

CONIFEX

NORTH AMERICAS NEXT GENERATION FOREST PRODUCTS COMPANY

2023 Sustainability Report



CONIFEX

CONIFEX
NORTH AMERICAS NEXT
GENERATION FOREST
PRODUCTS COMPANY

2023 Sustainability Report

Table of Contents

Message from President and
COO Andrew McLellan3

Conifex – Our Business.....4

Conifex Environmental, Social
and Governance Commitments.....5

Sustainability Facts.....6

2023 Workforce7

2023 Safety Performance8

Indigenous Engagement.....9

Community Engagement.....10

Climate and Carbon11

Forest Sustainability.....12

About our Sustainability Report...13



CONIFEX

OUR VISION – TO BUILD A NORTH
AMERICAN PREMIER NEXT
GENERATION FOREST COMPANY.

OUR STRATEGY

Leverage our Canadian assets and strong timber
base; grow for increase 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 stakeholders is essential and we are
committed to deliver value to all of them, for the
future success of our company.



ENVIRONMENTAL



SOCIAL



GOVERNANCE

Message from President and COO Andrew McLellan



We're excited to share our 2023 Sustainability Report, highlighting our commitment to addressing climate change, conserving biodiversity, fostering community development, and promoting reconciliation with Indigenous Peoples.

Since our inception in 2008, Conifex has aimed to be North America's premier next-generation forest products company, leading the way in maximizing fiber value. Over the past 16 years, our dedicated employees and stakeholders have collaborated to advance this mission while fulfilling our responsibilities to both people and the environment. Our achievements in Mackenzie, BC, demonstrate that we can deliver economic prosperity while meeting the growing ESG expectations of our stakeholders.

Sustainability has been at the heart of our operations from day one. We've made significant strides to ensure that our forests are managed sustainably and independently certified as sustainably managed for future generations. We also focus on reducing the environmental footprint of our manufacturing and clean power generation facilities. Recognizing the critical need for conservation, we prioritize the establishment of protected areas, biological refuges, as well as the maintenance of associated wildlife habitats. Our annual harvesting plans are designed to maintain future harvest levels that sustain the forest's productivity indefinitely.

