



Sustainability Report

2023



*Better by
Nature*

**Don Kayne**

President & Chief Executive
Officer, Canfor

Messages from leadership.

Since the late 1930s, Canfor has produced high-quality, low-carbon forest products. While a lot has changed since then—from advances in technology that make our industry safer and more efficient, to higher forest stewardship standards, to the global fight against climate change—one thing hasn't changed, which is our philosophy to always work to be better.

Better for our people

Our commitment starts with being better for our people. Every day, we are laser focused on health and safety, diversity and inclusion, equity and wellness for our people, and for Indigenous and local communities. Key to advancing that commitment, in 2023 we continued work on our global safety program to ensure that best practices are shared throughout our operations. While we continue to make advances, safety is an ongoing journey and we continue to place safety for our people as our number one priority.

Better for the planet

Our people are also working to make products better for our planet. Our responsibly produced, low-carbon products are part of the solution in the global fight against climate change, and we have made advances with innovative

wood-based solutions to lower global greenhouse gas (GHG) emissions by offering alternatives to higher GHG-intensity products made from fossil fuels.

Responsible forest stewardship is at the core of our business and we are committed to practising world-class, sustainable forestry that will result in resilient, productive and biodiverse forests. As part of that commitment, 100% of our Canfor-managed forests are certified to SFI® or FSC® Forest Management Standards and 100% of all sourced wood in our North American wood products operations is certified to the SFI Fibre Sourcing Standard.

Building a better future

2023 was undoubtedly challenging for Canfor and our entire industry. Market uncertainty, elevated interest rates, concerns about affordability, combined with the high operating costs, particularly in British Columbia, put downward pressure on prices and impacted our earnings this year. While we anticipate that these conditions will persist into 2024, we continue to believe that long-term market fundamentals remain strong.

We are well positioned to handle the swings that come from a commodity-based industry such as ours; however,

our robust sustainability strategy will remain a priority so that sustainable business practices are embedded in every part of our company as we build a better future for our people and our planet.

At Canfor, we've always built our reputation on the quality of our products, on the reliability of our supply and on our superior customer service. While the world is changing, our commitment to those values will not. But as we shift from where we've been, to adapt to the needs of our people, our customers and the planet, we will continue to strive to be better at all that we do. From the forest that we steward to the products that we make...at Canfor, we're *better by nature*.

Don Kayne

**Kevin Edgson**

President & Chief Executive Officer, Canfor Pulp

Sustainability is embedded in all that we do at Canfor Pulp. In fact, the climate-friendly nature of our products, including how our fibre is sourced, and how our products are manufactured and used by our customers, is playing an integral role in our business as the global community continues to shift to a low-carbon economy.

Our backbone is the strength and versatility of our products, and these characteristics extend to our people who develop them every day, safely and sustainably. It is these qualities that have enabled us to navigate an incredibly challenging time for our industry, where we have had to make the difficult but prudent decision to restructure and curtail our operations in communities that have long supported our business.

With a mandate to make Canfor Pulp smaller but stronger, we've emphasized a transformation of our culture and the development of a shared vision where everyone feels valued, engaged and able to contribute to common goals. I am extremely proud of the team's unrelenting focus on safety throughout this process. Together, we are achieving the best possible operational performance while delivering against our sustainability commitments, including setting a new shared target with Canfor to reduce the energy intensity of North American pulp operations and wood products by 15% by 2033 from a 2022 baseline year.

Amid a difficult operating environment in British Columbia, the pulp and paper markets have actually entered into a revival era as customers seek our sustainably produced, low-carbon products. Thanks to new and emerging value-added bioproducts, growing niche markets that command premium prices, the expanded tissue and hygiene product markets, growth in high-performance packaging board spurred by e-commerce, and a shift from single-use plastics/glass to sustainable fibre-based packaging, the prospects for the pulp and paper industry are solid.

Our people remain our priority, no matter what external challenges face our business. We will continue to place the safety and wellness of our people and Indigenous and local communities as our core value as we forge ahead to sustainably deliver the products the world needs to live a better life.

Kevin Edgson

Q & A

Pat Elliott and Lindsay Sahaydak share their thoughts about our sustainability journey.

Embedding sustainability through all levels of the organization is at the core of Canfor's sustainability strategy. Why is this important, and how do you know when you will be successful?

Pat: I'd start with the fact that we have a tremendous amount of enthusiasm from employees across our Company but in order to harness this engagement we needed to create a more formal structure. To help support sustainability- and climate-related initiatives, in early 2024 we established a new committee to integrate our Environmental, Social and Governance (ESG) risks and opportunities into our long-term corporate strategy. Now called the ESG Committee, it expands responsibility for sustainability governance across the Canfor and Canfor Pulp Executive Management Teams.

Lindsay: A big focus for me and our team has been to implement processes that embed sustainability within operations. As part of this we have established Operations-led Sustainability Committees. These committees are responsible for providing direction on

localized approaches to achieving targets for key material topics that are largely within operational control.

Reporting on sustainability information is evolving globally. How is Canfor's reporting aligning with best practices?

Pat: We know that our Indigenous and community partners, customers, investors, and employees hold us to the highest standards, and we take that responsibility seriously. We continue to monitor the evolving reporting landscape and prepare and align the transparency of our disclosures to best practices.

In addition, we are reviewing our data quality and control procedures to ensure good governance of our data. As part of this work, we are implementing our Canfor Health, Environment, Safety and Sustainability platform. This digital reporting platform streamlines our processes into one integrated system, allowing for continuous improvement for incident reporting, inspections, audits and metrics reporting.

Canfor has set some ambitious goals around the company's path to becoming net-zero by 2050. How is Canfor advancing towards this long-term target?

Lindsay: As part of our goal to achieve net-zero by 2050, we have set a target to reduce our absolute scope 1 and 2 emissions by 42% by 2030 from a 2020 baseline year. In 2023, we established a target to reduce our value chain emissions, also known as absolute scope 3 emissions by 25% by 2030 from a 2022 baseline year. Our annual performance has been assured by a third-party and submitted for validation with the Science Based Targets initiative (SBTi).

To support these targets, over the last year we formalized a Climate Change Strategy. The Strategy will focus our efforts to advance climate-related initiatives across the company by prioritizing specific actions related to the five identified focus areas: Culture of climate innovation, Climate-smart forest stewardship, Industry-leading operations, Providing low-carbon solutions and Partnerships for climate action. We look forward to sharing more information about our progress in these areas in next year's report.



Pat Elliott

CFO, Canfor & Canfor Pulp
SVP, Sustainability, Canfor



Lindsay Sahaydak

Director, Environment &
Sustainability, Canfor



Contents.



Introduction

Sustainability at Canfor	7
Our sustainability framework	8
2023 Highlights	9
About us	14
Our values	15
Our operations	16
Our products	19
Performance at a glance	20

Environment

Sustainable forestry	28
Residuals management	41
Climate change	46
Energy management	54
Air quality	58
Water management	63
Waste management	69

Social

Safety, health and wellness	76
Inclusion and diversity	83
Indigenous relations	91
Community resilience	98

Governance

Board responsibilities	104
Management responsibilities	106
Risk management	110
Supply chain management	112
Human rights	116

Appendix

Materiality assessment	122
About this report	124
Supplementary ESG data	126
Independent practitioner's limited assurance reports	136
Reporting standards and framework indices	140



**We make products
that build a better
future.**

Sustainability at Canfor.



As a global leader in the manufacturing of low-carbon forest products, we have a deep commitment to sustainability, which is embedded throughout our entire operations from the forest to the finished product.

We're guided by our [Sustainability Framework](#), which outlines how we manage our material topics under the pillars of People, Planet and Products. This report describes our approach for managing environmental, social and governance (ESG) activities and tracks performance against our established goals in our [Performance at a glance](#) section.

Sustainably-produced forest products can play a role in mitigating the effects of climate change. As trees grow, they capture carbon from the atmosphere, and this carbon is stored in long-lived wood products such as lumber. Wood chips,

sawdust, shavings and bark are used to make pulp, paper, panels or pellets, which can be used as a source of green energy; we are investigating how these inputs can be engineered to replace other fossil-based materials.

Canfor operates in some of the most stringent regulatory environments, and we have sound environmental, social and governance practices embedded at every stage of our operations, as outlined in this report.

We work closely with Indigenous and local communities, partners and stakeholders so that our efforts benefit all. Together, we are building a better future with renewable materials.

Sustainability is embedded in our practices, operations and the manufacturing of our products as described in this report and in alignment with globally recognized forest certifications and sustainability standards below:

- the Global Reporting Initiative (GRI) standards
- the Task Force on Climate-related Financial Disclosures (TCFD)
- the Sustainability Accounting Standards Board (SASB) standards

Read more

For more information, see the [Appendix](#) for our detailed data tables, reporting methodology and use of sustainability reporting frameworks.

Our sustainability framework.

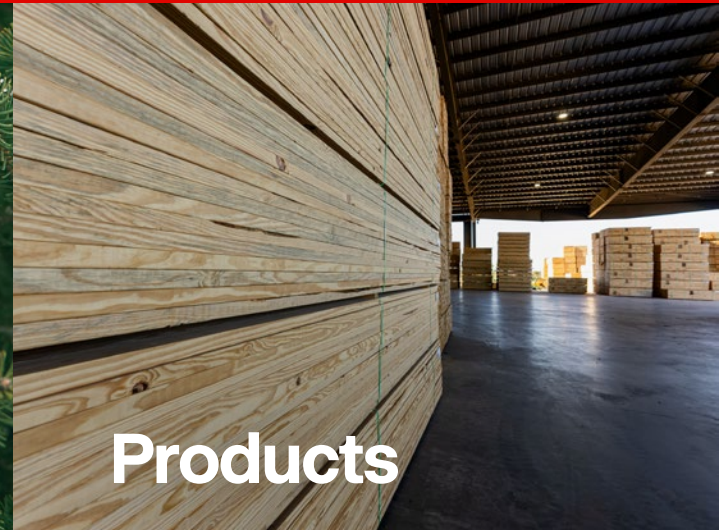
At Canfor, we're building a future as sustainable as the forest.



People



Planet



Products

Our people and communities thrive because we are focused on safety, inclusion, equity and wellness every day.

- [Safety, health and wellness](#)
- [Inclusion and diversity](#)
- [Indigenous relations](#)
- [Human rights](#)
- [Community resilience](#)

Our practices and products play an integral role in helping to protect the planet and mitigate climate change.

- [Sustainable forestry](#)
- [Climate change](#)
- [Air quality](#)
- [Water management](#)
- [Waste management](#)

Our products are sustainable because our manufacturing and supply chain are optimized for responsible resource use.

- [Residuals management](#)
- [Supply chain management](#)
- [Energy management](#)



2023 Highlights.

In 2023, Canfor made strong progress in our sustainability journey. We continue to embed sustainability in our business practices throughout the organization as we work towards our short- and long-term goals. As always, there is more to be done, but we are committed to Canfor's role in building a sustainable future with renewable, low-carbon materials.



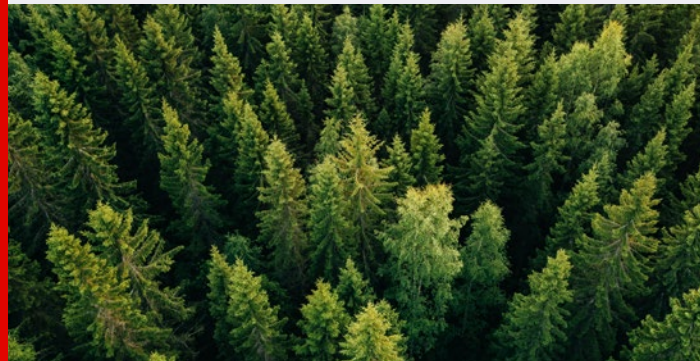
Safety remains our number one priority.

The health and safety of our people is of the utmost importance to us. We are on a journey of continuous improvement whereby we learn from our experiences and continue to build a global safety culture that leverages best practices across our operations.

[Learn more on page 76](#)

100%

of our Canfor-managed forests are certified to SFI or FSC Forest Management Standards.



100%

of all sourced wood in our North American wood products operations is certified to the SFI Fibre Sourcing Standard.



Established a target to reduce energy intensity by 15% by 2033.

Running our operations efficiently is critical to achieving our climate change goal. In 2023, we established an energy management target for our North American operations to reduce energy intensity by 15% by 2033 from a 2022 baseline year.

[Learn more on page 54](#)



2023

100%

of our Swedish woodlands operations are certified to PEFC Forest Management Standard.



Mitigating wildfire impacts.

As wildfires continue to become more severe and frequent, sustainable forest management is essential to ensure that forests remain healthy and resilient. We are taking action to proactively mitigate wildfire risk in our operating areas, and have reviewed our fire prevention, suppression and response efforts to ensure that they are adapting in line with the changing climate.

Learn more on page 34

58 million

seedlings planted in 2023.

Over 1 billion planted over the past 20 years.

Building relationships with Indigenous partners.

In 2023, we continued to formalize partnership agreements with Indigenous communities. Now, more than 49% of our operating areas in Canada are covered by agreements with Nations. One of these agreements are with Alexis Nakota Sioux Nation and Alexander First Nation, who we partnered with to obtain a new commercial timber permit in Alberta.

Learn more on page 95

Nearly 5%

of total Canadian operations spend with Indigenous vendors.

Learn more on page 97



Improving employee experience.

At our Canadian wood product operations we continued our "Excellence Works Here" program, our ongoing commitment to a safe workplace, best-in-class facilities and investing in our people. In 2023, we formed mill-level committees to identify priority areas for their site, and made site improvements such as paving, improving lighting and upgrading common areas. Moving forward, we will continue to put policies, processes and resources in place to support employee experience.

Learn more on page 88

93%

of our salaried employees in Canada have completed our Indigenous Cultural Awareness and Understanding training.



2023

50%

of our North American new hires are from under-represented groups.



Strengthening our human rights approach.

As an organization with a growing global footprint, we have a responsibility to ensure that our business operations respect the human rights of those impacted by our business. This year, we began developing a formal human rights strategy along with action plans to continually improve how we do business as a global organization.

Learn more on page 116



Investing in our local communities.

Through our Good Things Come From Trees community giving program, we contribute to local organizations that make a difference. In 2023, our employees from Conway and Myrtle Beach, South Carolina volunteered with Habitat for Humanity of Horry County to help build a new home for a local family of five. Canfor is a proud supporter of Habitat For Humanity and to date, we have donated over \$100,000 to the organization's local affiliates as part of our commitment to helping families build and improve places to call home.

Learn more on page 99



\$1.8 million

donated to communities through Good Things Come From Trees.



10 years in a row, Canfor has been recognized as one of the top employers in BC.



Developing innovative bioproducts.

We're exploring how wood waste can be engineered to replace fossil-based materials. In 2023, we explored the viability of a wood-based biocomposite material that could be used as a green alternative to plastics.

Learn more on page 45

2023



Vida and partners build Sweden's largest solar park.

Together with partners Bixia and Svea Solar, Vida opened one of Sweden's largest solar parks near Sölvesborg in Blekinge, which will generate 19 million kWh of power annually, enough electricity to power 3,800 houses. Vida will buy electricity to power operations in the area, reducing greenhouse gas emissions.

Learn more on page 47

Embedding governance throughout the organization.

Strong governance is key to embedding and maturing our sustainability strategy. This year, we established Sustainability Committees within our Canadian operations, and have plans to expand to our US operations in 2024. With representation from senior leadership and operations, these committees support, monitor, and embed our sustainability strategy into our operations, plans and management systems.

Learn more on page 102



76%
of our energy is from renewable sources.

98%
of salaried employees in North America have completed our Inclusion and Diversity Awareness Training.



Building a respectful workplace.

In 2023, we delivered mandatory respectful workplace training for all salaried employees across North America. 90% of our North American salaried employees have taken the training sessions, which focus on fostering a workplace that is free of discrimination, bullying and harassment.

Learn more on page 118

2023

A comprehensive approach to reduce our carbon emissions.



We received third-party assurance on our scope 1, 2 and 3 GHG emissions.

In early 2024, we submitted our emissions targets for validation with the Science Based Targets initiative (SBTi).

We are reviewing our capital planning process to consider the energy and emissions impacts of projects.

\$250 million
has been committed to decarbonization projects.



Our Climate Change Strategy

This year, we formalized a Climate Change Strategy to prioritize and focus climate-related initiatives across the company.

Our climate goal.

We will become a net-zero company by 2050 through advancing climate-smart forest management, producing sustainable forest products and developing impactful partnerships.

Our 2030 targets.

We will reduce our absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2020 baseline year.

We will reduce our absolute scope 3 GHG emissions by 25% by 2030 from a 2022 baseline year.

Our focus areas.

- Culture of climate Innovation
- Climate-smart forest stewardship
- Industry-leading operations
- Providing low-carbon solutions
- Partnerships for climate action

[Learn more on page 47](#)



About us.



Canfor is a global leader in the manufacturing of low-carbon forest products, including lumber, pulp, paper, wood pellets and green energy.

We embrace innovation in our industry and provide high-quality products to global markets. With our dedicated employees, we demonstrate leading environmental practices and are committed to the communities that host our operations. Through our solid wood operations, pulp mills and other facilities, we use timber and associated residuals to create products we all use every day. We're continuously looking for new ways to apply sustainability innovation for low-carbon solutions.

Our values.

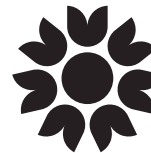
Canfor's values are at the core of who we are and how we work.



Safety comes first.



We foster a diverse workforce that is inclusive, productive and respectful at all times.



We protect our planet by doing everything with sustainability at the forefront.



We are resilient, resourceful, and succeed when our customers succeed.



We are a good neighbour in our communities and demonstrate integrity in everything we do.

Our operations.

We manufacture forest products in 3 countries.

Total employees:

7,580

22

locations in Canada.

19

locations in the United States.

25

locations in Sweden.



Employees by region¹:

3,478 in Canada.

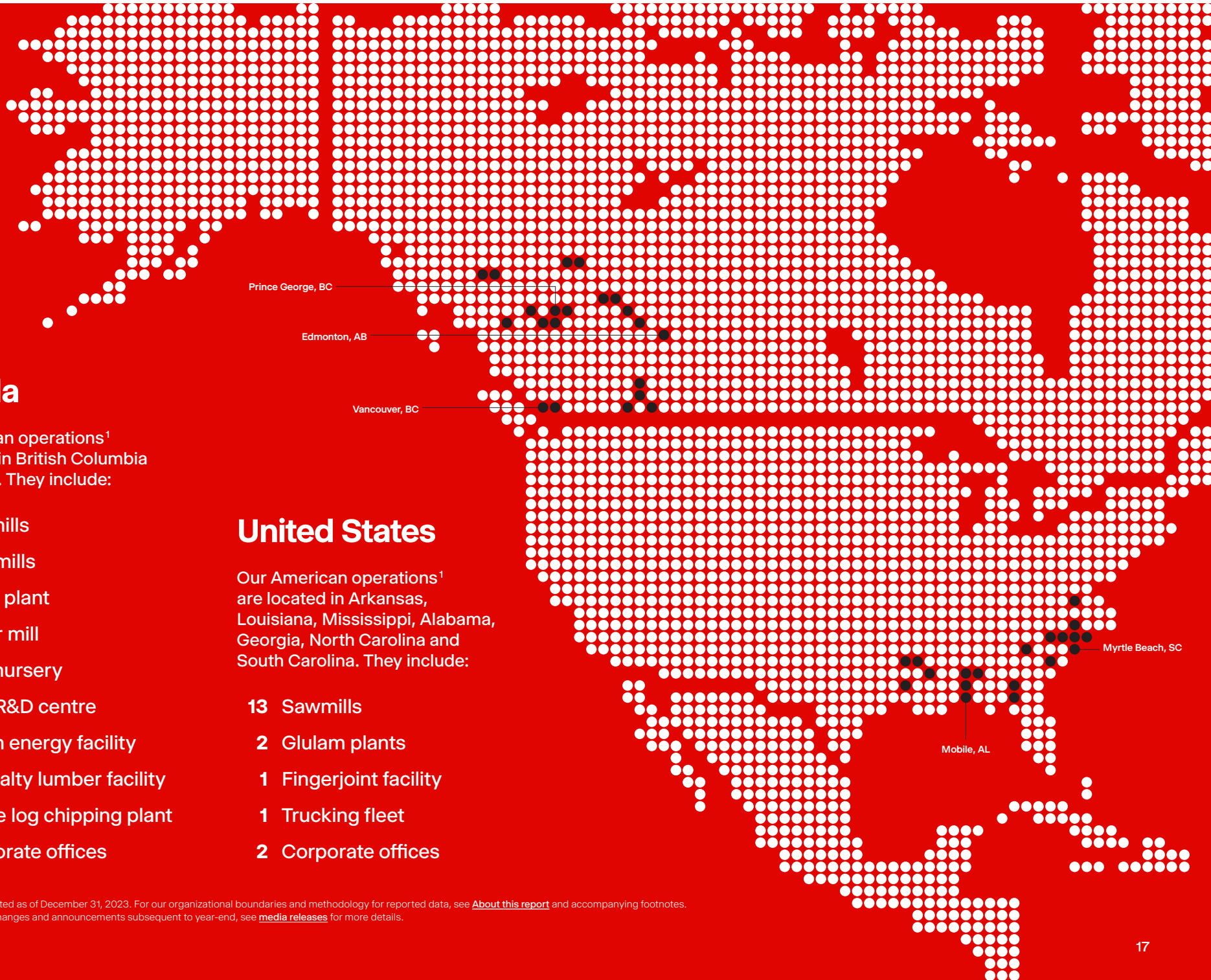
2,532 in the United States.

1,508 in Sweden.

16 in Asia.

46 in the rest of the world.

1. Total employees includes permanent, temporary and casual employees, including employees of our Vida operations, as of December 31, 2023.



Prince George, BC

Edmonton, AB

Vancouver, BC

Myrtle Beach, SC

Mobile, AL

Canada

Our Canadian operations¹ are located in British Columbia and Alberta. They include:

- 11** Sawmills
- 2** Pulp mills
- 1** Pellet plant
- 1** Paper mill
- 1** Tree nursery
- 1** Pulp R&D centre
- 1** Green energy facility
- 1** Specialty lumber facility
- 1** Whole log chipping plant
- 2** Corporate offices

United States

Our American operations¹ are located in Arkansas, Louisiana, Mississippi, Alabama, Georgia, North Carolina and South Carolina. They include:

- 13** Sawmills
- 2** Glulam plants
- 1** Fingerjoint facility
- 1** Trucking fleet
- 2** Corporate offices

¹. Operations are listed as of December 31, 2023. For our organizational boundaries and methodology for reported data, see [About this report](#) and accompanying footnotes. For operational changes and announcements subsequent to year-end, see [media releases](#) for more details.

Sweden

Canfor owns 70% of the Vida Group (Vida), which includes:

- 14 Sawmills
- 9 Value-add facilities
- 1 Green energy facility
- 1 Corporate office

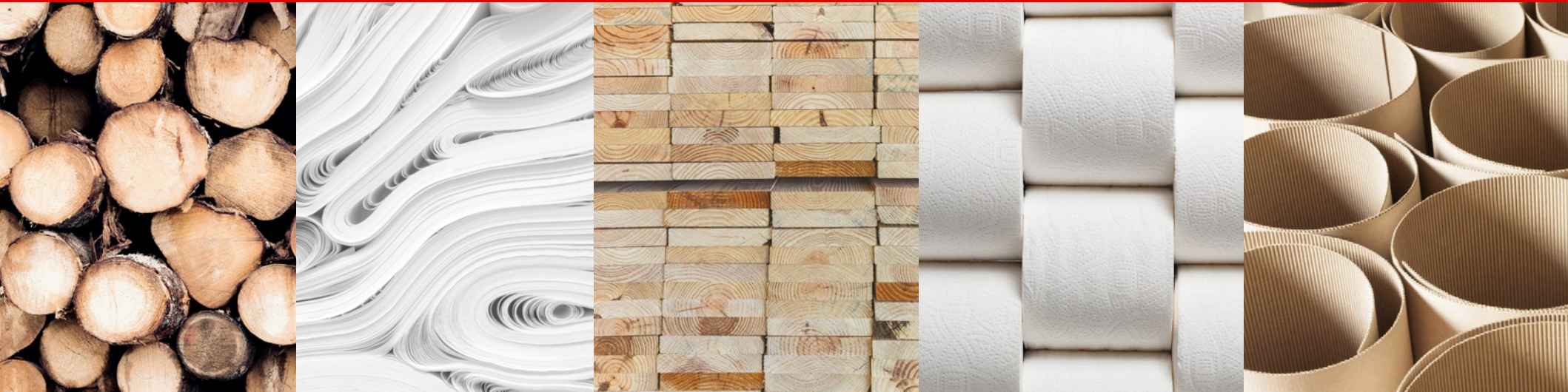
Alvesta

Stockholm





Our products.



We sell to markets globally, including North America, Australia, Asia, Europe, the Middle East and North Africa.

We produce a variety of high-quality products across our global operations, including high-value lumber to meet the growing demand for low-carbon building products. We also produce numerous high-value specialty appearance products, high-value grades of machine stress-rated lumber and the input material to make mass timber products.

Our expanded product offering includes engineered wood products such as glulam beams. Additionally, we have an array of custom specialty products that includes packaging, housing and building components originating from our Vida operations. Furthermore, we are a supplier of market northern bleached softwood kraft pulp and high-performance kraft paper. We also sell a range of residual products such as sawdust, shavings, wood chips and pellets from all our operations, and we are developing biobased products.



Performance at a glance.



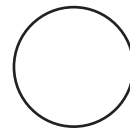
Achieved



On track



Monitoring



Data collection
in progress

We are committed to continuous improvement and reporting out on our progress. Our Performance at a glance summarizes our progress against our goals, targets and metrics. We report the status of our targets to demonstrate accountability and to identify where we have more work to do. For some targets, we are in the process of improving our data collection to establish baselines. We will report our performance on those targets and any additional targets in future reports.



Material Topic and Goal	Target	Metric	2023 Results	Status
<p>Sustainable forestry</p> <p>Goal: We are committed to practising world-class sustainable forestry that will result in resilient, productive and biodiverse forests. We commit to building collaborative partnerships and developing innovative solutions to contribute positively to forest health and climate change mitigation.</p>	Canada			
	Maintain 100% certification to Sustainable Forestry Initiative® (SFI®) or Forest Stewardship Council® (FSC®) Forest Management Standards and the SFI Fibre Sourcing Standard for all Canfor-managed forests.	% certified.	100%	
	United States			
	Maintain 100% certification to the SFI Fibre Sourcing Standard for all sourced wood.	% certified.	100%	
	Support willing timberland owners to achieve the SFI Forest Management Standard or American Tree Farm System® certification and have 30% of purchased fibre be from certified lands by 2030. ^a	% of volumes certified.	20%	
	Canadian Woodlands Operations			
	Enhance the climate change resilience and future productivity of our forests by implementing credible, science-based sustainable forest management practices.	Reforest 100% harvested areas within four years of harvest start; 100% of reforested areas to be monitored and tended until the stand has achieved a specified state of health and growth.	100%	
		Less than 5% (three-year rolling average basis) of gross cut-block area is occupied by permanent roads.	Data collection in progress.	
	North American Woodlands Operations^b			
	Maintain biodiversity and habitat for wildlife by employing ecosystem-based management and collaborative partnerships, with special consideration for species-at-risk.	Develop and implement Wildlife Habitat Features Management Program across all tenured woodlands.	100% of our updated Wildlife Habitat Features Management Program has been developed and implemented.	
	Establish and implement a Species-at-Risk Management Program for key species across all tenured woodlands.	83% of our updated Species-at-Risk Management Program has been developed and implemented.		
Conserve water quality and fish habitat by implementing best management practices to minimize erosion and sedimentation.	Erosion and sediment control training delivered at each operation at least every three years for all relevant Woodlands employees.	All Canadian locations have received virtual training; four out of seven regions received in-person training. Remaining regions scheduled for 2024.		

a. The American Tree Farm System® is a program of the American Forest Foundation. In 2022, we have updated this target to reflect the current landscape of certification in the US. Certified lands include lands certified under SFI Forest Management, American Tree Farm System or FSC Forest Management certifications.

b. The targets are applicable to North America, but the metrics are only applicable to Canadian woodlands operations; metrics for the US are under development.



Material Topic and Goal	Target	Metric	2023 Results	Status
Air quality Goal: We are committed to minimizing air emissions that impact people and communities by utilizing leading technology and processes. We will go beyond compliance to preserve air quality by reducing emissions of particulates, sulphur and other gases.	North American Wood Products Operations			
	Pave 50% of unpaved high-frequency-use roads in our facilities and lumber yards to reduce fugitive dust generation by 2030.	Area paved.	Canadian wood products operations: paved 32% of our baseline. ^a	
	Improve key business processes to reduce particulate matter across wood products operations.	To be determined.	Evaluation in progress.	
	Pulp Operations^b			
	Reduce the total loading of particulate to the airshed by 10% by 2030 from a 2020 baseline year.	Amount of particulate matter (PM) from stacks.	813 tonnes of PM ^c ; -20% from 2020.	
Achieve Pulp and Paper Air Emissions Code of Practice for SOx discharge while reducing total reduced sulphur (TRS) emissions by 20% by 2030 from a 2020 baseline year.	Amount of SOx emissions. Amount of TRS emissions.	2,075 tonnes of SOx; -29% from 2020. ^d 91 tonnes of TRS; -35% from 2020.		
Reduce the loss of ozone-depleting substances (ODS) from refrigeration units by 50% by 2030 from a 2020 baseline year.	Amount of ODS.	496 kilograms; -18% from 2020. ^e		
Water management Goal: We are committed to reducing water consumption and protecting water quality through optimized production processes, leading management systems and innovative technologies.	North American Wood Products Operations			
	Reduce water usage by 10% by 2030.	Total water usage.	Baseline under development.	
	Pulp Operations			
Reduce the water intensity of pulp and paper production by 10% by 2030 from a 2020 baseline year.	Water intensity (m ³ /ADt).	111 m ³ /ADt; +18% from 2020. ^f		
Reduce the biological loading intensity of pulp and paper production by 25% by 2030 from a 2020 baseline year.	Amount of biochemical oxygen demand (BOD) (kg/ADt).	2.73 kg/ADt; +5% from 2020. ^f		

a. Baseline for Canadian wood products operations is measured as the unpaved area of high-frequency-use roads in our facilities and lumber yards as of January 1, 2020.

b. 2020 baseline year used for target calculation excludes Taylor pulp mill.

c. Our current data only includes particulate matter emissions from stacks and does not include fugitive emissions.

d. We are also looking at projects to reduce SOx emissions to meet the Code of Practice.

e. Ozone-depleting substances (ODS) are defined as refrigerants releases that are estimated based on recharge amounts for the year, which can fluctuate depending on timing of maintenance. We are tracking R410A, R438A, R404A, R422D, R22 and R407C.

f. We are monitoring these targets to review our opportunities to further reduce our water intensity and manage our biological loading intensity of our pulp and paper production.



Material Topic and Goal	Target	Metric	2023 Results	Status
Waste management Goal: We are committed to reducing waste throughout Canfor's operations by identifying beneficial uses of materials.	North American Wood Products Operations			
	Reduce the volume of log yard debris generated by 15% by 2030.	Volume of log yard debris.	Baseline under development. ^a	
	Recover 40% of Canadian wood products operations' ash and log yard debris through beneficial use programs by 2030.	Annual recovery rate of log yard debris and ash.	53% ^b	
	Support and promote waste reduction and recycling programs to reduce domestic waste to landfill.	To be determined.	Programs under development.	
	Pulp Operations			
	Create beneficial use projects for process waste that reduce the volume to landfill by 10% by 2030.	To be determined.	Projects under development.	
	Eliminate the landfilling of wood, pulp and paper waste generated at the facilities.	To be determined.	Projects under development.	
Climate change Goal: We will become a net-zero company by 2050 through advancing climate-smart forest management, producing sustainable forest products and developing impactful partnerships.	Reduce absolute scope 1 and 2 greenhouse gas (GHG) emissions by 42% by 2030 from a 2020 baseline year. ^{c, d}	Absolute scope 1 and 2 GHG market-based emissions.	Scope 1 (non-biogenic): 631,619 tCO ₂ e. Scope 2 (non-biogenic): 134,816 tCO ₂ e. 12% reduction from 2020.	
	Measure our scope 3 emissions and establish a science-based reduction target by 2024. ^d	Absolute scope 3 GHG emissions.	Target established. Our target is to reduce absolute scope 3 emissions by 25% by 2030 from a 2022 baseline year. Baseline Scope 3 (2022): 4,909,846 tCO ₂ e excludes biogenic emissions.	

a. Baseline is under development, as we are improving data collection for log yard debris in the US.

b. The numerator of this recovery rate includes five facilities where we track our ash and log yard debris processed for beneficial use. The denominator is based on facilities where information is available, which may be incomplete and may rely on estimation methods. We will continue to improve data tracking for material waste streams. The calculation of this recovery rate is based on the unit of m³.

c. Our GHG inventory is calculated using the GHG Protocol of the World Resources Institute and the World Business Council for Sustainable Development using an operational control approach. See our [website](#) for our detailed methodology for scope 1, 2 and 3 emissions.

d. Our GHG emissions targets currently do not include biogenic carbon emissions which refer to naturally occurring carbon in biological materials such as plants or soil that cycles to the atmosphere. The GHG Protocol's Land Sector and Removals Guidance is under development and we will revisit our calculation methodologies and targets as needed when final guidance has been released.



Material Topic and Goal	Target	Metric	2023 Results	Status
Energy management	North America			
Goal: We will optimize energy intensity across our business while expanding utilization and production of low-carbon energy solutions.	Reduce the energy intensity of our North American operations by 15% by 2033 from a 2022 baseline year.	Energy intensity (GJ per unit of production).	Baseline established, under review.	
Safety, health and wellness	North America			
Goal: We are committed to a zero-incident workplace and supporting the health and wellness of our people.	10% improvement year over year on our total recordable incident frequency. ^a	Total recordable incident frequency (TRIF).	TRIF reported per OSHA: 2.07. ^b 8% reduction from 2022.	
	Achieve and maintain the National Standard of Canada for Psychological Health and Safety in the Workplace by 2024. ^c	Implementation status.	Fully Implemented the National Standard in Canada.	
Inclusion and diversity	North America			
Goal: We will foster a more inclusive and equitable culture and increase the diversity in our workforce.	30% under-represented ^d groups in executive leadership positions by 2030.	% of executive leadership.	25%	
	30% under-represented groups in all other senior leadership positions by 2025.	% of all other senior leadership positions.	20%	
	50% of under-represented groups for new hires annually by 2030, with an interim target of 33% by 2025.	% of new hires in under-represented groups.	50%	
	Maintain a 95% completion rate of Inclusion and Diversity Awareness training for new hires within six months of hire. ^e	% of completion by North American new hires within six months of hire.	75%	
	Maintain a 95% completion rate of Indigenous Cultural Awareness and Understanding training for new hires within six months of hire. ^f	% of completion by Canadian new hires within six months of hire.	78%	

a. To calculate TRIF, Canfor uses 200,000 hours to normalize the total hours worked, and incidents only include work-related injuries. Recordable incidents are tracked per Occupational Safety and Health Administration (OSHA) definitions starting from 2022.

b. Vida is excluded from 2023 results as transition to TRIF per OSHA is in progress.

c. [National Standard of Canada for Psychological Health and Safety in the Workplace](#) is by the Mental Health Commission of Canada, Bureau de normalisation du Québec and CSA Group.

d. Under-represented groups include women, non-binary people, Indigenous Peoples, visible minorities, people living with disabilities, LGBTQ2S+ individuals, and veterans. Individuals who identify in multiple groups are only counted once. We are in the process of improving our data collection; currently, our data only represents women, Indigenous Peoples, visible minorities and people living with disabilities.

e. We continue to monitor overall completion rate for new hires and at the end of 2023, 98% of salaried employees in North America have completed our Inclusion and Diversity Awareness Training. In 2023, we updated the target to within six months of hire (initially four months) to better match the frequency of course offering. Target only includes permanent salaried employees.

f. We continue to monitor overall completion rate for new hires and at the end of 2023, 93% of our salaried employees and 90% of our hourly employees in Canada had completed the Indigenous Cultural Awareness training. Target calculation only include permanent salaried and hourly new hires.



Material Topic and Goal	Target	Metric	2023 Results	Status
Indigenous relations Goal: We aspire to be a partner of choice for Indigenous communities, a privilege afforded by fostering strong relationships and by deeply respecting Indigenous histories, cultures, values and beliefs.	Canada			
	100% of operating areas ^a covered by agreements with willing Nations by 2030.	% of area covered by agreements.	49%	
	5% of total spend with Indigenous vendors for Canadian operations by 2025.	% of spend with Indigenous vendors. ^b	4.86%	
Community resilience Goal: We will contribute to community resilience by being a good neighbour focused on supporting our employees and communities in building a sustainable future.	North America			
	Contribute a minimum of \$2 million annually through Canfor's Good Things Come From Trees community giving program to our operating communities in North America.	Total Good Things Come From Trees donations.	\$1.8 million ^c	
	Establish Good Things Come From Trees Foundation in Canada and the US by 2023.	Completion status.	Established in Canada in 2022. In 2023, application to establish US foundation pending government approval.	

a. Operating areas are defined as timber supply areas (TSAs) or other spatially defined areas where we hold and/or manage a forest licence. This includes both volume-based and area-based tenures.

b. Our target includes spend from our Canadian wood products operations as well as our Canadian pulp operations. Spend is defined on a cash-basis of goods (including fibre) and services procurement with external vendors. It does not include expenses related to payroll or freight costs associated with our finished goods or duties.

c. The Good Things Come from Trees Foundation is a newer entity and has specific requirements for qualifying donations to eligible registered charities. We're actively promoting and engaging with community partners. We are monitoring this target and will strive for the annual target for future years.



Environment.

In this section

Sustainable forestry	28
Residuals management	41
Climate change	46
Energy management	54
Air quality	58
Water management	63
Waste management	69

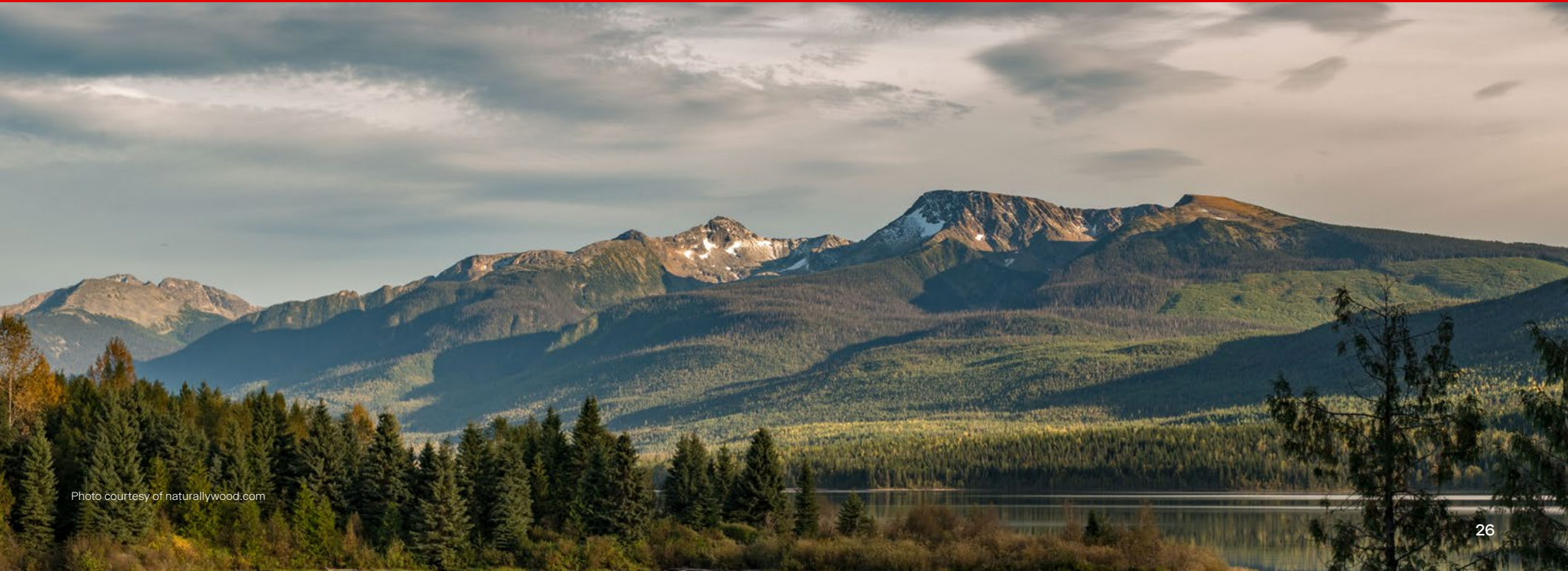




Photo courtesy of naturallywood.com

Our practices and products play an integral role in helping protect the planet and mitigate climate change.

