

**CANFOR PULP PRODUCTS INC.**

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

To: The Common Shareholders of Canfor Pulp Products Inc.

Notice is hereby given that the Annual General Meeting (the “Meeting”) of the Common Shareholders of Canfor Pulp Products Inc. (the “Company”) will be held in a virtual-only format conducted via live audio webcast online at <https://web.lumiagm.com/233985869> on Tuesday, May 3, 2022 at 11:00 am for the following purposes:

1. To receive and consider the consolidated financial statements of the Company and its subsidiaries for the fiscal year ended December 31, 2021 and the report of the auditors thereon;
2. To fix the number of Directors of the Company;
3. To elect the Board of Directors of the Company for the ensuing year;
4. To appoint auditors for the ensuing year; and
5. To transact such other business as may properly come before the Meeting.

DATED at Vancouver, British Columbia this 16<sup>th</sup> day of March, 2022.

**By Order of the Board of Directors**

**David M. Calabrigo, QC**  
**Corporate Secretary**

An Information Circular accompanies this Notice of Annual General Meeting. The Information Circular contains details of matters to be considered at the Meeting. The Company’s Annual Report is available electronically on the Company’s website at [www.canfor.com/investor-relations/reports](http://www.canfor.com/investor-relations/reports) or upon request at [annualreport@canforpulp.com](mailto:annualreport@canforpulp.com). The Annual Report includes consolidated financial statements of the Company for the year ended December 31, 2021 and the auditors’ report thereon and the Management’s Discussion and Analysis of Financial Condition and Results of Operations of the Company.

**IMPORTANT NOTICE**

The Meeting is currently scheduled to take place in a virtual-only format conducted via live audio webcast online at <https://web.lumiagm.com/233985869>. As such, Common Shareholders will not be able to attend the Meeting in person and the Company strongly encourages all Common Shareholders who wish to attend and participate in the Meeting to carefully follow the procedures described in the accompanying Information Circular to ensure they can attend and participate in the Meeting virtually via live audio webcast online at <https://web.lumiagm.com/233985869>.

**A Common Shareholder who is unable to attend the virtual Meeting and who wishes to ensure that its shares will be voted at the virtual Meeting is requested to complete, date and sign the enclosed form of proxy and to deliver the form of proxy in accordance with the instructions set out in the form of proxy and the Information Circular.**

Following the virtual Meeting, a recorded copy of the webcast of the virtual Meeting will also be accessible on the Company's website at [www.canfor.com](http://www.canfor.com) until May 3, 2023.

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# CANFOR PULP PRODUCTS INC.

## INFORMATION CIRCULAR

Dated as of March 16, 2022  
(except as otherwise provided)

### IMPORTANT NOTICE

The Annual General Meeting (the “Meeting”) of the Common Shareholders (the “Shareholders” or the “Common Shareholders”) of Canfor Pulp Products Inc. (“CPPI” or the “Company”) is currently scheduled to take place in a virtual-only format conducted via live audio webcast online at <https://web.lumiagm.com/233985869> at the time set forth in the notice of the Meeting accompanying this Information Circular. As such, Shareholders will not be able to attend the Meeting in person and the Company strongly encourages all Shareholders who wish to attend and participate in the Meeting to carefully follow the procedures described in this Information Circular to ensure they can attend and participate in the Meeting virtually via live audio webcast online at <https://web.lumiagm.com/233985869>.

### SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation by the management of CPPI of proxies to be used at the Meeting of the Shareholders to be held virtually via live audio webcast online at <https://web.lumiagm.com/233985869> at the time and for the purposes set forth in the notice of the Meeting accompanying this Information Circular. The solicitation will be by mail. The cost of solicitation will be borne by the Company.

### RECORD DATE

The directors of the Company (the “Directors”) have fixed March 16, 2022 at the close of business as the record date for determining the names of Shareholders entitled to receive notice of the Meeting. Only Shareholders whose names have been entered in the applicable register of common shares of the Company (the “CPPI Shares”) at the close of business on March 16, 2022 as a holder of one or more CPPI Shares of the Company is entitled to attend and vote at the Meeting virtually or by proxy and in the event of a poll to cast one vote for each CPPI Share held.

### APPOINTMENT OF PROXYHOLDER AND REVOCATION OF PROXIES

Each of the persons named in the enclosed form of proxy is a Director or senior officer of the Company. **A Shareholder has the right to appoint a person (who need not be a shareholder) as its nominee to virtually attend and act for it and on its behalf at the Meeting other than the persons designated in the form of proxy accompanying this Information Circular. To exercise this right, a Shareholder may insert the name in full of its nominee in the blank space provided in the form of proxy and strike out the names of the persons now designated.** The proxy will not be valid unless the completed form of proxy is delivered to TSX Trust Company (“TSX”), Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1 or the Corporate Secretary of the Company, not less than twenty-four (24) hours (excluding Saturdays and holidays) before the time of the Meeting. A Shareholder who has given a proxy has the power to revoke it by a signed instrument in writing in the manner provided in the articles of the Company (the “Articles”) or in any other manner provided by law any time before it is exercised. The Articles of the Company provide that the revocation must be executed by the Shareholder or his/her legal representative or trustee in bankruptcy authorized in writing, or where the shareholder is a corporation, by a duly authorized representative of the corporation may be delivered to the registered office of the Company at any time up to and including the last business day preceding the Meeting.

Shareholders should note that if they participate and vote on any matter at the virtual Meeting, they will revoke any previously submitted proxy.

## **VOTING OF SHARES AND EXERCISE OF DISCRETION BY PROXYHOLDER**

The form of proxy accompanying this Information Circular confers discretionary authority upon the proxy nominees with respect to any amendments or variations to matters identified in the notice of the Meeting and any other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the notice of the Meeting and routine matters incidental to the conduct of the Meeting. In the event that any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their judgment of such business.

**On any ballot or poll, the CPPI Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder as specified in the proxy with respect to any matter to be acted on. If a choice is not so specified with respect to any such matter, the CPPI Shares represented by a proxy given to management are intended to be voted in favour of the resolutions referred to therein for setting the number of Directors at seven, for the nominees of management for election as Directors and for the appointment of KPMG LLP as auditors.**

Registered Shareholders hold shares in the records of the Company in their own names and can vote by attending and voting those shares at the Meeting or by appointing a proxy holder as described above.

## **VOTING BY REGISTERED AND NON-REGISTERED SHAREHOLDERS AT THE VIRTUAL MEETING**

**Please carefully review and follow the voting instructions below based on whether you are a “Registered Shareholder” or “Non-Registered Shareholder” of the Company.**

These securityholder materials are being sent to both registered (“Registered Shareholders”) and non-registered owners (“Non-Registered Shareholders”) of the Company’s securities. Only Registered Shareholders or duly appointed proxyholders are permitted to vote at the virtual Meeting.

Non-Registered Shareholders do not hold CPPI Shares in their own names in the records of the Company. Such CPPI Shares will usually be held in the name of an intermediary (for example, a bank, a trustee, a broker or an investment dealer) or in the name of a clearing agency of which the intermediary is a participant.

In Canada, all the CPPI Shares held through intermediaries are registered under the name of CDS & Co. (the registration name for the Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). A Non-Registered Shareholder which receives these meeting materials from their intermediary must complete and return the voting materials in accordance with the instructions provided by their intermediary as to how to vote the CPPI Shares held by them. If a Non-Registered Shareholder does not complete and return the materials in accordance with these instructions, it may lose the right to vote at the virtual Meeting, either virtually or by proxy. Non-Registered Shareholders who have questions or concerns regarding any of these procedures should contact their intermediary directly.

If you are a Non-Registered Shareholder, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Although Non-Registered Shareholders may not be recognized directly at the virtual Meeting for the purposes of voting CPPI Shares registered in the name of their intermediary, a Non-Registered Shareholder may attend the virtual Meeting as proxyholder for the registered shareholder and vote the CPPI Shares in that capacity by indicating as such in completing the materials in accordance with the voting instructions.

### **Instructions on voting at the meeting:**

Registered Shareholders and duly appointed proxyholders will be able to attend the virtual Meeting and vote in real time, provided they are connected to the internet and follow the instructions in this Information Circular. Non-

Registered Shareholders who have not duly appointed themselves as proxyholder will be able to attend the virtual Meeting as guests but will not be able to vote at the virtual Meeting.

Shareholders who wish to appoint a person other than the management nominees identified in the form of proxy or voting instruction form (“VIF”) (including a Non-Registered Shareholder who wishes to appoint themselves as proxyholder to attend the virtual Meeting) must carefully follow the instructions in this Information Circular and on their form of proxy or VIF. These instructions include the additional step of registering such proxyholder with our transfer agent, TSX, after submitting the form of proxy or VIF. Failure to register the proxyholder with our transfer agent will result in the proxyholder not receiving a control number to participate in the virtual Meeting and only being able to attend as a guest. Guests will be able to listen to the virtual Meeting but will not be able to vote.

### **How to vote:**

You have two ways to vote your CPPI Shares:

1. By submitting your proxy or VIF as per instructions indicated; or
2. During the Meeting by online ballot through the live webcast platform at <https://web.lumiagm.com/233985869>.

Registered Shareholders and duly appointed proxyholders (including Non-Registered Shareholders who have duly appointed themselves as proxyholder) that attend the Meeting online will be able to vote by completing a ballot online during the Meeting through the live webcast platform.

Guests (including Non-Registered Shareholders who have not duly appointed themselves as proxyholder) can log into the Meeting as set out below. Guests will be able to listen to the Meeting but will not be able to vote during the Meeting.

**Step 1:** Log in online at <https://web.lumiagm.com/233985869>.

**Step 2:** Follow these instructions:

- **Registered Shareholders:** Click “I have a control number” and then enter your control number and password “canfor2022” (case sensitive). The control number located on the form of proxy accompanying this Information Circular is your control number. If you use your control number to log in to the virtual Meeting, any vote you cast at the virtual Meeting will revoke any proxy you previously submitted. If you do not wish revoke a previously submitted proxy, you should not vote during the virtual Meeting.
- **Duly appointed proxyholders:** Click “I have a control number” and then enter your control number and password “canfor2022” (case sensitive). Proxyholders who have been duly appointed and registered with TSX as described in this Information Circular will receive a control number by email from TSX after the proxy voting deadline has passed.
- **Guests:** Click “Guest” and then complete the online form.

**It is your responsibility to ensure internet connectivity for the duration of the virtual Meeting and you should allow ample time to log in to the Meeting online before it begins.**

### **Non-Registered Shareholders/Appointees obtaining a control number to vote during the virtual Meeting:**

You must complete the additional step of registering the proxyholder by calling TSX at 1-866-751-6315 (within North America) or 1 (212) 235-5754 (outside of North America) or by completing an electronic form at <https://www.tsxtrust.com/control-number-request> by no later than 11:30 a.m. (Pacific Time) on May 2, 2022.

**Failing to register your proxyholder online will result in the proxyholder not receiving a control number, which is required to vote at the virtual Meeting. Non-Registered Shareholders who have not duly appointed themselves as proxyholder and registered with TSX in accordance with the instructions in this Information Circular will not be able to vote at the virtual Meeting but will be able to participate as a guest.**

## **HOW TO PARTICIPATE IN AND ASK QUESTIONS AT THE MEETING**

Registered Shareholders and proxyholders (including Non-Registered Shareholders who have duly appointed themselves as proxyholder) who attend the Meeting virtually and have properly followed the instructions in this Information Circular to participate and vote virtually at the Meeting will have an opportunity to participate in

discussions and ask questions at the Meeting during any discussion or question period. Should any such Shareholder or proxyholder wish to engage in a discussion or ask a question, the Shareholder or proxyholder should select the messaging icon and type the comment or question within the chat box at the bottom of the messaging screen and click the arrow button to submit the comment or question to the Chair of the Meeting. All submitted comments and questions will be reviewed by the Company through the Lumi virtual meeting platform before being sent to the Chair of the Meeting. Comments and questions can be submitted at any time during any discussion or question period during the Meeting up until the Chair of the Meeting closes such discussion or question period. It is anticipated that Shareholders will have substantially the same opportunity to engage in discussions and ask questions on matters of business before the Meeting as in past years when the annual meeting of Shareholders was held in person, provided that such Shareholders have properly followed the instructions in this Information Circular to participate in the virtual Meeting and remain connected to the internet at all relevant times.

