

2022

SUSTAINABILITY REPORT

We have transformed Interfor into one of the world's largest and fastest growing forest product companies, and we intend to ensure our sustainability performance is as significant as our continued growth objectives.

IAN FILLINGER President and CEO Building value through sound environmental, social and governance practices



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS

Explore the work Interfor

is doing to create a safer,

more sustainable and

equitable future for all.

- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

- **3** CEO Message
- 4 Vice President, Sustainability & Chief Forester Message
- 5 Building Value Sustainably: The Interfor Sustainability Strategy
- **11** Leading the Way in Workplace Safety
- **19** Our People

- **33** Taking Action to Combat Climate Change
- **48** Conserving Forest Values: Biodiversity and Conservation
- **59** Reducing Environmental Impacts
- 66 Building Economic Partnerships with Indigenous Peoples
- 74 Working with Communities and Contributing to Healthy Local Economies

- 80 Providing Sustainable Products and Unmatched Customer Service
- 86 Investing in Infrastructure and Technology
- **90** Leading with Strong Governance and Accountability
- 94 References & Methodology
- 102 Appendices



> CEO MESSAGE

- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



IAN FILLINGER
President and CEO

Message from the President and CEO

Interfor has grown significantly in the last year, and in line with the evolution of our Company we are also elevating our expectations around sustainability. We are proud to present our 2022 Sustainability Report as it demonstrates these higher ambitions, including the new targets we have set for ourselves, and the steps we are taking to contribute to more sustainable communities and a better world.

While sustainability has always been central to what we do, in 2022 we developed our first company-wide Sustainability Strategy, anchored on world-leading practices and meaningful targets. This has included the appointment of our first Vice President responsible for sustainability as well as providing clear executive leadership and accountability for driving performance throughout the Company.

Interfor's company-wide approach to sustainability is based on a broad appreciation for what it takes for our Company —and our society—to deliver on the needs of today without compromising our future. In practice, as one of North America's leading lumber producers, that means continuing to produce sustainable, renewable, and carbon-friendly building products, including the vital work to limit carbon emissions and ensure our forest resources thrive for generations. Sustainability also means constantly improving our safety performance and investing in our workforce, and our communities, to ensure we are being as responsible to our human resources as we are to our natural resources.

Ultimately, our contributions to sustainability are about Interfor's corporate purpose, which is to embrace world-leading sustainability practices to advance renewable forest products as part of the climate solution. Our Interfor team made great strides this year, and we intend to deliver on the ambitious new targets we have set for the future.

Ian Fillinger President and Chief Executive Officer March 15, 2023



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



STUART CARD Vice President, Sustainability & Chief Forester

Message from Vice President, Sustainability & Chief Forester

In 2022, we embarked on a process that underscored and added focus to the significant attention Interfor has always dedicated to sustainability, at all levels in the company. This new focus has contributed to a range of initiatives across our operations that you will read about in the following pages.

One of the most effective steps we took this year was to actively engage our employees on sustainability and how the Company can improve in this area. We heard firsthand stories and examples of why sustainability is important to our employees, which had a powerful impact on our strategy development. This initiative reinforced the importance of always pushing ourselves to do better and demonstrated the pride and commitment our team has for our work to deliver on Interfor's sustainability goals.

Our elevated focus on sustainability has been a driver for us to examine all aspects of our business to develop a meaningful and authentic Sustainability Strategy keyed to the nature of our operations, and reflective of our growth ambitions as a company. The development and tracking of detailed sustainability metrics along with internal benchmarking of our performance has yielded new insights and opportunities, leading to improved sustainability performance and contributions to the long-term resiliency of our Company. This report sets out the targets and pillars of that strategy and details the work under way across the organization to ensure we deliver results.

This year we also made significant progress on our greenhouse gas (GHG) emissions reporting. We developed a Scope 3 emissions inventory by GHG Protocol Category, established a base year, and implemented a base-year recalculation policy to incorporate new operations as we grow. We have also set an emissions reduction target that will contribute to our goal of having a positive influence on the climate and environment.

We view our Sustainability Report as an expression of Interfor's fundamental values, about conducting ourselves with honesty and integrity, about respect for our employees and communities, and about striving for excellence. In line with those values, as our Company continues to evolve and grow, we intend to continue to elevate our sustainability ambitions.

Stuart Card Vice President, Sustainability & Chief Forester March 15, 2023



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



Interfor is one of the world's largest lumber producers, with well-positioned facilities across all major timber-producing regions of North America.

In 2022, we transformed our Company through two acquisitions, adding nine sawmills with approximately 1.3 billion board feet of annual lumber production capacity, an I-joist plant and a remanufacturing facility. Through this growth, we welcomed 1,700 new employees and diversified our operations into the provinces of Ontario, Québec and New Brunswick. We also acquired the rights to an annual 4.4 million cubic meters of sustainably managed and third-party certified fiber supply in Eastern Canada. Interfor's total annual lumber production capacity has increased to approximately 5.2 billion board feet with these acquisitions.

We have solidified our 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 2022, we invested more than \$2.8 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 our 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, 2023. Unless otherwise specified, all other metrics throughout this report relate to 2022 and therefore include the Eastern Canadian operations in Ontario and Québec that Interfor acquired in February 2022 from their date of acquisition, but exclude the New Brunswick operations acquired in December 2022. For more details, please see the **References & Methodology** section at the end of this report.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Respecting Nature. Building Sustainably.

A Sustainability Strategy to Match our Growth Ambition

As we continue to execute on a long-standing strategy of purposeful growth and geographic lumber diversification, we are committed to growing in a way that makes the world a better place. In 2022, we worked to develop a company-wide Sustainability Strategy, defining a path that includes both aspirational goals and near-term targets to support this commitment. Our vision is to elevate a culture of sustainability excellence throughout our Company by continuing to embrace worldleading standards and relevant targets.

Our Purpose

Embracing world-leading sustainability practices to advance renewable wood products as part of the climate solution.

OUR SUSTAINABILITY GOALS

SAFETY Our goal is that everyone returns home safely.

PEOPLE

Our goal is to develop a workforce that reflects the diversity and strengths of our communities.

CLIMATE Our goal is to have a positive influence on the climate and environment.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



 Reduce our medical incident rate (MIR) by 3% every year as we grow, leading to an MIR of <2.0 by the end of 2030.

OUR TARGETS

Zero serious injuries.



- We will complete an audit of our diversity practices by the end of 2023.
- By the end of 2025:
- 30% of the members of our Board of Directors will be women.
- 40% of employees in leadership and development programs will be from an under-represented group.*
- 15% of our supervisors and superintendents will be women.
- 30% of our hourly trades/ skilled workforce will be from an under-represented group.
- 15% of our hourly workforce will be women.
- * Under-represented groups include women, ethnic and racial minorities, and Indigenous Peoples.



- Reduce our Scope 1 and 2 greenhouse gas (GHG) emissions by 40% by the end of 2030, using 2021 as our baseline year.
- Continue to refine our Scope 3 emissions inventory and complete external verification of our GHG inventories for our 2023 reporting.
- Set water and waste reduction targets by the end of 2023.
- Implement Biodiversity Interface Management Plans at 100% of our sawmill facilities by the end of 2024.
- Maintain third-party internationally recognized sustainable forest management certification and chain-of-custody certification for 100% of our woodlands and sawmills, respectively.

Sustainability Pillars

While not explicitly addressed in our sustainability goals and targets, the following foundational pillars are part of the Interfor Way and integral to our approach to sustainability:

Supporting local communities

In 2022, we announced a formal partnership with Habitat for Humanity International to elevate our impact. See **Communities** for more information.

Investing in our operations

We continue to deliver on a multi-year strategic capital investment program to enhance the efficiency of our operations, with the completion of three major projects in 2022. See **Infrastructure & Technology** for more information.

Leading with strong governance practices

Building on our history of strong governance practices, in 2022, we developed several new company policies and a Supplier Code of Conduct. See **Governance** for more information.

in an interview. Through these interviews, we heard firsthand stories and examples of why sustainability is important to our people, which had a powerful impact on our strategy development.

 Quarterly Employee **Communications Call**

We hold guarterly 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. Starting in 2022, sustainability has become a key topic covered during these presentations. After each presentation, employees

are invited to ask our CEO and executive team questions.

 Annual Strategic Plan Meetings Every year we hold a Strategic Priorities meeting with managers from across the Company. In 2022, we worked to ensure a clear alignment between our strategic priorities and our Sustainability Strategy.

In 2023, we will continue our engagement efforts with salaried staff and expand the conversation to our hourly employees to support continuous improvement and refinement of our strategy. goals and targets.



Sustainability Survey

Following the information

sessions, we sent a voluntary and

sustainability matters to all salaried

candid feedback regarding what is

important to our people and where

staff with the hopes of receiving

they feel we are falling short on

sustainability. We had 280 of our

staff respond to the survey, with

representation from each of

Through our survey, we asked

for voluntary interest in taking

part in an interview regarding

sustainability. A total of 56

respondents representing all

regions and departments of the

our diverse regions.

Sustainability Interviews

anonymous survey regarding

Developing a Meaningful

and Authentic Strategy

Authenticity is the touchstone

of our sustainability strategy-we

believe it is a critical factor for success,

which is why we seek to inform our

strategy with honest answers from

our executives and our employees

what matters most to them. In 2022,

salaried employees and incorporated

about what they care about and

engagement initiatives with our

their feedback into our strategy.

We also anchored sustainability

topics in several of our standing

employee engagement processes.

 Sustainability Information Sessions These live virtual sessions for our

salaried staff. hosted by our Vice President, Sustainability & Chief

Forester, were used to review the

Report and provide a forum for

questions, open dialogue and

journey. Nearly 200 employees

participating in live polls and a

discussion, while another 127 employees accessed the recorded

version in our online learning

management system.

highlights of our 2021 Sustainability

feedback on Interfor's sustainability

attended these voluntary sessions,

we conducted a number of

Employee Engagement

Stakeholder Feedback

In addition to the engagement and feedback we solicited from employees in 2022, we also reached out to external stakeholders seeking to understand their perspectives and priorities on sustainability topics. We developed a sustainability communications plan and will continue to enhance our dialogue with investors, analysts, customers, and communities in 2023. Ongoing dialogue and feedback will continue to be part of a continuous review and improvement process for our strategy



- CEO MESSAGE
- VICE PRESIDENT. SUSTAINABILITY & CHIEF FORESTER MESSAGE
- **BUILDING VALUE** SUSTAINABLY
- SAFETY
- PEOPLE
- CLIMATE CHANGE
- FOREST VALUES
- ENVIRONMENT
- INDIGENOUS PEOPLES
- COMMUNITIES
- PRODUCTS & CUSTOMERS
- INFRASTRUCTURE & TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** METHODOLOGY
- APPENDICES



Supporting the United Nations Sustainable Development Goals (SDGs)



As one of the world's largest forest 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.

Sustainable Development Goals Most Relevant to our Business

- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

8 DECENT WORK AN ECONOMIC GROW
1



RESPONSIBLE Consumption And production Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

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

Ensure sustainable consumption

Take urgent action to combat

climate change and its impacts

and production patterns

Over the last decade, we have spent, on average, more than \$130 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.

We employ approximately 5,200* 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.

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.

We have **set a target to reduce** our Scope 1 and 2 greenhouse gas emissions by 40% from a 2021 baseline by 2030. We increase carbon capture and extend carbon storage through **sustainable forest management**. **Carbon is stored** in the long-lived wood products than we produce, 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**.



13 **CLIMATE** ACTION

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 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**.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



Sustainable Growth

The story of our Company's transformation over the past decade includes the significant growth through acquisitions as well as the investments we've made to increase efficiency and capacity in our existing facilities. Responsible growth includes embracing world-leading safety and environmental standards and establishing a consistent culture and approach across our operations.

Lumber Production Volumes (MMBF)



Capital Investments in Existing Facilities (\$MM)





- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE

SAFETY

- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Leading the Way in Workplace Safety

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



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



We have set interim targets to have zero serious injuries and to reduce our medical incident rate (MIR) by 3% every year as we grow, based on a three-year rolling average.

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.

