



**A PUBLIC INVOLVEMENT PROGRAM
FOR
CANADIAN FOREST PRODUCTS LTD.
FOREST MANAGEMENT AGREEMENT (FMA) 9900037**



**Original – approved February 1998
Revision 1 - May 28, 2001
Revision 2 - May 16 2007
Forest Management Advisory Committee Approved May 16, 2007
Revision 3 July 31, 2008
Approved September 02, 2008**

TABLE OF CONTENTS

	Page
1. INTRODUCTION	1
1.1 CANFOR POLICIES & PRINCIPLES.....	1
1.2 CANFOR CERTIFICATION.....	1
1.3 PUBLIC INVOLVEMENT OBJECTIVES.....	2
2. PUBLIC INVOLVEMENT PROGRAM ELEMENTS	2
2.1 COMMUNICATION MECHANISMS	3
2.1.1 Dissemination of Information	3
2.1.1.1 Stakeholder List.....	3
2.1.1.2 Advertising	3
2.1.1.3 Public Access to Company Documents	3
2.1.1.4 Forest Management Reporting	3
2.1.1.4.1 Public Reporting.....	3
2.1.1.4.2 Government Reporting.....	3
2.1.2 Public Input.....	4
2.1.2.1 Forest Management Advisory Committee (FMAC)	4
2.1.2.2 Open Houses/Public Meetings	4
2.1.2.3 Public Inquiries	5
2.1.2.4 Annual Trapper Notifications	5
2.1.2.5 Outfitters Notification	5
2.1.2.6 Field Tours	6
2.2 PERFORMANCE MONITORING.....	6
2.3 CONFLICT RESOLUTION.....	8
2.4 STAKEHOLDER LIST	9
3. REFERENCES:.....	11
Appendix 1 Corporate Policies	13
Appendix 2 Canfor Contact Information.....	36
Appendix 3 FMAC Terms Of Reference	36

LIST OF FIGURES

Figure 1: Canfor's Genus FMS Database for Public Inquiries.....	7
Figure 2: Components of Resource Management (schematic)	8

1. Introduction

Public participation is a major component in the development of the Detailed Forest Management Plan (DFMP) and Sustainable Forest Management Plan (SFMP). Canadian Forest Products Ltd. (Canfor), as a steward of public lands (FMA area), believes in the value of public involvement in discussing the company's planning, operations and performance. Canfor's corporate policies and certification strategy clearly demonstrates the importance of public involvement to its business.

1.1 Canfor Policies & Principles

The following segments from Canfor's corporate policies highlight its commitment to public involvement (see Appendix 1 for policy documents):

- ◆ Canfor's Corporate *Environment Policy* states:
 - ... "*Create opportunities for interested parties to have input into our forest planning activities*"; and
 - ... "*Communicate our environmental performance to our Board of Directors, shareholders, employees, customers and other interested parties.*"
- ◆ Canfor's Corporate Forestry Principles state:
 - ..."*We will engage members of the public, communities and other stakeholders in the delivery of the Forestry Principles. The process will be open, transparent and accountable*"; and
 - ..."*We will be accountable to the public for managing forests to achieve present and future values. We will use credible, internationally recognized, third party verification of our forestry operations as one way of demonstrating our performance.*"

1.2 Canfor Certification

Forestry companies need to demonstrate to the public that the publicly owned forestlands are being sustainably managed. To do this, Canfor implemented a comprehensive certification strategy to reflect its long-standing commitment to excellence in forest stewardship. Canfor sought and achieved certification under a variety of respected provincial and international standards including: International Organization for Standardization (ISO) 14001, Canadian Standards Association (CSA) Z809 and ForestCare. Certification was granted by an independent third party. A timeline follows.

- 1997 - Certified to the *ForestCare* standard;
- 1999 - Environmental Management System (EMS) is certified to ISO 14001:1996 standard;
- 2000 - Sustainable Forest Management Plan (SFMP) certified to CSA-Z809-96 standard;
- 2002 - EMS is re-certified to ISO 14001:1996 standard;
 - SFMP is re-certified to CSA-Z809-96 standard
- 2003 - Re-certified to the *ForestCare* standard
- 2005 - Forest Management System (FMS) (previously EMS) is re-certified to ISO 14001:2004 standard
 - SFMP is re-certified to CSA-Z809-02 standard.

Canfor completes annual internal and third party surveillance audits in addition to third party re-registration audits for re-certification.

1.3 Public Involvement Objectives

Canfor's goal is to ensure that members of the public have opportunities to provide input with regards to forest management. To achieve this goal, the following objectives were created:

Objective 1. To meet the *CSA Public Participation Requirements*.

The CSA standard requires a public participation process to allow the public an opportunity to be involved in the management the Forest Management Agreement (FMA) area. The Forest Management Advisory Committee (FMAC) is key in developing values, objectives, indicators, and targets for the Sustainable Forest Management Plan (SFMP).

Objective 2. To meet the *Alberta Forest Management Planning Standard*.

The planning standard requires implementation of a public participation process as specified in the CSA standard.

Objective 3. To meet Canfor's *Environment Policy, and Forestry Principles*.

The ISO standard requires development of an Environment Policy and through audits verifies adherence to this policy as well as to any other commitments made by the company.

2. Public Involvement Program Elements

An effective Public Involvement Program has elements such as: communication mechanisms (including both dissemination and feedback), indicators of success, methods of resolving conflict (situation where the company can not answer the stakeholders concern to their satisfaction) and finally, knowledge of the identity of the stakeholders. This section describes those elements as they relate to Canfor's business.

2.1 Communication Mechanisms

To effectively obtain public input, the public must be supplied with information on Canfor activities as well as be provided with various opportunities to provide their input. The following section describes those opportunities.

2.1.1 Dissemination of Information

Canfor utilizes different methods to disseminate information to stakeholder groups.

2.1.1.1 Stakeholder List

A stakeholder list is found at the end of this document, and is used as a reference to ensure appropriate stakeholders are contacted.

2.1.1.2 Advertising

Advertising in the local newspapers and radio stations is utilized to inform a large cross section of stakeholders about a particular event or achievement of the company

2.1.1.3 Public Access to Company Documents

Canfor's Annual Operating Plan (AOP), General Development Plan (GDP), Sustainable Forest Management Plan (SFMP), and Detailed Forest Management Plan (DFMP), are available to the public at the following local libraries:

- Grande Prairie Public Library;
- Grande Prairie Regional College Library;
- DeBolt Public Library;
- Valleyview Municipal Library;
- Spirit River Library; and
- Grande Cache Municipal Library.

Additional documents, such as reports (below) are also forwarded to the public libraries.

2.1.1.4 Forest Management Reporting

2.1.1.4.1 Public Reporting

As part of Canfor's CSA certification commitment Canfor is committed to provide an Annual Performance Monitoring Report regarding its forest management activities in achieving SFMP commitments.

2.1.1.4.2 Reporting to Government

As per the *Alberta Forest Management Planning Standard* – a Forest Stewardship Report is required every 5 years to report on performance and provide feedback so improvements in management can be made. Canfor is scheduled to produce

the first report in 2008 (5 years after approval of the DFMP, which was in 2003).

2.1.2 Public Input

2.1.2.1 Forest Management Advisory Committee (FMAC)

Canfor recognizes the rights of stakeholders to be involved in the planning process to ensure that the public's concerns are addressed. Canfor accomplishes this by:

- ◆ Seeking representation from a variety of stakeholders to participate in a public advisory group to Canfor. This group named the Forest Management Advisory Committee (FMAC) was established in September 1995. They have in the past and continue to play a role for Canfor in:
 - The development of its Public Involvement Program,
 - The development of its Detailed Forest Management Plan (DFMP), and
 - The development of its Sustainable Forest Management Plan (SFMP) for CSA certification.
- ◆ Periodically reviewing with FMAC the stakeholder representation on the advisory committee, and
- ◆ Pursuing CSA certification. The standard requires the public to play a role in defining values, objectives, indicators and targets for forest management planning, periodic reviews and ongoing participation of the Advisory Committee.

