



# **SUSTAINABLE FOREST MANAGEMENT PLAN**

## **2012 ANNUAL PERFORMANCE REPORT**

**Radium Defined Forest Area**

*Reporting Period*

*Jan. 1, 2012 - Dec. 31, 2012*

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## Executive Summary

This report is the seventh annual report of the Sustainable Forest Management Plan for the Radium defined forest area (DFA) and is for the calendar year of 2012. Part 1 of this report summarizes the progress and performance made by Canfor to achieve the results committed to under the Radium DFA Sustainable Forest Management Plan (SFMP) as the indicators and targets were defined in the SFMP for 2012. Part 2 reports out on the new commitments and improvements adopted to SFMP as of January 1, 2013.

Canadian Forest Products Ltd- Radium (Canfor) was the sole participant and signatories to the SFM plan. Currently, Canfor is certified by third party verification to the ISO 14001 standard and the CSA Z809 SFM standard.

2012 continued to be a financially difficult year for the forest industry but financial outlooks were positive. The Radium sawmill has been shut since June 2009. Canfor invested over \$38 million dollars in the Radium mill to make it more efficient and cost competitive. In October, log deliveries began to the Radium mill and it re-opened in November. Harvesting operations remain below historic averages which resulted in small changes to ecological indicators while not all economic indicators were met as revenue begins to flow back into associated woodlands operations.

Each value area has a suite of associated indicators and targets. The following table summarizes the Canfor's overall achievements of meeting the assigned targets.

*Part 1- Jan1, 2012 –Dec 31, 2012 Annual Report Summary*

<b>Classification</b>	<b>Ecological</b>	<b>Economic</b>	<b>Social</b>
<b>Number of Targets Met</b>	27	4	12
<b>Number of Targets Not Met</b>	0	2	0
<b>Number of Targets Pending</b>	1	0	0
<b>Total</b>	28	6	12

## **1 INTRODUCTION**

Canfor's Sustainable Forest Management Plan commits to indicators and targets that address a number of established indicators of sustainable forest management. The following documents the current status of meeting those targets for Canfor.

This document is the seventh annual report of the Sustainable Forest Management Plan (SFMP) of the Radium, British Columbia Defined Forest Area (DFA). This annual report is an integral part of continual improvement of the 2006 SFMP and is a part of the assessment confirming Canfor implementation of the CSA Z809 SFM standard. The reporting period is January 1, 2012 to December 31, 2012, which provides the status of all indicators locally developed through the Sustainable Forest Management Planning process.

Part 1 of this report summarizes the performance made by Canfor to achieve the results committed to under the SFMP as the indicators and targets were defined in the SFMP for 2012. A significant re-write of the SFMP occurred in 2011 to address the new CSA Z809-08 standard and Canfor's core indicators. Part 2 reports out on the new commitments and improvements adopted to SFMP as of January 1, 2013.

## 2 PART 1 – JAN 1, 2012 – DEC 31, 2012 ANNUAL REPORT

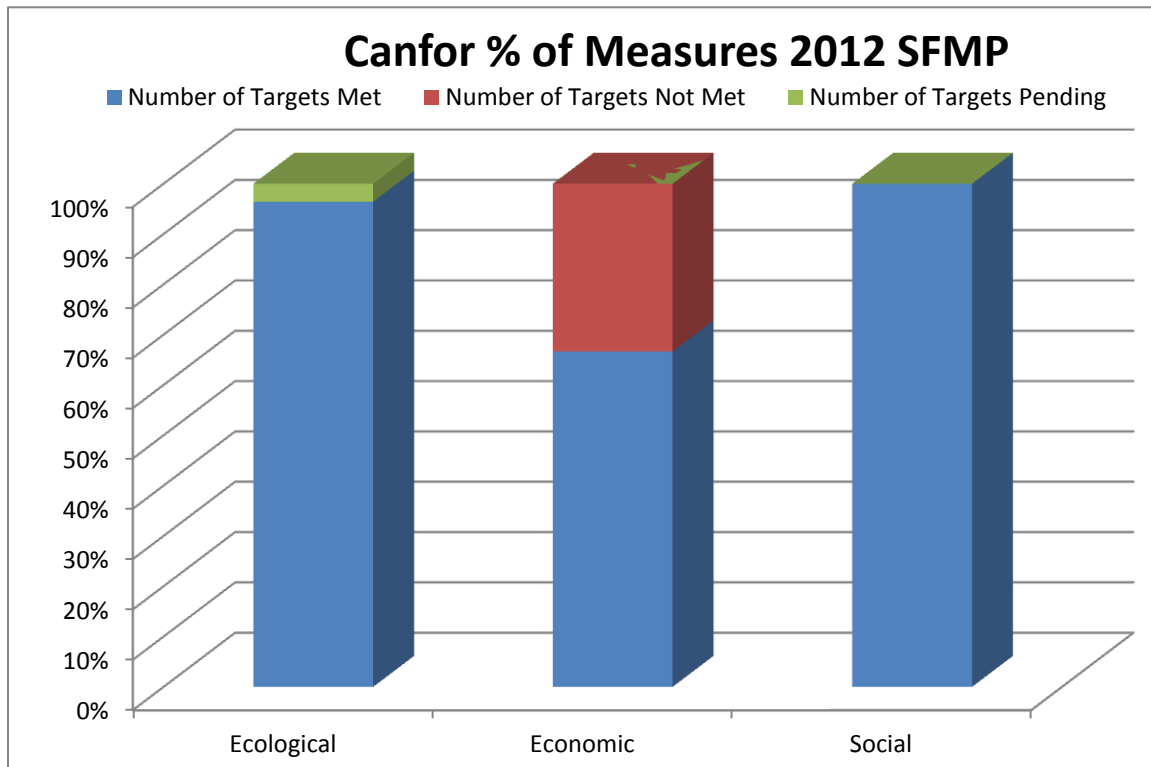
Table 1: Radium DFA Criteria, Element & Indicators