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



Our interim targets to eliminate serious injuries and reduce our MIR annually both support our ultimate goal of everyone returning home safely.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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, and 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 & 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 regional safety manuals prescribe the aspects of our safety program that employees and contractors are accountable for, including:

> > Understanding safe work practices

Reporting unsafe acts and conditions

Being fit for work and refusing unsafe work

Safely following both standard operating and emergency preparedness procedures

Safety Compliance and Certifications

We are subject to US and Canadian occupational safety laws and all of our operations are subject to unannounced inspections by 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 thirdparty 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 BC 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 BC manufacturing facilities.
- Our Ontario woodlands operations are Safe Work Ontario (SWO) certified.
- Through our memberships in the Western Wood Products Association, Workplace Safety North and Le Conseil de l'industrie forestière du Québec, we collaborate and benchmark with our peers.





- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Targets and Performance

Our goal is that everyone returns home safely, so our medical incident rate (MIR) and lost time frequency rate (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. In 2022, we saw an increase in our company-wide MIR. a change from our previous trend of MIR reductions. Changes in MIR across our Company reflect multiple and complex factors, including regional variations. Like every single incident, a rise in our incident rate leads us to investigate, learn and find ways we can improve. We also distinguish an MIR of less than 2.0 as a meaningful threshold. While the majority of our facilities have an MIR of <2.0. for the first time in five years, our company-wide rate is above this threshold. Given the current baseline of our existing operations, and our interim goal to reduce MIR 3% every year as we grow, we are on track to achieve a company-wide MIR of <2.0 by 2030.

Interfor Medical Incident Rate



* 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 industry average MIR.

Interfor Lost Time Frequency Rate



** 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 3.6 exposure hours in 2013 to 5.9M hours in 2015 and 9.0M hours in 2022).

INTERF	OR	
YEAR	MIR	Fatalities
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
2022	2.2	1

Medical Incident Rate (MIR)

MIR represents the rate of recordable incidents per 100 employees working full time in a year. It is calculated by multiplying the number of recordable incidents by 200,000 and dividing this by the number of hours all employees actually worked. Recordable incidents include: medical treatments, lost time incidents, restricted work incidents, and fatalities.

INTERFOR				
YEAR	LTFR	LT Incidents**		
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		
2022	0.4	16		

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.

14



- CEO MESSAGE >
- VICE PRESIDENT. SUSTAINABILITY & CHIEF FORESTER MESSAGE
- **BUILDING VALUE** > SUSTAINABLY
- SAFETY >
- PEOPLE >
- CLIMATE CHANGE >
- FOREST VALUES
- ENVIRONMENT
- INDIGENOUS PEOPLES
- COMMUNITIES >
- PRODUCTS & CUSTOMERS
- INFRASTRUCTURE >& TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** METHODOLOGY
- APPENDICES >

Interfor Serious Injuries Rate

Serious Injuries

of work-related employee

recordable injuries. They

include life-threatening or life-altering injuries or injuries that result in

a fatality. While MIR and recordable incidents

our safety performance

and reporting, we also

injuries, with a goal to

eliminate them. Currently

serious injuries make up

approximately 6% of all

our recordable injuries.

continue to be a focus for



INTERF	OR	
YEAR	Exposure hrs	Serious Injuries
2013	3.6	0
2014	5.2	6
2015	5.9	2
2016	5.5	6
2017	6.1	4
2018	6.4	0
2019	6.3	6
2020	5.3	2
2021	6.4	4
2022	9.0	2

Serious Injuries Rate

Similar to MIR, the serious injuries rate is the number of serious injuries per 100 employees working full time in a year. It is calculated by multiplying the number of serious injuries by 200,000 and dividing this by the number of hours all employees actually worked.





- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



Lost Working Days and Occupational Disease

LOST WORKING DAYS AND OCCUPATIONAL DISEASE					
YEAR 2020 2021 2022					
Lost Working Days*	1,107	1,528	1,024		
Lost Day Rate**	42	48	23		
Occupational Disease Cases*	3	1	4		

* 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

Proactive Safety Indicators

Proactive Safety Reports and Safety Alerts

Proactive safety reports include near-miss reports, hazard reports, safety action reports and observation reports. 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 2022					
Proactive Safety Reports Completed	50,997	48,896	48,747		
Safety Alerts Shared 91 49 131					

Serious 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 is similar to 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.

SERIOUS INJURY OR FATALITY POTENTIAL (SIFp) EVENTS

YEAR	2020	2021	2022
Interfor Total SIFp Events	10	14	13
Near Miss SIFp Events	5	10	13
Significant Injury SIFp Events	5	4	0
Total Exposure Hours (M)	5.3	6.4	9.0

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



Hentes that enclose the back and sides of the head and have a breakaway chin strap are comfortable, functional, and offer more secure protection, particularly in the event of a fall.

- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

2022 Safety Initiatives

Continuous improvement is built into our safety program and culture. A few of the initiatives that we focused on in 2022 include:

- Safety Summits: We organized and executed regional safety summits, which provided an opportunity for our teams to share past experiences, celebrate growth and engage in reflection. The events served to not only anchor our shared commitment to safety, but also as a forum for exploring and problem-solving on specific topics such as pedestrian interface, equipment malfunction or equipment failure and fire prevention.
- Mobile Equipment-Pedestrian
 Interface: As part of our continued
 focus on eliminating risks in our
 mobile equipment-pedestrian
 interface, we are installing vehicle
 safety technology in all loaders
 and forklifts, including pedestrian
 detection systems and dash cams.
 We also initiated a pilot program
 using a halo light projection
 system on mobile equipment,
 which is intended to improve
 visibility and awareness for both
 operators and pedestrians.
- Dust Hazard Analysis: Regular dust hazard analysis using the National Fire Protection Association code standards is a requirement in our sawmills. We work proactively with third-party certified engineers to annually inspect our mills to ensure fire prevention standards are upheld.
- New Helmets: In 2021, 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 breakaway 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. In 2022, we expanded our helmet standard to our newly acquired operations in Eastern Canada.
- Corporate Office Safety Management: In 2022, we revised and improved our corporate office safety programs and training for consistency with the high standards upheld in our manufacturing facilities.
- Growth and Onboarding: We worked closely with new employees in the Eastern Canada operations that we acquired in 2022 to ensure they had the appropriate training and ongoing support to adopt our safety programs and standards.
- **COVID-19**: We are continuing to do our part to monitor and control the spread of the COVID-19 virus through the implementation of our exposure control plan.



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- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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.

Woodlands

We work with contractors in our 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 eight 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.



Woodlands contractor MIR for 2022 includes BC operations only. We are working to incorporate Ontario and Québec woodlands contractor metrics for our 2023 reporting cycle.

Over the last three years, we began tracking Serious Injury or Fatality Potential (SIFp) events with our woodlands contractors. See our **Proactive Safety Indicators** section for more information on this metric. In addition to the metrics provided for woodlands contractors, we have also begun tracking SIFp with non-woodlands contractors.

WOODLANDS CONTRACTOR SIFP EVENTS				
YEAR	2020	2021	2022	
Total Woodlands Contractor SIFp Events	12	7	9	
Near Miss SIFp Events	7	6	7	
Significant Injury SIFp Events	5	1	2	
Exposure Hours (M)	1.4	1.4	1.7	

WOODLANDS CONTRACTORS				
YEAR	MIR	Fatalities		
2015	5.1	0		
2016	4.9	0		
2017	4.4	0		
2018	2.3	0		
2019	2.8	0		
2020	2.9	0		
2021	1.6	0		
2022	1.9	0		

Capital Projects

We require that capital project contractors demonstrate due diligence and report on key safety metrics. Each capital project plan incorporates safety as a key aspect, providing 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.

CAPITAL PROJECT CONTRACTOR MEDICAL INCIDENT RATE



In 2021, we increased the number and scale of capital projects active on our sites and we enhanced the safety expectations in our capital project plans. Our efforts to foster more rigorous standards lead to increased accuracy in reporting and response.



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- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

PEOPLE

Our People

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



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- **BUILDING VALUE** SUSTAINABLY
- SAFETY
- PEOPLE
- CLIMATE CHANGE
- FOREST VALUES
- ENVIRONMENT
- INDIGENOUS PEOPLES
- COMMUNITIES
- PRODUCTS & CUSTOMERS
- INFRASTRUCTURE & TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** METHODOLOGY
- APPENDICES



strengths of our communities.

We have a culture of promoting from within and we have set targets to increase diversity in our leadership and workforce by 2025.

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. That starts with living our core values and fostering 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 to foster a diverse and inclusive workforce.

2022 Highlights



More than \$2.1 million spent on learning and education

332 courses offered through our online learning management system

More than 28,000 hours of learning completed by employees

61% of openings filled by internal promotions

Note: The majority of the diversity metrics reported for 2022, exclude the operations acquired in 2022 in Ontario, Quebec and New Brunswick. We are working with these operations to incorporate their diversity data into our 2023 reporting cycle. See References & Methodology for details.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Home-Grown Talent

At Interfor, we invest in our people because we know the best talent is home grown. We provide significant opportunities for our employees to grow, prosper and develop their abilities under the guidance of experienced and skilled mentors. Our focus on internal talent can be seen in our trend for internal hires. Over the past five years, we nearly doubled the number of job openings filled by internal promotions.

Internal Promotions



We also know the importance of a diverse and inclusive workforce, and believe that our internal development culture and programs are a critical component for fostering diversity and inclusion.

A key objective within our development programs is to support and empower underrepresented employees. More information on our diversity and inclusion targets can be found in **Our Diversity and Inclusion Journey.**

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.

Developing Senior Leaders

In 2022, Interfor launched a new Senior Leadership Development Program. This three-year program comprises mentorships with the executive leadership team, combined with third-party executive education. It is structured to provide future senior leaders with exposure to and understanding of all aspects of our business, and demonstrates our culture of valuing internal talent.



At Interfor, we take pride in investing in our people and developing internal talent.



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- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY

> PEOPLE

- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

EMPLOYEE DEVELOPMENT PROGRAMS

Operational Excellence

We work with every one of our

employees to build a vision of what they want from their career, and have established a framework to support their growth toward that

vision. It begins with a structured

employees, which wraps up with a

thoughtful 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:

and robust onboarding process

for all new hourly and salaried

A Framework for

in Sawmilling

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 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 100



employees who have graduated from the program since it began in 2018, and 42 employees were active students in 2022.

peers, and it also yields benefits to our operations.

Building a Peer Network

Learning to Build Value Sustainably:

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. Many of our employees value this company-wide network of

In October 2020, the first cohort started in the newly launched Business of Sawmilling Program at BCIT. It provides graduates with essential business skills and enables them to seek greater opportunity as leaders in the forest products industry. Once they successfully complete the program, employees receive an Associate Certificate in the Business of Sawmilling. Interfor has supported 13 employees to complete this Program and had 11 employees active in 2022.

Developing Leadership Strengths:

We have tailored internal leadership programs to support the growth and development of our supervisors and superintendents and overall leadership culture. These programs include:

• LEAD-X: A one-year program designed to increase selfawareness, communication, team-building, critical thinking and leadership skills. In 2021, we revamped the program and developed Interfor-led training that is specific to our operations and business standards. The program format includes e-Learning courses, virtual workshops hosted by our senior leaders and one-on-one coaching through BetterUp. Since it was launched in 2018, 241 employees have completed the program, and 84 were active in 2022.

- Development Program for Eastern Leaders: Developed and launched in our Eastern operations in 2022, this two-year program is focused on building a shared, sustainable and engaging leadership culture. It covers communication and listening, driving engagement and leading to results. The program had 225 participants active in 2022.
- 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.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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 that is focused on their individual needs and career paths. Some highlights and examples from 2022 include:

- Job Training and Progression Plans: In our US operations, we rolled out a new Job Training and Progression program that acknowledges existing skill proficiencies, aligns with business needs and considers employee interest and readiness for development. Under the program, each hourly employee will have an individual training plan that documents their existing proficiencies and training.
- In-Training Positions: In our Eastern operations, we are using "in-training" positions created over the past two years to support up-and-coming leaders to acquire the knowledge, experience and skills to fully assume a supervisory or management role. The current "in-training" positions span all parts of our business, from woodlands to production, maintenance and quality control, as well as human resources and finance.

• 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 2022, we offered a total of 332 different courses, including 182 new courses built in-house, and employees completed more than 9,000 hours of online learning.

