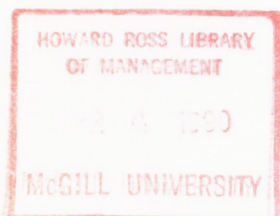


1989



FLETCHER CHALLENGE CANADA  
ANNUAL REVIEW









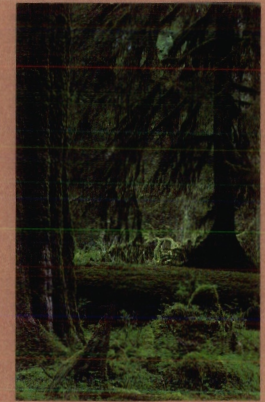


In 1989, Fletcher Challenge Canada's businesses generated revenues of \$2.6 billion. Its earnings of \$217 million, although down from the record \$290 million in the previous year, rank it third in terms of profitability in the Canadian forest products industry.

■ Softer market conditions for newsprint and the relative strength of the Canadian dollar compared with its U.S. counterpart were the primary factors leading to the decline in earnings in 1989. A \$.01 change in the Canadian dollar, relative to the U.S. dollar has a \$9 million effect on net earnings. ■ With the consolidation of the operations of its two predecessor companies complete, Fletcher Challenge Canada is today a significant producer in the North American forest products industry bringing to market 1.1 million tonnes of newsprint; 795,000 tonnes of kraft pulp; 500,000 short tons of lightweight coated groundwood paper and 1.8 billion board feet of lumber. ■ The optimization of the new organization, which included not only a management merger of the two companies but also a simultaneous rationalization of operations (which had been in the plans of both BCFP and Crown Forest), has been

relatively smooth for an organization of this scale.

■ Merger and rationalization achievements to date include product transportation and marketing savings, manufacturing efficiencies, lower unit purchase costs, reduced administration costs and a host of other operating benefits and synergies. Together, these economies represent potential annual pre-tax savings in the order of \$70 million, exceeding the original forecast by \$40 million. ■ Most of the rationalization which has occurred has been concentrated in the wood products sector where difficult decisions were required to bring a large complement of mills and manufacturing capacity into line with a smaller timber supply to achieve the desired goal of sustainable development. ■ The steps taken in this realignment have included the permanent closure of sawmills at Victoria and Lumby; the closure of the random length sawmill at Williams Lake; the consolidation of two coastal plywood plants into one larger operation in Delta; the sale of the Tilbury sawmill to an independent operator; the return of the Vancouver Sawmill to Western Forest Products Limited as a result of the sale of the interest in that company; and





the sale of the Grande Cache sawmill in Alberta to another company. ■ The completion of this major restructuring has left Fletcher Challenge Canada with a sound portfolio of mills. Efforts are now being focussed on upgrading and modernizing the remaining operations to return them to adequate profitability. Capital expenditures in this sector last year totalled \$71 million. ■ The Canadian pulp and paper industry is also undergoing a fundamental restructuring, driven by both external market forces and mounting environmental pressures. Canadian legislators, responding to an increasingly hostile public, are setting new environmental standards which carry an enormous price tag and could change the cost structure for the whole industry. ■ At Crofton, Elk Falls and Mackenzie, Fletcher Challenge Canada is spending \$275 million to improve effluent treatment and emissions, to eliminate trace levels of dioxins and furans and to meet new environmental standards for its pulp and paper mills. ■ Quite apart from environmental spending, Fletcher Challenge Canada has embarked on a major modernization and expansion of the kraft pulp mill operations

at Crofton where a \$260 million program is in its final phase. This program will return it to the lower quartile cost position among Northern bleached softwood kraft pulp producers by increasing production by 75,000 tonnes annually as well as improving quality. ■ The expansion will be substantially completed by mid-year and the total project by the end of 1991 when Crofton will be restored to a world-scale, quality operation. ■ Significant capital improvements are also being completed at Elk Falls and Mackenzie to increase productivity, lower costs and improve product quality. ■ Fletcher Challenge Canada operates a total of seven newsprint machines at Elk Falls, Crofton and Finlay Forest Industries, which produce over a million tonnes annually. These newsprint machines, when compared to the 120 North American and European machines which report operating statistics, are rated in the top 25 in terms of productivity. By midyear, the last fourdrinier machine at Crofton will have been converted to twin-wire sheet formation, assuring its place with the others as a cost-efficient, "state of the art" machine. ■ In March, Finlay (50 per cent owned by







Fletcher Challenge Canada Limited and 50 per cent owned by The Royal Bank of Canada) started up its first newsprint machine at Mackenzie, B.C. on time and on budget. The machine, part of a \$212 million project which also includes sawmill modernization, is producing a quality sheet of paper with unique brightness that is earning it an excellent reputation among publishers. ■ In 1989, earnings were affected by softer market conditions for newsprint as a result of oversupply caused by capacity expansion. Of the 11 new machines scheduled in the 1989-92 time frame for North America, five are up and running. ■ Fletcher Challenge Canada, in view of the current soft market conditions, is devoting considerable attention to value-added products such as high-brights and soft-calendered paper as a hedge against the demand/supply imbalance for standard newsprint. ■ The present and future for lightweight coated paper, produced by Blandin Paper Company, a wholly-owned U.S. subsidiary of Fletcher Challenge Canada Limited, are positive. The proliferation of special interest magazines, mail order catalogues and colour newsprint inserts in the

