



# Canfor Corporation.

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Annual Information Form

Information in this Annual Information Form  
as at March 6, 2025 unless otherwise indicated.

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## Forward looking information.

This Annual Information Form contains forward looking statements, which are statements that address circumstances, events, or developments that the Company expects or anticipates may occur in the future. These forward-looking statements reflect management's current expectation and belief regarding such developments, circumstances or events and are based on assumptions, including assumptions regarding economic and general business conditions in Canada, the United States, and Europe and other factors management believes are appropriate in the circumstances. Such forward looking statements are subject to risks and uncertainties and no assurance can be given that any of the events anticipated by such statements will occur or, if they do occur, what their impact will be on the Company. Actual outcomes and results will depend on a number of factors which could cause actual results, performance or developments to differ materially from those expressed or implied by such forward looking statements in this Annual Information Form, including the "Risks and uncertainties" described in the Company's Management's Discussion and Analysis for the year ended December 31, 2024, which are incorporated by reference herein and can be found on SEDAR+ at [sedarplus.com](https://www.sedarplus.com). Accordingly, readers should exercise caution in relying upon forward looking statements which reflect management's estimates, projections, and views only as of the date hereof. The Company undertakes no obligation to publicly revise these statements to reflect subsequent events or changes in circumstances, except as required by applicable securities laws.

## Currency.

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to "\$" are to Canadian dollars.

## Incorporation.

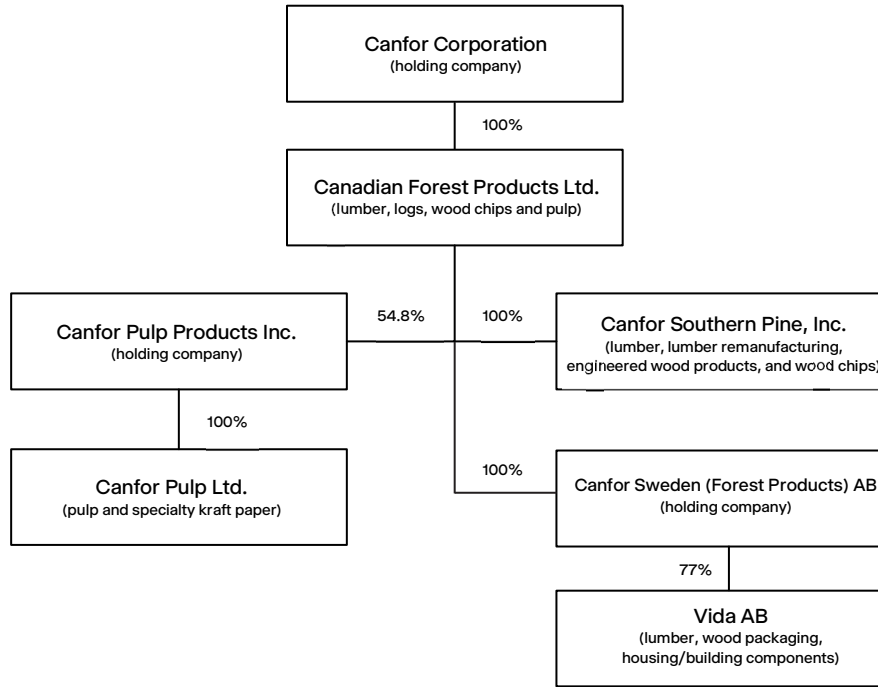
Canfor Corporation (the "Company") was incorporated on May 17, 1966 under the *Company Act* (British Columbia) as part of a reorganization of predecessors of the Canfor group of companies, the first of which commenced operations in 1938. The Company is now governed by the *Business Corporations Act* (British Columbia). In July 1983, Canfor became a public company, and the Common Shares of the Company are listed and traded on the Toronto Stock Exchange ("TSX").

The registered and head office of the Company is located at 101-161 East 4th Avenue, Vancouver, British Columbia, V5T 1G4. In this Annual Information Form, Canfor Corporation is referred to as the "Company" and, unless otherwise indicated by the context, "Canfor" refers to the Company and its subsidiaries as described under "Corporate structure" below.



## Corporate structure.

The following chart shows, as at December 31, 2024, the Company's material subsidiaries and its interest in Canfor Pulp Products Inc. ("CPPI"), and their primary products or activities and the percentage of voting securities or ownership held. All of the companies listed below were incorporated or amalgamated under the laws of British Columbia ("BC") and are now governed by the *British Columbia Business Corporations Act*, except Canfor Pulp Ltd., which is constituted under the *Canada Business Corporations Act*, Canfor Southern Pine, Inc. (formerly New South Companies Inc.) ("CSP"), which is constituted under the laws of the State of South Carolina and Canfor Sweden (Forest Products) AB, and Vida AB ("Vida"), each of which is constituted under Swedish laws.



## Business of Canfor.

Canfor is a leading Canadian integrated forest products company based in Vancouver, British Columbia, involved primarily in the lumber business, with production facilities as of December 31, 2024 in Canada (British Columbia and Alberta), the United States ("US") (Alabama, Arkansas, Georgia, Mississippi, Louisiana, North Carolina and South Carolina), as well as Sweden (Småland, Skåne, Västra Götaland, Dalarna, Södermanland and Uppland). Canfor also has 54.8% interest in the pulp and paper business owned by CPPI. The capacity figures set out in this Annual Information Form are presented as at December 31, 2024, unless otherwise stated.

As at December 31, 2024, Canfor employed approximately 6,634 people in its wholly owned and majority owned subsidiaries, of which approximately 799 are employees of CPPI. For a detailed breakdown of employees and related collective agreements, refer to the sections referenced "Lumber" and "Pulp and paper", herein.

Canfor's softwood lumber production facilities located in Western Canada, the southern US, and Sweden have a total annual production capacity at December 31, 2024 of approximately 6.0 billion board feet of lumber. This capacity figure includes 100% of Vida's capacity, as well as the incremental capacity following the completed upgrade and expansion of the Urbana sawmill in Union County, Arkansas (approximately 115 million board feet), the newly completed greenfield Axis sawmill in Alabama ("Axis") (incremental annual production capacity of approximately 130 million board feet), the acquisition of the Iron Mountain sawmill in Union County, Arkansas (approximately 175 million board feet after planned upgrades), and the completion of the upgrade and expansion of Vida's Bruza sawmill in Hjaltevad, Sweden (with incremental annual production capacity of 65 million board feet). This excludes capacity from the Company's Polar, Plateau, Fort St. John, Jackson and Mobile sawmills, which have been permanently closed, as well as the Houston sawmill, following the suspension of its planned reinvestment.

Canfor's products also include remanufactured and finger-jointed lumber, engineered wood products, wood chips, wood pellets, logs, and custom specialty products, including strength-rated trusses, beams, and tongue-and-groove timber.

As at December 31, 2024, Canfor holds a 54.8% interest in the pulp and paper business of CPPI, which owns and operates the Northwood Northern Bleached Softwood Kraft ("NBSK") pulp mill ("Northwood") and the Intercontinental NBSK pulp mill ("Intercon"), with a combined annual capacity to produce for sale to the market approximately 780,000 tonnes of northern softwood market kraft pulp (including 300,000 tonnes of annual production capacity that, effective August 2024, has been indefinitely curtailed), the majority of which is bleached to become NBSK pulp. CPPI also owns and operates the Prince George paper machine, with an annual production



capacity of 140,000 tonnes of bleached and unbleached kraft paper. In addition, CPPI owns the Prince George pulp mill, which was permanently closed in April 2023.

As at December 31, 2024, Canfor holds approximately 8.4 million cubic metres of annual harvesting rights under its forest tenures and pulpwood agreements in Canada (excluding Mackenzie, the sale of which was completed in 2024).

Canfor maintains wood products sales offices in Canada, the US, Japan, South Korea, Sweden, the United Kingdom, Denmark, the Netherlands, and Australia. CPPI has sales offices in Vancouver, Canada, Japan, China, and South Korea, and is represented by sales representatives serving various other markets around the world.

### **General development.**

Canfor's overall business strategy and purpose is to be a global leader in supplying high-value, low-carbon forest products, including dimension and specialty lumber, engineered wood products, pulp and paper, wood pellets, and green energy to high-value customers, to be accomplished by:

- Attaining world-class safety performance;
- Achieving top-quartile margin performance while producing high-value products and maximizing the value from all available fibre sources;
- Implementing a sustainability strategy aimed at helping to protect our planet, supporting our people and communities, and producing forest and pulp and paper products that are an important part of a low-carbon economy;
- Growing an enterprise-wide culture of innovation, inclusion, diversity, respect, and engagement by attracting, retaining, and developing our employees;
- Expanding geographical markets, increasing market share of value-added products, and building strong long-term partnerships with valued customers;
- Attaining world-class supply chain performance and providing excellence in customer service; and
- Focusing on an efficient allocation of capital and deployment of resources to sustain top-quartile operational performance, capitalizing on attractive growth opportunities.

In support of these strategies for Canfor and CPPI during the past three financial years, Canfor has made capital investments of approximately \$1,490.2 million at its lumber operations (excluding acquisitions) and \$223.9 million at its pulp and paper operations, for a total of \$1,714.1 million.

### **Significant events.**

Significant events for Canfor over the past three fiscal years have been the following:

#### *Significant capital investments.*

On April 21, 2022, the Company announced that it will invest approximately US\$130 million to significantly upgrade and expand its sawmill and planer facility located in Urbana in Union County, Arkansas. Improvements commenced in the third quarter of 2022, continued through 2023, and was completed in the latter part of 2024. As a result of these improvements, annual production at the facility was increased by approximately 115 million board feet.

On July 28, 2022, the Company announced that it will invest approximately US\$210 million to build the new, state-of-the-art Axis sawmill complex in southern Alabama. The new sawmill will have an annual production capacity of approximately 250 million board feet. The facility commenced production in the latter part of 2024.

On September 14, 2023, the Company announced its plan to invest approximately \$200 million in a new, state-of-the-art manufacturing facility in Houston, British Columbia. On May 9, 2024, after a thorough analysis of the persistent shortage of economically available timber and challenging operating conditions in BC, the Company announced the suspension of this investment. On December 7, 2023, Vida announced that it will invest approximately \$85 million (700 million SEK) at its Bruza Sawmill in Hjärtevad, Sweden, increasing the facility's annual production capacity by approximately 65 million board feet. Construction commenced in the spring of 2024 and is expected to be completed in 2026.

On April 10, 2024, the Company announced that it will optimize its footprint in southern Alabama by permanently closing its Jackson facility (effective June 2024) and expanding production at its Fulton facility with a second shift. These steps, together with the aforementioned construction of the greenfield sawmill in Axis, Alabama, will grow the Company's regional manufacturing platform by 100 million board feet of production capacity and consolidate operations at modern facilities that are positioned for the long-term.



#### *Acquisition of Millar Western solid wood operations.*

On March 1, 2022, the Company completed the purchase of Millar Western Forest Product Ltd.'s ("Millar Western") solid wood operations and associated tenure for total consideration of \$434 million, including \$97.1 million in net working capital. Millar Western's solid wood operations, located in Alberta, Canada, consist of two sawmills and one high-value specialty facility and have an annual production capacity of 630 million board feet.

#### *Acquisition of El Dorado.*

On May 1, 2024, the Company announced that it had entered into an agreement with Resolute Forest Products Inc., an affiliate of Domtar Corporation ("Resolute"), to purchase its El Dorado lumber manufacturing facility located in Union County, Arkansas. The facility, named internally as Iron Mountain after a nearby roadway, produces dimensional lumber and specialty wood products and is expected to increase Canfor's annual Southern Yellow Pine ("SYP") lumber capacity by 175 million board feet after an anticipated \$67.5 million (US\$50 million) of planned upgrades.

On August 1, 2024, the Company completed the acquisition of Resolute's El Dorado lumber manufacturing facility for total consideration of \$100.6 million (US\$72.6 million), including a net working capital adjustment of \$4.2 million (US\$3.1 million).

#### *Partial acquisition of minority interest in Vida.*

On December 10, 2024, the Company announced the acquisition of an additional 7% of the outstanding shares of Vida AB for total consideration of \$118.3 million (SEK 916.6 million). The shares were acquired from certain minority shareholders who utilized their option privileges outlined in the February 2019 agreement, through which Canfor had initially purchased 70% of Vida AB. As a result of this transaction, Canfor's ownership in Vida AB increased from 70% to 77%.

#### *Asset dispositions.*

On February 24, 2022, the Company entered into a Letter of Intent with McLeod Lake Indian Band ("MLIB") and Tsay Keh Dene Nation ("TKD") to sell its forest tenure in the Mackenzie region of BC and a separate agreement with Peak Mackenzie Properties Ltd. ("Peak Mackenzie") to sell its Mackenzie site, plant and equipment. These transactions were completed on September 9, 2024, for total proceeds of \$66.5 million.

On August 9, 2024, the Company completed the sale of its Chetwynd sawmill lands and equipment to a third party for proceeds of \$5.0 million.

#### *Recovery boiler replacement.*

In April 2022, CPPI completed the lower furnace capital rebuild at Northwood's recovery boiler number one ("RB1") for a total capital cost of approximately \$30 million and total reduction in NBSK pulp production of approximately 90,000 tonnes (80,000 tonnes in 2022 and 10,000 tonnes in 2021).