	Ecological Values
<b>C1. Biological Diversity</b>	
<b>1.1 Ecosystem Diversity</b>	
1.1.1a – Ecosystem Representation of Groups	
1.1.1b – Interior Forest by Ecosystem Group	
1.1.1c – Patch Size Distribution by Natural Disturbance Type	
1.1.2 – Distribution of forest type >20 years old	
1.1.3 – Late Seral or Age Class	
1.1.4.a – Dispersed Retention	
1.1.4b – Stand Structure Retention	
1.1.4c – Riparian Management Strategies	
<b>1.2 Species Diversity</b>	
1.2.1 & 1.2.2 –Species of Management Concern	
<b>1.3 Species &amp; Genetic Diversity</b>	
1.2.3a/1.3.1a – Regeneration – Seed & Vegetative Material	
1.2.3b/1.3.1b – Natural Regeneration	
<b>1.4 Protected Areas &amp; Sites</b>	
1.4.1 – Protected Areas & Sites of Biological Significance	
1.4.2a & b – Identification & Addressing Aboriginal And Other Cultural Forest Values, Knowledge And Uses	
<b>C2. Ecosystem Condition &amp; Productivity</b>	
<b>2.1 Forest Ecosystem Resilience</b>	
2.1.1 – Regeneration Delay	
<b>2.2 Forest Ecosystem Productivity</b>	
2.2.1a – Conversion To Non-Forest Land Use	
2.2.1b – Landslides resulting from forestry practices	
2.2.2 – Volume Harvested Vs. Allocated Harvest	
<b>C3. Soil &amp; Water</b>	
<b>3.1 Soil Quality &amp; Quantity</b>	
3.1.1 – Soil Disturbance Objectives	
3.1.2 – Coarse Woody Debris Targets	
<b>3.2 Water Quality &amp; Quantity</b>	
3.2.1a – Peak Flow Targets – Sensitive Watersheds	
3.2.1b – High Hazard Drainage Structures – Mitigation Strategies Implemented	
<b>C4. Role of Global Ecological Cycles</b>	
<b>4.1 Carbon Uptake and Storage</b>	
4.1.1 –Retention of Existing Old Forest	
4.1.2 – Regeneration Delay	
<b>4.2 Additions and Deletions</b>	
4.2.1 – Conversion To Non-Forest Land Use	
	Economic & Social Values
<b>C5. Economic &amp; Social Benefits</b>	
<b>5.1 Quantity and Quality of Timber &amp; Non-Timber</b>	
5.1.1a – Volume Harvested Vs. Allocated Harvest	
5.1.1b –Non-Timber Benefits	
<b>5.2 Communities &amp; Sustainability</b>	
5.2.1 – Investment In Local Communities	
5.2.2 – Environmental & Safety Procedures Training	
5.2.3 – Level Of Direct & Indirect Employment	
5.2.4 –Opportunities for Aboriginals to Participate in Forest Economy	
<b>C6. Society's Responsibility</b>	
<b>6.1 Aboriginal &amp; Treaty Rights</b>	
6.1.1 – Aboriginal Awareness Training	
6.1.2 – Aboriginal Communities Understanding of the Plans	
6.1.3 – Address Aboriginal Forest Values, Knowledge And Uses	
<b>6.2 Respect for Aboriginal Forest Values, Knowledge &amp; Uses</b>	
6.2.1 – Identified Aboriginal Forest Values, Knowledge And Uses	
<b>6.3 Forest Community Well-Being &amp; Resilience</b>	
6.3.1 – Primary And By-Products	
6.3.2 & 6.3.3 – Certified Safety Program	
<b>6.4 Fair &amp; Effective Decision-Making</b>	
6.4.1 – PAG Satisfaction Survey Implemented	
6.4.2 –Educational Opportunities for Information/Training	
6.4.3 – Aboriginal Communities Understanding of the Plans	
<b>6.5 Information for Decision-Making</b>	

### 3 OVERVIEW OF ACHIEVEMENTS

Canfor - For the 2012 reporting year a total of 46 indicators were examined. Overall, 43/45 of the indicators achieved the targets specified in the SFMP and 1 indicator is pending.

*Canfor's Indicators by Element Area*



#### Summary of SFMP Accomplishments-CANFOR

SFM Elements	Changed Practice or Increased Knowledge
Ecological	<ul style="list-style-type: none"> <li>No changed practices. Harvesting operations restarted but remain at lower than historic levels so few changes to ecological indicators.</li> </ul>
Economic	<ul style="list-style-type: none"> <li>Canfor purchased Tembec's Kootenay operations in March. Major investments for the Radium mill were announced in conjunction with its re-opening.</li> <li>Local investment and employment levels remain off target due to the mill closure but are trending in positive direction and expected to continue to improve as harvesting levels increase to capture the full AAC within the cut control period.</li> </ul>
Social	<ul style="list-style-type: none"> <li>Maintained certification as a SAFE company with the implementation of a comprehensive health and safety program in sawmill and woodlands operations.</li> <li>Maintained a PAG group that successfully completed a major revision to the SFMP in 2011. Changes to the region's forest industry resulting from the Tembec acquisition were communicated to the PAG group.</li> </ul>

## 4 ECOLOGICAL VALUES

The following provides specifics of each ecological indicator, target and results for Canfor. Where appropriate, additional data and recommendations for improvement have been provided.

### Indicator 1.1.1a Ecosystem Representation

The indicator reads "Percent representation of ecosystem groups across the DFA."

