

2021

# SUSTAINABILITY REPORT

Building value through sound environmental,  
social and governance practices

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*We are proud to be a company that provides sustainable and environmentally friendly forest products to our customers around the world, and we continually look for ways to improve the efficiency of our operations and our work in sustainable forestry.*

IAN FILLINGER  
President and CEO



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Explore the work Interfor is doing to create a safer, more sustainable and equitable future for all.

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**Message from the President and CEO**

This is Interfor’s 5<sup>th</sup> annual Sustainability Report and this year it includes a number of new targets we have set across our business, as well as the metrics we are using to measure them. These targets represent our ongoing commitment to take strong action to enhance our company’s sustainability performance.

Our new targets, and the alignment of our efforts with the United Nations Sustainable Development Goals, are part of our ambition to make Environmental, Social, and Governance (ESG) factors even more integrated into our company’s strategy. From the composition and oversight of our Board of Directors, to the long-term strategic decision-making of our executive team, to the vital day-to-day work of our sawmill operations and woodlands teams, we have embarked on a plan that will integrate ESG considerations more fully into every aspect of our business.

As a company that relies on forests, sustainability has always been a key part of our story – and as you will see in the following pages we have made great progress and have much to be proud of in this regard. But just as we have ambitious plans to grow our business and enhance value for shareholders, looking ahead we intend to elevate our ambitions around ESG, setting higher standards for ourselves and holding ourselves to account for achieving them.

Over the past year we have transformed Interfor into one of the world’s largest and fastest growing forest product companies, and we intend to ensure our ESG performance is as significant as our continued growth objectives.

This will be an effort that involves each one of our over 4,800 team members, in all the regions where we operate. We are energized by the value that enhanced ESG performance will bring to our company and our many stakeholders, and look forward to building on the progress highlighted throughout this year’s Sustainability Report.

Thank you for reading.

A handwritten signature in blue ink, appearing to read "Ian Fillinger".

Ian Fillinger  
President and Chief Executive Officer  
April 22, 2022

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> **CHIEF FORESTER  
MESSAGE**

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**Message from Interfor’s Chief Forester**

At Interfor we take pride in our culture of continuous improvement as we strive for excellence, and it is in this spirit that we present our 2021 Sustainability Report. Our efforts to build a sustainable future are focused on the sustainability goals that are most important to our business and our stakeholders - from worker safety, diversity and inclusion, community support and reducing emissions, to responsible forest management, and collaborative relationships with Indigenous peoples. This year’s report highlights the progress we have made on these fronts, the actions we are taking and the groundwork we are laying now to advance our performance in the future.

As part of laying that groundwork, this year we enhanced our commitment to sustainable sawmill and forestry operations with targets related to site improvements and certification. We also strengthened our commitment to ensuring Interfor’s workforce better reflects the communities where we operate. We set targets for increasing the percentage of women and people from under-represented groups in our hourly skilled and trades positions, in our development programs and at the supervisor and superintendent job levels.

True to our nature of continuous improvement, we know our work is not done. In this year’s report you will also find information about the work we are continuing to do to set meaningful climate targets, improve our baseline data and further elevate sustainability throughout our operations.

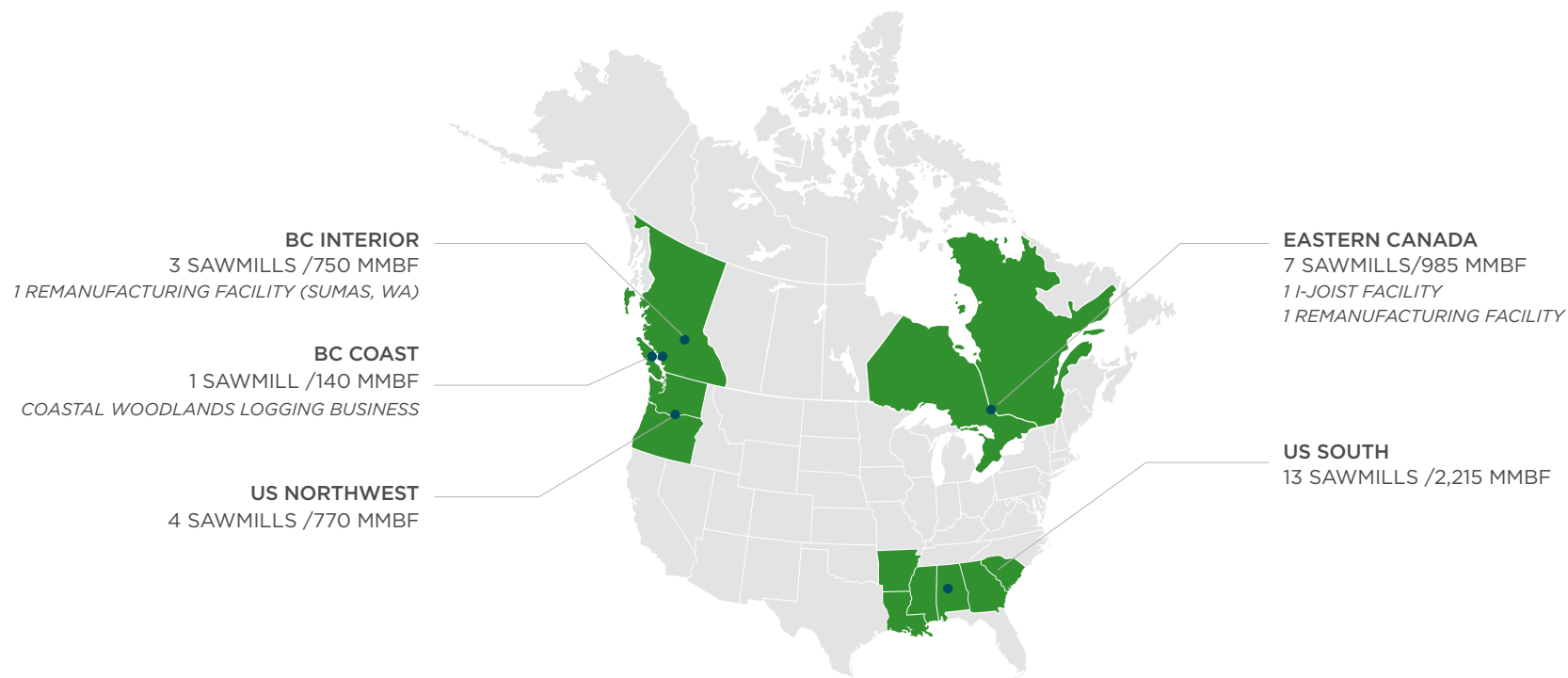
I joined this industry because it was an opportunity to meaningfully contribute to managing a renewable natural resource, and I am excited to lead our team’s work to further elevate sustainability as a priority for Interfor. Our 2021 Sustainability Report is a step in the more extensive transformation we are undertaking as a company. That transformation involves tactical steps towards actions like emissions reduction and enhanced forest sustainability, but it is also about our values and purpose as a company. We believe our sustainable wood products are the right choice for the planet and our collective efforts will build value for our employees, communities, customers, investors and the environment.

A handwritten signature in black ink, appearing to read "Stuart Card".

Stuart Card  
Chief Forester  
April 22, 2022



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**Interfor is one of the world's largest lumber producers, with well-positioned facilities across North America.**

Over the past 12 months, we transformed our company through three acquisitions, adding 12 sawmills with approximately 1.9 billion board feet of annual lumber production capacity, an I-joist facility and a remanufacturing facility. Through this growth, we welcomed 1,700 new employees and diversified our operations into Eastern Canada and the states of Alabama, Mississippi and Louisiana. We also acquired the rights to 3.6 million cubic meters

per year of sustainably managed and third-party certified fiber supply in Eastern Canada. Interfor's total annual lumber production capacity has increased to approximately 4.9 billion board feet, with these acquisitions.

We have earned a reputation as a supplier of high-quality lumber, offering a diverse line of products in markets around the world. We have a history of investing in our people and operations—between 2010 and 2021, we invested more than \$2 billion to upgrade our facilities and grow our annual production capacity.

Our success is driven by our vision to be the most profitable, valuable and respected forest products company in the world. We know that to achieve this we must provide our customers with quality products and service. We must invest in people and provide safe, stable and good-paying jobs that support local economies. Finally, we must conduct ourselves and our business with honesty and integrity and be committed to continuous improvement from the forests to the mills.

Building value sustainably is an ongoing effort that requires day-to-day decisions and actions

that enhance the value of the products we produce, strengthen the relationships we build, and protect the environments in which we operate.

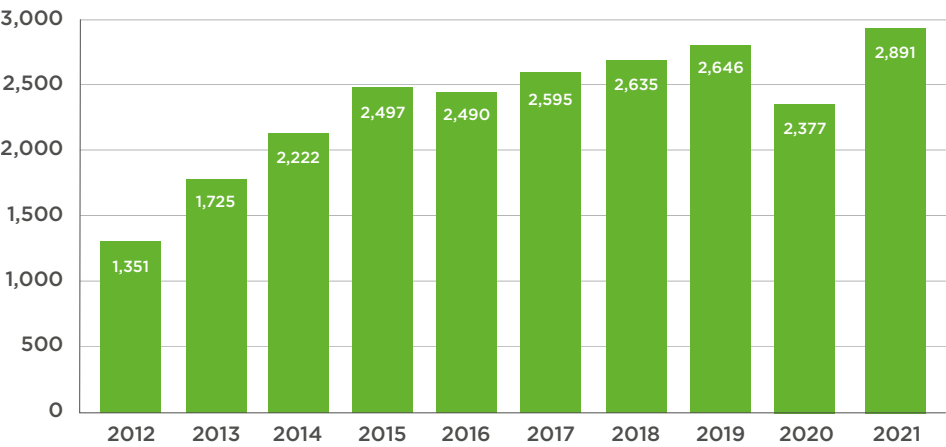
Note: This page includes the total number of sawmills that Interfor operates by region and total production capacity as of March 1, 2022. Unless otherwise specified, all other metrics throughout this report relate to 2021 and therefore include the operations that Interfor acquired in 2021, from their date of acquisition, but exclude Eastern Canada. For more details, please see the **References and Methodology** section at the end of this report.



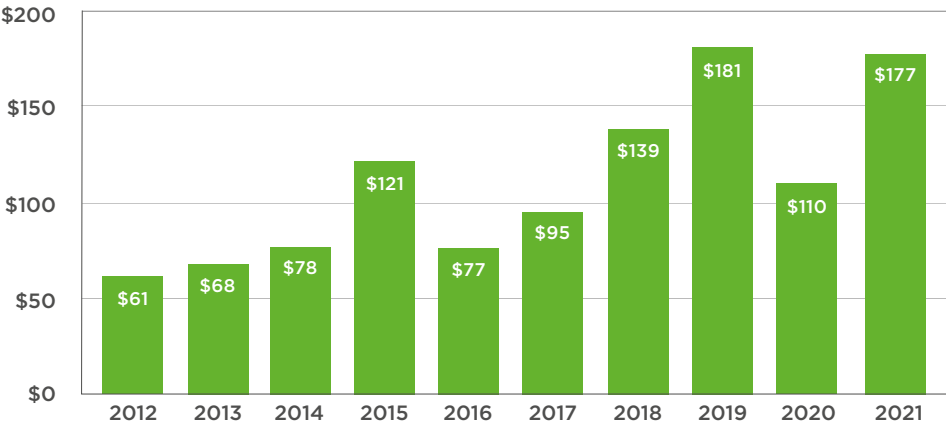
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Our commitment to sustainable growth has been the foundation of our success, and to a broader extent, the success of our partners and the communities we serve.

Lumber Production Volumes (MMbf)



Capital Investments in Existing Facilities (\$mm)





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## Sustainability Targets

In 2021, we turned our focus to setting targets to drive our sustainability performance. We are pleased to share the following targets that we have set across the sustainability topics most relevant to our business and our stakeholders. We also recognize that sustainability is a journey, and we have more work to do. In 2022 we are working to improve our baseline data and set meaningful climate targets. More information and context regarding these targets can be found throughout the report.

TOPIC	TARGETS
<div>SAFETY</div> <div></div>	<p><b>OUR GOAL IS TO NEVER HURT ANYONE, SO OUR MEDICAL INCIDENT RATE (MIR) AND LOST TIME FREQUENCY RATE (LTFR) TARGETS ARE BOTH ZERO.</b></p> <ul style="list-style-type: none"><li>We have adopted an interim target to reduce our MIR by 3% every year as we grow (based on a three-year rolling average).</li></ul>
<div>PEOPLE</div> <div></div>	<p><b>WE HAVE SET THE FOLLOWING TARGETS TO SUPPORT DIVERSITY, INCLUSION AND EMPLOYEE DEVELOPMENT:</b></p> <ul style="list-style-type: none"><li>30% of our hourly trades/skilled workforce will be from an under-represented group by the end of 2025.</li><li>15% of our hourly workforce will be women by the end of 2025.</li><li>15% of our supervisors &amp; superintendents will be women by the end of 2025.</li><li>We have a strong culture of promoting from within and a target to fill 70% of openings through internal promotions.</li></ul>
<div>CLIMATE</div> <div></div>	<p><b>WE ARE COMMITTED TO SETTING A MEANINGFUL, COMPANY-WIDE GREENHOUSE GAS (GHG) REDUCTION TARGET.</b></p> <ul style="list-style-type: none"><li>In 2021, we engaged third-party decarbonization experts to review our existing GHG emissions inventory and target-setting options. We also completed or announced the acquisition of 14 new facilities in 2021. We are now working to understand our new baseline and incorporate our recently acquired operations into our GHG target-setting efforts. We expect to release a target, including an approach to how we adjust for future acquisitions, within the next year.</li></ul>
<div>FORESTS</div> <div></div>	<p><b>WE HAVE SET THE FOLLOWING TARGETS TO MAINTAIN, EXPAND AND SUPPORT SUSTAINABLE FOREST MANAGEMENT IN OUR OWN OPERATIONS AND IN OUR SUPPLY CHAIN:</b></p> <ul style="list-style-type: none"><li>Maintain third-party internationally recognized sustainable forest management certification on 100% of our forest management operations.</li><li>Expand our internationally recognized chain-of-custody certification, which currently covers our BC and US South manufacturing and sales operations, to cover 100% of our manufacturing and sales operations by the end of 2022.</li><li>Expand our third-party SFI fiber sourcing certification, which currently covers our BC and US South log sourcing operations, to cover 100% of our log sourcing by the end of 2022.</li></ul>
<div>ENVIRONMENT</div> <div></div>	<p><b>WE HAVE SET THE FOLLOWING TARGETS TO HELP DRIVE OUR ENVIRONMENTAL PERFORMANCE:</b></p> <ul style="list-style-type: none"><li>Install water withdrawal meters at 100% of our sites by the end of 2023.</li><li>Finalize a Vendor Code of Conduct and communicate it to all vendors and suppliers in 2022.</li><li>Complete 100% of all annual compliance tasks (including legal and internal compliance requirements).</li></ul>
<div>INDIGENOUS</div> <div></div>	<p><b>WE HAVE SET THE FOLLOWING TARGET TO IMPROVE INDIGENOUS CULTURAL AWARENESS IN OUR ORGANIZATION.</b></p> <ul style="list-style-type: none"><li>100% of Canadian salaried employees to complete Indigenous cultural awareness training by the end of 2022.</li></ul>



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Supporting the United Nations Sustainable Development Goals (SDGs)

**SUSTAINABLE DEVELOPMENT GOALS**

As one of the world's largest wood products companies with operations across North America and customers around the globe, we can make a significant contribution to sustainable development. Our holistic approach to sustainable development, including how we support and contribute to each of the 17 SDGs, can be found in Appendix I. Here we highlight the Sustainable Development Goals that are most relevant to our business:



**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

We employ approximately 4,800\* people and have demonstrated our ability to grow and build value sustainably for our **employees**, our **shareholders** and our **communities**. Our partnerships and agreements with Indigenous Nations support **economic growth** and **employment** in their communities.



**Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**

Since 2010, we have spent, on average, more than \$100 million each year upgrading facilities and systems to employ the latest technology, improving our **operational efficiency**, lumber recovery, and **environmental and safety performance**. We also invest in and deploy **new technology in our woodlands** operations, leading to improved forest management and logging practices.



**Ensure sustainable consumption and production patterns**

We are committed to **responsible log sourcing** and **sustainable harvest levels** to ensure environmental, economic and social opportunities for current and future generations. We **optimize material use** in our manufacturing process, by using or selling wood residuals for renewable energy or upcycling into other products. We continue to increase the level of disclosure provided in our annual sustainability reporting, including metrics and targets.



**Take urgent action to combat climate change and its impacts**

We increase carbon capture and extend carbon storage through **sustainable forest management**. We **store four times more carbon than we produce** in long-lived wood products and we supply **climate-friendly building products** to our customers. We have replaced fossil fuels with **renewable biomass energy** in many of our kilns and we have participated in wildfire fuel reduction projects to **reduce climate-related wildfire risks and improve forest resiliency**. We are committed to setting and achieving a meaningful greenhouse gas reduction target that we expect to release within the next year.



**Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**

**100% of the forested land managed by Interfor is certified** to the internationally recognized third-party Sustainable Forestry Initiative® (SFI) standard. We conduct prompt **reforestation** with a mix of tree species that are native and ecologically suited to each site. We contribute to the conservation of biodiversity through the **identification and establishment of ecological reserves**, and we support **management and recovery initiatives for species at risk**.

\* Based on employees as of March 1, 2022 and includes the EACOM acquisition.

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Our high-quality, sustainable products are backed by our strong environmental, social, and governance practices.



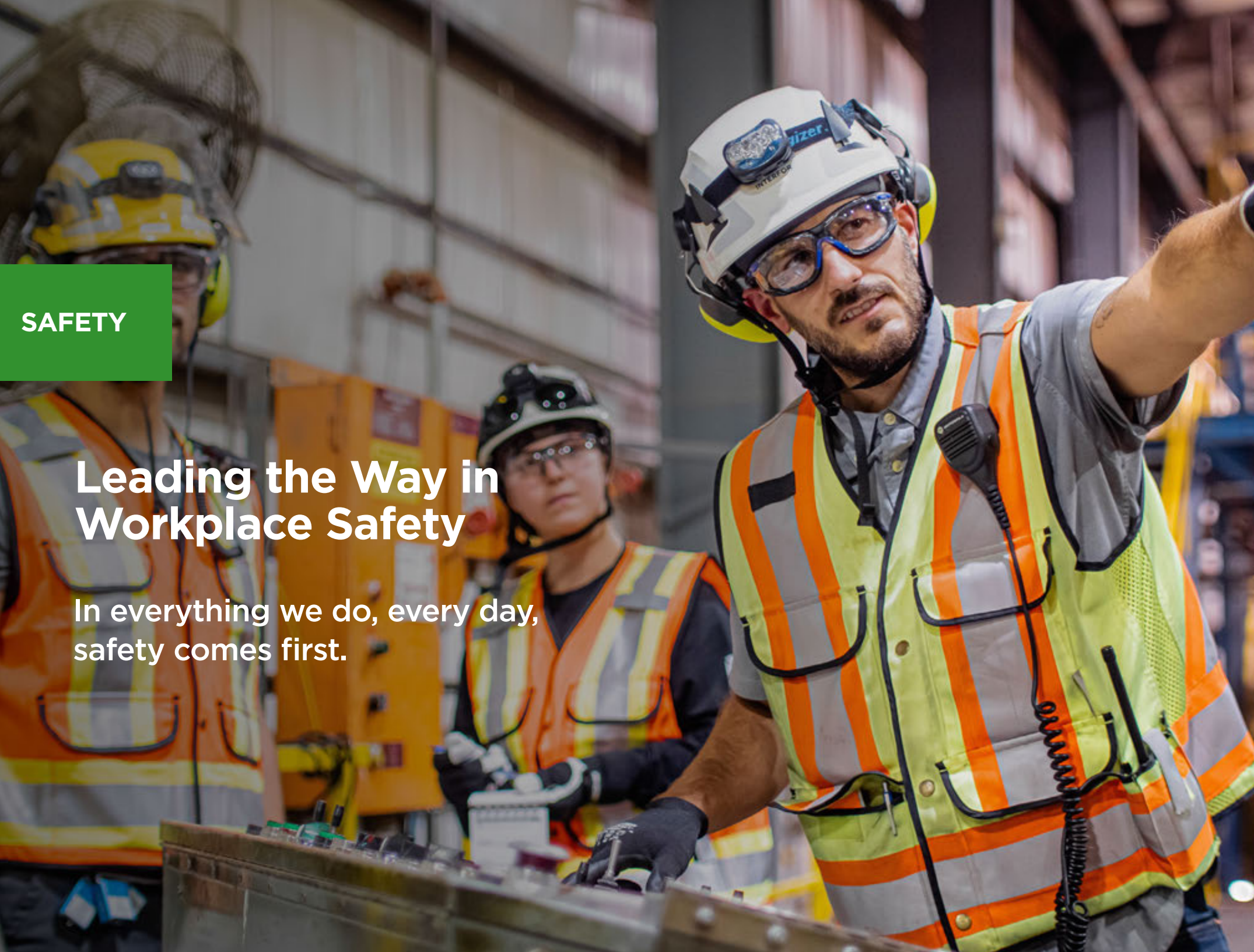


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**SAFETY**

# Leading the Way in Workplace Safety

In everything we do, every day, safety comes first.



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**Our commitment to safety can be felt during a visit to any of our operations – it is the touchstone of our culture.**

Our safety performance indicates that we are making progress, with an incident rate below industry average and a decline in the average severity of incidents. We remain keenly focused on the work we can do every day to reach our zero-injury target.

Providing a safe work environment is a fundamental obligation of the Company and each employee has a responsibility to ensure that they, and their colleagues, follow safe and approved work practices. Safety is a shared responsibility. Managers and supervisors are accountable for providing a safe work environment, implementing training and enforcing safe work practices.

**Safety Compliance and Certifications**

We are subject to US and Canadian occupational safety laws and all our operations are periodically audited by independent or regulated health and safety authorities to verify compliance with safety regulations and standards. We also self-audit our operations to measure and improve performance.

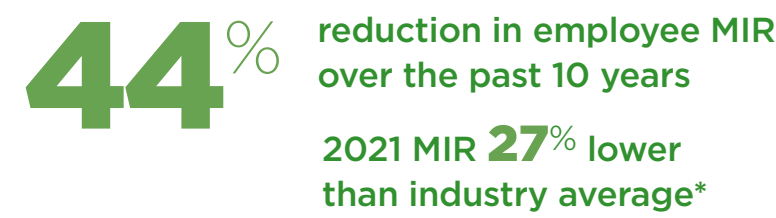
Interfor’s safety performance benefits from external safety certifications and memberships based on third-party auditing, verification and annual reporting, including:

- We have been awarded membership in the Washington State START (Safety Through Achieving Recognition Together) Program for excellence in workplace safety and health.
- Our Canadian woodlands, including our major contractors, are certified by the BC Forest Safety Council’s SAFE Companies Program.
- We have achieved BC Forest Safety Council MAG-SAFE Certification or BASE recognition in our Canadian manufacturing facilities.
- Through our membership in the Western Wood Products Association, we share safety statistics for benchmarking.

**Safety Policies, Programs and Oversight**

Health and safety is built into everything we do as a company. We have a formal **Health and Safety Policy** and every operation has documented procedures for safe work, hazard identification and risk assessment as well as regular health and safety training programs and initiatives.

Our 15 comprehensive foundational safety programs cover everything from personal protective equipment to confined space awareness. We assign mentors and peers to guide new employees through their new hire onboarding process. We track progressive learning and training, and make sure employees demonstrate



their safety comprehension through a verification process by completing annual refreshers and certifications.

Our Drug and Alcohol Policy has zero tolerance for on-the-job drug or alcohol use by employees. Our drug and alcohol program includes accommodation and support for employees struggling with substance abuse.

Each of our operations has a safety committee made up of supervisors and hourly employees who complete site inspections and meet regularly to share information and best practices.

We set targets for leading indicators to prevent incidents and injuries, and identify trends by tracking and analyzing leading and lagging indicators. Quarterly reports are provided to the Environment and Safety Committee of our Board, which has direct oversight over health and safety matters.

We encourage employees to report their safety concerns and we protect

them from retaliation. We provide a confidential whistleblower hotline as an additional resource for our employees to report any safety concerns.

