

CONIFEX **NORTH AMERICA'S NEXT GENERATION FOREST PRODUCTS COMPANY**

2022 Sustainability Report



CONIFEX

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NORTH AMERICA’S
NEXT GENERATION
FOREST PRODUCTS
COMPANY

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OUR VISION – TO BUILD NORTH AMERICA’S PREMIER NEXT GENERATION FOREST COMPANY.

OUR STRATEGY

Leverage our Canadian assets and strong timber base; grow for increased shareholder returns and cash flow sustainability; and develop new revenue streams around our core lumber business.

OUR RESPONSIBILITY

As stewards, we recognize the merits of leaving the world a better place for future generations. Performance on Environmental, Social and Governance (ESG) matters allows Conifex to demonstrate how we deliver value to all our stakeholders including employees, communities, Indigenous peoples, supply chain partners, customers, shareholders, investors and government. Each of our partners are essential and we are committed to deliver value to all of them, for the future success of our company.



ENVIRONMENTAL



SOCIAL



GOVERNANCE

Message from **CEO Ken Shields**



All of us at Conifex are pleased to present our 2022 Sustainability Report. We are proud to be part of an industry that is playing a leading role in climate change mitigation, biodiversity conservation, community development and reconciliation with Indigenous Peoples.

When Conifex started in 2008, our mission was to build North America's premier next-generation forest products company that is a world leader in maximizing fibre value. I am proud of the many ways our employees and partners have worked together over the past 14 years to further our mission and to deliver on the obligations we have for our people and our planet. Our track record at Mackenzie BC illustrates that profitable solutions are available to meet the heightened sustainability responsibility expectations of Conifex.

From our first day of operation, ensuring the sustainability of operations evolved into our leading core value. We have worked hard to ensure that our forests are managed sustainably and independently certified, now and for future generations. We have also worked hard to minimize the environmental footprint at our manufacturing facilities. We recognize the important need for designating forest areas for conservation, such as protected areas, biological refuges, exceptional forest ecosystems and the maintenance of wildlife habitat. The plans we develop for sites with approved cutting permits have always been at annual harvest levels that can be sustained in perpetuity without diminishing the productive capacity of the forest.

We are proud of our best in class safety practices on our "Journey to Zero" and are pleased with our sustainability accomplishments. We look forward to sharing future reports.

We are glad to present this review of our sustainability achievements. In addition to what we accomplished in sustainability and safety, it outlines the deepening relationships we enjoy with the community of Mackenzie and Indigenous Peoples on the lands where we work, live and play.

Ken Shields
CEO

Conifex – Our Business

Established in 2008, Conifex Timber Inc. is a growth-oriented publicly traded Canadian company operating in one of the richest fibre baskets in North America: British Columbia’s northern interior. We manufacture structural grade SPF dimension lumber and produce clean, renewable energy from our sawmill residuals. We practice safety and sustainability in everything we do. Our strong fibre basket supports lumber production increases and our bioeconomy footprint.



258
EMPLOYEES

240M

Board Feet
SAWMILL
PRODUCTION CAPACITY



\$231M
TOTAL REVENUE (\$)



230 GWh
POWER PLANT
PRODUCTION CAPACITY

OPERATIONS

2

- Conifex Power Limited Partnership
- Conifex Mackenzie Forest Products



782,500 m³/yr
ALLOWABLE
ANNUAL CUT (AAC)



Mackenzie, BC



Conifex Environmental, Social and Governance Commitments:



ENVIRONMENTAL

- > Practice sustainable forest management upon the lands where we operate, in a manner that is scientifically based, socially acceptable and economically practicable.
- > Continual improvement of environmental performance through objectives and targets.
- > Demonstrate leadership in our use of low carbon forest products including our sawmill residuals to produce clean, renewable energy.