• Negotiation Training: We provided training to members of our Eastern woodlands team that focused on concrete tools and techniques for negotiating in challenging situations. The training included four modules and utilized scenarios that reflected day-to-day engagements faced by our employees.



learning opportunities. Facilitated by internal subject-matter experts, these sessions allow employees to learn and develop a general understanding of other

departments and business units.

We provide training opportunities

and individual goals, working to

bring out the best in each and

every one of our employees.

while recognizing unique strengths

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 in training to meet the Association of BC Forest Professionals articling procedures, accountants working toward a Certified Public or Chartered Professional Accountant (CPA) designation and HR professionals working towards Chartered Professional in Human Resources (CPHR) and Society for Human Resource Management (SHRM) designations.





- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



2022 US Millwright Program Highlights

- 105 participants including:
- 65 active apprentices working toward millwright certification, including two women, and
- 40 active accelerator participants upgrading their skills.
- In 2022 we invested more than 7,000 per participant and paid wages for more than 17,000 classroom and study hours.

EMPLOYEE DEVELOPMENT PROGRAMS

Investing in Skilled Trades

Millwrights play a vital role by keeping our equipment running efficiently and our mills performing with operational excellence. More than five years ago, 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 initially, and ultimately developing 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.

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 journey millwright. The program has three key components: virtual learning, hands-on workshops and on-the-job learning.
- Millwright Accelerator Training is an 18-month commitment for employees with existing millwright experience to upgrade their skills and pay.

In November 2021, our apprenticeship program was registered as a National Apprenticeship Program by the US Department of Labor. In May 2022, we announced a partnership with Central Georgia Technical College (CGTC) for a new accreditation program and in July, we hired a "We learn the fundamentals and then at the end, we take it to the workshop, hands-on."

Quentin Miles, Preston Sawmill, Georgia, Millwright Apprenticeship Program Grad 2022



second full-time instructor. Interfor millwrights who complete the Millwright Apprenticeship Program, gain 45 credit hours towards an Associate Degree and can graduate from CGTC with only 15 additional credits. In Canada, we work with provincial industry training authorities, for education, on-the-job training and certification of millwrights. In 2022, we had more than 30 apprentices actively training in our Canadian operations.

24



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

DIVERSITY AND INCLUSION

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 we understand that fostering both is a continuous process.

That's why as part of our strategy and commitment to sustainability, we have a goal to develop a workforce that reflects the strengths and diversity of our communities. To reach this goal, we're continuing

TARGETS AND PERFORMANCE			
YEAR	TARGET (by end of 2025)	PERFOR 2021	MANCE 2022
Women on our Board of Directors	30%	27%	27%
Employees in leadership & development programs from an under-represented group	40%	28%	28%
Hourly trades/skilled workforce from an under-represented group	30%	21%	26%
Women in our hourly workforce	15%	7%	7%
Women supervisors and superintendents	15%	6%	9%
We have set a target to complete an audit of diversity practices by the end of 2023.			

* Under-represented groups include women, ethnic and racial minorities, and Indigenous Peoples. All metrics are as of December 31, 2022. For details on the data included in our targets and related performance please see **References & Methodology**.

to build and understand our baseline, identify and work with best practices, and implement targets to drive meaningful change.

Understanding our Baseline

In 2022, we completed voluntary surveys with employees in BC 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 ask employees to self-declare at the time of hire for our affirmative action plans.

WOMEN IN OUR WORKFORCE					
13	13% OF OUR OVERALL WORKFORCE ARE WOMEN				
7% of our hourly workforce are women	of our supervisors and superintendents are women	of our senior managers are women	of our executives are women	of our Board of Directors are women	



One of the ways we are working to foster a diverse and inclusive workforce is by supporting and empowering underrepresented employees through our development programs. In 2022, 46% of our overall workforce was from under-represented groups including women, ethnic and racial minorities and Indigenous Peoples.









26% of our supervisors/ superintendents were from underrepresented groups



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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

DIVERSITY AND INCLUSION JOURNEY

Growing our Understanding

African-American History

Over the past two years, 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 2022, Interfor celebrated Black History Month with additional education sessions, events and luncheons hosted at our divisions, contributions to local charities, and trivia highlighting the achievements and contributions of African-American scientists, inventors and more.

HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCUS) ENGAGED



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 eight HBCUs.



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- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



In honor of Canada's National Truth and Reconciliation Day, staff from across our Canadian operations participated in events organized and led by local Indigenous communities.

DIVERSITY AND INCLUSION JOURNEY

Growing our Understanding

Indigenous Cultural Awareness and Understanding

In 2022, our executive and all BC staff completed Indigenous Cultural Awareness Training with the objective of building a fundamental understanding of Indigenous history in Canada, including the ongoing legacy of colonization and residential schools. Our Human Resources team in our Eastern region completed cultural awareness training that focused on ways to address some of the unique barriers and challenges for Indigenous recruitment and retention. Many staff who work directly with Indigenous communities have attended in-community workshops with Indigenous Elders or joined region-specific training to learn more about Indigenous history and culture.

In our Canadian operations, we work with our Indigenous partner communities to identify Indigenous individuals interested in pursuing a career in the forest sector so we can provide them with work experience, mentorship and postsecondary education support. We participated in Indigenous-focused career fairs and a tradeshow that reached out to Indigenous youth at the 2022 BC First Nation Forestry Council conference.



Indigenous Cultural Awareness Training

In 2022, 335 staff in BC participated in Indigenous Cultural Awareness Training, hosted by Bryan Hansen, a member of the Metis Nation of Alberta and certified Cultural Awareness Trainer with 16 years of experience working with Indigenous communities and organizations across Canada. Through an anonymous survey following the training sessions, we received incredibly positive feedback from many of our staff:

- "I think that it is great to have these workshops to educate our employees. I personally look forward to and enjoy gaining knowledge on how other cultures differ and what I can do to help change the perception and understanding of my kids and the people around me on different issues."
- "The session was really useful in understanding the history behind the struggles of the Indigenous People. As a newcomer to Canada, I find this information especially useful to be able to properly address and communicate with the Indigenous People."



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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. We've hosted or participated in virtual roundtables and women-specific recruitment events, supporting women in our workforce to share stories about their career paths, and showcase the possibilities in our industry.

WOMEN IN OUR WORKFORCE

of our

external hires

for salaried roles

were women

33

of our

internal

promotions

were women

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. Over the past two years, we implemented new standards for lactation rooms at a number of our sites including locking doors, adequate heating and ventilation, refrigeration capacity, access to potable water for washing, comfortable seating and table space.

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. Our team has worked to address this by developing a list of available vendors and PPE options that are a better fit for smaller frames, heights and shoe sizes, resulting in greater comfort and superior protection. In 2022, Interfor's Stephanie Parzei was named one of Canadian Forest Industries magazine's "Top 10 under 40", which honors the best and brightest in the industry. Well-respected and appreciated by her colleagues, Stephanie is a Provisional Member of the Ontario Professional Foresters Association and is a forest certification and environmental expert.

As part of our strategy and commitment to sustainability, we have a goal to develop a workforce that reflects the strengths and diversity of our communities.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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 project that drives business value and builds their knowledge. It offers an excellent opportunity for students and lets us evaluate their potential for full-time employment in forestry, lumber manufacturing and business support services. 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 34 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.

YEAR	2020	2021	2022
In co-op positions	38	52	104
Hired into full-time positions	6	14	14

" My summer internship with Interfor has taught me more than I could have ever imagined. I have seen the ins and outs of a sawmill and have been able to utilize my engineering skill set to improve its performance. I will end this summer with a new set of engineering skills that I wouldn't have gotten without the help of Interfor."

Bradley Hille, Maintenance Co-op & Mechanical Engineering Student



After hosting our annual student event virtually in 2020 and 2021, we were thrilled to bring our 2022 students together in person at our Metrotown and Peachtree City offices. These events provide an opportunity for students across each region to come together near the end of their work term to network with peers, present what they have learned to our senior leadership team, and celebrate their accomplishments from their time with us. This year, 44 students and more than 15 members of our senior leadership and executive team came together to participate in the events for our South and West regions.





- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



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 guarterly communication sessions so employees can learn about the strategic direction of the Company. Our CEO provides an overview of the guarter, reviewing performance, accomplishments and challenges, including sustainability-specific matters. 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. In 2022, as part of our groundwork to develop a comprehensive Sustainability Strategy, we conducted the following engagement and outreach with our employees specific to sustainability:







Sustainability interviews with staff volunteers

For more information on each of these initiatives and what we heard, see **Engaging our Employees** in **Building Value Sustainably**.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Culture and Retention

Our goal is to ensure our employees feel proud to work for Interfor and valued for their contributions. We use monthly culture and retention dashboards to track employee satisfaction, engagement and turnover. Metrics for participation, interactions and retention are measured and reported monthly.

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 the majority of our mills also share financially in performance improvements through gain- or profit-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	2022		
Full-Time	2,571	3,426	4,797		
Part-Time	31	11	23		
Temporary	19	46	83		

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.

In 2022. Interfor sold our Acorn specialty sawmill located near Vancouver. British Columbia. to an affiliate of San Industries Ltd. (the "San Group"). The San Group is a privately held, BC-based forest products company with a number of primary and value-added lumber manufacturing operations. We believed that the sale to the San Group, who intend to continue operating the Acorn mill, offered the best long-term outcome for the employees and surrounding communities. As a result of the sale. employees were offered employment by the new owner and those who wished to continue working there were able to do so

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.

NUMBER OF EMPLOYEES COVERED BY A COLLECTIVE BARGAINING AGREEMENT





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



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



INTERFOR EMPLOYEE DEMOGRAPHICS

● MEN 4,205 | 86% ● WOMEN 683 | 14% ●TOTAL | 4,903*

EMPLOYEES BY LOCATION, SALARIED/HOURLY



EMPLOYEES BY AGE



*includes 15 employees who declined to identify their gender



- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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 reducing our own environmental impacts and advancing sustainable forest products as part of the climate solution.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



OUR GOAL is to have a positive influence on the climate and environment.

" 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

We are part of the solution. Combating climate change is a global effort, and we recognize our role in tackling this important issue.



We're in the business of carbon storage

The lumber we manufacture stores more carbon than is emitted during its production. This results in significantly lower greenhouse gas emissions than the production of other major structural building products, including concrete and steel. By offering carbonfriendly building products, we are supporting low-carbon sustainable development for current and future generations. There were approximately six million tonnes of carbon stored in the lumber sold by Interfor in 2022.



We're part of a powerful, natural cycle

Trees use solar energy and carbon dioxide from the atmosphere to grow. The natural carbon cycle of forests includes capture, storage and release of carbon. Over the long term, 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. Our commitment to sustainable forestry and reforestation following harvest supports a continuous uptake of carbon for climate resilience.



We're reducing our footprint

We have set a target to reduce our Scope 1 and 2 GHG emissions by 40% by 2030, from a 2021 baseline. This reduction will be the equivalent of taking more than 20,000 cars off the road annually.



The Carbon Cycle

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.

x x

Carbon returned to the atmosphere can once again be taken up by trees, including the forests that were planted after harvesting.

- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



CEO MESSAGE

Building Value

- VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



To reduce our footprint we have set a target to reduce our Scope 1 and 2 GHG emissions by 40% by 2030, from a 2021 baseline.

Interfor GHG Emissions Inventory

Our emissions are reported in line with guidance from the Greenhouse Gas Protocol (GHG Protocol), a global standardized framework:

- Scope 1 Emissions include the direct emissions we produce at our facilities from the combustion of fuels.
- Scope 2 Emissions include the emissions associated with the production of purchased electricity used at our sites.
- Scope 3 Emissions include the emissions associated with our supply chain, both upstream and downstream.
- Biogenic Emissions include the carbon dioxide (CO₂) emissions from biomass fuels, while methane (CH₄) and nitrous oxide (N₂O) from biomass combustion are included under Scope 1.

