

## CANFOR AND CANFOR PULP



**2016**

## EXECUTIVE SUMMARY OF THE 2016 CANFOR AND CANFOR PULP SUSTAINABILITY REPORT

Canfor and Canfor Pulp's 2016 sustainability report conforms to the Global Reporting Initiative. The following report is an executive summary of the full online report which is available at [canfor.com/sr](http://canfor.com/sr).

While Canfor and Canfor Pulp remain separate companies, Canfor holds a 53.6% interest in Canfor Pulp, and management activities are being integrated to increase efficiency through a shared services model and leveraged purchasing power.

### KEY STATISTICS - CANFOR AND CANFOR PULP

CATEGORY	STATISTICS
SOCIAL	<ul style="list-style-type: none"> <li>▶ 6,380 total workforce</li> <li>▶ 1.90 medical incident rate (Canfor and Canfor Pulp combined)</li> <li>▶ \$161 million invested in mills (Canfor)</li> <li>▶ \$530,920 charitable donations</li> <li>▶ \$78,124 scholarships and bursaries</li> </ul>
ENVIRONMENTAL	<ul style="list-style-type: none"> <li>▶ 11 million cubic metres annual harvesting rights</li> <li>▶ 99.5% of forestlands certified</li> <li>▶ Products certified to all major certification standards (CSA, FSC®, SFI®)</li> <li>▶ Planted 72 million seedlings in 2016</li> <li>▶ 0 high significance incidents of reportable non-compliances in forestry operations</li> <li>▶ 0.19 moderate significance incidents of non-compliance per million cubic metres of harvest volume</li> <li>▶ 2.44 low significance incidents of non-compliance per million cubic metres of harvest volume</li> <li>▶ Canfor Pulp able to provide 100% of pulp under FSC-controlled wood standard</li> <li>▶ 830,000 tonnes of PEFC-certified pulp</li> </ul>
ECONOMIC	<ul style="list-style-type: none"> <li>▶ \$4.2 billion in sales (Canfor); \$1.1 billion (Canfor Pulp)</li> <li>▶ \$203.9 million net income (Canfor); \$57.8 million (Canfor Pulp)</li> <li>▶ 5.8 billion board feet annual production capacity</li> <li>▶ 1.46 million tonnes pulp and paper<sup>1</sup></li> <li>▶ 985,741 MWh of biomass electrical production</li> <li>▶ 400,000 tonnes industrial grade wood pellet production capacity</li> </ul>

<sup>1</sup>1.21 million tonnes kraft pulp and paper; 220,000 tonnes BCTM pulp

## MESSAGE FROM CEO - DON KAYNE

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This is Canfor Corporation's 16th sustainability report; the fourth combined report with Canfor Pulp Products Inc. Each highlights the innovative changes we are making to our forest management, our manufacturing processes, our products and our markets – changes that enable us to draw even more environmental benefits from our natural, renewable forest products.

This report is no exception. It shows our leadership in supporting new products and processes. Canfor Pulp has signed an agreement with Licella Fibre Fuels of Australia to determine whether we can economically convert wood biomass and pulp mill residue streams into a stable biocrude oil. Canfor provided much of the specialty lumber used in Brock Commons – an 18-storey student residence in Vancouver that will soon be the world's tallest wood building.

It shows how we are making use of advanced technology – such as drones and LiDAR remote sensing – to improve our environmental performance in the forest. We use drones to help us identify preferred forest road locations in difficult terrain and to map wood residue accumulations at our sawmill sites. We use LiDAR to obtain more precise and reliable information about the forests we manage, improve our environmental assessment process, and enhance our ability to provide product profiles for customers.

Throughout the report, there are examples of how Canfor and Canfor Pulp are making our products more sustainable by improving our manufacturing processes, regenerating forests, reducing greenhouse gas emissions, and increasing the use of biomass for power and heating. It shows how we are making our operations safer and more efficient, and how we support the communities where we operate.

In 2016, we planted 72 million trees on our tenures in Alberta and British Columbia. We worked with Ducks Unlimited Canada and sector partners to advance sustainable forestry management and wetland conservation in Canada's boreal forest. We led the development of a migratory bird management tool – in partnership with other licensees – to help protect populations of migratory birds in BC's interior.

Our employees are committed to continuous improvement and operational excellence. When the BC Ministry of Environment released its first-ever Compliance Inspections Report in 2016, Canfor Pulp's environmental performance was outstanding. An audit of a Tree Farm Licence in southeast BC by the province's independent Forest Practices Board found that our operational planning, timber harvesting, road construction and maintenance, silviculture and fire protection met regulatory requirements in all significant respects.

Canfor is one of the few primary lumber manufacturers to offer products certified to all of the independent certification programs in North America – 99.5% of our woodlands operations and managed tenures are certified to internationally recognized standards. All of our Canadian and most of our US facilities are chain-of-custody certified – and we will pursue certification in our remaining US mills in 2017. In 2016, 83% of Canfor Pulp's fibre supply was from certified sources, and all of it comes from BC where it meets stringent provincial forest laws.

Canfor and Canfor Pulp work closely with First Nations communities to open up training, employment and business opportunities, and to ensure we manage forests in a way that respects their traditions and values. And we welcome the involvement of a wide range of stakeholders to discuss current practices, review our sustainable forest management plans, and monitor key indicators.

As an integrated forest company, we are able to make the best use of every tree we harvest – for lumber, pulp and paper, pellets and green energy. In 2016, we expanded our mix of premium products when we acquired Wynndel Box and Lumber. Located in a region of southern British Columbia with exceptionally high-quality fibre, the company manufactures specialty products such as premium fascia and fencing.

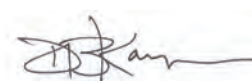
We completed the third phase of an agreement to purchase the lumber business of Scotch & Gulf Lumber, LLC, in Alabama in 2016, and will complete the acquisition of Beadles and Balfour Lumber Companies in Georgia in early 2017. Our significant growth in the southern United States led us to open headquarters for Canfor Southern Pine in Mobile, AL, in October 2016.

We sell our products to markets around the world, including China where there is demand for higher-value products. In 2016, we shipped lumber to Indonesia for the first time, and confirmed an order in Malaysia. Fibre United, a cooperative sales and marketing agreement between Canfor Pulp and UPM Pulp, expanded to Korea, the world's fifth-largest pulp market.

I am especially pleased to report that we once again had an impressive safety record across all our operations. Our company-wide medical incident rate (MIR) of 1.90 was the lowest we have ever achieved – and our solid wood operations in Canada and the United States also set single-year records. Canfor Pulp, at 2.29, registered its best three-year average.

And we continue to be recognized as one of BC's top employers for 2016, primarily for our efforts in encouraging employees to balance work and personal life and helping them plan for life after retirement. Our goal is to have a diverse, inclusive organization, and in 2016, our executive backed this by signing a diversity leadership commitment. We encourage managers to consider diversity in their recruiting and promotion decisions, and participated in activities to promote diversity in our workplace.

The potential ahead for our industry has never been greater. Our renewable products fit perfectly with global goals to lower environmental impacts. Today ground-breaking research is opening more doors – wood is being used in a broader range of construction applications, pellets offer a clean, natural bioenergy source, and wood fibre is being used in textiles and bio-plastics.



**Don Kayne**  
Chief Executive Officer,  
Canfor Corporation and Canfor Pulp

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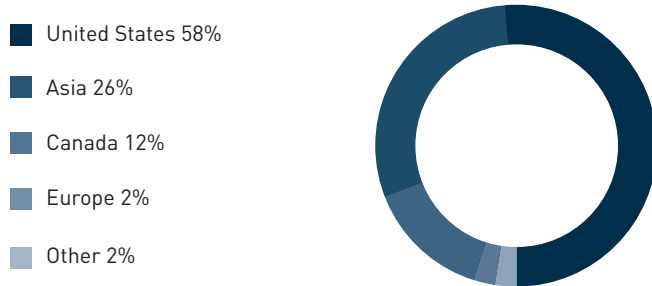
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# MARKETS AND MARKET DEVELOPMENT

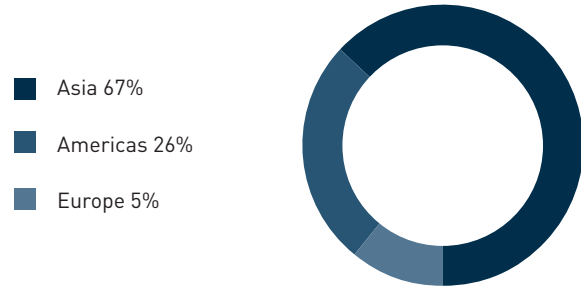
Canfor and Canfor Pulp sell lumber, pulp and paper products in markets throughout North America and overseas through sales offices in Vancouver; El Dorado, AR; Ridgeland, MS; Mobile, AL; Tokyo, Japan; Shanghai, China; and Seoul, South Korea.