#### *Temporary production curtailments and permanent closures – lumber segment.*

On February 15, 2022, the Company announced the permanent reduction of 150 million board feet of production capacity at its Plateau sawmill to resize the facility and align it with the available, sustainable timber supply in the region. This capacity reduction took effect in the second quarter of 2022 following the depletion of log inventory.

Throughout 2022, the Company announced various curtailments and the implementation of reduced operating schedules at its Western Canadian sawmills due to the cumulative effects of the unprecedented global supply chain crisis and to help align production capacity with sustainable timber supply and available transportation. Combined, these factors reduced Western Spruce/Pine/Fir ("SPF") production by approximately 775 million board feet in 2022.

On January 3, 2023, the Company announced an extension of BC sawmill curtailments in the month due to ongoing weak market conditions and lack of available economic fibre. These curtailments reduced Western SPF production by a further 21 million board feet.

On January 25, 2023, the Company announced the restructuring of its BC operations to better align manufacturing capacity in the region with available long-term fibre supply, resulting in the permanent closure of its Chetwynd sawmill and pellet plant, and the temporary closure of its Houston sawmill for an extended period (refer to the section titled "Significant capital investments" for further details). The aforementioned facilities closed following an orderly wind-down in April 2023 and removed approximately 750 million board feet of annual Western SPF production capacity.

On November 14, 2023, the Company announced an indefinite curtailment of its Polar sawmill, effective January 2024, citing a shortage of economically available fibre and challenging operating conditions in northern BC. On May 9, 2024, the Company announced the permanent closure of the facility, which removed approximately 300 million board feet of annual Western SPF production capacity.



On September 4, 2024, the Company announced the indefinite curtailment of one shift at its Darlington facility in South Carolina, and reduced operating hours at its Estill, South Carolina and Moultrie, Georgia locations due to persistent weak lumber markets. These changes reduced lumber production by approximately 215 million board feet on an annualized basis.

Also, on September 4, 2024, the Company announced the permanent closure of its Plateau sawmill, as well as its Fort St. John sawmill and pellet plant facility located in northern BC, as a result of the persistent challenge in accessing economic fibre in the region, ongoing financial losses, weak lumber markets and increased US tariffs. These closures will reduce Western SPF annual production by approximately 670 million board feet.

#### *Temporary production curtailments and permanent closures – pulp and paper segment.*

In 2022, CPPI announced temporary BCTMP capacity reductions at its Taylor mill in response to significant transportation shortages due to an unprecedented global supply chain crisis. The Taylor mill remained curtailed for the balance of 2022. As a result of a reduction in the long-term supply of fibre in the Peace region, CPPI announced in 2023 that it did not see a path forward to restarting the Taylor mill. On February 7, 2024, CPPI announced that it entered into an asset purchase agreement to sell its Taylor Bleached Chemi -Thermo Mechanical Pulp ("BCTMP") mill site. The sale was completed on March 15, 2024 for total proceeds of \$7.0 million.

Late in 2022, CPPI announced two curtailments at its Intercontinental pulp mill due to the lack of available economic fibre. Together, the aggregate six-week curtailments reduced NBSK production by approximately 40,000 tonnes.

In January 2023, CPPI announced the decision to restructure its operating footprint to align its manufacturing capacity with the long-term supply of economic residual fibre and, as a result, in April 2023, CPPI wound down and permanently closed the pulp line at its Prince George NBSK pulp and paper mill. In connection with this closure, CPPI's Intercontinental pulp mill was successfully converted to provide slush pulp to its specialty paper facility. The combined impact of these operating structure changes was a reduction of approximately 280,000 tonnes of market kraft pulp production annually.

In July 2023, NBSK pulp production was impacted by a labour dispute at the Ports of Vancouver and Prince Rupert, which put pressure on an already constrained logistics network in BC. As a direct result, with pulp mill inventories at capacity, CPPI curtailed its Northwood pulp mill for approximately one week, resulting in 10,000 tonnes of reduced NBSK pulp production. Furthermore, while CPPI's Northwood pulp mill successfully completed its scheduled maintenance in September 2023, the restart of Northwood was delayed into the fourth quarter of 2023 by numerous operational challenges unrelated to the scheduled maintenance downtime, resulting in approximately 40,000 tonnes of reduced NBSK pulp production late in 2023.

In May 2024, CPPI announced the indefinite curtailment of one production line at its Northwood pulp mill effective August 2024, due to the decline in the availability of economic fibre in the northern BC region. The curtailment resulted in an annual reduction of approximately 300,000 tonnes of market kraft pulp.

Furthermore, in May 2024, CPPI successfully completed its scheduled maintenance for its Intercon pulp mill, however, the originally planned downtime was extended until early June to address unplanned repairs that were determined necessary following an inspection of Intercon's recovery boiler. The delayed restart resulted in pulp from Northwood being redirected to supply the Company's specialty paper facility. The unplanned extension of downtime resulted in approximately 50,000 tonnes of reduced NBSK pulp production in the second quarter of 2024.

#### *Restructuring costs.*

In connection with the aforementioned permanent closures in BC and the US South (BC: Polar sawmill, Plateau sawmill, as well as the Fort St. John sawmill and pellet plant and the suspension of the Houston reinvestment; US South: Jackson sawmill, Mobile sawmill), the Company recognized restructuring costs of \$76.7 million in 2024 (\$12.2 million in 2023 due to permanent closure of the Chetwynd sawmill and pellet plant).

#### *Duty deposits loan agreement.*

On September 27, 2024, the Company announced that it entered into an approximately \$424.9 million (US\$315.0 million) loan agreement with an affiliate of Farallon Capital Management, L.L.C. ("Farallon") and received all advances thereunder, totaling approximately \$313.8 million (US\$232.4 million). The loan is secured by certain accounts receivable related to countervailing and anti-dumping duties paid to the US government. The borrowings under the loan have terms of four and eight years, and each can be extended at the Company's option for two additional ten-year terms. The Company anticipates the repayment of the loan, including all interest and principal payments, will be met by refunds and interest receivable out of duty refunds from the US government. See "Material contracts" herein for more information.



#### *Loan facility expansion and extension.*

On May 2, 2023, Canfor Pulp Ltd., a wholly-owned subsidiary of CPPI, converted its \$50.0 million non-revolving term debt into its then existing \$110.0 million committed operating loan facility, thereby increasing the principal amount of the operating facility to \$160.0 million.

In December 2024, Canfor Pulp Ltd. amended certain of the covenants under its operating loan facility. These amendments provide increases to the debt to total capitalization threshold and in certain cases reduce the interest coverage ratio. These amendments also included the cancellation of the \$80.0 million non-revolving term debt that was restricted for use on the re-investment in Northwood's RB1.

#### *Normal course issuer bids.*

On March 17, 2022, the Company announced that it had received regulatory approval for an early renewal of its normal course issuer bid whereby it could purchase for cancellation up to 6,224,680 common shares, or approximately 5% of its issued and outstanding common shares as at March 15, 2022. The renewed normal course issuer bid expired on March 20, 2023. During 2022, the Company purchased 3,434,021 common shares under this normal course issuer bid for \$81.4 million (an average of \$23.70 per common share), of which \$78.9 million was paid during the year.

On March 17, 2023, the Company renewed its normal course issuer bid whereby it could purchase for cancellation up to 6,052,978 common shares, or approximately 5% of its issued and outstanding common shares as of March 14, 2023. The renewed normal course issuer bid expired on March 20, 2024. During 2023, the Company purchased 2,127,800 common shares under this normal course issuer bid for \$41.8 million (an average of \$19.64 per common share), with an additional \$2.5 million paid in relation to shares purchased in the prior year.

On March 19, 2024, the Company renewed its normal course issuer bid whereby it could purchase for cancellation up to 5,942,508 common shares, or approximately 5% of its issued and outstanding common shares as of March 15, 2024. The renewed normal course issuer bid is set to expire on March 20, 2025. During 2024, the Company purchased 526,700 common shares for \$8.4 million (an average price of \$15.95 per common share), all of which was paid during the year.

#### *Softwood lumber agreement.*

See "Legal proceedings and regulatory actions" for a description of developments relating to the Softwood Lumber Agreement in 2024.

#### *Union agreements.*

A collective agreement with the United Steelworkers ("USW"), that covers the majority of Canfor's sawmills in British Columbia, expired on June 30, 2023. A new collective agreement with the USW was ratified in September 2024 and will expire on June 30, 2027.

Canfor has a contract with the Unifor for its Grande Prairie lumber operation in Alberta, which was ratified on January 8, 2023 and will expire on October 1, 2028.

For the Company's European lumber operations, Vida has a current agreement with GS, which has been valid since April 1, 2023, and will expire on March 31, 2025. Ongoing negotiations with the unions are actively underway, which is anticipated to be ratified by April 1, 2025.

CPPI has collective agreements with the Unifor and Public and Private Workers of Canada ("PPWC"), that were ratified in February 2022 and will expire on April 30, 2025. CPPI anticipates bargaining will commence with Unifor and PPWC on or before the current contracts' expiration date.

#### *Leadership transition.*

Effective January 1, 2025, Susan Yurkovich succeeded Don Kayne as President and Chief Executive Officer of Canfor and joined the Board of Directors for Canfor and CPPI.

#### **Trends, events, risks, and uncertainties.**

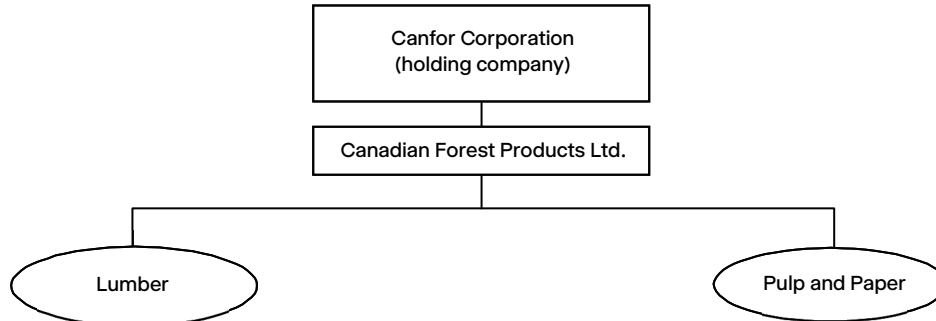
For additional information regarding changes to Canfor's business expected in 2025 and known trends, commitments, events or uncertainties, see Canfor's "2024 Management's discussion and analysis", in particular, the "Outlook" and "Risks and uncertainties" sections thereof, which are incorporated by reference herein and can be found on SEDAR+ at [sedarplus.com](https://www.sedarplus.com).





## Business segments.

Canfor's business is in two reportable segments: "Lumber" and "Pulp and Paper". The Lumber segment includes Canfor's sawmilling and remanufacturing operations, and the Pulp and Paper segment includes the kraft pulp and paper (and, prior to the sale of the Taylor BCTMP mill site on March 15, 2024, included the BCTMP) businesses of CPPI, in which Canfor, as at December 31, 2024, had a 54.8% interest. The following chart and notes outline Canfor's business segments and their respective principal operations as at December 31, 2024. Unless otherwise indicated in the diagram or descriptions below, Canfor has a 100% interest in the operations referred to in each segment.



- Four sawmills in British Columbia and three in Alberta, with annual production capacity of 1.8 billion board feet (excluding Houston) as well as 970 million board feet of annual production capacity related to the permanent closures of Polar, Plateau, and Fort St. John sawmills.)
- Four sawmills in South Carolina, two in Alabama, two in Arkansas, two in Georgia, one in North Carolina, one in Mississippi, and one in Louisiana, US, with annual production capacity of 2.4 billion board feet (including the Axis sawmill, the upgrade and expansion of the Urbana sawmill in Arkansas and the acquisition of the Iron Mountain sawmill in Arkansas, but excluding production capacity related to the permanent closure of the Jackson and Mobile sawmills in Alabama).
- 77% interest in Vida, including fourteen sawmills in Sweden (including one idled sawmill) with annual production capacity of 1.8 billion board feet (including the in-progress upgrade and expansion of the Bruza sawmill in Hjaltevad) and ten value-add facilities which include the manufacture and sale of wood packaging, housing and building components, and a treatment plant.
- Other operations include one finger-jointing facility in South Carolina, two laminating plants in Arkansas and Georgia, respectively, a trucking division in South Carolina, a whole log chipping plant in British Columbia, and a specialty facility in Alberta.
- Woodlands operations in British Columbia and Alberta with an allowable annual cut of 8.4 million m<sup>3</sup> (excluding the Mackenzie forest tenure, the sale of which was completed on September 9, 2024) that directly support lumber operations.
- 60% interest in Houston Pellet Inc. in Houston, British Columbia.
- Lumber sales and marketing.
- 54.8% interest in two operating kraft pulp mills (excluding the pulp line at the Prince George pulp and paper facility that was permanently curtailed in 2023) and one kraft paper mill with annual production capacity of approximately 780,000 tonnes of northern softwood market kraft pulp (including 300,000 tonnes of annual production capacity that, effective August 2024, has been indefinitely curtailed) the majority of which is bleached to become NBSK pulp, and 140,000 tonnes of kraft paper.
- Pulp and Paper marketing.



