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Sandra Stuart <sup>(4)</sup> Vancouver, BC Canada	<p>Former CEO of HSBC Canada, a Canadian chartered bank and a Director of HSBC Trinkaus &amp; Burkhardt, Telus International Inc., Belcorp Industries Inc. and DRI Healthcare Trust.</p> <p>Background: Ms. Stuart is also a Director of CPPI. Ms. Stuart is the former Executive Director, Group General Manager and President and CEO of HSBC Bank of Canada. She has also served on the boards of HSBC Bank of Canada and as a Chair of the board for HSBC Global Asset Management (Canada) Limited.</p> <p>Ms. Stuart has been recognized by the Association of Women in Finance for Excellence in the Private Sector and the Women’s Executive Network as one of the Top 100 Most Powerful Women, in 2014. In 2015, she was acknowledged as one of British Columbia’s Most Influential Women by BC Business and awarded the inaugural Deloitte Inclusion Vanguard Award in 2016. In 2019, she became a Catalyst Canada Honours Champion.</p> <p>Ms. Stuart has a Bachelor of Arts 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.</p>	2021
Frederick Stimpson III <sup>(4)</sup> Mobile, AL United States	<p>Former President of CSP and is currently a consultant for the Company.</p> <p>Background: Mr. Stimpson is the third generation of a family with a long history in the forest products business. After graduating from the University of Alabama in Business and from University of Georgia in Forestry, Mr. Stimpson worked with Gulf Lumber Company in various roles and was President from 1988 to 2009.</p> <p>Mr. Stimpson joined Canfor through the acquisition of Scotch &amp; Gulf Lumber in 2013 where he held the role of CEO and, in 2015, was appointed President, CSP until 2020. Leading the Company’s US South business, Mr. Stimpson helped the Company expand from four mills to 15 operations including a transportation company that specializes in hauling lumber and wood residuals across the southeast to customers.</p>	2021

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Joint Management Resources and Compensation Committee.
- (3) Member of the Joint Governance and Sustainability Committee (formerly the Joint Governance Committee).
- (4) Member of the Joint Environmental, Health and Safety Committee.
- (5) Member of the Joint Capital Expenditure Committee.
- (6) All committees of the Company, other than Audit Committee, have as members one or more directors of CPPI and are joint committees with CPPI. For more information on the power, responsibilities and composition of the joint committees, see the Company’s Information Circular dated March 23, 2021, which can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

The term of office of each Director expires on the date of the next Annual General Meeting of the Company to be held on May 3, 2022.

## Officers

The names and municipality, province and country of residence of the executive officers of the Company and the offices held by them as at March 1, 2022 are as follows:

<b><u>Name<sup>(1)</sup></u></b>	<b><u>Municipality of Residence</u></b>	<b><u>Office</u></b>
John Baird	Toronto, ON, Canada	Chairman
Donald Kayne	Delta, BC, Canada	President and CEO
Patrick Elliott	Vancouver, BC, Canada	CFO & Senior Vice President, Sustainability
Alan Nicholl	West Vancouver, BC, Canada	Executive Vice President Bio-Based Solutions and Pulp Operations
David Calabrigo, Q.C.	Vancouver, BC, Canada	Senior Vice President, Corporate Development, Legal Affairs and Corporate Secretary
Stephen Mackie	Kelowna, BC, Canada	Executive Vice President, North American Operations
Kevin Pankratz	North Vancouver, BC, Canada	Senior Vice President, Sales and Marketing
Katy Player	North Vancouver, BC, Canada	Senior Vice President, People
Måns Johansson	Växjö, Kronobergs län, Sweden	Chief Executive Officer, Vida Group
Tony Sheffield	Daphne, Alabama, United States	President, CSP
Jim Bogle	Surrey, BC, Canada	Vice President, Technology & Digital
Bob Hayes	Delta, BC, Canada	Vice President, Global Supply Chain
Kevin Horsnell	Prince George, BC, Canada	Vice President, Operations Canada
Andreas Kammenos	Abbotsford, BC, Canada	Vice President, Residual Fibre and Business Analytics
Ross Lennox	Prince George, BC, Canada	Vice President, Woodlands Canada
Bob Smith	Surrey, BC, Canada	Vice President, North American Sales
Katrina Wilson	Surrey, BC, Canada	Vice President, Controller

Notes:

- (1) The principal occupation of all of the officers listed above is with the Company or CPPI, other than Mr. Sheffield and Mr. Johansson, whose principal occupations are with CSP and Vida, respectively, as described above. For further information on the occupations of the Directors of CPPI, see the Company's Information Circular dated March 23, 2021, which can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

