



Canfor and Canfor Pulp's Greenhouse Gas (GHG) Inventory Management Plan

Version 1.1

Canfor Corporation and Canfor Pulp Products Inc.

101-161 East 4th Avenue, Vancouver, BC, V5T 1G4

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1 Overview

1.1 Organizational Information

| | |
|--------------------------|---|
| Organization Name | Canfor Corporation and Canfor Pulp Products Inc. |
| Corporate Address | 101-161 East 4 th Avenue, Vancouver, BC, V5T 1G4 |

2 GHG Reporting Principles and Inventory Boundary

2.1 GHG Inventory Overview

This GHG inventory overview describes the procedures for compiling a corporate-wide inventory of scope 1 and 2 emissions. Canfor has structured their GHG inventory to follow the accounting and reporting guidelines of The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the “GHG Protocol”) (1) and the GHG Protocol Scope 2 Guidance, An amendment to the GHG Protocol Corporate Standard (2), published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). This protocol is the international accounting tool most widely used by government and business leaders to understand, quantify, and manage GHG emissions.

2.2 Reporting Period

Canfor’s 2023 GHG inventory represents emissions for the 2023 calendar year from January 1st through to December 31st.

2.3 Organizational Boundaries

Canfor uses the operational control approach for the estimation of GHG emissions across all international facilities that Canfor owns or is the majority shareholder of and has operational control over. The GHG inventory boundaries were established across all facilities based on ownership and control. As per The GHG Protocol, under the operational control approach, a company accounts for 100% of emissions from operations over which it or one of its subsidiaries has operational control. By this definition, Houston Pellet Limited Partnership is outside the GHG inventory boundary and is excluded.

Canfor organizes the GHG inventory according to geographic business units (Canfor Pulp Products Inc., Canadian Forest Products Ltd., Canfor Southern Pine Inc., and Vida AB). Each facility within Canfor’s operational control has been categorized into one of eleven facility types: sawmills, pulp mills, pellet mills, glued laminate (glulam) facilities, remanufacturing (reman) facilities, packaging facilities, Vida Building Products, New South Express transportation division, offices, and woodlands camps and other.

2.3.1 Canadian Forest Products Ltd.

Canadian Forest Products Ltd., hereafter referred to as Canadian Forest Products, operates 20 facilities within two Canadian provinces consisting of sawmills, pellet mills, chip plants, power generation, and a tree nursery. The remainder of the facilities are temporary woodlands camps and corporate and international sales offices located through North America, Europe, and Asia.

Table 1: Canadian Forest Products Facility Locations

| Facility Type | Name (Location) |
|-------------------------------|--|
| Sawmills | Chetwynd (Chetwynd, BC) |
| | Elko (Elko, BC) |
| | Fort St. John (Fort St. John, BC) |
| | Fox Creek (Fox Creek, AB) |
| | Grande Prairie (Grande Prairie, AB) |
| | Houston (Houston, BC) |
| | Mackenzie (Mackenzie, BC) |
| | Prince George (Prince George, BC) |
| | Plateau (Vanderhoof, BC) |
| | Polar (Bear Lake, BC) |
| | Radium (Radium Hot Springs, BC) |
| | Spruceland (Acheson, AB) |
| | Whitecourt (Whitecourt, BC) |
| WynnWood (Wynndel, BC) | |
| Pellet Mills | Chetwynd (Chetwynd, BC) |
| | Fort St. John (Fort St. John, BC) |
| Woodland Camps and Activities | Various locations across BC and Alberta |
| Other Facilities | Canfor Green Energy (Grand Prairie, AB) |
| | Prince George Sawmill Chip Plant (Prince George, BC) |
| | J.D. Little Forest Centre (Prince George, BC) |
| | Skookumchuk Chip Plant (Skookumchuk, BC) |
| Offices | Corporate Office (Vancouver, BC) |
| | Canfor Administration Centre (Prince George, BC) |
| | Kootenay Office (Cranbrook, BC) |
| | Korea Sales Office (Korea) |
| | Shanghai Sales Office (China) |

2.3.2 Canfor Pulp Products Inc.

Canfor Pulp Products Inc., hereafter referred to as Canfor Pulp, operates four pulp mills located in British Columbia with offices in BC and abroad. Due to the interconnectivity of shared resources and metering across Prince George Pulp Mill and Intercontinental Pulp Mill these two facilities have been combined as one facility in Canfor's GHG inventory.