Target	DFA Results
0 ha of rare ecosystem clusters (<2000ha) will be harvested.	<i>Targets achieved- No harvesting within rare clusters</i>
For uncommon ecosystem clusters (>2000 ha and <10,000 ha), the amount reserved (or managed to maintain or restore ecosystem function) depends on the area of ecosystem group (See below)	<i>Targets achieved - No harvesting uncommon clusters</i>
25% of common ecosystem clusters (>10 000ha) will be reserved or managed to maintain or restore ecosystem function	<i>Targets achieved- maintained &gt; 25% of common clusters.</i>

### Canfor Invermere TSA Ecosystem Representation Targets - March 31, 2007

Rare Ecosystem Groups (<2000ha EKCP)										
Ecosystem Group	EKCP Area (ha)	EKCP Target Res %	EKCP Target (ha)	EKCP NHLB	EKCP THLB Target (ha)	Canfor Area (ha)	Canfor THLB Area	Canfor Resp (%)	Canfor Log Target (ha)	Canfor Harvest 2012 (ha)
2	949	100%	949	232	717	856	35	12.1%	0	0
14	1,645	100%	1,645	480	1,165	0	0	0.0%	0	0
16	368	100%	368	130	237	1031	20	27.6%	0	0
24	1,750	100%	1,750	1,324	426	655	88	24.5%	0	0

Uncommon Ecosystem Groups (>2000ha - <10,000ha EKCP)										
Ecosystem Group	[A] EKCP Area (ha)	EKCP Target Res %	EKCP Target (ha)	EKCP NHLB	[D] EKCP THLB Target (ha)	[B] Canfor Area (ha)	Canfor THLB Area	[C] Canfor Responsibility [B] / [A] (%)	[E] Canfor Res Target (ha) = [C]*[D]	Canfor EG in Natural Condition THLB (ha)
8	4,402	89.9%	3,957	732	3,225	0	0	0.0%	0	0
10	6,702	50.5%	3,385	2,664	721	3,214	1,721	47.9%	345.8	1,327
17	6,526	53.3%	3,476	3,740	0	305	45	4.7%	0	41
18	8,891	31.5%	2,801	4,777	0	1,285	344	14.4%	0	216
19	4,462	89.1%	3,978	4,065	0	2,209	16	49.5%	0	14
29	2,444	99.7%	2,436	1,508	928	370	122	15.1%	55.6	122

Common Ecosystem Groups (>10,000ha EKCP)										
Ecosystem Group	EKCP Area (ha)	EKCP Target Res %	EKCP Target (ha)	EKCP NHLB	EKCP THLB Target (ha)	Canfor Area (ha)	Canfor THLB Area	Canfor Responsibility (%)	Canfor Res Target (ha)	Canfor EG in Natural Condition THLB (ha)
1	73,765	25%	18,441	10,885	7,557	18,757	2,485	25.4%	1,921	2,222
12	10,851	27.1%	2,940	3,330	0	9,920	770	16.7%	0	665
3	237,685	25%	59,421	55,357	4,065	36,533	10,911	15.4%	626	8,862
6	92,710	25%	23,178	29,989	0	22,612	10,721	24.4%	0	8,357
7	315,806	25%	78,952	103,435	0	71,273	37,692	22.6%	0	28,513

**Indicator 1.1.1b Interior Forest by Ecosystem Group**

The indicator reads “Recommended percent of interior forest by Ecosystem Group across the DFA.”

Target	DFA Results
1(0) Report recommending percent of interior forest by Ecosystem Group across the DFA- March 2010	<i>Pending</i>

*Why is this pending?* – Limited funds from FIA. Other higher priority projects funded. Other indicators in the SFMP do moderate the risk of the values under this indicator.

*Status of Indicator* – There are plans to complete this report within the first 2 years of Radium start-up.

**Indicator 1.1.1c Patch Size Distribution by NDT**

The indicator reads “Percent patch size distribution by natural disturbance type.”

Target	DFA Results
Trend towards patch size distribution targets defined in the LU Planning Guide by Natural Disturbance Type over a 5 yr period	<i>Patch size distributions are trending upwards as shown in the Patch Size Distribution Analysis report (Forsite Consultants, 2004) (See FSP supporting document).</i>

**Indicator 1.1.2 – Distribution of forest type > 20 years old**

The indicator reads “Percent distribution of forest type (deciduous, deciduous mixed wood, conifer mixed wood, conifer) across DFA.”

Target	DFA Results
Maintain the baseline distribution (+ 5%) over a 5-year reporting period.	<i>Target achieved</i>

*This indicator is reported every 5 years. The last analysis was completed in 2011 and targets achieved.*

**Indicator 1.1.3 – Seral Stage or Age Class**

The indicator reads “Percent late seral distribution by ecological unit across the DFA.”

Target	DFA Results
100% compliance with the mature and old seral targets defined in the Kootenay Boundary Higher Level Plan	<i>Target met</i>

*As per reporting, late seral is updated during inventory updates in Timber Supply review. Next scheduled for TSA in 2014. Any area harvested within an Old Growth Management Area (OGMA) is replaced by an equivalent amount or greater amount of old forest.*

**Indicator 1.1.4a – Dispersed Retention**

The indicator reads “Percent of blocks meeting dispersed retention levels as prescribed in the operational plan.”

Target	DFA Results
100% (0)	<i>Target met</i>

*Harvesting activities were limited this reporting period as the mill recently re-opened following the Tembec*



acquisition. No non-compliances reported.

**Indicator 1.1.4b – Stand Structure Retention**

The indicator reads “Percent of stand structure retained across the DFA in harvested areas.”

Target	DFA Results
Landscape level target – 7%	Target met.

Harvesting activities were limited this reporting period as the mill recently re-opened following the Tembec acquisition. No non-compliances reported.

**Indicator 1.1.4c – Riparian Management Strategies**

The indicator reads “Number of non-conformances to riparian management strategies.”

Target	DFA Results
0 (0)	Target met. No non-conformances

**Indicator 1.2.1 & 1.2.2 – Species of Management Concern**

The indicator reads “Percent of forest management activities consistent with management strategies for Species of Management Concern.”

Target	DFA Results
100% conformance with management strategies (0)	Target met. No non-conformances

**Indicator 1.2.3a & 1.3.1a – Regeneration – Seed & Vegetative Material**

The indicator reads “Regeneration will be consistent with provincial regulations and standards for seed and vegetative material use.”