## **TECHNICAL ASSISTANCE**

Shareholders with questions regarding the virtual meeting platform or requiring assistance accessing the Meeting website should visit the provider's website at <https://go.lumiglobal.com/faq> for additional information. Furthermore, should a Shareholder wish to speak with a Lumi representative, both a live chat service and a contact ticket system are available through the website above.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

As at March 16, 2022, the Company has outstanding and entitled to be voted at the virtual Meeting, 65,233,559 CPPI Shares, with each CPPI Share carrying the right to one vote. To the knowledge of the Directors and executive officers of the Company, no person or company owns beneficially, directly or indirectly, or exercises control or direction over, CPPI Shares carrying more than 10% of the voting rights attached to the issued and outstanding CPPI Shares other than as follows:

1. CDS & Co., as the sole registered Shareholder of 65,233,559 CPPI Shares, representing 100% of the total number of issued CPPI Shares. Other than as disclosed herein, the Company has no knowledge as to the beneficial holders of the CPPI Shares held by CDS & Co. which are 10% or more of the outstanding CPPI Shares.
2. Canadian Forest Products Ltd. ("CFP"), which owns 35,776,483 CPPI Shares representing 54.8% of the issued and outstanding CPPI Shares.<sup>(1)</sup>

*Note:*

<sup>(1)</sup> CFP is a wholly-owned subsidiary of Canfor Corporation ("Canfor") and James Pattison owns beneficially and/or exercises control or direction over a majority of Canfor's voting securities directly and through corporations wholly owned by him.

The Company's normal course issuer bid expired on March 6, 2020 and was not renewed. For additional information regarding the Company's normal course issuer bids, see the section of the Company's Annual Information Form dated March 1, 2022 entitled "Business of CPPI – Significant Events – Normal Course Issuer Bid."

## **RECORDED AUDIO WEBCAST OF MEETING**

Following the virtual Meeting, a recorded copy of the webcast of the virtual Meeting will also be accessible on the Company's website at [www.canfor.com](http://www.canfor.com) until May 3, 2023.

## **SETTING NUMBER OF DIRECTORS**

The size of the Board of Directors of the Company (the "Board") is currently seven, six of whom were appointed at the Company's Annual General Meeting in 2021. Pursuant to the Articles of the Company, the Company intends to set the number of Directors of the Company at seven and will ask the Common Shareholders to approve an ordinary resolution setting the number of Directors at seven at the Meeting.

## **ELECTION OF DIRECTORS**

The persons named in the enclosed form of proxy intend, unless otherwise directed, to vote for the election of a Board composed of the seven nominees in the list that follows. All of the nominees are currently Directors of the Company. If any of the nominees for election do not stand for re-election or are unable to serve, proxies may be voted for a smaller Board at the discretion of the proxy nominee.

All Directors elected at the Meeting will hold office until the next annual general meeting of Shareholders or until their successors are duly elected or appointed. The Board proposes to nominate for election as Directors at the Meeting the persons listed in the following table. All proposed nominees have consented to be named in this Information Circular and to serve as Directors, if elected.

The following table sets forth the name, province and country of residence, and principal occupation for each proposed nominee for election as Director, including their principal occupations during the past five years. In addition, the table shows the date on which each proposed nominee first became Director of the Company (or its predecessor) and the number of CPPI Shares, beneficially owned, controlled or directed, directly or indirectly, by any proposed nominee and their associates or affiliates as of March 16, 2022. A record of attendance at meetings of the Board and its committees during the twelve months ended December 31, 2021 is also noted below.



**The Honourable John R. Baird**

Toronto, Ontario  
Canada

Age: 52  
Director of the Company since 2016

Independent

*Key areas of expertise:*

- Business Management
- Foreign Affairs
- Government Relations
- Financial
- Risk Management

Mr. Baird is the Chair of the Board of the Company and is also a Director and Chair of Canfor.

Mr. Baird is the former Canadian Minister of Foreign Affairs. He is a Senior Advisor to various enterprises and a former Senior Cabinet Minister in the Government of Canada. An instrumental figure in bilateral trade and investment relationships, Mr. Baird has played a leading role in the Canada-China dialogue and worked to build ties with countries comprising the Association of Southeast Asian Nations (ASEAN). In addition, Mr. Baird has worked closely with international leaders to strengthen security and economic ties with the United States and Middle Eastern countries.

A native of Ottawa, Mr. Baird spent three terms as a Member of Parliament and four years as Minister of Foreign Affairs. He also served as President of the Treasury Board, Minister of the Environment, Minister of Transport and Infrastructure, and Leader of the Government in the House of Commons. In 2010, he was selected by MPs from all parties as Parliamentarian of the Year. Prior to entering federal politics, Mr. Baird spent ten years in the Ontario Legislature where he served as Minister of Community and Social Services, Minister of Energy, and Government House Leader.

Currently, Mr. Baird serves as a Senior Business Advisor with Bennett Jones LLP, a premier Canadian law firm. In addition, Mr. Baird sits on the advisory board of Barrick Gold Corp., the corporate boards of Canadian Pacific Railway Company, Canadian Pacific Railway Limited, the FWD Group (former ING Insurance Asia), PineBridge Investments (former AIG Investments), and Osisko Gold Royalties Ltd. He also serves as a Senior Advisor at Eurasia Group, a global political risk consultancy.

Mr. Baird also volunteers his time with Community Living Ontario, an organization that supports individuals with developmental disabilities, the Prince's Charities, the charitable office of His Royal Highness The Prince of Wales, and is a board member of the Friends of Israel Initiative. He holds an Honours Bachelor of Arts in Political Studies and an Honorary Doctor of Laws from Queen's University at Kingston.

*Other public company board/committee memberships in the past five years:*

- Canfor (2016 – present)
- Canadian Pacific Railway Company (2015 – present)
- Canadian Pacific Railway Limited (2015 – present)
- Osisko Gold Royalties Ltd. (2020 – present)

<b>Overall Attendance: 100%</b>		
<b>Board/Committee Membership<sup>1</sup></b>	<b>Attendance at Regular Meetings</b>	
Board Chair*	5/5	
<b>Securities Held</b>		
	March 16, 2022	March 23, 2021
CPPI Shares <sup>6</sup>	2,000	2,000



**Stan E. Bracken-Horrocks, FCA**

Kelowna, British Columbia  
Canada

Age: 78  
Director of the Company since 2010

Independent

*Key areas of expertise:*

- Business Management
- Compensation
- Financial
- Risk Management

Mr. Bracken-Horrocks is a retired partner of PricewaterhouseCoopers LLP.

Mr. Bracken-Horrocks has been a Director of the Company since 2010 (and its predecessor since 2006). Mr. Bracken-Horrocks held various leadership positions during his career with PricewaterhouseCoopers LLP, including Global Leader of its Forest and Paper Industry practice. As a member of the Canadian Institute of Chartered Accountants, Mr. Bracken-Horrocks served as a member of the Board of Governors and a member of the Accounting Standards Committee and, as a member of the Institute of Chartered Accountants of British Columbia, he served as a member of council, Vice-President and President. Mr. Bracken-Horrocks is a former director and Chairman of the Audit Committee of the Business Development Bank of Canada.

*Other public company board memberships in the past five years:*

- None

<b>Overall Attendance: 100%</b>		
<b>Board/Committee Membership<sup>1</sup></b>	<b>Attendance at Regular Meetings</b>	
Board	5/5	
Audit - Chair	5/5	
Joint Governance and Sustainability	3/3	
<b>Securities Held</b>		
	March 16, 2022	March 23, 2021
CPPI Shares <sup>6</sup>	10,000	10,000



**Dieter W. Jentsch**

King City, Ontario  
Canada

Age: 62  
Director of the Company since 2020

Independent

*Key areas of expertise:*

- Risk Management
- Finance
- Business Management
- Operations
- Compensation
- International Markets

Mr. Jentsch is a senior executive and career banker in both Canadian, USA and International markets.

Mr. Jentsch had a 35 year career at Scotiabank holding numerous senior roles. In addition, to being part of the Bank's Operating Committee, he was Group Head of Global Banking and Markets (2016-2018) and Group Head of International Banking (2012-2016). Other prior roles included Executive Vice President Latin America and Executive Vice President Canadian Commercial Banking. Mr. Jentsch holds a Bachelor of Science degree in Agriculture and a Master of Business Administration degree. He holds a diploma from the Advanced Management Programme from the European Institute of Business (INSEAD) as well as a diploma from the University of Toronto Rotman-ICD Directors Education Program.

*Other public company board/committee memberships in the past five years:*

- Aimia Inc. (June 2019 – February 2020)
- Canfor Corporation (2020 – present)
- Mineros S.A. (April 2020 - present)

<b>Overall Attendance: 100%</b>		
<b>Board/Committee Membership</b>	<b>Attendance at Regular Meetings</b>	
Board	5/5	
Audit	5/5	
Joint Capital Expenditure	4/5 <sup>(4)</sup>	
<b>Securities Held</b>		
	March 16, 2022	March 23, 2021
CPPI Shares <sup>6</sup>	NIL	NIL



**Donald B. Kayne**

Delta, British Columbia  
Canada

Age: 64  
Director of the Company since 2017

Non-Independent<sup>2</sup>

*Key areas of expertise:*

- Business Management
- Marketing
- Operations
- Government Relations
- Risk Management

Mr. Kayne is the President and CEO of Canfor and the CEO of CPPI. He is a Director of Canfor and CPPI. He is a Director and past Chairman of the Forest Products Association of Canada and current Chairman of the Council of Forest Industries, a past Director of the Alberta Forest Products Association, a Director the BC Lumber Trade Council and Director of Vida, AB (“Vida”). In 2014, he was appointed to the bi-national Softwood Lumber Board and is past Vice Chairman and Chairman of the Programs Committee. He is also a Director of Cameco Corporation and Chairman of Human Resources and Compensation Committee, Director of Sustainable Forest Initiative (SFI), Director of Learning Tree Canada and current Chairman of the charitable organization, Educating Girls of Rural China Foundation, which works to transform the lives of women and communities in rural areas of western China by providing access to education.

Mr. Kayne was appointed President and CEO of Canfor on May 5, 2011. He was additionally appointed CEO of CPPI on September 30, 2012. He has spent his entire career at Canfor, starting out as a regional sales representative in 1979. He is motivated by what lays ahead for the forest sector as the global population and demand for sustainable, renewable products grows. Prior to being appointed CEO, he spent 10 years as Canfor’s Vice President of Sales and Marketing and is one of the lead architects of Asian market development for British Columbia lumber. Mr. Kayne’s work growing markets for Canfor’s products around the world has provided him with deep connections to markets and customers in every region they serve.