U.S. has been substantial over the past decade. The printing industry serving these markets is growing at an average rate of five per cent per year. ■ Blandin completed a US\$350 million expansion with the addition of No. 6 paper machine last September on time and on budget, increasing its capacity from 300,000 to 500,000 short tons of annual LWC production. ■ The expansion in Grand Rapids, Minnesota, will lower costs and reduce man hours of labour per ton, making Blandin a leading, cost-effective mill. ■ Two other Fletcher Challenge Canada business units, Crown Packaging and Crown Paper, also made a good contribution to earnings in 1989. ■ Crown Packaging operates two converting plants in British Columbia and services the food, beverage, wine, fishing and agricultural industries and a variety of retailers. Last year, Crown Packaging divested its Flexpak division, a plastic bag producer, and has reinvested those resources to meet increased competition from Free Trade. ■ Crown Paper is a major distributor of paper, packaging and related products, serving customers in central and Western Canada from its distribution centres in



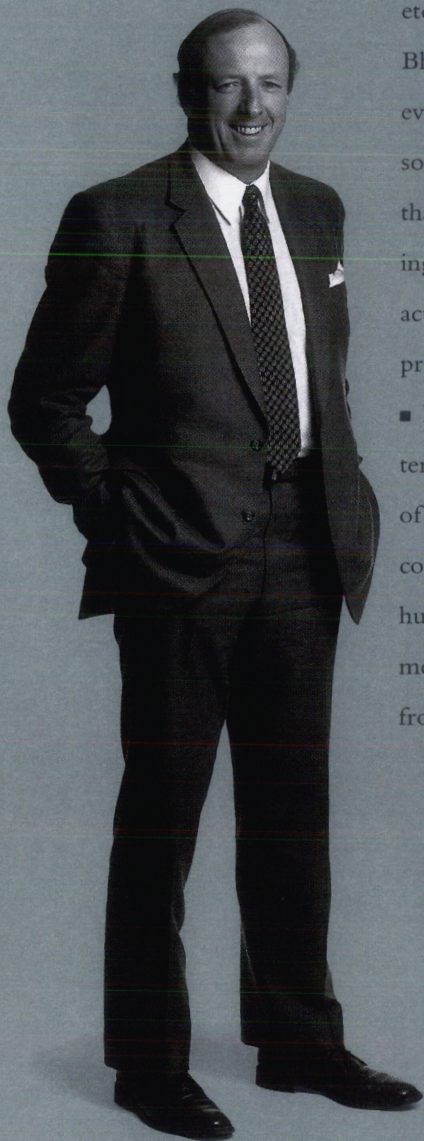




major cities. It enjoyed a record performance in 1989. ■ As the effects of the strategies now in place and the supply/demand balance for principal products improves, Fletcher Challenge Canada is well-positioned for the future. ■ The projects underway or recently completed in the past two years total \$1.4 billion. They embrace all product areas and will bring facilities up to state-of-the-art in terms of efficiency, productivity, quality and profitability. ■ Fletcher Challenge Canada is working hard to be the most effective, low cost producer in its core forest products and related businesses. In this regard, it is a much leaner, tighter organization as the result of the merger of operations that commenced in September 1988 and was fully consummated in 1989. ■ It has been a busy and demanding year for employees, not only in terms of completing the merger of operations, but also in executing the largest capital program in the company's history. ■ Certainly, the commitment of employees has had a large part to play in the successes achieved to date. With their continuing enthusiasm and support there is every confidence that Fletcher Challenge

Canada will achieve its goal of being a leading North American forest products company. ■ As the balance of this report suggests, there is a clear responsibility to its stakeholders to maintain the important contribution Fletcher Challenge Canada makes to the economy without sacrificing the environment. One third of every dollar Fletcher Challenge Canada will spend on capital projects in the next three years will go towards environmental protection and enhancement. But the placement of enormous capital and material resources are only part of the solution. Equally important is the collective desire this company shares with others to use the earth's resources prudently. The environment is not a fad or a cause. Society is undergoing a profound transition and, if it is to endure, industry will have a major challenge to balance the equally deserving needs of economic growth and sustainable development. In 1989, Fletcher Challenge Canada took steps to focus on the implications of this critical issue.