Canfor and Canfor Pulp both work hard to gain a better understanding of our customers in markets around the globe. By understanding our customers' needs, we contribute to their success.

## CANFOR LUMBER SALES VOLUME BY MARKET - 2016



## PULP SALES BY MARKET - 2016



# STRONG LOCAL ROOTS

Canfor's rich history dates back to the 1930s, and we are always watching for ways to honour our deep community roots.

In 2016, we celebrated the 50th anniversary of the opening of Northwood Pulp in Prince George, BC, and the 10th anniversary of our Houston, BC, pellet operation. We also marked the 10th

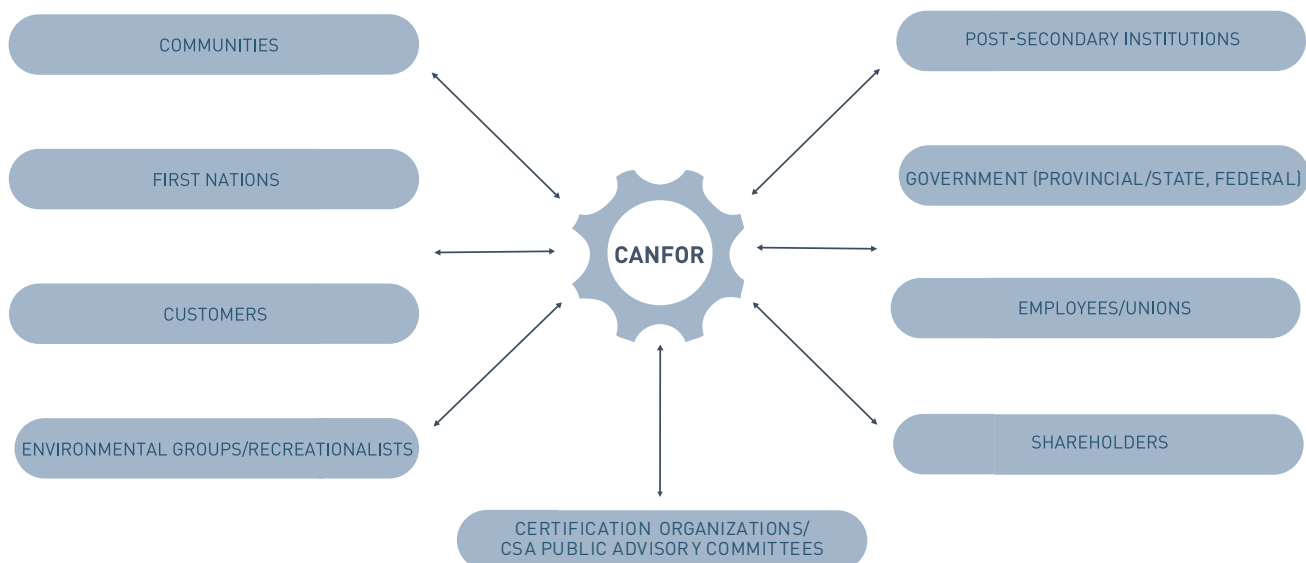
anniversary of the start of the expansion into the southern United States that has allowed us to diversify both products and markets. In December 2016, we opened our official Canfor Southern Pine headquarters in the historic Van Antwerp Building in Mobile, AL.



# IDENTIFYING STAKEHOLDERS AND KEY INDICATORS

Canfor and Canfor Pulp maintain an open door policy so we can be sure we consider the interests of key stakeholders in all of our operations. We define our stakeholders to be any person or group who is affected by our operations, or conversely has the ability to affect our business. First Nations with traditional territories in our operating areas have special rights and interests, and we work collaboratively with them to address these.

## OUR STAKEHOLDERS



We selected the topics and indicators for this report by examining what is important to these key organizations and individuals, as described in the table below.

STAKEHOLDER/GROUP	INTERESTS	
<b>Communities</b>	<ul style="list-style-type: none"> <li>▶ Economic stability</li> <li>▶ Community enhancement</li> <li>▶ Environment</li> <li>▶ Safety on community roads</li> </ul>	<ul style="list-style-type: none"> <li>▶ Economic opportunities</li> <li>▶ Responsible forest management</li> <li>▶ Water quality (community watersheds)</li> <li>▶ Air quality (local airshed advisory group)</li> </ul>
<b>First Nations</b>	<ul style="list-style-type: none"> <li>▶ Cultural heritage, traditional use, treaty rights, aboriginal rights and title</li> <li>▶ Employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>▶ Economic stability</li> <li>▶ Economic opportunities</li> <li>▶ Responsible forest management</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>▶ Stable supply of quality products</li> <li>▶ Competitive prices</li> <li>▶ Sustainable manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>▶ Responsible forest management</li> <li>▶ Efficient delivery</li> </ul>
<b>Environmental Groups/ Recreationalists</b>	<ul style="list-style-type: none"> <li>▶ Responsible forest management</li> <li>▶ Protection of species at risk/habitat</li> </ul>	<ul style="list-style-type: none"> <li>▶ Maintenance of biodiversity</li> <li>▶ Safe forest roads</li> </ul>
<b>Post-secondary institutions</b>	<ul style="list-style-type: none"> <li>▶ Research and development</li> </ul>	<ul style="list-style-type: none"> <li>▶ Recruitment</li> </ul>
<b>Government (provincial/state, federal)</b>	<ul style="list-style-type: none"> <li>▶ Responsible forest management</li> <li>▶ Timely regeneration</li> <li>▶ Research and development</li> </ul>	<ul style="list-style-type: none"> <li>▶ Compliance with laws</li> <li>▶ Forest health</li> <li>▶ Market development</li> </ul>
<b>Employees/Unions</b>	<ul style="list-style-type: none"> <li>▶ Safe working conditions</li> <li>▶ Competitive wages</li> <li>▶ Workforce diversity</li> </ul>	<ul style="list-style-type: none"> <li>▶ Advancement opportunities</li> <li>▶ Training</li> <li>▶ Employment security</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>▶ Economic stability</li> <li>▶ Market development, expanding use of wood</li> </ul>	<ul style="list-style-type: none"> <li>▶ Return on investment</li> <li>▶ Product development</li> <li>▶ Responsible operations</li> </ul>
<b>Certification Organizations/ CSA Public Advisory Committees</b>	<ul style="list-style-type: none"> <li>▶ Certification requirements</li> <li>▶ Impact on forest management</li> </ul>	<ul style="list-style-type: none"> <li>▶ Management of local issues</li> <li>▶ Responsible procurement</li> </ul>