*Other public company board/committee memberships in the past five years:*

- Canfor (2017 – present)
- Cameco Corporation (2016 – present)

<b>Overall Attendance: 100%</b>		
<b>Board/Committee Membership<sup>1</sup></b>	<b>Attendance at Regular Meetings</b>	
Board	5/5	
<b>Securities Held</b>		
	March 16, 2022	March 23, 2021
CPPI Shares <sup>6</sup>	4,398	4,398



**Conrad A. Pinette**

Vancouver, British Columbia  
Canada

Age: 82  
Director of the Company since 2012

Independent

*Key areas of expertise:*

- Business Management
- Compensation
- Operations
- Governance
- Risk Management

Mr. Pinette's work in the Canadian forest industry began 56 years ago as an owner and President of a family lumber business, Pinette & Therrien Mills Ltd. Mr. Pinette has also served as Executive Vice President, Tolko Industries Ltd. (2005), Executive Vice President, Riverside Forest Products Limited (2004) and served as President and Chief Operating Officer of Lignum Limited from January 1990 to April 2004. Mr. Pinette is the former Chairman of Finning International Inc. and a former Director of Gold Canyon Resources Inc., TimberWest Forest Corp, Northgate Minerals Corporation, A&W Revenue Royalties Income Fund, Finning International Inc. and the British Columbia Business Council. Mr. Pinette is currently a member and Chairman of the Vancouver General Hospital and University of British Columbia Prostate Advisory Board.

Mr. Pinette was the Chair of the Board of Canfor and Canfor Pulp from August 4, 2017 until April 29, 2021.

*Other public company board/committee memberships in the past five years:*

- Canfor (2008 – present)

<b>Overall Attendance: 100%</b>		
<b>Board/Committee Membership<sup>1</sup></b>	<b>Attendance at Regular Meetings</b>	
Board	5/5	
Audit	4/5 <sup>(4)</sup>	
Joint Capital Expenditure	4/5 <sup>(4)</sup>	
<b>Securities Held</b>		
	March 16, 2022	March 23, 2021
CPPI Shares <sup>6</sup>	10,000	10,000



**William W. Stinson**

Vancouver, British Columbia  
Canada

Age: 88  
Director of the Company since 2012

Independent

*Key areas of expertise:*

- Business Management
- Compensation
- Operations
- Risk Management

Mr. Stinson is the Chairman and CEO of Westshore Terminals Investment Corporation, a coal export terminal company.

Mr. Stinson is a Director of CPPI. Mr. Stinson spent the majority of his business career with Canadian Pacific Ltd., retiring as Chairman and CEO in 1996 after 11 years in that position. He has served on a wide variety of boards and has held the positions of Chairman of Sun Life Financial, Chairman of the Executive Committee of United Dominion Industries and Lead Director of CHC Helicopter Corporation.

*Other public company board/committee memberships in the past five years:*

- Canfor (2009 – present)
- Westshore Terminals Investment Corporation (1997 – present)

Board/Committee Membership <sup>1</sup>	Overall Attendance: 94%	
	Attendance at Regular Meetings	
Board	5/5	
Joint Management Resources and Compensation	4/4	
Joint Capital Expenditure	4/5	
Joint Governance and Sustainability	3/3 <sup>(3)</sup>	
Securities Held		
	March 16, 2022	March 23, 2021
CPPI Shares <sup>6</sup>	95,000	95,000



**Sandra Stuart**

Vancouver, British Columbia  
Canada

Age: 58  
Director of the Company since 2021

Independent

*Key areas of expertise:*

- Business Management
- Compensation
- Operations
- Risk Management

Ms. Stuart was appointed to the Board of Directors for CPPI and Canfor in June, 2021. She also currently serves as a Director of the Supervisory Board for HSBC Germany, Telus International, Belkorp Private Investment Management Co. and is a Trustee and the Audit Chair for DRI Healthcare Trust. She is active in the community volunteering on the Advisory Board for the Caldwell Top 40 under 40, and for the Loran Scholarship Program. She has been recognized by the Association of Women in Finance for Excellence in the Private Sector, received the Women's Executive Network Deloitte Inclusion Vanguard Award (2016), was named one of WXN's Top 100 Most Powerful Women in Canada (2014), and British Columbia's Most Influential Women by BC Business Magazine (2015/19). Most recently Ms. Stuart was selected as a Catalyst Canada Honors Champion

Ms. Stuart has a BA with a double minor in Economics and Business from Simon Fraser University and has completed a number of Executive Management courses at the Harvard Business School, IMD, and UBC.

*Other public company board/committee memberships in the past five years:*

- Canfor (2021 – present)
- DRI Healthcare Trust (2021 – present)
- TELUS International (Cda) Inc. (2021 – present)

Board/Committee Membership <sup>1</sup>	Overall Attendance: 100%	
	Attendance at Regular Meetings	
Board	3/5 <sup>(5)</sup>	
Joint Environmental, Health & Safety Committee	2/4 <sup>(5)</sup>	
Securities Held		
	March 16, 2022	March 23, 2021
CPPI Shares <sup>6</sup>	Nil	N/A

*Notes:*

\* As the Chairman, Mr. Baird attends the Committee meetings as ex officio member.

1. All Committees of the Company, other than Audit, have as members one or more directors of Canfor and are joint committees with Canfor. For more information on the power, responsibilities and composition of the joint committees, see "Executive Compensation – Compensation Discussion and Analysis - Joint Management Resources and Compensation Committee" and "Board Committees" below and Canfor's Information Circular dated March 16, 2022 which can be found on SEDAR at [www.sedar.com](http://www.sedar.com).
2. With respect to Mr. Kayne, reference is made to "The Board of Directors - Independence" herein.
3. Ceased to be a member of the Committee on April 29, 2021 and was therefore only eligible to attend meetings held by the Committee before that date.
4. Joined the Committee after April 29, 2021 and was only eligible to attend meetings held by the Committee after that date.
5. Joined the Board and the Committee after June 2021 and was only eligible to attend meetings after that date.

6. The number of CPPI Shares held by each Director refers only to common shares of the Company and does not include Common Shares of Canfor Corporation (“Canfor Corporation Shares”), the Company’s parent company, held by the Director. In particular, as at the date hereof: Mr. Pinette holds 30,000 Canfor Corporation Shares, Mr. Baird holds 17,685 Canfor Corporation Shares, Mr. Kayne holds 20,497 Canfor Corporation Shares Mr. Stinson holds 20,000 Canfor Corporation Shares and Mr. Jentsch holds 20,000 Canfor Corporation Shares.

For additional information regarding current Directors of the Company, see the section of the Company’s Annual Information Form dated March 1, 2022 entitled “Directors and Officers”.

To the knowledge of the Company, no nominee for election as a Director of the Company is, at the date of this Information Circular, or has been within the last 10 years prior to the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that: (i) while acting in that capacity, was subject to a cease trade or similar order or an order that denied access to any exemption under securities legislation (each, an “Order”) that was in effect for a period of more than 30 consecutive days; (ii) was subject to an Order that was in effect for a period of more than 30 consecutive days that resulted from an event that occurred while the nominee was acting in such capacity but which was issued after he ceased to act in such capacity, other than Mr. Jentsch.

On August 19, 2020, The Bank of Nova Scotia (“Scotiabank”) announced that it entered into a Deferred Prosecution Agreement (“DPA”) with the U.S. Department of Justice (the “DOJ”). Additionally, the Commodity Futures Trading Commission (the “CFTC”) issued three separate orders against Scotiabank (collectively, the “CFTC Orders”). The DPA and the CFTC Orders (together, the “Resolutions”) resolve the DOJ’s and CFTC’s previously disclosed investigations into Scotiabank’s activities and trading practices in the metals markets and related conduct as well as pre-trade mid-market marks and related swap dealer compliance issues. Mr. Jentsch was a Senior Executive of Scotiabank during the time period during which such activities, trading practices and related conduct occurred. Mr. Jentsch was not personally sanctioned as part of these proceedings nor was he the subject of these investigations.

To the knowledge of the Company, no nominee for election as a Director of the Company is, at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company that, while acting in that capacity or within a year of ceasing to act in such capacity, became bankrupt, made a proposal under legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of the Company, no nominee for election as a Director of the Company has, within the last 10 years prior to the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver or receiver manager or trustee appointed to hold his assets.

## **EXECUTIVE COMPENSATION – COMPENSATION DISCUSSION AND ANALYSIS**

This section describes the Company’s approach to its compensation programs, policies and practices for the Company’s Chief Executive Officer (“CEO”), the Company’s Chief Financial Officer (“CFO”) and the next three most highly compensated executive officers of the Company or any of its subsidiaries (collectively, the “Named Executive Officers” or “NEOs”).

### **Overview of Named Executive Officers**

The Company’s NEOs as of December 31, 2021 are as follows:

- Donald B. Kayne, CEO;
- Patrick Elliott, CFO and Senior Vice President, Sustainability;
- Alan Nicholl, Executive Vice President, Bio-based Solutions and Pulp Operations (former CFO);
- Kevin Pankratz, Senior Vice President, Sales and Marketing;
- Kevin Anderson, Vice President, Operations and Innovation; and
- Brian Yuen, Vice President, Pulp & Paper Sales and Marketing.

As of October 5, 2021, Mr. Nicholl ceased to hold the office of CFO of the Company and was appointed Executive Vice President, Bio-based Solutions and Pulp Operations. On October 5, 2021, Mr. Elliott was appointed the CFO of the Company.

## **Compensation Philosophy and Principles**

The Company's executive compensation philosophy is designed to provide the NEOs with base salary (fixed) and short-term incentive programs (performance-based) in the proportions that the Company believes will achieve its fundamental compensation guiding principles as described below, which are to:

- enable the Company to attract and retain talented and engaged employees needed to define and lead the business;
- align the financial interest of the NEOs with the long-term interest of the Shareholders;
- integrate a pay-for-performance approach where compensation is closely linked with achieving both business and performance objectives;
- balance risk and compensation with sound management principles to align with Shareholder interest; and
- reward behaviors which align the Company values with the support of its customers.

The Company's compensation philosophy is to position base salary at market median and to align total cash compensation (base salary and short-term incentives) at the 50th percentile for performance, which is at or above the 50th percentile against its peers (the comparator group, as described below).

The Board regularly considers whether or not to hold an advisory "say on pay" vote at its annual general meeting of Common Shareholders on the Company's approach to executive compensation. In 2021, it was determined not to hold such a vote at the next annual Shareholder meeting in 2022. The Board believes that its executive compensation policies as discussed in this Information Circular provide strong and appropriate performance incentives, provide adequate mitigation protections and are unequivocally preferable to equity-based compensation programs used by the Company in the past.

## **Compensation Programs and Practices**

The Company's compensation programs have been structured to establish a clear relationship between pay and performance by providing, in particular, a limited portion of base salary and higher compensation for outstanding performance and less compensation when performance expectations are not met, while also reflecting financial risk and strategic and operational objectives. In January 2021, the Company replaced the Canfor Pulp Salaried Incentive Plan ("PSIP"), its Senior Executive Performance Bonus Plan ("PBP") and its Senior Management Incentive Plan ("SMIP" and, collectively with the PSIP and PBP, the "Prior Plans") with its Executive Short-Term Incentive Plan ("Exec-STIP"). For more information on the Prior Plans, see the Company's Information Circular dated March 23, 2021, which can be found on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com), under "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Canfor Pulp Salaried Incentive Plan (PSIP)", "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Senior Executive Performance Bonus Plan (PBP)" and "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Senior Management Incentive Plan (SMIP)", as applicable, each of which is incorporated by reference herein.

The Exec-STIP is intended to directly provide a link between the Company's financial performance and executive variable compensation and better align payments under the plan with the interests of Shareholders. For the NEOs, a significant portion of target total cash compensation is at risk, which creates a strong pay-for-performance relationship.

The Board, through the Joint Management Resources and Compensation Committee (the "MRCC"), retains the discretion to award compensation to senior executives, including the NEOs, even when performance goals or targets are not achieved. In making such awards, the MRCC will consider several factors, including the recommendation of the CEO, the financial condition of the Company, the performance of the individual being considered for the award, the state of the markets generally and any other factors the MRCC considers relevant. However, discretionary awards will only be granted by the MRCC to individuals who have shown exemplary or outstanding performance beyond normal job performance.

Every year, the Company undertakes back-testing analysis for the compensation of the NEOs and other senior management to assess the alignment of variable compensation and performance. The MRCC reserves the right to make changes to its compensation programs, if it is of the view that it would be necessary to achieve the Company's compensation objectives. In years, where there are plan design changes, payout scenario analyses are conducted for various performance outcomes.

