

Quesnel

Sustainable Forest Management Plan



2012-2013 Annual Report



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1.0 Introduction

This is the 2012-2013 Annual Report for the Quesnel Sustainable Forest Management Plan (SFMP), covering the reporting period of January 1, 2012 to March 31, 2013. The reporting period is 15 months versus the regular 12 month reporting period in order to align the reporting with other Canfor SFMP reporting. The SFMP is a result of the efforts of Canadian Forest Products Ltd. (Canfor) to achieve and maintain Canadian Standards Association (CSA) certification to the CSA Z809-08 standard¹.

The SFMP includes a set of values, objectives, indicators and targets that address environmental, economic and social aspects of forest management in the Quesnel Defined Forest Area. An SFMP developed according to the CSA standard sets performance objectives and targets over a defined forest area (DFA) to reflect local and regional interests. Consistent with most certifications, and as a minimum starting point, the CSA standard requires compliance with existing forest policies, laws and regulations. Changes to this annual report reflect the 2008 (CSA Z809-08) standard requirements as embodied in the Quesnel SFMP – June 2012.

It is important to note that the Quesnel 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 Canadian Forest Products Ltd's performance in meeting the indicator targets outlined in the SFMP over the Quesnel Defined Forest Area (DFA). The Canfor Quesnel DFA is contained wholly in Canfor's planning cells situated in portions of the Quesnel TSA west of the Fraser River. 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 Quesnel DFA for the benefit of present and future generations.

The following table summarizes the results for the current reporting period. For clarification of the intent of the indicators, objectives or the management practices involved, the reader should refer to the Quesnel Sustainable Forest Management Plan document (July 2012).

1.1 List of Acronyms

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

BEC – Biogeoclimatic Ecosystem Classification
CCLUP – Cariboo-Chilcotin Land Use Plan
CSA – Canadian Standards Association
CE & VOIT- Criterion, Element & Value Objective Indicator Target
DFA – Defined Forest Area
FPPR – Forest Planning and Practices Regulation
LOWG – Landscape Objectives Working Group
MoFR – Ministry of Forest and Range
NHLB- Non-Harvestable Land Base
NDU – Natural Disturbance Unit
OGMA – Old Growth Management Area
PAG – Public Advisory Group
SAR – Species at Risk
SFM – Sustainable Forest Management
SFMP – Sustainable Forest Management Plan
WTP – Wildlife Tree Patch

1.2 Executive Summary

Of the 34 indicators listed in Table 1, 26 indicators were met within the prescribed variances, 5 are pending, and 3 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, January 1st 2012 to March 31st 2013

Indicator Number	Indicator Statement	Target Met	Pending	Target Not Met
1.1.1	Percent representation of ecosystem groups across the DFA.			X
1.1.2	Percent distribution between forest types (treed conifer, treed broadleaf, treed mixed) >20 years old across DFA		X	
1.1.3	Percent late seral distribution by ecological unit across the DFA.		X	
1.1.4(a)	Percent of stand structure retained across the DFA in harvested areas	X		
1.1.4(b)	Percent of blocks meeting dispersed retention levels as prescribed in the site plan/ logging plan.	X		
1.1.4(c)	Number of non-conformances where forest operations are not consistent with riparian management requirement as identified in operational plans	X		
1.2.1 & 1.2.2	Percent of forest management activities consistent with management strategies for Species of Management Concern			X
1.2.3 & 1.3.1	Regeneration will be consistent with provincial regulations and standards for seed and vegetative material use.	X		
1.3.1	See 1.2.3	(refer to related indicators)		
1.4.1	Percent of forest management activities consistent with management strategies for protected areas and natural sites of significance.	X		
1.4.2 & 6.2.1	% of identified cultural forest values, knowledge and uses considered in forestry planning processes	X		
2.1.1(a) & 4.1.1	Average Regeneration delay for stands established annually	X		
2.1.1(b)	Percent of harvested area achieving free growing by assessment dates	X		
2.2.1 & 4.2.1	Percent of gross forested land base in the DFA converted to non-forest land use through forest management activities	X		
2.2.2 & 5.1.1(a)	Percent of volume harvested compared to the allocated level.	X		
3.1.1	Percent of harvested blocks meeting soil disturbance objectives identified in plans.	X		
3.1.2	Percent of audited cutblocks where post harvest CWD levels are within the targets contained in Plans.	X		
3.2.1(a)	Sensitive watersheds that are above Peak Flow targets will have further assessment		X	
3.2.1(b)	Percentage of high hazard drainage structures in sensitive watersheds with identified water quality concerns that have mitigation strategies implemented.		X	
4.2.1	See 2.2.1(a)	(refer to related indicators)		
5.1.1(a)	See 2.2.2			
5.1.1(b)	Conformance with strategies for non-timber benefits identified in plans	X		
5.2.1(a)	Level of investment in local communities	X		
5.2.1(b)	List of Donations	X		
5.2.2	Training in environmental & safety procedures in compliance with company training plans	X		
5.2.3	Level of direct & indirect employment	X		
5.2.4	Number of opportunities for Aboriginals to participate in the forest economy	X		
6.1.1	Employees will receive Aboriginal awareness training	X		

Indicator Number	Indicator Statement	Target Met	Pending	Target Not Met
6.1.2	Evidence of best efforts to obtain acceptance of management plans based on Aboriginal communities having a clear understanding of the plans.	X		
6.1.3	Percent of forest operations in conformance with operational/site plans developed to address Aboriginal forest values, knowledge and uses.	X		
6.2.1	(see 1.4.2)	refer to related indicators)		
6.3.1(a)	Primary and by-products that are bought, sold, or traded with other local forest-dependent businesses in the local area	X		
6.3.2 & 6.3.3	Implementation and maintenance of a certified safety program within Canfor.	X		
6.4.1	PAG established and maintained according to Terms of Reference.		X	
6.4.2	Number of educational opportunities for information/training that are delivered to the PAG and/or public.			X
6.4.3	Evidence of best efforts to obtain meaningful participation and input from Aboriginal communities.	X		
6.5.1	The number of people who attend the educational opportunities provided	X		
6.5.2	SFM monitoring report made available to the public.	X		
	Totals	26	5	3

1.3 SFM Performance Reporting

This annual report will describe the success of Canadian Forest Products Ltd's Quesnel DFA 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.

2.0 SFM Indicators, Targets and Strategies

Indicator 1.1.1 Ecosystem area by type

Indicator Statement	Target and Variance
Percent representation of ecosystem groups across the DFA.	<u>Target</u> : Rare ecosystems groups will not be harvested. <u>Variance</u> : 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	

Rare or uncommon ecosystem groups were identified by mapping at the BEC variant level or PEM site series level.

