to the 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 burned areas that have salvage plans will be implemented in conformance with Alberta Environment and Sustainable Resource Development's directive	X		
	1.1.4e) Area of un-salvaged blowdown	1.1.4e) In areas of significant blowdown (>10ha), a minimum of 25% of the area 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) 100% of watersheds with a high or very high fish risk ranking and >25% Canfor influence will be assessed using Canfor's Fish Risk Flow Chart and have mitigation strategies scheduled and implemented	X		
	1.2.2c) Annual report on amount of Barred Owl habitat available for breeding pairs	1.2.2c) 100% of area of Barred Owl habitat will be within the 10 year forecast			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 10% 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	1.2.3 100% 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 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	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 communication are considered in forestry planning	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 blocks 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 Regeneration Standards of Alberta performance survey process	X		
	2.1.1d) Noxious weed program implementation	2.1.1d) 100% of noxious weeds identified along Canfor Alberta's Licence of Occupation roads will have treatments scheduled and completed according to the plan		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 3% reduction in gross Defined Forest Area over the life of the Forest Management 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 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 risk level assessments with mitigation strategies implemented	3.2.1a) 100% of watersheds with a high 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 tonnes of carbon stored in each of the carbon pools	4.1.1 Achieve 100% of the carbon stored in each of the carbon pools as defined by the Preferred Forest Management Scenario forecast			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 3% reduction in gross Defined Forest Area over the life of the Forest Management Agreement (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 FMG Alberta 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, Superintendents, 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		

CSA Core Indicator	Indicator Statement	Target	Meets	Does Not Meet	Pending
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	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 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	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		
6.3.2 Evidence of co-operation with DFA-related workers and their unions to improve and enhance safety standards, procedures, and outcomes in all DFA-related workplaces and affected communities	6.3.1 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 Evidence that a worker safety program has been implemented and is periodically reviewed and improved	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 Level of participant satisfaction with the public participation process	6.4.1 Public advisory group maintained and satisfaction survey implemented	6.4.1 80% annual satisfaction from surveys from all four sections will be reported	X		
6.4.2 Evidence of efforts to promote capacity development and meaningful participation in general	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 Evidence of efforts to promote capacity development and meaningful participation for Aboriginal communities	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 Number of people reached through educational outreach	6.5.1 The number of educational opportunities provided to the community	6.5.1 A minimum of 5 educational opportunities provided annually	X		
6.5.2 Availability of summary information on issues of concern to the public	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 Plan and Annual Performance Monitoring Report made available to public annually on Canfor's external website	X		
	6.5.2b) Percentage of public inquiries that receive an initial contact	6.5.2b) 100% of all inquiries receive initial contact within 1 month of receipt	X		
			47	5	5

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 ecosystem 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

<p>Target 1.1.1: 100% of identified uncommon (Forest/Woodland) plant communities will be maintained</p>	<p>Acceptable variance: No variance. 100% of identified uncommon (Forest/Woodland) plant communities will be maintained</p>
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Status: Meets

Alberta Conservation Information Management System (ACIMS) has added Canfor to its uncommon plant communities notification list (<http://tpr.alberta.ca/parks/heritageinfocentre/datarequests/default.aspx>). There were no additional sites or uncommon (Forest/Woodland) plant communities added in 2013.

Canfor also obtained digital shape files from the ACIMS website of all known locations of uncommon (Forest/Woodland) plant communities. There were no proposed harvest blocks observed in these areas in 2013.

Canfor has developed an *Uncommon Forest/Woodland Ecological Community Identification Guide* that will assist field personnel in identifying these communities. The identification manual also includes uncommon plant community reporting procedures and forms. All planning and permitting staff and contractors will receive copies of the manual and Uncommon (Forest/Woodland) Plant Community Identification training 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

<p>Target 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</p>	<p>Acceptable variance: +/- 5% of the baseline percent for all three forest types</p>
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Status: Meets

The distribution of forest types have been maintained across the DFA in the 2013 timber year. Distribution of treed conifer and treed broad leaf remain unchanged when compared to the baseline and there was a one percent increase in treed mixed wood across the DFA.

Table 2. Forest Area by Type

Forest Type	>20 Years (Ha)	Baseline Target Percent	2013 TY Percent
Treed Conifer	127,300	32%	32%
Treed Broad Leaf	50,974	13%	13%
Treed Mixed	218,756	55%	56%
Total	397,030	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):

100% of area of old interior forest will be within the 10 year forecast by Natural Region

Acceptable variance:

Area of old interior forest will not be less than 90% the 10 year forecast hectares by Natural Region of each cover class

Status: Pending

This is not a reporting period for this target. As indicated in *Canfor's Sustainable Forest Management Plan 2012, Revised April 2014*, the target will be assessed at year 5. The numbers shown in Table 3 will be summarized annually as a method to monitor that Canfor is trending towards the 10 year forecasted target.

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

Subregion	Cover Class	Old Interior Forest Area (ha)		
		2013	2014	Year 10
Boreal	C	490	419	611
	CD	146	93	284
	D	120	-	4
	DC	77	44	169
	Du	-	0	-
Boreal Total		834	556	1,069
Foothills	C	5,773	4,732	8,467
	CD	303	302	86
	D	2	2	4
	DC	101	93	128
	Du	-	0	-
Foothills Total		6,178	5,129	8,684
Total		7,012	5,685	9,753

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

Target 1.1.3b): Patch size distribution will achieve natural patch size distribution levels over the 200 year planning horizon	Acceptable variance: +/-10% of the FMP PFMS 10 year forecast
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Status: Pending

This is not a reporting period for this target. As indicated in *Canfor's Sustainable Forest Management Plan 2012, Revised April 2014*, the target will be assessed at year 5. The numbers shown in Table 4 will be summarized annually as a method to monitor that Canfor is trending towards the 10 year forecasted target.

Table 4. Patch Size Distribution Targets

Area	Period	Percent		
		0_100	100_500	500+
DFA	10yr Forecast Target	50	35	14
	2012 TY	68	28	4
	2013 TY	68	28	4
Main	10yr Forecast Target	53	35	12
	2012 TY	80	20	0
	2013 TY	79	21	0
Peace	10yr Forecast Target	50	21	29
	2012 TY	79	21	0
	2013 TY	86	14	0
Puskwaskau	10yr Forecast Target	49	33	18
	2012 TY	86	14	0
	2013 TY	85	15	0

Indicator Statement 1.1.3c): Percent of area of pioneer, young and old forest by Natural Region across the DFA

Target 1.1.3c): 100% of pioneer, young, and old forest by Natural Region will meet the Preferred Forest Management Scenario forecast	Acceptable variance: +/- 20% of the Preferred Forest Management Scenario 10 year forecast
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Status: Pending

This is not a reporting period for this target. As indicated in *Canfor's Sustainable Forest Management Plan 2012, Revised April 2014*, the target will be assessed at year 5. The numbers shown in Table 5 will be summarized annually as a method to monitor that Canfor is trending towards the 10 year forecasted target.

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

Natural Region	Year	Percent by Area				
		Pioneer	Young	Mature	O. Mature	Old
Boreal	2012 TY	6%	7%	55%	28%	4%
	2013 TY	5%	8%	55%	28%	4%
	10 yr Forecast Target	8%	11%	45%	28%	8%
Foothills	2012 TY	9%	18%	32%	30%	11%
	2013 TY	10%	18%	32%	29%	11%
	10 yr Forecast Target	13%	22%	27%	24%	14%

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):

No less than 4% of the 5 year rolling average harvested area (ha) will be left un-harvested as structural retention; of which 2% will be merchantable

Acceptable variance:

No less than 3.5% of the 5 year rolling average harvested area (ha) will be left un-harvested as structural retention

Status: Meets

The total harvested area from May 1, 2011 to April 30, 2013 (2011 and 2012 timber years) was 6,501.7 ha. 8.4% of the total area was left as structural retention, of which 6.9% was merchantable.

Table 6. Percent of Structural Retention by Broad Cover Group

Broad Cover Group	Harvested Area (Ha)	Merch Retention Area (Ha)	Non-merch Area (Ha)	Total Area (Ha)	% Merch Retention Area	% Non-merch Retention Area	Conifer Vol (M3)	Deciduous Vol (M3)
C	4,310.5	292.6	27.1	4,630.1	6.3%	0.6%	65,672	6,860
CD	1,077.6	105.5	5.3	1,188.4	8.9%	0.4%	12,822	9,184
D	114.3	20.8	0.4	135.5	15.4%	0.3%	119	3,333
DC	714.8	51.5	0.1	766.4	6.7%	0.0%	4,622	8,848
Du	153.4	16.0	0.3	169.7	9.4%	0.2%	291	1,135
Non-merch	131.1	0.0	70.8	202.0	0.0%	35.1%	0	0
Total	6,501.7	486.4	104.0	7,092.0	6.9%	1.5%	83,526	29,360

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

Target 1.1.4b):	100% of blocks prescribed to have dispersed retention will meet the levels as identified in site/logging plans	Acceptable variance:	90% of the blocks that had planned dispersed retention will meet the planned dispersed retention target
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Status: Does Not Meet

During the review and reporting of this target for the 2012 Annual Performance Monitoring Report, it was discovered that a management system to ensure achievement of the target had not been developed. As a result, a management system was developed and implemented in the 2013 timber year. Due to the delay of the reporting period and our planning/block scheduling process, blocks that have been prescribed with dispersed retention will not be reported until the 2014 Annual Performance Monitoring Report.

