



Building a future as sustainable as our forests

Sustainability Strategy Overview

Building Canfor's Sustainable Future



Message from the President & CEO, Don Kayne

We're on an ambitious sustainability journey. One that will change how we work and the impact we have on our communities and the planet. We are proud of our sustainability efforts to date, but we know we can do more to address the world's pressing environmental and social challenges. Implementing a robust sustainability strategy is not only our responsibility as a global citizen, but our opportunity as a company.

Our vision is to create a future as sustainable as the forests.

We are committed to building the tomorrow we imagine is possible for our people, our products and the planet we all share.

- Our people and the communities we're part of will grow and prosper through inclusion, diversity, equity and wellness every day.
- Our pulp and wood products will become even more sustainable and responsible in the way they're sourced and manufactured, and we'll continue to work in partnership with our valued customers.
- And the planet we share will become more resilient with processes and products that play an integral role in helping to mitigate climate change.

We are in a uniquely strong position to be a sustainability leader. Our sustainability strategy is rooted in our learnings from the past and our drive for innovation – both attributes that will make Canfor a sustainability leader on the global stage. This focus is as beneficial for our business as it is for the planet and will ensure Canfor's long-term success.

Our journey won't be easy, but we are committed. We will be resolute, but never at the expense of the respect we hold for each other, our communities, our forests and the planet we rely on to thrive. We can't do this alone, it will take all our ingenuity and effort. Together, we can frame the future of a more sustainable Canfor.

Don Kayne
President & CEO, Canfor



Message from the CFO, Canfor & Canfor Pulp, and SVP, Sustainability, Pat Elliott

Canfor's bold path to becoming a global leader in sustainability holds great potential for positive impact.

Our commitments encompass the wellness of our people and communities, the development of sustainable products, and the resiliency of our natural environment. Our strategy includes definitive action plans to progress towards each bold target, and we will diligently track our progress along the way.

Doing things behind closed doors is not enough. We are committed to telling our story and sharing the impact our people and business create every day. We will communicate transparently about our strategy and goals, sharing both our successes and shortcomings so that we can learn from them as we strive to create a more sustainable future.

Delivering on our sustainability strategy will require time, resources and an expanded spirit of collaboration. Canfor's sustainability ambitions are advancing, but to have the impact we envision it will take the collective action of our suppliers, partners and entire organization. Our success will be shaped by every decision and every investment we make as a company, and every individual action and contribution from our people.

We look forward to continuing to share our progress and hope you'll follow our journey.

Pat Elliott
CFO, Canfor & Canfor Pulp, and SVP,
Sustainability, Canfor

Our sustainability journey

Our vision is to create a future as sustainable as the forests.

We begin with a deep respect for the people our business touches, the products we create and the planet we rely on to thrive.

When we enable sustainability through these pillars, we position ourselves for long-term growth and positive impact.

Our Sustainability Framework

People

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

Safety, Health & Wellness

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

Inclusion & Diversity

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

Indigenous Relations

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

Human Rights

We are committed to respecting human rights across our company, value chain and with stakeholders, partners and special interest groups in our communities.

Community Engagement

We will be an active corporate citizen focused on supporting education, community, sustainability and health initiatives.

Planet

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

Sustainable Forestry

We are committed to world-class sustainable forestry that will result in resilient, productive and biodiverse forests.

Climate Change

We are committed to playing a leading role in the transition to a low-carbon economy.

Air Quality

We will continuously improve emissions management and achieve full regulatory compliance.

Water Management

We will continuously improve and achieve full compliance for water usage and discharge.

Products

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

Supply Chain Management

We are committed to embedding sustainability throughout our supply chain.

Energy Management

We will decrease the energy intensity of the manufacturing process and continue to generate surplus clean energy.

Waste & Residuals Management

We will optimize fibre utilization and minimize landfill waste.

People

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

Our people and communities must be protected and cared for to create the future we imagine for our company. The safety of our people comes first. We know we are only as strong as our employees, so we actively invest in their health and wellness. We strive to positively contribute to the communities in and around where we operate. We seek to include individuals with diverse backgrounds in our workforce, knowing we will only benefit from diverse perspectives helping our organization evolve and advance. We are particularly committed to strengthening our partnerships with Indigenous Nations, knowing our business is inextricably linked to Indigenous Peoples.