Our Safety Playbook prescribes the aspects of our safety program that employees and contractors are accountable for, including:

-  understanding safe work practices
-  reporting unsafe acts and conditions
-  refusing unsafe work
-  being fit for work
-  safely following both standard operating and emergency preparedness procedures

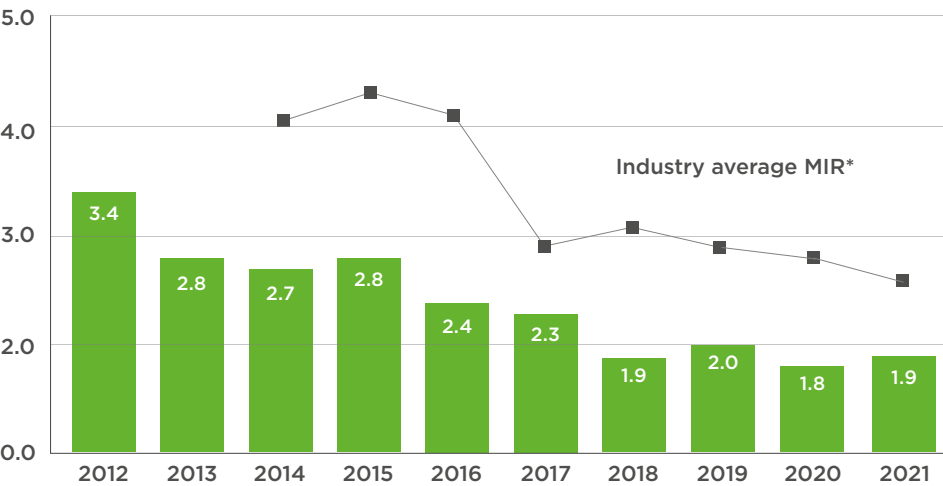
\*See **References and Methodology** at the end of this report for details.



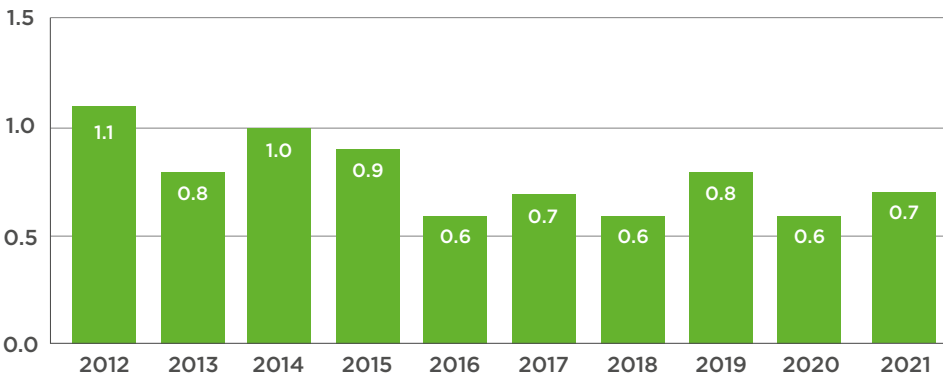
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Targets and Performance

Our goal is to never hurt anyone, so our MIR and LTFR targets are both zero. We track both rates, and the severity of incidents within each, and the downward trend over the last decade indicates progress toward our goal.



\* The industry average MIR is from the British Columbia Manufacturing Advisory Group (BC MAG) for solid wood producers. We work with several different organizations across our operations to track and benchmark safety performance with our peers. The BC MAG has the lowest MIR.



Lost time incidents include any in which an employee loses one or more days from work due to an occupational injury or illness. The increase in total incidents starting in 2014 reflects the fact that we increased our number of operations and exposure hours through acquiring sawmills and investing in increased capacity (from 2.5M exposure hours in 2011 to 5.9M hours in 2015 and 6.4M hours in 2021).



In 2021, we adopted an interim target to reduce our MIR by 3% every year as we grow, based on a 3-year rolling average, and in support of our ultimate goal of zero injuries.

Medical Incident Rate (MIR)

The MIR is calculated by multiplying the number of recordable incidents by 200,000 and dividing this by the number of hours all employees actually worked. The 200,000 hours represents 100 full-time equivalent employees working 40 hours a week for 50 weeks. Recordable incidents include: medical treatments, lost time incidents, restricted work incidents, and fatalities.

INTERFOR		
YEAR	MIR	Fatalities
2012	3.4	0
2013	2.8	0
2014	2.7	0
2015	2.8	0
2016	2.4	0
2017	2.3	0
2018	1.9	0
2019	2.0	1
2020	1.8	0
2021	1.9	0

Lost Time Frequency Rate (LTFR)

Lost time frequency rate is a ratio between the number of lost time incidents and the number of exposure hours, recorded within a given timeframe.

INTERFOR		
YEAR	LTFR	Incidents
2012	1.1	16
2013	0.8	15
2014	1.0	25
2015	0.9	26
2016	0.6	16
2017	0.7	22
2018	0.6	19
2019	0.8	24
2020	0.6	15
2021	0.7	21

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## Performance continued

LOST WORKING DAYS AND OCCUPATIONAL DISEASE			
YEAR	2019	2020	2021
Lost working days*	1,057	1,107	1,528
Lost Day Rate**	33	42	48
Occupational Disease Cases*	2	3	1

\*Determined using OSHA methodology, includes work-related stress leave  
\*\* Calculated using lost days multiplied by 200,000 and divided by total number of hours all employees actually worked

## Proactive Safety Indicators

### Proactive Safety Reports and Safety Alerts

Proactive safety reports include near-miss reporting, hazards identified and safety actions. Safety alerts are company-wide bulletins that summarize events and learnings, and offer direction on preventative and corrective actions which could be implemented to prevent future incidents.

PROACTIVE SAFETY REPORTS AND SAFETY ALERTS		
YEAR	2020	2021
Proactive Safety Reports Completed	50,997	48,896
Safety Alerts Shared	91	49

### Significant Injury or Fatality Potential (SIFp) Events

A SIFp event is one that is both possible and probable of resulting in a fatality or life altering injury if circumstances were slightly different. The way we investigate and communicate the findings and corrective actions of a SIFp event parallels an actual fatality investigation. This includes immediate senior level involvement (within 24 hours), re-enactments, interviews and safety alerts. We began tracking SIFp events in 2020.

SIGNIFICANT INJURY OR FATALITY POTENTIAL (SIFp) EVENTS		
YEAR	2020	2021
Interfor Total SIFp Events	10	14
Near Miss SIFp Events	5	10
Significant Injury SIFp Events	5	4
Total Exposure Hours	5.3	6.4

See the **Contractor Safety** section for SIFp tracking with our Woodlands Contractors.



We set targets for leading indicators to prevent incidents and injuries, and identify trends by tracking and analyzing leading and lagging indicators.



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Our new helmets provide more secure protection than traditional hardhats, particularly in the event of a fall.

**2021 Safety Initiatives**

Continuous improvement is built into our safety program and culture. A few of the initiatives that we focused on in 2021 include:

- **New Helmets:** We revised our company-wide standard for personal protective equipment, replacing hardhats with helmets that enclose the back and sides of the head and have a break-away chin strap for more secure protection, particularly in the event of a fall. They are compatible with other personal safety gear such as hearing protection, face shields and headlamps. While the new helmets

are significantly more expensive than traditional hardhats, they offer enhanced protection and have been well-received by employees for their comfort and functionality.

- **Dust Hazard Analysis:** Regular dust hazard analysis is a standard requirement at all of our sawmills. In 2021, we hired third-party certified engineers to complete analysis using National Fire Protection Association code standards, an initiative that is ongoing in 2022.
- **Loss Prevention:** Loss prevention audits help us verify that we have implemented best practices to

prevent and respond to a fire event. Recent examples include installing internal fire suppression systems in production loaders and conducting emergency response drills for mobile equipment fires.

- **E-Learning:** We developed and offered new safety courses through our online Learning Management System to support consistent training on key safety topics and encourage learner interaction including knowledge checks. For example, employees from across the Company completed the Pre-work Hazard Assessment Training course, which was introduced in 2021.

- **Safety Database System:** We adopted a corporate platform to house our safety documentation and records. This supports consistency in our reporting and allows us to communicate details of incidents, key learnings and corrective actions across our operating regions.
- **Growth and Onboarding:** We worked closely with new employees at the five sawmills we acquired in 2021 to ensure they had the appropriate training and ongoing support to adopt our safety programs and standards.

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**COVID-19**

In 2021 we continued to refine and adhere to our COVID-19 Exposure Control Plan to ensure the safety and well-being of our employees, contractors and suppliers.

Beyond our on-site exposure control measures, we provided education sessions and onsite vaccine clinics for employees. We initiated a pilot program at one of our sites for onsite rapid testing to prevent the spread of COVID-19 from asymptomatic or presymptomatic individuals.

We are grateful to our employees for their continued commitment to safety in the face of adversity.



Our core values have helped us to work together through the challenges of the COVID-19 pandemic.



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Contractor Safety

A contractor’s commitment and ability to keep employees safe and healthy is of utmost importance to us. At all of our worksites, contractors must sign in and receive an orientation before they begin work, so they are able to meet the current requirements at each site. Monitoring and reporting of safety hazards, incidents and compliance is part of our ongoing, regular interaction with contractors.

CAPITAL PROJECT CONTRACTOR MEDICAL INCIDENT RATE

2020  
1.25

2021  
3.23

In 2021, we saw a rise in our Capital Projects Contractor MIR. As we have increased the number and scale of projects, we continue to expand our efforts to foster more rigorous standards leading to increased accuracy in reporting and response. This is being accomplished by developing better investigating, reporting, tracking and corrective follow-up processes which focus on each incident as well as any trends. We then concentrate on key initiatives, that are developed, adopted into our standard Project Safety Plan template, and rolled out to all active projects. In addition, we have focused on building a network of reliable contractors. We partner with those who understand, support and consistently uphold Interfor safety standards.

Capital Projects

We require that capital project contractors demonstrate due diligence and report on key safety metrics. As part of our culture of continuous improvement, we introduced a new approach to capital project safety in 2021, expanding how safety is incorporated into our project plan. In it, we provide clear directions on safety standards and expectations covering topics such as lockout, hot work, incident investigation expectations, crane and lifting safety, confined spaces, and platform and walkway installation.

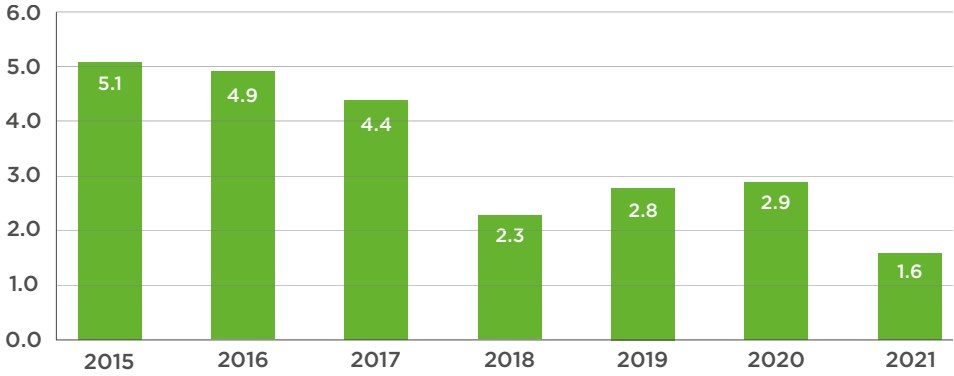
Woodlands

We work with contractors in our BC woodlands operations to track and report their MIR, and improving their performance is a key focus. The MIR for woodlands contractors has declined over the last six years and is lower than the BC industry average for forestry operations. We recognize that we still have more work to do and we commend our contractors for the progress they have made and their continued commitment to safety.

Over the last two years, we began tracking Significant Injury or Fatality Potential (SIFp) events with our woodlands contractors. See our **Proactive Safety Indicators** section for more information on this metric.



Contractor MIR (Interfor Woodlands)



WOODLANDS CONTRACTOR SIFp EVENTS		
YEAR	2020	2021
Total Woodlands Contractor SIFp Events	12	7
Near Miss SIFp Events	7	6
Significant Injury SIFp Events	5	1
Exposure Hours (M)	6.3	6.6

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**Quality Control and Product Safety**

Our commitment to safety includes an assurance to customers that our products will meet their needs and industry grade standards. Our mills have quality control programs in place to ensure that our products meet exacting grade standards approved by the American Lumber Standard Committee (ALSC) Board of Review in the US and the Canadian Lumber Standards Accreditation Board (CLSAB) in Canada. Our products are regularly inspected by third-party grade inspection agencies to ensure our grading is accurate. All employees involved in grading lumber, whether manually or via autograders, are required to hold a valid grading certificate. Autograders, a significant and valuable investment, are favored in our operations as they provide safer and more accurate grading and result in a more consistent product offering to our customers. We provide information to help ensure our customers and employees handle and use our products safely. Information on health risks related to working with our products is available on our website and in our **Safety Data Sheets**.



Quality control programs



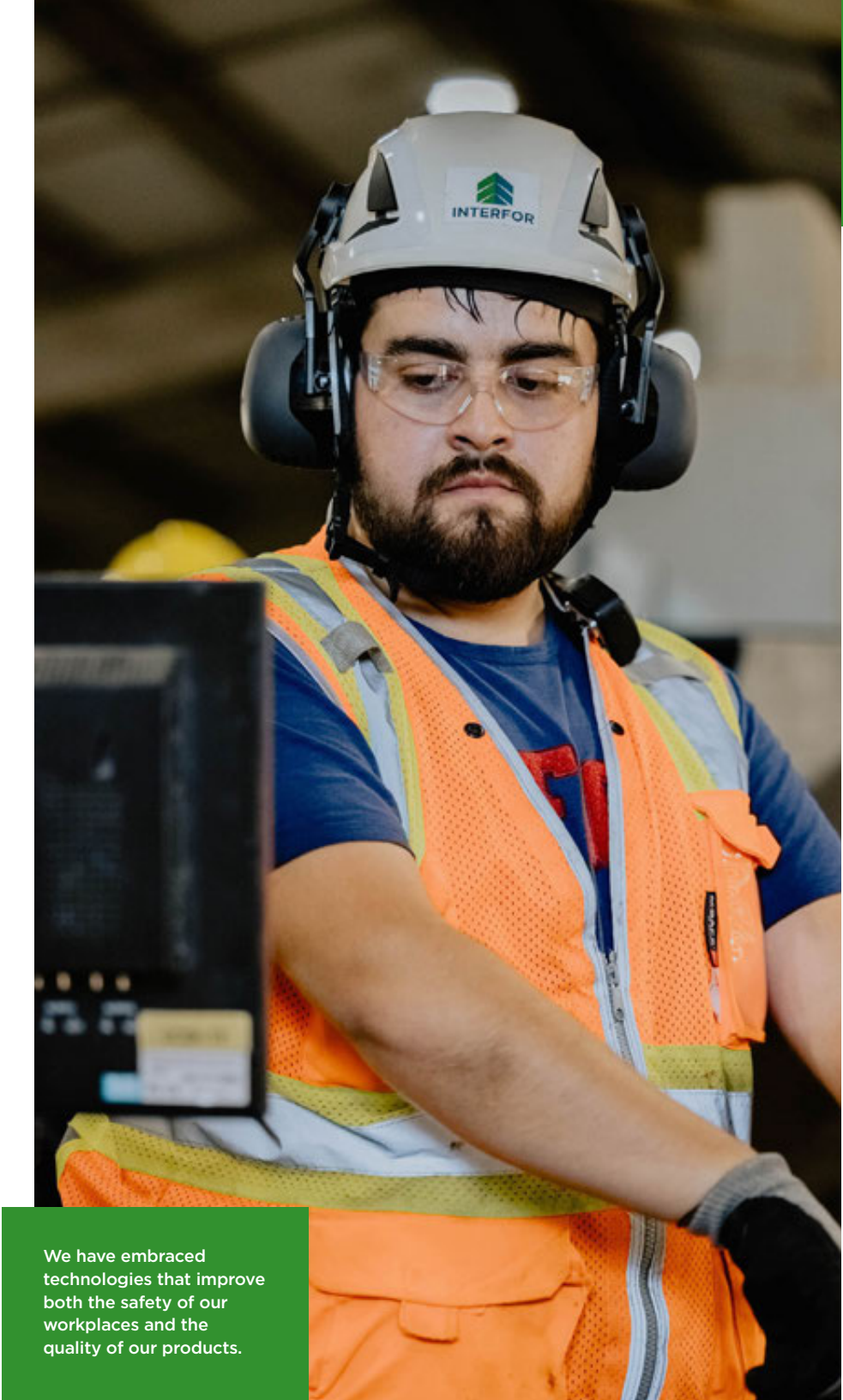
Regular third-party grade inspections



Safety information provided

In 2021, Interfor did not have any of the following:

- violations or non-conformance with regulatory labeling and/or marketing codes;
- legal fines/settlements for false, deceptive, or unfair marketing, labeling, and advertising;
- product recalls; or
- legal fines/settlements for violations of bribery, corruption, or anti-competitive standards



We have embraced technologies that improve both the safety of our workplaces and the quality of our products.

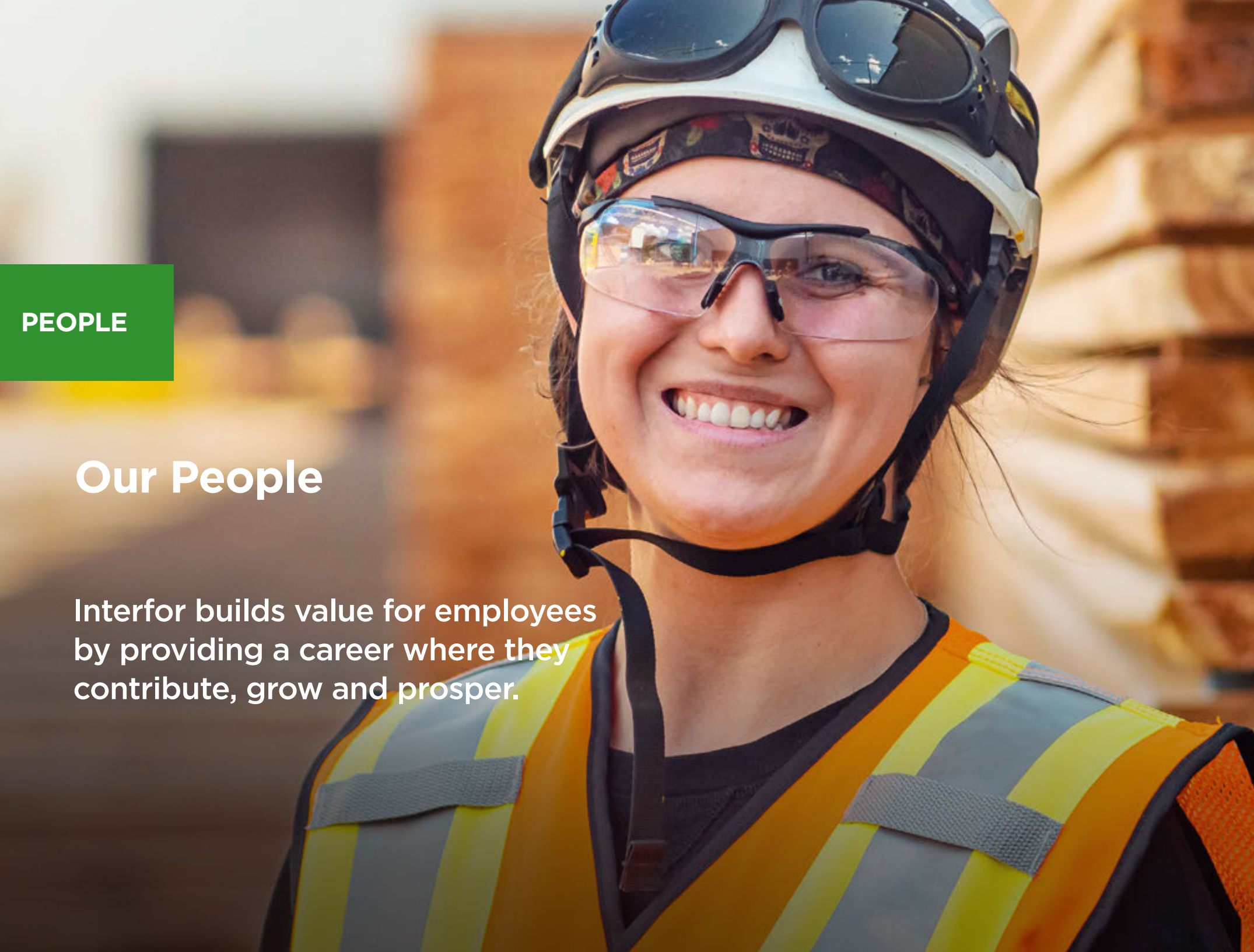


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PEOPLE

Our People

Interfor builds value for employees by providing a career where they contribute, grow and prosper.

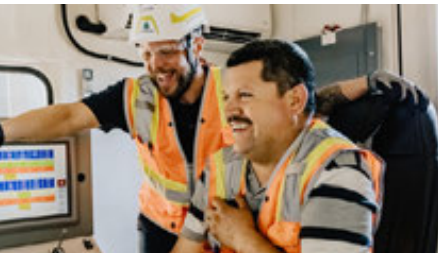


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Our people define who we are as a company. Our culture is formed by the core values of our employees, how we take care of each other, and how we show up for our customers and communities.

We are committed to supporting our people to show up in a way that we can all be proud of. That starts with living our core values to foster a respectful and inclusive workplace. It includes recognizing potential and investing in the growth and development of our internal talent. It also means acknowledging the challenges that our employees face and supporting them both on and off the job.

We are excited to share the work we are doing and the goals we are working toward to bring out the best in our employees and foster a diverse and inclusive workforce.



Our goal is to ensure our employees feel proud to work for Interfor and valued for their contributions.

**68%** of salaried openings filled by internal promotions in 2021

Home-Grown Talent

At Interfor, we invest in our people because we know the best talent is home grown. We are quickly approaching our target of filling 70% of all openings with internal hires.

We provide meaningful opportunities for our employees to grow, prosper and develop their abilities under the guidance of experienced and skilled mentors. We recognize the value of strategic, targeted training and through our learning and development programs we:

- complete analysis and internal evaluations to understand our people and their training needs;
- set short-, medium- and long-term targets for training and development of our employees;
- evaluate training programs for continuous improvement using feedback from employees; and
- anchor key learnings from training and education programs by requiring homework, follow-up questions, and manager sign-off on new skills.

For details on the metrics included throughout this report please see **References and Methodology**.

2021 Highlights

-  **63%** of hourly openings filled by internal promotions
-  **696** employees set Career Development goals in 2021 and we received a **2021** Cornerstone RAVE award for our Career Development Process
-  **220** courses offered through our online learning management system
-  Over **\$1.4 million** spent on learning and education
-  Over **22,000** hours of learning completed by employees





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## Employee Development Programs

### A Framework for Operational Excellence in Sawmilling

We work with every one of our employees to build a vision of what they want from their career, and have built a framework to support their growth toward that vision. It begins with a structured and robust onboarding process for all new hourly and salaried employees, which wraps up with a meaningful conversation about career path options. From there, we offer a range of development and training programs tailored to our business and each year support cohorts of our employees through:

**Understanding the Log-to-Lumber Process:** The Industrial Wood Processing Program is a one-year course that provides an understanding of the log-to-lumber process. It includes an overview of the of the basic wood processing cycle, including details on sawmill technology and tools, quality control and kiln drying of lumber. It is offered to our employees through the BC Institute of Technology (BCIT). Interfor has supported 57 employees to graduate from the program since it began in 2018, and 52 employees were active students in 2021.



Our internal LEAD-X training program was built to support the growth and development of our supervisors and superintendents.



### Building a Peer Network

One of the benefits of our training program framework and cohort model is the opportunity for employees from the diverse regions of our Company to come together to share ideas, perspectives and challenges. We have found that a company-wide network of peers is something that many of our employees value and our operations benefit from.

**Learning to Build Value Sustainably:** In October 2020, the first cohort started in the newly launched Business of Sawmilling course. It provides an understanding of lumber industry economics including fundamental finance and accounting principles, operational optimization and sales and marketing strategies and methods, and is offered through BCIT. In 2021 Interfor had 14 employees enrolled as active students in the program.

