

## C0. Introduction

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### C0.1

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**(C0.1) Give a general description and introduction to your organization.**

Canfor (CFP.TO) is a global leader in the manufacturing of low-carbon forest products including lumber, pulp, paper, wood pellets and green energy based in Vancouver, British Columbia (B.C.), Canada, with production facilities in Canada, the United States (U.S.), and Sweden. As of December 2022, our Canadian operations have 13 sawmills, four pulp mills, two pellet mills, one paper mill, one specialty lumber facility, and one green energy biomass cogeneration facility. Canfor's Canadian operations also includes a pulp research and design centre, a tree nursery and corporate head offices in Vancouver and Prince George, B.C. Canfor has a 54.8% interest in Canfor Pulp Products Inc. (CFX.TO), also referred to as "CPPI" or "Canfor Pulp", which is one of the largest global producers of NBSK pulp and a leading producer of high performance kraft paper. Our U.S. operations include 15 manufacturing facilities, one trucking fleet, and two corporate offices. In April 2022, we started construction of our new DeRidder sawmill in Louisiana. In Sweden, Canfor has a 70% interest in Vida Group, also referred to as "Vida". Our Swedish operations include 12 operating sawmills and 10 value-added facilities. As of December 31, 2022, Canfor employed 7,908 people, of which 1,196 are employed by CPPI.

Canfor embraces innovation in our industry and provides high quality products to markets around the world. With our dedicated employees, we demonstrate leading environmental practices and are committed to the communities which host our operations. Through our sawmills, 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 to supply low-carbon solutions. For more information go to our website at Canfor.com.

### C0.2

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**(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.**

**Reporting year**

**Start date**

January 1 2022

**End date**

December 31 2022

**Indicate if you are providing emissions data for past reporting years**

Yes

**Select the number of past reporting years you will be providing Scope 1 emissions data for**

2 years

**Select the number of past reporting years you will be providing Scope 2 emissions data for**

2 years

**Select the number of past reporting years you will be providing Scope 3 emissions data for**

1 year

### C0.3

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**(C0.3) Select the countries/areas in which you operate.**

Canada

Sweden

United States of America

### C0.4

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**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

CAD

### C0.5

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**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

C-AC0.6/C-FB0.6/C-PF0.6

**(C-AC0.6/C-FB0.6/C-PF0.6) Are emissions from agricultural/forestry, processing/manufacturing, distribution activities or emissions from the consumption of your products – whether in your direct operations or in other parts of your value chain – relevant to your current CDP climate change disclosure?**

	Relevance
Agriculture/Forestry	Elsewhere in the value chain only [Agriculture/Forestry/processing/manufacturing/Distribution only]
Processing/Manufacturing	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Distribution	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Consumption	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]

C-AC0.6b/C-FB0.6b/C-PF0.6b

**(C-AC0.6b/C-FB0.6b/C-PF0.6b) Why are emissions from agricultural/forestry activities undertaken on your own land not relevant to your current CDP climate change disclosure?**

Row 1

**Primary reason**

Other, please specify (We do not own forest land in North America and Sweden but we do manage forests in Canada. )

**Please explain**

Canfor does not directly own any forest land. We do manage forests in Canada through our long-term tenure agreements on publicly owned land, which are third-party (independent) certified. In the U.S., we do not manage forest lands directly, but deliver on our commitment to sustainable forestry through our certified fibre-sourcing practices. Having independent forest certifications assures our customers that they are buying products from forests managed to comprehensive environmental, social, and economic standards. In Sweden, the raw materials used in Vida’s sawmills are supplied through Vida Forest, which buys, harvests and transports forest products. The suppliers are smaller private forest owners, large organizations or forestry companies. Vida Forest buys the harvesting rights for trees cut under its own management and delivers timber that forest owners cut themselves.

Harvesting operations are conducted by third-party contractors and these emissions are captured in our Scope 3 data. We also have not quantified emissions associated with emissions from land sector and removals as there is not consistent quantification guidance for our industry. In September 2022, the GHG Protocol published a draft version of the Land Sector and Removals Guidance for how companies should account for and report emissions and removals from land management, land use change, biogenic products and related activities. We committed to participating in the pilot testing phase of this guidance development and will conclude pilot testing activities by Spring 2023. The GHG Protocol will continue to revise this guidance based on the feedback they received through the pilot tests. Canfor does not own any forestland and we are not currently reporting any land-based carbon emissions and removals within this report, but we will continue to monitor the evolving guidance and report relevant data when available. We believe it is important to quantify the positive impacts that sustainably managed forests have on the carbon cycle, and we endeavour to accurately share the complete impacts of the forest sector.

C-AC0.7/C-FB0.7/C-PF0.7

**(C-AC0.7/C-FB0.7/C-PF0.7) Which agricultural commodity(ies) that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.**

**Agricultural commodity**

Timber

**% of revenue dependent on this agricultural commodity**

More than 80%

**Produced or sourced**

Both

**Please explain**

Substantively all of Canfor’s revenues are derived from the sale of lumber, engineered wood and other lumber-related products, pulp, paper, residual fibre, logs, wood pellets and energy. To calculate this figure, we have considered all of our wood products and its associated revenue in the past financial year.

C0.8

**(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	CA1375761048
Yes, a Ticker symbol	CFP.TO
Yes, an ISIN code	CA1375842079
Yes, a Ticker symbol	CFX.TO

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual or committee	Responsibilities for climate-related issues
Board-level committee	The Joint Governance and Sustainability Committee 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.
Board-level 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.
Board-level committee	The Joint Audit Committee is responsible for ensuring that we have appropriate risk management processes in place and that we 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 provides oversight of Environment, Social, Governance (ESG) related risks, including climate-related risks, which are integrated into our enterprise risk management processes.
Board-level committee	The process for determination of compensation of the Company's Directors and senior officers is overseen by the Joint Management Resources and Compensation Committee (MRCC). Management works with MRCC to develop and implement performance-based plan design. The MRCC has the mandate of submitting for approval to the Board of Directors its recommendations of compensation levels for senior executives. This includes review, approve and adopt performance-based plan design (referred to as Executive Short Term Incentive Plan), which includes financial, safety and strategy execution components. The strategy execution components incorporate progress against certain key priorities such as Environment, Social and Governance ("ESG"), People, Customer Experience and Digital Transformation. ESG includes climate change-related targets.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Overseeing and guiding employee incentives Reviewing and guiding strategy Monitoring progress towards corporate targets Reviewing and guiding the risk management process	<Not Applicable>	<p>The Canfor and Canfor Pulp Boards meet quarterly and are updated on sustainability- and climate-related topics. This includes a review of our sustainability scorecard, which reports on progress towards achieving our targets for each material topic. The Canfor and Canfor Pulp Boards govern sustainability- and climate related topics through the following joint Board committees.</p> <p>The Joint Governance and Sustainability Committee 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 and regulatory landscape. Management regularly informs the committee on sustainability activities and external developments. They are also responsible for approving the annual Sustainability Report. At all meetings, management reports to the Joint Governance and Sustainability Committee on our climate change strategy. They review performance objectives, monitor progress towards corporate targets and guides strategy around our sustainability targets which includes climate change targets.</p> <p>The Joint Audit Committee is responsible for ensuring that we have appropriate risk management processes in place and that we 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 provides oversight of risks related to ESG issues, including climate-related risks, which are integrated into our enterprise risk management processes. They approve and appoints the nature and scope of external auditors for financial statements and greenhouse gas emissions assurance engagements. At all meetings, management reports to the Audit Committee on our sustainability reporting disclosures related to climate change and review and guide our risk management process.</p> <p>The Joint Management Resources and Compensation Committee (MRCC) oversees and guides employee incentives and review, approve and adopt the performance-based plan design (Executive Short Term Incentive Plan), which includes climate.</p> <p>The Joint Environmental, Health and Safety Committee is responsible for matters related to environmental, health and safety laws and regulations and our Indigenous Engagement Strategy.</p>

C1.1d

**(C1.1d) Does your organization have at least one board member with competence on climate-related issues?**

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	The Governance and Sustainability Committee undertakes assessments of the size, composition, and effectiveness of not only the Board's Committees, but also of the Board as a whole. The Governance and Sustainability Committee's annual assessments include consideration of the key skills, experience, and competencies (such as strategic experience and leadership, financial acumen, international experience and industry or relevant knowledge) for Board and Committee membership, as well as other relevant factors such as diversity, cross or interlocking directorships and directorship terms, and the impact of service as directors of other public companies. These key skills, experiences, and competencies include environmental issues such as climate change, forest-related and water-related issues. The Board evaluates its performance through a formal annual review process based on individual Director questionnaires, the contents of which are summarized and evaluated by the Governance and Sustainability Committee and then discussed at a meeting of the full Board, or by the Chairman interviewing each Director on Board effectiveness and reporting the results to the Board. This formal evaluation process is used not only to better assess the effectiveness and composition of the Board but also to engage Board members further in the business and emphasize the Company's strategic decision-making processes. The Governance and Sustainability Committee also reviews attendance by individual members at Committee and Board meetings. The Governance and Sustainability Committee consults with the Company's CEO regarding periodic assessments of the relationship between management and the Board, and after such reviews advises the Board of its findings.	<Not Applicable>	<Not Applicable>

**C1.2**

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

**Position or committee**

Chief Executive Officer (CEO)

**Climate-related responsibilities of this position**

Managing climate-related risks and opportunities

**Coverage of responsibilities**

<Not Applicable>

**Reporting line**

Reports to the board directly

**Frequency of reporting to the board on climate-related issues via this reporting line**

Quarterly

**Please explain**

Our President and CEO for Canfor; President and CEO for Canfor Pulp; CEO for VIDA Group, holds ultimate accountability for successful sustainability performance for each respective company.

**Position or committee**

Chief Financial Officer (CFO)

**Climate-related responsibilities of this position**

Assessing climate-related risks and opportunities  
Managing climate-related risks and opportunities

**Coverage of responsibilities**

<Not Applicable>

**Reporting line**

Other, please specify (The CFO & SVP, Sustainability, reports to the CEO and regularly reports to the Joint Governance and Sustainability Committee and the Board.)