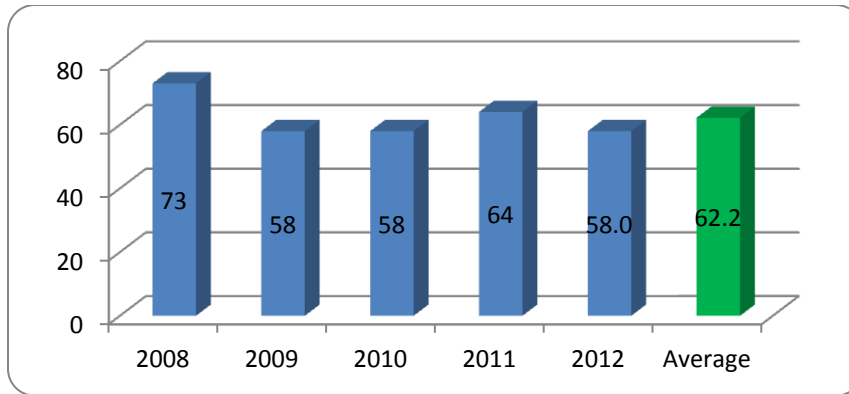
Target	DFA Results
Annually, 100% conformance with the standards	Target met. No non-conformances

Seed transfer report indicates conformance with regulatory limit of < 5%.

**Indicator 1.2.3b & 1.3.1b – Natural Regeneration**

The indicator reads “Percent of natural regeneration.”

Target	DFA Results
Greater than or equal to 50% of area harvested will be restocked by natural regeneration over a 5 year period (rolling average)	Target met. In 2012, the result was 58% while the 5 year average is 62.2%



### Indicator 1.4.1 – Protected Areas and Sites of Biological Significance

The indicator reads “Percent of forest management activities consistent with management strategies for protected areas and sites of biological significance.”

Target	DFA Results
100% (0)	Target met.

No non-conformances with management strategies for sites of biological significance.

### Indicator 1.4.2a – Identified Aboriginal & Other Cultural Forest Values, Knowledge & Uses

The indicator reads “Percent of identified Aboriginal and other cultural forest values, knowledge and uses considered in forestry planning processes.”

Target	DFA Results
100% (0)	Target met

Proposed forest development areas were information shared with the Ktunaxa Nation and Shuswap Indian Band in August and December of 2012. All site plans contain a section which considers First Nation’s values and cultural heritage. Four blocks fell within Archaeology Polygons and one required a Preliminary Field Reconnaissance (PFR). Management practices in Canfor have been 100% compliant with existing Forest Stewardship Plans and operational plans with regard to strategies to not impede access to identified resources for First Nations. No non-compliance or non-conformance issues have been identified.

### Indicator 1.4.2b – Aboriginal & Other Cultural Forest Values, Knowledge & Uses

The indicator reads “Percent of forest operations in conformance with operational plans developed to address Aboriginal and other cultural forest values, knowledge and uses.”

Target	DFA Results
100% compliance with operational plans (0)	Target met

Operations have been 100% compliant with FSP strategies and operational plans. No non-compliance or non-conformance issues have been recorded in 2012. Four AIA’s were completed in 2012. All blocks harvested in 2012 are compliant with existing AIA prescriptions. Intent is to initiate high cultural conservation value forest project in Radium.

### Indicator 2.1.1 – Regeneration Delay

The indicator reads “Regeneration delay for stands established annually.”

Target	DFA Results
As per FSP (N/A)	Target met. Average regen delay for DFA is 4.7 years.

### Indicator 2.2.1a – Conversion to Non-Forest Land Use

The indicator reads “Percent of gross forested landbase in the DFA converted to non-forest land use through forest management activities.”

Target	DFA Results
Less than 3% of gross forested landbase (GFL) <sup>1</sup>	Target met

GIS analysis indicates the current percent conversion is 1.7%.

### Indicator 2.2.1b – Landslides

The indicator reads “Number of hectares of landslides resulting from forestry practices.”

Target	DFA Results
0 ha in THLB (for slides >0.5 ha in size)	Target met.

### Indicator 2.2.2 – Volume Harvested Vs. Allocated

The indicator reads “Percent of volume harvested compared to allocated harvest level.”

Target	DFA Results
100% over the cut control period as defined by Timber supply forecast harvest flow (According to the Cut Control Regulation and Policy) (Variance +10%)	Target met.

In 2012, the harvested volume from within the DFA was 96,356 m<sup>3</sup>. The Cut Control period ends in 2014. There is approx. 1,004,300 m<sup>3</sup> remaining in the cut period as harvest operations were curtailed for the last three years.

### Indicator 3.1.1 – Soil Disturbance

The indicator reads “Percent of harvested blocks meeting soil disturbance objectives identified in plans.”

Target	DFA Results
100% of blocks meet soil disturbance objectives (0)	Target met. No non-conformances
1) Landscape: Average 4.5% (+/2%) all cutblocks over a 5 year period.	3.75% based on 5 year average
2) Stand: For a cutblock, 10% disturbance on high hazard areas and 5% on very high	High Hazard Areas =

<sup>1</sup> GFL = THLB + NTHLB + NP Nat + adjacent protected areas

hazard areas as defined in soil conservation guidebook.	4.05 % Very High Hazard Areas = 3.4 % Based on 5 year averages.
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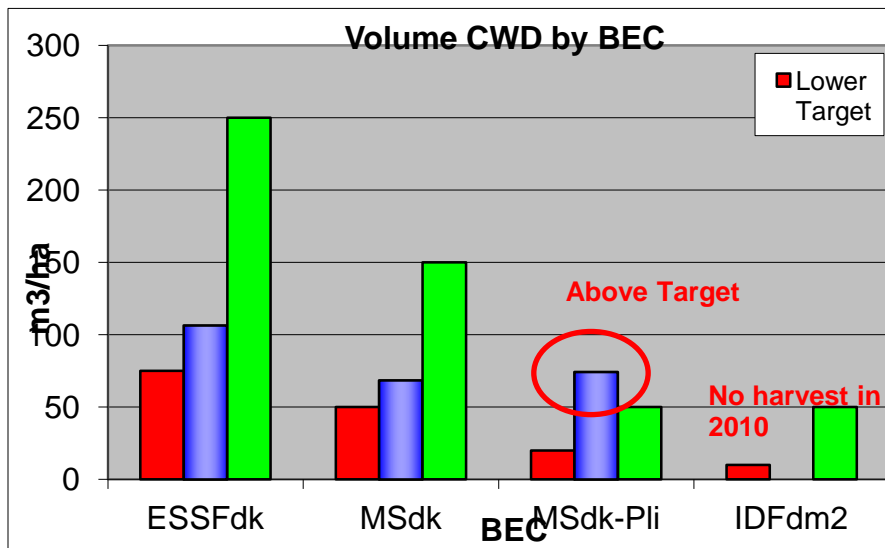
Note: Soil disturbance levels noted by ocular estimates during and/or post-harvest. No compliance issues observed. For future implementation, random surveys will be completed from a sample of harvested blocks in conjunction with ocular estimates.