Examples of intended outcomes:



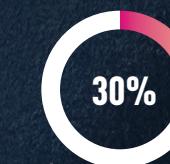
10% improvement year-over-year on Total Recordable Incident Frequency (TRIF)



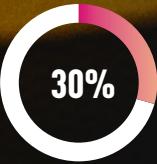
100% of operating area covered by agreements with willing Indigenous Nations by 2030



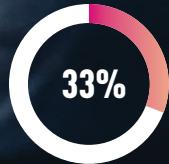
5% of total spend with Indigenous vendors for Wood Products Canada by 2025



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



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



33% under-represented groups for new hires annually by 2025

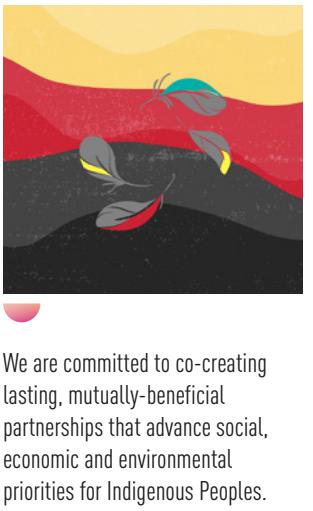


Achieve 100% completion of Inclusion & Diversity awareness training for all staff across North America by 2021

Our Success Stories

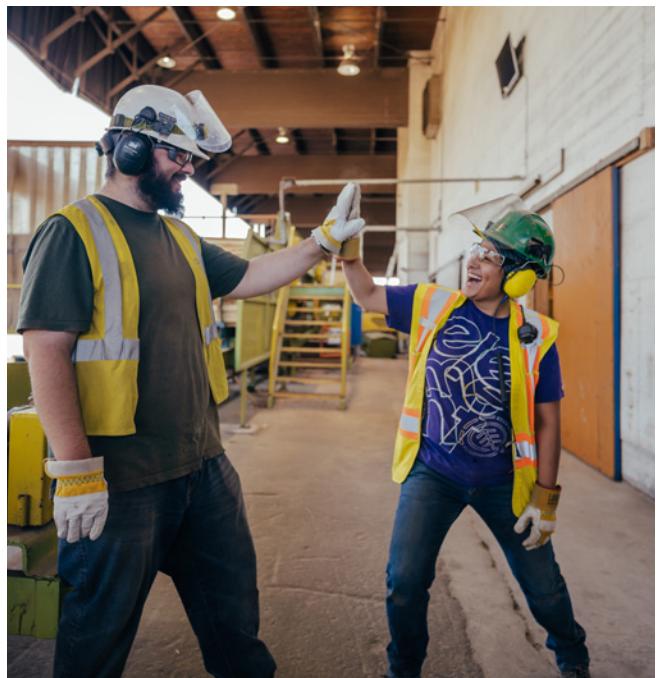


Canfor saw a 12.5% increase in overall applications from women in 2020 by eliminating gender bias in the application process. 11% of new hires were women.



In addition to our robust health and financial benefit programs, our offerings include: access to an occupational health physician and nurses, employee assistance programs and virtual cognitive behavioural therapy.

Our Indigenous Employment and Training Advisor provides full employment services to candidates, resulting in a higher level of engagement with Indigenous applicants. From September to December 2020, this program resulted in a 95% increase in Indigenous hires compared to pre-launch.



We need every individual at Canfor to contribute to the creation of a supportive and inclusive work environment. Our key priority in 2020 was delivering our Inclusion and Diversity training. We trained 85% of all Canadian salaried staff, 78% of our United States salaried staff and 100% of the executive team. In 2021, we'll aim for 100% of all salaried staff across North America.