Forests play a vital role in the health of our planet. They offer habitats that foster biodiversity, capture carbon dioxide from the atmosphere while replenishing it with oxygen and provide vital ecosystem services such as clean water. Forests also provide recreational spaces and supply the carbon-storing wood essential for constructing buildings, as well as the pulp, paper and packaging products integral to our daily lives. Responsible forest stewardship is at the core of our business and we manage for the long-term sustainability of our forests.

In our operations we consider the planet, especially our energy use and impact on air quality, water usage and waste production. We are managing climate change risks by identifying opportunities to decarbonize within our operations and plan to partner with suppliers to reduce our value chain emissions. By focusing on efficiently running our operations, we can minimize our environmental impact and reach our targets.

Sustainable forestry.



Our Goal

We are committed to practising world-class sustainable forestry that will result in resilient, productive and biodiverse forests. We commit to building collaborative partnerships and developing innovative solutions to contribute positively to forest health and climate change mitigation.

Our approach.

Our Managed Forests

Comprehensive plans and policies guide our sustainable forest management practices.

In Canada, where we directly manage forest tenures¹, we practise sustainable forest management by aligning our programs to SFI or FSC forest management certifications. On our forest tenures, we are responsible for reforesting 100% of our harvested areas, and for monitoring these areas until they reach acceptable height, density and health parameters as set by provincial governments. We also adhere to provincial regulatory requirements such as BC's Forest and Range Practices Act and Forest Act, and Alberta's Forests Act. As a result, we manage the forests for a multitude of values, including biodiversity, timber, water, soil, wildlife, fish/riparian, visual quality, recreation, resource features and cultural heritage resources.

Forest management plans demonstrate how our operations meet government objectives and are reviewed and approved by the provincial government. These plans include detailed opportunities

for public involvement and consultation with Indigenous communities.

Our Canadian Woodlands team—which is made up of approximately 160 highly skilled professionals, including foresters, technologists, engineers and biologists—plans, implements and improves our processes. Through our Sustainable Forest Management System (SFMS) we identify programs, plans and activities, as well as our approach to meeting SFI objectives. We manage forests with the aim to maintain and enhance the long-term health and productivity of forest ecosystems while providing ecological, economic, social and cultural opportunities for the benefit of current and future generations. Our Kootenay operations have a Sustainable Forest Management Plan (SFMP) to guide us in meeting FSC and SFI forest management certification standards. Collectively, the SFMS and SFMP, which are based on a model of continuous improvement, describe our processes for guiding, monitoring and documenting our sustainable forestry activities. In addition to our legally required forest management plans, the Canfor SFMS and Kootenay SFMP cover all activities within our operations on our forest tenures, including activities performed by employees and contractors.



Target

Canadian Woodlands Operations

Enhance the climate change resilience and future productivity of our forests by implementing credible, science-based sustainable forest management practices.

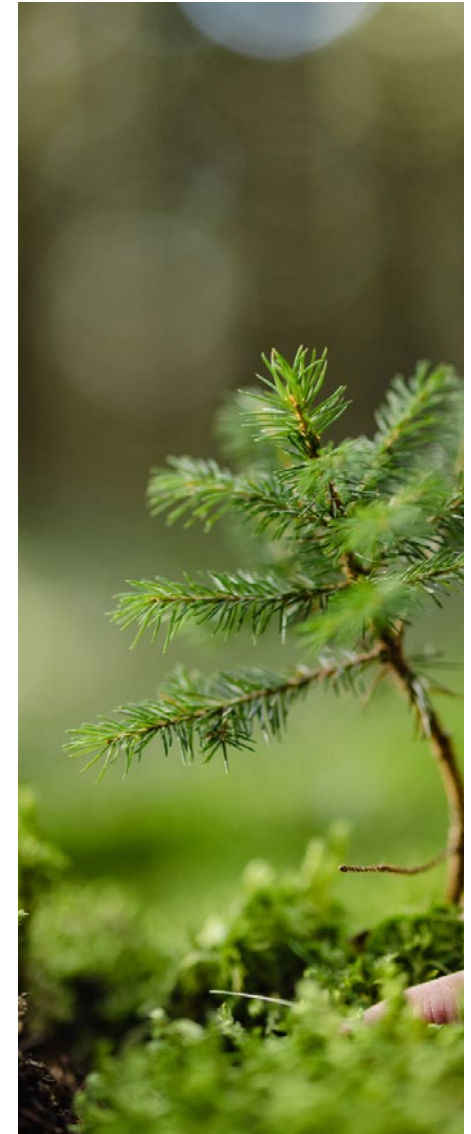


2023 Results

100%

of harvested areas are reforested within four years of harvest start and these reforested areas are monitored and tended until the stand has achieved a specified state of health and growth.

We are also guided by our [Environment Policy](#), [Log Procurement Program Policy](#) and [Sustainable Forest Management commitments](#).



1. A forest tenure is the agreement between Canfor and the relevant government body which outlines the rights and conditions under which timber is harvested.

How Sustainable Forestry Works

We support a holistic approach to sustainable forest management to ensure forest activities deliver social, environmental and economic benefits.

These activities balance competing needs to maintain and enhance forest functions now and in the future.

This is an ongoing, multi-step process that requires the expertise of registered forest professionals and collaboration from many stakeholders.

As we directly manage forest tenures in Canada, these steps apply to our Canadian operations only.

Engage

Engage with public, stakeholders and Indigenous communities to communicate our practices and management plans and to identify cultural and other values to be conserved and protected.

Plan

Prepare draft forest management plans, incorporate feedback and seek government approvals.

Site Assessments

Conduct site assessments and fieldwork while considering value protection, legal compliance, operation feasibility and socio-cultural acceptability.

Site Plan

Prepare site and operational plans, apply for permits and seek government approvals.

Harvest

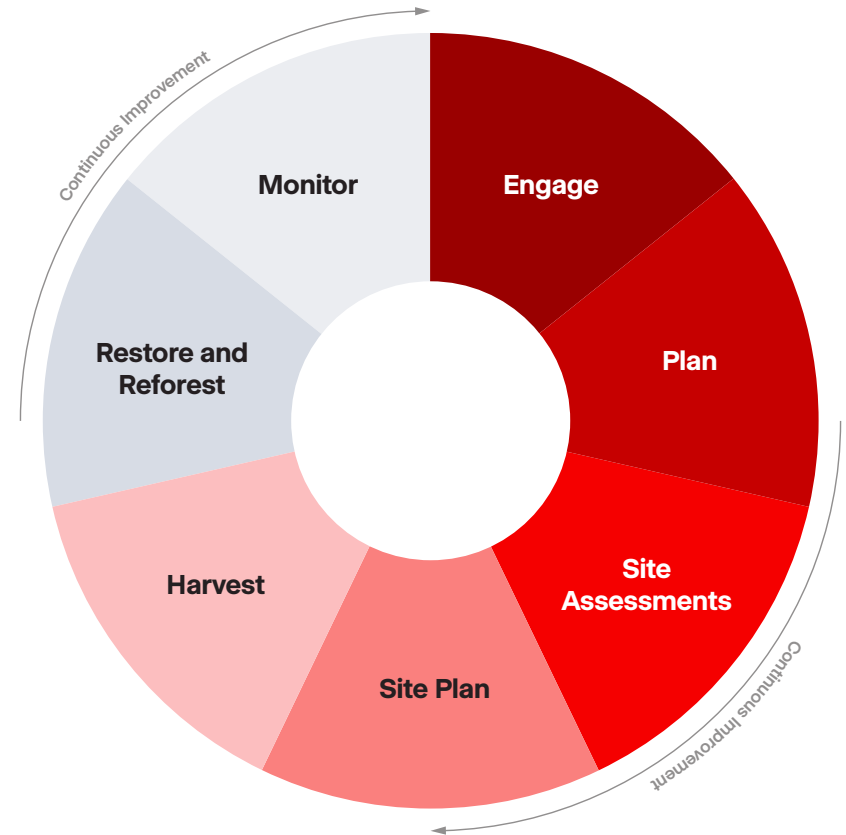
Prepare harvesting plans, hire and supervise harvesting contractors.

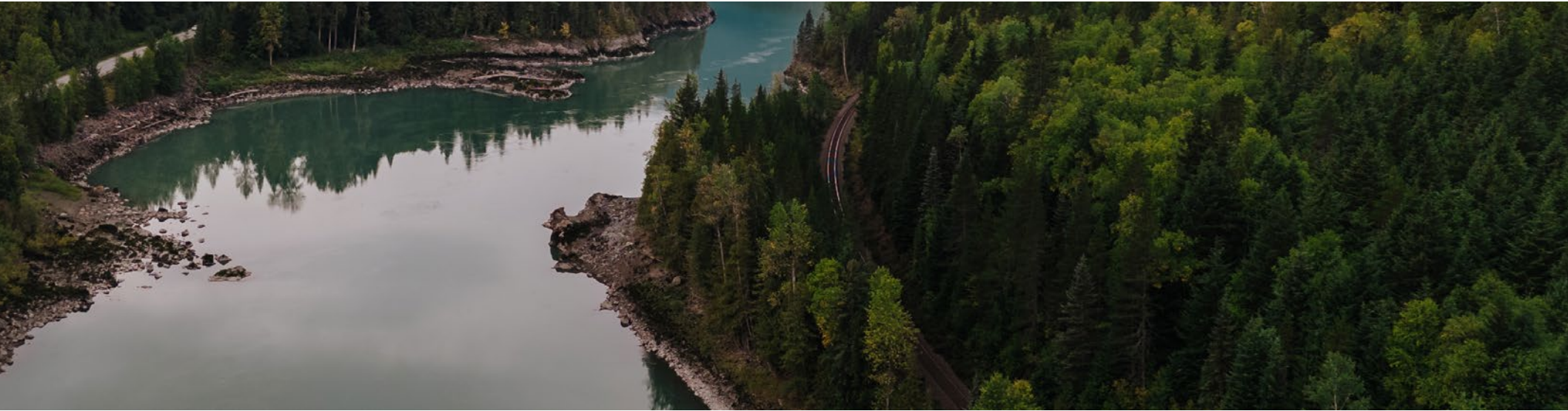
Restore and Reforest

Conduct post-harvest activities, including fire hazard abatement, site preparation, reforestation and road deactivation or reclamation.

Monitor

Conduct monitoring surveys, assessments and stand tending (i.e., brushing, thinning, spacing, fill planting) until forest is capable of growing freely; this phase may take up to 20 years after harvesting is complete.





Forest Planning

Forest planning helps ensure the health and resilience of forest ecosystems.

In Canada, we are required to prepare multi-year forest management plans, which are based on input from the public, stakeholders and Indigenous communities. We must also describe how we will meet government legal objectives for various forest ecosystem values (e.g., old growth, water, biodiversity, riparian, wildlife habitat, soils, cultural resources). We incorporate feedback, accommodate interests and requests where appropriate, then submit our plans to the relevant provincial government for approval.

At a landscape level, we identify forest stands that are impacted by, or susceptible to, damage caused by fire, disease, insects and wind. These stands are then prioritized at a site level for treatment, salvage and restoration, depending on the nature of the impacts and characteristics of the forest.

Forest Harvesting

Once our forest management plans are approved, we undertake site assessment and site-specific plans to prescribe the most appropriate harvesting and silvicultural treatments. Where applicable, we submit harvesting approval applications to the government.

These applications detail forest stand characteristics (e.g., tree species, tree density, height/diameter, slopes, reserve areas, riparian features).

Upon receipt of all necessary harvesting approvals from government, we enter into agreements with various harvesting contractors to conduct the logging, road building and transportation of logs to our manufacturing plants.

Contractors are closely supervised by Canfor Woodlands employees to ensure all legal obligations and commitments, as well as Canfor operational requirements and standards (e.g., log quality, safety, certification) are being met.

Our harvesting contractors utilize state-of-the-art technology and equipment that is designed to operate

safely and efficiently, and that is matched to the forest stand and site characteristics:

- We employ specialized harvesting equipment and techniques on steep slopes to access areas that would otherwise be isolated and unavailable.
- To minimize erosion, we use low ground pressure equipment on sensitive soils and sites.
- We design and construct roads, bridges and other infrastructure to efficiently undertake our operations in an environmentally appropriate manner.
- We use specialized equipment to undertake partial cutting of select areas and employ various retention techniques to consider biodiversity requirements and wildlife habitats.
- We create reserve buffers adjacent to riparian features to protect and conserve lakes, streams and wetlands.

Forest Regeneration

We plant three trees for every tree that is harvested.

Reforestation Program

In BC and Alberta we are required to reforest after harvesting is completed. Planning for reforestation starts long before the first tree is cut. To ensure the best chance of regeneration, we plant three trees for every tree that is harvested.

Our reforestation program considers forest ecology, climate, forest health, stand objectives, retention of trees and sensitive sites, access to sites and feedback from stakeholders.

Once an area is reforested, including natural regeneration, we monitor growth and development to ensure a healthy, productive forest. We manage reforested areas until they reach specified standards of species, density, health and height, which typically takes 10 years or more.

Resilience Starts with Our Seeds and Seedlings

In 2023, we planted 58 million seedlings.

After harvest, prompt planting of ecologically appropriate species helps maintain forest productivity and gives seedlings a head start against competing vegetation such as grasses and shrubs.

Seeds for our reforestation program are sourced from orchards and naturally from the forest. We have an ownership stake in the Vernon Seed Orchard Company and the Hualien Seed Orchard Company in Alberta, which supply a portion of seeds for our reforestation program. These seeds have greater genetic diversity than those from natural stands, potentially enabling them to become seedlings that can adapt to a wider

range of conditions, including more extreme weather patterns related to climate change. The seedlings also demonstrate superior growth and resistance to forest health problems such as pests and disease. We cultivate seeds that match the current and projected climate of reforestation sites.

We source from external nursery partners and our J.D. Little Forest Centre nursery in Prince George, BC. Our nursery grows approximately 9 million white spruce seedlings every year. Owning and operating a nursery provides us with the opportunity to try innovative approaches related to the timing of light, nutrients and moisture, enabling seedlings to mature into healthy trees. This work also gives us first-hand knowledge of the challenges and opportunities around seedling production. Having our own growing facility in central BC also reduces the costs for cold storage and transportation of seedlings every spring.

Supplier Forestry Practices

We encourage and support our suppliers in engaging in sustainable forestry practices.

In the US and Sweden, we do not manage forestland; instead, we procure wood from private timberland owners and other fibre suppliers and perform due diligence as part of our chain of custody programs.

Fibre Procurement in the US

In the US, we participate in SFI Implementation Committees for the states we operate in; this involves meeting with other certified organizations and state agencies to support adoption of the SFI standards and objectives.

We support landowners to engage in sustainable forestry practices by:

- Educating landowners on the benefits of SFI and American Tree Farm System (ATFS) certification through information packages, landowner meetings, mill tours and events.
- Supporting landowners in adopting SFI and ATFS certifications.

Fibre Procurement in Sweden

Vida Forest purchases, harvests and transports forest products supplied to Vida sawmills. Vida Forest is certified to FSC Controlled Wood and PEFC Chain of Custody Standards. This ensures wood is legally harvested, does not come from key habitats or protected areas and does not violate the rights of Indigenous communities. A large share of the logs procured come from PEFC- or FSC-certified forests, which support sustainable forest management.

Vida Forest actively increases its share of certified suppliers and certifies forest owners as agents for Prosilva Forest Certification. Both Vida and its certified suppliers are audited by internal and external auditors. We are actively monitoring laws and regulations to ensure we comply with the European Union's new forest strategy for 2030. In 2023, Vida has certified 237 new forest owners together with Prosilva, which is a new record for Vida.

Engagement with Indigenous Communities

Our forest management teams work in partnership with Indigenous communities.

We collaborate with Indigenous communities to apply sound forest management practices that promote biodiversity and wildlife habitat conservation, and integrate traditional Indigenous knowledge. We focus on understanding their site-specific concerns and values to inform our planning, development and operations within their territories. The forest management plans we prepare for government approval reflect the concerns and values expressed by the Indigenous communities with whom we interact.

Continuous Improvement

We are committed to continuously improving our operations through audits and internal reviews.

Our forest certification audits are one way we keep ourselves accountable to our commitments to sustainable forestry practices. Through these audits, we identify improvement opportunities and develop, implement and monitor action plans. In addition, we conduct internal review processes. Our forestry operations conduct audits and field inspections to review for compliance with standard work procedures, regulations and forest certifications.

Additionally, BC's independent Forest Practices Board conducts audits and investigations, and issues reports that are available for public review. BC's Forest and Range Evaluation Program also generates multiple resource value assessment reports, which are publicly available.



Bringing innovative technology to forestry.

In 2021, we embarked on a Forest Machine Connectivity (FMC) project in collaboration with partners Mosaic Forest Management, the University of British Columbia, LIM Geomatics and the Canadian Digital Technology Supercluster. The FMC project uses technology to maximize the efficiency of our contracted harvesting operations, allowing us to use less energy to produce more products. By gaining visibility into the logging process, we can gather data on the productivity and uptime of our contractors' machines, increasing overall productivity. We are also gaining earlier insight into the dimensions of logs, allowing us to better match the specifications of sawmills.

In 2023, we rolled out the FMC technology with 15 contractors, involving over 300 machines across our operations in BC and Alberta. In 2024, we plan to work closely with our contractors to continue to improve our woodlands operations.



Our Approach to Wildfire Risk

Sustainable forestry practices can significantly mitigate the severity of wildfires.

We maintain a robust fire prevention and suppression program for our Canadian operations, which includes fire preparedness, response training and planning. We are proud of the proactive work we do to help prevent fires and reduce their severity and often go beyond legal obligations in our endeavours. For instance, when forests are extremely dry and flammable, we voluntarily shut down work in that area. We also recognize the increased severity and frequency of wildfires is becoming more common, so we are investigating longer-term strategies to mitigate these effects.

We apply various forest management techniques to proactively manage wildfire severity:

- **Thinning:** This is a harvesting treatment in which certain trees are removed to reduce available fuel for fires. Timber is harvested in a way that minimizes impacts on wildlife and visual values while greatly reducing the risk of severe wildfire.

- **Broadleaf trees:** Where ecologically appropriate, we promote the retention, protection and/or establishment of broadleaf or deciduous trees. This has the added benefit of increasing wildlife biodiversity and producing more fire-resistant forests. Stands of these species (e.g., aspen, birch, cottonwood) are less vulnerable to severe wildfire, as they have higher humidity and less flammable bark and leaves than conifers (e.g., pine, spruce, fir). We are working collaboratively with government and other forest industry representatives to modify regeneration requirements in BC to increase the acceptability of broadleaf and mixed-wood stands in BC.
- **Ecosystem restoration:** Our East Kootenay operations have many dense, low-elevation conifer forests that are highly flammable and can threaten communities and infrastructure. We are conducting fuel reduction projects to reduce flammability by removing many of the smaller and medium-sized trees and leaving the largest, more fire-resistant trees. We contribute to ecosystem restoration in dry, low-elevation regions by harvesting stands to reduce the high amounts of forest fuels. After we harvest, we collaborate with Indigenous communities and the BC government on the use of prescribed or cultural burns.

- **Fuel hazard abatement procedures:** We apply lessons learned each fire season to update our policies and procedures to follow government legislations and best practices around fire hazard abatement.

Wildfire Intensity Mapping and Salvage

We generate timely and accurate wildfire intensity mapping from satellite data, which helps us identify potential salvage harvest opportunities.

Salvaging of burnt timber needs to be done quickly and efficiently. Depending on the tree species and severity of the fire, burnt timber deteriorates very quickly (in some cases, less than six months), and can't be used to produce lumber.

We have developed comprehensive wildfire salvage best management practices (BMPs) in collaboration with independent experts in water, soils, wildlife and fish. Forests burned by wildfire are more sensitive to forest harvesting than unburned stands. To address this, our BMPs guide our operations to minimize our impacts on sensitive soils and monitor sedimentation levels in streams or rivers.

Our performance.

Third-Party Certification

Our managed forests are certified to SFI or FSC Forest Management Standards.

Adopting voluntary forest certifications allows our practices to be verified by external auditors against third-party standards. We follow internationally recognized forest management, sourcing and chain of custody standards:

- Forest management standards outline principles and objectives for sustainable forestry practices.
- Sourcing standards outline expectations for responsible procurement, including the avoidance of controversial sources in the supply chain and assurance that our wood supply originates from legally authorized and responsible sources.
- Chain of custody standards outline expectations for systems that track forest fibre through production and manufacturing to the end product.

Through external verification, we demonstrate we have met the requirements of the following certifications:

- Sustainable Forestry Initiative (SFI) Forest Management Standard for tenures owned and/or managed by Canfor's Canadian woodlands operations.
- SFI Fibre Sourcing Standard for all our Canadian and US operations that procure wood fibre directly from public and privately owned forests.
- SFI Certified Sourcing Standard for our US laminate and fingerjoint mills.
- Forest Stewardship Council (FSC) Forest Management and Chain of Custody certification at our woodlands and manufacturing operations in BC's East Kootenay region.
- Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody certification for our Canadian solid wood manufacturing operations (except our Radium and Elko sawmills), pellet plants, and pulp and paper mills.

- FSC Controlled Wood/Chain of Custody certification for our Canadian pulp and paper mills, and Elko and Radium sawmills.
- Sustainable Biomass Program (SBP) fibre sourcing certification and Control Union's Green Gold Label chain of custody and processing certification for our Canadian pellet plants.
- FSC and PEFC Chain of Custody certification for our Vida solid wood manufacturing operations.
- FSC Controlled Wood and PEFC Forest Management certification for our Vida Forests operation.

Please see our [website](#) for certificates, public summary reports and external audit reports related to these forest certifications.



Target

Canadian Woodlands Operations

Maintain 100% certification to SFI or FSC Forest Management Standards and the SFI Fibre Sourcing Standard for all Canfor-managed forests.



2023 Results

100%

of Canfor-managed forests certified to SFI or FSC Forest Management Standard.

100%

of all sourced wood in our Canadian wood products operations certified to the SFI Fibre Sourcing Standard.

Encouraging Sustainable Forestry Practices with Suppliers

Our commitment to sustainability extends to our value chain.

In the US and Sweden, we do not manage forestland; instead, we source and procure wood from private timberland owners and other fibre suppliers while utilizing various chain of custody programs. Less than 20%¹ of timberlands in the southern US are certified under sustainable forest management standards; the majority of those are large industrial timberlands. With a growing demand for sustainably sourced timber, we are committed to increasing both the number of certified timberland owners and the percentage of fibre we purchase from certified lands. This is why we

Target

US Wood Products Operations

Support willing timberland owners to achieve the SFI Forest Management Standard or American Tree Farm System certification, and have 30% of purchased fibre be from certified lands by 2030.

2023 Results

20%
of purchased fibre is from certified lands.

work closely with our timberland partners to achieve American Tree Farm System (ATFS) and SFI Forest Management certifications.

We believe the most effective way to achieve systems-level change is to clearly communicate expectations and educate timberland owners on sustainable forest practices. We also support the foresters representing our mills to receive training to become certified Tree Farm Inspectors, a certification recognized by the SFI.

Foresters are trained to:

- Build local community capacity and knowledge on sustainable forestry practices.
- Support our landowners, contractors and other stakeholders with their unique and localized needs.
- Become active participants on their state-led Tree Farm Committee and contribute to committee goals, landowner education and outreach activities.

As a result of this work, our trained foresters can now support and help private landowners learn more about ATFS certification and share best practices.

As of 2023, of our total volume sourced, 20% was certified under SFI Forest Management, American Tree Farm System or FSC Forest Management certifications.

Responsible Procurement in Our US Operations

The SFI Fibre Sourcing Standard recently updated two main objectives: controversial sourcing and biodiversity. To address controversial sourcing, we completed a risk assessment on the fibre supply areas for our US operations. This assessment was done by a third-party consultant and reviewed as part of our certification audit. We determined our areas of procurement have a low risk of being considered controversial sources and that they experienced less than 1% of forest decline over the last 10 years.

Target

US Wood Products Operations

Maintain 100% certification to the SFI Fibre Sourcing Standard for all sourced wood.

2023 Results

100%
of all sourced wood in our US wood products operations certified to the SFI Fibre Sourcing Standard.

To address the biodiversity objective, we funded research from state SFI implementation committees on forests with exceptional conservation value and shared the information with landowners. We aim to not source wood directly from forests of exceptional conservation value and to educate landowners on best management practices for these types of forests. To strengthen our approach, we updated our biodiversity policies and procedures. We have also been reaching out to landowners and educating them on species-at-risk, including best practices in species management. We expect to complete all risk assessments in 2024.

1. Southern Group of the State Foresters. SGSF Forest Certification Programs: Status and Recommendations in the South; 2021 Report Update (p.13).



Heroes among us: our employees stepped up to protect operations.

In 2023, Alberta's wildfires burned over 2 million hectares. More than 1,800 residents in Fox Creek were evacuated from their homes for nearly three weeks. When the fires began, our Fox Creek facility was immediately curtailed. A limited crew of Canfor employees was authorized to return to our operation to protect our facility from the wildfires.

This brave crew was led by Woodlands employees who had experience fighting active wildfires in the province. The team quickly implemented a wildfire management strategy that included a protective perimeter around the facility. They also constructed water shields; deployed firefighting equipment, trailers and water trucks; and set up elaborate sprinkler systems. Their action plan ensured everyone on-site had the necessary tools and tactics to prioritize critical activities and safeguard operations.

After three long and scary weeks, the residents of Fox Creek, including our employees, were able to safely return to their homes and our site. We are grateful to our teams for their role in keeping people and property safe.

2023 Wildfires

2023 marked a significant wildfire season on record in Canada and the US. Increased heat and extended drought contributed to devastating fires in several states and provinces in which Canfor operates. In 2023, we reviewed our fire prevention, suppression and response efforts, including the following:

- Revised our management systems and improved processes to mitigate against uncontrolled wildfires.
- Made changes to the type and positioning of equipment (e.g., fire pumps, hoses) across our operations in BC and Alberta.
- Enhanced our utilization standards to make the best use of burned timber.
- Held a field workshop to discuss challenges and opportunities of salvaging timber burnt by wildfires; see [Wildfire Intensity Mapping and Salvage](#).
- Continued to work closely with Indigenous communities to identify wildfire salvage opportunities.
- Updated our management system for fuel hazard abatement to capture up-to-date learnings. Key changes included updated language to reflect April 2023 amendments to BC's Wildfire Regulation, guidance for risk assessments and checklists to support fieldwork. The new system was communicated to Woodlands teams across BC and Alberta.

Minimizing Soil Erosion and Sediment Control in Forests

We implement best management practices to conserve water quality and fish habitat, and to minimize erosion and sedimentation.

During our strategic and operational planning, we identify and evaluate protection requirements for community watersheds, streams, rivers, wetlands, and lakes, then document this work in site plans and associated maps.

We review and monitor these plans and conduct on-site inspections to avoid accidental encroachment on water bodies. Our road and stream crossings are designed to withstand water flows from extreme rain events. Our road design and maintenance programs help support our target to implement best practices to minimize soil erosion and sedimentation of streams.

In 2023, we continued delivering water management training sessions, which included site visits to review erosion and sediment control practices. Erosion and sediment control training will be delivered at each operation at least every three years for all relevant woodlands staff. Four divisions (Vanderhoof, Prince George, Peace and Whitecourt) were provided training in 2023; the remaining three divisions (Houston, Kootenay and Grande Prairie) will be provided training in 2024.

Vida is part of a working group in Sweden to develop new targets for how soil preparation should be carried out to reduce the risk of soil damage. In 2023, Vida hosted nine training sessions for Vida's forestry buyers and machine operators on how to avoid soil damage and preservation of trees with conservation value. In 2024, Vida will hold additional training sessions for remaining buyers and machine operators.



Target

Canadian Woodlands Operations

Conserve water quality and fish habitat by implementing best management practices to minimize erosion and sedimentation.



2023 Results

We measure progress of this target by delivering erosion and sediment control training at each operation at least every three years for all relevant woodlands staff. All Canadian locations have received virtual training. Four out of seven regions received in-person training; remaining regions are scheduled for 2024.





Industry-leading innovation to support wildlife.

Our Vanderhoof Woodlands team in BC is gaining attention thanks to the time and effort that they are putting into supporting biodiversity, stewardship and Indigenous values. Initiatives include:

- **Wildlife windrows:** A windrow is a pile of woody debris arranged in a line from one side of the cut block to the other to provide connectivity across the block; it provides a mini-biodiversity trail for small mammals when moving across open areas.
- **Roadside screening:** We leave some standing trees and brush between the road and the harvest area; this helps provide cover for game animals during hunting season.
- **Critter piles:** These scattered piles of woody debris provide shelter, food sources and nesting sites for various species, including voles, weasels and martens.
- **Wildlife corridors:** Intact forests along key wildlife travel routes allow mammals of all sizes to move from one area to another.
- **Non-merchantable tree retention:** By taking special care to leave trees standing after harvest, we provide habitat and security cover for wildlife. These trees also provide habitat for various species of birds that would not otherwise use the cut block until it was older.

Enhanced and innovative retention practices involve a collaborative approach—our forest and wildlife professionals work with Indigenous community members, local trappers and guides, and our harvesting contractors to identify and implement beneficial management practices on the ground.

Biodiversity and Habitat Conservation

Maintaining biodiversity and wildlife habitat is an integral part of sustainable forest management.

We use an ecosystem-based approach to consider ways to conserve and restore plant and animal biodiversity.

One of our priorities is to identify, conserve and manage habitat for local species. We respect legally defined management requirements within defined areas of high biodiversity value, including spatially defined Old Growth Management Areas, riparian reserves, ungulate winter ranges and wildlife habitat areas for species-at-risk and protected areas such as national and provincial parks. We may also identify additional conservation areas. For example, in the East Kootenay region of BC, we led a process to spatially identify High Conservation Value Areas (i.e., areas that provide exceptional biodiversity value, key ecosystem services or high cultural and conservation value). This was done in conjunction with

Indigenous communities, government, environmental groups and independent experts. We operate within a subset of these High Conservation Value Areas (the remainder are reserves) and follow special management strategies directed at maintaining or enhancing values within them.

In addition, our Wildlife Habitat Features Management Program outlines our management and monitoring approach for important biodiversity features such as carnivore dens, raptor stick nests, bat roosts, ungulate licks and wallows. This program goes beyond legal requirements and was fully developed in 2023 to better define wildlife habitat features and to develop and implement training materials to assist with feature identification and management.

In Sweden, a large share of the raw materials that supply our Vida operations come from PEFC- or FSC-certified forests. These certifications require specific conservation measures related to preserving ecosystems and biodiversity and require forest owners to set aside at least 5% of productive land for conservation purposes. We abide by all relevant requirements.

Species-at-Risk

We annually update our detailed database, which tracks each species listed on provincial and federal species-at-risk lists and their habitat requirements. We manage the forest in alignment with government requirements and species needs, and implement appropriate conservation and management measures.



Target

Canadian Woodlands Operations

Maintain biodiversity and habitat for wildlife by employing ecosystem-based management and collaborative partnerships, with special consideration for species-at-risk.



2023 Results

83%

of our updated Species-at-Risk Management Program has been developed and implemented.

100%

of our updated Wildlife Habitat Features Management Program has been developed and implemented.

We ensure our employees and contractors that are involved with forestry planning and field operations undertake regular species-at-risk training, including best practices for encountering and managing these species. In 2023 we updated our Species-at-Risk Management Program, which outlines our approach to managing key species-at-risk in Canfor-managed forests, and provides employees and contractors with training materials on identification and management of these species.

Some species in Canada, such as the woodland caribou, require habitat management and protection on a large landscape scale. In BC and Alberta, the vast majority of caribou habitat has been legally set aside from forestry activities and/or is prescribed for special management. In areas where management is permitted, our operational plans include conservation measures to conserve caribou habitat, such as protecting stands for travel corridors, protecting stands with high amounts of lichen (key forage in winter), minimizing the number of new roads created and employing access management on roads leading to high-value caribou habitat. These measures are applied in and adjacent to the millions of hectares of land legally protected for caribou in BC, increasing the available habitat for these wide-ranging and sensitive animals.

In the US, our Fibre Procurement team monitors any critically endangered and endangered species that may be on or



Canfor collaboration recognized for environmental leadership.

Forest Management and Wetland Stewardship Initiative (FMWSI), a collaborative effort between Canfor, Ducks Unlimited Canada (DUC) and other industry partners, focuses on promoting wetland stewardship in the boreal forest through sustainable forest management. FMWSI was recently awarded the 2023 Canadian Forest Management Group Achievement Award from the Canadian Institute of Forestry (CIF-IFC). As partners in the initiative, our Alberta Woodlands team have played a significant role in this achievement.

FMWSI focuses on sharing knowledge and resources, standardizing best management practices, and creating industry guidebooks and tools for forest practitioners working in and around wetlands and in waterfowl habitat. It is a great success story of the forest industry working with a conservation group to advance wetland stewardship. This same group also earned the 2020 FPAC Partnership Award of Excellence.

near timber tracts to be harvested. We gather species information from The Nature Conservancy, natural heritage programs, state wildlife action plans, NatureServe and the US Fish and Wildlife Service. We produced research around G1 (critically imperiled)/G2 (imperiled) species¹ in our procurement basins. This builds on research we previously funded through the state SFI Implementation Committees. Foresters use this research to stay informed when doing tract inspections for these various species and we provide this information to landowners, so they are aware of the at-risk species in the area and to educate them on management practices for the at-risk species.

In Sweden, our forestry team monitors any critically endangered and endangered species that may be on or near timber tracts to be harvested. All planned felling in Sweden is reported to the Swedish Forestry Agency before harvesting. We gather information about species from the Swedish Forestry Agency, the Swedish Environmental Protection Agency and non-governmental organizations (NGOs). When needed, a natural value assessment is carried out to find areas with high conservation values; we will not harvest in those areas.

1. See [page 126](#) for more details.



Residuals management.



Our Goal

We are committed to maximizing utilization by identifying the highest value and best use, from the forest to the finished product, while supporting sustainable forests.



Our approach.

Residuals Management in Our Operations

Residuals management starts in our forest and continues in our manufacturing processes. We aim to reduce our impact and maximize fibre use.

Our Log Quality Specification guidebook provides guidance on proper practices to help maximize log use for our Canadian Woodlands division. Our comprehensive log quality program ensures the team follows log specifications and integrates adequate training and continual improvement throughout the supply chain. This includes the assessment of cruise plot data to gain insights on forest species, decay, waste, breakage and volumes. This data is then used for planning purposes to manage what to harvest, how much to leave behind for biodiversity considerations and to minimize fire risk. This allows us to strategically approach forest blocks and maximize log efficiency.

Canfor is a member of many government and industry working groups that address continuous improvement. We share our practices with working groups that help inform government programs and policies, with an aim to establish and enhance best practices. We also work with Indigenous partners and certification bodies to implement sustainable forest management practices.

Residuals from the Forest

Saw logs identified in the forests go to our solid wood products manufacturing facilities. The remaining forest residual products are pulp-grade logs and biomass logs. We search for ways to use the remaining forest residual fibre while considering economic feasibility and the specific management objectives of the woodlot site. Some of our operations also provide pulp logs or biomass logs to external manufacturing facilities, including post and rail manufacturers, cant mills, pellet plants and green energy power plants.

Residuals from the Sawmills

Our solid wood manufacturing facilities primarily produce finished lumber and generate process residuals. Our Residual Fibre team is responsible for maximizing the value of the residual products produced at each facility. We use biomass to power our energy systems or create steam for electricity by our pulp mills; we also sell biomass to third parties. Sawdust, shavings and trim blocks are also made into other value-added products. Chips are used by our pulp mills internally or sold externally.

Residuals from the Pulp Mills

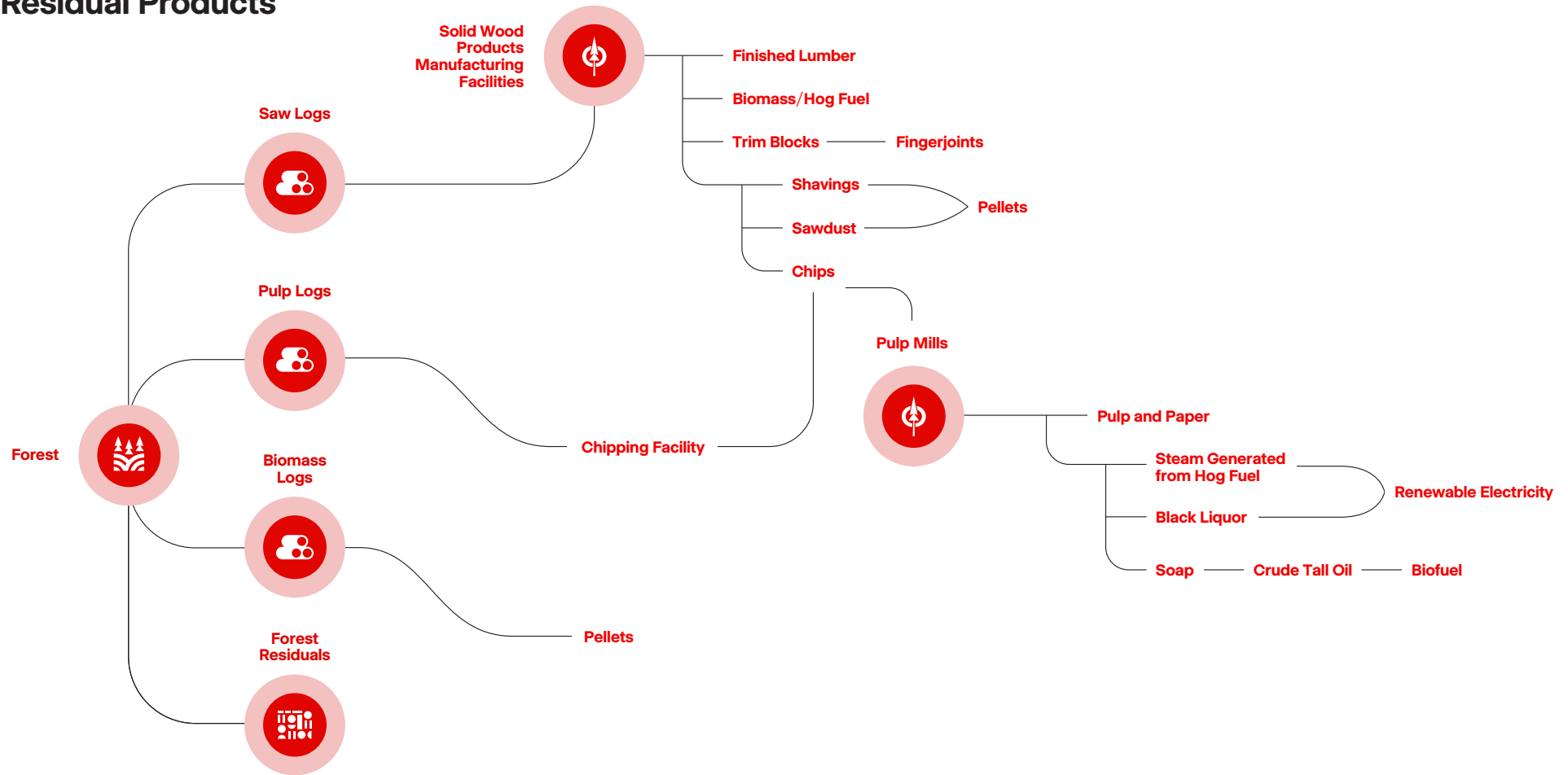
Pulp operations consume residual fibre products and generate additional residual byproduct streams. Our pulp mills use chips to make pulp and specialty paper products. Our pulp operations rely on biomass to generate a significant amount of renewable energy. The black liquor is also used in our recovery boilers to generate steam for renewable electricity. Soap is recovered from our pulping process and converted to crude tall oil which can be refined into biofuels.

Regulations for Residuals Management

We follow regulatory processes for how residual fibre can be removed from its origin, how it is measured for quantity and economic value (also known as scaling and stumpage), and how the cut block is assessed for waste and residuals.

There are no specific regulations requiring the use of harvesting waste but there are financial costs for poor utilization. Therefore, we aim to maximize the recovery of residual fibre where possible.

Sources of Residual Products



We maximize the value of residual products from forests, our sawmills and our pulp mills.

Residuals management starts in our forests, where we assess logs for their specification and determine their best use while carefully considering what to leave behind, which is guided by government regulations and sustainable forest management.

The above diagram demonstrates the flow of material once it is bound for our manufacturing facilities and where, after further processing, is sold as our main residual products. It is non-exhaustive and we may generate other streams of residual products for use or sale.

Our performance.