**Frequency of reporting to the board on climate-related issues via this reporting line**

Quarterly

**Please explain**

This role is responsible for providing overall direction for the sustainability strategy and integration into the corporate strategy. This role also oversees the development and execution of the sustainability strategy and disclosure across the business.

**Position or committee**

Other, please specify (Director, Environment and Sustainability)

**Climate-related responsibilities of this position**

Assessing climate-related risks and opportunities  
Managing climate-related risks and opportunities

**Coverage of responsibilities**

<Not Applicable>

**Reporting line**

Other, please specify (The Director, Environment & Sustainability reports to the CFO & SVP, Sustainability and informs the Board on ESG matters.)

**Frequency of reporting to the board on climate-related issues via this reporting line**

Quarterly

**Please explain**

This role is responsible for the development of the overall sustainability program, sustainability strategy, which includes establishing the goals, targets and key performance indicators (KPIs), and to report on ESG disclosures. This role is also responsible for monitoring performance of the business against the sustainability strategy and managing the budget and resources for the sustainability program. The Director also facilitates the Sustainability Working Group.

**Position or committee**

Other, please specify (Climate Change and Carbon Manager)

**Climate-related responsibilities of this position**

Assessing climate-related risks and opportunities  
Managing climate-related risks and opportunities

**Coverage of responsibilities**

<Not Applicable>

**Reporting line**

Other, please specify (The Manager, Climate Change and Carbon, reports to Director, Environment & Sustainability.)

**Frequency of reporting to the board on climate-related issues via this reporting line**

Quarterly

**Please explain**

The Manager of Climate Change and Carbon supports Canfor's ongoing journey towards achieving net-zero emissions. The Manager is supporting Canfor's decarbonization planning initiatives which includes assessing and managing climate-related risks and opportunities, manages the corporate GHG inventory, and is overseeing the development of climate change and carbon emissions-related goals.

**Position or committee**

Other, please specify (General Manager, Strategy, Energy, Sustainability)

**Climate-related responsibilities of this position**

Assessing climate-related risks and opportunities  
Managing climate-related risks and opportunities

**Coverage of responsibilities**

<Not Applicable>

**Reporting line**

Other, please specify (This General Manager, Strategy, Energy, Sustainability reports to our President and CEO for Canfor Pulp.)

**Frequency of reporting to the board on climate-related issues via this reporting line**

Quarterly

**Please explain**

This role supports for the development of the sustainability strategy, which includes establishing the goals, targets and key performance indicators (KPIs) specifically for Canfor Pulp.

**C1.3**

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	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 climate change, inclusion and diversity, health and safety, and the environment. Under the executive short-term incentive plan, sustainability-specific objectives fall under the Safety and Strategy Execution components. These components cover climate change, workplace safety, employee health and wellness, inclusion and diversity, employee experience and engagement, training and development, and the environment.

**C1.3a**

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

**Entitled to incentive**

Corporate executive team

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

**Performance indicator(s)**

Progress towards a climate-related target  
Increased engagement with customers on climate-related issues

**Incentive plan(s) this incentive is linked to**

Short-Term Incentive Plan

**Further details of incentive(s)**

The Executive-STIP is based on four elements (Base Salary, Incentive Target, the Business Component and Individual Performance), which are collectively considered the performance drivers, expressed as a percentage of base salary earnings, where the actual payouts will depend on the results achieved at the end of the calendar year.

It is calculated based on base salary earnings x incentive targets x (financial+safety+strategy execution components) x individual performance.

The Financial performance component is based on Return on Invested Capital ("ROIC") results. Strategy Execution incorporates progress against certain key strategic priorities such as Environment, Social and Governance ("ESG"), People, Customer Experience and Digital Transformation.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

Under the executive short-term incentive plan, sustainability-specific objectives fall under the Safety and Strategy Execution components. These components cover climate change, workplace safety, employee health and wellness, inclusion and diversity, employee experience and engagement, training and development, and the environment.

Climate change related targets are regularly monitored and reported on to the Board, driving accountability and ensuring continued support of climate related goals and targets.

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**C2. Risks and opportunities**

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**C2.1**

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**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

**C2.1a**

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**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	0	5	<p>Our organization defines short-, medium-, long-term time horizons for climate related emission reduction opportunities based on our decarbonization road map. In 2021, we developed a decarbonization road map as part of our overall climate change strategy. The road map demonstrates a pathway for us to achieve our ambitious scope 1 and 2 science-based targets and long-term net-zero ambition. We started by reviewing our baseline carbon inventory and establishing a forecast of projected future emissions associated with our operations. We convened a Working Committee from across our North American business units to consider emission reductions that are already planned or forecasted, or future potential emission reduction projects with available data. Projects were identified by the Energy and Environment Managers, Strategic Capital, Woodlands and Supply Chain teams. We then analyzed this portfolio of carbon abatement projects from across our operations and modelled the potential carbon emissions reductions achievable over time. Finally, we used this analysis to inform the development of a decarbonization road map to enable us to achieve our targeted carbon emissions reductions over the short term (2020 to 2025), medium term (2025 to 2030) and long term (2030 to 2050). This included estimates of capital expenditures required over the course of the decarbonization journey, as well as expected operational costs and cost savings. Note, although time horizon for long-term is noted to be 10-30 years relative to 2020 and our net zero target strategy is for 2050, our strategy considers the climate-change risks, opportunities, impacts could have impacts beyond 2050.</p> <p>As part of our continued journey towards a low-carbon future, we are working to bolster the processes and time horizons used to assess climate-related issues and their potential impact on the business.</p> <p>We may update these time frames over the course of climate strategy development.</p>
Medium-term	5	10	<p>Our organization defines short-, medium-, long-term time horizons for climate related emission reduction opportunities based on our decarbonization road map. In 2021, we developed a decarbonization road map as part of our overall climate change strategy. The road map demonstrates a pathway for us to achieve our ambitious scope 1 and 2 science-based targets and long-term net-zero ambition. We started by reviewing our baseline carbon inventory and establishing a forecast of projected future emissions associated with our operations. We convened a Working Committee from across our North American business units to consider emission reductions that are already planned or forecasted, or future potential emission reduction projects with available data. Projects were identified by the Energy and Environment Managers, Strategic Capital, Woodlands and Supply Chain teams. We then analyzed this portfolio of carbon abatement projects from across our operations and modelled the potential carbon emissions reductions achievable over time. Finally, we used this analysis to inform the development of a decarbonization road map to enable us to achieve our targeted carbon emissions reductions over the short term (2020 to 2025), medium term (2025 to 2030) and long term (2030 to 2050). This included estimates of capital expenditures required over the course of the decarbonization journey, as well as expected operational costs and cost savings. Note, although time horizon for long-term is noted to be 10-30 years relative to 2020 and our net zero target strategy is for 2050, our strategy considers the climate-change risks, opportunities, impacts could have impacts beyond 2050.</p> <p>As part of our continued journey towards a low-carbon future, we are working to bolster the processes and time horizons used to assess climate-related issues and their potential impact on the business.</p> <p>We may update these time frames over the course of climate strategy development.</p>
Long-term	10	30	<p>Our organization defines short-, medium-, long-term time horizons for climate related emission reduction opportunities based on our decarbonization road map. In 2021, we developed a decarbonization road map as part of our overall climate change strategy. The road map demonstrates a pathway for us to achieve our ambitious scope 1 and 2 science-based targets and long-term net-zero ambition. We started by reviewing our baseline carbon inventory and establishing a forecast of projected future emissions associated with our operations. We convened a Working Committee from across our North American business units to consider emission reductions that are already planned or forecasted, or future potential emission reduction projects with available data. Projects were identified by the Energy and Environment Managers, Strategic Capital, Woodlands and Supply Chain teams. We then analyzed this portfolio of carbon abatement projects from across our operations and modelled the potential carbon emissions reductions achievable over time. Finally, we used this analysis to inform the development of a decarbonization road map to enable us to achieve our targeted carbon emissions reductions over the short term (2020 to 2025), medium term (2025 to 2030) and long term (2030 to 2050). This included estimates of capital expenditures required over the course of the decarbonization journey, as well as expected operational costs and cost savings. Note, although time horizon for long-term is noted to be 10-30 years relative to 2020 and our net zero target strategy is for 2050, our strategy considers the climate-change risks, opportunities, impacts could have impacts beyond 2050.</p> <p>As part of our continued journey towards a low-carbon future, we are working to bolster the processes and time horizons used to assess climate-related issues and their potential impact on the business.</p> <p>We may update these time frames over the course of climate strategy development.</p>

**C2.1b**

**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

Canfor leverages its Enterprise Risk Management (ERM) processes to identify, assess and manage enterprise risks. 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.

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. The potential impact of a risk is assessed on three criteria: likelihood, consequence, and velocity. This allows treatment strategies to be determined and prioritized. Risk ratings are recorded in the ERM Risk Registry, which is updated and reviewed annually with the executive management committee and relevant board-level committees.

Our enterprise risk management risk register evaluates 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.

**C2.2**

**(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

**Value chain stage(s) covered**

Direct operations  
Upstream  
Downstream

**Risk management process**

Integrated into multi-disciplinary company-wide risk management process

**Frequency of assessment**

More than once a year

**Time horizon(s) covered**

Short-term  
Medium-term  
Long-term

**Description of process**

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. 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. 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 Joint Audit Committee to ensure risks are appropriately managed and controlled.