The following criteria was used to select the site series that would be considered rare or uncommon

- The ecosystem group is present on the DFA. (area >0%).
- The forested area is ≤ 10,000 ha. in the West-central region.
- The representation class is:
 - Low <20% of the area is in the NHLB.
 - Rare/uncommon abundance is <0.1% of the forest area
- < 100% of the area of the ecosystem group is in the NHLB.

Site series in these ecosystem groups are considered rare and should not be harvested. During field layout if these site series are encountered they will be reserved from harvest by excluding them from the harvest area or reserving them in WTP's.

There were *two* ecosystem groups within the DFA identified as rare/uncommon. All sites within this group are to be protected from harvesting. The following table lists the sites series:

Rare/Uncommon Ecosystems within the DFA					
Region	Group #	Group	Site Series	Moisture-Nutrient Regime	Site Association
West-Central	50	subhygric-hygric SBPSxc	SBPS xc-06	Subhygric-hygric; medium-very rich	Sxw - Horsetail - Meadowrue
West-Central	50	subhygric-hygric SBPSdc	SBPS dc-06	Subhygric-hygric; rich-very rich	Sxw - Horsetail - Meadowrue

Current status: Of the 58 blocks that were declared harvest complete (8645.0 ha) between January 1, 2012 and March 31, 2013 harvesting did occur on the above noted rare/uncommon ecosystem sites.

There were 2 blocks (CHI007 and CHI027) with eco units SBPSdc 06 within the harvest portion of the block. There was also 1 additional block (TIB002) with an eco unit SBPS dc 05/06 within the harvest portion of the block. The total area of SBPSdc 06 harvested within the 2 blocks is 2.4 ha.

Preventative action plan

- Training for layout and permitting staff to know that these areas are to be protected. – Jason Neumeier; Oct 31, 2013
- Review SWP's for layout and site eco data collection to make notes in procedures to watch for these eco types. – Ross Hyam; November 15, 2013.
- Review with field crews who collect data to make notes on field guides to watch for these ecosystems. – Ross Hyam; November 15, 2013.

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	<u>Target:</u> Treed conifer: 90%; Treed Broadleaf and Treed Mixed: 4.5% <u>Variance:</u> None below proposed targets
Was the target met? Pending next TSR.	

Forest area by type is a refinement of the previous indicator – ecosystem area. Ensuring a diversity of tree species within their natural range of variation, improves ecosystem resilience and productivity and positively influences forest health. Reporting on this indicator provides high level overview information on area covered by broad forest type, forest succession and management practices that might alter species composition.

Ensuring a diversity of tree species is maintained improves ecosystem resilience and productivity and positively influences forest health. Forests in Canada are classified according to an Ecosystem Classification System, which identifies the tree species that are most suited ecologically for regeneration in any particular site. This guides forest managers in maintaining the natural forest composition in an area and lends itself to long term forest health and productive forests that uptake carbon.

Healthy ecosystems with a diversity of native broadleaf and coniferous species are maintained. It is expected that the deciduous and mixed wood component of the forest area will gradually increase over time as free growing stands contain a greater amount of deciduous. Species composition information is utilized in the Provincial Timber Supply Review.

The following table describes the 2011 and forecasted status for 2021 on the DFA for broad forest types.

Area Summary Forest Type			
Forest Type	Current Status (2011)	10 Year Forecast	Increase/(Decrease)
Coniferous Leading	204,842.9	200,504.6	(4,338.2)

Percent of area	94.7%	94.4%	(0.3%)
Deciduous Leading	1,981.4	2,004.6	23.2
Percent of area	0.9%	0.9%	0.0%
Mixed Species	9,450.9	9,808.0	357.0
Percent of area	4.4%	4.6%	0.2%

Indicator 1.1.3 Forest area by seral stage or age class

Indicator Statement	Target and Variance
Percent late seral forest area by ecological unit across the DFA. Late Seral is defined as a stand over a certain age.	<p><u>Target:</u> Maintain amount of area consistent with the CCLUP.</p> <p><u>Variance:</u> The seral targets set out in the CCLUP have allowed for a one time draw down below the target to facilitate the salvage opportunity of dead pine stands. In these situations, the target is still considered to have been met, despite being below the target set in the CCLUP.</p>
Was the target met? Pending next TSR.	

Indicator 1.1.3 Forest area by seral stage or age class

Indicator 4.1.1 Net carbon uptake

Indicator Statement	Target and Variance
Maintain the retention of existing (or replacement of) old forest retention areas (contained in OGMA's, protected areas, WTP's, inoperable ground).	<p><u>Target:</u> Maintain amount of area consistent with the CCLUP.</p> <p><u>Variance:</u> The seral targets set out in the CCLUP have allowed for a one time draw down below the target to facilitate the salvage opportunity of dead pine stands. In these situations, the target is still considered to have been met, despite being below the target set in the CCLUP.</p>
Was the target met? Pending next TSR.	

Biodiversity can be affected by the disruption of natural processes. Future maintenance of biodiversity is in part dependent upon the maintenance of representative habitats and seral stages at the landscape and watershed level. Forests in their late seral stage offer unique habitat to certain plant and animal communities.

Maintenance of a component of late seral stage forests – within a natural range of variation will contribute to an appropriate balance of forest age classes.

Forests have great potential to sequester and store carbon from the atmosphere. Given this, managers should recognize the imperative of keeping forest lands in vigorous tree growth at all times. This often means understanding any age class imbalances and strategies for correction. It also includes ensuring prompt tree regeneration following disturbances such as timber harvests and converting the smallest possible amount of forest land to non-forest land during forest operations (e.g., minimizing roads and landings).

Forest carbon has recently become a key SFM value, especially in light of Canada's international commitment to lower its net carbon outputs to the atmosphere. Models for calculating a forest carbon budget (e.g., the Canadian Forest Service's Carbon Budget Model of the Canadian Forest Sector (CBM-CFS3)) are becoming available for use by practitioners particularly where they can be linked to forest inventory and timber supply models. Their use in forest planning can indicate whether a specific forest is expected to be a net carbon source or sink over the period normally used for wood-supply forecasts.

In the interim, until government has finalized assumptions for carbon budget modeling, Canfor’s carbon strategy will be:

- Maintain some old growth on the land base for carbon storage
- Prompt reforestation for carbon uptake.
- Minimize permanent access structures to maintain forest productivity for carbon uptake.

Canfor will continue to report on the target within this indicator (Percent late seral forest area by ecological unit across the DFA) as well as related indicators and targets for forest land conversion and reforestation success. Collectively, these indicator statements and targets demonstrate commitment to positively influence carbon balance within the management unit.

Canfor will continue to monitor developments in carbon sequestration modeling both at the provincial and regional level and will utilize this information within the SFM Plan. At the very latest, Canfor will rely upon forest carbon analysis conducted in conjunction with the next Timber Supply Review. If government elects not to conduct this analysis, Canfor will select the appropriate forest carbon stock model and calculate carbon stock within the TSA.