Recovery Process in Our Manufacturing Residuals

Wood residuals (e.g., shavings, trim blocks, sawdust, chips, hog fuel) generated by the wood products manufacturing process are recovered for use in manufacturing pulp or as fuel in our pulp operations. They are also diverted from disposal for use in other beneficial ways such as animal bedding. In 2023, our residuals were used internally or sold externally to other wood-related operations, including pulp and paper companies, pellet and fingerjoint plants, cogeneration facilities and landscapers.

We placed a strong focus on being more efficient with our fibre. We also adapted our approach to enable the processing of smaller-diameter trees.

Our Prince George chip plant has updated equipment that allows it to use a higher percentage of the residual fibre that was previously too small for debarking.

In 2023, as a response to wildfires, we updated our requirements without sacrificing product quality to allow for some defects in wood affected by fires to increase the recovery of volumes.

For us, this is a very mindful process: we only accept logs that have been charred on the bark and still maintain their quality. We also need to ensure timely access to this burned wood; if the wood is not utilized within a set period of time, it starts decaying. For more information on how we are responding to wildfires, see the [Sustainable Forestry](#) section.

2023 Residuals Processed by Material (Tonnes, unless otherwise stated), Wood Products Operations^{a, b}

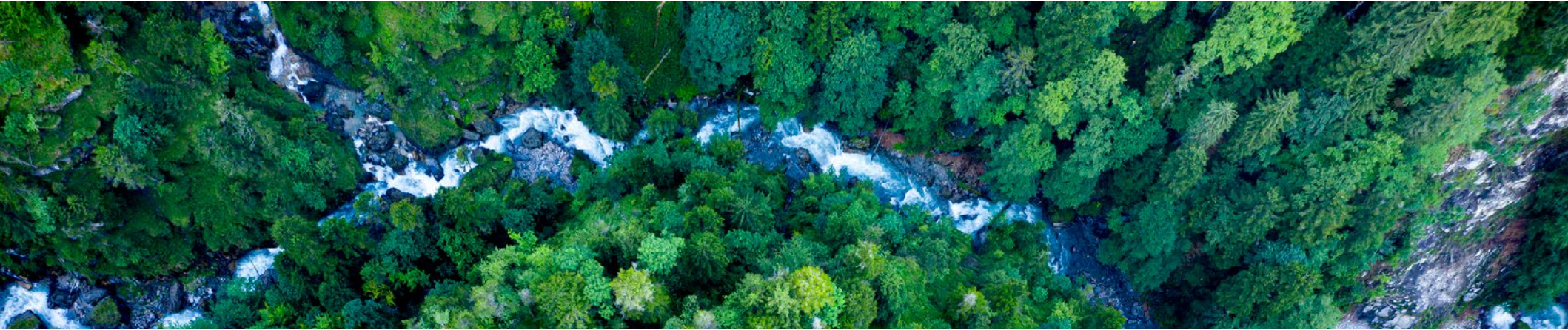
Material	Canada	US	Sweden
Trim Blocks (Mfbm)	60,093	34,797	0
Chips	1,538,842	2,049,973	575,181
Sawdust	289,752	124,779	221,810
Shavings	180,574	351,524	18,768
Salvage	0	8,766	0
Biomass Blend/Hog Fuel	432,191	1,019,404	249,789

2023 Residuals Processed by Material (Tonnes), Pulp Operations^{a, b}

Material	Canada
Hog Fuel	245,639

a. All residuals data is collected in either oven-dried tonnes or in tonnes. For the purposes of reporting, we have conservatively reported all amounts in tonnes. For wood products operations, data includes a blend of estimates and actuals.

b. Our operations also produce other residual products, we have only reported on select residual products.



Bio-Innovation

Our Bio-Innovation team leads Canfor's efforts to generate greater value from wood residuals.

Canfor's Bio-Innovation team aims to capture commercial opportunities tied to the carbon transition and explore opportunities for sustainable products and lower-impact business solutions, including biofuels, biochemicals and other biomaterials. Our efforts include opportunities across the spectrum, from proof-of-concept studies to commercialization and implementation.

Many products can be made from our forest residuals, from plastic or fossil substitutes through to battery components and advanced carbon materials. Each prospective product represents a unique market opportunity with its own value creation pathway; however, each opportunity also presents unique challenges and complications related to conversion technologies and commercialization requirements.

To optimize our decision process, the Bio-Innovation team adheres to a principled and methodical approach to assess opportunities and ensure both technical

and economic viability. In 2023, our efforts focused on opportunities related to a novel residual drying process, pursuing wood-based plastic substitutes, investing in a Ventures Fund and advancing construction of our joint venture biofuel facility.

Wood-Based Plastic Substitutes

Canfor is keen to identify and commercialize wood-based biocomposites that can replace plastic products. We have conducted a proof-of-concept study and successfully compounded residuals (sawdust, shavings and pulp) with thermoplastic polymers, creating a biocomposite material that can be sold as a green alternative to plastics. This innovative product has a wide range of applications in different sectors, such as construction and building, consumer products and automotive applications. As we look to the coming year, we are working to optimize the product design and trial applications with customers.

Ventures Fund

In 2023, Canfor invested in a Ventures Fund. The Fund will invest in early-stage companies across the globe that are developing technologies to enable carbon neutrality for many industries, including forestry. The Fund will focus on technologies that include novel residual conversion processes, carbon reduction

and utilization solutions and carbon analytics such as verification and tracking. In addition to a financial return, this investment provides Canfor access to a broader set of experts, visibility into new markets and the option to co-invest in companies that provide particular value to Canfor.

Arbios Biotech

Progress continues at Arbios Biotech, where wood residues will be converted to transportation biofuel and advanced chemicals such as sustainable aviation fuel. Located in Prince George, BC, Arbios is a joint venture partnership with Australia-based technology pioneer Licella. Construction of Arbios Biotech is well underway and we are anticipating that we will start producing renewable bio-oil in the second half of 2024.



Climate change.



Our Goal

We will become a net-zero company by 2050 through advancing climate-smart forest management, producing sustainable forest products and developing impactful partnerships.

Our approach.

Climate Change Strategy

In 2023, we formalized an ambitious Climate Change Strategy to reduce GHG emissions.

This strategy was led by our cross-functional Climate Change Working Committee, which included global representation from our pulp and wood products businesses. It entailed a year-long engagement with dozens of stakeholders across our global operations to ensure that the strategy is integrated throughout all parts of our business.

The Climate Change Strategy directly supports our goal of becoming a net-zero company by 2050 and our targets to reduce absolute scope 1 and 2 emissions by 42% by 2030 from a 2020 baseline year. In 2023, we also established a target to reduce absolute scope 3 emissions by 25% by 2030 from a 2022 baseline year.

As part of this work, we identified five strategic focus areas to help us progress towards our climate change goal:

- 1. Culture of climate innovation**
By developing a culture of climate innovation across all areas of our business, we will empower our employees to make the necessary changes to achieve our climate goal.
- 2. Climate-smart forest stewardship**
We will build on our existing work in sustainable forest management by collaborating with Indigenous partners, using a science-based approach and considering the local context of our regions.
- 3. Industry-leading operations**
By applying known and innovative technologies and processes, we will reduce carbon emissions from manufacturing and ensure climate resilience in our operations.
- 4. Low-carbon solutions**
We will explore additional opportunities for low-carbon forest products through mass timber, biofuels, biochemicals and other biomaterials.
- 5. Partnerships for climate action**
We will build on our strategic and mutually beneficial partnerships

with vendors, customers, investors and other collaborators to achieve maximum carbon reduction benefits.

The Climate Change Strategy includes an evaluation of potential capital investments and operational efficiency projects over the short term (2020–2025), medium term (2025–2030) and long term (2030–2050) to support our scope 1 and 2 targets. This strategy is supported by a decarbonization road map that focuses on reducing the scope 1 and 2 emissions in our manufacturing operations. The road map includes estimates of capital expenditures required over the course of the decarbonization journey, as well as projected costs and savings. We will continue to refine this work each year as new information becomes available.

In 2023, to further integrate decarbonization into key business strategies, we developed a process for considering energy and emission impacts of potential projects within our capital planning teams. This work includes the following:

- Based on each mill's breakdown of emissions, we began developing targeted strategies to address the biggest opportunities.

- We created tools for capital team members and mill managers to help them understand how capital decisions affect our emissions profile, including an explicit price on carbon in Canada, and a shadow price on carbon in the US as a quantitative measure of risk. We are working on embedding this information in calculations of return on investments or return on invested capital.
- We have also conducted energy scans to determine opportunities for energy reductions that can support our climate change targets.

We have committed to invest at least \$250 million in decarbonization projects across our business. We are currently reviewing projects for approval and will report further in next year's report.



Climate Change Vulnerability Assessment and Scenario Analysis

By assessing risks and opportunities related to climate change, we can identify best practices for the future.

In alignment with our Climate Change Strategy, and SFI Climate-Smart Forestry requirements, we have completed climate change vulnerability assessments for all our Canadian Woodlands operating areas. In these assessments, we reviewed forest management plans and practices to identify climate-based physical risks in these regions, such as extreme weather events that can lead to wildfire or flooding, or freezing temperatures that can impact the timely ability to harvest and haul wood.

We are documenting best practices that have been implemented to date, as well as further options and opportunities. We are also conducting a cost-benefit analysis to form a business case for adaptation.

In 2023, we extended our evaluation of climate risks and opportunities through a qualitative climate scenario analysis. We identified and assessed our physical and transition risks and opportunities across our global business. For more details about our scenario analysis methodology, see our [TCFD Disclosure](#).

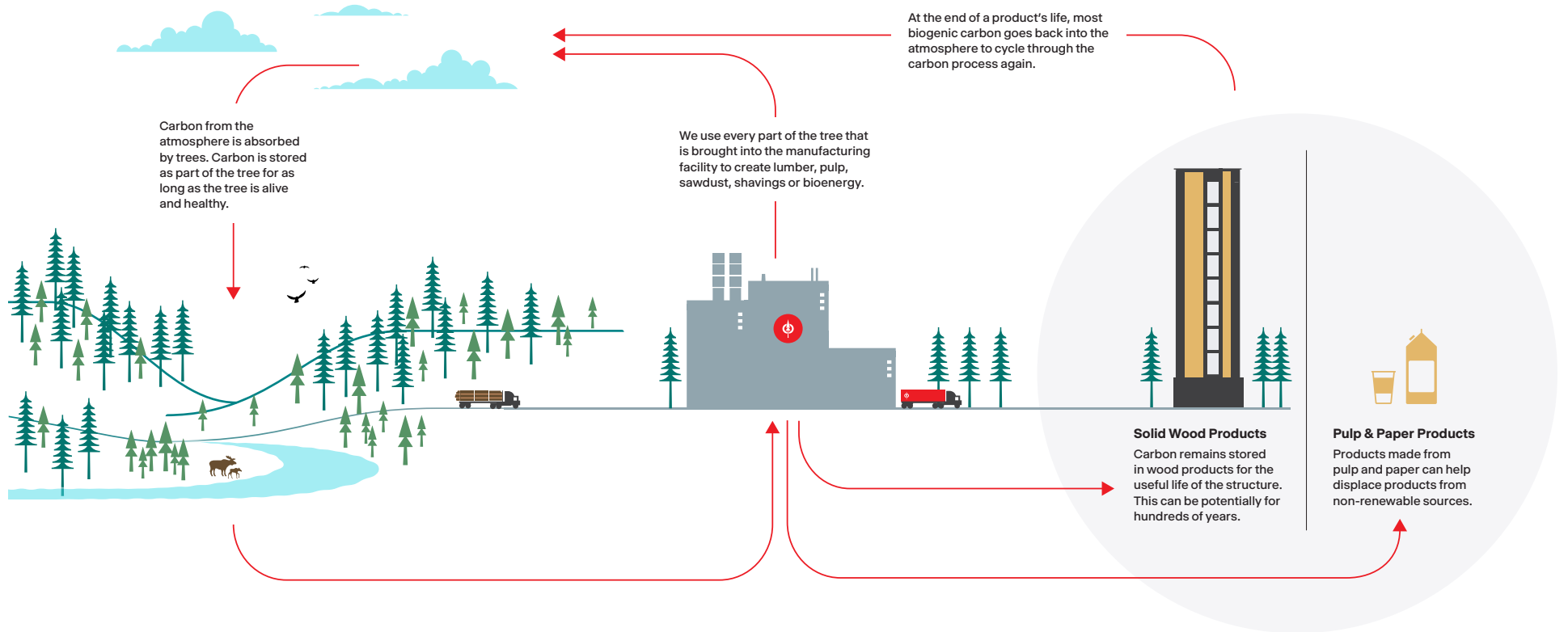
Science Based Targets Initiative

The [Science Based Targets initiative](#) (SBTi) publishes a corporate standard for net-zero target setting, providing companies with a clearly defined path for reducing emissions in line with the Paris Agreement and limiting global warming to 1.5° Celsius above pre-industrial levels.

In early 2024, we submitted our targets for the SBTi validation process. Alignment with this standard is an important step towards showing our commitment to, and monitoring progress towards, this shared goal. By committing to the SBTi, we join thousands of other companies who are aligning with the best available science and working to meet the challenges for a low-carbon future.

Canfor has committed to set near- and long-term company-wide emissions reductions in line with science-based net-zero with the SBTi.

Our Carbon Cycle



The Role of Forests in Addressing Climate Change

Forests play an important role in the global carbon cycle, helping to mitigate climate change. Trees absorb carbon from the atmosphere through photosynthesis and store it in living biomass and the soil.

Carbon is also stored in dead biomass before it is decomposed. Once wood is harvested, a significant amount of carbon is removed from the forest, which can be stored for decades in long-lived wood products such as furniture and building materials. The amount of carbon dioxide released through harvesting is small compared to what is typically released through forest fires and other natural disturbances such as insect infestations and diseases. Sustainable forest management helps minimize these impacts.

We understand the importance of forest management to help mitigate climate change. In jurisdictions where we have forest resource management responsibilities, we undertake numerous measures to support the resilience of forests. By increasing the diversity of tree species on the lands we manage, we can help forests become more resilient to the negative impacts of climate change such as wildfires and insect infestations. See our [Sustainable Forestry](#) section for more details.

Our performance.

Greenhouse Gas Emissions Inventory

Our target is to reduce absolute scope 1 and 2 emissions by 42% by 2030 from a 2020 baseline year.

Scope 1 and Scope 2 Emissions

We have structured our GHG inventory to follow the accounting and reporting guidelines of the Greenhouse Gas Protocol, published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). This protocol is the international accounting tool most widely used by governments and business leaders to understand, quantify, and manage GHG emissions. Our [base year recalculation policy](#) is to restate our inventory values when there has been a significant change (+/- 5%) in business operations, corrections to historical data based on more accurate information and/or significant acquisitions and divestments.

We have engaged KPMG LLP, an independent third party, to conduct limited assurance annually over our GHG emissions. See the [Appendix](#) for their assurance reports of our 2023 GHG emissions, and our website for methodology notes and the assurance reports of our baseline 2020 GHG emissions.

In 2023, our total non-biogenic (market-based) scope 1 and 2 GHG emissions were 766,435 tonnes CO₂e. Our non-biogenic GHG emissions are closely tied to energy use at all our facilities. Key sources of emissions included the combustion of natural gas for process heat, the use of diesel and gasoline in heavy

equipment and vehicles, and the use of grid electricity in jurisdictions with higher-intensity electrical grids. Biogenic emissions come from the combustion of biomass for process heat and from certain chemical reactions in the pulping process. Biogenic emissions are part of the natural carbon cycle and, as such, are accounted for separately.

Key changes in 2023

Net reductions from 2020 are due to a number of factors, including facility curtailments, grid emissions improvements and performance improvements. Emissions from our Canadian pulp and wood products operations decreased, primarily due to the curtailment and closure of pulp mills and sawmills.

Emissions from our US wood products operations increased, primarily due to the addition of our DeRidder sawmill facility.

Emissions from our Vida operations had a decrease, primarily due to the increased use of renewable diesel to displace diesel and lower reliance on fuel oil.

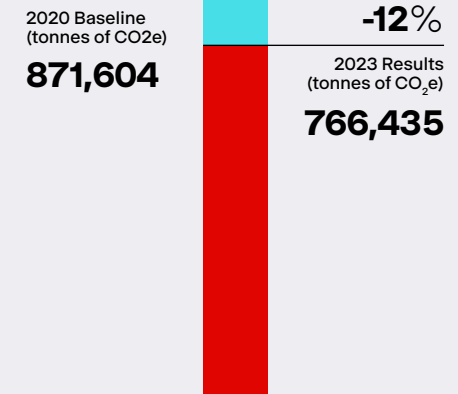


Target

Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2020 baseline year.



2023 Results



Absolute scope 1 and 2 GHG market-based emissions (non-biogenic).



Scope 1 and 2 GHG Emissions (tonnes of CO₂e)^a

	2023	2022
Scope 1	631,619	719,465
Scope 2 Location-Based	134,558	131,627
Scope 2 Market-Based	134,816	132,076
Scope 1 and 2 Location-Based, Non-Biogenic Emissions	766,177 [☑]	851,092 [☑]
Scope 1 and 2 Market-Based, Non-Biogenic Emissions	766,435 [☑]	851,541 [☑]
Biogenic emissions	4,290,682 [☑]	4,570,067 [☑]

a. For more information, see accompanying data tables and footnotes found in the [Appendix](#).

[☑] Third-party limited assurance obtained over our 2023 scope 1 and 2 GHG emissions and 2022 scope 3 GHG emissions. See [page 136](#) for assurance reports over our GHG emissions for 2023, and our website for past assurance reports. KPMG previously provided assurance over our 2022 and 2020 baseline year scope 1 and 2 GHG emissions. See our website for past assurance reports. In 2023, KPMG was not engaged to perform assurance procedures on our 2022 and 2020 scope 1 and 2 GHG emissions and therefore have not expressed a conclusion on this information in 2023.

Scope 3 Emissions

We have set a target to reduce absolute scope 3 emissions by 25% by 2030 from a 2022 baseline year.

In 2023, we updated our methodology to quantify scope 3 GHG emissions. This builds on our initial 2020 data, in which we determined the scope 3 categories most significant to our business. During this process, we gained insights into our full supply chain impacts, which will enable us to identify key partners and opportunities for actions in the coming years.

We continue to refine our calculation methods in line with the Corporate Value Chain (Scope 3) Standard published by the Greenhouse Gas Protocol. We estimate our total scope 3 emissions for 2022 to be 4,909,846[☑] tonnes of CO₂-equivalent, which made up approximately 85% of our total scope 1, 2 and 3 GHG emissions footprint.

Scope 3 quantification is complex for most organizations, due to the challenges around data quality and availability of external and internal data. We continue to focus on enhancing our methodology to ensure meaningful measurement of our progress towards our scope 3 emissions reductions.

We have set a target to reduce our absolute scope 3 emissions by 25% by 2030 from a 2022 baseline year. We have not included biogenic emissions (land-based removal or land-based carbon emissions) in scope 3 (see [Carbon Emissions in Land Management and Land Use Change](#)).

We have engaged KPMG LLP, an independent third party, to conduct limited assurance over our 2022 scope 3 GHG emissions, which we have set as our baseline year. See the [Appendix](#) for their assurance reports and our website for methodology notes.

Our Material Scope 3 Categories

Refining our scope 3 calculations enabled us to determine reduction strategies on our most material scope 3 categories, which include:

- Category 1: Purchased Goods and Services**
 Before logs are purchased by Canfor, emissions result from harvesting and transportation to the sawmill and from the processing of purchased chips and their transportation to the pulp mill.
- Category 3: Fuel- and Energy-Related Activities**
 Upstream emissions are associated with extraction, production, transportation of purchased fuels and electricity (transmission and distribution losses).
- Category 4: Upstream Transportation and Distribution**
 Emissions from the combustion of fossil fuels associated with where we have financial control over the mode of transport (truck, train and marine vessels).
- Category 10: Processing of Sold Products**
 Emissions result from the further processing of our sold pulp and wood products into finished products.
- Category 12: End-of-Life Treatment of Sold Products**
 Once finished products reach the end of their useful life, they may further release GHG emissions into the atmosphere, depending on the method of disposal.



Whitecourt Geothermal

At our Whitecourt sawmill, we are exploring a new commercial-scale geothermal direct-heat system to reduce our emissions associated with drying lumber in kilns. Through this project, the intention is to provide geothermal heat to the sawmill's kilns to displace natural gas-powered energy. Through a series of heat exchangers, geothermal energy will be transferred to circulating heat-transfer fluids to provide the majority of the heat needed for the lumber drying kilns.

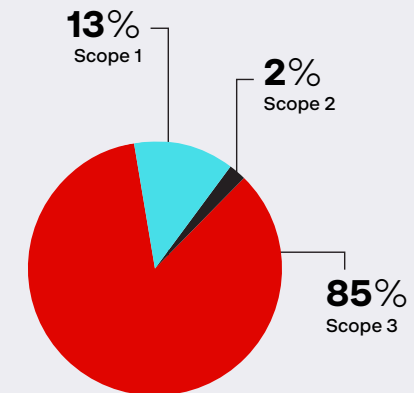
We have committed to a feasibility study of this project and expect to make a final decision upon completion of detailed engineering and due diligence.

Scope 3 GHG Emissions (tonnes of CO₂e)^{a, b}

Upstream Emissions	2022
Category 1 Purchased Goods and Services	406,257 ^c
Category 3 Fuel- and Energy-related Activities	143,036
Category 4 Upstream Transportation and Distribution	432,835
Downstream Emissions	
Category 10 Processing of Sold Products	1,524,147
Category 12 End-of-life Treatment of Sold Products	2,108,586

- See the [Appendix](#) for additional footnotes on our calculation methodology and 2022 scope 3 emissions broken out by all 15 categories. This table shows 2022 emissions of our material scope 3 categories; we will keep reporting on these five material categories in the future.
- Limited assurance obtained over our total 2022 scope 3 GHG emissions. See [page 136](#) for assurance report.
- To focus on material emissions related to our core business, our material category 1 emissions reported above excludes non-fibre related services.

Our GHG Emissions Breakdown (based on 2022 data)





Reducing emissions with renewable diesel.

To reduce scope 3 emissions, we have been exploring the potential of renewable diesel as an alternative fuel in our transportation operations.

In 2023, we committed to a chip truck renewable diesel trial. This trial, done in conjunction with our partners Lomak and Tidewater, compared renewable diesel and ultra-low sulphur diesel, using trucks hauling residual fibre from our sawmills to our pulp mills. Nine trucks used renewable diesel, and another nine trucks used standard diesel. This side-by-side comparison began in late fall 2023 and is targeted for completion in 2024.

In 2024, we will execute a trial to evaluate renewable diesel at Canfor Pulp to reduce our GHG emissions.

Stored Carbon in our Finished Lumber (tonnes of C and tonnes of CO₂e)^a

Business Unit	2023 Stored Carbon	2022 Stored Carbon
Wood Products Operations: Canada	914,975 tonnes C 3,354,909 tonnes CO ₂ e	1,025,426 tonnes C 3,759,895 tonnes CO ₂ e
Wood Products Operations: US	762,995 tonnes C 2,797,647 tonnes CO ₂ e	714,838 tonnes C 2,621,073 tonnes CO ₂ e
Vida Operations	582,525 tonnes C 2,135,925 tonnes CO ₂ e	602,178 tonnes C 2,207,987 tonnes CO ₂ e
Total	2,260,495 tonnes C 8,288,481 tonnes CO₂e	2,342,442 tonnes C 8,588,955 tonnes CO₂e

a. Tonnes of carbon is calculated based on the total quantity of lumber (MMbfm, million board feet) produced by our Canadian, US and Vida operations only (excludes pulp, paper, pellets and other wood products) and is converted to density per the NCASI Carbon Storage Tool for softwood lumber. The carbon content of wood is 50% by weight. Conversion from carbon to CO₂e is calculated using the molecular weight ratio between CO₂ and C of 44/12.

Carbon in Forests and Wood Products

We support efforts to account for carbon emissions in land management and land use change.

Carbon Emissions in Land Management and Land Use Change

In September 2022, the GHG Protocol published a draft version of the Land Sector and Removals Guidance to account for carbon emissions in land management and land use change, as well as emissions stored in products.

To support this work, we participated in the GHG Protocol's Land Sector and Removals Guidance pilot project, which concluded in February 2023. We continue to stay engaged in the protocol development process. We acknowledge the need for accurate, science-based and transparent accounting of land sector emissions and removals in a way that is viable and practical for our sector.

Canfor does not own any forestland and we are not currently reporting any land-based carbon emissions and removals within this report. However, we will continue to monitor the evolving guidance and report relevant data when available. We believe it is important to quantify the impacts that sustainably managed forests have on the carbon cycle, and endeavour to accurately share the complete impacts of the forest sector.

Carbon Stored in Wood Products

While our wood products store carbon, we do not quantify this carbon when calculating our GHG inventory. In general, 1.62 tonnes CO₂e are stored in 1,000 board feet of softwood lumber product. For reference, the average 2,500 sq. ft. (or 232 m²) wood-frame home stores approximately 30 tonnes of carbon.



Energy management.



Our Goal

We will optimize energy intensity across our business while expanding utilization and production of low-carbon energy solutions.

Our approach.

Energy Policies

We have energy policies integrated in our pulp operations and wood products operations.

Our [energy policies](#) outline our commitment to a culture of continuous improvement for energy management through efficiency, conservation and innovation.

Through our commitment, we:

- Promote a culture where all employees are engaged to optimize energy efficiency.
- Integrate strategic energy management into our operations.
- Incorporate the use of carbon-neutral and sustainable fuels.
- Pursue technological innovation to reduce our energy consumption and carbon footprint.
- Report performance on energy metrics to our Board of Directors, shareholders, employees, customers and other key business partners.

Energy Management Assessments

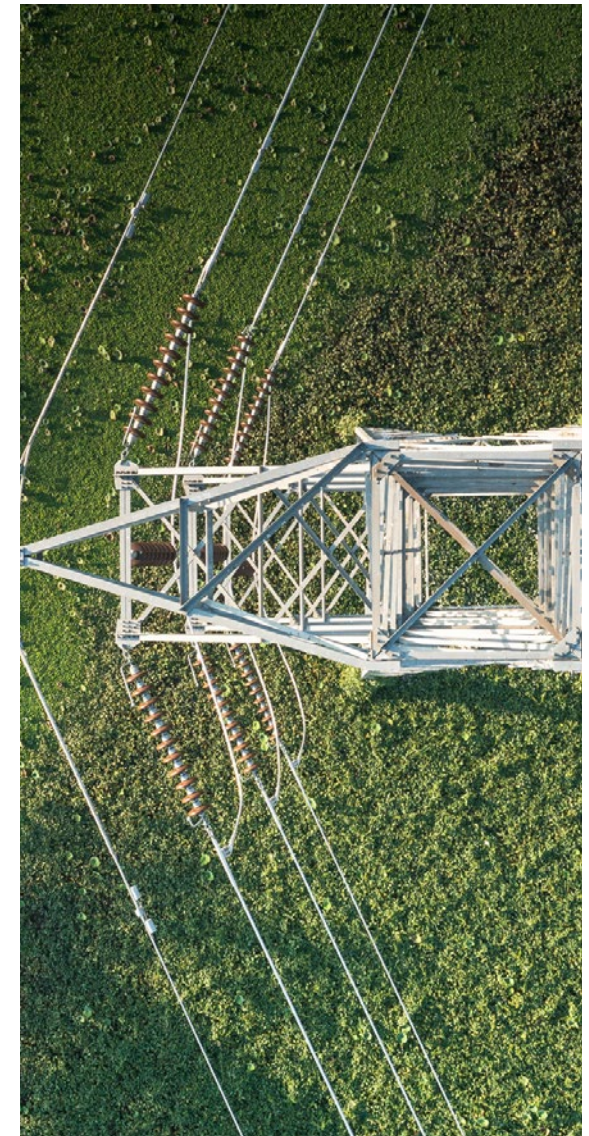
At our Canadian pulp mills and sawmills, we complete Energy Management Assessments (EMAs). Our EMAs, which are conducted every two years, enable us to realign strategic energy management initiatives and establish deliverables for Canadian operations. Canfor Pulp conducted their EMA in January 2024. For our Alberta and US operations, energy scans were conducted in a similar fashion to identify energy-saving opportunities at those facilities.

Energy Management Information Systems

Our Energy Management Information Systems monitor, analyze and control building energy.

We have Energy Management Information Systems (EMIS) at our Intercontinental and Northwood pulp mills. This enables us to proactively identify challenges and opportunities related to energy use and increase energy awareness with our operational teams. The EMIS compares actual energy consumption to dynamic targets in real time. It also records electricity consumption and generation as well as natural gas, biomass and steam consumption in all of the steam and bleach plant areas. The EMIS allows us to quickly capture deviations from efficient operation and make corrections to our process.

Using key performance indicators, we monitor and assess energy consumption at our operations and investigate significant variances. We conduct energy audits to evaluate our programs, policies and practices, and encourage continuous improvement. These audits are completed by internal auditors and cover energy efficiency, legal compliance and internal processes. Energy use is evaluated during regular reviews with mill leadership and senior leadership.



Our performance.

Energy Consumption

Our energy consumption can fluctuate year to year based on factors such as operational changes, fibre supply, and weather patterns. In 2023, Canfor's total energy consumption was 50,379,532 GJ. Our energy and biomass consumption decreased in 2023 due to closed or curtailed activities in our BC sawmills and pulp mills.

In 2023, we have reconfigured the steam supply to our specialty paper line; it now comes from our Intercontinental facility pulp boilers and steam system. The incremental steam demand on the Intercon boilers creates a risk of a steam supply deficit in the winter months, which may cause higher natural gas consumption at the Intercontinental facility. As a result, this has impacted our overall energy and greenhouse gas (GHG) emissions. In 2024, we will have a better understanding of the energy usage of this new combined operation, and will update our plans accordingly.

Although there was a decrease in total gigajoules of energy consumed in 2023 compared to the previous year, energy utilization at each site varied, with some seeing an increase over 2022 consumption. For instance, Northwood Pulp Mill experienced difficulties starting up after a maintenance turnaround, which led to unstable operations and

increased energy consumption. Total energy consumption of our Canadian wood products operations decreased from 2022 partly because we curtailed several operations during the year and permanently closed our Chetwynd sawmill. We are working towards identifying other opportunities to reduce our energy intensity across our operations.

Renewable Electricity Generation

Our pulp mills generate renewable energy for internal use. Where possible, we sell excess energy to the BC Hydro electrical grid. In 2023, we renewed our agreement to continue providing excess energy from our Northwood pulp mill to the grid.

In Alberta, our Canfor Green Energy (CGE) biomass cogeneration facility provides renewable heat and electricity to our Grande Prairie sawmill and sells excess energy to the Alberta electricity grid. In 2023, CGE generated 361,287 GJ of power and sold 198,969 GJ to the Alberta electricity grid.

Total Energy Consumption within Organization (GJ) ^{a, b}

Source	2023	2022
Non-renewable Fuel Sources	10,928,411	11,823,534
Renewable Fuel Sources	36,365,060	39,048,066
Purchased Electricity for Consumption, Non-renewable	1,295,609	1,322,291
Purchased Electricity for Consumption, Renewable	2,389,599	2,465,974
Purchased Steam for Consumption, Renewable	171,497	164,565
Electricity Sold	(770,644)	(538,787)
Total Energy Consumption Within Organization	50,379,532	54,285,643

Sources for Total Energy (including Electricity Sold) ^{a, b}

Source	2023	2022
Energy from Non-renewable Sources	12,224,020	13,145,825
Energy from Renewable Sources	38,926,156	41,678,605
Total Energy (including Electricity Sold)	51,150,176	55,824,430

- a. Non-renewable fuel types are purchased from external sources. Most renewable fuel types are sourced internally. We consume these fuel types to produce both electricity and heat.
- b. Our data follows the same operational boundary as our GHG inventory. See more detailed energy breakdowns by business unit and fuel types in the [Appendix](#). Our 2022 energy figures have been restated to align with minor adjustments to data calculations for consistency in our GHG calculations.

Energy Management Target

We set a target to reduce the energy intensity of our North American operations by 15%.

In 2023, subject matter experts from across Canfor worked with energy consultants to identify a data-driven energy management target that supports our energy efficiency, decarbonization and cost-saving ambitions. In 2023, we set a new energy management target, to reduce the energy intensity of our North American operations by 15% by 2033 from a 2022 baseline year. The reduction target is based on industry benchmarks, historical energy data and mill-specific energy optimization opportunities (site scans). The pulp operation target excludes black liquor, as it is a process byproduct.

Energy Scans

Energy scans enable us to identify and implement energy-reduction opportunities.

In 2023, as part of our work to set an energy target, we conducted energy scans at four operations in BC, three in Alberta and four in the US. The scans consisted of reviews of all systems: compressed air, electric, hydraulic, biomass and fossil fuels.

Based on the results of the scans, strategic priorities are being developed, including timelines for implementation. Similar scans will be repeated every few years to support continued awareness and strategic prioritization.

Energy-saving Initiatives

In 2023, we implemented various energy-saving initiatives at our mills.

At our Canadian sawmills, we completed numerous energy-efficiency upgrades. We installed new planer air compressor systems at our Plateau and Polar sawmills in BC. As a result of these installations, our Plateau sawmill is projecting energy savings¹ of approximately 781,000 KWh per year, and our Polar sawmill is projecting savings of approximately 313,000 KWh per year. At our US sawmills, we developed opportunity registers as a result of our 2023 energy scans, which will inform our actions for 2024.

At our pulp mills, we have a hot water strategy that focuses on ways to reduce hot water used in our bleach plant, which reduces our thermal energy load.

A key capital project that is part of this strategy is the bleach plant heat exchanger that was installed in late 2023. The heat exchanger upgrade allows for efficient water heating and increases our ability to capture and return the condensate, which reduces the thermal load on our boilers.



1. Energy conservation projects are evaluated by comparing the consumption of our existing systems against the consumption of our desired replacement systems.



Air quality.



Our Goal

We are committed to minimizing air emissions that impact people and communities by utilizing leading technology and processes. We will go beyond compliance to preserve air quality by reducing emissions of particulates, sulphur and other gases.



Our approach.



Environmental Management System

Our Environmental Management System (EMS) is aligned with the ISO 14001 standard and provides a framework to manage our short- and long-term environmental impacts. Through our Environment Policy and operational control procedures, we evaluate our environmental risks and opportunities. We complete routine maintenance and inspections on all sources of air emissions control devices to ensure equipment is running optimally. The frequency of our operational equipment testing is determined by environmental operating permits. Some emissions are monitored continuously. Monitoring devices allow operators to adjust operating conditions to maintain optimal performance, reducing overall source emissions.

In addition, our operations track key performance indicators for continuous improvement around air quality.

Air Emissions Monitoring

We regularly audit our emissions monitoring programs. This includes internal and external audits, compliance reviews, regulatory meetings and regulatory agency site inspections. Results are reported to our operations' senior management and environment teams. Significant findings are reported to Canfor's Corporate Environmental Management Committee (CEMC) and the Joint Environment, Health and Safety Committee of the Canfor Board and Canfor Pulp Board. Environmental reviews are required for capital expenditures, to ensure we identify potential impacts on air quality and associated regulatory requirements.

Our performance.

Pulp Operations

Through regular maintenance and monitoring, we minimize our air emissions at our pulp mills.

Total Reduced Sulphur and SOx Emissions

We use biomass as an energy source, which generates total reduced sulphur (TRS) from black liquor, as well as nitrous oxide (NOx) and particulate matter (PM) emissions. TRS, which is the main contributor to odour from our pulping process, comes from point sources such as stacks and vents, and from fugitive sources such as effluent treatment. SOx (sulphur oxides) come from thermal oxidation of TRS gases in incinerators, recovery boilers, and lime kilns, mainly from our pulp mills in Prince George.

To minimize particulate discharge, we have emissions control technology on all our recovery and power boilers. We continually monitor emissions and are evaluating air emission reduction projects for future years.

Our target is to achieve the Pulp and Paper Air Emissions Code of Practice for SOx discharge while reducing TRS emissions by 20% by 2030 from a 2020 baseline year.

We are currently showing improvements in our TRS but we are only measuring stacks and vents as required by permits. In future years, we hope to develop ways to measure and monitor other TRS sources from our effluent treatment systems. Our biggest opportunities lie in maintaining reliable, consistent operations. When equipment is properly maintained, it is more efficient, which optimizes our ability to reduce air emissions.

In 2023, we reduced our SOx emissions by 29% and our TRS by 35%. We are also looking at projects to reduce SOx emissions to meet the Code of Practice.



Target

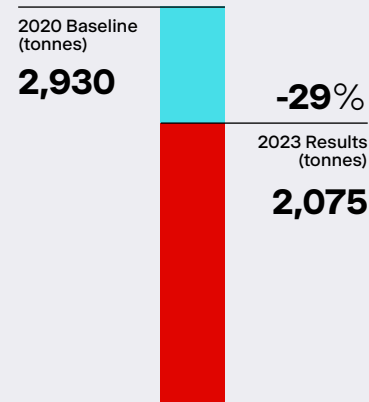
Pulp Operations

Achieve Pulp and Paper Air Emissions Code of Practice for SOx discharge while reducing total reduced sulphur (TRS) emissions by 20% by 2030 from a 2020 baseline year.

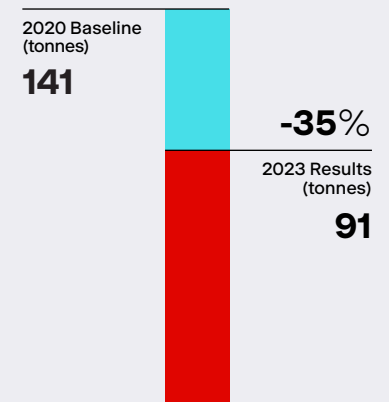


2023 Results

SOx Emissions



Total Reduced Sulphur (TRS) Emissions



Particulate Matter

Particulate matter (PM) can be emitted from a variety of sources such as biomass energy systems, the black liquor recovery process, lime kilns and fugitive particulate (which includes road dust). Our target is to reduce the total loading of particulate to the airshed by 10% by 2030 from a 2020 baseline year. At the end of 2023, we have reduced the total loading of particulate to the airshed by 20%. This is in part due to closures and maintaining compliance with our permits.

In 2023, we performed maintenance at our Northwood pulp mill and improved the operating reliability of the recovery boiler electrostatic precipitator. This assists with managing particulate matter and air quality.

Prince George Air Improvement Roundtable

In 2023, we continued to actively participate in the Prince George Air Improvement Roundtable (PGAIR), which manages an extensive network of ambient monitoring in the Prince George airshed. In this capacity, we provide the community with regular updates on the steps we are taking. In 2023, we began participating in the development of PGAIR's Air Quality Management Plan for improving Prince George air quality and will report key progress in future reports.

Based on emissions inventory and modelling work done on the Prince George airshed by the University of Northern British Columbia, it has been determined that industry only contributes to a small proportion of the pollution that affects the local community. Prince George is located between two valleys, forming a "bowl" that naturally traps air pollution. Various factors contribute to air quality, including road dust and wood smoke, as well as changing weather patterns (e.g., variable weather, increased winds in recent years).

We have a responsibility to reduce the emissions within our control and have been pleased to see longer-term trends in air quality improvements, particularly particulate matter. This is mainly due to changes in stack testing, investments in pollution control technology and more stringent permits.

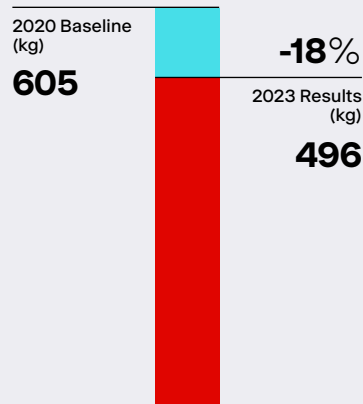
Target

Pulp Operations

Reduce the loss of ozone-depleting substances¹ from refrigeration units by 50% by 2030 from a 2020 baseline year.

2023 Results

Ozone-depleting substances



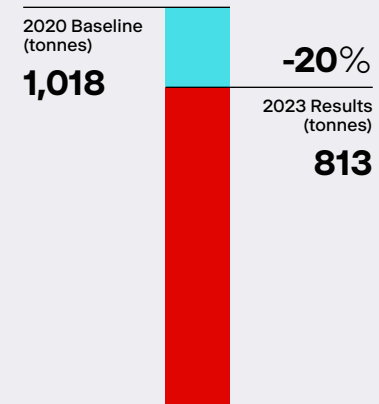
Target

Pulp Operations

Reduce the total loading of particulate to the airshed by 10% by 2030 from a 2020 baseline year.