The following table sets out, by business segment, Canfor's total sales revenues for the last two years (including 100% of the revenues of its majority-owned subsidiaries). Further details can be found in the Company's annual financial statements:

(millions of Canadian dollars)	Years ended December 31,	
	2024	2023
Lumber	\$ 4,454.3	\$ 4,551.1
Pulp and paper	798.5	875.5
<b>Total sales</b>	<b>\$ 5,252.8</b>	<b>\$ 5,426.6</b>

The following table indicates the percentage composition of Canfor's consolidated sales revenues by market for the last two years (including 100% of the revenues of its majority owned subsidiaries). Further details can be found in the Company's annual financial statements:

	Years ended December 31,	
	2024	2023
United States	50%	52%
Asia	14%	15%
Canada	10%	12%
Europe	24%	19%
Other	2%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Wood supply.

### Timber resources.

Canfor harvests timber under forest tenures held by it in British Columbia and Alberta and has a total allowable annual cut ("AAC") of approximately 8.4 million cubic metres (excluding the Mackenzie forest tenure, the sale of which was completed on September 9, 2024) at December 31, 2024. The forest tenures consist of both area-based and volume-based replaceable tenures and volume-based non-replaceable tenures. In addition, through various third-party business arrangements with other tenure holders including First Nations, Canfor also manages approximately 595,000 cubic metres of volume throughout its operating areas in British Columbia, the majority of which is directed to its various manufacturing facilities. Canfor's Canadian wood fibre requirements are also met by open market purchases and exchanges of logs on either a spot or contract basis. The wood fibre requirements in the US are met through open market purchases from private timberland owners, the US Forest Service, and Timber Investment Management Organizations. The wood fibre requirements at European operations are met principally through open market purchases from private timberland owners.

The following table sets out Canfor's timber resources as at December 31, 2024:

	Productive Area (Hectares)	Allowable Annual Cut (Cubic metres)
<b>British Columbia</b>		
Tenures having regulated sustained yields <sup>1</sup>		
Area-based – Tree Farm Licenses <sup>2</sup>	905,178	1,192,784
Volume-based – Forest Licenses (replaceable) <sup>3</sup>	N/A	5,215,947
– Forest Licenses (non-replaceable) <sup>4</sup>	N/A	40,495
<b>Alberta</b>		
Tenures having regulated sustained yields <sup>1</sup>		
Forest Management Agreement <sup>5</sup>	1,062,306	1,127,669
Timber Quotas <sup>6</sup>	N/A	695,672
Commercial Timber Permits <sup>7</sup>		100,000
<b>Total</b>	<b>1,967,484</b>	<b>8,372,567</b>

#### Notes:

- For an explanation of "regulated sustained yields", see the section entitled "Forest management" below.
- Comprised of Tree Farm License ("TFL") 14 (Spillimacheen), TFL 30 (Sinclair), and TFL 48 (Chetwynd). In June 2024, the establishment of the Klinse-za/Twin Sisters Park resulted in a TFL 48 area reduction of 80,671 hectares and a reduction of Canfor's AAC by 34,350 m<sup>3</sup>.
- In January 2024, Replaceable Forest Licenses ("RFL") A18978 and A18979 were reduced by 65,239 m<sup>3</sup> and 65,339 m<sup>3</sup>, respectively, and A19040 and A94545 were each reduced by 25,465 m<sup>3</sup>. In July 2024, RFL A15384 was subdivided into three licenses, two of which were sold to the McLeod Lake Indian Band and Tsay Keh Dene Nation as part of the Mackenzie tenure sale that completed in September 2024. As a result of the Mackenzie tenure sale, the AAC of A15384 was reduced by 1,072,902 m<sup>3</sup> to 10,002 m<sup>3</sup>.
- Represents 40,495 m<sup>3</sup> held jointly with Saik'uz First Nation and excludes 150,000 m<sup>3</sup> held jointly with the West Moberly First Nation which expired on December 31, 2023.
- Comprised of Forest Management Agreement ("FMA") 9900037 (Grande Prairie) and FMA 9700034 (Whitcourt).
- Includes nine Timber Quotas.
- Two Commercial Timber Permits, managed by Canfor in partnership with two First Nations.

Canfor does not hold timber resources in the form of forest tenure rights for its US or European based operations but instead relies on open market purchases and supply contracts for these facilities, all of which are located in areas of high-quality sustainable fibre supply.



## **British Columbia.**

The Province of British Columbia owns approximately 95% of all timberlands in the province. Pursuant to the provisions of the *Forest Act* (British Columbia) ("Forest Act"), the Minister of Forests is empowered to grant various forms of tenure and to regulate forestry operations.

A Tree Farm License ("TFL") requires a licensee undertake the management of an area of Crown forest land, often in combination with other forest land held by the licensee, to yield an annual cut on a regulated sustained yield basis. TFLs are granted for 25-year terms and, subject to satisfactory levels of performance, may be replaced every five to ten years with new TFLs with 25-year terms.

A Forest License is a volume-based tenure, which authorizes a right to harvest a specified volume of timber each year within a particular timber supply area ("TSA") and generally provides for up to 20-year terms. These licenses must be replaced every five to ten years for further 15-year terms, subject to satisfactory levels of performance. Canfor holds fifteen replaceable Forest Licenses, under which it is continuing to harvest. Fourteen of the Forest Licenses were replaced between 2017 and 2024, with one Forest License expected to be replaced in 2025 before it expires on July 31, 2025. Canfor also holds one non-replaceable Forest License pursuant to an agreement with Saik'uz First Nation, which expires in 2029.

For each Forest License and TFL, an AAC is determined. The actual cut in any one year may vary from year to year provided that the actual cut over a five-year period does not exceed 110% of the aggregate AAC for that period. As required by the Forest Act, the provincial Chief Forester determines the AAC for each TFL and the total AAC in each TSA (which affects the AAC of Forest Licenses in that TSA). The Chief Forester is required to repeat such determination at least once every ten years but has the option of postponing a redetermination for a period of up to fifteen years after the last determination if they conclude that the AAC will not change significantly from the previous determination. The AAC reflects harvesting practices since the last AAC determination, timber conditions, regional and local economic and social interests, and environmental considerations for these licenses and areas.

In addition, Canfor had one Pulpwood Agreement ("PA") with the Province of British Columbia, which granted a holder the right, if necessary and subject to the terms of the PA, under PA No. 12, to harvest 170,000 cubic metres of deciduous timber per year in the Fort St. John TSA in connection with its supply commitment to the Taylor pulp mill in Fort St. John, which is no longer available subsequent to the sale of the Taylor pulp mill site on March 15, 2024.

For additional information regarding the Company's timber resources in British Columbia, see the Company's "2024 Management discussion and analysis", in particular, the section titled "Risks and uncertainties – Fibre cost and availability", which is incorporated by reference herein and available on SEDAR+ at [sedarplus.com](https://www.sedarplus.com).

## **Alberta.**

In Alberta, Canfor holds two Forest Management Agreements ("FMA") under which it undertakes to manage designated areas of Crown forestland.

The Province of Alberta also grants Timber Quotas having terms of 20 years and containing provisions for renewal. These quotas are intended to provide a continuous supply of timber in perpetuity. As a result of the amalgamation of Timber Quotas by the Province of Alberta in 2010, Timber Quota CTQP190001 was established and assigned to Canfor, effective May 1, 2012 to April 30, 2030. In addition, Canfor holds Timber Quota CTQP520003, which became effective May 1, 2012 and was renewed on May 1, 2024 to April 30, 2044. Canfor also acquired Timber Quota CTQB100001 in 2018, which was renamed to CTQB120006 in 2019 and renewed on May 1, 2021, for twenty years, and six other Timber Quotas in 2022 as a result of the acquisition of Millar Western (CTQS200004, CTQR150004, CTQR150007, CTQW140001, CTQW150002, and CTQW160001).

Canfor's regulated sustained yield tenures in Alberta specify an AAC and an aggregate allowable cut over a five-year period. If a tenure holder fails to harvest the authorized five-year period volume, they become subject to suspension, cancellation, or reduction of the tenure. Canfor would be subject to significant levies if its harvest exceeded 110% of the aggregate allowable cut for that period.

Canfor is in substantial compliance with the harvesting terms of all its tenure agreements in both British Columbia and Alberta.

## **Forest health & wildfire resilience.**

Following the mountain pine beetle epidemic that occurred from 1999 – 2015 and the spruce beetle outbreak that has been ongoing since 2014, a significant buildup of highly flammable dead timber has accumulated. This highly flammable timber, coupled with warmer weather and drought conditions over the past decade or more, has increased the occurrence of large-scale, uncontrolled wildfires. As the short and mid-term operational and financial impacts of these wildfires may be significant to Canfor, the Company has taken various steps to mitigate its risk to timber supply shortages, by modifying its manufacturing footprint and harvesting operations to better align with existing timber supply. This has resulted in the permanent closure of several sawmills and associated pellet mills (Polar, Plateau, Fort St. John, Isle Pierre, Vavenby, prior to its sale on September 9, 2024, Mackenzie, and prior to its sale on August 9, 2024, Chetwynd),



the temporary closure of Houston along with indefinite curtailments or closures with CPPI's Northwood pulp mill, the pulp line at its Prince George pulp & paper mill, and, prior to its sale on March 15, 2024, its Taylor BCTMP mill.

For additional information see the Company's "2024 Management discussion and analysis", in particular, the "Risks and uncertainties – Forest health" section thereof, which is incorporated by reference herein.

#### **Indigenous relations.**

Canfor aspires to be a forestry partner of choice for Indigenous peoples by building solid and long-lasting relationships based on trust and deeply respecting Indigenous traditions, cultures, values, and beliefs. Canfor's Indigenous engagement strategy is built on a foundation of deep respect for Indigenous peoples and an interest in growing their involvement in the resource sector. Canfor prioritizes meaningful dialogue and collaboration with Indigenous groups, including opportunities for community engagement; economic partnerships that honour our commitment to diversity, inclusion, and economic reconciliation; collaborative stewardship of the environmental, social, and cultural values of forests; and sustainable forest management practices.

The issues relating to Indigenous rights and title and consultation continue to be heard, developed, and resolved by Canadian courts at all levels. Canfor continues cooperating, communicating, and exchanging information and views with Indigenous groups to foster good relationships and minimize risks to its tenures, operations, and operational plans. It will continue to participate with provincial and federal governments in their consultations with Indigenous peoples. Due to their sheer complexity, it is not anticipated that the issues regarding Indigenous rights and title or consultation will be resolved in the short term and their impact, if any, on the timber supply from Canadian public lands and Canfor's tenures and operations continue to evolve and may be significant.

For additional information regarding the impact of Indigenous developments on Canfor and its operations, see the Company's "2024 Management's discussion and analysis", in particular, the "Risks and uncertainties – Indigenous relations" section thereof, which is incorporated by reference herein.

#### **Forest management.**

Canfor is responsible for virtually all aspects of forest management on the lands within its area-based tenures in both British Columbia (Tree Farm Licenses) and Alberta (Forest Management Areas). Within these areas, Canfor is granted exclusive rights to harvest timber and has responsibilities to manage and conserve forests and recreation and cultural heritage resources. In British Columbia, however, the majority of forest management undertaken by Canfor occurs with volume-based tenures known as forest licenses. Forest licenses grant non-exclusive harvesting rights within large geographic units called timber supply areas. Forest licensees have significant forest management responsibilities, including forest protection, operational planning, road building, and reforestation.

Canfor carries out its forest management responsibilities through a full complement of registered professional foresters, biologists, engineers, and technologists, as well as additional professional staff hired on a part-time and contract basis. This forestry staff supervises all aspects of forest development, including planning, road development, harvesting, reforestation, forest protection, and research and development programs to increase the yield of its forestlands and improve the quality of its timber resources. Canfor currently operates, directly or under contract, seed orchards at Vernon and Quesnel, British Columbia, and Grande Prairie, Alberta to improve the seed used in reforestation by selecting seed from known parents that exhibit the best growth, resistance to insects and disease and are adapted to a changing climate.

Consumers of forest products increasingly require assurances that the products purchased from forest companies are derived from well-managed forests. Canfor has responded by implementing a comprehensive sustainable forest management ("SFM") system and strategy to guide its forest management practices, including third party verification of its effectiveness. This encompasses tracking of the wood fibre through the entire supply chain, from the forest to various manufacturing facilities, and ultimately to the delivery of forest products to the consumer. This is referred to as "Chain of Custody" and includes all sourced material including purchased wood. In Canada, all of the wood Canfor sources, and all manufacturing facilities are certified to ensure the wood comes from well managed forests and is sourced from legal, non-controversial sources. To meet the needs of our customers, Canfor maintains multiple internationally recognized certifications. Canfor utilizes KPMG Performance Registrar Inc ("PRI") as our certification body, an independent third-party external auditor for all of our forestry, wood supply and chain of custody certifications. Each certificate is required to have annual internal audits, annual external maintenance surveillance audits and a full re-certification audit every 5 years.

In the East Kootenay region of BC, Canfor maintains Forest Stewardship Council ("FSC") Forest Management and Chain of Custody certification on TFL14 and Forest Licenses in the Invermere, Cranbrook, and Kootenay Lake timber supply areas. The original FSC certification date was October 28, 2019. Each subsequent year, a maintenance or surveillance audit is completed and every five years a complete recertification audit is required. In 2024 a complete re-certification audit was successfully completed, and an FSC re-certification certificate was issued October 27, 2024. The Elko and Radium Sawmills and Skookumchuck Mobile Chipper maintain an FSC Chain of Custody and Controlled Wood certifications. These were originally issued December 28, 2019 and were re-certified on April 25, 2023.