SOCIAL

- > Work together with the communities where we live, work, and play to better serve their needs, interests, and local economies.
- > Make zero injury or harm our most important priority with "Journey to Zero".
- > Support our safety goals with comprehensive safety programs such as Conifex 5 and Recover at Work.
- > Abide by the principles of UNDRIP as a framework for Indigenous reconciliation.
- > Collaborate and consult with Indigenous Peoples on forest planning, job opportunities, and training.
- > Partner with Indigenous companies for products and services.
- > Employ workplace diversity policy and foster a culture of inclusivity.

GOVERNANCE

- > Uphold responsible corporate governance by applying best practices in corporate structure, sound financial management systems, and compliance with all laws and regulations.
- > Operate with the highest ethical standards to keep us accountable to our shareholders, workers, partners, and the public.
- > Use verifiable information to communicate our performance to interested parties.

Sustainability Facts

TIMBER SUPPLY

Lands directly operated by Conifex are **100% sustainable forest management certified**



Planted over **45,000 Ha** creating a significant carbon sink



2022

HIGHLIGHTS



230

GWh

of green energy generated per year

36 MW biomass power plant

POWERS 20,000 BC homes each year

Conifex harvests **less than 2%** of our forests per year

Total trees planted since inception is

OVER 63M

1.7

TRIR

(Total Recordable Incident Rate)

98%

of energy sourced by BC Hydro is clean and renewable

\$16.6M

Total Spend with Indigenous Owned Businesses



\$106,700

in First Nations & Community Donations

Total Number of Suppliers and Businesses

517

27%

Voluntary turnover rate in 2022



25%

of women in leadership roles

\$102M

Total Spend with Suppliers & Businesses



All employees are offered **DIVERSITY & INCLUSION** training



We offer the **Conifex Core Competencies Program** for all leaders

Our people are actively working to make a difference in our communities!

Workforce



2 operations



258
employees

25%
of women in
LEADERSHIP
roles



25%
FEMALES
employed

- > Competitive and equitable pay and benefits.
- > Third year of the Conifex Core Competencies Program for all leaders.
- > All employees are offered Diversity & Inclusion training.
- > All employees are offered developmental training for career progression.
- > Our people are actively working to make a difference in our communities.

27%
Voluntary turnover
rate in 2022

Safety Performance

Safety is our top value, and we are committed to providing a safe and healthy workplace through the prevention of hazards, illness, and injury. We value and recognize our people as a key driving force in a dynamic and continuously improving business. We instill a culture of safety first, above all else. Working together on a foundation of commitment, enthusiasm, effort and integrating safety into all facets of our operations we will achieve our goal of zero harm.

JOURNEY TO ZERO

Conifex Safety Vision JOURNEY TO ZERO

ZERO Fatalities ZERO Critical Incidents ZERO Injuries ZERO Harm

At Conifex, our safety vision is “Journey to Zero” and our aspiration is zero incidents. We measure this as zero recordable incidents at all our operating sites. Everyone at Conifex has the responsibility to make safe choices, in every task, every time. We take a consistent continuous improvement approach to training our people in safety policies, procedures, regulations, and safe behaviors. This common goal of zero harm is our key focus and our most important priority.

Our company wide safety management system guides our employees and leaders to implement and maintain safe work practices. Our comprehensive safety programs such as the Conifex 5 and the Recover at Work (RAW) program help establish key performance indicators to support our goals.

In 2022, our Total Recordable Incident Rate (TRIR) was 1.7, below the industry average of 2.68. With 460,000 Total Exposure Hours, we had four (4) recordable incidents.

We finished 2022 with a new strategic safety plan consisting of several new initiatives that will be implemented in 2023.