# ENVIRONMENT

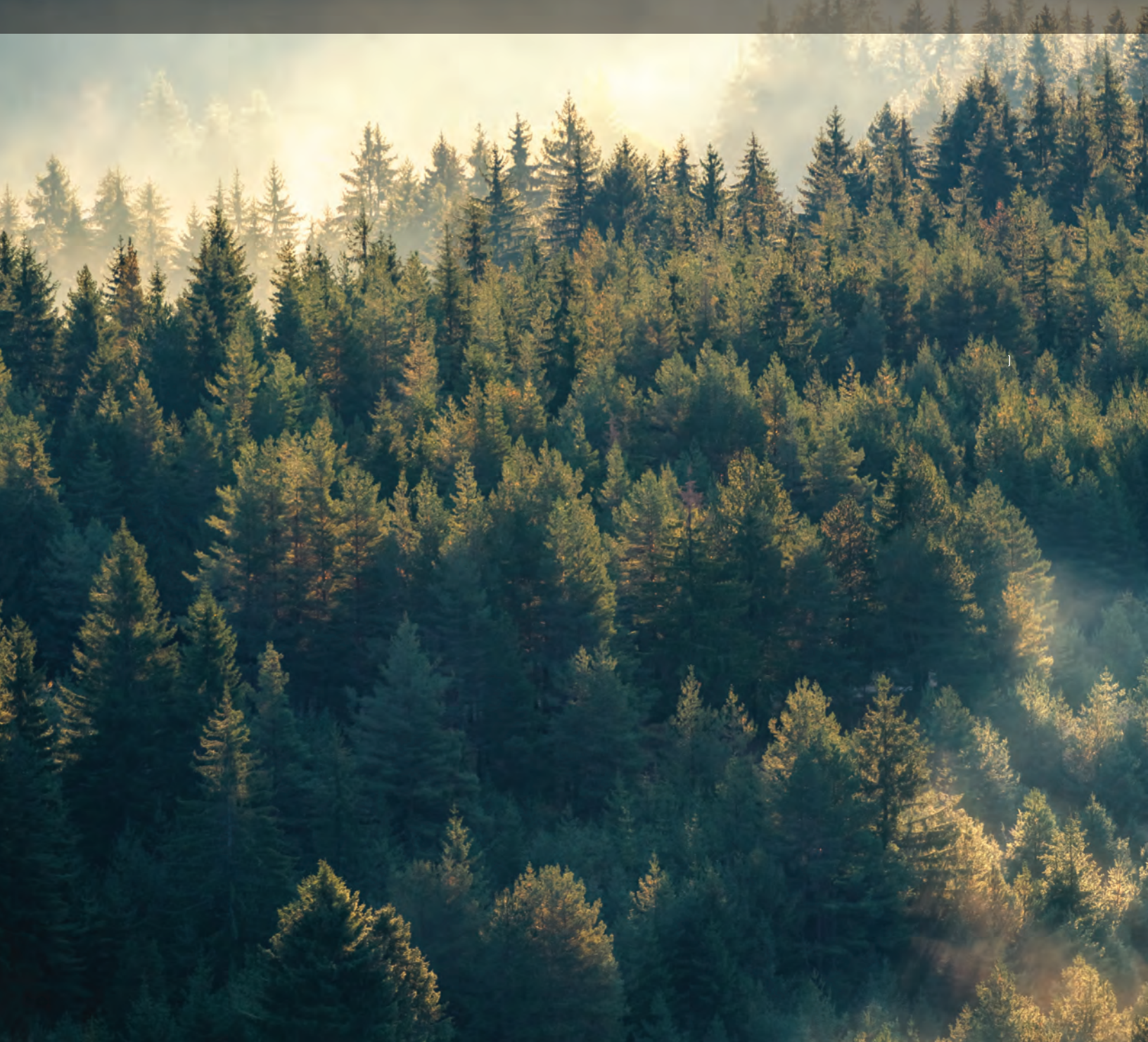
## SUSTAINABLE FOREST MANAGEMENT

**Customers can be confident our products come from well-managed forests with 99.5% of our woodlands operations certified to third-party forest certification standards.**

Canfor manages forests directly on the lands for which we have tenure agreements between the governments of British Columbia and Alberta and our wholly owned subsidiary Canadian Forest Products Ltd. On these lands, we have third-party sustainable forest management certification and carry out extensive management and monitoring to deliver on our commitment to sustainable forestry.

Canfor Pulp and Canfor Southern Pine do not manage forest lands directly, and instead deliver on their commitment to sustainable forestry through their fibre-sourcing practices.

In the following sections, discussion of on-the-ground forest management practices and commitments refers to our tenured areas, and discussion related to fibre sourcing and management will be prefaced by identifying the operating business to which we refer.





# ENVIRONMENT AND FORESTRY COMMITMENTS

Canfor's Forest Management System ensures all woodland operations on company forest tenures are managed sustainably, and environmental practices continue to improve.

Canfor's Environment Policy and Sustainable Forest Management Commitments hold us accountable for responsible stewardship of the environment through our operations.

Canfor's Corporate Environmental Management Committee provides high-level oversight and due diligence, and advises the Board of Directors about our manufacturing facility environmental and sustainable forest management performance. The Board of Directors' Joint Environmental, Health and Safety Committee reviews and makes recommendations to the board about environmental, health and safety issues, and relevant policies.

Also at least once a year, Canfor's Forest Management Group holds a management review to evaluate whether environmental objectives and targets are being met, and to anticipate needs for change as part of the continuous improvement cycle.

In addition to complying with legal and other requirements that apply to our operations, Canfor meets voluntary requirements related to environmental, safety and/or First Nations concerns. We regularly renew our environmental performance objectives, measure our progress toward achieving them, and make sure staff have the necessary training and resources to meet them.



## LEARNING ABOUT MANAGING ENVIRONMENTAL VALUES

How we manage forests is important to our customers. In 2016, foresters from our operations in southern British Columbia took members of our sales and marketing team into the field to show them how we manage environmental values, and the planning involved in getting logs to the mill. This equips them with the information they need to talk to customer about our sustainable management practices.

# LEGAL SOURCE OF FIBRE

All of the forest tenures we manage are in British Columbia and Alberta where a comprehensive suite of laws and regulations assures customers they are buying wood and paper products from sustainable and legal sources.

In British Columbia, we operate primarily on public lands. Under the province's Forest and Range Practices Act, our forest divisions must prepare forest stewardship plans that show how our operations will meet objectives set by government for 11 resource values including soils, timber, wildlife, water quality, fish/riparian, biodiversity, visual quality, recreation and cultural heritage. Before government approves the plan, we must invite and consider public and First Nation comments.

In Alberta, as part of our Forest Management Agreement with the province, we are required to develop Forest Management Plans that consider a broad range of forest values and social, economic and environmental factors such as watershed, environment and wildlife habitat, and provide an opportunity for public consultation.

British Columbia and Alberta monitor compliance through planned and random audits of forest operations and field inspections to ensure forest laws are being followed.

## COMPLYING WITH INTERNATIONAL REGULATIONS

Illegal logging is a critical international issue that undermines good forest governance. Canfor Pulp provides customers with the information they need to meet international policies including:

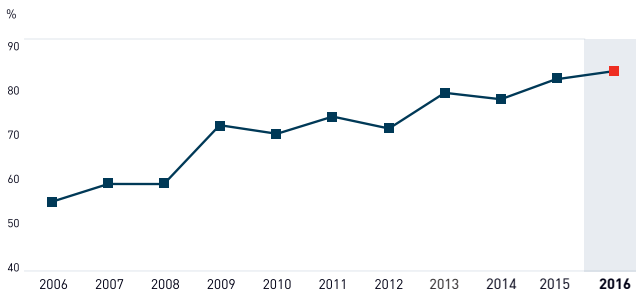
- The *European Union Timber Regulation* (EUTR), which prohibits illegally harvested forest products from being placed on the market in EU member countries.
- The US *Lacey Act*, which requires that importers must declare the species, country of origin and other relevant information.
- Australia's *Illegal Logging Prohibition Act 2012*, which requires that importers submit a declaration to minimize the risk of illegally logged timber in their supply chains.

# INDEPENDENT FOREST AND PRODUCT CERTIFICATION

Canfor is one of the few primary lumber manufacturers to offer products certified to all of the independent certification programs in North America – the Canadian Standards Association (CSA) Sustainable Forest Management Standard, the Forest Stewardship Council® (FSC®) and the Sustainable Forestry Initiative® (SFI®). CSA and SFI are fully endorsed by the international umbrella organization for certification, the Programme for the Endorsement of Forest Certification (PEFC).

In total, 99.5% of Canfor’s woodlands operations are certified to the CSA, SFI or FSC standards for sustainable forest management. The percentage increased for a number of reasons, including the addition of new licenses such as WynnWood and the expiry of others.

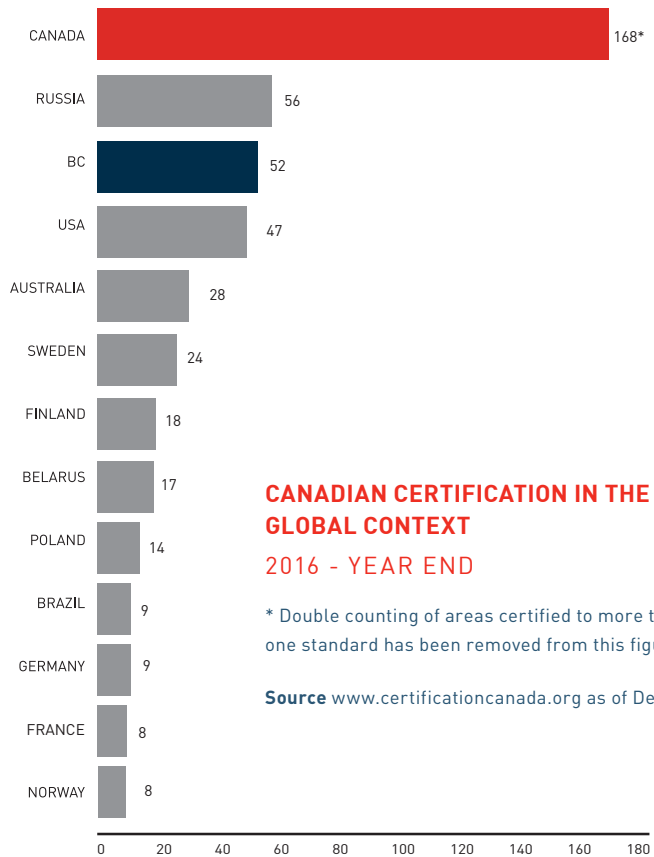
## CANFOR PULP CERTIFIED FIBRE PERCENTAGE 2016 (PEFC AND FSC)



Canfor Pulp gives preference to suppliers that offer third-party certified fibre. In 2016, 83% of our fibre came from third-party certified sources covered by a chain of custody, and our goal is to source 90% of our fibre from PEFC or FSC sources by 2020.