**Developing Leadership Strengths:** We developed our internal LEAD-X training program to support the growth and development of our supervisors and superintendents. The one-year program is designed to increase self-awareness, communication, team-building, critical thinking and leadership skills. The course format includes e-Learning courses, virtual workshops and one-on-one coaching. Since it was launched in 2018, 145 employees

have completed the program, and 78 were active in it in 2021.

**Supporting Operational Excellence:** Millwrights play a vital role in keeping our equipment running efficiently and our mills performing with operational excellence. See **Investing in Skilled Trades** for further details on how we support our employees to attain skilled trade designations.

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## Employee Development Programs

### Supporting Individual Needs and On-Demand Training

In addition to the tailored programs that we have developed and offer annually, we also support on-demand training for employees focused on their individual needs and career path. Some highlights and examples from 2021 include:

**On-Demand Learning:** We continued to develop and offer an array of courses through our online Learning Management System that support everything from new-hire orientation to helping employees learn about Interfor’s role in mitigating climate change. In 2021 we offered a total of 220 different courses, including 45 new courses built in-house, and employees completed more than 6,000 hours of online learning.

**Negotiation Training:** We partnered with the UBC Sauder School of Business to offer negotiation skills workshops to 77 employees. In three four-hour virtual sessions, participants learned and practiced effective strategies and techniques for a variety of negotiation situations.

**Leadership Coaching:** We teamed up with BetterUp to support 169 of our employees with one-on-one coaching and curated online learning. Participants had unlimited access to coaching with experts in topics



ranging from sleep and nutrition to workplace diversity. Regular check-ins with coaches provided these employees with an opportunity to reflect on the factors that supported their best performance. In 2021 our employees completed more than 700 hours of coaching and learning

through the program, and the most popular topics amongst participants were Well-Being, Leading Others, and Time Management and Productivity.

**Sustainable Forestry:** More than 230 BC employees attended online forestry education sessions delivered

by Interfor foresters covering current topics of interest about forest management and Indigenous partnerships specific to our BC woodland operations.



### Encouraging Professional Development

Our business relies on professionals such as foresters, engineers, accountants, IT and HR specialists, and lawyers. As part of our commitment to employee growth and development, we help certified and articling professionals meet their annual training and education obligations. For example, we are currently supporting Foresters and Forest Technologists in Training to meet the Association of BC Forest Professionals articling procedures and accountants working toward a Certified Public or Chartered Professional Accountant (CPA) designation.



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**Investing in Skilled Trades**

Millwrights play a vital role by keeping our equipment running efficiently and our mills performing with operational excellence. In 2016, we realized there was a shortage of skilled millwrights and limited opportunities for individuals to enter the trade, particularly in our US operating regions. In response, we invested in our own millwright apprenticeship program, working with educational institutions to develop our own internal training. In 2019 we hired a full-time instructor and built our own Interfor Center for Trades Excellence in Perry, GA, where we provide in-person instruction as well as practical hands-on learning experience.

Through the center, we run a robust millwright training program for employees with two paths:

- The **Millwright Apprenticeship Program** involves a three-year

commitment to become a certified millwright.

- The **Millwright Accelerator Training** is an 18-month commitment for employees with existing millwright experience to upgrade their skills and pay.

In November 2021, our program was registered as a National Apprenticeship Program by the US Department of Labor. We are also working with Central Georgia Technical College to provide college credit towards an associate degree for completion of the Millwright Apprenticeship Program.

In BC, we work with the BC Industry Training Authority, which leads the training and certification of millwrights, and the BC Institute of Technology to provide classroom instruction and on-the-job training so employees can become certified millwrights. In 2021, we had five active millwright apprentices in BC.



**2021 US Millwright Program Highlights**

- 95 participants including:
  - 50 active apprentices working toward millwright certification, including two women, and
  - 45 active accelerator participants upgrading their skills.
- \* **In 2021 we invested more than \$6,000 per participant and paid wages for more than 16,000 classroom and study hours.**

**“The Apprenticeship Program has helped me build my self-esteem, my safety awareness, my communication skills, my leadership skills and my knowledge base.”**

Kim Scott, Georgetown Sawmill, South Carolina



Our Center for Trades Excellence in Perry, GA allows us to provide in-person and practical hands-on instruction and learning.

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### Our Diversity and Inclusion Journey

At Interfor, we know how important and beneficial it is to have a diverse workforce and an inclusive culture and understand that fostering both is a continuous process.

#### Understanding Our Baseline

In 2020, we provided our Canadian employees with voluntary surveys to help us develop a more complete understanding of diversity in our workforce. Where employees have declined to identify their gender or race/ethnicity they are assumed to not belong to an under-represented\* group. In the US, we collect diversity data annually for our affirmative action plans. We have used combined data from these sources to better understand where we are today and set targets for improvement.

As of December 31, 2021:

#### 42% of our overall workforce is from under-represented groups

- 21% of our hourly skilled positions and trades are from under-represented groups
- 22% of our supervisors/superintendents are from under-represented groups

#### 13% of our overall workforce are women

- 7% of our hourly workforce are women
- 6% of our supervisors and superintendents are women
- 13% of our senior managers are women
- 14% of our executives are women
- 27% of our Board of Directors are women

#### Tracking Our Progress

Indicators related to promotion, hiring and development in 2021 help to demonstrate the effort we are making in support of our targets.

42%

of our overall workforce is from under-represented groups including women, ethnic and racial minorities and Indigenous peoples.

- 30% of our internal promotions were women
- 33% of our talent pool (individuals identified for promotion) were from under-represented groups
- 56% of our external hires were from under-represented groups
- 47% of our external hires for salaried roles were women
- 28% of our employees in development programs were from under-represented groups

For details on the data included in our targets and related performance please see **References and Methodology**.



30% of our hourly trades/skilled workforce will be from an under-represented\* group by the end of 2025

15% of our hourly workforce will be women by the end of 2025

15% of our supervisors and superintendents will be women by the end of 2025

\* Under-represented groups include women, ethnic and racial minorities, and Indigenous peoples.



We promote diversity and inclusion in the workplace and we are committed to providing a workplace that promotes equal opportunities and equal pay.



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**Our Diversity and Inclusion Journey**

**Growing our Understanding**

Our Board of Directors, executives and more than 120 of our senior leaders have completed a multi-session education program to develop their understanding of African-American history and how it contributes to current social issues and challenges. The training, delivered by Akinyele Omowale Umoja, a respected author, activist and professor at Georgia State University, covered early history, major challenges and the post-civil rights continuing legacy of oppression. Our goal is to continue to build a common platform of understanding, so we can better support and engage all of our employees.

In 2021, Interfor celebrated Black History Month with weekly education, trivia and educational kits that employees could bring home and share with their families, highlighting the achievements and contributions of African-American scientists, inventors, and more. We offered Juneteenth information sessions to employees and many divisions held employee luncheons and contributed to local charities.

Many BC staff who work directly with Indigenous communities have attended workshops with First Nations Elders or joined region-specific training to learn more about Indigenous history and culture. In September 2021, we marked

Canada’s first National Truth and Reconciliation Day with an education session for BC staff that provided an understanding of the significance of the day and how colonialism continues to impact Indigenous communities today.

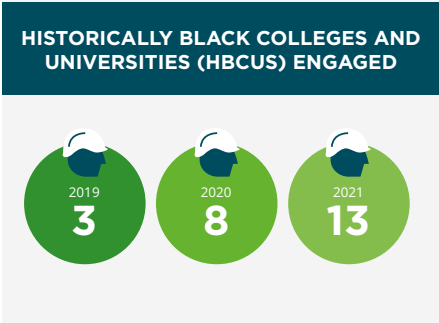


**We have set a target of having 100% of our Canadian salaried employees complete Indigenous cultural competency training in 2022.**

**Taking Action to Attract Diverse Candidates**

As part of our recruitment strategy, we conducted targeted outreach to Historically Black Colleges and Universities (HBCUs). In January we held an HBCU-specific recruiting event and throughout the year, we engaged with 13 HBCUs.

In our BC operations, we worked with our Indigenous partner communities to identify Indigenous individuals interested in pursuing a career in the

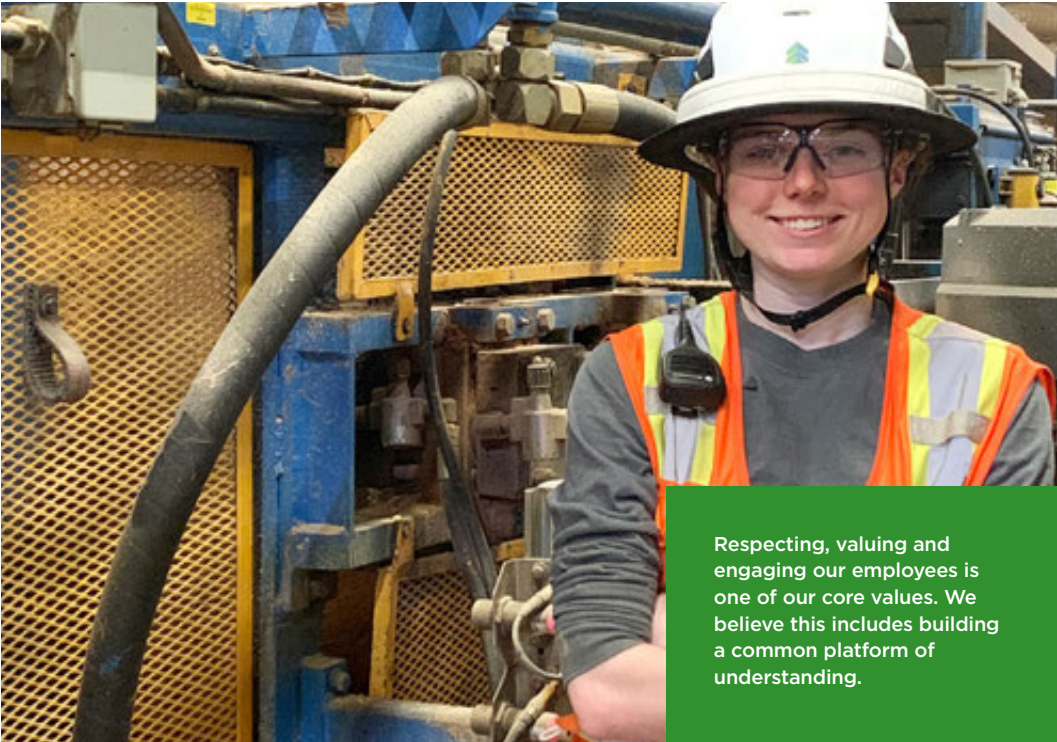


forest sector, and provided them with work experience, mentorship and post-secondary education support. We participated in Indigenous-focused career fairs and a tradeshow that reached out to Indigenous youth at the 2021 BC First Nation Forestry Council conference.

Since physical barriers may also influence our ability to attract a diverse workforce, we conducted audits of workspaces in 2020 to identify and address potential barriers. To date, we have spent \$278,000 and completed 32% of actions identified in the audits.

**“I believe the future for sawmilling will be even more open and inclusive to different genders, cultures and opinions. Today I can see Interfor working towards that future and building a welcoming atmosphere through the people they hire.”**

Quinn Damitio, Planer Supervisor, Port Angeles Division, Washington



**Respecting, valuing and engaging our employees is one of our core values. We believe this includes building a common platform of understanding.**

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**Our Diversity and Inclusion Journey**

**Taking Action to Attract and Retain Women**

Women still face challenges in our industry, and we are committed to breaking down barriers so they have an equal chance for success. Historically, women have not had a strong representation, especially in operational roles. As part of our diversity strategy, we have set targets and are taking action to increase representation of women in our operational and front-line leadership positions.

We celebrate the women in our workforce and give them a platform to inspire and encourage others. Through several virtual roundtables and women-specific recruitment events in 2021, we supported women in our workforce to share stories about their career paths and showcase the possibilities in our industry.

**Part-time Shifts**

We offer part-time and casual shifts at several of our sawmills, which are seen as a way to attract a greater diversity of candidates, such as parents with childcare restrictions. We have found that one- or two-

day weekend shifts attract a greater gender diversity in applicants and casual shifts provide an opportunity for individuals to try out the work and decide whether to commit to it full-time.

**Supporting New Mothers**

As a result of our workplace barriers audit in 2020, we identified the need for private and comfortable spaces to support lactating mothers while at work. In 2021, we implemented

new standards for lactation rooms at our sites including locking doors, adequate heating and ventilation, refrigeration capacity, access to potable water for washing, comfortable seating and table space.

**“This list will help workers find products available in all sizes and configurations to make sure they are outfitted in gear that not only fits well but protects them in the way it was intended.”**

Lana Kurz  
Safety and Environment  
Manager, Western Operations

**Personal Protective Equipment for Women**

At Interfor, we believe it is important that everyone feels comfortable, safe and valued in the workplace. Traditional personal protective equipment (PPE) designed for men can be ill-fitting for women. We’re grateful to Lana Kurz, Safety and Environment Manager for Interfor’s Western Operations and her team who addressed this by developing a list of available vendors and PPE options that are a better fit for smaller frames, heights, and shoe sizes.

**“I think the future for women working for Interfor looks bright and open and collaborative. I really like the hiring strategy I have seen, where Interfor is looking for the right fit for the job.”**

Jennifer Erlendson, Operations Superintendent, Castlegar Woodlands





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We encourage post-secondary students from all disciplines to apply through our campus program.

**Building our Future through Campus Recruiting**

Our campus recruiting program is helping us build the talented and dynamic workforce we need to grow our future leaders. Through it, we provide students with a defined plan for their success. They each have a dedicated and knowledgeable mentor and complete a meaningful project that drives business value. It offers an excellent opportunity for students and lets us evaluate their potential for full-time employment in forestry and lumber manufacturing. We encourage the students to complete multiple work terms,

often at different locations, to give them a broader perspective on our company and industry. If Interfor is a fit, students are offered a placement in our Sawmill Operations Trainee program or another position that meets their career aspirations. Over the past three years, we have hired more than 20 co-op students into full-time positions.

Once a student is hired, they participate in our ongoing employee development programs so they can hone their leadership skills and build their industry knowledge to grow their careers. It is one of the reasons why we are able to promote successfully from within.

**“There were plenty of opportunities to improve my skills that I was able to take advantage of. My mentor was there for any help and advice I needed, not only about the sawmill but personally as well.”**

Devin Sanford, Meldrim Division,  
Safety, Quality Control & Production Technician Co-op

NUMBER OF CO-OP STUDENTS HIRED			
YEAR	2019	2020	2021
In co-op positions	28	38	52
Hired into full-time positions	3	6	14



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**Living with COVID-19**

Since the start of the COVID-19 pandemic in early 2020, we have relied on our core values to guide us through unprecedented circumstances. In 2020, our focus was on responding to a health emergency and developing robust Exposure Control Plans and procedures to keep our employees safe. In 2021, we continued to build on that work, maintaining or improving the rigor of our protections. We also found that in 2021, as vaccines were rolled out and we were all learning to live with COVID-19, we had the opportunity to turn our focus from initial emergency response to grappling with the legacy and continued impacts of the pandemic. Here, our core values have been an anchor, helping us show up for one another in challenging moments.

We continue to be inspired by our employees’ commitment and hard work in the face of adversity. Together we have been able to achieve minimal disruptions to our operations and our workforce employment.

**2021 Growth and DeQuincy Restart**

Despite the pandemic, we managed to forge ahead with our growth strategy in 2021, completing the acquisition of five new sawmills in:

- Summerville, South Carolina;
- Bay Springs, Mississippi;
- Fayette, Alabama;
- DeQuincy, Louisiana; and
- Philomath, Oregon.

With these acquisitions, we welcomed a new pool of talent and expertise to the Interfor team, including more than 500 new employees. While pandemic travel restrictions sometimes prevented us from welcoming our new employees in person, we worked hard to connect and ensure that they were included in the team.

DeQuincy was shut down in May of 2020 in response to COVID-19 and prior to our acquisition. In August 2021, we announced plans to restart the mill in 2022 and offered returning employees immediate eligibility for most benefits. We honored their years of service for determining time off and provided a welcome bonus on their first paycheck. As of December 31, 2021, more than 70 employees had accepted an offer to return.



While pandemic conditions have reduced our ability to travel and engage face-to-face, we work hard to keep our team connected and engaged.



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Our quarterly communication sessions offer an opportunity for employees to ask questions directly to our CEO.

**Employee Engagement**

Meaningful engagement with our employees is part of our core values. We provide news about employee accomplishments, Company initiatives and community programs through the Interfor website, intranet and social media accounts (**Facebook**, **Instagram** and **LinkedIn**).

We hold quarterly communication sessions so employees can learn about the strategic direction of the Company. Our CEO provides an overview of the quarter, including performance, accomplishments and challenges. After the presentation,

employees are invited to ask our CEO and executive team questions. We recognize the value of engaging our people in strategic planning and setting objectives. Every year, senior leaders come together with the executive group to discuss our strategic plan and develop annual objectives. This empowers all of our senior leaders to play a significant role in achieving our strategic plan.

**Culture and Retention**

Our goal is to ensure our employees feel proud to work for Interfor and valued for their contributions. We



We have a commitment to internal promotions at all levels of our Company, and have set a target of filling 70% of our openings with internal hires.

use monthly culture and retention dashboards to track employee satisfaction, engagement and turnover. Metrics for participation, interactions and retention are measured and reported monthly.

INTERNAL PROMOTIONS				
				
SALARIED POSITIONS FILLED BY INTERNAL PROMOTIONS				
2017	2018	2019	2020	2021
36%	35%	58%	65%	68%
HOURLY POSITIONS FILLED BY INTERNAL PROMOTIONS				
2021				
63%				

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**Offering Competitive Compensation and Benefits**

We review the market competitiveness of our compensation and benefits annually, and we continuously update plans based on our reviews. For example, we recently improved the benefits under our Canadian and US retirement plans and our vacation policy.

Our permanent salaried employees share directly in Interfor’s success through a short-term incentive program. Hourly employees at most of our mills also share financially in performance improvements through gain-sharing programs at their operations.

We offer a fulsome benefits package to all employees, including medical, vision, disability and life insurance. Our Employee Assistance Program provides professional and confidential counseling services to help employees deal with personal concerns and life issues such as depression, marital and family conflicts, job pressures, stress and anxiety, alcohol and drug abuse, and grief and loss.

EMPLOYMENT TYPE		
YEAR	2020	2021
Full Time	2,571	3,426
Part Time	31	11
Temporary	19	46

**Meeting our Operational Changes Obligations**


Across the Company, Interfor provides employees affected by operational changes with a notice period in accordance with employment standards regulations and collective agreements.

**Respecting Freedom of Association**


We respect the rights of workers, including freedom of peaceful assembly and association, collective bargaining, fair working hours and conditions, and fair compensation.



We are committed to constructive engagement and stable relationships with our employees and, where applicable, bargaining in good faith with the organizations that represent them.



Interfor is an equal opportunity employer with high ethical standards. Our **Code of Conduct and Ethics** goes beyond compliance with workplace laws in Canada and the United States to promote workplaces that are free from harassment and discrimination. Our commitment is backed by a whistleblower hotline where employees can confidentially raise concerns.



We use training programs and workshops to further awareness and understanding regarding diversity and promote a professional and inclusive work environment. Bullying and harassment prevention is covered in our leadership training and reinforced through respectful workplace training and regular employee discussions.





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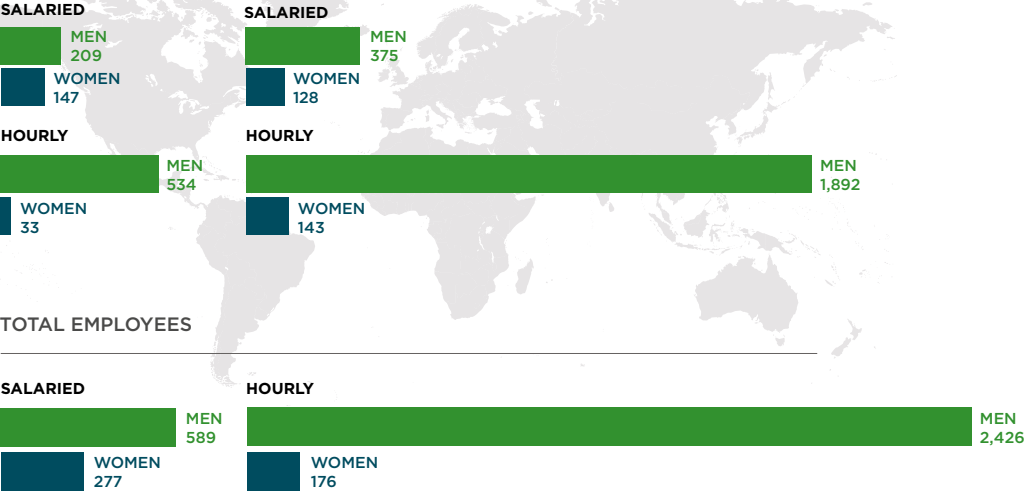
We provide meaningful opportunities for our employees to grow, prosper, and develop their skills under the guidance of experienced and skilled mentors.

INTERFOR EMPLOYEE DEMOGRAPHICS

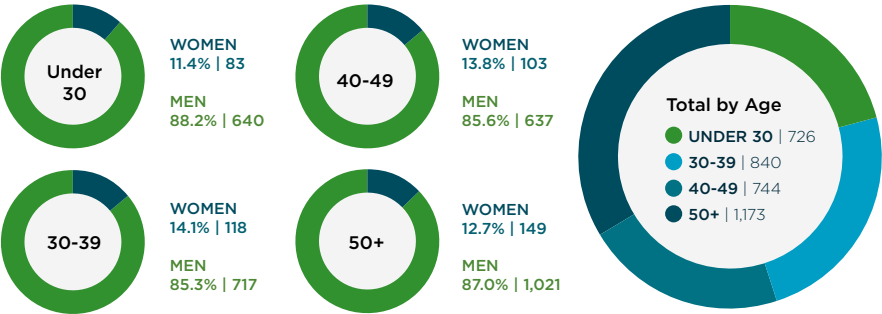
● **MEN** 3,015 | 86.6%    ● **WOMEN** 453 | 13.0%    ● **TOTAL** | 3,483\*

EMPLOYEES BY LOCATION, SALARIED/HOURLY

Canada | 937\*    USA & Other | 2,539\*



EMPLOYEES BY AGE



\*includes 15 employees who declined to identify their gender



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## CLIMATE CHANGE

# Taking Action to Combat Climate Change

Interfor recognizes the global significance of climate change and our role in tackling this important issue by managing our own environmental impacts and supporting the use of wood as a sustainable building material.



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Trees use solar energy and carbon dioxide from the atmosphere to grow. Wood products manufactured from trees continue to store carbon, keeping it out of the atmosphere for the lifetime of the product, or longer if the wood is recycled for another use. Sustainably harvested wood products, used in place of other more emissions-intensive building materials, are part of the climate solution.

“In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fiber or energy from the forest, will generate the largest sustained mitigation benefit.”

United Nation’s Intergovernmental Panel on Climate Change 2007

As a manufacturer of sustainable, carbon-capturing, building materials and a leader in sustainable forest management, we have a unique and meaningful role to play in the global effort to combat climate change.

**Carbon-friendly Building Products:** The production of our lumber results in significantly lower greenhouse gas emissions than the production of other major structural building products including concrete and steel. The lumber we manufacture stores more carbon than is emitted during its production. By offering carbon-friendly building products, we are supporting low-carbon sustainable development for current and future generations.

**Sustainable Forestry:** Our commitment to sustainable forestry and reforestation following harvest translates to a continuous uptake of carbon by managed forests and forest management for climate resilience.