Although we are unable to report whether the amount of dispersed retention meets levels identified in site/logging plans, of the 87 blocks harvested during the 2012 timber year, 58 had some form of dispersed which resulted in a total of 5% dispersed retention for the 2012 timber year.

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

Target 1.1.4c):	Zero non-compliances, specific to Operating Ground Rules (OGR), with riparian management requirements in forest operations	Acceptable variance:	Zero non-compliances, specific to Operating Ground Rules, with riparian management requirements in forest operations
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Status: Does Not Meet

One non-compliance related to riparian management requirements was reported in Canfor's Incident Tracking System (ITS) in the 2013 timber year. In that incident, a portion of a buffer was logged along a transitional creek. 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):	100% of burned areas that have salvage plans will be implemented in conformance with Alberta Environment and Sustainable Resource Development's directive	Acceptable variance:	No variance; 100% of burned areas that have salvage plans will be implemented in conformance with ESRD's directive
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Status: Meets

There was 1 fire within the Canfor DFA in the 2013 timber year (Simonette area fire ~600ha). Salvage plans were implemented in conformance with ESRD's directive and operations for this fire included two harvest areas (S130737 and S121239) totaling 156.2 ha.

Table 7. Salvage Plans in Conformance with ESRD’s Salvage Plan Directive

# of Burned Area Salvage Plans	# of Salvage Plans in Conformance with ESRD Directive	% Achieving ESRD Salvage Plan Directive
2	2	100%

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

<p>Target 1.1.4e): In areas of significant blowdown (>10ha), a minimum of 25% of the area will be left un-salvaged</p>	<p>Acceptable variance: No variance; A minimum of 25% of blowdown areas will be left un-salvaged</p>
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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

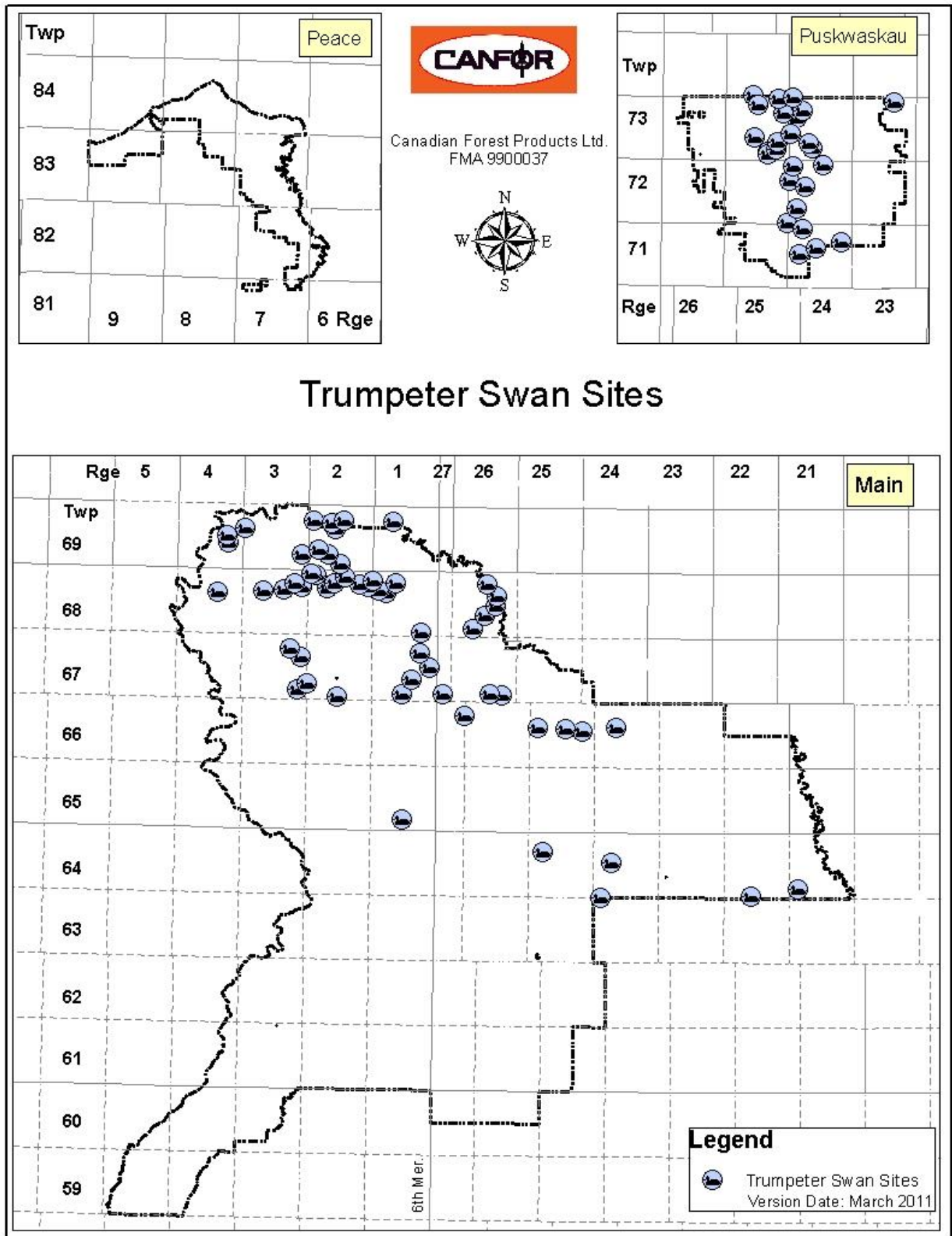
CSA Core Indicator 1.2.1: Degree of habitat protection for selected focal species, including species at risk

Indicator Statement 1.2.1a): Trumpeter Swan habitat maintained

<p>Target 1.2.1a) No future winter harvest within 200m and no summer harvesting within 800m of provincially identified Trumpeter Swan sites</p>	<p>Acceptable variance: No variance unless there is an approved ground rule deviation</p>
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Status: Meets

There was no winter harvesting within 200m and no summer harvesting within the 800m of provincially identified Trumpeter Swan sites in the 2013 timber year.



Trumpeter Swan Sites

Figure 2. Trumpeter Swan Sites

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

<p>Target 1.2.1b): 100% of significant wildlife mineral licks will be conserved annually, consistent with Operating Ground Rules</p>	<p>Acceptable variance: No variance unless there is an approved ground rule deviation</p>
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Status: Meets

There was no timber harvesting within significant wildlife mineral licks in 2013, and all significant wildlife mineral licks identified during field layout were buffered according to the Operating Ground Rules.

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

<p>Target 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</p>	<p>Acceptable variance: None</p>
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Status: Meets

In the 2013 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.