The relative amount of late seral stage or old forests have been mandated by Higher Level Plans or provincial orders. Where actual percent late seral is less than the desired target in a given ecological unit, harvesting the remaining late seral stands will be avoided, except for the one time drawdown allowed in the CCLUP for the salvage of dead pine. Contribute positively to carbon uptake and storage by managing the existing amount of designated old forest retention areas either through their protection from harvesting or by replacing area where incursions are necessary with old forests having similar attributes.

For the purpose of this DFA indicator, late seral is defined according to the biodiversity guidebook for NDT3 and includes stands that are greater than 100 years old. The ecological units used for the purpose of reporting at the DFA level are as follows: *SBPSdc, SBPSmc, SBPSmk, SBSdw2, SBSmc2, MSxv, ESSFmv1*

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

Indicator Statement	Target and Variance
Percent of stand structure retained across the DFA in harvested areas	<u>Target:</u> DFA target 7% for Canfor blocks <u>Variance:</u> 0
<i>Was the target met? Yes</i>	

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

Canfor manages stand level retention for each cut block at a cutting permit level. Retention levels in each block are documented in the associated Site Plan, recorded in Genus Resources and reported in RESULTS (Ministry of Forests and Range data base) on an annual basis.

The current status for average stand level retention for all cutblocks with completed harvesting between January 1, 2011 and December 31, 2011 in the DFA is found in the following table.

Average of the area retained on harvested areas		
Year	Total Area with Harvesting completed (ha)	Average % Retention
2004	4622	10.6
2005	3730	10.4
2006	2319.7	22.0
2007	2267.6	13.0
2008	3969.9	18.0

2009	3786.8	20.0
2010	1561.9	19.0
2011	6057.1	19
2012/13	8645.0	19.3

Indicator 1.1.4(b) Degree of within-stand structural retention (stand-level 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% <u>Variance:</u> 0
Was the target met? Yes	

The percent of blocks meeting dispersed retention levels as prescribed in the site plan/logging plan is: 100%
No incidents of not meeting retention levels have been identified.

Indicator 1.1.4(c) Degree of within-stand structural retention (riparian management requirements)

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

Of the 58 blocks harvested during the reporting period there 48 blocks that had riparian (streams or wetlands) within or adjacent to the blocks. There were no instances of riparian related non-conformances identified and recorded for these areas or any other areas during the reporting period.

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

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

Indicator Statement	Target and Variance
Percent of forest management activities consistent with management strategies for Species of Management Concern.	<u>Target:</u> 100% <u>Variance:</u> 0%
Was the target met? No	

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

Canfor must ensure:

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

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

The following table summarizes Forest Operations Consistent with Species and Risk and Sites of Biological Importance in 2012/2013 reporting period.

After a review of operational plans for cut blocks declared harvest complete in 2012/2013 reporting period there were no instances of management strategies for species of management concern identified in the operational plans. However there were two instances where there was harvesting activities within eco units SBPSdc 06 which is listed in Appendix 3 – Species of Management Concern in the Quesnel SFMP.

Licensee	Number of forest operations with management strategies for Species of Management Concern					Forest operations consistent with identified strategies	% in DFA*
	Planning / Permitting / Fieldwork	Roads	Harvesting	Silvi-culture	Total		
TOTAL	0	0	0	0	0	0	100%

% = (# of operations in accordance with identified strategies/ total operations with Species at Risk management strategies) X 100

Action plan: See indicator 1.1.1 action plan

Indicator 1.2.3 Proportion of regeneration comprised of native species

Indicator 1.3.1 Genetic diversity (*not a core indicator*)

Indicator Statement	Target and Variance
Regeneration will be consistent with provincial regulations and standards for seed and vegetative material use.	<u>Target:</u> 100% <u>Variance:</u> None, other than what is provided for within the legal framework
<i>Was the target met? Yes</i>	

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

The table below details the areas planted within the DFA in accordance with the Chief Forester's Standards for Seed Use for this reporting period.

Compliance with Chief Forester's Standards for Seed Use, 2012/2013

Licensee	Total Area Planted (ha)	Area Planted in Accordance with Chief Forester's Standards*	Total % DFA**
Canfor	3990.0	3990.0	100.0%

** Measured in terms of number of trees purchased ** % = (Area planted in accordance with Chief Forester's Standards for Seed Use / total area planted) X 100*

Indicator 1.4.1 Proportion of identified sites with implemented management strategies

Indicator Statement	Target and Variance
Percent of forest management activities consistent with management strategies for protected areas and natural sites of significance (geological, biological).	<u>Target:</u> 100% <u>Variance:</u> 0%
Was the target met? Yes	

Canfor participates in higher level and strategic planning that has delineated a series of protected areas (i.e. parks, ecological reserves) and old growth management areas with the DFA. This achieved the geographic and ecological goals of provincial Protected Areas Strategies (PAS), providing representation of the cross-section of ecosystems and of old forest attributes. Ecosystems of special biological significance have generally been given a high priority for inclusion in the protected area strategy. Timber harvesting, mining and hydroelectric development are usually not permitted within protected areas and other resource development activities such as grazing and commercial tourism development, are permitted only in specified areas and under strict guidelines. Incursions into OGMAs are generally tolerated when Canfor replaces that area with other areas of suitable attributes.

At the stand level, protected areas include wildlife habitat areas (retention patches), wildlife tree features (such as a nest tree or mineral lick) and other resource features (such as a permanent sample plot or range improvement). Unique areas of biological significance are identified in the field during the planning phase and are managed through avoidance (either by relocating the road and/or harvest area or by protecting it with a wildlife tree patch) or using an appropriate conservation management strategy.

Canfor includes commitments in site/logging plans or other operational plans to ensure activities do not compromise these protected areas.

Canfor manages spatial information that identifies the location of these larger scale and stand level protected areas. Where applicable, this information is brought forward into operational plans to ensure roads harvest activities do not compromise protected areas. Management strategies might include plans for road deactivation or rehabilitation, additional dispersed retention or a unique silviculture regime. Operational plans are then properly executed, providing desired results. Post harvest evaluations and other applicable post activity forms (i.e. road construction or site preparation) assess plan conformance.

There were 58 blocks identified as harvest complete in the 2012/2013 reporting period. Of these blocks all identified retained areas were protected from harvest. There were no specific sites of special biological significance.