Table 2: Canfor Pulp Facility Locations

| Facility Type | Name (Location) |
|---------------|-----------------------------------|
| Pulp Mills | Prince George (Prince George, BC) |

| | |
|--------|--|
| | Intercontinental (Prince George, BC) Northwood (Northwood, BC) Taylor (Taylor, BC) |
| Office | Canfor Pulp Innovation (Burnaby, BC) Japan Sales Office (Japan) |

2.3.3 Canfor Southern Pine Inc.

Canfor Southern Pine Inc., hereafter referred to as Canfor Southern Pine, operates 20 facilities throughout seven states consisting of sawmills, glulam facilities, reman facilities, offices and a transportation division operating in the locations listed in Table 3.

Table 3: Canfor Southern Pine Facility Locations

| Facility Type | Name (Location) |
|---------------------------|--|
| Sawmills | Camden (Camden, SC) Conway (Conway, SC) Darlington (Darlington, SC) DeRidder (DeRidder, LA) Estill (Estill, SC) Fulton (Fulton, AL) Graham (Graham, NC) Hermanville (Hermanville, MS) Jackson (Jackson, AL) Mobile (Mobile, AL) Moultrie (Moultrie, GA) Thomasville (Thomasville, GA) Urbana (El Dorado, AR) |
| Glulam Facilities | El Dorado (El Dorado, GA) Washington (Washington, GA) |
| Reman Facilities | Marion (Marion, SC) |
| Offices | Canfor Southern Pine Headquarters (Mobile, AL) Urbana Main Office (Myrtle Beach, SC) Scotch Gulf Lumber (Mobile, AL) |
| Transportation Facilities | New South Express (Myrtle Beach, SC) |

2.3.4 Vida AB

Vida AB, hereafter referred to as Vida, consist of 33 facilities, 25 of which are located across Sweden consisting of sawmills, packaging facilities, building products, and energy products. The remainder of the operations are international sales offices. Table 4 outlines the list of Vida locations.

Table 4: Vida Facility Locations

| Facility Type | Name (Location) |
|----------------------|--|
| Sawmills | Alvesta (Alvesta, SE) Borgstena (Borgstena, SE) Bruza (Bellö, SE) Bruza (Hjältevad, SE) Gransjo (Gransjo, SE) Hestra (Hestra, SE) Hästveda (Hästveda, SE) Ingarp Träskydd (Ingarp, SE) Morlunda (Morlunda, SE) Nössemark (Ed, SE) Orrefors (Orrefors, SE) Traforalding (Alvesta, SE) Tranemo (Tranemo, SE) Urshult (Urshult, SE) Vimmerby (Vimmerby, SE) Vislanda (Vislanda, SE) Vrigstad (Trävaruvägen, SE) |
| Packaging Facilities | Hestra (Hestra, SE) Falun (Falun, SE) Järna (Järna, SE) Österlövsta (Österlövsta, SE) Ryd (Ryd, SE) Vimmerby (Vimmerby, SE) |
| VIDA Building | Kvarnvägen (Kvarnvägen, SE) |
| Offices | Vida Head Office (Alvesta, SE) Asia Trading Office (Asia) Australia Sales Office (AUS) Denmark Sales Office (Denmark) Estonia Packaging (Estonia) Netherlands Sales Office (Netherlands) U.K. Sales Office (U.K.) U.S. Sales Office (U.S.) |
| Other Facilities | Hok Green Energy (Hok, SE) |

2.4 Excluded Sources

All sales offices within Canfor's operational control inventory boundary were excluded. Emissions from these operations are *de minimus* sources of emissions relative to Canfor's total GHG emissions.

Organizations outside of Canfor’s operational control were excluded from the scope 1 and scope 2 inventory. Two facilities, Premium 1 Paper and Houston Pellet Limited Partnership (HPLP) were excluded because of this determination. Both companies are not majority owned or operated by Canfor.