Scarcely a day goes by without some reference to the environment. Mostly, the news we receive is bad—global warming, depletion of the ozone layer, acid rain and deforestation of tropical rain forests are but a few recurring headline topics. ■ Often these longer-term environmental issues are punctuated dramatically by immediate catastrophes that become etched in memory to be recalled by place names such as Bhopal, Chernobyl or Three-Mile Island. These events and a foreboding that we are being slowly poisoned by a seemingly endless arsenal of deadly toxins that pervade our food, our water and our air, are creating a climate of suspicion about virtually all industrial activity. It is little wonder then that the environment preoccupies our daily lives, both on and off the job. ■ Fletcher Challenge Canada, although a corporate enterprise of significant scale, is quite simply a collection of individuals who work with a common purpose to convert a natural resource into a host of useful products humankind could not do without. We have an immense pride in our new organization; a pride that stems from the fact that what we do, we do well. But behind

that pride is the sober realization that the quality of our lives as individuals and the state of the environment around us are more important than our jobs. ■ Since 1989 was the first full-year the merged organizations of British Columbia Forest Products Limited and Crown Forest Industries Limited operated as Fletcher Challenge Canada, there was clearly a need to describe for ourselves and others, how we were going to perform in the area of the environment. The words we chose to become our environmental policy, we chose carefully: neither to understate our sincere commitment, nor to overstate our ability to achieve realistic expectations. ■ The spirit of what guides us is embodied in three short sentences. Fletcher Challenge Canada is committed to sustainable development, which is the use of natural resources in a manner which meets the needs of the present without compromising the ability of future generations to meet their needs. Fletcher Challenge Canada will meet or exceed all government requirements applicable to its operations and will regularly monitor its environmental performance. Fletcher Challenge Canada will communicate with its employ-



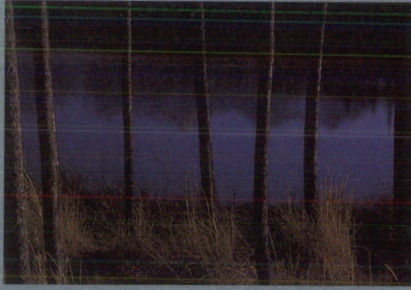


ees and the public, on its environmental performance and the impact of its operations and products on the environment. ■ The policy, simply stated, is our pledge to government and the public that we are serious in our desire to achieve a superior performance in our interaction with the environment. It means, too, that in setting higher standards for ourselves in a public document, we are providing an opportunity for everyone to measure what we say by what we do. ■ By bringing the policy to action we have inaugurated programs to monitor environmental progress of all operations including the impact of our processes and products on the world around us. We continue to monitor advances in science, in technology, in the workplace and the marketplace to search out better ways of doing things which may prove beneficial to the environment. As participants in the Provincial Round Table on the Environment, we are hoping to contribute to a new B.C. Government initiative to provide a forum for creative ideas and hopefully lasting solutions to the major economic and environmental issues facing the province. ■ Similarly, we support the B.C. Forest

Resources Commission which is charged with the task of conducting a comprehensive review of the values of the province's forests. The review will consider the full range of forest values, how forests might be managed to protect and enhance those values, and the total economic impact of the forests to the province. Again, it is an example of involving a representative cross-section of social interests. As in the case of the Round Table, each person brings something different to the table and the collaborative, non-confrontational structure of the meetings is an opportunity to work toward consensus and harmony. ■ There is, we believe, a need to cooperate with government, industry and other special interest groups to seek a better understanding of what goals we are all trying to achieve and to promote environmental awareness with our employees and the public. But there is also an absolute requirement to bring reason to the environmental debate, a debate that at times leaves the public baffled as they sift through rhetoric and extravagant claims for a measure of truth. ■ The naturalist Henry David Thoreau was insightful when he declared it takes two to communicate the truth





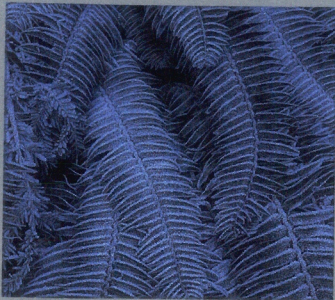


—one to speak and one to hear. The information sharing process is frustrated by the absence of irrefutable data that establishes with scientific certainty the assurance of safety we all seek. We have asked the Canadian Pulp and Paper Association to advance the case for such a body of knowledge that could lead to international standards that would help the public better gauge the performance of individual companies and mills. We have also urged the CPPA to consider a mandatory code of practice for Canadian mills which would set high standards as a condition of membership in the Association. ■ But how far should we go in our quest to protect the environment? There is a danger that the pursuit of eliminating barely measurable levels of trace elements from products or mill processes simply “because they are there” could exhaust our capital resources without providing any meaningful benefit to human health or to the environment. Additional costs arising from the unnecessary application of capital accrue eventually to the costs of products, placing the consumer at a disadvantage without purpose. ■ Respected scientific authorities like Dr. Bruce Ames, as-

sure us that many of the toxic chemicals that we are being conditioned to fear are not man made: they occur freely in nature. Does it make sense therefore to commit vast sums of capital to eradicate these toxins to below these ambient levels? ■ In our view, the answer is clearly no. But in the presence of unreasoning fear, there is often the flight of logic. In the extreme, this fear can lead to irrational demands from the international marketplace. ■ There is however, a job to be done to improve the quality of effluents and emissions resulting from manufacturing processes to conform to the higher standards demanded from today’s society. And we are proceeding expeditiously with that job. ■ Our current capital spending program on environmental measures at our B.C. pulp and paper mills will virtually eliminate infinitesimal chemical contaminants such as dioxins and furans. ■ The addition of secondary effluent treatment systems at our two coastal pulp and paper operations at Elk Falls and Crofton, are scheduled for completion by 1992. Fletcher Challenge Canada’s Mackenzie pulp mill, located in the B.C. Interior, which already had secondary treatment in place has