	Canfor	
Category	# of forest management activities with prescribed management strategies for:	# of forest management activities consistent with management strategies for:
Protected areas	58	58

Sites of Biological Significance	0	0
Totals	0	0
Total %		100%

Indicator 1.4.2 Protection of identified sacred and culturally important sites

Indicator 6.2.1 Evidence of understanding and use of Aboriginal knowledge through the engagement of willing Aboriginal communities, using a process that identifies and manages culturally important resources and values

Indicator Statement	Target and Variance
% of identified Aboriginal forest values, knowledge and uses considered in forestry planning processes.	<u>Target:</u> 100% of known forest values, knowledge and uses considered <u>Variance:</u> 0%
<i>Was the target met? Yes</i>	

Open and meaningful relationships with local Aboriginals leads to a trust in sharing sensitive information. It is expected that forest plans will contain information on how these sites will be managed or protected. Forest operations that properly execute the forest plans will adequately protect sites of sacred and cultural significance.

Canfor maintains a list of aboriginal communities whose traditional territory overlaps with the DFA. This list is maintained within our COPI database.

During the 2012-2013 reporting period there were 18 packages (12 in 2012 and 6 in the first three months of 2013) sent out to first nations, with 108 specific blocks being part of the information sharing process.

As a result of the information sharing process there were multiple meetings and discussions with the Nazko First Nation regarding the information sharing process as well as Canfor's potential impact to proposed treaty settlement lands that have been identified by the Nazko First Nation. There were 5 info share packages that had impact to the treaty settlement lands.

During the reporting period Canfor also acted as a partner with the Kluskus Band providing the services of reviewing and commenting on other licensee's information sharing packages. In addition provided support and advice on a number of forestry related issues for the Kluskus Band. There were multiple meetings between Canfor and the Kluskus Band discussing proposed plans. Accommodations were made for harvesting and access into blocks in the Bishops area (out of DFA) as well as an identified sacred area for winter harvest and/or minimal ground disturbance if summer harvest.

Indicator 2.1.1(a) Reforestation success (regeneration delay)

Indicator Statement	Target and Variance
Average Regeneration delay for stands established annually.	<u>Target:</u> Regeneration established within 3 years or less. <u>Variance:</u> 1 year
<i>Was the target met? Yes</i>	

Canfor will specify tree species that are ecologically suited to the site in a timely manner. Silviculture treatment regimes and forward plans schedule activities consistent with established key dates contained within plans.

Prompt reforestation ensures that the productive capacity of forest land base to grow trees is maintained.

Promptness also aids in providing young trees a head start against competing vegetation, helping to reduce the need for manual or chemical brushing treatments.

Healthy ecosystems with a diversity of native broadleaf and coniferous species maintained at endemic and sustainable levels. Forests that uptake carbon and positively contribute to a reduction in carbon emissions.

Average years to declare regeneration delay met following the start of harvesting.	
Year	Years for regeneration delay to be declared met
2004	3.5
2005	2.8
2006	2.9
2007	2.5
2008	2.5
2009	2.5
2010	3.6
2011	2.8
2012	1.5

In 2012 34 blocks were regen declared with an average regen delay of 1.5 years. The range in regen delay was 0.8 year to 5.7 years.

Indicator 2.1.1(b) Reforestation success (free growing requirements)

Indicator Statement	Target and Variance
Percent of harvested area achieving free growing by assessment dates	Target: 100% Variance: 0%
Was the target met? Yes	

This indicator tracks the percentage of harvested blocks that meet free growing obligations across the DFA, thereby ensuring sustained productive capability of forest ecosystems. A free growing stand is defined as a stand of healthy trees of a commercially valuable species that has met height criteria and the growth of which is not impeded by competition from plants, shrubs or other trees. The free growing dates are established based on the biogeoclimatic classification of the site and the tree species prescribed for planting or left for natural after harvest.

This target is specific to Canfor's operations on the DFA. While other licensees do have the potential to impact this target on the DFA, the management requirement is either legislated or otherwise expected of all licensees and monitored for compliance by the government. For this reason, the risk of not achieving the target based on other licensee's behaviors is considered low.

All areas that were scheduled to meet free growing in 2012 have achieved free growing status. Some of the promptly site prepped and planted blocks have been achieving Free Growing within 9 to 10 years, beating the normal 12 to 15 year window.

Indicator 2.2.1 Additions and deletions to the forest area

Indicator Statement	Target and Variance
The % of gross forested land base in the DFA converted to non-forested land use through forest management activities.	Target: <3% of the gross land base in the DFA Variance: 0%
Was the target met? Yes	

Given the Crown tenure situation in Canada forest companies generally have little influence on any additions or deletions to the forest area, which generally are a result of government land use objectives. Where companies can have an influence is through their practices, particularly as it pertains to permanent access structures such as roads, landings and borrow pits. Unless rehabilitated, these access structures occupy otherwise productive land suitable for forests. Target is focused on those activities where forest companies have management responsibility (i.e. excludes other permanent losses resulting from other industries sharing the overall forest estate. Actual reporting against 3% target anticipated to increase over time until timber harvesting land base is fully accessed.

Loss of the land base to access structures resulting from forest management activities can be minimized with

- careful access planning to minimize the amount of permanent access structures
- and use of proper road construction, maintenance, deactivation and rehabilitation procedures

Conversions to the forest landbase are calculated and included in operational plans. conditions. Plans are properly executed providing desired results. Post harvest evaluations and other inspections assess plan conformance.

Conversion of the THLB to non-forest land also has implications for carbon sequestration. A permanent reduction in the forest means that the removal of carbon from the atmosphere and carbon storage will be correspondingly reduced.

An internal analysis of the DFA based on data from Canfor's Genus Resource database in Aug 2013 indicates there is approximately 6861 ha of roaded or temp roaded area within the DFA. This is 2.18% of the gross forest area of the DFA.

Indicator 2.2.2 Proportion of the calculated long-term sustainable harvest level that is actually harvested

Indicator 5.1.1 Quantity and quality of timber and non-timber benefits, products, and services produced in the DFA

Indicator Statement	Target and Variance
Percent of volume harvested compared to the allocated harvest level	<u>Target:</u> 100% over the cut control period as defined by Timber supply forecast harvest flow <u>Variance:</u> According to the Cut Control Regulation and Policy
Was the target met? Yes	

Forest licensees contribute to the sustainable harvest level by adhering to their apportioned harvest volume identified in their forest license within the TSA. Cut control regulations dictate the short-term harvest flexibility. Essentially, licensees have flexibility on harvest levels from year to year but must balance every five years or less if desired by the licensee.

The following table identifies the Forest Licenses that authorizes Canfor's Quesnel operations to harvest within the DFA.

Summary of Forest Licenses for Canfor's Quesnel Operations				
Forest License	Type	AAC	2012 cut control #	Remarks
A20011	Replaceable	382,194	712,686	
A59411	non-replaceable	40,000	54,114	Expires at the end of 2013
A67545	non-replaceable	30,000	-	Expired at the end of 2012
A75167	non-replaceable	25,000	139,069	Expires at the end of 2014
A83420	non-replaceable	166,666	91,416	Expires at the end of 2017
Total Volume		643,860	997,285	

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? Yes	

Soil disturbance objectives are written into plans often by committing to the maximum planned levels of soil disturbance assigned to a harvest area based on related field data. Harvest operations are conducted in a way that ensures commitments can be achieved. Post harvest evaluations and other inspections assess plan conformance.

