

CUSTOMER UPDATE

Certifying Our Forests

Volume 6, Number 1 – July 2004

PULP

Sustainable Forest Management Certification

On April 1, 2004 Canfor Corporation completed the acquisition of Slocan Forest Products Ltd. The process of integrating the operations of the two companies, which will continue to operate under the Canfor name, is well underway.

Canfor's history of corporate responsibility and leadership in forest management dates back to the founding of the company. That commitment has evolved through the continual improvement of our environment and forest stewardship policies. In 1999, Canfor developed its Forestry Principles, which established an ecosystem-based framework for carrying out commercial forestry within the context of good science. The Principles will be updated as part of the process of integrating the two companies.

Over a decade ago Canfor began to formally examine its forest practices through a peer review process of performance against government regulations, our own internal forestry and environment policies and generally accepted good forestry practices. In an effort to continually improve our performance, Canfor implemented a very deliberate and comprehensive strategy for third-party certification of our forest operations. In 1999, environmental management systems for all forest operations were certified 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® (SFISM). All of these sustainable forest management plans are available on our website at www.canfor.com. Prior to the acquisition of Slocan, Canfor had reached a point where 91% of the annual harvest volume was certified to SFM standards, either CSA or SFISM.

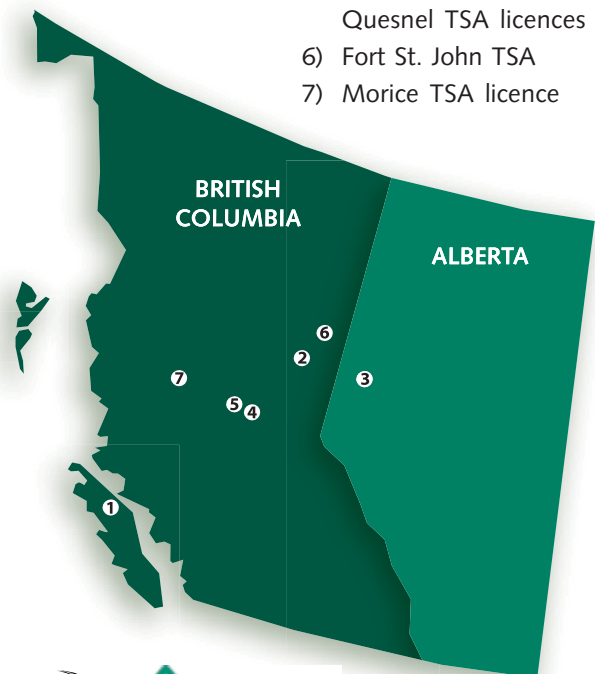
The former Slocan forestry operations have had an environmental management system in place that has been certified to ISO 14001 since 2001. Prior to the acquisition, Slocan was committed to certifying to all of the company's forest operations to the CSA standard. That work is ongoing today. The combined operations have 59% of the annual harvest volume certified to SFM standards. Activities are well underway to have all Canfor forest operations certified by the end of 2006.

Canfor Certification Progress

Certification Standard	Status
ISO 14001	All forestlands certified
CSA	TFL's 30, 37, 48, Grand Prairie FMA, Fort St. John and Morice TSA's certified
SFI	Prince George & Quesnel TSA's and TFL 30 certified

Canfor's SFM Certified Forest Operations

- 1) TFL 37
- 2) TFL 48
- 3) Grande Prairie FMA
- 4) TFL 30
- 5) Prince George & Quesnel TSA licences
- 6) Fort St. John TSA
- 7) Morice TSA licence



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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 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. The first of these certificates will be issued before the end of 2004.

PEFC

PEFC, originally the Pan European Forest Certification Council, was created in 1999 as an umbrella organization to provide a framework for the mutual recognition of credible forest certification standards developed to meet internationally recognized requirements for sustainable forest management. Initially created as a European-only organization, PEFC now includes non-European countries Canada, the US, Australia, Malaysia, Brazil and Chile. In late 2003, the name was changed to the Programme for the Endorsement of Forest Certification schemes, a change that allowed the organization to retain the PEFC acronym and logo which has gained brand recognition in the European market. Canada was the first non-European country to join in 2001.

PEFC has in its membership 27 independent national forest certification schemes of which 13 to date have been through a rigorous process of assessment and endorsement. CSA International holds the PEFC membership on behalf of Canada and in April 2004 submitted the CSA Sustainable Forest Management standard to PEFC for endorsement. The assessment and endorsement process is expected to take about 8 months. While the CSA standard is a rigorous and credible standard on its own, PEFC endorsement will enhance CSA's recognition in the European marketplace.

Certified Pulps

Once the audited Chain of Custody is in place, Canfor will include the results in the Environmental Profiles we provide for each of our pulp grades. All the kraft pulps we produce are covered by these Environmental Profiles. Plans are already well advanced to link the audited chain of custody to a range of actual certified pulps. These pulps will be identified as such by statements on the invoice, and their pedigree will be assured by third party audit.

For more information, please contact:

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