doubled the capacity of its aeration lagoons. These new systems will treat effluent to reduce toxicity, biochemical oxygen demand, suspended solids and chlorinated organic compounds. Still other programs are directed to improve the quality of air emissions. ■ Recycling is an area where legislation is already having an impact on the marketplace and a major product group for Fletcher Challenge Canada. Several U.S. states, most notably California, have passed into law regulations requiring publishers to use newsprint containing recycled fibre. ■ Fletcher Challenge Canada is proceeding cautiously but progressively with this major shift in product demand and is concluding an agreement with another operator to purchase recycled fibre for integration into some of its newsprint. The collection of sufficient waste newspapers to support the requirements and costs of a de-inking facility to supplement the amount of recycled fibre we have currently contracted is an issue we have under study at present. ■ In the pages which follow, we focus on the forest, which is the foundation upon which all our other activities rest. The care and nurturing of the forest affords an opportunity

for sustainable development which is the envy of many other industries. We accept the optimistic view offered in the United Nations' report, *Our Common Future*, which is a remarkable document that offers a blueprint for us to follow. The report's words are pragmatic but eloquent and sum up our conviction that there is much hope for a better world ahead. It's authors say it best: "Our Common Future is not a prediction of ever-increasing environmental decay, poverty and hardship in an ever-more polluted world, among ever-decreasing resources. ■ We see instead the possibility for a new era of economic growth, one that must be based on policies that sustain and expand the environmental resource base." Fletcher Challenge Canada willingly accepts the challenge that our duty to the environment is foremost in the daily conduct of our business.

Ian Donald

*President and Chief Executive Officer*



*The well-spring of our enterprise is the forest. From it flows the very reason for our existence as a provider of goods that fulfil humankind's needs for shelter, communication and comfort. At Fletcher Challenge Canada, we recognize the forest has many gifts to endow beyond commercial extraction of raw materials.  It is a place of remarkable complexity and diversity. And it can be a sanctuary where serenity and beauty abound. We share a common belief that the forest does not simply have one value. To the contrary, we know it is a tapestry interwoven with many values including those with an economic purpose. Still, we see the harvesting of timber and the subsequent manufacture of trees into useful products as an honourable calling. For despite its imperfect past, the Canadian forest*



The Native Indians living on the edge of the Pacific Coast rain forest called it "Kwekwel hay" which in the Squamish language means the big tree or "real tree". References in Captain Cook's journal described the tree as a true fir because of its resemblance to native trees of Northern Europe. A few years later, the leading English authority on conifers also misidentified the tree as a pine, giving it the name *Pinus taxifolio*. It wasn't until 1825, that the Scottish botanist, David Douglas, during his expedition to the West Coast of North America, recognized the "real" tree as an unknown species. Adding to the tree's mystery, he chose *Pseudotsuga menziesii* (false hemlock) as its generic name but most of us know it as Douglas fir. Stunning examples of this prevalent tree can be found in the Pacific Northwest. One of the tallest known Douglas fir is permanently protected in a special grove of trees on private lands owned by Fletcher Challenge Canada near Shawnigan Lake on Vancouver Island. Towering 81 metres in height, the tree has been growing since the 11th century.



DOUGLAS FIR

*Pseudotsuga menziesii*




**T**here are no fences around the forests under Fletcher Challenge Canada's care. In many cases, we provide the roads and maps to help the public gain access to the forests that they own. It's an excellent opportunity to see how much room there is to share the many values the forest has to offer.


Whether hiking, bird watching, fishing or a picnic on the forest floor, it's all there for the asking. It is also an occasion to see what kind of job we are doing in harvesting and reforestation. As guardians of the forest we'll ask you to stay home during periods of extreme fire hazard or we may ask you to avoid certain roads when logging trucks are operating. Our network of tourist information centres and our divisional offices are ready to take your questions and help you enjoy your outing. Take us up on it.





*products industry has contributed much to the building of the nation. Today, the management of Canada's forests and the manufacturing operations they support are under closer public scrutiny than ever before.  Given the majority of the country's 243 million hectares of productive forestlands are publicly-owned, and since one out of every 10 Canadian jobs is fully or partly dependent on the forest industry, the public has every right to question our conduct and performance. Our task is to show by example that we are in fact deserving stewards of this rich public resource that is in our trust. It is at times a daunting challenge because our achievements, and there are many, are often measured on a much smaller scale than our shortcomings. Equally worrisome is the concerted effort to withdraw*



*increasingly larger sections of the working forest for single purpose use. Education and public awareness are helping to close the gap that we believe exists between perception and reality in forestry issues but reason is meaningless if performance is absent.  As a guiding principle of our mission, we are committed to achieving sustainable development as defined in the World Commission on Environment and Development's report "Our Common Future". The report of the international commission struck by the United Nations and chaired by Gro Harlem Brundtland concluded: "Humanity has the ability to make development sustainable—to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs." Fletcher Chal-*



Once, the mighty grizzly bear ranged over much of North America's West Coast from Alaska to Mexico and from B.C.

to southern Ontario. As man encroached on his domain, this inherently shy, solitary creature's habitat shrank substantially. Today, B.C. with much of its vast wilderness still intact is home to the largest numbers of grizzlies.