Canfor also manages its forest tenures and fibre sourcing to Sustainable Forestry Initiative (“SFI”) Forest Management Standard and Fibre Sourcing Standard at all of the Company’s BC and Alberta. In 2024, Canfor completed an SFI multi-site re-certification on June 6, 2024, with the original certificate issued on June 7, 2019. This ensures that both the wood from the tenures managed by the Company and the fibre it purchases meet the international certification standards. Canfor has Timber Quota operations within an FMA held by Mercer International Inc. in Northwestern Alberta. The Alberta timber quota areas have been amalgamated into the Canfor SFI multisite certificates.

Furthermore, Canfor has secured Chain of Custody certification to verify the tracking of certified logs from forest to customer. The Company continues to make significant progress in implementing a certified Program for Endorsement of Forest Certification (“PEFC”) Chain of Custody system to provide this information. PEFC is a global, independent non-government organization for the assessment and mutual recognition of forest certification schemes. The PEFC Chain of Custody system that Canfor has put in place is able to track all of the Company’s raw wood material and its certification status both from the Company’s own managed forest tenures as well as those from outside suppliers.

On June 16, 2022, Canfor received a new Chain of Custody Certificate (PEFC-certified) based on re-certification audits by PRI, which covers the production of raw wood material including: logs, residual chips, and whole log chips to the point of sale and the production of lumber to the point of sale. In 2024, Canfor added the Elko and Radium sawmills to their multi-site certificate for PEFC Chain of Custody Certification to have all Canadian sites PEFC-certified.

### Wood fibre supply.

The wood fibre supply for Canfor’s lumber and pulp operations in Canada is primarily obtained from logging Canfor’s forest tenures and purchasing logs and chips. Logs are also purchased from other tenure holders, farmers, Indigenous groups, and other private landholders. Chips and waste materials are purchased from sawmills and other wood products producers.

As part of the spin-out of its kraft pulp and paper business in 2006 to a predecessor of CPPI, including its pulp mills in the Prince George area, Canfor entered into perpetual residual wood chip, whole log chipping, and hog fuel agreements with CPPI.

Canfor does not hold timber resources in the form of forest tenure rights for its US and Sweden based operations but instead relies on open market purchase and supply contracts for these facilities, all of which are located in areas of high-quality, sustainable fibre supply.

The following table sets out the volume of wood fibre produced and purchased in Canfor’s operations (including 100% of majority-owned subsidiaries) for the last two financial years:

(000 cubic metres)	Years ended December 31,	
	2024	2023
Wood Fibre Supply		
Log Production – Canfor Tenures	6,633	7,495
Log Purchases – Lumber Operations	14,100	14,058

The reduction in log production from Canfor’s tenures in 2024 compared to 2023 largely reflected the permanent closures of the Company’s BC sawmills announced in the current year.

During 2024, CPPI purchased approximately 60% of its chip demand from Canfor pursuant to the fibre supply agreements between both entities, which are not included in the above table. See “Pulp and paper” below.

Canfor has one whole log chipping facility in the Prince George area of BC, with an available annual capacity of 500,000 oven-dried tonnes of chips, that supplements its supply of sawmill residual chips.

### Lumber.

#### Lumber production facilities.

As at December 31, 2024, Canfor fully or partially owned four sawmills in the interior region of British Columbia, three in Alberta, thirteen in the US South, including four in South Carolina, two in Alabama, two in Arkansas, two in Georgia, one in North Carolina, one in Mississippi, and one in Louisiana, as well as fourteen in Sweden (including one idled sawmill). Canfor’s sawmills have an annual production capacity of approximately 6.0 billion board feet, including 100% of capacity from the Vida sawmills.

The majority of lumber produced by Canfor from its existing facilities is construction and specialty grade dimension lumber that ranges in size from one by three inches to two by twelve inches and in lengths from six to twenty-six feet. A significant and increasing proportion of Canfor’s lumber production is comprised of specialty products that command premium prices, and high-value products including Square Edge lumber for the North American market, J-grade lumber for the Japanese market, and machine stress rated (“MSR”) lumber used in engineered applications such as roof trusses and floor joists. As a result of its acquisitions, Canfor has expanded its product offering to



include high-value engineered wood products, higher-grade MSR lumber, premium one-inch boards, as well as an array of custom specialty products stemming from the Company's European operations, including strength-rated trusses, beams, and tongue-and-groove timber.

As a by-product of Canfor's lumber production facilities, wood chips are produced from the portion of each log not converted into lumber. These wood chips are sold to pulp mills for use as their raw material, including CPPI pursuant to Fibre Supply Agreements entered into between Canfor and CPPI. Prices paid by CPPI for residual wood chips are based on a pricing formula that results in CPPI paying market prices for wood chips, subject to adjustments to the formula to reflect market conditions and other factors such as wood chip quality. The Fibre Supply Agreements exist in perpetuity and the pricing mechanism is renewed and amended every three years to reflect new circumstances. In 2023, the pricing mechanism for CPPI's pulp mills was renewed for another three-year period. In addition, Canfor has historically extracted pulpwood from its northern forestry operations and converts this wood to chips for CPPI's pulp and paper operations (see "Pulp and paper" for more information).

Canfor's other operations include a whole log chipping plant in British Columbia, a specialty facility in Alberta, two glulam plants in Arkansas and Georgia, respectively, a finger-joint plant in South Carolina, a trucking division in South Carolina, and ten value-add facilities and a treatment plant in Sweden. The lumber segment also includes Canfor's wood products sales and marketing division, located in Vancouver, Canfor's 60% interest in Houston Pellet Inc., a joint venture with Pinnacle Pellet Inc. and the Moricetown Indian Band.

The following table sets out Canfor's lumber production and sales for the last two years (including 100% of the lumber production from its majority-owned subsidiaries):

(MMfbm) <sup>1</sup>	Years ended December 31,	
	2024	2023
British Columbia <sup>2</sup>	1,235.3	1,455.9
Alberta	638.4	614.9
Europe	1,391.3	1,319.5
United States <sup>2</sup>	1,683.4	1,726.8
<b>Total Production</b>	<b>4,948.4</b>	<b>5,117.1</b>
<b>Sales<sup>3</sup></b>	<b>5,255.2</b>	<b>5,366.6</b>

- Notes:
1. MMfbm denotes million foot board measure. Volumes exclude trim blocks.
  2. The reduction in lumber production and sales in British Columbia and the United States resulted primarily from permanent closures and indefinite curtailments of the Company's BC and US South sawmills as announced in 2024.
  3. Includes Canfor produced lumber, as well as lumber purchased for resale, remanufacture and engineered wood, excluding trim blocks and wholesale shipments. Also excludes lumber sold under contract for third parties (123 MMfbm in 2024 and 136 MMfbm in 2023).

### Lumber markets and distribution.

Canfor's lumber products are primarily shipped throughout North America, Europe, Asia, Australia, and the Middle East. During 2024, approximately 54% of Canfor's lumber sales volumes were sold to or within United States markets (2023 – 54%), 21% to European markets (2023 – 19%), and 9% to Canadian markets (2023 – 10%). The remaining 16% (2023 – 17%) was sold to offshore markets, predominantly to China and Japan. Other offshore markets consist of Korea, Taiwan, South and Southeast Asia, the Middle East, South America and Australia. Substantially all lumber shipped domestically (in the US, Canada, and Sweden) was shipped by truck or rail. Products transported offshore were sent by container ship and breakbulk.

For a detailed discussion of the markets for Canfor's lumber products see the Company's "2024 Management's discussion and analysis," in particular, the "Lumber – Markets" and "Outlook – Lumber markets" sections, which are incorporated by reference herein.

### Human resources and diversity.

As at December 31, 2024, Canfor employed 1,179 persons in its lumber operations in British Columbia (including head office), 645 persons in Alberta, 2,420 persons in the United States, 1,587 persons in Europe (predominantly in Sweden), and 4 persons in Japan. Of these employees, approximately 24% are unionized (covered by collective agreements with the USW and Unifor in British Columbia and GS in Sweden). None of Canfor's operations in the United States are unionized.

A collective agreement with the USW (which represents the majority of the workers in the Company's British Columbia operations, except as noted below) expired on June 30, 2023. A new collective agreement with the USW was ratified in September 2024 and will expire on June 30, 2027.

In 2022, Canfor negotiated its labour agreement with Unifor at its Grande Prairie lumber operation; the new agreement was ratified on January 8, 2023 and expires on October 1, 2028.



For the Company's European lumber operations, 43% of workers are represented by GS, with the current agreement effective from April 1, 2023 to March 31, 2025. Ongoing negotiations with the unions are actively underway, which is anticipated to be ratified by April 1, 2025.

Canfor believes that diverse perspectives enhance its organizational strength, problem solving ability and opportunity for innovation. Furthermore, Canfor recognizes that diversity of skill and experience, including diversity, generally, is and continues to be a critical and valuable consideration in the assessment of the Board, its composition and prospective nominee candidates as well as the composition of its senior management team and its other employees. As such, in furtherance of its diversity, equity and inclusion objectives, Canfor supports the ongoing professional development of its employees at all levels, including with respect to mentoring and other talent development programs.

For additional information regarding Canfor's diversity, equity and inclusion initiatives and governance disclosures see the latest Sustainability Report available for download at <https://sustainability.canfor.com>.

## Pulp and paper.

As of December 31, 2024, Canfor owned 54.8% of the shares of CPPI.

### CPPI production facilities.

CPPI is a leading global supplier of pulp and paper products with operations based in the northern interior of British Columbia. CPPI owns and operates the Northwood NBSK pulp mill and the Intercontinental NBSK pulp mill ("the Mills"), with a combined annual capacity to produce for sale to the market approximately 780,000 tonnes of northern softwood market kraft pulp (including 300,000 tonnes of annual production capacity that, effective August 2024, has been indefinitely curtailed), the majority of which is bleached to become NBSK pulp. CPPI also owns and operates the Prince George paper machine, with an annual production capacity of 140,000 tonnes of bleached and unbleached kraft paper. In addition, CPPI owns the Prince George pulp mill, which was permanently closed in April 2023.

CPPI generates power at both of its operating NBSK pulp mills and has long-term agreements with a BC energy company for electrical load displacement and the sale of power.

Canfor has fibre supply agreements (the "Fibre Supply Agreements") with CPPI, under which Canfor has agreed to supply CPPI with annual quantities of residual wood chips and hog fuel produced from specified Canfor sawmills. Prices paid by CPPI for residual wood chips are based on a pricing formula that results in CPPI paying market prices for wood chips, subject to adjustments to the formula to reflect market conditions and other factors such as wood chip quality. The Fibre Supply Agreements exist in perpetuity and the pricing mechanism is renewed and amended every three years to reflect new circumstances. In 2023, the pricing mechanism for CPPI's pulp mills was renewed for another three-year period.

Canfor also supplies CPPI with pulp logs or other pulpwood harvested from its woodlands operations at market prices.

In addition, Canfor supplies CPPI with agreed annual quantities of hog fuel produced from specified Canfor sawmills. The price paid by CPPI to Canfor for hog fuel supplied under the Fibre Supply Agreements is based on market prices. The hog fuel pricing under the Fibre Supply Agreements is renewed from time to time and amended to reflect market conditions.

Under arrangements entered into with the Company in connection with its spin-out in 2006, CPPI also purchases, at cost, a number of administrative, accounting, legal, and management services from Canfor under a services agreement, which can be terminated, in whole or in part, on twelve months' notice by either party (see "Material contracts" herein for more information).

The following table sets out pulp production and sales volumes for the CPPI pulp mills for the last two years:

(000 tonnes)	Years ended December 31,	
	2024	2023
Pulp production	511	603
Pulp sales	526	609

The following table sets out the kraft paper production and sales volumes for CPPI for the last two years:

(000 tonnes)	Years ended December 31,	
	2024	2023
Kraft paper production	128	130
Kraft paper sales	130	129



### **CPPI markets and distribution.**

CPPI has a sales and marketing department staffed by full-time professionals who are responsible for global sales of the pulp produced by the Mills. Customers in the Americas are serviced through the Vancouver office. China, Japan, and Korea have direct market representation through Canfor offices in these respective countries. European and Asian customers outside of China, Japan, and Korea, are serviced mostly through long-term sales agents. Sales agents generally realize a commission based either on a percentage of the net selling price of the pulp, or on a rate per tonne of pulp sold, with the fee varying depending on the selling price, services provided, and the tonnage sold.

For the paper segment, the Company conducts its own direct marketing for its bleached and unbleached kraft paper customers, serviced primarily through its Vancouver office.

In 2024, the approximate geographic distribution of CPPI's pulp sales by volume was 75% to Asia, 21% to the Americas and 4% to the European market (2023 – 75%, 20%, and 5%, respectively).

The approximate geographic distribution of kraft paper sales by volume in 2024 was 83% to the Americas, 9% to Asia and 8% to Europe/Middle East (2023 – 82%, 11% and 7%, respectively).

CPPI uses various modes of surface transportation to distribute its pulp and kraft paper products. In the case of pulp, product is shipped from the Mills by rail or truck, with each of the Mills serviced by at least one dedicated rail spur. In the case of kraft paper, due to the smaller average order size, a much higher percentage is shipped by truck, with the balance shipped by rail. Products destined for overseas customers are generally transported by breakbulk cargo vessel for European customers and by either breakbulk or container cargo vessels for Asian customers.