2.5 Operational Boundaries

Emission sources were evaluated across Canfor’s value chain for scope 1 and scope 2 emissions utilizing the emission source categories outlined the GHG Protocol. Through a review of Canfor’s business practices, it was determined that each source category in the GHG Protocol is applicable:

- **Scope 1:** Stationary combustion, mobile combustion, process emissions and fugitive emissions
- **Scope 2:** Purchased electricity and purchased heat

2.5.1 Scope 1 Emissions

Table 5 outlines the scope 1 emissions that are applicable across Canfor’s facility categories. Biogenic and non-biogenic sources of emissions are quantified within the GHG inventory, but biogenic emissions are reported separately as per The GHG Protocol. The sources in Table 5 have been compared against the air operating permits for the sawmills and pulp mills to ensure all major stationary sources of regulated emissions are included.

Table 5: Scope 1 Emission Sources by Facility Type

| | Sawmills | Pulp Mills | Pellet Mills | Glulam Facilities | Reman Facilities | Packaging Facilities | Building Products | Transportation Division | Nurseries | Offices | Camps and Other Facilities |
|----------------------------------|----------|------------|--------------|-------------------|------------------|----------------------|-------------------|-------------------------|-----------|---------|----------------------------|
| Stationary Combustion | | | | | | | | | | | |
| Natural Gas | ● | ● | ● | ● | | ● | | ● | ● | ● | ● |
| Wood Waste/ Hog Fuel (B) | ● | ● | ● | ● | | ● | | | | | ● |
| Fuel Oil | ● | | | | | | | | | | |
| Pulping Liquor (B) | | ● | | | | | | | | | |
| Non-Condensable Gases (NCGs) (B) | | ● | | | | | | | | | |
| Other Biogenic Fuel (B) | ● | ● | | | | | | | | | |
| Mobile Combustion | | | | | | | | | | | |
| Diesel | ● | ● | ● | ● | | ● | ● | ● | ● | ● | ● |
| Gasoline | ● | ● | ● | ● | | | | ● | ● | ● | ● |
| Propane | ● | ● | ● | | ● | | | | | | ● |
| Process Emissions | | | | | | | | | | | |

| | | | | | | | | | | | |
|---------------------------|---|---|--|---|---|--|--|--|--|--|--|
| Lime Kilns | | ● | | | | | | | | | |
| Lime Make-up | | ● | | | | | | | | | |
| Landfills | ● | ● | | | | | | | | | |
| Fugitive Emissions | | | | | | | | | | | |
| Refrigerants | ● | ● | | ● | ● | | | | | | |
| Onsite Landfills | ● | ● | | | | | | | | | |
| Wastewater Treatment | | ● | | | | | | | | | |

(B) Biogenic Carbon

Stationary Combustion

Stationary combustion emissions arise from manufacturing, electricity generation, and space heating processes. Combustion data for purchased fuels was determined from the volume of fuel purchased from fuel supplier records. Where available, the supplier-specific higher heating value (HHV) of the fuel was used for most accurate calculation of emissions and energy output of the combustion process. Canfor also self-supplied a portion of stationary combustion with the combustion of biomass energy, sourced from residual fibre that is a by-product of the lumber manufacturing process. Sawmills make use of hog fuel and/or planar shavings, and pulp mills make use of hog fuel and other biogenic fuel from the pulping process.

To determine the amount of hog fuel or other form of biomass energy that was combusted at Canadian Forest Products' facilities, heat output was measured by energy meters for furnaces and boilers. Emissions were calculated by applying a standardized HHV from sampling programs as well as standardized energy system combustion efficiency. Exemptions to this methodology include Canfor Green Energy and Chetwynd Pellet Plant. In both cases these facilities measured hog fuel by weighing received materials prior to combustion. Vida measured biomass energy by metering MWh_{TH} generated from the energy systems. Canfor Southern Pine used the assumption that 10% of incoming logs' weight were converted to hog fuel that is subsequently combusted to supply heat for onsite processes.

Canfor Pulp monitors the heat output of combusted residuals through sub-metering of all energy systems. Site-specific HHVs for each of the fuels, determined through a standardized sampling program implemented at each facility, were used to convert between mass and energy.