Fletcher Challenge Canada, working with the Nature Trust, has helped create a safe haven for these mammoth mammals near the mouth of the Asseek River, a major food-gathering area for the bears. Grizzlies can reach 500kg in weight and reach nose-tail lengths as long as 2.7 metres. The long, outer guard hairs of the bear are often tinged with silver which gives it the "grizzled" appearance and hence its name. Although the sound of man usually causes the grizzly to take flight, at speeds up to 55 kmh, its behaviour can be unpredictable, particularly if surprised.



GRIZZLY

*Ursus arctos horribilis*


STERMER



**P**ulp can be dressy as well as practical. Residual chips remaining from sawmilling and inferior logs unsuitable for wood products are converted by a miracle of chemistry and engineering to produce dried sheets of compacted wood fibres. When restored to a liquid slurry, pulp becomes an essential ingredient not only for paper products but for thousands of other products. Some of these products might surprise you. For example, the rayon dress on this model depends on wood pulp. So do photographic film, imitation leather, wigs, cellophane, roofing tiles, record albums, and surgical gowns. Many of the personal hygiene products we use daily could not be produced without pulp.






*lenge Canada was one of the first organizations in Canada to publicly declare its support for the Brundtland doctrine, acknowledging sustainable development was very much in its long-term interests and those of its many stakeholders. In the short-term, however, this has meant realigning our manufacturing capability with our fibre supply because sustainable development does imply limits. To maintain this delicate balance, we are working to do more with less; extracting from each tree its maximum economic value in terms of quality products while maintaining the productivity of our forestlands.  The short-term visual impact of harvesting can be a disturbing sight for some people. Unfortunately, many urban-dwelling residents have little opportunity to be familiar with the life-cycle of a*



*managed forest. Many of these people are particularly disturbed by the visual result of clearcut logging which involves the cutting down of all trees in a given area. But whether in the softwood forests of Europe, the United States or Canada, clearcutting is the preferred method of harvesting by professional forest managers. It isn't, as many might believe, simply because it's the easiest way of bringing trees out of the forest. Clearcutting is a highly-successful silvicultural system that produces a new forest of even-aged trees.*

 *Experience has taught us that the best way to harvest and renew our forests is to imitate nature as closely as possible. Nature does an admirable job in regenerating timberlands lost to natural destruction, but the job of restocking logged-over lands is clearly our*



**A**n ability to convert sound vibration into musical expression is evidence that wood is anything but a prosaic commodity.

Wood is not merely a fallen tree: it lives on, a substance of extraordinary diversity and beauty, as well as the dependable and practical material from which we fashion our homes, our offices, places of worship, theatres and a myriad of other structures. It provides not only the roof over our heads but also the floor at our feet, the doors, the windows in between and the furniture. When it burns, it provides us with heat and the enjoyment of a glowing fire.

Gum from the spruce tree even goes into candy, chewing gum and medicine. Fletcher Challenge Canada is one of the country's largest producers of quality wood products, serving markets worldwide.






Paper is an important measurement for civilization. As societies advance, their use of paper increases. North Americans are the largest consumers of paper and paper products, an indication of our insatiable quest for information. Canadians alone consume on average about 50 kg per year of newsprint each. The first paper machines in Canada began in 1803, providing a product that helped communicate many of the ideas that eventually led to nationhood six decades later. Fletcher Challenge Canada produces in the order of two million tonnes a year of pulp and paper to help this quest for news and knowledge we share. Recycling offers an opportunity to sustain the life of the simple wood fibre even further. This page is an example of how recycled fibre can perform in a graphic way.





*responsibility if we are to reap future crops. Fletcher Challenge Canada's predecessor companies, British Columbia Forest Products Limited and Crown Forest Industries Limited, were pioneers in the area of reforestation.  Many of the trees planted by those companies in the 1940s will soon be harvested as second-growth forests and many more will follow in future. We are maintaining that tradition with the planting of more than 15 million seedlings annually, restocking in the process every hectare of land we harvest. Most of these new trees will be two to three metres tall in just a few years. With intensive forest management, these trees will reach heights of 20 to 50 metres over the span of a person's lifetime. As a testament to modern silviculture these trees of the future will*



yield a commercial crop some 10 to 30 years sooner than those that are naturally regenerated. 🌳 The lessons of forestry are not learned in 60-second clips on the evening news. They are not that simple. In the summer of 1989, Fletcher Challenge Canada expanded its program to help increase the knowledge of the inquiring public. Through guided field trips, participants are taken to active logging sites and then are shown recently replanted areas, juvenile plantations and finally fully-mature second growth sites. With the support of our regional information centres, real evidence of the cycle of a tree crop is condensed from several decades to a few hours. The success of these trips has give us encouragement that this open, non-confrontational dialogue with the public is