All of the above Directors and officers have had the same or similar principal occupations with the organizations indicated for the last five years except that: prior to October 2021, Mr. Nicholl was CFO and Executive Vice President, Finance and Canfor Pulp operations; prior to October 2021, Mr. Elliott was Senior Vice President, Corporate Finance and Sustainability, prior to August 2020, Mr. Elliott was Vice President, Corporate Finance and Strategy and prior to April 2018, Mr. Elliott was Vice President and Treasurer; prior to October, 2021, Ms. Wilson was Corporate Controller; prior to April 2021, Mr. Baird was a Director of the Company; prior to March, 2021, Mr. Bogle was Vice President, Business Services at Tervita Corporation, prior to October 2017, Mr. Bogle was Vice President, Human Resources and Information Technology at Tervita Corporation and prior to March 2017 Mr. Bogle was Vice President, Information Technology at Tervita Corporation; prior to February 2021, Ms. Player was Vice President, People and Communications, prior to March 2018, Ms. Player was Senior Director, Human Resources at Bentall Kennedy, and prior to January 2017, Ms. Player was Director, People and Culture at Canfor; prior to January 2021, Mr. Sheffield was Vice President, Sales, CSP; prior to September 2020, Mr. Kammenos was General Manager, Business Analytics; prior to September 2020, Mr. Smith was Group General Manager, SPF Sales; prior to February 2020, Mr. Mackie was Senior Vice President, Operations Canada; prior to April 2019 Mr. Johansson was Managing Director of Vida Wood; prior to April 2018, Mr. Hayes was Vice President, Transportation and Corporate Sourcing; prior to September 2019, Mr. Horsnell was Vice President, Woodlands Canada, and prior to January 2018, Mr. Horsnell was General Manager, Forest Management Group Canada; prior to January 2019, Mr. Pankratz was Senior Vice President, Sales and Marketing, Canfor Wood Products Marketing and prior to January 2018, Mr. Pankratz was Vice President, Canfor Wood Products Sales and Marketing; prior to September 2019, Mr. Lennox was Plant Manager, Plateau Sawmill and prior to July 2017, Mr. Lennox was Plant Manager, Prince George Sawmill.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

To the knowledge of the Company, no Director or Executive Officer of the Company, or any person or company that beneficially owns or controls or directs, directly or indirectly, more than 10% of the Common Shares, or any of their associates or affiliates, has or had any material interest, directly or indirectly, in any transaction of the Company within the three most recently completed financial years of the Company or during the current financial year that has materially affected or is reasonably expected to materially affect the Company, other than as described under "Material Contracts" and as set forth herein.

## **CONFLICTS OF INTEREST**

To the knowledge of the Company, no Director or Executive Officer of the Company or a subsidiary of the Company has an existing or potential conflict of interest with the Company or a subsidiary of the Company.

## **DESCRIPTION OF CAPITAL STRUCTURE**

The authorized share capital of the Company consists of 1,000,000,000 Common Shares without par value and 10,000,000 Preferred Shares with a par value of \$25 each. At December 31, 2021 and as of the date of this Annual Information Form, there were 124,493,600 Common Shares issued and outstanding and no Preferred Shares issued and outstanding.

Holders of the Common Shares are entitled to vote at all meetings of shareholders of the Company, except meetings at which only the holders of Preferred Shares would be entitled to vote. The Common Shareholders are entitled to receive dividends, as and when declared on the Common Shares.

Holders of Preferred Shares are not generally entitled as such to receive notice of, or to attend or vote at, general meetings of shareholders of the Company. Preferred shareholders are entitled to preference over the Common Shares with respect to the payment of dividends and upon any distribution of assets in the event of liquidation, dissolution and winding-up of the Company.

## **DIVIDENDS**

The declaration and payment of dividends is at the discretion of the Company's Board of Directors. There were no dividends paid on its Common Shares from 2009 to 2021.

Provisions contained in the Company's long-term borrowing agreements limit the amount of dividends it may pay on the Company's Common Shares. The amount of dividends the Company is permitted to pay under its term loan agreements is determined by reference to consolidated net earnings less certain restricted payments. The agreements do not restrict dividends paid in Common Shares of the Company.

## **SHAREHOLDINGS OF DIRECTORS AND EXECUTIVE OFFICERS**

At March 1, 2022, the Directors and Executive Officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over: (i) 128,016 Common Shares representing approximately 0.1% of the outstanding Common Shares; and (ii) 108,434 Common Shares of CPPI representing approximately 0.3% of the outstanding Common Shares of CPPI.

At March 1, 2022, James A. Pattison beneficially owned 63,728,722 Common Shares, which are held by companies wholly owned by Mr. Pattison, and represent approximately 51.2% of the outstanding Common Shares of the Company. This amount is not included in the calculation of the Directors and Executive Officers holdings above.