2023 Results

Particulate matter from stacks²



1. Ozone-depleting substances are defined by refrigerants releases, which are estimated based on recharge amounts for the year and can fluctuate depending on timing of maintenance. We are tracking R410A, R438A, R404A, R422D, R22 and R407C.

2. Our current data only includes particulate matter emissions from stacks and does not include fugitive emissions.

2023 Air Emissions by Business Units by Type (Tonnes)^a

Business Unit	NOx	SOx	PM
Pulp Operations	1,490	2,075	813
Wood Products Operations: Canada	494	53	1,013
Wood Products Operations: US	525	71	446
Vida Operations	180	n/a	65
Total	2,689	2,199	2,337

a. For more information, see accompanying data tables and footnotes in the [Appendix](#).

Wood Products Operations

We invest in technologies and equipment upgrades to mitigate dust and improve air quality.

In our sawmills, the main source of air emissions comes from dust. To reduce dust from the air, we focus on paving hard surfaces and upgrading cyclones. We regularly assess the need for equipment upgrades and have a robust preventive maintenance plan to improve air quality and minimize impacts.

In 2023, we continued to invest in paving hard surfaces as a dust mitigation strategy. While the primary benefit of hard surfaces is the improvement of air quality, hard surfaces also help equipment run more smoothly and reduce maintenance issues. There is also less reliance on water to reduce dust on high-traffic roads. An added benefit is that the wood fibre that comes in contact with hard surfaces is still usable. This is because if logs or residual fibre come in contact with unpaved surfaces, they typically become contaminated with gravel or dirt.

Cyclone upgrades can improve residual utilization as well as indoor air quality for our employees. In 2023, we replaced a cyclone at our Fox Creek operation. Since 2020, we have replaced seven cyclones and one baghouse at our Canadian operations.

Most of our North American wood products facilities have fugitive dust management plans and for those that do not, we are currently developing plans.

In the US, the majority of our sites are paved, and we operate well within all our applicable air permits for our wood products operations.

In Sweden, Vida measures air emissions from the biomass boilers. All boilers are equipped with air purification multi-cyclone systems. Several also have electric filters, which further help to improve air quality.

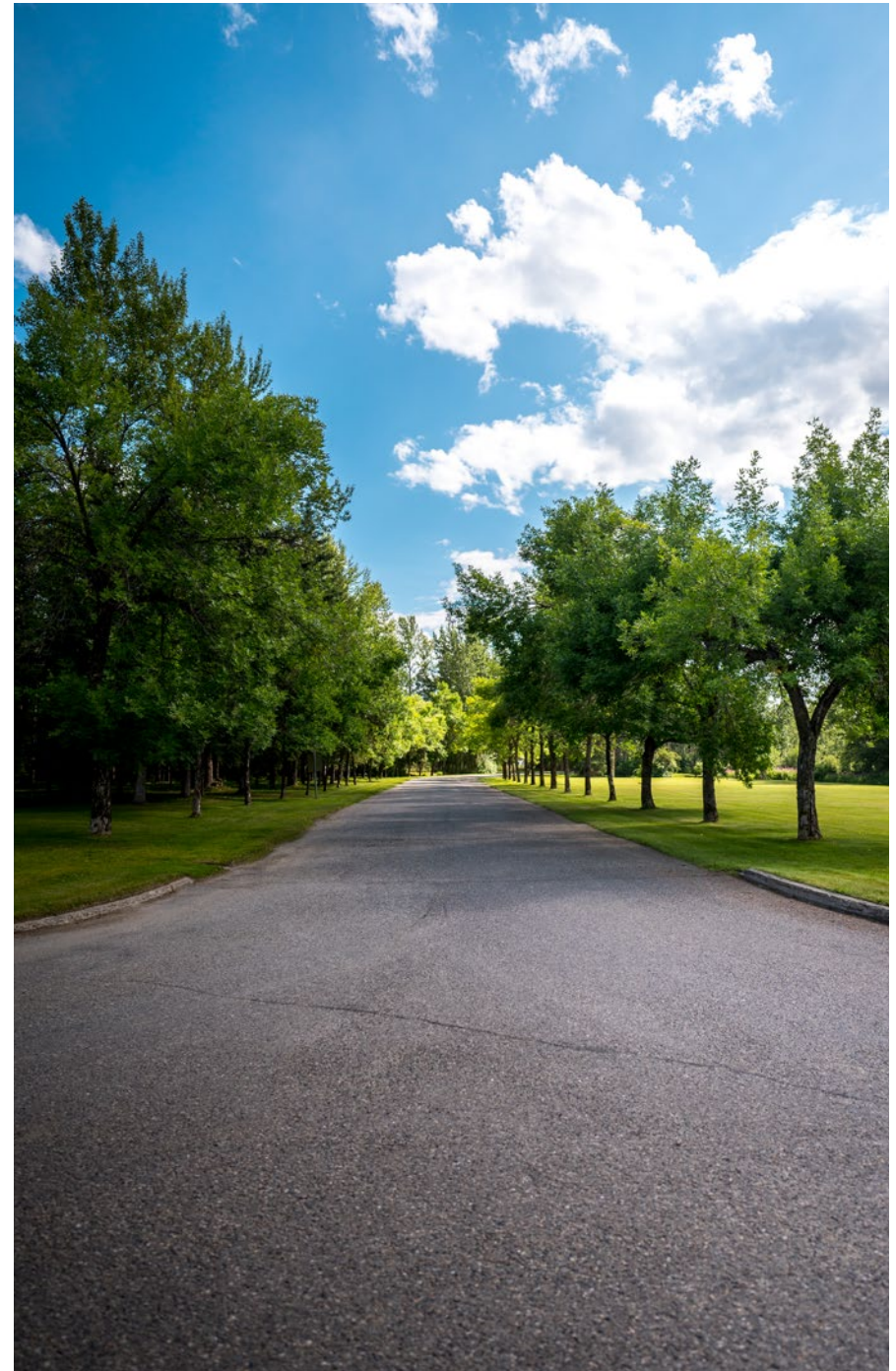
Target

Canadian Wood Products Operations

Pave 50% of unpaved high-frequency-use roads in our facilities and lumber yards to reduce fugitive dust generation by 2030.

2023 Results

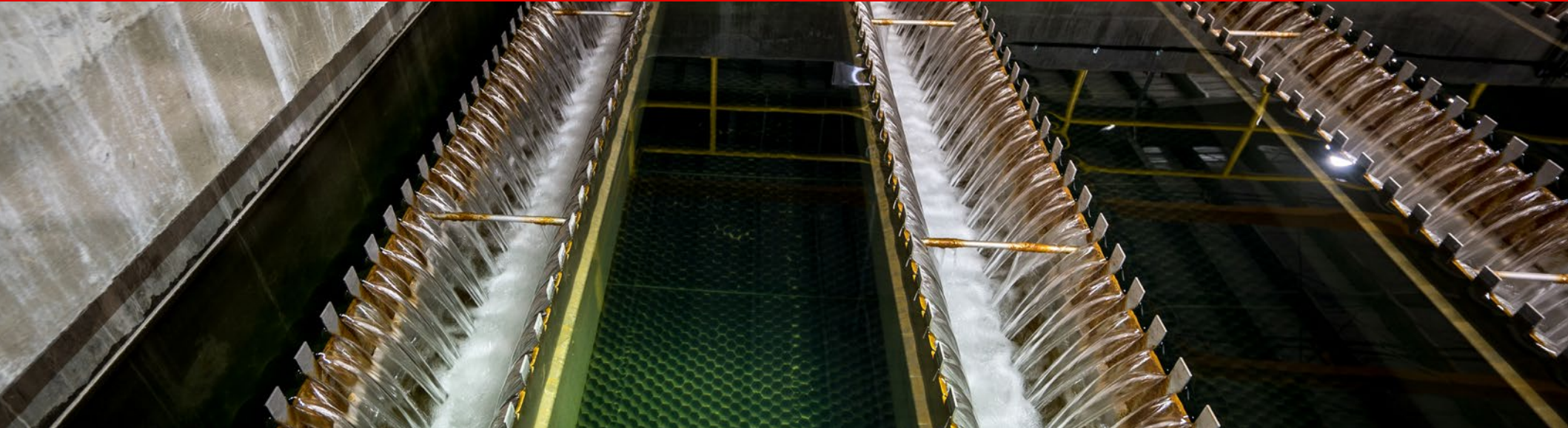
32%
of our 2020 baseline¹ has been paved at the end of 2023.



1. Baseline for Canadian wood products operations is measured as the unpaved area of high-frequency-use roads in our facilities and lumber yards as of January 1, 2020.



Water management.



Our Goal

We are committed to reducing water consumption and protecting water quality through optimized production processes, leading management systems and innovative technologies.

Our approach.

Environmental Management System

Our Environmental Management System guides our approach to mitigating impacts on water.

Our Environmental Management System (EMS), which is aligned with the ISO 14001 standard, provides a framework to manage our short- and long-term environmental impacts on water. It includes our Environment Policy, which outlines our commitment to water stewardship.

Water quality and quantity are also important considerations in our Sustainable Forestry Initiative (SFI) and Forest Stewardship Council (FSC) certifications. The ISO 14001 standard and forest certifications help ensure we are meeting or exceeding best management practices, which helps us protect the water quality of rivers, streams, lakes, wetlands and other water bodies. We comply with all water requirements in our permits and regulations, and aim to continuously improve our programs, policies and practices.

Water Management in Pulp Operations

We carefully measure and monitor the water quality at intake and at discharge.

It is important to us that we manage for the availability and quality of fresh water. Water is withdrawn from the river and treated before we use it in the mill. We also treat the effluent before it is discharged back into the river. We monitor water quality to minimize negative impacts on water in the environment, including potential effects on fish and organisms that make up the aquatic ecosystem.

Each of our sites follow effluent requirements as set out in site-specific provincial permits and in federal pulp and paper effluent regulations. Our pulp and paper mills operate in full compliance with these regulations.

Effluent is treated for indicators and priority substances of concern, which include:

- Flow.
- Metals.
- Biochemical oxygen demand (BOD).
- Total suspended solids.
- Chemical oxygen demand (COD).
- pH (acidity or alkalinity).
- Temperature.
- Conductivity.
- Toxicity.
- Adsorbable organic halides (AOX).
- Nutrients.
- Resin acids.

Our water management practices include internal water monitoring, spill control and containment procedures. This includes monitoring of wastewater and upstream contaminants, and water flow and temperature measurements. During brownstock washing (a process that removes and reclaims spent chemicals in our pulp) and bleaching processes for washing pulp, water is reused at least three times through a process of countercurrent washing.

Water Management in Wood Products Operations

Our sawmills operate under stringent water management programs.

Through our water management programs, we:

- Adhere to allowable discharge limits within all our permits.
- Meet federal, provincial and/or municipal quality standards.
- Ensure availability and access to water sources.

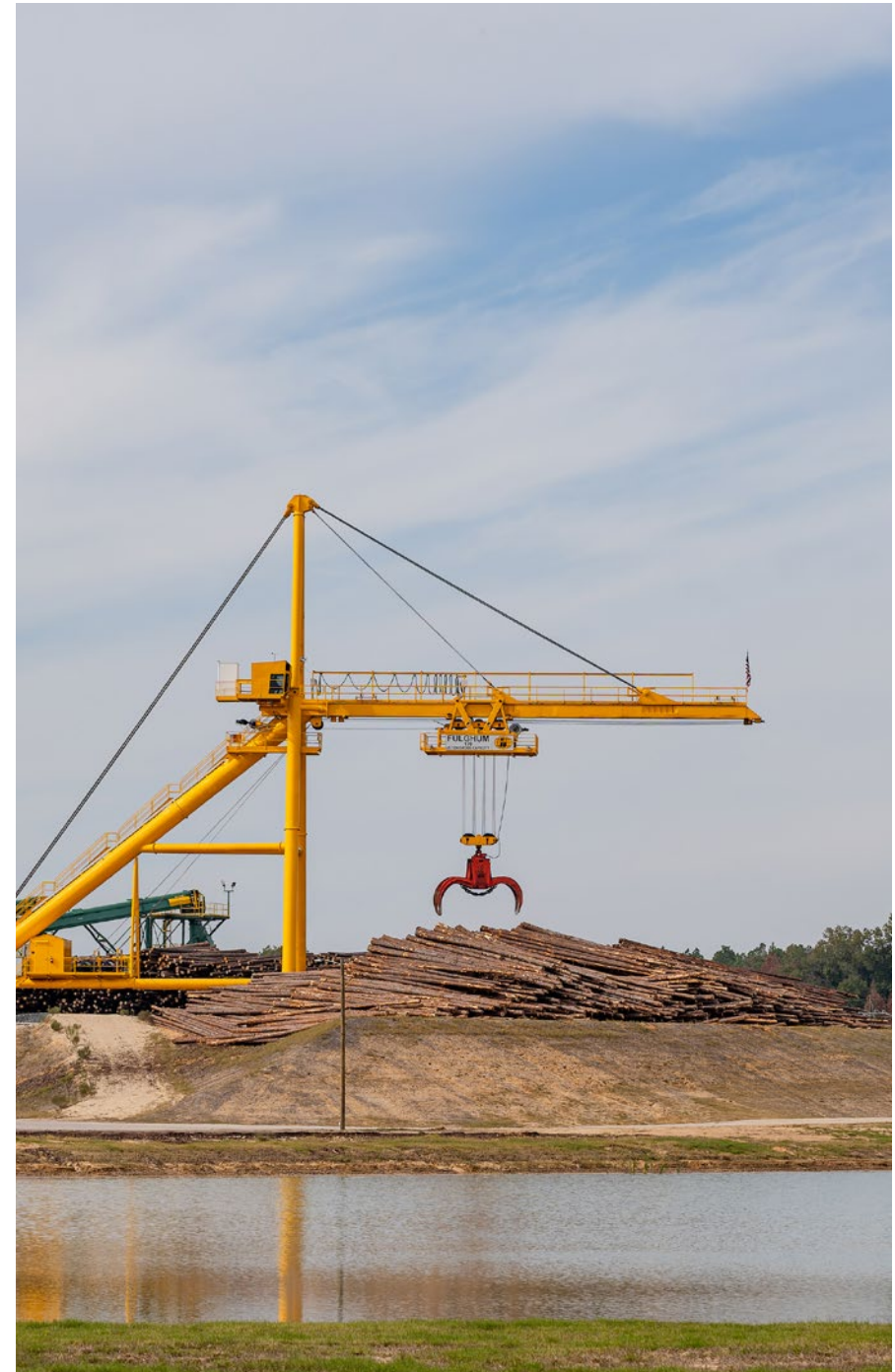
All of our Canadian operations have site-specific water discharge management programs. These include oil water separators in high-risk areas, effluent treatment for domestic wastewater

(as prescribed by health authorities or governing bodies), stormwater monitoring of site ditches and spill response plans to prevent entry to waterways. We train applicable site personnel and conduct refresher training as required.

Water use in our US operations is covered under National Pollutant Discharge Elimination System (NPDES), which permits our US sawmills to use water for cooling and dust suppression. Our US sites are mostly paved, so dust is a minor issue.

All our US sawmills have individual allowable parameters, which are regularly monitored and reported to issuing agencies. These typically include total suspended solids, oil, grease, pH (acidity or alkalinity), chemical oxygen demand (COD) and biochemical oxygen demand (BOD).

At our Swedish sawmills, Vida does not currently measure water use at all sites but has plans to add more metering. Vida is also exploring how to make our water use more efficient. In January 2023, Vida commissioned a new large stormwater treatment plant at the Nössemark sawmill. The facility also gives us the opportunity to use collected stormwater for timber irrigation instead of using fresh water. At the Orrefors sawmill, we have also rebuilt pipes to be able to handle and use stormwater for irrigation of timber.



Our performance.

Watershed Use

We work closely with communities and comply with requirements for watershed management.

We have not identified any activities from our pulp and wood products operations that withdraw and consume water from areas of high or extremely high baseline water stress, as classified by the World Resources Institute's Water Risk Atlas Aqueduct tool. We continue to work closely with communities that share our water resources and comply with government requirements for watershed management.

2023 Water Withdrawn (megalitres)^a

Business Unit	Surface Water	Groundwater	Total
Wood Products Operations: Canada	109	214	323
Wood Products Operations: US ^b	244	141	385
Pulp Operations	81,524	0	81,524
Total by Source	81,877	355	82,232

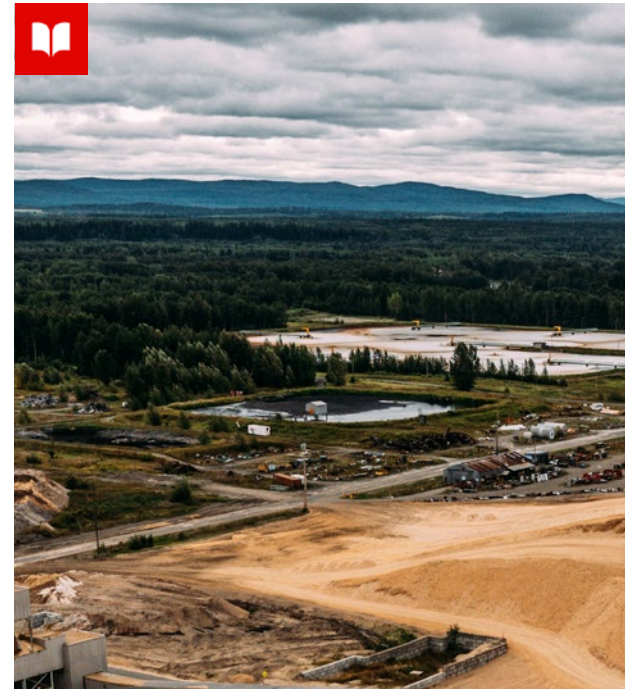
a. For more information, see accompanying data tables and footnotes in the [Appendix](#).

b. Water withdrawn volume of our US wood products operations excludes three of our 16 facilities as we are working on improving our data collection processes. In 2023, our US wood products operations improved our water flow meters in groundwater wells for better measurement, which have led to more groundwater withdrawn volume being reported than previous years.

Water Use in Pulp Operations

We have targets to reduce our water use intensity.

Our pulp mills are our most water-dependent operations. In 2023, we withdrew approximately 81,524 megalitres of water from the Nechako and Fraser rivers. Even when a mill is not producing pulp, it uses water to run boilers to make heat and electricity. Through our raw water treatment plant on the Nechako River in Prince George, BC, we are able to treat incoming water which improves the water quality for use in our processes.



Investing in Continuous Improvement

In 2023 we invested \$1.6 million to update and repair an outfall lagoon valve at our Northwood pulp mill. The outflow lagoon is the final treatment stage for pulp mill wastewater before discharge. This updated valve will allow us to control the level of the outfall lagoon automatically and will continue to keep us in compliance with our permits for the total suspended solids in our effluent.

In 2023, our pulp operations saw a 18% increase in our water intensity from 2020. We have established water use task forces that are made up of operations, technical and maintenance employees that are charged with identification and implementation of water conservation solutions at the mills. Also, the increase is partially due to having overall less pulp production while still processing water discharged from another industrial partner. We are working with this partner to come up with solutions to work around our existing infrastructure configuration, and investigating alternate water-saving solutions. Our water

Target

Pulp Operations

Reduce the water intensity of pulp and paper production by 10% by 2030 from a 2020 baseline year.

2023 Results

111

m³/ADT kraft mill water intensity.

18%

increase from a 2020 baseline year.

Target

Pulp Operations

Reduce the biological loading intensity of pulp and paper production by 25% by 2030 from a 2020 baseline year.

2023 Results

2.73

kg/ADT kraft mill biochemical oxygen demand (BOD).

5%

increase from a 2020 baseline year.

intensity is not normalized to only account for pulp production days and also includes water used for boiler operation and electricity generation. We are working on conserving water use across all mills.

Besides water use intensity, we also have a target to reduce the biological loading intensity of our pulp and paper production. Biochemical oxygen demand (BOD) is a measurement for the amount of oxygen required to remove waste organic matter from water and a measurement for water discharge quality. We plan to continue to monitor

our liquor and soda losses to improve BOD performance due to its impacts on pH, organic and inorganic material in the water.

Water Use in Wood Products Operations

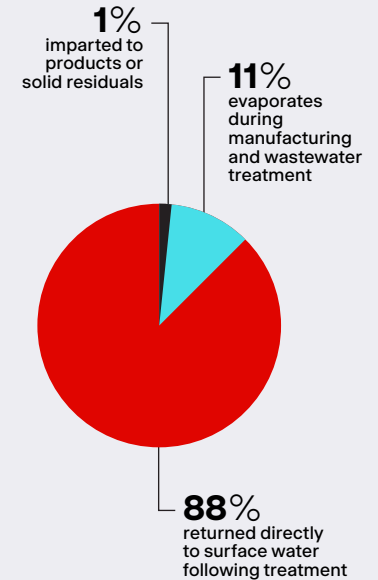
While sawmills do not use as much water as pulp mills, water management is still a priority.

Sawmills use water for dust suppression, cooling and cleaning of equipment, steam generation, fire protection systems and domestic use.

In 2023, our Canadian wood products operations used approximately 323 megalitres of water from groundwater and surface water sources. A portion of this figure represents estimated water withdrawn based on permitted use per water licences. We have installed flow meters at most of our Canadian sites and will begin meter readings to provide more accurate data in future reports. The main water discharge from our sites is stormwater runoff. We monitor the quality of runoff and ensure proper drainage within our operations.

Outside of potable water or effluent permits, our Canadian wood products operations have an internal standard for oil water separators based on best practices from the BC Petroleum Storage and Distribution Facilities Storm Water Regulations and manufacturer recommendations. In 2023, we installed four oil water separators in Alberta. We also made a substantial investment into

Water Usage in Manufacturing Processes for the Canadian Forest Products Industry ^a



a. Percentages of water processed and water retained were derived from information contained within NCASI Technical Bulletin 975: Water Profile of the Canadian Forest Products Industry (March 2010).

the creation of stormwater ponds in Prince George, to minimize any potential risks of stormwater going into the river. At our Wynnwood facility in BC, we installed a limestone neutralization pit to stabilize the pH of discharged kiln water.

We monitor oil water separator discharge to ensure it is under 15 mg per litre of water for total extractable hydrocarbons. As part of our due diligence, oil water separators that are not specifically mentioned in permits are tested annually.

In 2023, our US wood products operations used 385 megalitres of water from surface water and groundwater sources. We have begun the process of converting to groundwater wells or

refurbishing existing groundwater wells; we expect to see measurable water cost savings as a result. For all our US wood products facilities, oil water separators meet allowable benchmarks, as required by our permits. We also use septic tanks, lagoons and aerated lagoons to treat effluent where required.

In Sweden, Vida has begun establishing goals and a road map to streamline water use during the production process.



Target

Wood Products Operations

Reduce water usage by 10% by 2030.



2023 Results

Baseline under development.



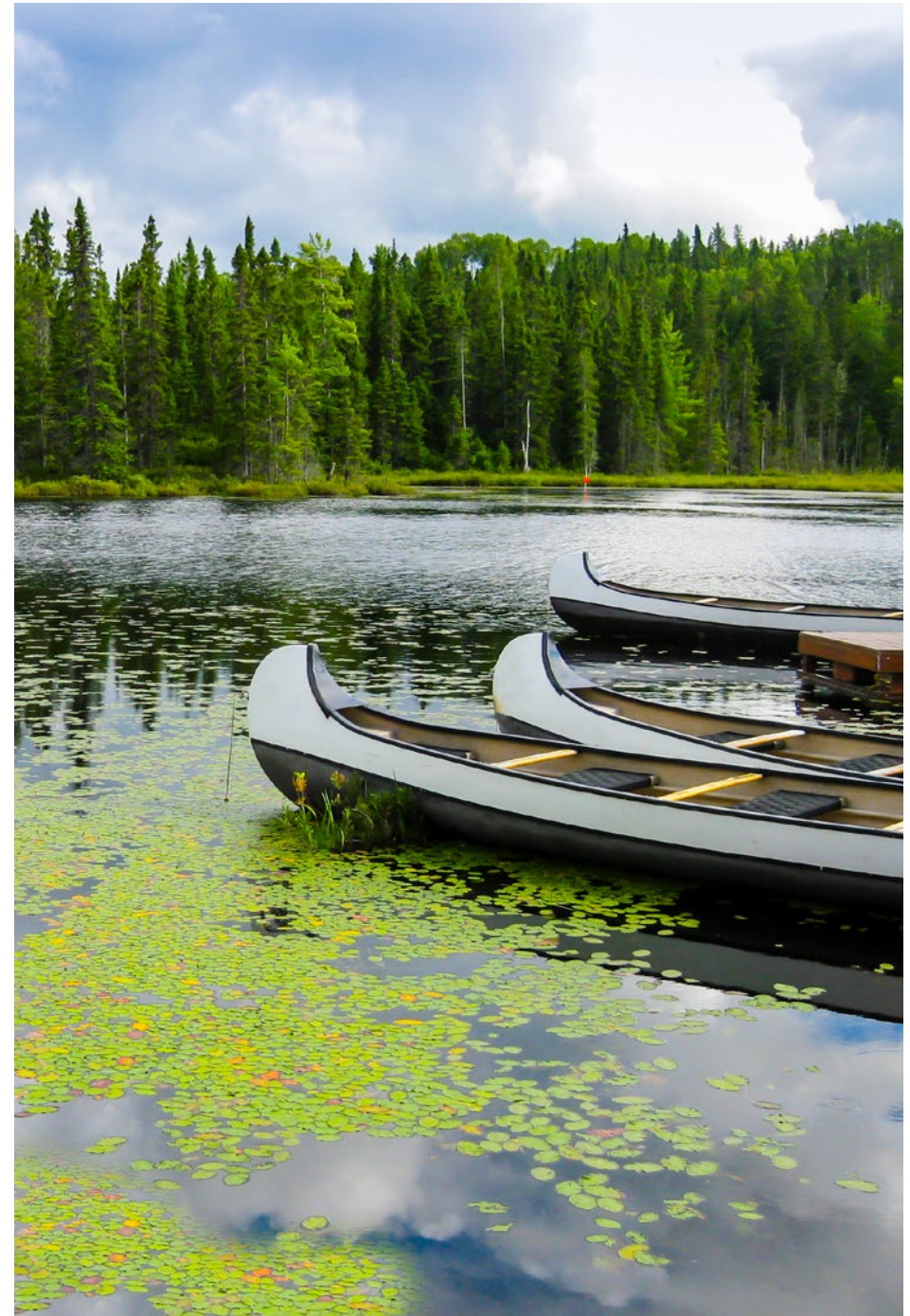
Water savings for wood products operations

To reduce water consumption, our Plateau and Grande Prairie sawmills upgraded their water-cooled air conditioning (AC) units.

In 2022, Plateau replaced one AC unit, which is estimated to save 16,000 litres¹ of water per day.

In 2023, Grande Prairie upgraded the AC in their mill offices, lunchrooms, boardrooms and gym. Early results indicate a significant water savings of 8,000 litres of water per day.

We will utilize the learnings and results from these upgrades to review opportunities across our other facilities.



1. Our projected water saving is estimated based on comparison of water flow or monthly measurements. Some equipment is not operated for the entire year.



Waste management.



Our Goal

We are committed to reducing waste throughout Canfor's operations by identifying beneficial uses of materials.

Our approach.

Waste Management Program

Our Waste Management Program outlines our processes for responsibly handling waste generated at our sites.

Our Waste Management Program, which follows relevant legislation for each location, includes procedures for both hazardous and non-hazardous materials. Hazardous waste is removed by a licensed third party and brought to a disposal or recycling facility, while non-hazardous material that can't be recycled or put to a beneficial use is sent to landfill.

Our Environmental Management System (EMS), which is aligned with the ISO 14001 standard, provides a framework to manage our short- and long-term environmental impacts related to waste management. We focus on reducing waste through optimized processes. We have defined waste disposal guidelines to ensure correct disposal and processes to separate waste for recycling. We responsibly dispose of hazardous and non-hazardous waste. We continue to seek opportunities to divert waste for beneficial uses through establishing partnerships.

Our approach to waste management is site-specific, based on what each site generates. We include processes for tracking all records, including invoices, manifests and documents related to chain of custody and vendor disposal facilities. These allow us to collect and monitor waste-related data. In cases where we do not directly measure waste volume, we use standard industry conversion factors to create estimates. We

have monitoring processes in place to ensure external waste management and removal vendors operate within contractual and legislative obligations. We also audit waste manifests during internal compliance assessments to ensure vendors are appropriately registered as licensed transporters or receiving sites for hazardous waste.

Pulp Operations

Pulp operations play an important role in reducing waste generated from our operations. When material is unsuitable for sawmilling, we use it for renewable energy generation and both pulp and paper manufacturing. The pulping process also creates secondary products that can be further refined into other bioproduct applications. We encourage waste diversion from landfills through recycling or extending the life of the original material to other beneficial uses. We also continue to explore new uses for traditional waste from the pulpmaking and papermaking process.

In our pulp operations, we also generate non-hazardous waste such as sludge, lime mud, ash, dregs, yard waste and domestic waste. We generate some hazardous waste including waste oil, oily debris, antifreeze, asbestos and lead paint. All hazardous waste is handled and processed according to relevant regulations. We also recycle cardboard, paper and metal.

Wood Products Operations

We reduce non-hazardous waste through screening and beneficial use programs.

Our sawmills generate chips, sawdust, shavings, trim blocks, bark and hog, which are supplied to pulp mills, sold to third parties or used to generate energy, which allows us to offset natural gas use in our kilns. Because of this recovery process, these process residuals are not considered waste.

Hazardous waste mainly consists of waste oil, which is safely disposed of. Non-hazardous waste consists of ash and log yard debris. While a portion of this material is landfilled, we focus on reducing this waste through screening and beneficial use programs. Our sawmills generate minimal amounts of domestic waste. Where possible, we recycle cardboard, metal and wood.

Our performance.

Pulp Operations

Our pulp operations focus on finding innovative applications for our process waste so that it is diverted from landfill.

We seek partners who take our ash for utilization, including farms. Ash can be used to improve soil quality, as it brings up the pH in acidic soil. In 2023, we partnered with a farming operation near Prince George to utilize ash (instead of liming agents, which is the traditional option) to bring up the pH in their soils. This is beneficial on multiple fronts: lime is very emissions-intensive and more costly, so utilizing ash reduces emission and diverts ash from the landfill.

We are actively seeking partners to utilize our sludge from our effluent treatment system for other beneficial uses.

Target

Pulp Operations

Create beneficial use projects for process waste that reduce the volume to landfill by 10% by 2030.

2023 Results

We are in the process of finding partners for our beneficial use projects and will report on progress in future reports.



Wood Products Operations

Our ash and log yard debris is diverted from the landfill through beneficial use programs.

In our Canadian wood products operations, our only significant volume of hazardous waste is waste oil. We complete energy system oil replacement programs approximately every 10 years, depending on operating conditions. We are exploring the use of inline oil filters in energy systems to prolong oil life. This would reduce the frequency and impact of oil replacement programs and the volume of waste oil.

Our main source of non-hazardous waste is ash and log yard debris. In 2023, we began collecting data to develop a baseline of log yard debris piles that have yet to be processed, which will help us identify further opportunities for screening programs.

Our Canadian wood products operations also have a target to recover 40% of ash and log yard debris through beneficial use programs by 2030. To measure our progress for this target, an annual recovery rate¹ is calculated based on the screening projects completed in each year.

In 2023, we were able to recover 53% of Canadian wood product operations' ash and log yard debris through

beneficial use programs. Recovery rate is calculated based on the screening projects completed in the year and is based on estimations of the amount of material processed and recovered for beneficial use. We continue to work on improving data tracking for all material waste streams.

We have a target to pave 50% of unpaved high-frequency-use roads in our facilities and lumber yards by 2030. This will not only reduce fugitive dust generation but will also minimize the overall amount of log yard debris generated, as more material can be recovered before mixing with dirt and rocks.

In our US wood products operations, all sites with planer mill equipment are now recycling the ink cartridges used to stamp labels on lumber. We have expanded plastic wrap recycling for lumber bundles by adding the equipment needed to bundle the plastic. We are also exploring waste diversion and recycling programs based on availability in various geographic regions in Canada and the US.

In our Vida operations, materials are handled by approved recyclers to divert from landfill or safely disposed of in accordance with Swedish legislation.



Target

Canadian Wood Products Operations

Reduce the volume of log yard debris generated by 15% by 2030.



2023 Results

Baseline under development.



Target

Canadian Wood Products Operations

Recover 40% of Canadian wood products operations' ash and log yard debris through beneficial use programs by 2030.



2023 Results

53%

annual recovery rate of Canadian wood products operations' ash and log yard debris through beneficial use programs.

1. The numerator of this recovery rate includes five facilities where we track our ash and log yard debris processed for beneficial use. The denominator is based on facilities where information is available, which may be incomplete and may rely on estimation methods. We will continue to improve data tracking for material waste streams. The calculation of this recovery rate is based on the unit of m³.

2023 Total Waste Generated, Diverted from Disposal and Directed to Disposal (Tonnes) ^a

Business Unit	Pulp Operations	Canadian Wood Products Operations	Vida Operations	Total
Hazardous Waste, Diverted from Disposal	0	0	183	183
Hazardous Waste, Directed to Disposal	169	291	53	513
Non-hazardous Waste, Diverted from Disposal	399	11,397	6,835	18,631
Non-hazardous Waste, Directed to Disposal	50,517	10,406	4,164	65,087
Total Waste Generated	51,085	22,094	11,235	84,414

a. For more information, see accompanying data tables and footnotes in the [Appendix](#).

Managing Our Overall Environmental Impacts

Our Canfor Pulp facilities in Prince George are certified to both ISO 9001 and ISO 14001 standards.

Our Canfor Pulp facilities in Prince George are certified to both ISO 9001 Quality Management System and ISO 14001 Environmental Management System Standards to ensure consistent product quality and continuous improvement in our environmental performance.

Canfor’s Whitecourt Alberta Woodlands are also certified to ISO 14001. Our other operations that are not formally certified still apply principles from ISO 9001 and ISO 14001.

Our Environmental Management Systems (EMS) provides a framework to manage our environmental impacts, including air quality, water and waste.

Each operation has site-specific compliance review programs. We also have guidelines for site personnel to help measure overall compliance. In our pulp mills, we have dedicated personnel on-site to review environmental compliance. In our North American wood products operations, the environment team completes regular

site visits and meets with key site personnel to review any open or pending items identified on compliance assessments.

Our environment teams also review and add new conditions to the compliance matrix, and assign tasks as required. These audits are tools to evaluate our programs, policies and practices. As we identify improvement opportunities, we develop and monitor action plans.



Social.

In this section

Safety, health and wellness	76
Inclusion and diversity	83
Indigenous relations	91
Community resilience	98





Our people and communities thrive because we are focused on safety, inclusion, equity and wellness every day.

We take our role as an employer and partner seriously, recognizing the social, environmental and financial impact that we can have on our people and communities. We believe that everyone can succeed when we foster a safe, healthy and inclusive workplace and a thriving community with engaged partners.

We have comprehensive Occupational Health and Safety (OHS) programs and a global safety culture, in which we track and report on leading indicators, with a focus on continuous improvement. Through our people practices, we

endeavour to foster an inclusive and diverse culture while aspiring to be a partner of choice for Indigenous communities. Finally, we contribute to our communities through investments and relationships that effect positive change.

We are also committed to respecting human rights across our value chain. As it is core to our governance and oversight, see [Human rights and Supply chain management](#) in our [Governance](#) section.



Safety, health and wellness.



Our Goal

We are committed to a zero-incident workplace and to supporting the health and wellness of our people.

Our approach.



Occupational Health and Safety Programs

Our Occupational Health and Safety (OHS) programs, which form the basis of our safety system, cover roles and responsibilities for our employees and all others required to provide services at our work sites.

Employees participate in OHS program development, implementation and evaluation. Their feedback helps us improve our safety planning and supports our zero-incident ambition.

Our OHS programs include:

- Policies and procedures, including a Safety Policy.
- Joint Occupational Health and Safety Committees.
- Training and education.
- Hazard identification, risk assessment and site-specific job safety analysis.
- Process safety management.
- Emergency response and preparedness.
- Industrial hygiene.
- Inspections, process audits and reporting of near misses and safety observations.
- Investigations of incidents.
- Corrective action follow-up.
- Commitment to measuring and monitoring safety indicators.

We regularly review and update our OHS programs and use both internal and external safety audits to evaluate effectiveness. For more information, please see our [Canfor Safety Policy](#) and [Canfor Pulp Safety Policy](#).

Mental and Physical Wellness and Support

We have a responsibility to ensure our people are safe, healthy and well—both mentally and physically.

In 2023, we continued increasing our investment in programs that support employee health and wellness. As part of our comprehensive benefits package for permanent employees, our Employee and Family Assistance and Digital Cognitive Behavioural programs provide resources to support mental health. We employ an occupational health nurse who holds certifications as an addiction counselor and recovery coach, and an occupational medical physician who advises the executive team and assists Human Resources with health-related issues.

In addition, we conduct numerous targeted health and wellness campaigns throughout the year on topics such as financial wellness and mental health. All of our Canadian sites now have critical incident stress management teams to assist with peer support in case of injury or a traumatic event.

Addressing Hazards, Risks and Incidents

We take a comprehensive approach to ensuring safety.

We assess and address work-related health and safety risks in several ways.

For overall safety and hazard assessments:

- We proactively track leading indicators (e.g., safety observations, follow-ups, near misses, hazards, completion rates of actions, drills, training).
- Safety committees participate and review inspections and corrective action plans.
- Our operations teams conduct safety audits, including inspections, site tours, employee interviews and reviews of records.
- Supervisors review employee hazard and risk assessments.

For work-related incidents:

- The employee(s) involved in the incident, their supervisor and a Safety Committee member (or designate) investigate and make recommendations to prevent reoccurrence.
- Supervisors review employee hazard and risk assessments.

- The senior leadership team, including general managers and safety managers, reviews historical data to identify trends and potential high-risk events.
- All incident investigations, inspections, job safety analysis tracking, and training records are maintained in internal databases.

Occupational Health and Safety Training

We provide mandatory OHS training.

Our OHS training covers our policies and procedures, learning management system, employee training records, incident investigations and supervisor responsibilities.

We identify health and safety training topics based on regulations, industry standards and specific roles. Our safety training includes in-person competency assessments with a trained reviewer and follow-up audits to ensure the training is understood.

Our current training standards meet or exceed requirements set out by each operation's guiding authority, including the Occupational Safety and Health Administration (OSHA), WorkSafeBC, Alberta Occupational Health and Safety, the American National Standards Institute and the CSA Group (Canadian Standards Association). We annually review our training content to ensure compliance with the latest regulations.





Contractor Safety Management

Our Contractor Safety Management program ensures compliance with our safety policies and programs.

We ensure contractors are trained and certified to use equipment, which we verify through competency assessments. We also engage third-party services to ensure contractors comply with safety regulations and standards.

Full-time contract employees go through the same training as our permanent employees. Contractors must complete an annual contractor orientation and review of safety policies. When the contractor completes their orientation, a company representative completes a contractor hazard assessment before the contractor can start work on-site. This outlines the work they are allowed to do, hazards of the area and additional requirements to ensure they work safely. Every contractor must also complete an individual safety orientation before commencing work on-site.

Our performance.

A Global Safety Culture

We are developing a comprehensive safety management system and digital reporting platform.

In 2023, we continued to work on our Global Safety program, which brings together representatives from our wood products and pulp operations in North America and Sweden.

We continue to leverage our safety management system (SMS) to provide a consistent safety framework across our North American operations. Aligning with global best practices, the SMS will leverage robust data analysis to document and share best practices across our operations with an emphasis on continuous improvement.

As part of our work within the SMS, we have begun measuring and analyzing severe injuries across our North American operations. We will ultimately develop leading indicators that support the reduction of serious injury or fatality potential events. We plan to share our learnings across our operations.

In 2023, we also continued our implementation of the Canfor Health, Environment, Safety and Sustainability (CHES) platform. This digital reporting platform streamlines all our processes into one integrated, user-friendly system and standardizes our practices across the business. This includes incident reporting and inspections, audits and safety metrics reporting. We will continue to support our operations in using our new system in 2024.

Safety Week in Sweden

In 2023, our Vida operations launched a Safety Week campaign focused on safety culture, traffic and workplace common hazards. For each focus area, Vida hosted discussion sessions and created videos and posters with safety messages.



Total Recordable Incident Frequency

We assess the effectiveness of our safety programs and make ongoing improvements.

In 2023, our total recordable incident frequency (TRIF) based on OSHA definitions was 2.07 for our North American operations, an improvement over 2.26 in 2022. We experienced a fatality at our Darlington sawmill due to an accident when an employee was repairing heavy equipment. We are devastated by this incident and have worked diligently to learn from

Target

North America Operations¹
10% improvement year over year on our total recordable incident frequency.