## CANADA LEADS THE WORLD IN CERTIFICATION

There are three internationally recognized certification programs in North America: Canadian Standards Association (CSA), Forest Stewardship Council (FSC), and Sustainable Forestry Initiative (SFI). Recent statistics show Canada is a leader in forest certification globally, which highlights the commitment to sustainability of North American forest managers.



## CANADIAN CERTIFICATION IN THE GLOBAL CONTEXT 2016 - YEAR END

\* Double counting of areas certified to more than one standard has been removed from this figure.

Source [www.certificationcanada.org](http://www.certificationcanada.org) as of Dec 31/16

# REGENERATING FORESTS

Prompt reforestation of harvested areas is key to sustainable forest management. Canfor uses ecologically suitable species to regenerate all harvested areas to healthy, resilient free-growing forests promptly.

In 2016, we planted 72 million trees on our tenures. Canfor owns and operates the J.D. Little Forest Centre near Prince George, which celebrates its 35th anniversary in 2017 and produces about 14% of our seedling requirements. It grows 9.0 to 9.5 million hybrid white spruce trees every year.

## REFORESTATION MILESTONE

In June, we helped the BC government mark a significant milestone when the one billionth seedling was officially planted in the Prince George Natural Resource District.



From L-R: Susan Scott, acting mayor on behalf of Mayor Lynn Hall; Chief Dominic Frederick, Lheidli T'enneh; Shirley Bond, MLA for Prince George-Valemont; and Mike Morris, MLA for Prince George-Mackenzie.

## CONSERVING BIODIVERSITY

Canfor's detailed Sustainable Forest Management Plans for each of its operations include strategies for managing biodiversity at species, stand and landscape levels. A comprehensive species accounting system has been developed for our BC operations by independent scientists so we can monitor key species groups and take action if negative impacts appear to be occurring.

In 2016 we updated our management plans to incorporate specific biodiversity targets or objectives to improve biodiversity and maintain ecosystem function and resilience through the retention or distribution of residual trees.

In the Morice Land and Resource Plan Area in northwest BC, our Houston planning staff have been collaborating with government and industry partners to develop workable land use orders to conserve biological diversity while balancing the local community's socio-economic interests.

Ducks Unlimited Canada and a number of forest sectors leaders, including Canfor, have agreed to share knowledge and resources to advance sustainable forestry management and wetland stewardship in Canada's boreal forest through the three-year Forest Management and Wetland Stewardship Initiative.

We led the development of a migratory bird management tool - in partnership with other licensees - that is designed to help protect populations of migratory birds in BC's interior, and was highlighted

as a good practice by the teams that audited our operations for SFI and CSA certification.

Northeast of Prince George, we have taken the lead on an old growth forest recruitment strategy that involves spatial identification of areas that will be retained for old forest values so we can better manage stands infested by the spruce beetle.

Since 2013, our Alberta operations have been part of the Healthy Landscapes Program, a collaborative program created by fRI Research to help understand how human disturbances like cutblocks can be designed to more closely resemble natural disturbances such as wildfire. The aim is to create and maintain healthy forests that support the diversity of species that rely on them.

As part of our FSC certification, Canfor's East Kootenay operations worked with environmental groups, government and wildlife experts to update their High Conservation Value (HCV) areas.

We also partnered with Wildsight, a local environmental society, to conduct post-harvest effectiveness monitoring in cutblocks within these HCV areas.

In Alberta, Canfor has elected to use the Foothills Research Institute's stream crossing program. We expect to have inspected all 232 inventoried stream crossings in the next five years.



Canfor is partnering with Ducks Unlimited Canada and other forest sector leaders to advance sustainable forest management and wetland stewardship in Canada's boreal forest.

## PROTECTING HABITAT

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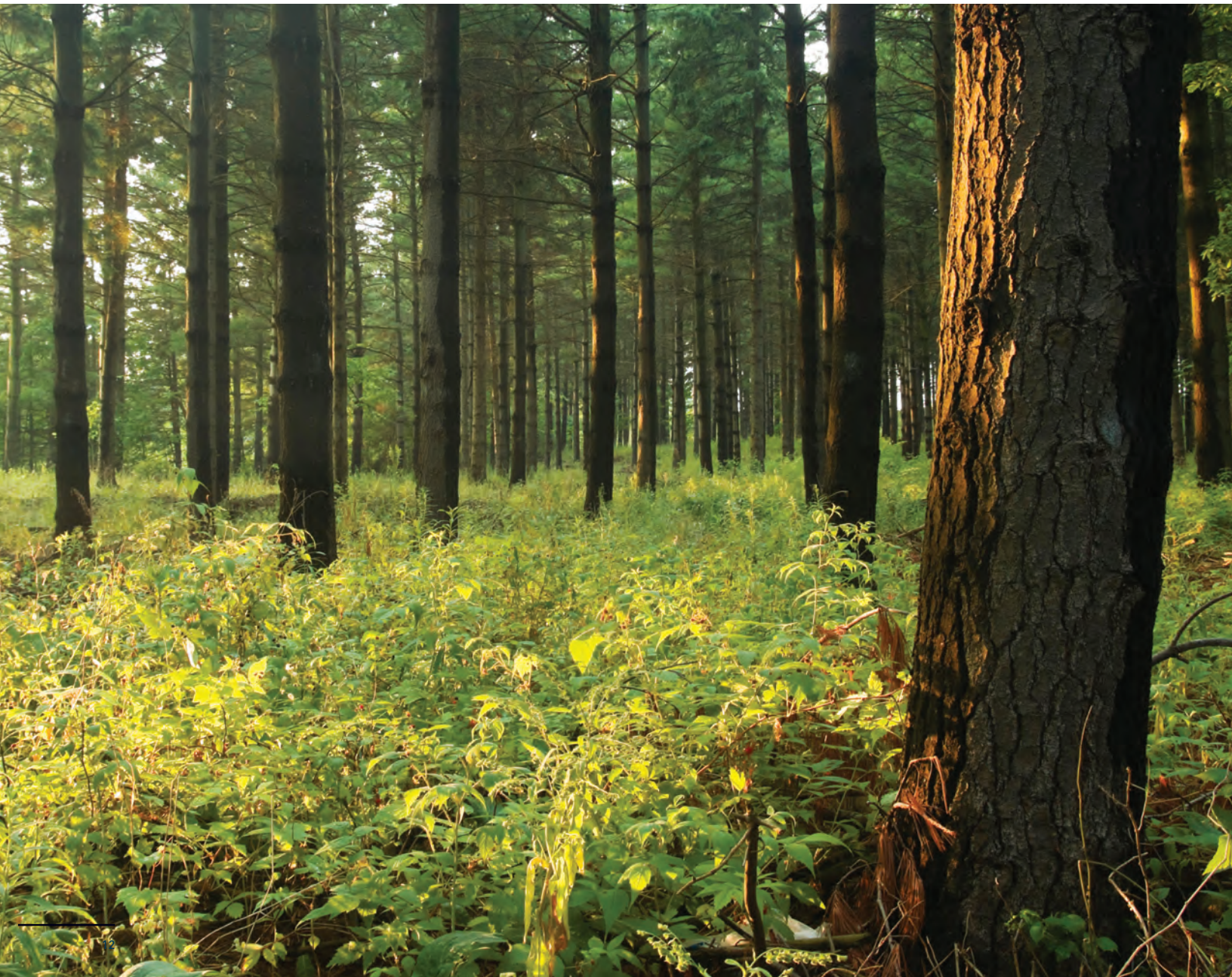
Our operational plans contain conservation measures to protect habitat for species of management concern (which include species at risk as well as those of high concern to the public such as moose, marten, and mule deer), and we monitor general trends in habitat types, elements and patterns.

In 2016, we continued our research into the impacts of forestry on occupancy of northern goshawk breeding areas in the East Kootenay regions, by visiting 15 sites with stick nests, and developed management strategies for the seven that were actively used by northern goshawks.

We worked jointly with the Ktunaxa Nation and its four Bands to identify cultural and conservation value forests (CCVF) and to develop joint management strategies to protect and maintain the values. A process is underway to update the CCVF in a joint project with the Ktunaxa Nation, BC Timber Sales and Canfor.



An active goshawk nest (note chick in front of tree).



# RESPONDING TO CLIMATE CHANGE

Actively growing, healthy forests absorb carbon dioxide and convert it to stored carbon in the tree. A report by the Intergovernmental Panel on Climate Change in 2007 concluded: “In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fibre or energy from the forest, will generate the largest sustained mitigation benefit.”