Planet

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

In order to help mitigate climate change, it is imperative we transition to a low-carbon economy. We aspire to help lead this transition, knowing the long-term sustainability of forest ecosystems is in the best interest of our employees, local communities, Indigenous partners, woodlot owners and our business. We value trees for their contribution to building sustainable communities and recognize wood as a renewable resource and a carbon-storing raw material for our pulp and paper products. We aim to enhance the climate change resilience and future productivity of our forests by implementing science-based sustainable forest management practices. In addition to our thoughtful use of the land, we are also mitigating our impact on air and water by improving emissions management and protecting water as a precious resource.

Examples of intended outcomes:

100%

Maintain 100% certification to SFI® (Sustainable Forestry Initiative) or FSC® (Forest Stewardship Council) forest management standards for all Canfor managed forests

100%

Achieve 100% certification to the SFI Fibre Sourcing Standard for all sourced timber in the U.S.

50%

Support willing U.S. land and woodlot owners to achieve 50% of SFI forest management or American Tree Farm System® certification by 2030



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



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



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

Our Success Stories



We planted 64 million seedlings in 2020 and more than 1 billion over the last 20 years.

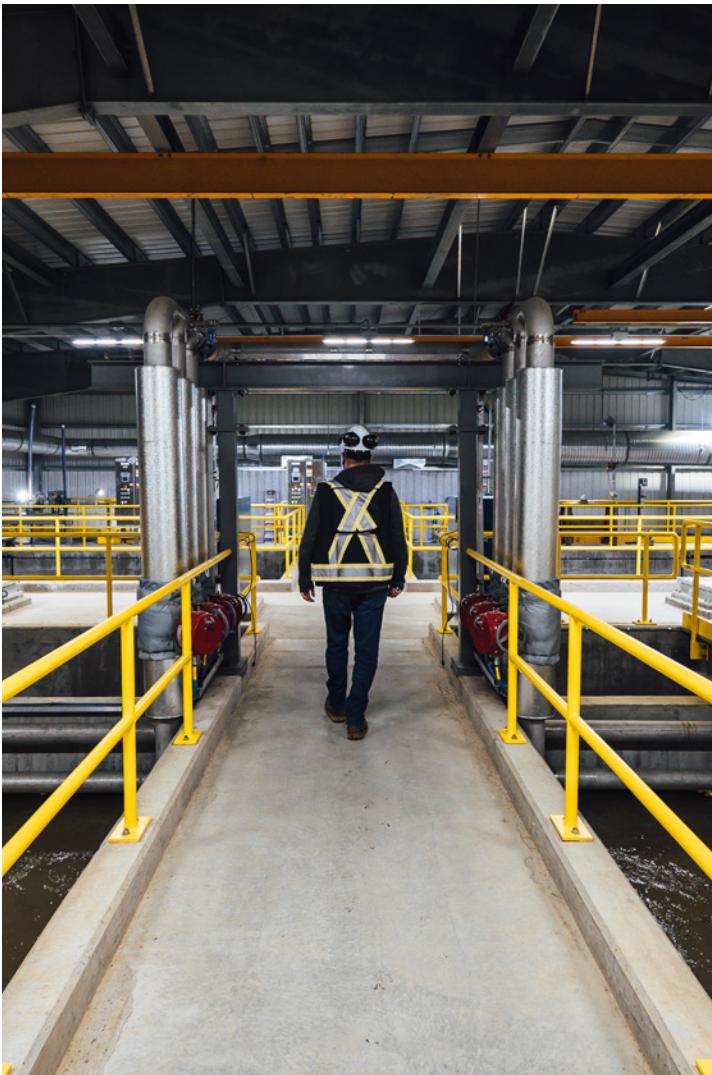


215 million litres of clean water daily are being provided to our Prince George and Intercontinental pulp mills, and other nearby operations, thanks to our new water treatment plant on the Nechako River.

We are involved in a number of noteworthy forest planning partnerships, including the forWater Research Network and the Forest Management Wetland Stewardship Initiative. The forWater Research Network works on innovative solutions to address climate change impacts on forested watersheds, and the Forest Management Wetland Stewardship initiative promotes sustainable forest management and wetland stewardship in the boreal forest.



