



THE CANADIAN BOREAL FOREST AGREEMENT

*An Historic Agreement Signifying a New Era
of Joint Leadership in the Boreal Forest*

The Canadian Boreal Forest Agreement: Abridged Version
May 2010



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Major forestry companies as represented by the Forest Products Association of Canada (FPAC) working in the Boreal region of Canada have come to a historic agreement with nine leading environmental organizations, setting down collective wording on joint activity regarding the future of the Boreal Forest in Canada:

Canadian Boreal Initiative, Canadian Parks and Wilderness Society, Canopy, David Suzuki Foundation, ForestEthics, Greenpeace, The Nature Conservancy, Pew Environment Group International Boreal Conservation Campaign, and Ivey Foundation (hereafter referred to as the “ENGOs”)

AND

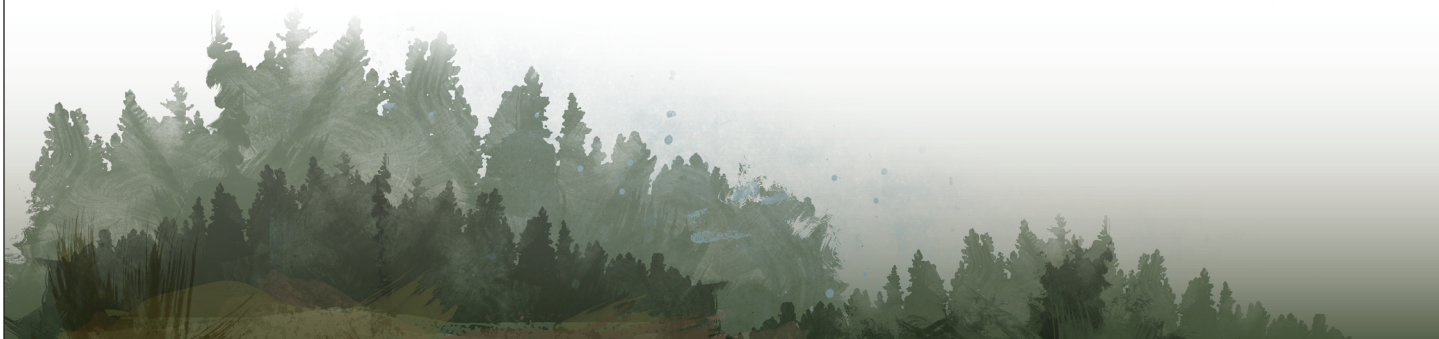
AbitibiBowater Inc., Alberta-Pacific Forest Industries Inc., AV Group, Canfor Corporation, Canfor Pulp Limited Partnership, Cariboo Pulp & Paper Company, Cascades inc., Daishowa-Marubeni International Ltd., F.F. Soucy Inc., Howe Sound Pulp and Paper Limited Partnership, Kruger Inc., Louisiana-Pacific Canada Ltd., Mercer International, Mill & Timber Products Ltd., NewPage Corporation, Papier Masson Ltée, SFK Pâte, Tembec, Tolko Industries Ltd., West Fraser Timber Co. Ltd., and Weyerhaeuser Company Limited (hereafter referred to as the “FPAC Members”)

AND

Forest Products Association of Canada (hereafter referred to as “FPAC”)

Have signed an Agreement that seeks to address sometimes conflicting social, economic, and environmental imperatives in a manner that captures the economic opportunities that are emerging for forest products of the highest environmental quality.

The company and environmental organization signatories have chosen to work together in addressing this challenge. They will work jointly in the marketplace and on the ground with leading practices and to support governments in their task of ensuring a fully functioning boreal ecosystem and world-competitive sustainable forest industry.



Agreement Goals:

The Canadian Boreal Forest Agreement is designed to achieve six shared goals:

Goal 1.

World-leading Boreal “on-the-ground” sustainable forest management practices based on the principles of ecosystem-based management, active adaptive management, and third-party verification.

In achieving this goal, FPAC, FPAC Members, and ENGOs believe it is important to build on existing work (the standards in the existing three major certification programs¹) rather than build a new (fourth) set of standards from scratch. These standards of practice will be jointly developed by December 31, 2010, and implemented by December 31, 2012.