**C2.2a**

**(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Canfor recognizes there are transition risks associated with climate change. These include changes in laws, regulations and industry standards associated with climate change. Canfor monitors all regulatory changes to assess their impact on operations including any climate-related regulations. Canfor considers adaptation and mitigation strategies to manage and reduce greenhouse gas emissions and is evaluating and refining our decarbonization roadmap.
Emerging regulation	Relevant, always included	Canfor recognizes there are transition risks associated with climate change. These include changes in laws, regulations and industry standards associated with climate change. Canfor monitors all regulatory changes to assess their impact on operations including any climate-related regulations. Specifically, Canfor is monitoring operating costs including the impact of carbon tax and related increase to fuel price, considering energy and emissions data into our capital planning process including developing an internal price of carbon, and actively monitoring government regulations.
Technology	Relevant, always included	We evaluate information technology and cyber threat risks at the enterprise level. As part of Canfor's ongoing work to strengthen our approach to risk management, we will review technology risks and its impact on climate-related risks within our enterprise risk identification and assessment processes. The Company considers adaptation and mitigation strategies to manage and reduce greenhouse gas emissions and is in the process of establishing a decarbonization roadmap. However, there is no guarantee that these efforts will be effective, and these risks may lead to increased capital expenditures or payment of carbon taxes or other events that could adversely affect operations or financial condition.
Legal	Relevant, always included	Canfor is subject to a wide range of general and industry-specific laws and regulations relating to protection of the environment. There are also transition risks associated with climate change. These include changes in laws, regulations and industry standards associated with climate change. Canfor monitors all regulatory changes to assess their impact on operations including any climate-related regulations. Canfor considers adaptation and mitigation strategies to manage and reduce greenhouse gas emissions and is evaluating and refining our decarbonization roadmap.
Market	Relevant, always included	Canfor is exposed to commodity price risk principally related to the sale of lumber and related products, pulp and paper.
Reputation	Relevant, always included	Canfor's operations are subject to 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, earthquakes, timber diseases and insect infestations. These events could damage or destroy Canfor's operating facilities, adversely affect Canfor's timber supply or result in reduced transportation availability. These events could have similar effect on the facilities of Canfor's 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. The Company believes there are reasonable insurance arrangements in place to cover certain outcomes of such incidents; however, there is no guarantee that these arrangements will fully protect the Company against such losses. As is common practice in the industry, the Company does not insure loss of standing timber for any cause.
Acute physical	Relevant, always included	Canfor's operations are subject to risks and opportunities related to climate change. These risks include, but are not limited to, chronic and acute physical risks such as the increasing frequency and severity of weather conditions, forest fires, hurricanes, earthquakes and timber diseases and insect infestations. These events could damage or destroy Canfor's operating facilities, adversely affect Canfor's timber supply or result in reduced transportation availability. These events could have similar effect on the facilities of Canfor's suppliers and customers. Any of the damage caused by these events could increase costs and decrease production capacity at Canfor's operations having an adverse effect on Canfor's financial results.
Chronic physical	Relevant, always included	Canfor's operations are facilities, adversely affect Canfor's timber supply or result in reduced transportation availability. These events could have similar effect on the facilities of the Canfor's suppliers and customers. Any damage caused could increase costs and decrease Canfor's production capacity, thereby having an adverse effect on Canfor's financial results. The Company believes there are reasonable insurance arrangements in place to cover certain outcomes of such incidents; however, there is no guarantee that these arrangements will fully protect the Company against such losses. As is common practice in the industry, the Company does not insure loss of standing timber for any cause, subject to chronic physical risks resulting from brought on by both natural and human-made disasters, including long-term changes to weather patterns. These events could damage or destroy Canfor's operating

**C2.3**

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

No



C2.3b

**(C2.3b) Why do you not consider your organization to be exposed to climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

	Primary reason	Please explain
Row 1	Evaluation in process	As part of Canfor's ongoing work to strengthen our approach to risk management, climate-related risks are identified in our Enterprise Risk identification and assessment processes. We have not disclosed specific risks yet as we are undergoing work to expand the quantification of climate-related risks within our enterprise risk identification and assessment processes.  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.

C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**  
No

C2.4b

**(C2.4b) Why do you not consider your organization to have climate-related opportunities?**

	Primary reason	Please explain
Row 1	Evaluation in progress	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. We are in process of evaluating specific climate-related opportunities identified in the development of our decarbonization road map aims to improve efficiency and realize operational savings over the medium and long term. Also, there may be 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. Overall, the evaluation for specific opportunities is in progress.

C3. Business Strategy

C3.1

**(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?**

Row 1

**Climate transition plan**

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a climate transition plan within two years

**Publicly available climate transition plan**

<Not Applicable>

**Mechanism by which feedback is collected from shareholders on your climate transition plan**

<Not Applicable>

**Description of feedback mechanism**

<Not Applicable>

**Frequency of feedback collection**

<Not Applicable>

**Attach any relevant documents which detail your climate transition plan (optional)**

<Not Applicable>

**Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future**

We are currently in the process of developing a detailed transition plan and will report progress in future years.

**Explain why climate-related risks and opportunities have not influenced your strategy**

<Not Applicable>

C3.2

**(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	No, but we anticipate using qualitative and/or quantitative analysis in the next two years	Other, please specify (Evaluation in progress)	We are currently assessing how to apply climate-related scenario analysis to inform our strategy. As part of our sustainable forestry and climate change strategy, and in accordance with SFI Climate Smart Forestry requirements, we have completed climate change vulnerability assessments with core teams in three Canadian Woodlands operating areas: Fort St. John, B.C.; Chetwynd, B.C.; and Grande Prairie, Alberta. This is foundational in our management risks and opportunities presented by climate change. It is also the beginning of our plans to conduct scenario analysis across our entire business. In this assessment, we reviewed forest management plans and practices to identify climate-based physical risks in these regions. For example, extreme weather events can lead to wildfire or flooding, and temperature fluctuations can impact the timely ability to harvest and haul wood due to lack of freezing and snowpack, which means soils and roads cannot support heavy equipment. In 2021, a vulnerability analysis was performed to review our existing procedures for addressing physical climate risks and vulnerabilities at different locations under current and future conditions. The outcomes were then ranked for severity and impact of risks and uncertainties. The project also generated an inventory of potential adaptations to address the priority vulnerabilities identified in each operating area. The vulnerability assessments and inventory of adaptations will be extended to Canfor's remaining Woodlands operations in 2023. Ongoing monitoring processes will be implemented to assess the efficacy of responses to current and future risks. This work assessment considers the impacts on our forest ecosystem, land, water, and socio-economic and cultural conditions. It also explores the implications of an RCP 8.5 warming scenario <sup>1</sup> to assist with preparing for severe outcomes. The time horizons reviewed include present day to the year 2039, 2040 to 2069, and 2070 to 2099. 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.

**C3.3**

**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	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. In 2020, Canfor established our Bio-Innovation team, to explore long-term economic growth through diversification of sustainable products and lower-impact business solutions. This includes opportunities in the areas of biofuels, biochemicals and biomaterials. The team assesses potential opportunities across the spectrum, from proof-of-concept to commercialization to implementation. New bioproducts will be designed and developed that meet customer needs and societal expectations around sustainability and renewable materials.  Canfor continues to make advances in bio-innovation through our joint venture, Arbios Biotech, with technology pioneer Licella Holdings. The Arbios Biotech partnership leverages the strengths and capabilities of both companies to convert wood residues and other biomass into renewable biofuels and biochemicals.
Supply chain and/or value chain	Evaluation in progress	Evaluation is in progress on how we can collaborate with our suppliers to refine our Scope 3 inventory and better understand our value chain impacts. Companies, governments and individuals all have a role to play in slowing climate change. By working collaboratively with our Indigenous partners, customers, contractors, and external suppliers, there is so much we can learn and so much we can contribute. Many of our partners are on a similar journey to reduce carbon emissions. We can build on our collective efforts and continue to challenge one another to reach higher targets. This will lead to new innovation and meaningful reductions in carbon emissions. We are investigating opportunities to collaborate across our supply chain and meaningfully track our scope 3 emissions. In 2022, we committed to setting a science-based reduction target (aligned to SBTi) for scope 3 emissions by 2024. We continue to refine our scope 3 data collection and calculations processes based on engagement with our value chain.
Investment in R&D	Yes	Canfor continues to make advances in bio-innovation through our joint venture, Arbios Biotech, with technology pioneer Licella Holdings. This partnership leverages the strengths and capabilities of both companies to convert wood residues and other biomass into renewable biofuels and biochemicals. Arbios Biotech blends Licella's pioneering approach with Canfor's broad business expertise, and the two companies share a strong commitment to reducing carbon emissions and helping to mitigate climate change. The Arbios Biotech program continued to advance in 2022. In 2021, Arbios Biotech and Shell Catalysts & Technologies (SC&T) formed a new global alliance aiming to link Shell technology with the Licella platform and give Arbios Biotech the capability to upgrade sawmill residuals such as hog fuel to biofuels and biochemicals. When successful, this will allow Canfor to upgrade a low-value residual into a future carbon solution.  Our Bio-Innovation team explores the opportunities for sustainable products and lower-impact business solutions, including biofuels, biochemicals and other biomaterials. The team assesses potential opportunities of new products that meet customer needs and societal expectations around sustainability and renewable materials, from proof-of-concept studies to commercialization and implementation. Bio-Innovation is currently investigating the economic viability and commercial attractiveness of two bioproducts – lignin and its derivatives, and biocomposite materials – as near-term opportunities. A feasibility analysis for extracting lignin from black liquor and using it to make value-added products such as bioadhesives is being conducted. Lignin based adhesive can be used in a wide range of wood products, including particle boards, plywood and fibreboard. Bioadhesive presents a desirable product for customers seeking out alternatives to traditional wood adhesives, as it doesn't contain formaldehyde, isocyanate or other harsh chemicals. Another near-term opportunity we are exploring is biocomposite. We conducted a proof-of-concept study and successfully compounded residuals (sawdust, shavings and pulp) with thermoplastic polymers to create a biocomposite material that can be an alternative to plastics. This biomaterial has a wide range of applications in different sectors including, construction and building, consumer products and automotive.
Operations	Yes	Canfor has a long history of addressing climate change through sustainably managed forests and producing renewable products that store carbon. And now we are taking meaningful steps towards a net-zero carbon world. The opportunities identified in the development of our decarbonization road map to improve efficiency and realize operational savings over the medium and long term. We are redesigning our processes to reduce our footprint and unlock new levels of innovation. In doing so, we continue to push ourselves and other organizations who are further down the path towards net-zero and aim to inspire those who are at the trailhead.