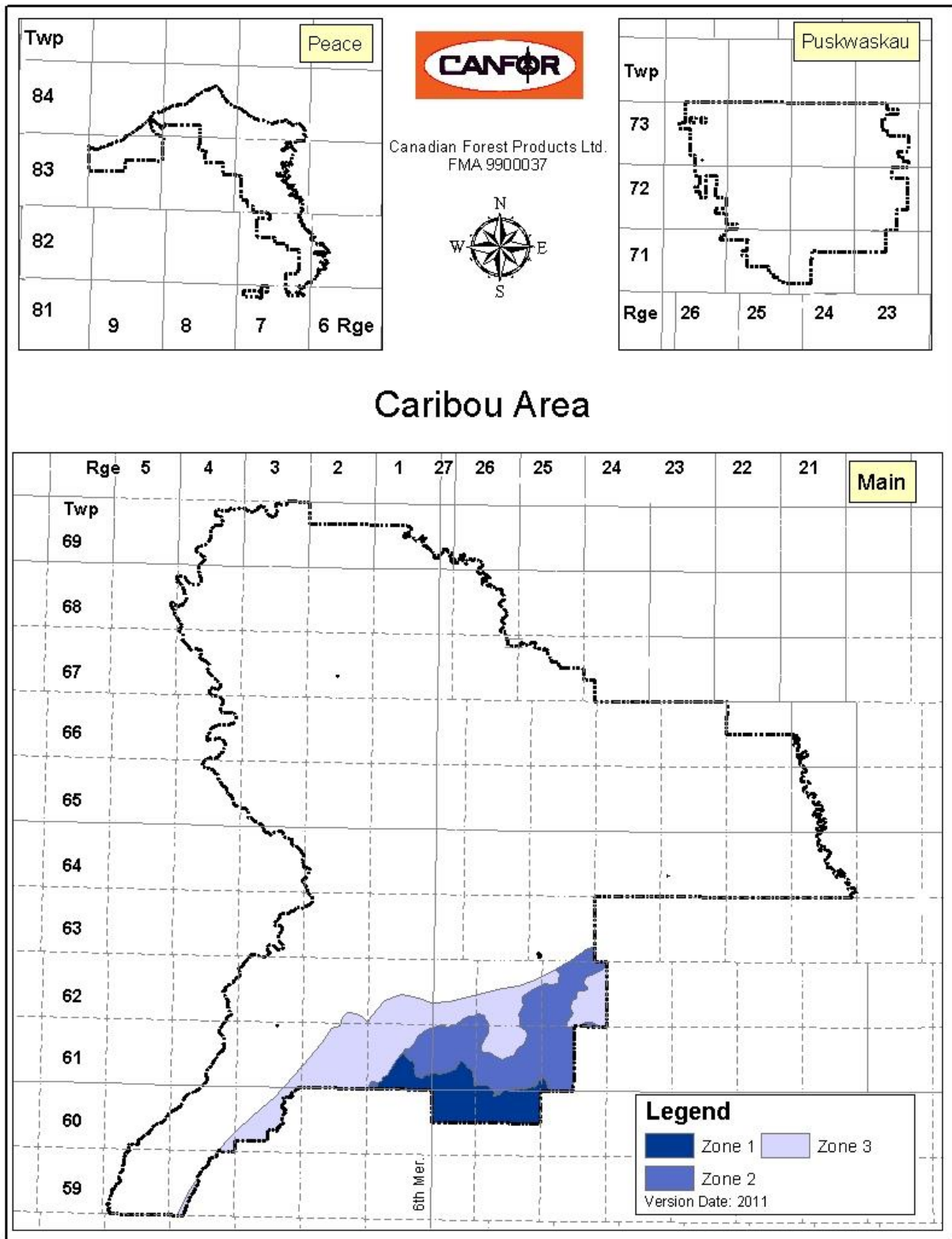


Figure 3. Caribou Area

Target 1.2.2a) (2):

Less than 20% of the forested land base in the caribou range will be less than 30 years old

Acceptable variance:

Up to 25% of the land base will be less than 30 years old for a portion of the planning timeframe

Status: Meets

In the 2013 timber year, 16% of the forested land base in the caribou range is less than 30 years old.

Table 8. Percent Forested Land Base < 30 Years Old in the Caribou Range

Caribou Zone	Year	Gross Forested Area < 30 Years	
		Area (ha)	%
All	2013 TY	8,674	16%
	2012 TY	8,855	16%

Target 1.2.2a) (3):

Canfor FMG Alberta open route density in the caribou range south of Deep Valley Creek will be zero

Acceptable variance:

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):

100% of watersheds with a high or very high fish risk ranking and >25% Canfor influence will be assessed using Canfor's Fish Risk Flow Chart and have mitigation strategies scheduled and implemented

Acceptable variance:

90% of identified very high and high risk watersheds with >25% Canfor influence will have mitigation strategies scheduled and implemented according to plan

Status: Meets

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 been actively working together and have developed a strategy in which Canfor will continue to work on (refer to current SFMP).

Figure 4 shows the fish risk for bull trout and arctic grayling for the period ending April 30th, 2014 by watershed, by road density (km/km²) of permanent and non-reclaimed temporary forest industry roads within the Main parcel of the Defined Forest Area.

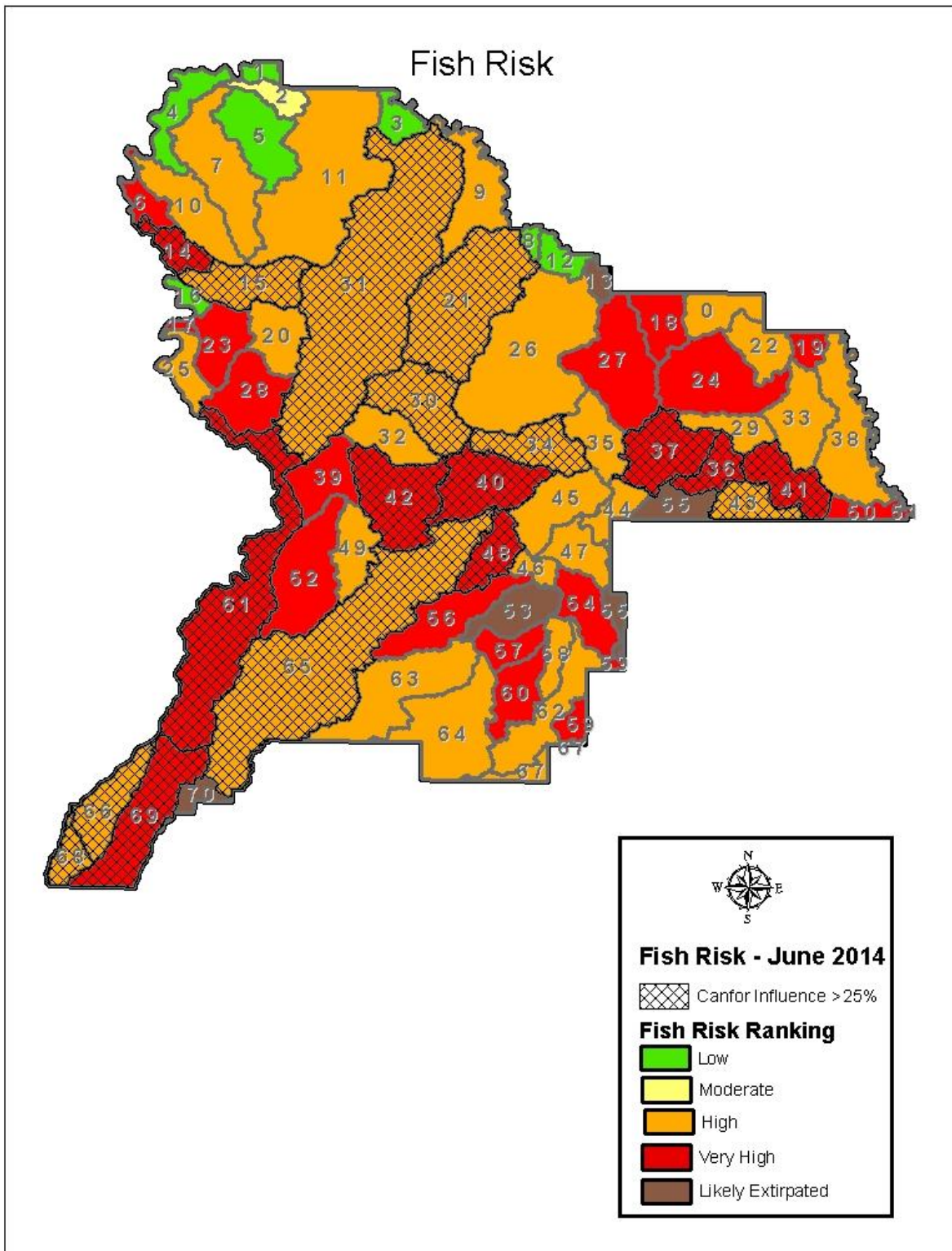


Figure 4. Fish Risk Ranking by Watershed

Table 9 outlines the changes in fish risk ranking from *SFMP 2012, revised April 2014* to 2013 calculated by road density. Of the 71 watersheds in the Main portion of the DFA, two watersheds increased slightly from high to very high level of risk. When interpreting these results the size of each watershed and the portion of watershed in Canfor's DFA must be considered. Temporary roads opened for extraction of timber are reclaimed and planted the following summer. They are inspected for final clearance two years after being built. These roads are a short term risk to fish.

Table 9. Fish Risk Ranking

Watershed ID	SFMP Rd Density (km/km ²)	Fish Risk Rating	2013 Rd Density (km/km ²)	Fish Risk Rating	Increase Explanation
18	0.59	High	0.62	Very High	1.6 km increase in permanent non-Canfor roads
37	0.6	High	0.71	Very High	8.9 km increase in Canfor temporary roads.

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

Target 1.2.2c):

100% of area of Barred Owl habitat will be within the 10 year forecast

Acceptable variance:

+/- 20% of the Preferred Forest Management Scenario 10 year forecast

Status: Pending

This is not a reporting period for this target. As indicated in *Canfor's Sustainable Forest Management Plan 2012, Revised April 2014*, the target will be assessed at year 5. The numbers shown in Table 10 will be summarized annually as a method to monitor that Canfor is trending towards the area forecasted for suitable Barred Owl habitat at year 10 in the Preferred Forest Management Scenario.

