CHAIN OF CUSTODY POLICY

CANFOR PULP IS COMMITTED TO ESTABLISHING AND MAINTAINING A CHAIN OF CUSTODY SYSTEM CONSISTENT WITH PEFC AND FSC STANDARDS WITHIN SELECTED OPERATIONS TO CREATE AN INFORMATION LINK BETWEEN THE RAW MATERIAL USED IN COMPANY MANUFACTURING PLANTS AND THE FOREST AREA OF ORIGIN OF THE RAW MATERIAL. THE CHAIN OF CUSTODY SYSTEM IS SUBJECT TO MANAGEMENT AUDIT AND ANNUAL EXTERNAL AUDIT.

WE WILL USE THE CHAIN OF CUSTODY SYSTEM TO:

- Track the origin of raw material from sawmills through transport to delivery in log yards and consumption in our pulp and paper mills.
- Track the origin of raw material from outside suppliers.
- Track and record separately, the volume of raw material from forests certified to the following standards:
  - Canadian Standards Association CAN/CSA-Z809 Sustainable Forest Management
  - Forest Stewardship Council®
  - Sustainable Forestry Initiative®
- Track and record the volume of raw material from uncertified forests and make best efforts to avoid sourcing and trading raw material from:
  - Illegally harvested areas;
  - Regions harvested in violation of traditional and civil rights;
  - Forests where high conservation values are threatened by management activities;
  - Forests being converted to plantations;
  - Forests where genetically modified trees are planted; and
  - Suppliers in violation of any of the ILO Core Conventions.
- Conduct regular audits of our Chain of Custody system.
- Communicate information about our Chain of Custody to meet the needs of our customers and other stakeholders.

JUNE 2016

BRETT ROBINSON
PRESIDENT