**Indicator 3.1.2 – Coarse Woody Debris**

The indicator reads “Percent of cutblocks reviewed where post harvest CWD levels are within the targets contained in plans.”

Target	DFA Results
100% of blocks harvested annually (0)	Target met

Harvesting activities began following a long curtailment of operations. CWD targets are met however larger debris piles are reported on some landings. Operations will initiate changes to improve utilizations and reduce waste and residue as an opportunity for improvement.



**Indicator 3.2.1a – Peak Flow of Sensitive Watersheds**

The indicator reads “Sensitive watersheds that are above Peak Flow targets will have further assessment.”

Target	DFA Results
100% (-10%)	Target met.

A hydrological assessment was completed for Forster Cr which is a community watershed for Radium Hot Springs. The results and proposed developments have been reviewed with the town council.

**Indicator 3.2.1b – High Hazard Drainage Structures**

The indicator reads “Percent of high hazard drainage structures in sensitive watersheds with identified

water quality concerns that have mitigation strategies implemented as per the plan.”

Target	DFA Results
100% (0)	Target met.

No high hazard drainage structures in sensitive watersheds identified. Recommendations from Forester Cr. Hydrological assessment will be implemented.

#### Indicator 4.1.1 – Retention of Old Forests

The indicator reads “Maintain the retention of existing (or replacement of) old forest.”

Target	DFA Results
See indicator 1.1.3	Target met

#### Indicator 4.1.2 – Regeneration Delay

The indicator reads “Regeneration delay for stands established annually.”

Target	DFA Results
As per FSP (N/A) See indicator 2.1.1	Target met. Average regen delay for DFA is 4.7 years.

#### Indicator 4.2.1 – Conversion to Non-Forest Land Use

The indicator reads “Percent of gross forested landbase in the DFA converted to non-forest land use through forest management activities.”

Target	DFA Results
Less than 3% of gross forested landbase (GFL) <sup>2</sup> See indicator 2.2.1a	Target met

## 5 ECONOMIC VALUES

The Radium Sustainable Forest Management Plan included 20 indicators to evaluate economical criteria. The following provides specifics of each indicator, target and results for Canfor.

#### Indicator 5.1.1a – Volume Harvested Vs. Allocated

The indicator reads “Percent of volume harvested compared to allocated harvest level.”

Target	DFA Results
100% over the cut control period as defined by Timber supply forecast harvest flow (According to the Cut Control Regulation and Policy) (Variance +10%)	2012 Cut Control harvest 99,866m <sup>3</sup> or 9.0% of AAC 5 year cut control period is at 18.1%

<sup>2</sup> GFL = THLB + NTHLB + NP Nat + adjacent protected areas

See indicator 2.2.2	with cut control period ending Dec 31, 2014
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*Note: A total of approximately 186, 014 m3 were harvested from the DFA from several licenses. Of that, 157, 944 m3 were harvested under licenses held directly or administered by Canfor. Approx. 20 cutblocks were harvested in 2012 under FL A18979, the volume attributed to these blocks was approximately 99, 866 m3. It is anticipated harvest levels will increase through 2013 and 2014 to achieve the AAC for the 5 year cut control period which ends December 31, 2014. (NB: These figures are estimates based on billed volumes as cut control letters are pending.)*

### Indicator 5.1.1b – Non-Timber Benefits

The indicator reads “Conformance with strategies for non-timber benefits identified in plans.”

Target	DFA Results
No non-conformances for site level plans (0)	Operations have been 100% compliant with FSP strategies and operational plans. No non-compliance or non-conformance issues have been record in 2012 with known Non Timber Forest Products.

### Indicator 5.2.1 – Investment in Local Communities

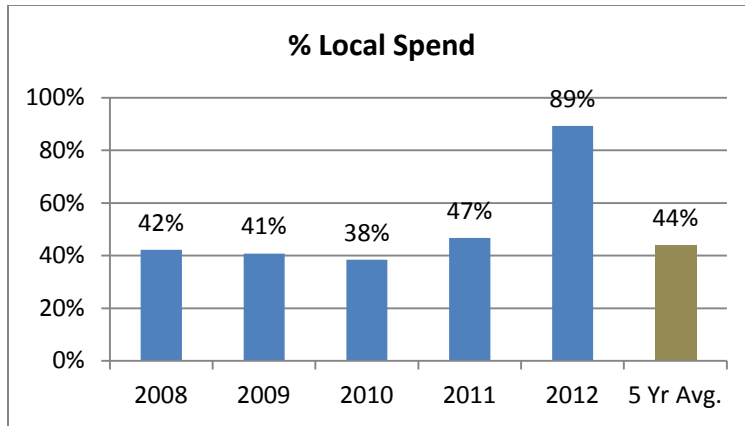
The indicator reads “Investment in local communities.”

Target	DFA Results
>= 50% of dollars spent in local communities; 5-year rolling average (-10%)	Target not met at 44% but trend improving. The annual amount was 89%.

*The 5 year rolling average is below the target but a high percentage, 89%, was recorded for this year. The lower percentages are attributable to the mill curtailment period when little activity was taking place in the DFA. It is expected to improve with full operations in 2013 given a focus on capturing the full AAC in the cut control period. NB – the amount spent was based on totals for the region and prorated based on AAC’s.*

#### Percentage of Dollars Spent Locally 2008-2012

Year	Local \$	Total \$	% Spend
2008	\$ 26,707,144.38	\$ 63,243,310.77	42%
2009	\$ 14,073,949.65	\$ 34,497,215.04	41%
2010	\$ 1,440,754.91	\$ 3,751,119.30	38%
2011	\$ 1,168,927.77	\$2,505,743.47	47%
2012	\$ 4,263,927.54	\$4,778,833.47	89%
<b>5 Yr Avg.</b>	<b>\$ 47,654,704.25</b>	<b>\$108,776,222.05</b>	<b>44%</b>



**Indicator 5.2.2 – Environmental & Safety Training**

The indicator reads “Training in environmental and safety procedures in compliance with company training plans.”