2023 Results

2.07
TRIF reported per OSHA.

8%
reduction from 2022.

this tragedy and elevate our safety procedures. We launched a thorough investigation to understand the root cause of the accident and implemented several new safety procedures to prevent future incidents at all of our facilities. We will remain focused on incident reduction and prevention, especially for our common types of work-related incidents such as hand injuries, mobile equipment pedestrian interface, foreign bodies in eyes across operations and chemical exposure (for our pulp mills).

We continue to reinforce a strong safety culture to reduce work-related incidents. Every two years we conduct safety gap assessments for our US wood products operations. Facilities are evaluated against 28 elements of a safety program specific to wood products manufacturing. In 2023, we evaluated and reviewed results, which will lead to additional improvements and implementation of programs.

Looking ahead, our operations are tracking additional leading indicators such as near miss and hazard reporting to proactively monitor the effectiveness of our safety programs.

Severity and Leading Indicators

We focus on proactively monitoring near-misses, as well as actual and potential serious incident frequencies.

By implementing a serious incident or fatality potential tracking to our



Total Recordable Incident Frequency (TRIF)^a

Business Unit	2023	2022
Wood Products Operations: Canada	1.90	2.52
Wood Products Operations: US	2.29	2.30
Pulp Operations	1.81	1.57
Overall	2.07	2.26

a. To calculate TRIF, Canfor uses 200,000 hours to normalize the total hours worked. Incidents include only work-related injuries. Recordable incidents are tracked per Occupational Safety and Health Administration (OSHA) definitions. Vida is currently excluded from 2023 results, as the transition to TRIF per OSHA is in progress. For more information on recordable incidents and exposure hours, see accompanying data tables and footnotes found in the [Appendix](#).

existing near miss tracking, we can better identify areas of risk and prevent future serious safety incidents. These indicators were already being tracked at some of our operations but we are now further refining our approach across all our North American operations.

We also began tracking DART (Days Away, Restricted or Transferred) at our Canadian operations, a practice already in place in our US operations. We are developing a baseline for DART in our

other operations. DART measures the number of days an employee is absent because of a work-related illness or injury, as well as the number of days an employee is placed under work restrictions or transferred to another job because they cannot perform their normal duties. This helps us monitor severity of injuries and will help inform us on how to support those coming back from an injury or illness. We will include this data in future reporting.

1. Vida is currently excluded from 2023 results, as the transition to TRIF per OSHA is in progress.

Assessing Our Wellness Programs

We successfully met our goal to achieve and maintain certification in the National Standard of Canada for Psychological Health and Safety in the Workplace. In 2023, we fully implemented this standard in Canada and sought certification for our wellness programs according to the National Standard. However, the certification program was subsequently discontinued.

Despite this, we benefited from having a comprehensive internal review of employee participation and engagement, wellness policies and utilization of programs and benefits. We have trained our occupational health nurse to be a certified psychological health and safety advisor.

Our next steps are to review similar national standards for the other regions where we operate and to review our programs in other regions.



Target

Achieve and maintain the National Standard of Canada for Psychological Health and Safety in the Workplace certification by 2024.



2023 Results

Fully implemented the National Standard in Canada.





Inclusion and diversity.



Our Goal

We will foster a more inclusive and equitable culture and increase the diversity in our workforce.



Our approach.

Diversity Council

Our Diversity Council sustains and advances our commitment to an inclusive and diverse workplace.

Our Diversity Council, sponsored by Canfor's CEO and Senior Vice President, People, consists of approximately 20 team members from across the company who represent different business functions, geographic locations and dimensions of diversity. Through the chair and co-chair, they report regularly to the executive team, hosting executives at multiple council meetings every year.

The Council delivers on its mandate by exploring and prioritizing ways to embed inclusion and diversity throughout the entire organization, advise on projects and initiatives, and learn about best practices from other organizations.

Employee Network Groups

Our Employee Network Groups (ENGs) help us build community and grow our inclusion and diversity efforts.

Our ENGs are led by employee volunteers who champion a culture of inclusion by providing a network and community of support. They provide an open forum for employees to meet and support one another in building a community and a strong sense of belonging.

We currently have three Employee Network Groups:

- Women Elevating Canfor (WeCAN)
- Black Impact Group (B.I.G.)
- Canfor Indigenous Relations Connection (CIRC)

Each ENG is sponsored by two members of our executive team. ENGs are provided with financial and organizational support, and access to decision-makers to help impact the business through meaningful communication. ENGs are open to all employees with an affinity or interest in advancing culture, regardless of race, ethnicity or gender identity.

Code of Conduct, and Bullying and Harassment Policy

We have clear policies and procedures to protect our employees against discrimination in any form.

Our [Code of Conduct](#) outlines the high ethical standards and values that apply to all employees. Our Bullying and Harassment Policy strictly prohibits such conduct, including discrimination, by anyone in the workplace, including Board members and employees, contractors, service providers, suppliers and agents (including their employees).

Employees are encouraged to report any violations to their manager, the Senior Legal Office, a senior vice president, the Human Resources department, or the anonymous Respectful Workplace hotline. We do not allow any reprisal against any employee who, in good faith, reports a suspected violation of the Code of Conduct or any other misconduct.

We investigate all reported violations. If we determine a violation has occurred, we take appropriate action, up to and including immediate termination of employment.

Our performance.

Inclusive Hiring

All our external job postings are gender-neutral and designed to eliminate gender bias in the application process. We continue to adjust job postings to ensure they appeal to a broad range of potential applicants, beyond traditional demographics.

Our 2025 target is to ensure 33% of our new hires are from under-represented groups; that target rises to 50% by 2030. We are proud to report that 50% of our 2023 North American hires were from under-represented groups (based on self-disclosure). Our goal is to keep our results at this level until the target year of 2030.

To ensure our hiring managers are informed and educated about our commitment to an inclusive and diverse workforce, we provide training on topics such as competency-based hiring and bias removal. Since 2019, more than 500 of our employees have completed this training.

Diversity in Our Workforce

As of December 31, 2023, we employed 7,580 people worldwide, including temporary and casual employees.



Target

North American Operations

50% of under-represented groups² for new hires annually by 2030.



2023 Results

50%

of new hires are from under-represented groups.

Our workforce consisted of 98% permanent employees in both hourly and salary roles; the remaining were temporary and casual employees. Our total workforce remained relatively constant throughout the year. In 2023, we hired 604 employees¹ in Canada, compared to 886 in 2022. In the US, we hired 997 employees¹, compared to 1,025 in 2022.

The percentage of women in our workforce remained relatively the

2023 Total New Hires by Region, Age Group and Gender^a

Age	Women	Men	Total
Canada	176	428	604
Under 30	91	190	281
30-50	68	153	221
Over 50	17	85	102
US	63	934	997
Under 30	17	310	327
30-50	38	453	491
Over 50	8	171	179
Total	239	1,362	1,601

a. Excluding Vida Operations, including casual and temporary employees. For comparative years, see accompanying data tables in the [Appendix](#).

same at 15% in 2023. In 2023, we launched a self-disclosure initiative to empower employees to voluntarily and anonymously share their affiliation with selected under-represented groups through their internal employee profiles. This update is a critical step in our strategy to better understand and celebrate our workforce's diversity and allow for more effective monitoring of our diversity and inclusion objectives.

1. Including temporary and casual employees.

2. Under-represented groups include women, non-binary people, Indigenous communities, visible minorities, people living with disabilities, LGBTQ2S+ individuals, and veterans. Individuals who identify in multiple groups are only counted once in our targets. We are in the process of improving our data collection; currently, our results represent women, Indigenous communities, visible minorities and people living with disabilities.

Diversity in Leadership

We are working to increase representation in leadership positions.

At Canfor, we believe a diverse leadership team is key to embedding diversity across the entire organization. We have targets to help achieve diverse representation in both executive and senior leadership positions. In 2023, 25% of our executives are from under-represented groups and 20% of our senior leaders are from under-represented groups.

Equitable Pay

We believe in ensuring equitable pay for equitable work.

We periodically review our compensation design and practices to ensure their alignment with our philosophy of fairness and competitiveness. We apply a gender-neutral, point-based methodology to determine our job levelling. Pay increases reflect individual performance assessments or follow a scheduled rate adjustment. This framework is designed to be fair, equitable and free of systemic biases.

In 2023, the Government of British Columbia passed the Pay Transparency Act. The intention of the Act is to help identify and eliminate pay differences among groups of workers in BC by imposing pay disclosure and reporting obligations on all BC-based employers.

We welcome this additional level of disclosure, as it reinforces our commitment to ensuring equitable pay for equitable work. In November 2023, we began specifying the expected hourly wage or wage/salary range in all publicly advertised job opportunities in BC. We also reconfigured our systems so all salaried employees can view their salary range on their employee profile.



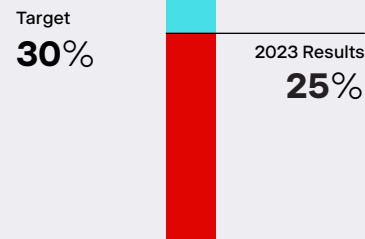
Target

North American Operations

30% under-represented groups in executive leadership positions by 2030.



2023 Results



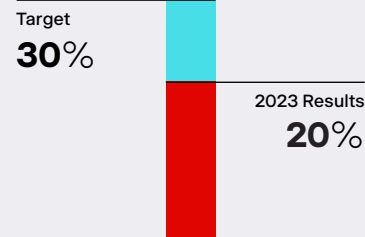
Target

North American Operations

30% under-represented groups in all other senior leadership positions by 2025.



2023 Results



Developing our talent.

There are labour shortages and challenges around the world, particularly with roles that require specialized skills or are in remote areas. In addition, as the population ages, more long-term employees who have decades of valuable experience move into retirement.

To combat the talent drain, we accelerate career and skills development through recruitment programs and partnerships with post-secondary institutions and Indigenous communities, which helps cultivate our future workforce.

To expand our talent pools, in 2023, we piloted a program in BC to recruit international skilled trade workers. This has the added benefit of increasing our hiring from traditionally under-represented groups.

Training

We foster a respectful workplace through training.

Inclusion and Diversity Awareness Training

In North America, our Inclusion and Diversity Awareness training is a key component in helping employees overcome biases and understand our culture and expectations. The training is intended to help employees identify and interrupt their unconscious biases, and learn how to speak up or take action when witnessing discrimination or bias.

We offer this mandatory training at least four times per year to all salaried employees. At the end of 2023, 98% of salaried employees completed the training. This year, we have put additional focus on ensuring employees have the opportunity to complete this training early in their Canfor careers. Our target is to ensure new hires complete the training within six months of hire. At the end of 2023, 75% of North American new hires had completed Inclusion and Diversity Awareness training within their first six months of hire.

We continue to review the frequency of our course offerings and monitor progress towards our target.

In early 2023, we rolled out in-person Inclusion and Diversity Awareness training to all hourly employees across our North American operations. The training delivery was led by mill management and supported by an



Recognizing women in forestry.

This year, Canfor's Manager of Biodiversity and Wildlife, Kari Stuart-Smith, received the Women in Forestry Award from the Forest Products Association of Canada. Kari was recognized for her dedication, leadership and exceptional contributions to the field of forestry, for providing a role model for young people who aspire to a forestry career, and for making a positive difference in Canada's forests.

Workforce by Employment Type and Gender ^a

Employment Type	2023			2022		
	Men	Women	Total	Men	Women	Total
Full-Time Hourly	5,069	461	5,530	5,328	502	5,830
Full-Time Salaried	1,320	562	1,882	1,330	565	1,895
Part-Time Hourly	9	1	10	5	1	6
Part-Time Salaried	2	4	6	2	4	6
Temporary	12	22	34	37	35	72
Casual	64	54	118	59	40	99
Total	6,476	1,104	7,580	6,761	1,147	7,908

a. Including Vida operations.

appointed training partner. By the end of 2023, 79% of our hourly workforce had completed the training.

We continue to build on the momentum of the initial rollout by ensuring all newly hired hourly employees receive Inclusion and Diversity Awareness training during the onboarding process.

In 2024, we will also equip supervisors with conversation guides to ensure they continue to have meaningful conversations about inclusion and a respectful workplace with their crews.



Indigenous Cultural Awareness and Understanding Training

As part of our Indigenous Engagement Strategy, we continue to educate our Canadian employees on Indigenous history, culture and traditions. By the end of 2023, 93% of our salaried employees and 90% of our hourly employees in Canada had completed the Indigenous Cultural Awareness and Understanding training, with 78% of Canadian permanent salaried and hourly new hires completing the training within their first six months. Our target continues to focus on new hires and those who have not yet taken the training.

Respectful Workplace Training

In 2023, we delivered a new and mandatory respectful workplace training for all salaried employees across North America, including our executive team. This included the launch of a Respect Works Here campaign to increase awareness, strengthen accountability and reinforce our culture. 90% of our North American salaried employees have attended our half-day training

sessions on fostering a workplace that is free of discrimination, bullying and harassment. This training is also being integrated into new salaried employee onboarding in 2024.

Employee Engagement Survey

We conduct employee engagement surveys to identify areas for improvement.

Every two years, we conduct an employee engagement survey of our North American salaried employees, the results of which provide a valuable snapshot of our employees' thoughts and feelings about their jobs, employee resources and Canfor's overall work environment.

Our last survey was conducted in 2022. We had an extremely high response rate of 81%, with overall positive results. Over 80% of employees expressed general job satisfaction and a strong sense of pride in working at Canfor. Through the feedback, we identified four areas of

focus for improvement: organizational capacity, front-line supervisor engagement, career development and respectful workplace.

In 2023, we created action plans to address these areas of focus and identify opportunities for improvement. We also conducted an additional pulse check survey to assess interim progress in each of these critical areas. In 2024, we will begin implementing some of the key recommendations, including a front-line supervisor training program, an onboarding program for our hourly front-line operations in the US and a program to help employees define and reach goals that align with business key performance indicators (KPIs) and sustainability goals.

 **Target**

North American Operations
Maintain a 95% completion rate of Inclusion and Diversity Awareness training for new hires within six months of hire.

 **2023 Results**

75%
completion rate of Inclusion and Diversity Awareness training for new hires within six months of hire.



Developing Our People

Retaining and developing existing employees is critical to the success of our company.

As many of our employees approach retirement age, we are investing in various programs to facilitate mentorship, knowledge transfer, and the development of capacity for future emerging leaders.

Canfor College

Through Canfor College, a collection of internally-developed professional development programs and training resources, we deliver a wide range of online and in-person courses across Canada and the US. This includes leadership development programming and specialized training to assist supervisors and managers to build engaged and productive teams.

LEAP

LEAP (Leadership Exposure Acceleration Program) is a 12-month fast-tracked technical and leadership program to advance careers within our US operations and build a robust succession program for senior managers. The objective is to expedite talented professionals to operational leadership positions by providing rotations throughout the operations that provide broad exposure.

An initial module (1.0) of this program was conducted in 2021. In 2024, we will launch two more modules. Module 2.0 will prepare supervisors to be superintendents, while module 3.0 will prepare superintendents to be plant managers.

Front-Line Supervisor Engagement

A key area of opportunity identified through our surveys is front-line supervisor engagement. In 2023, we piloted a front-line supervisor training program in our pulp operations that focused on training in business acumen

and leadership development. In 2024, we will expand the program to our wood products operations.

Accelerated Leaders Program

Our Accelerated Leaders program is a high-potential development program designed to hone the critical leadership skills of some of our top talent. This multi-faceted 10-month program integrates various components such as assessments, in-person retreats, business simulations, coaching, mentoring and an action learning project. Annually, participants are selected based on their strong performance and high potential to grow and evolve within the company. In early 2023, we celebrated the graduation of 21 participants. In September 2023, we welcomed a new cohort of 25 participants.



Target

Canadian Operations

Maintain a 95% completion rate of Indigenous Cultural Awareness and Understanding training for new hires within six months of hire.



2023 Results

78%

completion of Indigenous Cultural Awareness and Understanding training for Canadian new hires within six months of hire.

Canfor Strategic Leaders

The Canfor Strategic Leaders program is designed to teach leaders how to effectively lead the organization in a rapidly changing and complex business environment. With a focus on practical application, participants explore a range of critical skills and competencies necessary to mobilize teams, foster collaboration and achieve strategic objectives. Annually, leaders from across the business are selected to participate in the program; in 2023, we had 17 leaders complete this program.

TREK Program

Our TREK (Talent Rotation, Experience and Knowledge) program is a one-year leadership program in which participants complete project-based rotations in both operations and corporate offices. In 2022, we recruited our inaugural TREK cohort of six people. In 2023, the cohort completed their rotations and joined Canfor in permanent positions related to their areas of expertise.

Talent Exchange Program

The Talent Exchange Program (TEP) is a strategic initiative that promotes talent mobility, enabling high-performing employees to move into temporary positions across different areas of the organization, regions and countries. It encourages knowledge transfer, continuous development and growth during their careers. In 2023, eight employees were involved in cross-border assignments and regional transfers aligned with our strategic business objectives.

Digital Programs

We have partnered with Simon Fraser University to help our employees and leaders drive digital transformation. Since January 2022, 11 of our leaders have completed SFU's Digital Transformation Leadership program and 13 have completed the Digital Transformation Management program.

Mentorship Programs

Our MentorMe program provides mentees with opportunities to learn from and connect with a leader at Canfor with the skills and experience to help mentees grow and advance in our organization. It also helps mentors strengthen their own leadership and communication skills, build relationships with key talent and positively impact a mentee's career. This program is open to all North American employees.

In 2023, over 370 employees participated in the MentorMe program, resulting in over 200 mentoring pairs. Since the program's implementation in 2021, more than 1,800 mentoring sessions have been completed.





Indigenous relations.



Our Goal

We aspire to be a partner of choice for Indigenous communities, a privilege afforded by fostering strong relationships and deeply respecting Indigenous histories, cultures, values and beliefs.

Our approach.



Indigenous Engagement Strategy

Our Indigenous Engagement Strategy is built on a foundation of deep respect for Indigenous Peoples and an interest in growing their involvement in the forest resource sector.

With gratitude and respect, Canfor acknowledges that we live and work across many traditional and unceded territories, covering our Canadian operations and corporate offices.

We understand that reconciliation needs to be broad, inclusive and respectful. This is why we prioritize meaningful engagement with Indigenous communities, including:

- Building relationships based on trust that respect and support Indigenous traditions, well-being and interests.
- Opportunities for mutually beneficial economic partnerships.
- Stewardship of the environmental, social and cultural values of forests.
- Sustainable practices to honour and respect the land for future generations.

To help build these strong working relationships, we focus on partnerships, community engagement, procurement and employment.

Three Principles of Indigenous Engagement

Recognition and Respect

Canfor recognizes and respects the constitutionally protected rights and treaty rights of Indigenous communities. Through engagement, we are working to understand the unique interests and perspectives within each region of Canfor's Canadian operations.

Increasing Participation in the Forest Economy

Canfor acknowledges that forests are an integral aspect of the lives and livelihood of many Indigenous communities. As a manufacturing business that embraces sustainable forest management, Canfor sees opportunities for mutually beneficial partnerships and complementary business relationships.

Stewardship

Indigenous communities have expressed interests in sustaining the environmental, social and cultural values of the forests. This aligns with Canfor's evolving sustainability focus. Through shared principles, we can ensure the sustainability of forests for current and future generations.





Recognizing the Rights of Indigenous Peoples

We are committed to Truth and Reconciliation. We respect the constitutional, legal, customary and traditional rights and aspirations of Indigenous Peoples. We acknowledge the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and we are developing an Indigenous Relationship Policy that will provide guidance to our Canadian operations on collaborating with Indigenous communities.

Indigenous Relations Liaisons

As a company that operates on the traditional territories of many Indigenous communities, creating meaningful engagement is an important step towards building respect, trust and understanding. This engagement goes above and beyond transactional interactions. As regional ambassadors, Canfor's Indigenous Relations Liaisons provide an important connection to Indigenous communities.

Additionally, the liaisons educate Canfor employees about Indigenous culture and activities occurring in the territories. The liaisons also lead regional working groups to provide updates on Canfor's Indigenous Strategy, community events, procurement from Indigenous vendors, and educational programs.

Indigenous dancers Grant West, Lake Babine Nation and Tracy Peters, Ts'kw'aylaxw First Nation, performing at an employee appreciation event held on National Indigenous Peoples Day at our Northwood Pulp Mill in Prince George, BC.

Our performance.

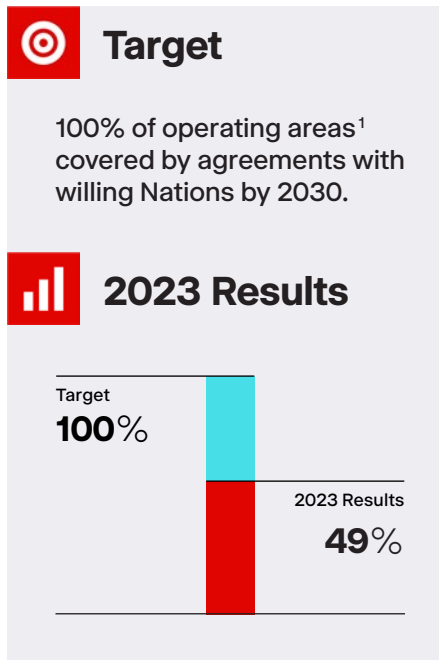
In 2023, we continued to build strong working relationships with Indigenous communities in support of their interests and cultural values.

We continued to implement our Indigenous Engagement Strategy by formalizing partnership agreements, increasing Indigenous procurement and employment, and promoting internal and cross-cultural awareness and education.

Partnership Agreements

We work closely with Indigenous communities to find opportunities for mutually beneficial partnerships.

We take a broad approach to our partnerships with Indigenous communities, with a focus on joint opportunities for forest stewardship, community engagement, employment, business development and procurement.



1. Operating areas are defined as timber supply areas (TSAs) or other spatially defined areas where we hold and/or manage a forest licence. This includes both volume-based and area-based tenures.





Indigenous collaboration on forest stewardship.

In 2023, following the establishment of a new partnership formed in 2022 with the Alexis Nakota Sioux Nation and Alexander First Nation, Backwoods Energy Services, a wholly-owned business of the Alexis Nakota Sioux Nation, began harvesting activities as a prime contractor throughout the Canfor operations.

As Backwoods' partner, we collaborated through the year providing benefits in the following ways:

- **Collaborative forest stewardship:** During forest planning, we began working with the Nations' forest stewardship departments to identify and build best management practices.
- **Contracting opportunities:** We continued to support contracting opportunities for businesses owned by either Nation.
- **Training:** Canfor and Backwoods Energy Services committed to training initiatives for Nation members through the year.
- **Employment opportunities:** Through Backwoods, employment opportunities were provided to Nation members. Additional information and access to employment opportunities through direct communication and participation were also provided through career fairs.

With 49% of our operating areas covered by partnership agreements with willing Nations, we regularly review these long-standing agreements to ensure the arrangements still meet the needs of both parties. One example of a long-standing partnership is our 20-year relationship with the Lheidli T'enneh. In 2023, we worked closely with the Lheidli T'enneh to help them acquire BC's largest First Nations woodland licence. We will continue to work with them to co-manage the licence and integrate traditional Indigenous knowledge into our stewardship practices.

In addition to formalized partnership agreements, we support our Indigenous neighbours through donations and sponsorships, including in some cases, lumber and firewood.

Indigenous Talent Program

We work to attract Indigenous candidates and connect them with career opportunities at Canfor.

Our Indigenous Talent Program includes career guidance, skills matching, access to advisors and interview preparation. The program also supports our Indigenous employees through mentorship, targeted programs and community building. We ensure our Indigenous talent have appropriate contacts for questions and are aware of resources such as employee network groups.

We also focus on sharing knowledge and lived, learned experiences between advisors and candidates, to help level the playing field in our workplace and contribute to a culture of trust. Our ultimate goal is to increase our Indigenous talent pool and ensure all Indigenous employees have a positive work experience, are successfully retained, and feel safe and welcomed in their roles.

Our Indigenous Employment and Training Advisor provides full employment services to candidates, resulting in a higher level of engagement with Indigenous applicants.

In 2023, we hired 58 new Indigenous employees, which is 10% of our total Canadian new hires (compared to 82 in 2022, 9% of Canadian new hires). We continue to partner with the Bladerunners and Starting Point programs, housed at the Prince George Native Friendship Centre, to identify and connect with qualified Indigenous workers.

We also participated in community career fairs virtually and in person with local Indigenous Nations. We continued to work with communities to promote careers in the forest sector through virtual presentations, industry days and collaborative approaches that meet community needs in our areas of operation.

Scholarships and Bursaries

Canfor supports scholarships and bursaries for Indigenous communities.

Since 2013, Canfor has supported BC Indigenous communities by contributing to the New Relationship Trust Foundation (NRT Foundation) Scholarship and Bursary program.

We renewed our three-year commitment in 2022 and provided four scholarships totalling \$12,000 in 2023. We believe the

continued partnership between Canfor and the NRT Foundation presents an ideal opportunity to pursue our shared interests of:

- Enhancing Indigenous students' capacity, health and education goals.
- Fostering opportunities for Indigenous participation in BC's economic future.
- Contributing to the meaningful partnerships Canfor has with many communities in our operating areas.

Awards will be granted to students on merit, with criteria established by the NRT Foundation.

Indigenous Cultural Awareness and Understanding Training

We provide training on Indigenous Cultural Awareness and Understanding to all our Canadian employees.

As part of our commitment to understand and respect Indigenous histories, cultures, values and beliefs, we provide Indigenous Cultural Awareness and Understanding (ICAU) training for our Canadian teams. Delivered through a facilitated session, the training provides our Canadian teams with knowledge about Indigenous history, the Indian Act,

residential schools, governance structures and more. By the end of 2023, 93% of our salaried employees and 90% of our hourly employees in Canada had completed the ICAU training, with 78% of all Canadian new hires in permanent roles completing the ICAU training within their first six months of hire.

Procurement

We engage Indigenous businesses and contractors for supplies and services.

In our Canadian regions, we aim to increase our procurement from our Indigenous partners and Indigenous-owned businesses. In 2023, 4.86% of spend¹ in our Canadian operations was with Indigenous vendors.

In the Interior region, more than 10% of our spend is with Indigenous contractors, and primarily focuses on a few large, well-established Indigenous-owned vendors where they provide various silviculture and forest stewardship-related services. We are regionally reviewing where opportunities exist for increasing Canfor's business development in key areas, and for finding solutions with key partners for Indigenous procurement.



Target

Canadian Operations

95% completion of Indigenous Cultural Awareness and Understanding training for new hires within six months of hire.



2023 Results

78%

completion of Indigenous Cultural Awareness and Understanding training for Canadian new hires within six months of hire.



Target

5% of total spend with Indigenous vendors for Canadian operations by 2025.



2023 Results

Target	2023 Results
5%	4.86%

1. Our target includes spend from our Canadian wood products operations as well as our Canadian pulp operations. Spend is defined on a cash-basis of goods (including fibre) and services procurement with external vendors. It does not include expenses related to payroll, freight costs associated with our finished goods or duties.



Community resilience.



Our Goal

We will contribute to community resilience by being a good neighbour focused on supporting our employees and communities in building a sustainable future.

Our approach.

Community Investment

We contribute to the communities in which we live and work.

In many communities, we are a significant employer and business partner. This relationship can create dependencies, but also provides an opportunity to be a force for good and influence positive changes.

We endeavour to have positive and productive relationships with our communities, local governments, schools and non-profit organizations. We do this through community giving, employee involvement, infrastructure investment, skills sharing and education.

Our Good Things Come From Trees program, launched in 2021, ensures we have a sustained approach to community giving throughout the cyclical nature of the forest industry. Through the program, Canfor contributes to local organizations such as health and wellness initiatives, food banks, housing projects, community events, and education and sports programs

Our target is to provide \$2 million in funding in North America every year. In 2023, we provided around \$1.8 million to 473 recipients. We donated a further \$265,000 through business partnerships and sponsorships, and forestry research projects.

In 2022, we established the Canfor Good Things Come From Trees Foundation in Canada. This Foundation formalizes our giving program and provides a steady source of funding to support registered charities and organizations in our operating communities. It supports community investments and scholarships that are

aligned with our four priority giving areas: education, health, sustainability and community. At the end of 2023, we completed an application to establish the Foundation in the US.

Our community investment extends beyond our giving programs; our team also participates as guest speakers and volunteers with organizations. We believe in supporting projects that have a true impact on their communities, bringing positive changes to our neighbours.

Our Vida operations support approximately 100 sports associations in our area of operations. In 2023, Vida operations have donated \$1.1 million to these sports associations. The purpose is to contribute to good living conditions by stimulating a good leisure time for children and youths.

Our Giving Categories

Our community investment programs help connect our operations with their regions and reinforce our support for the places where our employees live and work.

We are also purposeful about allocating funds to local communities and regional initiatives. Canfor is involved with local chambers of commerce, elementary and high schools, post-secondary institutions, and industry and business associations. Our priority giving categories are education, health, sustainability and community.

These include:

- **Education:** Forestry and sustainability education programs, scholarships for high schools and post-secondary programs related to forestry, skills training programs and safety education/awareness.



- **Health:** Health and well-being initiatives and equipment to promote physical and mental health.
- **Sustainability:** Environmental projects that protect or restore important wildlife habitats or ecologically sensitive landscapes, projects that profile mass timber construction and sustainability-focused special events.
- **Community:** Cultural awareness programs, local special events and celebrations, and in-kind product donations to support community infrastructure.

Our performance.



Canfor Community Builder Award

Our Canfor Community Builder Award celebrates achievements made by Canfor employees who selflessly offer their time and efforts to give back to the communities where we live and work.

In 2023, we were proud to honour two employees with the award: Christine Kreibom Quinn, a Silviculture Forester in Grande Prairie, Alberta, and Mike Harris, Senior Procurement Forester in Graham, North Carolina. With over 30 years of collective volunteer experience, Christine and Mike demonstrate steadfast commitment to bettering their communities and exemplifying Canfor's core values beyond work.

In gratitude, we made \$5,000 donations to charities of their choice: Grande Prairie Canadian Ski Patrol Association and Habitat for Humanity.

Community Highlights

The following is a sample of projects supported through Good Things Come From Trees in 2023:

Education

- \$10,000 to the Houston Secondary School lunch program, to provide meals to approximately 250 students.
- \$68,000 to support Be Pro Be Proud projects to promote careers in trades to US high school students. It is a multi-year investment of over \$147,000.
- \$60,000 in high school scholarships for students pursuing post-secondary education in a skilled trades program or studies related to our business operations.

Health

- \$100,000 annually for five years to the VGH and UBC Hospital Foundation's Urologic Sciences campaign to fund clinical care, research and education across urological sciences, and improve care for BC patients with urologic diseases and conditions.
- \$34,000 to ovarian and prostate cancer research in North America.
- A lumber donation valued at \$18,000 to the Carrier Sekani Family Services' new Tachick Lake Healing Centre, which

will provide promote wellness and healing to Indigenous communities in northwest BC.

Sustainability

- A lumber donation valued at \$3,500 to the South Carolina Forestry Commission for the Tom Baily Sawmill Renovation Project at Harbison State Forest, to help restore the covering structure for a Frick sawmill (a portable sawmill invented in the 1800s), to provide demonstrations for school groups to learn about the history of sawmilling, and to promote and enhance South Carolina's forests.

Community

- \$120,000 to the Africatown Community Development Corporation to preserve the history and support the revitalization efforts of the Africatown community in Mobile, Alabama. Volunteers from US wood products operations also helped rebuild homes for seniors as part of the city of Mobile's restoration efforts in this historic community.
- Over \$86,000 to the United Way British Columbia and an additional \$159,000 in employee-pledged donations.



Target

Contribute a minimum of \$2 million annually through Canfor's Good Things Come From Trees community giving program to our operating communities in North America.



2023 Results

\$1.8 million donated.



Target

Establish Good Things Come From Trees Foundation in Canada and the US by 2023.



2023 Results

Established in Canada in 2022. In 2023, application to establish US foundation pending government approval.



Infrastructure Investment

We invest in capital road and bridge infrastructure projects that benefit our communities.

In 2023, we invested approximately \$15 million in Canadian infrastructure projects. Many of the roads we build are important public or industrial access corridors that Indigenous communities also use to access their territories. The services required to support these projects were primarily sourced from local providers, creating direct economic and employment benefits for the local regions.

In 2023, examples of projects with benefits to the communities and other resource users include:

- Constructed Fort St. James/Takla B Hill bypass road, totalling \$1,275,000, improving access to Takla First Nations community and resource user road safety.
- Completed Phase III of Tommy Lakes Main Road Resurfacing Project, totalling \$1,025,000, improving safety on a high-traffic multi-user road.

- Resurfaced Prince George Bowron Forest Service Road, totalling \$975,000, improving access for multiple resource users.
- Realigned Prince George North Olsson Forest Service Road, totalling \$750,000, improving resource user road safety.
- Upgraded Grande Prairie 2000 Road, totalling \$1,000,000, improving public and multiple road user access.

Economic Contributions

Canfor is a significant economic driver in the communities where we operate.

We generate economic value by providing family-supporting jobs and benefits, along with capital expenditures, operating costs, taxes, payments to providers of capital and investments in communities. In 2023, our total revenues were \$5.4 billion globally.

For audited financial statements, please see our [2023 Annual Report](#).

The corporate taxes we pay are used by the jurisdictions in which we operate to fund important social services such as healthcare, education and other federal, state and provincial programs. In 2023, Canfor paid \$115 million in taxes, which consisted of taxes paid of \$15 million in Canada, \$36 million in the US, \$58 million in Sweden, \$5 million in Australia and \$1 million in Asia.

Of the total taxes paid, \$34 million is related to income taxes; the remainder is related to indirect taxes (i.e., property tax, sales tax, franchise tax, employer health tax, estimated gross carbon tax, severance tax).



Governance.

In this section

Board responsibilities	104
Management responsibilities	106
Risk management	110
Supply chain management	112
Human rights	116





By applying stringent governance practices, we ensure oversight of our sustainability commitments and implement them throughout our entire operations.

Achieving the objectives of our Sustainability Framework requires effective governance that considers the risks, challenges, opportunities and long-term impacts of our actions and policies. This includes a sound management structure, prudent financial oversight and strong ethical practices.

Through strong governance, we ensure our sustainability objectives are integrated through every business unit in the company and that they hold all of us accountable for achieving our sustainability targets.



Board responsibilities.



On behalf of the Canfor and Canfor Pulp Boards, the Governance and Sustainability Committee is responsible for overseeing development, implementation and monitoring of the Company's internal policies and operations around the three ESG pillars of the Sustainability Framework.

The Canfor and Canfor Pulp Boards have committees related to sustainability and climate:

Joint Governance and Sustainability Committee

The Joint Governance and Sustainability Committee meets at least quarterly and provides overall strategic guidance on our sustainability program.

The committee also supports compliance with best practices and relevant legal and regulatory requirements, and monitors emerging trends, changes and developments in the legal and regulatory landscape. Management regularly informs the committee on sustainability activities and external developments, and the committee approves recommendations from management on material sustainability matters. They are also responsible for approving the annual Sustainability Report.

Audit Committees

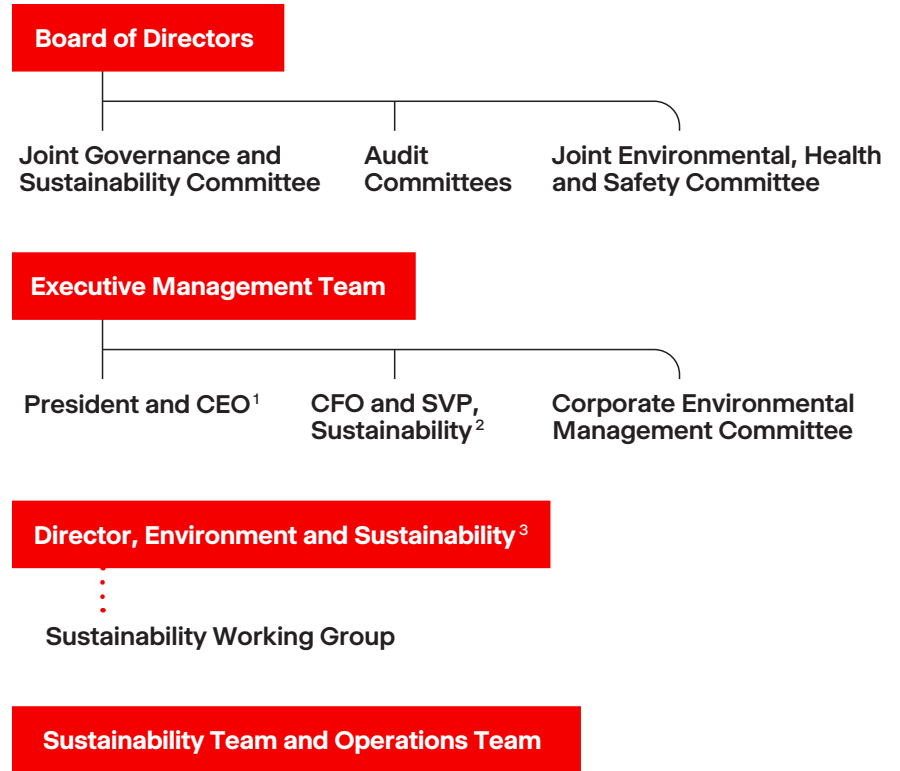
Canfor and Canfor Pulp each have Audit Committees appointed by their respective Boards (the "Audit Committees") and meets at least quarterly. Both of the Audit Committees

monitor that the companies have appropriate risk management processes in place and are in compliance with all legal and regulatory disclosure requirements, including monitoring evolving regulatory requirements around climate-related disclosures as they relate to public company reporting requirements. The committee also monitor enterprise risk management processes which includes environmental, social and governance (ESG) issues, including climate-related risks.

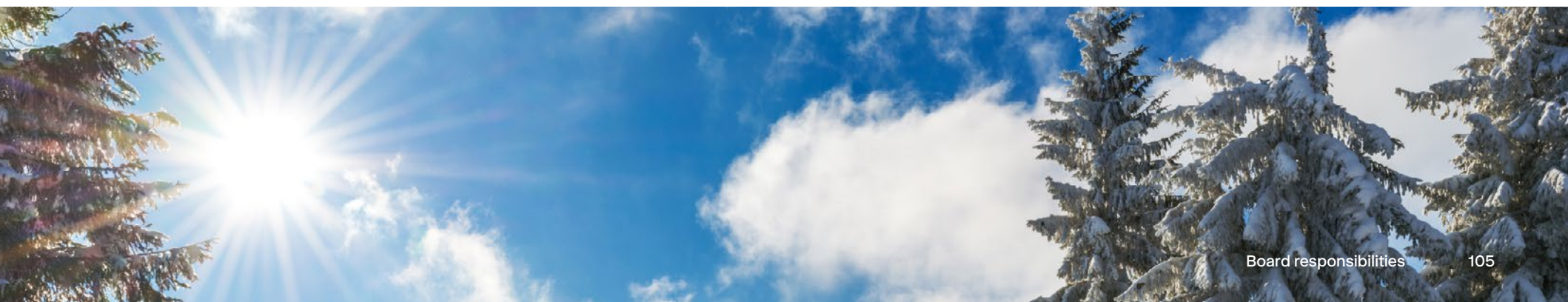
Joint Environmental, Health and Safety Committee

The Joint Environmental, Health and Safety Committee is responsible for matters related to environmental, health and safety laws and regulations, and for reviewing company performance related to our Indigenous Engagement Strategy and meets at least quarterly. See our [Canfor Corporation Information Circular](#) and [Canfor Pulp Information Circular](#) for more details about our Board committees and governance practices.

Our Board and Management Structure



1. Don Kayne is President and CEO of Canfor. Kevin Edgson is President and CEO of Canfor Pulp.
2. Pat Elliott is Chief Financial Officer (CFO) for Canfor and Canfor Pulp, as well as Senior Vice President, Sustainability, Canfor.
3. The Director, Environment and Sustainability also works closely with General Manager of Strategy, Energy and Sustainability (for Canfor Pulp) who is responsible for development of the sustainability strategy for Canfor Pulp.



Management responsibilities.



Management is informed and engaged on relevant ESG issues, including climate-related topics, through regular communication with business units. Canfor monitors ESG issues by engaging with internal committees, business units and industry associations.



President and CEO

The President and CEO for each respective entity holds ultimate accountability for successful sustainability performance.

Chief Financial Officer and Senior Vice President, Sustainability

The Chief Financial Officer is also the Senior Vice President Sustainability. They are responsible for providing overall direction for the sustainability strategy and integration into the corporate strategy. They also oversee the development and execution of the sustainability strategy and disclosure across the business. They report to the CEO and regularly report to the Joint Governance and Sustainability Committee and the Board.