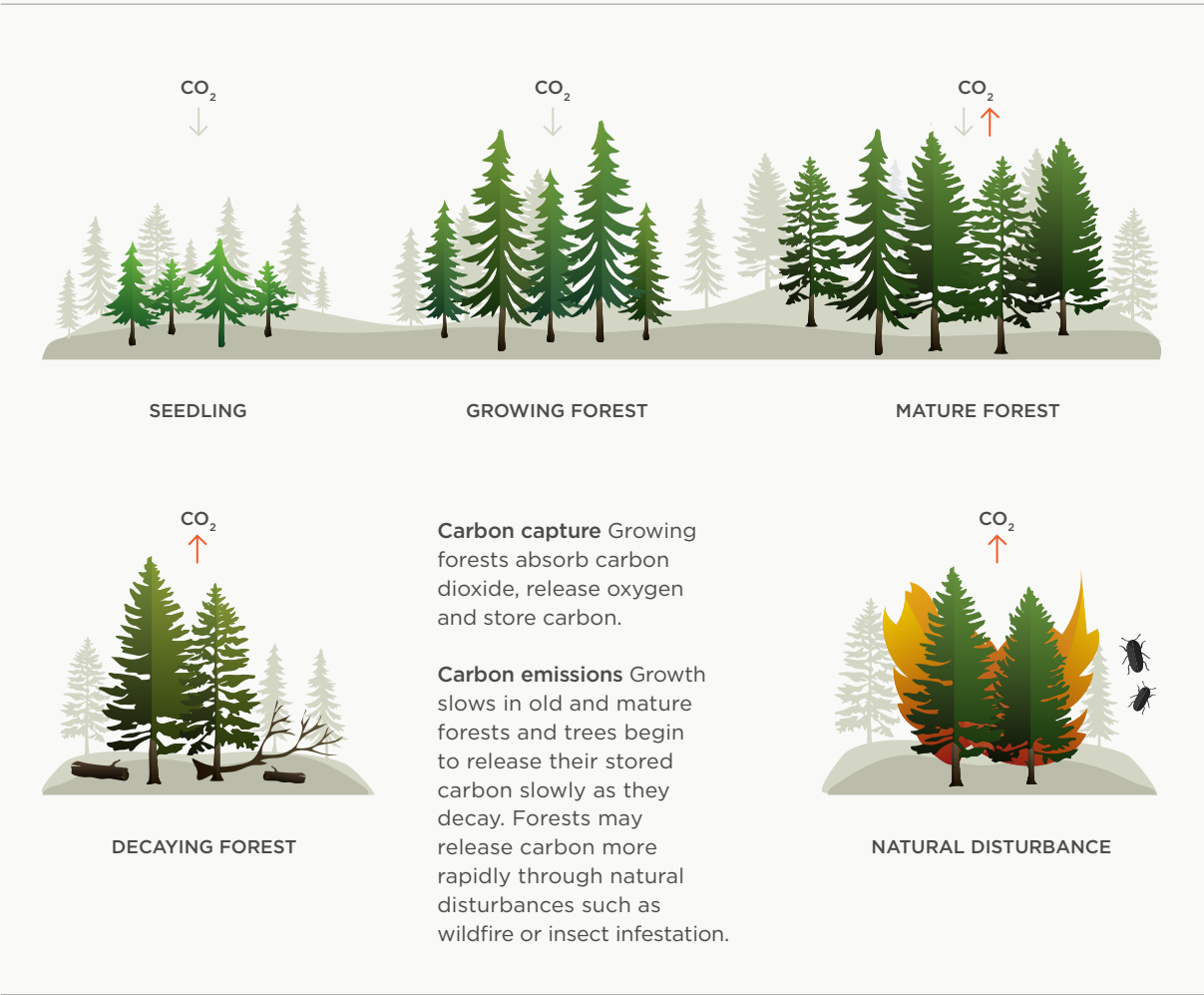
**Operational Excellence:** Despite being a relatively low greenhouse gas emitter, we recognize that every tonne counts when it comes to reducing the global carbon footprint. Our efforts to continuously improve the efficiency of our facilities and implement innovative technologies have provided mitigation benefits, and we are working to set meaningful GHG reduction targets.

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# We increase carbon capture and extend carbon storage through sustainable forest management

Sustainable forest management aimed at providing timber, fibre, biomass, non-timber resources and other ecosystem functions and services, can lower GHG emissions and can contribute to [climate] adaptation (IPCC 2020).

The natural carbon cycle of forests includes capture, storage and release of carbon. Sustainable forest management can increase the storage capacity of forests, transfer carbon into long-lived wood products, and reduce the forest’s potential as a carbon source.



Preserving forests provides a one-time increase in carbon stores, not a sustainable increase. Harvesting and replanting transfers carbon from the forest to products on a recurring basis. Continued investment in managed forests stabilizes forest carbon. From a carbon perspective, preserving forests instead of sustainably harvesting forest carbon to displace fossil fuels and fossil intensive products wastes the opportunity to substantially improve carbon mitigation outcomes (CORRIM 2019).



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# We store four times more carbon than we produce

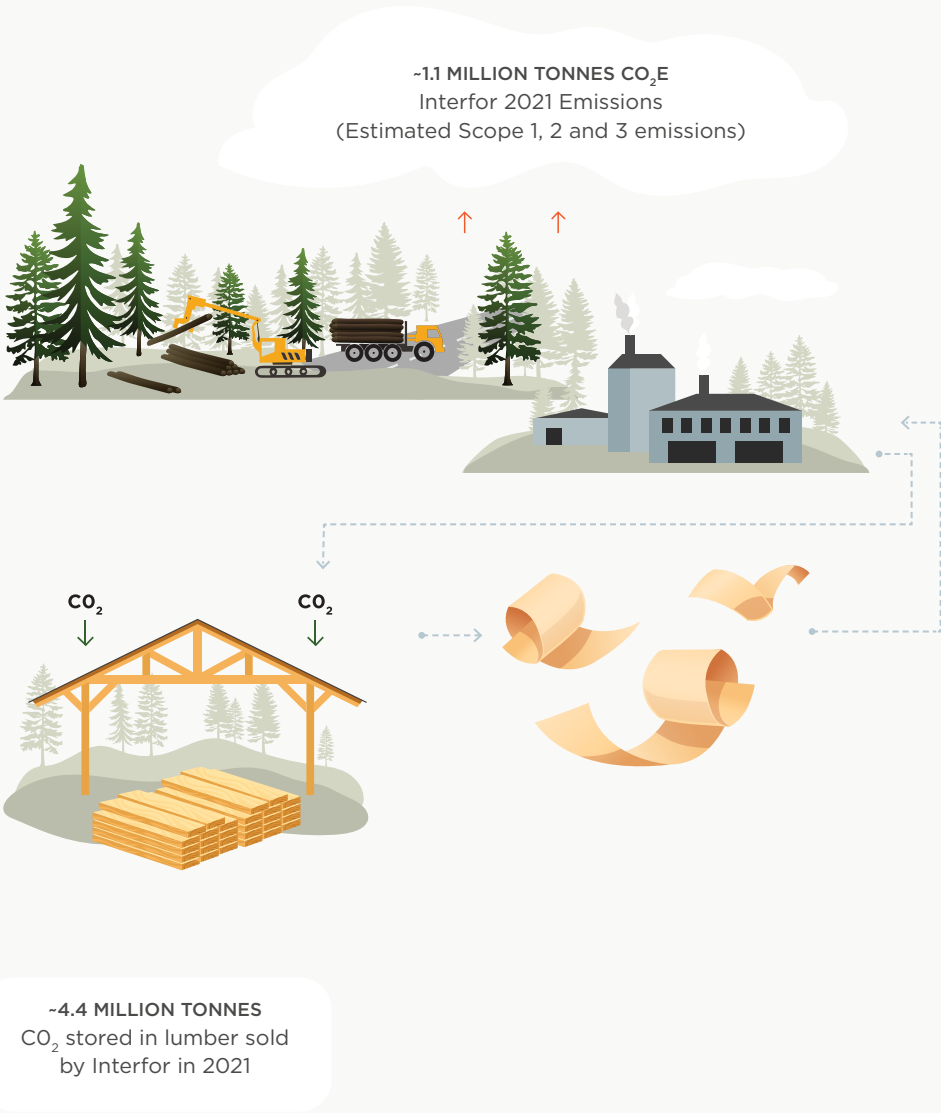
The lumber Interfor produces stores approximately four times the carbon emitted in all phases of its production.

## Harvesting, Log Transport and Manufacturing

The lumber manufacturing process and associated supply chain produces carbon emissions. For Interfor in 2021, these emissions are approximately one quarter of all the carbon stored in the products we sold.

## Renewable Energy

Lumber byproducts provide a renewable carbon neutral source of energy as, over the long-term carbon cycle, the CO<sub>2</sub> is re-absorbed by replanted trees. Many manufacturing facilities use these byproducts as a clean energy source. Some of our customers also convert them into renewable energy such as pellets for commercial sale.



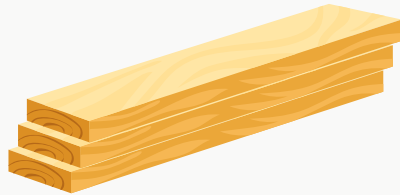
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# We supply climate-friendly building products to our customers

When wood products are used in place of non-renewable building materials such as concrete and steel, they reduce the carbon footprint of a building (CORRIM 2020).

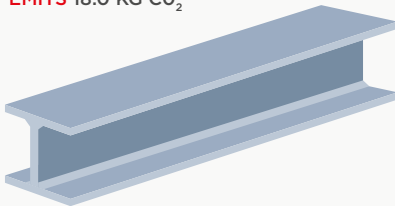
Using fossil fuels and fossil fuel derived products generates a one-way flow of emissions to the atmosphere which contributes to climate change. Using wood derived from solar energy results in a two-way flow of emissions to (and from) the atmosphere (CORRIM 2019).

**WOOD**  
STORES 16.7 KG CO<sub>2</sub>



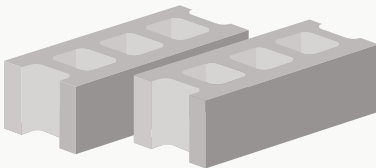
Research based on data from the US Pacific Northwest found that one square meter (m<sup>2</sup>) of a building constructed using wood wall studs stores a net 16.7 kilograms (kg) of CO<sub>2</sub> (carbon stored minus production emissions). When displacing concrete or steel, the total CO<sub>2</sub> reduced by using wood studs ranges from 44.2kg to 34.7kg per m<sup>2</sup>, respectively (CORRIM 2019).

**STEEL**  
EMITS 18.0 KG CO<sub>2</sub>



Using wood in place of steel and concrete can help to lower not only the carbon footprint of the building materials, but also the heating footprint of the building over its lifetime. About a third of energy consumed in the developed world goes toward heating, cooling, lighting and the operation of appliances in non-industrial buildings. Wood contributes to energy efficiency because its cellular structure contains air pockets that limit its ability to conduct heat, which makes it a better insulator than other materials—400 times better than steel and 15 times better than concrete (BC Forestry Climate Change Working Group and California Forestry Association 2009).

**CONCRETE BLOCK**  
EMITS 27.5 KG CO<sub>2</sub>





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4.4  
 MILLION tCO<sub>2</sub>

stored in long-lived wood products  
 sold by Interfor in 2021

Interfor GHG Emissions

In this report, we have organized our emissions metrics in line with guidance from the Greenhouse Gas Protocol (GHG Protocol), a global standardized framework. We have provided direct (Scope 1) emissions and indirect emissions from electricity consumption (Scope 2), as well as our estimated supply chain (Scope 3) emissions.

Biomass carbon emissions are reported separately, while methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) from biomass combustion are included under Scope 1. All of our non-biogenic emissions combined amount to approximately one quarter of the carbon stored in our lumber products.

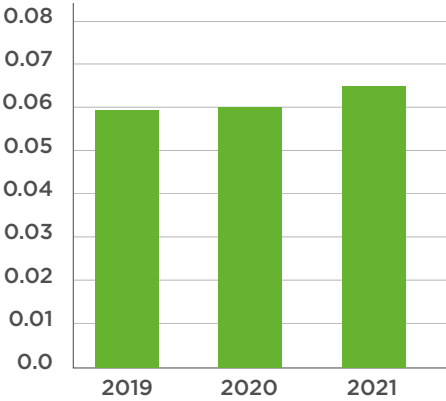
EMISSION CATEGORY			
YEAR	2019	2020	2021
<b>Scope 1 GHG Emissions</b> (tCO <sub>2</sub> e) Direct Fossil Fuel GHGs + CH <sub>4</sub> /N <sub>2</sub> O from Biomass	57,325	49,970	75,769
<b>Scope 2 GHG Emissions</b> (tCO <sub>2</sub> e) Purchased Electricity	99,469	91,386	110,018
<b>Estimated Scope 3 Emissions</b> (tCO <sub>2</sub> e) Supply Chain Emissions	800,000	725,000	950,000
<b>Biogenic Carbon Emissions</b> (tCO <sub>2</sub> ) Biomass Combustion	590,234	552,649	630,593
<b>GHG Intensity</b> (tCO <sub>2</sub> e/MFBM) Scope 1 + 2 Emissions per thousand board feet	0.0593	0.0595	0.0643

**Note:** Our reported numbers for 2019 and 2020 reflect improvements in our calculation methodology from our previous report (including the use of updated factors). The variance from the previous year's reporting is approximately 1% for Scope 1 and Scope 2 emissions. Previously reported numbers can be found in our 2020 report.

For more information on the methodology, factors and calculators used in our GHG reporting please see **References and Methodology** at the end of this report.

**Interfor GHG Intensity**  
 SCOPE 1 + 2 Emissions  
 (tCO<sub>2</sub>e per thousand board feet)

In 2021 we saw our GHG intensity (emissions per thousand board feet of lumber) rise 8% from the previous year. This increase reflects a change in our energy profile based on acquisitions made in 2021. See the following page for more information.



Carbon stored in lumber is kept out of the atmosphere for the lifetime of the product, or longer if the wood is recycled for another use.

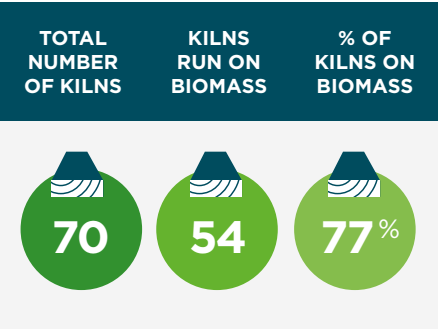
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Interfor Energy Use

INTERFOR ENERGY USE						
YEAR	2019 (GJ)	% of total	2020 (GJ)	% of total	2021 (GJ)	% of total
Energy Purchased (electricity)	1,268,851	14%	1,117,830	13%	1,307,819	13%
Renewable	561,458	6%	457,984	5%	488,813	5%
Non-renewable	707,393	8%	659,846	8%	819,635	8%
Energy Produced (on-site combustion)	8,041,670	86%	7,477,914	87%	8,519,852	87%
Renewable	7,173,686	77%	6,272,338	78%	7,283,560	74%
Non-renewable	867,984	9%	750,576	9%	1,236,291	13%
Total Energy (GJ)	9,310,521		8,595,744		9,827,670	

Energy Resilience

The kilns that we use to dry our lumber are the most energy-intensive part of our operations. By using biomass fuel, a byproduct of our manufacturing process, we power many of our kilns in a self-sufficient and renewable way.



Energy Efficiency and Innovation

Through capital improvement projects and strategic energy management programs, we have improved our energy efficiency and, in some cases, reduced our absolute electricity consumption. Some examples include:

- In our US South region, we have achieved a 6% reduction in average electricity consumption intensity (kWh/MMbf) through our strategic capital investments and operational excellence focus.
- In 2021, we completed a lighting efficiency project at our Adams Lake Division that is expected to reduce our electricity consumption by approximately 1.2 million kWh per year.

79% of the energy we consumed in 2021 was from renewable sources such as biomass, hydro and solar power generation.



As we grow our business through acquisitions, the profile of our energy supply is changing. Through our capital investment strategy and operational excellence framework, we continuously seek ways to improve the efficiency of our assets.

- At our Port Angeles Division, we installed a hybrid solar panel roof on one of our kilns that will capture energy from the sun along with reclaimed heat loss from the kiln roof and pump both into the kiln.

For details on the methodology and data included in our energy-related metrics please see **References and Methodology** at the end of this report.



When it comes to the energy generated on-site by Interfor in 2021, more than 85% of it was from renewable sources.



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# Task Force on Climate-related Financial Disclosures Alignment

The Task Force on Climate-related Financial Disclosure (TCFD) was established in 2015 by the Financial Stability Board to make recommendations for consistent company disclosures to help financial market participants understand their climate-related risks. The following table provides details on Interfor’s climate-related practices and disclosures as recommended by the TCFD.

PILLAR	RECOMMENDED DISCLOSURE	INTERFOR PRACTICES AND DISCLOSURES
GOVERNANCE	Board Oversight	Interfor’s Board has an Environment & Safety Committee that oversees environmental performance, including climate-related risks and opportunities. Each quarter, our Chief Forester reports to the Committee, including a climate report related to material risks, issues and performance.
	Management Responsibility	In early 2022, Interfor launched a Climate Management Committee, made up of leaders from across all operating regions, that will recommend ways we can mitigate risks and capture opportunities related to the climate. Senior leaders are responsible for updates to our annual risk register, which includes climate-related risks.
STRATEGY	Risk and Opportunities	Climate-related risks and opportunities identified through qualitative scenario analysis are discussed in detail in the <b>climate risks</b> and <b>climate opportunities</b> sections of this report as well as <b>Appendix II</b> .
	Strategic Impacts	The due diligence processes for strategic decisions such as capital investments and acquisitions identify and discuss risks, including those related to climate change. We align with government strategies, contribute to land use policy discussions, and engage with peers and customers to address both risks and opportunities (see <b>Transition to a Low-Carbon Economy</b> ). As a manufacturer of sustainable, climate-friendly building materials and a proponent of sustainable forest management, we are well-positioned to contribute to the global effort to combat climate change.
	Scenario Analysis and Resilience	Interfor completed qualitative scenario analysis in 2021. Details, including resilience strategies, are in <b>Appendix II</b> . Also see <b>Energy Resilience</b> .

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# Task Force on Climate-related Financial Disclosures Alignment

PILLAR	RECOMMENDED DISCLOSURE	INTERFOR PRACTICES AND DISCLOSURES
RISK MANAGEMENT	Process for Risk Identification	Our senior executives prepare and review a report on company-wide material risks, which is shared with our Board on a quarterly basis. Annually, our senior leaders contribute updates to a register of risks that have been identified as material to our business.
	Process for Risk Management	Interfor has an extensive program in place to protect assets from physical risks such as wildfire or hurricanes. We work with third-party loss prevention engineers to identify and mitigate risks to our assets, starting with the design of our facilities. Due diligence processes for strategic decisions such as capital investments and acquisitions also include the identification and discussion of risks.
	Integration with Enterprise Risk	Identifying, understanding and planning for the mitigation of material climate risks is part of our overall risk management process. It ties closely to our duty as a manager and steward of public forested lands in BC, and our role as a manufacturer of forest products in North America.
METRICS AND TARGETS	Climate Metrics	We disclose data on a variety of climate metrics including sustainable forest management, reforestation including species diversity, GHG emissions, energy use, carbon storage, residuals and waste, water use and environmental compliance.
	Greenhouse Gas Measurements	We report Scope 1, Scope 2 and biogenic carbon emissions in alignment with the Greenhouse Gas Protocol, a global standardized framework. We disclose an estimate of Scope 3 emissions for categories of significance.
	Climate Targets	While Interfor can demonstrate that we have achieved GHG reductions using renewable biomass fuels, capital improvements and strategic energy management, we recognize that targets are a valuable tool for driving performance and achieving results. We are committed to setting a meaningful, company-wide GHG reduction target. In 2021, we engaged third-party decarbonization experts to review our existing GHG emissions inventory and target-setting options. We also completed or announced the acquisition of 14 new facilities in 2021. We are now working to understand our new baseline and incorporate our recently acquired operations into our GHG target-setting efforts. We expect to release a target, including an approach to how we incorporate future acquisitions, within the next year.



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Climate scenario analysis is a method for assessing potential climate-related risks and opportunities for a range of plausible future states.

**Climate Scenario Analysis**

The TCFD identifies scenario analysis as a useful and important tool for assessing potential business implications of climate-related risks and opportunities. In 2021, we worked with a team of climate experts to conduct a qualitative scenario analysis for our business. We explored both physical and transition risks and opportunities associated with two scenarios:

**Scenario: 3-5°C increase**

Climate model used: **AR5 – RCP8.5** (*IPCC – Assessment Report 5 – Representative Concentration Pathway 8.5*)

**Focus: Physical Risks**

- Wildfire
- Extreme high temperatures
- Extreme precipitation
- Riverine flooding
- Coastal flooding
- Pests
- Water stress
- Hurricane risk

**Scenario: 1.5 - 2°C increase**

Climate model used: **MESSAGEix-GLOBIOM 1.1** (*International Institute for Applied Systems Analysis - Integrated Assessment Modeling*)

**Focus: Transition Risks and Opportunities**

- Shifting land use
- Reputational risks
- Carbon pricing to operations
- Wood as a building material (value/demand)
- Biomass as a fuel (value/demand)

The following pages of this report provide further discussion on risks, mitigations and opportunities associated with climate change. For a detailed table of all the risks and opportunities reviewed in our qualitative scenario analysis, including the potential impacts and our resilience strategies, see **Appendix II**.

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Hotter and drier weather in forested areas can lead to an increased frequency and severity of wildfires.

**Climate Risks**

**Extreme Weather**

Increased frequency and intensity of storms and wildfire pose a risk to our business. Our operations use emergency response and preparedness plans to ensure employee safety. In areas where there is the potential for hurricanes and tornadoes, these include:

- procedures for severe weather;
- severe weather alarms;
- notification systems for closure of operations due to weather risk; and
- designated meeting points.

Severe rainfall can result in flooding and landslides, and both have the potential to impact our operations and supply chain. We have programs in place and are taking further steps to mitigate the impacts of severe rainfall such as:

- maintaining comprehensive flood plans for our at-risk sites;
- tracking snowpack and water levels as an advance indicator of flood potential;
- implementing preventative building and site improvements where water damage has occurred in the past;

- employing rainfall shutdown procedures in our woodland operations;
- planning log supply and inventory flows to account for seasonal shutdowns;
- utilizing culverts that are more resilient to debris flows/floods on our forest roads; and
- employing enhanced sediment control measures on erosion prone sites.

Heat waves, such as the 2021 heat dome experienced in Western North America, can result in challenging operating conditions.

High temperatures can lead to restricted working hours or shutdowns to avoid risk of injury or illness, fire ignition and equipment damage or failure. Our safety and fire prevention programs both provide guidance on shutdown criteria, and heat plans offer additional details on how to keep employees safe and healthy during extreme heat.



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Climate Risks

Wildfire

A number of our operating regions experienced drought and extended periods without rainfall in 2021. With drought comes the increased likelihood of catastrophic wildfires. The devastation caused by wildfires in recent years has significantly increased the cost of our wildfire liability insurance.

Our woodlands operations have strong wildfire preparedness, prevention and response programs, and annual fire plans that include:

- responsibilities of Interfor and contractors regarding fire preparedness and response;
- restrictions on activities and shutdown procedures above and beyond legal requirements;
- daily and continuous weather monitoring protocols;
- fire control procedures;
- mandatory fire suppression training and periodic fire suppression drills;
- emergency contact information and reporting procedures in the event of a fire; and
- fire-watch checklists and fire hazard assessment forms.

Fire plans are provided to all of our woodlands contractors. During fire season, our staff and contractors complete regular on-site fire preparedness inspections

2021 Wildfires

In the summer of 2021, wildfires in the BC Interior led to a provincial state of emergency and government-mandated curtailment of all forest harvesting activities. The mandate, along with the fires themselves, impacted our log supply, which resulted in production curtailments in our BC mills. We worked with the BC Wildfire Service and local communities in efforts to contain the fires. We had more than 230 staff and contractors and more than 90 pieces of contractor-owned heavy equipment working on the fires in July and August.

for high-risk activities in woodlands operations. In 2021, our BC Woodlands had five operational fires. All were acted upon immediately and fully contained by our contractors with the fire suppression resources they had on-site. We commend our staff and contractors for upholding our high standards of awareness, preparation and preventive measures, including shutdown, to avoid operational fires.

Fuel Reduction Initiatives

Fuel reduction and interface clearing projects are being used to reduce the risk of catastrophic wildfires. We have worked on several fuel reduction projects in our western operating regions,

which are most impacted by wildfire. For example, in 2021 our log procurement team from our US Northwest Region completed a fuel reduction stewardship project east of Battle Ground, Washington.



We are incredibly grateful to all staff and contractors who helped with firefighting efforts across our operations in BC. We commend their resilience through long hard days, time away from families and other personal sacrifices.