EMISSION CATEGORY

YEAR	2021	2022
Scope 1 GHG Emissions (tCO ₂ e) Direct Fossil Fuel GHGs + CH_4/N_20 from Biomass	129,570	136,149
Scope 2 GHG Emissions (tCO ₂ e) Purchased Electricity	109,332	112,599
Scope 3 Emissions (tCO ₂ e) Supply Chain Emissions	3.0 M	3.5 M
Biogenic Carbon Emissions (tCO ₂) Biomass Combustion	818,658	825,140
GHG Emissions Intensity (tCO ₂ e/MFBM) Scope 1 + 2 Emissions per thousand board feet	0.060	0.063

Base Year

Per the GHG Protocol, Interfor has established a base year of 2021. As such, this report includes Interfor's GHG inventory from 2021 forward, including base year recalculations. For reference to Interfor's previous GHG inventory (prior to 2021), please see Interfor's past Sustainability Reports.

Please note: With 2021 established as our base year, no recalculation for structural changes or improvements in methodology are factored into the past year's reporting. As such, emissions reported prior to this 2022 report are not appropriate for making meaningful comparisons over time. For example, Interfor's 2020 emissions inventory was prior to our acquisition of nearly 40% of its current production capacity. For more information on the methodology, factors and calculators used in our GHG reporting please see References & Methodology at the end of this report.


- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE

> CLIMATE CHANGE

- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Energy Efficiency and Innovation

In 2022, 82% of the energy we consumed was from renewable sources such as biomass, hydro and solar power generation.

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

In our US South region, we have achieved a 7% reduction in average electricity consumption intensity through our strategic capital investments and operational excellence focus.

As we modernize our operations and increase production volume, we are building additional drying kilns at many of our sites. The installation of continuous drying kilns (CDKs) allows for more efficient drying operations than traditional batch kilns. Kiln manufacturers estimate the new kilns can dry a comparable volume of lumber using 20% to 25% less biomass fuel.

Through strategic energy management programs in BC, in 2022, we reduced our electricity consumption by more than 2.2 million kWh and decreased our natural gas consumption by 5,800 GJ.

INTERFOR ENERGY USE

INTERFOR ENERGY US	· =					
YEAR	2020 (GJ)	% of total	2021 (GJ)	% of total	2022 (GJ)	% of total
Energy Purchased (electricity)	1,117,830	13%	1,307,819	13%	1,829,796	13%
Renewable	457,984	5%	488,813	5%	904,704	6%
Non-renewable	659,846	8%	819,635	8%	925,091	7%
Energy Produced (onsite combustion)	7,477,914	87%	8,519,852	87%	11,774,840	87%
Renewable	6,727,338	78%	7,283,560	74%	10,187,492	75%
Non-renewable	750,576	9%	1,236,291	13%	1,587,348	12%
Total Energy (GJ)	8,595,744	100%	9,827,670	100%	13,604,636	100%
Energy Intensity (GJ/MFBM)	3.62		3.40		3.61	



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.



Using byproducts of the sawmilling process as a source of renewable energy contributes to energy resiliency in our operations.



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

disclosures to help financial

recommendations for consistent company

market participants understand investment

risks related to climate

change. The following table provides details on

Interfor's climate-related

practices and disclosures as recommended by the TCFD.

- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

PILLAR	RECOMMENDED DISCLOSURE	INTERFOR PRACTICES AND DISCLOSURES
	Board Oversight	Interfor's Board has an Environment & Safety Committee that oversees environmental performance, including climate-related risks and opportunities. Each quarter, our Vice President, Sustainability & Chief Forester reports to the committee, including a climate report related to material risks, opportunities, issues and performance.
GOVERNANCE	Management Responsibility	Interfor's Sustainability Committee is made up of executive leadership from across all operating regions and is responsible for our climate strategy. The committee recommend targets as well as ways we can mitigate risks and capture opportunities related to climate Our Environment Team, made up of regional managers, is tasked with implementing practices and strategies to achieve climate-related targets. Senior leaders are responsible for updates to our annual risk register, which includes climate-related risks.
	Risks and Opportunities	Climate-related risks and opportunities identified through qualitative scenario analysis are discussed in detail in the climate risks and climate opportunities sections of this report as well as in Appendix II .
STRATEGY	Strategic Impacts	The due diligence processes for strategic decisions such as capital investments and acquisitions identify and evaluate 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 Transition to a Low-Carbon Economy). 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 an initial qualitative scenario analysis in 2021. In 2022, we worked with climate experts to update our analysis to include new assets acquired in 2022. Details, including resilience strategies, are in Appendix II . Also see Energy Resilience .



Task Force

related

Financial

Disclosures

Alignment

on Climate-

- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

PILLAR	RECOMMENDED DISCLOSURE	INTERFOR PRACTICES AND DISCLOSURES
	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 potentially material to our business.
RISK MANAGEMENT	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 evaluation 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 Canada, and our role as a manufacturer of sustainable forest products across North America.
Climate Metrics management, re		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, Scope 3 and biogenic carbon emissions in alignment with the Greenhouse Gas Protocol, a global standardized framework. Each year we work to refine and improve our GHG inventory.
METRICS AND TARGETS	Climate Targets	We have set a target to reduce our Scope 1 and 2 GHG emissions by 40% by 2030, from a 2021 baseline. Details about our baseline and methodology for adjustments, such as how acquisitions or sales will be incorporated, have been outlined in our Interfor GHG Inventory and Target Methodology Guide. For more information see References & Methodology . We are also working towards targets related to water use, waste reduction and biodiversity. See Reducing Environmental Impacts for more details.



- CEO MESSAGE
- VICE PRESIDENT. SUSTAINABILITY & CHIEF FORESTER MESSAGE
- BUILDING VALUE SUSTAINABLY
- SAFETY
- PEOPLE
- **CLIMATE CHANGE**
- FOREST VALUES
- ENVIRONMENT
- INDIGENOUS PEOPLES
- COMMUNITIES
- PRODUCTS & CUSTOMERS
- INFRASTRUCTURE & TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** METHODOLOGY
- APPENDICES



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 an initial qualitative scenario analysis for our business. For the analysis, 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)

In 2022, we updated the analysis to include assets acquired earlier in the year.

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.



- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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, landslides or inoperable conditions, all of which 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:

Flooding

In the spring of 2022, our

impacted by flood events

in Ear Falls, ON, were

Eastern Canadian operations

following heavy precipitation

combined with snowmelt. The

damaged homes and resulted

in highway closures due to

inundation and washouts.

flooding forced evacuations

in the local community,

- 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;

- employing rainfall shutdown procedures in our woodlands 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 heat domes experienced in North America in the past several years, 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.

Hurricane Ian

Hurricane Ian struck the east coast of the US on September 30, 2022, impacting several US operations. Interfor's US South operations maintain Hurricane Preparedness Plans to ensure the safety of their employees and minimize damage from hurricanes. During the days leading up to the storm, our mills in the region began extensive preparation efforts. All equipment, loose items, and objects that could be impacted or damaged by wind were moved or secured. Finished lumber was moved to areas that would not be impacted by flooding, and sandbags were placed for other vulnerable areas. Operator consoles and computer equipment were covered and protected from water damage. The mills were shut down to allow time for preparation and for employees to safely return home before inclement weather affected travel. We were fortunate to have only minor damage at our sites during this weather event.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



CLIMATE RISKS

Wildfire

A number of our operating regions have experienced drought and extended periods without rainfall in the past several years. With drought comes the increased likelihood of catastrophic wildfires. The devastation caused by wildfires in recent years has significantly increased the cost of wildfire liability insurance. Our woodlands operations have strong wildfire preparedness, prevention and response programs, and annual fire plans that include:

- defined 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 onsite fire preparedness inspections for high-risk activities in woodlands operations. In 2022, our Canadian Woodlands had seven operational fires. All but one of the fires were less than 100 square meters in size. Each fire was acted upon immediately by our contractors with the fire suppression resources they had onsite. We commend our staff and contractors for upholding our high standards for training, 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 and stand-thinning projects in our western operating regions, which are most impacted by wildfire. For example, our BC Interior woodlands team worked with the Little Shuswap Indian Band on a FireSmart project near their community. Our log procurement team from our US Northwest region has also worked with the Oregon Department of Forestry and the Bonneville Power Administration to remove trees from a powerline rightof-way, reducing the risk of trees or branches striking the powerlines and potentially starting a fire.



on indicators that reflect past trends and future projections for changes across Canada and provides adaptation tools and **Red Pine** Sitka Spruce forest health include: 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 Western Red Cedar

Eastern White Pine

Lodgepole Pine

to disease and insects, while warmer. shorter winters can lead to insect and disease outbreaks. The Canadian Forest Service's Forest Change program reports



Forest Health

Extreme and changing weather and

climate can pose a threat to the health

reduce tree survival and limit resistance

and success of forests. Drought stress can

CLIMATE RISKS

On average we plant three trees for every tree harvested in the woodlands that we manage.

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:
- 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;
- supporting silviculture research in Ontario to assess performance of different seed lots and practices to support forest health; and
- participating in a five-year, Canadawide research study on "Functional Diversity & Connectivity to Foster Social Acceptability & Forest Resilience to Global Changes".

Species Used in Mixed Species Planting

On average, we plant three trees for every tree harvested in the woodlands we manage in Canada. In 2022, we planted over 14 million trees in the Canadian 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. Over the past two years, we have used 20 different species (shown left) in our planting operations.









Douglas Fir

Jack Pine







Western White Pine

Amabalis Fir

Engelmann Spruce

Ponderosa Pine

Subalpine Fir

Black Spruce

Grand Fir

Red Alder

Western Hemlock

INTERFOR

CEO MESSAGE

VICE PRESIDENT.

BUILDING VALUE

CLIMATE CHANGE

FOREST VALUES

ENVIRONMENT

COMMUNITIES

INFRASTRUCTURE & TECHNOLOGY

GOVERNANCE

REFERENCES &

METHODOLOGY

APPENDICES

INDIGENOUS PEOPLES

PRODUCTS & CUSTOMERS

SUSTAINABLY

SAFETY

PEOPLE

SUSTAINABILITY & CHIEF

FORESTER MESSAGE

Building Value.

Whitebark Pine

White Spruce

Yellow Cedar







- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE

> CLIMATE CHANGE

- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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 the associated risks. These include:

- engaging with peers and customers to improve consistency in accounting and reporting on climate-related metrics;
- implementing a carbon accounting project to determine options for enhancing our current GHG tracking and reporting process; and
- 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;
- the Ontario government's Forest Sector Strategy, Forest Biomass Action Plan and Environment Plan;
- the Québec government's 2030 Plan for a Green Economy; and
- US climate directives and policies.

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 water transportation 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
- using a Transport Management System 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.

Fleet Efficiency

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



- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



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 lowemission 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 a portion of the logging debris from stumpage tracts for use as biomass fuel. Where we implement use of bush residuals, we seek to balance utilization with the retention of beneficial residuals that provide habitat, support biodiversity or mitigate erosion. For more information on how we use mill residuals see **Optimizing Material Use.**

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).



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



Large, catastrophic wildfires can result in the release of large amounts of greenhouse gases into the atmosphere in a short period of time. Commercial stand thinning treatments, including the reduction of woody fuels, are a forest management option that can reduce the likelihood or severity of wildfire events, thereby contributing to forest resilience and carbon storage. The image on the right shows a forest in our US Northwest region following a stand thinning treatment project.

CLIMATE OPPORTUNITIES

Managing Forests for Carbon Mitigation

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.

Decreasing forest carbon loss: Forest management approaches can also directly impact the amount of carbon lost from forests directly to the atmosphere. For example, retaining patches or individual trees in a managed forest can increase the forest carbon stocks including soil carbon. Forest management may also contribute to preventing carbon losses associated with disturbances, especially wildfire. Intense wildfires cause substantial carbon losses. By implementing woody fuel reduction and harvesting, forest managers can reduce the likelihood or intensity of wildfire. Furthermore, fuel reduction may increase the growth and carbon uptake of the residual stand.