## **MARKETS FOR SECURITIES**

The Common Shares are listed and traded on the TSX under the symbol CFP.

## TRADING PRICE AND VOLUME

The following table presents the high and low prices for the Company's Common Shares and the average daily trading volume of those shares, on a monthly basis, on the TSX for 2021.

<b>Month (2021)</b>	<b>High</b>	<b>Low</b>	<b>Average Daily Trading Volume</b>
	\$	\$	(Shares)
January	25.16	21.92	337,320
February	29.00	23.58	394,568
March	27.70	22.46	390,709
April	33.93	26.02	555,467
May	35.53	27.64	582,910
June	30.05	25.21	502,986
July	29.28	22.85	386,138
August	27.79	23.78	332,200
September	29.37	24.87	266,810
October	30.04	25.50	241,850
November	30.00	25.26	196,759
December	32.42	27.51	237,250

## SECURITY

The Company's operating lines of credit and term indebtedness are unsecured.

## MATERIAL CONTRACTS

The following is a list of the Company's material contracts:

1. The Company is party to a Note Purchase and Private Shelf Agreement dated October 2, 2015, as amended by amendments thereto dated as of December 14, 2018 and September 30, 2019, each made among the Company, Prudential Investment Management, Inc. and the note purchasers party thereto (the "Note Purchase Agreement"), for the private placement of 4.40% Series A senior unsecured notes (the "Notes") of the Company. The initial series of Notes are for an aggregate principal amount of US\$100,000,000 with a 10-year term, repayable in three equal tranches on October 2, 2023, 2024 and 2025, and are guaranteed by certain of the subsidiaries of the Company. The Note Purchase Agreement provides for a US\$50,000,000 uncommitted shelf facility to allow for future issuances of Notes.
2. The Company and CSP are borrowers under an amended and restated credit agreement dated for reference October 27, 2021, made with, among others, Royal Bank of Canada, as Canadian administrative agent, CoBank, ACB, as U.S. administrative agent, Bank of Montreal, as co-syndication agent, Canadian Imperial Bank of Commerce, as co-syndication agent, and the financial institutions from time to time party thereto as lenders.

This amended and restated credit agreement, as so amended, provides for a CDN\$775,000,000 unsecured revolving term credit facility (the "Operating Loan") in favour of the Company and CSP, and a US\$200,000,000 committed revolving credit facility (the "Revolving Credit Facility") in favour of CSP. Each of the Operating Loan and the Revolving Credit Facility provide for floating rates of interest. The Operating Loan also provides for the issuance of letters of credit. The Operating Loan matures on October 27, 2026 and the Revolving Credit Facility matures on June 28, 2031. On June 28, 2023, any amounts drawn on the Revolving Credit Facility will be converted to a US-dollar denominated unsecured non-revolving term loan in the principal amount equal to the lesser of US\$200,000,000 and the principal amount outstanding under such Revolving Credit Facility on such date, with a maturity date of June 28, 2031.

3. The Company and a predecessor to CPPI each entered into a number of material contracts in connection with the spin-out of the NBSK pulp and paper business by the Company on July 1, 2006, which is now carried on by CPPI. For a description of these contracts see "Pulp and Paper" and the section entitled "The Spin-out – Transfer of the Pulp Business and Related Agreements" of the Company's Information Circular dated April 28, 2006, which is incorporated by reference herein and also the Canfor Pulp Income Fund Information Circular dated March 16, 2010, both of which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES, SANCTIONS

To the knowledge of the Company, no Director or Executive Officer of the Company is at the date hereof or was within the last 10 years of the date of this Annual Information Form, a director, CEO or chief financial officer of a company that, (i)

while acting in that capacity, was subject to a cease trade or similar order or an order that denied the company access to any exemption under securities legislation (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 was issued after the Director or Executive Officer ceased to be a director, CEO or chief financial officer of such company and which resulted from an event that occurred while that person was acting in such capacity, other than as set forth below in respect of Mr. Jentsch in his role as former Senior Executive of Scotiabank.

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 Director or Executive Officer of the Company or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company is at the date hereof, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of a 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 or trustee appointed to hold its assets, other than Mr. Ross. Mr. Ross was asked to join the Board of Directors of Catalyst Paper Corporation ("Catalyst") in May 2010 to assist in the possible restructuring of the company. Catalyst filed for protection under the CCAA in January 2012, reorganized its financial affairs and successfully emerged from CCAA protection in September 2012. Mr. Ross was asked to join the Board of Directors of Just Energy Group Inc. ("Just Energy") in June 2017. Mr. Ross was on the Board of Directors of Just Energy to execute a Plan of Arrangement under the CBCA in mid-2020 and then to subsequently execute a CCAA filing amidst significant issues in the Texas regulated market in early 2021.