Target	DFA Results
100% of company employees and contractors will have both environmental and safety training (-5%)	Target met

**Indicator 5.2.3 – Direct & Indirect Employment**

The indicator reads “Level of direct and indirect employment.”

Target	DFA Results
AAC * employment multiplier - 5-year average (+/-10%)	Target not met but improving

The target has not been achieved with operations curtailed. Results are expected to improve with resumption of the harvesting operations and the associated financial benefits.

FL A18979 Volume harvested					
Year	2008	2009	2010	2011	2012
AAC m3	221,005	221,005	221,005	221,005	221,005
cumulative AAC m3	221,005	442,010	663,015	884,020	1,105,025
Annual harvest m3	211,093	94,510	1,623	26,330	99356
Pct of AAC	95.52%	42.76%	0.73%	11.91%	44.96%
Cumulative	471,141	565,651	567,274	593,604	692,960
Pct of cumulative AAC	106.59%	85.31%	64.17%	53.72%	52.26%
Average per year over five years					86,582
direct + indirect employment per 1000m3					64.50389
Person Year Target					90

### Indicator 5.2.4 – Aboriginals Participate in Forest Economy

The indicator reads “Number of opportunities for Aboriginals to participate in the forest economy.”

Target	DFA Results
Number of opportunities from baseline assessment; 3-year rolling average. (-10% of baseline)	Target met

Opportunities included payments to and contracts with Tipi Mountai Eco-cultural Services, Nupqu Development Corp, the Ktunaxa Nation, KDC Sand and Gravel and Dominion Excavating.

## 6 SOCIAL VALUES

The Radium Sustainable Forest Management Plan included several indicators to evaluate social criteria. The following provides specifics of each indicator, target and results for Canfor.

### Indicator 6.1.1 – Aboriginal Awareness Training

The indicator reads “Employees will receive Aboriginal awareness training.”

Target	DFA Results
100% (-10%)	Target met

Aboriginal Awareness is required training for staff and delivered through Eclipse. Training records are maintained.

### Indicator 6.1.2 – Aboriginal Understanding of Plans

The indicator reads “Evidence of best efforts to communicate interests and management plans based on Aboriginal communities having a clear understanding of the plans.”

Target	DFA Results
100% of management plans (0)	Target met

No changes to the management plan within the reporting period. Information sharing on operational plans occurred twice during the reporting period.

### Indicator 6.1.3 – Address Aboriginal Forest Values, Knowledge and Uses

The indicator reads “Percent of forest operations in conformance with operational plans developed to address Aboriginal forest values, knowledge and uses.”

Target	DFA Results
100% compliance with operational plans (0)	Target met

No non-compliances or non-conformances reported. Any blocks requiring archaeological assessments are completed by qualified professionals meeting requirements of Archaeology Branch standards. Canfor is negotiating a Relationship Protocol with the Ktunaxa Nation and will co-operatively work with the Nation to identify culturally important high conservation value forests after the protocol is signed.

### Indicator 6.2.1 – Identified Aboriginal Forest Values, Knowledge & Uses

The indicator reads “Percent of identified Aboriginal forest values, knowledge and uses considered in forestry planning processes.”



Target	DFA Results
100% (0)	Target met

### Indicator 6.3.1 – Primary and By-Products

The indicator reads “Primary and by-products that are bought, sold, or traded with other forest dependent businesses in the local area.”

Target	DFA Results
Report out on # of purchase / sale / trade relationships (n/a)	Target met

During the reporting period, there were 27 purchase clients, 23 sales clients and trade/purchase agreements in place with Louisiana-Pacific, Woodex and the pulp mill at Skookumchuk.

### Indicator 6.3.2 & 6.3.3 – Certified Safety Program

The indicator reads “Implementation and maintenance of a certified safety program.”

Target	DFA Results
100% (0)	Target met

Canfor has achieved and maintains Safe BC certification

### Indicator 6.4.1 – PAG Satisfaction

The indicator reads “PAG established and maintained according to Terms of Reference (satisfaction survey implemented).”

Target	DFA Results
80% satisfaction from surveys (-10%)	Target met

### Indicator 6.4.2 – Educational Opportunities – Information/Training

The indicator reads “Number of educational opportunities for information/training that are delivered to the PAG.”

Target	DFA Results
>= 1/meeting (0)	Target met

Information/training included presentations on the Tembec acquisition, FSC standard and audit process, general GIS mapping products and mill upgrades.

### Indicator 6.4.3 – Aboriginal Communities Understand Plans

The indicator reads “Evidence of best efforts to obtain acceptance of management plans based on Aboriginal communities having a clear understanding of the plans.”

Target	DFA Results
100% of management plans (0)	Target met

No FSP amendment occurred or changes to the SFMP. Information sharing has occurred twice during the reporting period.

### Indicator 6.5.1 – Educational Opportunity

The indicator reads “Number of people who took part in an educational opportunity.”

Target	DFA Results
25 (-10) annually	Target met

*There were several educational opportunities and public outreach which included a field trip with the PAG members, presentations to local municipal governments, referral letters sent to key stakeholders and associated face to face meetings*

### Indicator 6.5.2 – SFM Monitoring Report

The indicator reads “SFM monitoring report made available to the public.”

