

CONIFEX

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

2025 Sustainability Report



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Table of Contents

Message from President and
COO Andrew McLellan3

Conifex – Our Business.....4

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

Sustainability Facts.....6

2025 Workforce7

2025 Safety Performance8

Indigenous Engagement.....9

Community Engagement.....10

Climate and Carbon11

Forest Sustainability.....12

About our Sustainability Report...13



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

OUR STRATEGY

Leverage our Canadian assets and strong timber
base; grow to 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 delivering value to all of them, for the
future success of our company.



ENVIRONMENTAL



SOCIAL



GOVERNANCE



Message from President and COO

Strength under load is one important measure of value for the SPF lumber Conifex produces. In our power generation

business, the equivalent measure is reliability under pressure. In 2025, unjustified duties and tariffs combined with market softness reduced operating hours across our lumber and power businesses. 2025 was a year that put our company, our people, our processes, and our performance to the test. The same value we engineer into our lumber products and our energy production — strength under load, reliability under pressure — are the values that kept us focused on what matters most: safe, compliant, and responsible operations through a difficult market.

Against this backdrop, I am pleased to share our 2025 Sustainability Report. While conditions were demanding, our people, systems, and certifications remained strong, and we advanced in other important areas.

Safety remains our highest priority and was an area of mixed results this year. Our total recordable incident rate was 3.14, above both our 2024 performance and the industry average of 2.96. The result reflects reduced operating hours during periods of curtailment more than a change in underlying culture or controls. Importantly, the absolute number of recordable incidents in the fourth quarter of 2025 declined year over year, and independent safety audits at our Conifex Power and Woodlands operations returned strong results, with auditors specifically noting worker awareness of critical hazards, active leadership engagement on incidents and corrective actions, and disciplined frontline practices. The signal is encouraging and the focus on improvement continues.

Our Journey to Zero is a long-term commitment, and in 2025 we used the year to strengthen the foundations beneath it. We updated priority procedures, advanced training in incident investigation and hazard assessment, and

maintained focus on combustible dust controls in our manufacturing operations. Our commitment for 2026 is concrete: improve our systems and processes, and achieve successful safety certification across our Power, Woodlands, and Manufacturing operations.

Environmental performance was a source of confidence in 2025. We met all regulatory compliance obligations at our Power, Manufacturing, and Fibre operations, with no compliance exceptions reported through the year. We obtained EPA Method 9 visible emissions certification in October, advanced Phase 1 environmental site assessments, and continued the closure-planning and groundwater monitoring work that supports the long-term stewardship of our sites. Our biomass power facility continued to generate renewable electricity — and has the capacity to produce 230 GWh or enough to power roughly 20,000 BC homes — from residuals that would otherwise have been burned or landfilled. One hundred percent of our harvesting operations remain independently certified to recognized forest stewardship standards.

Our work with the First Nations whose traditional territories overlap our operations — and with the communities of Mackenzie — continued in 2025 through forest management planning, contracting, direct employment, training and internship initiatives, and business-to-business partnerships. Meaningful relationships are built over years, and we remain committed to investing in them with the patience and respect they require.