**C3.4**

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs Indirect costs Capital expenditures Capital allocation	In 2022, Canfor set a climate change goal to become a net-zero carbon company by 2050 and committed to investing at least \$250 million in decarbonization projects. 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 form the basis for further climate scenario analyses planned in the coming year. 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 and 2 GHG emissions to measure performance towards our climate change targets. We have also performed an initial estimate of 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 into 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.

**C3.5**

**(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?**

	Identification of spending/revenue that is aligned with your organization's climate transition	Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy
Row 1	No, and we do not plan to in the next two years	<Not Applicable>

**C4. Targets and performance**

**C4.1**

**(C4.1) Did you have an emissions target that was active in the reporting year?**

Absolute target

**C4.1a**

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

**Target reference number**

Abs 1

**Is this a science-based target?**

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

**Target ambition**

1.5°C aligned

**Year target was set**

2022

**Target coverage**

Company-wide

**Scope(s)**

Scope 1

Scope 2

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

<Not Applicable>

**Base year**

2020

**Base year Scope 1 emissions covered by target (metric tons CO2e)**

717555

**Base year Scope 2 emissions covered by target (metric tons CO2e)**

154049

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Base year total Scope 3 emissions covered by target (metric tons CO2e)**

<Not Applicable>

**Total base year emissions covered by target in all selected Scopes (metric tons CO2e)**

871604

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**

100

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**

100

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1:**

**Purchased goods and services (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)**

<Not Applicable>

**Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)**

<Not Applicable>

**Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**

<Not Applicable>

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**

100

**Target year**

2030

**Targeted reduction from base year (%)**

42

**Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]**

505530.32

**Scope 1 emissions in reporting year covered by target (metric tons CO2e)**

719465

**Scope 2 emissions in reporting year covered by target (metric tons CO2e)**

132076

**Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)**

<Not Applicable>

**Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)**

851541

**Does this target cover any land-related emissions?**

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

**% of target achieved relative to base year [auto-calculated]**

5.48059068327447

**Target status in reporting year**

New

**Please explain target coverage and identify any exclusions**

The target covers 100% of scope 1 and 2 emissions.

**Plan for achieving target, and progress made to the end of the reporting year**

We have a comprehensive plan that will reduce our absolute scope 1 and 2 carbon emissions by 42% by 2030 from a 2020 baseline year. We will also measure our scope 3 emissions and establish a science-based reduction target by 2024. Canfor has committed to set near- and long-term companywide emission reductions in line with science-based net-zero with the Science Based Targets initiative (SBTi). Canfor has responded to the SBTi's urgent call for corporate climate action by committing to align with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign. We will undergo validation with the SBTi within the next two years. To achieve our decarbonization targets, we will invest at least \$250 million in carbon reduction projects across our business by 2030.

**List the emissions reduction initiatives which contributed most to achieving this target**

<Not Applicable>

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## C4.2

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Net-zero target(s)

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## C4.2c

**(C4.2c) Provide details of your net-zero target(s).**

**Target reference number**

NZ1

**Target coverage**

Company-wide

**Absolute/intensity emission target(s) linked to this net-zero target**

Abs1

**Target year for achieving net zero**

2050

**Is this a science-based target?**

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

**Please explain target coverage and identify any exclusions**

The target coverage is specific to Canfor Corporation and its subsidiaries that are under operational control.

**Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?**

Unsure

**Planned milestones and/or near-term investments for neutralization at target year**

<Not Applicable>

**Planned actions to mitigate emissions beyond your value chain (optional)**

To achieve our decarbonization targets, we will invest at least \$250 million in carbon reduction projects across our business by 2030.

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**C4.3**

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

No

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**C4.3d**

**(C4.3d) Why did you not have any emissions reduction initiatives active during the reporting year?**

In 2021, we developed a decarbonization road map as part of the process of setting our climate change goal. The road map demonstrates a pathway for us to achieve our scope 1 and 2 science-based target and long-term net-zero ambition. We started by reviewing our baseline carbon inventory and establishing a forecast of projected future emissions associated with our operations. We convened a Climate Change Working Committee from across our North American business units to consider emission reductions that were already planned or forecasted, and future potential emission reduction projects with available data. Projects were identified by the Energy and Environment Managers, Strategic Capital, Woodlands and Supply Chain teams. We then analysed this portfolio of carbon abatement projects from across our operations and modelled the potential carbon emissions reductions achievable over time. This portfolio considered projects in the short term (2020 to 2025), medium term (2025 to 2030) and long term (2030 to 2050). This included estimates of capital expenditures required over the course of the decarbonization journey, as well as expected operational costs and cost savings. Setting a goal to become a net-zero carbon company and establishing science-based targets reflect critical early steps in our transition to a low carbon economy. This goal-setting project, which documented many viable emission-reduction strategies across our organization, is a strong example of cross functional collaboration. In 2022, we built on the results of the decarbonization planning project by considering those projects in the context of our capital planning process: We are developing a process for considering emission impacts of potential projects within our capital planning teams; this includes raising awareness of where emissions are coming from so that projects can be evaluated appropriately; We have piloted a capital project GHG emissions calculator that allows the capital planning team to estimate the changes in emissions based on one or multiple scenarios; this calculator also allows us to consider the future cost of complying with carbon pricing regulations in jurisdictions where we operate that have a regulatory Framework; We are working on embedding this information in calculations of return on investments or return on invested capital and, eventually, how emission reductions data can be best used in the overall capital planning process. We are continuing to refine this process and planning to formalize an internal price on carbon in 2023. In 2022, we collaborated with our cross-functional Climate Change Working Committee with global representation from our pulp and wood products businesses to further develop Canfor's climate strategy. We will report on our progress in future reports.

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**C4.5**

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?**

No

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**C5. Emissions methodology**

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**C5.1**

**(C5.1) Is this your first year of reporting emissions data to CDP?**

No

C5.1a

**(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?**

**Row 1**

**Has there been a structural change?**

Yes, an acquisition

**Name of organization(s) acquired, divested from, or merged with**

Vida Group  
Miller Western Forest Products Ltd.

**Details of structural change(s), including completion dates**

Vida Group, located in Alvesta, Sweden includes 12 operating sawmills and 10 value-added facilities. The acquisition of Vida occurred on February 28, 2019. Our 2022 Sustainability Report is the first year that Vida Group's GHG emissions are being included.  
Miller Western's solid wood operations, located in Alberta, Canada includes two sawmills and one high-value specialty facility (Fox Creek, Spruceland, Whitecourt), which were acquired on March 1, 2022. They were also reported in our 2022 Sustainability Report.

C5.1b

**(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?**

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	No	<Not Applicable>

C5.1c

**(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?**

	Base year recalculation	Scope(s) recalculated	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Row 1	Yes	Scope 1 Scope 2, location-based Scope 2, market-based	Our base year 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.	Yes

C5.2

**(C5.2) Provide your base year and base year emissions.**

**Scope 1**

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

717555

**Comment**

Scope 1 emissions source categories include stationary combustion, mobile combustion, process emissions and fugitive emissions. Key sources of emissions include the combustion of natural gas for process heat, and the use of diesel and gasoline in heavy equipment and vehicles. Residual biomass is often used for process heat; per the current GHG Protocol, we report direct CO2 emissions associated with the combustion of biomass fuels separately from non-biogenic emissions reported in Scope 1. Note: Only the CH4 and N2O emissions associated with biomass combustion are included in our Scope 1 GHG emissions.

**Scope 2 (location-based)**

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

153740

**Comment**

Scope 2 (indirect) GHG emissions are emissions from the generation of purchased electricity and hot water consumed by Canfor. 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. Key sources of emissions include the use of grid electricity for process applications and lighting.



### Scope 2 (market-based)

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

154049

**Comment**

Scope 2 (indirect) GHG emissions are emissions from the generation of purchased electricity and hot water consumed by Canfor. Scope 2 emissions physically occur at the facility where electricity is generated. 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 U.S. 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. Canfor did not purchase Renewable Electricity Certificates (RECs) in 2020. Canfor Pulp generates and serializes RECs for sale on open exchanges.

### Scope 3 category 1: Purchased goods and services

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

1392000

**Comment**

This category was assessed in our initial calculations and was estimated and rounded to nearest thousand. The emissions in this category include emissions associated the production of purchased goods and services required by our business. A significant portion of this category accounts for the procurement of fibre by Canfor, including harvesting and transportation of logs to each facility, and from the processing and transportation of chips to the pulp mills. Activity data included fibre procurement volumes and total spend data, we quantified using spend-based methods.

### Scope 3 category 2: Capital goods

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

79000

**Comment**

This category was assessed in our initial calculations and was estimated and rounded to nearest thousand. It is noted to not be a material source of scope 3 emissions. Activity data was comprised of total capital spend data by business unit, we quantified using spend-based methods.

### Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

216000

**Comment**

This category was assessed in our initial calculations and was estimated and rounded to nearest thousand. It is noted to not be a material source of scope 3 emissions. Emissions in this category include the extraction, production and transportation of the energy used in Scope 1 and 2 calculations, and therefore the activity data is the same as Scope 1 and 2 above. We quantified using average data method.

### Scope 3 category 4: Upstream transportation and distribution

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

159000

**Comment**

This category was assessed in our initial calculations and was estimated and rounded to nearest thousand. It is noted to not be a material source of scope 3 emissions. Emissions from upstream transportation and distributions were estimated using a hybrid approach including upstream transportation distances and emission factors by vehicle type from the U.S. Lifecycle Inventory Database FY20.Q3, accessed through the NCASI Scope 3 Screening Tool. We quantified using distance-based method.