For a detailed discussion of the markets for CPPI's pulp and paper products, see the Company's "2024 Management's discussion and analysis", in particular, the "Pulp and paper – Markets" and "Outlook – Pulp and paper markets" sections thereof, which are incorporated by reference herein. Further information can be obtained from CPPI's 2024 annual information form, which can be obtained on SEDAR+ at [sedarplus.com](https://www.sedarplus.com).

### **CPPI human resources.**

As at December 31, 2024, CPPI employed 799 people throughout the organization. Approximately 70% of these employees are hourly employees covered by collective agreements with the Unifor and the Public and Private Workers of Canada ("PPWC"). Labour agreements with the Unifor and the PPWC covering the pulp and paper operations were ratified in February 2022 and will expire on April 30, 2025. CPPI anticipates bargaining will commence with Unifor and PPWC on or before the current contracts' expiration date.

### **Sustainability.**

Canfor has established a "Sustainability Framework" which outlines how material environmental, social, and governance ("ESG") topics are managed under the pillars of "People, Planet and Products". Canfor's annually published sustainability report (the "Sustainability Report") describes in further detail Canfor's approach to managing ESG activities and tracks performance against established goals and targets.

In developing and implementing this sustainability strategy, Canfor recognizes the short- and long-term impacts of the health and sustainability of the forest ecosystems and resources on which its business relies for the production of lumber, pulp and paper and other wood products. This includes requiring that its suppliers meet or exceed minimum standards for forestry and production practices. As part of its strategy, Canfor also assesses the physical and transition risks associated with climate change as discussed in the "Risks and uncertainties - Climate change" section of the Company's "2024 Management's discussion and analysis".

Oversight of the Company's sustainability strategy is the responsibility of the Board, including the Company's management of climate change and other environmental risks; employee health and safety matters; diversity and inclusion initiatives; and ESG reporting. The Board meets quarterly and is updated on sustainability- and climate-related topics. This includes a review of a Company-wide sustainability scorecard, which reports on progress towards achieving targets for each material topic. The Board's responsibilities to date have been directly supported by its governance structure through the Joint Governance and Sustainability Committee, which provides overall strategic guidance regarding the Company's sustainability programs; the Audit Committee, which is responsible for risk management processes and existing and evolving regulatory ESG disclosure requirements; and the Environmental, Health & Safety Committee, which is responsible for environmental, health and safety matters and the Company's Indigenous engagement strategy.

The Board is informed and engaged on relevant ESG issues, including climate-related topics, through regular communication with senior management within the business. The President and CEO holds ultimate accountability for successful sustainability performance. In 2024, the CFO was also the Senior Vice President, Sustainability ("SVP Sustainability"). The role of SVP Sustainability is responsible for providing overall direction for the sustainability strategy (including climate change) and integration into the corporate strategy, as well as overseeing the development and execution of the sustainability strategy and reporting across the business. In 2024, the CFO, SVP





Sustainability, reported to the CEO and regularly reported to the Joint Governance and Sustainability Committee and the Board. Effective January 1, 2025, the Senior Vice President Business Development is now responsible for the responsibilities previously undertaken by the SVP Sustainability and leads the sustainability team, in addition to business development, bio innovation, and technology teams.

In the implementation of its climate change and sustainability objectives, the Company relies on certain reporting metrics and has established targets for achievement over the short and longer term. Canfor's disclosures are based on a number of third party frameworks recognized by stakeholders, investors and regulators, such as the Global Reporting Initiative Standards; the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"); and the Sustainability Accounting Standards Board Standards ("SASB"). In addition to regulatory Greenhouse Gas ("GHG") reporting for applicable facilities, on a voluntary basis, the Company calculates its manufacturing and corporate Scope 1 and Scope 2 GHG emissions annually for all of its facilities under operational control in Canada, the US and Sweden in accordance with Greenhouse Gas Protocol developed by the World Business Council for Sustainable Development and World Resource Institute. The Company has also calculated Scope 3 GHG emissions for its 2022 baseline year. In 2024, Canfor completed the Science Based Targets Initiative (SBTi) validation process, and the SBTi approved its near-term and long-term science-based emissions reduction targets, in line with the Paris Agreement and limiting global warming to 1.5° Celsius above preindustrial levels. Direct emissions reductions will be prioritized, and all residual emissions will be neutralized (if applicable) in line with SBTi criteria before reaching net-zero emissions.

Canfor publishes the Sustainability Report each year which references these metrics and targets and which highlights the Company's other ESG activities and tracks performance against established goals, most recently in the second quarter of 2024 for the year ended December 31, 2023, with an updated report for 2024 planned for the first quarter of 2025. All reports are prepared jointly with CPPI. A copy of the 2023 Sustainability Report is available at the Company's website at [www.canfor.com](http://www.canfor.com) and the updated report for 2024 will also be posted to this site once available.

See also the Company's "2024 Management's discussion and analysis". In particular, the sections entitled "Risk and uncertainties - Environmental issues", "Risks and uncertainties - Climate change" and "Environmental, social, and governance ("ESG") strategy, reporting and related risks", which is incorporated by reference herein and available on SEDAR+ at [sedarplus.com](http://sedarplus.com).

## Environment.

### General.

Canfor's operations are subject to environmental regulations by federal, provincial, state, and local authorities, including specific environmental regulations relating to air emissions, wastewater (effluent) discharges, solid waste, landfill operations, forestry practices, site remediation and the protection of biodiversity, endangered species and critical habitats.

As part of its broader commitment to sustainability (see the "Sustainability" section above), Canfor is committed to the responsible stewardship of the environment throughout its operations. Canfor meets its commitment to sustainable forest management by aligning its programs to forest management certifications; designing and operating its facilities to comply with legal requirements; setting goals and targets to improve environmental performance as part of the Company's overall sustainability strategy; and identifying significant environmental risks and promoting environmental awareness throughout Canfor's operations.

### Programs and standards.

Canfor has a long-standing environment program with regular audits of its Environmental Management System ("EMS"), compliance with regulatory requirements, principles of due diligence and good industry practices at all manufacturing facilities. These programs are regularly reviewed to help ensure Canfor fulfills its environmental commitments, responsibilities, and supports its overall sustainability strategy.

All Canfor's forest tenures in Canada are certified to the SFI or FSC standards. All sourced wood in the United States is certified to the SFI Fiber Sourcing Standard.

CPPI's pulp and paper mills' EMS is certified under International Organization for Standardization ("ISO") 14001:2015.

During 2024, CPPI obtained 89% of its fibre supply from forests that were certified to the SFI certification for sustainable forest management. All of the pulp CPPI produced in 2024 was eligible for sale under the PEFC Chain of Custody or FSC Controlled Wood Chain of Custody certification standards.

Canfor's European operations, through its majority ownership of Vida, are subject to laws and regulations of the Swedish Parliament, including the *Swedish Environmental Code* and, more broadly, the European Union, and with its forest operations governed by the *Swedish Forestry Act* and, more broadly, the *Swedish Environmental Code*. Under these legal regimes, Vida's operations are subject to various requirements regarding environmental issues, such as air quality and water quality. Vida seeks to manage these risks relating to the European operations through its environmental policies and preventative work in its systematic environmental work.



Canfor's US operations are subject to laws and regulations of the *Federal Clean Air Act* ("CAA"), a comprehensive federal law regulating air emissions from stationary and mobile sources. Among other things, this law authorizes the Environmental Protection Agency ("EPA") to establish National Ambient Air Quality Standards ("NAAQS") for hazardous air pollutants which can be harmful to public health and the environment. The NAAQS establish two types of national ambient air quality standards: primary standards which protect public health, and secondary standards which protect public welfare including protection against decreased visibility and damage to animals, vegetation, crops, and buildings. Additionally, the *Federal Clean Water Act* ("CWA") establishes the basic structure for regulating discharges of pollutants into United States waters and regulating quality standards for surface waters. Under the CWA, the EPA has implemented pollution control programs such as setting wastewater standards for industry and developed national water quality criteria recommendations for pollutants in surface waters, which are applicable to Canfor's US operations.

#### **Regulations and policies related to carbon and greenhouse gas emissions.**

Canfor's Canadian facilities are subject to regulation at the Canadian federal and provincial levels regarding the control, reporting, and pricing of carbon dioxide ("CO<sub>2</sub>") and GHG emissions.

##### *GHG emissions control – Canada.*

Canfor's Canadian facilities are subject to provincial requirements for the control of air emissions. Canfor's British Columbia operations are subject to regulatory control of air emissions under the British Columbia *Environmental Management Act*. Canfor's Alberta operations are subject to regulatory control of air emissions under the Alberta *Environmental Protection and Enhancement Act*.

##### *GHG emissions reporting – Canada.*

Federally, the Canadian *Environmental Protection Act* establishes *Canada's Greenhouse Gas Reporting Program* (the "GGRP"), which collects information from individual facilities about annual GHG emissions. Environment and Climate Change Canada ("ECCC") expanded these GHG reporting requirements in 2017, including the lowering of the federal reporting threshold from 50,000 tonnes to 10,000 tonnes of carbon dioxide equivalents per year ("CO<sub>2</sub>e"). CO<sub>2</sub> emissions from biomass materials are not included in this threshold calculation.

Provincially, in British Columbia, under the *Greenhouse Gas Industrial Reporting and Control Act* (the "GGIRCA"), facilities that emit 10,000 tonnes or more of CO<sub>2</sub>e in a particular year and facilities that emit less than 10,000 tonnes of CO<sub>2</sub>e in a specific year but have emitted 10,000 tonnes or more of CO<sub>2</sub>e in any of the immediately preceding three years, must participate in the BC Output Based Pricing System ("OBPS") and report their GHG emissions for such year, which must be verified by an accredited third party if over 25,000 CO<sub>2</sub>e (referred to as a "Reporting Operator"). Operators of industrial operations that do not meet the 10,000 tonne CO<sub>2</sub>e threshold may apply to opt-in to the OBPS to become a Reporting Operator. In 2024, all of Canfor's BC sawmills voluntarily opted in to the BC OBPS program and are therefore Reporting Operators whose emissions are subject to third-party verification. For 2024, all of CPPI's pulp mills are above the threshold and are therefore Reporting Operators and also have third-party verification over GHG emissions.

In Alberta, as part of the *Emissions Management and Climate Resilience Act* ("EMCRA"), the *Specified Gas Reporting Regulation* outlines the government's GHG reporting threshold of 10,000 tonnes of CO<sub>2</sub>e. Canfor's cogeneration facility in Grande Prairie, AB, and one of the Company's sawmills in Whitecourt, AB, are expected to report and have third-party verification over GHG emissions.

##### *GHG pricing – Canada.*

The Government of Canada adopted the *Greenhouse Gas Pollution Pricing Act* ("GGPPA") in 2018, implementing a federal carbon pollution pricing system which came into effect. It is generally comprised of two parts: Part 1 is a "fuel charge" on liquid fuels, and Part 2 is the Output-Based Pricing System.

Under the GGPPA, so long as provincial carbon pricing standards meet or exceed federal carbon pricing standards outlined in the *Canadian Greenhouse Gas Offset Credit System Regulations*, the federal carbon pricing standards outlined in Part 1 and the federal Output-Based Pricing System in Part 2 of the GGPPA do not apply. British Columbia has developed its own provincial carbon pricing models which meet the federal standards, and therefore neither the federal carbon pricing system nor the federal Output-Based Pricing System applies. While the federal carbon pricing system applies in Alberta, owners and operators of certain facilities can be eligible for exemptions from the federal fuel charge if they are subject to Alberta's Technology Innovation and Emissions Reduction ("TIER") Regulation. Alberta has also developed its own output-based pricing system which is applicable to certain businesses. In 2024, all of Canfor's Alberta facilities are Registered Emitters with the Canada Revenue Agency and fall within the TIER Regulation exemption and the Alberta output-based pricing system, and therefore neither the federal carbon pricing system nor the federal Output-Based Pricing System applies to Canfor's Alberta facilities.

On April 1, 2024, British Columbia's carbon tax was \$80 per tonne, adding a cost of 17.61 cents per litre of gasoline, 20.74 cents per litre of diesel, and 15.25 cents per cubic metre of natural gas. The British Columbia carbon tax is scheduled to increase to \$95 per tonne in April 2025. All of Canfor's British Columbia operations (including CPPI's operations) are subject to the British Columbia carbon tax. Canfor is a participant in the carbon offset market in British Columbia, selling offset credits from a biomass heat energy system project completed in British Columbia.



As of April 1, 2024, BC switched to a provincial Output-Based Pricing System for carbon tax (the "BC OBPS") which is required for facilities that generate over 10,000 tonnes of CO<sub>2</sub>e, and which produce a regulated product (wood products, as well as pulp and paper, are regulated products). The BC OBPS is a voluntary program for those facilities generating under 10,000 tonnes of amount of CO<sub>2</sub>e. Under the BC OBPS, each facility's emissions are assessed against a product-specific performance standard for that facility, and if the facility produces emissions above the emission limit, then it must use one of the permitted compliance mechanisms for those excess emissions. Compliance mechanisms available under the program include payment of compliance units (generated through earned credits where emissions are verified below limits or through verified offset projects) or direct payment to meet the obligation.

On January 1, 2020, Alberta implemented its TIER Regulation under the EMCRA, which is its own carbon pricing provincial model for large industries. Facilities that fall under the TIER regulation can receive an exemption to the federal fuel charge under the GGPPA, but non-regulated businesses fall under the federal fuel charge. This federal fuel charge was applied at \$80 per tonne in 2024 and will increase to \$95 per tonne in 2025. All of Canfor's Alberta facilities were registered under the TIER program for the 2024 reporting year and will comply with the TIER Program True-Up to determine if they will owe or generate carbon credits.