Productivity: In contrast to drought and forest health risks from climate change, changes in temperature, rainfall and growing seasons may increase productivity by speeding up tree growth. 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 their 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.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

CLIMATE OPPORTUNITIES

Climate-Smart Forestry

Our commitment to sustainable forest management aligns with broader objectives to maintain and increase forest carbon stocks. Under Objective 9 of the SFI Forest Management Standard, we are required to ensure forest management activities address climate change adaptation and mitigation measures. Some on-theground initiatives that we have been involved in that relate directly to the forest carbon cycle include:

- implementing prescriptions to minimize soil disturbance;
- retaining or protecting immature trees during harvest;
- prompt planting and regeneration;

- planting a mix of species for longterm resilience and productivity;
- salvage harvesting after disturbance;
- working with loggers and other partners to minimize residuals burned in slash piles and using them for biomass fuel and pulp;
- participating in interface harvesting projects designed to reduce the risk of wildfire ignition and spread to communities;
- implementing incremental stand density and fertilization improvements that will increase carbon uptake; and
- supporting research on forest management practices for tree survival, growth and productivity.

See **Conserving Forest Values** for more detail on our certifications.

Forest Carbon Initiative Project in BC Woodlands

We have been participating in a Forest Carbon Initiative project in our BC woodlands that is intended to boost forest productivity and carbon sequestration through fertilization. A GHG benefit is gained when fertilization increases carbon dioxide uptake by trees. Emissions from production, transport and application of fertilizer are accounted for in the estimation of the GHG benefit. Over the past two years, we've worked to select and treat over 7,000 hectares of young forests that were identified as good candidates for positive responses to fertilization.





- VICE PRESIDENT. SUSTAINABILITY & CHIEF FORESTER MESSAGE

- CLIMATE CHANGE
- FOREST VALUES

- RODUCTS & CUSTOMERS
- & TECHNOLOGY
- **REFERENCES &**

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.





- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Interfor manages approximately four million hectares of forests on public lands in Canada. These lands are 100% thirdparty certified to the globally recognized Sustainable Forestry Initiative® (SFI) Forest Management Standard, and covered under forest management 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.

100%

of our forest management operations are certified to internationally recognized Sustainable Forest Management standards

100%

of our lumber manufacturing operations are certified to internationally recognized Fiber-Sourcing and Chain-of-Custody standards

Over 20 years ago, Interfor became 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. Today, our commitment to world-leading standards continues to be a hallmark of our approach to forest management.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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 audits for Interfor's woodlands operations in 2022 cited good practices such as:

- well-documented invasive and species-at-risk training and integrated pest management practices in our Ontario woodlands; and
- enhanced protection of riparian areas and specific plants to address Indigenous food, social and cultural values in our BC woodlands.

Through SFI certification, we address non-conformances and act on opportunities for improvement identified in the annual audit reports. The 2022 audits identified new minor non-conformances relating to documenting and disclosing GHG mitigation plans, implementing migratory bird protections, and addressing outstanding corrective actions. The audits also identified



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.

Fiber-Sourcing and Chainof-Custody Certification

Each of our lumber manufacturing and remanufacturing operations is certified to one or more internationally recognized chainof-custody or fiber-sourcing standards including:

- SFI Chain-of-Custody Standard: All Canadian and US lumber manufacturing and remanufacturing operations
- SFI Fiber-Sourcing Standard: All Canadian and US lumber manufacturing and remanufacturing operations
- Program for the Endorsement of Forest Certification (PEFC) Chain-of-Custody Standard: BC operations, Japan sales office and Elk Lake sawmill in Ontario

• Forest Stewardship Council (FSC) Chain-of-Custody Standard: Québec and Northeastern Ontario manufacturing and remanufacturing operations

Environmental Certification

In addition to our forest management and chain-of-custody certifications, we also carry International Standards Organization (ISO) 14001:2015 environmental management system certification for forest operations in Québec and Northeastern Ontario.

as consideration of a revised process for preventing erosion on skid trails and improvements to internal audit, inspection and communications processes. A follow-up assessment on each of these items will be part of our 2023 audits.

opportunities for improvement such

In 2022, SFI announced new standards and rules, including updated Forest Management, Fiber-Sourcing and Chain-of-Custody standards. Our 2022 audits provided an opportunity for us to review our action plans to meet the new Forest Management Standard.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE

> FOREST VALUES

- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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. Some examples of habitat features that we manage for include nesting sites, ungulate calving or fawning sites, bear dens, waterfowl staging areas and significant ecological areas like wetlands and estuaries.

We train our woodlands employees to identify species at risk, include information on species at risk in our logger training, and require that employees and contractors report sightings. Where at-risk ecosystems have been defined, such as rare blue- and red-listed ecosystems in BC, we provide awareness training to enable identification and conservation.

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, goats and caribou.

In many cases we work closely with Indigenous communities to better understand and manage wildlife habitat based on traditional ecological knowledge. For example, in BC, we work closely with a number of First Nations to map, protect and improve grizzly bear habitat, and in Ontario we are working with two First Nations to manage and improve browse in moose emphasis areas.



The woodlands we manage include a wide range of landscapeand site-level protected areas and constraints. For example, in our BC woodlands, more than half of the forest land that we manage is protected or not available for harvesting. The remaining working forest is subject to restrictions on cutblock sizes and in-block tree retention requirements.

BC Woodlands

Within the working forest, tree patches and dispersed trees are retained to protect specific resources and provide habitat.





CEO MESSAGE

VICE PRESIDENT, SUSTAINABILITY & CHIEF

BUILDING VALUE

CLIMATE CHANGE

FOREST VALUES

ENVIRONMENT

SUSTAINABLY

SAFETY

PEOPLE

FORESTER MESSAGE

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:



- > COMMUNITIES
- > PRODUCTS & CUSTOMERS

INDIGENOUS PEOPLES

- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Mountain Caribou

BC Interior Operations

Interfor supports the Arrow Lakes Caribou Society in 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. In 2022, the project had its first successful capture and release.

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. We have worked with loggers to employ noise and activity restrictions when operating adjacent to management areas during the breeding season to avoid disrupting nesting murrelets.

Eastern Whip-poor-will

Ontario Operations

Interfor is supporting a University of Manitoba research project to investigate breeding and migratory habitat use of Eastern Whippoor-will in relation to forest management. The research is providing critical information for refinement of effective management and recovery strategies for the species, including more nuanced protection of habitat.

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 fibersourcing program, we work with private landowners to support the implementation of best management practices to protect and restore habitat for this critical species.





CEO MESSAGE

- VICE PRESIDENT. SUSTAINABILITY & CHIEF FORESTER MESSAGE
- **BUILDING VALUE** SUSTAINABLY
- SAFETY
- PEOPLE
- CLIMATE CHANGE
- FOREST VALUES
- ENVIRONMENT
- INDIGENOUS PEOPLES
- COMMUNITIES
- PRODUCTS & CUSTOMERS
- INFRASTRUCTURE & TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** METHODOLOGY
- APPENDICES

We support and contribute to Sustainable Harvest Levels AAC determinations by providing Sustainable harvest levels are the information and data to the provincial foundation of sustainable forestry government. For example, in a and key to ensuring environmental, unit we manage in BC, Tree Farm economic and social opportunities Licence (TFL) 8, we work closely for current and future generations. In Canada, the majority of forest land,

including the forests managed by

annual cut (AAC), are required by

Interfor, is publicly owned. The annual

harvest levels, known as the allowable

law to be set for these public forests

every five to 10 years, depending on

the location. The AAC is specific to

forest, growth rates, how the forest

is managed for multiple values and

choices around the rate of harvest.

based on the condition of the existing

individual management units and

with a local Indigenous community to protect cultural and other values. This has reduced the size of the area available for harvesting so we worked together with government to develop recommendations on how this should be reflected in the AAC. In 2022, the total AAC of TFL 8 was reduced by 14.8%.

Each year, every individual cutblock contributes to the total area harvested. Cutblock area and stand level retention data are reported annually to provincial governments.

HARVEST AREA AND STAND-LEVEL RETENTION ON INTERFOR TENURES					
YEAR	2019	2020	2021		
Total cutblock area (hectares)	7,051	6,880	8,758		
Total area retained within cutblocks (hectares)	1,569	1,259	1,339		
Total area retained within cutblocks (%)	22%	18%	15%		

We work to survey and finalize harvested area boundaries for up to six 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.

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



Provincial

Sustainable

Interfor manages

Harvest Levels

woodlands in Canada.

where the majority of

owned. The forested land base and area available for harvesting varies by each province.

available forests are

harvested annually.

forested land is publicly

Throughout all provinces, less than 1% of the

- CEO MESSAGE >
- VICE PRESIDENT. SUSTAINABILITY & CHIEF FORESTER MESSAGE
- **BUILDING VALUE** >SUSTAINABLY
- SAFETY >
- PEOPLE >
- CLIMATE CHANGE >
- FOREST VALUES >
- ENVIRONMENT
- INDIGENOUS PEOPLES
- COMMUNITIES >
- PRODUCTS & CUSTOMERS
- INFRASTRUCTURE >& TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** METHODOLOGY
- APPENDICES >





- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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.

- 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 BC's old growth forests. We are continuing to work 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.



Conservation of the Incomappleux Valley

Interfor is committed to sustainable forest management and that includes dedicated conservation efforts. Identifying Forests with Exceptional Conservation Value is built into our operational planning processes and forms an important part of the audited third-party certifications our Company holds. We are proud of our track record in this area and continually evaluate opportunities to balance social, economic and environmental values, including climate mitigation. The Incomappleux Valley, northeast of Nakusp, contains a portion of BC's inland temperate rainforest. The old-growth forest in the valley is dominated by Western Red Cedar and Western Hemlock and includes trees that are 500 to 1,000 years old. The Incomappleux Valley is an area of great biodiversity, providing habitat for grizzly bears, many species of rare plants and lichens, and historically for mountain caribou. The Incomappleux River is a major tributary of the Columbia River. In 2022, Interfor, the Nature Conservancy of Canada and the provincial government signed an agreement to protect the Incomappleux Valley. Interfor has agreed to voluntarily release approximately 75,762 ha from Tree Farm Licence (TFL) 23. As a key partner, the Nature Conservancy of Canada facilitated and assisted in funding the agreement.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Accountable Professionals

Professional foresters and forest technologists working for Interfor in Canada are registered and regulated by provincial associations:

- Ontario Professional Foresters Association
- Order of Forest Engineers of Québec
- 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 and 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. In 2022, the team was involved in the following projects:

- Construction of salmon habitat by installing engineered woody debris into the Elwha River;
- Replacement of a collapsed bridge on Little River, restoring salmon habitat and access in the area;
- A new bridge installation at Nolan Creek, which will result in improved fish passage at high water;
- Stand thinning to enhance structural diversity, habitat for listed species and tree growth; and
- Replacing and repairing damaged culverts in the salmon-sensitive Calawah River watershed.
- In BC, our woodlands team has been working with the government to complete reforestation in areas impacted by wildfires. Over the next two years, we will plant more than four million seedlings in areas impacted by wildfire.



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 in BC. 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 highvalue 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.



- In 2022, we introduced a Supplier Code of Conduct, an extension of Interfor's Code of Conduct & Ethics. We strive to conduct business with suppliers who share our commitment to sustainability.
- FORESTER MESSAGE **BUILDING VALUE** SUSTAINABLY

CEO MESSAGE

VICE PRESIDENT.

SUSTAINABILITY & CHIEF

- SAFETY
- PEOPLE
- CLIMATE CHANGE
- **FOREST VALUES**
- ENVIRONMENT
- INDIGENOUS PEOPLES
- COMMUNITIES
- PRODUCTS & CUSTOMERS
- INFRASTRUCTURE & TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** METHODOLOGY
- APPENDICES

Working with Log Suppliers Packages that outline the objectives of SFI certification and The environmental performance of provide information on sustainable harvesting practices such as conserving biological diversity, operations for Interfor sawmills are water quality management, soil conservation, fuel handling and Standard. Under our sustainable fiber spill response.

our major suppliers is a key factor

certified to the SFI Fiber Sourcing

in our log supply. Log-sourcing

• We require compliance with

applicable federal, provincial, state

and local human rights and labor

freedom of association and right

to collective bargaining, freedom

from discrimination. harassment

labor or forced labor.

• We engage our suppliers to

implement best management

Committees, we provide log

suppliers with Information

practices to protect water quality

and conserve biological diversity.

Working with SFI Implementation

and abusive behavior and no child

laws and regulations such as:

sourcing program:

- We work with gualified 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. In Québec, we worked with our SFI Implementation Committee to develop online training specific to private landowners and contractors that leads to recognition as a Qualified Logging Professional.
- We support broadening the practice of sustainable forestry on all lands through community involvement, socially responsible practices, and recognition and respect of Indigenous Peoples' rights.