### Scope 3 category 5: Waste generated in operations

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

This category was assessed in our initial calculations and was estimated and rounded to nearest thousand. It is noted to not be a material source of scope 3 emissions.

### Scope 3 category 6: Business travel

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

6000

**Comment**

This category was assessed in our initial calculations and was estimated and rounded to nearest thousand. It is noted to not be a material source of scope 3 emissions. Activity data was comprised of aggregated trip-specific emissions data provided by Canfor's travel booking platform. We quantified using distance-based method.

### Scope 3 category 7: Employee commuting

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

11000

**Comment**

This category was assessed in our initial calculations and was estimated and rounded to nearest thousand. It is noted to not be a material source of scope 3 emissions. Estimations were necessary in this category due to privacy laws regarding the use of personal information. Activity data was comprised of total number of employees, and distances were estimate based on national average commuting distances and US EPA emission factors. We quantified using average data method.

### Scope 3 category 8: Upstream leased assets

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

This category was assessed in our initial calculations and was rounded to the nearest thousand. It is noted to not be a material source of scope 3 emissions. We quantified using average data method.

### Scope 3 category 9: Downstream transportation and distribution

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

875000

**Comment**

This category was assessed in our initial calculations and was estimated and rounded to nearest thousand. The emissions in this category include emissions from our finished products are transported around the world by truck, train and marine vessels, resulting in emissions from the combustion of fossil fuels. Emissions were estimated based on actual transportation distances for Canfor's products and transportation emission factors by vehicle type from the U.S. Lifecycle Inventory Database FY20.Q3, accessed through the NCASI Scope 3 Screening tool. We quantified using distance-based method.

### Scope 3 category 10: Processing of sold products

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

2452000

**Comment**

This category was assessed in our initial calculations and was estimated and rounded to nearest thousand. The emissions in this category include emissions resulting from further processing of our sold pulp and wood products into finished products. Emissions were estimated based on total quantities of each type of product sold and made use of emission factors accessed through the NCASI Scope 3 screening tool. We quantified using average data method.

### Scope 3 category 11: Use of sold products

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

This category is not considered applicable, our products generally do not emit emissions during use, emissions associated with our pulp and wood products are further processed and captured in category 10 and products that have an end of life of energy generation/incineration (e.g. pellets) are captured in category 12.

### Scope 3 category 12: End of life treatment of sold products

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

2039000

**Comment**

This category was assessed in our initial calculations and was estimated and rounded to nearest thousand. The emissions in this category include emissions associated with finished products reaching the end of life. They may further release GHG emissions into the atmosphere, depending on the method of disposal. Emissions were estimated based on total quantities of each type of product sold and made use of emission factors accessed through the NCASI Scope 3 screening tool. We quantified using waste-type specific method.

### Scope 3 category 13: Downstream leased assets

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Not applicable, we have no downstream leased assets.

### Scope 3 category 14: Franchises

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Not applicable, we have no franchises.

### Scope 3 category 15: Investments

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

16000

**Comment**

This category was assessed in our initial calculations and was estimated using Scope 1 and 2 emissions for our investment companies and rounded to the nearest thousands. It is noted to not be a material source of scope 3 emissions. This category was estimated based on an understanding of the businesses in which Canfor has an ownership stake but not operational control.

### Scope 3: Other (upstream)

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

No other sources of upstream emissions have been determined through our analysis

### Scope 3: Other (downstream)

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

No other sources of downstream emissions have been determined through our analysis

## C5.3

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**(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol: Scope 2 Guidance

The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

US EPA Emissions & Generation Resource Integrated Database (eGRID)

## C6. Emissions data

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### C6.1

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**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?****Reporting year****Gross global Scope 1 emissions (metric tons CO2e)**

719465

**Start date**

January 1 2022

**End date**

December 31 2022

**Comment**

Scope 1 emissions source categories include stationary combustion, mobile combustion, process emissions and fugitive emissions. Key sources of emissions include the combustion of natural gas for process heat, and the use of diesel and gasoline in heavy equipment and vehicles. Residual biomass is often used for process heat; per the current GHG Protocol, we report direct CO2 emissions associated with the combustion of biomass fuels separately from non-biogenic emissions reported in Scope 1. Note: Only the CH4 and N2O emissions associated with biomass combustion are included in our Scope 1 GHG emissions.

**Past year 1****Gross global Scope 1 emissions (metric tons CO2e)**

709385

**Start date**

January 1 2021

**End date**

December 31 2021

**Comment**

Scope 1 emissions source categories include stationary combustion, mobile combustion, process emissions and fugitive emissions. Key sources of emissions include the combustion of natural gas for process heat, and the use of diesel and gasoline in heavy equipment and vehicles. Residual biomass is often used for process heat; per the current GHG Protocol, we report direct CO2 emissions associated with the combustion of biomass fuels separately from non-biogenic emissions reported in Scope 1. Note: Only the CH4 and N2O emissions associated with biomass combustion are included in our Scope 1 GHG emissions.

**Past year 2****Gross global Scope 1 emissions (metric tons CO2e)**

717555

**Start date**

January 1 2020

**End date**

December 31 2020

**Comment**

Scope 1 emissions source categories include stationary combustion, mobile combustion, process emissions and fugitive emissions. Key sources of emissions include the combustion of natural gas for process heat, and the use of diesel and gasoline in heavy equipment and vehicles. Residual biomass is often used for process heat; per the current GHG Protocol, we report direct CO2 emissions associated with the combustion of biomass fuels separately from non-biogenic emissions reported in Scope 1. Note: Only the CH4 and N2O emissions associated with biomass combustion are included in our Scope 1 GHG emissions.

## C6.2

### (C6.2) Describe your organization's approach to reporting Scope 2 emissions.

#### Row 1

##### Scope 2, location-based

We are reporting a Scope 2, location-based figure

##### Scope 2, market-based

We are reporting a Scope 2, market-based figure

##### Comment

Scope 2 (indirect) GHG emissions are emissions from the generation of purchased electricity and hot water consumed by Canfor. Scope 2 emissions physically occur at the facility where electricity is generated. 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 U.S. 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. The difference between Canfor Pulp's scope 2 market-based and location-based emissions relates to the corresponding amount of renewable energy certificates sold to third parties.

## C6.3

### (C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO<sub>2</sub>e?

#### Reporting year

##### Scope 2, location-based

131627

##### Scope 2, market-based (if applicable)

132076

##### Start date

January 1 2022

##### End date

December 31 2022

##### Comment

Key sources of emissions include the use of grid electricity for process applications and lighting. Canfor sells renewable energy certificates and adds the equivalent amount of emissions based on the electrical grid where the renewable energy certificates sold to our scope 2 market-based emissions.

#### Past year 1

##### Scope 2, location-based

109480

##### Scope 2, market-based (if applicable)

109926

##### Start date

January 1 2021

##### End date

December 31 2021

##### Comment

Key sources of emissions include the use of grid electricity for process applications and lighting. Canfor sells renewable energy certificates and adds the equivalent amount of emissions based on the electrical grid where the renewable energy certificates sold to our scope 2 market-based emissions.

#### Past year 2

##### Scope 2, location-based

153740

##### Scope 2, market-based (if applicable)

154049

##### Start date

January 1 2020

##### End date

December 31 2020

##### Comment

Key sources of emissions include the use of grid electricity for process applications and lighting. Canfor sells renewable energy certificates and adds the equivalent amount of emissions based on the electrical grid where the renewable energy certificates sold to our scope 2 market-based emissions.

## C6.4

### (C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.****Purchased goods and services****Evaluation status**

Relevant, not yet calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

An estimation of scope 3 emissions was conducted of 2020 data to be 17% of total Scope 1,2,3 emissions. We are currently further refining our scope 3 quantification methodology to update our estimate for current reporting year. The emissions in this category include emissions associated the production of purchased goods and services required by our business. A significant portion of this category accounts for the procurement of fibre by Canfor, including harvesting and transportation of logs to each facility, and from the processing and transportation of chips to the pulp mills. Activity data included fibre procurement volumes and total spend data.

**Capital goods****Evaluation status**

Not relevant, explanation provided

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

An estimation of scope 3 emissions was conducted of 2020 data to be 1% of total Scope 1,2,3 emissions. This category was assessed in our initial materiality assessment calculation and was estimated to not be a material source (1%) of scope 3 emissions. Activity data was comprised of total capital spend data by business unit.

**Fuel-and-energy-related activities (not included in Scope 1 or 2)****Evaluation status**

Relevant, not yet calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

An estimation of scope 3 emissions was conducted of 2020 data to be 3% of total Scope 1,2,3 emissions. We are currently further refining our scope 3 quantification methodology to update our estimate for current reporting year. Emissions from upstream transportation and distributions were estimated using a hybrid approach including upstream transportation distances and emission factors by vehicle type from the U.S. Lifecycle Inventory Database FY20.Q3, accessed through the NCASI Scope 3 Screening Tool.

**Upstream transportation and distribution****Evaluation status**

Relevant, not yet calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

An estimation of scope 3 emissions was conducted of 2020 data to be 2% of total Scope 1,2,3 emissions. We are currently further refining our scope 3 quantification methodology to update our estimate for current reporting year. Emissions from upstream transportation and distributions were estimated using a hybrid approach including upstream transportation distances and emission factors by vehicle type from the U.S. Lifecycle Inventory Database FY20.Q3, accessed through the NCASI Scope 3 Screening Tool.

## Waste generated in operations

### Evaluation status

Not evaluated

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

This category was not assessed in our initial calculations as it was determined not to be a material source of scope 3 emissions.

## Business travel

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

An estimation of scope 3 emissions was conducted of 2020 data to be <1% of total Scope 1,2,3 emissions. This category was assessed in our initial materiality assessment calculations and was estimated to not be a material source (0.1%) of scope 3 emissions. Activity data was comprised of aggregated trip-specific emissions data provided by Canfor's travel booking platform.

## Employee commuting

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

An estimation of scope 3 emissions was conducted of 2020 data to be <1% of total Scope 1,2,3 emissions and therefore not relevant.