In 2016, we joined Canada’s forest products industry in its ‘30 by 30’ pledge to remove 30 megatonnes of carbon dioxide a year by 2030 – more than the Canadian government’s emission target.

## CARBON BUDGETING

Canfor’s carbon strategy is to maintain some old growth on the land base for carbon storage, reforest harvested areas promptly for carbon uptake, and reduce conversion by minimizing permanent access roads. We continue to monitor developments in carbon sequestration modeling both at the provincial and regional level, and use this in our management planning.

## BENEFITS OF WOOD

Canfor promotes the environmental benefits of wood, and is a leader in finding new ways to build with wood and in the evolution of building codes to encourage the use of wood products.

Wood is the only major building product that is natural, renewable, and stores carbon throughout its life cycle. Furthermore, the environmental benefits are strengthened when the wood comes from a company like Canfor that utilizes wood manufacturing technology and sustainable forest practices, backed by third-party forest certification.

Advances in wood science and building technology, adopted through modern building codes, allow wood to be used in an increasingly broad range of non-residential, multi-storey and longer-span buildings and applications. Canfor supplied wood for 18-storey Brock Commons, a student residence in Vancouver that will soon be the world’s tallest wood building. In addition to traditional wood and timber-frame construction and finishing applications, there’s a role for wood in every project.

Green building standards that scientifically analyze product impacts using life cycle assessment reward wood use for its dramatic benefits on improving green building performance.

## FOREST HEALTH

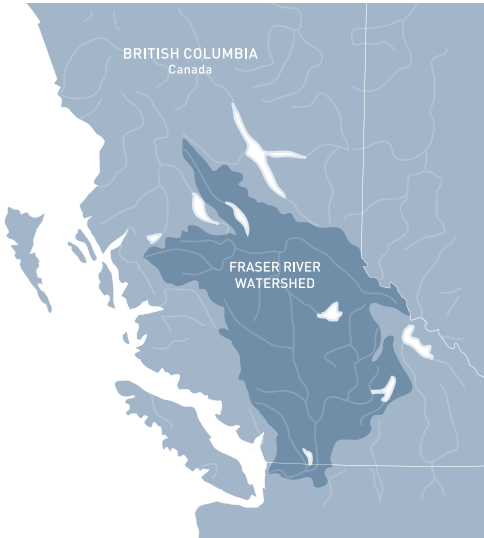
In most of our BC operations, we are winding down our large-scale mountain pine beetle salvage program that has been active for well over a decade now. We are now shifting our harvest operations from a dead pine timber salvage program into a more traditional one of long-term sustainable harvesting, which includes prompt actions to combat forest health factors caused by insects, fire, wind and disease.

## WATER RESOURCES

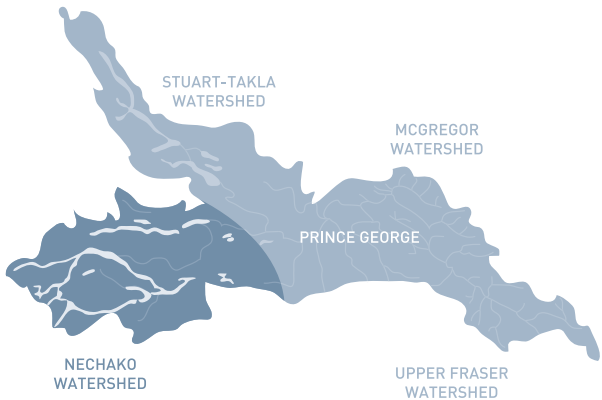
Pulp and paper mills are heavily dependent on water. British Columbia’s climate has changed over the last 100 years, and we expect higher local temperatures and increased rainfall will lead to unbalanced conditions within local watersheds.

In Prince George, we draw water for our mills from the Nechako and the Fraser Rivers. While this represents less than one per cent of the volume, we have been working with researchers at the University of British Columbia to understand how these flows may change.

## WATER RESOURCES - BRITISH COLUMBIA



## WATER RESOURCES - UPPER FRASER REGION



## ENGAGING STAKEHOLDERS

Canfor and Canfor Pulp work with a wide range of stakeholders. There is significant public involvement in the development of our Sustainable Forest Management Plans and we offer opportunities for public input into our forest management activities.

Our proprietary database, Creating Opportunities for Public Involvement (COPI), tracks communications, actions and issues with stakeholders and other interested parties.

Stakeholder engagement opportunities in 2016 included 10 of the 11 Public Advisor Groups joining our employees to tour forest operations to learn more about key topics such as wildfire management, cultural heritage resources, spruce beetle, tree planting, steep-slope logging, and a lot more.

Canfor Pulp has been active in airshed management since we built our first mills in Prince George in the 1960s, and recently invested \$180 million in three significant air quality improvements and they are delivering real, measurable results. Forest research centre FPInnovations worked with Canfor to monitor the city's air quality before and after the mill upgrades, and found a significant drop in the percentage of time odour is detectable.

Canfor Pulp participated in the World Wildlife Fund's Environmental Paper Company Index 2015 and will participate again in 2017 to increase our transparency and better understand our opportunities for improving our sustainability performance.



Canfor's Chris Schacke explains hydrological recovery to the Prince George Public Advisory Group.



Canfor hosted a well-attended tour of the Flathead River Valley. Participants said they learned a lot and gained confidence in our forestry practices.

## WORKING WITH FIRST NATIONS

Our operations overlap with numerous traditional First Nations territories in British Columbia. We are committed to the development of mutually beneficial opportunities for First Nations participation in our planning and operations, including economic development, procurement, education and employment.

Thanks to a number of activities, such as a business match-up event and engagement through a joint management advisory committee, Canfor has increased the value of procurement from Ktunaxa Nation Council businesses in 2015-16 by 27%.

We also worked with the Ktunaxa Nation and the Shuswap Indian Band to identify culturally significant forests and develop strategies to address their concerns. We increased the participation in the forest economy of Akisqnuq First Nation by entering a fibre agreement for their Replaceable Forest License. We also worked with Nupqu, the Ktunaxa

Nation's natural resources development corporation, to expand opportunities for a Tobacco Plains Indian Band logging crew.

In 2016, we sponsored a number of key First Nations activities across British Columbia, including the Wet'Suwet'En First Nation's hunting and trapping program for youth; the McLeod Lake Indian Band Annual General Assembly; Doig River First Nation Cultural Days; the Lheidli T'enneh Annual General Assembly; the Lake Babine Annual General Assembly, and Takla Lake First Nation Community Christmas Events.

Through open communication with First Nations, we benefit from local and traditional knowledge and ensure that areas of cultural importance are managed in a way that retains First Nations traditions and values. Through these discussions, we identify and track culturally important, sacred and spiritual sites so they can be managed appropriately in our forestry planning.

# CANADIAN BOREAL FOREST AGREEMENT

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Although Canfor and Canfor Pulp remain committed to the Canadian Boreal Forest Agreement (CBFA), it was acknowledged by all parties that changes are needed to create a more effective and responsive implementation model that will be able to engage more proactively with local communities, provincial governments, First Nations and other non-signatory environmental groups who share our commitment. Industry will lead this new project framework, however, we remain committed to working collaboratively with our existing ENGO partners.

The CBFA continues to be an exemplary model for a cooperative conservation agreement and the support of the Canadian government in showcasing this to other countries remains a key component of the environmental mandate of the Canadian government.

Canfor staff are actively involved with CBFA activities in both Alberta and British Columbia. We also continue to participate on the national working groups, including Goal 1 World Leading Boreal Forest Practices and Goal 4 Climate Change.



# MANUFACTURING

**Quality products. Quality service.** In the last five years, we've invested over a billion dollars to keep our mills efficient and competitive.

## CAPITAL INVESTMENTS

### CANFOR

We invested \$161 million in capital improvements for our lumber operations, including major upgrades at our Polar Sawmill in British Columbia and our Fulton Sawmill in Alabama, and a kiln replacement project for the sawmill at Houston, BC.

### AIR - CANFOR PULP

The Prince George air shed continues to benefit from our \$180-million investment in air quality improvements over the past several years. Both odour and particulate emissions

### CANFOR PULP

Canfor Pulp continues to invest in mill improvements, completing more than 100 capital projects in 2016 costing a total of more than \$50 million. We are committed to sustaining this level of investment for the next three years so we can deliver the top environmental and economic performance, and maximize long-term benefits. This consistent capital investment continues to ensure our Canfor Pulp mills maintain a top quartile cost position for NBSK.

have decreased significantly, helping the Prince George Air Improvement Roundtable achieve its goal for reduced emissions from all major sources by 2016.