Details of the FMAC are found in its Terms of Reference in Appendix 3 of this document.

2.1.2.2 Deciduous Disposition Holders

Meaningful opportunities for involvement will be provided at various stages of operations when deciduous operations may be affected (i.e. Detailed Forest Management Plan, General Development Plan, Annual Operating Plan, Harvesting, etc.).

2.1.2.3 Open Houses/ Public Meetings

Open Houses/ public meetings are organized for review of various plans as required. They can be held in Grande Prairie, Spirit River, Valleyview, Grande Cache, and DeBolt, as warranted. The objectives of these are to:

- ◆ Communicate with the general public and interested stakeholder groups about the Detailed Forest Management Plan, Sustainable Forest Management Plan, Annual Operating Plans, Herbicide Plans and/ or other various forest activities; and
- ◆ To provide opportunities for input.

Participants are provided an opportunity to voice any comments regarding forest management in Canfor's Grande Prairie operations. Canfor responds to all concerns raised throughout the meeting. These questions and responses are documented and provided to Sustainable Resource Development as required.

A typical meeting consists of Canfor's woodlands team presenting pertinent topics and providing maps and other information to the public.

To inform the public about these open houses/ meetings, a variety of methods could be utilized:

- ◆ Press release;
- ◆ Advertising in local media outlets; and/ or
- ◆ Letters/ e-mails to stakeholders.

2.1.2.4 Public Inquiries

Public inquiries are recorded in Canfor's Genus Forest Management System database (Section 2.2) and actions are planned to ensure follow up. Canfor has commitments within its SFMP to deal with public inquiries in a timely manner. The inquiries are then kept on file for information purposes. Submissions from the public are encouraged (Appendix 2 - Contact Information).

2.1.2.5 Annual Trapper Notifications

Canfor either mails, delivers, or has a liaison hand deliver annual trapper notifications regarding harvesting and silviculture activities. Senior trappers receive a map indicating the planned activities. Any concerns are noted on the notification form, dated, signed (if possible) and completed forms returned to Canfor supervisors. Trapper comments are recorded in Canfor's Genus Forest Management System database (Section 2.2) and actions are planned to ensure follow up. They are then kept on file for information purposes. Additional details regarding trapper notifications can be found in Canfor's document entitled "Trappers Consultation and Notification Program" located at its Grande Prairie office (Appendix 2 - Contact Information).

2.1.2.6 Outfitters Notification

Canfor mails an annual letter and General Development Plan (GDP) map to outfitters affected by the current year's harvesting activities. Outfitter comments are recorded in Canfor's Genus Forest Management System database (Section 2.2) and actions are planned to ensure follow up. They are kept on file for information purposes.

2.1.2.7 Field Tours

Any request for field tours of Canfor's forest operations will be accommodated. Field tours are an effective way to show the public how the forest resources are managed. Tours of our woodlands have been conducted for the Chamber of Commerce, City Council, numerous school groups, FMAC, Canfor employees, as well as interested publics. Canfor will continue to utilize field tours as a means of showing stakeholders its business and increasing public awareness.

2.2 Performance Monitoring

The following factors assist in monitoring Canfor's Public Involvement Program:

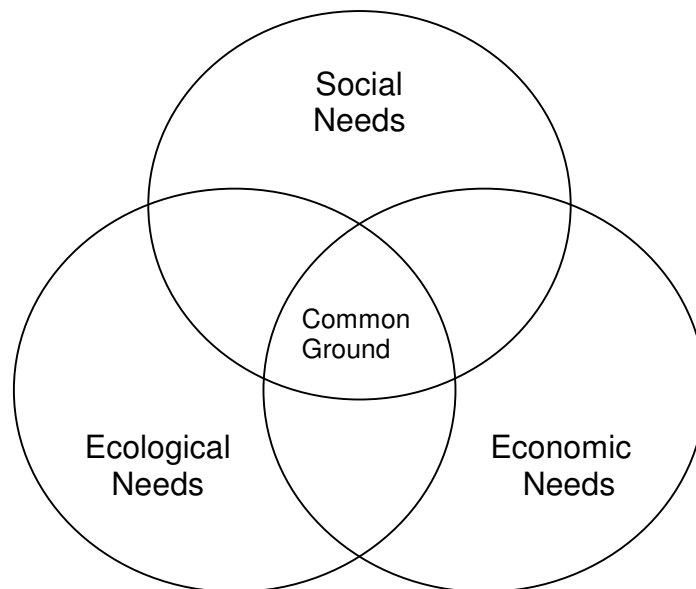
- ◆ Direct feedback received at public meetings; and
- ◆ Status of public inquiries in Genus database.

Through its Forest Management System, Canfor has established a procedure for tracking public/stakeholder comments in its Genus database (Figure 1). This allows comments to be recorded and action plans developed and tracked to ensure appropriate follow up. All records are evaluated annually at Forest Management System Management meetings to determine if trends have developed. If trends are identified, then an action plan is implemented to address the concern. This process assists in determining Canfor's success in dealing with public concerns

2.3 Conflict Resolution

Resource management is needs driven, involving interplay of three factors: social needs, ecological needs, and economic needs. The interaction of these components can be visualized as indicated in the following schematic (Figure 2). The central portion of the drawing marked as “common ground” indicates where all three factors are in complete agreement. It is Canfor’s goal to meet the needs of the majority of stakeholders to the highest degree possible, but recognizing that full consensus on all issues may not be achievable.

Figure 2: Components of Resource Management (schematic)



When dealing with social needs, one must be prepared to deal with conflict. For the purpose of this document, “conflict” is defined as “opposing viewpoints or opinions of two or more parties involved in the conflict.”

When a conflict arises with a member of the public or another land user, an attempt will be made to resolve the concern through the following sequential process:

1. If the concern is via a telephone call, attempt to respond verbally. If the other person is not satisfied or requires a written response, then;
2. Respond to the person’s concern in writing; or
3. If not resolved, offer to meet in person, at a convenient location, to discuss the concern(s). Offer the possibility of a field trip, if appropriate; and
4. If further action is required, offer to bring in a third party, depending on type of concern, to help work towards a solution or to conclude the conflict (see below). If appropriate, invite the person or party to an FMAC meeting to voice their concern(s).

It must be recognized that not all conflicts can be resolved. Canfor must be sensitive to the needs of its stakeholders and incorporate concerns where feasible, however, Canfor is still required to meet the economic needs of its business while operating within the bounds of the FMA ground rules and Alberta legislation.

An effective Public Involvement Program allows various opportunities for the public to be heard, which goes a long way to minimize conflicts.

2.4 Stakeholder List

Below is a list of the various groups that Canfor considers (but is not limited to) its stakeholders. The groups are categorized as industrial, government and public stakeholders.

This plan demonstrates how Canfor communicates and receives input from the public stakeholders; the needs of the government and industrial stakeholder are covered through the course of doing business.

The stakeholder list is dynamic and changes over time. Canfor will endeavour to keep the list current and update it as needed.

INDUSTRIAL

Timber Producers

Quota & FMA Holders

Tolko Industries Ltd.
Weyerhaeuser Canada Ltd.
Diashowa-Murubeni International Ltd.
Ainsworth Lumber Company. Ltd.
Alberta Newsprint Company Ltd.

Coniferous Timber Permits (CTP)/ Local Timber Permit (LTP) Holders

Numerous small holdings - list kept at Canfor office, varies by year.

Private Wood Suppliers

Numerous small holdings - list kept at Canfor office, varies by year.

