



Sustainability Update (Volume 2, Number 1) - May 2008

A Certification Update from Canfor Pulp Limited Partnership

Canfor Pulp Limited Partnership (CPLP) was created in July 2006 and comprises the pulp mills of Intercontinental Pulp, Northwood Pulp and Prince George Pulp and Paper. CPLP also includes the pulp marketing for these mills as well as the sales and logistics for Howe Sound Pulp and Taylor BCTMP. Canfor is the majority shareholder in CPLP and is the primary source of fibre to the pulp mills. Long term fibre supply agreements are in place to ensure that this situation continues. The ongoing relationship between Canfor and CPLP provides an assurance to customers that CPLP maintains a secure supply of quality fibre with an excellent environmental pedigree.

Certification at Canfor

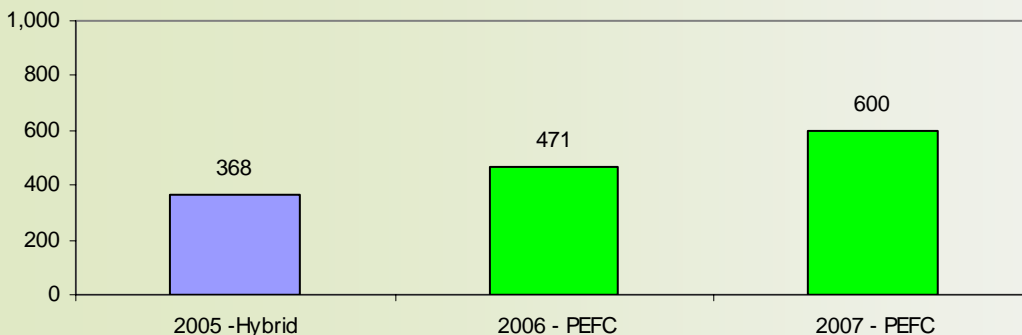
Canfor has implemented a very deliberate and comprehensive strategy for third-party certification of its forest operations. First was the certification of the Environmental Management System for all forest operations to the ISO 14001 standard, initially obtained in 1999 and re-certified as required for subsequent 3-year terms. This was followed shortly by the development of sustainable forest management plans for certification to the CSA Sustainable Forest Management (SFM) Standard. All of the Canfor forest tenure operations that provide fibre to the CPLP mills are certified to the CSA SFM Standard, and the sustainable forest management plans for these operations are available on the Canfor website at www.canfor.com. The pulp and paper operations of CPLP are fully certified under the ISO9001 and ISO140001 standards. We have in place a PEFC Chain of Custody covering a substantial part of the annual production volume, and have been supplying CoC certified pulp since 2005 to customers world wide.

Chain of Custody

Chain of Custody is the process of tracking forest products from their place of origin (the forest) through all stages of transfer and production to the final consumer as an end product. Our PEFC Chain of Custody system provides an independent verification of the integrity of the company's supply chain by tracking the certification status of wood raw material from all suppliers. It provides information on the portion of the supply that comes from certified forests and an assurance that the uncertified portion is from legal and non-controversial sources.

CPLP can provide PEFC Chain of Custody certified pulp for both the Prince George area mills and the Howe Sound Mill. The certificates were granted by KPMG Performance Registrars Inc., and copies of both the certificates and the audit reports are available to customers on request. Subject to availability, pulp certified under these systems is now available for customers who request it.

Certified sales (,000 ADmt)



Following requests from some of our customers, CPLP is pursuing FSC Chain of Custody and FSC Controlled Wood certification for our pulps. If these processes go as anticipated, we expect to have this in place by middle of 2008.

Great Bear Rainforest Roundtable, May 9th 2008, Vancouver

The Great Bear Rainforest Roundtable is being sponsored by the member organizations of the Joint Solutions Project (JSP) and the ENGO Markets Initiative. The JSP is an eight year old initiative of environmental groups (ForestEthics, Greenpeace, Sierra Club BC) and forest products businesses (BC Timber Sales, Canfor/Howe Sound Pulp, Catalyst Paper, Interfor, Western Forest Products) committed to ensuring the sustainable development of the globally important 64,000 square kilometre Central and North Coast region of British Columbia known as the Great Bear Rainforest. Canfor and Howe Sound were founder members and participants in this process.