## **Establishing Market Competitive Pay Levels**

An important element of the Company's compensation programs is to provide the NEOs with compensation packages that are competitive with the compensation offered to the executives in comparable positions in companies of similar size operating in similar geographies to attract dynamic and innovative executives to lead its strategic initiatives. As such, the MRCC utilizes and relies significantly on a competitive market analysis when determining the size, components and mix of the NEOs' compensation packages.

The MRCC periodically engages the services of an independent consulting firm, Mercer (Canada) Ltd. ("Mercer") in 2017, and beginning in 2022 Willis Towers Watson ("WTW") to provide advice and counsel on executive compensation matters, such as base salary, incentive programs, all as described further below. Mercer and WTW are independent resources for advice to the MRCC and, in the past, Mercer has assisted the MRCC in reviewing compensation trends including market competitive information, designing compensation programs, and assisting the MRCC in assessing the compensation of the CEO and/or other NEOs. WTW is expected to provide similar assistance in 2022.

For 2021, the primary sources for market information were three peer group datasets compiled by Mercer in 2017, including: a) a Pulp & Paper peer group, b) a capital-intensive peer group, and c) a general industry peer group. Peer group membership is filtered to include companies that are a similar size as measured by revenue, market capitalization, assets, and levels of capital reinvestment. The previously compiled Mercer Pulp & Paper peer group membership included CanWel Building Materials Ltd., Clearwater Paper Corp., Conifex Timber Inc. Fortress Paper Ltd., Glatfelter, Goodfellow Inc., Hardwoods Distribution Inc., Intertape Polymer Group Inc., Mercer International Inc., Neenah Paper Inc., Stella-Jones Inc., Western Forest Products Inc., West Fraser Timber Co. and Winpak Ltd.

There were no consulting fees paid to Mercer or WTW (or other consultants) for compensation related services in 2020 and 2021.

## **Elements of Compensation**

Base salary and the Exec-STIP are the two principal components of the Company's executive compensation program, designed to closely link the compensation of the Company's NEOs, and other senior executives with the performance of the Company and its subsidiaries. The MRCC has previously periodically retained Mercer to provide advice on market base salary and incentive plans information for its senior executives, including the CEO and the other NEOs.

The Company also provide the NEOs with certain other benefits including retirement plans, the ability to participate in the Employee Purchase Plan (as defined below under "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Employee Purchase Plan"), and other benefits that are generally available to all other eligible employees.

In reviewing the executive compensation, the MRCC considers competitive market intelligence for executive compensation-related matters in respect of executive talent. In addition to market data, the MRCC considers other factors such as the Company and individual performance, the scope of the role, the responsibility and length of time in the role.

### ***Base Salary***

Base salary reflects each executive's level of responsibility, capabilities and experience in the context of their role compared to market. It is provided in cash each pay period and is intended to be competitive to be able to retain key executives. The Company reviews base salaries on an annual basis, and generally provides increases based on salary increases guidelines from market intelligence. Base salaries are also adjusted when there is a material change in the compensation levels of comparable roles in the comparator group(s) that competes with the Company for business opportunities and executives.

The MRCC has sole responsibility for recommending for approval by the Board the compensation of the CEO.

### ***Performance-Based Awards***

The purpose of the Exec-STIP is to reward all senior executives, including NEOs who have significant management and decision-making responsibilities, by providing cash-based compensation intended to align their interests with those of the Common Shareholders. The Exec-STIP seeks to reinforce short-term business results with a

performance period of one year from January 1st to December 31st, and to reward the achievement of short-term objectives determined in advance of such performance period aligned to both strategic and individual performance.

The Exec-STIP has the following objectives to:

- attract, motivate and foster retention for participants of outstanding ability;
- encourage participants to effectively balance short-term and long-term objectives;
- maintain the Company as a market leader in safety, sustainability and people; and
- advance the Company by encouraging a strong focus on strategy execution that leads to new value creation and return on invested capital.

The Exec-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.

The Exec-STIP is calculated as follows:

$$\text{Base Salary Earnings} \times \text{Incentive Target} \times \left( \text{Financial} + \text{Safety} + \text{Strategy Execution Components} \right) \times \text{Individual Performance}$$

The Incentive Target is 100% of base salary earnings for all first level of executives of the Company, which include the NEOs, Messrs. Kayne, Elliott, Nicholl and Pankratz, and 65% for all second level executives of the Company, which include the NEOs, Messrs. Anderson and Yuen.

The three business-related components, namely “Financial,” “Safety” and “Strategy Execution” (collectively, the “Business Component”), are additive. By design, the cumulative score for these three components is capped at 100% of the Incentive Target and consequently shifts any above-target payout opportunity towards individual contributions calculated under the “Individual Performance” factor. The Financial performance component is based on Return on Investment Capital (“ROIC”) results. Safety performance is based on the Company’s Medical Incidents Rate (“MIR”). Strategy Execution incorporates progress against certain key strategic priorities such as Environment, Social and Governance (“ESG”), People, Customer Experience and Digital Transformation.

Under the Individual Performance factor, participants are assessed based on a performance rating matrix to result in an individual performance score. This score is then used to determine the multiple, ranging from a minimum of 0.8 up to a maximum of 2.0, to be multiplied in the calculation above. The participant must also meet the minimum performance rating threshold in such performance rating matrix to be eligible for any payout under the Exec-STIP.

In 2021, for the Business Component, the Company exceeded its Safety target and substantially achieved its Strategy Execution goals, but the Company did not meet the Financial threshold which resulted in there being no payout for the Financial component. The combination of these components in the Business Component resulted in a cumulative score of 33.75% of target before the Individual Performance factor.

### ***Employee Share Purchase Plan***

The Company has established an employee share purchase plan (the “Employee Purchase Plan”) for employees of the Company, including all of the Named Executive Officers. The Employee Purchase Plan was originally approved in May, 2007. The Employee Purchase Plan is an employee profit sharing plan in accordance with section 144 of the Income Tax Act (Canada).

The purpose of the Employee Purchase Plan is to develop an interest by the employees of the Company in the growth and development of the Company by providing them with the opportunity to participate in the ownership of the Company through the purchase of outstanding CPPI Shares. All regular employees of the Company are eligible to participate in the Employee Purchase Plan. Enrolment in the Employee Purchase Plan is voluntary. Each participating employee is entitled to contribute as a basic contribution a minimum of 1% and a maximum of 5% of

his or her basic wages or salary to the Employee Purchase Plan and may make a supplementary contribution of up to an additional 5% of such wages or salary.

All CPPI Shares purchased under the Employee Purchase Plan are outstanding shares purchased in the market or by private purchase by the trustee appointed from time to time for the Employee Purchase Plan (the “Trustee”). No CPPI Shares will be issued from treasury under the Employee Purchase Plan. All cash dividends received by the Trustee in respect of CPPI Shares held in the Employee Purchase Plan will be reinvested by the Trustee in additional CPPI Shares.

### **Joint Management Resources and Compensation Committee (the “MRCC”)**

#### ***Mandate***

The Board of Directors has the final authority to approve the recommendations of the MRCC regarding the compensation of the executives of the Company. The mandate of the MRCC consists of submitting for approval to the Board of Directors its recommendations of the compensation levels for senior executives including the NEOs.

Other responsibilities of the MRCC’s mandate include the nomination of the executive officers upon recommendation of the CEO, reviewing the performance assessment of the senior executives, monitor succession planning and retaining consulting services of outside experts to advise on executive compensation matters.

The MRCC monitors and assesses the performance of the NEOs and determines compensation levels on an annual basis. In its assessment of the annual compensation of the NEOs, the MRCC takes into consideration the median compensation paid by other Canadian companies of comparable size and the absolute and relative performance of the Company relative to such other companies. In addition, the Committee takes into account other relevant factors such as pension and benefits costs. For more information on the MRCC, see “Board Committees – Joint Management Resources and Compensation Committee” below.

#### ***Composition***

All members of the MRCC as at the date of this Information Circular have had experience in compensation matters either as members of MRCC of other public companies and/or from having served as senior executives with significant responsibility for or involvement in compensation matters, including as follows:

- Mr. Ross currently is Chair of the compensation committee of Rogers Sugar Inc. and Lantic Inc., was previously Chair and now still serves on the compensation committee of Just Energy Group Inc.;
- Mr. Smith was formerly on the compensation committee for K-Bro Linen Inc. and the compensation committee for the Board of Governors of University of British Columbia and on the National Management Committee with KPMG, which included the responsibility for compensation and benefit plans for the partners of KPMG;
- Mr. Stinson was formerly the CEO of Canadian Pacific Ltd. and as such had responsibility for compensation policies and programs for that company;
- Mr. Barrington-Foote, the Chair of the MRCC, is the Executive Vice President of The Jim Pattison Group which runs a diversified group of companies, through which Mr. Barrington-Foote has obtained extensive and varied experience in addressing compensation matters in relation to companies within the group.

Messrs. Barrington-Foote, Ross and Smith were also members of the Audit Committee of Canfor in 2021; Mr. Stinson is a member of the Joint Capital Expenditure Committee.

### **Compensation Governance**

The MRCC and the Audit Committee review the Company’s compensation policies and practices to ensure that they do not encourage any NEO or other members of senior management to take inappropriate or excessive risks or otherwise give rise to risks that would reasonably be likely to have a material adverse effect on the Company.

No Director of the Company or member of senior management, including any Named Executive Officer, is permitted to purchase financial instruments for hedging purposes related to compensation, including to offset decreases in the market value of the Company’s securities.

During the 2021 financial year, the MRCC held four (4) in camera sessions without members of management present at which the MRCC discussed, among other things, the compensation of the CEO and the other NEOs.

The following table summarizes the respective roles of the MRCC and management with regards to compensation decisions

COMPENSATION DECISIONS	MRCC	MANAGEMENT
<b>Philosophy and policy</b>	<ul style="list-style-type: none"> <li>▪ Work with management to develop compensation philosophy, principles and programs.</li> <li>▪ Review, approve and adopt the compensation philosophy, principles and programs.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Develop, recommend &amp; implement compensation philosophy, principles and programs.</li> <li>▪ Monitor actual practice to ensure consistency with compensation philosophy, principles and programs.</li> </ul>
<b>Performance-based plan design (Exec-STIP)</b>	<ul style="list-style-type: none"> <li>▪ Review, approve and adopt plan objectives, plan type, eligibility and other provisions such as change of control, death, disability, termination with/without cause, resignation, etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Work with MRCC to develop performance-based plan design.</li> <li>▪ Implement performance-based plan design.</li> </ul>
<b>Performance targets</b>	<ul style="list-style-type: none"> <li>▪ Review, approve &amp; adopt Company performance targets.</li> <li>▪ Receive and review business unit performance targets.</li> </ul>	<ul style="list-style-type: none"> <li>▪ CEO recommends company's performance targets for Board approval.</li> <li>▪ CEO cross-calibrates and approves business unit performance targets.</li> </ul>
<b>Performance evaluations</b>	<ul style="list-style-type: none"> <li>▪ Conduct CEO performance assessment.</li> <li>▪ Receive performance evaluation information for succession planning purposes.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Conduct performance evaluations for direct reports and inform the MRCC for succession planning purposes.</li> </ul>
<b>Individual salary increases and incentive awards</b>	<ul style="list-style-type: none"> <li>▪ Approve base salary &amp; performance-based compensation for NEOs.</li> </ul>	<ul style="list-style-type: none"> <li>▪ CEO recommends base salary &amp; performance-based compensation for the NEOs to the MRCC for approval.</li> </ul>

### ***Outstanding Share-Based Awards, Option-Based Awards & Incentive Plan Awards***

There were no share or option-based awards outstanding at December 31, 2021 or value vested or earned in respect thereof during the financial year ended December 31, 2021. All non-equity incentive plan compensation awards and the value of such awards earned during the fiscal year ended December 31, 2021 for each NEOs are set out in the Summary Compensation Table below.