Woodlands Contractors

Complete listing In Canfor Contractor Database.

Oil And Gas Companies/Pipeline/Mineral /Utility

Numerous companies - list kept at Canfor office, varies by year.

Trappers

Numerous Trappers - list kept at Canfor office, varies by year.

Outfitters

Numerous Outfitters - list kept at Canfor office, varies by year.

Grazing Lease/License Holders

List kept at Canfor office, varies by year

GOVERNMENT

Provincial Government

Sustainable Resource Development - Valleyview, Grande Prairie, Peace River and Edmonton

Municipal Government

City of Grande Prairie

County of Grande Prairie No. 1

M.D. of Greenview No. 16

M.D. of Spirit River No. 20

Communities in the vicinity of of Valleyview, DeBolt, Fox Creek, Spirit River, Grande Cache and Grande Prairie.

PUBLIC

See Forest Management Advisory Committee Terms of Reference (Appendix 3)

3. References:

Sustainable Forest Management Plan for Canfor's, Grande Prairie FMA area 9900037, November 2005.

Forest Management Planning Standard, April 2006.

Trapper Consultation and Notification Program, March 2004.

Canfor's Forest Principles, April 2004.

Canfor's Environment Policy, February 2005

APPENDIX 1 CORPORATE POLICIES

CANFOR'S FORESTRY PRINCIPLES

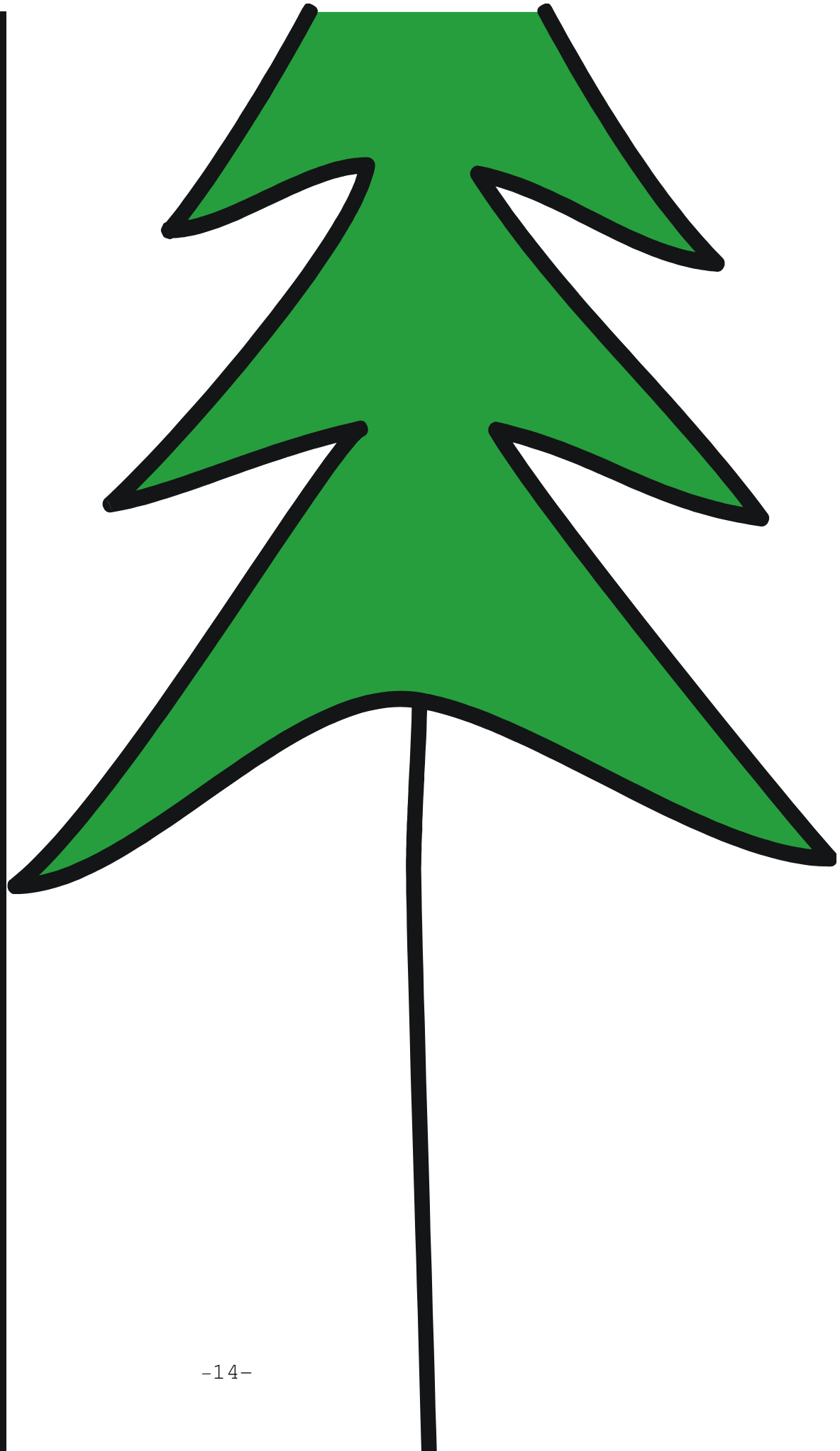


Table of Contents

Letter from the President	2
Introduction	4
Challenges and Opportunities	6
Ecological	6
Technological	6
Administrative/Regulatory	7
Timber Supply	7
Costs	7
Markets	8
People/Communities	8
Forestry Goals	9
Future Forest Condition	10
Forestry Principles	11
Ecosystem Management	11
Scale	12
Adaptive Management	12
Old Growth	13
Timber Resource	13
Forest Land Base	14
Health and Safety	14
Aboriginal People	14
Communities	15
Accountability	15
Glossary of Terms	16

Letter from the President

Canfor has a long history of good forest stewardship. From the early days on Vancouver Island and the planting of the first seedlings in Englewood, to the challenges of practicing forestry in the boreal and sub-boreal forests of northern Alberta and British Columbia (BC), Canfor has been a leader in forest management.

But circumstances continue to change. What has been done in the past may not be appropriate for the future.

The public is concerned about the forests and they're asking many questions. They want to know if there will be forests for their children and grandchildren. They want to know if streams and lakes are being protected, and if there will always be places for wildlife to live in the forests. Many people whose livelihood depends on the forests want to know if there will be rewarding job opportunities in the future. Our customers have also heard the concerns of their customers, and want to know how Canfor plans to address them.

In the fall of 1998, I asked that a special task force be formed to develop principles for Canfor that would guide the management of our forests into the next century. The task force was mandated to ignore the hype and rhetoric so prevalent in the media, and to develop forestry principles based on ecosystem management. They were asked to use the best science available and to balance environmental, social and economic considerations in their recommended approach.

For the past eight months, the task force has toured Canfor forestry operations and those of other companies that are recognized leaders. They have had many discussions with experts from the scientific, academic and environmental communities and they have produced a number of drafts outlining possible directions the company could take. The final product of their work is entitled *Canfor's Forestry Principles*, which I am now pleased to present to you.

These principles will provide the foundation for forest management strategies, policies and operating procedures in all our operations.

The real challenge will be to carry out commercial forestry within the context of good science and broadly based ecosystem management. It is an expensive proposition, and one that will only succeed if unnecessary costs and duplication by all parties involved in forest management are eliminated.

This will require new arrangements with our landlords. Ultimately, we must move from administrative, regulator-driven forestry to a results-based approach. Our foresters must be liberated to apply their professional skills, knowledge and creativity to achieve high standards of forest and environmental management in the most technologically advanced and efficient way.

Inevitably, at Canfor we will have to become more directly accountable for our forest management practices and outcomes. Accordingly, we shall pursue certification and validation by a credible outside body of our forest practices and approach to forest management.