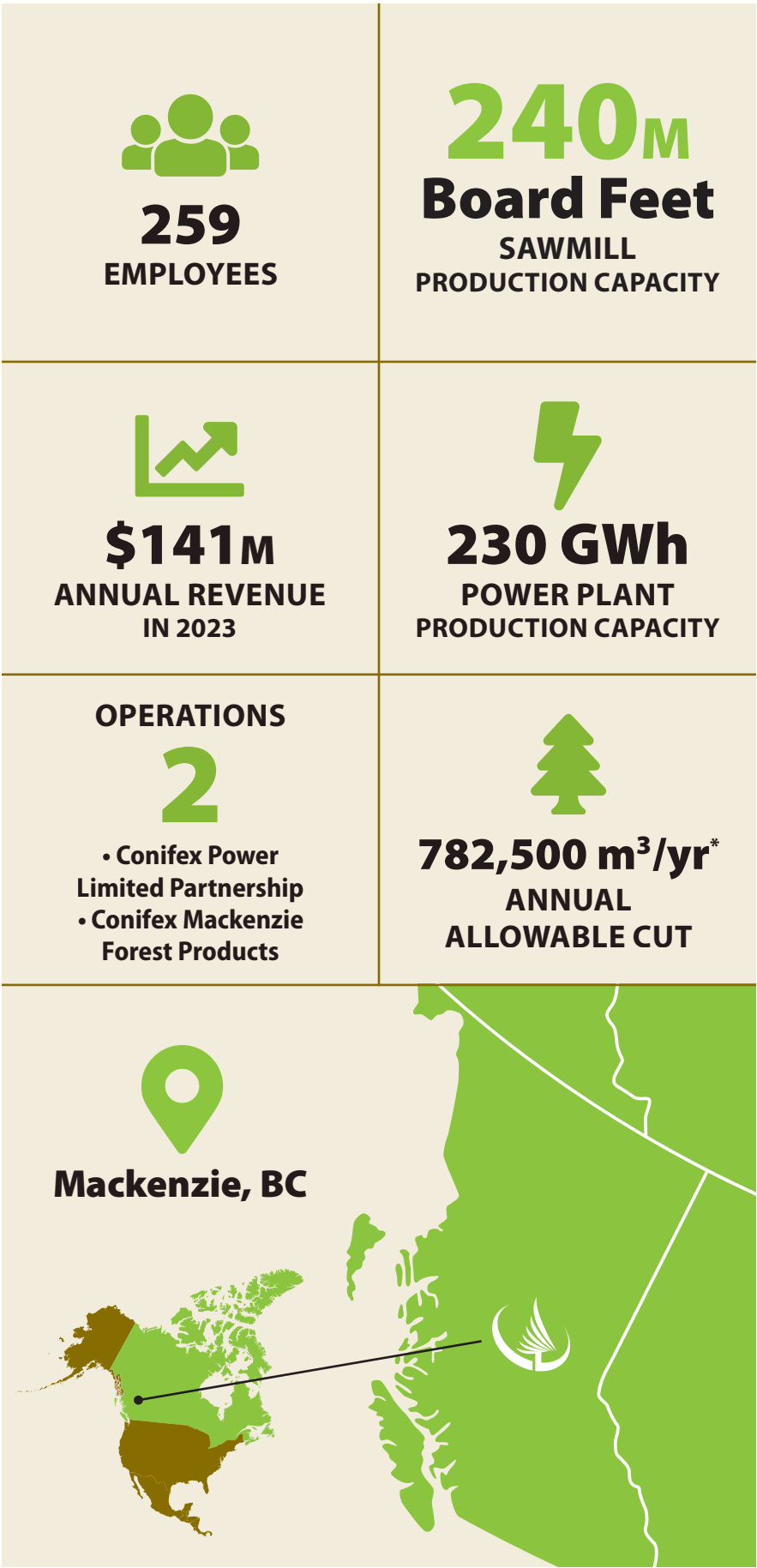
We take pride in our industry-leading safety practices on our "Journey to Zero," and we're pleased with our sustainability achievements. This report not only highlights our successes in sustainability and safety but also showcases the strong relationships we've built with the Mackenzie community and Indigenous Peoples in the areas where we operate.

We look forward to sharing more about our progress in future reports.

Andrew McLellan
President and COO, Conifex

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.



**On August 13, 2024 Conifex’s Annual Allowable Cut (AAC) was reduced to 637,540 m³/yr to align with the Chief Foresters May 4, 2023 AAC determined for the Mackenzie TSA.*

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 First Nations 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 practises 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 **47,300 Ha** creating a significant carbon sink

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

2023
HIGHLIGHTS

Total trees planted since inception is

OVER 66M

230 GWh of green energy generated per year

36 MW biomass power plant

FUELS 20,000 BC homes each year

98%

of energy sourced by BC Hydro is clean and renewable

1.8 TRIR
(Total Recordable Incident Rate)

\$91,000 in First Nations & Community Donations

\$4.8M Total Spend with Indigenous Owned Businesses

19% Voluntary turnover

27% Women in leadership roles

Total Number of Suppliers and Businesses **254**

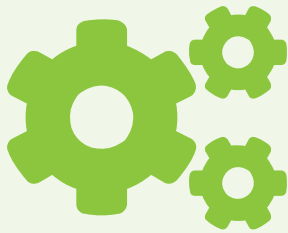
\$60M Total Spend with Suppliers & Businesses

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

We provide **Conifex Core Competencies Program** for all leaders

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

2023 Workforce



2 facilities



259
employees

27%
Women in
LEADERSHIP
roles



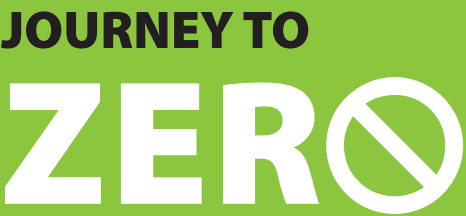
25%
WOMEN
employed

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

19%
Voluntary
turnover
in 2023

2023 Safety Performance

Safety is our top priority, and we are committed to providing a safe and healthy workplace through the prevention of hazards, illness, and injury. We value and recognize people as a key driving force in a dynamic and continuously improving business who 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.