The objective is to develop a concise document that outlines the key principles and management approaches (from both a substantive and process perspective) that FPAC, FPAC Members, and ENGOs agree are required to achieve ecosystem-based management (EBM) in Canada’s Boreal Forests. In developing this document, the intent is to:

- a) Base these standards of practice on the elements of each of the three existing certification programs (i.e., the practices used to apply the standards of each of the programs on the ground as evidenced by the current certifications) that best embody an ecosystem-based management approach, using as a reference point the on-the-ground application of the existing Forest Stewardship Council (FSC) National Boreal Standards;
- b) Provide for verification of compliance with these standards of practice through third-party audits (e.g., as currently provided for as part of FPAC membership’s existing sustainable forest management (SFM) certification commitment);
- c) Establish principles and procedures to govern the audits of such standards of practice based on best auditing practices in the Boreal:
 - i) The topics included in these principles and procedures will include (but not be limited to) the required qualifications of auditors, the selection of auditors, consultation, field sampling protocols, the time frames for addressing corrective action required, transparency of audit results, etc.; and
 - ii) The intent is that these principles and procedures be efficient and avoid audit duplications;
- d) Recognize the role of formal and informal voluntary conservation areas within the managed landscape;
- e) Base this work on the best available information;
- f) Provide for continuous improvement through active adaptive management; and
- g) Undertake this work in a manner that is efficient, cost-effective in both its development and implementation on forest tenures, and respectful of the auditing processes and procedures of the three certification programs, as well as in a manner that does not result in a premature process of standards revision.

¹ Canadian forest managers can certify their forest management practices to one of three internationally recognized forest certification programs: the Canadian Standards Association (CSA), the Forest Stewardship Council (FSC), and the Sustainable Forestry Initiative (SFI).



FPAC, FPAC Members, and ENGOs will jointly select a small group of “above reproach” experts with significant experience in Boreal Forest auditing of EBM practices. This group, which will be called the SFM Practices Experts Panel, will create a draft set of practices based on the elements of each of the three existing certification programs that best embodies an ecosystem-based management approach, using the existing FSC Boreal standard as a reference point.

Goal 2:

The completion of a network of protected areas that, taken as a whole, represents the diversity of ecosystems within the Boreal region and serves to provide ecological benchmarks.

FPAC, FPAC Members, and ENGOs are committed to jointly advocating for and working with governments, Aboriginal groups, communities, and stakeholders to accelerate the completion of a protected areas network across Canada’s Boreal region.

FPAC, FPAC Members, and ENGOs agree that Canada should be a world leader in conservation and protection of Boreal biodiversity through a mix of conservation measures, the completion of a protected areas network, and the implementation of third-party certification of sustainable forest management practices. As part of this, FPAC, FPAC Members, and ENGOs agree there is a need for a meaningful increase in the current level of protection throughout the Boreal region, including increases in both the allocated and unallocated regions of the Boreal.

To ensure that the network of protected areas in the Boreal enjoys broad-based support, the public process used in each jurisdiction must collaboratively engage government stakeholders based on best practices and based on outcomes of the best available information. The intent is to finalize a network of protected areas in a manner that seeks to avoid negative economic impacts and, wherever possible, minimizes, mitigates, and addresses impacts on affected parties such as tenure or licence holders.

FPAC, FPAC Members, and ENGOs believe that the following should be respected when addressing forest sector interests (and acknowledge that similar criteria need to be developed in relation to the interests of other stakeholders):

- a) Minimizing the effects on the supply and cost of fibre, as measured by all applicable factors including worldwide competitiveness, quantity, cost of harvesting, and transportation and logistics costs;
- b) Minimizing the effects on cost-competitiveness, production, and employment at individual facilities and the indirect impact on suppliers, contractors, service providers, and local governments; and
- c) The ability to mitigate the effects on fibre availability and cost through other readily available measures through an exploration of current and new public policy measures.



Goal 3:

The recovery of species at risk within the Boreal Forest, including species such as Boreal caribou.²

FPAC, FPAC Members, and ENGOs are committed to jointly advocating for and working with governments, Aboriginal groups, and others to promote the recovery of Boreal species at risk, including Boreal caribou. Within each jurisdiction, FPAC, FPAC Members, and ENGOs will work with governments and Aboriginal groups to establish (where necessary) and accelerate processes to complete and implement government caribou action plans in a manner consistent with the principles and criteria described herein. While FPAC, FPAC Members, and ENGOs believe certain principles or criteria associated with species-at-risk recovery plans should be applied across the Boreal, they recognize that the processes used in each jurisdiction to develop and implement action plans may vary to reflect regional differences.

