

Morice

Sustainable Forest Management Plan



2017/18 Annual Report

Prepared by:

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Morice Timber Supply Area

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

Canadian Council of Forest Ministers' Criteria for SFM

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



1.0 Introduction

This is the 2017/18 Annual Report for the Morice Sustainable Forest Management Plan (SFMP), covering the reporting period of April 1, 2017 to March 31, 2018. The SFMP is a result of efforts of one major licensee (Canadian Forest Products Ltd.) and the public advisory group to achieve and maintain Canadian Standards Association (CSA) certification to the CSA Z809-08 standard. The current signatory to the plan is:

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

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

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

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

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

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

The following Tables summarize the results for the current reporting period. For clarification of the intent of the indicators, objectives or the management practices involved, the reader should refer to the Morice Sustainable Forest Management Plan document (December 2017).

1.1 List of Acronyms

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

BCTS – BC Timber Sales
 BEC – Biogeoclimatic Ecosystem Classification
 CSA – Canadian Standards Association
 CE & VOIT- Criterion, Element & Value Objective Indicator Target
 DFA – Defined Forest Area
 FPPR – Forest Planning and Practices Regulation
 MoFRLNRO – Ministry of Forest, Range, Lands and Natural Resource Operations
 NDU – Natural Disturbance Unit
 PAG – Public Advisory Group
 SAR – Species at Risk

SFM – Sustainable Forest Management
SFMP – Sustainable Forest Management Plan

1.2 Executive Summary

Of the 33 indicators listed in Table 1; 31 indicators were met within the prescribed variances and 2 indicators were not met within the prescribed variances. For each off-target indicator, a corrective and preventative action plan is included in the indicator discussion.

Table 1: Summary of Indicator Status, April 1, 2017 to March 31, 2018

Indicator Number	Indicator Statement	Target Met	Pending	Target Not Met
1.1.1	Total hectares logged in rare and uncommon ecosystems			X
1.1.2	Percent distribution of forest type (treed conifer, treed broadleaf, treed mixed) >20 years old across DFA	X		
1.1.3	Maintain the retention of existing (or replacement of) old forest retention area.	X		
1.1.4(a)	Percent of stand structure retained across the DFA in harvested areas	X		
1.1.4(b)	Percent of blocks meeting dispersed retention levels as prescribed in the site plan/logging plan	X		
1.2.1 & 1.2.2	Percent of forest management activities consistent with current Best Management practices for Species of Management Concern.	X		
1.4.1	Percent of forest management activities consistent with management strategies for protected areas, sites of biological, geological, heritage\historic, or non-Indigenous cultural significance	X		
2.1.1	Average regeneration delay for stands established annually	X		
2.1.2	Regeneration will be consistent with provincial regulations and standards for seed and vegetative material use.	X		
2.1.3	Percent of gross forested landbase in the DFA converted to non-forest land use through forest management activities	X		
2.1.4	Percent of volume harvested compared to allocated harvest level.	X		
3.1.1	Percent of harvested blocks meeting soil disturbance objectives identified in plans.			X
3.1.2	Percent of cutblocks reviewed where post harvest CWD levels are within the targets contained in plans	X		
3.2.1(a)	The percentage of watersheds with active harvesting and road construction that have had a watershed sensitivity analysis completed.	X		
3.2.1(b)	The percentage of watersheds with mitigation strategies in place where ECA thresholds have been exceeded.	X		
3.2.1 (c)	The percentage of major drainage structures with mitigation strategies for erosion control.	X		
3.2.2	Number of non-conformance where forest operations are not consistent with riparian management requirements as identified in operational plans	X		