### ***Securities Authorized for Issuance Under Equity Compensation Plans***

There are no compensation plans of the Company under which equity securities of the Company are authorized for issuance and the Company has no securities to be issued upon exercise of outstanding options, warrants and rights as of December 31, 2021. The Company does not currently plan to grant further stock options and has not granted options since 2002. Accordingly, option grants are not considered in determining compensation for the NEOs.

### ***Share Trading Policy***

The share trading policy of the Company provide that the NEOs shall trade in the Company's shares only within predetermined trading periods and shall not trade in the Company's shares if they are aware of undisclosed material information. Executives are also instructed to obtain the approval of the Company before trading in the Company's securities in all circumstances.

### **Summary Compensation Table**

The following table sets out all the compensation earned by the NEOs for services rendered in all capacities to the Company and its subsidiaries during the fiscal years ended December 31, 2021, 2020 and 2019:

INCUMBENT & POSITION <sup>[1]</sup>	YEAR	SALAR Y (\$)	SHARED -BASED AWARDS (\$)	OPTION-BASED AWARD (\$)	NON-EQUITY		PENSION VALUE (\$)	ALL OTHER COMPEN-SATION (\$) <sup>[3,4]</sup>	TOTAL COMPEN-SATION (\$)
					Annual Incentiv e <sup>[2]</sup> (\$)	Long-Term Incentiv e (\$)			
<b>Don B. Kayne</b> <sup>[5]</sup>	2021	N/A	-	-	N/A	-	N/A	N/A	N/A
Chief Executive Officer	2020	N/A	-	-	N/A	-	N/A	N/A	N/A
	2019	N/A	-	-	N/A	-	N/A	N/A	N/A
<b>Patrick Elliott</b> <sup>[5]</sup>	2021	N/A	-	-	N/A	-	N/A	N/A	N/A
Chief Financial Officer & Senior Vice President, Sustainability	2020	N/A	-	-	N/A	-	N/A	N/A	N/A
	2019	N/A	-	-	N/A	-	N/A	N/A	N/A
<b>Alan Nicholl</b> <sup>[5,6]</sup>	2021	N/A	-	-	N/A	-	N/A	N/A	N/A
Executive Vice President, Bio-based Solutions and Pulp Operations	2020	N/A	-	-	N/A	-	N/A	N/A	N/A
	2019	N/A	-	-	N/A	-	N/A	N/A	N/A
<b>Kevin Pankratz</b>	2021	N/A	-	-	N/A	-	N/A	N/A	N/A
Senior Vice President, Sales & Marketing	2020	N/A	-	-	N/A	-	N/A	N/A	N/A
	2019	N/A	-	-	N/A	-	N/A	N/A	N/A
<b>Kevin Anderson</b> <sup>[7]</sup>	2021	315,000	-	-	103,655	-	54,927	26,371	499,953
Vice President, Operations & Innovation	2020	239,279	-	-	70,440	-	35,893	94,610	440,222
	2019	-	-	-	-	-	-	-	-
<b>Brian Yuen</b>	2021	268,942	-	-	94,398	-	56,523	24,749	444,612
Vice President, Pulp & Paper Sales & Marketing	2020	259,615	-	-	102,500	-	100,692	22,215	485,022
	2019	225,201	-	-	--	-	65,525	26,536	317,262

Notes:

<sup>1</sup> Messrs. Anderson and Yuen participate in the Exec-STIP. (See “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Performance-Based Awards” above).

<sup>2</sup> In respect of the year 2021, these amounts include amounts paid under the Company’s Exec-STIP, as discussed in this Information Circular (see “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation - Performance-Based Awards” above). Prior to the adoption of the Exec-STIP in 2021, in respect of 2020 for Messrs. Anderson and Yuen, these amounts include amounts paid under the Company’s SMIP, which blended the PSIP and the PBP. Under the SMIP, in 2020, the PBP target was 37.5% of base salary and the PSIP target (the Controllables component only) was 15% of base salary. In 2020, payment of each component under the SMIP was payable in accordance with the payment terms of the PSIP and the PBP. For more information on the Prior Plans, see the Company’s Information Circular dated March 23, 2021, which can be found on the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Further, prior to the adoption of the Exec-STIP in 2021, in respect of 2020 for Messrs. Anderson and Yuen, these amounts include a one-time discretionary bonus of \$35,000 and \$65,000, respectively.

<sup>3</sup> The aggregate amount of compensation by way of perquisites or other personal benefits or property under this column paid to the Named Executive Officers does not exceed the lesser of \$50,000 or 10% of the total annual salary for the applicable financial year. The Company’s perquisite plan for senior officers includes an automobile lease, financial counselling and club membership.

<sup>4</sup> For all Named Executive Officers, except Messrs. Kayne, Elliott and Nicholl, these amounts may include flexible pension allocations, medical and life insurance benefits and other items not included in the perquisite plan.

<sup>5</sup> Compensation for 2021 for each of Messrs. Kayne, Elliott and Pankratz is paid by Canfor under an arrangement whereby 25% (\$1,001,915) for Mr. Kayne’s, 25% (\$427,570) of Mr. Elliott’s and 25% (\$473,562) of Mr. Pankratz’s total compensation is paid by the Company, in a manner consistent with 2020 and 2019. Compensation for 2021 for Mr. Nicholl is paid by Canfor under an arrangement whereby 50% (\$993,017) of his total compensation is paid by the Company in a manner consistent with 2020 and 2019. Messrs. Kayne, Elliott, Nicholl and Pankratz participate in Canfor’s Executive Short-Term Incentive Plan, do not participate in the Company’s Exec-STIP and did not participate in any of the Prior Plans prior to the adoption of the Company’s Exec-STIP in 2021.

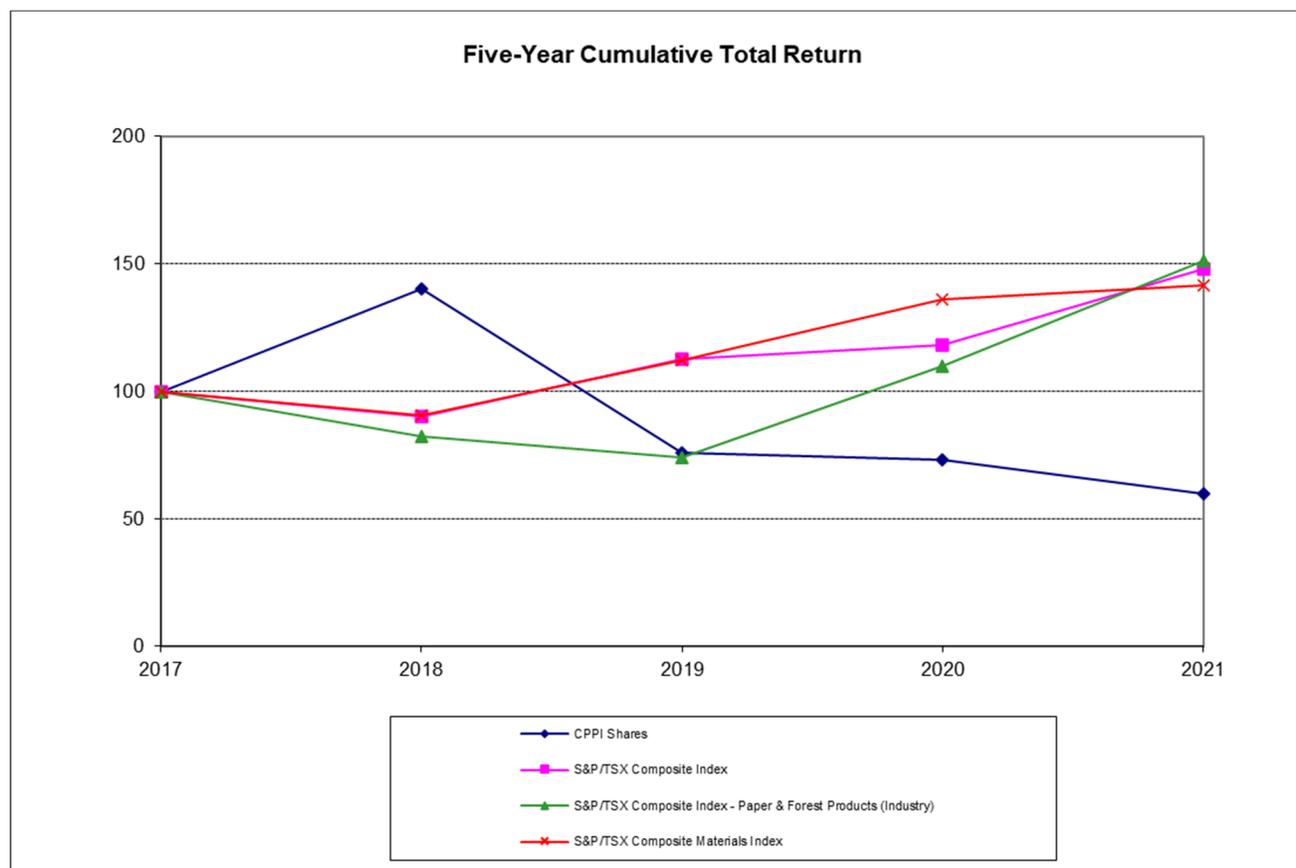
<sup>6</sup> Mr. Nicholl ceased to be CFO and became Executive Vice President, Bio- Based Solutions & Pulp Operations on October 5, 2021, and was also appointed President and CEO of Arbios Biotech, a joint venture between the Canfor and Licella Holdings Ltd. (“Licella Holdings”) of Australia. As announced by Canfor on February 8, 2022, effective March 31, 2022, Mr. Nicholl will cease to be Executive Vice President, Bio- Based Solutions & Pulp Operations, and will be Managing Director of Licella Holdings and will continue to serve as President and CEO of Arbios Biotech.

<sup>7</sup> Mr. Anderson joined the Company on April 1, 2020.

## PERFORMANCE GRAPH

The following graph compares the total cumulative return for \$100 assuming investment in the CPPI Shares made on January 1, 2017 and assuming the reinvestment of dividends, with the cumulative total shareholder return of the

S&P/TSX Composite Index, and S&P/TSX Composite Index - Paper & Forest Products (Industry) and the S&P/TSX Composite Materials Index ending on December 31, 2021.



	2017	2018	2019	2020	2021
CPPI Shares	100	140	76	73	60
S&P/TSX Composite Index	100	90	113	118	148
S&P/TSX Composite Index - Paper & Forest Products (Industry)	100	82	74	110	151
S&P/TSX Composite Materials Index	100	91	112	136	142

*Note: Dividends declared on CPPI Shares are assumed to have been reinvested at the market price on their payment date. The S&P/TSX Composite Index, the S&P/TSX Composite Index - Paper and Forest Products (Industry) and the S&P/TSX Composite Materials Index are similarly based on the reinvestment of dividends.*

In 2021, the CPPI Shares generally were outperformed by the S&P/TSX Composite Index, the S&P/TSX Composite Index – Paper & Forest Products (Industry) and the S&P/TSX Composite Materials Index. Compensation of employees including the Named Executive Officers is linked to corporate performance. In 2021, the Company’s corporate performance was assessed by financial and non-financial performance measures (see “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Performance-Based Awards”). Prior to 2021, the Company’s corporate performance was determined based on the “Return on Investment Capital” (“ROIC”). For more information on the ROIC, see the Company’s Information Circular dated March 23, 2021, which can be found on the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com), under “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Senior Executive Performance Bonus Plan (PBP)” which is incorporated by reference herein. The Company’s compensation to its Named Executive Officers described above has followed the trend reflected in the graph above.

