

# **CANFOR CORPORATION/CANFOR PULP PRODUCTS INC. DIVERSITY POLICY**

## **1. Purpose and Scope**

Canfor Corporation and Canfor Pulp Products Inc. and all of its subsidiaries (collectively "Canfor" or the "Company") recognize the benefits of promoting diversity at the level of the Board of Directors and in senior leadership positions at the Company. The Company believes that diverse perspectives enhance its organizational strength, problem solving ability and opportunity for innovation.

This document defines the Company's policy with respect to diversity on the Board of Directors of Canfor and in relation to those in senior leadership positions at the Company (the "Policy"). It does not apply to diversity in relation to employees of Canfor who are not in senior leadership positions, which is covered by the Company's Human Resource policies and procedures.

## **2. Definitions**

In this Policy, diversity refers to all the characteristics that make individuals different from each other. It includes but is not limited to characteristics such as gender, geographical representation, education, experience, ethnicity, age and disability.

## **3. Board Diversity**

Diversity is an important consideration in determining the composition of the Board of Directors of the Company (the "Board"). The Board has delegated to the Corporate Governance Committee the responsibility of overseeing and ensuring the implementation of this Policy. The Company believes that a Board made up of highly qualified individuals from diverse backgrounds promotes better corporate governance, performance and effective decision-making. To support the Company's Board diversity objectives, the Corporate Governance Committee will, when identifying and considering the selection of candidates for election or re-election to the Board:

- a) consider only candidates who are highly qualified based on their experience, functional expertise and personal skills and qualities;
- b) consider diversity criteria including gender, age, ethnicity, disability, education and geographical background of the candidate; and
- c) in addition to its own searches, as and when appropriate from time to time, engage qualified independent external advisors to conduct a search for candidates who meet the Board's and the Company's expertise, skills and diversity criteria to help achieve the Company's diversity goals.

## **4. Senior Leadership Diversity**

Diversity is also an important consideration in determining the composition of the Company's senior leadership. The Company believes that having individuals in senior leadership positions from diverse backgrounds promotes better innovation, performance and effective decision-making. To support the Company's senior leadership diversity objectives, the Board, the Corporate Governance Committee, the Chair of the Board and the Chief Executive Officer will, when identifying and considering the selection of candidates for senior leadership positions:

- a) consider only candidates who are highly qualified based on their experience, functional expertise and personal skills and qualities;
- b) consider diversity criteria including gender, age, ethnicity, disability, education and geographical background of the candidate; and
- c) in addition to its own searches, as and when appropriate from time to time, engage qualified independent external advisors to conduct a search for candidates who meet the Company's expertise, skills and diversity criteria to help achieve the Company's diversity goals in relation to senior leadership positions.

## **5. Gender Diversity**

Gender diversity is one important component of the Company's diversity strategy. The Corporate Governance Committee is responsible for assessing on an annual basis the Company's progress against this Policy objectives.

At the date of adoption of this Policy, the Board does not believe that quotas or a formulaic approach necessarily result in the identification or selection of the best candidates. Accordingly, the Company has not established fixed targets regarding the representation of women on the Board or in senior leadership positions at this time.

The Corporate Governance Committee will ensure that, as required by applicable corporate and securities laws, the annual proxy circular of the Company informs shareholders and other stakeholders about the implementation of the Company's gender diversity commitment by:

- a) including a summary of the objectives and key provisions of this Policy;
- b) including information about the Corporate Governance Committee's annual review of the effectiveness of the Policy, disclosing the measures taken to ensure that the Policy has been effectively implemented; and
- c) disclosing the number and proportion of women on the Board and in senior leadership positions in the Company.

The Board has reviewed and approved this Policy. The Corporate Governance Committee is responsible for reviewing this Policy annually, updating this Policy as required and reporting to the Board with respect to this Policy from time to time.

Dated: February 22, 2018