Mobile Combustion

Onsite vehicles such as forklifts, loaders, and trucks are an integral part of the manufacturing process. Consumption data from these onsite vehicles is tracked based on the purchased quantities of diesel, gasoline (accounting for ethanol blend), and propane, using fuel supplier records. Canfor also maintains a fleet of vehicles for on-road use that are owned or leased and used by Canfor employees for various business purposes. These vehicles are fueled at commercial fueling stations and consumption data is based on the volume of fuel purchased from fuel supplier records.

Process Emissions

As part of the kraft pulp process, lime of biogenic origin is burned during the calcining process. These emissions generated from burning lime are not directly measured; however, they are modelled as a direct function of the volume of lime used in the kilns.

Further, the use of lime within the pulping process requires make-up calcium oxide (CaO) to be added to the system. This make-up calcium oxide has a small percentage of calcium carbonate (CaCO₃), of non-biogenic origin, which is also combusted in the process. The percentage of calcium carbonate is determined through supplier specifications of the purchased make-up calcium oxide.

Canfor also has permitted landfills onsite at some facilities which store waste from the sawmilling and pulping processes. These values are tracked by the volume of material deposited at the onsite landfill facility. Volumes of each waste category are tracked and a standardized method for converting volumes to tonnes published by the Environmental Protection Agency is applied (3).

Fugitive Emissions

Refrigerant releases from space cooling equipment are tracked as preventative maintenance and ad hoc service occurs. Results of leak tests, including the amount and type of refrigerant lost, are tracked as environmental incidents and compiled annually for the GHG Inventory.

Two of Canfor Pulp's mills also have centralized aerobic treatment plants that treat wastewater prior to its release. Canfor Pulp meters the amount of wastewater discharged to holding tanks. A sampling program is in place to measure the wastewater's average 5-day biological oxygen demand (BOD₅) and average quarterly determinations of nitrogen in the effluent (N_{qave}).

2.5.2 Scope 2 Emissions

Scope 2 (indirect) GHG emissions are from the generation of purchased electricity and heat consumed by Canfor. Scope 2 emissions physically occur at the facility where electricity is generated. Location-based scope 2 reflects average emissions intensity of grid on which energy consumption occurs. Market-based scope 2 reflects emission factors from contractual instruments, which includes power purchase agreements and any energy attribute certificates bought. Canfor has used a residual mix emission factor for U.S. wood production operations for scope 2 market-based. Residual mix emission factors are not available for Canadian wood products and pulp operations and Sweden wood products operations; scope 2 location-based emission factors were used in absence for scope 2 market-based for these operations. Table 6 outlines the scope 2 emissions that are applicable across Canfor's facility categories.

Table 6: Scope 2 Emission Sources by Facility Type

| | Sawmills | Pulp Mills | Pellet Mills | Glulam Facilities | Reman Facilities | Packaging Facilities | Building Products | Transportation Division | Nurseries | Offices | Camps and Other Facilities |
|-----------------------|----------|------------|--------------|-------------------|------------------|----------------------|-------------------|-------------------------|-----------|---------|----------------------------|
| Purchased Electricity | ● | ● | ● | ● | ● | ● | ● | | ● | ● | ● |
| Purchased Heat | ● | | | | | ● | | | | | ● |

Purchased Electricity

Purchased electricity was tracked using electricity invoices. Where office space is leased, electricity invoices were provided by either the property management company or sent directly to Canfor depending on the lease agreement.

Purchased Heat

Some Vida facilities purchase steam from neighboring industrial facilities. This steam is tracked from energy metering of process outputs that utilize the steam.

2.6 Renewable Energy and Offsets

Canfor did not purchase Renewable Electricity Certificates (RECs) in 2023 and does not account for the use of carbon offset credits within the GHG inventory.