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### Climate Risks

### Forest Health

Extreme and changing weather and climate can pose a threat to the health and success of forests. Drought stress can reduce tree survival and limit resistance to disease and insects, while warmer, shorter winters can lead to insect and disease outbreaks. The Canadian Forest Service’s Forest Change program reports on indicators that reflect past trends and future projections for changes across Canada and provides adaptation tools and resources for forest managers. Some of Interfor’s actions taken to understand and mitigate the impacts of climate change on forest health include:

- prioritizing mixed species planting and diversity when planting new forests to improve resilience and to maintain or enhance ecological diversity;
- selecting seedlings with consideration to their adaptability to future climate changes in the areas where they will be planted;
- prescribing site-specific measures, such as retaining shade trees and using different seedling stock sizes, to reduce the impact of drought;
- implementing forest health management techniques, such as insect trap trees and root disease control; and
- participating in BC’s Climate-Based Seed Transfer working group to develop policy and tools that will help guide professionals in climate change forest management decisions.

### Species Used in Mixed Species Planting

In 2021, we planted 10.6 million trees in the BC woodlands we manage. We prioritize mixed species planting and use only species that are native and ecologically suitable to the sites on which they are planted. We used **15 different species** (shown left) in our 2021 planting operations.

Photo credits  
Amabilis Fir, Diego Sanchez; Douglas Fir, Kristin Charleton; Engelmann Spruce, Barbara Zimonick; Grand Fir, Kristin Charleton; Lodgepole Pine, Diego Sanchez; Ponderosa Pine, Barbara Zimonick; Red Alder, Kristin Charleton; Sitka Spruce, Diego Sanchez; Subalpine Fir, Nuance/Jonathan Clark; Western Hemlock, Kristin Charleton; Western Larch, Nuance, Jonathan Clark; Western Redcedar, Kristin Charleton; Western White Pine, Diego Sanchez; Yellow Cedar, Diego Sanchez; all (except Whitebark Pine) courtesy naturallywood.com.



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By powering the majority of our kilns with wood residuals, we are able to avoid using fossil fuels and increase our energy resilience for the most energy-intensive portion of our manufacturing process.

## Transition to a Low-Carbon Economy

The transition to a low-carbon economy is a significant opportunity for a company like Interfor that produces carbon-friendly products. At the same time, we will face a range of policy, legal, market and technology changes. For example, we will be encouraged to reduce our fossil fuel consumption as a result of technological advances in energy production and future increases in Canadian carbon taxes.

In addition to modernizing our operations, reducing energy consumption and lowering GHG emissions, we are taking steps to both support achievement of a low-carbon economy and mitigate potential risks. These include:

- staying abreast of government strategies that apply to our operations and the public forest lands managed by Interfor, including the BC government's **CleanBC Roadmap to 2030**;
- engaging with peers and customers to improve consistency in accounting and reporting on climate-related metrics; and
- implementing a carbon accounting project to determine options for enhancing our current GHG tracking and reporting process.

## Forest Management and Carbon Mitigation

Our commitment to sustainable forest management aligns with broader objectives to maintain and increase forest carbon stocks. See **Conserving Forest Values** for more detail on our certifications. Some on-the-ground initiatives that we have been involved in that relate directly to the forest carbon cycle include:

- working with loggers and other partners to minimize bush residuals and process or transport previously unused material for biomass fuel and pulp;
- participating in interface harvesting projects designed to reduce the risk of wildfire ignition and spread to communities;
- salvage harvesting after disturbance, facilitating prompt planting and regeneration;
- supporting research on forest management practices for tree survival, growth and productivity;
- implementing incremental stand density and fertilization improvements that will increase carbon uptake; and
- planting a mix of species for long-term resilience and productivity.

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When wood products are used in place of non-renewable building materials such as concrete and steel, they reduce the carbon footprint of a building (CORRIM 2020).

Climate Opportunities

Market

**Market opportunities:** Wood is a sustainable and renewable material, and research shows that it has positive environmental impacts compared to building materials such as steel and concrete (CORRIM 2019). Wood takes less energy to manufacture and using it in construction to replace steel or concrete reduces water and material consumption and GHG emissions. Through the Softwood Lumber Board, Interfor promotes the environmental and climate-related benefits of building with wood, and we are actively supporting the Georgia Forestry Association in the

establishment of a state carbon registry intended to encourage mass timber construction as a sustainable development solution in Georgia. Production of biofuels from lumber manufacturing residuals is another expanding market opportunity. With the transition to a low-carbon economy comes a demand for low-emission renewable energy sources such as biofuels. Interfor currently uses and sells sawmill residuals for green energy production. Throughout our operations we have been forming relationships with renewable energy producers and facilitating an efficient supply chain. We are also exploring opportunities to increase the use of bush residuals for energy production. In our US South region, we have had success chipping and selling logging

debris from stumpage tracts for use as biomass fuel. For more information on how we use mill residuals see **Optimizing Material Use.**



Visual wood surfaces inside buildings have an intuitive draw and have been linked to positive physiological responses in humans.

Benefits of Wood

The quality lumber we produce comes from sustainable sources and is the ultimate natural and renewable building product. Wood has incredible cellular strength, and captures and stores carbon. Experts advocate the use of wood from sustainably managed forests to mitigate climate change, and the **Interfor Wood Purchasing Guide** reinforces many of the advantages of building with wood. Using engineered wood products to increase the height and scale of buildings provides a low-carbon alternative to concrete, brick and steel-based building systems. Furthermore, wood is being recognized as a building material that promotes health and well-being. While some people may already relate to the intuitive draw of wood, a study by the University of British Columbia and FPInnovations found the presence of visual wood surfaces in a room lowered sympathetic nervous system activation—the system responsible for physiological stress responses in humans (FPInnovations 2011).



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Climate Opportunities

Carbon Capture and Productivity

**Carbon capture:** Both the forests on the public lands we manage and the long-lived wood products we manufacture, store carbon. Forest managers are looking for ways to accelerate or augment carbon capture through sustainable forest practices. These include salvage harvesting and planting after forest fires or insect outbreaks and stand tending such as thinning, brushing or fertilizing.

**Productivity:** In contrast to drought and forest health risks from climate change, changes in temperature, rainfall and growing seasons may improve some site conditions and increase productivity by reducing rotation times. Interfor promptly reforests every hectare we harvest with ecologically suitable species that are native to the area of harvest. We select seedlings with consideration to resilience and adaptability to a changing climate. Through our US South operations, we support research at Clemson University that is focused on how various forest management practices can improve tree seedling survival, growth and productivity.

Green Logistics

We look for opportunities to maximize efficiency and minimize environmental impacts associated with our supply chain and logistics. Examples of this include:

- optimizing configurations of log packages for towing to ensure both efficient and safe delivery;
- maximizing cubic volume or weight limitation of each shipment to ensure the greatest efficiency of available logistics capacity;
- utilizing technology to ensure overall freight distance is minimized in meeting customer obligations and on-time performance;
- aligning transportation mode preference to maximize economical efficiencies with rail being favored for most medium- and long-haul destinations in North America;
- increasing rail utilization for medium- and long-haul lumber shipments from our mills in the US South; and
- implementing a Transport Management System in early 2020 that enables us to access and leverage truck transportation capacity and support better utilization of dedicated fleets.

We use metrics to track our performance on these initiatives and use targets to drive improvement.



Maximizing efficiency is one way that we minimize environmental impacts associated with our supply chain and logistics.

Fleet efficiency

We reduce our fossil fuel consumption and improve emissions by continuing to phase out older, less efficient vehicles.

US SOUTH REGION		
YEAR	2020	2021
% of lumber transported by rail	16.3%	20.2%



## FOREST VALUES

# Conserving Forest Values: Biodiversity and Conservation

Interfor is a leader in sustainable forest management and responsible sourcing to ensure environmental, economic and social opportunities for current and future generations.

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Interfor was the first Canadian company to achieve independent third-party certification to the globally recognized SFI® Forest Management Standard for the forest lands that we manage.

Interfor manages nearly 2.6 million hectares of forests on public lands in BC. These lands are 100% third-party certified to the globally recognized Sustainable Forestry Initiative® (SFI) Forest Management Standard, and covered under forest stewardship plans that achieve government objectives for soils, timber, wildlife, water, fish, biodiversity, visuals and culturally important areas.

Forest values are important to us, and are also important to First Nations, local communities and the public. Two sections of this report, **Building Economic Partnerships with Indigenous Peoples** and **Working with Communities and Contributing to Healthy Local Economies**, provide detailed information about how we engage with First Nations and stakeholders before harvesting begins, and how we address their input and concerns in our planning.

Targets



We have set the following targets to enhance third-party certifications of our forest management activities:

**Sustainable Forest Management Certification:** Maintain third-party internationally recognized certification on 100% of our forest management operations.

**Chain-of-Custody Certification:** Expand our third-party internationally recognized certification, which currently covers our BC and US South manufacturing and sales operations, to cover 100% of our manufacturing and sales operations by the end of 2022.

**Fiber-Sourcing Certification:** Expand our third-party SFI certification, which currently covers our BC and US South log sourcing operations, to cover 100% of our log sourcing operations by the end of 2022.


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**Sustainable Forestry Certification**

Our commitment to sustainable forestry practices was amplified in 2000/01 when we became the first Canadian company to achieve independent third-party SFI® certification across all our public forest lands in Canada. Since then, our forestry practices have been subject to annual third-party audits with the results posted on our website. SFI recertification audits for Interfor’s BC coastal and interior woodlands operations in 2021 cited good practices such as:

- Working with a First Nation in the field to identify several large cedar trees suitable for traditional carving and delivering the logs directly to the community;
- Conducting First Nations engagement well beyond regulatory requirements;
- Implementing a stringent fire preparedness and prevention program; and
- Utilizing field inspections to monitor practices associated with log purchases.

Interfor has a culture of continuous improvement. Through SFI certification, we address non-conformances and act on opportunities for improvement identified in the annual audit reports.



**Benefits of Third-Party Certification**

Certification is a market-based, non-regulatory forest conservation tool designed to recognize and promote environmentally responsible forestry and sustainability of forest resources. Currently there are more than 50 forest certification standards worldwide, reflecting the diversity of forest types, ecosystems and tenures. There are subtle differences, but most promote sustainable forest management through principles, criteria and objectives consistent with local government processes and public expectations. Like other credible forest certification programs, the SFI standard promotes principles, criteria and objectives that are viewed around the world as the basis of sustainable forest management. It has balanced governance, with a board that represents environmental, social and economic interests, and it revises its standard regularly through an open public process.

The 2021 audits for BC coastal and interior woodlands found that we had addressed all non-conformances from previous audits. The audits identified no new non-conformances and three opportunities for improvement relating to isolated opportunities for improving drainage and seasonal deactivation as well as improving accuracy of mapping, prescriptions and classification for small, non-fish bearing streams and drainages. Auditors will conduct follow-up assessments in 2022.

**Chain-of-Custody Certification**

Our BC and US South operations are certified to the SFI Chain-of-Custody Standard and our BC operations and Japan sales office also carry Program for the Endorsement of Forest Certification (PEFC) certification. We have set a target to expand our chain-of-custody certification to 100% of our operations by the end of 2022. Our Wood Purchasing Guide encourages our customers to choose products from sustainably managed forests.



Sustainable forestry is the management and use of forest resources in a way that meets the ecological, economic and socio-cultural needs of both current and future generations.



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### Biodiversity and Conservation

We operate under a range of formal frameworks and internal procedures to protect wildlife, biodiversity and forests of high conservation value. Identifying, tracking and conserving habitat and habitat features for species at risk and other focal species is built into our operational planning process.

We train our woodlands employees to identify species at risk as well as rare blue- and red-listed ecosystems, include information on species at risk in our logger training, and require that employees and contract loggers report sightings.

We manage and maintain areas that have been identified as meeting the unique winter habitat requirements of ungulates based on forest cover, aspect and elevation. Our woodlands operations maintain mapped networks of winter range for deer, moose, elk, bighorn sheep and goats.

In many cases we work closely with First Nations communities to better understand and manage wildlife habitat based on traditional ecological knowledge. For example, we work closely with a number of coastal First Nations to map, protect and improve grizzly bear habitat.



Rare Plant Communities



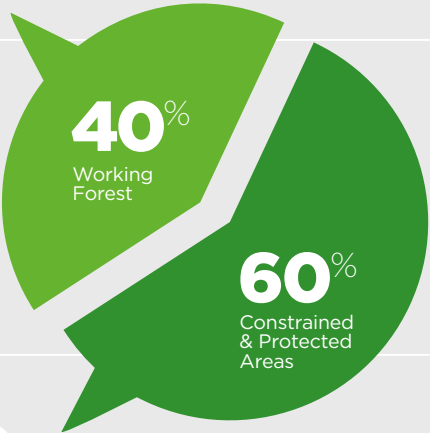
Wildlife Trees and Dispersed Retention



Wildlife Tree Patches

#### Interfor Managed Forests

More than half of the forest lands that Interfor manages are protected or not available for harvesting. The remaining Working Forest is subject to restrictions on cutblock sizes and in-block tree retention requirements.



Ungulate Winter Ranges



Old Growth Management Areas



Wildlife Habitat Areas



Cultural Values



Landscape Reserves

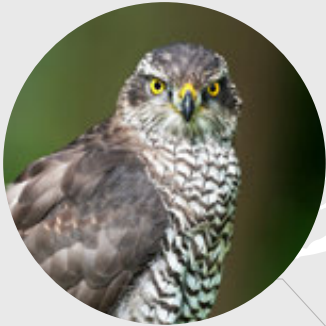


Constrained Areas

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## Species at Risk Conservation in Action

Across our operating regions we are committed to protecting species at risk and maintaining biological diversity. This includes efforts and initiatives on our own forest lands, as well as working with our log suppliers and private landowners. Some highlights and examples from our operating regions include:



### Northern Goshawk

#### BC Coastal Operations

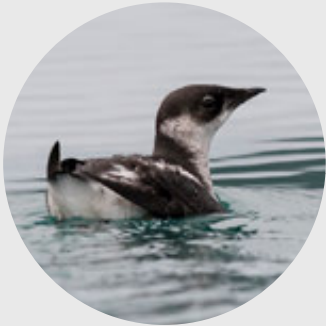
The northern goshawk is a large, striking hawk. A subspecies that lives on the coast of BC is listed as a species at risk. Our foresters have worked with the BC Ministry of Environment to protect goshawk nest locations on the Sunshine Coast in southern BC.



### Mountain Caribou

#### BC Interior Operations

In 2021, Interfor provided support to the Arrow Lakes Caribou Society for their efforts to recover the Southern Mountain Caribou population in the Central Selkirk Mountains through their Caribou Maternity Pen Project. The maternity pens support the survival of pregnant cows and calves during a vulnerable stage of their lives. The goal is to reverse the downward trend in the population.



### Marbled Murrelet

#### US Northwest Operations

In Oregon, special management areas have been defined to protect important habitat for marbled murrelet. These small seabirds use very specific habitat for nesting that includes mossy platforms in the branches of coniferous forests. In 2021, our Molalla division operated on a timber sale that was adjacent to a marbled murrelet management area. Although our operations were outside of the management area, activities such as felling and chain sawing were restricted during the breeding season to avoid disrupting the nesting murrelets.



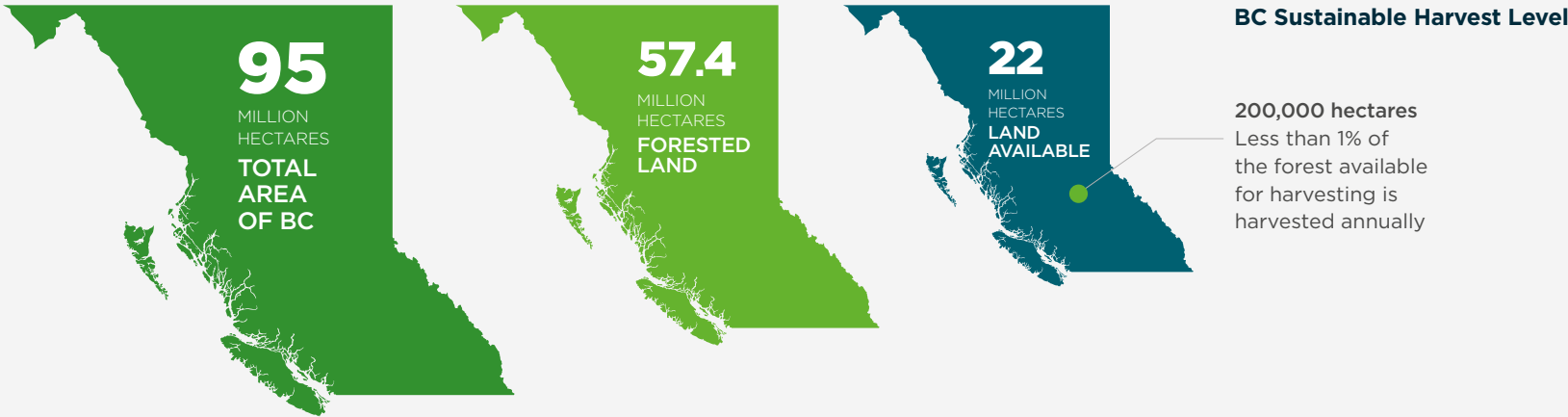
### Gopher Tortoise

#### US South Operations

The gopher tortoise is a keystone species of the longleaf pine ecosystems in our US South operating region. This reptile excavates burrows used by more than 350 other species of animals. Through our fiber-sourcing program, we work with private landowners to support the implementation of best management practices to protect and restore habitat for this critical species.



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### Sustainable Harvest Levels

Sustainable harvest levels are the foundation of sustainable forestry and key to ensuring environmental, economic and social opportunities for current and future generations.

In BC, 95% of the forested land, including the forests managed by Interfor, is publicly owned. The annual harvest levels, known as the allowable annual cut (AAC), are required by law to be set for these public forests every 10 years. The AAC is specific to individual management units and based on the condition of the existing forest, growth rates, how the forest is managed for multiple values and choices around the rate of harvest.

We support and contribute to AAC determinations by providing information and data. For example, in a unit we manage, Tree Farm License (TFL) 8, we work closely with a local Indigenous community to manage for and protect cultural and other values. This has reduced the size of the area available for harvesting so we have provided recommendations on how to reduce the AAC in TFL 8. We have taken similar approaches and recommendations to reduce AACs in other management units as well.

In our US South region, we utilize growth-to-drain studies to understand how much timber grows in a given area compared to the

HARVEST AREA AND STAND-LEVEL RETENTION ON INTERFOR TENURES			
YEAR	2018	2019	2020
Total cutblock area (hectares)	11,271	7,051	6,880
Total area retained within cutblocks (hectares)	2,206	1,569	1,259
Total area retained within cutblocks (%)	20%	22%	18%

Cutblock area and stand level retention data are reported annually to the BC government. We work to survey and finalize harvested area boundaries for up to 6 months after the end of each year prior to reporting. As such, the most recent reporting year's data is not yet finalized and is not included.

amount that is harvested or dies. These studies provide a county-level assessment of timber flows and help us to understand if market demand for timber is balanced with available supply. Recent growth-to-drain analysis for the South indicated

a slight oversupply of timber that would balance out by 2025. In our US Northwest region, state laws and sustainable harvest calculations are used to ensure harvesting and yield on a continuous basis.

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**Old Growth and Sustainable Harvesting in BC**

Old growth, sometimes referred to as primary forest, is recognized for providing habitat, ecological, cultural, spiritual and timber values. In BC, forests are generally considered to be old growth when the trees are more than 250 years old on the coast and more than 140 years old in most interior regions. While age is a useful definition, what makes old growth unique is not the number of rings in the trees, but rather the characteristics of the forest that have developed over time. All old growth, regardless of size, has inherent value.

All natural ecosystems, including old forests, experience natural disturbances, such as fire, insect damage or windstorms. Over time, mature forests that are not disturbed become old growth, and old growth that is naturally disturbed becomes new regenerating forest.

On the lands that we manage, we play a leading role in managing and protecting forests of high conservation value, including old forests:

- We are a founding member of the historic land use agreement in BC's Great Bear Rainforest, which includes legislation to protect 85% of the forest—including 70% of old growth—over time.



Diego Sanchez, courtesy naturallywood.com

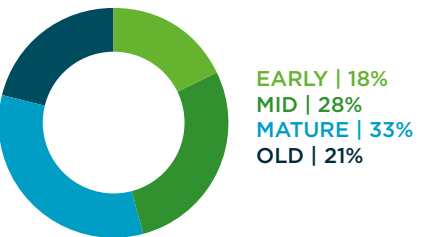
Big trees are not the same as old trees. All old growth, regardless of size, has inherent value.

- Our sustainable forest management certification confirms that we protect Forests with Exceptional Conservation Value as well as old-growth forests.
- Through the BC Old Growth Management Area process, we contribute to the identification and conservation of old-growth forests, giving priority to areas with high biodiversity value.
- We have worked with the Nanwakolas Council to develop a Large Cultural Cedar Protocol designed to conserve old cedar trees for current and future cultural use.

An **analysis completed in October 2021**, indicates that approximately 21% of BC's public forested land is old growth. Of that, approximately 75% is protected or not within the timber harvesting land base.

In November 2021, the BC government announced its intention to work in partnership with First Nations to defer harvest of ancient, rare and priority large stands of old growth within 2.6 million hectares of B.C.'s old growth forests. We are working with our Indigenous partners to understand their interests and values as they relate to old growth management in these proposed deferral areas and elsewhere within their territories.

ALL BC FORESTS  
AREA BY SERAL AGE



OF THE 21% OF FOREST  
THAT IS OLD GROWTH



Source: Forsite 2021



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**Accountable Professionals**

Professional foresters and forest technologists working for Interfor in BC are registered and regulated by the Association of BC Forest Professionals. In the US South region, each state has a State Board of Registration for Foresters, which oversees licensure, sets standards for professional conduct, and is responsible for investigation of and discipline for unauthorized, negligent or incompetent practice. In addition, professional logger designations in our US South region recognize individuals that have received education in environmentally and economically sustainable logging practices and meet continuing education requirements on an ongoing basis. We also engage other qualified persons with expertise such as professional engineers and geoscientists, hydrologists, biologists and archaeologists. See **Working with Log Suppliers** for details on how we work with Qualified Logging Professionals.

**Ecosystem Restoration**

In 2021, Interfor partnered with Greenways Land Trust and the 7 Generation Stewards Society to conduct restoration activities in the Campbell River estuary, including the removal of invasive species and planting of 700 native cedar trees.

**Stewardship Projects**

Our log procurement team in the US Northwest has a proven track record in delivering land stewardship projects through the US Forest Service stewardship timber sales program. Projects that Interfor has been involved in aim to restore and maintain healthy forest ecosystems and include placing large woody debris in streams, decommissioning roads and unauthorized ATV trails, pre-commercial thinning and storm-proofing roads.



In 2021, members of our Coastal Woodlands Team in BC took part in an effort to restore the Campbell River estuary, by removing invasive species and planting native trees.



**World-Leading Management**

The Great Bear Rainforest Order (GBRO) is a great example of a formal framework that affords world-leading management and protection for a wide range of forest values on BC’s Pacific Coast. We work with First Nations, government officials, industry partners and stakeholders to implement the new forestry approaches of the GBRO. Key initiatives have included:

- We have used LiDAR data to develop a tree height model to comply with the GBRO riparian objectives that state harvesting must take place one-and-a-half tree lengths away from high-value and non-high-value fish habitat.
- We have provided professional guidance on interpreting and implementing the environmental standards in the GBRO as guidance documents are published.
- We work collaboratively on a continuous basis with First Nations, the public and other organizations to build landscape reserve designs, taking a lead role in some areas as well as supporting First Nations partners to lead in others.
- We work in partnership with the BC provincial government to support trials and studies regarding browse resistance of western red cedar to reduce damage caused by wildlife.

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Through our SFI Fiber Sourcing Program, we engage our suppliers to implement best management practices.

**Working with Log Suppliers**

The environmental performance of our major suppliers is a key factor in our log supply. Interfor mills in BC and the US South are certified to the SFI Fiber Sourcing Standard and we have set a target to expand this certification to 100% of our log sourcing operations. Under our sustainable fiber sourcing program:

- We require compliance with applicable federal, provincial, state and local human rights and labor laws and regulations such as: freedom of association and right to collective bargaining, freedom from discrimination, harassment and abusive behavior, and no child labor or forced labor.
- We engage our suppliers to implement best management practices to protect water quality and conserve biological diversity. Working with SFI Implementation

Committees, we provide log suppliers with a Wood Purchase Information Package that outlines the objectives of SFI certification and provides information on sustainable harvesting practices such as conserving biological diversity, water quality management, soil conservation, fuel handling and spill response.