Table 10. Barred Owl Habitat

Year	Suitable Barred Owl Habitat (ha)
2012 TY	631,901
2013 TY	626,846
10 yr Forecast Target	611,119

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

Target 1.2.2d):

Density of open roads (linear km/km²) not to exceed 10% of the current levels in individual DFA parcels (Main, Puskwaskau & Peace) and Grizzly Bear and Caribou wildlife areas

Acceptable variance:

No variance; do not exceed 10% of the current road density levels

Status: Does Not Meet

In 2013, the density of open roads in the individual DFA parcels Puskwaskau & Peace and grizzly bear and caribou wildlife areas did not exceed 110% of the current (2011) levels. However the road density has increased by 11% since 2011 in the Main parcel. Although Canfor did not construct any new permanent roads in the Main, the road density increased by 0.03 km/km² from 2012 to 2013. The two contributing factors to the increase were the construction of permanent roads from other industrial users and Canfor temporary roads used for timber extraction.

All Canfor temporary roads are reclaimed after use and planted the upcoming summer. These roads are then monitored and generally final cleared two years after harvest, after which time they will no longer contribute to the density of open roads. A number of License of Occupation roads may also be reclaimed but are still noted as active in the Digital Integrated Dispositions (DIDs) database. It is difficult to know where these are on case by case basis and will therefore continue to contribute to the density of open roads until they are verified as reclaimed.

Table 11. Density of Open Roads

Area	2011 Road (Km)	2012 Road (Km)	2013 (Road (Km)	Area (Km ²)	2011 Density (Km / Km ²)	2012 Density (Km / Km ²)	2013 Density (Km / Km ²)	Percent Change from Current Density
Main	2567	2717	2874	5509	0.47	0.49	0.52	111%
Peace	177	190	192	241	0.73	0.79	0.80	110%
Puskwaskau	173	173	177	697	0.25	0.25	0.25	100%
Caribou Area	365	378	388	713	0.51	0.53	0.54	105%
Grizzly Bear Range	1053	1091	1111	1899	0.55	0.57	0.58	105%

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

<p>Target 1.2.3: 100% conformance with the Alberta Forest Genetics Resources Management and Conservation Standards</p>	<p>Acceptable variance: No variance; all regeneration will be consistent with the Forest Genetics Resources Management System</p>
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Status: Meets

Analysis of the planting data showed no non-native species were planted on the DFA in the 2013 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 consistent with provincial regulations and standards for seed and vegetative material use

Target 1.3:

100% conformance with the Alberta Forest Genetic Resources Management and Conservation Standards for all seed collection and seedling deployment

Acceptable variance:

No variance; all regeneration will be consistent with the Forest Genetics Resources Management System

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 2013. 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.

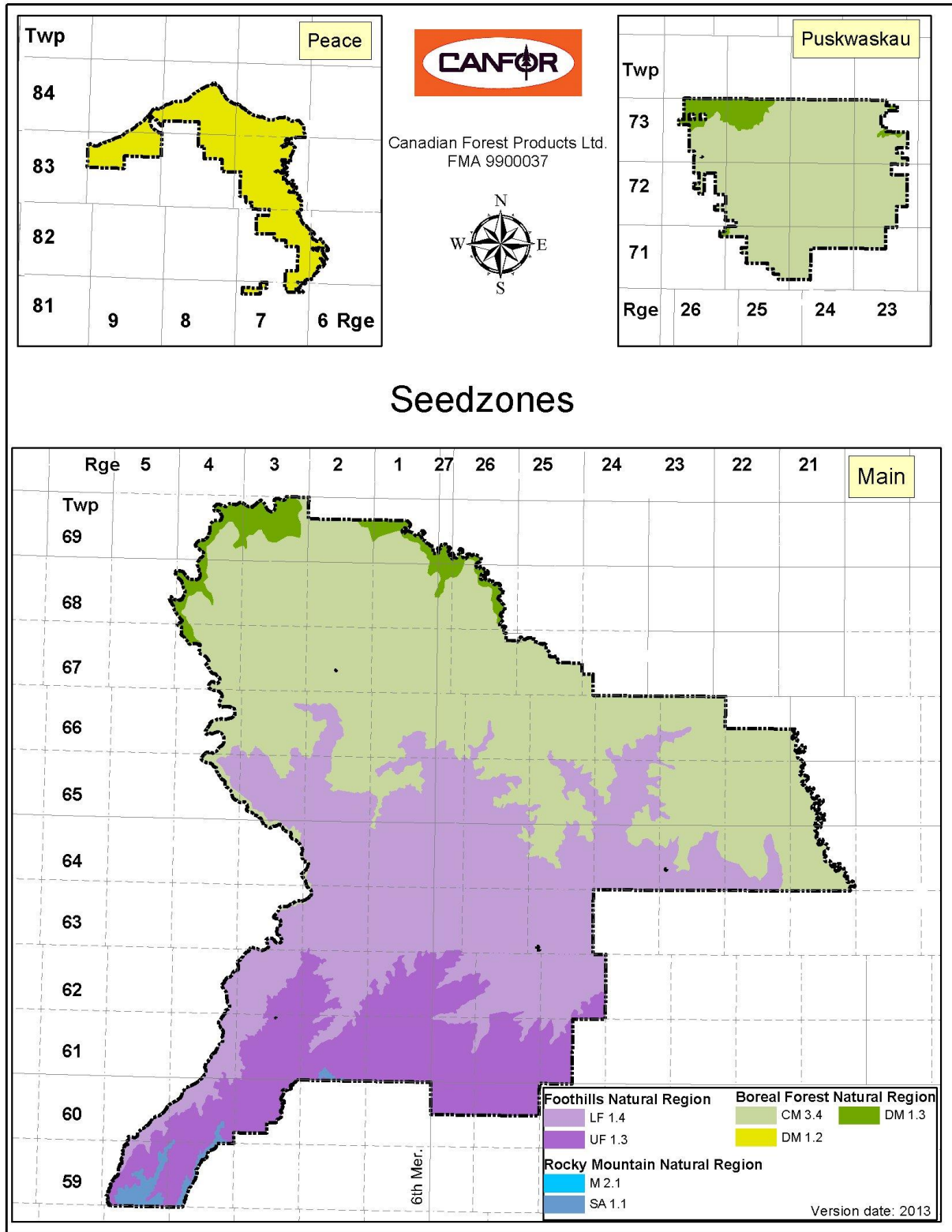
Blocks that are harvested may have two seed zones or belong to more than one breeding region as overlaps do occur. Breeding regions are specific to species; G1 breeding region is for white spruce, B1 breeding region is for lodgepole pine and L2 breeding region is for black spruce. Seed zones are not 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 or breeding region, 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 meters 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)).

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.