The purpose of the Roundtable is to inform global forest products customers of progress made in implementing the land use agreements and ecosystem-based management (EBM) system designed for the region. The agreements related to land use have resulted in one-third of the region being protected; EBM defines how resource use, including logging, will proceed. The BC government in February 2006 following almost a decade of conflict, planning and conflict resolution ratified the protected areas package and commitment to EBM. The JSP believes the results to date provide a model for addressing high conservation values at a regional scale. Background information on the JSP and agreements can be found at www.coastforestconservationinitiative.com and www.savethegreatbear.org.

Forest Products Association of Canada Adds to its Commitment to Sustainability

In 2002, FPAC members committed to achieving third-party SFM certification on all lands under their management by the end of 2006. Now that the certification goal has been reached FPAC members have added to their commitment to sustainability by requiring that all members trace their fibre supplies back to the forest area of origin by the end of 2008 to ensure customers that the wood fibre they are using comes from legal sources. CPLP has already met this FPAC commitment by completing the Chain of Custody for company's entire fibre supply.

International Recognition for CSA SFM Certification

The CSA SFM Standard is endorsed by the world's largest certification organization, the Programme for the Endorsement of Forest Certification schemes (PEFC). Founded in 1999, PEFC is a global umbrella organization for the assessment and mutual recognition of national forest certification schemes that are developed in a multi-stakeholder process. PEFC is the world's largest forest certification organization with over 200 million hectares of forest certified in 19 countries, including 78 million hectares certified to the CSA SFM standard in Canada.

In addition to endorsement by PEFC – which is accepted by customers around the world, including the governments of France, Germany, Japan, New Zealand, Switzerland and the United Kingdom – the CSA SFM Standard is recognized by the United Kingdom's Central Point of Expertise on Timber Procurement (CPET) as an assurance of both a legal and sustainable source of timber. The Danish government has embarked on a process to develop a public procurement policy for wood products which is closely following the CPET model and it is expected that CSA and PEFC will be recognized under that policy as well.

CSA SFM Standard under Revision

The CSA SFM Standard was developed under Canada's National Standards system. Within this system, standards are subject to periodic review and revision to maintain their currency and relevance. The CSA SFM Standard, first published in 1996, was reviewed and revised, and a second edition released in 2002. The Standard is currently going through a second review and revision process, and the third edition is expected to be published later in 2008. Following a transition period, all existing CSA SFM certifications will have to meet the requirements of the revised standard to remain valid. A key feature of the revised standard will be a set of mandatory core SFM indicators to be included in all certified SFM plans.

PEFC Launches New Strategic Plan

PEFC Council launched a new strategic plan at its 11th General Assembly in Munich, Germany in October 2007. The strategic plan is designed to deliver on PEFC's mission of providing assurance to society that forests are managed sustainably through PEFC endorsement of national forest certification standards.

PEFC is the world leader in forest certification and plans to maintain its current share of over 60% of the total area of the world's certified forests. PEFC estimates that forest certification will double over the next 10 years. Other key objectives of the strategic plan include ensuring free and open access to markets for PEFC certified products, enhancing awareness of PEFC through better communications and improving the governance and operation of PEFC's 33 national forest certification members. More information on the strategic plan is available on the PEFC website at www.pefc.org.

For more information, please contact:

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Forest Products Association of Canada - Carbon Neutral by 2015

The Forest Products Association of Canada (FPAC) has set a new standard for environmental responsibility and action on climate change by establishing the target for Canada's forest products industry to be carbon-neutral by 2015 **without the purchase of carbon offset credits**. This initiative will assist in gaining broader recognition for the unique nature of renewable, forest based products in a carbon constrained world. FPAC will work in close partnership with WWF-Canada, a collaboration that will inform and help guide the initiative.

Why is Wood "Carbon Neutral"?

Carbon neutrality is a fundamental property of biomass because the carbon contained in the cellulose was only recently present in the atmosphere, so returning it to the atmosphere by harvesting and incinerating it has no net effect on the carbon dioxide levels. This cycling of carbon dioxide into wood or biomass by photosynthesis then repeats. If the wood from forest is used in long lifetime products while a new forest grows, we have succeeded in "pumping" carbon dioxide out of the atmosphere!

On the other hand the incineration of oil or other fossil fuels results in a one way transfer of carbon from geological storage to the atmosphere. This fundamental difference between biomass and fossil fuel is critical since it allows the growing and use of biomass to be one of the tools available for controlling the buildup of carbon dioxide in the atmosphere.

For more information see article by Reid Miner, NCASI, TAPPI 360, March 2007