Maintenance of site productivity is a core prerequisite for achieving sustainability. Managing the area of detrimental soil disturbance will help retain the productive capacity of the land base.

The total net area of cutblocks where soil disturbance commitments were achieved was 6701.1ha. There were no soil disturbance related ITS incidents identified in the 2012/2013 reporting period.

Indicator 3.1.2 Level of downed woody debris

Indicator Statement	Target and Variance
Percent of audited cutblocks where post harvest CWD levels are within the targets contained in Plans.	<u>Target:</u> 100% of blocks audited annually will meet targets <u>Variance:</u> 0%
<i>Was the target met? Yes</i>	

This indicator and target addresses the need to manage for Coarse Woody Debris (CWD) given its importance as a stand attribute and component of stand-level biodiversity. Coarse Woody Debris typically includes sound or rotting logs, stumps, or large branches that have been fallen or been cut and left in the woods, or trees and branches that have died but remain standing or leaning (BCMOFR 2008). For operational purposes CWD is defined as material greater than 10cm in diameter, in all stages of decay (BCMOFR, 2000).

Potential sources of CWD in managed stands can include the following:

- Logs already lying on the forest floor that are left after harvesting
- Uneconomic wood resulting from harvest operations including breakage, short pieces and tops
- Long-term CWD recruitment may be addressed by leaving reserves and wildlife trees, possibly including cull trees
- Dispersed wildlife trees including green trees, stubbed trees and standing dead trees

Retain and leave standing trees below utilization standards (poles and bigger) as a long-term CWD recruitment source

Companies will achieve objectives and targets specific to CWD through the possible application of the following procedures and controls:

- Training for licensee staff and contractors specific to CWD management and best management practices
- Legislative requirements specific to CWD
- Harvesting preworks and inspections
- Conducting implementation monitoring to assess success of implementation of controls and possible opportunities for improvement
- Conducting effectiveness monitoring to assess if controls are effective at achieving the desired results

CWD is managed on a rotation basis and as such strategies must address recruitment of CWD over the short and long term.

Harvesting supervisors note in the final inspection whether this condition has been met. A random sample of 10 blocks that were harvest complete during the 2012-2013 reporting period. The final inspections for blocks CHI021, PAN018, BAE015, BAE028, CHI008, PAN069, CHI011, SNA019, BAK011 and SNA014 were reviewed for consistency with legal requirements and CWD best management strategies.

A project was completed in 2007 which tracked the levels of CWD prior to and following harvesting in a number of blocks. In all cases there was more CWD following harvesting. The attributes of the increased volume of CWD following harvesting tended to be smaller and shorter (due to machine traffic) with the older, mostly decayed, CWD being difficult to detect following harvesting. It was considered by the NCSFA that future efforts towards understanding CWD will be directed to the quality of CWD, for habitat, rather than quantity.

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

Indicator Statement	Target and Variance
Sensitive watersheds that are above Peak Flow targets will have further assessment.	<u>Target:</u> 100% <u>Variance:</u> -10%
Was the target met? Pending completion of Analysis	

Water quality and quantity can be affected by stand-replacing disturbances (human and natural-caused). The effects are normally highest in the initial post-disturbance years and diminish over time as regenerating forest cover is established. The critical threshold at which the disturbance begins to effect water values varies according to topography, soil properties, vegetation types, and climate. Certain watersheds can be classified as more sensitive to the impacts of disturbance either because their environmental and climatic attributes or because of their inherent value to aquatic life and communities that are dependent on the water. The peak flow of a watershed is directly influenced by the amount of area that is recently harvested or otherwise recently disturbed (Equivalent Clearcut Area or ECA). These disturbed areas accumulate more snow and subsequently can deliver more water as the snow melts more rapidly in the spring.

Indicator 3.2.1(a) takes a measure of a select group of watersheds within the DFA that have been identified as sensitive. These watersheds will have an assigned target for peak flow (such as ECA or peak flow hazard). If the Peak Flow target for sensitive watersheds has or will be exceeded by planned harvesting, a more detailed assessment will be performed that will evaluate potential impacts and provide recommendations to mitigate those impacts.

Peak flow to be calculated using process identified in the BC Interior watershed assessment procedure.

Action: The Baker Creek watershed is acknowledged as a publicly sensitive watershed and threshold levels have not been determined at this time. After discussion with a hydrologist it was determined that due the the size of the Baker creek watershed, it should be broken down into multiple watersheds to be able to effectively maange the project. Peak flow analysis of the watersheds overlapping Canfors DFA within the Baker Creek watershed is scheduled to be completed in 2014 to determine the threshold level for ECA.

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

Indicator Statement	Target and Variance
Percent of high hazard drainage structures in sensitive watersheds with identified water quality concerns that have mitigation strategies implemented.	<u>Target:</u> 100% <u>Variance:</u> Nil
Was the target met? Pending completion of Baker Creek Watershed assessment.	

Roads and stream crossings in particular can have a large impact on water quality in a watershed. In general, steps are taken on all drainage structures to minimize the risk of sediment delivery into watercourses. Within sensitive watersheds local conditions such as soil type, topography, road grade, road construction history and structure type will determine how great a risk a drainage structure is to negatively impacting water quality.

Indicator 3.2.1(b) recognizes the importance of identifying high risk drainage structures in those watersheds that were determined to be sensitive. In order to manage the risks to water quality, the target requires that a mitigation strategy be in place for each of the identified structures and that it is being followed. Strategies could range from structure replacement to periodic monitoring.

Conduct inventory of high hazard drainage structures within sensitive watersheds and develop mitigation strategy for each of the structures. Action plans with respect to the identified drainage structures are being followed.

An inventory of high hazard drainage structures within the Baker Creek watershed has not been developed to date.

Action: Inventory high hazard drainage structures on Canfor managed road permits and cut blocks within the Baker Creek watershed to be completed in 2014 field season. Develop mitigation strategies for all identified high risk drainage structures identified.

Indicator 5.1.1 Quantity and quality of timber and non-timber benefits, products, and services produced in the DFA

Indicator Statement	Target and Variance
Conformance with strategies for non-timber benefits identified in FSP, SP.	<u>Target:</u> No non-conformances with SP's <u>Variance:</u> 0
Was the target met? Yes	

Forests represent not only a return on investment for an organization (measured, for example, in profit/loss, or product output) but also a source of income and non-financial benefits for DFA-related workers, local communities and governments. While there is limited information on the ecological services and non-timber benefits produced in the DFA, it is important to consider the costs and benefits of a variety of goods and services.