Why are we taking this dramatic step? Because we believe a strong commitment to sustainable forestry and ecosystem management is important to our customers and the public, and therefore to our ability to successfully compete in the market. We also believe that an external validation process is an important discipline for us, as well as a valuable way for the public to gain confidence in our performance.

The principles are just the start. The true test will be their implementation and how we are judged in the years to come. It will not happen overnight and it can not be done by just a few people in Canfor. These principles have to become part of our day to day thinking and be embraced by all. Staff at all levels and in all areas will have a role to play and must be dedicated to these principles.

A challenge? Yes, very much so. A worthwhile endeavor? Absolutely, not only worthwhile, but also critical to Canfor's success in a very competitive world.

I welcome this challenge and ask you to join me in making it work.

A handwritten signature in black ink, appearing to read "J. Shepherd". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jim Shepherd
President and Chief Executive Officer

April 2004

Introduction

Canfor is a Canadian integrated forest products company with manufacturing facilities in British Columbia, Alberta and the USA. Our forestry operations in British Columbia and Alberta are located almost exclusively on public land. Therefore, public acceptance of our forestry practices is imperative for us to remain in business. We willingly accept the accountability that accompanies this public ownership and strive to manage our business in the best interests of both ourselves and the public.

We are privileged to manage some of the most diverse forest landscapes on earth. This diversity of ecosystems and tree species allows us to produce forest products, some with unique properties, which are in high demand in the global marketplace. Capturing value from this renewable resource is essential for the economic viability of our company and is critical to the economy of many communities. However, the forests where we operate are valued by society for more than just the products they produce, and we therefore recognize the need to manage them to provide a number of forest values. Forests in a natural state are becoming increasingly rare throughout the world. We support the creation of conservation areas which are representative of natural forests.

For several decades, the forests of British Columbia and Alberta have been managed under a policy of sustained yield of timber. Forest tenures were designed to yield a continuous harvest of timber in perpetuity through the practice of sustained yield forestry. This approach has enabled the development of a globally significant integrated forest products industry.

Society's attitude towards the value of forests and the approach to forest management has evolved. In response, there has been a shift in policy from managing for a sustained yield of timber to managing for a sustained yield of timber with an increasing number of constraints. These constraints were introduced to conserve or protect a range of non-timber values through a prescriptive set of regulations designed to limit the impact of timber management. Many constraints have been applied in response to specific environmental concerns and are justified. However, some constraints have been motivated by economic or political reasons and have no scientific basis. Some of these constraints will clearly not achieve the intended ecological objectives and our forests may not be able to provide the range of values that are expected. We need results-based management rather than constraints. We need a new ecologically-based forest management paradigm.

While forest management policies have evolved, there has been no concurrent or significant change in the tenure or stumpage systems in British Columbia and Alberta. Forest companies holding tenures today have very little economic incentive or administrative opportunity to thoroughly manage for a wide range of public forest values. In British Columbia, the evolution of public policy has resulted in unacceptably high operating costs for the forest industry and forest practices that often do not meet stakeholder expectations. Our foresters, customers and shareholders justifiably question whether this approach is desirable or sustainable, either ecologically or economically. We need changes to both the tenure system and the stumpage system to provide the incentive for long-term forest management that is both environmentally sound and economically viable.

At Canfor, we will improve our understanding of the ecological processes that have produced our natural forests and will incorporate this knowledge into our daily operations. Social, economic and environmental values will be addressed within a framework of ecological processes and science to deliver desirable future forest conditions. We will include measurable ecological targets to help gauge our performance, and submit ourselves to independent audits to verify our progress.

Canfor wants and needs the trust of the public, both at home and abroad. We know that society expects professional foresters and forest companies to take greater care of the forests, and the public is asking us to show leadership in this regard. We have been leaders in many areas. We believe our new approach will help us maintain and enhance this trust and provide an expanded leadership role within the industry. It will enable Canfor to start the next century with a clear vision of a truly sustainable future. It is in our interest, as well as those of local communities, our employees and shareholders, to do so.

Challenges and Opportunities

As the Forestry Principles Task Force developed its draft set of principles, many challenges and opportunities were identified. These include:

ECOLOGICAL

Challenges

- BC and Alberta have a wide range of forest ecosystems, from coastal temperate rainforest, through sub-boreal to true boreal. Canfor operates in many of these ecosystems and will need ecosystem-specific solutions to implement our vision.
- Identifying and maintaining 'ecological integrity' across Canfor's diverse landscapes will require that we understand the ecological processes and manage for them. Specific research and monitoring is needed to achieve this.

Opportunities

- We have the opportunity to increase our knowledge of the ecosystems in which we operate and to move from administrative forestry to ecologically-based forestry.
- An ecological approach will enable Canfor to address a greater range of values.

TECHNOLOGICAL

Challenges

Our forest management strategies have always tried to respect the different ecosystem conditions, but we have often been constrained by factors of technology and knowledge such as:

- The lack of inventory information about timber and other forest values.
- The inadequacy of modeling and forecasting tools to predict future forest conditions.

Opportunities

- We have the opportunity to work with research and academic institutions and to participate in research and development projects to improve existing modeling tools, to adapt them to fit our local conditions and to help develop new tools. Funding sources are available to enhance our own financial resources.

ADMINISTRATIVE/REGULATORY

Challenges

- The public process of land use planning and landscape unit planning is inadequate and incomplete.
- The tenure system (particularly volume-based) has limited our ability to plan and manage forest ecosystems for the long-term and at the broader landscape level.
- A number of current regulations limit innovative approaches to forest management because of governments' focus on management processes rather than on short and long-term results.

Opportunities

- Conditions within industry and government are at a point where major changes to the regulatory environment are necessary and desirable, i.e. tenure reform and the move towards results-based regulations.
- We have the opportunity to reduce the bureaucratic workload for both Canfor and government by taking on more of the workload and applying efficiencies.

TIMBER SUPPLY

Challenges

- Implementation of forest ecosystem management may result in reduced timber harvest levels in some areas.

Opportunities

- The desired tenure changes could provide a more secure and longer-term timber supply for the company.
- Some form of zoning will allow us to enhance our timber growing capability on some lands while accommodating non-timber resources more effectively on other land.
- Improving public trust through our actions will enhance our access to present and future timber supply.

COSTS

Challenges

- The majority of Canfor's tenured timber volume is in British Columbia, the province with some of the highest fibre costs in North America. The overall cost of managing and harvesting the forest resource must decline if Canfor is to be profitable and successful in achieving our goals.

Opportunities

- The required reductions in bureaucratic processes will save time, money and personnel resources, e.g. administration of the Forest Practices Code in BC.

MARKETS

Challenges

- The current strategy and focus of some environmental organizations is to target forest products customers in high-profile international markets to influence forest policy.

Opportunities

- We have the opportunity to implement certification initiatives that will maintain our access to markets.
- We will be better able to respond to public concerns and questions with enhanced information on ecological processes and improved ability to forecast the ecological consequences of management.

PEOPLE/COMMUNITIES

Challenges

- Canfor's key stakeholders have different expectations and needs from the forest. For example, it will be difficult to meet the needs of Canfor's customers who want increased product volume while meeting the public's demand for more non-timber resources from the forest, such as wildlife and old growth.

Opportunities

- Foresters and others will have an opportunity to use their expertise in innovative ways, which will improve professional satisfaction, professional credibility and development. We will get our foresters back on the ground developing management solutions.
- We have the opportunity for improved relations with Aboriginal people.
- Canfor will build stronger relationships with communities and environmental organizations.