Indicator Number	Indicator Statement	Target Met	Pending	Target Not Met
4.1.1	Maintain the retention of existing (or replacement of) old forest retention area	X		
4.1.2	Average regeneration delay for stands established annually	X		
4.2.1	Percent of gross forested landbase in the DFA converted to non-forest land use through forest management activities.	X		
5.1.1(a)	Conformance with strategies for non-timber benefits identified in Plans	X		
5.1.1(b)	Primary and by-products that are bought, sold, or traded with other forest-dependent businesses in the local area.	X		
5.1.2 (a)	Number of opportunities provided to the public and stakeholders to express forestry-related concerns and be involved in planning processes.	X		
5.1.2 (b)	Percentage of timely responses to written public enquires			X
5.1.2 (c)	Harvest notifications will be sent to stakeholders in advance of harvest commencement	X		
5.2.1 (a)	Investment in local communities	X		
5.2.1 (b)	Benefits directed into local communities by licensee	X		
5.2.2	Training in environmental & safety procedures in compliance with company training plans	X		
5.2.3	Maintain average level of direct and indirect employment	X		
6.1.1	PAG established and maintained, and satisfaction survey implemented according to the Terms of Reference.	X		
6.1.2	Numbers of educational opportunities for information and/or training that are delivered to the Public Advisory Group	X		
6.1.3	SFM Annual report made available to the public.			X
6.2.1	Implementation and maintenance of a certified safety program	X		
7.1.1	Employees will receive Indigenous awareness training	X		
7.1.2 (a)	Evidence of best efforts to obtain acceptance of management plans based on indigenous communities having a clear understanding of the plans	X		
7.1.2 (b)	Efforts made to resolve communicated disagreement will be documented, along with outcomes (anonymity of parties will be preserved in reporting)	X		
7.2.1 (a)	Evidence of best efforts to share interests and plans with Indigenous communities	X		
7.2.1 (b)	Number of opportunities for Indigenous people to participate in the forest economy.	X		
7.2.2	Proportion of identified sites with strategies addressed in plans	X		
7.2.3	Percent of forest operations in conformance with operational/site plans developed to address Indigenous forest values, knowledge and uses	X		
	Totals			

1.3 SFM Performance Reporting

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

2.0 SFM Indicators, Targets and Strategies

Indicator 1.1.1 Ecosystem area by type

Indicator Statement	Target and Variance
Total hectares logged in rare and uncommon ecosystems	Target: Rare ecosystems groups as identified in the previous table will not be harvested. Variance: Harvesting may occur in rare ecosystems for access, forest health, or safety issues as rationalized and documented by a qualified professional.
Was the Target Met? No	

There were three blocks with rare ecosystems identified 250-TR-02, COMF0033 and NADI0118. COMFO0033 had 3 ha impacted. The other two blocks were part of a site complex. COMF0033 is also believed to be a complex. Field confirmation will be completed this year to verify.

Indicator 1.1.2 Forest area by type or species composition

Indicator Statement	Target and Variance
Percent distribution of forest type (treed conifer, treed broadleaf, treed mixed) >20 years old across DFA	Target: (Treed conifer: 85-95%; Treed Broadleaf: 2.0 - 5.0%; Treed Mixed: 2.5-7.5%) Variance: None below proposed targets
Was the Target Met? Yes	

Table 1: Forest area by type

Percent distribution of forest type (coniferous, broadleaf, mixed) >20 years old across the DFA		
Report Year	Forest type	Canfor
2017/18	Coniferous	94.0%
	Broadleaf	2.3%
	Mixed	3.7%

Target for broadleaf was updated at the November 27, 2017 PAG meeting to 2.0 – 5.0% from 2.5-7.5%. Target now met for % for forest type.

Indicator 1.1.3 Forest area by seral stage or age class

Indicator Statement	Target and Variance
Maintain the retention of existing (or replacement of) old forest retention area.	<u>Target:</u> As per table. <u>Variance:</u> As per table.
Was the Target Met? Yes	

In all areas of old or mature plus old forest deficit, from last years report, no harvesting was conducted in old or mature plus old forests. All old forest as known was maintained.

These targets have been based on the Ministerial Order Land Use Objectives Regulation Order for the Morice Land and Resource Management Plan Area.

