

ENVIRONMENTAL POLICY

West Fraser Timber Co. Ltd. is committed to responsible stewardship of the environment. A philosophy of continual improvement of our forest practices and manufacturing procedures has been adopted to optimize the use of resources and minimize or eliminate the impact of our operations on the environment. West Fraser recognizes that environmental excellence is an integral aspect of long-term business success.

Our Company and its employees are committed to the following:

- Complying with all applicable environmental laws and regulations, and with other requirements to which the organization subscribes.
- Preventing pollution and continuing to improve our environmental performance by setting and reviewing environmental objectives and targets.
- Conducting periodic environmental audits.
- Providing training for employees and contractors to ensure environmentally responsible work practices.
- Communicating our environmental performance to employees, customers, shareholders, local communities and other stakeholders.
- Reviewing, on a regular basis, this policy to ensure that it reflects the Company's ongoing commitment to environmental stewardship.

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Environmental Certification

West Fraser maintained third-party sustainable forest management ("SFM") certification at all of its woodlands operations in British Columbia and Alberta.

B.C. woodlands operations in Quesnel, Williams Lake, 100 Mile House and Houston, which had been previously certified to the Canadian SFM standard ("CAN/CSA Z809"), were transitioned to the Sustainable Forestry Initiative ("SFI"). West Fraser's woodlands in Hinton, Alberta and Sundre, Alberta remained certified to Canada's national SFM standard.

Both SFI and CAN/CSA Z809 are internationally-recognized certification systems that confirm a company is managing the forests in its care to a standard that integrates the perpetual growing of trees with the protection of wildlife, plants, water and soil quality, and with a wide range of conservation goals. With these systems in place, West Fraser's customers can have confidence that products manufactured from certified sources are derived from sustainably-managed forests verified by independent third-party auditors.

West Fraser also maintained certification of Environmental Management Systems ("EMS") at its Canadian woodlands to ISO 14001, a widely-recognized EMS certification system. ISO 14001 provides independent verification that the Company's EMS considers and takes measures to minimize or eliminate the environmental impacts of its activities, while striving for performance improvements.

By achieving certification of its Canadian woodlands to an external SFM standard, West Fraser has met a key membership requirement established by the Forest Products Association of Canada.

Cariboo Pulp & Paper, Hinton Pulp and Quesnel River Pulp ("QRP") maintained their EMS ISO 14001 registration. Hinton Pulp was also one of only 10 manufacturing facilities in Alberta recognized by the provincial government's new EnviroVista program, which publicly acknowledges industry leaders.

The Company's MDF manufacturing operations maintained the Green Cross certification, which verifies that MDF materials are made from 100% recycled content. They also maintained Environmentally Preferred Product certification from the Composite Panel Association.

The wood treating plant at Sundre passed an independent audit to verify compliance with federal guidelines for design of wood treatment facilities.

In 2005, West Fraser conducted internal environmental audits at the following manufacturing divisions: Quesnel Laminators, Hinton Wood Products, Sundre Forest Products, West Fraser LVL, Hinton Pulp, Northstar Lumber and Houston Forest Products. These internal audits complement West Fraser's external certification programs by monitoring the Company's practices and measuring its performance against internally-established targets.

Effluent Quality

QRP completed a significant capital upgrade which improved the quality of its effluent and reduced costs associated with effluent treatment. Cariboo Pulp & Paper completed capital improvements to its lime kiln, which has contributed to effluent quality improvements. The Company's joint-venture newsprint mill completed capital and process improvements that have enhanced energy efficiency and reduced water usage from 2003 levels. Additional projects have significantly decreased phosphorous (an effluent nutrient) discharge levels.

Capital and process improvements were made at the Kitimat mill to address the effect of its effluent on the taste of eulachon, a species of fish that spawns in the Kitimat River and other northern rivers during a brief period each year. These improvements continue to increase the overall effectiveness of the effluent treatment system. West Fraser signed a 14-year agreement with the Haisla Nation in February 2005 regarding the effect of the Kitimat mill's effluent on the Kitimat River and the taste of eulachon.