To the knowledge of the Company, no Director or Executive Officer of the Company or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceeding, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no material legal or regulatory proceedings to which the Company or any of its subsidiaries is or was a party, or to which any of the property of any of them is or was the subject of, during the Company's financial year ended December 31, 2021, and there are no such material legal or regulatory proceedings which the Company knows to be contemplated. In addition, there are no penalties or sanctions imposed against the Company or any of its subsidiaries by a court relating to Canadian securities legislation or by a securities regulatory authority during the Company's financial year ended December 31, 2021 or any other penalties or sanctions imposed by a court or regulatory body against any of them which would likely be considered important to a reasonable investor in making an investment decision, and none of them have entered into any settlement agreements with a court relating to Canadian securities legislation or by a securities regulatory authority during the Company's financial year ended December 31, 2021.

On October 12, 2015, the Softwood Lumber Agreement between the governments of Canada and the US expired which resulted in a twelve month period in which no trade actions could be imposed for the importation of softwood lumber from Canada to the US (commonly referred to as a "stand-still period"). On October 12, 2016, the stand-still period expired, and on November 25, 2016, a petition was filed by the US Lumber Coalition to the US Department of Commerce and the US International Trade Commission alleging certain subsidies and administered fees below the fair market value of timber that favour Canadian lumber producers, including Canfor. On January 6, 2017, the US International Trade Commission ruled that there is a reasonable indication that US lumber producers are materially injured by reason of imports of softwood lumber products from Canada that are allegedly subsidized and sold in the United States at less than fair value. Canfor was selected by the US Department of Commerce as a "mandatory respondent" to the countervailing and antidumping investigations and is subject to company specific countervailing and antidumping duties.

On April 24, 2017, the US Department of Commerce announced a preliminary countervailing duty of 20.26% to be imposed on the Company's lumber exports to the United States from April 28, 2017 to August 25, 2017. On June 23, 2017, the US Department of Commerce announced a preliminary anti-dumping duty of 7.72% effective on US-bound shipments beginning June 30, 2017. On November 2, 2017, the US Department of Commerce announced a final countervailing duty rate of 13.24% effective December 28, 2017, and a final anti-dumping duty rate of 8.89% effective November 8, 2017. The anti-dumping duty rate was further amended to 7.28%, effective January 3, 2018, following a Ministerial Error Challenge, which was accepted by the US Department of Commerce.

Despite cash deposits being made at rates determined by the US Department of Commerce in 2017 (20.52%), the final liability associated with duties is not determined until the completion of administrative reviews performed by the US Department of Commerce.

For the countervailing duty rate, the first period of review was based on sales and cost data through 2017 and 2018, while the anti-dumping duty ("ADD") rate was based off data from July 2017 to December 2018. In early 2020, the US Department of Commerce announced the preliminary results for the first period of review and on November 24, 2020, finalized the rates. The Company's final countervailing duty ("CVD") rate was determined to be 2.94% for 2017 and 2.63% for 2018, while the final ADD rate was 1.99% for the entire first period of review. The final combined duty and cash deposit rate of 4.62% determined by the US Department of Commerce applied to the Company's Canadian lumber shipments destined to the United States from December 1, 2020 until completion of the administrative review for the second period of review on November 30, 2021.

In May 2021, the US Department of Commerce announced the preliminary results for the second period of review, which is based on sales and cost data in 2019, and on November 24, 2021, finalized the rates. The Company's final CVD rate was determined to be 2.42%, while the final ADD rate was 17.12%. The final combined cash deposit rate of 19.54% determined by the US Department of Commerce will apply to the Company's Canadian lumber shipments destined to the United States from December 1, 2021 until completion of the administrative review for the third period of review (anticipated in the third quarter of 2022).

In January 2022, the US Department of Commerce announced the preliminary results for the third period of review, which indicated that the Company's preliminary CVD and ADD rate for 2020 was 1.83% and 4.92%, respectively.

Canfor and other Canadian forest product companies, the Federal Government of Canada and Canadian Provincial Governments continue to categorically deny the US allegations and strongly disagree with the current countervailing and anti-dumping determinations made by the US Department of Commerce. Canada has proceeded with legal challenges under the United States-Mexico-Canada Agreement and through the World Trade Organization, where Canadian litigation has proven successful in the past.

## **EXPERTS**

KPMG LLP, Chartered Accountants, of Vancouver, British Columbia are the auditors of the Company. KPMG LLP, Chartered Accountants, have reported that they are independent of the Company in accordance with the ethical requirements that are relevant to the audit of financial statements in Canada.