For additional information see the Company's "2024 Management's discussion and analysis". In particular, the sections entitled "Risk and uncertainties – Environmental issues", "Risks and uncertainties – Climate change" and "Environmental, social, and governance ("ESG") strategy, reporting and related risks", which is incorporated by reference herein and available on SEDAR+ at [sedarplus.com](https://www.sedarplus.com).

### **Competitive position.**

Each market in which the Company sells lumber, pulp, and paper products is highly competitive with many major companies in each market. The Company's competitive position is influenced by the price, availability, quality and cost of its raw materials, as well as production and transportation costs. Additionally, the capabilities and productivity of its operating facilities and customer service relative to competitors play a crucial role. Like the broader Canadian forest products industry, Canfor (including CPPI) competes in an international market, making it susceptible to currency fluctuations and global business conditions and trade agreements, including duty and potential tariff expenditures. Furthermore, many of the Company's lumber products face competition from various substitutes for wooden building materials.

For additional information regarding the Company's competitive position, see the Company's "2024 Management's discussion and analysis", in particular, the section entitled "Risks and uncertainties – Competitive markets", which is incorporated by reference herein and can be found on SEDAR+ at [sedarplus.com](https://www.sedarplus.com).

### **Research and development.**

The Company conducts and is committed to research and development in the areas of fibre analysis, manufacturing processes, quality control, and product and building systems development. The Company is an active member and participant in key industry research and development organizations. The Company maintains its connection to industry research and technical information developments through its relationships with various associations, universities, research institutes, suppliers, and customers.



## Directors and officers.

### Directors.

The name and municipality, province, state, and country of residence of the directors of the Company ("Directors") as at the date of this Annual Information Form, their principal occupations and the periods during which they have been Directors of the Company are as follows:

Name and municipality, province, and country of residence.	Principal occupation and background.	Director since.
John Baird Toronto, ON Canada	<p>Chair of the board of Directors of the Company (the "Board") and former Canadian Minister of Foreign Affairs. Currently Senior Advisor to various enterprises and a former Senior Cabinet Minister in the Government of Canada.</p> <p>Background: Mr. Baird is also a director and Chair of the board of CPPI. Mr. Baird spent three terms as a Member of Parliament in the House of Commons, most recently as Minister of Foreign Affairs (2011-2015). Previously, Mr. Baird held a variety of government posts including President of the Treasury Board (2006-2007), Minister of the Environment (2007-2008 and 2010-2011), Minister of Transport and Infrastructure (2008-2010), and Leader of the Government in the House of Commons (2010-2011). Prior to entering federal politics, Mr. Baird spent ten years in the Ontario Legislature, where he served as Minister of Community and Social Services, Minister of Energy, and Government House Leader (1995-2005).</p> <p>Currently, Mr. Baird serves as a Senior Business Advisor with Bennett Jones LLP, a premier Canadian law firm. In addition, Mr. Baird sits on the advisory board of Barrick Gold Corp., the corporate boards of CPPI, Canadian Pacific Kansas City Limited, Canadian Pacific Railway Company, CPPI, the FWD Group, and PineBridge Investments, and is a Senior Advisor at Eurasia Group, a global political risk consultancy.</p> <p>Mr. Baird also volunteers his time with Community Living Ontario, an organization that supports individuals with developmental disabilities, the Prince's Trust Canada, the charitable office of His Majesty King Charles III, and is a board member of the Friends of Israel Initiative.</p>	2016
Ryan Barrington-Foote, FCPA, FCA <sup>1,2</sup> Vancouver, BC Canada	<p>President at The Jim Pattison Group, a diversified holding company.</p> <p>Background: Mr. Barrington-Foote is currently the President at The Jim Pattison Group where he has worked since 2001 with oversight responsibility for accounting and tax related functions. Mr. Barrington-Foote was associated with KPMG LLP from 1996-2001 where he earned his CPA (CA) designation in 2001. Mr. Barrington-Foote obtained an Honours degree in Business Administration from Simon Fraser University. Mr. Barrington-Foote is a former member of the board of directors of Just Energy Group Inc. from 2015-2017, was a director and treasurer of the Rick Hansen Institute from 2010-2016 and received an award as one of Vancouver's Top 40 Under 40 in 2009. He was elected a Fellow of the Chartered Professional Accountants of British Columbia in 2021.</p>	2017



Name and municipality, province, and country of residence.	Principal occupation and background.	Director since.
Santhe Dahl <sup>5</sup> Vaxjo, Sweden	<p>Chair of Vida, the largest sawmill production company in Sweden and a 77% subsidiary of the Company.</p> <p>Background: Mr. Dahl started his forest products career in 1977 as site manager and Chief Financial Officer ("CFO") at the Alvesta Mill, a sawmill located in Alvesta, Sweden, to become the second sawmill owned by Vida at that time. In 1983, Vida acquired two state-owned sawmills from Domänverket, currently Sveaskong and Mr. Dahl became a co-owner of Vida along with six other employees. During 1989 the ownership of Vida changed to three individuals, of which Mr. Dahl was one, at which time two additional sawmills were acquired. Since 1999, Mr. Dahl has led the acquisitions of approximately ten more sawmills, six wooden packaging factories, a pellet factory and two house factories.</p> <p>Mr. Dahl has been an owner of Vida since 1983 and was appointed Managing Director in 1986 and CEO in 1999. He became the majority owner of Vida in 2010 until 2019, when Canfor acquired 70% of Vida. At that time, he became Chair of the Board of Vida.</p> <p>For the past 20 years, Mr. Dahl served as the president of Sweden's Forest Industries and continues to contribute as a board member.</p>	2023
Dieter Jentsch <sup>1,5</sup> King City, ON Canada	<p>Senior executive and career banker with experience in Canadian, US and International markets.</p> <p>Background: Mr. Jentsch is also a director of CPPI. Mr. Jentsch had a 35-year career at Scotiabank holding numerous senior roles. In addition to being part of Scotiabank's Operating Committee, he was Group Head of Global Banking and Markets (2016-2018) and Group Head of International Banking (2012-2016). Other prior roles included Executive Vice President Latin America and Executive Vice President Canadian Commercial Banking. Mr. Jentsch presently serves as a corporate director on various boards for public, private and Not-for-Profit entities.</p> <p>Mr. Jentsch holds a Bachelor of Science degree in Agriculture and a Master of Business Administration degree. He holds a diploma from the Advanced Management Programme from the European Institute of Business (INSEAD) as well as a diploma from the University of Toronto Rotman-ICD Directors Education Program.</p>	2020
Conrad Pinette <sup>5</sup> Vancouver, BC Canada	<p>Former owner and President, Pinette &amp; Therrien Mills Ltd., a corporation in the lumber business.</p> <p>Background: Mr. Pinette is also a director of CPPI and, from August 4, 2017 until April 29, 2021, was Chair of the Board and Chair of CPPI's board of directors. Mr. Pinette's work in the Canadian forest industry began 58 years ago as an owner and President of a family lumber business, Pinette &amp; Therrien Mills Ltd. Mr. Pinette has also served as Executive Vice President, Tolko Industries Ltd. (2005), Executive Vice President, Riverside Forest Products Limited (2004) and served as President and Chief Operating Officer of Lignum Limited from January 1990 to April 2004. Mr. Pinette is the former Chair of Finning International Inc. and a former director of Gold Canyon Resources Inc., TimberWest Forest Corp, Northgate Minerals Corporation, Finning International Inc., as well as the British Columbia Business Council, and a former trustee of the A&amp;W Revenue Royalties Income Fund. Mr. Pinette is currently a member and Chair of the Vancouver General Hospital and University of British Columbia Prostate Advisory Board.</p>	2008



Name and municipality, province, and country of residence.	Principal occupation and background.	Director since.
Dallas Ross <sup>1,2,5</sup> Vancouver, BC Canada	<p>Founder and general partner of Kinetic Capital Partners, a private investment group with large ownership percentages in a few high growth US private companies.</p> <p>Background: Mr. Ross is also Chair of the board and Chair of the Strategic Initiatives Committee of Rogers Sugar Inc. and Lantic Inc., a director of Westshore Terminals Investment Corporation and Westshore Terminals Ltd., and is CFO of Westshore Terminals Investment Corporation.</p> <p>Previously, Mr. Ross was on the board of Just Energy Group Inc. and was Chair of the Special Committee that oversaw its consensual CBCA restructuring in 2020 and remained on the board until it exited its subsequent CCAA restructuring in 2022. Mr. Ross was also on the board and was Chair of the Strategic Alternatives Committee of Catalyst Paper Corporation to assist with its debt restructuring from 2010 to 2012. Mr. Ross was on the board of FutureShop.com from 1999 to 2004 and was on the board and Chair of the Campus Task Force, on the Executive Committee and on the Finance Committee of Crofton House School in Vancouver from 2006 to 2013 as a key member of the leadership team that rebuilt the campus facilities, significantly improved the school's economic scale, and raised significant donations from its community.</p> <p>Prior to founding Kinetic Capital Partners, Mr. Ross was Managing Director, Investment Banking at Scotia Capital and, prior to that, Managing Director, Mergers and Acquisitions with ScotiaMcLeod.</p>	2018
Ross Smith, FCPA, FCA <sup>1,2</sup> West Vancouver, BC Canada	<p>Member of the board of directors of Rotherham Holdings Ltd., a holding corporation.</p> <p>Background: Mr. Smith had a 35-year career at KPMG LLP where he held various roles, including Managing Partner for British Columbia region, and served for 13 years on the National Management Committee prior to his retirement in 1998. While in public practice, Mr. Smith served major public and private companies, many of which were in the forest industry, from an audit and securities perspective. Mr. Smith has served on many charitable and community boards in past years and is a past member of the Board of Governors of the University of British Columbia. Mr. Smith is a former member of the board of directors of HSBC Bank Canada, K-Bro Linen Inc., Kal Tire Holdings Ltd, N&amp;T Properties Ltd and the Advisory Board of Marsh Canada Ltd. Mr. Smith qualified as a Chartered Accountant in 1962 and was elected a Fellow of the Institute of Chartered Accountants of British Columbia ("ICABC") in 1990 and in 2010 was awarded a lifetime achievement award by the ICABC.</p>	2009
Frederick Stimpson III <sup>2,4</sup> Mobile, AL United States	<p>Former President of CSP and is currently a consultant for the Company.</p> <p>Background: Mr. Stimpson is the third generation of a family with a long history in the forest products business. After graduating from the University of Alabama in Business and from University of Georgia in Forestry, Mr. Stimpson worked with Gulf Lumber Company in various roles and was President from 1988 to 2009 and CEO of Scotch &amp; Gulf Lumber until 2013.</p> <p>After the acquisition of Scotch &amp; Gulf Lumber by Canfor, Mr. Stimpson was appointed President of CSP in 2015 and held the role until his retirement in 2020. Leading the Company's US South business, Mr. Stimpson helped the Company expand from four mills to 15 operations including a transportation company that specializes in hauling lumber and wood residuals across the southeast to customers.</p>	2021



Name and municipality, province, and country of residence.	Principal occupation and background.	Director since.
William Stinson <sup>2,3,5</sup> Vancouver, BC Canada	<p>Chair, CEO and director of Westshore Terminals Investment Corporation, a corporation in the coal terminal business.</p> <p>Background: Mr. Stinson is also a director of CPPI. Mr. Stinson spent the majority of his business career with Canadian Pacific Ltd., retiring as Chair and CEO in 1996 after 11 years in that position. He has served on a wide variety of boards and has held the positions of Chair of Sun Life Financial, Chair of the Executive Committee of United Dominion Industries and lead director of CHC Helicopter Corporation.</p>	2011
Sandra Stuart <sup>3,4</sup> Vancouver, BC Canada	<p>Former CEO of HSBC Canada, a Canadian chartered bank and a director of the Supervisory Board for HSBC Germany, director of Telus International Inc. and Belkorp Private Investment Management Co. and is a Trustee and the Audit Chair for DRI Healthcare Trust.</p> <p>Background: Ms. Stuart was appointed to the Board and the board of CPPI in June, 2021. She also currently serves as a director and member of the Risk and Audit Committees for the Bank of Nova Scotia, director and member of the Audit Committee for Telus International Inc. and is a Trustee and the Audit Chair for DRI Healthcare Trust.</p> <p>Ms. Stuart is an accomplished International Banking Executive with extensive C-Suite and corporate governance experience. Ms. Stuart retired as President and CEO of HSBC Canada in 2020. She enjoyed a 40-year career with HSBC, holding progressively senior roles including in the United States and Brazil. Ms. Stuart is active in the community volunteering on the Advisory Board for the Caldwell Top 40 under 40, and for the Loran Scholarship Program. She has been recognized by the Association of Women in Finance for Excellence in the Private Sector, received the Women's Executive Network Deloitte Inclusion Vanguard Award (2016), was named one of WXN's Top 100 Most Powerful Women in Canada (2014), and British Columbia's Most Influential Women by BC Business Magazine (2015/19). Most recently, Ms. Stuart was selected as a Catalyst Canada Honors Champion.</p> <p>Ms. Stuart has a Bachelor of Arts with a double minor in Economics and Business from Simon Fraser University.</p>	2021
Dianne Watts <sup>3,4</sup> Surrey, BC Canada	<p>Member of the board of directors of Westshore Terminals Investment Corporation, a coal export terminal company.</p> <p>Background: Ms. Watts is a former Member of Parliament in the House of Commons representing Surrey, BC, and White Rock, BC, from 2015 to 2017. Prior to entering federal politics, Ms. Watts served as Mayor of Surrey, BC, from 2005 to 2014 and as a Surrey, BC, City Councillor from 1996 to 2005.</p> <p>During her time as a Member of Parliament, Ms. Watts was a member of the National Security and Public Safety Committee, National Infrastructure and Transportation Committee, Economic Development Caucus and Speaker of the House of Commons and All Party Parliamentary Tour – South Korea and Mongolia.</p> <p>Ms. Watts was awarded with an Honorary Doctors of Law Degree from the Justice Institute of British Columbia (Contribution to Community and Public Safety) in 2013, and in 2014 KPU University awarded her with an Honorary Doctors of Law Degree (Leadership – Progressive Governance – Community Engagement and Public Safety). Ms. Watts was awarded the "Iconic Leader of the Decade" award in 2018 from the All Ladies League and Woman's Economic Forum, the Queen Elizabeth II Diamond Jubilee Medal in 2012, and in 2010 was selected as "4<sup>th</sup> Best Mayor in the World" by the City Mayor's Foundation United Kingdom and as "Woman of the Year" Business Excellence by Consumer Choice</p>	2018



Name and municipality, province, and country of residence.	Principal occupation and background.	Director since.
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Awards. In 2009, Ms. Watts was named a Paul Harris Fellow by the Rotary Foundation of Rotary International. Ms. Watts is also the Co-Chair UNITI Harmony Housing Project, an Executive member of BC United, Member of Women of Options – Affordable Housing Campaign as well as a political contributor to Global and CBC media services.