Table 2: Morice Biodiversity Order Serial Analysis 2018-02-01

Morice Biodiversity Order status analysis (dated:Feb 1, 2018)											
Management Zone	Bec Variant	Total Forested area	Targets			Current State					
			Early Seral Maximum %	Mature + Old Seral Minimum %	Old Seral Minimum %	Early Seral current		Mature + Old Seral		Old Seral	
						%	Area (surplus /shortage)	%	Area (surplus /shortage)	%	Area (surplus /shortage)
General Forested area	CWHws2 and MHmm2	21420	27%	64%	62%	0.0%	5,784	99.0%	7,492	95.9%	7,252
	ESSFmc and ESSFmv3	230069	38%	37%	34%	9.3%	65,987	79.4%	97,633	63.4%	67,714
	ESSFmk	108769	9%	83%	82%	0.2%	9,570	89.6%	7,231	79.0%	(3,248)
	SBSdk	91130	64%	10%	8%	32.9%	28,368	27.1%	15,620	13.5%	4,986
	SBSmc2 and SBSwk3	572979	48%	20%	17%	36.6%	65,475	46.2%	149,897	32.0%	85,787
Nanika River HBEA	ESSFmc and ESSFmv3	16	28%	70%	42%	42.1%	(2)	57.9%	(2)	57.9%	3
	SBSdk	3	7%	70%	84%	68.9%	(2)	31.1%	(1)	31.0%	(2)
	SBSmc2 and SBSwk3	1485	37%	70%	26%	36.4%	9	63.6%	(95)	63.0%	550
Friday lake/ Nakinilerak/ Hautete Lakes HBEA	ESSFmc and ESSFmv3	43	28%	48%	42%	0.0%	12	75.5%	12	75.5%	14
	SBSmc2 and SBSwk3	8083	37%	33%	26%	9.5%	2,219	62.1%	2,351	31.2%	423
Morrison Lake HBEA	SBSmc2 and SBSwk3	6021	37%	33%	26%	21.7%	918	50.3%	1,041	42.6%	1,000
Thautil/Gosnell Rivers HBEA	ESSFmc and ESSFmv3	11826	28%	48%	42%	10.3%	2,091	89.1%	4,858	84.0%	4,971
	ESSFmk	1221	7%	66%	84%	3.2%	46	96.8%	376	96.8%	156
	SBSmc2 and SBSwk3	18688	37%	33%	26%	32.5%	844	66.8%	6,318	50.6%	4,606
Upper Morice River HBEA	SBSmc2 and SBSwk3	2799	37%	70%	26%	31.5%	155	66.5%	(98)	57.1%	869
Lower Morice River HBEA	ESSFmc and ESSFmv3	2	28%	50%	42%	0.0%	0	100.0%	1	100.0%	1
	SBSdk	8924	50%	50%	16%	28.9%	1,884	54.7%	420	43.3%	2,437
	SBSmc2 and SBSwk3	6232	37%	50%	26%	30.3%	420	57.8%	488	50.6%	1,535
Nadina Owen ASM	All	12211		70%				72.4%	294		
Grease Trail ASM	All	2072		70%				56.7%	(276)		
LeTalh ASM	All	4811		50%				75.5%	1,226		
Nadina River ASM	All	4632		50%				32.2%	(823)		
Early Seral = <40 years Old Stands Mature Seral = 100-140 Year Old Stands Old Seral = >140 Years Old Current State contains all previously harvest blocks as well a blocks with a block state of "partial harvest" or "permitted"											

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

Indicator Statement	Target and Variance
Percent of stand structure retained across the DFA in harvested areas	<u>Target:</u> Landscape level target of 7% annually for blocks harvested within the DFA, with a minimum of 3.5% <u>Variance:</u> 0%
Was the target met? Yes	

The current status for average stand level retention for all cutblocks with completed harvesting between April 1, 2017 and March 31, 2018 in the DFA is found in Table 2.

Table 3: Stand Level Retention in Harvested Areas, 2017/18

Licensee	Total Gross area harvested between April 1 st and March 31 st	Total retention in blocks harvested between April 1 st and March 31 st	Percentage
Canfor	7686.6	960	12.67%

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

There was another small decrease in WTP retention over last years reported numbers and there has be a steady increase in the non timber harvest landbased for selection of WTP's. The highest level of retention in a landscape unit was in the Valley at 25.86%.