The Company will propose KPMG LLP for reappointment as the auditors of the Corporation on the expiry of its term of office at the Annual Meeting of Shareholders of the Corporation on May 3, 2022. No auditor's report prepared by the auditor in respect of the Corporation's financial statements relating to the relevant period contained any modified opinion and there have been no reportable events involving the Corporation and the auditor.

## **TRANSFER AGENT AND REGISTRAR**

TSX Trust Company is the Company's transfer agent and registrar with registers of transfer in Vancouver and Toronto.

## **AUDIT COMMITTEE INFORMATION**

### **Audit Committee Terms of Reference – See APPENDIX A**

### **Composition of Audit Committee**

The Audit Committee is composed entirely of Directors who are financially literate and a majority of whom are independent, in each case as contemplated by National Instrument 52-110 – *Audit Committees* ("NI 52-110"). Mr. Smith, the Chairman of the Committee, is a Fellow Chartered Professional Accountant (FCPA, FCA) and was a partner in a national accounting firm for over 20 years. Mr. Barrington-Foote is a Fellow Chartered Professional Accountant (FCPA, FCA) and is Executive Vice-President at The Jim Pattison Group. Mr. Ross is a general partner and founder of Kinetic Capital Partners, was previously Managing Director, Investment Banking at Scotia Capital and, prior to that, Managing Director, Mergers and

Acquisitions with ScotiaMcLeod, has previously served on numerous Audit Committees and currently serves on a number of other boards. Mr. Jentsch was a former Senior Executive at Scotiabank, where he had a successful 35 year career holding numerous senior roles.

Of the Audit Committee members, Messrs. Smith, Jentsch and Ross are independent Directors, and Mr. Barrington-Foote is treated as a non-independent because he is an employee, director, or officer of one or more companies wholly owned by James Pattison, the largest shareholder of the Company.

In its assessment of the composition of the Audit Committee, the Board determined that Mr. Barrington-Foote is an appropriate member for this committee on the basis that: except for his positions with Mr. Pattison's companies, he is not considered to otherwise have any material relationships which could reasonably be expected to interfere with the exercise of his independent judgement as a Director; and, given his financial literacy and his active day-to-day involvement in relevant financial matters and issues, his role on the Audit Committee is required in the best interests of the Company. The Company is therefore relying on the exemption in subsection 3.3(2) (Controlled Companies) of NI 52-110 in including Mr. Barrington-Foote on the Company's Audit Committee.

The Audit Committee has adopted a policy for the engagement of non-audit services whereby the external auditor of the Company is not entitled to provide any non-audit services to the Company exceeding \$50,000 in value without the Audit Committee Chairman's prior approval and any such services exceeding \$100,000 are to be pre-approved by the Audit Committee. All such engagements are reported to the Audit Committee.

### External Auditor Service Fees (By Category)

The aggregate fees billed by KPMG LLP, the auditor of the Company, for the last two years, was an aggregate \$4.3 million. Fees listed below were for audit, tax, financial and other verification audit services.

<b>External Auditor Service Fees</b> (000s)	<b><u>2021</u></b>	<b><u>2020</u></b>
Audit Fees <sup>(1)</sup>	\$1,201	\$1,109
Audit-Related Fees <sup>(2)</sup>	98	96
Other Assurance Fees <sup>(3)</sup>	<u>130</u>	<u>173</u>
<b>Total Assurance Fees</b>	<b><u>\$1,429</u></b>	<b><u>\$1,378</u></b>
Tax Fees <sup>(4)</sup>	<u>405</u>	<u>1,116</u>
<b>Total Fees</b> <sup>(5)</sup>	<b><u>\$1,834</u></b>	<b><u>\$2,494</u></b>

Notes:

- (1) 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.
- (2) 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 (2), including accounting consultations and various agreed upon procedures.
- (3) Other assurance fees primarily related to forest certification services.
- (4) For tax compliance, tax consulting services, and tax planning.
- (5) Included in the fees above is \$0.4 million which was billed to the Company's subsidiary, CPPI (in 2020, \$0.4 million was billed to CPPI).

### ADDITIONAL INFORMATION

Additional financial information regarding the Company is provided in the Company's "2021 Management's Discussion and Analysis" and "Consolidated Financial Statements" for the year ended December 31, 2021. Additional information, including Directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Information Circular for the Annual General Meeting of the Company held on April 29, 2021 and in the Information Circular for the Annual General Meeting of the Company to be held on May 3, 2022.