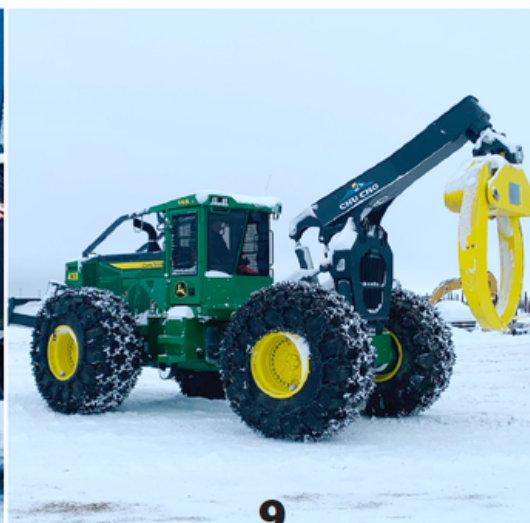
For 2023, we will continue to keep the health and safety of our people as a top value in our “Journey to Zero” harm.

Indigenous Engagement

A collaborative approach with Indigenous Peoples towards sustainable forest management is critical on our path to becoming leaders in responsibly maximizing fibre value.

Our current forestry operations overlap the traditional territories of Kwadacha, McLeod Lake Indian Band, Nak'azdli, Takla Lake, and Tsay Keh Dene First Nations.

We are proud to maintain strong relationships with Indigenous Peoples through regular forest management planning consultations, contracting opportunities, direct employment, various internship and training initiatives and business-to-business arrangements.



 **\$106,700** **Community Donations**

Community Engagement

Conifex is committed to supporting the communities in which it operates. We believe that an essential component of our social and corporate responsibility is to provide charitable support to local organizations, demonstrating a commitment to community growth and betterment. We consider both monetary and in-kind donation requests from local organizations.

We believe in enhancing the community through initiatives that support positive social impact in the areas of economic development, education, and youth. Our community support initiatives are based on alignment with these values.

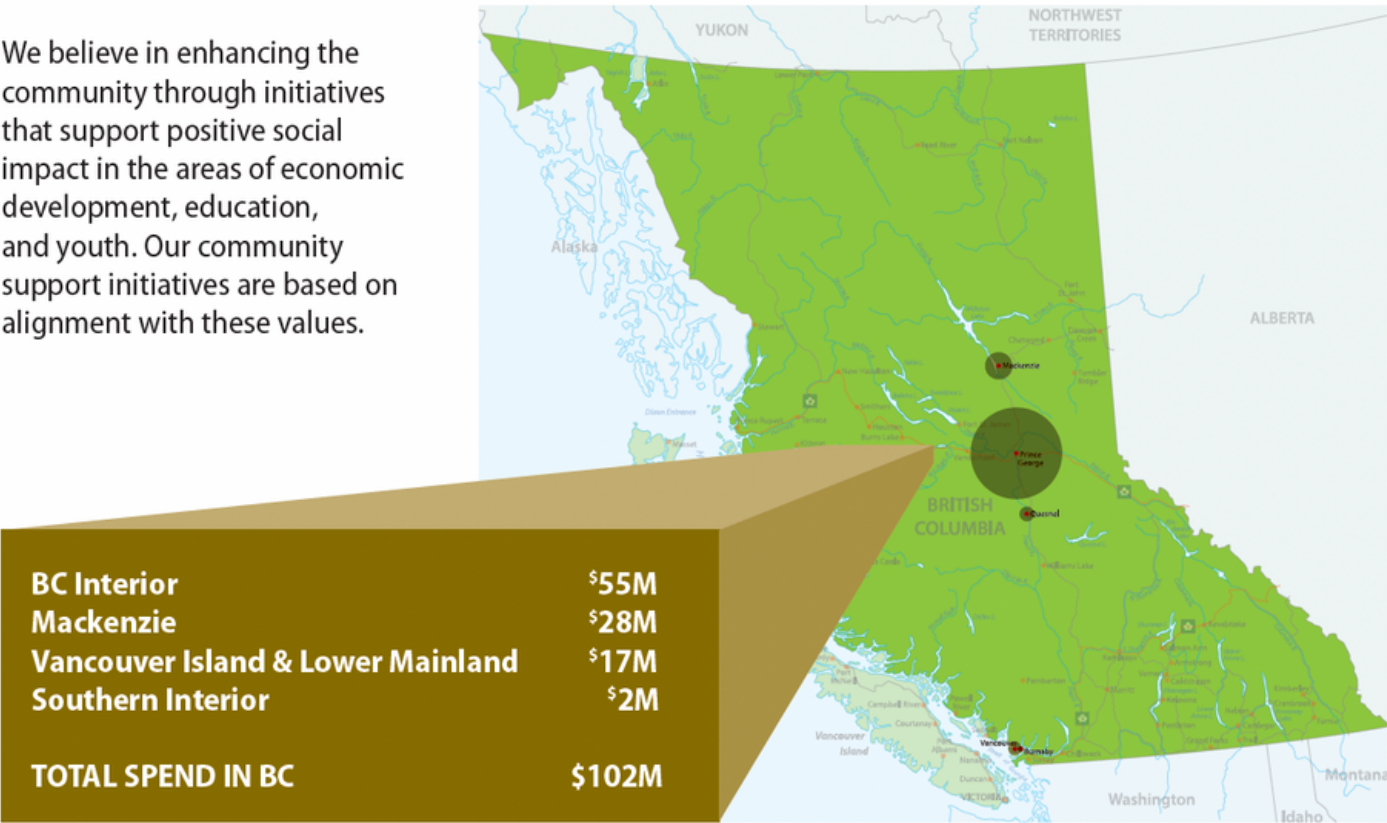
Total number of Indigenous Owned Businesses **10**