## INNOVATION - CANFOR PULP

Canfor Pulp's joint venture agreement with Licella Fibre Fuels of Australia will determine whether we can integrate Licella's unique catalytic hydrothermal reactor upgrading platform with our pulp mills to economically convert biomass, including residues from our kraft pulping processes, into biocrude oil to produce next-generation biofuels and biochemicals.

Canfor Pulp has always enjoyed a fibre advantage. Our high-strength pulp is produced from native tree species in British Columbia's interior, mainly white spruce, lodgepole pine and sub-alpine fir. These species thrive in the extreme climate and naturally develop long, slender and thin-walled cellulose fibres with high tensile strength. This makes them especially valuable for high-quality, lightweight printing papers, wet laid non-woven products, premium tissue, thin specialty papers, electrical grades and laminates. Our modern pulp manufacturing processes ensure we deliver the high-quality premium reinforcement pulp (PRP) to the marketplace.

Our Canfor Pulp Innovation (CPI) research centre supports the highly technical product applications in which our pulps are used. CPI delivers opportunities for continuous customer and mill improvement, helping to improve our premium quality and securing our position as a global leader in NBSK and its specialty applications.

Our Mihari initiative, a suite of leading-edge technologies, enhances our quality assurance, and supports the need for more detailed knowledge about the raw materials and their performance.

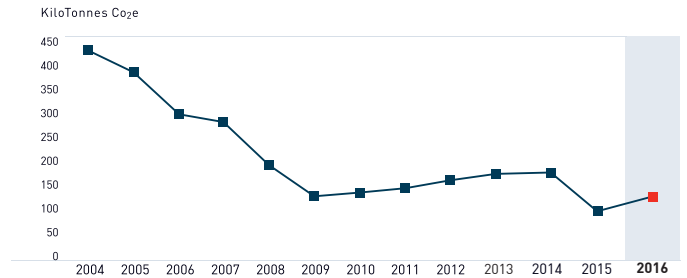




# CARBON FOOTPRINT - CANFOR AND CANFOR PULP

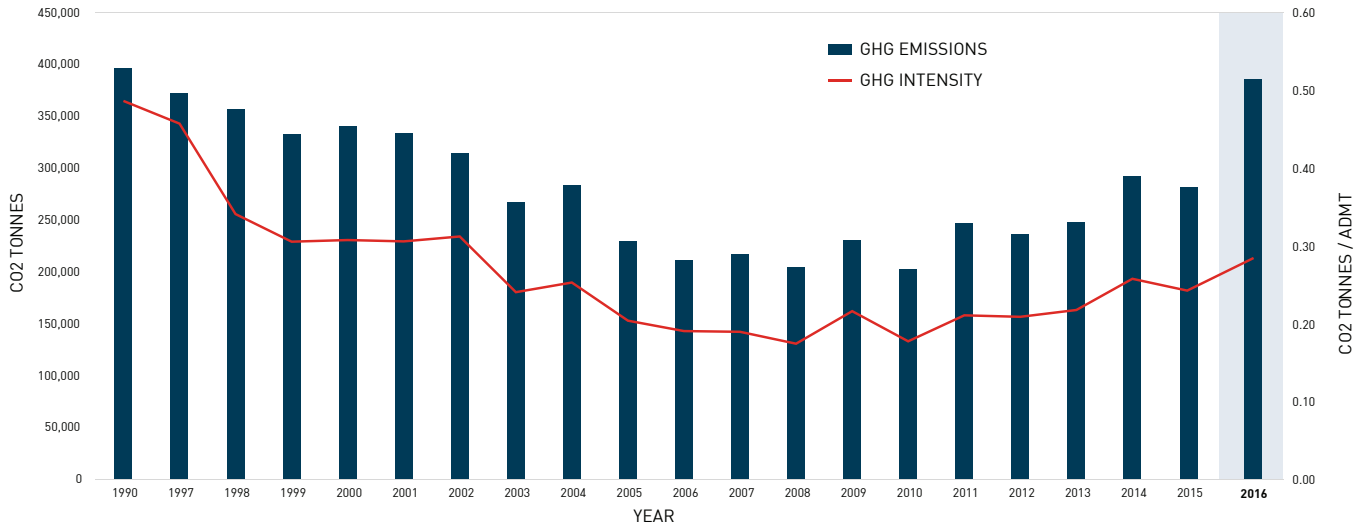
Canfor and Canfor Pulp continue to look for ways to combat climate change by improving our manufacturing processes, regenerating forests, reducing our greenhouse gas emissions, and increasing our use of sustainable biomass for power and heating. Using biomass in place of fossil fuels reduces our operating costs, yielding economic as well as environmental benefits.

## CANFOR GREENHOUSE GAS EMISSIONS



Canfor's greenhouse gas emissions increased slightly because of the addition of newly purchased US South operations.

## CANFOR PULP GREENHOUSE GAS EMISSIONS



The greenhouse gas emissions for 2016 include the Taylor Pulp Mill which was previously captured under Canfor's GHG totals for 2015 and add 64,913 tonnes of CO<sub>2</sub> to the Canfor Pulp total. Canfor Pulp's natural gas consumption in the boilers increased at both the Northwood and Intercon Mills in 2016. Increased focus on maximizing biomass energy in 2017 will support our path to reducing our carbon footprint.



# ENERGY

**Clean energy leaders.** Canfor Pulp is one of North America's largest producers of bioenergy and our sawmills use wood residue to power and heat our operations, reducing our carbon footprint.



## ENERGY MANAGEMENT - CANFOR

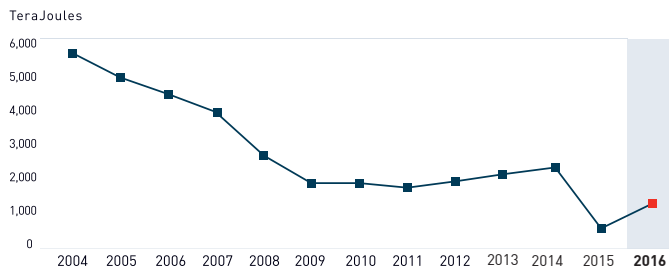
Canfor is saving 13,300 MWh annually, enough energy to power 930 homes each year. Our focus in 2016 was on the commissioning of the Canfor Energy North wood pellet facilities and other capital projects, such as installation of high-efficiency lighting, compressed air upgrades, and high pressure blower conversions to conveyors.

Early in 2016 we completed construction and began operation of pellet plants in Chetwynd and Fort St. John, BC. The plants use sawmill residual fibre (once considered waste) to produce

pellets and through contracts with offshore customers. The Organic Rankine Cycle (ORC) generator at our Chetwynd facility ramped up in 2016, producing 7,500 MWh of electricity, enough to power 530 homes.

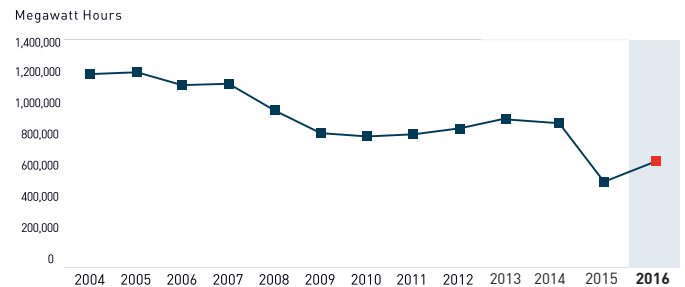
Our target to reduce electricity use at our BC and Alberta sawmills by 10% is a standing target, and we assess progress by monthly tracking and annual benchmarking.

### CANFOR NATURAL GAS USE



Natural gas purchases increased slightly as a result of acquisitions in the US South.

### CANFOR ELECTRICITY PURCHASES



The slight increase in electricity purchases is a result of acquisitions in the US South and the start-up of the Canfor Energy North pellet plants tempered by generation at Canfor Energy North Chetwynd Pellet Plant and Organic Rankine Cycle generation facility.

## ENERGY MANAGEMENT - CANFOR PULP

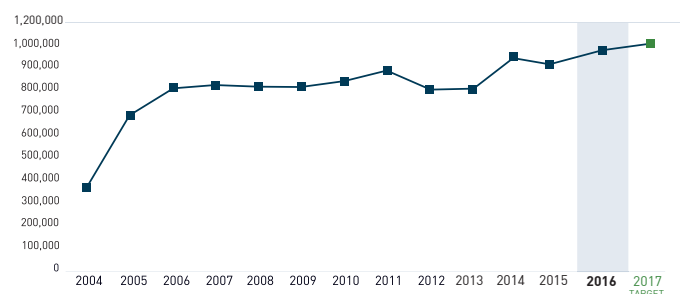
Canfor Pulp's modern kraft mills operate as large-scale biorefineries, allowing us to efficiently manufacture premium pulp products while producing clean energy. We use steam generated in our boilers to generate electricity and heat our operations, and export surplus power to the BC electricity network.