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

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

Table 4: Dispersed Stand Level Retention in Harvested Areas, 2017/18

Licensee	Number of blocks with dispersed retention	No. those Blocks that were in Conformance	Percent
Canfor	23	23	100

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

Indicator 1.2.1 Degree of habitat protection for selected focal species, including species at risk and Indicator 1.2.2 Degree of suitable habitat in the long term for selected focal species, including species at risk

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

There was special management for 10 caribou areas, 5 goat areas, 9 wildlife features, 2 bull trout and 1 stick nest.

Indicator 1.4.1 Protection of sites of special significance

Indicator Statement	Target and Variance
Percent of forest management activities consistent with management strategies for protected areas, sites of biological, geological, heritage/historic, or non-Indigenous cultural significance	<u>Target:</u> 100% <u>Variance:</u> 0%

Was the target met? Yes

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

Indicator 2.1.1 Reforestation success (regeneration delay)

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

The weighted average regen delay for this last reporting year was 1.82 years.

Year	Average years to declare regeneration delay following the start of harvesting.
2017	Canfor 1.82

Canfor is well under target.

Indicator 2.1.2 Proportion of regeneration comprised of native species

Indicator Statement	Target and Variance
Regeneration will be consistent with provincial regulations and standards for site and vegetative material use.	<u>Target:</u> 100% of area planted in the DFA <u>Variance:</u> As per legal obligation -5%
Was the target met? Yes	

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

Table 5: Compliance with Chief Forester's Standards for Seed Use, 2017\2018

Licensee	Total planted seedlings	Planted in Accordance with Chief Forester's standards	Total % DFA
Canfor	8,940,811	8,940,811	100%

Indicator 2.1.3 Additions and deletions to the forest area

Indicator Statement	Target and Variance
Percentage of gross forested land base in the DFA converted to non-forest land use through forest management activities	<u>Target:</u> <2.2% of gross landbase in the DFA <u>Variance:</u> 0
Was the target met? Yes	

According to the data we are currently sitting at 2.17%.

Indicator 2.1.4 Proportion of the calculated long-term sustainable harvest level that is actually harvested

Indicator Statement	Target and Variance
Percent of volume harvested compared to allocated harvest level	<u>Target:</u> 100% over 5 years. <u>Variance:</u> 10%
Was the target met? Yes	

Table 6: 5 year summary

Year	2013	2014	2015	2016	2017	Total
Harvest volume	1,184,956	933,819	1,236,984	1,461,816	1,402,864	6,220,439
Cut control	1,021,549	1,264,924	1,264,924	1,264,924	1,264,924	6,081,245

Canfor is currently in a new 5 year cut control period for A16828 and is in year 2 of the cut control period for A91846. The cut control period for license A91846 expired 2015 and A16828 in 2016.

Indicator 3.1.1 Level of soil disturbance

Indicator Statement	Target and Variance
Percent of harvested blocks meeting soil disturbance objectives identified in plans	<u>Target:</u> 100% of blocks meet soil disturbance objectives <u>Variance:</u> 0%
Was the target met? No	

There was one entry into ITS regarding blocks potentially not meeting soil disturbance limits (TOCH0656, TOCH0667, SAM0021 and SAM0035). SAM0021 and SAM0035 both fall within a different DFA but Houston Operation does harvest within it. Of these blocks SAM0035 was found to require some soil rehabilitation work. The others met disturbance limits.

Indicator 3.1.2 Level of downed woody material

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

There were no incidents related to CWD and no issues identified in audits.

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

Indicator Statement	Target and Variance
The percentage of watersheds with active harvesting and road construction that have had a watershed sensitivity analysis completed.	<u>Target:</u> Propose a transition period. 0% in 2017, 30% in 2018, 60% in 2019, 90% in 2020 and 100% afterwards. <u>Variance:</u> 0%
Was the target met? Yes	

The target for 2017 is 0%. This increases to 30% in 2018.