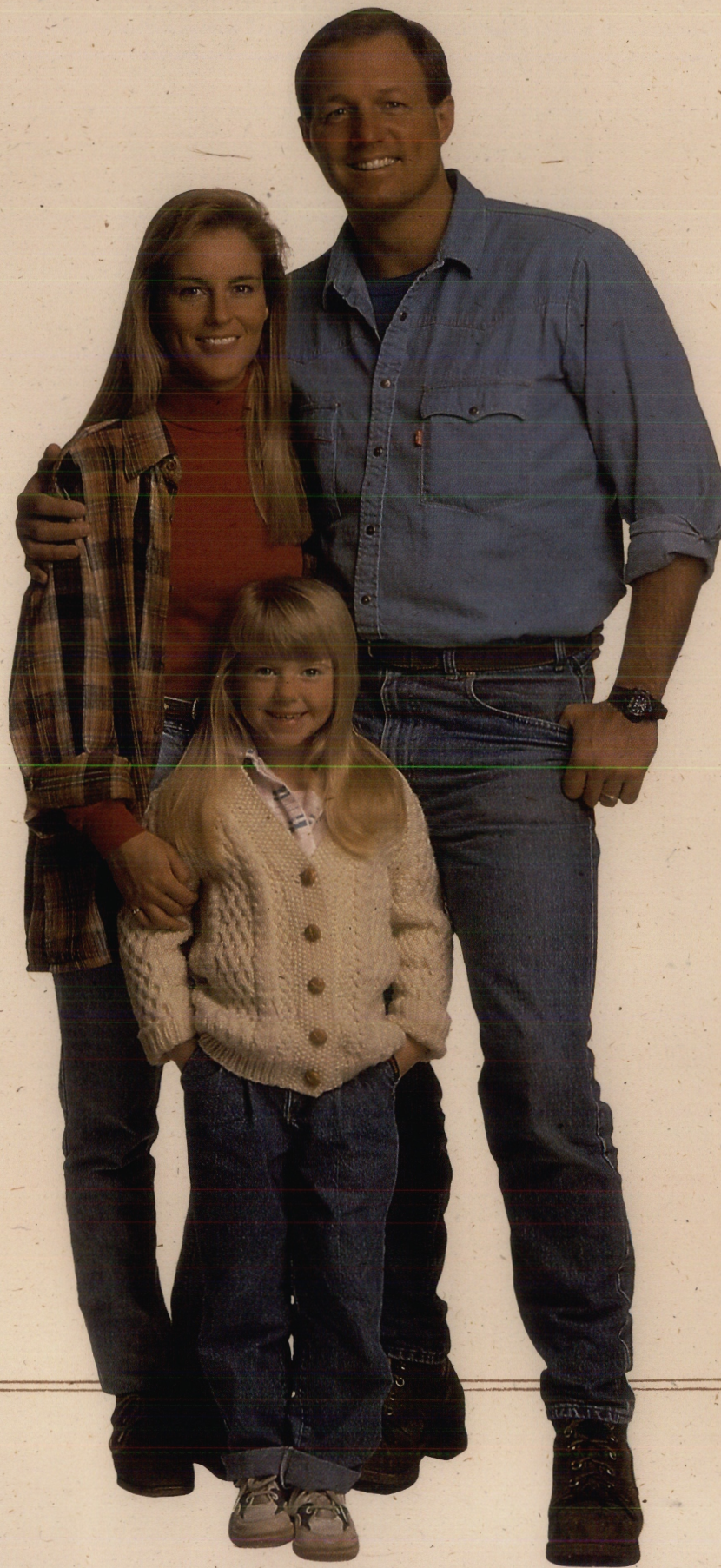


Nothing is wasted in the process of converting logs to forest products. Starting from the outside in, tree bark is a major source of energy when used as fuel for power boilers which in turn produce steam and electricity. Today's sawmill is replete with computers and lasers, as well as sawblades, all of which go to extracting the maximum amount of wood from the debarked log. This wood is converted by progressive steps into premium construction materials and many other value-added products. The sawdust which is left behind is used in the manufacture of some pulps and newsprint. Other pieces of scrap, or lumber that doesn't meet quality standards, are chipped to provide low-cost residuals for pulp. Pulp is integrated forward to produce newsprint and coated paper. Fletcher Challenge Canada's integrated operations are closely linked to maximize the value that can be extracted from its fibre resources.






One job in 10 in Canada depends on a healthy forest industry. It is a \$45 billion a year industry, representing the largest manufacturing and export sectors of the economy. From coast to coast, the forest industry is the economic mainstay in over 300 communities. Fletcher Challenge Canada, and its 11,000 employees are very much a part of this dynamic industry and the impact it has on our lives and the communities we call home. Our spouses and our children share in the fruit of our labour by helping to bond together the many facets that make these communities like none other. Whether its a shift with the volunteer fire department or helping a new immigrant adjust to the Canadian way of life, Fletcher Challenge Canada employees have demonstrated that the spirit of achievement they bring to their jobs flows back in hundreds of ways to the community at large. This commitment is backed up by Fletcher Challenge Canada's corporate giving program which provides funds for projects with a social benefit in many of our operating communities. And our employees also know that their company is there to help them reach some of their own personal goals in education or training.