Forestry Goals

OUR GOALS

- Canfor will be a global leader in the profitable production of forest products from sustainably managed forests.
- Canfor is committed to the conservation of soil, water and biodiversity and to the maintenance of ecosystem productivity in the forest areas where we operate.
- Canfor will use forest ecosystem management that encompasses entire forest landscapes and that forecasts the future condition of forests for 100 years or more.

Rationale

Canfor is a Canadian integrated forest products company that sells into the global marketplace. We are acknowledged as a leader in many areas, including many of our forestry activities. We intend to identify where our approaches are weak and to strengthen them. We will build on our strengths and leadership and leverage them to become a truly sustainable forest products business. We believe this is necessary if we are to expect broad support for our activities, both now and in the future. Only if we are globally competitive and profitable will we accomplish our goals of environmental leadership and sustainability. This is necessary if we are to provide security of employment to our employees, support for local communities and adequate returns to our shareholders.

We recognize that we are stewards of public forest land and therefore accept that we have a public responsibility. We intend to use the resource wisely, without compromising its value for future generations.

Canfor operates within extremely large forest regions and landscapes. Our activities, and those of other forest users, can have impacts at all scales — from the stand to the landscape through to the forest level — over long periods of time. We believe that we must identify and forecast the benefits that the forest is expected to provide both spatially and temporally.

Future Forest Condition

An important component of forest ecosystem management is the need to forecast or predict future forest conditions. Forecasts should be made for one hundred years or more. By integrating our current understanding of ecosystems and natural disturbance patterns with human uses and values, an array of future forest conditions can be modeled and projected. The outcomes can be tested against an ecological baseline of what could occur naturally to ensure that our influence on the ecosystem through our management practices falls within the range of natural variability. This must be an ongoing process that will continually input new data and will adapt or adjust to changes in the ecosystem and to changing human values and uses. If successful, the result will be a future forest condition that will best meet the needs and wants of interested or involved communities while maintaining ecosystem structure, flows and benefits.

The pathway to forecasting future forest conditions includes:

- An understanding of the ecological processes and the natural historic and current disturbance patterns for each ecosystem.
- The establishment of an ecological baseline and a range of natural variation that could occur without human intervention.
- Recognition and incorporation of human values and uses.
- Identification of communities of interest, and providing these communities with information and an opportunity for involvement.
- Projection of possible outcomes or future forest conditions within the range of natural variability.
- Ongoing measurement and monitoring of key environmental, social and economic indicators.
- Ongoing research to validate assumptions and to test new theories.
- Ongoing checking to ensure the process is still on course, and if not, making changes to management strategies or practices as required.

Forestry Principles

ECOSYSTEM MANAGEMENT

We will use the best available science to develop an understanding of ecological responses to natural and human-caused disturbances. We will incorporate this knowledge into higher level and operational plans by applying ecosystem management principles to achieve desired future forest conditions.

Rationale

An understanding of ecological responses will allow us to plan and develop stand, landscape and forest-specific approaches while moving towards our goal of using ecosystem management to achieve desired future forest conditions. Ecosystem management will enable us to emulate natural disturbances to manage forests for a range of values. We need data and modeling tools to assist in forecasting a range of management options and their ecological consequences. The feedback from these predictive tools will facilitate the adjustment of our actions through the process of adaptive management. Our long-term intent is to practice sustainable forest management.

All elements in nature vary in size, shape and spatial relationship according to some frequency distribution. Successful ecosystem management will incorporate a wide range of variability. It is important not to implement similar forest practices everywhere.

This also means that ecosystem management may include a range of management systems at varying intensities, i.e. some type of zoning. Depending upon other values and uses, management strategies could range from harvesting with natural reforestation and no follow-up treatments, to more enhanced forest management by planting with genetically superior seedlings and with a number of stand tending activities. However, all of these systems or strategies of forest management would ensure the protection of the soil and water at the stand level and the maintenance of biodiversity and ecosystem productivity at the landscape level.

SCALE

We will define objectives over a variety of time intervals (temporal scales), and at spatial scales of stand, landscape and forest.

Rationale

Natural variability occurs as a dynamic process over a range of time intervals (temporal scales), from short-term to extended-rotation time periods, and at spatial scales of stand, landscape and forest. It is the variability within and between these scales which produces ecological diversity and allows for the management of a range of conditions, from early successional to old growth.

Variability may occur in the form of:

- opening (patch) size,
- shape, residual amount and composition of,
 - understory
 - overstory
- landscape pattern,
- age class distribution, and
- rate, type and severity of disturbance.

ADAPTIVE MANAGEMENT

We will use adaptive management to continually improve forest ecosystem management. This will require the development and implementation of collaborative research and monitoring programs.

Rationale

The scientific understanding of non-timber values of forest ecosystems is currently limited. However, there is a growing body of scientific information that describes natural variability and the relationships between natural and human-caused disturbances. In order to meet the long-term challenges of ecosystem management, research is necessary to establish a baseline for natural variability and also to measure and compare responses between forest management practices and natural disturbances.

Currently, there is no adequate monitoring program that can assess ecologically-based forest management at a variety of scales. Monitoring, including the measurement of variables and responses, is essential to the adaptive management process. Furthermore, research and monitoring are expensive and require a broad range of scientific expertise.

Canfor has strategically used adaptive management on an informal basis. We will formalize our adaptive management strategy and will actively seek collaborative research that is directed toward understanding natural ecological systems. We are currently engaged in practical research projects with the Forest Engineering Research Institute of Canada (FERIC), Forintek, the Northern Interior Vegetation Management Association (NIVMA) and members of the research community on the Ecosystem Management by Emulating Natural Disturbance (EMEND) project. Other potential research partnerships include the University of Northern British Columbia, the Network of Centres of Excellence (NCE) at the University of Alberta and the University of British Columbia, where some excellent forecast models are being developed.

OLD GROWTH

We will include old growth and old growth attributes as part of our management strategies and philosophy in the forests where we operate.

Rationale

Old growth stands or stands that contain old growth attributes provide biodiversity and habitat for a range of species. The natural variability of forests normally includes some old growth. The age and condition of old growth or the attributes that make up old growth vary from region to region or by forest type. However, they typically include some of the following characteristics:

- multilayered canopy with a variety of species,
- low to moderate canopy closure,
- several age classes,
- some large, dominant trees in an overstory,
- snags and green trees with broken tops,
- high incidence of decay,
- susceptibility to insect attack, and
- downed woody debris.

Forest management strategies that maximize timber yield often replace old growth stands with younger age classes and create normalized forests, i.e. an even distribution of age classes. Some stands are maintained as primary forests in buffers, riparian areas, on unstable slopes and in other permanent reserves including protected areas. However, this alone may not guarantee the maintenance of old growth attributes. Therefore, it is important to manage for old growth attributes at various levels; stand, landscape and forest. Strategies to manage for old growth attributes may include lengthening rotations and creating old growth from younger forests managed specifically for that purpose.

TIMBER RESOURCE

Canfor will ensure a continuous supply of affordable timber in order to carry out its business of harvesting, manufacturing and marketing forest products. Canfor will strive to maximize the net value of the fibre extracted for sustained economic benefits for employees, communities and shareholders.

Rationale

Canfor is a significant market pulp and kraft paper producer, and is one of the largest lumber producers in the world. Each year, the company requires a substantial, uninterrupted supply of affordable wood fibre for its core manufacturing facilities. While Canfor's core manufacturing facilities may change, substantial volumes of timber will continue to be required annually.

Canfor is committed to continually improving upon the value of the raw material it sources from the forest. We recognize that our wood fibre supply has special properties. We will constantly strive to develop suitable markets and to manufacture products that provide higher economic margins to the use of the fibre. In addition, we will work on utilizing the whole log and will reduce the amount of fibre and bark burned as waste from our manufacturing processes.

FOREST LAND BASE

We advocate the maintenance of the forest landbase as an asset for the future.