The Company will provide upon request to the Corporate Secretary of the Company, 100 - 1700 West 75<sup>th</sup> Avenue, Vancouver, British Columbia, V6P 6G2, copies of the above documents. These documents and additional information about the Company is also available on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, all documents identified in this Annual Information Form as being incorporated by reference herein are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## APPENDIX A – AUDIT COMMITTEE TERMS OF REFERENCE

### 1. **Purpose**

The Audit Committee is appointed by the board of directors (the "Board") of Canfor Corporation (the "Company") to assist the Board in fulfilling its oversight responsibilities. The Audit Committee will:

- (a) Review the financial reports and other financial information provided by the Company to its shareholders;
- (b) Monitor the integrity of the financial reporting process and the system of internal controls that management and the Board have established;
- (c) Monitor the management of the principal risks that could impact the financial performance of the Company;
- (d) Review and receive the Audit Plan, process, results and performance of the Company's independent external auditors and the internal audit department while providing an open avenue of communication between the external auditors, the internal auditors, management and the Board; and
- (e) Monitor the management of risk by the Company generally.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and it has direct access to the external auditors as well as anyone in the organization. The Audit Committee has the authority to retain, at the Company's expense, special legal, accounting and other consultants or experts it deems necessary in the performance of its duties.

### 2. **Audit Committee Composition and Meetings**

All members of the Audit Committee must be Independent Directors or otherwise determined by the Board to be eligible to serve as members of the Audit Committee in accordance with applicable securities laws.

All Audit Committee members must be financially literate with the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. At least one Audit Committee member should have accounting or related financial expertise, including:

- (a) an understanding of financial statements and accounting principles used by the Company to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with accounting for estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements, or experience supervising the preparation, audit, analysis or evaluation of financial statements, that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements;
- (d) an understanding of internal controls and procedures for financial reporting; and
- (e) an understanding of audit committee functions.

A Chair shall be appointed by the Board annually from among the members of the Audit Committee.

The Audit Committee shall schedule regular meetings and shall meet at least four times annually, or more frequently as deemed necessary by the Chair. The Chair shall prepare and/or approve an agenda in advance of each meeting. The Audit Committee shall meet privately at least annually with management, the manager of the Internal Audit department (the "Internal Auditor") and the external auditors to discuss any matters that the Audit Committee or each of these groups believe should be discussed.

The Chief Executive Officer, the Chief Financial Officer, the Internal Auditor and the external auditors shall be given notice of, and have the right to appear before and to be heard at, every meeting of the Audit Committee, and shall appear before the Audit Committee when requested to do so by the Committee.

### **3. Primary Duties and Responsibilities**

To fulfill its primary duties and responsibilities, the Audit Committee shall adhere to the following terms:

#### **(a) Review and Reporting Procedures**

- (i) The Audit Committee is authorized to review and/or investigate any financial, internal control, or risk management related issue or activity of the Company. The Audit Committee shall report to the Board at its next regular meeting all such action it has taken since the previous report.
- (ii) The Audit Committee is authorized to request the presence, at any meeting, of a representative from the external auditors, senior management, internal audit, legal counsel or anyone else who could contribute to the subject of a meeting.
- (iii) The Audit Committee will review and reassess these Terms of Reference at least annually to determine whether revisions are necessary. The Audit Committee shall be periodically self-assessed in its performance and effectiveness in fulfilling its role by the Governance Committee.
- (iv) Supporting schedules and information reviewed by the Committee will be available for examination by any director of the Audit Committee upon request to the Secretary of the Audit Committee.

#### **(b) Internal Controls and Risk Management Processes**

- (i) To assure itself that the Company has appropriate controls in place to achieve the following objectives:
  - Effectiveness and efficiency of operations (including safeguarding of assets);
  - Reliability of internal and external reporting;
  - Compliance with applicable laws and regulations and internal policies.
- (ii) To ensure the Company has appropriate processes in place to manage the principal risks of its businesses, the Audit Committee shall:
  - Consider and review internal processes for managing the principal risks of the Company's businesses, including a review of insurance coverage and hedging activities.
  - Obtain assurance from both management and the Internal Auditor regarding the adequacy of risk management processes.
  - Review with management, the Internal Auditor and the external auditor:
    - The adequacy of the Company's internal controls including computerized information systems, controls and security.
    - Any related significant internal control findings and recommendations of the external auditor, and/or Internal Auditor together with management's responses thereto.
    - The Company's compliance or adherence to debt covenants, terms or conditions.
    - Significant related party transactions and potential conflicts of interest.

(c) **Financial Reporting**

In order to satisfy itself that the Company's annual financial statements are fairly presented in accordance with generally accepted accounting principles ("GAAP") and in a form sufficient for the Audit Committee's recommendation for approval by the Board, and that the financial information contained in the Company's financial statements, Annual Report to Shareholders, Annual Information Form and other financial disclosure documents such as Management's Discussion and Analysis, is complete and accurate in all material respects, the Audit Committee shall:

(i) General

- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.