## Upstream leased assets

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

An estimation of scope 3 emissions was conducted of 2020 data to be <1% of total Scope 1,2,3 emissions and therefore not relevant.

## Downstream transportation and distribution

### Evaluation status

Relevant, not yet calculated

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

An estimation of scope 3 emissions was conducted of 2020 data to be 11% of total Scope 1,2,3 emissions. We are currently further refining our scope 3 quantification methodology to update our estimate for current reporting year. The emissions in this category include emissions from our finished products are transported around the world by truck, train and marine vessels, resulting in emissions from the combustion of fossil fuels. Emissions were estimated based on actual transportation distances for Canfor's products and transportation emission factors by vehicle type from the U.S. Lifecycle Inventory Database FY20.Q3, accessed through the NCASI Scope 3 Screening tool. However, scope 3 emissions were not recalculated for 2021.

## Processing of sold products

### Evaluation status

Relevant, not yet calculated

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

An estimation of scope 3 emissions was conducted of 2020 data to be 31% of total Scope 1,2,3 emissions. We are currently further refining our scope 3 quantification methodology to update our estimate for current reporting year. The emissions in this category include emissions resulting from further processing of our sold pulp and wood products into finished products. Emissions were estimated based on total quantities of each type of product sold and made use of emission factors accessed through the NCASI Scope 3 screening tool.

## Use of sold products

### Evaluation status

Relevant, not yet calculated

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

Our initial estimate considered Category 11 together with Category 10 and Category 12, our products generally do not emit emissions during use, emissions associated with our pulp and wood products are further processed and captured in category 10 and products that have an end of life of energy generation/incineration (e.g. pellets) are captured in category 12. An estimation of scope 3 emissions was conducted during 2021. We are currently further refining our scope 3 quantification methodology to update our estimate for current reporting year.

## End of life treatment of sold products

### Evaluation status

Relevant, not yet calculated

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

An estimation of scope 3 emissions was conducted of 2020 data to be 26% of total Scope 1,2,3 emissions. We are currently further refining our scope 3 quantification methodology to update our estimate for current reporting year.

The emissions in this category include emissions associated with finished products reaching the end of life. They may further release GHG emissions into the atmosphere, depending on the method of disposal. Emissions were estimated based on total quantities of each type of product sold and made use of emission factors accessed through the NCASI Scope 3 screening tool.

## Downstream leased assets

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

We do not have any downstream leased assets. Therefore, this category is not applicable.



## Franchises

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

We do not have any franchises. Therefore, this category is not applicable.

## Investments

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

An estimation of scope 3 emissions was conducted of 2020 data to be <1% of total Scope 1,2,3 emissions and therefore not relevant.

This category was estimated based on an understanding of the businesses in which Canfor has an ownership stake but not operational control. We are currently further refining our scope 3 quantification methodology to update our estimate for current reporting year.

## Other (upstream)

### Evaluation status

Not evaluated

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

No other upstream Scope 3 emissions identified at this time.

## Other (downstream)

### Evaluation status

Not evaluated

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

No other downstream Scope 3 emissions identified at this time.

C6.5a

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**(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.**

**Past year 1**

**Start date**

January 1 2020

**End date**

December 31 2020

**Scope 3: Purchased goods and services (metric tons CO2e)**

1392000

**Scope 3: Capital goods (metric tons CO2e)**

79000

**Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**

216000

**Scope 3: Upstream transportation and distribution (metric tons CO2e)**

159000

**Scope 3: Waste generated in operations (metric tons CO2e)**

0

**Scope 3: Business travel (metric tons CO2e)**

6000

**Scope 3: Employee commuting (metric tons CO2e)**

11000

**Scope 3: Upstream leased assets (metric tons CO2e)**

0

**Scope 3: Downstream transportation and distribution (metric tons CO2e)**

875000

**Scope 3: Processing of sold products (metric tons CO2e)**

2452000

**Scope 3: Use of sold products (metric tons CO2e)**

0

**Scope 3: End of life treatment of sold products (metric tons CO2e)**

2039000

**Scope 3: Downstream leased assets (metric tons CO2e)**

0

**Scope 3: Franchises (metric tons CO2e)**

0

**Scope 3: Investments (metric tons CO2e)**

16000

**Scope 3: Other (upstream) (metric tons CO2e)**

0

**Scope 3: Other (downstream) (metric tons CO2e)**

0

**Comment**

In 2021, we estimated our 2020 baseline scope 3 GHG emissions for all 15 categories using the Greenhouse Gas Protocol Scope 3 Guidance and resources from the National Council for Air and Stream Improvement. We estimated that our scope 3 emissions make up 91% of our total scope 1, 2 and 3 GHG emissions footprint. We are currently improving our Scope 3 quantification methodology and exploring reduction strategies for our material categories. We will develop a scope 3 reduction target (including a baseline) by 2024 in time for the SBTi target validation process.

**C-AC6.8/C-FB6.8/C-PF6.8**

**(C-AC6.8/C-FB6.8/C-PF6.8) Is biogenic carbon pertaining to your direct operations relevant to your current CDP climate change disclosure?**

Yes

**C-AC6.8a/C-FB6.8a/C-PF6.8a**

**(C-AC6.8a/C-FB6.8a/C-PF6.8a) Account for biogenic carbon data pertaining to your direct operations and identify any exclusions.**

**CO2 emissions from biofuel combustion (processing/manufacturing machinery)**

**Emissions (metric tons CO2)**

4570067

**Methodology**

Region-specific emissions factors

**Please explain**

Biogenic CO2 emissions result from the combustion of wood waste/hog fuel used for the generation of process heat, and from certain chemical reactions in the pulping process. Site-specific higher heating values or site-specific efficiency values are used where available. Regional emission factor values were applied in the GHG inventory.

**CO2 emissions from biofuel combustion (other)**

**Emissions (metric tons CO2)**

0

**Methodology**

Region-specific emissions factors

**Please explain**

Biogenic emissions are calculated as one value. The breakdown between biofuel combustion from processing/manufacturing machinery and other are calculated as one number presented in the processing/manufacturing machinery row. Canfor may look to calculate this breakdown in future years.

**C-AC6.9/C-FB6.9/C-PF6.9**

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**(C-AC6.9/C-FB6.9/C-PF6.9) Do you collect or calculate greenhouse gas emissions for each commodity reported as significant to your business in C-AC0.7/FB0.7/PF0.7?**

**Agricultural commodities**

Timber

**Do you collect or calculate GHG emissions for this commodity?**

No, not currently but intend to collect or calculate this data within the next two years

**Reporting emissions by**

<Not Applicable>

**Emissions (metric tons CO2e)**

<Not Applicable>

**Denominator: unit of production**

<Not Applicable>

**Change from last reporting year**

<Not Applicable>

**Please explain**

<Not Applicable>

**Explain why you do not calculate GHG emission for this commodity and your plans to do so in the future**

In September 2022, the GHG Protocol published a draft version of the Land Sector and Removals Guidance for how companies should account for and report emissions and removals from land management, land use change, biogenic products and related activities. We committed to participating in the pilot testing phase of this guidance development and concluded pilot testing activities by spring 2023. The GHG Protocol will continue to revise this guidance based on the feedback they received through the pilot tests. Canfor does not own any forestland and we are not currently reporting any land-based carbon emissions and removals within this report, but we will continue to monitor the evolving guidance and report relevant data when available. We believe it is important to quantify the positive impacts that sustainably managed forests have on the carbon cycle, and we endeavour to accurately share the complete impacts of the forest sector.

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**C6.10**

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**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

**Intensity figure**

0.00011466

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

851541

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

7426700000

**Scope 2 figure used**

Market-based

**% change from previous year**

0

**Direction of change**

No change

**Reason(s) for change**

Other, please specify

**Please explain**

This is the first year that we are reporting this figure. Intensity is based on gross global combined Scope 1 and 2 emissions in metric tonnes of CO2e divided by total revenue in dollars.

**C7. Emissions breakdowns**

**C7.1**

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

**C7.1a**

**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	628342.09	IPCC Sixth Assessment Report (AR6 - 100 year)
CH4	1085.34	IPCC Sixth Assessment Report (AR6 - 100 year)
N2O	218.61	IPCC Sixth Assessment Report (AR6 - 100 year)
HFCs	0.57	IPCC Sixth Assessment Report (AR6 - 100 year)

**C7.2**

**(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.**

Country/area/region	Scope 1 emissions (metric tons CO2e)
Canada	623092
United States of America	83463
Sweden	12910

**C7.3**

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By business division

**C7.3a**

**(C7.3a) Break down your total gross global Scope 1 emissions by business division.**

Business division	Scope 1 emissions (metric ton CO2e)
Wood Products Operations: Canada	124211
Wood Products Operations: U.S.	83463
Pulp Operations	498881
Vida Operations	12910

**C-AC7.4/C-FB7.4/C-PF7.4**

**(C-AC7.4/C-FB7.4/C-PF7.4) Do you include emissions pertaining to your business activity(ies) in your direct operations as part of your global gross Scope 1 figure?**

Yes

**C-AC7.4b/C-FB7.4b/C-PF7.4b**

**(C-AC7.4b/C-FB7.4b/C-PF7.4b) Report the Scope 1 emissions pertaining to your business activity(ies) and explain any exclusions. If applicable, disaggregate your agricultural/forestry by GHG emissions category.**

**Activity**

Processing/Manufacturing

**Emissions category**

<Not Applicable>

**Emissions (metric tons CO2e)**

688070

**Methodology**

Region-specific emissions factors

**Please explain**

Manufacturing scope 1 and 2 emissions from our consolidated Canfor operations only but excludes corporate office -related emissions and employee travel in company vehicles to travel between sites as it is not related to processing/manufacturing.

**Activity**

Distribution

**Emissions category**

<Not Applicable>

**Emissions (metric tons CO2e)**

25331

**Methodology**

Region-specific emissions factors

**Please explain**

Emissions associated with our New South Express fleet only which is in our operational control. All other transportation related emissions are reported as Scope 3.