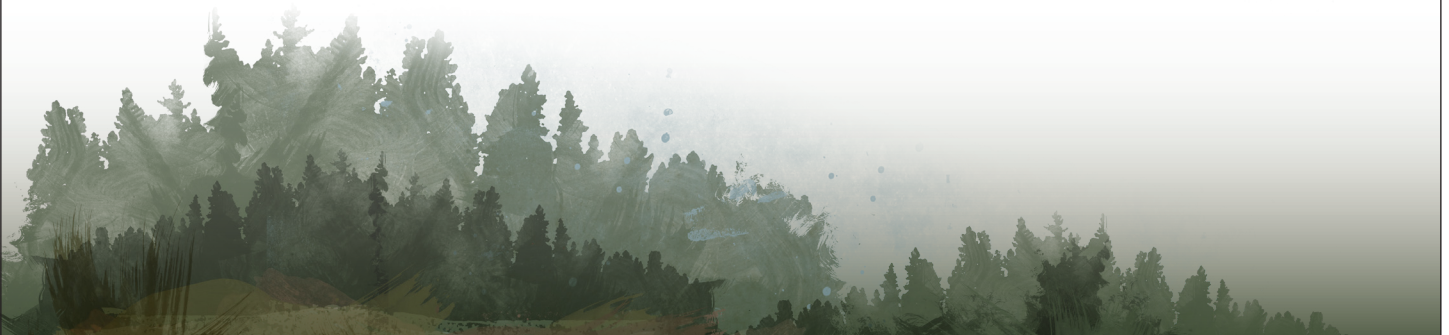
Concurrently, in each jurisdiction, FPAC and ENGOs will work together collaboratively to develop proposed Caribou Action Plans for priority herds in that jurisdiction that can be jointly supported, making these available as input into the government processes in that jurisdiction and advocating for their adoption and implementation.

In working together on species at risk recovery planning, FPAC, FPAC Members, and ENGOs agree there is a need to accelerate the identification of critical habitat for species at risk, identify appropriate conservation measures in relation to that habitat, and identify other measures that will be required to achieve recovery. In identifying these measures, FPAC, FPAC Members, and ENGOs agree it is important to start with the science (i.e., what measures would be taken if acting solely on the basis of best available science) and then overlay this with a consideration of agreed-upon social and economic considerations.

FPAC, FPAC Members, and ENGOs agree it is important to start with the science – and that the best available information for developing Caribou Action Plans includes the Environment Canada Science Report – overlaying identified conservation measures with social and economic criteria as referred to above, criteria consistent with the following should be used when addressing forest sector interests (and acknowledge that a similar set of criteria need to be developed in relation to the interests of other stakeholders):

- a) Minimizing the effects on the supply and cost of fibre, as measured by all applicable factors including worldwide competitiveness, quantity, cost of harvesting, and transportation and logistics costs;
- b) Minimizing the effects on cost-competitiveness, production, and employment at individual facilities and the indirect impact on suppliers, contractors, service providers, and local governments; and
- c) The ability to mitigate the effects on fibre availability and cost through other readily available measures through an exploration of current and new public policy measures.

² For the purposes of this Agreement, the term “Boreal caribou” is agreed to mean herds east of the Rockies including mountain/Boreal transition herds of northern B.C. and Alberta, Gaspésie, and Newfoundland and Labrador.



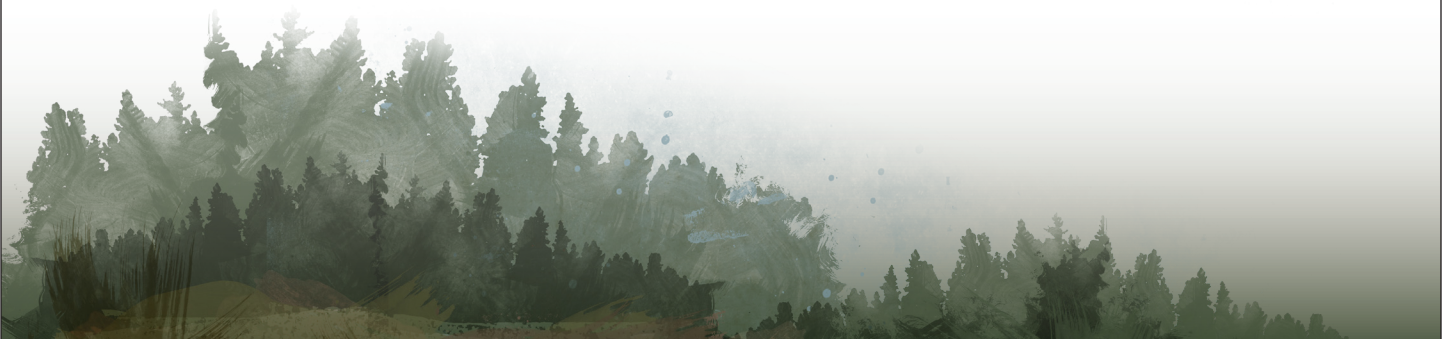
Goal 4:

Reducing greenhouse gas emissions along the full life cycle from forest to end-of-product life.

Recognizing the role that forests, forest protection, forest management, and forest products can play in mitigating and adapting to climate change, FPAC, FPAC Members, and ENGOS are committed to developing and promoting climate-friendly practices and policies. Good forest management principles, procedures, and practices — including the determination of sustainable harvest levels and the maintenance of ecological functions and values — should be applied irrespective of the products that result from management activities.

In support of this goal, FPAC, FPAC Members, and ENGOs will:

- a) Develop, advocate for, and implement shared solutions on issues such as harvesting biomass for bio-products, forest management practices, and other forest sector activities that are both carbon and biodiversity friendly;
- b) Jointly promote and advance solutions and opportunities that reduce GHG emissions along the value chain;
- c) Jointly undertake research and develop a white paper on a life-cycle analysis of forest products from the Boreal as compared to other substitute products;
- d) Promote the use of forest protection and management as ways to mitigate and adapt to climate change using an active adaptive management approach;
- e) If the federal or provincial governments proceed to include forest management and protection in carbon offset programs, jointly develop recommendations and promote the adoption of progressive policy frameworks that include:
 - i) Criteria to determine eligible projects;
 - ii) Environmental safeguards to ensure that forest carbon projects do not harm ecosystems and biodiversity; and
 - iii) Rigorous approaches to carbon accounting rules (e.g., baselines, additionality, permanence, and leakage);
- f) Jointly develop and promote the adoption of progressive policy frameworks for bioproducts. To this end:
 - i) FPAC, FPAC Members, and ENGOs will jointly commission or engage together as part of existing activity to conduct an assessment of the climate change benefits of major forest bioproducts produced or potentially produced by FPAC members (e.g., bioenergy);
 - ii) FPAC, FPAC Members, and ENGOs will identify best practices for biomass harvesting, including but not necessarily limited to determination of sustainable harvest levels for such biomass and the maintenance of ecological functions and values at the landscape-level and the stand-level in Boreal Forests. These best practices will be developed in accordance with the principles of ecosystem-based management and active adaptive management consistent with Goal 1;
 - iii) FPAC Members will implement agreed-upon best practices for biomass harvesting, as well as more generally implement relevant guidelines for on-site post-harvest retention on all lands in the Boreal under their management responsibility, including lands managed for traditional forest products;
 - iv) FPAC Members and participating ENGOs will collectively encourage the implementation of best practices for biomass harvesting among non-FPAC members, including entrepreneurial bioproducts companies; and
 - v) FPAC Members and participating ENGOs agree to jointly advocate for relevant governments to address regulatory and policy gaps with respect to the bioproducts sector.



Goal 5:

Improved prosperity of the Canadian forest sector and the communities that depend on it.

FPAC, FPAC Members, and ENGOs are committed to jointly advocating for and working with governments, Aboriginal groups, and others to improve the prosperity of the Canadian forest sector and the communities that depend on it.

In addition to taking various actions that specifically target marketplace recognition of the actions taken to develop and implement the Canadian Boreal Forest Agreement as described in Goal 6, FPAC, FPAC Members, and ENGOs will work together to encourage improved economic conditions for forest communities, such as by:

- a) Jointly developing and advocating for policies and investments that improve the competitiveness of the Canadian forest sector and create a climate of greater investment certainty, while at the same time having a neutral to positive impact on the sector's ecological performance;
- b) Jointly advocating for and supporting policies and regulatory improvements and promoting capital investment in forest sector technologies and equipment that produce both environmental improvements and economic benefits to companies, including current and new products and processes; and
- c) Providing advice on emerging R&D priorities and investments to facilitate "green recovery" and forest sector competitiveness.