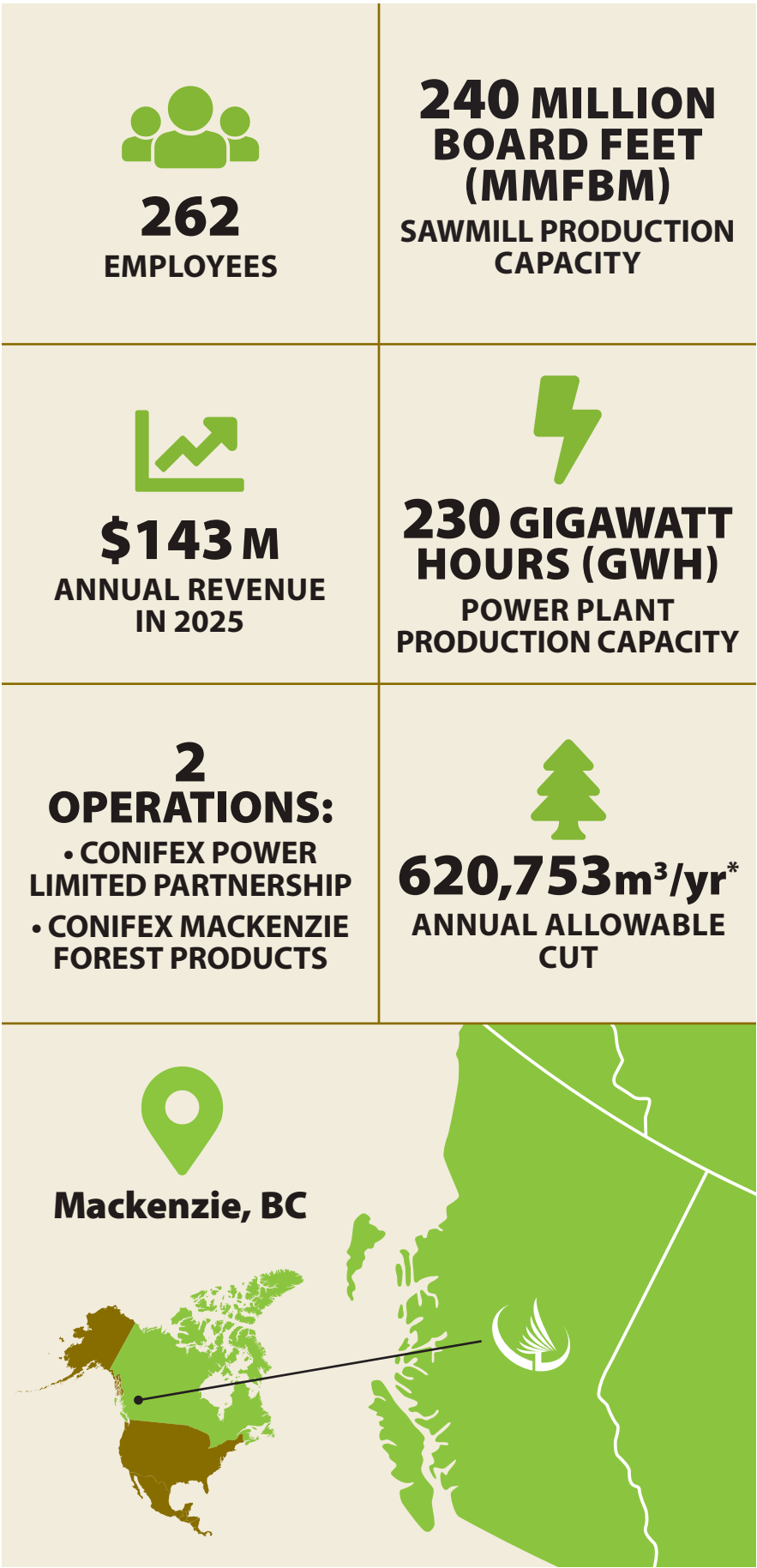
To our employees and contractors who navigated a demanding year with skill and care, to the First Nations and communities who share the landscapes where we operate, and to the lenders, shareholders, and partners who continue to support our path — thank you. We have real work ahead in 2026, and we look forward to reporting on it next year.

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.

**Effective July 9, 2025, Conifex’s Annual Allowable Cut (AAC) was reduced by approximately 2.6% in connection with the establishment of the Klinse-za/Twin Sisters Provincial Park. This brought Conifex’s AAC to 620,753 m³ per year, reflecting alignment with provincial conservation initiatives and sustainable forest management objectives.*



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 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% SFI Certified



Planted over
47,300 Ha
creating a significant
carbon sink



Conifex harvests
less than 1% of our
forests per year



2025

OVER
68M

Total trees planted
since our inception

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

3.14 TRIR
(Total Recordable Incident Rate)

\$48,501
in First Nations &
Community Donations



\$3.07 MILLION TOTAL SPEND
with Indigenous
Owned Businesses

23% Voluntary
turnover

29%
Women in
leadership roles



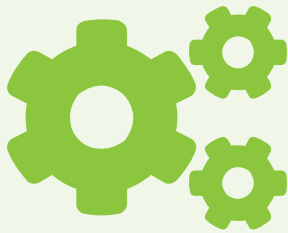
Total Number of
Suppliers and
Businesses

496

\$84,518,315
Total Spend with Suppliers & Businesses

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

2025 Workforce



2 facilities



262
employees

29%
Women in
LEADERSHIP
roles



24%
WOMEN
employed

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

23%
Voluntary
turnover
in 2025

2025 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.

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 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 2025, our TRIR (total recordable incident rate) was 3.14 (above industry average of 2.96). We had five (5) recordable injuries. Higher rates were primarily due to reduced operating hours during curtailment periods, rather than changes in safety practices or culture.

In early 2023 we began the implementation of a strategic plan that continued to be implemented throughout 2025.

In 2025, our Journey to Zero sharpened its focus by tightening procedures, boosting capability, and reinforcing controls, setting a clear 2026 target of stronger systems and full safety certification across all operations.

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.