**C7.5**

**(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.**

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Canada <i>Canfor sells renewable energy certificates (RECs) and adds the equivalent amount of emissions to determine market-based Scope 2 emissions. It is based on the electrical grid where RECs are sold.</i>	36935	36935
United States of America <i>Relates to our Canfor Southern Pine operations</i>	79620	80069
Sweden <i>Relates to our Vida Operations</i>	15072	15072

**C7.6**

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By business division

C7.6a

---

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Wood Products Operations: Canada	34811	34811
Wood Products Operations: U.S.	79620	80069
Pulp Operations	2124	2124
Vida operations	15072	15072

C7.7

---

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Yes

C7.7a

---

**(C7.7a) Break down your gross Scope 1 and Scope 2 emissions by subsidiary.**

**Subsidiary name**

Canfor Pulp Products Inc.

**Primary activity**

Pulp & paper mills

**Select the unique identifier(s) you are able to provide for this subsidiary**

ISIN code - equity

CUSIP number

Ticker symbol

SEDOL code

**ISIN code – bond**

<Not Applicable>

**ISIN code – equity**

CA1375842079

**CUSIP number**

137584207

**Ticker symbol**

CFXTO

**SEDOL code**

B63XT22

**LEI number**

<Not Applicable>

**Other unique identifier**

<Not Applicable>

**Scope 1 emissions (metric tons CO2e)**

498881

**Scope 2, location-based emissions (metric tons CO2e)**

2124

**Scope 2, market-based emissions (metric tons CO2e)**

2124

**Comment**

Canfor Corporation has 54.8% ownership in Canfor Pulp Products Inc.

---

**Subsidiary name**

Vida Group

**Primary activity**

Sawmills & wood materials

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

<Not Applicable>

**ISIN code – equity**

<Not Applicable>

**CUSIP number**

<Not Applicable>

**Ticker symbol**

<Not Applicable>

**SEDOL code**

<Not Applicable>

**LEI number**

<Not Applicable>

**Other unique identifier**

<Not Applicable>

**Scope 1 emissions (metric tons CO2e)**

12910

**Scope 2, location-based emissions (metric tons CO2e)**

15072

**Scope 2, market-based emissions (metric tons CO2e)**

15072

**Comment**

Canfor Corporation has 70% ownership in Vida Group ("Vida")

Vida is not a listed entity

## C7.9

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Increased

## C7.9a

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption		<Not Applicable>		
Other emissions reduction activities		<Not Applicable>		
Divestment		<Not Applicable>		
Acquisitions	77931	Increased	9.5	Emissions increased from 2021 primarily due to the inclusion of our three newly acquired Alberta sawmill facilities. We have not restated our 2021 figures to include these facilities although our 2020 baseline has been restated to include these facilities.
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology	10386	Decreased	1.3	Our 2022 emissions include the use of the most up to date emission factors. Emissions decreased due to improved grid electricity emission factors. The remaining balance for the change relates to various immaterial changes in our methodology and production impacts from curtailments, change in output and other emission reduction activities.
Change in boundary		<Not Applicable>		
Change in physical operating conditions	35315	Decreased	4.3	Emissions due to curtailments at our mills led to additional decreases.
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

Don't know

### C8.2



**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

**C8.2a**

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	Unable to confirm heating value	10847405	3284318	14131723
Consumption of purchased or acquired electricity	<Not Applicable>	684993	367303	1052296
Consumption of purchased or acquired heat	<Not Applicable>	45713	0	45713
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	11578111	3651621	15229732

**C8.2b**

**(C8.2b) Select the applications of your organization's consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

**C8.2c**

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

**Sustainable biomass**

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

10846192

**MWh fuel consumed for self-generation of electricity**

225977

**MWh fuel consumed for self-generation of heat**

9565231

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

1054984

**Comment**

Biomass (by-product from manufacturing process that is used for process heat and electricity), pulping liquor (by-product from the pulp mills used to generate electricity), crude tall oil (by-product that is recovered from pulping process that can be refined into biofuels), biodiesel and NCGs. Canfor holds 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 of our Canadian and U.S. Woodlands operations that procure wood fibre directly from public and privately owned forests, SFI Certified Sourcing for our U.S.-based manufacturing operations, Forest Stewardship Council (FSC) Forest Management and Chain of Custody certification at our woodlands and manufacturing operations in B.C.'s East Kootenay region and at our Whitecourt and Fox Creek operations in Alberta, Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody certification for our Canadian solid wood manufacturing operations, pellet plants, and pulp and paper mills, FSC Chain of Custody certification for our Canadian pulp and paper mills, 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, PEFC Forest Management certification for Vida Forests operations.

**Other biomass**

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

0

**Comment**

We do not distinguish between sustainable biomass and other biomass

**Other renewable fuels (e.g. renewable hydrogen)**

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

500

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

500

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

0

**Comment**

Renewable fuels related to biodiesel

**Coal**

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

0

**Comment**

N/A

**Oil**

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

382909

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

382909

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

0

**Comment**

N/A

**Gas**

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

2901408

**MWh fuel consumed for self-generation of electricity**

44019

**MWh fuel consumed for self-generation of heat**

2709124

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

148265

**Comment**

Natural gas (process heat), propane.

**Other non-renewable fuels (e.g. non-renewable hydrogen)**

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

0

**Comment**

N/A

**Total fuel**

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

14131010

**MWh fuel consumed for self-generation of electricity**

269996

**MWh fuel consumed for self-generation of heat**

12657765

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

1203249

**Comment**

The total MWh of fuel consumed by the organization differs from reported energy consumption in our Sustainability Report and Question C8.2a because 713 MWh due to non-condensable gases that is incinerated for destruction has not been categorized for this question.

**C8.2d**

**(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	789251	639588	666618	533203
Heat	11378994	11378994	9057855	9057855
Steam	0	0	0	0
Cooling	0	0	0	0

**C8.2e**

**(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.**

**Country/area of low-carbon energy consumption**

Canada

**Sourcing method**

Default delivered electricity from the grid (e.g. standard product offering by an energy supplier) from a grid that is 95% or more low-carbon and where there is no mechanism for specifically allocating low-carbon electricity

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

585100

**Tracking instrument used**

No instrument used

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Canada

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

<Not Applicable>

**Comment**

The electricity grid in BC has a high penetration of hydro power

**C8.2g**

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

**Country/area**

Canada

**Consumption of purchased electricity (MWh)**

643399

**Consumption of self-generated electricity (MWh)**

733578

**Is this electricity consumption excluded from your RE100 commitment?**

<Not Applicable>

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

2071769

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

3448746

---

**Country/area**

United States of America

**Consumption of purchased electricity (MWh)**

241066

**Consumption of self-generated electricity (MWh)**

0

**Is this electricity consumption excluded from your RE100 commitment?**

<Not Applicable>

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

2046426

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2287492

---

**Country/area**

Sweden

**Consumption of purchased electricity (MWh)**

164334

**Consumption of self-generated electricity (MWh)**

0

**Is this electricity consumption excluded from your RE100 commitment?**

<Not Applicable>

**Consumption of purchased heat, steam, and cooling (MWh)**

45713

**Consumption of self-generated heat, steam, and cooling (MWh)**

748411

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

958458

---

**Country/area**

Other, please specify (Corporate offices that are in North America and sales offices at international locations)

**Consumption of purchased electricity (MWh)**

3499

**Consumption of self-generated electricity (MWh)**

0

**Is this electricity consumption excluded from your RE100 commitment?**

<Not Applicable>

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

28829

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

32328

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C9. Additional metrics

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C9.1

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(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

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C10.1

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(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No third-party verification or assurance

C10.1a

---

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

Y

2022 Canfor Sustainability Report\_Final-1.pdf

2022 Canfor Sustainability Report.pdf

**Page/ section reference**

129-132

Independent Practitioner's Limited Assurance Report

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

---

C10.1b

---

**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

2022 Canfor Sustainability Report.pdf

**Page/ section reference**

129-132

Independent Practitioner's Limited Assurance Report

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

---

**Scope 2 approach**

Scope 2 market-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

2022 Canfor Sustainability Report.pdf

**Page/ section reference**

129-132

Independent Practitioner's Limited Assurance Report

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

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## C10.2

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**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

No, but we are actively considering verifying within the next two years

## C11. Carbon pricing

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### C11.1

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**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

### C11.1a

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**(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

Alberta TIER - ETS

BC carbon tax

Canada federal fuel charge

### C11.1b

---

(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.

**Alberta TIER - ETS**

**% of Scope 1 emissions covered by the ETS**

6

**% of Scope 2 emissions covered by the ETS**

0

**Period start date**

January 1 2022

**Period end date**

December 31 2022

**Allowances allocated**

**Allowances purchased**

**Verified Scope 1 emissions in metric tons CO<sub>2</sub>e**

77931

**Verified Scope 2 emissions in metric tons CO<sub>2</sub>e**

0

**Details of ownership**

Facilities we own and operate

**Comment**

N/A

C11.1c

---

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

**BC carbon tax**

**Period start date**

January 1 2022

**Period end date**

December 31 2022

**% of total Scope 1 emissions covered by tax**

50

**Total cost of tax paid**

25439597

**Comment**

This percentage has been estimated by considering the Canadian Scope 1 operations minus Alberta-based operations scope 1, as a proportion of total scope 1 emissions.

**Canada federal fuel charge**

**Period start date**

January 1 2022

**Period end date**

December 31 2022

**% of total Scope 1 emissions covered by tax**

2

**Total cost of tax paid**

536836

**Comment**

This percentage has been estimated by considering the Alberta-based operations scope 1, as a proportion of total scope 1 emissions. It excludes facilities that participate in the TIER program.