Goal 6:

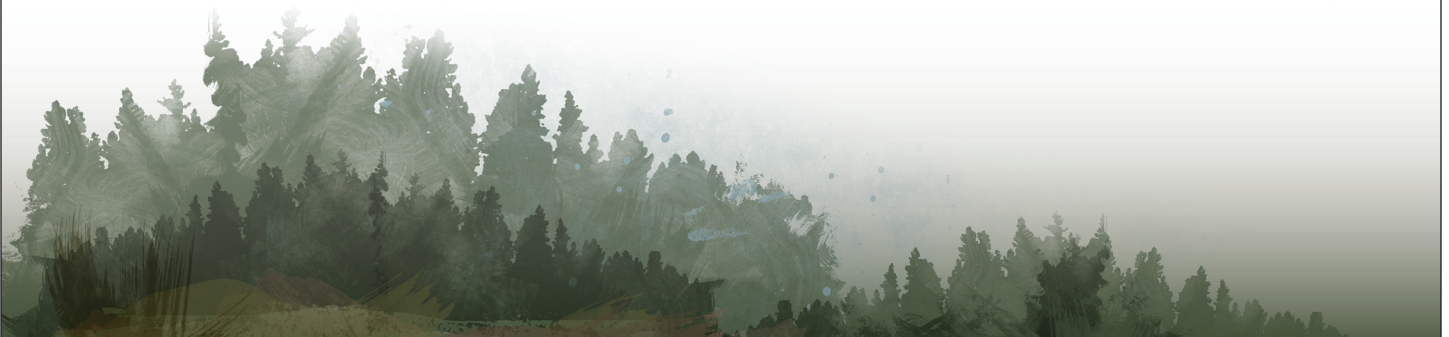
Recognition by the marketplace (e.g., customers, investors, consumers) of the Canadian Boreal Forest Agreement and its implementation in ways that demonstrably benefit FPAC Members and their products from the Boreal.

FPAC, FPAC Members, and ENGOs share a goal of securing marketplace recognition for the Canadian Boreal Forest Agreement and for successes achieved as a result of the collective efforts of the parties. FPAC Members and ENGOs are committed to jointly and individually communicating to the marketplace both the nature of the Canadian Boreal Forest Agreement and progress as it is implemented, and otherwise engaging with the marketplace with the objective of enhancing marketplace support for FPAC Members and their products from the Boreal, strengthening existing customer relationships, developing new markets for FPAC Members (both traditional markets as well as emerging green markets), and gaining recognition for ecological leadership. In doing so, it is acknowledged that the activities required to achieve these objectives are contained below and will be phased in, and that the timing of a number of these activities will be linked to the completion of other elements of the Canadian Boreal Forest Agreement.

FPAC, FPAC Members, and ENGOs Members will jointly develop and implement a comprehensive joint marketing and communications strategy that has as a primary objective developing ENGO recognition and support for Canadian Boreal Forest Agreement implementation and subsequent support for products for the Boreal operations of FPAC Members. This joint marketing and communications strategy will not require that all activities are joint and will use a variety of mechanisms to update stakeholders and interested parties on progress made under the Canadian Boreal Forest Agreement.

Effective as of the date of the public announcement of the Canadian Boreal Forest Agreement, ENGOS will:

- a) Suspend all activities that seek as their primary intent to have existing customers of FPAC Members reduce or eliminate their purchases of forest products from the Boreal operations of FPAC Members, or discourage potential customers from making purchases of forest products from the Boreal operations of FPAC Members — by way of example, this includes things such as direct actions targeting FPAC Members or their customers in relation to forest products from the Boreal operations of FPAC Members, negative media work targeting FPAC Members or their customers in relation to forest products from the Boreal operations of FPAC Members, targeted requests to customers of FPAC Members for cancellations of contracts that pertain to forest products from their Boreal operations, and requests to boycott forest products from the Boreal operations of FPAC Members;
- b) Suspend all activities that seek as their primary intent to, on the basis of the operations of a FPAC Member in the Boreal, have shareholders of a FPAC Member divest their shareholdings, discourage individuals and institutional investors from making investments in that FPAC Member, or discourage financial institutions from making or renewing loans to that FPAC Member; and
- c) Update their relevant websites, and seek to have the websites of others updated where relevant, to reflect both the foregoing and the status of the Canadian Boreal Forest Agreement.