3 GHG Emissions Quantification

3.1 Included Greenhouse Gases

All seven major GHGs (carbon dioxide [CO₂], methane [CH₄], nitrous oxide [N₂O], hydrofluorocarbons [HFCs], perfluorocarbon [PFCs], sulfur hexafluoride [SF₆], and nitrogen trifluoride [NF₃]) outlined in the GHG Protocol were evaluated for applicability across Canfor’s twelve facility categories for each scope 1 and scope 2 sources. Through this evaluation it was determined that PFCs, SF₆, and NF₃ are not emitted from Canfor operations. Emissions have been calculated for CO₂, CH₄, N₂O, and HFCs. Hydrochlorofluorocarbons (HCFCs) fugitive emissions were included in the refrigerant category, however, are an immaterial source of emissions.

3.2 Global Warming Potentials

Canfor utilizes the Global Warming Potentials (GWP) published by IPCC Sixth Assessment Report (AR6) Chapter 7 Supplementary Material (4). Key global warming potentials are shown below in Table 7.

Table 7: Global Warming Potentials of primary GHGs

| Global Warming Potentials | |
|---------------------------|------|
| CO ₂ | 1 |
| CH ₄ | 27.9 |
| N ₂ O | 273 |

3.3 Emission Factors

Canfor’s approach to selecting emission factors for scope 1 and scope 2 emissions involves an annual review to take the most recent factors for each calendar year that are applicable for the regions in which the company operates. Regionally specific government sources are selected as primary data sources, and industry organizations as secondary sources where primary data sources are unavailable. This approach ensures that Canfor’s GHG inventory reflects the most up to date information on emission factors and reflect the changes to emission factors over time for purchased electricity as energy grids shift to low carbon infrastructure. Key Sources of emission factors include:

- Environment and Climate Change Canada
- U.S. Environmental Protection Agency
- Swedish Environmental Protection Agency

Stationary Combustion

Emission factors for stationary combustion primarily came from Canada’s *National Inventory Report (NIR) 1990-2021* for Canadian Forest Products and Canfor Pulp, the U.S. Environmental Protection Agency’s (U.S. EPA’s) *Emission Factors for Greenhouse Gas Inventories* for Canfor Southern Pine, and the Naturvårdsverket or Swedish Environmental Protection Agency’s (Swedish EPA’s) *Swedish Greenhouse Gas Inventories for 1990-2021 year’ emissions to the UNFCC* for Vida.

Mobile Combustion

Emission factor sources for mobile combustion followed the same methodology as stationary combustion.

Process Emissions

Emissions for process lime were quantified using the methodology and emission factors published in the *Calculation Tools for Estimating Greenhouse Gas Emissions from Pulp and Paper Mills* for the calcining process.

Emissions for onsite landfills were quantified using the methane generation potential method and corresponding default factors published in the *2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories* (5). Only those waste materials that have a methane generation potential were quantified. Biogenic CO₂ was also quantified using the default gas fraction rate for landfills.

Fugitive Emissions

Emission factors for refrigerant releases were consistent with the GWPs outlined in AR6.

Emissions for onsite wastewater treatment systems were quantified using the industrial process water method and corresponding emission factors published in the *2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories*. Site-specific BOD₅ and N_{qave} values are used to determine each wastewater treatment plant's methane and nitrous oxide generation potential.

Purchased Electricity

Grid-specific emission factors for purchased electricity were sourced for each facility for a location-based emission factor and market-based emission factor for each facility follows the GHG Protocols *Scope 2 Guidance*.

Location-based factors were sourced from Canada's NIR 1990-2021 report for Canadian Forest Products and Canfor Pulp; the 2023 Green-e® Residual Mix Emission Rates for Canfor Southern Pine, and data developed by the IVL Swedish Environmental Research Institute for Vida.

Market-based emission factors were based on residual mix factors where available. Only Canfor Southern Pine facilities have access to publicly available residual mix emission factors. These were sourced from residual mix emission factors published by Green-e® (6). Canadian Forest Products, Canfor Pulp, and Vida operations do not have similar residual mix data sources available; location-based emission factors were used to quantify market-based emissions.

Purchased Steam

Purchased steam for VIDA facilities is generated from the combustion of biomass energy. Emission factors from this combustion follows the same methodology as stationary combustion for biomass energy using emission factors published by the Swedish EPA in *Swedish Greenhouse Gas Inventories for 1990-2021 year' emissions to the UNFCC*.