Slave Lake Pulp was not required to participate in the current cycle of a federally-sponsored environmental effects monitoring program. The exemption was granted after two previous monitoring programs did not detect statistically significant effects from the mill's effluent discharge into the Lesser Slave River.

Alberta Environment has implemented a policy that will require pulp and paper mills to reduce levels of biological oxygen demand ("BOD") and total suspended solids ("TSS") in pulp mill effluent. The new levels will be phased in over the next few years as affected pulp and paper mills renew their operating approvals. The Slave Lake Pulp and ANC mills currently meet the proposed BOD and TSS requirements. Equipment trials were conducted at the Hinton Pulp mill in 2005 to assess options for improved effluent quality.

Alberta Environment also requires pulp and paper mills operating on the Athabasca River to participate in water quality studies. West Fraser's mills are active participants in this ongoing initiative.

WestPine eliminated effluent treatment operations by transferring its untreated effluent to QRP's effluent system. QRP's permit was amended to reflect this change.

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In 2004, the Huttig operation began disposing of its domestic sewage in the local municipality's sewage treatment facility instead of its onsite treatment lagoon, which had been periodically in non-compliance with permit limits. As a result, the treatment lagoon at Huttig was closed and remediated in 2005.

Air Quality

The Smithers sawmill introduced a thermal energy system in 2005 that uses wood residue as a fuel source. The wood residue displaces natural gas and results in reduced greenhouse gas emissions and cost savings. With the energy system operational, the ongoing use of its Tier One burner is no longer necessary allowing the mill to meet the B.C. government's requirement to decommission this burner by the end of 2007.

Houston Forest Products is the only West Fraser facility in British Columbia which continues to operate a Tier One burner. The Company is currently evaluating options to redirect wood residue to other uses and methods of disposal in order to meet the 2007 decommissioning deadline.

Blue Ridge Lumber commenced construction of a thermal energy system that will replace its silo burner which is expected to reduce air emissions.

As part of the Quesnel sawmill project, construction started on a wood waste-fuelled thermal energy system to dry lumber. This system, like the one at the Smithers mill, is equipped with high efficiency air emission controls to minimize particulate discharges.

In Williams Lake, Quesnel and the Bulkley Valley-Lakes District regions, West Fraser continues to participate in multi-stakeholder airshed management planning processes aimed at improving air quality in these areas.

At the Company's Alberta Plywood facility in Edmonton, a covered chip conveyor was installed to reduce fine wood dust carryover from a previously unsealed conveyor system. The mill will further address air quality issues by installing an electrostatic precipitator to reduce air emissions from its dryers.

At West Fraser's U.S. operations, work is underway to identify measures that may be required to ensure compliance with boiler regulations that are expected to come into effect by 2008.

Greenhouse Gases

West Fraser tracks greenhouse gas (GHG) emissions annually from its manufacturing plants. In 2005, direct emissions were 11.5% below 1990 levels. (This includes all West Fraser facilities, including those acquired in 2004.) Despite increased overall production at various West Fraser mills, GHG's emitted per unit of production have declined by 25% in pulp mills, 12% in sawmills and 34% in plywood plants.

The Canadian government has proposed regulations that would set GHG targets for the pulp and paper industry. All of West Fraser's pulp and paper mills will be subject to the legislation and the Company will take necessary steps to comply with requirements.

Non-compliances, Charges and Spills

In December 2004, West Fraser was charged with eight counts relating to a 2002 black liquor release into a drainage ditch at its Eurocan operation in Kitimat. Charges were issued under the federal *Fisheries Act (Canada)*, federal migratory birds legislation and under the *Environmental Management Act (B.C.)* A trial date is scheduled for 2006.

Cariboo Pulp & Paper was charged with two counts under the *Transportation of Dangerous Goods Act (Canada)* regarding an incident involving damage to a rail car alleged to contain sulphur dioxide. The incident occurred prior to West Fraser acquiring a 50% interest in the mill in December 2004. The Company is defending the charges.