**As indicated from BC
Ministry of Forests
Staff on March 3, 2026,
our current forestry
operations overlap with
the traditional territories
of Binche Whut'en, Doig
River, Halfway River,
Kwadacha, Liard, McLeod
Lake, Nak'azdli Whut'en,
Takla, Tsay Keh Dene,
West Moberly**

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.



 **\$48,501** **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.

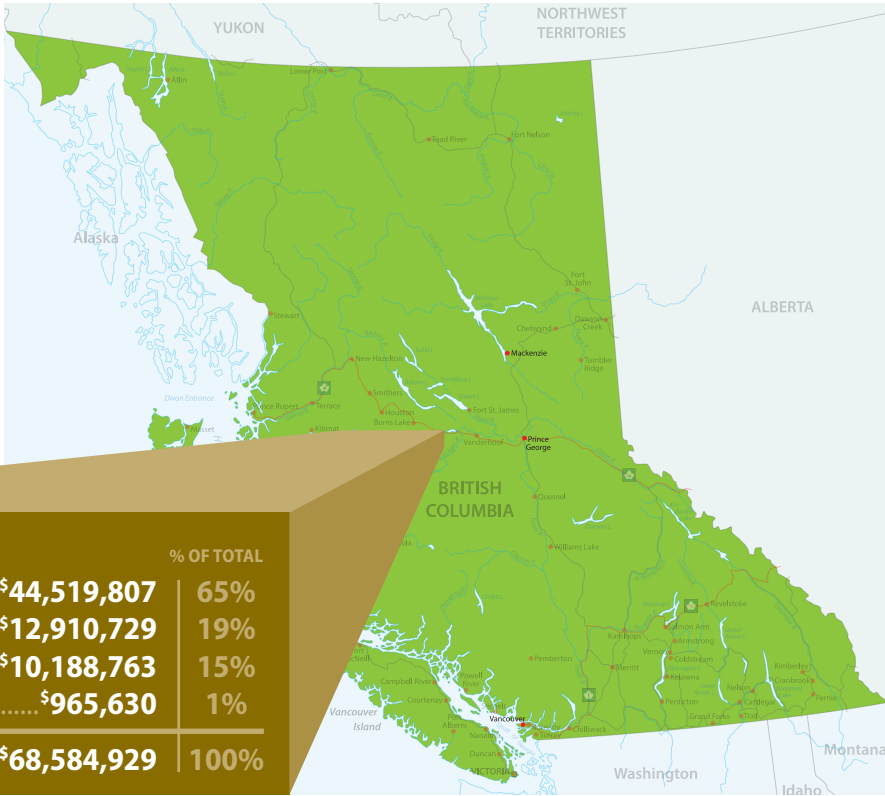
Total number of Indigenous Owned Businesses **9**

\$3.07M **Total Spend with Indigenous Owned Businesses**

Total Number of Suppliers and Businesses **496** 

\$84.5M **Total Spend with Suppliers & Businesses**

Spend in British Columbia



SPEND IN:		% OF TOTAL
BC Interior	\$44,519,807	65%
Mackenzie	\$12,910,729	19%
Vancouver Isl./Lower Mainland	\$10,188,763	15%
Southern Interior	\$965,630	1%
TOTAL SPEND IN BC	\$68,584,929	100%

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 **~100% log utilization** through improving the handling and management of wood fibre that would have traditionally been burned or landfilled. Virtually 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.

Conifex's Annual Allowable Cut has been adjusted over time in response to provincial policy decisions and conservation initiatives, including the establishment of protected areas in 2025. These changes reflect responsible forest stewardship and alignment with long-term sustainable management objectives.

**Effective July 9, 2025, Conifex's Annual Allowable Cut (AAC) was reduced by approximately 2.6% in connection with the establishment of the Klinse-za/Twin Sisters Provincial Park. This brought Conifex's AAC to 620,753 m³ per year, reflecting alignment with provincial conservation initiatives and sustainable forest management objectives.*



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

**Total trees planted
since inception is**

**OVER
68M**



**Lands directly managed by
Conifex are 100% SFI Certified**

**Woodland operations are
100% pesticide &
herbicide free**



6,410,655 Ha

**The Conifex Mackenzie
woodlands operation is
located in the Mackenzie
TSA (Timber Supply Area)
which covers approximately
6,410,655 hectares of
public forest land**

**Conifex has an Annual
Allowable Cut (AAC) of
620,753 m³/yr***

About our Sustainability Report

Conifex 2025 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, stakeholders and Indigenous partners.

Conifex conducts business ethically across its supply chain, including reporting under Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

For further information on our Sustainability Report – Contact:
info@conifex.com or **investorrelations@conifex.com**





CONIFEX

www.conifex.com