Director, Environment and Sustainability

This role is responsible for the development of the sustainability strategy, including the establishment of goals, targets and metrics. The Director, Environment and Sustainability is also responsible for monitoring the performance of the business against the sustainability strategy and managing the budget and resources for the sustainability program. They report to the CFO and SVP, Sustainability. They also work closely with the Enterprise Shared Services Controller, General Manager of Strategy, Energy and Sustainability for Canfor Pulp, and the broader sustainability and operations teams to develop and implement our overall sustainability program and report on our ESG disclosures. In addition, they facilitate the Sustainability Working Group.

Corporate Environmental Management Committee

This committee provides high-level oversight and due diligence related to sustainable forestry, air quality, water and waste practices. It also advises both the Canfor Board of Directors and the Canfor Pulp Board of Directors about our manufacturing facilities' environmental and sustainable forest management performance. The committee has representation from across the business. This includes the CFO and SVP, Sustainability; presidents and vice presidents of Canfor Southern Pine, Canfor and Canfor Pulp; environmental managers for each business unit; and internal legal counsel.

Sustainability Working Group

The Sustainability Working Group includes representatives from business units, corporate teams and subject matter experts. It provides input and feedback on aspects of the strategy, implementation processes and disclosures. It also serves to build engagement across the business.

Business Units

Implementation of the sustainability strategy is the responsibility of senior management and various roles within each business unit, with support from the sustainability team. Key roles and their respective teams are accountable for each material topic described in table. They represent their business unit as subject matter experts and participate in the Sustainability Working Group and in subcommittees to determine goals, targets and metrics related to each of our material topics.

Material Topic	Accountability
Environment	
Sustainable Forestry	<ul style="list-style-type: none"> • VP, Woodlands, for our Canadian operations reports to our Executive VP of North American Operations, is accountable for sustainable forest management and leads our Woodlands team. • US fibre procurement team is led by our VP, Fibre Procurement and Residuals. • Residual Fibre team in Canada is led by the VP, Business Planning and Analytics, and works closely with our Woodlands team and external parties for fibre procurement and sales.
Energy Management	<ul style="list-style-type: none"> • Energy Manager for Canadian wood products operations oversees energy management for Canadian facilities and reports to the GM of Capital and Maintenance Systems. • GM of Capital and Maintenance Systems reports to the VP, Canadian Operations. • Environment Manager for US wood products operations oversees energy management at all US facilities and reports to the Director of Environment and Sustainability. • Energy Manager for pulp operations reports to the General Manager of Strategy, Energy and Sustainability.
Climate Change	<ul style="list-style-type: none"> • Director, Environment and Sustainability, is responsible for development and execution of Climate Change Strategy, supported by Manager, Climate Change. • Cross-functional Climate Change Working Committee supports progress and sets a course for reaching emission reduction targets.
Air, Water and Waste	<ul style="list-style-type: none"> • Environment Managers for Canada and US wood products operations report to the Director, Environment and Sustainability. • Environment Manager for pulp operations reports to the General Manager, Strategy, Energy and Sustainability. • Operations are supported by Environment Managers for each business unit.
Residuals Management	<ul style="list-style-type: none"> • Forest Residuals: Woodlands divisions in Canada oversee sale agreements with local businesses that purchase our residual fibre. Woodlands managers and superintendents in each division oversee planning, harvesting and log purchases. The transport of pulp logs from the forest is the responsibility of Woodlands managers, who report to our General Managers of Operations. • Residual Fibre: Residual Fibre teams are responsible for marketing, procuring and maximizing the value of residual fibre products throughout our Canadian and US operations. They ensure our residual material streams find best uses at pulp and paper mills, wood pellet plants, medium density fibreboard plants, bioenergy facilities and more.



Material Topic	Accountability
Social	
Safety, Health and Wellness	<ul style="list-style-type: none"> • Safety Managers for each business unit report into their respective Operations leadership. • Site-specific Safety Committees recommend initiatives, policy updates, audit results and other safety matters. • Occupational Health Nurse in Canada to support health and wellness programs.
Inclusion and Diversity	<ul style="list-style-type: none"> • Senior VP of People is responsible for our inclusion and diversity topic, and is supported by their senior human resources leadership team.
Indigenous Relations	<ul style="list-style-type: none"> • Director of Indigenous Partnerships, along with the Indigenous Engagement Working Group (IEWG), provides leadership and coordination with our Indigenous partners. • VP, Woodlands, is accountable for oversight of IEWG and Indigenous Engagement Strategy.
Community Resilience	<ul style="list-style-type: none"> • Corporate Communications team manages our community investment programs.
Governance	
Supply Chain Management	<ul style="list-style-type: none"> • Senior VP, Supply Chain and Digital is responsible for delivering products to customers. • Purchasing and inventory teams are overseen by Operations.
Human Rights	<ul style="list-style-type: none"> • Program Lead, Human Rights Advisory reports to our Senior VP, Corporate Development, Legal and Corporate Secretary and advises on Canfor's approach to human rights.





Risk management.



Enterprise risk management (ERM), which is an integral component of our corporate governance, considers both threats and opportunities that may have an impact on our business and on future operational and financial performance, as well as our ability to meet the sustainability-related targets and goals we have set.

Our Program

We manage our enterprise level risk through our ERM program, as defined in our ERM Policy. Our ERM program is based on ISO 31000 Risk Management Guidelines and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management Integrated Framework. Our ERM program is implemented through the steps of identifying risks, analyzing risks, evaluating risks, implementing treatment strategies, and monitoring and reporting. The program is an important part of our overall governance and ensures we are able to remain committed to our overall business objectives, specifically our sustainability strategy, through awareness and diligent management of opportunities and risks.

Our Risk Framework and Policy

In 2022, as part of the continued evolution of our ERM program, we updated our risk framework and ERM policy. We conducted an updated risk assessment with vice presidents and directors from across the organization. The outcome was an updated ERM Risk Register, with evaluation of each risk in accordance with our risk assessment criteria. Our policy assesses enterprise level risks on the dimensions of likelihood, consequence and velocity, which informs our chosen treatment strategies. The risk treatment incorporates risk mitigation actions approved by the executive team. We identified treatment strategies that will improve our monitoring of these risks. On an annual basis including in 2023, we

continue to evaluate our detailed ESG-related risks, including climate-related risks, and consider their impacts on our overall enterprise risk.

Risk Identification and Assessment

Risk trends, changes and mitigating actions are reported to the Executive Management team and the relevant Board committee regularly. We review and update the risk ratings of our ERM Risk Register through an annual validation. Enterprise risks are typically identified and updated in the Risk Register through continuous inputs by risk owners or broader stakeholder groups such as Indigenous communities, industry associations, certification bodies and customers.

Climate-Related Risks and Opportunities

Specifically, climate-related risks and opportunities are considered in our overall ERM program and include both physical and transition risks. Climate change physical risks include chronic and acute physical risks resulting from adverse events brought on by both natural and human-made disasters, including, but not limited to, severe weather conditions, forest fires, hurricanes, timber diseases and insect infestations. These risks may adversely affect Canfor's timber supply, resulting in reduced supply chain availability and/or may have similar effects on our suppliers and customers. Any damage caused by these events could increase costs and decrease Canfor's production capacity, thereby having an adverse effect on

Canfor's financial results. We mitigate these risks by performing analyses of our fibre supply, preparing emergency response plans and performing [Climate Change Vulnerability Assessments](#), which assess these risks on our woodland regions. In 2023, we extended our climate scenario analysis to the operational and infrastructure asset types of our entire business. We identified and assessed our physical and transition risks and opportunities, and we plan to complete this work in 2024. Climate change transition risks include risks associated with changes to laws, regulations and industry standards, which may result in additional reporting requirements, operational complexity and financial expenditures. There also may be reputation risks due to rising prominence of ESG concerns among our stakeholders and Indigenous partners. These concerns could influence public opinions about Canfor and the broader industry, and could adversely affect our reputation, business, strategy and operations. Some of our mitigation actions towards these risks include quantifying and obtaining third-party assurance of our scope 1, 2 and 3 GHG emissions. We calculate our scope 3 GHG emissions to assess our material impacts in our value chain. We are monitoring our operating costs, including the impact of carbon tax and related increase to fuel price; considering energy and emissions data in our capital planning process, including developing an internal price of carbon; and actively monitoring government regulations. We support the shift to a more circular and sustainable

global economy. We see these risks as an opportunity to differentiate us as a sustainability leader and to achieve sustainable growth.

Risk Monitoring and Reporting

Each of our enterprise level risks is assigned to an individual at the vice president level or higher for ownership and accountability for the implementation of mitigating actions and controls. Our ERM program informs decision-making processes and provides risk information to those charged with governance. The Director, Internal Audit and Risk Management executes our ERM program on a day-to-day basis. The overall leadership of our ERM program is by our Enterprise Shared Services Controller. The status of risk actions and controls is reviewed quarterly by the Audit Committees to ensure risks are appropriately managed and controlled. The Board of Directors, through the Audit Committees, retains the ultimate responsibility for the overall risk management process.



Supply chain management.



Our Goal

We are committed to embedding sustainability throughout our supply chain.

Our approach.

Managing Our Impacts

Our supply chain includes the sourcing of fibre, transportation of products across our business and customers and sourcing of other goods and services.

We manage for the social and environmental impacts of our supply chain, on what we directly influence and where we indirectly impact others. This includes seeking local procurement partners and aligning with those who have similar values. By collaborating with partners, we are best able to find the most sustainable solutions, including managing our [scope 3 greenhouse gas \(GHG\) emissions](#).

Policies and Certifications

We maintain a certified chain of custody system that provides an information trail through every stage of procurement and processing.

From wood fibre harvesting to transportation of our finished products, we ensure transparency and traceability across our operations. We aim to meet the forest management and fibre

procurement requirements of these third-party certifications to ensure responsible fibre procurement:

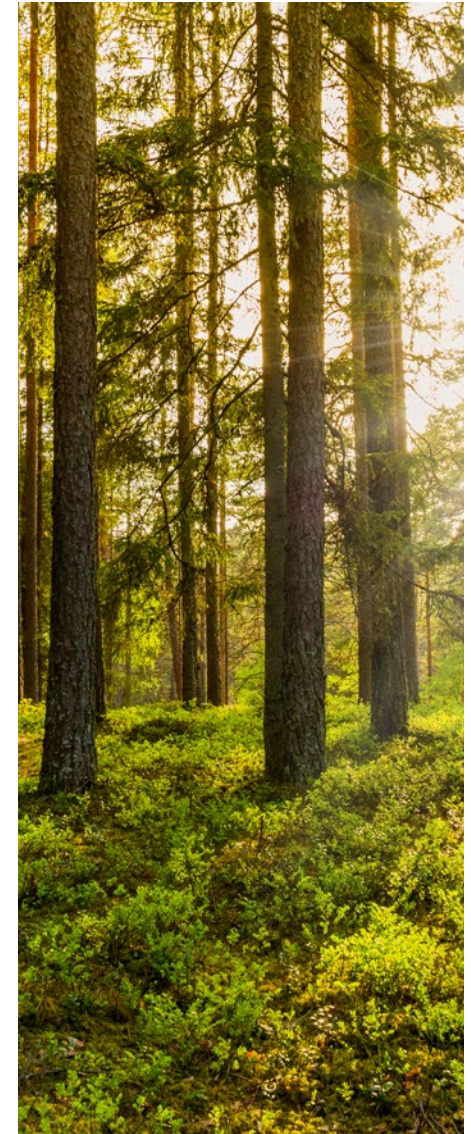
- Our Canfor Pulp operations primarily source chips from our Canfor-managed forest operations, which are 100% Sustainable Forestry Initiative (SFI) or Forest Stewardship Council (FSC) Forest Management Standards certified.
- 100% of sourced wood in our North American wood products and pulp operations is certified to the SFI Fibre Sourcing Standard.
- 100% of sourced wood in our US wood products operations is certified to the SFI Certified Sourcing Standard.
- We hold the Sustainable Biomass Program (SBP) fibre sourcing certification and Control Union's Green Gold Label chain of custody and processing certification for our Canadian pellet plants.
- 88% of our pulp mill fibre is from Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody certified sources or Forest Stewardship Council (FSC) Chain of Custody certified sources.
- Canfor Pulp has FSC Controlled Wood/Chain of Custody certification.

- 68% of all round wood purchased by Vida was from FSC- or PEFC-certified sources.
- Vida Wood and Vida Forest hold FSC Chain of Custody certification and PEFC Chain of Custody Certification; all wood sold by Vida Wood fulfills FSC Controlled Wood criteria.
- Vida Forest has PEFC Forest Management certification.

When procuring fibre from non-Canfor-managed forests, we favour suppliers that are certified to a recognized sustainable forest management standard. We promote sustainable forest management to those that are not yet certified.

Our sourced fibre is covered by risk assessment procedures and controls that help prevent the use of:

- Controversial sources associated with trading illegally harvested wood or wood harvested in violation of traditional, human and labour rights.
- Sources with forest management practices that do not maintain, conserve or enhance biodiversity and ecosystems.
- Conflict timber and fibre sourced from areas without effective social laws.



Expectations of Our Suppliers

We work closely with suppliers to ensure they meet our standards and expectations.

Our supply chain includes suppliers of fibre, transportation partners and purchased goods and services (e.g., machine parts, chemicals for pulp operations). We work with suppliers to help them understand and meet our standards. We also require all suppliers to comply with all applicable laws and regulations. This includes the respect of human rights as defined by the Universal Declaration of Human Rights and associated covenants, and the International Labour Organization. Our Bullying and Harassment Policy applies to all employees, contractors, suppliers, agents and their employees. Our [Code of Conduct](#) and our Foreign Anti-Corruption Compliance Policy apply to all Canfor employees and contractors.

Log Procurement Program and Fibre Procurement Policy

We ensure wood is procured ethically, and favour suppliers committed to sustainable management practices.

As outlined in our [Fibre Procurement Policy](#), it is essential for us to ensure that our fibre suppliers are practicing responsible forestry and production practices by agreeing to meet or exceed our minimum standards for supplying fibre. These standards ensure we do not source wood that is harvested:

- Illegally.
- In violation of traditional and civil rights.
- In forests where high conservation values are threatened by forest management activities.

- In forests being converted to plantations.
- In forests where genetically modified trees are planted.
- From suppliers who are in violation of any of the International Labour Organization (ILO) Core Conventions.

We also favour timber procurement from sources that are certified to a recognized sustainable forest management standard, and promote sustainable forest management certifications with our suppliers. Timber is procured from forestlands that meet the requirements of applicable land use plans endorsed by the governments of BC or Alberta and/or the requirements of the SFI Fiber Sourcing Standard.



Our performance.

Global Industry Challenges

We proactively manage industry challenges to ensure our business operates efficiently.

In the early part of 2023, the global supply chain continued to experience a range of disruptions, including transportation challenges, material shortages and fluctuations in demand. We are also not immune to the effects of the economic downturn, which continued throughout 2023 as rising inflation, higher interest rates and global geopolitical tensions impacted our business overall.

In July 2023, the International Longshore and Warehouse Union went on a two-week strike, adversely affecting operations at Vancouver and Prince Rupert, two of Canada's busiest ports. As the strike stalled the shipment of products, we were left with a surplus of pulp. This meant we had to be agile and find alternative storage areas for our pulp; we also adapted by curtailing operations.

During the winter, extreme temperatures can also disrupt our operations, resulting in more system breakdowns which affect delivery to our customers.

In 2023, we continued to proactively manage these risks by working with our transportation partners to keep transportation services effective and efficient by engaging with partners and adjusting timelines. Where possible, we arranged for inventory to be closer to our customers, and took advantage of supply chain capacity to ensure we met our customers' requirements.

Climate Change and Scope 3 Emissions

In 2023, we set a target to reduce absolute scope 3 emissions by 25% by 2030 from a 2022 baseline year.

To support our scope 3 target, we continue working on initiatives to reduce GHG emissions. These include changes to network design and order routing, including using longer truck and trailer combinations, and switching transportation modes from trucks to rail wherever possible. We are also looking into ways to improve our enterprise resource planning and point-of-sales systems to layer carbon impact into our shipping decisions. Understanding our key scope 3 emission sources will help us work with our suppliers to find ways

to reduce them and collectively identify opportunities to achieve our emissions targets. For more information, see the section on [Climate change](#).

We continue to prioritize improving our data and methodology to calculate our scope 3 emissions. We address the typical challenges of data quality and availability by working cross-functionally across our supply chain, IT, sales, and sustainability teams to quantify emissions in our value chain.

Procurement and Supplier Engagement

We partner with suppliers who have shared values.

Where possible, we work with small local suppliers in our operating communities, including Indigenous partners. See the [Indigenous relations](#) section for more details on our target to increase procurement with Indigenous partners.

We regularly engage with our primary vendors several times each year to share best practices on purchasing decisions, including our values and sustainability goals. In these reviews, our Canadian wood products operations teams have also started discussions with our suppliers on our

respective sustainability opportunities and challenges. We are looking to expand our supplier engagement across all areas in our business and identify opportunities to partner on sustainability matters.

In 2023, we began revisiting our tendering process to include sustainability and human rights considerations. We have also established a Supply Chain working group and one of the goals is to develop a supplier code of conduct.

Our Canadian wood products operations also began the process of implementing a new asset management maintenance system, which will improve our purchasing inventory and asset management.



Human rights.



Our Goal

We are committed to respecting human rights across our operations, value chain, with stakeholders, and in the communities we operate.

Our approach.

Business Ethics

At Canfor, responsible business conduct includes:

- Complying with laws and regulations.
- Respecting internationally recognized human rights, including workers' rights and the right to enjoy a safe, clean, healthy and sustainable environment.
- Prioritizing public health and safety.

We work to uphold these objectives in all our activities and business relationships. We believe in an open and fair market and strive to be a fair competitor. We recognize our responsibility to establish policies and processes to facilitate due diligence in identifying, preventing and mitigating unfavourable impacts on human rights.

We acknowledge international human rights frameworks such as the International Bill of Human Rights, which includes:

- The Universal Declaration of Human Rights.
- The International Covenant on Civil and Political Rights.
- The International Covenant on Economic, Social and Cultural Rights.

We also recognize the importance and relevance of other human rights frameworks, such as the International

Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and the Convention on the Rights of the Child.

We continuously work to ensure all our operations and business practices meet or exceed regulatory requirements to protect the rights of our employees, contractors, suppliers, partners and members of our communities.

Equitable Pay

We review our compensation design and practices to ensure their alignment with our philosophy of fairness and competitiveness.

We apply a gender-neutral point-based methodology to determine our job levelling. Pay increases reflect formal individual performance assessments or follow a scheduled rate adjustment. This framework is designed for equity, fairness and the elimination of systemic biases.

Labour Relations

As of December 31, 2023, we employed 7,580 people. Our wood products manufacturing operations, including head office employees, employed 6,576 people. Of these employees, approximately 31% are unionized,

covered by collective agreements with the United Steelworkers (USW) and Unifor in British Columbia, and with GS in Sweden. None of Canfor's operations in the United States are unionized. Of our 1,004 total employees at our pulp operations, 68% are hourly employees covered by collective agreements with Unifor and the PPWC (Public and Private Workers of Canada).

We strive to comply with all applicable labour and freedom of association laws and collective agreements. We have the same working conditions (e.g., workplace hygiene and safety standards) for all employees by region, regardless of whether they are under a collective agreement. We believe that open communication with all our employees can promote discussion and transparency, and address workplace concerns. We respect individual choice and do not endorse or discourage employee participation in unions.

Code of Conduct

Employees are required to sign our [Code of Conduct Policy](#), which outlines the high ethical standards and values that apply to all directors, officers and employees at Canfor and our subsidiaries, to follow in their dealings and communications with any other person who has or may have an interest or derive a benefit from the companies

including, without limitation, existing or potential customers, suppliers and service providers. The policy also addresses expectations related to conflict of interest, gifts and entertainment and other ethical conduct.

Bullying and Harassment Policy

Our Bullying and Harassment Policy strictly prohibits bullying, harassment, and any form of discrimination by anyone at the workplace, including biased behaviour, physical harassment or discriminatory comments.

Any violations of either policy are to be reported to the employee's immediate manager or Human Resources and steps towards resolution will follow the procedures stated in the Bullying and Harassment Policy. There is also a Respectful Workplace email and phone line for reporting incidents. Employees are required to acknowledge both policies as part of onboarding training and as updates are issued.

Respectful Workplace Training

In 2023, we delivered mandatory respectful workplace training for all employees across North America, including our executive team.

This included the launch of a Respect Works Here campaign to increase awareness, strengthen accountability and reinforce our culture. 90% of our North American salaried employees have taken the half-day training sessions on fostering a workplace that is free of discrimination, bullying and harassment. This training will also be integrated into new employee onboarding in 2024.

Data Privacy and Cybersecurity

Canfor adopts robust cybersecurity practices and all personnel are expected to comply with internal policies and procedures designed to protect the integrity of corporate data. This includes adherence to procedures and policies related to security of Canfor's computer systems and its computer networks to ensure the confidentiality of all stakeholder information unless disclosure is required by law or authorized by the stakeholders.

We use the National Institute of Standards and Technology (NIST) framework to regularly self-assess and measure the maturity of our cybersecurity management system. In

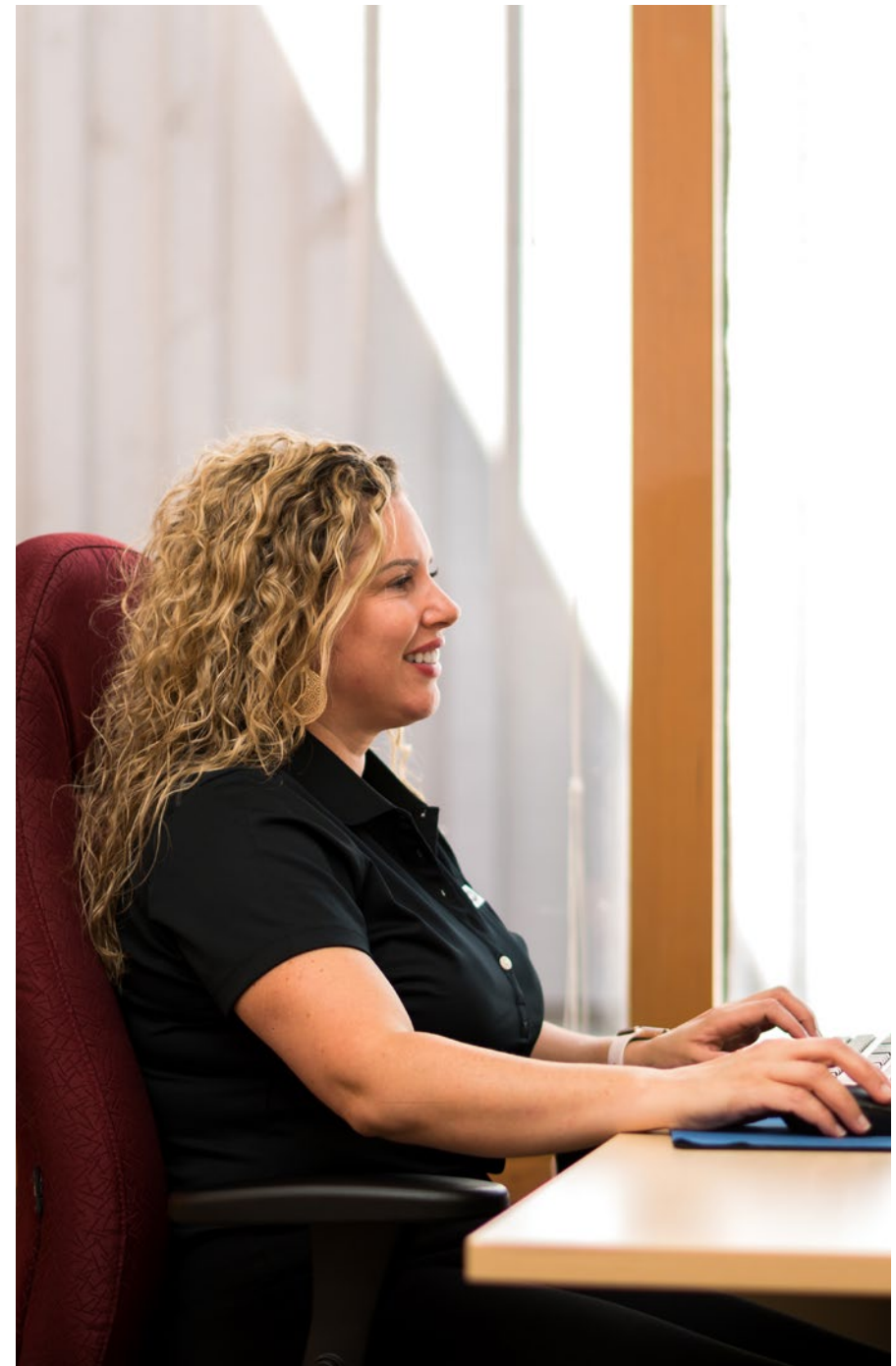
addition, periodic third-party verification evaluates the current status of our policies and procedures and identifies improvement opportunities.

Our cybersecurity incident response plan is tested annually in tabletop exercises. Members from different departments are invited to engage in scenarios to develop a better understanding of how a breach can happen and what should be done according to the procedures. The plan and procedures are reviewed and updated as needed.

We also have a Management Cyber Risk Committee to assess and monitor risk mitigation efforts and to respond to emerging threats. The committee meets at least quarterly, but critical cybersecurity incidents can trigger additional meetings.

In 2023, Canfor did not receive any substantiated complaints on breaches of stakeholder privacy from outside parties or regulatory bodies. We did not identify any leaks, thefts or losses of personal data in 2023.

Complaints regarding breaches of stakeholder privacy can be reported through email at privacy@canfor.com.



Our performance.

Human Rights Risk Assessment

We are focused on due diligence and creating a formal human rights strategy.

Building on work started in 2021, Canfor continued a high-level human rights risk assessment of our North American operations. The objective of this risk assessment has been to identify potential human rights impacts in our business and further our understanding of the impacts our business may have on certain groups and individuals. Through this process, we have begun to better understand the potential steps we may consider to help prevent and mitigate human rights risks, including with respect to forced and child labour. The assessment of our impacts was ranked based on UNGP's recommended criteria, which includes four dimensions: scale, reach, probability, and ability for remediation. This assessment identified that Canfor's main potential for risk is within our supply chain through procurement activities.

In 2023, we furthered this work by dedicating internal resources to build an organizational approach to human rights. This work involves:

- Creation of a supply chain working group to examine these impacts and plan future actions related to procurement and supply chain activities.
- Strengthening our understanding of human rights laws by regions.
- Identifying and recommending prioritization of salient human rights issues.

- Reviewing processes, policies and procedures with a lens of human rights.
- Creating a formal human rights strategy and action plans for 2024 and beyond.
- Building organizational human rights capacity and subject matter expertise through participation in industry networks and human rights-related training and research.

This work is aligned with the Sustainability and Enterprise Risk management teams to maintain consistency with strategy and risk management approaches. In 2024, we intend to create a policy to address modern slavery, as part of a larger human rights policy.

In May 2023, the Canadian Parliament passed Bill S-211 (An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act). The Act, which took effect on January 1, 2024, requires us to submit an annual report on measures we have taken to identify, address and prevent forced labour and child labour in supply chains. We plan to submit our annual report as required to the government before the end of May 2024.

Feedback Mechanisms

We have mechanisms in place for employees to report concerns and for us to investigate and act upon matters raised.

Employees can access our whistleblower hotline to report critical concerns such as suspected fraudulent or unethical activities. This includes behaviour that goes against Canfor's values, such as discrimination witnessed or suffered, or situations where company policy has been wilfully breached.

The hotline, which can be accessed via email or phone, is administered by the Director, Internal Audit and Risk Management, who works to ensure a zero-tolerance approach to retaliation when concerns are reported. The anonymity of those sharing concerns is respected, and all information provided remains confidential. In 2023, we introduced Respectful Workplace hotline, a reporting mechanism specifically for bullying, harassment and discrimination concerns. It builds on our existing whistleblower hotline but as a distinct line to allow for better management of reports. All reported concerns are investigated, and where it is determined that a violation has occurred we take appropriate action, up to and including immediate termination of employment.

An anonymized summary of incidents is reported directly to our Board of Director's Audit Committees by the Director, Internal Audit and Risk Management.

We do not tolerate any violation of the Code of Conduct Policy, any violation of the Bullying and Harassment Policy, any illegal or unethical behaviour, or any other misconduct. Any violations may be reported to:

- The employee's immediate manager.
- The Senior Legal Officer and/or a Senior Vice President.
- The whistleblower hotline (anonymously).

Canfor will not take or allow any reprisal against any employee who, in good faith, reports a suspected violation of the Code of Conduct or any other misconduct.

Similarly, we have a specific safety resolution policy outlining safety concerns:

- Employees first report work-related hazards and hazardous situations to their supervisor or safety committee members.
- If a resolution is not found, a site safety committee member and the supervisor are brought in to review the issue.
- If a resolution still can't be found, the issue is escalated to the appropriate workers' rights entity; they review and decide on next steps.

Employees are protected against reprisal. Every employee has the right to refuse work situations they believe could cause injury or illness or where they may be subjected to inappropriate conduct.

Any safety initiatives and concerns can be brought forward in monthly crew safety meetings and escalated to the area department safety meetings as needed.

Incident Reporting

We investigate all incidents, complete root cause analyses, and develop and implement corrective actions. We also investigate and report on potential business ethics and non-compliance incidents such as claims of bullying and harassment and/or discrimination incidents. We are committed to responsible business conduct.

To report concerns, employees may call our whistleblower and Respectful Workplace hotline at 1-866-622-6367.

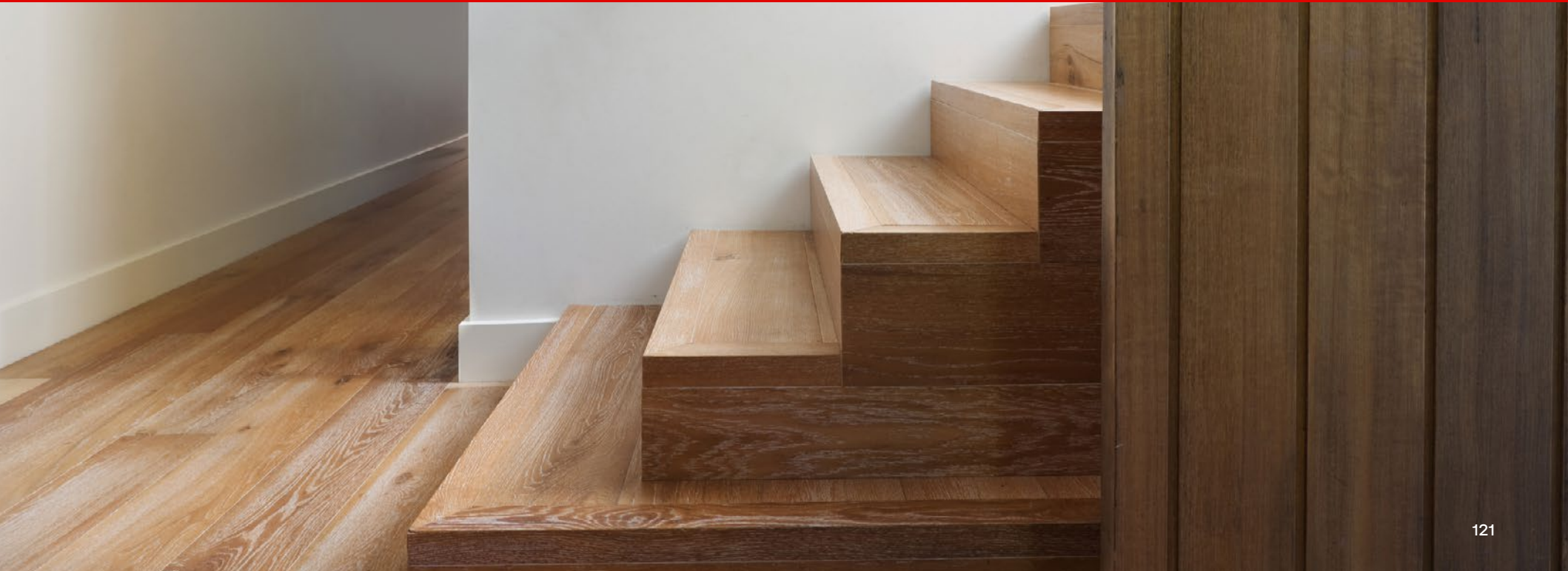




Appendix.

In this Section

Materiality assessment	122
About this report	124
Supplementary ESG data	126
Independent practitioner's limited assurance reports	136
Reporting standards and framework indices	140



Materiality assessment.

Materiality Assessment

Our definition of materiality is aligned with guidance from the Global Reporting Initiative (GRI). Because material topics don't tend to change annually, we follow a multi-year approach to assessing our focus areas and identifying potential new topics.

In 2023, we updated our materiality assessment by reviewing our internal and external stakeholder engagement activities throughout the year and incorporating Vida's materiality assessment.

We validated and further defined our material topics through workshops with data owners and subject matter experts. We also refined our goals and established targets for several material topics and are now in the process of prioritizing actions and creating activation strategies and implementation plans.

Our materiality assessment includes four steps:

1. Identification

We begin with a full list of topics relevant to the solid wood and pulp and paper industries, based on globally recognized sustainability standards. We regularly monitor new and emerging standards for additional topics that may also be of concern to our stakeholders and partners.

2. Validation

The topics are validated through a range of internal and external engagement activities, which may include:

- Engagement with internal stakeholders.
- Interviews with a subset of our stakeholders, including a representative cross-section of employees, communities, Indigenous Nations, municipalities, customers and certification organizations to understand which topics are of most concern.
- A materiality assessment workshop with Canfor business leaders and executives, using established criteria such as the risk of inaction, our ability to influence the topic and our ambition to lead in the area.
- An analysis of the likelihood and severity of actual and potential impacts, as well as risks and opportunities relating to material topics.

3. Approval

After validation, we prioritize the most material topics for our business. The prioritized material topics, including topic boundaries and definitions, are approved by internal subject matter leaders, the Sustainability Working

Group, the executive team, the Canfor Board of Directors and the Canfor Pulp Board of Directors.

4. Evaluation

The sustainability team regularly monitors emerging issues raised by internal and external stakeholders and partners, and evaluates how these might impact our material issues. On an ongoing basis, we continue to assess the social and environmental impacts of our activities, as well as sustainability matters that may affect Canfor.

Our 13 material topics are featured in our Sustainability Framework and throughout this report as:

- [Air Quality](#)
- [Climate Change](#)
- [Community Resilience](#)
- [Energy Management](#)
- [Human Rights](#)
- [Inclusion and Diversity](#)
- [Indigenous Relations](#)
- [Residuals Management](#)
- [Safety, Health and Wellness](#)
- [Supply Chain Management](#)
- [Sustainable Forestry](#)
- [Waste Management](#)
- [Water Management](#)

Engaging with Stakeholders and Partners

We work with a diverse range of individuals and organizations that have an interest in our operations.

We identify stakeholders and partners based on how they are impacted by, or have an impact on, Canfor's business activities. Our list of stakeholders and partners is created through consultation with our employees, Indigenous communities (in Canada), public advisory groups and open houses, and through engagement with local governments and associations. Identifying and engaging with these key stakeholders and partners allows us to understand their interests, identify risks and opportunities, and gauge the effectiveness of our management actions. We adapt our methods of engagement based on each Indigenous community, stakeholder or partner group's unique interests and involvement in our business activities. Canfor recognizes that Indigenous Peoples are rights-holders and title-holders, not stakeholders. Indigenous communities are included in this section to highlight our common interests.

We are committed to providing opportunities to discuss local forest management issues. Employees at all Canadian locations meet with local and regional representatives and other forest users to ensure all needs and concerns are considered when developing management plans. As part of the permitting process, information is shared with stakeholders for comment and feedback on our plans.

For Canadian woodlands operations, we use Creating Opportunities for Public Involvement (COPI), a proprietary database that tracks communications, actions and issues with stakeholders and other interested parties. It also includes spatial information that identifies areas of geographic interest and links to overlapping tenure holders such as guide outfitters, trappers and mineral tenure holders. In the US, we work in close partnership with timberland owners and encourage them to pursue forest certifications. Our teams also carry out direct engagement as needed to have a comprehensive understanding of interests and concerns and participate in dialogue and information sharing.

Memberships and Associations

We are members or partners of various industry associations, non-governmental organizations and local community groups. In these memberships and associations, we play an active role in the organization through projects, initiatives or committees or where the organization has strategic alignment with Canfor. We are also part of a number of municipal chambers of commerce and collaborate with educational institutions. We have highlighted additional key initiatives, partnerships and projects within our report. We participate in working groups in many industry associations to provide technical expertise and industry perspectives, and to draw on their expertise to help improve our operating practices.

Interests of Stakeholders and Partners^a

Employees and Unions	Indigenous Communities	Communities
<ul style="list-style-type: none"> • Safe working conditions • Competitive wages and benefits • Workforce diversity • Employee engagement • Advancement opportunities • Training and development 	<ul style="list-style-type: none"> • Cultural heritage, traditional use, treaty rights, Indigenous rights and title • Cross-cultural understanding opportunities • Employment and training opportunities • Environmental stewardship • Procurement • Climate change • Business-to-business opportunities • Community investment 	<ul style="list-style-type: none"> • Community enhancement • Environment • Safety on community roads • Economic stability • Responsible forest management • Climate change • Water and air quality (community watersheds, local airsheds)
Customers	Shareholders	Governments (Municipal, Provincial, State, Federal)
<ul style="list-style-type: none"> • Stable supply of quality products • Competitive prices • Climate change • Responsible forest management • Efficient delivery • Sustainable manufacturing 	<ul style="list-style-type: none"> • Economic stability • Market development • Return on investment • Climate change • Product development • Responsible operations 	<ul style="list-style-type: none"> • Responsible forest management • Timely regeneration • Research and development • Compliance with laws • Forest health • Climate change • Market development • Economic stability and safe working conditions
Environmental Groups and Recreationalists	Certification Organizations	Local Public Advisory Groups
<ul style="list-style-type: none"> • Responsible forest management • Climate change • Protection of species-at-risk and habitat • Maintenance of biodiversity • Safe forest roads and access 	<ul style="list-style-type: none"> • Certification requirements • Impact on forest management • Protection of species-at-risk and habitat • Responsible procurement 	<ul style="list-style-type: none"> • Responsible forest management • Forest health • Protection of species-at-risk and habitat • Management of local issues • Responsible operations
Post-Secondary Institutions	Timberland Owners	
<ul style="list-style-type: none"> • Research and development • Career opportunities • Recruitment 	<ul style="list-style-type: none"> • Economic stability • Business-to-business opportunities • Responsible forest management 	

a. This list of interests is non-exhaustive and is a representation of actual and potential interests identified from past materiality assessments and stakeholder engagements.

About this report.

External Assurance

We have engaged KPMG LLP as an independent third party to provide limited assurance over our greenhouse gas (GHG) emissions. See [page 136](#) for their assurance reports over our scope 1 and 2 GHG emissions for 2023, and our [website](#) for the assurance reports over our baseline scope 1 and 2 GHG emissions for 2020. See [page 136](#) for limited assurance reports for our 2022 scope 3 GHG emissions.

Global Reporting Initiative

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards for the period January 1 to December 31, 2023. Our GRI Index can be found on [page 141](#).

This report has been reviewed by our senior management and Board of Directors.

Task Force on Climate-related Financial Disclosures

We are actively assessing the changing landscape of ESG reporting regulations. This report includes our response to the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). TCFD now forms part of the International Sustainability Standards Board (ISSB) IFRS S2 Climate-related Disclosures standard. A detailed disclosure of our responses to each

TCFD recommendation can be found in the Climate Change section and our [TCFD Index](#).

Sustainability Accounting Standards Board Standards

We have prepared disclosures recommended by the Sustainability Accounting Standards Board (SASB) Standards. SASB is considered industry-specific disclosures as referenced by IFRS S1 and S2. For 2023, we referenced the pulp and paper products industry standards and forest management industry standards (only for Canadian operations), as these are the Global Industry Classification Standard sectors that are applicable for our company. For more information, see the [SASB Standards Index](#).

Alignment with Sustainable Development Goals

Established by the United Nations, the Sustainable Development Goals (SDGs) comprise 17 internationally recognized goals. Each is designed to be actionable for both private and public sector stakeholders, with specific targets to achieve by 2030. The SDGs serve as a blueprint for a sustainable, resilient and inclusive future for all.

Our sustainability strategy supports the SDGs to further embed sustainability within the forest sector and in the

context of global development. Our strategy makes the most meaningful contributions to five of the 17 SDGs, which align with our Sustainability Framework. These five SDGs are Decent Work and Economic Growth, Gender Equality, Climate Action, Life on Land, and Responsible Consumption and Production.

