

CUSTOMER UPDATE

Certifying Our Forests

Volume 7, Number 1 – September 2005

80% of Canfor's Harvest Volume Certified to Sustainable Forest Management Standards

Canfor continues to make progress on its comprehensive strategy for third-party Sustainable Forest Management (SFM) certification of forest lands managed by the company. The Vavenby operation is the latest to receive certification to the Canadian Standards Association (CSA) SFM standard. This achievement, along with the Fort Nelson and Vanderhoof operations certification to CSA earlier this year, means that 80% of Canfor's annual harvest volume is now certified to SFM standards. With the expected CSA certification of the Quesnel operation this fall, the annual harvest volume certified will rise to 85% by the end of 2005. Canfor is committed to having all forest lands managed by the company certified to an SFM standard by the end of 2006.

Canfor has implemented a very deliberate and comprehensive strategy for third-party certification of our forest operations. First was the 1999 certification of the environmental management system for all forest operations to the ISO 14001 standard. This was followed shortly by the development of sustainable forest management plans for certification to the Canadian Standards Association (CSA) Sustainable Forest Management Standard and the Sustainable Forestry Initiative (SFI)®. All of these sustainable forest management plans are available on our website at www.canfor.com.

PEFC

Canada's National Standard for Sustainable Forest Management, the CSA SFM Standard, is now endorsed by the world's largest certification program. The Programme for the Endorsement of Forest Certification schemes (PEFC), founded in 1999, is a non-profit, non-governmental organization that supports sustainable forest management globally. Formed for the assessment and mutual recognition of national forest certification standards, PEFC is the world's largest forest certification umbrella organization with members from Europe, North America, South America, Oceania, Asia and Africa.

PEFC members represent 30 independent national forest certification schemes, of which to date 20 have been through a rigorous process of assessment and endorsement. The CSA SFM Standard was endorsed in March 2005. The Sustainable Forestry Board, the PEFC member representing the United States, has submitted the Sustainable Forestry Initiative (SFI)® for assessment. Endorsement of SFI by PEFC is expected during mid-2006.

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. Tracking is a challenge given the way wood flows throughout the industry, with all major forest companies relying on external suppliers for at least some part of their wood supply. We see an increasing interest from customers to know the origin of the products they purchase and so we are preparing to meet this requirement.

At Canfor we know the source of all logs and chips used in our mills; those from our own managed forest tenures as well as those purchased from outside suppliers. Almost all of the wood we use originates from publicly owned forest land managed under licence from provincial governments. In addition to already strict environmental regulations, more and more of these forests are being third-party certified to sustainable forest management standards. The next evolutionary step in sustainable forest management is to develop a chain of custody to provide customers with a declaration of the certified content in the products they purchase. Canfor is putting in place a chain of custody system that will track and report on the certified content in the products we produce. A qualified independent audit firm will verify the validity of the chain of custody system and will issue certificates to substantiate certified content claims.

Mountain Pine Beetle

The BC Interior is currently facing a very significant mountain pine beetle infestation. Canfor is working with the Government of BC and other operators in the affected areas to recover the greatest value from the beetle-killed timber and to prevent or reduce damage to forests that are susceptible but not yet experiencing epidemic infestations. Reducing the loss of timber value due to damaging agents (such as the beetle) is an important objective in our certified sustainable forest management plans. These actions are also key elements in the province's Mountain Pine Beetle Action Plan. Our actions and those of the government include measures to conserve long-term forest values identified in our sustainable forest management plans and to restore forest resources in areas affected by the epidemic, key elements in keeping our SFM certification in good standing.

Canfor's SFM Certified Forest Operations

CSA

- 1) Englewood - TFL 37
- 2) Chetwynd - TFL 48
- 3) Grande Prairie - FMA
- 4) Prince George - TFL 30
- 5) Fort St. John - TSA
- 6) Houston - Morice TSA Forest Licence
- 7) Fort Nelson - TSA Forest Licence
- 8) Vanderhoof Forest Licences
- 9) Vavenby - TFL 18 & Forest Licence



SFI

- 10) Prince George Forest Licences



www.canfor.com

For more information, please contact:

Paul Wooding - Manager, Certification and Market Support, e-mail at Paul.Wooding@canfor.com Phone 604-661-5423.

Canadian Forest Products Ltd., and affiliated companies

100-1700 West 75th Avenue, Vancouver, British Columbia V6P 6G2 www.canfor.com