(ii) Interim Financial Statements

- Review the Company's interim financial statements with management prior to their release or distribution. This review will include a detailed reporting of quarterly and year-to-date results, variance against budget and prior year and a discussion with the external auditor. Upon satisfactory completion of the review, the Audit Committee shall recommend to the Board approval of the financial statement release.
- Review any significant proposed changes to the Company's accounting principles or policies, or financial reporting practices.
- Review the financial statement impact of any significant, unusual event or transaction.
- Review news releases containing financial information disclosure and Management's Discussion and Analysis.

(iii) Annual Financial Statements and Other Financial Information

- Obtain draft annual financial statements in advance of the Committee meeting and assess, on a preliminary basis, the reasonableness of the financial statements in light of the analyses provided by management.
- Review any material changes in accounting policies, GAAP, or financial reporting requirements that may affect the current year's financial statements.
- Obtain and review summaries of significant or unusual transactions, and other potentially complex matters whose treatment in the annual financial statements merits advance consideration.
- Review a summary provided by the Company's legal counsel of the status of any material pending or threatened litigation, claims and assessments.
- Review and discuss the annual financial statements and the external auditor's report thereon in detail with management and the external auditors.
- Through discussion with management, the Internal Auditor and the external auditors, obtain assurance that the risk of material misstatement of the financial statements is acceptably low.
- Review the financial information included in the Management's Discussion and Analysis, and consider whether the information is adequate and consistent with the Audit Committee members' knowledge of the Company.
- Review the tax status of the Company and understand the status of any related tax reserves, potential reassessments or other matters which could affect the annual financial statements.

- Review and assess the quality and appropriateness of the Company's accounting and reporting principles and policies.
- Provide to the Board a recommendation as to whether the annual financial statements should be approved.
- Review the news release announcing the annual financial results of the Company.
- Review the annual financial disclosure contained in the Annual Information Form.

(iv) Prospectus and Information Circulars

- Review the financial information included in any prospectus or information circular prior to their release and, as appropriate, recommend to the Board whether such prospectus or information circular should be approved by the Board.

(d) **External Audit**

The external auditors are accountable to the Audit Committee and the Board as representatives of the shareholders.

In order to assure itself that the external audit function has been effectively carried out and that any matters that the external auditors consider appropriate to bring to the attention of the Board have been addressed, the Audit Committee shall:

- (i) Recommend to the Board the selection (retention or replacement) of the external auditors, considering independence and effectiveness, and approve the fees and other compensation to be paid to the external auditors. On an annual basis, the Audit Committee should review and discuss with the external auditors all significant relationships its accountants have with the Company to confirm their independence. If there is a recommendation to change auditors, review all the issues to change and the steps planned for an orderly transition.
- (ii) Review the external auditor's Audit Plan and engagement letter with management and the external auditors, including audit scope and approach.
- (iii) Meet with the external auditor and management in separate private sessions to discuss any matters that the Audit Committee or these groups believe should be discussed privately with the Audit Committee.
- (iv) Pre-approve any non-audit services to be provided by the external auditor. The Audit Committee may delegate this responsibility to the Chair, provided that any pre-approval granted pursuant to such delegation must be detailed as to the service to be provided and must be reported to the full Audit Committee at its next scheduled meeting.
- (v) Review and assess the performance of the external auditor, including consideration of demonstrated external audit judgment and application and adherence to accounting policy and standards.
- (vi) Review the external auditor's policy on partner rotation.
- (vii) Review the Company's hiring policy with respect to partners, employees and former partners and employees of the Company's present or former external auditor.

(e) **Internal Audit**

In order to assure itself that the internal audit function has been effectively carried out and that any matter that the Internal Auditor considers appropriate to bring to the attention of the Board has been addressed, the Audit Committee shall:

- (i) Be advised of and concur with the appointment, replacement, reassignment or dismissal of the Internal Auditor and consider resource requirements.
- (ii) Review and approve Internal Audit Services Terms of Reference, including scope, organization structure and mandate.
- (iii) Confirm and assure the independence of the Internal Auditor.
- (iv) Review jointly with the Internal Auditor and the external auditor the coordination of audit effort to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
- (v) Review with management and the Internal Auditor the annual Audit Plan and monitor any changes required in the scope of the plan.
- (vi) Meet with the Internal Auditor and management in separate private sessions to discuss any matters that the Audit Committee or these groups believe should be discussed privately with the Audit Committee.
- (vii) Review significant internal audit reports together with management's response and follow-up actions, including any problems or issues encountered in the course of an audit.
- (viii) Review and assess the performance of the Internal Auditor; and
- (ix) Ensure that the Internal Auditor reports directly to the Chair of the Audit Committee with a dotted line reporting responsibility to either the CEO or CFO of the Company.