In our Sustainable Forestry and Log 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 or declarations 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 2022, our log supply to our sawmills had the following profile by region:

- Ontario: 94% certified
- Québec: 53% certified
- BC: 76% certified
- US South: 25% certified
- US Northwest: 56% certified

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 2022, we implemented a Supplier Code of Conduct



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

- CEO MESSAGE
- VICE PRESIDENT. SUSTAINABILITY & CHIEF FORESTER MESSAGE
- **BUILDING VALUE** SUSTAINABLY
- SAFETY
- PEOPLE
- CLIMATE CHANGE
- **FOREST VALUES**
- ENVIRONMENT
- INDIGENOUS PEOPLES
- COMMUNITIES
- PRODUCTS & CUSTOMERS
- INFRASTRUCTURE & TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** METHODOLOGY
- APPENDICES

We do not use, purchase or conduct Sustainable Practices research or field trials on genetically Interfor manages forests sustainably modified trees, and we do not and does not engage in deforestation use nanotechnology in any of our or conversion of forests to non-forest products. We minimize chemical use, use. Our forest operations do include only using them where required to the construction of permanent access achieve reforestation objectives roads on public land, which represent while protecting people, wildlife a small fraction of the land base and the environment. We prohibit we manage and provide access for the use of World Health Organization public use, ranging from recreation (WHO) type 1A and 1B pesticides, to research and management. In the and where practicable we avoid limited instances that we purchase the use of all other pesticides and wood fiber from small-scale areas herbicides. In the limited instances being cleared for other uses, such that we use them, our plans are as utility corridors, the conversion reviewed with Indigenous must be minor in accordance with all communities which has resulted in applicable legislation and contribute adjusting or deferring applications to long-term conservation, economic for alignment with their values.

and/or social benefits.

Disturbance versus Deforestation Disturbance is a natural process

within forested ecosystems that is integral to forest health and function. Deforestation is the permanent removal of trees and conversion of the land to another use. 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** and **Deforestation** in Canada: Key Myths and Facts.

Sustainable Forest Management and Natural Disturbances

After wide-scale natural disturbances such as large wildfires or insect outbreaks, 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 BC Interior operations continue to undertake significant salvage of forest stands damaged by wildfires over the past two years, followed by reforestation. In Québec, a plan is in place to minimize the impact of spruce budworm through salvage harvest.



- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

ENVIRONMENT

Reducing Environmental Impacts

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

59



- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



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 use environmental monitoring programs pertaining to water use, air emissions, waste management, fuel handling, spill and fire prevention, and preparedness. 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 2022, we achieved a rating of 4.8 averaged across operations, which is deemed to be compliant and low risk.



2022 audit performance excludes Eastern Canadian operations. We are working to include these operations in our auditing program in 2023.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

As part of our sustainability strategy, we have set a goal not just to reduce or eliminate environmental impacts, but to have a positive influence on the environment. In order to achieve this ambitious goal, we believe that a key step will be fostering a culture of environmental excellence. To help drive our commitment and focus on this important aspect of our business, we are setting targets and engaging our teams across all regions.

Environment-Related Targets

We have set the following targets to improve our baseline understanding of environmental metrics and improve our performance:

TARGET	PROGRESS OR STATUS
Install water withdrawal meters at 100% of our sites by the end of 2023	91% complete for US and BC, 43% complete for Eastern Canada operations acquired in 2022
Set water and waste reduction targets by the end of 2023	Water meter installation and data collection will inform targets
Implement Biodiversity Interface Management Plans at 100% of our sawmill facilities by end of 2024	Template drafted and circulated to all regions
Achieve 100% completion of all legal and internal compliance tasks	99% for 2022

Environment Team

Originally formed in 2020, our Environment Team is made up of environmental experts from each of our operating regions. Together, they work to standardize and improve the consistency of EMS implementation across our manufacturing facilities. The Environment Team meets regularly to share expertise and collaborate on opportunities to improve our environmental performance.

Some highlights from the Environment Team's work in 2022 include implementation of a standardized compliance tracking and reporting system across our operations, including initiating this work in our Eastern Canadian operations and completing onboarding and mutual sharing of best practices with our new colleagues.



INTERFOR 2022 SUSTAINABILITY REPORT



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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 World Resources Institute (WRI) Aqueduct Water Risk Atlas.

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, quantity and riparian habitats. 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.

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.



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

In 2021, we set a target to install water withdrawal meters at 100% of our sites by the end of 2023. As of the end of 2022, we have completed installation at 91% of the sites in our US and BC operations and identified action plans for water meters in our new Eastern operations. With this new foundation for an improved baseline, in 2022 we set a target to establish water reduction targets by the end of 2023.

Watershed Risk Management Framework

Our BC Interior woodlands team is in the process of developing a new Watershed Risk Management Framework that seeks to bring together multi-level plans, reports and information for improved management of watershed-related risks. By combining detailed site-level and landscape-level reports into a Geographic Information System (GIS) database, data and relevant history can be used to inform future planning. The database spatially identifies management units along with elements at risk, such as water intakes, roads, fish streams, bridges and other values that may be influenced by forestry activities. Interfor is also investing in employee, consultant and operator training to support identification of watershed features and strategies that can be used to reduce risk and improve environmental performance.





- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES

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

At our Port Angeles, Perry, Baxley and

Thomaston mills, we use electrostatic precipitators, which are pollution

projects have included the installation

control devices that use electricity to remove particulate matter in the

exhaust system of the boiler.

Many of our capital investment

regulatory requirements.

- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

AIR EMISSIONS						
YEAR	2020		2021		2022	
	TOTAL (TONNES)	INTENSITY (GRAMS/ MFBM)	TOTAL (TONNES)	INTENSITY (GRAMS/ MFBM)	TOTAL (TONNES)	INTENSITY (GRAMS/ MFBM)
Particulate Matter	471	198	635	220	904	238
NOx	398	167	461	160	660	174
SOx	43	18.1	54	18.7	55	14.5
СО	639	269	772	267	1,177	310
VOCs	2,576	1,084	3,239	1,121	4,285	1,130

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

of new or upgraded pollution control devices. For example, at our Eatonton mill, we recently added a cyclone at the sawmill trimmer and replaced a kiln cyclone in Preston.



Electrostatic precipitators use electricity to remove particulate matter from exhaust.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

WASTE AND RESIDUAL MATERIALS							
YEAR	2020		2021		2022		
MATERIAL (TONNES)	LANDFILLED OR DISPOSED	RECYCLED OR REPURPOSED	LANDFILLED OR DISPOSED	RECYCLED OR REPURPOSED	LANDFILLED OR DISPOSED	RECYCLED OR REPURPOSED	
Wood Residuals	4,074*	3,280,270	4,908*	4,091,752	2,891*	4,400,036	
Hazardous Waste**	16.9	42.7	20.8	50.4	148.1	106.9	
Non-Hazardous Waste	9,312	2,787	8,012	2,773	15,819	6,936	
Total	13,403	3,283,100	12,941	4,094,575	18,858	4,407,079	
% of total	<1%	>99%	<1%	>99%	<1%	>99%	

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

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. Overall, we recycle or repurpose more than 99% of our total waste and residual materials. In 2022, we set a target to establish a waste reduction target by the end of 2023 and initiated a waste reduction pilot project.

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 corporate office in Montreal is in a BOMA and LEED Platinum EB certified building. 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 three of our facilities, Interfor is a primary manufacturer. Our Cedarprime and Sullivan facilities remanufacture lumber produced by our primary sawmilling operations, creating value-added products. Our Sault Ste. Marie facility produces engineered wood products known as I-joists which are used for floor and roof applications. They are produced using lumber flanges from sawmills combined with oriented strand board (OSB). The use of recycled wood or fiber is not applicable in our manufacturing processes.

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, including both wood pellets and biomass for power plants. A smaller portion of our residuals is used for mulch by soil and landscaping companies, for animal bedding, or for the production of panels and mediumdensity fiberboard. 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 and remanufactured into trusses, pallets, finger-joint studs and parts for furniture and cabinets.

We are exploring innovative tools with our contractors 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. We seek to balance utilization with the retention of beneficial residuals that provide wildlife habitat, support biodiversity, and can be used to mitigate erosion. Residuals left in the bush also continue to store carbon for the short term and as they decompose, they return nutrients back into the soils.

RESIDUALS SOLD BY INTERFOR (BY WEIGHT)





- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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

In 2022, we revised our approach to spill reporting which has resulted in a variance from reporting in past years. As of this 2022 report, our spill reporting includes any spill that meets the legal reporting requirement for the applicable jurisdiction. This increased focus will provide additional opportunities to assess our operations, the risk of future spills and ultimately and identify ways to reduce the frequency of spills and impact on the environment. In 2022, Interfor had 12 reportable spills, all of which were less than 100L. Each 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.

NOTABLE SPILLS			
YEAR	2020	2021	2022
Number of notable spills	3	3	12



Spill kits are just one aspect of our emergency spill response preparedness programs. We also use spill plans emergency response drills to ensure our teams are well prepared in the event of an incident.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT

> INDIGENOUS PEOPLES

- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Our Canadian operations are within the territories of more than 90 Indigenous Peoples. Since 2010, we have signed nearly 150 individual agreements with 47 Indigenous communities, leading to a host of mutual benefits. We are committed to meaningful reconciliation and further expanding Indigenous participation and benefits within the forest industry.

- To develop significant partnerships, our engagement and forestry operations are conducted in accordance with our **Indigenous Relations Policy**. The policy outlines our resolutions to:
- recognize the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP);
- acknowledge the Calls to Action of Canada's Truth and Reconciliation Commission, and seek opportunities to take action on those applicable to our business; and
- commit to relevant consultation and obtain, where possible, the free, prior and informed consent (FPIC) of First Nations before proceeding with developments.
- Indigenous Peoples have occupied their territories since time immemorial. We acknowledge and respect their deep connection to the lands and waters and recognize the legal and constitutional rights they hold within their territories.

ACTIVE FIRST NATION TERRITORIES



Number of Indigenous territories with active Interfor harvesting or road-building operations.

Indigenous Peoples have an integral role in maintaining a strong, viable, and sustainable forest economy in Canada now, and in the future. We are committed to supporting Indigenous representation and participation in the forest industry, while cooperatively promoting socioeconomic development opportunities across their communities.

Interfor seeks to engage Indigenous communities when our operations are within their territories, with the goal of building positive relationships. We engage through early, ongoing and frequent communication and work together 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 Indigenous communities or Nations.

Monitoring and Certification

Many of our agreements with Indigenous Peoples include specific standards for how we engage and operate within their territories, backed by clear expectations for monitoring and review processes to track our compliance. In addition, our operations are subject to third-party certification standards regarding Indigenous relationships as follows:

 All Canadian woodlands operations are certified to the SFI standard which includes a foundational management objective to recognize and respect Indigenous Peoples' rights and traditional knowledge.

• Our Eastern operations are committed to the Progressive Aboriginal Relations (PAR) program, a third-party corporate social responsibility program by the Canadian Council for Aboriginal Business, which drives performance in four categories: Leadership Action, Employment, Business Development, and Community Relations. In 2022, Interfor's Eastern Canadian operations achieved PAR Certification at the Bronze level and we are working to achieve Silver level certification by 2025.





- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



23 new agreements signed in 2022

Partnership Agreements

Our relationships have led to signed agreements with 47 Indigenous communities or Nations with whom we work. These agreements 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 further meaningful reconciliation and advance true partnership with Indigenous Peoples.

- Business-to-business partnerships that build capacity and support community development.
- Joint planning aligned with Indigenous values and objectives.

Certainty for our forestry business in Canada.

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

Respect for Indigenous culture.