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 injuries 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 policy, 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 2023, our TRIR (total recordable incident rate) was 1.8 (below industry average of 2.54). We had four (4) recordable injuries.

In early 2023 we began the implementation of a strategic plan that will continue to be implemented into 2024.

For 2024, 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 McLeod Lake Indian Band, Tsay Keh Dene, Kwadacha, Nak'azdli and Takla Lake 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.



 **\$91,000** **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.

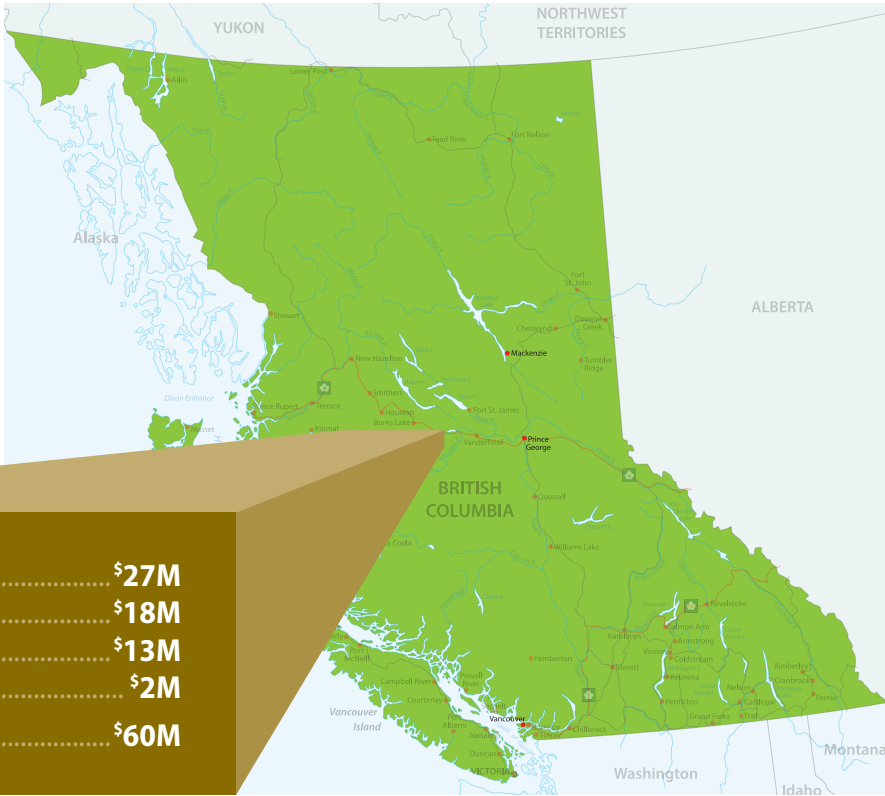
Total number of Indigenous Owned Businesses **11**

\$4.8M **Total Spend with Indigenous Owned Businesses**

Total Number of Suppliers and Businesses **254** 

\$60M **Total Spend with Suppliers & Businesses**

Spend in British Columbia



Climate and Carbon



- > British Columbia's forests perform a critical role in storing carbon and addressing climate change. Since inception, **Conifex has planted over 47,300 hectares** which has created a significant carbon sink.

Burning Wood Waste in Boiler vs in the Forest =

17%

Reduction in CO₂e, and



- > 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 wood waste is used in our biomass power plant.

96%

Reduction in Particulate Matter



Source: Journal of the Air & Waste Management Association

- > 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 fuels 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 certified forests.

**On August 13, 2024 Conifex's Annual Allowable Cut (AAC) was reduced to 637,540 m³/yr to align with the Chief Foresters May 4, 2023 AAC determined for the Mackenzie TSA.*



**Conifex plants
two trees for each one
harvested**

**Total trees planted
since inception is**

**OVER
66M**



**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 Annual
Allowable Cut (AAC) of**

782,500 m³/yr*

About our Sustainability Report

Conifex 2023 sustainability report is prepared in accordance with our social, environmental and governance commitments and responsibilities which are fundamental to how we engage with our community, stakeholder and Indigenous partners.

For further information on our ESG Reporting – Contact:
esg.info@conifex.com





CONIFEX

www.conifex.com