Seedzones

Figure 5. Seedzones

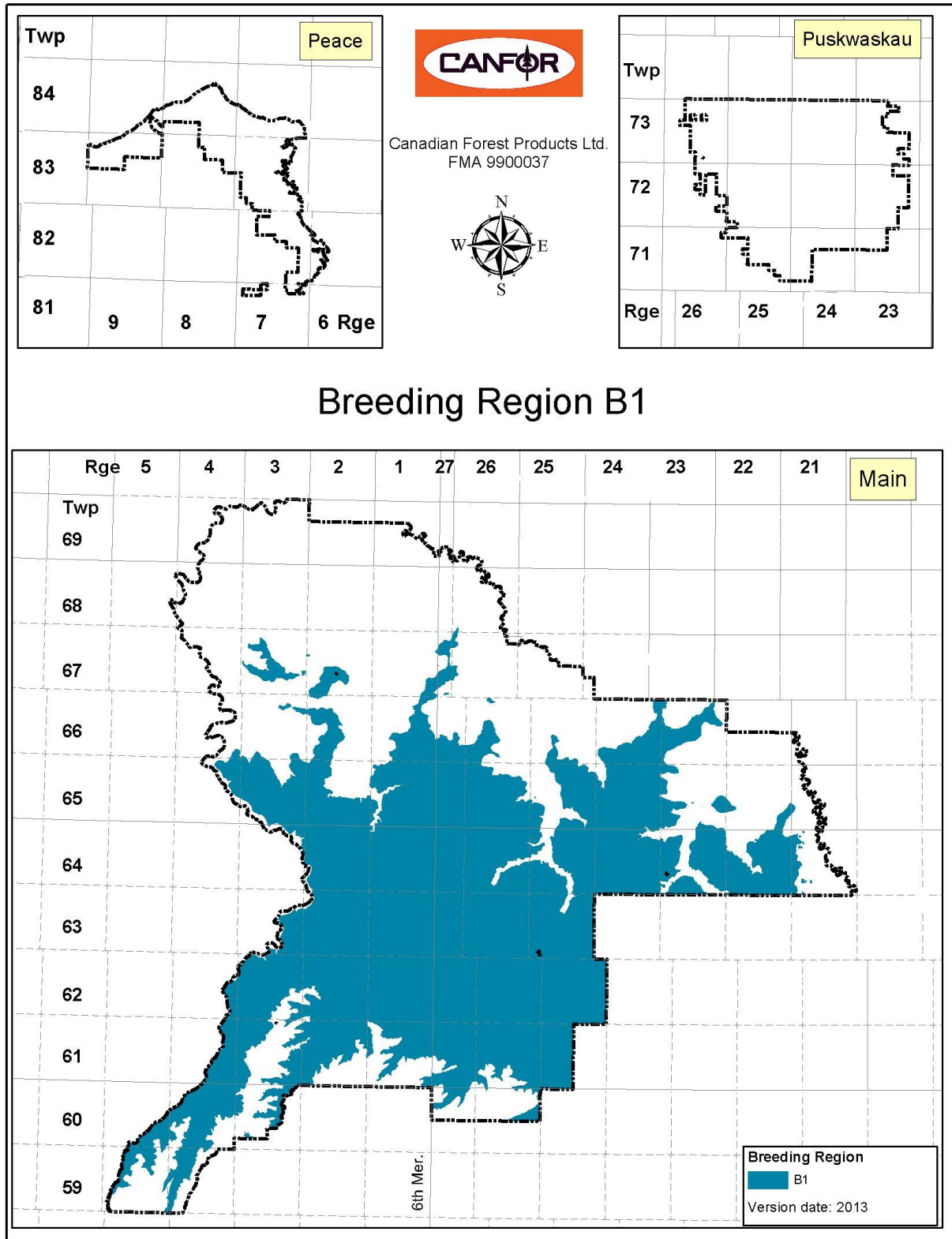


Figure 6. Breeding Region B1

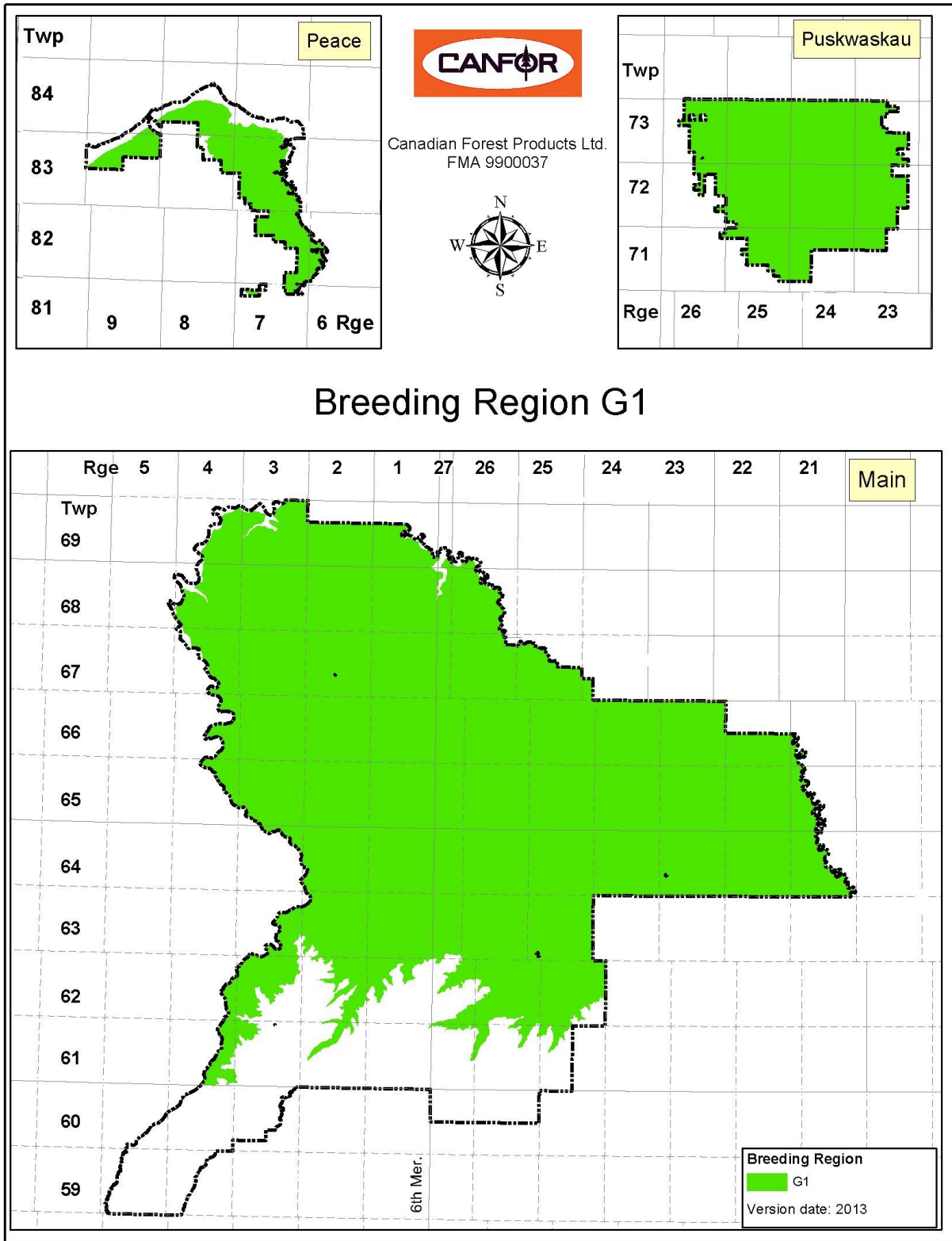


Figure 7. Breeding Region G1

In the 2013 timber year, analysis indicated that two blocks were planted with stock originating outside of the appropriate seed zone. Both blocks are considered out of compliance as one block was planted with G1 white spruce when L2 black spruce was allocated. This was an error attributed to the planting foreman who was not paying attention to the stock that was delivered. The second block was out of compliance due to shortage of trees and the supervisor (both company and contractor) not paying attention to what was being planted. The block was allocated to UF1.3 stock but a portion of the block was planted with LF1.3.

Table 12. Summary of 2012 Blocks Planted Out of Seed Zone

Block ID	Seedzone/Breeding region	Planted To	In Compliance
S222083	LF1.4/UF1.3/B1/L2	G1 and B1	No
S253479	UF1.3	LF1.3	No

The seed zone compliance report is 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. However, on site changes are made as stock is delivered and more attention must be made to ensure the right stock is planted in the correct seed zones. This will be a focus of the 2014 planting program.

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

<p>Target 1.4.1a): The Province will be consulted 100% of the time when operations will occur within one kilometer of legally protected park areas</p>	<p>Acceptable variance: No variance; All planned harvest within one kilometer of a Protected Park area will show consultation records.</p>
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Status: Meets

Between May 1, 2013 and April 30, 2014, Canfor did not harvest within one kilometer of any legally protected park areas.

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

<p>Target 1.4.1b): 100% of identified biologically significant sites will have implemented management strategies identified in consultation with the Province</p>	<p>Acceptable variance: No variance; all identified special biologically significant sites will have management strategies developed with the Province</p>
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Status: Meets

In 2013 all identified biologically significant sites had management strategies implemented.

Four new significant mineral licks were identified and buffered according to Operating Ground Rules.

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

<p>Target 1.4.2 (6.2.1): 100% of historic, sacred and culturally important sites, forest values, traditional knowledge and uses known or identified through communication are considered in forestry planning</p>	<p>Acceptable variance: No variance; all identified sites will be considered</p>
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Status: Meets

All records and action plans, from May 1, 2013 to April 30, 2014, 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

<p>Target 2.1.1a): 100% of all harvested blocks will be reforested within 2 years</p>	<p>Acceptable variance: No variance; 100% of all harvested blocks will be reforested within 2 years. Planting of top piles and roads are not considered in this target as they may be completed later than two years to accommodate the burning of top piles</p>
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Status: Meets

All blocks harvested in the 2011 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

<p>Target 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</p>	<p>Acceptable variance: 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</p>
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Status: Meets

All blocks surveyed in 2013 were successfully reforested and meet the establishment survey regeneration targets as per the Regeneration Standards of Alberta. No remedial treatments were required.

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

<p>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</p>	<p>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, and the 5 year average must meet the mean annual increment targets for the current quadrant period</p>
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Status: Meets

There were 253 blocks surveyed in the 2013 timber year on the DFA.

The results of the surveys are summarized by strata which correspond to the landbase designation code. Each stratum has an MAI target assigned from the growth and yield curves used in the Timber Supply Analysis for the Forest Management Plan.

The 2013 survey year contained two (2) years of harvested openings and in combination with the previous survey years, now totals six (6) years of harvested openings. An analysis of the six years' worth of data was completed to produced area weighted MAI results by strata, which have then been summarized by weighted average for conifer and deciduous.

Table 13 depicts the 6 year weighted rolling average of the expected MAI compared to the resultant MAI. Results indicate that Canfor is exceeding the 6 year rolling weighted average MAI for both conifer and deciduous.

Table 13. Summary of Regenerated Stand Yield

	MAI Target (m ³ /ha/yr)		MAI Survey Results	
	Conifer	Deciduous	Conifer	Deciduous
6 yr average	2.35	0.48	2.63	1.10

Indicator Statement 2.1.1d): Noxious weed program implementation

<p>Target 2.1.1d): 100% of noxious weeds identified along Canfor Alberta's License of Occupation roads will have treatments scheduled and completed according to the plan</p>	<p>Acceptable variance: 90% of identified weeds must be treated</p>
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Status: Does Not Meet

57% of the identified noxious weeds were treated in Canfor's Defined Forest Area along Canfor held dispositions (License of Occupation (LOC), Miscellaneous Surface Lease (MSL), Surface Materials Lease (SML)) as scheduled in 2013 Road Maintenance Plan.