Of the 58 blocks harvested within the reporting period there were no blocks that were identified within VQO polygons or near range boundaries. There were 24 blocks that were harvested that were located within areas of high archaeological potential. AIA's were completed on all of these blocks and recommendations from the assessments were followed for all the blocks. Two blocks were located near or on recreational trails.

Conformance with strategies for non-timber benefits identified in FSP or SP		
Non-timber resources	Strategies ¹	Non-conformances ²
Access Management	N/A	N/A
Visual Quality	0	0
Cultural/historical ³	23	0
Lakeshore	N/A	N/A
Range	0	N/A
Recreation	2	N/A
Stakeholders	N/A	N/A

Other		
Total	16	0

1 - Plans that have strategies identified.

2 - Plans that did not implement the strategies as assessed post harvest

3 – Non aboriginal cultural/historical values

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

Indicator Statement	Target and Variance
Level of Investment in local communities.	<u>Target:</u> Maintain % of dollars spent in local communities based on a 5 year rolling average <u>Variance:</u> -10%
Was the target met? Yes	

In the same way that larger forest organizations depend on a secure flow of resources to justify investment in an area, small businesses depend on a sustained flow of opportunities to develop and invest in their local community. As the majority of forest workers are hired locally, communities benefit by forest planning and operations.

The targets measure the amount of spending in forest related activities that occur on the DFA by local contractors/suppliers. A local contractor or supplier is defined as one that resides within or in the vicinity of the DFA.

The total dollar value of goods and services considered to be local will be calculated relative to the total dollar value of all goods and services provided. This calculation will be used to derive the percentage of money spent on forest operations and management of the DFA from suppliers and contractors within local communities.

During the 2012-2013 reporting period 73% of forest related spending was within the Quesnel area to local contractors and suppliers. Local contractors/suppliers are those within the Quesnel or Baker Creek communities as identified within Canfor's accounting system. The three year average (2010-2012) is 60%.

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

Indicator Statement	Target and Variance
List of Donations	<u>Target:</u> Maintain a list of communities/groups receiving Corporate and/or Divisional donations. <u>Variance:</u> 0
Was the target met? Yes	

The development and maintenance of a list of all recipients receiving donations from Canfor will also help ensure that donations are being fairly distributed to a variety of community causes.

A list of Donations that have been made in 2012 is available. Donations were made to organizations such as Salvation Army and United Way that benefit a number of smaller organizations and charitable groups within the area. Canfor has partnered with the United Way for 44 consecutive years (as of 2012). Through our donations to the United Way we see our return on our investment in many ways: successful kids, empowered families, engaged seniors and healthy citizens.

Local donations include but is not limited to the Billy Barker Days Society, Quesnel Minor Hockey, Quesnel Rotary, as well as scholarship opportunities.

Indicator 5.2.2 Level of investment in training and skills development

Indicator Statement	Target and Variance
Training in environmental and safety procedures in compliance with company training plans	<u>Target:</u> 100% of company employees and contractors will have both environmental and safety training <u>Variance:</u> 5%
Was the target met? Yes	

Sustainable forest management provides training and awareness opportunities for forest workers as organizations seek continual improvement in their practices. Investments in training and skill development generally pay dividends to forest organizations by way of a safer and more environmentally conscious work environment. Assessing whether forest contractors have received both safety and environmental training is a direct way of measuring this investment. Additionally, training plans should be in place for employees of the forest organizations who work in the forest. Measuring whether the training occurred in accordance with these plans will confirm an organizations commitment to training and skills development.

Canfor invests in skills development by ensuring forest contractors have adequate safety and environmental training and for woodland employees (staff) by ensuring training occurs in accordance with their plans.

During the 2012/2013 reporting period 100% of Canfor Quesnel Staff was current with the required safety and environmental training as required in the Canfor Training Matrix for their jobs. There were 14 employees employed during the reporting period.

Canfor Quesnel employed 5 harvesting/road building contractors, 2 road maintenance contractors, 23 log hauling contractors, 7 timber development contractors, and 6 silviculture contractors during the reporting period. All contractors received Canfor's EPRP training which includes FMS information. Copies of the EPRP and FMS information are provided to employees and reviewed during annual training sessions. New employees receive a briefing on the Canfor EPRP and FMS prior to starting work. Canfor policy is to only hire contractors who are BC Safe Certified Companies.

Indicator 5.2.3 Level of direct and indirect employment

Indicator Statement	Target and Variance
Level of direct and indirect employment	<u>Target:</u> Maintain levels of direct and indirect employment using 5 year rolling average AAC * employment multiplier for direct, indirect, and induced employment. <u>Variance:</u> -10%
Was the target met? Yes	

Forests represent not only a return on investment (measured, for example, in dollar value, person-days, donations, etc.) for the organization but also a source of income and non-financial benefits for DFA-related workers, local communities and governments. Organizations that harvest at sustainable harvest levels in relation to the allocated supply levels determined by government authorities continue to provide direct and indirect employment opportunities. The harvest level is set using a rigorous process that considers social, economic and biological criteria.

The following table identifies the Forest Licenses that authorizes Canfor's Quesnel operations to harvest within the DFA as well as the level of harvest on those licences in the 2012 cut control period (January 2012-Dec 2012).

Summary of Forest Licenses for Canfor's Quesnel Operations				
Forest License	Type	AAC	2012 cut control #	Remarks
A20011	Replaceable	382,194	712,686	
A59411	non-replaceable	40,000	54,114	Expires at the end of 2013
A67545	non-replaceable	30,000	-	Expired at the end of 2012
A75167	non-replaceable	25,000	139,069	Expires at the end of 2014
A83420	non-replaceable	166,666	91,416	Expires at the end of 2017
Total Volume		643,860	997,285	

Using employment data from 2010 Public Discussion Paper for the Quesnel TSR the multiplier for direct jobs for employment within the TSA is 0.57 person/years per 1000m³ of harvest for the period from 2004 to 2009. There is an additional 0.36 person/years of indirect and induced employment per 1000 m³ of harvest. The employment multipliers and the level of harvest during the 2012 cut control period indicates there were 927.5 person years of employment created.

Indicator 5.2.4 Level of aboriginal participation in the forest economy

Indicator Statement	Target and Variance
Number of opportunities for Aboriginals to participate in the forest economy	Target: Number of opportunities; three-year rolling average of ≥ 5 . Variance: -1
Was the target met? Yes	

This indicator and related target looks specifically at Aboriginal participation in the forest economy, evaluating Canfor's efforts to build capacity within Aboriginal communities on matters related to the forest industry. The target recognizes that there are occasions when Aboriginals after being given the opportunity, elect not to participate and is respectful of those decisions. Canfor engages in building mutually beneficial relationships with Aboriginal peoples.

Year	# of Opportunities	Three year average
2010	4	4.3
2011	5	
2012	4	

Nazko First Nation is one of Canfor's quota logging contractors that harvest volumes off our replaceable licences and are offered the opportunity to harvest volumes from Canfor non-replaceable forest licences.