Target	DFA Results
SFM monitoring report available to public annually via web (N/A)	Target met

7 PART 2 – JAN 1, 2013 SFMP : CURRENT CONDITION REPORT

Criterion / Element / Indicator							
Ecological Values					Target Achieved	Background Info	Mapping Product
C1. Biological Diversity		Indicator Statement	Target (variance)	(yes) = 1 or (no)= 0			
<b>1.1 Ecosystem Diversity</b>							
	1.1.1a – Ecosystem Representation of Groups	Percent representation of ecosystem groups across the DFA	-Rare Ecosystems – 0 ha -25% of common ecosystem cluster will be reserved or managed to maintain or restore ecosystem functions -Uncommon ecosystems – Table 15: Canfor Invermere TSA Ecosystem Representation Targets - March 31, 2007	1	See Part 1- Measure 1-1.1	yes	
	1.1.1b – Interior Forest by Ecosystem Group	Recommended percent of interior forest by Ecosystem Group across the DFA	1 Report (0)	Pending	N/A	N/A	
	1.1.1c – Patch Size Distribution by Natural Disturbance Type	Percent patch size distribution by Natural Disturbance Type	Trend towards patch size distribution targets defined in the LU Planning Guide by Natural Disturbance Type over a 5 year period	1	See Part 1- Measure 1-2.4	yes	
	1.1.2 – Distribution of forest type >20 years old	Percent distribution of forest type (deciduous, deciduous mixed wood, conifer mixed wood, conifer) across DFA	Maintain the baseline distribution (± 5%) over a 5-year reporting period.	1	Baseline forest groups 2012 chart- see current condition SFMP 1.1.2	yes	
	1.1.3 – Late Seral Distribution	Percent late seral distribution by ecological unit across the DFA	100% compliance with the mature and old seral targets defined in the Kootenay Boundary Higher Level Plan	1	See Part 1- Measure 1-2.1	yes	
	1.1.4.a – Dispersed Retention	Percent of blocks meeting dispersed retention levels as prescribed in the operational plan.	100% (0)	1	See Part 1- Measure 1-3.1	N/A	
	1.1.4b – Stand Structure Retention	Percent of stand structure retained across the DFA in harvested areas	Landscape level target – 7%	1	See Part 1- Measure 1-3.1b	yes	
	1.1.4c – Riparian Management Strategies	Number of non-conformances to riparian management strategies	0 (0)	1	See Part 1- Measure 1-3.1b	yes	
<b>1.2 Species Diversity</b>							
	1.2.1 & 1.2.2 –Species of Management Concern	Percent of forest management activities consistent with management strategies for Species of Management Concern	100% conformance with management strategies (0)	1	See Part 1- Measure 1-4.1	yes	
<b>1.3 Species &amp; Genetic Diversity</b>							
	1.2.3a/1.3.1a – Regeneration – Seed & Vegetative Material	Regeneration will be consistent with provincial regulations and standards for seed and vegetative material use	Annually, 100% conformance with the standards	1	See Part 1- Measure 2-3.2	N/A	
	1.2.3b/1.3.1b – Natural Regeneration	Percent of natural regeneration	Greater than or equal to 50% of area harvested will be restocked by natural regeneration over a 5 year period (rolling average)	1	See Part 1- measure 1-6.2	N/A	
<b>1.4 Protected Areas &amp; Sites</b>							
	1.4.1 – Protected Areas & Sites of Biological Significance	Percent of forest management activities consistent with management strategies for protected areas and sites of biological significance	100% (0)	1	See Part 1- measure 1-5.1	N/A	
	1.4.2a – Identification & Addressing Aboriginal And Other Cultural Forest Values, Knowledge And Uses	Percent of identified Aboriginal and other cultural forest values, knowledge and uses considered in forestry planning processes	100% (0)	1	See Part 1- measure 8-2.1, 8-2.2	N/A	
	1.4.2b Aboriginal & Other Cultural Forest Values, Knowledge & Uses	Percent of forest operations in conformance with operational plans developed to address Aboriginal and other cultural forest values, knowledge and uses	100% compliance with operational plans (0)	1	See Part 1- measure 8-3.1, 8-3.2,8-4.4	n/a	

<b>C2. Ecosystem Condition &amp; Productivity</b>						
<b>2.1 Forest Ecosystem Resilience</b>						
	2.1.1 – Regeneration Delay	Regeneration delay for stands established annually	As per FSP (N/A)	1	See Part 1- measure 2-3.1	n/a
<b>2.2 Forest Ecosystem Productivity</b>						
	2.2.1a – Conversion To Non-Forest Land Use	Percent of gross forested landbase in the DFA converted to non-forest land use through forest management activities	Less than 3% of gross forested landbase (GFL)	1	n/a	yes
	2.2.1b – Landslides resulting from forestry practices	Number of hectares of landslides resulting from forestry practices	0 ha in THLB (for slides >0.5 ha in size)	1	See Part 1- measure 2-4.1	n/a
	2.2.2 – Volume Harvested Vs. Allocated Harvest	Percent of volume harvested compared to allocated harvest level	100% over the cut control period as defined by Timber supply forecast harvest flow (According to the Cut Control Regulation and Policy) Variance +10%)	1	See Part 1- measure 4-2.1	n/a
<b>C3. Soil &amp; Water</b>						
<b>3.1 Soil Quality &amp; Quantity</b>						
	3.1.1 – Soil Disturbance Objectives	Percent of harvested blocks meeting soil disturbance objectives identified in plans	100% of blocks meet soil disturbance objectives (0)	1	See Part 1- measure 2-2.3	n/a
	3.1.2 – Coarse Woody Debris Targets	Percent of cutblocks reviewed where post harvest CWD levels are within the targets contained in plans	100% of blocks harvested annually (0)	1	See Part 1- Measure 1-3.1c	n/a
<b>3.2 Water Quality &amp; Quantity</b>						
	3.2.1a – Peak Flow Targets – Sensitive Watersheds	Sensitive watersheds that are above Peak Flow targets will have further assessment.	100% (-10%)	1	See Part 1- Measure 9-5.3	yes
	3.2.1b – High Hazard Drainage Structures – Mitigation Strategies Implemented	Percent of high hazard drainage structures in sensitive watersheds with identified water quality concerns that have mitigation strategies implemented as per the plan	100% (0)	1	See Part 1- Measure 9-5.2	n/a
<b>C4. Role of Global Ecological Cycles</b>						
<b>4.1 Carbon Uptake and Storage</b>						
	4.1.1 –Retention of Existing Old Forest	Maintain the retention of existing (or replacement of) old forest	See indicator 1.1.3	1	See Part 1- Measure 1-2.1	yes
	4.1.2 – Regeneration Delay	Regeneration delay for stands established annually	As per FSP (N/A)	1	See Part 1- measure 2-3.1	n/a
<b>4.2 Additions and Deletions</b>						
	4.2.1 – Conversion To Non-Forest Land Use	Percent of gross forested landbase in the DFA converted to non-forest land use through forest management activities	Less than 3% of gross forested landbase (GFL)	1	n/a	n/a
<b>C5. Economic &amp; Social Benefits</b>						
<b>5.1 Quantity and Quality of Timber &amp; Non-Timber</b>						
	5.1.1a – Volume Harvested Vs. Allocated Harvest	Percent of volume harvested compared to allocated harvest level	100% over 5 years as defined by Timber supply forecast harvest flow (According to the Cut Control Regulation and Policy)	1	See Part 1- measure 4-2.1	n/a
	5.1.1b –Non-Timber Benefits	Conformance with strategies for non-timber benefits identified in plans	No non-conformances for site level plans (0)	1	See Part 1- measure 5-1.1	n/a
<b>5.2 Communities &amp; Sustainability</b>						
	5.2.1 – Investment In Local Communities	Investment in local communities	>= 50% of dollars spent in local communities; 5-year rolling average (-10%)	0	See Part1-measure 4-2.4	n/a
	5.2.2 – Environmental & Safety Procedures Training	Training in environmental and safety procedures in compliance with company training plans	100% of company employees and contractors will have both environmental and safety training (-5%)	1	See Contractor Preworks	n/a