Rationale

The governments of British Columbia and Alberta have designated areas as provincial forests. These forests are intended to be managed as a renewable resource for the benefit of present and future generations. They may include protected and unallocated forest areas as well as industrially managed forests. If these areas are permanently converted to non-forest for uses such as housing developments, highways and hydro reservoirs, society's future options on these lands will be compromised. Sustainability of forest values as promoted by Canfor in its Ecosystem Management principle is inherently linked to security of the forest landbase, both public and private.

HEALTH AND SAFETY

We will operate in a manner that protects human health and safety.

Rationale

Canfor has a long-standing tradition of promoting health and safety for our employees. We will not compromise this tradition as we implement these forestry principles.

ABORIGINAL PEOPLE

We will pursue business partnerships and cooperative working arrangements with Aboriginal people to provide mutual social, cultural and economic benefits and to address mutual interests.

Rationale

Canfor wants to be a leader in establishing business relations with Aboriginal people. Our approach will be based on sound business practices and decisions while working together to address the issues and needs of both parties. Canfor will be open to the development of partnerships and working arrangements with Aboriginal people that are mutually beneficial and increase value to our shareholders.

Cooperative management of the forest will require a variety of approaches, depending upon the interests and capacity of Aboriginal people and Canfor in each location. It may mean consulting with Aboriginal people to gain information about their traditional knowledge of an area and to seek input into our planned operations. It may involve Canfor and Aboriginal people working together to develop forestry plans that address the needs of both parties. It might result in Aboriginal people providing contracted services to Canfor. At a higher level, cooperative management could result in business partnerships between Canfor and Aboriginal people to manage the forest under some tenure arrangement.

Canfor believes that the development of cooperative working relationships with Aboriginal people will help provide certainty of timber supply for our manufacturing facilities. This, in turn, will help provide the stable business climate needed to attract investment, which ultimately is needed to sustain our business and the communities where we operate. Again, all of these arrangements must be based on good, sound business practices and must be mutually beneficial to both Aboriginal people and Canfor.

COMMUNITIES

We will engage members of the public, communities and other stakeholders in the delivery of the Forestry Principles. The process will be open, transparent and accountable.

Rationale

Canfor operates on publicly owned forest land in British Columbia and Alberta under a number of tenure agreements. These tenure agreements, and the legislation and regulations which authorize them, reflect the public ownership of the forest resource and provide considerable opportunity for the public to be involved. Existing land use planning processes also require extensive public input. As well, public input is sought on individual forest management plans at each operation.

The forest sector is crucially important to the communities where we operate. In addition, the public has a right to make its wishes known regarding the social, economic and environmental benefits it wants to derive from public forests. Yet, in spite of these opportunities for public involvement it is not always as effective as it might be. While the reasons for this are many and complex, we believe that the process of public involvement is very important and we are committed to finding ways to improve it. This will require an open, transparent and accountable process. Canfor is committed to developing this, and we accept the challenge it represents.

ACCOUNTABILITY

We will be accountable to the public for managing forests to achieve present and future values. We will use credible, internationally recognized, third party verification of our forestry operations as one way of demonstrating our performance.

Rationale

Canfor operates primarily on public land and is therefore accountable to the public and public agencies (i.e. government) for forest stewardship. Some members of the public remain skeptical about the ability of companies and government to conduct environmental audits free of prejudice or bias. Similar concerns are being expressed by our customers and in turn by their customers. As the concerns of society about environmental issues heighten, earning and maintaining the trust of the public will become even more important. Similarly, maintaining the confidence of customers will be increasingly important.

Verification of our forestry practices by an independent auditor is an effective way to demonstrate the validity of our practices and to alleviate these concerns. A number of certification initiatives have emerged for conducting such audits, each of which has different attributes. We are committed to implementing one or more of these certification initiatives and will submit our operations to external audits.

Glossary of Terms

ADAPTIVE MANAGEMENT

A learning approach to management that incorporates the experience gained from the results of previous actions into decisions. It is a continuous process requiring constant monitoring and analysis of the results of past actions which are used to update current plans and strategies.

ADMINISTRATIVE FORESTRY

Institution of legal and political mechanism to regulate the rate and pattern of forest exploitation to ensure future supplies of forest products and other values. Usually based on legislation and regulation rather than on a knowledge of how forests grow, how they respond to management, and how ecosystems function.

AUDIT

A planned, independent and documented assessment to determine whether agreed upon requirements are being met.

BIODIVERSITY (BIOLOGICAL DIVERSITY)

Diversity of plants, animals and other living organisms in all their forms and levels of organization, including genes, species and ecosystems, and the evolutionary and functional processes that link them.

CERTIFICATION

A system of rules or procedures acknowledging conformance to a standard.

COMMUNITY

A group of people living in the same locality and under the same government; a group of people having similar or common interests.

CONSERVATION

The controlled use and systematic maintenance, enhancement, restoration and/or protection of natural resources, such as forests, soil, and water systems for present and future generations.

CONSERVE

To protect from permanent loss or irreparable harm; preserve; to use carefully or sparingly.

CONSTRAINT

A restriction which limits or regulates the ability or flexibility to perform a prescribed course of action or inaction.

COOPERATIVE

A willingness and ability to work with others.

DATA

Factual information, especially information organized for analysis or used to reason or make decisions; values derived from scientific experiments.

DISTURBANCE

A discrete force that causes significant change in structure and/or composition through natural events such as fire, flood, wind or earthquake; mortality caused by insect or disease outbreaks or by human-caused events such as the harvest of the forest. Disturbances can occur at very small scales or large scales.

ECOLOGICAL INTEGRITY

The quality of a natural, unmanaged or managed ecosystem in which the natural ecological processes are sustained with genetic, species and ecosystem diversity assured for the future.

ECOSYSTEM

A complex system of living organisms (plants, animals, fungi, and micro-organisms), together with their abiotic environment (soil, water, and nutrients) that function together to circulate nutrients and create a flow of energy which creates biomass, a trophic structure (feeding relationships) in the living community, and a change in ecosystem form and function over time.

ECOSYSTEM MANAGEMENT

A management system which recognizes and incorporates the natural variability of an ecosystem and attempts to emulate these responses with man-made disturbances while managing forests for a range of values.

ECOSYSTEM PRODUCTIVITY

The health, vitality and rates of biological production in forest ecosystems.

ENGAGE

Actively involve in a meaningful way.

FOREST STAND

An area of forest that is distinct from the surrounding forest by reason of some combination of topography, species composition, age or other feature; basic management unit in silviculture.

INTEGRATED FOREST PRODUCTS COMPANY

A company which has facilities or capabilities to harvest and process logs into a range of marketable products such as lumber and pulp, and including by-products such as chips.

LANDSCAPE

A large area encompassing a wide diversity of adjacent landforms, land cover, habitats and ecosystems.

MODELING TOOLS

An ideal representation of reality developed to describe, analyze or understand its behaviour or functions; a mathematical representation of this relationship or behavior used to predict various outcomes.

MONITORING

The process of checking, observing and measuring outcomes for key variables or specific ecological phenomena against a predefined quantitative objective or standard.

NET VALUE

A 'before tax' value or profit margin remaining after all operating and administrative expenses of a particular activity or operation have been deducted. Usually expressed as a percentage of sales revenue.

NORMALIZED FOREST

A conceptual idea of a forest condition in which all age classes are equally represented.

OVERSTOREY

The uppermost layer of foliage in a forest having more than one horizontal layer of foliage. This layer of the forest is instrumental in determining the amount of light able to reach the forest floor and the understory.

PARADIGM SHIFT

A significant change in thought and action.

PRIMARY FOREST/ NATURAL FOREST

A forest area that has developed free from influence of industrial human use. The primary/natural forest may include, but is not necessarily equivalent to, an old-growth forest.