C11.1d

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**(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

Canfor's North American facilities are subject to various federal, provincial, state and local regulatory provisions regarding the reporting and treatment of carbon and other greenhouse gas ("GHG") emissions. For 2022, all of CPPI's pulp mills and one of the Company's sawmills reported GHG emissions under the British Columbia government's GHG reporting requirements which have been in place since 2009, and which have a reporting threshold of 10,000 tonnes of carbon dioxide equivalents per year ("CO2e"). Environment and Climate Change Canada ("ECCC") expanded the federal GHG reporting requirements in 2017, including the lowering of the federal reporting threshold from 50,000 tonnes to 10,000 tonnes of CO2e, but retaining the exclusion of CO2 emissions from the combustion of biomass or CO2 emissions from biomass decomposition. Canfor's Green Energy facility and three sawmills reported GHG emissions for the 2022 reporting year, having exceeded the Alberta reporting threshold in 2020 (10,000 tonnes CO2e). Canfor's biomass cogeneration facility in Alberta generated carbon offset credits through the Technology, Innovation, and Emissions Reduction Regulation (previously the Carbon Competitiveness Incentive Regulation). The offset project's registration was last renewed on January 1, 2018 and expires on December 31, 2022. While the majority of Canfor's Canadian sawmills' GHG emissions are currently below provincial and federal GHG regulation thresholds, all of Canfor's British Columbia operations are subject to the British Columbia carbon tax and one of Canfor's Alberta operations is subject to the Canada Federal Fuel Charge. Three of Canfor's Alberta facilities have opted into the Technology Innovation and Emissions Reduction (TIER) Regulation, Alberta's large emitter regulation. Compliance with TIER involves an annual true-up and verification process to determine each facility's compliance obligation or credit generation. Canfor is a participant in the carbon offset market in Alberta and British Columbia, selling offset credits from Canfor Green Energy in Grande Prairie and from several biomass heat energy system projects completed in British Columbia. In the United States, CSP's sawmills utilize Work Practice Standards with respect to Kiln Maximum Achievable Control Technology ("KMACT"). The US Environmental Protection Agency (the "EPA") welcomed industry suggestions on work practices for kilns that would allow mills to come up with Kiln Emissions Management Plans (KEMP) to minimize over-drying and control a rolling average for lumber moisture content specific to their operations. For CSP's kilns this can be accomplished through moisture and temperature control, as well as with charge management and consideration of kiln integrity and regular maintenance plans.

**C11.2**

**(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?**

No

**C11.3**

**(C11.3) Does your organization use an internal price on carbon?**

No, but we anticipate doing so in the next two years

**C12. Engagement**

**C12.1**

**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our customers/clients

**C12.1b**

**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

**Type of engagement & Details of engagement**

Education/information sharing	Share information about your products and relevant certification schemes (i.e. Energy STAR)
-------------------------------	---

**% of customers by number**

100

**% of customer - related Scope 3 emissions as reported in C6.5**

0

**Please explain the rationale for selecting this group of customers and scope of engagement**

We provide and share our climate and energy related data upon request by customers and through our Sustainability Report

**Impact of engagement, including measures of success**

It assists with quantification of our value chain partners' calculations and understanding their emissions.

**C12.2**

**(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?**

No, and we do not plan to introduce climate-related requirements within the next two years

**C12.3**

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**(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?**

**Row 1**

**External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

**Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?**

Yes

**Attach commitment or position statement(s)**

SBTi Science based targets commitment.pdf

**Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan**

Strategy for external engagement activities related to climate change are under development and engagement is overseen by Director of Environment and Sustainability to ensure consistency with our climate commitments. A comprehensive climate change strategy is under development.

**Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

<Not Applicable>

**Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

<Not Applicable>

## C12.3b

---

**(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.**

**Trade association**

Other, please specify (Alberta Forest Products Association)

**Is your organization's position on climate change policy consistent with theirs?**

Consistent

**Has your organization attempted to influence their position in the reporting year?**

Yes, we publicly promoted their current position

**Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position**

We have memberships with many industry associations for engagement and collaboration. A specific example of how our organization as engaged includes how we collaborated with members from Alberta Forest Products Association (AFPA) on the review engagement to provide feedback on the proposed TIER regulation. We collaborated with other member companies and supported AFPA's feedback on the TIER regulation as a cost competitive pricing mechanism.

**Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)**

472000

**Describe the aim of your organization's funding**

The amount paid to organization for the reporting year includes membership dues and project support.

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

---

## C12.4

**(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

2022 Canfor Sustainability Report.pdf

**Page/Section reference**

Page 58 for information on climate change  
Page 124 for TCFD Disclosure

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets  
Other metrics

**Comment**

Our Sustainability Report includes our response to TCFD recommendations in addition to hyperlinks to where it is further discussed in the report.

**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

2022 Canfor Annual Report.pdf

**Page/Section reference**

Page 49, 50 for Climate change risks, and governance  
Page 5, 18 for emission targets

**Content elements**

Governance  
Risks & opportunities  
Emission targets

**Comment**

Our Annual Report includes some information on climate change governance, risks, and emission targets.

**C12.5**

**(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.**

	Environmental collaborative framework, initiative and/or commitment	Describe your organization’s role within each framework, initiative and/or commitment
Row 1	World Business Council for Sustainable Development (WBCSD) Other, please specify (Greenhouse Gas Protocol and World Resources Institute (WRI))	We were a participant in the pilot testing phase of the GHG Protocol Land Sector and Removals Guidance from September 2022 – February 2023. During this pilot we reviewed the guidance documentation, provided comments, and submitted a sample GHG Inventory for review by the GHG Protocol Secretariat. The GHG Protocol will provide an updated version of the guidance by the end of 2023 that Canfor will review and comment on as appropriate

**C15. Biodiversity**

**C15.1**

**(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?**

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	<p>Management Roles: We have a habitat biologist who reports into our Manager of Biodiversity and Wildlife. They in turn report into our Chief Forester. Chief Forester reports into our VP Woodlands and Senior Vice President of Canadian Operations for our Canfor-managed forest is responsible for this as part of the Sustainable Forestry portfolio</p> <p>Sustainable Forestry - all forestry compliance related matters are reported into our Corporate Environmental Management Committee which advise the Board's Joint Environmental, Health and Safety Committee.</p> <p>Board level: The Joint Environmental Health &amp; Safety Committee at the Board and Joint Governance and Sustainability Committee would be in charge of biodiversity-related matters.</p>	<Not Applicable>

**C15.2**

**(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?**

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	<p>Commitment to not explore or develop in legally designated protected areas</p> <p>Commitment to respect legally designated protected areas</p> <p>Commitment to avoidance of negative impacts on threatened and protected species</p>	SDG

**C15.3**

**(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?**

**Impacts on biodiversity**

**Indicate whether your organization undertakes this type of assessment**

Yes

**Value chain stage(s) covered**

Upstream

**Portfolio activity**

<Not Applicable>

**Tools and methods to assess impacts and/or dependencies on biodiversity**

Other, please specify (Ecosystem-based approach with special consideration for species-at-risk)

**Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)**

We identify rare ecosystem types and either place these areas in reserves or remove them from planned cut-block boundaries. Rare ecosystems tend to have rare species associated with them, including small plants, lichens and invertebrates. These are not easily monitored, but we recognize that our efforts protect an important component of biodiversity. Our system tracks each species listed on provincial and federal species-at-risk lists in a detailed database. Our standard work procedures outline training requirements for employees and contractors, and guide actions upon encountering and managing for these species during the forestry planning phase and while conducting operations in the field. Our operating areas in B.C. and Alberta include the ranges occupied by 53 species, subspecies and designated populations listed on Schedule 1 of Canada's Species at Risk Act and/or included on the International Union for conservation of Nature's Red List of Threatened Species. This includes mammals, birds, amphibians, reptiles, fish, insects, plants, lichens, mosses and mollusks that may be affected by forestry activities. Forestry operations that create open areas in dense forest can create habitat for species such as the American badger, rufous hummingbird and common nighthawk. However, habitats for other species require special management. For example, the Rocky Mountain tailed frog and west slope cutthroat trout occupy small streams and require clear, cold running water. We implement best management practices to protect water quality for these and other species. We are working on improving our established species-at-risk management programs for key species across all tenured woodlands, and refining our detailed database on species at-risk that are directly and indirectly impacted by forestry operations within our operating area in Canada. Through this process, we will identify if there are any species with specific habitat needs that are not currently addressed by mitigative measures currently in place.

**Dependencies on biodiversity**

**Indicate whether your organization undertakes this type of assessment**

No and we don't plan to within the next two years

**Value chain stage(s) covered**

<Not Applicable>

**Portfolio activity**

<Not Applicable>

**Tools and methods to assess impacts and/or dependencies on biodiversity**

<Not Applicable>

**Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)**

<Not Applicable>

**C15.4**

**(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?**

Not assessed

**C15.5**

**(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?**

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Other, please specify (Our Canadian woodlands operations has a target to maintain biodiversity and habitat for wildlife by employing ecosystem-based management and collaborative partnerships, with consideration for species-at-risk. See page 70 of our Sustainability Report.)

**C15.6**

**(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?**

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	Other, please specify (Our biodiversity indicators track forest management certifications, implemented science-based sustainable forest management practices, and maintain biodiversity and habitat for wildlife, with special consideration for species-at risk.)

**C15.7**

**(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Impacts on biodiversity Details on biodiversity indicators Biodiversity strategy	Sustainable Forestry section starting on page 64. 2022 Canfor Sustainability Report.pdf

**C16. Signoff**

**C-FI**

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

Our base year methodology and additional GHG emissions information can be found <https://cdn.sanity.io/files/iu2i64ro/production/ced955f51d0bff017609ad833826b246d541b158.pdf>

**C16.1**

**(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	CFO and SVP of Sustainability	Chief Financial Officer (CFO)

**SC. Supply chain module**

Response limited to supply chain partner.

Response limited to supply chain partner.

Response limited to supply chain partner.

Response limited to supply chain partner.



Response limited to supply chain partner.

Submit your response

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**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

**Please confirm below**

I have read and accept the applicable Terms