

Canfor Pulp Sustainability Excellence



The Global Leader to the Specialty Paper Markets

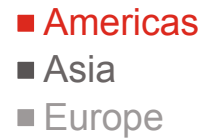
Bill Adams
Sr. Director, Sustainability, Strategy & Innovation

**North American roots,
with a global vision.**

Who we are

- 2nd largest global producer of softwood lumber
- Fifth largest producer of NBSK worldwide, largest in North America
- Global leader for NBSK to specialty paper segments
- Innovation Center with state of the art measuring equipment and refining knowledge
- Company with top quartile mills, strong reputation for sustainability, quality, customer service and excellence in logistics support
- 6000 employees
- **Manage 21 million hectares of certified forests**

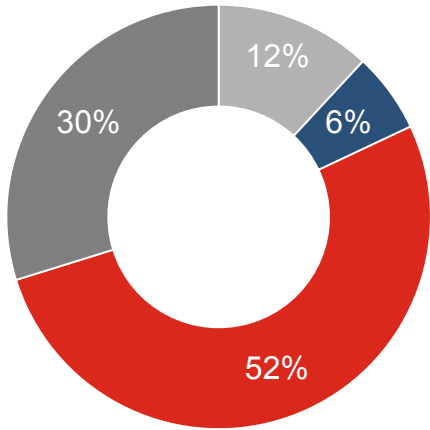
**2018 Pulp Sales
\$1.2 Billion**



Canfor Pulp – NSK Sales by End Use

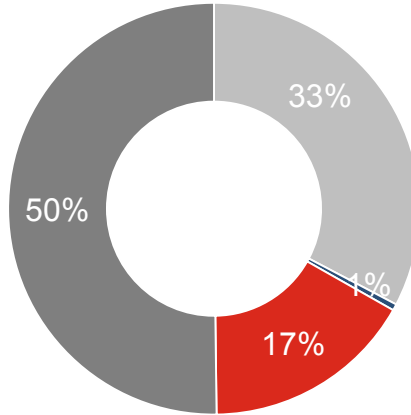
Canfor Pulp's goal is 65% of our fiber used in specialty applications by 2025

2007



- Tissue
- Publishing
- Commodity
- Specialty

2018



- Tissue
- Publishing
- Commodity
- Specialty

■ Tissue

Branded top quality lightweight tissue

■ Other

■ Publishing

Magazines, Catalogues

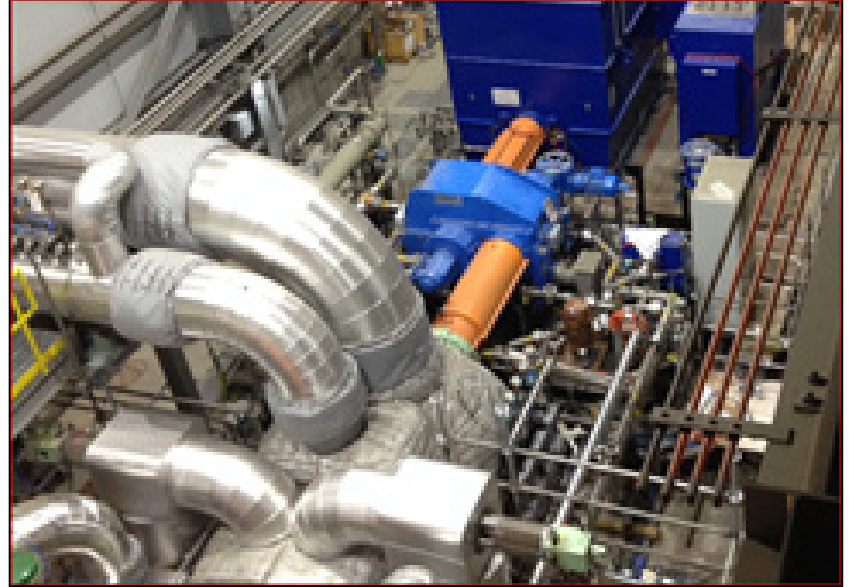
■ Specialty

Teabags, Filters, Electrical Grades, Abrasive Paper, Cigarette Paper, Masking Tape, Fibre Cements, Wet-laid non-woven, Wall Paper, Décor, metallized labels

Canfor's Sustainability Focus for 2019

- **Forest Certification Leader**
 - PEFC Certification
 - FSC Controlled Wood
- **Industry Leader in Safety**
- **Renewable Energy Generation**
- **Reduction in water consumption and GHG emissions**
- **Leadership in employee training and development**

New Intercon 32 MW Turbine-generator



FSI

Finance
Sustainability
Initiative

FSI Competition for Best
Sustainability Report



Sustainable Capital Investment

\$600 million in capital investment from 2010 to 2018

- GHG, particulate emissions and odor reduction
- Upgrade renewable power generation capability
- Mihari Quality Monitoring
- Oxygen delig. to improve strength and bleaching costs