(f) **Finance**

The Audit Committee is authorized to review and approve for recommendation to the Board:

- (i) the Company's annual financing plan and any amendments thereto from time to time;
- (ii) any proposed financings;
- (iii) the method by which the Company measures financial results or performance.

**4. Other Duties**

(a) **Legal and Regulatory Compliance**

To provide assurance of Company compliance with all legal and regulatory requirements, the Audit Committee shall:

- (i) In areas in which it has oversight responsibility, monitor the Company's compliance and obtain management's assurance of compliance with applicable laws, regulations and internal policies in all jurisdictions where the Company does business. The Audit Committee will consider the financial statement implications of applicable laws and regulations, including the laws and regulations overseen by other Committees of the Board.
- (ii) Receive and review copies of legal letters provided to the external auditors by in-house and outside counsel regarding claims and possible claims against the Company.
- (iii) Make inquiries of management, the external auditors and the Internal Auditor, to ensure that

all material legal matters have been brought to the attention of the Audit Committee.

- (iv) On at least an annual basis, review with the Company's counsel any legal matters that could have a significant impact on the organization's financial statements or risk profile, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.
- (v) Ensure that all annual and interim financial statement filings are personally certified by the Chief Executive Officer and the Chief Financial Officer if and as required by applicable law.
- (vi) Review the Company's procedures and establish procedures for the Audit Committee for the:
  - receipt, retention and resolution of complaints regarding accounting, internal accounting controls, financial disclosure or auditing matters; and
  - confidential, anonymous submission by employees regarding questionable accounting, auditing, or financial reporting and disclosure matters.

(b) **Pension Funds**

Be responsible for oversight of the supervision of the pension plans in which the Company's employees participate by:

- (i) establishing the Management Pension Committee, which has the responsibility for assisting the Audit Committee in overseeing and managing the Company's pension plans, and will be comprised of three or four Management representatives, and will report to the Audit Committee;
- (ii) establishing and reviewing on an annual basis the terms of reference of the Management Pension Committee ;
- (iii) approving the benefit design and provisions, any material plan amendments and the designation of deemed earnings of the Company's pension plans, on the advice and recommendation of the Management Pension Committee;
- (iv) reviewing the Company's expense and accruals in the Company's financial statements for pension plans in which the Company's employees participate;
- (v) receiving, at least annually, a report from the Management Pension Committee detailing the performance of the plans' money managers and the investment policies and practices in respect of the funds contributed to the Company's pension plans and compliance with applicable legislation and regulatory guidelines;
- (vi) approving any material changes to the Company's pension funds' statement of investment policies and procedures ;
- (vii) receiving a report from the Management Pension Committee immediately upon the identification or disclosure of any issue or circumstance that may materially impact the Company's obligations, liabilities, or responsibilities with respect to such pension plans;

The Audit Committee may at their discretion delegate aspects of their responsibilities to the Management Pension Committee, including:

- (viii) approving the appointment of or changes to pension service providers such as actuaries, auditors and legal advisors, including related fees, as well as any mandates, contracts or policies and benefit compliance matters relating to the management of the Company's pension plans;
- (ix) approving valuation reports and the structure, selection and review of plan asset management, including oversight of investment managers and asset monitoring rebalancing;
- (x) reviewing and approving the audited annual financial statements, annual plan reports and budgets for each pension plan as well as the appointment of signing officers of the fund;

- (xi) reviewing on an annual basis the unfunded liability for retiree non-pension benefits and future liability thereof, or;
- (xii) reviewing the funding of the Company's pension plans, including actuarial reports in respect of the Company's pension obligations so as to determine the level of unfunded liabilities, if any.

The Management Pension Committee will present to the Audit Committee at least quarterly a summary of the funding positions of the Company's pension plans and summaries of any other delegated responsibilities, such that the Audit Committee can fulfil its oversight responsibilities to the Board and shareholders.

(c) **Officer Expenses**

Review policies and procedures with respect to the Chairman of the Board and President and Chief Executive Officer's expense accounts and perquisites, including the use of corporate assets.

Periodically review major expenses incurred by the office of the Chairman of the Board and President and Chief Executive Officer.

(d) **Other Duties**

- (i) The Audit Committee will perform such other functions as assigned by law or regulation or as required by the Board.
- (ii) The Audit Committee of the Company will receive reports from the Canfor Pulp Audit Committee at such times that the Chairman of the Audit Committee considers appropriate, detailing such matters, issues and circumstances of a financial nature that may impact the Company or be of interest to its Audit Committee.