Reporting Period, Organizational Boundaries and Methodology

The reporting period for our 2023 Sustainability Report covers the fiscal year ending December 31, 2023, unless otherwise stated. The scope of this report covers Canfor Corporation and Canfor Pulp Products Inc. ("Canfor Pulp"), including all consolidated subsidiaries (herein referred to as "Canfor" or "the Company"). The report also includes data of controlled subsidiaries on a 100% ownership basis (e.g., for a 51%-owned entity, we report 100% of the data) for the reporting period.

Throughout the report, we may refer to our Canadian wood products operations, which are also known as "Wood Products Canada"; to our US wood products operations, which are also known as "Canfor Southern Pine"; and to Vida operations, which refers to our 70%-owned subsidiary Vida Group ("Vida") in Sweden. For new investments

and acquisitions, we note in footnotes if the data is included at acquisition date or when it becomes operational with data measurement. For closures, we have indicated in accompanying footnotes the reporting boundary for specific data. This report excludes Canfor's associates or investments and Canfor's 60% interest in Houston Pellet Limited Partnership (HPLP).

Data is reported using the metric system and in Canadian dollars unless otherwise stated. Certain data tables have exclusions that differ from the above consolidation approach, which are outlined in footnotes. For more sustainability data, including any comparative information, please see our [Supplementary ESG Data](#) section in this report.

Historical data is reported based on the scope of the report for the respective fiscal year. The scope of the report can change from year to year, depending on acquisitions or sales of assets.

Any forward-looking information should be read together with the [cautionary note on forward-looking statements](#).

All featured employees are wearing the personal protective equipment applicable for that location and activity.

Changes to Reporting in 2023

Certain comparative amounts for prior years have been reclassified or restated to conform with updated reporting criteria as noted in footnotes.

Third-Party Information

This report contains links to websites operated by parties other than Canfor. These are provided for reference only. Canfor is not responsible for the availability of these external websites, or for the content, advertising, products or other materials shared. Inclusion of

Annual Reporting Suite

This report, as well as past sustainability reports, are available on our website. As we continue our sustainability journey, we welcome your feedback and suggestions at info@canfor.com.

The 2023 Sustainability Report is part of Canfor's annual reporting suite, which includes the following documents:

Canfor Pulp:

- [2023 Annual Report](#)
- [Annual Information Form](#)
- [Information Circular](#)

Canfor Corporation:

- [2023 Annual Report](#)
- [Annual Information Form](#)
- [Information Circular](#)

Vida Operations:

- [2023 Sustainability Report](#)

links does not imply an endorsement of the material on these websites or any association with the website operators. Under no circumstances shall Canfor be held responsible or liable, directly or indirectly, for any loss or damage caused or alleged to have been caused in connection with the use of or reliance on any content, goods or services available on the linked websites.

Cautionary note on forward-looking statements

This report contains certain forward-looking information and forward-looking statements as defined in applicable securities laws (collectively referred to as "forward-looking statements"). These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Words such as "expects", "anticipates", "projects", "intends", "plans", "will", "believes", "seeks", "estimates", "should", "may", "could", "work to", "potential", "focus", "targets", "goals" and variations of such words and similar expressions are intended to identify such forward-looking statements.

These statements are based on Management's current expectations and beliefs and actual events or results may differ materially. There are many

factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results expressed or implied by such statements. Forward-looking statements are based on current expectations and Canfor assumes no obligation to update such information to reflect later events or developments, except as required by law.

These statements speak only as of the date of this report. Forward-looking statements in this report include but are not limited to: statements relating to our sustainability strategy; short-term and long-term sustainability goals; strategic priorities and our goals, targets, commitments and plans and our expectations regarding those goals, targets, commitments and plans.

The forward-looking statements in this report are based on a number of estimates, projections, beliefs and assumptions Management believed to be reasonable as of the date of this report, though inherently uncertain and difficult to predict, including but not limited to expectations and assumptions concerning: the development and performance of technology; our ability to attract and retain skilled employees; costs of closure; environmental compliance costs generally; and assumptions regarding the development of our business generally. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, experience or achievements of Canfor to be materially

different from those expressed or implied by the forward-looking statements.

Risks and uncertainties that could influence actual results include, but are not limited to: risks associated with the consequence of climate change; operational problems; regulatory action; environmental compliance challenges; changes in laws and governmental regulations; costs of compliance with environmental and other laws and regulation; risks relating to the development and use of new technology or lack of appropriate technologies needed to advance our goals; natural disasters and adverse weather conditions; changes in commodity prices; global pandemics; business continuity events; general business and economic conditions; and the future operation and financial performance of the company generally. We caution that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements.

There can be no assurance that Canfor will achieve its goals and objectives. Further information regarding risk and uncertainties is also discussed under "Risks and Uncertainties" in Canfor and Canfor Pulp's Management's Discussion and Analysis and other documents available at www.sedarplus.com. The forward-looking statements speak only as of the date of this report.

Supplementary ESG data.

Sustainable forestry.

Table 1: Sustainable Forest Management

Canadian Woodlands Operations	2023	2022
Area of forestland owned, leased, and/or managed (million ha) ^a	12	12
% Certification for SFI or FSC Forest Management Standards for all Canfor managed forests (ha/ha)	100%	100%
% area certified to FSC	9%	10%
% area certified to SFI	91%	90%
Log production - Canfor tenure (thousands cubic metres)	7,495	8,151
% harvested area reforested within four years of harvest start	100%	100%
% of reforested area monitored and tended until the stand has achieved a specified state of health and growth	100%	100%
Total seedlings planted (millions of seedlings)	58	64
% of seedlings from Improved Seed ^b	71%	65%

a. Canfor directly manages forestland in Canada only.

b. "Improved seed" is a forestry term defined as seed orchard seed or A class seed (wild stand seed is called B class seed). This is where the genetics of the seed are known and we have selected the parents based on traits we are looking for like improved growth or pest resistance. It does not refer to genetically modified seeds.

Table 2: Sustainable Fibre Procurement^a

Wood Products and Pulp Operations: Canada	2023	2022
% certification to the SFI Fibre Sourcing Standard for all sourced wood	100%	100%
Pulp Operations		
% of fibre from PEFC or FSC certified CoC sources	88%	91%
Wood Products Operations: US		
% of certified fibre from SFI, ATFS, or FSC FM certified lands	20%	15%
% certification to the SFI Fibre Sourcing Standard for all sourced wood	100%	100%
Vida Operations		
% of round wood purchased from FSC or PEFC certified sources	68%	58%

a. Please see our [website](#) for certificates, public summary reports and external audit reports related to these forest certifications.

Table 3: Species at Risk Potentially Occurring in Canfor's Operating Areas

Canadian Woodlands Operations ^a	2023	
Critically Imperiled (global) G1	0	
Imperiled (global) G2	1	
Endangered (national)	10	
Threatened (national)	13	
Special Concern (national)	30	
Vida Operations^b		
Extinct	-	
Extinct in the Wild	-	
Critically Endangered	-	
Endangered	9	
Vulnerable	37	
Near-Threatened	50	
Least Concern	495	
Data Deficient	14	
Wood Products Operations: US^c		
Arkansas	34	43
Louisiana	9	22
South Carolina	26	97
Texas	11	8

a. Canfor biologists have reviewed the species listed on Schedule 1 of the federal Species at Risk Act and determined which species occur on our Canadian operating areas and were potentially impacted by forestry.

b. For Vida Operations, data is based on IUCN Red List within Sweden and in the boreal or temperate forest habitats. It does not imply that the listed endangered species are necessarily found in Vida operating areas or where suppliers are harvesting timber.

c. The SFI Standards include requirements that promote and conserve Forests with Exceptional Conservation Value (FECV), which includes critically imperiled (G1) and imperiled (G2) species. As such, our US Operations are in the process of conducting FECV assessments to identify G1/G2 species that may be found in our sourcing regions and can be protected via best management practices based on NatureServe Explorer Pro. It does not imply that the listed endangered species are necessarily found in US operating areas or where suppliers are harvesting timber. We have completed FECV assessments in 4 out of 10 states that we obtain fibre from and represents the above results disclosed, we plan to include the remaining states in future reports.

Climate change.

Table 1: 2023 Scope 1 and 2 GHG Emissions (tonnes of CO₂e) ^{a, b, c, d, e, f, g, h}

	Pulp Operations	Wood Products Operations: Canada	Wood Products Operations: US	Vida Operations	Total
Scope 1	427,448	101,468	91,990	10,713	631,619
Scope 2 (location-based)	4,160	28,202	87,353	14,843	134,558
Scope 2 (market-based)	4,160	28,202	87,611	14,843	134,816
Scope 1 & 2 (location-based, non-biogenic emissions)	431,608	129,670	179,343	25,556	766,177
Scope 1 & 2 (market-based, non-biogenic emissions)	431,608	129,670	179,601	25,556	766,435
Biogenic emissions	2,460,621	418,698	1,143,091	268,272	4,290,682

Table 2. 2022 Scope 1 and 2 GHG Emissions (tonnes of CO₂e) ^{a, b, c, d, e, f, g, h}

	Pulp Operations	Wood Products Operations: Canada	Wood Products Operations: US	Vida Operations	Total
Scope 1	498,881	124,211	83,463	12,910	719,465
Scope 2 (location-based)	2,124	34,811	79,620	15,072	131,627
Scope 2 (market-based)	2,124	34,811	80,069	15,072	132,076
Scope 1 & 2 (location-based, non-biogenic emissions)	501,005	159,022	163,083	27,982	851,092
Scope 1 & 2 (market-based, non-biogenic emissions)	501,005	159,022	163,532	27,982	851,541
Biogenic emissions	2,485,730	512,921	1,255,317	316,099	4,570,067

a. The GHG Inventory excludes Houston Pellet Limited Partnership (HPLP) and overseas sales offices. Emissions associated with corporate offices are included in their corresponding business units.

b. Scope 1 (direct) greenhouse gas emissions are emissions from energy sources that are owned or controlled by the company.

c. Scope 2 (indirect) greenhouse gas emissions are emissions from the generation of purchased electricity and hot water consumed by the company. Scope 2 emissions physically occur at the facility where electricity is generated. Location-based scope 2 reflects average emissions intensity of grid on which energy consumption occurs. Market-based scope 2 reflects emission factors from contractual instruments, which includes power purchase agreements and any energy attribute certificates bought. Canfor has used a residual mix emission factor for US wood productions operations for scope 2 market based. Residual mix emission factors are not available for Canadian wood products and pulp operations and Sweden wood products operations; scope 2 location-based emission factors were used in absence for scope 2 market-based for these operations.

d. Our quantification methodology for our scope 1 and scope 2 emissions is aligned with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard and Greenhouse Gas Protocol: Scope 2 Guidance. Our organizational boundary for our GHG inventory applies operational control approach and does not currently include land-based carbon emissions and removals.

e. Emissions are stated in metric tonnes on a CO₂e basis, which is inclusive of greenhouse gases such as carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and hydrofluorocarbons (HFCs). It was determined that perfluorochemicals (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃) are not emitted from Canfor operations.

f. Greenhouse gases were converted from individual gases into CO₂e using the IPCC Sixth Assessment Report (AR6) global warming potential values (GWP).

g. Third-party limited assurance obtained over our 2023 scope 1 and 2 GHG emissions and 2022 scope 3 GHG emissions, as denoted with a checkmark symbol. See [page 136](#) for assurance reports over our GHG emissions for 2023, and our website for past assurance reports. KPMG previously provided assurance over our 2022 and 2020 baseline year scope 1 and 2 GHG emissions. See our website for past assurance reports. In 2023, KPMG was not engaged to perform assurance procedures on our 2022 and 2020 scope 1 and 2 GHG emissions and therefore have not expressed a conclusion on this information in 2023.

h. We prepared our emissions inventory based on the best data available, which includes estimations and assumptions that may have inherent uncertainty. The disclosed figures should be interpreted with our detailed GHG Inventory Methodology found on our [website](#).

Table 3. Scope 3 GHG Emissions (non-biogenic, tonnes of CO₂e)^{a, b, c}

Scope 3 Categories	2022
Upstream Emissions	
Category 1 – Purchased goods and services	534,341 ^d
Category 2 – Capital goods	58,047
Category 3 – Fuel- and energy-related activities	143,036
Category 4 – Upstream transportation and distribution	432,835
Category 5 – Waste generated in operations	5,720
Category 6 – Business travel	365
Category 7 – Employee commuting	10,067
Category 8 – Upstream leased assets	196
Downstream Emissions	
Category 9 – Downstream transportation and distribution	4,238
Category 10 – Processing of sold products	1,524,147
Category 11 – Use of sold products	80,046
Category 12 – End-of-life treatment of sold products	2,108,586
Category 13 – Downstream leased assets	-
Category 14 – Franchises	-
Category 15 – Investments	8,222
Total	4,909,846

- a. We calculated all 15 scope 3 categories for 2022 to establish a baseline and determine materiality. In future years, only material categories will be reported. Material categories are noted on [page 52](#). Canfor's 2022 scope 3 GHG inventory represents past and future life-cycle emissions relating to activities in the 2022 calendar year from January 1 through to December 31. For more details about our scope 3 calculation methodology, allocation methods, assumptions, types and sources of data (including percentage obtained from value chain partners) and data quality. Refer to our 2022 Scope 3 Base Year Report found on our [website](#).
- b. Limited assurance obtained over our total 2022 scope 3 GHG emissions. See [page 136](#) for assurance reports.
- c. We report Scope 3 emissions by business unit in our 2022 Scope 3 Base Year Report found on our [website](#). For 2022, Canfor Pulp's Scope 3 emissions were 1,659,942 tCO₂e .
- d. Including non-fibre related services.

Table 4. 2023 GHG Emissions Intensity (tonnes of CO₂e/unit of production)^a

	Pulp Operations (tonnes of CO ₂ e/ADMT)	Wood Products Operations: Canada (tonnes of CO ₂ e/MMfbm)	Wood Products Operations: US (tonnes of CO ₂ e/MMfbm)	Vida Operations (tonnes of CO ₂ e/MMfbm)	Wood Products Operations: Overall (tonnes of CO ₂ e/MMfbm)
Scope 1	0.58	49	53	8	40
Scope 2 (market-based)	0.01	14	51	11	26
Scope 1 & 2 (market-based, non-biogenic emissions)	0.59	63	104	19	65

- a. For wood products operations, GHG intensity calculation is measured in tonnes of CO₂e/million board foot measure. The production volume used for this calculation includes only lumber production, excluding trim blocks; however, the GHG emissions used for this calculation includes emissions from facilities that produce other types of wood products. For pulp operations, GHG intensity is measured in tonnes of CO₂e/air-dried metric tonnes. The production volume used only includes pulp and paper production; however, the emissions for pulp include sources associated with energy sold.

Energy management.

Table 1: Total Energy Consumption within Organization (gigajoules, GJ) ^{a, b}

Source	Fuel Type	Pulp Operations	Wood Products Operations: Canada	Wood Products Operations: US	Vida Operations	Corporate Offices and Other Locations	Total	
							2023	2022
Non-renewable Sources	Diesel	59,659	297,218	581,841	150,535	35,029	1,124,282	1,318,085
	Gasoline	6,253	10,109	8,335	0	38,490	63,187	58,136
	Natural Gas	7,674,407	1,264,898	689,932	0	47,998	9,677,235	10,372,135
	Propane	43,336	18,256	585	0	0	62,177	72,927
	Fuel Oil	0	0	0	1,530	0	1,530	2,251
	Subtotal		7,783,655	1,590,481	1,280,693	152,065	121,517	10,928,411
Renewable Sources	Crude Tall Oil	0	0	0	0	0	0	3,531
	Ethanol	426	539	257	0	2,520	3,742	0
	Renewable Diesel	0	0	0	12,330	0	12,330	1,805
	Pulping Liquor	20,534,968	0	0	0	0	20,534,968	22,327,088
	Biomass	3,813,882	3,929,551	5,690,735	2,379,852	0	15,814,020	16,715,642
	Subtotal		24,349,276	3,930,090	5,690,992	2,392,182	2,520	36,365,060
Fuel Consumption	Subtotal	32,132,931	5,520,571	6,971,685	2,544,247	124,037	47,293,471	50,871,600
Purchased Electricity for Consumption	Non-renewable	32,129	184,062	841,993	234,687	2,738	1,295,609	1,322,291
	Renewable	1,058,783	891,425	76,412	348,710	14,269	2,389,599	2,465,974
	Subtotal	1,090,912	1,075,487	918,405	583,397	17,007	3,685,208	3,788,265
Electricity Sold	Subtotal	(571,675)	(198,969)	0	0	0	(770,644)	(534,787)
Purchased Steam for Consumption	Renewable	0	0	0	171,497	0	171,497	164,565
	Subtotal	0	0	0	171,497	0	171,497	164,565
Total Energy Consumption Within Organization		33,652,168	6,397,089	7,890,090	3,299,141	141,044	50,379,532	54,285,643

a. Non-renewable fuel types in the table are purchased from external sources. Most renewable fuel types are sourced internally. We consume these fuel types to produce both electricity and heat.

b. Our data follows the same operational boundary as our GHG inventory. Our 2022 energy figures have been restated to align with minor adjustments to data calculations for consistency in our GHG calculations.

Table 2: Sources for Total Energy (including Electricity Sold) (gigajoules, GJ) ^{a, b}

Energy from Non-renewable Sources	7,815,784	1,774,543	2,122,686	386,752	124,255	12,224,020	13,145,825
Energy from Renewable Sources	25,408,059	4,821,515	5,767,404	2,912,389	16,789	38,926,156	41,678,605
Total Energy (including Electricity Sold)	33,223,843	6,596,058	7,890,090	3,299,141	141,044	51,150,176	54,824,430

a. Non-renewable fuel types in the table are purchased from external sources. Most renewable fuel types are sourced internally. We consume these fuel types to produce both electricity and heat.

b. Our data follows the same operational boundary as our GHG inventory. Our 2022 energy figures have been restated to align with minor adjustments to data calculations for consistency in our GHG calculations.

Air quality.

Table 1: Air Emissions by Business Units by Type (tonnes) ^{a, b, c}

	2023	2022
Total NOx	2,689	3,028
Total SOx	2,199	2,903
Total PM	2,337	1,935
Pulp Operations		
NOx	1,490	1,739
SOx	2,075	2,793
PM	813	908
TRS	91	115
ODS	496 kg	458 kg
Wood Products Operations: Canada ^d		
NOx	494	524
SOx	53	35
PM	1,013	513
Wood Products Operations: US		
NOx	525	566
SOx	71	75
PM	446	441
Vida Operations		
NOx	180	199
SOx	n/a	n/a
PM	65	73

- a. Particulate matter emissions exclude fugitive emissions such as road dust. Part of our Vida operations' air emissions data is calculated based on a sample measurement over any of the last three years and the total energy input in 2023. The rest of Vida operations' air emissions data is based on continuous measurement. Vida operations' air emissions data only includes NOx and PM from our sawmills and no data was available for SOx. Air emissions data was not available for Vrigstad Planer and Ingarp Traskydd.
- b. We estimate NOx and SOx emissions based on the National Pollutant Release Inventory (NPRI) requirements for our pulp and wood products operations in Canada and based on direct measurements as required by US Environmental Protection Agency (US EPA) Title V guidelines for our operations in the US. The NPRI and US EPA have different reporting requirements and calculation methods. Information in this table may not reflect exactly the contents of NPRI and/or US EPA reports, due to different reporting definitions. Some air emissions are not directly measured but are monitored to maintain permitted levels using an estimation methodology informed by actual production quantities. We also monitor other air emissions, which vary based on permitted emissions for each location.
- c. Additional air emissions such as volatile organic compounds (VOCs) and carbon monoxide (CO) are reported separately through regulatory reporting.
- d. Our Canadian wood products operations have updated their air emissions measurement methodologies, which is the reason why emissions are higher than previous year. Prior year data has not been restated.

Water management.

Table 1: Water Withdrawn (megalitres) ^{a, b, c}

	2023	2022
Total Surface Water	81,877	84,574
Total Groundwater	355	264
Pulp Operations		
Surface Water	81,524	84,110
Groundwater	0	0
Kraft mill BOD intensity (kg/ADt)	2.7	2.7
Kraft mill water intensity (m3/ADt)	111	101
Wood Products Operations: Canada		
Surface Water	109	165
Groundwater	214	252
Wood Products Operations: US		
Surface Water	244	299
Groundwater	141	12

- a. Data not reported for all operations for water discharged and consumed. Water withdrawn data is not available for select North American wood products operations and our Vida operations. Our reported data is estimated based on water permits, invoiced estimates or utility meter readings where available. We are working on improving our data collection by installing flow meters for select locations for future reporting.
- b. The total water withdrawn of our pulp mills is estimated using utility meter readings of treated effluent (wastewater) discharge. It is assumed to be surface water, as only a small proportion (<1%) of water used by our pulp operations is from groundwater sources.
- c. Water withdrawn volume of our US wood products operations excludes three of our 16 facilities as we are working on improving our data collection processes. In 2023, our US wood products operations improved our water flow meters in groundwater wells for better measurement, which have led to more groundwater withdrawn volume being reported than previous years.

Waste management.

Table 1: Waste Generated (tonnes) ^{a, b, c, d}

		Pulp Operations	Wood Products Operations: Canada	Vida Operations	Total On-site	Total Off-site	Total	
							2023	2022
Non-Hazardous		50,916	21,803	10,999	57,114	26,604	83,718	96,761
Diverted from Disposal	Recovered in Beneficial Use Programs	53	9,443	0	0	9,496	9,496	18,574
	Recycling	346	1,954	6,835	0	9,135	9,135	8,692
	Subtotal	399	11,397	6,835	0	18,631	18,631	27,266
Directed to Disposal	Landfilled	42,389	10,406	23	48,986	3,832	52,818	58,710
	Incinerated (with Energy Recovery)	8,128	0	4,141	8,128	4,141	12,269	10,785
	Subtotal	50,517	10,406	4,164	57,114	7,973	65,087	69,495
Hazardous		169	291	236	0	696	696	607
Diverted from Disposal	Recycling	0	0	183	0	183	183	138
	Subtotal	0	0	183	0	183	183	138
Directed to Disposal	Safely Disposed	169	291	53	0	513	513	469
	Subtotal	169	291	53	0	513	513	469
Diverted from Disposal Subtotal		399	11,397	7,018	0	18,814	18,814	27,404
Directed to Disposal Subtotal		50,686	10,697	4,217	57,114	8,486	65,600	69,964
Total Waste Generated		51,085	22,094	11,235	57,114	27,300	84,414	97,368

a. Total waste generated data is collected in units of volumes or mass. We have converted the amounts to mass based on internal measurement or available online conversions. Data reported is based on information where available, which may be incomplete and may rely on estimation methods. We will continue to improve data tracking for material waste streams.

b. Our US operations are in the process of data collection and only report process residuals recovered and biomass used for energy. See more in our [Residuals Management](#) section.

c. Waste diverted from disposal includes amounts recycled or applied to beneficial use programs. We do not consider our process residuals or biomass burned as waste, as it is recovered for other beneficial uses; see our [Residuals Management](#) section.

d. Waste directed to disposal is defined as waste sent to landfill, waste incinerated, or hazardous waste that is safely disposed.

Residuals management.

Table 1: Wood Products Operations - 2023 Residuals Processed by Materials (tonnes) ^{a, b}

Material	Canada	US	Sweden
Trim Blocks (Mfbm)	60,093	34,797	0
Chips	1,538,842	2,049,973	575,181
Sawdust	289,752	124,779	221,810
Shavings	180,574	351,524	18,768
Salvage	0	8,766	0
Biomass Blend/Hog Fuel	432,191	1,019,404	249,789

Table 2: Pulp Operations - 2023 Residuals Processed by Materials (tonnes) ^{a, b}

Material	Canada
Hog Fuel	245,639

a. All residuals data is collected in either oven-dried tonnes or in tonnes. For the purposes of reporting, we have conservatively reported all amounts in tonnes. For wood products operations, data includes a blend of estimates and actuals.

b. Our operations also produce other residual products, we have only reported on select residual products.

Safety, health and wellness.

Table 1: Total Recordable Incident Frequencies (TRIF) ^a

North America Operations	2023	2022
Total Recordable Incident Frequencies	2.07	2.26
Total Recordable Incidents	132	147
Total Fatalities	1	0
Total Hours Worked	12,758,239	12,981,178
Wood Products Operations: Canada		
Recordable Incident Frequencies	1.90	2.52
Recordable Incidents	45	68
Fatalities	0	0
Hours Worked	4,741,125	5,395,944
Wood Products Operations: US		
Recordable Incident Frequencies	2.29	2.30
Recordable Incidents	69	61
Fatalities	1	0
Hours Worked	6,031,414	5,293,075
Pulp Operations		
Recordable Incident Frequencies	1.81	1.57
Recordable Incidents	18	18
Fatalities	0	0
Hours Worked	1,985,700	2,292,159

a. To calculate TRIF, Canfor uses 200,000 hours to normalize the total hours worked. Incidents include only work-related injuries. Recordable incidents are tracked per Occupational Safety and Health Administration (OSHA) definitions. Vida is currently excluded from 2023 results, as the transition to TRIF per OSHA is in progress.

Inclusion and diversity.

Table 1: Percentage of Under-represented Groups ^a

	2023	2022
% of under-represented groups for new hires annually	50%	50%
% of under-represented groups in executive leadership positions	25%	25%
% of under-represented groups in all other senior leadership positions	20%	15%

a. Under-represented groups include women, non-binary people, Indigenous Peoples, visible minorities, people living with disabilities, LGBTQ2S+ individuals, and veterans. Individuals who identify in multiple groups are only counted once. We are in the process of improving our data collection; currently, our results represent women, Indigenous Peoples and visible minorities.

Table 2: Training Completion Rate

	2023	2022
Inclusion and Diversity Awareness Training		
Training completion rate for salaried new hires within six months of hire	75%	- ^a
Training completion rate for salaried employees in North America	98%	92%
Indigenous Cultural Awareness Training		
Training completion rate for Canadian permanent salaried and hourly new hires within six months of hire	78%	83%
Training completion rate for salaried employees in Canada	93%	95%

a. Target was updated in 2023 from four months to six months to better align with the frequency that the training is offered; therefore, 2022 data is not comparable.

Table 3: Workforce by Employment Type and Region ^a

Region	Hourly	Salaried	Temporary	Casual	Total	
					2023	2022
Canada	2,241	1,087	32	118	3,478	4,153
US	2,096	434	2	0	2,532	2,267
Sweden	1,202	352	0	0	1,554	1,471
Asia	0	16	0	0	16	17
Total	5,539	1,889	34	118	7,580	7,908

a. Including Vida operations.

Table 4: Workforce by Employment Type and Gender ^a

Employment Type	2023			2022		
	Men	Women	Total	Men	Women	Total
Full-Time Hourly	5,069	461	5,530	5,328	502	5,830
Full-Time Salaried	1,320	562	1,882	1,330	565	1,895
Part-Time Hourly	9	1	10	5	1	6
Part-Time Salaried	2	4	6	2	4	6
Temporary	12	22	34	37	35	72
Casual	64	54	118	59	40	99
Total	6,476	1,104	7,580	6,761	1,147	7,908

a. Including Vida operations.

Table 5: Total New Hires by Region, Age Group and Gender ^a

Age	2023			2022		
	Men	Women	Total	Men	Women	Total
Canada	428	176	604	635	251	886
Under 30	190	91	281	263	122	385
30-50	153	68	221	230	100	330
Over 50	85	17	102	142	29	171
US	934	63	997	940	85	1,025
Under 30	310	17	327	321	23	344
30-50	453	38	491	448	47	495
Over 50	171	8	179	171	15	186
Total	1,362	239	1,601	1,575	336	1,911

a. Excluding Vida operations, including casual and temporary employees.

Table 6: Employees by Age Group and Gender as a % ^a

Age	2023			2022		
	Men	Women	Total	Men	Women	Total
Under 30	13%	2%	15%	13%	3%	16%
30-50	39%	7%	46%	40%	7%	47%
Over 50	35%	4%	39%	33%	4%	37%
Total	87%	13%	100%	86%	14%	100%

a. Excluding casual and temporary employees, including Vida operations.

Table 7: Board Directors by Company, Age Group and Gender as a %

Company	2023			2022		
	Men	Women	Total	Men	Women	Total
Canfor						
Under 30	0%	0%	0%	0%	0%	0%
30-50	8%	0%	8%	8%	0%	8%
Over 50	77%	15%	92%	77%	15%	92%
Canfor Total	85%	15%	100%	85%	15%	100%
Canfor Pulp						
Under 30	0%	0%	0%	0%	0%	0%
30-50	0%	0%	0%	0%	0%	0%
Over 50	88%	12%	100%	86%	14%	100%
Canfor Pulp Total	88%	12%	100%	86%	14%	100%

Indigenous relations.

Table 1. Indigenous Relations

	2023	2022
Percentage of our operating area covered by agreements with willing Nations ^a	49%	46%
% of total spend with Indigenous vendors for Canadian operations ^b	4.86%	4.08%

a. In 2022, the calculation methodology was updated to be based on area rather than volumes under agreement.

b. Our target includes spend from our Canadian wood products operations as well as our Canadian pulp operations. Spend is defined on a cash-basis of goods (including fibre) and services procurement with external vendors. It does not include expenses related to payroll, freight costs associated with our finished goods or duties. In 2023, we reviewed and improved our underlying data and methodology and therefore restated our 2022 figures for consistency.

Table 8: Executives by Age Group and Gender as a % ^a

Age	2023			2022		
	Men	Women	Total	Men	Women	Total
Under 30	0%	0%	0%	0%	0%	0%
30-50	23%	8%	31%	27%	9%	36%
Over 50	62%	7%	69%	57%	7%	64%
Canfor Total	85%	15%	100%	84%	16%	100%

a. Including Vida operations.

Community resilience.

Table 1: Contribution Through Programs and Initiatives

	2023	2022
Good Things Come From Trees Community Giving Program ^a		
Donation amount (million of Canadian dollars)	\$1.8	\$2.2
Number of recipients	473	406
Business Sponsorships ^b		
Donation amount (million of Canadian dollars)	\$0.2	n/a
Number of sponsorships	42	n/a
Infrastructure Investment ^c		
Investment amount (million of Canadian dollars)	\$15	\$18

a. Good Things Come From Trees Community Giving Program covers both the amount donated to registered charities and organizations through the Canfor Good Things Come From Trees Foundation and the amount donated to local organizations that are non tax-exempt through a general giving fund.

b. In addition to Canfor's Good Things Come From Trees community giving program, we donated a further \$265,000 through business partnerships and sponsorships, and forestry research projects. Prior year comparable amounts are not available.

c. Infrastructure investment includes our capital road and bridge infrastructure investment for the company and capital contribution to the broader Canadian communities where our operations are located.

Business ethics.

Table 1: Reported Significant Environmental Non-compliance Incidents, Cybersecurity Incidents, Discrimination, Bullying and Harassment incidents, and Whistleblower Incidents

		2023	
		Canfor	Canfor Pulp
Reported Significant Environmental Non-Compliance Incidents^a		0	0
Bullying and Harassment Incidents^b	Reported	24	3
	Upheld	14	1
Discrimination Incidents^b	Reported	5	0
	Upheld	0	0
Reported Whistleblower Incidents^c	Reported	8	1
	Upheld	2	0
Reported Significant Cybersecurity Incidents		0	0

- a. Our manufacturing operations reported no significant environmental incidents for air, water and waste in 2023. We define significant environmental non-compliances with laws and regulations as where we receive monetary penalty or non-monetary sanctions. In 2023, we did not receive any sanctions, significant penalties or significant fines. There were also no significant forest management non-compliances identified from internal and external audits.
- b. In 2023, in partnership with an employment law firm, we delivered in-person Respectful Workplace Training. We also established a new Respectful Workplace hotline, which may have led to more incidents being reported than in previous years as it was given significant promotion to ensure all employees know how to report incidents through the correct channels, including the hotline when necessary.
- c. The reported whistleblower incidents are mostly Human Resource-related incidents which in future years we anticipate being received by the Respectful Workplace hotline.

Independent practitioner's limited assurance reports.

To the management of Canfor Corporation.

We have undertaken a limited assurance engagement on certain performance metrics of Canfor Corporation (the "Entity"), included in the accompanying 2023 Sustainability Report (the "Report").

The scope of our limited assurance engagement, as agreed with management, comprises the following performance metrics (collectively, the "subject matter information") and criteria:



Subject Matter Information	Units*	Applicable Criteria
For the year ended December 31, 2023		
Scope 1 and 2 non-biogenic location-based GHG emissions for the year ended December 31, 2023	766,177 Tonnes CO ₂ e	<ul style="list-style-type: none"> The World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol - Corporate Accounting and Reporting Standard (Revised Edition); and The GHG Protocol Scope 2 Guidance, An amendment to the GHG Protocol Corporate Standard.
Scope 1 and 2 non-biogenic market-based GHG emissions for the year ended December 31, 2023	766,435 Tonnes CO ₂ e	
Scope 1 biogenic emissions for the year ended December 31, 2023 [†]	4,290,682 Tonnes CO ₂ e	
For the year ended December 31, 2022		
Scope 3 non-biogenic GHG emissions for the year ended December 31, 2022	4,909,846 Tonnes CO ₂ e	<ul style="list-style-type: none"> The GHG Protocol; The Corporate Value Chain (Scope 3) Accounting and Reporting Standard; and, Internally developed criteria.

The subject matter information can be found on pages [127](#) and [128](#) of the Report.

Other than as described in the preceding paragraph, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

There are no mandatory requirements for the preparation or presentation of the subject matter information. As such, the Entity has applied:

- The Greenhouse Gas Protocol (the "GHG Protocol") - Corporate Accounting and Reporting Standard (Revised Edition) and the GHG Protocol Scope 2 Guidance, An amendment to the GHG Protocol Corporate Standard, in relation to Scope 1 and Scope 2 greenhouse gas emissions;
- The GHG Protocol - Corporate Accounting and Reporting Standard (Revised Edition); the Corporate Value Chain (Scope 3) Accounting and Reporting Standard; and,
- Internally developed criteria for Scope 3 greenhouse gas emissions.

The above criteria can be found in the footnotes to the Report ("applicable criteria").

Management's Responsibility

Management is responsible for the preparation and presentation of the subject matter information in accordance with the applicable criteria.

Management is also responsible for such internal control as management determines necessary to enable the preparation and presentation of the subject matter information that is free from material misstatement, whether due to fraud or error. This responsibility includes determining the Entity's objectives in respect of sustainability performance and reporting, identifying stakeholders and material issues, and selecting or developing appropriate criteria.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the subject matter information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standard on Assurance Engagements ("CSAE") 3410 *Assurance Engagements on Greenhouse Gas Statements*. This standard requires that we plan and

* The figures are consolidated and include entities that are under the operational control of Canfor Corporation which include Canadian wood products operations, U.S. wood products operations, Canfor Pulp Products Inc. and Vida Group.

† Relates to facility biogenic emissions and excludes biogenic emissions from land use and land use change.

perform our engagement to obtain limited assurance about whether the subject matter information is free from material misstatement.

A limited assurance engagement involves assessing the suitability of the criteria used by the Entity in preparing the subject matter information in the circumstances of the engagement, assessing the risks of material misstatement, whether due to fraud or error, and responding to the assessed risks as necessary in the circumstances.

We exercised professional judgment and maintained professional skepticism throughout the engagement. Our procedures were designed and performed to obtain evidence that is sufficient and appropriate to provide a basis for our conclusion. In carrying out our engagement, we:

- Evaluated the suitability of the Entity's use of the criteria, as the basis for preparing the subject matter information in the circumstances;
- Through inquiries, obtained an understanding of the Entity's control environment, processes and systems relevant to the preparation of the subject matter information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- Inquired with relevant staff at the corporate level to understand the data collection and reporting processes for the subject matter information;
- Inquired regarding key assumptions, estimates and the appropriateness of the associates methods, policies and procedures;
- Inspected a limited number of items to or from supporting records, as appropriate;
- Re-performed calculations on a sample basis; and,
- Considered the presentation and disclosure of the subject matter information.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on *Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements*, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Significant Inherent Limitations

Historical non-financial information, such as that contained in the Report, is subject to more inherent limitations than historical financial information, given the qualitative characteristics of the underlying subject matter and methods used for determining this information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques, which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as described in the applicable criteria, may change over time. It is important to read the Entity's reporting methodology which can be found in the relevant footnotes of the Report.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Based on the procedures performed and evidence obtained, no matters have come to our attention to cause us to believe that the Entity's subject matter information outlined in the table above is not prepared, in all material respects, in accordance with the applicable criteria.

Our conclusion on the subject matter information does not extend to any other information, reports or documents that accompany, are presented with, or contain the subject matter information and our assurance report.

Restriction on Use

Our report is intended solely for use by Canfor Corporation for the purpose(s) set out in our engagement agreement. Our report may not be suitable for any other purpose(s) and is not intended for use or reliance by any third parties. While KPMG LLP acknowledges that disclosure of our report may be made, in full, by Canfor Corporation in the 2023 Sustainability Report, KPMG LLP does not assume or accept any responsibility or liability to any third party in connection with the disclosure of our report.

Chartered Professional Accountants
April 22, 2024
Vancouver, Canada

Independent practitioner's limited assurance reports.

To the management of Canfor Pulp Products Inc.

We have undertaken a limited assurance engagement on certain performance metrics of Canfor Pulp Products Inc. (the "Entity"), included in the accompanying 2023 Sustainability Report (the "Report").

The scope of our limited assurance engagement, as agreed with management, comprises the following performance metrics (collectively, the "subject matter information") and criteria:

Subject Matter Information	Units*	Applicable Criteria
For the year ended December 31, 2023		
Scope 1 and 2 non-biogenic location-based GHG emissions for the year ended December 31, 2023	431,608 Tonnes CO ₂ e	<ul style="list-style-type: none"> The World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol - Corporate Accounting and Reporting Standard (Revised Edition); and The GHG Protocol Scope 2 Guidance, An amendment to the GHG Protocol Corporate Standard.
Scope 1 and 2 non-biogenic market-based GHG emissions for the year ended December 31, 2023	431,608 Tonnes CO ₂ e	
Scope 1 biogenic emissions for the year ended December 31, 2023 [†]	2,460,621 Tonnes CO ₂ e	
For the year ended December 31, 2022		
Scope 3 non-biogenic GHG emissions for the year ended December 31, 2022	1,659,942 Tonnes CO ₂ e	<ul style="list-style-type: none"> The GHG Protocol; The Corporate Value Chain (Scope 3) Accounting and Reporting Standard; and, Internally developed criteria.

The subject matter information can be found on pages [127](#) and [128](#) of the Report.

Other than as described in the preceding paragraph, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

There are no mandatory requirements for the preparation or presentation of the subject matter information. As such, the Entity has applied:

- The Greenhouse Gas Protocol (the "GHG Protocol") - Corporate Accounting and Reporting Standard (Revised Edition) and the GHG Protocol Scope 2 Guidance, An amendment to the GHG Protocol Corporate Standard, in relation to Scope 1 and Scope 2 greenhouse gas emissions;
- The GHG Protocol - Corporate Accounting and Reporting Standard (Revised Edition); the Corporate Value Chain (Scope 3) Accounting and Reporting Standard; and,
- Internally developed criteria for Scope 3 greenhouse gas emissions.

The above criteria can be found in the footnotes to the Report ("applicable criteria").



Management's Responsibility

Management is responsible for the preparation and presentation of the subject matter information in accordance with the applicable criteria.

Management is also responsible for such internal control as management determines necessary to enable the preparation and presentation of the subject matter information that is free from material misstatement, whether due to fraud or error. This responsibility includes determining the Entity's objectives in respect of sustainability performance and reporting, identifying stakeholders and material issues, and selecting or developing appropriate criteria.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the subject matter information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standard on Assurance Engagements ("CSAE") 3410 *Assurance Engagements on Greenhouse Gas Statements*. This standard requires that we plan and

* The figures are for Canfor Pulp Products Inc. only.

† Relates to facility biogenic emissions and excludes biogenic emissions from land use and land use change.

perform our engagement to obtain limited assurance about whether the subject matter information is free from material misstatement.

A limited assurance engagement involves assessing the suitability of the criteria used by the Entity in preparing the subject matter information in the circumstances of the engagement, assessing the risks of material misstatement, whether due to fraud or error, and responding to the assessed risks as necessary in the circumstances.