RANGE OF NATURAL VARIABILITY

The spectrum of conditions possible in ecosystem composition, structure, and function that may occur naturally considering both temporal and spatial factors.

RIPARIAN AREAS

Those terrestrial areas where the vegetation and soil conditions are products of the combined presence and influence of perennial and/or intermittent water, associated high water tables, and soils that exhibit some wetness characteristics. Normally includes rivers, streams, lakes, ponds, springs, marshes, bogs and wet meadows.

ROTATION

Broadly, the time needed from regeneration of a crop of trees through to harvestable timber. Can be classified under financial, technical, biological or ecological parameters.

SCALE

Defined on the basis of elements such as size, shape and distribution of ecosystem components.

SILVICULTURE

The art, science and practice of controlling the establishment, composition, health, quality and growth of vegetation of forest stands.

SILVICULTURE PRESCRIPTION

A site-specific operational plan that prescribes the nature and extent of any timber harvesting and silviculture activities that are designed to achieve required forest management objectives, including reforestation of a free-growing stand to specified standards.

SPATIAL

Pertaining to the physical size, location, pattern and distribution.

STAKEHOLDER

Individual, organization or other entity concerned with or by management activities on a given forest area.

STUMPAGE

Price charged for the right to harvest timber from publicly owned forest land.

SUSTAINABILITY

The ability of an ecosystem to maintain ecological processes and functions, biological diversity, and productivity over time.

SUSTAINED YIELD OF TIMBER

A forest management regime that involves more or less continuous harvesting, balanced by growth, over managed forest units.

SUSTAINABLE FOREST MANAGEMENT

Management to maintain and enhance the long-term health of forest ecosystems, while providing ecological, economic, social and cultural opportunities for the benefit of present and future generations.

TEMPORAL

Pertaining to time.

TENURE

The condition, specified in terms of time and a defined forest area, by which a forest manager or owner holds rights to use, harvest or manage one or more forest resources.

UNDERSTOREY

The trees and other woody species growing under the canopies of larger adjacent trees and other woody growth.

ZONING

A process of designating areas in which forest management can occur at varying intensities.

Last approved on Jan 18, 2006

Appendix 2 Canfor Contact Information

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Canfor WEBSITE

www.canfor.com

Appendix 3 FMAC Terms of Reference

**CANADIAN FOREST PRODUCTS
LTD.
GRANDE PRAIRIE**

**FOREST MANAGEMENT ADVISORY COMMITTEE
For CSA Certification**

TERMS OF REFERENCE

Approved: January 18, 2006

BACKGROUND

In July of 1999 Canfor formally announced its commitment to seek sustainable forest management certification of the company's forestry operations under the Canadian Standards Association Sustainable Forest Management (SFM) standard.

As a preparatory step to sustainable forest management certification, Canfor developed an environmental management system (EMS) for the company's woodlands operations. In December 1999, this environmental management system was certified to the ISO 14001 standard developed by the International Organization for Standardization. The Company's EMS provides a platform on which to build the sustainable forest management elements required to meet the CSA SFM standard.

The management of Canfor has set out a number of commitments that define the mission, vision, policies and guiding principles for the company. These commitments have been used to enable and guide the development of this Sustainable Forest Management Plan, and also commit us to the continual improvement of our performance in implementing the plan under the principle of adaptive management.

Canfor's Environment Policy includes a commitment to "create opportunities for interested parties to have input to our forest planning activities". The CSA SFM standard requires that sustainable forest management planning be carried out in consultation with those directly affected by or interested in forest management on the defined forest area (DFA). Canfor's Environment Policy commitment has been interpreted and extended to include the involvement of the public in the setting of local values, objectives, indicators and targets for the purpose of developing a plan to achieve and maintain sustainable forest management on the DFA. The Environment Policy and Canfor's Forestry Principles also include the opportunity for participation by Aboriginal peoples with respect to their rights and interests in SFM on the DFA.

In Grande Prairie, the FMA area encompasses a small area north and west of Spirit River, an area north and east of DeBolt and an area south of Grande Prairie and east of the Smoky River. The main neighboring communities include DeBolt, Valleyview and Grande Prairie. For certification with CSA, this FMA will serve as the Defined Forest Area (DFA). The attached map (Appendix 1) shows the area covered.

In 1995, the Forest Management Advisory Committee (FMAC) was initiated to provide public input into preparing a long-term Detailed Forest Management Plan (DFMP). Initially this Committee met monthly to identify key issues and concerns to be addressed.

In December 1999, Canfor and the Forest Management Advisory Committee (FMAC) agreed to work on the development and revision on the Sustainable Forest Management Plan (SFMP) for the Grande Prairie FMA area. The terms of reference were revised and adopted to reflect this additional role. Canfor's ultimate goal is to combine the current SFMP with the DFMP.

A. DEFINED GOALS

The Forest Management Advisory Committee (FMAC) aims to help ensure that sustainable forest management decisions are made as a result of informed, inclusive, and fair consultation with local people who are directly affected by or have an interest in sustainable forest management. The FMAC consists of members who represent a broad range of interested parties, including DFA workers as related to this Forest Management Agreement area (FMA area). The FMAC will work with Canfor Grande Prairie to:

- 1) Identify and select values, objectives, indicators and targets, based on the CSA SFM elements and any other elements of relevance to the DFA;
- 2) Develop alternative strategies to be assessed;
- 3) Assess alternative strategies and select the preferred one;
- 4) Review the SFM plan;
- 5) Design monitoring programs, evaluate results and recommend improvement; and
- 6) Discuss and resolve any issues relevant to SFM in the DFA.

Canfor and the FMAC shall ensure that the values, objectives, indicators and targets are consistent with relevant government legislation, regulations and policies. Additionally, they recognize Aboriginal and treaty rights, and agree that aboriginal participation in the public process will not prejudice those rights.

In addition, the FMAC will continue to:

- 1) Provide input regarding Forest Ecosystem Management Objectives; and
- 2) In partnership with Canfor, will review, refine and implement the Public Involvement Program.

B. Operating Rules

- 1) Ground rules/ conduct

The FMAC and its members agree to work by the following ground rules:

- a) All members will be given the opportunity to voice their perspectives;
- b) All members will listen to the range of perspectives;
- c) Meetings will be well-structured and facilitated to enable efficient progress; and
- d) Refreshments and food will be provided for the meetings.

- 2) Meeting agenda and dates

- a) Meeting agendas:

- i) Will address, where possible, both the needs of the Detailed Forest Management Plan and CSA Certification;
- ii) Input on upcoming meeting agendas will be obtained during each FMAC meeting; and
- iii) Canfor will finalize the meeting agenda.

- b) Bi-monthly meetings will be held in the spring, fall and winter unless additional meetings are required.

- c) Meeting dates:

- i) Will be confirmed jointly between Canfor and the FMAC.

- d) Meeting notices:

- i) At least two weeks advance notice of meeting dates will be given; and
- ii) Generally, the next meeting date will be confirmed at each FMAC meeting.

- e) Meeting Location:
 - i) Meetings will be held at a time and place most suitable to the members of the group, and may vary time or place to satisfy members requirements; and
 - ii) Suggested meeting location(s) are:
 - Senior Citizens Hall in DeBolt.
- f) Material, if available, will be provided for review in advance of meetings.
- g) Name:
 - The name is: Canfor's Forest Management Advisory Committee (FMAC).

C. Timelines

Canfor has maintained CSA certification since June 2000, and is audited by an independent third party annually. Canfor will be recertified to the standard every three years, with the next certification due in November 2008.

The Detailed Forest Management Plan (10-yr legal plan with the Alberta Government) was approved in November 2003. The next DFMP is scheduled to be submitted in 2009.