3.4 Uncertainty

The quantification of GHG emissions is subject to uncertainty due to the inherent limitations of the calculation methodologies and the assumptions being made in lieu of specific measurements. GHG emissions are, to the extent possible, calculated based on directly measured or metered activity data. Where such data cannot be metered directly from the equipment, Canfor utilizes scientifically supported quantification methodologies and assumptions that are supported by governments and research-oriented industry associations.

Processes without direct energy metering as an output of combustion, including landfills, lime kiln processes, and wastewater, present difficulty in accurately quantifying emissions. In these cases, methods published by the US EPA and IPCC were utilized (7). Uncertainties are addressed through documenting assumptions and continuous improvement in data sourcing, emission factor selection, and calculation methodology.

3.5 Assumptions

This section contains a list of assumptions and comments on treatment of data in non-standard cases:

- **Biomass Energy:** The weight of biomass combusted for energy in Canadian Forest Products' sawmills is based on measured heat in energy plants and calculated with a standardized HHV and burner system efficiency. The weight of biomass combusted for energy in Canfor Southern Pine facilities is assumed to be 10% of the weight of incoming logs into a facility.
- **Natural Gas Conversions:** Natural gas from Canfor Southern Pine was invoiced in thousand cubic feet (MCF). This was converted to GJ using an annualized, state-specific, HHV published by the U.S. Energy Information Administration (8).
- **Higher Heating Value:** Non-condensable gases (NCGs) combusted at Canfor Pulp's mills has the same heat content as natural gas.

4 Data Management

4.1 Data Collection

Data collection was initiated by Canfor by procuring records from internal and external parties. Facility accountants, energy managers, and environmental managers record fuel consumption and other relevant parameters through metering, purchase records, or other calculation methods where indicated. Data used within the GHG Inventory is generally collected monthly for accounting, production management, or other business purposes. In some cases, monthly values are summarized and calculated annually for GHG emissions and other reporting purposes. Alternatively, monthly values may be queried from a reporting system on an annual basis.

The compilation of GHG Inventory data occurred twice annually for the first and second half of the year through a process of data requests from the relevant data owners. A list of relevant fuels by each facility is reviewed to ensure all emission sources are accounted. Current year data is also compared to prior years' data to confirm completeness. Emission factors are also updated at this time, as required, to align with changes published by government agencies and industry organizations. Conversion factors and higher heating values are also confirmed for accuracy at this time.

4.2 Quality Assurance

Quality Assurance procedures are incorporated into all levels of the GHG inventory. Data managers and divisional accountants review data monthly for any errors or omissions compared to expected changes month-over-month based on facility operations and historical data. Data is further reviewed annually by departments for regulatory reporting purposes and for Environmental, Social, Governance (ESG) disclosure.

Primary areas of quality assurance include:

- Transcription / data entry error
- Omission of relevant activity data
- Inclusion of inappropriate activity data
- Use of incorrect or dated emission factors
- Incorrect calculation procedures
- Incorrect aggregation of GHG emissions

Most data sources are purchase records and internal company records which are subject to multiple layers of regulatory and financial scrutiny. Where data is manually transcribed it is checked by additional team members to prevent transcription errors.

5 Base Year Selection and Recalculation Policy

5.1 Base Year Selection

Canfor has chosen 2020 as the base year for reporting scope 1 and scope 2 market-based emissions as the base year for targets, as a relevant year for which reliable data exists.

5.2 Recalculation Policy

It is possible that Canfor's approach to GHG reporting may change over time, and updates to the base year policy and applicable reporting may be required. Three scenarios would trigger a base year recalculation: an adjustment due to structural changes to the business or inventory boundary, an adjustment due to methodology changes during an annual review, or the discovery of significant errors or several cumulative errors that are collectively significant.

The significance threshold for updating the base year is a change in the total scope 1 and 2 emissions greater than 5%. When any of the above criteria are met, Canfor will publicly restate the base year GHG emissions. The base year may be restated as a result of recalculations that do not exceed the 5% threshold at Canfor's discretion in any of the above scenarios. Canfor follows the GHG Protocol for guidance on base year recalculation and restatements.