In the 2013 program the Puskwaskau area and a LOC road leading to one of Canfor's SML's were not addressed. These areas are scheduled for 2014 and will be given priority.

Table 14. Percent of Identified Noxious Weeds Treated

No. of Planned Records	No. of Completed Records	% Complete in 2013
14	8	57%

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

<p>Target 2.2.1(4.2): Forest management company activities not to exceed 3% reduction in gross Defined Forest Area over the life of the Forest Management Agreement (May 26, 1964)</p>	<p>Acceptable variance: No variance; forest management company activities will not exceed 3% reduction in gross Defined Forest Area over the life of the Forest Management Agreement (May 26, 1964)</p>
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Status: Meets

In the 2013 timber year, Canfor did not apply for nor construct any non-forest land use dispositions in the DFA. In 2012, Canfor planted 17.6 ha in other dispositions such as well sites, gravel pits, leases, and roads in coordination with oil and gas companies. Therefore, the percentage of forest land converted to non-forest land use by Canfor over the life of the FMA agreement remains at 0.2%.

Table 15. Percentage of Forest Land Converted to Non-Forest Land Use

DFA Total Area (ha)	Net Non-Forest Area Dispositions as of April 30, 2012 (ha)	Area Converted to Non-Forest Area Use May 1/13 to April 30/14 (ha)	Past non-forest area returned to forest land May 1/12 to April 30/14 (ha)	NET reduction in forest land area (ha)	PERCENTAGE of forest land converted to non-forest land use
644,695	1,457.9	0.0	17.6	1,440.3	0.2
NO AREA WAS CONVERTED TO NON-FOREST AREA FOR THIS PERIOD.					

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:

Not to exceed 100% of the approved harvest level (Annual Allowable Cut) over 5 years (5 yr quadrant balance)

Acceptable variance:

The actual quadrant harvest volume will not exceed 5% of the allowable harvest level

Status: Meets

For the quadrant ending April 30, 2014 the conifer quadrant harvest level was 91% of the approved harvest level. Not all deciduous harvest volumes were available for this reporting period.

Table 16. Percent of Volume Harvested

Timber Disposition	Quadrant Period 1/2	Quadrant Harvest Level (m3)	Harvested as of April 30, 2013 (m3)	Percent	Remaining (m3)
FMA9900037	May 1, 2009 - April 30, 2014	3,525,000	3,190,476	91	384,524
DTA150001	May 1, 2009 - April 30, 2013	458,848	Not Available	--	Not Available
DTA150002	May 1, 2009 - April 30, 2014	839,085	Not Available	--	Not Available
DTA150003 (Q2)	May 1, 2013 - April 30, 2018	850,000	140,548	17	709,452

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

<p>Target 3.1.1a): 100% of harvested blocks will not exceed 5% soil disturbance without government approval as outlined in Canfor Operating Ground Rules</p>	<p>Acceptable variance: No variance; 100% of harvested blocks will not exceed 5% soil disturbance without government approval as outlined in Canfor Operating Ground Rules</p>
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Status: Meets

In the 2013 timber year, 100% of the harvested blocks that exceeded the 5% soil disturbance received government approval as outlined in the Canfor Operating Ground Rules. There were 2 blocks that exceeded 5% soil disturbance in the 2013 timber year; these blocks were partially harvested and once completed, will not exceed 5% soil disturbance.

Table 17. Percent of Blocks Exceeding 5% Soil Disturbance with Prior Approval

# of Harvested Blocks in 2013 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
53	2	2	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

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

Status: Meets

There were no significant slumps or erosion events greater than or equal to 1000m² caused by forest operations identified in the 2013 Timber Year.

Value: Soil quality and quantity

Objective: Maintain onsite coarse 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	No variance; 100% of subunits (Peace, Puskwaskau, and Main) will meet or exceed coarse woody debris conditions equivalent to the pre-harvest state

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 2013 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 2013 far exceeded the pre-harvest CWD volume on site.

Table 18. 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	0	N/A
E8	0	N/A
Economy	166	100%
Latronell	0	N/A
Peace	115	100%
Puskwaskua	0	N/A
Smoky	385	100%
Simonette	1504	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): Watersheds with high risk level assessments with mitigation strategies implemented

<p>Target 3.2.1a): 100% of watersheds with a high risk level will have approved mitigation strategies implemented</p>	<p>Acceptable variance: No variance; all high risk ranked watersheds with scheduled operations will have mitigation strategies completed in consultation with Environment and Sustainable Resource Development</p>
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Status: Meets

Figure 8 depicts the risk ranking of each watershed on the DFA. Currently there are no high risk watersheds within the Canfor DFA; 4 watersheds increased from a low risk ranking to a moderate risk ranking.

Canfor is currently in discussions with ESRD to develop mitigation strategies with a primary focus on watersheds with high risk to fish (1.2.2b). The mitigation strategies developed for indicator 1.2.2b will also correspond to watersheds with moderate risk levels.

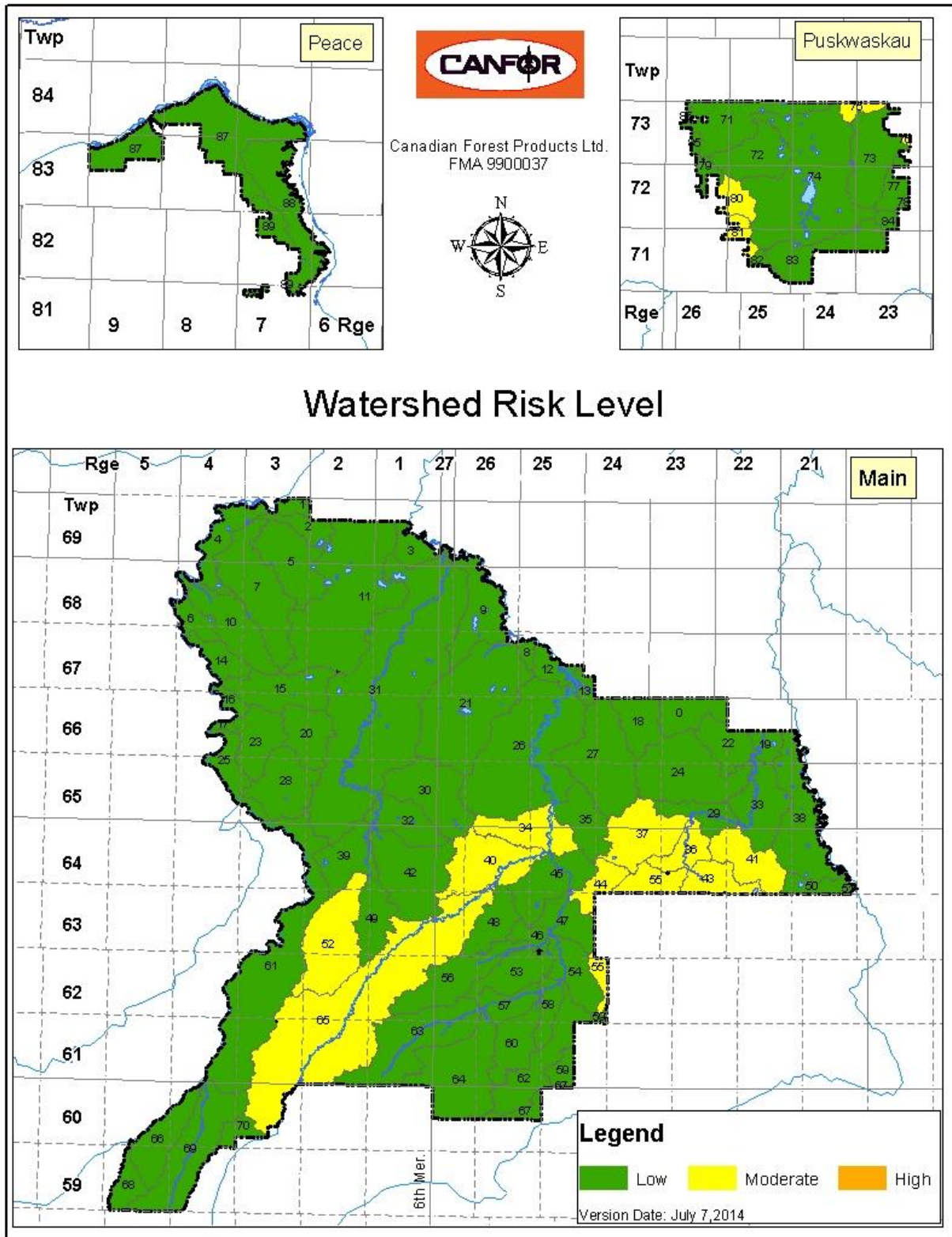


Figure 8. Watershed Risk Level

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

<p>Target 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</p>	<p>Acceptable variance: 90% 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.</p>
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Status: Meets

Canfor Alberta utilizes the Foothills Stream Crossing Partnership to identify risk. The Foothills Stream Crossing Partnership is administered by the Foothills Research Institute. The program is a creditable standardized procedure that is used by other forest companies and other industrial users across Alberta.