*crucial to the ongoing debate of forestry issues. It has also led to closer public involvement in our logging plans. For example, in Clayoquot Sound, a major tourist destination in British Columbia near Tofino, some residents were concerned about the visual impact of logging from both land and water. As participants in a resource planning group, we were able to sit down with a representative group to begin to resolve an apparent conflict between logging and tourism factions. While the process was spirited at times, consensus was reached to approve an interim logging plan for the area. The evaluation process utilized the most up-to-date landscape design techniques. Through the use of computer-generated images, logging sites were chosen to take advantage of the natural terrain resulting in*




*improved sightlines in this scenic region. Recognizing that some of the large clearcuts of the past are clearly unacceptable by today's standards, these techniques and smaller-sized clearcuts will contribute to more aesthetically-pleasing viewsapes in active logging areas in future. The Walbran Valley on Vancouver Island, is another old growth region that will require a sensitive plan. In response to a Fletcher Challenge Canada newspaper advertisement inviting lower Vancouver Island residents to plan, more than 1,000 people signed up.  Unquestionably, the public has decided it is time to get their information first hand and that, in our view, is a positive step forward. We do not expect that all who tour our operations will leave waving our flag. We do hope, however, we have at the very least*




*demonstrated our willingness to show what we are doing, to listen earnestly to what the public is telling us and to act according to the best interests of all stakeholders. The Stein Valley represents another significant conflict that requires resolution. Fletcher Challenge Canada, which has a large timber position in the area, has stepped back from the intense debate with the hope that Native Indians and the Provincial and Federal Governments can reach some accord about the Stein. ☞ The original logging proposal for the Stein Valley was to log up to 9 per cent of the lower and mid-sections of the area over a 30 year period. Major considerations were our support for an extensive wilderness area and protection of all Native Indian archaeological sites or areas of special significance. Forests*



*are not merely wood lots for humans to exploit; they are in fact wonderful ecosystems which teem with wildlife. In most cases, harvesting can be designed to be compatible with the needs of the animal kingdom. For example, logging can create excellent transportation routes and grazing opportunities for many forest animals.  Harvest proposals developed by Fletcher Challenge Canada are reviewed by our Resource Management Group to ensure the protection of wildlife and fish habitat. We are also working with conservation groups, such as the Nature Trust, to protect unique areas by turning over some of our privately-owned lands to create wildlife sanctuaries. One of these areas, a magnificent estuary at the mouth of the Asseek River, near Bella Coola, B.C., is a critical habitat for*



*migrating waterfowl, rearing salmon and grizzly bears. In the Kootenays, we also worked with the Nature Trust to help it acquire its largest-ever wildlife reserve, a winter range for Rocky Mountain Elk and White Tail Deer. On the B.C. coast, we are working with the Federal Government's Department of Fisheries on several salmon enhancement projects which we fund and support through other material and human resources. As people who earn their living from the forest, we at Fletcher Challenge Canada have much at stake in the forest. To keep it productive and healthy for generations to follow is an immense responsibility. We are confident that we can meet the challenge of sustainable development while continuing to meet our obligations to the forest's many stakeholders.* 



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Coast Wood Products, Woodlands

Thomas Milner  
Vice-President  
Northern Interior Wood Products

Donald G. Polak  
Vice-President, Comptroller

Robert T. Porter  
Vice-President, Public Affairs

Jack W. Toovey  
Vice-President, Forestry & Timberlands

Thomas G. Torrance  
Vice-President, Newsprint Marketing

Douglas W.G. Whitehead  
Vice-President, Crown Packaging

Ronald J. Woznow  
Vice-President, Environment

PRINCIPAL LOCATIONS

FLETCHER CHALLENGE  
CANADA LIMITED  
Corporate Headquarters  
9th Floor • 700 West Georgia Street  
P.O. Box 10058 Pacific Centre  
Vancouver, B.C.  
Canada V7Y 1J7

CROWN PACKAGING  
P.O. Box 94188  
Richmond, B.C.  
Canada V6Y 2A4

British Columbia  
Richmond  
Kelowna

Alberta  
Calgary  
Edmonton

Saskatchewan  
Saskatoon

CROWN PAPER  
1675 West 4th Avenue  
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British Columbia  
New Westminster  
Prince George  
Saanichton  
Vancouver

Alberta  
Calgary  
Edmonton

Ontario  
Mississauga  
Thunder Bay  
Ottawa

Manitoba  
Winnipeg

Saskatchewan  
Regina  
Saskatoon

COAST WOOD PRODUCTS

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815 West Hastings  
P.O. Box 9502  
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Boston Bar  
Campbell River  
Courtenay  
Crofton  
Hagensborg  
Honeymoon Bay  
Ladysmith  
Madeira Park  
Maple Ridge  
New Westminster  
Port McNeill  
Sandspit  
Sechelt  
Youbou