- We work with qualified resource and logging professionals. State logger training or equivalent programs in the US ensure our procurement suppliers are trained to meet the SFI standards and at least one supervisor at each logging site is a Qualified Logging Professional, which means they are accredited or trained through an SFI-recognized program.
- We support broadening the practice of sustainable forestry on all lands through community involvement,

socially responsible practices, and through recognition and respect of Indigenous peoples' rights.

In our **Wood Procurement Policy**, we clearly state our commitment to avoid trading wood or wood fiber from controversial sources. All of Interfor's log supply is from Canada or the US. Other practices implemented in our wood procurement programs include:

- individual supplier risk assessments used to identify potential concerns;
- signed purchase wood agreements that clarify our expectations with suppliers; and
- site inspections to monitor our suppliers for conformance with our policy.

In addition to the assurance provided by our fiber sourcing programs, many of our log suppliers have third-party sustainable forest management

certification such as SFI, Canadian Standards Association (CSA) and Forest Stewardship Council (FSC). In 2021, 77% of our total log supply in BC and 18% of our purchased log supply in the US South came from certified sources.

**Working with Other Suppliers**

More than 99% of Interfor's non-log suppliers and vendors are based in Canada or the US, countries with effective environmental and social laws. In 2021, we began developing a new Vendor Code of Conduct that covers our standards and expectations regarding social and environmental responsibility. We have set a target to finalize the Vendor Code of Conduct and communicate it to all vendors and suppliers in 2022.



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Disturbance is a natural process within forested ecosystems that is integral to forest health and function.

**Sustainable Practices**

Interfor manages forests sustainably and does not engage in any deforestation or conversion of forests to non-forest use. We do not use, purchase or conduct research or field trials on genetically modified trees, and we do not use nanotechnology in any of our products.

We minimize chemical use, only using them where required to achieve reforestation objectives while protecting people, wildlife and the environment. We prohibit the use of World Health Organization (WHO) type 1A and 1B pesticides, and where practicable we avoid the use of all other pesticides and herbicides.

**Disturbance versus Deforestation**

Deforestation is the permanent removal of trees and conversion of the land to another use. Disturbance is a natural process within forested ecosystems that is integral to forest health and function. Sustainable forest management seeks to mimic natural disturbance in harvesting operations as much as possible. Disturbance from sustainable forest harvesting is not deforestation or land conversion, nor do areas harvested using sustainable forest practices require reclamation. More information is available on the Natural Resources Canada website, including **Disturbances and Deforestation in Canada: Key Myths and Facts**.

**Sustainable forest management**

After wildfires, sustainable forest management, including salvage harvesting followed by tree planting, can accelerate the restoration of healthy functioning ecosystems and their associated benefits from riparian vegetation to carbon sequestration. Our Molalla Division worked through 2021 to purchase and mill wood salvaged from fires that burned over the last two years.



Salvage harvesting, followed by tree-planting, can accelerate the restoration of healthy, growing forests after wildfire.



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## ENVIRONMENT

# Reducing Environmental Impacts

We're committed to protecting the environment by adhering to the highest standards in sustainable forest and mill management.



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We minimize our environmental impact, reduce emissions and waste, and strive for continuous improvement of our environmental performance.

**Environmental Management System**

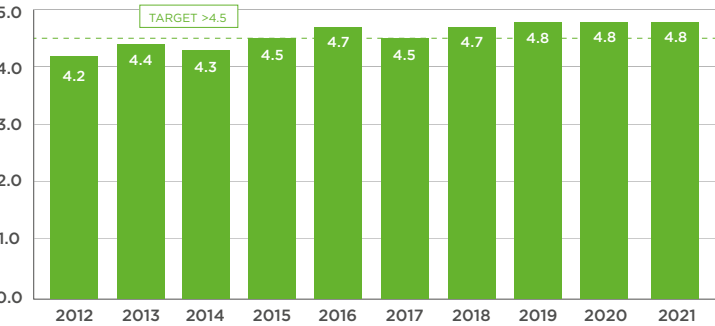
We maintain an internal Environmental Management System (EMS) that provides a structure to identify, address and manage environmental issues for all of our manufacturing facilities and harvesting operations in the US and Canada:

- **Policy:** Our EMS is guided by our **Environment Policy**.
- **Verification:** We perform regular audits—both internal and independent third-party audits—to verify our EMS effectiveness and compliance.

- **Training and awareness:** EMS awareness is part of new staff onboarding. We also have annual refresher training, EMS field tours, and regular reporting of issues at business review meetings.
- **Internal and external communication on EMS issues:** Our operations complete quarterly reports of environmental incidents that are provided to our executive team and, when above certain thresholds, reported to our Board’s Environment & Safety Committee. First Nations and regulatory authorities also receive reports of incidents as applicable to their respective territories and jurisdictions.

**Auditing and Measuring Performance**

We have environmental monitoring programs in place pertaining to water use, air emissions, waste management, fuel handling and spill prevention. We use third-party auditors to conduct compliance audits with a scoring system to track our performance, and have set a target score of 4.5 (out of the maximum achievable score of 5). In 2021, we achieved a rating of 4.8 averaged across operations, which is deemed to be compliant and low risk.





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In 2021 we formed a Manufacturing EMS working group where environmental leaders from each of our regions are able to connect and share ideas.

**2021 EMS Improvement Initiative**

In 2021, we worked with experts from each of our operating regions to standardize and improve the consistency of EMS implementation across our manufacturing facilities. Sharing expertise and aligning our systems has been a valuable exercise that we believe has strengthened our program. Some highlights include:

- developing a new standardized approach to tracking EMS compliance for legal and internal requirements as well as use of best management practices at all our manufacturing facilities;

- setting a target of 100% completion of all legal and internal compliance tasks;
- developing a process for consistent reporting, facilitating a company-wide measure of compliance;
- developing updated and standardized EMS training content that facilitates site-specific information based on the learner's location;
- forming a Manufacturing EMS working group that will continue to meet periodically; and

- sharing regional and site-level best management practices.
- We will be continuing this work in 2022, focused on building consistency in standard operating procedures, documentation and record-keeping.

**Supplier Code of Conduct**

In 2021, we began developing a new Vendor Code of Conduct that covers our standards and expectations regarding social and environmental responsibility.



We have set a target of 100% completion of all legal and internal compliance tasks.

We have set a target to finalize a Vendor Code of Conduct and communicate it to all vendors and suppliers in 2022.



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We regularly review our practices and procedures to monitor and report on environmental performance.

Water

Access to water is a universal human right. Interfor’s operations do not include any water-intensive processes and none are within regions with high or extremely high baseline water stress according to the WRI Aqueduct Water Risk Atlas (2019).

As a small water-user, our wastewater discharge is limited and the jurisdictions in which we operate employ a range of permits and authorizations with associated requirements to govern wastewater. In our industrial operations we use various methods including water sampling, oil-water separators and settling ponds to ensure site runoff does not lead to contamination of neighboring water sources.

Our EMS includes specific objectives and measures related to water quality such as strict fuel and chemical handling measures. Our woodlands riparian management commitments define reserve and management zone buffers that are to be left around streams, wetlands and lakes in our harvesting operations to protect water quality. Maintaining

natural drainage patterns is a core element of our standard operating procedures, and our soil management objectives contribute to water quality by protecting soil structure and productivity as well as preventing soil erosion. We have developed a watershed risk management framework to identify, assess and document the potential for impacts to water quality and quantity.

Our woodlands operations use stakeholder engagement and specific measures regarding community watersheds to mitigate potential impacts to drinking water.

Although we do not have any water-intensive operations, we understand that there is always room for improvement, and we are committed to continuous improvement of our environmental performance.



To help us to track and manage our water use, we have set a target to install water withdrawal meters at 100% of our sites by the end of 2023.

WATER WITHDRAWAL			
YEAR	2019	2020	2021
Withdrawal (m³)	834,275	767,201	1,006,957
Intensity (m³ water per MFBM)	0.315	0.323	0.348

This information is based on metered water withdrawal data, where available, and estimates for non-metered withdrawal at Interfor’s facilities.



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Electrostatic precipitators use electricity to remove particulate matter from exhaust.

### Air Emissions

We minimize air emissions from our manufacturing facilities using pollution control technologies suited to each site, and identify and report the air emissions produced as required by applicable legal and regulatory requirements.

At our Port Angeles, Perry, Baxley and Thomaston mills, we use electrostatic precipitators, which are pollution control devices that use electricity to remove particulate matter in the exhaust system of the boiler.

Many of our capital investment projects have included the

AIR EMISSIONS				
YEAR	2020		2021	
	TOTAL (TONNES)	INTENSITY (GRAMS/MFBM)	TOTAL (TONNES)	INTENSITY (GRAMS/MFBM)
Particulate Matter	471	198	635	220
NOx	398	167	461	160
SOx	43	18.1	54	18.7
CO	639	269	772	267
VOCs	2,576	1,084	3,239	1,121

For details on what is included in these metrics please see **References and Methodology** at the end of this report.

installation of new or upgraded pollution control devices. Recent upgrades at our Eatonton mill

included replacing a cyclone, which is used to collect dust, with one that has higher control efficiency.



Cyclone filter systems cause air to move in a spinning motion, allowing dust and larger particles to be collected and removed from the air.



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**Byproducts, Waste and Recycling**

The main byproduct of our manufacturing process is wood residuals in the form of sawdust, shavings, chips and bark. We recycle and repurpose these wood residuals for many uses from energy to landscaping. We also produce limited amounts of other hazardous and non-hazardous waste. We recycle or repurpose more than 99% of our waste and residual materials.

**Recycling Programs**

Our Burnaby, BC, head office is in a BOMA BEST Certified Gold building and partakes in a comprehensive recycling program including organics, batteries and e-waste. Our other offices and operations have recycling programs for materials from paper and cardboard to scrap metal and used oil.

**Use of Recycled Materials**

With the exception of our Cedarprime operation, Interfor is a primary manufacturer and therefore the use of recycled wood or fiber is not applicable in our lumber manufacturing process. Our Cedarprime facility remanufactures lumber produced by our primary sawmilling operations, creating value-added products.

**Optimizing Material Use**

We have sales programs in place to maximize the use of wood residuals which other companies turn into pulp, paper and green renewable energy, which includes both wood pellets and biomass for power plants. A smaller portion of our residuals is used by soil and landscaping companies and medium-density fiberboard manufacturers. Interfor also uses residuals as a renewable

heat and power source to dry lumber in our own kilns.

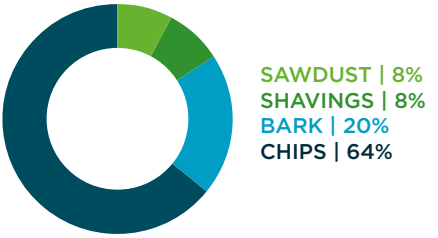
In addition to residuals, another byproduct of lumber production is short trim ends from sawn lumber. Trim ends are used or sold for energy as well as being remanufactured into trusses, pallets, fingerjoint studs and parts for furniture and cabinets.

We also grind up log processing residuals from one of our main woodlands operations in BC so they can be used by pulp mills as a renewable energy source for running their boilers. We are exploring innovative tools with our loggers to minimize residuals left on harvesting sites. In BC, we are currently working with several of our pulp mill partners to increase our use of bush residuals by processing unused material from our harvesting operations into hog fuel. In our US South region, we have chipped and sold residuals from harvesting operations on stumpage tracts for use as fuel. Residuals that are left in the bush continue to store carbon for the short term and as they decompose, they return nutrients back into the soils.



Wood residuals from our sawmill facilities include chips, bark, shavings and sawdust.

**RESIDUALS SOLD BY INTERFOR**



**Residuals Sold by Interfor**

These residuals are used in a wide range of applications from renewable energy to pulp and paper and even landscaping.

WASTE AND RESIDUAL MATERIALS				
YEAR	2020		2021	
MATERIAL (TONNES)	LANDFILLED OR DISPOSED	RECYCLED OR REPURPOSED	LANDFILLED OR DISPOSED	RECYCLED OR REPURPOSED
Wood Residuals	4,074*	3,280,270	4,908*	4,091,752
Hazardous Waste**	16.9	42.7	20.8	50.4
Non-Hazardous Waste	9,312	2,787	8,012	2,773
<b>Total</b>	<b>13,403</b>	<b>3,283,100</b>	<b>12,941</b>	<b>4,094,575</b>
<b>% of total</b>	<b>&lt;1%</b>	<b>&gt;99%</b>	<b>&lt;1%</b>	<b>&gt;99%</b>

Waste data presented here is based on a combination of weight records for waste and residuals from Interfor's facilities and estimates.

\* Includes wood residuals that were used for soil amendments in landfills.

\*\* Includes common or "Universal Waste" such as batteries

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Spill prevention and response is a key aspect for protecting water quality.

**Spill Prevention and Response**

Fuel and chemical handling, including storage, is a key part of our EMS. Our manufacturing facilities and woodlands operations have strict guidelines that specifically address handling fuel and other chemicals around water sources. In addition to maintaining emergency spill response kits, we use spill plans and emergency spill response drills to ensure our teams are well prepared in the event of an incident.

NOTABLE SPILLS			
YEAR	2019	2020	2021
Number of notable spills	2	3	1

**Notable Spills**  
Our notable spills reporting includes any spill that is more than 100 liters, poses a significant health or safety hazard, or has any other specific circumstance that deems it notable such as the type of substance or the sensitivity of the location where the spill occurred. In 2021, Interfor had one notable spill, which was reported to the applicable authorities, and subject to internal investigation and corrective action plans.

**Emergency Spill Response Drills**  
Emergency response drills are a key component of our spill preparedness and response plans. Drills help our teams to understand exactly what to do in the event of a spill and prepare them for the challenges they may encounter. After our drills, we debrief with the team to discuss learnings and actions to improve our preparedness and response.



Members of our BC woodlands team practicing the deployment of a marine containment boom as part of an emergency spill response drill.



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## INFRASTRUCTURE & TECHNOLOGY

# Investing in Infrastructure and Technology

By embracing the highest standards and advancing innovation in our manufacturing operations and woodlands, we keep our workplaces safe, increase efficiency along with environmental performance, and deliver high-quality products.



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## Investing in Modern, Efficient Technology in our Mills

For the last decade, we’ve spent an average of over \$100 million per year upgrading or investing in our existing facilities and systems and employing the latest technology (see **Capital Investments chart**).

Back in 2017, we announced the initial phase of a multi-year strategic capital investment program, designed to increase production capacity, improve lumber recovery and enhance our product mix. It focused predominantly on our facilities in the US South, but included projects in all of our operating regions.

Since then, we have been executing on successive phases of this plan and investing steadily in our operations.

- In 2019, we completed a new planer and kiln upgrade at our Meldrim Division in Georgia and a major rebuild at our Monticello Division in Arkansas.
- In 2020, we completed a major planer upgrade phase at our Eatonton Division in Georgia, sawmill and planer upgrades at our Georgetown Division in South Carolina, and an upgrade of the primary breakdown equipment at our Molalla Division in Oregon.
- In 2021, we completed a new kiln at our Adams Lake Division in British Columbia and significantly advanced a major sawmill upgrade at our Eatonton Division, which is scheduled to be completed in early 2022.

Investment in modern and efficient technology continues to be a foundation of our business. Building on our successful accomplishments to date, our multi-year program continues to evolve and grow.

In 2021, we announced a number of expansions to our multi-year strategic capital plan, totaling nearly an additional \$300 million USD of strategic investments across several facilities and operating regions over the next several years. Some of the highlights include:

- planer upgrades at our Castlegar Division in British Columbia;
- sawmill upgrades at our Perry Division in Georgia;
- the re-initiation of a major rebuild at our Thomaston Division in Georgia;
- a follow-on investment at the recently acquired Summerville Division in South Carolina; and
- a second phase to the modernization of our Georgetown Division.

These investments are expected to grow lumber production, further optimize conversion costs, improve lumber recovery, and enhance grade and product mix. All of these benefits will help position our portfolio of manufacturing operations as some of the most competitive in the industry and ensure their safe, high-quality, efficient and sustainable operation through all market cycles.



Innovative technology helps us to maximize utilization of the logs we mill.



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Drone technology has wide-ranging and highly beneficial applications in forest management.

**Investing in Modern, Efficient Technology in our Woodlands**

We invest in new technology to be used in the woodlands we manage, and we support technology investments made by the timber harvesting companies and landowners that work with us.

Some highlights include:

- acquiring highly detailed remote sensing LiDAR (Light Detection and Ranging) data to inform inventory, planning and development across our operations;

- using immersive LiDAR software as a virtual platform for staff, First Nations partners and stakeholders to conduct and assess preliminary forestry and engineering activities remotely;
- surveying and tracking forest operations and inventories using drones;
- supporting research trials on the remote pilot operation of drones beyond a visible line of sight;
- using GPS (Global Positioning System) technology as well as fixed and dashboard cameras at

our sites, in trucks and mobile equipment to improve and promote high safety standards; and

- utilizing GIS systems to collect, manage and report on roads, operations and safety.

**Creative and advanced use of technology to manage forests**

In our BC woodlands, we use drones and GIS systems to collect information and track work needing to be done. For example, we survey the final locations of built roads using drones and we complete

road inspections on GPS-enabled handheld devices. In both cases, the use of technology facilitates efficient data entry into our mapping and information systems. The map points can also be provided digitally to our contractors along with work prescriptions, so they know exactly what needs to be done and where.



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Research findings and recommendations support our cycle of continuous improvement.

**Investing in Research**

Research in partnership with other organizations plays an important role in ensuring the efficiency and effectiveness of our operations and forest management activities.

We continue to support and fund a research partnership started in 2019 with Clemson University in South Carolina. Using land attached to our Georgetown Division, the project is focused on how things like tree spacing, planting densities and varied herbicide prescriptions will impact seedling survival and tree growth. In 2021, work got underway for a similar partnership and research

project at our Preston Division in partnership with Abraham Baldwin Agricultural College.

We support research in BC to advance sustainable forestry and support sound forest management. We have partnered with the University of British Columbia (UBC) Faculty of Forestry to support research projects to improve identification of marbled murrelet habitats on the Sunshine Coast and to develop predictive ecosystem mapping for all of BC.

In 2021 we also:

- provided LiDAR data for a UBC study of the 2020 geo-glacial landslide and tsunami in Bute Inlet;

- provided historical and spatial data from our cutblocks to a researcher from the University of Northern BC studying the long-term effects of carbon dynamics due to partial harvesting;
- supported a hydrological modeling project in southeastern BC to support accurate assessment of hydrological impacts of forest development and climate change in snowmelt watersheds; and
- installed and retrieved trail cameras to support the BC Wildlife Federation’s work studying and helping to restore mule deer populations.



Interfor’s Area Procurement Manager, Phillip Exley (right) with Abraham Baldwin Agricultural College representatives, Umesh Chaudhari (left) and Kip Hall (center).



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## INDIGENOUS PEOPLES

# Building Economic Partnerships with Indigenous Peoples

We respect the deep connection Indigenous peoples have to their territories and work with them to develop strong relationships that offer mutual benefits.

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**Our operations in British Columbia fall within the territories of more than 60 First Nations. To date, we’ve signed more than 80 individual agreements with 40 different First Nations partners and we’re committed to further expanding First Nations representation in and benefit from the industry.**

Our forestry operations are guided by our First Nations Partnerships: Objectives and Guiding Principles document, which outlines these goals:

- to recognize the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP);
- to seek to uphold the Calls to Action of Canada’s Truth and Reconciliation Commission; and
- to commit to meaningful consultation and obtain, where possible, the free, prior and informed consent (FPIC) of First Nations before proceeding with developments.

Indigenous peoples have lived in their territories since time immemorial. We respect their deep connection to these lands and water along with the legal and constitutionally recognized rights they hold. We believe that First Nations play an integral role in the future of a strong, viable and sustainable forest economy in BC. We are committed to seeking First Nations representation and participation in the forest industry

and promoting socioeconomic development opportunities across their communities.

Interfor engages with 100% of the First Nations whose territories encompass our operations with the goal of building positive relationships. We implement early and ongoing frequent communication and engagement with First Nations

regarding activities within their territories. Through this engagement, we work to identify cultural values, protect culturally sensitive areas and understand how our operations can contribute to community priorities. In many cases how we engage is guided by protocol agreements with individual First Nations.



**Monitoring and Certification**

Many of our agreements with First Nations include monitoring and review processes to track our compliance with the specific expectations and standards for their territory. In addition, woodland operations are certified to the SFI standards and audited annually by an independent third party. This includes meeting the requirements of SFI Sustainable Forest Management Objective 8: To recognize and respect Indigenous Peoples’ rights and traditional knowledge. See **Sustainable Forestry Certification** for examples of good practices related to working with Indigenous Peoples identified during our 2021 audits.



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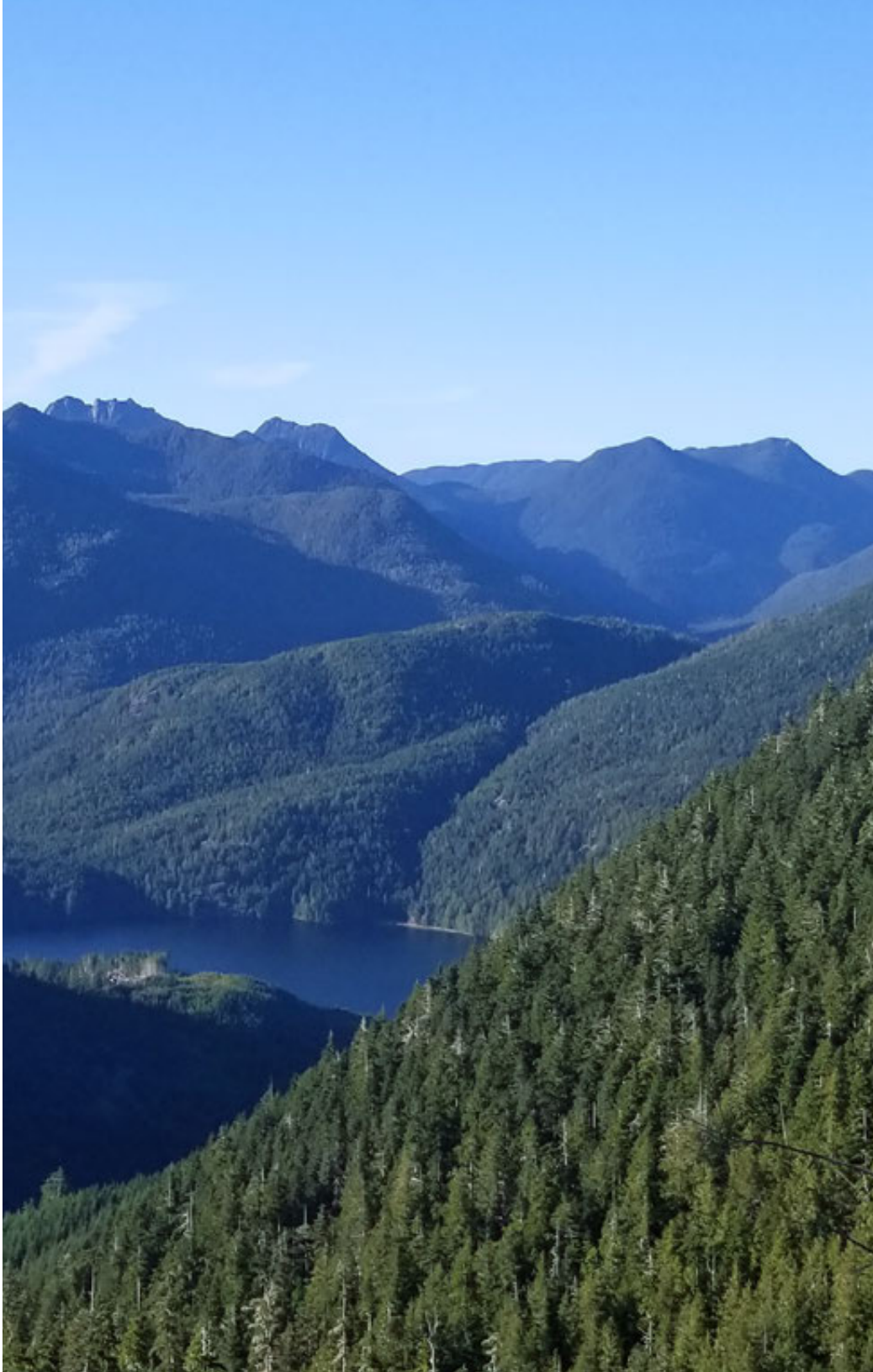
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## Partnership Agreements

Our relationships have led to signed agreements with 40 of the First Nations with whom we work. These support shared business opportunities, training and capacity building, and positive working relationships that are founded on the following mutually recognized objectives:

**Long-term agreements that support the strong and stable participation of First Nations in the forest sector.**

- Business-to-business partnerships that build capacity and support community development.
- Joint planning involving greater First Nations input into land use planning within their territories.