Canfor Pulp established a new record in 2016 with the generation of 985,741 MWh from the four biomass turbine generators at our mills in Prince George – and are nearing our target of one million MWh annually. Continued investment in thermal energy efficiency in 2016 enabled the Intercon mill to increase its generation output by almost 5 MW.

In 2016, Canfor Pulp signed an agreement with Licella Fibre Fuels, an Australian energy technology development company, to form a joint venture under the name Licella Pulp Joint Venture. Licella has developed a catalytic hydrothermal reactor upgrading platform, which converts biomass into a renewable biocrude, which can then be refined in a conventional refinery.

Canfor Pulp won a Canadian Industry Program for Energy Conservation Leadership Award in the category of Employee Awareness and Training for our significant achievements in energy efficiency and environmental stewardship.

### CANFOR PULP BIOMASS ELECTRICITY GENERATION (MWh)



Canfor Pulp generated 985,741 MWh of power from our three Prince George mills in 2016, and are closing in on our target of one million MWh/yr.

# EMPLOYEES AND COMMUNITIES

A great place to work. Our benefits and focus on growth from within continue to earn us recognition as one of British Columbia's Top Employers.

## EMPLOYEES

### WORKFORCE AND REMUNERATION

Canfor and Canfor Pulp have 4,788 employees who are paid on an hourly basis, most in mill production positions, and 1,593 in salaried positions. The hourly employees include 4,471 men and 317 women; the salaried positions include 1,168 men and 425 women.

### HEALTH & SAFETY

Safety is our single highest priority, and we take pride in the fact that our employees consistently keep us a safety leader in our sector. We regularly undertake events to promote employee involvement in safety, and to continue to raise awareness about the importance of working safely.

In 2016, we had an impressive safety performance across all our operations with a company-wide medical incident rate (MIR) of 1.90 – the lowest we have ever achieved. Canfor Southern Pine finished the year with an MIR of 1.76 and our Canadian solid wood operations were 1.96 – the lowest single year ever achieved for both. Canfor Pulp was 2.29, and registered its best three-year average. Our safety record is a testament to the continued vigilance and care of all our employees.

### INVESTING IN OUR PEOPLE

Canfor and Canfor Pulp understand that our strength comes from our skilled and dedicated employees, and we work hard to support their ongoing professional development. We provide a wide range of support to employees.



For the fifth year in a row, we have been recognized as one of BC's top employers, largely as a result of our support of lifelong learning and retirement planning.

### DIVERSITY

Canfor recognizes the value to our employees, our customers and our stakeholders that comes with building a diverse and inclusive organization. We aim to promote diversity by valuing and leveraging the unique strengths and experiences in all of our employees and partners. This encourages a wider choice of qualified candidates to explore employment opportunities at Canfor.

Canfor is committed to taking steps that will lead to increased representation of women, First Nations and other minorities in our workforce. Our 2016 activities include having our executive sign a diversity leadership commitment to support our efforts. The company also began developing and implementing programs specifically focused on advancing diversity within its workforce which include but are not limited to an enhanced recruitment process, investing in talented female employees and building an inclusive workplace culture.

### CANFOR'S LEADERSHIP COMMITMENT TO DIVERSITY

*Our approach to diversity is designed to attract, develop and promote the most talented employees regardless of their ethnicity, gender, age, sexual orientation, religion or any other dimension of diversity.*

*As senior officers of the company, we are personally accountable for advancing diversity within Canfor, and will ensure it is a priority objective in every division and department. We expect all our employees to contribute to an inclusive workplace culture, and we will provide the tools and training to support them.*

*We will monitor progress by reporting on key metrics and regularly reviewing and revising our strategies to drive continual improvement. Our goal is to create a workforce that includes more women, First Nations, visible minorities and other diverse candidates with an ultimate goal that, by 2030, our workforce diversity is reflective of the communities we operate in.*

Our operations in Canada overlap with First Nations' traditional territories, and we are committed to increasing the participation and advancement of First Nations employees as part of our relationship building. An optional feature on our application form advises candidates who are of Aboriginal ancestry to email our Aboriginal Relationships Manager if they want additional support through the recruitment process.

We signed a collaborative agreement with the Prince George Nechako Aboriginal Employment and Training Association, which formalized our commitment to Aboriginal job seekers to improve our recruitment and retention. The association awarded Canfor its first-of-its-kind Spirit of Unity Award which recognizes our interest in partnering to help aboriginal job seekers enter the workforce in forestry-related disciplines.

In 2015, Canfor joined 11 other large BC employers in signing the Minerva Foundation's CEO pledge, agreeing to create opportunities to support women's advancement and leadership within Canfor. In 2016, we became the first organization to take part in Minerva's Leadership Day, which matches a CEO with a Grade 12 student who has participated in Minerva's Learning to Lead™ program.

In 2017, we will focus on workplace culture, recruitment and career advancement to benefit existing employees and make Canfor more

attractive to a broader range of candidates. We are also committed to evaluating the impact and effectiveness of our diversity programs and sharing our diversity metrics in our sustainability reports. For our 2016 diversity metrics and more information on diversity at Canfor, visit our online report at [canfor.com/sr](http://canfor.com/sr).



Canfor's David Calabrigo (centre) with Marvin George, PGNAETA Program Officer (left) and Mark Prince, VP of PGNAETA's board of directors (right).

## COMMUNITIES

Canfor is a respected member of every community where we operate. At the end of the day, we want our neighbours to feel their community is stronger because Canfor is part of it.

### YOUTH AND EDUCATION/RECRUITMENT

To promote the tremendous opportunities ahead for the forest sector, we are involved in activities to attract new employees and encourage students to pursue disciplines related to the company's core business. In 2016, we attended approximately 60 career fair events, including First Nations job/career fairs, as well as hosted and participated in numerous opportunities to showcase our careers to high school students as well as opportunities that focused on women and Aboriginal participants.

For the second year in a row, Canfor Pulp received the Industry Training Authority's 2016 Appreciation Award for our efforts to support the growth of BC's skilled workforce.

Canfor was also recognized as Employer of the Year by the University of British Columbia Engineering Co-op Program for our longstanding support of the program.

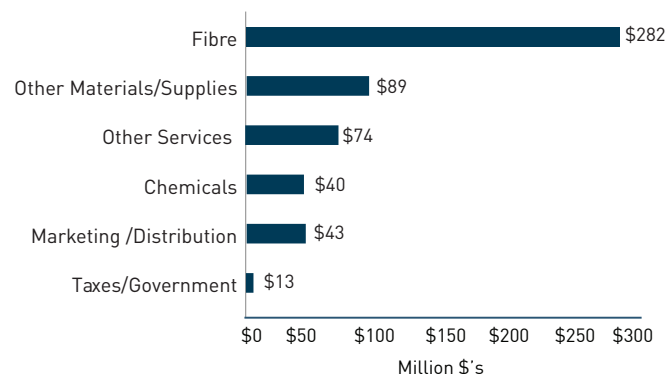
In 2016, we provided \$78,123.64 through our scholarship and bursary programs and invested more than \$12,770 to sponsor Dry Grads at 13 schools in BC and Alberta.

### CONTRIBUTING TO COMMUNITIES AND LOCAL ECONOMIES

In 2016, Canfor Pulp directly contributed more than \$540 million to British Columbia's economy through employee pay cheques, property taxes and goods and services purchased.

We make sure local businesses benefit from spending related to our woodlands operations.

### CANFOR PULP: BREAKDOWN OF GOODS AND SERVICES PURCHASED IN BRITISH COLUMBIA



# PERFORMANCE AGAINST 2016 TARGETS - CANFOR

Compliance information is available in the full version of our 2016 Sustainability Report.