We exercised professional judgment and maintained professional skepticism throughout the engagement. Our procedures were designed and performed to obtain evidence that is sufficient and appropriate to provide a basis for our conclusion. In carrying out our engagement, we:

- Evaluated the suitability of the Entity's use of the criteria, as the basis for preparing the subject matter information in the circumstances;
- Through inquiries, obtained an understanding of the Entity's control environment, processes and systems relevant to the preparation of the subject matter information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- Inquired with relevant staff at the corporate level to understand the data collection and reporting processes for the subject matter information;
- Inquired regarding key assumptions, estimates and the appropriateness of the associates methods, policies and procedures;
- Inspected a limited number of items to or from supporting records, as appropriate;
- Re-performed calculations on a sample basis; and,
- Considered the presentation and disclosure of the subject matter information.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on *Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements*, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Significant Inherent Limitations

Historical non-financial information, such as that contained in the Report, is subject to more inherent limitations than historical financial information, given the qualitative characteristics of the underlying subject matter and methods used for determining this information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques, which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as described in the applicable criteria, may change over time. It is important to read the Entity's reporting methodology which can be found in the relevant footnotes of the Report.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Based on the procedures performed and evidence obtained, no matters have come to our attention to cause us to believe that the Entity's subject matter information outlined in the table above is not prepared, in all material respects, in accordance with the applicable criteria.

Our conclusion on the subject matter information does not extend to any other information, reports or documents that accompany, are presented with, or contain the subject matter information and our assurance report.

Restriction on Use

Our report is intended solely for use by Canfor Pulp Products Inc. for the purpose(s) set out in our engagement agreement. Our report may not be suitable for any other purpose(s) and is not intended for use or reliance by any third parties. While KPMG LLP acknowledges that disclosure of our report may be made, in full, by Canfor Pulp Products Inc. in the 2023 Sustainability Report, KPMG LLP does not assume or accept any responsibility or liability to any third party in connection with the disclosure of our report.

Chartered Professional Accountants
April 22, 2024
Vancouver, Canada



Reporting standards and framework indices.



GRI content index.

Legend

SR	2023 Sustainability Report
AIF	2023 Annual Information Form ^a
AR	Annual Report ^a
IC	2024 Information Circular (dated March 13, 2024)

a. References to Canfor's 2023 AR, AIF and 2024 IC include the consolidated results and management of Canfor Corporation, which includes Canfor's 70%-owned subsidiary Vida and Canfor's 60%-owned partnership HPLP; however, the 2023 Sustainability Report excludes HPLP, unless otherwise indicated within the information included in this report.

Canfor Corporation (Canfor) and Canfor Pulp Products Inc. (Canfor Pulp) have reported in accordance with the GRI Standards for the period from January 1, 2023 to December 31, 2023. This means that our reporting covers all the General Disclosures, as well as Topic-Specific Standards we deem material.

In this GRI Content Index, we list our disclosures with reference to the GRI Standards and reference to the locations where disclosures are addressed in our annual reporting. The location references are complemented in the index with additional information, such as reasons for omissions as necessary. The GRI 1 used for this report is GRI 1: Foundation 2021.

GRI Standard	Indicator Name	Location/Commentary
GRI 2: General Disclosures 2021		
The organization and its reporting practices		
GRI 2-1	Organizational details	SR: About Us (page 14) Canfor AIF: Incorporation (page 3); Corporate Structure (page 4); Business Segments (page 9) Canfor Pulp AIF: Incorporation (page 3); Corporate Structure (page 3); Business Segments (page 5) Canfor AR: Company Overview (page 7) Canfor Pulp AR: Company Overview (page 6)
GRI 2-2	Entities included in the organization's sustainability reporting	SR: Reporting Period, Organizational Boundaries and Methodology (page 124) Canfor AR: Reporting Entity (page 64) Canfor Pulp AR: Reporting Entity (page 65)
GRI 2-3	Reporting period, frequency and contact point	Sustainability reporting period: SR: Reporting Period, Organizational Boundaries and Methodologies (page 124) Financial reporting period: Canfor AR: Reporting Entity (page 64). Canfor Pulp AR: Reporting Entity (page 65) Publication Date of Sustainability Report: April 22, 2024 Contact point for questions about the report: info@canfor.com
GRI 2-4	Restatements of information	SR: Changes to Reporting in 2023 (page 125); Our Materiality Assessment (page 122)
GRI 2-5	External assurance	SR: External Assurance (page 124) ; Independent Practitioner's Limited Assurance Reports (page 136)
Activities and workers		
GRI 2-6	Activities, value chain and other business relationships	Canfor AR: Company Overview (page 7); Overview of Consolidated Financial Results (page 10); Summary of Financial Position (page 21) Canfor Pulp AR: Company Overview (page 6); Overview of Consolidated Financial Results (page 9); Summary of Financial Position (page 14) SR: About Us (page 14); Supply Chain Management (page 112); Canfor AIF: Business Segments (page 9); Lumber Markets and Distribution (page 16); Significant Events (page 5)



GRI Standard	Indicator Name	Location/Commentary
Activities and workers		
GRI 2-6	Activities, value chain and other business relationships	Canfor Pulp AIF: Business Segments (page 5); CPPI Markets and Distribution (page 9); Incorporation (page 3); Corporate Structure (page 3); Significant Events (page 4) We are in the process of reviewing our supply chain as it relates to our sustainability vision and strategy and will continue to expand this disclosure in future reports
GRI 2-7	Employees	Canfor AIF: Human Resources and Diversity (page 16); CPPI Human Resources (page 18) SR: About Us (page 14); Inclusion and Diversity (page 83); Supplementary ESG Data: Inclusion and Diversity (page 133)
GRI 2-8	Workers who are not employees	Omission: Canfor does not have any workers who are performing a significant portion of work of the businesses that are not employees.
Governance		
GRI 2-9	Governance structure and composition	Canfor Board Mandate: All Canfor Governance Manual: All Canfor AIF: Directors and Officers (page 22) Canfor IC: Election of Directors (page 8); The Board of Directors (page 28) Canfor Pulp Board Mandate: All Canfor Pulp Governance Manual: All Canfor Pulp AIF: Directors and Officers (page 12) Canfor Pulp IC: Election of Directors (page 8); The Board of Directors (page 28)
GRI 2-10	Nomination and selection of the highest governance body	Canfor Governance Manual: Joint Governance and Sustainability Committee (page 20) Canfor IC: Nomination of Directors (page 29); Board/Committee Assessments of Effectiveness and Renewal (page 33) Canfor Pulp Governance Manual: Joint Corporate Governance Committee (page 20) Canfor Pulp IC: Nomination of Directors (page 31); Board/Committee Assessments of Effectiveness and Renewal (page 35)
GRI 2-11	Chair of the highest governance body	Canfor IC: Ethical Business Conduct (page 29) Canfor Pulp IC: Ethical Business Conduct (page 30) As of April 2021, John Baird is the Chairman of the Canfor and Canfor Pulp Boards. Mr. Baird is not an executive officer of Canfor or Canfor Pulp.
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Canfor Board Mandate: Leadership (page 1); Strategy (page 5) Canfor Pulp Board Mandate: Leadership (page 1); Strategy (page 5) Canfor IC: Joint Governance and Sustainability Committee (page 31) Canfor Pulp IC: Joint Governance and Sustainability Committee (page 33)
GRI 2-13	Delegation of responsibility for managing impacts	SR: Sustainability at Canfor (page 7); Management Responsibilities (page 106)
GRI 2-14	Role of the highest governance body in sustainability reporting	The Executive Management team and Canfor and Canfor Pulp Board of Directors reviewed the 2023 Sustainability Report. This review involves a iterative process where subject matter experts are involved in preparing the information. The relevant executive management is involved in reviewing and approving disclosures for accuracy and quality. The board reviews the final draft and approves publication of the sustainability report.
GRI 2-15	Conflicts of interest	Canfor Governance Manual: Ethics and Conflicts of Interest (page 9) Canfor AIF: Directors and Officers (page 22) Canfor IC: Board of Directors - Independence and Other Directorships (page 28) Canfor Pulp Governance Manual: Ethics and Conflicts of Interests (page 9) Canfor Pulp AIF: Directors and Officers (page 12) Canfor Pulp IC: Board of Directors - Independence and Other Directorships (page 29)
GRI 2-16	Communication of critical concerns	Canfor Governance Manual: Reporting of Concerns (page 9) Canfor Pulp Governance Manual: Reporting of Concerns (page 9) SR: Feedback Mechanisms (page 119); SR: Supplementary ESG Data: Business Ethics (page 135)
GRI 2-17	Collective knowledge of the highest governance body	Canfor IC: Joint Governance and Sustainability Committee (page 32)
GRI 2-18	Evaluation of the performance of the highest governance body	Canfor Governance Manual: Self Evaluation (page 8) Canfor IC: Board/Committee Assessments of Effectiveness and Renewal (page 33) Canfor Pulp Governance Manual: Self Evaluation (page 8) Canfor Pulp IC: Board/Committee Assessments of Effectiveness and Renewal (page 34)
GRI 2-19	Remuneration policies	Canfor IC: Compensation Discussion and Analysis (page 16); Director Compensation (page 25) Canfor Pulp IC: Compensation Discussion and Analysis (page 15); Director Compensation (page 25)



GRI Standard	Indicator Name	Location/Commentary
GRI 2-20	Process to determine remuneration	Canfor IC: Compensation Discussion and Analysis (page 16) Canfor Pulp IC: Compensation Discussion and Analysis (page 15)
GRI 2-21	Annual total compensation ratio	Omission: information in unavailable at this time.
Strategy, policies and practices		
GRI 2-22	Statement on sustainable development strategy	SR: Messages from Leadership (page 2)
GRI 2-23	Policy commitments	SR: Sustainability at Canfor (page 7); Human Rights (page 116); Indigenous Relations (page 91); Inclusion and Diversity (page 83) Our values Canfor Governance Manual: Code of Conduct (page 37) Canfor Board Mandate: Ethics and Integrity (page 2) Canfor Pulp Governance Manual: Code of Conduct (page 31) Canfor Pulp Board Mandate: Ethics and Integrity (page 1) Canfor IC: Ethical Business Conduct (page 29) Canfor Pulp IC: Ethical Business Conduct (page 30)
GRI 2-24	Embedding policy commitments	SR: Governance (page 102); Supply Chain Management (page 112)
GRI 2-25	Processes to remediate negative impact	SR: Feedback Mechanisms (page 119); Each section in the report discloses applicable strategies, policies, procedures and metrics to remediate relevant negative impacts.
GRI 2-26	Mechanisms for seeking advice and raising concerns	Canfor Governance Manual: Reporting of Concerns (page 9); Reporting Violations of the Code (page 45) Canfor Pulp Governance Manual: Reporting of concerns (page 9); Reporting Violations of the Code (page 44)
GRI 2-27	Compliance with laws and regulations	SR: Supplementary ESG Data: Business Ethics (page 135)
GRI 2-28	Membership associations	Below is a list of our main memberships where we play an active role in the organization through projects, initiatives or committees or where the organization has strategic alignment with Canfor: American Forest Products Association, American Wood Council, BC Lumber Trade Council, Canadian Wood Council, BC Council of Forest Industries, Federal Forest Resource Coalition, Forest Resource Improvement Association of Alberta, FP Innovations, Forest Resources Association, fRI Research, Forest Stewardship Council, National Council for Air and Stream Improvement, Inc., Programme for the Endorsement of Forest Certification, Partners For Environmental Progress, Prince George Air Improvement Roundtable, Sustainable Forestry Initiative, Southeastern Lumber Manufacturers Association, Inc., Treated Wood Council.
Stakeholder engagement		
GRI 2-29	Approach to stakeholder engagement	SR: Engaging with Stakeholders and Partners (page 123)
GRI 2-30	Collective bargaining agreements	SR: Labour Relations (page 117); Canfor AIF: Human Resources and Diversity (page 16); Canfor Pulp AIF: Human Resources and Diversity (page 9)
GRI 3: Material Topics 2021		
GRI 3-1	Process to determine material topics	SR: Our Materiality Assessment (page 122)
GRI 3-2	List of material topics	SR: Our Materiality Assessment (page 122)
GRI 3-3	Management of material topics	Each material topic section in this report discloses its potential or actual impacts, relevant policies and commitments, actions taken to manage impacts, mechanism to track action effectiveness, and applicable stakeholder engagement processes.
GRI 201 Economic Performance 2016		
GRI 201-1	Direct economic value generated and distributed	Canfor AR: Consolidated Financial Statements (page 52)
GRI 201-2	Financial implications and other risks and opportunities due to climate change	SR: Sustainable Forestry (page 28); Climate Change (page 46); Appendices: TCFD Index (page 150); Risk Management (page 111). Canfor AR: Management Discussion & Analysis (page 5);
GRI 201-3	Defined benefit plan obligations and other retirement plans	Canfor AR: Employee Future Benefits (page 38) Canfor Pulp AR: Employee Future Benefits (page 48)
GRI 203 Indirect Economic Impacts 2016		
GRI 203-1	Infrastructure investments and services supported	SR: Community Resilience (page 98)



GRI Standard	Indicator Name	Location/Commentary
GRI 206 Anti-competitive Behavior 2016		
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Canfor AR: Softwood Lumber Agreement (page 49)
GRI 301: Materials 2016		
GRI 301-2	Recycled input materials used	Not applicable: Canfor is a primary forest products manufacturer. Canfor Pulp manufactures products from residuals generated in the manufacturing process, which are byproducts of the lumber manufacturing process. Neither company uses recycled input material that are not byproducts produced by the organization.
GRI 302: Energy 2016		
GRI 302-1	Energy consumption within the organization	SR: Energy Management (page 54)
GRI 302-5	Reductions in energy requirements of products and services	Not applicable: our sold products do not have energy requirements.
GRI 303: Water and Effluents 2018		
GRI 303-1	Interactions with water as a shared resource	SR: Sustainable Forestry (page 28); Water Management (page 63)
GRI 303-2	Management of water discharge-related impacts	SR: Water Management (page 63)
GRI 303-3	Water withdrawal	SR: Water Management (page 63)
GRI 304: Biodiversity 2016		
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SR: Sustainable Forestry (page 28)
GRI 304-2	Significant impacts of activities, products and services on biodiversity	SR: Sustainable Forestry (page 28)
GRI 304-3	Habitats protected or restored	SR: Sustainable Forestry (page 28)
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	SR: Sustainable Forestry (page 28); SR: Supplementary ESG Data: Sustainable Forestry (page 126).
GRI 305: Emissions 2016		
GRI 305-1	Direct (Scope 1) GHG emissions	SR: Climate Change (page 46); SR: Supplementary ESG Data: Climate Change (page 127).
GRI 305-2	Energy indirect (Scope 2) GHG emissions	SR: Climate Change (page 46). SR: Supplementary ESG Data: Climate Change (page 127).
GRI 305-3	Other indirect (Scope 3) GHG emissions	SR: Climate Change (page 46). SR: Supplementary ESG Data: Climate Change (page 127).
GRI 305-4	GHG emissions intensity	SR: Climate Change (page 46). SR: Supplementary ESG Data: Climate Change (page 128).
GRI 305-6	Emissions of ozone-depleting substances (ODS)	SR: Air Quality (page 58); SR: Supplementary ESG Data: Air Quality (page 130).
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	SR: Air Quality (page 58); SR: Supplementary ESG Data: Air Quality (page 130).
GRI 306: Waste 2020		
GRI 306-1	Waste generation and significant waste-related impacts	SR: Waste Management (page 69); SR: Supplementary ESG Data: Waste Management (page 131)



GRI Standard	Indicator Name	Location/Commentary
GRI 306-2	Management of significant waste-related impacts	SR: Waste Management (page 69)
GRI 306-3	Waste generated	SR: Waste Management (page 69); SR: Supplementary ESG Data: Waste Management (page 131)
GRI 306-4	Waste diverted from disposal	SR: Waste Management (page 69); SR: Supplementary ESG Data: Waste Management (page 131)
GRI 306-5	Waste directed to disposal	SR: Waste Management (page 69); SR: Supplementary ESG Data: Waste Management (page 131)
GRI 308: Supplier Environmental Assessment 2016		
GRI 308-1	New suppliers that were screened using environmental criteria	Information unavailable: We do not currently track this information for all suppliers. We are in the process of reviewing our supply chain as it relates to our sustainability vision and strategy and will continue to expand this disclosure in future reports.
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	Information unavailable: We do not currently track this information for all suppliers. We are in the process of reviewing our supply chain as it relates to our sustainability vision and strategy and will continue to expand this disclosure in future reports.
GRI 401: Employment 2016		
GRI 401-1	New employee hires and employee turnover	Information unavailable: We are currently reviewing employee turnover rate methodology such that it is comparable to industry peers. We will continue to expand this disclosure in future reports.
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR: Safety, Health and Wellness (page 76)
GRI 403: Occupational Health and Safety 2018		
GRI 403-1	Occupational health and safety management system	SR: Safety, Health and Wellness (page 76)
GRI 403-2	Hazard identification, risk assessment, and incident investigation	SR: Safety, Health and Wellness (page 76)
GRI 403-3	Occupational health services	SR: Safety, Health and Wellness (page 76)
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	SR: Safety, Health and Wellness (page 76)
GRI 403-5	Worker training on occupational health and safety	SR: Safety, Health and Wellness (page 76)
GRI 403-6	Promotion of worker health	SR: Safety, Health and Wellness (page 76)
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not applicable: We do not have workers who are not employees and whose work and workplace are not controlled by Canfor, where our operations, products or services are directly linked to significant occupational health and safety impacts on those workers by our business relationships. See GRI 403-1 to 403-6 on scope of workers covered by our OHS management system.
GRI 403-8	Workers covered by an occupational health and safety management system	SR: Safety, Health and Wellness (page 76)
GRI 403-9	Work-related injuries	SR: Safety, Health and Wellness (page 76); SR: Supplementary ESG Data: Safety, Health, and Wellness (page 132)
GRI 404: Training and Education 2016		
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	SR: Inclusion and Diversity (page 83)
GRI 405: Diversity and Equal Opportunity 2016		
GRI 405-1	Diversity of governance bodies and employees	SR: Inclusion and Diversity (page 83); SR: Supplementary ESG Data: Inclusion and Diversity (page 133)
GRI 406: Non-discrimination 2016		
GRI 406-1	Incidents of discrimination and corrective actions taken	SR: Supplementary ESG Data: Business Ethics (page 135)



GRI Standard	Indicator Name	Location/Commentary
GRI 411: Rights of Indigenous Peoples 2016		
GRI 411-1	Incidents of violations involving rights of Indigenous Peoples	SR: Indigenous Relations (page 91)
GRI 414: Supplier Social Assessment 2016		
GRI 414-1	New suppliers that were screened using social criteria	Information unavailable: We do not currently track this information for all suppliers. We are in the process of reviewing our supply chain as it relates to our sustainability vision and strategy and will continue to expand this disclosure in future reports.
GRI 414-2	Negative social impacts in the supply chain and actions taken	Information unavailable: We do not currently track this information for all suppliers. We are in the process of reviewing our supply chain as it relates to our sustainability vision and strategy and will continue to expand this disclosure in future reports

SASB standards index.

Canfor reports Sustainability Accounting Standards Board (SASB) standards disclosure topics and metrics for “Forestry Management” and “Pulp and Paper Products” standards.

Forestry Management

The following disclosure for “Forestry Management” is only applicable to Canadian forestlands sustainably managed by Canfor. Canfor does not manage forestlands in the United States or Sweden. We strive to be further aligned to SASB standards and plan to address any omissions in future reporting years.

Code	Accounting Metric	Our Response
Ecosystem Services & Impacts		
RR-FM-160a1	Area of forestland certified to a third-party forest management standard, percentage certified to each standard	Canfor directly manages forestland in Canada only. The total forestland area under Canfor management in Canada is approximately 12 million hectares. 100% of Canfor-managed forests are certified to third-party forest management standards. The proportion by certified to each standard based on area is: FSC - 9% SFI - 91%
RR-FM-160a2	Area of forestland with protected conservation status	Canfor currently reports on our management approach for areas with protected conservation status. See our Sustainable Forestry section on page 28 . Canfor does not currently report area of forestland with protected conservation status. Canfor is evaluating if area by hectares for this topic or an alternate metric may be more representative and relevant for future reporting periods.
RR-FM-160a3	Area of forestland in endangered species habitat	Canfor currently reports on our management approach for endangered species habitats, see our Sustainable Forestry section on page 28 . Canfor does not currently report area of forestland in endangered species habitat. Canfor is evaluating if area by hectares for this topic or an alternate metric may be more representative and relevant for future reporting periods.
RR-FM-160a4	Description of approach to optimizing opportunities from ecosystem services provided by forestlands	Canfor practices sustainable forest management and prepares forest stewardship management plans that include a range of considerations including biodiversity, wildlife habitat, water quality and recreation. See Sustainable Forestry section on page 28 .
Rights of Indigenous Peoples		
RR-FM-210a1	Area of forestland in Indigenous land	We have existing agreements with several of the Indigenous Nations on whose traditional territories we operate and continue discussions with many other Indigenous Nations to enter into additional agreements. See our Indigenous Relations section on page 91 .
RR-FM-210a2	Description of engagement processes and the due diligence practices with respect to human rights, Indigenous rights and the local community	Our Indigenous Engagement Strategy is detailed on page 92 , see also Rights and Treaty Rights of Indigenous Communities in our Indigenous Relations section on page 94 and Business Ethics section on page 117 .
Climate Change Adaptation		
RR-FM-450a1	Description of strategy to manage opportunities for and risks to forest management and timber production presented by Climate Change	See both the Sustainable Forestry and Climate Change sections on page 28 and page 46 .



Code	Accounting Metric	Our Response
RR-FM-450a1	Description of strategy to manage opportunities for and risks to forest management and timber production presented by Climate Change	See both the Sustainable Forestry and Climate Change sections on page 28 and page 46 .
Activity Metrics		
RR-FM-000A	Area of forestland owned, leased, and/or managed by the entity	Total area of forestland managed by Canfor is approximately 12 million hectares.
RR-FM-000B	Aggregate standing timber inventory	In Canada, we source wood primarily through long-term tenure agreements on publicly owned land. Inventory information is held by government.
RR-FM-000C	Timber harvest volume	Total wood fibre supply from Canfor tenures was 7.5 million cubic metres for year ended December 31, 2023 (page 14, Canfor Annual Information Form).

Pulp and Paper

The following disclosure for “Pulp and Paper Products” is applicable to our subsidiary Canfor Pulp Products Inc. (Canfor Pulp), unless otherwise stated. We strive to be further aligned to SASB standards and plan to address any omissions in future reporting years.

Code	Accounting Metric	Our Response
Greenhouse Gas Emissions		
RR-PP-110a1	Gross global scope 1 emissions	See our Climate Change section on page 46 and Supplementary ESG Data: Climate Change (page 127).
RR-PP-110a2	Discussion of long-term and short-term strategy or plan to manage scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	See our Climate Change section on page 46 .
Air Quality		
RR-PP-120a1	NOx (excluding N ₂ O)	See our Air Quality section on page 58 .
	SO ₂	See our Air Quality section on page 58 .
	Volatile Organic Compounds (VOCs)	The amount of VOCs/HAPs are not currently reported as part of our sustainability report, but certain VOCs and HAPs are disclosed annually in our report to Canada’s National Pollutant Release Inventory for our Canadian operations. We are seeking to refine the calculation methodology and will consider its applicability to Canfor and report in future years.
	Particulate matter	See our Air Quality section on page 58 .
	Hazardous Air Pollutants (HAPs)	The amount of VOCs/HAPs are not currently reported as part of our sustainability report, but certain VOCs and HAPs are disclosed annually in our report to Canada’s National Pollutant Release Inventory for our Canadian operations. We are seeking to refine the calculation methodology and will consider its applicability to Canfor and report in future years.
Energy Management		
RR-PP-130a1	Total energy consumed	See our Energy Management section on page 54 .
	Percentage grid electricity	See our Energy Management section on page 54 .
	Percentage from biomass	See our Energy Management section on page 54 .
	Percentage from other renewable energy	See our Energy Management section on page 54 .
	Total self-generated energy	See our Energy Management section on page 54 .



Code	Accounting Metric	Our Response
Water Management		
RR-PP-140a1	(1) Total water withdrawn	See our Water Management section on page 63 .
	(2) Total water consumed	See our Water Management section on page 63 .
	(3) Percentage of each in regions with High or Extremely High Baseline Water Stress	See our Water Management section on page 63 .
RR-PP-140a2	Description of water management risks and discussion of strategies and practices to mitigate those risks	See our Water Management section on page 63 .
Supply Chain Management		
RR-PP-430a1	Percentage of wood fibre sourced from: (1) Third-party certified forestlands and percentage to each standard and (2) Meeting other fibre sourcing standards and percentage to each standard	See our Sustainable Forestry section on page 28 and Supplementary ESG Data: Sustainable Forestry (page 126).
RR-PP-430a2	Amount of recycled and recovered fibre procured	Canfor is a primary producer of high-quality wood products. Canfor Pulp manufactures products from residuals generated in the manufacturing process, which are byproducts of the lumber manufacturing process. Neither company uses recycled input material that are not byproducts produced by the organization. See our Residuals Management section on page 41 .
Activity Metrics		
RR-PP-000A	Pulp production	Canfor Pulp produced 603,000 tonnes of bleached and unbleached kraft pulp (see page 8 of Canfor Pulp's AIF for breakdown by production type).
RR-PP-000B	Paper production	Canfor Pulp produced 130,000 tonnes of bleached and unbleached kraft paper in 2023 (see page 8 of Canfor Pulp's AIF for breakdown by production type).
RR-PP-000C	Total wood fibre sourced	After taking into consideration the closure of the Prince George pulp line in 2023 and anticipated sale of the Taylor BCTMP mill site in 2024, our pulp operations' ongoing annual fibre requirements are approximately 1.8 million oven-dried metric tonnes ("ODTs") of wood chips and 200,000 ODTs of hog fuel (page 6 , Canfor Pulp AIF).

Task Force on Climate-related Financial Disclosures index.

The Task Force on Climate-related Financial Disclosures (TCFD) created by the Financial Stability Board are structured around four thematic areas: governance, strategy, risk management, and metrics and targets. In addition to our [Climate change](#) section of the report, we have included a summary of our responses to each recommendation and links to where detailed information can be found in our Annual Reports and Sustainability Report.

Recommended Disclosure	Disclosure Summary & Commentary	Links to more information
Thematic Area: Governance		
a. Board's oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> • Canfor's Board Committees, Executive Management, and supporting teams provide oversight and accountability for identifying, assessing and managing climate-related risks and opportunities. • Canfor's Board Committees (the Joint Governance & Sustainability Committee; the Audit Committees; and the Joint Environmental, Health & Safety Committee) provide oversight of climate-related issues, and strategic guidance to our sustainability program and approach to ensure these topics are appropriately considered within our strategy, business planning and risk management approach. • Canfor's Board Committees meet on a quarterly basis and are informed on sustainability- and climate-related topics and key activities through regular updates from management as well as through a Sustainability Scorecard that tracks progress towards goals and targets for key material sustainability topics. • We will continue to define the role of the Board in providing oversight of climate-related issues to ensure continued monitoring of evolving risks and requirements. 	Canfor Governance Manual Canfor Pulp Governance Manual Sustainability Report (SR): Governance
b. Management's role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> • There are several management-level positions with associated climate-related responsibilities, as well as Energy & Environmental Leads within each business unit, who are responsible for monitoring climate-related issues and providing regular updates to Executive Management and quarterly updates to the Board's Joint Governance & Sustainability Committee. • Our Presidents and CEOs hold ultimate accountability for successful sustainability performance. Our Chief Financial Officer (CFO) & Senior Vice President, Sustainability oversees the development and execution of the sustainability strategy and disclosure across the business. • Reporting to the CFO & Senior Vice President, Sustainability, the Director, Environment & Sustainability is responsible for Canfor's sustainability- and climate-related efforts and works closely with operations and other sustainability-related positions such as the Manager, Climate Change & Carbon, and internal committees such as the Corporate Environmental Management Committee (CEMC) and the Sustainability Working Group (SWG). Collectively, they monitor and disclose on climate-related issues, implement Canfor's climate strategy, engage as needed with the Executive Management team, update the quarterly Sustainability Scorecard, and deliver quarterly updates to the Board and relevant Committees. • Canfor's CEMC has additional oversight over climate-related topics such as sustainable forestry, air quality, water management and waste management. • Canfor's SWG represents key stakeholders across business units and is responsible for cross-functional engagement and information sharing on sustainability topics. • We will continue to develop and strengthen standard procedures to support upward reporting of climate-related issues. 	SR: Governance SR: Governance & Accountability

Recommended Disclosure
Disclosure Summary & Commentary
Links to more information
Thematic Area: Strategy
a. Climate-related risks and opportunities identified over the short, medium and long term

Canfor recognizes the significant impact climate change will continue to have on our forests, the communities we operate in and our business, and we are committed to playing a leading role in reducing our emissions. We have defined our decarbonization road map for our scope 1 and 2 emissions and are in the process of developing our strategies towards scope 3.

- Climate-related risks and opportunities include, but are not limited to:
 - Chronic and acute physical risks such as the increasing frequency and severity of weather conditions, forest fires, hurricanes, and timber diseases and insect infestations.
 - Transition risks including changes in laws, regulations and industry standards associated with climate change.
 - Reputational risks due to rising prominence of environmental, social and governance concerns among Canfor's stakeholders and Indigenous partners.
 - The opportunity to play a key role in the shift to a circular, sustainable, low-carbon global economy. This includes the displacement of carbon-intensive building materials (e.g., cement, steel, plastic) with sustainable forest products; identification of beneficial uses for forest residuals and manufacturing residuals such as wood chips, shavings and sawdust; development of innovative bioproducts (e.g., biofuels, biochemicals, biomaterials); and the pursuit of other innovative and strategic partnerships to drive sustainable economic business diversification.
 - The opportunities identified in the development of our decarbonization road map to improve efficiency and realize operational savings over the medium and long term.
- As part of our continued journey towards a low-carbon future, we are working to bolster the processes used to assess climate-related issues and their potential impact on the business.
- In 2023, we extended our qualitative climate scenario analysis to the operational and infrastructure asset types of our entire business to support our analysis of specific climate-related risks and opportunities that could have an impact on the organization. We reviewed physical and transition risks and opportunities by considering a vulnerability and exposure score under the short-term (2030), medium-term (2040) and long-term time horizon. We will continue to review the results of our analysis to further assess identified risks and opportunities, we plan to complete this work in 2024.

Canfor Corporation Annual Report (AR): [Management's Discussion and Analysis](#)

Canfor Pulp AR: [Management's Discussion and Analysis](#)

SR: [Climate Change section – Our Approach](#)

SR: [Climate Change section – Climate Change Vulnerability Assessment](#)

SR: [Residuals Management section](#)

b. Impact of climate-related risks and opportunities on the businesses, strategy and financial planning

- Climate-related risks and opportunities are incorporated in Canfor's overall Sustainability Strategy and processes for reviewing and aligning our overall Corporate and Sustainability strategies. This includes looking at current risks as well as emerging and forecasted risks across all material sustainability topics, including climate change, and assessing them for materiality and potential impacts on Canfor's business.
- Climate change physical risks may adversely affect Canfor's timber supply, resulting in reduced supply chain availability and/or may have similar effects on our suppliers and customers. Any of the damage caused by these events could increase costs and decrease Canfor's production capacity, thereby having an adverse effect on Canfor's financial results. We mitigate these risks by performing analyses of our fibre supply, preparing emergency response plans and performing Climate Change Vulnerability Assessments, which assess these risks on our woodland regions. These Climate Change Vulnerability Assessments establish key mitigation and adaptation actions that allow Canfor to address physical risks.
- Climate change transition risks include risks associated with changes to laws, regulations and industry standards, which may result in additional reporting requirements, operational complexity and financial expenditures. There could also be financial impacts associated with the commercial viability and scalability of emission reductions and technology. There also may be reputation risks due to rising prominence of ESG concerns among our stakeholders and Indigenous partners. These concerns could influence public opinions about Canfor and the broader industry and could adversely affect our reputation, business, strategy and operations. Some of our mitigation actions towards these risks include quantifying and obtaining third-party assurance of our scope 1, 2 and 3 GHG emissions to measure performance towards our climate change targets. We are monitoring our operating costs including the impact of carbon tax and related increase to fuel price; considering energy and emissions data in our capital planning process including developing an internal price of carbon; and actively monitoring government regulations.
- The opportunity to play a key role in the shift to a circular, sustainable, low-carbon global economy may result in innovative and strategic partnerships that may lead to sustainable economic business diversification.
- The opportunities identified in the development of our decarbonization road map aims to improve efficiency and realize operational savings over the medium and long term.
- Canfor considers adaptation and mitigation strategies to manage and reduce carbon emissions and has established a high-level decarbonization road map. This road map will form the basis for further integration of climate-related issues into Canfor's corporate strategy, operations and financial planning processes, and establishment of potential supporting programs such as an internal carbon price in the future. See Strategy section C on [page 152](#) for details on Canfor's plans to enable the transition to a low-carbon economy.

Canfor Corporation AR: [Management's Discussion and Analysis](#)

Canfor Pulp AR: [Management's Discussion and Analysis](#)

SR: [Governance – Risk Management](#)

SR: [Climate Change section – Climate Change Vulnerability Assessment](#)

SR: [Climate Change section – Climate Change Strategy](#)



Recommended Disclosure

Disclosure Summary & Commentary

Links to more information

c. Resilience of the strategy to different climate scenarios, including a 2°C or lower scenario

Our approach to scope 1 and 2 decarbonization focuses on several key decarbonization levers, including potential abatement strategies such as:

- Energy and process efficiency: Implementing strategies and technologies to improve energy and fuel efficiency in existing infrastructure and vehicles.
- Fuel switching: Switching from higher-emission fuels to lower-emission fuels such as renewable biofuels, biodiesel, renewable natural gas, hydrogen and biomass.
- Electrification: Electrification of vehicles and stationary mobile equipment.
- Investing in renewables: Producing or procuring electricity from renewable sources.
- Other innovative technologies: Continuing to investigate and invest in emerging technologies and solutions that will help us reduce emissions in the long term, such as geothermal carbon capture, utilization and storage, and hydrogen fuel.
- We are furthering our climate scenario analyses across our woodlands operations. We have conducted an assessment in three areas: Fort St. John, BC, Chetwynd, BC and Grande Prairie, Alberta. We are in the process of completing vulnerability assessments for the remaining woodlands operations. This work will inform our assessment of impacts on our forest ecosystem, land, water, and socioeconomic and cultural conditions. This work explores the implications of Representative Concentration Pathways (RCP) 8.5 warming scenario to assist with preparing for severe outcomes. The time horizons reviewed will include present day to the year 2046, 2047 to 2072, and 2073 to 2100. This assessment will inform our development of adaptation and mitigation processes to reduce anticipated impacts.
- In 2023, we extended our qualitative climate scenario analysis to the operational and infrastructure asset types of our entire business to evaluate different climate scenarios. For physical climate scenarios, we assessed a high emissions scenario (IPCC's SSP5-8.5) and a low emissions scenario (IPCC's SSP2-4.5). For transition climate scenarios, we reviewed a rapid policy and technology (WBCSD's 1.5°C Innovation Scenario) and one in which climate action remains stable at current levels (WBCSD's >3°C Historic Trends Scenario). We will continue to review the results of our analyses and evaluate its impacts on the resilience of our business strategy.
- As we invest in our approach to managing climate-related risks going forward, we will continue to explore additional tools to identify and measure potential impacts and expand our analysis.

SR: [Climate Change section – Climate Change Strategy](#)

SR: [Climate Change section – Climate Change Vulnerability Assessment](#)

Thematic Area: Risk Management

a. Processes for identifying and assessing climate-related risks

Canfor leverages its Enterprise Risk Management (ERM) processes to identify, assess and manage enterprise risks, including climate change.

- Sustainability- and climate-related risks are typically identified through Canfor's Executive and/or Sustainability team, Environmental Managers, and through our engagement with broader stakeholder groups such as Indigenous communities, industry associations, customers and certification bodies; and are escalated to the relevant business unit, Executive Management, and/or relevant Board Committee as needed.
- In 2022, as part of the continued evolution of our ERM program, we updated our risk framework and ERM policy. We conducted an updated risk assessment with vice presidents and directors from across the organization. The outcome was an updated ERM Risk Register, with evaluation of each risk in accordance with our risk assessment criteria.
- Our policy assesses enterprise-level risks on the dimensions of likelihood, consequence and velocity, which informs our chosen treatment strategies. The risk treatment incorporates risk mitigation actions approved by the executive team.
- As part of the updated risk assessment, we identified climate change as a high-rated risk and have determined treatment strategies for monitoring this risk. See Strategy section b for details on our approach to mitigating climate-related risks.
- Canfor also actively monitors regulatory changes to assess their impact on operations, including any climate-related regulations, through a number of channels:
 - Business Unit Environmental Managers become aware of upcoming regulatory shifts and bring them to the attention of Sustainability leaders or the CEMC.
 - Sustainability leaders and/or Executive Management then elevate issues as needed to the Joint Sustainability & Governance, Audit, and/or Environmental, Health & Safety Committees of the Board.

Canfor Corporation AR: [Management's Discussion and Analysis](#)

Canfor Pulp AR: [Management's Discussion and Analysis](#)

SR: [Governance – Risk Management](#)

b. Processes for managing climate-related risks

- Each of our enterprise-level risks is assigned to an individual at the vice president level or higher for ownership and accountability for the implementation of mitigating actions and controls.
- Climate change risk has been assigned to the CFO & Senior Vice President, Sustainability. Individual actions and mitigating controls for each risk driver relating to climate-risk have been determined.
- The status of these actions and controls is reviewed quarterly by the Audit Committees to ensure risks are appropriately managed and controlled.

SR: [Governance – Risk Management](#)



Recommended Disclosure	Disclosure Summary & Commentary	Links to more information
c. Integration of climate-related risks into overall risk management	<ul style="list-style-type: none"> Enterprise risks are typically identified and updated in the Risk Register through continuous inputs by risk owners or broader stakeholder groups such as Indigenous communities, industry associations, certification bodies and customers. Specifically, climate-related risks and opportunities are part of our overall risk management and include both physical and transition risks. 	SR: Governance – Risk Management
Thematic Area: Metrics and Targets		
a. Metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process	<ul style="list-style-type: none"> Canfor uses key metrics to measure climate-related impacts, incentivize strong performance and disclose progress over time. We measure and disclose performance metrics related to water, energy, sustainable forestry, greenhouse gas emissions, and waste across our operations. See relevant section and/or metrics table for historical and current performance metrics. We consider the impact of the evolving policy and regulatory landscape, including regulated carbon prices, in select strategy and planning processes (e.g., Canada’s current and projected carbon pricing and the impact on energy costs). We are continually working to leverage key metrics to measure, drive and disclose our performance. To do so, we will continue to explore opportunities to establish metrics to integrate climate-related issues into our remuneration policies and incentives supporting the transition to a low-carbon economy (such as an internal carbon price), as well as develop industry-specific metrics to provide additional insight into our performance. Our salaried employees are eligible for a short-term incentive plan that provides rewards based on Canfor’s organizational performance. There are two components to this plan: financial and business results. Business results consider sustainability performance by reporting on metrics related to diversity and inclusion, health and safety and the environment. Under the executive short-term incentive plan, sustainability-specific objectives fall under the Safety and the Strategy Execution components. These components cover workplace safety, employee health and wellness, inclusion and diversity, employee experience and engagement, training and development, and the environment. 	SR: Water Management section SR: Energy Management section SR: Sustainable Forestry section SR: Waste Management section SR: Climate Change section – GHG inventory SR: Performance at a Glance SR: Governance – Risk Management
b. Scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks	<ul style="list-style-type: none"> Canfor developed a baseline inventory of its scope 1 and 2 GHG emissions in 2020 and report on our scope 1 and 2 emissions annually. Canfor has calculated scope 3 emissions for 2022 which will be the baseline year for our target. We are investigating opportunities to collaborate across our supply chain and meaningfully track our scope 3 emissions. Canfor measures and reports GHG emissions in line with the GHG protocol. We have engaged KPMG LLP as an independent third party to provide limited assurance over our GHG emissions. See page 136 for their assurance reports over our scope 1 and 2 GHG emissions for 2023 and scope 3 GHG emissions for 2022, and our website for the assurance reports over our baseline scope 1 and 2 GHG emissions for 2020. 	SR: Climate Change section SR: Performance at a Glance SR: Independent Practitioner’s Limited Assurance Reports
c. Targets used to manage climate-related risks and opportunities and performance against targets	<ul style="list-style-type: none"> Canfor’s long-term goal is to become a net-zero carbon company by 2050 through practising climate-smart forest management, producing sustainable forest products and developing impactful partnerships. We are committed to the Science Based Targets initiative (SBTi) and have submitted our targets for SBTi validation in 2024. Our targets are to reduce our absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2020 baseline year. In 2024, we announced that we have set a scope 3 emissions target to reduce absolute scope 3 emissions by 25% by 2030 from a 2022 baseline year. 	SR: Performance at a Glance SR: Water Management section SR: Energy Management section SR: Sustainable Forestry section SR: Waste Management section SR: Climate Change section