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

Indicator Statement	Target and Variance
The percentage of watersheds with mitigation strategies in place where ECA thresholds have been exceeded.	<u>Target:</u> 100% on watersheds were analysis in 3.2.1(a) is completed <u>Variance:</u> 0%
Was the target met? Yes	

This annual plan met the 0% target for 2017.

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

Indicator Statement	Target and Variance
The percentage of major drainage structures with mitigation strategies for erosion control.	<u>Target:</u> 100% <u>Variance:</u> 0%
Was the target met? Yes	

Indicator 3.2.2 Portion of forest management activities, consistent with prescriptions to protect identified water features

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

Table 7: There where 446 riparian features managed for and all retention requirements were met.

Riparian Class	Features managed for
L1	15
L3	4
NCD	115
NCL	2
NCW	36
S1	1
S2	10
S3	37
S4	64
S5	4
S6	45
W1	38
W3	49
W5	26
Grand Total	446

These features are often just outside block boundaries as these features become natural boundaries for management.

Indicator 4.1.1 Net Carbon Uptake

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

Indicator 4.1.2 Reforestation success (Regeneration Delay)

Indicator Statement	Target and Variance
Average regeneration delay for stands established annually	<u>Target:</u> 2.5 years from harvest commencement. <u>Variance:</u> 0.5 years
Was the target met? See 2.1.1	

Indicator 4.2.1 Additions and deletions to the forest area

Indicator Statement	Target and Variance
Percent of gross forested landbase in the DFA converted to non-forest land use through forest management activities.	<u>Target:</u> less than 2.2% of the gross landbase in the DFA <u>Variance:</u> 0
Was the target met? Yes	

According to the data we are currently sitting at 2.17%.

Indicator 5.1.1(a) Conformance with strategies for non-timber benefits identified in plans.

Indicator Statement	Target and Variance
Conformance with strategies for non-timber benefits identified in Plans	<u>Target:</u> 100% conformance for site level plans <u>Variance:</u> 0
Was the target met? Yes	

For this sample year there were 127 sample blocks. 30 non timber value commitments were documented in those plans:

Type of commitment	Number
Wildlife	2
Range	4
Trapper	5
Temperature sensitive streams	5
Wildlife feature	9
Trail	2
Botanical products	0
Lodge holders	3

Staff noted that the wildlife features is underestimated because they are often kept confidential.

Indicator 5.1.1 (b) Documentation of the diversity of timber and non timber resources, including products and services produced in the DFA.

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

Table 8

Product	Number of opportunities	Organization
Logs	17	Decker Lake, HPLP, Hunky Dory, Tahtsa Timber, LBN. Lowell Johnson, Dungeness Community Forest, John Henry Contracting, Morice Mountain Nordic Ski Club, Mt. Davis Logging, R+B Silviculture, Red Dog Logging, Carl Sydlie, Tutshi Ventures.
Trim Blocks	3	Kyah, DH
Sawdust/shavings	1	Houston Pellet (HPLP)
Chips	1	Canfor Pulp limited Partnership
Total	22	

Indicator 5.1.2 (a) Evidence of open and respectful communications with forest-dependent businesses, forest users and local communities to integrate non-timber resources into forest management planning. When significant disagreement occurs, efforts towards conflict resolution are documented.

Indicator Statement	Target and Variance
Number of opportunities provided to the public and stakeholders to express forestry-related	<u>Target:</u> greater than 2 annually <u>Variance:</u> 0

concerns and be involved in planning processes.	
Was the target met? Yes	

Opportunities were provided through Harvest Notifications which are sent out twice a year and Stakeholder referrals which are sent out once a year.

Indicator 5.1.2 (b) Evidence of open and respectful communications with forest-dependent businesses, forest users and local communities to integrate non-timber resources into forest management planning. When significant disagreement occurs, efforts towards conflict resolution are documented.