## Pension Plan Benefits

### Defined Benefit Plan

The Company’s accrued pension liability is calculated following the method prescribed by the Canadian Institute of Actuaries and is based on management’s best estimate of future events that affect pension liabilities, including assumptions about future salary adjustments and bonuses. Changes in accrued pension liabilities for the Named Executive Officers are summarized in the following table.

INCUMBENT & POSITION	Years credited service (#)	ANNUAL BENEFITS PAYABLE		Opening present value of defined benefit obligation (\$) <sup>[4]</sup>	Compensatory change (\$) <sup>[5]</sup>	Non-compensatory change (\$) <sup>[6]</sup>	Closing present value of defined benefits obligation (\$) <sup>[7]</sup>
		At year end (\$) <sup>[2]</sup>	At age 65 (\$) <sup>[3]</sup>				
<b>Don B. Kayne</b> <sup>[1]</sup> Chief Executive Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Patrick Elliott</b> <sup>[1]</sup> Chief Financial Officer & Senior Vice President, Sustainability	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Kevin Pankratz</b> <sup>[1]</sup> Senior Vice President, Sales & Marketing	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Brian Yuen</b> <sup>[8]</sup> Vice President, Pulp & Paper Sales & Marketing	8.58	41,000	41,000	739,000	4,000	(16,000)	727,000

Notes:

<sup>1</sup> Pensions for Messrs. Kayne, Elliott and Pankratz are provided by Canfor.

<sup>2</sup> Annual lifetime benefit accrued as at December 31, 2021 based on credited service and actual pensionable earnings at December 31, 2021.

<sup>3</sup> Annual lifetime benefit payable at age 65 based on credited service projected to age 65 and actual pensionable earnings at December 31, 2021.

<sup>4</sup> As of plan measurement date at end of prior year – December 31, 2020, using assumptions as at December 31, 2020 selected by the Company for the 2020 year-end disclosures under international accounting standards.

<sup>5</sup> The compensatory change includes the service cost, plus the impact of actual 2021 pensionable earnings that differ from the estimated earnings.

<sup>6</sup> The non-compensatory change includes interest on the obligation, changes in assumptions and employee contributions to the flexible pension option.

<sup>7</sup> As of plan measurement date at end of year – December 31, 2021 using assumptions as at December 31, 2021 selected by the Company for the 2021 year-end disclosures under international accounting standards.

<sup>8</sup> Mr. Yuen became a member of the defined contribution plan effective January 1, 2006 and concurrently ceased to accrue future credited service under the defined benefit plan, and as a result, his service cost is nil. His pension under the defined benefit plan will be based on his final average earnings, including earnings while a member of the defined contribution plan.

### Defined Contribution Plan

The Company provides defined contribution pension benefits to certain of its Named Executive Officers. The Company contributes up to a maximum amount of 12% of pensionable earnings.

Compensatory amounts consist of the Company pension contribution, interest credited on deferred balances at the average rate of return of the two balanced funds in the defined contribution plan fund line-up or the money market fund, whichever is greater and unused prerequisite amounts for the year. Non-compensatory amounts include the Named Executive Officer's contributions and investment earnings or losses for the year.

INCUMBENT & POSITION	Accumulated Value at Start of Year (\$)	Compensatory Change (\$)	Non-Compensatory Change (\$)	Accumulated Value at Year End (\$)
<b>Alan Nicholl</b> <sup>[1]</sup> Executive Vice President, Bio-based Solutions and Pulp Operations	N/A	N/A	N/A	N/A
<b>Kevin Anderson</b> Vice President, Operations & Innovation	45,669	54,927	19,426	120,022
<b>Brian Yuen</b> Vice President, Pulp & Paper Sales & Marketing	531,392	52,523	90,422	674,337

Note:

<sup>1</sup> Pension for Mr. Nicholl is provided solely by Canfor under its defined contribution plan. For more information on such contributions, see Canfor's Information Circular dated March 16, 2022 which can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Further, as noted above, effective March 31, 2022, Mr. Nicholl will cease to be Executive Vice President, Bio- Based Solutions & Pulp Operations, will be Managing Director of Licella Holdings and will continue to serve as President and CEO of Arbios Biotech.

### DIRECTOR COMPENSATION

#### Compensation of Directors / Attendance Fees

Annual Director compensation for Board and Committee meetings for the year ended December 31, 2021 is summarized in this section and in the table below.

Effective January 1, 2021, the Board determined to reset annual Director compensation for the Board and Committees as summarized in the table below. Under this new compensation structure as set out below, there were no meeting fees payable to Directors.

#### New Annual Director Compensation Structure <sup>(1)</sup>

	Fees
Annual Board Chair retainer	\$18,750
Annual Board retainer	\$100,00
Annual Committee Chair retainer (Audit)	\$20,000
Annual Committee Chair retainer (Joint Capex)	\$5,000
Annual Committee Chair retainer (other)	\$10,000

Note: <sup>(1)</sup> Effective January 1, 2021

In contrast to CPPI's other committees, the Chair of the Audit Committee receives a \$20,000 retainer. In respect of the Joint Capital Expenditure Committee ("Capex Committee") with Canfor, the Capex Committee Chair receives a \$5,000 retainer. The Company and Canfor pay fees to each of their representatives on the Capex Committee

except where such representative sits on both the Canfor Board and the Company Board, then the fee is split 50/50 between the two companies.

### Directors' Compensation Summary for 2021

The following table summarizes the amount of Director's fees paid to Directors for the fiscal year ending December 31, 2021 (as discussed under "Director Compensation – Compensation of Directors/ Attendance Fees" above).

Name	Retainer			Total Paid <sup>(1)</sup> \$
	Board \$	Board Chair \$	Committee Chair \$	
John Baird <sup>(3)</sup>	100,00	13,393	N/A	113,392
Stan Bracken-Horrocks	100,000	-	20,000	120,000
Dieter Jentsch	100,000	-	-	100,000
Conrad Pinette <sup>(3)</sup>	100,000	6,181	-	106,181
William Stinson	100,000	-	-	100,000
Sandra Stuart <sup>(2)</sup>	54,121			54,121.00
Donald B. Kayne <sup>(4)</sup>	NIL	NIL	NIL	NIL

Notes:

<sup>(1)</sup> Before deduction of applicable taxes.

<sup>(2)</sup> Ms. Stuart was appointed as Director in June 2021.

<sup>(3)</sup> On April 29, 2021, Mr. Pinette finished his term as Chairman and Mr. Baird was appointed as Chairman in his stead.

<sup>(4)</sup> As a Director who is also a member of the management of the Company, Mr. Kayne does not receive Director's or committee fees.

### Summary of Board/Committee Meetings Held

For the 12-month period ended December 31, 2021

Board	5
Audit	5
Joint Governance and Sustainability	3
Joint Environmental, Health and Safety	4
Joint Capital Expenditure	5
Joint Management Resources and Compensation	4

### Director's Share Ownership Expectations

The Company does not have any minimum share ownership expectations for members of the Board.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the most recently completed financial year and as at March 16, 2022, there was no indebtedness, other than routine indebtedness, outstanding to the Company or any of its subsidiaries, or to another entity of which indebtedness the Company or any of its subsidiaries has provided a guarantee, support agreement, letter of credit or other similar arrangement or understanding, owed by any current and/or former officers, Directors and employees of the Company and its subsidiaries.

### CORPORATE GOVERNANCE

#### Introduction

National Instrument 58-101 "Disclosure of Corporate Governance Practices" ("NI 58-101") requires public companies to disclose annually their corporate governance practices, including the constitution and independence

of their board of directors, their mandates, roles, responsibilities and membership, and various items dealing with effective corporate governance.

The following disclosure describes the Company's current corporate governance practices.

### **Board Responsibilities**

Under a set of Governance Principles and a Code of Conduct adopted by the Board, the Board has explicitly acknowledged its responsibility for the stewardship of the Company, including the supervision of the management of its affairs and business. The basic objective of the Board is to ensure that shareholder value is preserved and maximized over the longer term and that the highest ethical standards are maintained throughout the Company's operations. In pursuing this objective, consideration is given to the interests of other stakeholders and to balancing gain against risk in order to ensure the financial viability of the business of the Company. Under the Governance Principles and the Code of Conduct, the Board (directly or through its Committees) has expressly assumed responsibility in the areas listed below, among others.

#### *Culture of Integrity*

The Board has assumed responsibility for satisfying itself, to the extent practical, as to the integrity of the CEO and the other executive officers of the Company and that those officers work to create a culture of integrity throughout the Company. The Governance Principles and Code of Conduct are designed to assist the Board in defining and maintaining appropriate standards of integrity throughout the organization (see also "Ethical Business Conduct" below).

#### *Strategic Planning*

The Board participates in the strategic planning process by reviewing, evaluating and providing input to management's strategic plan. The Board generally sets aside at least one meeting per year to review and comment on management's strategic plan. This allows the Directors to gain a better appreciation of management's strategic planning priorities. Updates are provided to the Board throughout the year.

#### *Risk Management*

Risk management is a primary responsibility of the CEO and includes the identification and management of the principal risks of the Company's business. Regular reports on risk issues are made to the Audit Committee and management conducts an annual corporate risk assessment. In its deliberations, the Board considers the principal risks of the Company's business and satisfies itself that management has systems in place to manage those risks. In order to facilitate the management of the Company's business risks, the Board has adopted a risk management controls policy which sets out the responsibilities, reporting and counterparty credit requirements associated with all risk management activities as well as a specific energy risk management policy which sets out principles for managing energy price exposure risks. See "Executive Compensation – Compensation Discussion and Analysis – Compensation Governance" herein for a discussion on risk as it relates to compensation issues.

#### *Succession*

The MRCC reviews succession planning for the CEO and other key senior executives as well as personal development plans for senior management. The MRCC is provided with regular updates on the succession and development programs from the CEO and reports to the Board on succession planning matters.

#### *Communication Policy and Disclosure Control*

The Company has adopted a Corporate Disclosure Policy covering timely dissemination of material information. The policy establishes guidelines relating to how material/sensitive company information is disclosed, responsibilities of officers, avoidance of selective disclosure and blackout periods. The Company also communicates through the dissemination of continuous disclosure materials such as annual and quarterly reports, news releases and the Annual Information Form. The Company maintains and regularly updates its website and conducts briefing sessions and group meetings.

### *Integrity of Internal and Financial Disclosure Controls*

The Board directly and through the Audit Committee reviews and assesses the adequacy and integrity of the Company's internal controls and management and information systems, as well as its disclosure controls and procedures to ensure that financial information for public disclosure is properly recorded, processed, summarized and reported to the Board and the Audit Committee. In addition, through the use of the Company's internal auditors, the Board monitors and assesses internal control mechanisms and functions. The Company has established a Disclosure Committee comprised of senior managers of the Company and Canfor. The Disclosure Committee reviews and assesses the financial disclosure of the Company and the internal controls and procedures for ensuring that accurate information is being processed. The Disclosure Committee reports its findings to the CEO, CFO and the Audit Committee. The Audit Committee regularly meets with the internal auditor, external auditor and management to review the effectiveness of such controls.

## **THE BOARD OF DIRECTORS**

### **Independence**

The Board is currently composed of seven Directors, all of whom are independent, as defined in NI 58-101 other than Mr. Kayne, who is a member of management of the Company. The Chairman of the Company, Mr. Baird, does not exercise any management functions and is an independent Director. No current independent Director has entered into any contracts with the Company, received remuneration from the Company in excess of Director's compensation or worked for the Company in the last five years. The Board has provided a means whereby individual Directors may engage outside advisors at the expense of the Company in appropriate circumstances. In 2021, no advisors were engaged on behalf of individual Directors.

Of the seven individuals proposed as nominees for election as Directors at the Meeting, all are independent as defined in NI 58-101, other than Mr. Kayne. Mr. Kayne is not independent due to his position as CEO of the Company.