Adjustments Due to Structural Changes to the Business or Inventory Boundary

Divestments or acquisitions of facilities can significantly change a company's structural inventory boundary. If changes to Canfor's structural inventory boundary impacts the 2020 base year above the significance threshold, then base year will be recalculated. Canfor also recognizes that minor structural changes, in isolation, can over time cumulatively exceed the significance threshold when paired with other minor structural changes. For this scenario, Canfor will analyze and track the impacts of each structural change to the 2020 base year and account for cumulative changes. Once such cumulative changes exceed the significance threshold then the 2020 base year will be restated.

When structural changes occur in the middle of the year, the base year emissions will be recalculated for the entire reporting year, and the entire current year emissions will be included in the GHG inventory, to the extent that data is available.

Material changes to Canfor's operations may occur over time due to market opportunities or constraints, such as changes in production volumes or product mix, the opening of facilities, or the temporary or permanent closure of facilities, resulting in the organic growth or decline of GHG emissions. The base year will not be recalculated due to organic growth or decline (such as temporary or permanent curtailments); however appropriate disclosure will be made in public reporting to provide the impact from the organic growth or decline.

Adjustments due to Methodology Changes

Canfor annually reviews emission calculation methodologies and emission factors. As a result of this review, there is a possibility that changes to the methodology can materially impact Canfor's reported emissions. If a change of methodology reflects an improvement in accuracy, and it is possible to apply that methodology to the base year data, then the base year may be recalculated. If the change exceeds the significance threshold, then the base year will be restated. Changes in emission calculation

methodologies will be described in the GHG inventory Management Plan annually, irrespective of whether the change results in a material impact to Canfor's emissions calculations. The base year will not be recalculated due to the availability of new versions of emission factors that reflect an updated understanding of the emission source or, in the case of scope 2, updates to emission factors that represent current generation sources on an electricity grid.

Adjustments due to Significant Errors

During Canfor's annual review of emission calculations, it is possible that an error in the base year calculation may be discovered. If the corrected calculation results in a change in reported GHG emissions that exceeds the significance threshold, then the base year will be restated.

6 Internal Review and Auditing

6.1 Management Review

Data sources for the GHG inventory are subject to management review monthly to compare month-over-month consumption and close out invoices in a timely manner. The compilation of the GHG inventory is supported by industry best practice and is reviewed continually by the Manager of Climate Change and Carbon who also oversees annual review of methodological revisions and baseline updates. Prior to final closeout the GHG inventory is signed off by the Director, Environment and Sustainability.

6.2 Internal Verification

Internal review of the GHG inventory is completed in a two-stage approach. The first review is conducted upon gathering all emission source data from each of Canfor's business units to verify completeness of data and identify errors in the data gathered. The second review is completed after emission calculations have been completed to ensure each emission factor correctly corresponds to the appropriate emission source. Key areas for internal auditing include verifying invoice transcription; verifying current units; unit conversions; application of emission factors; and checking Excel formulas and data references.

6.3 External Verification

Canfor engages an external verifier to review the inventory to a limited assurance standard. Several of Canfor's sites are also required to report emissions to governments having jurisdiction, which involves an auditing and verification to ensure accuracy:

Canadian Forest Products

- Fox Creek, Spruceland, Whitecourt, and Grande Prairie sawmills and Canfor Green Energy all report emissions under the Technology Innovation and Emissions Reduction (TIER) Regulation in Alberta, which is verified annually.

Canfor Pulp

- Northwood Pulp, Prince George Pulp, Intercontinental all report emissions under the GGIRCA in British Columbia, which is verified annually.

VIDA

- Each sawmill in Sweden report energy production to the Swedish Government.

7 References

1. **World Business Council for Sustainable Development and World Resources Institute.** The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition. *The GHG Protocol*. [Online] <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>.
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8 Document History

| Version | Change/Update Description | Effective Date |
|----------------|--|--------------------------------|
| 1.0 | First draft | May 5 th , 2023 |
| 1.1 | Updated to include Canfor's new corporate address; updated reference years where applicable; Addition of new facilities: Ingarp Träskydd; removal of facilities: Hjalmar Petris; included emission factors for the ethanol content of gasoline; updated the methodology for quantifying landfills emissions to the IPCC's methane generation potential method. | January 1 st , 2024 |