 Addressing unique cultural, 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:

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 this looks like in action.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

AGREEMENT FOUNDATIONS

Governance

The foundation of many Indigenous 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:

- our collaborative forestry agreement with Sagamok
 Anishnawbek First Nation that enhances our longstanding relationship with the community by formalizing collaboration in forest management and outlining benefits to the community;
- our Ententes de coopération (Cooperation Agreements) with the Algonquin communities of Kitcisakik and Long Point First Nations which outline various collaboration initiatives and provide benefits to the communities:
- our agreement with Simpcw Resources that, in addition to transferring tenure to the Simpcw First Nation, provides for the development of a stewardship program within Simpcwúlecw (Simpcw Territory) in connection with Interfor's operations. Together, these components facilitate joint stewardship of the tmicw (land) and a longterm business relationship;
- our Memorandum of Agreement with the **Klahoose** First Nation

Truth and Reconciliation Commission (TRC) of Canada

Calls to Action

Building governance frameworks into our partnerships is a solid step towards the TRC call to action #92 (i) to: "Commit to meaningful consultation, building respectful relationships, and obtaining the free, prior, and informed consent of Indigenous peoples before proceeding with economic development projects."

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 between Interfor and the shíshálh Nation and the resulting partnership, which supports 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; and
- our agreement with the Penticton Indian Band prioritizes stewardship, includes community benefits and supports community interests.



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





commitment to fostering reconciliation and opportunity for Indigenous nations in Canada.

- CEO MESSAGE
- VICE PRESIDENT. SUSTAINABILITY & CHIEF FORESTER MESSAGE
- **BUILDING VALUE**
- SAFETY
- PEOPLE
- CLIMATE CHANGE
- FOREST VALUES
- ENVIRONMENT
- **INDIGENOUS PEOPLES**
- COMMUNITIES
- PRODUCTS & CUSTOMERS
- INFRASTRUCTURE & TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** METHODOLOGY
- APPENDICES

AGREEMENT FOUNDATIONS

Economic Benefit and Revenue

Our agreements are built on the principle that Indigenous Peoples should benefit from resources within their territories. Through a variety of business partnerships, ranging from supporting Indigenous entrepreneurs to the lease or sale of our tenures, we work with Indigenous 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 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 Licence and work on joint projects;
- a standing Timber Purchase and Tenure Management Agreement with **Okanagan** Indian Band Forestry Limited Partnership that provides revenue opportunities to the partnership;
- a number of agreements with the Little Shuswap Lake Band and their business arm to purchase logs from community-based projects; and

• business agreements with the Kwikwasut'inuxw Haxwa'mis First Nation that provides economic benefit to the Nation and replacement of aging infrastructure to maintain access for cultural purposes, tourism and industrial activity.

Truth and Reconciliation **Commission (TRC)** of Canada

Calls to Action

Our partnerships demonstrate our work towards meeting the TRC call to action #92 (ii) to ensure "that Aboriginal communities gain long-term, sustainable benefits from economic development projects".

Financing to Support Economic Development

Forest management and harvesting projects require substantial upfront investment, including forest management cutblock layout and road building. Financing for these projects, which can be a challenge for small and developing Indigenous-owned corporations to secure, is a benefit that Interfor can offer to partners. Over the past two years, we provided \$23.3 million in financing to projects that supported Indigenous economic development and capacity building.

SC

PEOPLES



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



about and understanding Indigenous values.

AGREEMENT FOUNDATIONS

Stewardship and Sustainability

We work with Indigenous communities to understand traditional knowledge and values so they can be incorporated into joint planning processes that guide our forest planning and operations. We also support Indigenous communities' stewardship initiatives, including 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 to identify and protect key values, such as critical salmon habitat.
- We have data sharing agreements with Brunswick House and Chapleau Cree First Nations to help identify cultural and Indigenous values. We then work with them to modify operations to protect those values.

Traditional Knowledge in Forest Management

Interfor recently worked with the Penticton Indian Band to secure an SFI Conservation Grant for a project that will help address the need to incorporate recognition and respect for Indigenous Peoples' rights and traditional knowledge into sustainable forestry practices. The project seeks to link Indigenous knowledge with scientific knowledge by assessing the effectiveness of enhanced riparian management in the Band's area of responsibility.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



AGREEMENT FOUNDATIONS

Capacity Building and Employment

We work with our Indigenous partners to grow their internal capacity through employment and forestry services opportunities. We begin with coplanning, joint forest stewardship and management activities, then create further employment and contracting opportunities through harvesting operations. Together with our partner communities, we share 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 opportunities for employment and other economic benefits;
- an agreement with the Shuswap Band that will support their involvement in forest road management;

BC WOODLANDS CONTRACTORS



In 2022, 36% of BC Woodlands contractors had Indigenous employees or were Indigenous-owned.

- 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 capacitybuilding opportunities; and
- an agreement with the Kwikwasut'inuxw Haxwa'mis that includes funding for shared development, community initiatives, and education bursaries to the Nation.

EASTERN OPERATIONS INDIGENOUS WORKFORCE BY DEPARTMENT				
DEPARTMENT	MANUFACTURING	WOODLANDS		
Percent of total employees	7.5%	6.9%		


- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

AGREEMENT FOUNDATIONS

Community Engagement

Respect and understanding for our Indigenous partners' cultures is built through real experience and connection. By engaging and supporting community initiatives, events and projects, we are not only contributing to meaningful work, but also gaining understanding and perspective, making us a better partner.

Some highlights from our community engagement efforts include:

- Supplying Indigenous partners with lumber for community projects such as housing and infrastructure;
- Delivering firewood for community members, elders and cultural events;
- Delivering logs for cultural purposes;
- Supporting and participating in Indigenous youth field trips and operational tours;
- Supporting and participating in community cultural events and celebrations; and
- Organizing and participating in community cedar bark gathering trips with several Indigenous communities.



Interfor staff across Canada participated in various Indigenous-led events to mark Canada's National Day for Truth and Reconciliation.

Cultural Awareness

Participating in community initiatives and cultural events can increase our understanding while growing mutual trust and respect. Many of our employees have attended workshops with Indigenous elders, have taken cultural awareness training, and have been given region-specific training to advance Indigenous cultural competency. For more information, please see **Growing Our Understanding**.

Supporting Youth and Education

Some examples of how we have been involved with and supported Indigenous youth and education include:

- collaborating with Indspire, to support an Indigenous bursary program and amplify our impact;
- supporting the Outland Youth Employment Program in collaboration with Temagami First Nation and other industry partners to deliver an annual summer camp;
- participating as a sponsor in **Splatsin** Development Corporation

fundraising for the **Splatsin** Youth Recreation Program;

- supporting a land-based learning Guardians Program run by Wahkohtowin Development to strengthen youth's connection to the land, language, and culture;
- supporting the Val-d'Or Native Friendship Centre at the Mëmëgwashi Gala, an event that highlights the educational success and perseverance of First Peoples' students in Val-d'Or, QC; and
- participating in career fairs to provide information on career and employment opportunities at Interfor.



In 2022, Interfor was a sponsor of the Val-d'Or Native Friendship Centre's Mëmëgwashi Gala, an event that highlights the educational successes and perseverance of Indigenous students.



- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

COMMUNITIES

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Building V?

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In Our

Wenty Thousand Dollars Twenty Thousand Dollar

Newnan-Coweta Habitat for Humanity \$ 20,000.0

INTERFOR

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.



- CEO MESSAGE
- VICE PRESIDENT. SUSTAINABILITY & CHIEF FORESTER MESSAGE
- **BUILDING VALUE** SUSTAINABLY
- SAFETY
- PEOPLE
- CLIMATE CHANGE
- FOREST VALUES
- ENVIRONMENT
- INDIGENOUS PEOPLES
- COMMUNITIES
- PRODUCTS & CUSTOMERS
- INFRASTRUCTURE & TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** METHODOLOGY
- APPENDICES

Giving Back to the Community

Our Habitat for

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Humanity Partnership

Our partnership with Habitat

for Humanity has a direct

Sustainable Development

to the United Nations

Goals to ensure access

for all to adequate, safe

and affordable housing

its forms everywhere.

and to end poverty in all

alignment and contribution

SUSTAINABLE CITIES

At Interfor, our promise to communities is to build value by supporting a healthy economy and environment. We understand the connection between our people and where they work and live; therefore, we want to ensure we are giving back strategically to causes that have the greatest local impact.

Habitat for Humanity Partnership

Historically. Habitat for Humanity is one organization that various Interfor divisions have supported through individual and local initiatives. As a lumber producer, we are wellpositioned to support affordable housing, through building and repairing homes. Building materials are part of our core business and an essential component of this work.

In 2022, we were excited to announce a formal partnership with Habitat for Humanity International. On a corporate level, Interfor made donations that support our diversity and inclusion initiatives, such as Indigenous housing partnership support in Canada and increasing Black homeownership consultancy in the US.

Additionally, Interfor operations and offices were partnered with Habitat for Humanity affiliates in local communities to create impact by identifying engagement opportunities and establishing long-term relationships.

\$1.2 MILLION + total annual donations in 2022



We encourage our employees to get involved in projects that create an impact in our local communities.

Supporting Local Initiatives

In addition to our partnership with Habitat for Humanity, we are committed to the continued support of local initiatives and organizations in the heart of each of our unique communities. 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 activities involving education, children and youth, environment and health. The overarching goals for Interfor's divisional annual donations are to:

- build positive community relations and awareness of Interfor within the community;
- invest in initiatives our employees care about: and
- achieve our corporate social responsibility goals.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES







Indigenous Housing: In 2022, Interfor donated more than \$50,000, to support Habitat for Humanity Canada's Indigenous Housing Partnership. This equitable partnership, rooted in respect for Indigenous culture, is helping deliver housing solutions for Indigenous communities.



(Above) Habitat for Humanity's vision is a world where everyone has a decent place to live. The organization is committed to focusing on Black homeownership, such as developing new resources and capacity to ensure Black households have the same access to homeownership. In 2022, Interfor donated more than \$60,000 to Habitat for Humanity International to conduct on-the-ground work to advance Black homeownership.









(Above) In 2022 , Interfor not only made donations to Habitat for Humanity International and local affiliates, but also got involved with a number of home building projects.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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;
- Local Citizens Committees (Ontario);
- Regional tables for integrated management of resources and public land (Québec);
- Landscape Reserve Design Tables in the Great Bear Rainforest (BC);
- SFI Certification (Forest Management Standard Objectives
 6, 8, 14 and 15 and SFI Fiber Sourcing Standard Objectives
 6, 7 and 8);
- Regional SFI Implementation
 Committees;
- Operational referrals to other tenure holders such as traplines, range tenures and water licences; and
- Timber Supply Review process for our tree farm licences.

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 Land & Ladies, an organization that has partnered with the University of Georgia to deliver workshops, symposiums and online programming aimed at education and empowerment of women forest landowners.
- We support the Greene-Morgan Forest Landowners Association, whose mission is to encourage and educate forest landowners in the management of their land to the highest standards of good stewardship.
- 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



Engaging in local events is popular with many of our employees and strengthens our relationship and connection with our communities.

invasive species through education and community awareness and other activities.

- We participate in a Forestry Working Group and Community Wildfire Roundtable in the District of Clearwater, BC, where we engage on a range of stewardship and community topics such as wildfire preparedness, landscape planning and value-added opportunities.
- Our BC operations collaborate with the Discovery Islands Working Group to maintain an interactive web map with proposed cutblock locations and contact information so that members of the public can share their concerns about visual quality objectives and we can include these in our planning prior to harvesting.

- We participate in Resource Roads Committees in BC that focus on building collaborations on road issues among users.
- We participate in the Canadian Steering Committee and the Forestry Committee for the National Council for Air and Stream Improvement (NCASI).
- We host tours of our sawmill and forest operations. In 2022, we hosted faculty from the University of Georgia for a tour of our Baxley Division, and our Nairn Centre Division welcomed students from Laurentian University and Mohawk College as part of a Northern Ontario Wood Instructional Tour.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



Our foresters are passionate about sustainable forestry and many appreciate the chance to engage with local communities.

We work with schools and nonprofit organizations to host tree planting days and field trips to raise understanding of the importance of forests and how we manage them.

Our operations are equally passionate about the high standards implemented in our sawmills and the ways in which our business contributes to a healthy economy and environment.



Our Baxley Division hosted a tour for new faculty from the University of Georgia. It gave us an opportunity to show how we have embraced technology in our mills, and how this helps us maximize the value of the forest resource.