\$16.6M **Total Spend with Indigenous Owned Businesses**

Total Number of Suppliers and Businesses **517** 

\$102M **Total spend with Suppliers & Businesses in British Columbia**

Spend by region in BC



Climate and Carbon



- > British Columbia's forests perform a critical role in storing carbon and addressing climate change. Since inception, **Conifex has planted over 45,000 Hectares** which has created a significant carbon sink.

Burning Wood Waste in Boiler vs in the Forest =

17%
Reduction in CO₂e, and
96%
Reduction in Particulate
Matter

Source: Journal of the Air & Waste Management Association



- > Conifex has achieved virtually **100% log utilization** through improving the handling and management of wood fibre that would have traditionally been burned or landfilled. All the woodwaste is used in our biomass power plant.



- > Conifex Power uses residuals and waste products from our forest products business to generate **230 GWh of green energy per year** in British Columbia.

98%
of the energy sourced
by BC Hydro is clean and
renewable.



- > Our **36 MW biomass power plant powers 20,000 BC homes** each year, equivalent to removing more than 13,500 cars from the road.

Forest
Sustainability

Conifex is committed to responsible stewardship of the forests in which we operate. We recognize that environmental excellence, particularly sustainable forest management, is crucial to long-term success.

At Conifex, sustainable forest management means ensuring that the forests of today will be available for everyone to enjoy and benefit from in the future. It also means that customers can be confident Conifex products come from sustainably managed and independently certified forests.



Conifex plants
two trees for each one
harvested

Total trees planted
since inception is

OVER
63M



**100% Certified – lands directly
managed by Conifex are**
**100% SFI Sustainable Forest
Management Certified**

Woodland operations are
100% pesticide &
herbicide free



787,500 Ha

**The Conifex Mackenzie
woodlands operation is
located in the Mackenzie
TSA (Timber Supply Area)
which cover approximately
787,500 hectares of public
forest land**

**Conifex has an Allowable
Annual Cut (AAC) of**

782,500 m³/yr

About our Sustainability Report

The Conifex 2022 Sustainability Report is prepared in accordance with our Environmental, Social, and Governance commitments and responsibilities which are fundamental to how we engage with our community, team members, and Indigenous partners.

For further information on our ESG Reporting, contact:

esg.info@conifex.com





CONIFEX

www.conifex.com