

Most recently, and substantially on the international front, the Canadian forest products industry has been confronted by international environmental campaigns launched by non-government organizations such as Greenpeace. A particularly noteworthy example is the current campaign by Greenpeace and other environmental NGO's, advocating European boycotts of Canadian companies involved in the harvesting of old-growth forests situated along the mid-coast of BC (Canfor is not engaged in activity in this region, but in common with other companies operating along the coast, may receive some residual wood chips that originated in the area). In 1998, Greenpeace has been successful in getting some Western European companies to stop purchasing dissolving pulp from one Western Canadian company and lumber from others.

Many in the forest products industry are watching the Greenpeace issue closely. There is a widespread belief, borne out by statements from the ENGO community, that the attention, currently focused on one localized region, if successful, would spread to other areas of BC and Canada and would involve a greater number of companies.

Canfor believes that these types of issues call for increasingly effective communications. The company senses that the old-growth issue will be around for as long as companies are harvesting original forests that Greenpeace and other ENGO's would like to see preserved, no matter how well companies manage the forestry activity. At the same time, companies note an important role for communications and public participation to address concerns in this and other areas.

Voluntary and Non-Regulatory Initiatives (VNRI's)

Canfor has demonstrated a high-degree of pro-activity on, and commitment to, environmental management. During Canfor's early efforts to react to concerns raised by others regarding bleaching and harvesting practices, the company recognized the need to adopt a proactive approach to performance on the environment. Since that time, Canfor has worked to lead efforts to manage environmental aspects of its business rather than simply react to concerns as they emerge. The need to be proactive has been a much stronger motivator for the company than concern over possible regulatory "sticks."

Efforts within Canfor to develop and further good environmental stewardship have always been encouraged and have been able to obtain support within a corporate culture supportive of good environmental management practices, including those that the company feels are the right thing to. Management has been very supportive of staff efforts to gain a better understanding of the company's interactions with the environment and how to manage them most effectively. At the same time however, overall economic viability remains an essential aspect of any environmental program.

Canfor has an Environmental Policy as well as a Forest Stewardship Policy. Both indicate a commitment to, among others, openness; compliance or beyond compliance; target-based performance measurement and continuous improvement; sustainability; ecosystem-oriented planning; stakeholder involvement and communications; reforestation; biodiversity protection; and self-audits, as well as to promoting environmental awareness.

The company has been involved in many VNRI's including the Voluntary Challenge and Registry (VCR) program on greenhouse gases and ARET on toxics.