Indicator Statement	Target and Variance
Percentage of timely responses to written public enquires	<u>Target:</u> 100% of written enquires responded to within 30 days of receipt. <u>Variance:</u> 0
Was the target met? No	

This is a new indicator and was not endorsed by the PAG till November 27, 2017. Tracking for this indicator not in place for this annual report.

Indicator 5.1.2 (c) Evidence of open and respectful communications with forest-dependent businesses, forest users and local communities to integrate non-timber resources into forest management planning. When significant disagreement occurs, efforts towards conflict resolution are documented.

Indicator Statement	Target and Variance
Harvest notifications will be sent to stakeholders in advance of harvest commencement	<u>Target:</u> 100% of stakeholders notified in advance of harvest commencement <u>Variance:</u> 0
Was the target met? Yes	

In 2017\2018 two notification packages were sent out (May and October).

Indicator 5.2.1(a) Level of participation and support in initiatives that contribute to community sustainability.

Indicator Statement	Target and Variance
Investment in local communities	<u>Target:</u> Percent of dollars spent in local communities; 5-year rolling average. Target will be $\geq 45\%$ <u>Variance:</u> -10%
Was the target met? Yes	

Table 9: 5yr rolling average

Licensee	2013 Status	2014 Status	2015 Status	2016 Status	2017 Status	Average
Canfor	56.90%	55.40%	58.50%	55.1%	57.3%	56.64%

Overall average percentage decreased from 60.1 to 56.64%.

Indicator 5.2.1(b) Level of participation and support in initiatives that contribute to community sustainability.

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

Table 10: 3yr rolling average

Licensee	2015 Status	2016 status	2017 Status	3-yr rolling average
Canfor	\$98,995.08	\$40,171.72	\$18,798.44	\$52,655.08

After a number of years not meeting this indicator we had consistent results exceeding the target and are well over the target for a 3 year rolling average.

Indicator 5.2.2 Level of participation and support in training and skills development

Indicator Statement	Target and Variance
Training in environmental & safety procedures in compliance with company training plans	<u>Target:</u> 100% of company employees and contractors will have both environmental & safety training as identified on licensee training plans. <u>Variance:</u> -10%
Was the target met? Yes	

Licensee	2017 Status	Target
Canfor Employees	100%	100%
Canfor Contractors	100%	100%

On average each employee has 39 training sessions to complete. All the certification related training was completed. Note the contractor training report is a report on mandatory training that we facilitate to contractors.

Indicator 5.2.3 Level of direct and indirect employment

Indicator Statement	Target and Variance
Maintain average level of direct and indirect employment	<u>Target:</u> Canfor: = 1,264,924m ³ * 2.65jobs/1000m ³ = 3,352 direct and indirect jobs <u>Variance:</u> Canfor: -10% or 335 jobs per year
Was the target met? Yes	

Table 11 Canfor volume:

Year	2013	2014	2015	2016	2017	Total
Harvest volume	1,184,956	933,819	1,236,984	1,461,816	1,402,864	6,220,439
Cut control	1,021,549	1,264,924	1,264,924	1,264,924	1,264,924	6,000,120

The equation for the last 5 years is as follows (AAC) $6,000,120/5 \text{ years} * 2.65 \text{ jobs}/1000\text{m}^3 = 3,180 \text{ (jobs)}$. Based on the total harvest in the last five years the calculation equaled 3,297 which is within the variance limits of -10%.

Indicator 6.1.1 Level of participant satisfaction with the public participation process

Indicator Statement	Target and Variance
PAG established and maintained, and satisfaction survey implemented according to the Terms of Reference.	<u>Target:</u> Complete Public Advisory Group evaluation form at end of each meeting, assess results and develop action plans at subsequent meeting when the overall average PAG meeting satisfaction score is less than 4 <u>Variance:</u> 0
Was the target met? Yes	

PAG Meeting Number - Date	Average Meeting Score
87 - June 13, 2017	4.4
88 - November 7, 2017	4.4
89 - November 27, 2017	4.5

Scores varied from 4.4 to 4.5 in the three meetings.