**Certainty for our forestry business in BC.**

- Predictable and cost-efficient access to a log supply that supports our operations.

**Respect for First Nations culture.**

- Addressing unique cultural, wildlife and environmental values in each territory.



**Foundations Of A Meaningful Partnership Agreement**

The foundations of our agreements with our Indigenous partners can be organized into five categories:

- 1 Governance
- 2 Economic benefit and revenue
- 3 Stewardship and sustainability
- 4 Capacity building and employment
- 5 Community engagement

The following pages provide specific examples from our agreements and partnerships of what these aspects look like in action.



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Governance includes the structures, systems and agreements we jointly build to support reconciliation and full partnership.

**AGREEMENT FOUNDATIONS**

**Governance**

The foundation of many First Nations partnerships with Interfor start with agreements that define our respective interests, identify common visions and objectives, and provide a framework for how we will work together. Some examples of strong governance in action include:

- In 2021, we signed an agreement with **Simpcw** Resources that, in addition to transferring tenure to the Simpcw First Nation, provides for the development of a stewardship program within

**Simpcwúłecw** (Simpcw Territory) in connection with Interfor's operations that will facilitate joint stewardship of the tmicw (land) and a long-term business relationship.

- In 2021, we signed a Memorandum of Agreement with the **Klahoose** First Nation regarding our forestry operations, including co-management of the Interfor tenure and development of joint harvesting projects within the Klahoose Territory.
- The long-term agreement signed between Interfor and the **shíshálh** Nation in 2017 and the resulting

partnership support joint planning and management of all aspects of forestry operations in the swiya (territory). Under the agreement we participate in several joint tables for planning, communication and project management.

- Our 2018 agreement with the **Penticton** Indian Band prioritizes stewardship, includes community benefits and supports community interests. We continue to operate under this agreement, which includes details of how we work together on the review of Interfor's planned operations.



In 2021, we announced a direct transfer of forest tenure to Simpcw First Nation. The transfer reflects Interfor's support for ongoing progress on reconciliation in BC.

Photo credit Kristin Charlton, Sundew Media, courtesy naturallywood.com



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Our partnership agreements demonstrate our commitment to fostering reconciliation and opportunity for Indigenous nations in B.C

**AGREEMENT FOUNDATIONS**

**Economic Benefit and Revenue**

Our agreements are built on the principle that Indigenous peoples should benefit from resource development in their territories. Through a wide variety of business partnerships that range from support of Indigenous entrepreneurs to the lease or sale of our tenures, we work with First Nations partners to generate meaningful and sustainable forestry revenue for their communities.

Some current examples include:

- An agreement with the **Adams Lake** Indian Band that provides a source of revenue to the community from its timber resources.
- Our long-standing partnership with the **Wuikinuxv** First Nation to support its vision for the future and the prosperity of its people.
- A Standing Timber Purchase Agreement with the **Whispering Pines/Clinton** Indian Band that provides revenue to the community.
- The business agreement we have with the **Metlakatla** First Nation under which we provide technical support for their First Nations Woodland License and are working on a joint project.
- A Standing Timber Purchase and Tenure Management Agreement with **Okanagan** Indian Band Forestry Limited Partnership that provides revenue opportunities to the partnership.
- A market logging agreement with **Little Shuswap Lake** Band under which we provide services to manage their woodlot license with proceeds to the community.

**Financing to Support Economic Development**

Forest management and harvesting projects require substantial investment to develop timber and build roads. Access to financing for these projects can be a challenge for small and developing Indigenous-owned corporations and is a benefit that Interfor can offer to our partners. In 2021, we provided \$11.2 million in financing to projects that supported Indigenous economic development and capacity building.



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Field surveys support the identification and conservation of Indigenous values.

**AGREEMENT FOUNDATIONS**

**Stewardship and Sustainability**

We work with First Nations to understand traditional knowledge and values so we can incorporate them into joint planning processes that guide our cutblock locations and harvesting plans. We also support stewardship initiatives in their territories such as salmon enhancement, habitat restoration and grizzly bear research. Some current highlights include:

- We continue to participate in hereditary leadership forestry meetings held by **Kwikwasut'inuxw Haxwa'mis** First Nation in Gwayasdums where we present information on protecting community values in landscape reserves and current joint project plans. Territorial stewardship planning with the Nation includes office reviews and site-specific field visits.
- Our harvesting plans in the **Penticton** Indian Band's area of responsibility are reviewed by the band's Knowledge Keepers. The process includes pre-harvest surveys, joint field tours and post-harvest audits.
- Our partnership agreement with the **Gwa'sala- 'Nakwaxda'xw** Nations includes regular planning meetings with the Nations' stewardship team. Through these meetings and the associated review and field processes, we identify and protect key values such as critical salmon habitat. Our approach, along with the increased opportunities for the Nations' forest company through our partnership, is recognized by the Nations as the standard for acceptable business in the territory.



We are supporting a number of our First Nations partners to develop landscape reserve designs that will protect important areas within their territories.



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Our multi-year agreement with the Homalco First Nation includes a strong working relationship with the Nation's logging company, forestry revenue from joint projects and support for community interests.

**AGREEMENT FOUNDATIONS**

**Capacity Building and Employment**

We work with our First Nations partners to grow their internal capacity through employment and forestry services opportunities. We begin with co-planning and joint forest stewardship and management activities, then create further employment and contracting opportunities through harvesting operations. Together with our

partner communities, we share these opportunities, recruit and support Indigenous contractors, employees and students, and mentor and develop talent. Today, more than a third of our woodlands contractors are Indigenous owned or have Indigenous employees. Examples of current partnerships that support capacity building and employment include:

- An agreement with the **Osoyoos** Indian Band that provides the community with employment and other economic benefits.

- A five-year agreement with the **Homalco** First Nation that supports community interests and a strong working relationship with Homalco Forestry's logging company.
- An agreement with **Splatsin's** economic development arm that is structured to provide an opportunity for participation in the forestry sector.
- An agreement with the **Little Shuswap Lake** Band's business arm that provides capacity-building opportunities.

**BC WOODLANDS CONTRACTORS**



In 2021, 38% of BC Woodlands contractors had Indigenous employees or were Indigenous-owned.



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Field trips to gather cedar bark are a unique opportunity to grow our understanding of Indigenous culture and values while supporting community interests. In 2021 our staff organized and participated in a bark gathering trip with members of the Kwikwasut'inuxw Haxwa'mis First Nation.

**AGREEMENT FOUNDATIONS**

**Community Engagement**

Respect and understanding for our First Nations partners' cultures is built through real experience and connection. By engaging in and supporting community initiatives, events and projects, not only are we contributing to meaningful work, but we also gain understanding and perspective, making us a better partner. Some highlights from our community engagement efforts include:

- Supplying First Nation partners with lumber for community projects such as housing and infrastructure and providing firewood for community members and elders.
- Supporting and participating in Indigenous youth field trips and operational tours.
- Supporting and participating in community cultural events and celebrations.
- Organizing and participating in community cedar bark gathering trips with several First Nations communities.

**Cultural Awareness**

Participating in community initiatives and cultural events can increase our understanding while growing mutual trust and respect. Our employees also attend workshops with First Nations elders and region-specific training to advance Indigenous cultural competency. For more information, please see **Growing Our Understanding**.



Interfor staff were honored to participate in and learn from a cultural event with the Simpcw First Nation in November 2021.

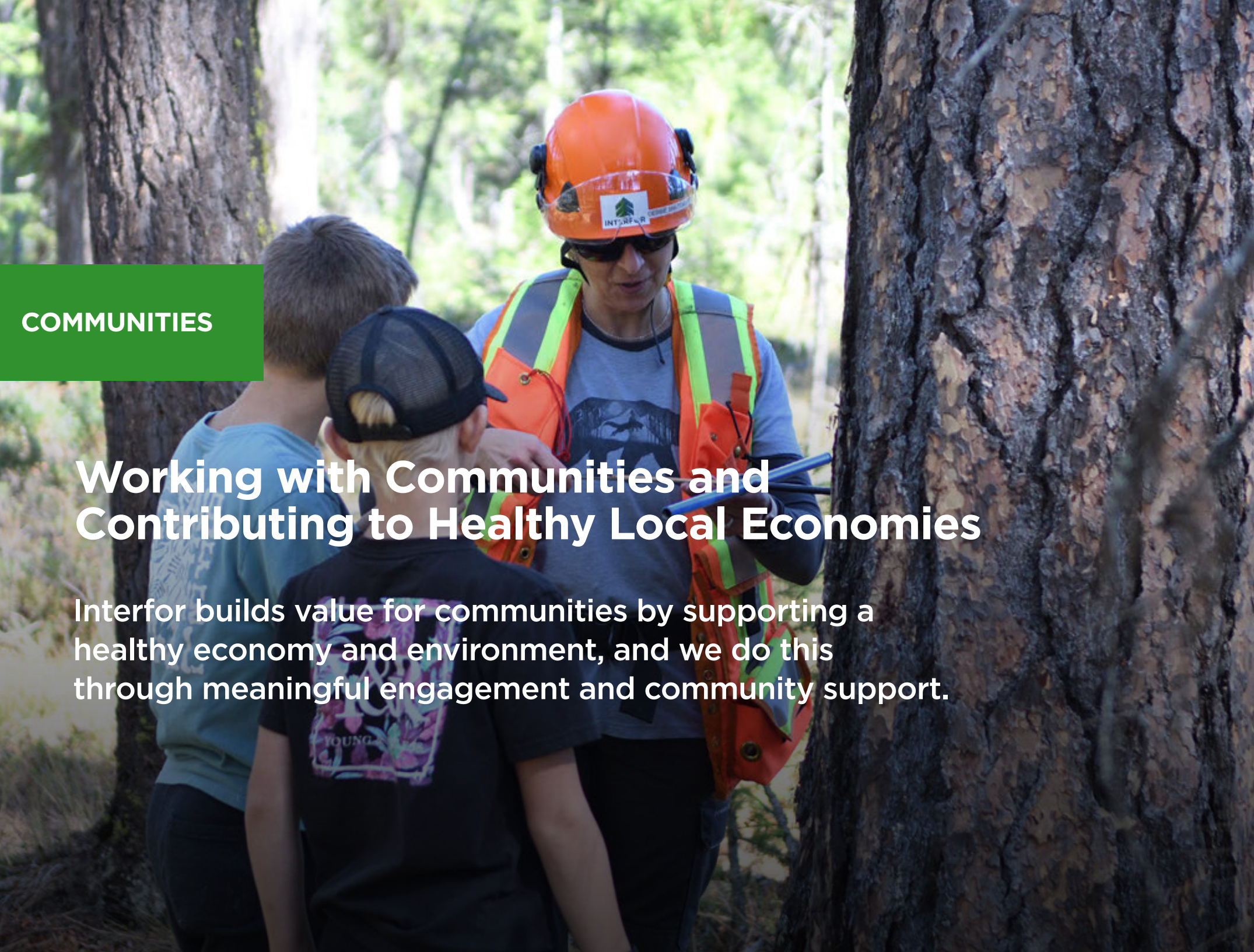


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**COMMUNITIES**

# Working with Communities and Contributing to Healthy Local Economies

Interfor builds value for communities by supporting a healthy economy and environment, and we do this through meaningful engagement and community support.





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**We engage with the public and communities in or around our mills and harvesting operations. Some of the formal frameworks under which we actively share information and engage with First Nations, communities, stakeholders and the general public include:**

- Interfor stakeholder engagement strategy plans;
- Forest Stewardship Plans;
- Landscape Reserve Designs in the Great Bear Rainforest;
- SFI Certification (SFI Forest Management Standard Objectives 6, 8, 12 and 13 and SFI Fiber Sourcing Standard Objectives 6, 7 and 8);
- Operational referrals to other tenure holders such as traplines, range tenures and water licenses; and
- Timber Supply Review process for our five tree farm licenses.

**Engaging with the Community**

In addition to the broad frameworks under which we share information, we engage with stakeholders by attending local forums, providing tours and taking part in educational opportunities. While the COVID-19 pandemic has changed what community forums have looked like over the last two years, we have continued our engagement and

outreach, including:

- Our Molalla Division is a partner in the Clackamas Stewardship Partners, a group of diverse stakeholders dedicated to restoring the ecological function of the Clackamas River Basin while benefiting local economies.
- We continue to provide financial support for Lands & Ladies outreach to women landowners in Georgia. The organization has partnered with the University of Georgia’s Warnell School of Forestry and Natural Resources to deliver workshops, symposiums and online programming aimed at education and empowerment of women forest landowners.
- Our BC coastal operations share cutblock and road locations on a public website so the Discovery Islands group can share their concerns about visual quality objectives and we can include these in our planning prior to harvesting.
- In BC’s Interior, we have been part in the Boundary Invasive Species Society for more than 15 years. The society focuses on preventing the spread of terrestrial and aquatic invasive species through education and community awareness and other activities.
- We participate in a Forestry Working Group in the District of Clearwater, BC, that covers a range of stewardship and

community topics such as wildfire preparedness, landscape planning and value-added opportunities. We are part of the Clearwater and Area Community Wildfire Roundtable.

- We made a presentation to the Kiwanis Club in Georgia, highlighting the role that our Preston mill has in the local economy.
- We participate in Resource Roads Committees in British Columbia that focus on building collaborations on road issues among users.

- Interfor is a member of the Olympic Forest Collaborative in Washington State, which has been engaged in timber harvesting projects designed to restore and accelerate the development of habitat for late successional species, such as spotted owls and marbled murrelets.
- In 2021, together with the Georgia Forestry Association, we took US Congressional Staff members on a tour of our Meldrim sawmill, and shared highlights of how sustainable forestry contributes to the economy in the state.



In our US South Operations, Trent Moore, Area Procurement Manager and Nathan Harrington, Procurement Forester, participated in the South Carolina Wood Magic event to teach elementary students about the importance of wood and forestry. Procurement Foresters from our Fayette Division, Calvin Carter and Russell Pipkins, participated in the Fayette County, Alabama Forestry, Agriculture, Wildlife and Natural Resources Program (FAWN Day).



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**Giving Back to the Community**

Our promise to communities is to build value by supporting a healthy economy and environment. We do this, in part, through donations to organizations and programs in the regions where we operate. Each Interfor division has a particular relationship with its surrounding communities and is given its own annual donation budget to be spent as the divisional leadership sees fit. Preference is given to education, children/youth, environment and health.

The overarching goals for Interfor's divisional annual donations are:

- build positive community relations and awareness of Interfor within the community;
- build morale by showing local employees that Interfor cares about them and their communities; and
- support our corporate social responsibility goals.



**Sharing our Passion for Sustainable Forestry**

Our foresters are passionate about sustainable forestry and many appreciate the chance to engage with local communities. We work with schools and non-profit organizations to host tree planting days and field trips to raise understanding of the importance of forests and how we manage them.

Throughout 2021, we continued to work with NatureKids BC to help children get outside with their families to explore, play, learn about and take action for nature.

Our Grand Forks Division helped the Grade 7 class from John A. Hutton Elementary school plant 300 trees in Greenwood, BC in the spring. The students also learned about FireSmart wildfire preparedness and cleaned garbage from the forest.

During National Forest Week in September, our foresters shared their expertise while out in the field with Grade 6 and 7 students from Grand Forks, and gave them the opportunity to plant ponderosa pine and spruce trees.

In Nelson, staff from our Kootenay woodlands helped local youth plant trees and learn about sustainable forestry management and silviculture practices.



Our Adams Lake Division teamed up with the Adams River Salmon Society to celebrate BC Rivers Day to help children learn about sustainable forest management and plant diverse tree species around the Adams River and nearby trails.

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**Building Value in our Communities**

As a building products manufacturer, Interfor is well positioned to support community building projects and initiatives.



Our Port Angeles team took part in a wall raising ceremony to commemorate the hard work and care that has gone into a home-building project in the community.



We donated lumber to the Clemson Habitat for Humanity house from our Summerville operation.



We donated lumber from our Longview Division to Cowlitz County Habitat for Humanity in 2021.



Our Coastal Woodlands Division supported the construction of Qʷalayu House, which provides a safe and culturally welcoming home for families who need to travel to Campbell River to access maternal and pediatric care.



Our Eatonton Division donated lumber to Putnam Middle School's Trail Blazers program, where students learned to make picnic tables, fences, classroom sneeze guards and more.



This new ramp for a Monticello Hospice Home Care patient in Crosset was built with the help of our Monticello Mill Engagement Committee.

**Taxes and Employees**

In 2021 Interfor employed approximately 3,500 people and paid \$221 million in taxes, including amounts paid or payable to governments in respect of corporate income, property and certain other taxes. Excluded are taxes paid but not separately tracked or readily quantifiable, including BC provincial sales and carbon taxes.

TAX PAYMENTS		
YEAR	2020	2021
Canada	\$2,660,000	\$66,708,000
USA	\$15,910,000	\$154,117,000
International	\$88,000	\$197,000
Total	\$18,658,000	\$221,022,000

EMPLOYEES		
YEAR	2020	2021
Canada	951	937
USA	1,844	2,539
International	6	7
Total	2,801	3,483



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## GOVERNANCE

# Leading with Strong Governance and Accountability

Our strong governance practices and policies promote the long-term interests of our stakeholders, ensure that we operate sustainably, and build public trust in our Company.



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**Interfor’s industry-leading governance practices are built on a framework of written policies and guidelines, which we update and enhance regularly. Our Management Information Circular provides detailed information on our governance policies and practices.**

The Corporate Governance, Responsibility & Nominating Committee of our Board is mandated to ensure that the Company develops and implements an effective approach to corporate governance. This includes oversight over corporate governance, corporate responsibility (including the **Human Rights Policy**) and Board composition.

Our **Code of Conduct & Ethics** (the “Code”) applies to all of Interfor’s directors, officers and employees. It highlights our Core Values and provides guidelines for acceptable behavior by requiring ethical business conduct, prohibiting bribery, regulating conflicts of interest and restricting political donations. Compliance with the Code is a condition of employment for our employees and a condition of office in the case of our directors and officers. All directors, officers and salaried employees review and acknowledge the Code annually, thus increasing personal accountability.

Our Company has formal procedures for monitoring and maintaining compliance with our Code and

related business ethics policies, including stringent controls over the movement of money, customer credit-checks and vendor due diligence. We comply with securities regulations related to internal controls over financial reporting and disclosure controls and procedures, which include an annual compliance audit and require our Chief Executive Officer and Chief Financial Officer to assess and certify their effectiveness annually. We conduct an annual survey of a random sample of employees to assess the effectiveness of corporate policies and procedures, to obtain input regarding the Company’s leadership and overall corporate integrity, and to inform shifts in the Company’s operations. The Company also provides anti-fraud training annually, and conducts an annual fraud risk assessment and anti-bribery and corruption program assessment, which are reported to the Audit Committee of our Board.

Both the Code and the Company’s **Whistleblower Policy** protect those who in good faith raise a concern or report misconduct, and the Company provides a confidential whistleblower hotline to encourage employees, contractors, vendors and the general public to report any concerns. In 2021, 19 reports related to safety, the environment and human resources issues were received through our whistleblower hotline and other reporting avenues. All reports were investigated, and follow-up actions included addressing unsafe

conditions, training and coaching, suspension and termination.

A report on company-wide material risks is reviewed by our senior executives and the Audit Committee of the Board on a quarterly basis. Annually, senior leaders throughout the Company contribute updates to a register of risks that have been identified as material to our business, which are reported to the Board and inform our risk mitigation strategies.

The Audit Committee of our Board has oversight of information systems security risk exposure and receives a quarterly information systems security update. Management has implemented an information security governance council that meets on a monthly basis regarding the processes and initiatives in place for managing information security risk, including:

- implementing best practices for data protection, network security, monitoring and alerts;
- regular cyber security risk awareness education programs for employees (including training webinars and phishing campaigns);
- incident response and business continuity plans; and
- annual third-party security maturity assessments, rating targets and action plans for continuous improvement.





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CORPORATE GOVERNANCE HIGHLIGHTS	
Size of board	11 directors
Policy on Board Independence	Yes – Board Terms of Reference
Independent Directors	10 (91%)
Independent Board Chair	Yes
Separate Board Chair and CEO	Yes
Committee Independence	100% of each of the 4 Board committees is independent
Independent Director meetings without any management present	Yes – after every board meeting and additionally if deemed necessary
Average age of directors	67
Mandatory retirement policy for directors	75 years of age and tenure >10 years
Average board tenure	10 years
Board Member Elections	All directors are elected annually
Women on Board	3 (27%, expected to increase to 30% following May 2022 AGM)
Board and Committee meeting attendance in 2021	100% for all directors, except: <ul style="list-style-type: none"><li>• a director who had a 92% attendance rate, and was unable to attend one committee meeting during 2021 due to a scheduling conflict with another board on which they serve, and</li><li>• a director who had a 75% attendance rate, and was unable to attend two committee meetings held on the same day during 2021, due to being in transit on that day as a result of unexpected travel disruptions.</li></ul>
Supermajority vote requirements	No supermajority required, except for amalgamations, arrangements, or altering rights/restrictions attached to issued shares
% of vote in support of CEO at 2021 annual meeting	96.69%
% of vote in support of Board Chair at 2021 annual meeting	93.94%
Share ownership requirements for directors and senior executives	Yes
Shareholder vote on executive pay	Yes, 98.84% in favor at 2021 AGM
Restated financials or late financial disclosures in the past 2 years	0
Latest audit opinion	Unqualified (i.e. a clean opinion)
Controlled company?	No—Interfor is a widely held public company listed on the TSX
Dual-class stock?	No—only common shares are issued and outstanding
Shareholder rights plan?	None

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INTERFOR POLICIES	
Code of Conduct & Ethics	Whistleblower Policy
Diversity Policy	Human Rights Policy
Majority Voting Policy	Environment Policy
Insider Trading Policy	Health & Safety Policy
Anti-Bribery and Anti-Corruption Policy	Compensation Policy

### Political Contributions

Political contributions made on behalf of Interfor are governed by our **Code of Conduct & Ethics**; they must comply with all applicable laws for the relevant jurisdiction and must be approved in advance by either our CEO or senior management in the US.

POLITICAL CONTRIBUTIONS						
YEAR	2019		2020		2021	
COUNTRY	TOTAL \$	% OF REVENUE	TOTAL \$	% OF REVENUE	TOTAL \$	% OF REVENUE
Canada	None	N/A	None	N/A	None	N/A
USA	\$14,350 USD	<0.001%	\$15,000 USD	<0.001%	\$10,000 USD	<0.001%

GOVERNMENT ASSISTANCE						
YEAR	2019		2020		2021	
COUNTRY	TOTAL \$	% OF REVENUE	TOTAL \$	% OF REVENUE	TOTAL \$	% OF REVENUE
Canada	\$566,142 CAD	<0.03%	\$5,216,292 CAD	<0.24%	\$516,872 CAD	<0.02%
USA	\$2,216,893 USD	<0.16%	\$311,833 USD	<0.02%	None	N/A



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## REFERENCES AND METHODOLOGY

### Treatment of Acquisitions

The introduction of this report includes metrics on the total number of sawmills that Interfor operates by region and our annual production capacity as of March 1, 2022. It also includes a statement regarding the acquisition of EACOM Timber Corporation and the increase in the number of sawmills and annual production capacity that Interfor has following the completion of this transaction in February 2022. Unless otherwise specified, all other metrics throughout this report relate to 2021 and, therefore, include these operations that Interfor acquired in 2021, from their date of acquisition:

- Summerville, South Carolina
- Bay Springs, Mississippi
- Fayette, Alabama
- Philomath, Oregon
- DeQuincy, Louisiana

They exclude operations associated with acquisition of EACOM Timber Corporation. Dequincy was not operational in 2021, and so is excluded from most metrics.