Stream crossing inspections are completed in June and early July of each year. All crossing inspections that indicate a high risk for safety are addressed immediately. As of 2013, 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 232 crossings inspected; 118 (51%) pose a high risk to water quality and 79 (34%) pose a medium risk, 34 (15%) are low risk and 1 (0%) is no risk. Over the next five-year period, Canfor Alberta should have all initial inspections of stream crossings completed. The crossings requiring maintenance are scheduled for repairs based on lead-time for budgeting and priorities are evaluated by risk to safety and risk to fish.

Table 19. 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	118	51%	100%	13	6%
Medium Risk Inspections	79	34%	100%	10	4%
Low Risk Inspections	34	15%	0%	0	0%
No Risk Inspections	1	0%	0%	0	0%
Total Crossings Inspected	232	100%	100%	23	10%

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

<p>Target 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</p>	<p>Acceptable variance: No variance; all construction and maintenance will have the required approvals and will be carried out in compliance with Code of Practice for Water Course Crossings or Operating Ground Rules</p>
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Status: Meets

Work was completed on 49 LOC stream crossings within the 2013 timber year. All work was completed within the Code of Practice (CoP) for Watercourse Crossings and Operating Ground Rules.

Most of the work was completed on the crossing structures (bridge cleaning to prevent sediment) as part of annual maintenance and not within the bed and banks of the stream. Two culverts were replaced on Class D streams which fell outside the Code of Practice but within the Operating Ground Rules under the Annual Operating Plan approval.

Table 20. Crossing Construction and Maintenance Completed in Compliance with Code of Practice and Operating Ground Rules

No. of New Crossings	No. of Crossings Maintenance Complete	CoP or OGR Apply?	CoP or AOP Approval Obtained?
0	49	OGR	AOP Approval

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 tonnes of carbon stored in each of the carbon pools

Target 4.1.1: Achieve 100% of the carbon stored in each of the carbon pools as defined by the Preferred Forest Management Scenario forecast	Acceptable variance: +/- 20% of the Preferred Forest Management Scenario for the 10 year forecast values
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Status: Pending

This is not a reporting period for this target. As indicated in *Canfor's Sustainable Forest Management Plan 2012, Revised April 2014*, the target will be assessed at year 5. The numbers shown in Table 21 will be summarized annually as a method to monitor that Canfor is trending towards the 10 year forecasted target.

Table 21. Carbon Storage Current Status Summary

Year	Carbon Sequestration by Carbon Pool (millions of tonnes of Co ² e)			
	Above Ground Biomass	Below Ground Biomass	Dead Organic Matter	Soil Biomass
2012 TY	29.0	6.6	48.0	52.4
2013 TY	28.8	6.5	47.9	52.4
10 yr PFMS Forecast	27.1	6.2	47.5	52.8

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

<p>Target 4.2 (2.2.1): Forest management company activities not to exceed 3% reduction in gross Defined Forest Area over the life of the Forest Management Agreement (May 26, 1964)</p>	<p>Acceptable variance: No variance; forest management company activities will not exceed 3% reduction in gross Defined Forest Area over the life of the Forest Management Agreement (May 26, 1964)</p>
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Status: Meets

In the 2013 timber year, Canfor did not apply for nor construct any non-forest land use dispositions in the DFA. In 2012, Canfor planted 17.6 ha in other dispositions such as well sites, gravel pits, leases, and roads in coordination with oil and gas companies. Therefore, the percentage of forest land converted to non-forest land use by Canfor over the life of the FMA agreement remains at 0.2%.

Table 22. Percentage of Forest Land Converted to Non-forest Land Use

DFA Total Area (ha)	Net Non-Forest Area Dispositions as of April 30, 2012 (ha)	Area Converted to Non-Forest Area Use May 1/13 to April 30/14 (ha)	Past non-forest area returned to forest land May 1/12 to April 30/14 (ha)	NET reduction in forest land area (ha)	PERCENTAGE of forest land converted to non-forest land use
644,695	1,457.9	0.0	17.6	1,440.3	0.2
NO AREA WAS CONVERTED TO NON-FOREST AREA FOR THIS PERIOD.					

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):

Not to exceed 100% of the approved harvest level (Annual Allowable Cut) over 5 years (5 yr quadrant balance)

Acceptable variance:

The actual quadrant harvest volume will not exceed 105% of the allowable harvest level

Status: Meets

For the quadrant ending April 30, 2014 the conifer quadrant harvest level was 91% of the approved harvest level. Not all deciduous harvest volumes were available for this reporting period.

Table 23. Percent of Volume Harvested

Timber Disposition	Quadrant Period 1/2	Quadrant Harvest Level (m3)	Harvested as of April 30, 2013 (m3)	Percent	Remaining (m3)
FMA9900037	May 1, 2009 - April 30, 2014	3,525,000	3,190,476	91	384,524
DTA150001	May 1, 2009 - April 30, 2013	458,848	Not Available	--	Not Available
DTA150002	May 1, 2009 - April 30, 2014	839,085	Not Available	--	Not Available
DTA150003 (Q2)	May 1, 2013 - April 30, 2018	850,000	140,548	17	709,452

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

Target 5.1.1b):

Canfor Alberta will maintain a minimum of 3 recreational areas for use by the public within DFA

Acceptable variance:

No variance; Canfor Alberta will maintain a minimum of 3 recreational areas for use by the public within the DFA

Status: Meets

Canfor maintains and supports several recreational areas (Figure 9) in both its Grande Prairie and Hines Creek operations. In 2013, 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 2013 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 2013.

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.

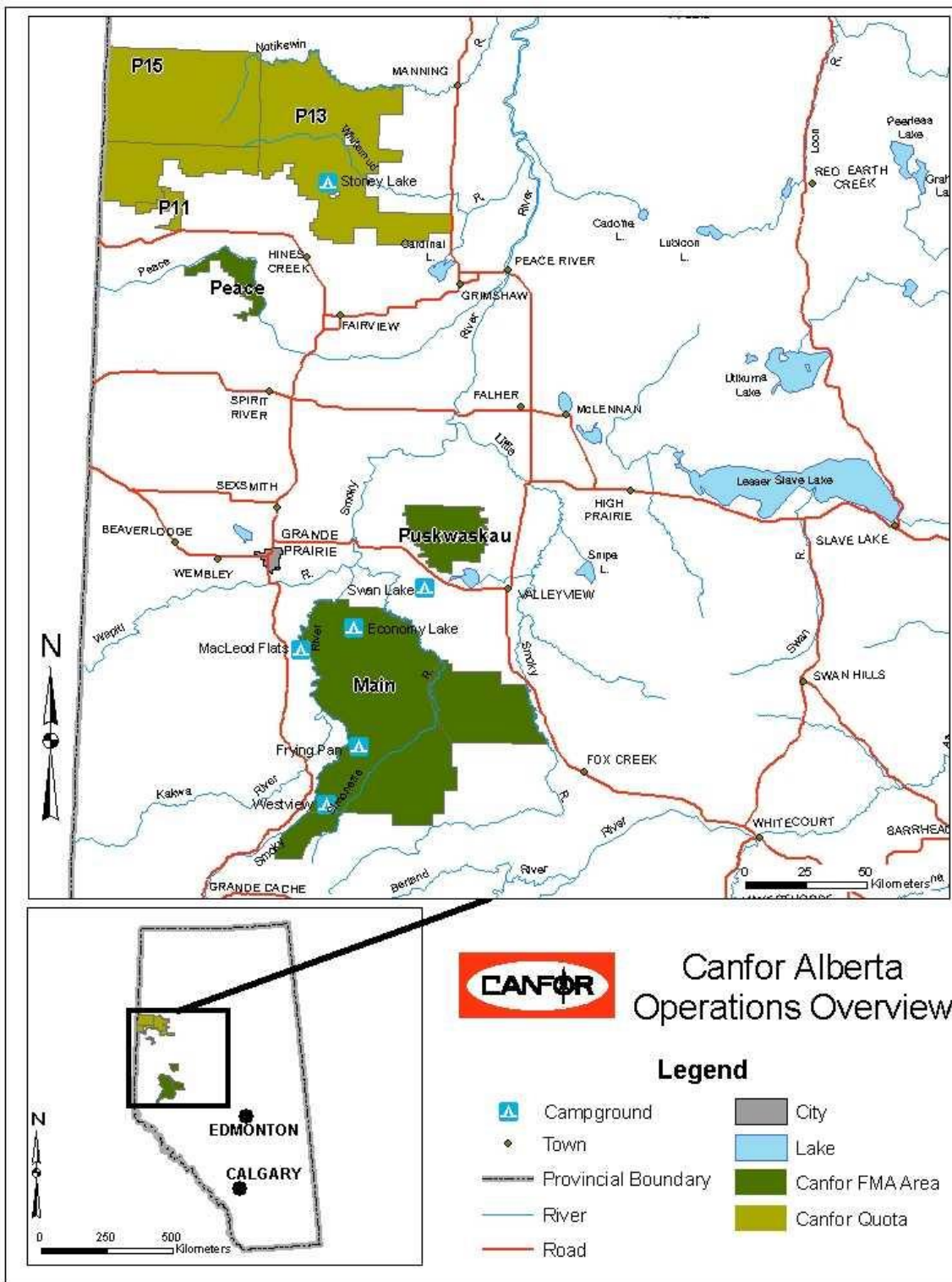


Figure 9. Location of Recreation Areas Managed by Canfor

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

<p>Target 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</p>	<p>Acceptable variance: No variance; over a 5 year period, a minimum of 75% of Canfor Alberta forest operations dollars paid for contract services will be expended locally</p>
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Status: Meets

In 2013, Canfor Alberta forest operations spent 90% (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 and road maintenance contract rates and the reduction of non-local contractors.