Indicator 6.1.2 Evidence of efforts to promote capacity development and meaningful participation in general

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

There were 2 training opportunities provided, Heidi Schindler on Moose and Pierre Beaudry on Watershed analysis.

Indicator 6.1.3 Availability of summary information on issues of concern to the public

Indicator Statement	Target and Variance
SFM Annual report made available to the public.	<u>Target:</u> SFM monitoring report available to public annually via the web by December 31 of the calendar year. <u>Variance:</u> None

Was the target met? No

This report was completed by April 30, 2019 and presented to the PAG group and posted on line. The PAG group will have until the next meeting to bring forward comments or concerns.

Indicator 6.2.1 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 and Indicator 6.2.2 Evidence that a worker safety program has been implemented and is periodically reviewed and improved

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

Canfor has maintained safe certification. Houston had an onsite audit in the summer of 2017.

Indicator 7.1.1 Evidence of a good understanding of the nature of Indigenous title and rights

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

Licensee	2017 Status	Target
Canfor	100%	100%

Canfor staff were trained as per training matrix.

Indicator 7.1.2 (a) Evidence of ongoing open and respectful communications with Indigenous communities to foster meaningful engagement, and consideration of the information gained about their Indigenous title and rights through this process.

Indicator Statement	Target and Variance
Evidence of best efforts to obtain acceptance of management plans based on indigenous communities having a clear understanding of the plans	<u>Target:</u> >=3 approaches/Indigenous community within the DFA, for 100% of management plans, as required <u>Variance:</u> -10%
Was the target met? Yes	

COPI records and arch/cultural reports demonstrate communication and extensive efforts to build relationships and share plans. A total of 617 communication records are in our COPI system for the reporting period. All had more than 3 communication efforts.

Indicator 7.1.2 (b) Evidence of ongoing open and respectful communications with Indigenous communities to foster meaningful engagement, and consideration of the information gained about their Indigenous title and rights through this process.

Indicator Statement	Target and Variance
Efforts made to resolve communicated disagreement will be documented, along with outcomes (anonymity of parties will be preserved in reporting)	<u>Target:</u> Documented efforts to resolve 100% of communicated disagreements <u>Variance:</u> 0%
Was the target met? Yes	

A total of 617 communication records are recorded in COPI system. Of these entries there was only one dispute.

Indicator 7.2.1 (a) Evidence of efforts to promote capacity development and meaningful participation for Indigenous individuals, communities and forest-based companies.

Indicator Statement	Target and Variance
Evidence of best efforts to share interests and plans with Indigenous communities	<u>Target:</u> >=3 approaches/Indigenous community within the DFA, for 100% of management plans, as required <u>Variance:</u> None
Was the target met? Yes	

All communities had more than 3 communication efforts. This includes harvest notifications and information sharing packages as well as the Integrated Vegetation Management Plan.

Indicator 7.2.1 (b) Evidence of understanding and use of Indigenous knowledge through the engagement of willing Indigenous communities, using a process that identifies and manages culturally important resources and values

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

Table 12: 3yr rolling average

Licensee	2015 Status	2016 status	2017 Status	Target
Canfor	9	9	11	≥8

The 3 year rolling average is at 9.7 opportunities. This is above target.

Indicator 7.2.2 Evidence of understanding and use of Indigenous knowledge through the engagement of willing Indigenous communities, using a process that identifies and manages culturally important resources and values

Indicator Statement	Target and Variance
Proportion of identified sites with strategies addressed in plans	<u>Target:</u> 100% conformance with management strategies. 100% of blocks and road that have had a CHR assessment completed. 100% of blocks and roads have a completed consultation record. <u>Variance:</u> 0%

Was the target met? Yes

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

Indicator 7.2.3 Level of management and/or protection of areas where culturally important practices and activities (hunting, fishing, gathering) occur

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

Licensee	2017 Status	Target
Canfor	100%	100%

A total of 123 blocks had archaeological assessments with 55 blocks with values found. All high potential areas were dropped from harvest areas.