A chemical spill at the Kitimat mill's water treatment plant resulted in the mill's effluent exceeding permitted pH levels over a period of two days. Procedures and systems at the mill have been upgraded to prevent a reoccurrence.

The Slave Lake pulp mill failed one toxicity test in April 2005. This matter is currently under investigation by Environment Canada.

During its bi-annual (once every two years) compliance test, Ranger Board exceeded permitted formaldehyde emission levels from one dryer. The mill has conducted extensive investigations and tested a number of operating and control mechanisms. This matter has been reported to Alberta Environment.

The Red Earth, Alta. joint-venture sawmill was shut down indefinitely in September 2005. Prior to shutdown, the mill installed a hydrocarbon product recovery system to capture hydrocarbon contamination at its mill site, a condition that existed before West Fraser acquired partial ownership. Monitoring to assess site conditions and operation of the recovery system is ongoing. The burner at the mill did not meet the minimum permitted operating temperatures from January to September 2005. No regulatory action is anticipated.

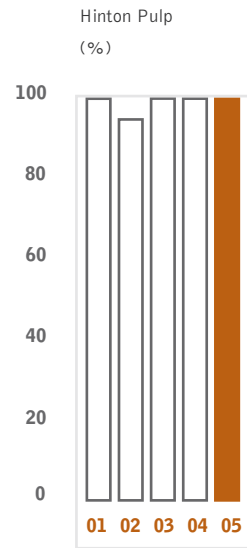
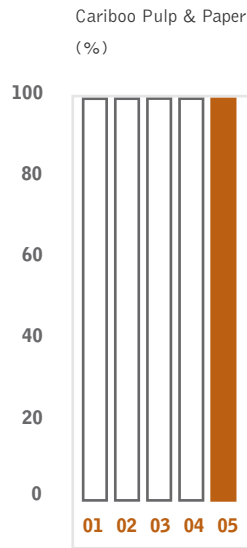
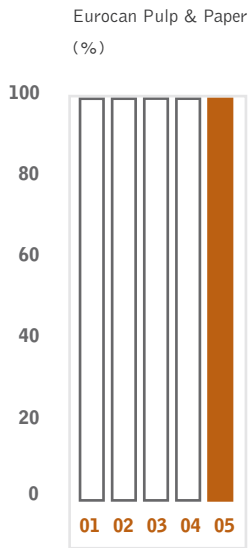
A burner feed system upgrade was completed during 2005 at the veneer plant at Slave Lake. This upgrade has improved compliance with minimum operating temperatures since the system became operational in July 2005.

West Fraser LVL exceeded dryer stack emission limits on one test during the year. The mill also had several stormwater pond discharges that did not meet the requirements of its permit. These incidents are under investigation by Alberta Environment.

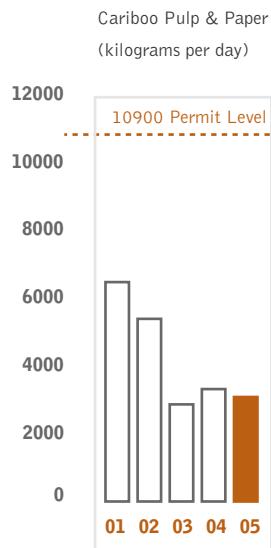
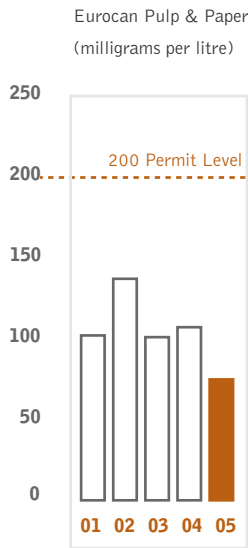
The Sundre sawmill and wood treatment plant was assessed a \$1,500 administrative penalty during the year for constructing a new kiln in 2003 before its air permit was amended to authorize the addition.

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Compliance with Toxicity Regulations



Total Suspended Solids (TSS)



Biochemical Oxygen Demand (BOD)