Table 24. Investment in Local Communities

Contribution	2009	2010	2011	2012	2013
Local Contract Services (\$ millions)	31.3	34.9	34.2	49.5	47.9
Non-Local Contract Services (\$ millions)	3.4	5.0	4.1	5.5	4.3
Subtotal	34.7	39.9	38.4	55.0	52.2
% Local Contract Services (5 year rolling avg.)	87%	87%	87%	89%	90%

Indicator Statement 5.2.1b): Investment in local communities

<p>Target 5.2.1b): Canfor FMG Alberta will provide financial/in-kind support to a minimum of 8 community events or services</p>	<p>Acceptable variance: No variance; Canfor will provide financial/in-kind support to a minimum of 8 community events or services</p>
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Status: Meets

For the 2013 fiscal year, Canfor provided financial support to 9 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;
6. Clear Hills Agri-show;

7. Worsley Ski Hill;
8. Northern Spirit of Lights show; and
9. Local School Scholarships.

Canfor provided in-kind support to 4 community events and services:

1. Salvation Army (food bank and adopt a family);
2. Nitehawk Ski Patrol (office space);
3. Arbour Day (Canfor foresters presentations to school classrooms); and
4. 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

<p>Target 5.2.2: 100% of Canfor FMG Alberta employees and contractors have required environmental and safety training</p>	<p>Acceptable variance: No variance; 100% of Canfor FMG Alberta employees and contractors have required environmental and safety training</p>
--	--

Status: Meets

Canfor records from May 1, 2013 to April 30, 2014 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

<p>Target 5.2.3: Report annually on trend of Canfor Alberta's level of direct and indirect jobs created from the DFA</p>	<p>Acceptable variance: No variance; report annually on trend of Canfor Alberta's level of direct and indirect jobs created from the Defined Forest Area</p>
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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 25. Level of Direct and Indirect Employment

	Production Volume (m ³)	Employment
Potential	715000	2932
2012	704,514	2889
2013	505,296	2072

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: Maintain evidence that opportunities have been provided	Acceptable variance: No variance
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Status: Meets

No open bid projects or services not secured under multi-year agreements were made available for tender in 2013.

Canfor conducted a joint operations and annual operating plan open house at one Aboriginal community in July of 2013. The intent was to provide opportunity to review upcoming annual plans and engage the community in potential contract services they may have available.

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

<p>Target 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</p>	<p>Acceptable variance: A minimum of 75% of Canfor FMG Alberta staff receives a minimum of one credible and effective Aboriginal training session every two years</p>
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Status: Meets

On April 16, 2014 Aseniwuche Winewak Nation of Canada delivered Alberta Aboriginal Knowledge and Awareness Training; 76% of eligible FMG staff participated in the training.

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

<p>Target 6.1.2: Opportunity to communicate key components of the forest management plan have been communicated to each affected local Aboriginal group</p>	<p>Acceptable variance: No variance; opportunity to communicate key components of the forest management plan have been communicated to each affected local Aboriginal group</p>
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Status: Meets

Canfor has been developing a new Forest Management Plan (FMP) since 2010. The plan submission date has been extended to May 1, 2015 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 four 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

<p>Target 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</p>	<p>Acceptable variance: No variance; all operational/site plans that have been developed to address Aboriginal forest values, traditional knowledge and uses will be implemented</p>
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Status: Meets

Through the consultation process, there were no Aboriginal forest values, traditional knowledge and uses identified in the 2013 timber year.

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):

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

Acceptable variance:

No variance; all identified sites will be considered

Status: Meets

All records and action plans from May 1, 2013 to April 30, 2014, 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.

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:

Evidence of minimum of 4 relationships with forest products businesses annually within the vicinity of the DFA

Acceptable variance:

No variance; Canfor Alberta will maintain a minimum of four relationships with other forest products businesses

Status: Meets

In the 2013 timber year, Canfor actively initiated and participated in relationships with six forest products businesses within the vicinity of the DFA.

Table 26. 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
MDFP	Log Purchase Agreements
Miller Western	Benchmarking Activities
Total # of Relationships	6

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

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

Records from the 2013 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

<p>Target 6.3.3: 100% of recommendations from Partners in Injury Reduction (PIR) audit will be addressed and action plans developed</p>	<p>Acceptable variance: No variance; Canfor will address all issues in the review of the safety program</p>
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Status: Meets

A PIR audit was conducted in October 2013 that evaluated Canfor Alberta Forest Management Group (FMG) and Mill safety performance. 10 Elements were audited and scored individually in which the overall score was 94%. No elements were found to be non-compliant with the requirements and Canfor Alberta operations received many best practices notations. A total of 18 suggestions for improvement were made of which 6 were related to Forest Management Group practices. Action plans have been put in place to address those findings.

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:

80% annual satisfaction from surveys from all four sections will be reported

Acceptable variance:

A minimum of 70% annual satisfaction from surveys from all four sections

Status: Meets

Canfor's Forest Management Advisory Committee (FMAC) members filled out a *Forest Management Advisory Committee Evaluation Form* after the September 25, 2013 and April 16, 2014 meetings. The combined results for the year were 96% 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:

Provide one educational opportunity per Forest Management Advisory Committee meeting, plus one field tour opportunity per year

Acceptable variance:

No variance; Opportunities will be provided

Status: Meets

During the reporting period of May 1, 2013 to April 30, 2014 the following two educational opportunities were provided to the FMAC:

1. Wayne Thorp of FLMF made a presentation about the Foothills Landscape Management Forum (FLMF) on September 25, 2013; and
2. Adrian Meinke of Fish and Wildlife made a presentation about Fish Risk in Forestry Planning to the FMAC on April 16, 2014.

The FMAC also participated in a field tour in 2013 in which 5 members and 2 advisors visited harvesting and site preparation operations.



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 two opportunities for information/training/capacity development in the 2013 timber year through the FMAC. With those opportunities, two members of the Aseniwuche Winewak Nation attended a meeting in which Adrian Mienke with Fish and Wildlife made a presentation about Fish Risk in Forestry Planning.

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

<p>Target 6.5.1: A minimum of 5 educational opportunities provided to the community annually</p>	<p>Acceptable variance: No variance; at least five opportunities will be provided annually</p>
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Status: Meets

Canfor Alberta participated in six educational outreach initiatives in the 2013 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): CSA Z809-08 Sustainable Forest Management Plan monitoring report made available to the public annually

<p>Target 6.5.2a): CSA Z809-08 Sustainable Forest Management Plan and Annual Performance Monitoring report made available to public annually on Canfor’s external website</p>	<p>Acceptable variance: No variance; the SFMP and the APMR will be available digitally on Canfor’s external website</p>
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Status: Meets

Canfor FMG Alberta’s CSA Z809-08 *Sustainable Forest Management Plan 2012* and monitoring report named, *Annual Performance Monitoring Report (APMR)*, is publicly available on the Canfor Corporation website **www.canfor.com**. The 2012 APMR can specifically be found at this link:

http://www.canfor.com/docs/responsibility/2012_annual_performance_monitoring_report_final_july_29_2013.pdf?sfvrsn=2

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

100% of all inquiries receive initial contact within 1 month of receipt

Acceptable variance:

90% of public inquiries will generate a response within one month

Status: Meets

A public inquiry was received on August 14, 2013 and Canfor responded via a phone call within 24 hours and continued to follow up with numerous actions.

9. Summary

The status of the 57 targets found throughout this *2013 Annual Performance Monitoring Report* is summarized in Table 27 below.

Table 27. Summary of Performance

Classification	2013
Number of targets "Meets"	47
Number of targets "Does Not Meet"	5
Number of targets "Pending"	5
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:

- **Best Management 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 2013, 2 audits of 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:
 - 5 best management practices;
 - 3 opportunities for improvement; and
 - 1 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:
 - 3 best management practices;
 - 1 opportunities for improvement;
 - 2 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 Forest Management Group staff.

10. Literature Cited

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