In 2012 Nazko First Nation partnered with Blue Collar Silviculture to train and employ band members to conduct silviculture activities. This partnership was hired to conduct mistletoe eradication, manual brushing as well as pile burning activities on Canfor's tenures.

Canfor has signed a partnership agreement with the Kluskus Band to coordinate and manage three forest licences for Kluskus Management holdings Ltd. This agreement also includes the participation and support for forestry related referrals to the Kluskus Band.

Canfor also maintains a working relationship with our archaeological consultant to employ local First Nations members while conducting assessments on our proposed development. In 2012 Matrix Research hired 12 First Nations field assistants from Nazko FN, Lhoosk'us Dene (Kluskus), Lhtako Dene (Redbluff) and Tl'etinqox-T'in Government (Anaham) while conducting assessments for Canfor Quesnel.

Indicator 6.1.1 Evidence of a good understanding of the nature of Aboriginal title and rights

Indicator Statement	Target and Variance
Employees will receive Aboriginal awareness training	<u>Target:</u> 100% of employees trained in Aboriginal awareness as outlined in the company's training matrix. <u>Variance:</u> -10% to account for new employees that may not receive training immediately as outlined in the company's training matrix.
Was the target met? Yes	

The first step toward respecting Aboriginal title and rights, and treaty rights is compliance with the law. Section 7.3.3 of the CSA Z809 Standard reinforces legal requirements for many reasons, including the reality that demonstrating respect for Aboriginal title and rights, and treaty rights can be challenging in Canada's fluid legislative landscape and therefore it is important to identify these legal requirements as a starting point. It is important for companies to have an understanding of applicable Aboriginal title and rights, and treaty rights, as well as the Aboriginal interests that relate to the DFA.

Both the desire of Canfor to comply with laws and open communication with local Aboriginals requires that company staff members have a good understanding of Aboriginal title and rights and treaty rights. Companies invest in cultural awareness and skill development by ensuring that appropriate Forest Management Group employees have received Aboriginal awareness training. Training is to occur as part of training/orientation program for appropriate new employees. Refresher training to occur every 5 years or sooner if training materials or aboriginal law substantially changes.

The FMG Training Matrix identifies that Aboriginal Awareness training is mandatory for Planning and Silviculture staff only. All Planning and Silviculture staff working in the Quesnel operation during 2012/2013 reporting period had received the Aboriginal Awareness training previously.

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	Target and Variance
Evidence of best efforts to obtain acceptance of management plans based on Aboriginal communities having a clear understanding of the plans	<u>Target:</u> 100% of management plans <u>Variance:</u> 0%
Was the target met? Yes	

For the purpose of this indicator, "management plans" include Forest Stewardship Plans (major amendments), Pest Management Plans, block information sharing, and SFM Plans. "Clear understanding" is very difficult to measure, but will be considered as part of the continuum of relationship building between licensees and Aboriginal communities, and will be a qualitative measure based on the summary of interests and concerns "Best Efforts" will consist of an initial attempt to contact by mail, a number of follow-up phone calls and an interest in meeting in person (if required).

In 2012/2013, 100% of the management plans, where consultation was required (PMP to Nazko FN as per PMP agreement, and the major FSP amendment), were referred to the affected Aboriginal communities, and multiple attempts to contact to review were made and recorded in the COPI database.

In addition in 2012 there were 12 packages with 89 blocks sent out to applicable first nations as part of the information sharing process. In the first three months of 2013 there were 6 packages for 19 blocks sent to first nations.

Information sharing at the block level resulted in multiple meetings between Canfor and the Nazko First Nation regarding the info sharing process, and impacts near proposed treaty settlement lands on 5 packages. Canfor also held multiple meetings with the Kluskus Band regarding proposed harvest near Bishops bluff (outside the DFA) as well as within/near an identified sacred area near Kluskoil Lake Park. In both situations

accommodations were made with the band. Records of communication are maintained within our COPI database.

Indicator 6.1.3 Level of management and/or protection of areas where culturally important practices and activities (hunting, fishing, gathering) occur

Indicator Statement	Target and Variance
Percent of forest operations in conformance with operational/site plans developed to address Aboriginal forest values, knowledge and uses	<u>Target:</u> 100% compliance with operational plans <u>Variance:</u> 0
Was the target met? Yes	

Meaningful relationships and open communication with local Aboriginal communities help ensure that areas of cultural importance are managed in a way that retains their traditions and values. This indicator recognizes the importance of managing and protecting culturally important practices and activities during forestry operations. This indicator closely aligns with Indicators 1.4.2 Protection of identified sacred and culturally important sites and 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. Efforts have been made to understand which Aboriginal traditional territories fall within the Plan area and company Defined Forest Areas. Information sharing agreements are made with willing Aboriginal communities to promote the use and protection of sensitive information.

Forest management plans are shared with Aboriginal communities. Open communication with Aboriginals that includes a sharing of information and enables Canfor to understand and incorporate traditional knowledge into operational plans. Canfor is aware of culturally important, sacred and spiritual sites leading to their appropriate management or and protection.

Once incorporated, operational plans are properly executed. Post harvest evaluations and other inspections assess plan conformance.

Of the 58 blocks harvested during the 2012/2013 reporting period there were 24 blocks that had archaeological assessments completed for the blocks. Of the 24 blocks that received AIA assessments # of blocks had archaeological sites identified within the planned area and operational plans were developed to manage these sites. 100% of forest operations were in conformance with operational/site plans developed to address Aboriginal forest values, knowledge and uses. There were no non-conformances identified during the 2012/2013 reporting period.

Indicator 6.3.1 Evidence that the organization has co-operated with other forest-dependent businesses, forest users, and the local community to strengthen and diversify the local economy

Indicator Statement	Target and Variance
Primary and by-products that are bought, sold, or traded with other forest dependent businesses in the local area.	<u>Target:</u> 5 purchase/sale/trade relationships per year <u>Variance:</u> 2
Was the target met? Yes	

An economically and socially diverse community is often more sustainable in the long term with its ability to weather market downturns of a particular sector. Support of efforts to increase diversity, the establishment of other enterprises and co-operation with other forest-dependent businesses and forest users is desirable. Support for local communities through business relationships (defined for this indicator as purchases, sales, and trading of primary forest products and forest by-products) provides employment diversification and increased local revenue. For the purposes of this target, a local contractor or supplier is defined as one that resides within or in the vicinity of the DFA.

Canfor seeks and maintains active, mutually beneficial business relationships (purchases, sales, trade arrangements) with other forest products businesses within or in the immediate vicinity of the DFA. Examples of primary products include logs, lumber, plywood, strand board, pulp. Examples of by-products include chips, sawdust, shavings, and hog fuel.