CROFTON PULP AND PAPER  
8541 Hay Road  
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ELK FALLS PULP AND PAPER  
P.O. Box 2000  
North Island Highway  
Campbell River, B.C.  
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MACKENZIE PULP  
Bag Service 6000  
Mackenzie, B.C.  
Canada V0J 2C0

NORTHERN INTERIOR  
WOOD PRODUCTS  
P.O. Box 310  
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Mackenzie

SOUTHERN INTERIOR  
WOOD PRODUCTS  
820 Guy Street  
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Canada V1Y 7R5  
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Ashcroft  
Kelowna  
Williams Lake

TIMBERLANDS AND FORESTRY  
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Crofton  
Vancouver

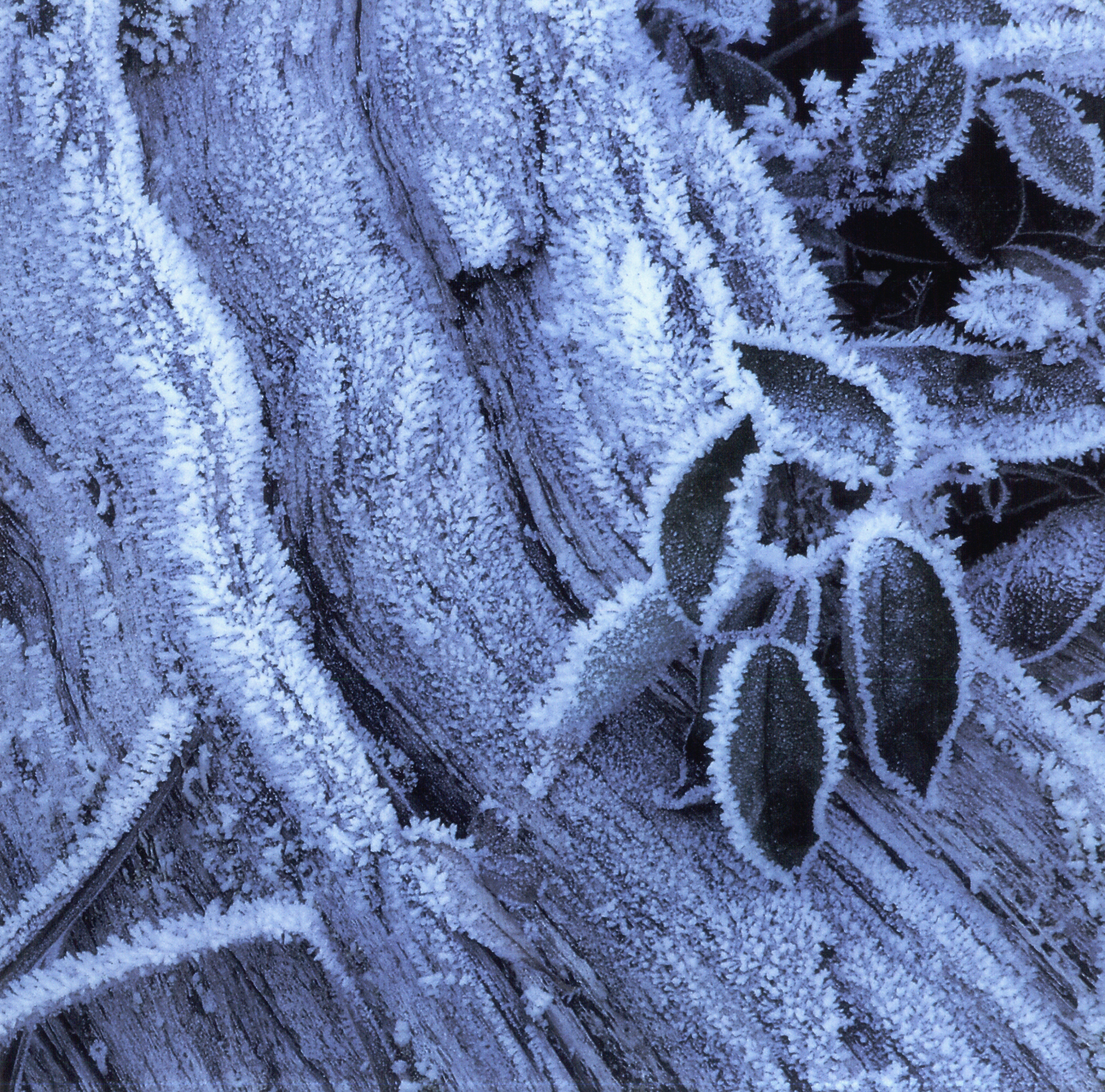
WOOD PRODUCTS  
MARKETING CENTRES  
Agincourt, Ontario  
Kitchener, Ontario  
Calgary, Alberta  
Winnipeg, Manitoba

FLETCHER CHALLENGE  
DISTRIBUTION INC.  
2304 Dollar Road,  
Spokane, Washington 99212-1435

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PAPER COMPANY  
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San Francisco, California 94108

BLANDIN PAPER COMPANY  
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Grand Rapids, MN 55744-3699  
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