## FORESTRY AND MANUFACTURING

OBJECTIVE	PERFORMANCE
<ul style="list-style-type: none"> <li>▶ Achieve the 2016 target of incidents of harvesting activity not consistent with plan per million cubic metres of delivered volume.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Our 2016 result of 0.51 harvesting activity incidents exceeded our 2016 target of 6 incidents (max) or 0.43 (max) harvest trespasses per 1 million metres of total delivered volume.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Reduce by 10% the number of riparian management incidents per cubic metres of delivered volume.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Achieved. Our 2016 result of 0.26 riparian management incidents per cubic metres of delivered volume is below the target of 9 incidents (max) or 0.64 trespasses per 1 million metres of total delivered volume.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Reduce by 10% the number of incidents where herbicide is applied outside of a treatment area per hectare treated.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Achieved. Our 2016 result of 0.0 incidents where herbicide was applied outside of treatment area per hectare treated exceeds our target of 3.6 incidents (max) or 0.039% of a treatment area per hectare treated.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Achieve the 2016 target for forestry fuel management incidents per million cubic metres of total delivered volume.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Our 2016 result of 0.96 forestry fuel management incidents per million cubic metre of total delivered volume was above our 2016 target of 0.71 incidents per 1 million cubic metres of total delivered volume.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Continue preparation of wood residue management plans at sawmills including characterization of accumulated materials and root cause analysis.</li> </ul>	<ul style="list-style-type: none"> <li>▶ In progress. Woody debris accumulations were quantified by aerial drone photography at three sites in 2016, completing this action for all sites, and accumulations at all sites were characterized as to composition of material by site personnel. Four sawmills made substantial progress in processing and utilizing accumulated materials.</li> </ul>

## ENERGY EFFICIENCY

<ul style="list-style-type: none"> <li>▶ Continue implementing our energy use reduction plan for solid wood facilities, including a 10% reduction in electricity use per unit of sawmill production over 2015 and 2016.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Canfor reduced its electricity use by 55.1% in 2016 relative to our baseline year.</li> </ul>
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## SAFETY

<ul style="list-style-type: none"> <li>▶ Achieve a company-wide medical incident rate of 2.0 or lower.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Achieved. Company-wide medical incident rate for 2016 was 1.90.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Expand Canfor TV safety monitor program to all Canadian facilities/operations and begin expansion in to US operations.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Achieved. Canfor TV installed in all Canadian solid wood facilities and most US operations.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Continue to expand "One Canfor" approach to safety with focus on practical integration and standardization of safety program elements across the business.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Achieved. Shared safety data across company to learn from incidents and reduce risk of similar occurrences. Integrated WynnWood into Canfor safety program.</li> </ul>

## COMMUNITY AND PEOPLE

OBJECTIVE	PERFORMANCE
<ul style="list-style-type: none"> <li>▶ Implement a First Nations recruitment and selection process to identify and support potential First Nations' candidates.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Work ongoing supported by new corporate HR system.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Expand partnerships with First Nations through activities coordinated through a company-wide First Nations Working Group.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Work ongoing with examples of progress highlighted in the Working with First Nations section of this report.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Expand high school and post-secondary relationships that focus on supporting First Nations students.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Created new relationships leading to partnerships.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Host community events in all of our operating communities.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Community events held in Canadian operating communities, and employee events held in US operating communities.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Expand outreach to communities, with operational staff providing updates to mayors and council.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Achieved. Key forestry and operations representatives from Canfor met and held meetings throughout the year.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Establish high school scholarships for forestry and trades related studies in all of our operating communities.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Work still underway to establish scholarships in all of our US communities. Scholarships already in place in all of our Canadian operating communities.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Continue to enhance the new skills development and training program to facilitate effective and safe performance of tasks.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Achieved. Continued focus on leadership training and succession depth and developed new training materials for employees.</li> </ul>



# PERFORMANCE AGAINST 2016 TARGETS - CANFOR PULP

Compliance information is available in the full version of our 2016 Sustainability Report.

## CERTIFIED PRODUCTS

OBJECTIVE	PERFORMANCE
<ul style="list-style-type: none"> <li>▶ Combine FSC and PEFC certification audits in 2016.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Achieved.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Achieve an overall certified fibre supply level of 83%.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Achieved.</li> </ul>

## RENEWABLE ENERGY

<ul style="list-style-type: none"> <li>▶ Convert mechanical steam drives on the pulp machine and white water system to high efficiency electrical drives at the Intercon mill to increase power generation by 2 MW.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Achieved. Exceeding expectations at 5 MW.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Increase renewable energy generation to 1 million MWh.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Set new annual record of 985,741 MWh.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Reduced natural gas consumption for boiler operations by 10% from 2015 levels.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Natural gas consumption higher due to weather and mill performance. Reviewing hog conveyor system at Intercontinental mill and boiler hog feed issues at Northwood mill to reduce consumption.</li> </ul>

## ENVIRONMENTAL

<ul style="list-style-type: none"> <li>▶ Implement Oxygen Delignification at the Intercon Mill to reduce AOX discharge in mill effluent.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Project on line and optimization work in progress.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Implement new sludge press technology at the Taylor Mill to reduce moisture level in effluent solids to facilitate land application and provide other disposal alternatives.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Developmental work underway.</li> </ul>

## SAFETY

<ul style="list-style-type: none"> <li>▶ Meet the company-wide medical incident rate of 2.0 or lower.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Canfor Pulp medical incident rate was 2.29.</li> </ul>
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## COMMUNITY AND PEOPLE

<ul style="list-style-type: none"> <li>▶ Implement a First Nations recruitment and selection process to identify and support potential First Nations' candidates.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Work ongoing supported by Canfor's new corporate HR platform.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Expand partnerships with First Nations through activities coordinated through a company-wide First Nations Working Group.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Work ongoing with examples of progress highlighted in the Working with First Nations section of this report.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Expand high school and post-secondary relationships that focus on supporting First Nations students.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Created new relationships leading to partnerships.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Host community events in all of our operating communities.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Community events held in Canfor Pulp operating communities.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Establish high school scholarships for forestry and trades related studies in all of our operating communities.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Work still underway to establish scholarships in all of our US communities. Scholarships already in place in all of our Canadian operating communities.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Continue to enhance the new skills development and training program to facilitate effective and safe performance of tasks.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Achieved. Continued focus on leadership training and succession depth and developed new training materials for employees.</li> </ul>



# OBJECTIVES AND TARGETS FOR 2017

We are committed to continuous improvement to maintain our position as a world leader in our industry.

## CANFOR

### FORESTRY AND MANUFACTURING

- ▶ Identify wood residue management options and costs, and prepare mill-specific management plans for accumulated woody debris.
- ▶ Reduce the number of block harvest and road trespasses to six incidents or 0.37 per million metres of total delivered volume.
- ▶ Reduce the number of fuel management guidelines incidents to 10 or 0.61 per million metres of total delivered volume.
- ▶ Reduce by 10% the number of riparian management incidents per cubic metres of delivered volume.
- ▶ Reduce by 10% the number of incidents where herbicide is applied outside of a treatment area per cubic metres of delivered volume.

### ENERGY EFFICIENCY

- ▶ Increase mill awareness of energy-efficiency opportunities to help achieve our standing 10% energy-reduction target.

### SAFETY

- ▶ Maintain a company-wide medical incident rate below 2.0.
- ▶ Continue to focus on leveraging best practices and learnings across the company to enhance safety performance.
- ▶ Continue to focus on activities and initiatives that contribute to the creation of a world-class safety culture and shift our organization's thinking to one of safety interdependence.

### COMMUNITY AND PEOPLE

- ▶ Promote success of First Nations candidates by providing 200 individuals with resume and career advice through career fairs and other conversations, including up to 50 over four years through a partnership with the Prince George Nechako Aboriginal Employment and Training Association.
- ▶ Raise awareness of career opportunities for First Nations people through 12 speaking engagements, two facility tours and one employment forum annually.
- ▶ Expand partnerships with First Nations through activities coordinated through a company-wide First Nations Working Group.
- ▶ Continue to enhance the new skills development and training program to facilitate effective and safe performance of tasks.
- ▶ Contribute to integration of new US operations into Canfor through expanded employee communications and community outreach.
- ▶ Establish scholarships for forestry and trades related studies at relevant schools associated with our US operations.
- ▶ Design and implement enhanced recruitments processes to attract and retain more diverse candidates, including a specific focus on women across the company and First Nations candidates in our Canadian operations.
- ▶ Expand focus on workforce diversity within development programs, including expanded focus on inclusive leadership in Canfor College leadership development programs.

## CANFOR PULP

### CERTIFIED PRODUCTS

- ▶ Achieve an overall certified fibre supply level of 85%.

### RENEWABLE ENERGY

- ▶ Achieve 1 million MWh of generation for 2017.
- ▶ Develop a new condensing turbine at Northwood to increase the electrical energy generation by 10 MWh/h for sale into the BC electrical grid.

### ENVIRONMENTAL

- ▶ Optimize hot/warm water system to reduce water consumption by 450 million litres of water.
- ▶ Implement 6<sup>th</sup> stage bleach cleaner project to reduce fibre losses by 0.8 ADt/day.

### SAFETY

- ▶ Meet the company-wide medical incident rate of 2.0 or lower.

### COMMUNITY AND PEOPLE

- ▶ Promote success of First Nations candidates by providing 200 individuals with resume and career advice through career fairs and other conversations, including up to 50 over four years through a partnership with the Prince George Nechako Aboriginal Employment and Training Association.
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