\$70 to \$80 million per year from 2019 to 2021 to improve mill performance

- Best Available Technology – More value, less impact
- Energy conservation and efficiency
- Water treatment system upgrade at Intercon / PG Pulp





Sustainable Forestry Practices

- Reforest all areas harvested on all tenures Canfor owns or manages
- 80% of areas reforested within 1 year of harvest with 95 % seedling survival rate
- Canfor uses ecologically suitable species to restore all harvested areas to healthy, native free-growing forests promptly
- A mix of species (combination of spruce, balsam fir and pine) are planted to promote diversity and resilience to forest health issues
- 7 million trees grown annually at Canfor's JD Little Forest Centre
- In 2018 Canfor planted 60 million trees... almost 3 trees planted for every 1 harvested

Food Grade Certifications

EU Regulations Compliance and ISEGA Certification

- All Canfor pulps and ink

FDA Compliance

- 21 CFR 176.170 – Contact with aqueous and fatty foods.
- 21 CFR 176.180 – Contact with dry food
- 21 CFR 186.1 – Substances added indirectly to human food
- 21 CFR 186.1673 – Pulp

China Standard

- China Food Grade Certification – GB4806.8 – 2018 Standard on Food-Contact Use Paper, and Paperboard and Paper Articles





Fiber

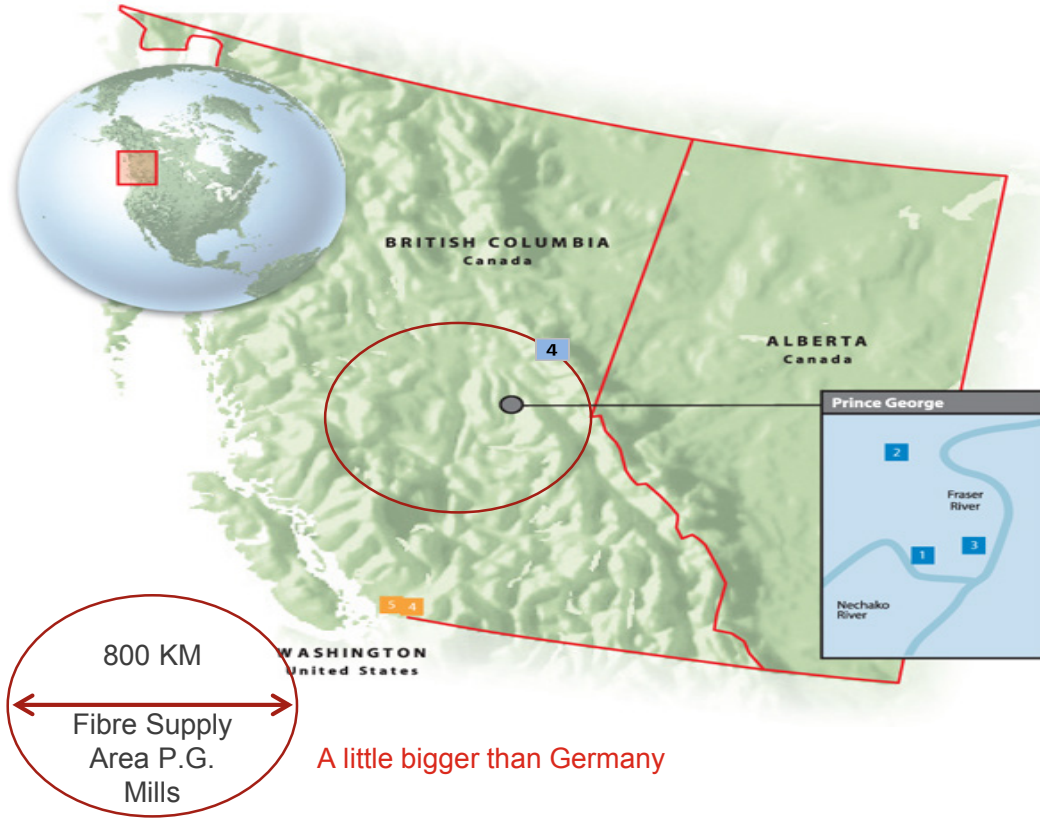


Strength

Security

Sustainability

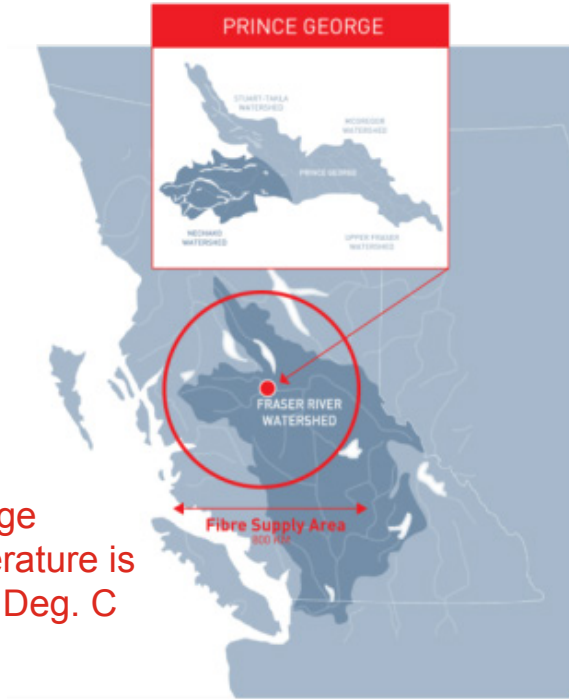
Canfor Pulp Fiber Supply



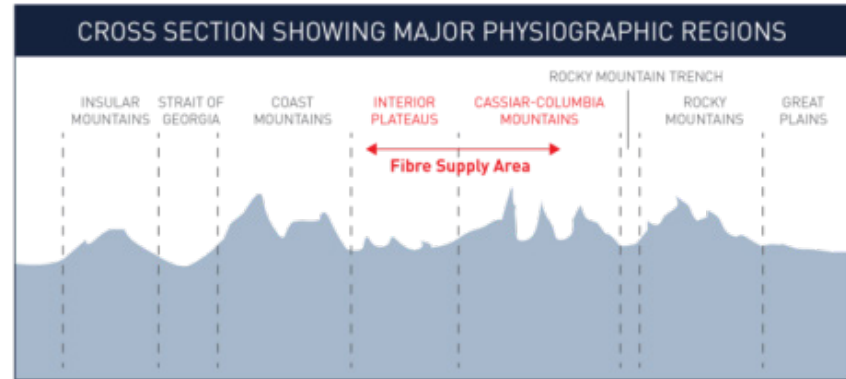
| Mills | Capacity | Key Products |
|---------------------------|----------|--------------------|
| 1. Intercontinental | 330,000 | NBSK |
| 2. Northwood | 650,000 | NBSK |