Relationship with Governments

The work that will be undertaken by FPAC, FPAC Members, and ENGOs under the Canadian Boreal Forest Agreement is not intended to take the place of or usurp any existing or future government processes that address similar issues. Where there is overlap, work under the Agreement is intended to run parallel to and contribute in a positive manner to such processes. FPAC, FPAC Members, and ENGOs recognize that the legal responsibility and authority for land-use decisions and for conservation and resource management policy rests with governments, and that successful implementation of many aspects of the Agreement will require the support of and/or actions by governments and the support of a broad array of interests, including communities.

Rights, Title, Interests, and Aspirations of Aboriginal People and Their Governments

FPAC, FPAC Members, and ENGOS recognize that Aboriginal peoples have constitutionally protected Aboriginal and treaty rights and title as well as legitimate interests and aspirations. The Agreement is intended to be without prejudice to, and in accordance with, those rights and title. FPAC, FPAC Members, and ENGOS believe both successful forest conservation and business competitiveness require effective involvement of Aboriginal peoples and their governments. The signatories are committed to such involvement taking place in a manner that is respectful of and engages these Aboriginal rights, title, interests, and aspirations.

Relationship with Forest Communities

FPAC, FPAC Members, and ENGOs recognize that there is a correlation between the health of forest-dependent communities and the ongoing sustainability of both Boreal forest ecosystems and the forest sector. In implementing the Canadian Boreal Forest Agreement, FPAC, FPAC Members, and ENGOs are committed to proactively addressing the interests of forest-dependent communities in a respectful manner.



Challenges and Opportunities

FPAC, FPAC Members, and ENGOs Members understand there will be significant challenges in undertaking this work. For example, there is recognition that addressing the needs of species at risk such as Boreal caribou will require greater protection of caribou habitat, through new protected areas, long-term harvest deferrals, and management measures while, at the same time, seeking to minimize the effects on fibre supply, employment, and mills.

There are also significant opportunities. Based on emerging knowledge about the attributes of wood in an increasingly carbon-constrained world and a shared understanding of the increasing importance of protecting key ecological values, an opportunity exists for environmental organizations, forestry companies, Aboriginal peoples, and governments to forge a genuine partnership that advocates for the use of wood sourced from areas with a demonstrated level of high conservation performance.

To achieve success the signatories are committed to creating a “solutions space” within which this work can take place. Consequently, participating forestry companies will commit that over the next three years, harvesting will not take place in nearly 29 million hectares of forest within their tenures. Participating environmental organizations will publicly commit to suspending divestment and “do not buy” campaigns targeting participating companies’ operations and products.

FPAC, FPAC Members, and ENGOs Members will work together on building this Agreement through an agreed accountability process and milestones that seek to achieve mutual goals.

Measuring Progress

FPAC, FPAC Members, and ENGOs agree that successfully implementing the Canadian Boreal Forest Agreement will be facilitated by establishing and periodically measuring progress against a limited number of milestones that can be used both for project management purposes and for internal and external accountability purposes. Joint forums (e.g.: customer and investor update groups) and other mechanisms will be established to provide regular updates to both the marketplace and other stakeholders on progress achieved in implementing the Canadian Boreal Forest Agreement.



Next Steps

To these ends, there is consensus that work in the early stages will focus on:

- a) Completing priority projects in five representative regions, in which FPAC, FPAC Members, and ENGOs develop, based on leading independent science, caribou action plans (including new proposed protected areas, long-term deferrals, and management measures) that the signatories can jointly support and provide as input into relevant government processes;
- b) Producing ecosystem-based management guidelines and a gap analysis between those guidelines and existing practices for participating companies; and
- c) Identifying the areas of climate and energy policy that intersect with forest management and conservation, and creating a workplan for developing joint positions.

FPAC, FPAC Members, and ENGOs recognize the complexity of this undertaking, the need for the active involvement of many other stakeholders for the success of this initiative, and that final decisions on land use, conservation, and species at risk recovery plans, including caribou action plans, rest with governments and that the process used to make those decisions may vary from jurisdiction to jurisdiction to reflect regional differences. Having said this, the organizations involved understand that this leadership initiative can set a path that could be a model not just for other sectors in the Boreal Forest but also for other forest product nations of the globe.

The signatories to this Agreement have a collective belief that a stronger, more competitive Canadian forestry industry and a Boreal Forest with better protection and world-leading management will result from this effort.