### Sources referenced within this report

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CORRIM 2019  
**Effective Uses of Forest-Derived Products to Reduce Carbon Emissions**

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CORRIM 2020  
**Factsheet: Reducing Carbon Emissions by Using Wood Products**

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BC Forestry Climate Change Working Group and the California Forestry Association 2009  
**Tackle Climate Change, Use Wood**

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FPInnovations 2011  
**Wood and Human Health**

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Forsite 2021  
**Status of BC's Old Forests, The Situation in 2021**

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SAFETY METRICS METHODOLOGY		
Medical Incident Rate (MIR)	The MIR is calculated by multiplying the number of recordable incidents by 200,000 and dividing this by the number of hours all employees actually worked. The 200,000 hours represents 100 full-time equivalent employees working 40 hours a week for 50 weeks. Recordable incidents include medical treatments, lost time incidents, restricted work incidents and fatalities.	
Lost Time Frequency Rate (LTFR)	Lost time frequency rate is a ratio between the number of lost time incidents and the number of exposure hours, recorded within a given timeframe.	
Lost Time Incidents	Lost time incidents include any in which an employee loses one or more days from work due to an occupational injury or illness.	
Reduction in employee MIR over the past 10 years (44%)	Based on the difference between MIR in 2021 vs. MIR in 2012.	
Employee MIR 27% below industry average	Interfor 2021 employee MIR compared to BC Manufacturing Advisory Group (BC MAG). See BC MAG average MIR in Safety Targets and Performance.	
Lost Working Days	Calculated using OSHA methodology.	
Lost Day Rate	Calculated using lost days multiplied by 200,000 and divided by the total number of hours all employees actually worked.	
Occupational Disease Cases	Determined using OSHA methodology, includes work-related stress leave.	
Capital Projects – Contractor MIR	2020 MIR is project-to-date for 2020 active capital projects at Eatonton, Molalla and Adams Lake. 2021 MIR is project-to-date for 2021 active capital projects at Adams Lake, Perry, Baxley, Meldrim and DeQuincy.	





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EMPLOYEE METRICS AND TARGETS METHODOLOGY	
Internal Promotions	<p>Salaried internal promotion performance includes data from mills acquired in 2021, except for DeQuincy because it was not operational.</p> <p>Hourly internal promotion performance excludes data from mills acquired in 2021 (Summerville, Fayette, Bay Springs, DeQuincy and Philomath). Note that entry-level hourly positions are not included in the calculation of the percentage of internal promotions.</p>
Over \$1.4 million spent on learning and education	<p>Excludes wages paid to employees while learning, training or studying.</p>
Total hours spent learning, company-wide in 2021	<p>Includes hourly and salaried learning, training or studying either through our Learning Management System or through our millwright training programs. Excludes learning and courses completed externally such as continuing development courses provided to professionals by their associations.</p>
Employee Development Programs	<p>Metrics that reference the total number of employees that have completed, graduated from or were active in programs excludes any employees that previously completed or were active in the program but were no longer employees as at Dec 31, 2021.</p>
Millwright Program Highlights – investment per participant	<p>Based on total spend for the programs (supplies, system costs, trade center costs, instructor wages and student travel, meals and accommodation) and excludes wages paid to employees during learning, training and studying.</p>
Diversity metrics and targets	<p>In all diversity metrics, information for Canadian operations is based on voluntary employee surveys. Where employees decline to identify their gender or race/ethnicity they are assumed to not belong to an under-represented group.</p> <p>Unless otherwise noted, diversity metrics within this report include 2021 acquisitions (Summerville, Fayette, Bay Springs, DeQuincy and Philomath) only. Targets are based on the existing employee population as at December 31, 2021 and exclude the EACOM acquisition that closed on February 22, 2022.</p> <p>Under-represented groups include women, ethnic and racial minorities, and Indigenous peoples.</p>

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CLIMATE METRICS METHODOLOGY		
Scope 1 Emissions	<p>Includes carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) expressed in tonnes of CO<sub>2</sub> equivalent.</p> <p><b>Calculated using:</b></p> <ul style="list-style-type: none"><li>• fossil fuel consumption (natural gas, diesel, gasoline, propane) for both stationary and mobile combustion at primary sawmilling operations, one remanufacturing facility and BC woodlands operations; and</li><li>• CH<sub>4</sub> and N<sub>2</sub>O from biomass combustion at primary sawmilling operations that use biomass as a source of heat and power for kiln-drying operations.</li></ul> <p>Emissions factors for CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O were used to calculate stationary or mobile combustion of each fuel. For fuels used in both mobile and stationary applications (e.g. diesel) the amount of each application was estimated as a percentage of total use at a regional or site level. The appropriate emissions factors for the mobile portion of fuel used were selected based on the vehicle fleet and fuel use at each site (e.g. Tier 4 mobile equipment, light pickup trucks, marine).</p> <p>Factors used to calculate CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O emissions are from:</p> <ul style="list-style-type: none"><li>• United States Environmental Protection Agency (US EPA) GHG Emissions Factors Hub for all US facilities; and</li><li>• Environment and Climate Change Canada - National Inventory Report 1990-2019 for all Canadian facilities.</li></ul> <p>Global Warming Potential (GWP) factors used to calculate CO<sub>2</sub>e are from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) as adapted by the GHG Protocol.</p>	<p><b>Notes:</b></p> <p>Excludes CO<sub>2</sub> emissions from biomass combustion. As per the GHG Protocol these are reported separately.</p> <p>Regional numbers included within our company total may vary from state or provincially reported numbers due to methodology. For example, our calculations use IPCC Fifth Assessment Report GWP factors (per GHG Protocol recommendations) while reporting requirements in some jurisdictions specify using Fourth Assessment Report GWP factors.</p>





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CLIMATE METRICS METHODOLOGY	
Scope 2 Emissions	<p>Calculated using regional electricity consumption and corresponding GHG emissions factors. Sources by operation are:</p> <ul style="list-style-type: none"><li>• Environment and Climate Change Canada National Inventory Report 1990-2019 - Part 3 for all BC facilities</li><li>• US Energy Information Administration Power Profiles (Power Profiler Emissions Tool 2019) by subregion:<ul style="list-style-type: none"><li>• SRSO (South): Baxley, Eatonton, Meldrim, Perry, Preston, Swainsboro, Bay Springs, Fayette</li><li>• SRVC (Virginia-Carolina): Georgetown, Summerville</li><li>• SRMV (Mississippi Valley): Monticello , DeQuincy</li><li>• NWPP (Northwest): Gilchrist, Longview, Port Angeles, Molalla, Cedarprime, Philomath</li></ul></li></ul> <p>Includes purchased electricity only. Electricity covered in building leases (minor use) is not included. GHG emissions associated with electricity lost during transportation and distribution is excluded.</p>
Estimated Scope 3 Emissions	<p>Estimated Scope 3 emissions are based on a combination of publicly available data, including broad cross-industry data, industry specific data and Interfor-specific data. The estimate was determined using a proportional estimate of Scope 3 vs. Scope 1 and 2 emissions. Life cycle assessment (LCA) publications were also used as a reference to inform the estimate.</p> <p><b>LCAs referenced are:</b></p> <ul style="list-style-type: none"><li>• Athena: A Cradle-to-Gate LCA of British Columbia Softwood Lumber (March 2021) for the BC region.</li><li>• CORRIM: Life Cycle assessment for the production of Pacific Northwest softwood lumber (revised March 2020) for the US Northwest region.</li><li>• CORRIM: Life Cycle assessment for the production of southeastern softwood lumber (revised March 2020) for the US South region.</li></ul>
Intensity	<p>Calculated in tonnes of CO<sub>2</sub>e per thousand board feet of lumber produced including:</p> <ul style="list-style-type: none"><li>• direct Scope 1 emissions;</li><li>• indirect Scope 2 emissions; and</li><li>• annual lumber production, all divisions.</li></ul>

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CLIMATE METRICS METHODOLOGY	
Variances from previous report	<p>Variances from previous year’s reporting of 2019 and 2020 Scope 1, Scope 2 and biomass emissions reflect the use of:</p> <ul style="list-style-type: none"><li>• more source-specific emissions factors (e.g. diesel Tier 4 vs. diesel Marine);</li><li>• updated biomass emissions factors and fuel moisture content information; and</li><li>• updated emissions intensity factors for Canadian electricity consumption.</li></ul> <p>Variance in Scope 1 and Scope 2 emissions reporting from previous year is 1%. Variance in biogenic carbon dioxide emissions reporting from previous year is approximately 8%.</p>
Carbon stored	<p>Calculated using the Canadian Wood Council’s Carbon Calculator and the total board feet of lumber, by species grouping, sold by Interfor in 2021.</p>
Biogenic carbon dioxide emissions from biomass combustion	<p>Includes calculated CO<sub>2</sub> emissions from biomass consumption at facilities where biomass is consumed for energy. CH<sub>4</sub> and N<sub>2</sub>O emissions from combustion of biomass are included in Scope 1 emissions and excluded from biogenic carbon dioxide emissions from biomass combustion.</p> <p>Factors used to calculate CO<sub>2</sub> emissions are from:</p> <ul style="list-style-type: none"><li>• US EPA GHG Emissions Factors Hub for all US facilities; and</li><li>• Environment and Climate Change Canada - National Inventory Report 1990-2019 for all Canadian facilities.</li></ul>
Energy use	<p>Energy purchased excludes electricity covered in building leases (minor use). Proportion of renewable vs. non-renewable purchased electricity is based on published percentage by region (BC Hydro, US EPA Power Profiles).</p> <p>Energy produced includes:</p> <ul style="list-style-type: none"><li>• energy from onsite biomass combustion calculated in GJ per tonne of biomass consumed; and</li><li>• energy from fossil fuel combustion including natural gas, diesel, propane and gasoline calculated in GJ per units of fossil fuel consumed in both mobile and stationary applications.</li></ul>
Energy resilience	<p>Number of kilns reported includes kilns that are actively in use. This number and the relative percentage of kilns run on biomass changed in 2021 as a result of the acquisitions completed that year.</p>
Energy efficiency and innovation	<p>Energy efficiency improvement for US South region is based on average 2021 intensity compared to average 2015 intensity for the nine mills owned by Interfor in the region since 2015. Excludes Eatonton sawmill, where an active capital project (2020/2021) was underway.</p>





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Photo credit: Kristin Charleton, Sundew Media, courtesy naturallywood.com

ENVIRONMENT METRICS METHODOLOGY

Water withdrawal	Water withdrawal information is based on metered water withdrawal data, where available, and estimates for non-metered withdrawal at Interfor’s facilities.
Air Emissions	Air emissions data is compiled using mill emissions inventories and reports from each individual facility (21 sawmills + Cedarprime re-manufacturing facility). Reported emissions methodology, such as sources included and emissions factors, are based on regional reporting requirements for each site.
Waste and beneficial use/recycling	Waste and beneficial use/recycling data is compiled based on a combination of scaled weight data, waste hauling manifests and estimates, and as such all amounts reported are approximate.
Notable spills	Our notable spills reporting includes any spill that is more than 100 liters, poses a significant health or safety hazard, or has any other specific circumstance that deems it notable such as the type of substance or the sensitivity of the location where the spill occurred. Includes notable spills in both our manufacturing and woodlands operations.

OTHER

Unless otherwise stated, all figures in this report are provided in Canadian dollars.

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Our mission is to build value in everything we do, every day. Whether our days are spent in woodlands, sawmills, offices — or all of the above — it's the shared focus on excellence that drives us.





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**APPENDIX I**



**Supporting the United Nations Sustainable Development Goals**


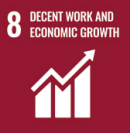




As one of the world’s largest wood products companies with operations across North America and customers around the globe, we can make a significant contribution to sustainable development. Here we share our holistic approach to sustainable development by providing information on how we support and contribute to each of the 17 UN Sustainable Development Goals (SDG) with links to more detail on the initiatives and performance behind each.

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SUSTAINABLE DEVELOPMENT GOALS	INTERFOR'S ALIGNMENT & CONTRIBUTION	
	<b>End poverty in all its forms everywhere</b>	We support <b>Habitat for Humanity's</b> work and vision to achieve a world where everyone has a decent place to live.
	<b>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</b>	Through employee-led initiatives, we support <b>local food banks and other charities</b> which provide vulnerable people in our communities with access to safe and nutritious food.
	<b>Ensure healthy lives and promote well-being for all at all ages</b>	From our industry-leading <b>Health &amp; Safety</b> programs to <b>employee development that focuses on well-being</b> and our <b>fulsome benefits</b> package, we contribute to healthy lives. Support for specific targets under this goal come from our Employee Assistance Program, the implementation of our <b>drug and alcohol program</b> that includes accommodation for employees suffering from addiction and through our innovative <b>initiatives to improve vehicle and traffic safety</b> .
	<b>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b>	We support employee growth and development by offering a wide range of <b>learning and education</b> opportunities. We have expanded <b>access to training in skilled trades</b> in our US South region by building our Interfor Center for Trades Excellence in Perry, Georgia.
	<b>Achieve gender equality and empower all women and girls</b>	We're using initiatives and targets to increase the <b>recruitment, retention and promotion of women</b> in an industry that has historically been male dominated. We <b>celebrate the women in our workforce</b> and give them a platform to inspire and encourage others.
	<b>Ensure availability and sustainable management of water and sanitation for all</b>	Our Environmental Management System (EMS) has strict requirements regarding the <b>protection of water quality</b> . Although lumber manufacturing is not a water-intensive process and <b>we do not operate in any regions with high or extremely high baseline water stress</b> , we have set a <b>target to install water withdrawal meters at all our sites</b> to help track and identify opportunities to reduce water use.








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SUSTAINABLE DEVELOPMENT GOALS	INTERFOR'S ALIGNMENT & CONTRIBUTION	
	<b>Ensure access to affordable, reliable, sustainable and modern energy for all</b>	More than <b>70% of our energy needs</b> come from renewable, self-supplied biomass. We also <b>sell residuals to customers that use them for energy</b> or convert them into pellets for both industrial and residential energy needs.
	<b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b>	We employ approximately 4,800 people and have demonstrated our ability to grow and build value sustainably for our <b>employees</b> , our <b>shareholders</b> and our <b>communities</b> . Our partnerships and agreements with Indigenous Nations support <b>economic growth and employment</b> in their communities.
	<b>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</b>	Since 2010, <b>we have spent, on average, more than \$100 million</b> each year upgrading facilities and systems to employ the latest technology, improving our <b>operational efficiency</b> , lumber recovery, and <b>environmental and safety performance</b> . We also invest in and deploy <b>new technology in our woodlands</b> operations, leading to improved forest management and logging practices.
	<b>Reduce inequality within and among countries</b>	We promote <b>diversity and inclusion</b> in the workplace, and we are committed to providing a workplace that <b>promotes equal opportunities and equal pay</b> . We have <b>set targets to increase the number of employees from under-represented groups</b> within our Employee Development Programs as well as supervisory and skilled trade positions.
	<b>Make cities and human settlements inclusive, safe, resilient and sustainable</b>	When wood products are used in place of non-renewable building materials such as concrete and steel, they <b>reduce the carbon footprint of a building</b> . Wood's inherent properties, including flexibility and light weight, can be an <b>asset for building resilience in high-wind and seismic zones</b> .
	<b>Ensure sustainable consumption and production patterns</b>	We are committed to <b>responsible log sourcing</b> and <b>sustainable harvest levels</b> to ensure environmental, economic and social opportunities for current and future generations. We <b>optimize material use</b> in our manufacturing process, by using or selling wood residuals for renewable energy or upcycling into other products. We continue to increase the level of disclosure provided in our annual sustainability reporting, including metrics and targets.

\* Based on employees as of March 1, 2022 and includes the EACOM acquisition.

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SUSTAINABLE DEVELOPMENT GOALS	INTERFOR'S ALIGNMENT & CONTRIBUTION	
	<b>Take urgent action to combat climate change and its impacts*</b>	We increase carbon capture and extend carbon storage through <b>sustainable forest management</b> . We <b>store four times more carbon in long-lived wood products than we produce</b> and we supply <b>climate-friendly building products</b> to our customers. We have replaced fossil fuels with <b>renewable biomass energy</b> in many of our kilns and we have participated in wildfire fuel reduction projects to <b>reduce climate-related wildfire risks and improve forest resiliency</b> .
	<b>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</b>	Our Sustainable Forestry Initiative® (SFI) and EMS programs include strict requirements regarding the <b>protection of marine ecosystems and resources</b> , and we have participated in <b>restoration projects</b> that support the recovery of Pacific salmon.
	<b>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</b>	<b>100% of the forested land managed by Interfor is certified</b> to the internationally recognized third-party SFI® standard. We conduct prompt <b>reforestation</b> with a mix of tree species that are native and ecologically suited to each site. We contribute to the conservation of biodiversity through the <b>identification and establishment of ecological reserves</b> , and we support <b>management and recovery initiatives for species at risk</b> .
	<b>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</b>	Interfor demonstrates strong, <b>industry-leading governance practices</b> . Our directors, officers and employees are all bound and supported by our <b>Code of Ethics</b> and supporting policies such as our <b>Human Rights Policy, Anti-Bribery &amp; Anti-Corruption Policy</b> and <b>Whistleblower Policy</b> .
	<b>Strengthen the means of implementation and revitalize the global partnership for sustainable development</b>	By aligning our management and disclosure with internationally recognized standards, such as <b>SFI</b> , the <b>GHG Protocol</b> and the <b>Taskforce on Climate-related Financial Disclosure</b> , we are supporting the advancement of a coherent approach to sustainability.



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**APPENDIX II**

**Qualitative Scenario Analysis:  
Risk Summary Tables**



SCENARIO: 3-5°C		
MODEL USED: AR5 – RCP8.5		
FOCUS: PHYSICAL RISKS		
PHYSICAL RISK	DESCRIPTION AND POTENTIAL IMPACTS	RESILIENCE STRATEGIES AND ACTIONS
Wildfire	<p>Increased wildfires are expected to be driven by hotter, drier weather in forested areas, impacting Interfor operations and supply. (Days &gt;25°C and consecutive dry days, normalized by historical fire weather index)</p> <p><b>Potential impacts:</b> Reductions to fiber supply and quality, shutdowns (supply chain and operations), liability. All regions.</p>	<ul style="list-style-type: none"><li>• Strong wildfire preparedness, prevention and response programs</li><li>• Annual fire plans</li><li>• Shutdown procedures and restrictions beyond legal requirements</li><li>• Daily and continuous weather monitoring protocols</li><li>• Fire preparedness inspections</li><li>• Fire-watch and fire hazard assessment procedures</li><li>• Forest thinning and fuel reduction projects in wildfire risk areas and around sites</li></ul>
Extreme high temperatures	<p>Climate change is expected to increase the average temperature, but also the number of days of extreme heat and the number of heat waves. (Days &gt;35°C)</p> <p><b>Potential impacts:</b> Shutdowns (operations and supply chain), heat-related illness and injury. All regions, highest potential impact in US South.</p>	<ul style="list-style-type: none"><li>• Heat plans that provide guidance on ensuring health and well-being of employees during high heat indices</li><li>• Use of air conditioning units within facilities</li></ul>
Extreme precipitation	<p>The number of days with high precipitation is expected to increase. (Days per year with 20mm or more precipitation)</p> <p><b>Potential impacts:</b> Operational disruptions and impacts to log supply, transportation and logistics, increased erosion and landslide risk in forest operations. All regions, highest potential impact in BC and US Northwest regions.</p>	<ul style="list-style-type: none"><li>• Rainfall shutdown procedures in woodland operations</li><li>• Log supply and inventory flow plans account for seasonal shutdowns</li><li>• Culverts and crossings more resilient to debris flows/floods on our forest roads</li><li>• Enhanced sediment control measures on erosion-prone sites</li></ul>
Coastal and river flooding	<p>Increased extreme precipitation will lead to more river floods. Climate change is expected to lead to melting of glaciers and polar ice caps leading to rising seas. (Inundation depth of 100-year flood events and locations projected to be impacted by sea level rise)</p> <p><b>Potential impacts:</b> Flooding at mill sites adjacent to rivers, flooding of mill sites and woodlands facilities (log dumps and logging camps) at sea level. All regions, more exposure in BC and US Northwest.</p>	<ul style="list-style-type: none"><li>• Comprehensive flood plans for our at-risk sites</li><li>• Snowpack and water level tracking as an advance indicator of flood potential</li><li>• Preventative building and site improvements where water damage has occurred in the past</li></ul>



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Water stress	<p>Increased droughts and water stress are expected in certain regions. (Increased water stress index)</p> <p><b>Potential impacts:</b> Gradual, limited, long-term fiber supply impacts. US South region.</p>	<ul style="list-style-type: none"><li>• Mixed species planting prioritized for new forests to improve resilience, and maintain or enhance ecological diversity</li><li>• Seedling adaptability to future climate changes in the areas where they will be planted</li><li>• Part of BC’s Climate-Based Seed Transfer working group to develop policy and tools that will help guide professionals in climate change forest management decisions</li></ul>
Hurricanes	<p>Increased incidence of high-category hurricanes and precipitation from hurricanes.</p> <p><b>Potential impacts:</b> Damage to Interfor facilities, production disruptions from damage in surrounding regions (infrastructure, supply chain) in US South region.</p>	<ul style="list-style-type: none"><li>• Procedures for severe weather</li><li>• Severe weather alarms</li><li>• Notification systems for closure of operations due to weather risk and designated meeting points</li></ul>
Pests	<p>Increased incidence and severity of pest outbreaks for pest populations controlled by freezing temperatures (number of frost-free days).</p> <p><b>Potential impacts:</b> Timber supply impacts. All regions, greater potential in BC and US Northwest.</p>	<ul style="list-style-type: none"><li>• Mixed species planting prioritized for new forests to improve resilience, and maintain or enhance ecological diversity</li><li>• Seedling adaptability to future climate changes in the areas where they will be planted</li><li>• Part of BC’s Climate-Based Seed Transfer working group to develop policy and tools that will help guide professionals in climate change forest management decisions</li></ul>

SCENARIO: 1.5 - 2°C		
MODEL USED: MESSAGEix-GLOBIOM 1.1		
FOCUS: TRANSITION RISKS AND OPPORTUNITIES		
TRANSITION RISK	DESCRIPTION AND POTENTIAL IMPACTS	RESILIENCE STRATEGIES AND ACTIONS
Shifting land use	<p>While the use of wood products can displace higher-carbon energy and building materials, preserving forests for land use goals may impact our log supply. Positions and/or protocols that favor forest preservation for carbon mitigation may impact the available fiber supply.</p> <p><b>Potential impacts:</b> Reductions to fiber supply and quality.</p>	<ul style="list-style-type: none"><li>• Continue practicing sustainable forest management and contributing to land use planning discussions</li><li>• Engage with governments on forest carbon and land use protocols to ensure accurate analysis of forest carbon flows</li></ul>
Reputational risks	<p>Increasing interest from investors and stakeholders regarding biodiversity along with the perception of forestry impacts to biodiversity may be compounded by biodiversity losses due to climate change, resulting in backlash against forest harvesting.</p> <p><b>Potential impacts:</b> Impacts to fiber supply and quality.</p>	<ul style="list-style-type: none"><li>• Continue practicing sustainable forest management and providing disclosure on biodiversity programs</li><li>• Contribute to land use planning discussions</li><li>• Implement agreements with Indigenous communities that include traditional stewardship approaches</li><li>• Conduct stakeholder engagement and address misinformation regarding harvesting practices</li></ul>
Carbon pricing to operations	<p>In most models of the low-carbon transition, significant carbon pricing is required to incentivize industries and societies to remove carbon from processes through either reductions in consumption or technological innovation. In these models, carbon prices exceed \$250USD/tCO<sub>2</sub>e by 2030, and become significantly higher in some regions, exceeding \$1,000USD/tCO<sub>2</sub>e (in 2020 currency). Canada currently plans to reach \$170USD/tCO<sub>2</sub>e by 2030.</p> <p><b>Potential impacts:</b> Increased operating costs.</p>	<ul style="list-style-type: none"><li>• Use biomass fuel as a source of energy</li><li>• Work to develop GHG reduction targets</li><li>• Increase rail use for medium- and long-haul lumber shipments in the US South</li></ul>





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