### **Other Directorships**

The names of other reporting issuers in respect of which each proposed Director presently serves as a Director are set out under the "Election of Directors" section of this Information Circular. Mr. Stinson is director of Westshore Terminals Investment Corporation and each of Messrs. Pinette, Kayne, Stinson, Jentsch, Baird and Ms. Stuart are directors of Canfor. Mr. Baird is also a director of Canadian Pacific Railway Limited and Canadian Pacific Railway Company and Osiko Gold Royalties Ltd., Mr. Jentsch is also a director of Mineros S.A, Ms. Stuart is also a director of DRI Healthcare Trust and Telus International (Cda) Inc. and Mr. Kayne is also a director of Cameco Corporation. The Governance and Sustainability Committee (as defined below) (see "Board Committees – Joint Governance and Sustainability Committee" below) reviews whether the presence of Directors with common outside directorships affects the independence, decision making or functioning of the Board. The Governance and Sustainability Committee also considers these relationships in its assessment of the effectiveness of the Board and overall board composition, as well as the impact of Director's memberships on other public company boards generally.

In 2021, the Board implemented a policy pursuant to which, at any given time, a Director shall not be on the board of directors of more than a total of five public companies, including the Company, without taking into account any directorship in respect of Canfor. As at the date hereof, each of the Directors is in compliance with the requirements in respect of board memberships under such policy.

### **Board Meetings**

The independent Directors, as part of each Board meeting, hold *in camera* sessions without the presence of management to discuss issues relating to management and governance of the Company generally. The Board held five such meetings with such *in camera* session in 2021. The Chairman of the Board meets annually with the CEO and Chairman of the Governance and Sustainability Committee to discuss the relationship between management and the Board and reports the results of these discussions to the Board.

## **Attendance Record**

The attendance record of each Director nominated for re-election for Board meetings and committee meetings is disclosed under the “Election of Directors” section of this Information Circular. In 2021, the Board implemented a policy pursuant to which each Director must attend at least 75% of all Board and Committee meetings of which he/her is a member unless such non-attendance is for health reasons. As at the date hereof, each of the Directors is in compliance with the requirements in respect of meeting attendance under such policy.

## **Chairman**

Mr. Baird was appointed Chairman of the Board on April 29, 2021. As discussed under “Independence” above, Mr. Baird is considered to be an independent Director as defined in NI 58-101. As Chairman, Mr. Baird is responsible for ensuring the effective functioning of the Board, independent of management, and in a manner consistent with the Governance Principles and Code of Conduct, as described under “Code of Conduct” below. A written position description of the Chair of the Board is available on the Company’s website at [www.canforpulp.com](http://www.canforpulp.com).

## **BOARD MANDATE**

The Board has adopted a written Board Mandate entitled “The Board Terms of Reference”, which defines the Board’s roles and responsibilities. The Board Terms of Reference have been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.canfor.com/investor-relations/corporate-governance](http://www.canfor.com/investor-relations/corporate-governance).

## **POSITION DESCRIPTIONS**

The Board has adopted position descriptions for the Chair of the Board, the Chair of each Board Committee and for the CEO, each of which is available on the Company’s website at [www.canfor.com/investor-relations/corporate-governance](http://www.canfor.com/investor-relations/corporate-governance).

## **ORIENTATION AND CONTINUING EDUCATION**

Programs for the orientation of new Directors and the ongoing education of existing Directors are the responsibility of the Governance & Sustainability Committee and the Chairman of the Board oversees these programs. New Directors are provided with a Directors Orientation Manual containing details of the Company’s organizational structure, terms of reference for the Board and Committees, the Company’s Annual Information Form and other relevant materials. Visits to various operations sites of the Company are organized for such members by the Chairman of the Board. The Board receives updates and other information from management relating to changes in law or other matters relevant to the Board.

## **ETHICAL BUSINESS CONDUCT**

### **Code of Conduct**

As noted above, the Board has adopted a set of Governance Principles and a Code of Conduct. The Governance Principles deal with issues such as the role of the Board and management, functions of the Board, qualifications of Directors, independence and other eligibility requirements of Directors, ethics and conflicts of interest. The Code of Conduct defines the standards and values which the Company expects all of its employees to follow in their dealings with stakeholders and is consistent with the Company’s corporate values of integrity, trust, openness and respect for people. The Board Governance Principles have been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.canfor.com/investor-relations/corporate-governance](http://www.canfor.com/investor-relations/corporate-governance) and a copy may be obtained from the Corporate Secretary of the Company.

The CEO of the Company reports to the Governance and Sustainability Committee (as defined below) on his efforts to monitor and promote a culture of integrity consistent with the Code of Conduct which includes meetings and discussions with senior managers and other stakeholders of the Company. A further description of the roles and responsibilities of the Governance and Sustainability Committee is set out under the section “Board Committees” below.

On an annual basis, each Director is required to disclose and the Board reviews all of the Directors' personal or business relationships with the Company in order to allow the Board to determine whether such relationships could reasonably be expected to interfere with the Director's independent judgment, and his or her positions on the Board or any of the Company's committees. If a conflict of interest arises between the Director and the Company, that Director would not participate in the relevant decision.

## **NOMINATION OF DIRECTORS**

The responsibility for the identification of new candidates for Board nomination resides with the Company's Governance and Sustainability Committee.

The Company has adopted a majority voting policy guideline which stipulates that if any nominee director receives a majority "withhold" vote at a Shareholders meeting, the Board will accept the resignation of such a director unless the Governance and Sustainability Committee determines that there are extraordinary circumstances that should delay the resignation.

The Governance and Sustainability Committee canvasses Board members for their suggestions regarding potential appointees to the Board and identifies and recommends annually to the Board, for its consideration, a short list of proposed nominees for election to the Board. In considering the candidates on the list, the Governance and Sustainability Committee considers individual backgrounds, skills and expertise, geographic representation, gender diversity and the requirements of the Board in terms of skills, experience and mix (see "Election of Directors" and "Board/Committee Assessments of Effectiveness and Renewal" herein). Six of the persons who are nominees for the Board are nominees for the board of directors of Canfor, the Company's controlling shareholder.

The Governance and Sustainability Committee is composed of four members, a majority of whom are independent, and one of whom is a Director of the Company only. A further description of the responsibility, power and operations of the Governance and Sustainability Committee is set out under the section entitled "Board Committees" below.

## **COMPENSATION**

The process for the determination of the compensation of the Company's Directors and senior officers is overseen by the MRCC with regard to senior officers and by the Governance and Sustainability Committee with regard to Directors.

The MRCC annually reviews senior officers' compensation, with the assistance of its outside independent consultants, as required, to amend compensation as required to reflect adequate compensation aligned with Shareholder interests. The Governance and Sustainability Committee reviews Directors compensation as required.

The MRCC is composed of four members, a majority of whom are independent. A description of the responsibilities, powers and operations of the MRCC is set out under the section of this Information Circular entitled "Board Committees" below.

## **BOARD COMMITTEES**

Set out below is a description of the written charters of the five committees of the Board, their mandates and their activities. In order to create efficiencies in the governance and reduce cost, all Committees of the Company, other than the Audit Committee, have as members, one or more directors of Canfor. These Committees meet jointly to deal with issues that relate to the Company and Canfor. All Board Committees are composed of a majority of independent members, except the Audit Committee, which is composed entirely of independent Directors.

Any actual or perceived conflicts of interest between the Company and Canfor are referred to the companies' respective Audit Committees for consideration.

## **Audit Committee**

The overall purpose of the Audit Committee is to oversee the Company's financial reporting process and to review with the Company's external auditors the Company's audited financial statements that are to be submitted to its annual general meeting. The Audit Committee also reviews with management and the external auditors of the Company the impact of significant risks, potential liabilities and uncertainties which may affect the Company, any financial statements that are to be included in a prospectus or take-over bid circular of the Company as required by securities law, as well as certain interim unaudited financial statements and all public disclosure documents containing audited or unaudited earnings information before their release to the public, and reports the results of such reviews and any associated recommendations to the Company's Board. In addition, the Audit Committee makes recommendations to the Board regarding the appointment of independent auditors, reviews the nature and scope of the annual audit plan presented by the Company's external auditors, and reviews with management the risks inherent in the Company's business and the management of such risks. The Audit Committee also reviews with both internal and external auditors and with management of the Company the adequacy of the internal accounting procedures and systems established by the Company and reviews the Company's annual financing plan, any proposed financings and the method by which the Company measures financial results and performance. The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and may retain special legal, accounting or other experts in the performance of its duties. The Audit Committee has regular sessions with the internal auditor and the external auditors (both with and without management) to discuss issues as it deems appropriate and requires management to implement and maintain appropriate internal controls and reviews these controls regularly at Committee meetings. The Audit Committee has implemented controls to pre-approve non-audit work performed by the external auditors.

The Audit Committee also has the responsibility to oversee the administration, financial reporting and investment activities of the Company's defined benefit pension plan. The Audit Committee also has an oversight role with regard to the Company's defined contribution plan and is responsible for reporting to the Board in respect of the actuarial soundness of the plans, the administration of the plans, investment policy, the performance of plan investments and compliance with governing legislation. Where contemplated by the Company's pension plan documents, the Audit Committee may appoint actuaries, auditors, trustees and investment counsel for each plan and seek to ensure that actuarial valuation studies are completed and contain such calculations, recommendations and information as required by applicable legislation or by the Company. The Audit Committee reviews and approves annually a statement of investment policies and procedures for each plan and may, from time to time, recommend to the Board changes to the plans and their administration. The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and may retain special legal, accounting or other experts in the performance of its duties.

The Audit Committee is composed of three independent Directors of the Company: Messrs. Bracken-Horrocks, Pinette and Jentsch. For further information regarding the Company's Audit Committee, see the Section of the Company's Annual Information Form dated March 1, 2022 entitled "Audit Committee Information", which is incorporated by reference herein and which is available on SEDAR at [www.sedar.com](http://www.sedar.com). Upon request by a securityholder of the Company, the Company will promptly provide a copy of such Annual Information Form free of charge.

## **Joint Governance and Sustainability Committee ( the "Governance and Sustainability Committee")**

The principal role and function of the Governance and Sustainability Committee is to ensure that the Company, through its Board, sustains an effective approach to corporate governance and sustainability. The Governance and Sustainability Committee monitors best practices for corporate governance and reviews practices and terms of reference to ensure the Company's compliance with industry standards and applicable laws and regulatory rules and policies. The Governance and Sustainability Committee is also responsible for overseeing, on behalf of the Board, the development, implementation and monitoring of the Company's sustainable development in all its internal policies and operations around the three pillars of a Sustainability framework – ESG. An additional function of the Governance and Sustainability Committee is to review the Board's overall relationship with management. The Governance and Sustainability Committee is also responsible for identifying and recommending proposed nominees for election to the Board, recommending the assignment of Directors to committees of the Board and undertaking an annual assessment of the size composition and effectiveness of the Board and the Board committees

and their terms (see “Board/Committee Assessments of Effectiveness and Renewal” below) to monitor the Company’s compliance with sustainability best practice and with relevant legal and regulatory requirements and to recommend to the Board such changes or additional action as the Governance and Sustainability Committee deems necessary. The Governance and Sustainability Committee receives regular reports from management on its activities, on progress on the Company’s sustainability practices and on developments in the external sustainability environment and approve the annual Sustainability Report, including Sustainability Disclosures, of the Company. The Governance and Sustainability Committee also develops and periodically reviews compliance with the Board Governance Principles and the Code of Conduct and the resolution of potential or real conflicts of interest and also functions as a forum for concerns of individual Directors about matters that are not readily or easily discussed in a full meeting of the Board. It also annually reviews the adequacy and form of the compensation of the Directors and reports and makes recommendations to the Board accordingly. The Governance and Sustainability Committee has also been given responsibility by the Board for overseeing and implementing the Company’s Diversity Policy (see “Board/Committee Assessments of Effectiveness and Renewal - Diversity” below). The Governance and Sustainability Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and may retain special legal, accounting or other experts in the performance of its duties. The Governance and Sustainability Committee is composed of four members, a majority of whom are independent. Of these four members, one member is a Director only, one member is a director of both the Company and Canfor and two members are directors of Canfor only. The only non-independent member of the Governance and Sustainability Committee is Mr. Glen Clark as a result of his role as employee, director or officer of one or more companies owned by James Pattison, the largest shareholder of Canfor.