Arbios Biotech is a joint venture between Canfor and Licella that is using first-of-a-kind technology to convert biomass into low carbon biofuels, which will have applications in the transportation sector.



Products

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

Customers consider environmental and social impact a priority when making their buying decisions, as evidenced by their increasing interest in our sustainable products. We enable them to meet their needs for high-quality, sustainable forest products by committing to responsible resource use during manufacturing. This involves decreasing the energy intensity of our operational processes, optimizing fibre utilization and minimizing waste sent to landfills.



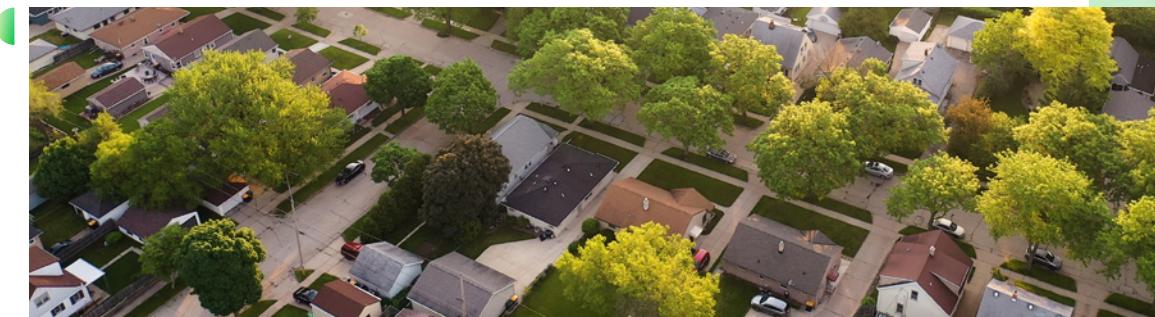
Our Success Stories



Canfor generated enough electricity to power 78,000 homes for one year.



We generated over 890,000 megawatt-hours of power, which is enough electricity to power over 78,000 homes for one year. We use the electricity to power a portion of our facilities and the remaining power is sold to the power grid. 76% of the fuel consumed was from renewable sources.



We have been harnessing the power of technology to model energy use and compare against targets in real time. The Northwood pulp mill in Prince George, B.C. has an Energy Management Information System (EMIS) which captures electricity consumption, natural gas and biomass fuel consumption, as well as steam consumption in each production area, enabling daily reporting and response.



2020 Sustainability highlights

Our company-wide total recordable incident frequency was 1.6, well-below our 2020 target of 2.0



180 charities

and non-profit organizations supported.



98% of Canadian wood products leaders trained in Indigenous Cultural Awareness and Understanding, along with 43% of all Canadian salaried staff



64 million
seedlings planted



99%
of U.S.-sourced timber meets SFI Fibre Sourcing Standard requirements



93%

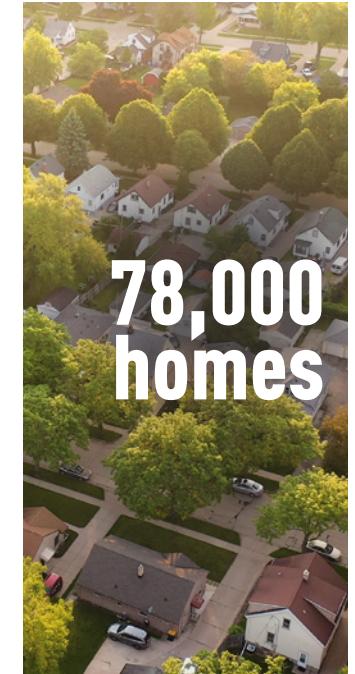
of the fibre for our pulp mills was from FSC and PEFC-certified Chain of Custody sources



4,693,440
tonnes of wood residuals from sawmills were recovered and sold



78,000 homes



100%
SFI or FSC certification of all Canfor-managed forests in Canada



Canfor generated enough electricity to power 78,000 homes for one year

The background of the entire image is a dense forest of tall, green evergreen trees, likely Douglas firs, arranged in a repeating pattern.

Frame the Future



canfor.com/sustainability-journey