Susan Yurkovich<sup>7</sup>  
Vancouver, BC  
Canada

President and CEO of the Company

2025

Prior to 2025, Ms. Yurkovich served as Senior Vice President of Global Business Development providing strategic guidance and oversight of the Company's efforts to increase innovation, expand the bio-innovation portfolio, and advance global expansion.

With over 25 years of experience in the natural resources sector, Ms. Yurkovich has held executive roles at Canfor and BC Hydro. Prior to re-joining Canfor in October 2022, she served as President and CEO of the BC Council of Forest Industries and President of the BC Lumber Trade Council leading advocacy efforts and representing the sector in trade matters, including the Canada-US softwood lumber dispute.

Ms. Yurkovich serves as a Director of Centerra Gold Inc. and FortisBC and is a member of the Faculty Advisory Board at UBC's Sauder School of Business. She holds a Bachelor of Arts and a Master of Business Administration from the University of British Columbia, a Diploma in International Business from Erasmus University, Netherlands, and the ICD.D designation from the Institute of Corporate Directors.

Notes:

1. Member of the Audit Committee.
2. Member of the Joint Management Resources and Compensation Committee.
3. Member of the Joint Governance and Sustainability Committee (formerly the Joint Governance Committee).
4. Member of the Joint Environmental, Health and Safety Committee.
5. Member of the Joint Capital Expenditure Committee.
6. All committees of the Company, other than the Audit Committee, have as members one or more directors of CPPI and are joint committees with CPPI. For more information on the power, responsibilities, and composition of the joint committees, see the Company's Information Circular dated March 13, 2024, which can be found on SEDAR+ at [sedarplus.com](https://www.sedarplus.com).
7. Ms. Yurkovich became a Director on January 1, 2025 following the resignation of Mr. Don Kayne as a Director and officer of the Company as at December 31, 2024. For more information regarding the principal occupation and background of Mr. Kayne, see the Company's Information Circular dated March 13, 2024, which can be found on SEDAR+ at [sedarplus.com](https://www.sedarplus.com)

The term of office of each Director expires on the date of the next Annual General Meeting of the Company to be held on May 8, 2025.





## Officers.

The names and municipality, province, and country of residence of the executive officers of the Company and the offices held by them as at March 6, 2025, are as follows:

Name <sup>1</sup>	Municipality of residence	Office
John Baird	Toronto, ON, Canada	Chairman
Susan Yurkovich <sup>2</sup>	Vancouver, BC, Canada	President and Chief Executive Officer
Patrick Elliott	Vancouver, BC, Canada	Chief Financial Officer and Corporate Secretary
Stephen Mackie	Kelowna, BC, Canada	Chief Operating Officer of the Company and President & CEO of CPPI
Kevin Pankratz	North Vancouver, BC, Canada	Senior Vice President, Sales and Marketing
Kathryn Player	North Vancouver, BC, Canada	Senior Vice President, People
David Trent	West Vancouver, BC, Canada	Senior Vice President, Business Development
Måns Johansson	Växjö, Kronobergs län, Sweden	President, Canfor Europe
Lee Goodloe	Mobile, Alabama, USA	President, CSP
Ross Lennox	Prince George, BC, Canada	Vice President, Sustainability & Partnerships
Andreas Kammenos	Abbotsford, BC, Canada	Vice President, Business Optimization
Katrina Wilson	Surrey, BC, Canada	Vice President, Controller
Mathew Parras	Prince George, BC, Canada	Vice President, Canadian Operations
Mina Laudan	Vancouver, BC, Canada	Vice President, Corporate Communications
Lilac Bosma	Richmond, BC, Canada	Vice President, Legal and General Counsel
Nicholas Ott	Mobile, Alabama, USA	Vice President, Technology and Digital

### Notes:

1. The principal occupation of all of the officers listed above is with the Company or CPPI, other than Mr. Johansson, whose occupation is also the CEO with Vida Group, and Mr. Goodloe, whose principal occupation is with CSP. For further information on the occupations of the Directors of CPPI, see the Company's Information Circular dated March 13, 2024, which can be found on SEDAR+ at [sedarplus.com](https://www.sedarplus.com).

2. Ms. Yurkovich became President and Chief Executive Officer on January 1, 2025 following the resignation of Mr. Don Kayne as a Director and officer of the Company as at December 31, 2024. For more information regarding the principal occupation and background of Mr. Kayne, see the Company's Information Circular dated March 13, 2024, which can be found on SEDAR+ at [sedarplus.com](https://www.sedarplus.com).

All of the above Directors and officers have had the same or similar principal occupations with the organizations indicated for the last five years, except as otherwise disclosed above, and except that: prior to January 2025, Mr. Elliott was Chief Financial Officer and Senior Vice President, Sustainability, prior to October 2021, Mr. Elliott was Senior Vice President, Corporate Finance and Sustainability, and prior to August 2020, Mr. Elliott was Vice President, Corporate Finance and Strategy; prior to January 2025, Mr. Mackie was Executive Vice President, North American Operations and prior to February 2020, Mr. Mackie was Senior Vice President, Operations Canada; prior to January 2025, Mr. Trent was Senior Vice President, Global Supply Chain & Digital and prior to April 2022, Mr. Trent was Chief Digital Officer & Vice President Operations Technology at CN; prior to January 2025, Mr. Lennox was Vice President, Woodlands Canada; prior to January 2025, Mr. Kammenos was Vice President, Residual Fibre and Business Analytics and prior to September 2020, Mr. Kammenos was General Manager, Business Analytics; prior to January 2025, Mr. Ott was Senior Director, IT and Digital Manufacturing, prior to May 2023, Mr. Ott was Director IT, CSP, and prior to September 2021, Mr. Ott was Senior Manager, IT Infrastructure Delivery; prior to March 2024, Ms. Laudan was Principal at MKL Communications; prior to May 2024, Ms. Bosma was Vice President Legal at RBC and prior to April 2024, Ms. Bosma was Senior Vice President and General Counsel at HSBC Bank Canada; prior to October 2023, Mr. Parras was Senior Director, Strategy & Finance and prior to December 2021, Mr. Parras was General Manager, Finance, Wood Products Canada; prior to August 2023, Mr. Goodloe was General Manager, West Division, CSP and prior to January 2022, Mr. Goodloe was Area Operations Manager, Alabama; prior to July 2023 Mr. Johansson was CEO of Vida; prior to October 2021, Ms. Wilson was Corporate Controller; prior to April 2021, Mr. Baird was a Director of the Company; prior to February 2021, Ms. Player was Vice President, People and Communications.



### **Interest of management and others in material transactions.**

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

### **Conflicts of interest.**

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

### **Description of capital structure.**

The authorized share capital of the Company consists of 1,000,000,000 common shares without par value and 10,000,000 preferred shares with a par value of \$25 each. At December 31, 2024 and March 6, 2025, there were 118,405,079 common shares issued and outstanding and no preferred shares issued and outstanding.

The holders of common shares are entitled to vote at all meetings of shareholders of the Company, except meetings at which only holders of preferred shares would be entitled to vote. The common shareholders are entitled to receive dividends as and when declared on the common shares.

The holders of preferred shares are not generally entitled to receive notice of or to attend or vote at general meetings of shareholders of the Company. Preferred shareholders are entitled to preference over the common shares with respect to the payment of dividends and upon any distribution of assets in the event of liquidation, dissolution, and winding-up of the Company.

### **Dividends.**

The declaration and payment of dividends are at the discretion of the Company's Board of Directors.

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

### **Shareholdings of directors and executive officers.**

At March 6, 2025, the Directors and Executive Officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over: (i) 107,124 common shares representing approximately 0.1% of the outstanding common shares; and (ii) 215,000 common shares of CPPI representing approximately 0.2% of the outstanding common shares of CPPI.

At March 6, 2025, James A. Pattison beneficially owned 63,728,722 common shares, which are held by companies wholly owned by Mr. Pattison, and represent approximately 53.8% of the outstanding common shares of the Company. This amount is not included in the calculation of the Directors and executive officers holdings above.

### **Markets for securities.**

The Company's common shares are listed and traded on the TSX under the symbol CFP.



## Trading price and volume.

The following table presents the high and low prices for the Company's Common Shares and the average daily trading volume of those shares, on a monthly basis, on the TSX for 2024.

<u>Month (2024)</u>	<u>High</u> \$	<u>Low</u> \$	<u>Average Daily Trading Volume</u> (Shares)
January	19.30	16.26	159,632
February	17.01	14.24	172,195
March	17.81	15.49	200,500
April	17.22	13.76	223,077
May	15.84	14.41	156,000
June	15.36	14.02	134,755
July	16.10	13.53	225,309
August	15.99	14.00	205,238
September	17.31	13.68	319,820
October	18.13	16.37	212,382
November	18.38	16.21	176,910
December	17.89	14.50	231,780

## Security.

The Company's operating lines of credit and term indebtedness are unsecured, except for the indebtedness under the Farallon Loan Agreement as defined in and described further under "Material Contracts" below, which indebtedness is secured by certain accounts receivable related to countervailing and anti-dumping duties paid to the US government.

## Material contracts.

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

1. The Company is party to a Note Purchase and Private Shelf Agreement dated October 2, 2015, as amended by amendments thereto dated as of December 14, 2018, September 30, 2019 and September 27, 2024 each made among the Company, Prudential Investment Management, Inc. and the note purchasers party thereto (the "Note Purchase Agreement"), for the private placement of 4.40% Series A senior unsecured notes (the "Notes") of the Company. The initial series of Notes are for an aggregate principal amount of US\$100,000,000 with a 10-year term, repayable in three equal tranches on October 2, 2023, 2024 and 2025, and are guaranteed by certain of the subsidiaries of the Company. The Note Purchase Agreement provides for a US\$50,000,000 uncommitted shelf facility to allow for future issuances of Notes. The second repayment of US\$33,333,333 was made on October 2, 2024.

2. The Company and CSP are borrowers under an amended and restated credit agreement dated for reference April 16, 2024 made with, among others, Royal Bank of Canada, as Canadian administrative agent, CoBank, ACB, as U.S. administrative agent, Bank of Montreal, as co-syndication agent, Canadian Imperial Bank of Commerce, as co-syndication agent, and the financial institutions from time to time party thereto as lenders, as such agreement was amended by the consent and waiver and first amendment thereto dated for reference September 27, 2024 made among the same parties to allow for and make certain necessary amendments related to the Farallon Loan Agreement described below.

This amended and restated credit agreement, as so amended, provides for a \$925,000,000 unsecured revolving term credit facility (the "Operating Loan") in favour of the Company and CSP, and US\$150,000,000 committed revolving credit facility (the "Revolving Credit Facility") and US\$50,000,000 committed non-revolving credit facility (the "Non-Revolving Credit Facility") in favour of CSP. Each of the Operating Loan, the Revolving Credit Facility, and the Non-Revolving Credit Facility provide for floating rates of interest. The Operating Loan also provides for the issuance of letters of credit. The Operating Loan matures on April 16, 2028, the Revolving Credit Facility matures on June 28, 2025, and the Non-Revolving Credit Facility on June 28, 2031. On June 28, 2025, any amounts drawn on the Revolving Credit Facility will be converted to a US-dollar denominated unsecured non-revolving term loan in the principal amount equal to the lesser of US\$150,000,000 and the principal amount outstanding under such Revolving Credit Facility on such date, with a maturity date of June 28, 2030.