The Governance and Sustainability Committee does not institute any special measures to ensure the objectivity of the committee’s decisions, other than ensuring Mr. Clark abstain from any decisions relating to consideration of his independence, committee memberships or role on the board of Canfor.

#### **Joint Management Resources and Compensation Committee (the “MRCC”)**

The Board of Directors has the final authority to approve the recommendations of the MRCC regarding the compensation of the executives of the Company. The mandate of the MRCC consists of submitting for approval to the Board of Directors its recommendations of the compensation levels for senior executives including the NEOs.

Other responsibilities of the mandate include the nomination of the executive officers upon recommendation of the CEO, reviewing the performance assessment of the senior executives, monitor succession planning and retaining consulting services of outside experts to advise on executive compensation matters.

The MRCC monitors and assesses the performance of the NEOs and determines compensation levels on an annual basis. In its assessment of the annual compensation of the NEOs, the MRCC takes into consideration the median compensation paid by other Canadian companies of comparable size and the absolute and relative performance of the Company relative to such other companies. In addition, the Committee takes into account other relevant factors such as pension and benefits costs.

The overall purpose of the MRCC is to oversee compensation policies approved by the Board and to make recommendations to the Board regarding executive compensation. The MRCC is responsible for ensuring that the Company has in place programs and policies to attract and retain high calibre executives and a process to provide for the orderly succession of management. The MRCC annually assesses the performance of the CEO, recommends for approval by the Board of that officer’s compensation and benefits and approves the compensation for all other designated senior officers of the Company, its subsidiaries and affiliates. This is done after considering the recommendations of the CEO, all within the compensation policies, guidelines and pay and performance systems approved by the Board. The MRCC also reviews from time-to-time, as and when required, the Company’s policies and programs in relation to pension and other benefits. In addition, the MRCC reviews from time-to-time with the CEO, policies on compensation for all employees. The MRCC has the authority to conduct any investigation appropriate to fulfilling its responsibilities and may retain special legal, accounting or other experts in the performance of its duties.

The MRCC is composed of four members, a majority of whom are independent. Of these four members, three members are Directors of Canfor and only one member is a director of both the Company and Canfor. The only non-independent member of the MRCC is Mr. Ryan Barrington-Foote, a director of Canfor.

The MRCC does not institute any special measures to ensure the objectivity of the committee's decisions, other than ensuring Mr. Barrington-Foote abstains from any decisions relating to consideration of his compensation, independence, committee memberships or role on the board of Canfor.

#### **Joint Environmental, Health and Safety Committee (the "EH&S Committee")**

The overall purpose of the EH&S Committee is to develop, review and make recommendations as required on matters related to the Company's environmental, health and safety policies and practices and to monitor compliance with government regulations and with the Company's commitment to excellence on these issues. The EH&S Committee is also responsible for reviewing and making recommendations to the Board concerning the Company's compliance with policy statements and implementation standards adopted from time to time by the Company on environmental, health and safety issues, the Company's environmental disaster response plan and degree of readiness for each of its operations and the Company's management programs and standards addressing the health of its employees and the public and the safety of the workplace. The EH&S Committee monitors the Company's development of policies and initiatives in the area of environment, health, safety and First Nations, as well as with respect to developing government policy and regulation regarding carbon, greenhouse gas emissions and the potential impact of climate change. The EH&S Committee requires that at least one meeting per year is held at one of the Company's operations. The EH&S Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and may retain special legal, accounting or other experts in the performance of its duties. The EH&S Committee is composed of four members, a majority of whom are independent. Of these four members, one member is a director of both the Company and Canfor and three members are directors of Canfor only. The only non-independent member of the EH&S Committee is Mr. Stimpson, a director of Canfor.

#### **Joint Capital Expenditure Committee (the "Capex Committee")**

The overall purpose of the Capex Committee is to act on behalf of the Board in reviewing and making recommendations on expenditures for capital projects that are in excess of the management limit, but within the authority of the Capex Committee, as set by the Board from time to time. The Capex Committee also has the authority to review capital projects proposed by Canfor. Subject to any change by the Board, the Capex Committee reviews and considers individual capital expenditures of \$15 million or more. The Capex Committee has the authority to approve any capital expenditure between \$15 million and \$50 million. Any project approval in excess of \$50 million is subject to the approval of the full Board. In addition, the Capex Committee reviews any lesser capital expenditures referred to it by the Board or the CEO, subject to further approval requirements as stipulated by the Board, if any. The Capex Committee is composed of five members, a majority of whom are independent. Of these five members, three members are directors of both the Company and Canfor and two members are directors of Canfor only. The only non-independent member of the Capex Committee is Mr. Glen Clark.

### **BOARD/COMMITTEE ASSESSMENTS OF EFFECTIVENESS AND RENEWAL**

#### *General*

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 bi-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.

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.

At the Meeting, seven Directors will stand for election. The Company has implemented a policy whereby if a Director changes his/her principal occupation, they will offer their resignation as a Board member. The Board may accept or not accept the resignation.

#### *Board Renewal*

The Company does not have an established term limit for its directors or an established retirement policy. The Governance and Sustainability Committee believes the assessment processes described under "General" above are an effective basis to ensure board renewal and has therefore determined that set term limits are therefore unnecessary. The terms of the current nominees for election as Directors are not high, when compared to other similar public companies and prevailing governance standards. The tenure of three of the nominees is ten years or more; two of the nominees Directors is between five and six years and the balance of the nominee Directors have been on the Board for two years or less. Furthermore, the Governance and Sustainability Committee recognizes that considerable Company and industry-specific knowledge is gained over a consistent tenure with the Board, and therefore seeks to retain this unique experience and skill set among its Board members unless circumstances otherwise require.

#### *Diversity*

The Company believes that diverse perspectives enhance its organizational strength, problem solving ability and opportunity for innovation. Furthermore, the Company recognizes that diversity of skill and experience, including gender diversity, is a critical and valuable consideration in the assessment of the Board, its composition and prospective nominee candidates as well as the composition of its senior management team. The Company has therefore adopted a written diversity policy ("Diversity Policy") promoting diversity within the Company and all of their subsidiaries, which encompasses its policy relating to the identification and nomination of women directors and senior executives. The Governance and Sustainability Committee has the responsibility for the oversight and implementation of this policy.

The Diversity Policy is intended to provide a framework for promoting diversity within the Company and its subsidiaries at both the Board and senior management levels (with diversity in relation to other employees of the Company and its subsidiaries being addressed in its other human resources policies).

The Diversity Policy is designed to address diversity in all of its characterizations, being those which make individuals different from one another, and expressly includes gender, geographic representation, education, experience, ethnicity, age and disability. In order to support its diversity objectives, under the Diversity Policy, the Company includes consideration of these diversity criteria (including gender) in identifying and considering the selection of candidates for election, re-election or hiring as Directors or members of senior management and, when appropriate, the engagement of qualified independent external advisors to search for candidates who meet these criteria.

As part of its mandate, the Governance and Sustainability Committee is responsible for overseeing the implementation and effectiveness of the Diversity Policy. The Company does not currently apply targets regarding the representation of women on the Board or in its senior management positions, as it does not believe that quotas or a formulaic approach to diversity issues will necessarily result in the identification or selection of the best candidates. The Company rather believes that, together with the implementation of the Diversity Policy, it will be more successful in the identification, nomination and appointment of the best candidates based on merit and the assessment of the suitability of a candidate for a particular role in light of the needs of the Company, the candidate's skills, background experience and knowledge, while taking into account the Company's diversity criteria as set out in the Diversity Policy.

In addition to its written Diversity Policy, the Company emphasizes the internal development of its employees for career advancement, which it believes contributes not only to the consistency of the Company's culture but also the development of industry specific knowledge as its employees gain seniority. The Company believes that one of the most effective ways to enhance gender diversity is to increase the representation of women in leadership roles by

fostering this type of development for high potential female employees within the Company at earlier stages of their careers.

In order to support the implementation and effectiveness of the Diversity Policy, the Governance and Sustainability Committee reviews with management the application and progress of the Company’s approach to diversity as expressed in the Diversity Policy. As at the date hereof, there is one woman on the Board of the Company an increase from 2021 and four (4) women are in senior management positions with the Company, its parent company, Canfor, and its major subsidiaries the same as in 2021, representing 13.8% of overall executive and senior management personnel with those companies. Over the past several years since the Company’s adoption of the Diversity Policy, the Company has continued to, and will continue to, work towards increasing the number and percentage of women on the Board and the number and percentage of women in senior management positions with the Company and its major subsidiaries.

A copy of the Company’s Diversity Policy may be accessed on the Company’s website at [www.canfor.com](http://www.canfor.com).

## APPOINTMENT OF AUDITORS

On the recommendation of the Audit Committee, subject to confirmation at the Meeting, the Board has proposed that KPMG LLP (“KPMG”), Chartered Accountants of Vancouver, British Columbia, be appointed as auditors of the Company for the year ending December 31, 2021. The Company recommends that KPMG be reappointed.

The Audit Committee is satisfied that KPMG meets the relevant independence requirements and is free from conflicts of interest that could impair their objectivity in conducting the Company’s audit. The resolution appointing auditors must be passed by a majority of the votes cast by the shareholders who vote in respect of that resolution at the Meeting.

## AUDITOR FEES

KPMG LLP is the current auditor of the Company. The aggregate fees billed by the auditors of the Company for the last two fiscal years, was approximately \$0.8 million. Fees listed below were for audit, tax, financial and other verification audits.

<u>External Auditor Service Fees (000s)</u>	<u>2021</u>	<u>2020</u>
Audit Fees <sup>(1)</sup>	361	\$347
Audit-Related Fees <sup>(2)</sup>	-	-
Tax Fees <sup>(3)</sup>	-	-
All Other Fees <sup>(4)</sup>	<u>\$46</u>	<u>\$36</u>
<b>Total Fees</b>	<b><u>\$407</u></b>	<b><u>\$383</u></b>

Notes:

- <sup>(1)</sup> For the audit of the Company’s annual financial statements and services normally provided by the principal auditor in connection with the Company’s statutory and regulatory filings.
- <sup>(2)</sup> For assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported in item (1), including accounting consultations and various agreed upon procedures.
- <sup>(3)</sup> For tax compliance and tax consulting services.
- <sup>(4)</sup> For fees other than the fees reported in items (1) to (3) including services related to chain of custody and greenhouse gas offset projects.

The Audit Committee has the responsibility to pre-approve any non-audit related services provided by the auditors of the Company exceeding \$100,000 and the Chairman of the Audit Committee has the authority to approve any such services exceeding \$50,000 but not in excess of \$100,000.

## ADDITIONAL INFORMATION

The Company’s Annual Report which contains the audited financial statements for the year ended December 31, 2021 and Management’s Discussion and Analysis (“MD&A”) of Financial Condition and Results of Operations, which contain financial information relating to the Company, together with this Information Circular, any interim financial statements filed subsequent to the annual audited financial statements and related MD&As, and additional

information regarding the Company, may be obtained from the Corporate Secretary of the Company and may be accessed on the Company's website [www.canfor.com](http://www.canfor.com). Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**The contents and the sending of this Information Circular have been approved by the Board of Directors of the Company.**

**BY ORDER OF THE BOARD OF DIRECTORS**

David M. Calabrigo, Q.C.  
Corporate Secretary  
Vancouver, BC  
March 16, 2022

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