In the fall of 2006, Canfor's goal is to make a submission to the Alberta Government that the DFMP be amended to include the current SFMP.

D. Communication and Information

- 1) Internal to FMAC:
 - a) Canfor will ensure meeting minutes are distributed following each meeting;
 - b) Canfor will provide the FMAC with information as it applies to the function and business of the FMAC. Confidential business information such as financial or human resource information may be deemed to be sensitive and proprietary and may not be released; and
 - c) Canfor will provide access to information about the DFA and the SFM requirements.
- 2) External:
 - a) An annual update will be included in the Annual Report, which is distributed beyond Canfor and the Advisory Committee;
 - b) Canfor will provide information to a broader public about the progress being made in the implementation of the CSA Standard;
 - c) Canfor will make allowances for different linguistic, cultural, geographical or informational needs of interested parties as necessary;
 - d) Only authorized members of the advisory committee are to speak on behalf of the FMAC as agreed to by the group and Canfor;
 - e) When communicating with the media, interest groups or the public at large, specific comments will not be attributed to any individual FMAC member without his/her prior consent; and
 - f) If a FMAC member wishes to respond to the media, they are to speak on behalf of the interest group they represent only and:
 - i) Will be respectful of other members and other interest groups; and
 - ii) Will not characterize the suggestions or positions of other members or interest groups in their discussions with the public or media.

- 3) Internal to Canfor:
 - a) Applicable recommendations from the FMAC will be reported at Woodlands meetings; and
 - b) Applicable implementation reports and updates will report quarterly to the Regional Forest Management System (FMS) meetings.

E. Meeting Expenses and Logistics

- 1) Meeting Expenses
 - a) On request, members are eligible for \$50 per ½ day meetings for expenses (full day meetings to be covered at \$100);
 - b) Additional travel costs to meetings will be reimbursed at \$0.40/km;
 - c) If required, accommodation for members who must travel in excess of 1 hour for meetings will be covered; and
 - d) Expense forms for the above need to be submitted to Canfor for reimbursement.

F. Roles and Responsibilities

- 1) FMAC Structure:
 - a) Structure could include representatives from any of the following;
 - Alberta Fish and Game Association
 - Alberta Trappers Association
 - Canadian Natural Resources Ltd.
 - City of Grande Prairie
 - DFA Related Worker
 - Grande Prairie Chamber of Commerce
 - Grande Prairie #1, County of
 - Grande Prairie Regional College
 - M.D. of Greenview No. 16
 - Metis Nation Zone 6
 - Public member at large
 - South Peace Environmental Association
 - Sturgeon Lake Cree Nation
 - Travel Alberta North, Tourist Destination Region
 - Valleyview, Town of
 - b) Invites have been extended to, and the structure could include, representatives from any of the following organizations:
 - Alberta Conservation Association
 - Alberta Wilderness Association
 - Alberta Professional Guides and Outfitters Association
 - Canadian Communication, Energy and Paperwork's Union
 - Canadian Association of Petroleum Producers
 - Ducks Unlimited
 - Federation of Alberta Naturalists
 - Grande Prairie Public School District No 2357
 - Grande Prairie and Area Forest Educator
 - Grande Prairie Catholic School District No 28
 - Northern Gateway School Division
 - Peace Parkland Naturalists
 - Peace Wapiti School Division No 76
 - Valleyview Local Timber Advisory Committee

And others as identified by the FMAC

- c) In addition to the above members, advisors from the following will assist the group:
 - Canfor;
 - Alberta Sustainable Resource Development;
 - Tolko Industries; and
 - Ainsworth Lumber;
 - And others as identified by the FMAC.

2) FMAC Member's Role:

- a) To provide input as related to the Defined Goals (Section A) as related to the DFMP and CSA planning processes;
- b) The voting members are responsible for consensus reaching and decision making for the FMAC;
- c) To act as a liaison between FMAC and the organization they are representing;
- d) To attend meetings regularly;
- e) Members will be appointed by each of the member organizations;
- f) Members can be replaced if more than 2 consecutive meetings are missed without a valid reason;
- g) To replace a member, the member organization will be asked, by either the current member or by the Canfor representative, to reappoint a new member;
- h) Canfor will confirm appointment;
- i) Existing members, who no longer represent their original organization, may choose to remain on as members-at-large as this will provide ongoing continuity; and
- j) Use of Alternates:
 - i. an organization may appoint an alternate to act as an interim replacement for the member; and
 - ii. alternates are also guided by the Terms of Reference.
- k) Conflict of Interest:

If an FMAC member (or alternate) has a perceived or real conflict of interest regarding their input related to the Goals for the FMAC (Section A), this must be declared. The FMAC and Canfor will then decide at the meeting what actions are then needed. Potential actions could lead to:

 - Restricted involvement in the FMAC including asking the member:
 - To serve as an observer for the relevant specific issue(s) and recommendation(s);
 - To take a leave from the FMAC;
 - Other actions as created by FMAC and Canfor.

3) Observers Role:

- a) Public members are welcome to observe the FMAC meetings, but will not receive print materials;
- b) Observers may participate in discussions or make presentations only with agreement by the group, chair or facilitator;
- c) Forestry students are encouraged to attend as observers; and
- d) Will not take part in reaching consensus or decision-making of the FMAC.

- 4) Canfor's Role:
 - a) To review and consider the recommendations from the FMAC;
 - b) To make decisions regarding sustainable forest management and certification;
 - c) To report to FMAC on how input was considered and that responses are provided;
 - d) To demonstrate that there is ongoing public communication about the DFA, including the public communication process;
 - e) To provide the necessary human, physical, financial, and technological resources to the FMAC as necessary and reasonable; and
 - f) Will not take part in reaching consensus or decision-making of the FMAC except in areas of conflict of interests as stated in 2(k)

- 5) Advisor's Role:
 - a) To actively provide background or technical information, participate in discussions and provide support to the FMAC group;
 - b) To clarify technical information for the FMAC group; and
 - c) Will not take part in reaching consensus or decision-making of the FMAC.

- 6) Facilitator's Role:
 - a) To ensure that meetings address agenda topics;
 - b) To ensure that all members have an equitable opportunity to participate in the meeting;
 - c) To provide support in summarizing and clarifying issues, recommendations, etc.; and
 - d) Will not take part in reaching consensus or decision-making of the FMAC.

G. Decision Making and Methodology

- 1) 1. The group agrees to work by consensus defined as:
 - a) Every effort shall be made to achieve consensus;
 - b) Consensus is defined as no member having substantial disagreement on an issue;
 - c) Consensus may consist of agreement on a summary of the different perspectives on an issue;
 - d) Decisions on specific issues will be considered interim consensus, unless agreed otherwise, until there is consensus on the full set of recommendations;
 - e) All decisions and recommendations will require involvement of at least 4 members; and
 - f) A member who is absent from a meeting where a decision was made, may request to have the decision reviewed at a future meeting. The chair or facilitator would identify when this would occur.

H. Dispute Resolution Mechanism

- 1) Process Issues:
 - a) The facilitator will resolve process issues.

- 2) Technical Issues:
 - a) The members will work to identify the underlying issues and work towards a solution in a positive friendly environment;
 - b) The members will seek compromise, alternatives and clarification of information needed;
 - c) The members will commit to arriving at the best solution possible; and

- d) If no consensus solution can be reached, then the outstanding issues will be summarized and forwarded to Canfor for their consideration. Canfor will be informed of the level of support and dissention with the issue.

I. Review of and Revisions to Terms of Reference

The Terms of Reference will be reviewed every 2 years at a minimum or earlier based on consensus of the group.

The revision of the Terms of Reference requires the approval of the FMAC and Canfor.

APPENDIX 1

Map of Defined Forest Area

(FMA 9900037)

