



June 2006

Certification Report



Canadian Forest Products Ltd. Fort Nelson Defined Forest Area

As a component of Canfor’s ongoing commitment to sustainable forest management and forest certification, an audit team from PricewaterhouseCoopers LLP conducted CAN/CSA Z809-02 and ISO 14001:2004 Surveillance Audits on the Fort Nelson Defined Forest Area (“DFA”) in February and March 2006.

The audits determined that Canfor’s Fort Nelson Division had successfully maintained a Sustainable Forest Management System and SFM Plan that met the requirements of the CAN/CSA Z809-02 Standard for Sustainable Forest Management and also had continued to implement and maintain an EMS that met the requirements of the ISO 14001:2004 Standard for Environmental Management Systems (EMS). The audit results demonstrate Canfor’s strong commitment to Sustainable Forest Management on the lands that it manages. Copies of the certificates and letters associated with the CAN/CSA Z809-02 and ISO 14001 registrations and surveillance audits can be found at www.canfor.com/sustainability/certification/CSA.

Background Information

The Fort Nelson DFA is located in northeast British Columbia near the community of Fort Nelson. It encompasses all of the Fort Nelson Timber Supply Area, which borders on the Yukon, the Northwest Territories and Alberta. The Defined Forest Area (The Fort Nelson TSA) covers 9,800,000 hectares, with an allowable annual harvest of 1.5 million cubic metres (all licensees). Canfor’s AAC in the DFA is 1.16 million cubic metres.

The development of the SFM Plan and interaction with the Public Advisory Group were done in co-operation with the other major licensee operating on the DFA, BC Timber Sales.

Maintaining certification to the ISO 14001:2004 and CAN/CSA Z809-02 Standards (the “Standards”) requires independent third-party audits. A two person team of auditors from PricewaterhouseCoopers and independent specialists conducted the audits in February and March 2006:

Lead Auditor – Graham Wilson, RPF, CEA(SFM), EMS (LA)

Auditor – David Barker, CEA (SFM), EMS (A)

The team met with and interviewed staff and contractors and examined the SFM Plan, records, Standard Operating Procedures, monitoring information and the minutes and operating procedures of the Public Advisory Group (PRISM).

Field assessments were conducted on several sites during the audit to assess the company’s planning, harvesting, silviculture, road construction, road maintenance, road deactivation, fuel management and facilities management.



PEFC/01-4-05

Certification Report

Canadian Forest Products Ltd. Fort Nelson Defined Forest Area – cont'd



Good Management Practices

The audit team identified Sustainable Forest Management practices that exceeded expectations. Some of these good management practices are listed below:

- All winter roads sampled were in excellent condition.
- One contractor simplified and paraphrased the CANFOR Environmental Policy for staff, who were mostly French-Canadian. This enabled clearer understanding of the environmental goals, which was confirmed by the auditor through interviews.
- The contractors and their employees interviewed during the audit had good knowledge of, and access to, information about the Canfor Forest Management System (FMS); a management system that combines CSA Z809-02 and ISO 14001, and the environmental issues they need to be concerned with when operating their machinery.

Nonconformities

The audit team identified two nonconformities against the Standards and/or Canfor policies. Canfor has subsequently provided PricewaterhouseCoopers with action plans, including timelines, for addressing these issues:

- The date noted on the Ecological Criteria and Indicators Matrix of the Sustainable Forest Management Plan (SFMP) was incorrect. The document should have the latest revision date noted on it so that employees can be certain they are viewing the current version. Additionally, the SFMP on the BCTS website contained a copy of the old SFM policy.
- A number of fire extinguishers on the contractor's equipment did not have inspection date tags.

Opportunities for Improvement

The audit team also identified opportunities for improvement for Canfor's consideration. The following list is a representative sample of their suggestions:

- Canfor may wish to consider developing a documentation methodology to ensure that evidence supporting corrective actions taken on non-conformities identified in previous audits can readily be found.
- Canfor may wish to ensure that all relevant information required for a Management Review is available prior to holding Management Review meetings.
- Canfor may wish to consider auditing a larger sample of their Free-to-Grow surveys.
- Canfor may wish to consider encouraging licensees and contractors to include absorptive pads (grey pads) for anti-freeze spills within their spill kits.
- Canfor may wish to consider re-evaluating the quality assurance practices for marking machine free zones on streams, both within and adjacent to harvest units.
- Canfor may wish to consider reviewing the minimum level of documentation expected to be provided on inspection forms by supervisors and staff.

All of the Nonconformities and Opportunities for Improvement will be followed up by the audit team at the next surveillance audit.

Canadian Forest Products Ltd. Fort Nelson Defined Forest Area – cont'd



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Registrar's Report

To the Board of Directors and Management of Canadian Forest Products Limited

We have audited management's assertion, set out in the attached letter, that Canadian Forest Products Limited, Fort Nelson Woodlands has met the requirements of the CSA Z809-02 Standard (the "Standard") as of November 10, 2004.

Management is responsible for Fort Nelson Woodlands meeting these requirements. Our responsibility is to express an opinion on management's assertion that Fort Nelson Woodlands met these requirements, based on our audit. The CSA Z809-02 requirements can be found at www.csa-intl.org.

Our audit was conducted in accordance with the ISO 19011:2002 management system auditing standard and, accordingly, included examining, on a sample basis, evidence supporting management's assertion that Fort Nelson Woodlands met the requirements of the Standard, evaluating on an overall basis whether the requirements were met, and performing such other procedures as we considered necessary in the circumstances. We planned and performed our work to obtain reasonable, rather than absolute assurance with respect to the information examined. We believe our work provides a reasonable basis for our opinion.

In our opinion, Fort Nelson Woodlands met, in all material respects, the requirements of the CSA Z809-02 Standard as of November 10, 2004.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP
Vancouver, British Columbia, Canada
February 16, 2005

Registration #: S2005-229



Certification Report

Canadian Forest Products Ltd. Fort Nelson Defined Forest Area – cont'd



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Registrar's Report

To the Board of Directors and Management of Canadian Forest Products Ltd.

We have audited management's assertion, set out in the attached letter, that Canadian Forest Products Ltd. has met the requirements of the International Organization for Standardization's ISO 14001:2004 Standard (the "Standard") for the Fort Nelson, Plateau, Vavenby, Quesnel, Radium and Mackenzie Woodlands Divisions (the "Divisions") as of May 13, 2005.

Management is responsible for the Divisions meeting these requirements. Our responsibility is to express an opinion on management's assertion that the Divisions met these requirements, based on our audit. The ISO 14001:2004 requirements can be found at www.scc.ca.

Our audit was conducted in accordance with the ISO 19011:2002 management system auditing standard and, accordingly, included examining, on a sample basis, evidence supporting management's assertion that the Divisions met the requirements of the Standard, evaluating on an overall basis whether the requirements were met, and performing such other procedures as we considered necessary in the circumstances. We planned and performed our work to obtain reasonable, rather than absolute, assurance with respect to the information examined. We believe our work provides a reasonable basis for our opinion.

In our opinion, the Divisions met, in all material respects, the requirements of the ISO 14001:2004 Standard as of May 13, 2005.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Vancouver, British Columbia, Canada
February 22, 2006
Registration #: E2004-215

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