3. On September 27, 2024, the Company entered into a secured loan agreement (the "Farallon Loan Agreement") for approximately \$424.9 million (US\$315.0 million) with an affiliate of Farallon Capital Management, LLC. ("Farallon") and received all advances thereunder, totaling approximately \$313.8 million (US\$232.4 million). The loan is secured by certain accounts receivable related to countervailing and anti-dumping duties paid to the US government. The borrowings under the loan have terms of four and eight years, with an effective interest rate of 7.5% and 3.9%, respectively. Principal and interest on the loan is payable at the end of the respective terms with the repayment of the loan, including all interest and principal payments, anticipated to be met by refunds and interest receivable out of duty refunds from the US government. To the extent duty refunds have not been received at the end of each respective term, the terms can be extended, at Canfor's option, for two additional ten-year terms.



Interest received by Canfor on the secured accounts receivable balances from September 27, 2024, to the date of duty refunds from the US government, will also be payable to Farallon at the end of the respective terms of the borrowings under the loan.

See "Legal proceedings and regulatory actions" below for more information on Canfor's countervailing and anti-dumping duties.

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

#### **Cease trade orders, bankruptcies, penalties, sanctions.**

To the knowledge of the Company, no Director or executive officer of the Company is at the date hereof or was within the last 10 years of the date of this Annual Information Form, a director, CEO or chief financial officer of a company that, (i) while acting in that capacity, was subject to a cease trade or similar order or an order that denied the company access to any exemption under securities legislation (an "Order") that was in effect for a period of more than 30 consecutive days; (ii) was subject to an Order that was in effect for a period of more than 30 consecutive days that was issued after the Director or executive officer ceased to be a director, CEO or chief financial officer of such company and which resulted from an event that occurred while that person was acting in such capacity, other than as set forth below in respect of Mr. Jentsch in his role as former Senior Executive of Scotiabank.

On August 19, 2020, The Bank of Nova Scotia ("Scotiabank") announced that it entered into a Deferred Prosecution Agreement ("DPA") with the U.S. Department of Justice (the "DOJ"). Additionally, the Commodity Futures Trading Commission (the "CFTC") issued three separate orders against Scotiabank (collectively, the "CFTC Orders"). The DPA and the CFTC Orders (together, the "Resolutions") resolve the DOJ's and CFTC's previously disclosed investigations into Scotiabank's activities and trading practices in the metals markets and related conduct as well as pre-trade mid-market marks and related swap dealer compliance issues. Mr. Jentsch was a Senior Executive of Scotiabank during the time period during which such activities, trading practices and related conduct occurred. Mr. Jentsch was not personally sanctioned as part of these proceedings nor was he the subject of these investigations.

To the knowledge of the Company, no Director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company is at the date hereof, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of a company that, while acting in that capacity, or within a year of ceasing to act in such capacity became bankrupt, made a proposal under legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or trustee appointed to hold its assets, other than Mr. Ross. Mr. Ross was asked to join the Board of Directors of Just Energy Group Inc. ("Just Energy") in June 2017. Mr. Ross was on the Board of Directors of Just Energy to execute a Plan of Arrangement under the CBA in mid-2020 and then to subsequently execute a CCAA filing amidst significant issues in the Texas regulated market in early 2021.

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

#### **Legal proceedings and regulatory actions.**

There are no material legal or regulatory proceedings to which the Company or any of its subsidiaries is or was a party, or to which any of the property of any of them is or was the subject of, during the Company's financial year ended December 31, 2024, and there are no such material legal or regulatory proceedings which the Company knows to be contemplated. In addition, there are no penalties or sanctions imposed against the Company or any of its subsidiaries by a court relating to Canadian securities legislation or by a securities regulatory authority during the Company's financial year ended December 31, 2024 or any other penalties or sanctions imposed by a court or regulatory body against any of them which would likely be considered important to a reasonable investor in making an investment decision, and none of them have entered into any settlement agreements with a court relating to Canadian securities legislation or by a securities regulatory authority during the Company's financial year ended December 31, 2024.

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



States at less than fair value. Canfor was selected by the US Department of Commerce as a “mandatory respondent” to the countervailing and antidumping investigations and is subject to company specific countervailing and antidumping duties.

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

Despite cash deposits being made at rates determined by the US Department of Commerce in 2017 (20.52%), the final liability associated with duties is not determined until the completion of administrative reviews performed by the US Department of Commerce. For the countervailing duty rate, the first period of review was based on sales and cost data through 2017 and 2018, while the anti-dumping duty rate was based off data from July 2017 to December 2018.

In early 2020, the US Department of Commerce announced the preliminary results for the first period of review and on November 24, 2020, finalized the rates. Accordingly, the Company’s final countervailing duty cash deposit rate was determined to be 2.94% for 2017 and 2.63% for 2018 (versus a cash deposit rate of 13.24%), while the final anti-dumping duty cash deposit rate was 1.99% for the entire first period of review (versus a cash deposit rate of 7.28%). The US Department of Commerce’s final combined duty and cash deposit rate of 4.62% applied to the Company’s Canadian lumber shipments destined to the United States from December 1, 2020 until completion of the administrative review for the second period of review in November 2021.

At the end of November 2021, the US Department of Commerce finalized the company’s countervailing duty rate at 2.42% for the second period of review (versus a cash deposit rate of 13.24%), while the final anti-dumping duty rate was 17.12% (versus a deposit rate of 7.28%). This final combined duty rate of 19.54% applied to the Company’s Canadian lumber shipments destined to the United States from December 2, 2021 until completion of the administrative review for the third period of review in August 2022.

In August 2022, the US Department of Commerce finalized the company’s countervailing duty rate at 0.95% for the third period of review (versus a cash deposit rate of 2.42%), while the final anti-dumping duty rate was 4.92% (versus a deposit rate of 17.12%). This final combined duty rate of 5.87% became the new duty cash deposit rate and was applied to the Company’s Canadian lumber shipments destined to the United States from August 9, 2022 until completion of the administrative review for the fourth period of review in July 2023.

In July 2023, the US Department of Commerce finalized the company’s countervailing duty rate at 1.36% for the fourth period of review (versus a cash deposit rate of 2.63%), while the final anti-dumping duty rate was 5.25% (versus a deposit rate of 1.99%). This final combined duty rate of 6.61% became the new duty cash deposit rate and was applied to the Company’s Canadian lumber shipments destined to the United States from August 1, 2023 until completion of the administrative review for the fifth period of review.

In August 2024, the US Department of Commerce finalized the company’s countervailing duty rate at 6.14% for the fifth period of review (versus cash deposit rates of 2.42% from January to July 2022 and 0.95% from August to December 2022), while the final anti-dumping duty rate was 10.44% (versus deposit rates of 17.12% from January to July 2022 and 4.92% thereafter). This final combined duty rate of 16.58% became the new duty cash deposit rate and was applied to the Company’s Canadian lumber shipments destined to the United States from August 1, 2024 until completion of the administrative review for the sixth period of review (anticipated mid-2025).

Subsequent to year-end, in March 2025, the preliminary anti-dumping results for the sixth period of review (“POR6”) were announced, which indicated that the Company’s anti-dumping duty rate for 2023 was 34.61%. Upon finalization of this rate (anticipated in the third quarter of 2025), the Company’s current combined cash deposit rate of 16.58% will be reset to 40.75% (based on this preliminary ADD rate determination of 34.61% combined with the Company’s current CVD cash deposit rate of 6.14%). In addition, the DOC is anticipated to release preliminary countervailing results for POR6 on or before May 2025, which are anticipated to further impact the Company’s combined cash deposit rate later in 2025.

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

## Experts.

KPMG LLP, Chartered Accountants, of Vancouver, British Columbia are the auditors of the Company. KPMG LLP, Chartered Accountants, have reported that they are independent of the Company in accordance with the auditor’s rules of professional conduct in Canada.



The Company will propose KPMG LLP for reappointment as the auditors of the Corporation on the expiry of its term of office at the Annual Meeting of Shareholders of the Corporation on May 8, 2025. No auditor's report prepared by the auditor in respect of the Corporation's financial statements relating to the relevant period contained any modified opinion and there have been no reportable events involving the Corporation and the auditor.

### Transfer agent and registrar.

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

### Audit Committee information.

Audit Committee terms of reference – see Appendix A.

### Composition of Audit Committee.

The Audit Committee is composed entirely of Directors who are financially literate and a majority of whom are independent, in each case as contemplated by National Instrument 52-110 – *Audit Committees* ("NI 52-110"). Mr. Smith, the Chair of the Committee, is a Fellow Chartered Professional Accountant (FCPA, FCA) and was a partner in a national accounting firm for over 20 years. Mr. Barrington-Foote is a Fellow Chartered Professional Accountant (FCPA, FCA) and President at The Jim Pattison Group. Mr. Ross is a general partner and founder of Kinetic Capital Partners, was previously Managing Director, Investment Banking at Scotia Capital and, prior to that, Managing Director, Mergers and Acquisitions with ScotiaMcLeod, has previously served on numerous Audit Committees and currently serves on a number of other boards. Mr. Jentsch was a former Senior Executive at Scotiabank, where he had a 35-year career holding numerous senior roles.

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

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

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

### External auditor service fees (by category).

The aggregate fees billed by KPMG LLP, the auditor of the Company, for the last two years, were an aggregate \$5.7 million. Fees listed below were for audit, tax, financial and other verification audit services.

(thousands of Canadian dollars)		2024		2023
Audit fees <sup>1</sup>	\$	1,747	\$	1,607
Audit-related fees <sup>2</sup>		114		114
Other assurance fees <sup>3</sup>		665		588
<b>Total assurance fees</b>	<b>\$</b>	<b>2,526</b>	<b>\$</b>	<b>2,309</b>
Tax fees <sup>4</sup>		412		465
<b>Total fees<sup>5</sup></b>	<b>\$</b>	<b>2,938</b>	<b>\$</b>	<b>2,774</b>

#### Notes:

1. For the audit of the Company's annual financial statements and services normally provided by the principal auditor in connection with the Company's statutory and regulatory filings.
2. For assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported in "Audit fees", including accounting consultations and various agreed upon procedures.
3. Other assurance fees primarily related to forest certification services and greenhouse gas emissions assurance.
4. For tax compliance, tax consulting services, and tax planning.
5. Included in the fees above is \$0.6 million which was billed to the Company's subsidiary, CPPI (\$0.6 million in 2023).



## **Additional information.**

Additional financial information regarding the Company is provided in the Company's "2024 Management's discussion and analysis" and "Consolidated Financial Statements" for the year ended December 31, 2024. Additional information, including Directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Information Circular for the Annual General Meeting of the Company held on May 1, 2024 and will be contained in the Information Circular for the Annual General Meeting of the Company to be held on May 8, 2025.

The Company will provide upon request to the Corporate Secretary of the Company, 101-161 East 4<sup>th</sup> Avenue, Vancouver, British Columbia, V5T 1G4, copies of the above documents. These documents and additional information about the Company and all documents identified in this Annual Information Form as being incorporated by reference herein are available on SEDAR+ at [sedarplus.com](https://www.sedarplus.com).

## **Appendix A – Audit Committee terms of reference.**

### **1. Purpose.**

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

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

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

### **2. Audit Committee composition and meetings.**

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

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

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

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

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



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

### 3. Primary Duties and Responsibilities.

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

#### (a) Review and reporting procedures.

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

#### (b) Internal controls and risk management processes.

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

#### (c) Financial reporting.

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

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





(ii) Interim financial statements.

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

(iii) Annual financial statements and other financial information.

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

(iv) Prospectus and information circulars.

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

**(d) External audit.**

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

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

- (i) Recommend to the Board the selection (retention or replacement) of the external auditors, considering independence and effectiveness, and approve the fees and other compensation to be paid to the external auditors. On an annual basis, the Audit Committee should review and discuss with the external auditors all significant relationships its accountants have with the Company to confirm their independence. If there is a recommendation to change auditors, review all the issues to change and the steps planned for an orderly transition.
- (ii) Review the external auditor's Audit Plan and engagement letter with management and the external auditors, including audit scope and approach.
- (iii) Meet with the external auditor and management in separate private sessions to discuss any matters that the Audit Committee or these groups believe should be discussed privately with the Audit Committee.



- (iv) Pre-approve any non-audit services to be provided by the external auditor. The Audit Committee may delegate this responsibility to the Chair, provided that any pre-approval granted pursuant to such delegation must be detailed as to the service to be provided and must be reported to the full Audit Committee at its next scheduled meeting.
- (v) Review and assess the performance of the external auditor, including consideration of demonstrated external audit judgment and application and adherence to accounting policy and standards.
- (vi) Review the external auditor's policy on partner rotation.
- (vii) Review the Company's hiring policy with respect to partners, employees and former partners and employees of the Company's present or former external auditor.

**(e) Internal audit.**

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

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

**(f) Finance.**

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

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

**4. Other duties.**

**(a) Legal and regulatory compliance.**

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

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



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

**(b) Pension Funds.**

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

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

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

- (viii) approving the appointment of or changes to pension service providers such as actuaries, auditors and legal advisors, including related fees, as well as any mandates, contracts or policies and benefit compliance matters relating to the management of the Company's pension plans;
- (ix) approving valuation reports and the structure, selection and review of plan asset management, including oversight of investment managers and asset monitoring rebalancing;
- (x) reviewing and approving the audited annual financial statements, annual plan reports and budgets for each pension plan as well as the appointment of signing officers of the fund;
- (xi) reviewing on an annual basis the unfunded liability for retiree non-pension benefits and future liability thereof, or;
- (xii) reviewing the funding of the Company's pension plans, including actuarial reports in respect of the Company's pension obligations so as to determine the level of unfunded liabilities, if any.

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



(c) **Officer expenses.**

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

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

(d) **Other duties.**

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