	5.2.3 – Level Of Direct & Indirect Employment	Level of direct and indirect employment	AAC * employment multiplier - 5-year average (+/- 10%) 172 person years (PY)	0	n/a	n/a
	5.2.4 – Opportunities for Aboriginals to Participate in Forest Economy	Number of opportunities for Aboriginals to participate in the forest economy	Number of opportunities from baseline assessment; 3-year rolling average. (-10% of baseline)	1	See Part 1-measure 4-4.1	n/a
<b>Economic &amp; Social Values</b>						
<b>C6. Society's Responsibility</b>						
<b>6.1 Aboriginal &amp; Treaty Rights</b>						
	6.1.1 – Aboriginal Awareness Training	Employees will receive Aboriginal awareness training	100% (-10%)	1	All FMG staff training as per divisional training records.	n/a
	6.1.2 – Aboriginal Communities Understanding of the Plans	Evidence of best efforts to communicate interests and management plans based on Aboriginal communities having a clear understanding of the plans	100% of management plans (0)	1	See Part 1- measure 8-2.1, 8-2.2	
	6.1.3 – Address Aboriginal Forest Values, Knowledge And Uses	Percent of forest operations in conformance with operational plans developed to address Aboriginal forest values, knowledge and uses	100% compliance with operational plans (0)	1	See Part 1- measure 8-3.1, 8-3.2,8-4.4	n/a
<b>6.2 Respect for Aboriginal Forest Values, Knowledge &amp; Uses</b>						
	6.2.1 – Identified Aboriginal Forest Values, Knowledge And Uses	Percent of identified Aboriginal forest values, knowledge and uses considered in forestry planning processes	100% (0)	1	See Part 1- measure 8-3.1, 8-3.2,8-4.4	n/a
<b>6.3 Forest Community Well-Being &amp; Resilience</b>						
	6.3.1 – Primary And By-Products	Primary and by-products that are bought, sold, or traded with other forest dependent businesses in the local area	Report out on # of purchase / sale / trade relationships (n/a)	1	Two log sales occurred in 2011	n/a
	6.3.2 & 6.3.3 – Certified Safety Program	Implementation and maintenance of a certified safety program	100% (0)	1	N/A	n/a
<b>6.4 Fair &amp; Effective Decision-Making</b>						
	6.4.1 – PAG Satisfaction Survey Implemented	PAG established and maintained according to Terms of Reference (satisfaction survey implemented)	80% satisfaction from surveys (-10%)	1	See part 1- measure 7-1.3	n/a
	6.4.2 – Educational Opportunities for Information/Training	Number of educational opportunities for information/training that are delivered to the PAG	>= 1/meeting (0)	1	See part 1- measure 7-2.2	n/a
	6.4.3 – Aboriginal Communities Understanding of the Plans	Evidence of best efforts to obtain acceptance of management plans based on Aboriginal communities having a clear understanding of the plans	100% of management plans (0)	1	See Part 1- measure 8-2.1, 8-2.2	
<b>6.5 Information for Decision-Making</b>						
	6.5.1 – Educational Opportunity	Number of people who took part in an educational opportunity	25 (-10) annually	1	N/A	n/a
	6.5.2 – SFM Monitoring Report Public	SFM monitoring report made available to the public	SFM monitoring report available to public annually via web. (None)	1	On website	n/a
				<b>46</b>		
<b>Total Number of Indicators</b>				<b>46</b>		
<b>Total Targets Achieved</b>				<b>43</b>		
<b>Total Targets Pending</b>				<b>1</b>		
<b>Total Targets Not Achieved</b>				<b>2</b>		

## **8 SUMMARY OF ACTIONS AND RECOMMENDATIONS**

The initial development and subsequent changes to the SFM Plan have been achieved through the ongoing input and support of the Radium SFM Public Advisory Group (PAG) throughout 2012. With this in mind, the 2012 updated plan adopts the new nomenclature of the CSA standard and migrates the old measures and targets over to core indicators and targets. Many of those changes to the plan addressed the shortfalls in the measures that were identified as off target or pending. In addition, redundant or duplicated measures were eliminated.

The sawmill closure impacted many of the economic measures that depend on the harvest and sawmilling of timber in the region. The only two targets not met are associated with the economic impacts from the mill closure. Although operations re-started in 2012, the economic targets were not met but are trending in a positive way to achieve those targets next year as the mill and woodlands operations increase to capture the full AAC before the end of the cut control period. The Tembec acquisition will help ensure a stable economic future and improved economic performance in the indicators as revenues flow from increased harvesting activities and investments in the mill.

Preparing Forester	“I certify that the work described herein fulfills the standards expected of a member of the Association of British Columbia Forest Professionals and that I did personally supervise the Work”
Signature and Seal:	
Date:	August 15, 2013
	<b>Grant S. Neville, RPF</b> First Nations and Planning Coordinator Canadian Forest Products Ltd. Forest Management Group