The Table below shows primary and by-products that are bought, sold, or traded with other forest dependent businesses in the local area in 2012/13. Note: The Chips and Hog are managed through Canfor Pulp, however the majority of the product is delivered locally to Cariboo Pulp and QRP (West Fraser Timber Co. Ltd.), with a portion of the product going to the PG Pulp Mill.

Summary of Primary and by-products that are bought, sold, or traded with other forest dependent businesses in the local area	
Product Type	Business
Log Purchase:	BC Timber Sales
Log Sales:	Dunkley Lumber Ltd West Fraser Timber Co. Ltd
Chips:	Canfor Pulp
Hog:	Canfor Pulp
Sawdust/Shavings:	West Fraser Timber Co. Ltd
Bark:	Pinnacle Pellet (Meadow Bank)
Total:	7

Indicator 6.3.2 Evidence of co-operation with DFA-related workers and their unions to improve and enhance safety standards, procedures, and outcomes in all DFA-related workplaces and affected communities

Indicator 6.3.3 Evidence that a worker safety program has been implemented and is periodically reviewed and improved

Indicator Statement	Target and Variance
Implementation and maintenance of certified safety program	<u>Target:</u> 100% <u>Variance:</u> None
<i>Was the target met? Yes</i>	

Canfor's first measure of success is the health and safety of its people. This philosophy is embraced and promoted from the mill floor to the executive offices. This commitment is reflected in the work practices and safety programs employed at all operations.

All of Canfor's forest operations are third party certified to a safety program that meets or exceeds provincial safety programs - SAFE Company in BC.

Yes the operation has retained certification of its safety program.

Indicator 6.4.1 Level of participant satisfaction with the public participation process

Indicator Statement	Target and Variance
PAG established and maintained according to Terms of Reference	<u>Target:</u> 80% satisfaction from surveys <u>Variance:</u> -10%
Was the target met? Pending	

The North Cariboo Sustainable Forest Advisors (NCSFA) was established to assist Canfor in developing the SFM Plan in part by identifying local values, objectives, indicators and targets. The SFM Plan is an evolving document that will be reviewed for effectiveness and revised as needed with the assistance of the NCSFA to address changes in forest condition and local community values.

Ensuring the continuing interest and participation of the NCSFA is an integral part of a dynamic and responsive SFM Plan. The ability of people to share information, discuss and solve problems, and set and meet objectives is key to achieving and maintaining meaningful participation.

The North Cariboo Sustainable Forest Advisors did not respond to any satisfaction surveys in 2012/13. The new PAG Satisfaction survey form was not introduced to the PAG during that time period.

Indicator 6.4.2 Evidence of efforts to promote capacity development and meaningful participation in general

Indicator Statement	Target and Variance
Number of educational opportunities for information/training that are delivered to the PAG and/or public	<u>Target:</u> ≥ 1 <u>Variance:</u> 0
Was the target met? No	

This indicator and target recognizes the importance of providing informational or training opportunities for members of the public advisory group that in turn contributes to a more knowledgeable and effective PAG.

Canfor is committed to work with members of the public advisory group on forest management issues and to improve the effectiveness of public processes. Canfor will provide informational/educational opportunities for PAG participants on an annual basis as part of regularly held meetings.

There were no formal PAG meeting held in 2012 or the first three months of 2013. There was no presentation or training provided.

Action: Hold a minimum of two PAG meetings prior to the end of the 2013/14 reporting period, providing educational opportunities for the PAG members in attendance.

Indicator 6.4.3 Evidence of efforts to promote capacity development and meaningful participation for Aboriginal communities

Indicator Statement	Target and Variance
Evidence of best efforts to obtain meaningful participation and input from Aboriginal communities	<u>Target:</u> Report on efforts <u>Variance:</u> 0%
Was the target met? Yes	

Canfor maintains a record of the Aboriginal communities whose traditional territory overlaps with the DFA through our COPI and Resources databases. These data bases are updated as required when changes occur.

Open, respectful communication with local Aboriginals includes not only the organization understanding the Aboriginal rights and interests but for Aboriginals to understand the forest management plans of organizations. With this open dialogue, the two parties can then best work towards plans and operations that are mutually agreeable.

Canfor has provided all First Nations with copies of the planned cut block and road locations on an ongoing basis in an effort to identify any specific values or uses in the area to be considered in the development of the block. This is done for 100% of the blocks in each of their interest areas. Response from First Nations varies in this process from no response to some interest. Details of communication is recorded in COPI data base and in CP info share summary reports.

	# of Forest Management Plans	# Plans where Communication Occurred
Pest Management Plan	1	1
FSP Amendment	1	1
Block Referrals	108	108

Indicator 6.5.1 Number of people reached through educational outreach

Indicator Statement	Target and Variance
The number of people to whom educational opportunities provided.	<u>Target:</u> 50 <u>Variance:</u> -10
Was the target met? Yes	

Canfor is committed to working with directly affected stakeholders and members of the public on forest management issues and have a well-established history of participation in community meetings, including local planning processes. The sharing of knowledge and contributes to informed, balanced decisions and plans acceptable to the majority of public. When informed and engaged, members of the public can provide local knowledge and support that contributes to socially and environmentally responsible forest management.

Canfor maintains its involvement in educational outreach initiatives (e.g., maintaining an open and active public advisory group, hosting field tours and open houses, notification/referrals to stakeholders, school classroom visits). Record attendance level at each meeting or tour (public and stakeholders).

In the 2012/2013 reporting period, Canfor participated in the Gavin Lake Forestry Camp, which provided opportunities for approximately 80 children in grades 4-6.

A Canfor representative participated in the annual Career Leap job fair at the CNC/UNBC campus in the fall of 2012 as part of the ABCFP booth. This fair is directed towards students in grades 9-11 as well as the general public. There were 200-300 students that participated throughout the day.

Canfor participated in an open house at the Nazko community center where harvest plans were shared with the public.

Indicator 6.5.2 Availability of summary information on issues of concern to the public

Indicator Statement	Target and Variance
SFM monitoring report made available to the public	<u>Target:</u> SFM monitoring report available to public annually via web <u>Variance:</u> None
Was the target met? Yes	

This target recognizes the importance of keeping members of the public informed on forestry strategies being developed and planning occurring in their area. Issues of concern brought forward by the public are part of the

discussions occurring at public advisory group meetings and often work their way into a reporting requirement of the SFM Plan. Annual reporting of the Plan's performance measures to the advisory group and to the broader public provides an open and transparent means of demonstrating how issues of concern are being managed. Opportunity for the public to respond. Members of the public can provide local knowledge that contributes to socially and environmentally responsible forest management.

Canfor maintains a website that makes the SFM monitoring report publicly available:

<http://www.canfor.com/sustainability/certification/csa.asp>

The 2011 annual report was made available in March 2013. The 2012/2013 report is being made available in September 2013.