| 3. Prince George | 150,000 | UBSK |
| 3. Prince George | 140,000 | Kraft Paper |
| 4. Taylor | 220,000 | BCTMP |
| 5. Canfor Head Office | | |
| 6. Canfor Pulp Innovation | | |

The unique fiber comes from the regional sawmills.

Elevation Profile of Fiber Supply Area

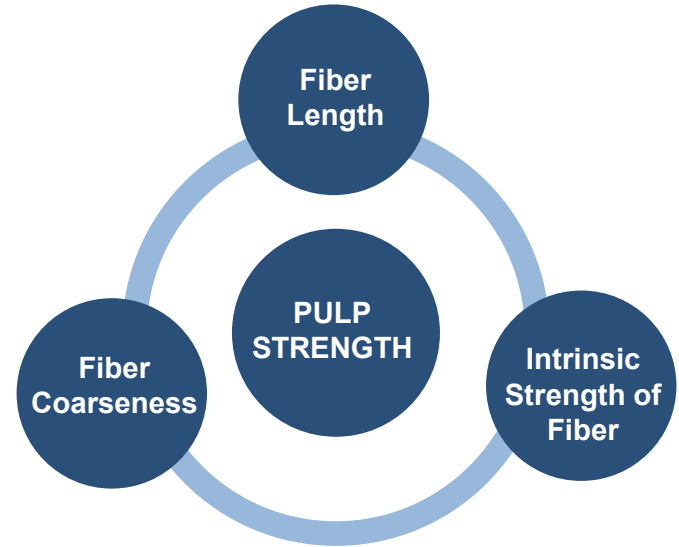


Average temperature is 3 to 4 Deg. C



What Makes Canfor's Fiber Highly Suitable for Specialty Paper Applications

- Unique growing conditions
- Fiber supply comes from integrated sawmill residuals
- Two identical species (lodge pole pine and white spruce) with high natural strength
- Long, slender and thin cell wall fiber
- Low energy requirements for refining
- High fiber uniformity with low fines (species and growing conditions)



Three parameters determine pulp strength in a sheet



Canfor Pulp Innovation

“Innovation is the creation and delivery of new customer value in the marketplace that also provides sustainable return to the enterprise”

Four key areas of focus

- PRP Strength & Quality
- Tissue Unique Sales Proposition
- New Products for PRP
- Cost Reduction

Canfor Pulp Unbleached Kraft Pulps

UB – Elite

Designed for high purity applications, high voltage electrical papers and grades with demanding requirements for pH stability

UB – Electrical

Designed for low conductivity applications and high degree of polymerization for long electrical service life

UB – Cement

Designed for optimal curing compatibility with fiber cement applications including low COD to optimize Hatschek machine process water recycling

UB – Premium

Designed for specialty papers and liquid packaging grades