On Earth Day, staff from our Grand Forks Division in BC provided seedlings and supported a group of students from D.A. Perley Elementary School to plant trees in an effort to restore lands held by the Southern Interior Land Trust that were disturbed by recreational vehicles. The land is being conserved to protect important habitat for a number of species ranging from bighorn sheep and deer to rattlesnakes and badgers. Interfor employees Trent Moore, Nathan Harrington and Kyle Brandon were instructors in South Carolina's Wood Magic Fair, teaching 5th graders about sawmilling, forestry and environmental sustainability.



COMMUNITIES



- CEO MESSAGE >
- VICE PRESIDENT, > SUSTAINABILITY & CHIEF FORESTER MESSAGE
- BUILDING VALUE > SUSTAINABLY
- > SAFETY
- PEOPLE >
- CLIMATE CHANGE >
- FOREST VALUES >
- ENVIRONMENT >
- INDIGENOUS PEOPLES >
- COMMUNITIES >
- PRODUCTS & CUSTOMERS >
- INFRASTRUCTURE > & TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** >METHODOLOGY
- APPENDICES >





Burnaby office participated
CIBC's Run for the Cure even

Supporti	ing a
Healthy	Economy

In 2022, Interfor employed approximately 4,900 people and paid \$206 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	2022
Canada	\$2,660,000	\$66,708,000	\$68,165,000
US	\$15,910,000	\$154,117,000	\$138,287,000
International	\$88,000	\$197,000	\$161,000
Total	\$18,658,000	\$221,022,000	\$206,613,000

EMPLOYEES			
YEAR	2020	2021	2022
Canada	951	937	2,187
USA	1,844	2,539	2,710
International	6	7	6
Total	2,801	3,483	4,903



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

PRODUCTS & CUSTOMERS

Providing Sustainable Products and Unmatched Customer Service

As a manufacturer of sustainable and renewable wood products, we set ourselves apart by building strong distribution partnerships and ensuring that products are delivered on specification and on time.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Wood is Good

Wood is the ultimate natural, renewable and versatile building material. From houses and infrastructure to musical instruments and books, wood products not only support our basic need for shelter, but they also enrich our lives and standard of living. When wood products are manufactured in a way that is environmentally sustainable and socially responsible, we can all feel good about the significant role they play in our lives.



Many people are drawn to wood's natural appearance, and research has found that we experience a positive physiological response to wood in our homes and offices. Here are a few reasons you can feel good about the sustainably sourced wood products that you use or benefit from every day:

- Wood is a natural, renewable resource when it comes from sustainably managed forests.
- Trees use solar energy and carbon dioxide from the atmosphere to grow.
- Wood products store carbon for the lifetime of the product.
- When wood products displace more energy-intensive materials such as concrete or steel there is a further carbon mitigation benefit.
- Sustainable forest management can contribute to climate resilience, including reducing the risk of wildfire and accelerating reforestation following disturbance.
- Humans are intuitively drawn to visible wood surfaces, and studies have shown that we have a positive physiological response to visible wood in homes and workplaces.
- The wood products industry provides meaningful economic and social benefit in our communities and beyond.
- Wood has superior insulation properties when compared to steel and concrete.
- Wood is versatile and anyone can work with it, using basic tools and skills.



When wood products are sourced and manufactured sustainably, we can feel good about the substantial role they play in our lives.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES

> PRODUCTS & CUSTOMERS

- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Responsible Resource Use

At Interfor, we recognize the responsibility we have when working with valuable forest resources. We maintain and maximize the value of every tree harvested through our approach to sustainable forest management, sawmill optimization, investment in technology and a culture of operational excellence. We also embrace innovation and support our operations to be nimble, seeking the best use for every species and grade in our geographically diverse operations.

We work with our distribution partners, secondary manufacturers and other members of our industry to provide a range of products for a variety of end users. This entails partnerships, built on trust and honesty, that allow two parties to sit down together and explore value creation collaboratively. The result is driving value, and ensuring cost-effective products are available for a wide range of end users, from professional and custom builders to homeowners and hobbyists.



Adding Value with Mass Timber and Engineered Wood Products

Engineered wood products are produced by binding wood fiber with adhesives, creating products that retain many of the desirable characteristics of wood, along with enhanced strength and durability. Mass timber, a relatively new engineered wood product, uses layers of lumber and adhesives to create large and exceptionally strong structural components such as posts, beams and panels. Mass timber is engineered to be used in structural load-bearing applications and is an environmentally friendly substitute for carbon-intensive materials, such as steel and concrete. Interfor produces engineered wood products at our I-joist plant in Sault Ste. Marie. This facility combines flange stock from internal lumber production and oriented strand board wet stock to produce a wood structure that functions similar to an I-beam with enhanced structural properties. I-joists are used extensively in residential floor and roof framing. As a primary lumber manufacturer and forest manager, we also have a role in supplying secondary manufacturing partners with the wood fiber required to produce engineered wood components. We work with a number of secondary manufacturing partners to identify economically viable options to maximize the use of our forest resources.





Our core business is lumber

Through sustainable forest management and partnerships with other forest product producers our influence goes well beyond lumber manufacturing.

on them.

of drought.

- CEO MESSAGE
- VICE PRESIDENT. SUSTAINABILITY & CHIEF FORESTER MESSAGE
- **BUILDING VALUE**
- SAFETY
- PEOPLE
- CLIMATE CHANGE
- FOREST VALUES
- ENVIRONMENT
- INDIGENOUS PEOPLES
- **PRODUCTS & CUSTOMERS** >
- INFRASTRUCTURE & TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** METHODOLOGY
- **APPENDICES**





- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES

> PRODUCTS & CUSTOMERS

OUR MARKETS

CANADA 12%

EXPORT 3%

US 85%

- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



OUR PRODUCTS BY REGION



DOUGLAS FIR - LARCH HEM-FIR SPRUCE-PINE-FIR CEDAR

Dimension lumberCedar panels



HEM-FIR DOUGLAS FIR

- Studs
- Timbers
- Dimension lumber



SOUTHERN YELLOW PINE

Dimension lumberStuds



SPRUCE-PINE-FIR

- Studs
- Dimension lumber
- I-joists



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES

> PRODUCTS & CUSTOMERS

- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



Our Safety Data Sheets are available to all customers, and include information on working safely with our products.

Upholding our Promise to Customers

We have a culture focused on fostering partnerships with our customers and distribution partners because we know that collaboration builds value for everyone. Our performance tells the story of our commitment to build value for customers by delivering quality products on specification and on time. We're committed to ensuring that our customer service continues to improve and adapts to our customer and partner needs. We conduct periodic customer surveys to solicit feedback on what we do well, and what we could be doing better.

Commitment to Customer Support

We are committed to promptly responding to and addressing any concerns or issues that arise regarding our products. When a customer complaint is received, our respective sales representative initiates our customer complaint resolution process which includes written responses, and requires a documented resolution in order for an issue to be deemed closed. We also have a process that helps us identify potential issues so we can make changes to avoid them. Complaints are rare relative to orders taken. By tracking every complaint as a metric and reporting on it. we are able to deliver unmatched customer care.

Forecast Shipping Alignment

We understand that our customers make plans and decisions that rely on us delivering our products on time. That's why we consider our forecasted delivery date as a promise. Every order is managed through our forecast shipping alignment process and tracked at each step along the way. On-time deliveries are a key metric for our team, and we track and report out on this weekly.

Customer 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



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.

In 2022, 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

In our most recent customer survey, 97.5% of

respondents indicated that their relationship

words used by customers to describe our

service included: relationship, partnership,

commitment, professional and quality.

with Interfor was Good or Excellent. Common

 legal fines/settlements for violations of bribery, corruption, or anti-competitive standards.



- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



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, improve environmental performance, and deliver high-quality products.





- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Investing in Modern, Efficient Technology in our Mills

For the last decade, we've spent an average of more than \$130 million per year upgrading or investing in our existing facilities and systems and employing the latest technology (see **Capital Investments** chart).

We're five years into a multi-year strategic capital investment program, designed to increase production capacity, improve lumber recovery and enhance our product mix. While the program has focused predominantly on our facilities in the US South, it includes projects in our US Northwest and BC Interior regions. Accomplishments in 2022 included the completion of:

- a major sawmill upgrade at our Eatonton Division in Georgia;
- planer upgrades at our Castlegar Division in BC; and
- sawmill upgrades at our Perry Division in Georgia.

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.

Over the next several years, we'll be focusing on:

- major site-wide rebuilds at our Thomaston Division in Georgia;
- a second phase to the modernization of our Georgetown Division in South Carolina; and
- selected investments at our Summerville Division in South Carolina, Bay Springs Division in Mississippi and Fayette Division in Alabama.

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.

Strategic Projects Completed 2017-2022

- New planer and kiln upgrade, Meldrim 2019
- Major rebuild, Monticello 2019
- Major planer upgrade, Eatonton 2020
- Major planer upgrades, Georgetown 2020
- Primary breakdown upgrades, Molalla 2020
- New kiln, Perry 2020
- New kiln, Adams Lake 2021
- Auto-grader and planer upgrades, Baxley 2021
- Major sawmill upgrade, Eatonton 2022
- New planer upgrades, Castlegar 2022
- Sawmill upgrades, Perry 2022



Through our strategic capital investment program, we have embraced continuous dry kiln (CDK) technology. The installation of CDKs allows for more efficient drying operations than traditional batch kilns. Kiln manufacturers estimate a 20-25% improvement in kiln efficiency, resulting in reduced energy consumption and GHG emissions.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



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;
- employing spatial operational planning modeling to support sustainable harvest plans;
- 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 Geographic Information 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.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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 under way for a similar project at our Preston Division in partnership with Abraham Baldwin Agricultural College.

Our Ontario woodlands are providing financial support to a research project that is using highly accurate tracking technology to investigate fine-scale habitat use of Eastern whip-poor-will on Canadian breeding grounds, wintering grounds, and during migration. Eastern whip-poorwill is designated as a threatened species and the study is seeking to develop and refine effective management and recovery strategies.

Our operations in Ontario are also participating in a research study investigating the use of mycorrhizal fungi to inoculate tree seedlings as an alternative to herbicide application. The project is being led by the Indigenous-owned organization Wahkohtowin and Mikro-Tek. Interfor is contributing seedlings, data and records as well as in-kind expertise from our forestry team.

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 and to develop predictive ecosystem mapping for all of BC. We have also:

- 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 focused on 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 is also a member of the National Council for Air and Stream Improvement (NCASI), a research organization that conducts basic and applied scientific research to support the forest industry in achieving environmental and sustainability goals.



Collection of LiDAR data supports improved forest management and can also be a valuable asset in forestry research. INTERFOR 2022 SUSTAINABILITY REPORT 89



- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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 antifraud training annually, and conducts

POLICY AND ETHICS HIGHLIGHTS

Code of Conduct & Ethics

Diversity Policy

Majority Voting Policy

Insider Trading Policy

Anti-Corruption Policy

Indigenous Relations Policy

Anti-Bribery and

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 2022, 40 reports related to safety, the environment, human resources and other matters 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.

Whistleblower Policy

Human Rights Policy

Environment Policy

Health and Safety Policy

Sustainable Forestry and

Log Procurement Policy

Compensation Policy



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Risk Management

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. These are reported to the Board and inform our risk mitigation strategies.

Responsibility for managing each category of risks on the risk register, resides with the executive who leads the relevant function:

- the EVP & CFO is responsible for managing financial risks;
- the EVP, Canadian Operations is responsible for managing Canadian operational risks;

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.

- the EVP, US operations is responsible for managing US operational risks;
- the SVP, Human Resources is responsible for managing human resources risks;
- the EVP & CFO is responsible for managing information technology risks;
- the SVP, Sales & Marketing is responsible for managing sales & marketing risks; and
- the General Counsel is responsible for managing regulatory and compliance risks.

The Audit Committee of our Board has oversight of information systems security risk exposure, and senior leadership provides 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.

Supplier Code of Conduct

In 2022, we worked to develop a Supplier Code of Conduct (the "Supplier Code"). The Supplier Code is an extension of the Interfor Code and other Company policies. It reflects our values and the expectations we have of our suppliers, contractors, agents, consultants and partners and their respective employees, directors, and officers. It also affirms Interfor's commitment to its suppliers to maintain a high level of ethical and lawful conduct in everything we do. The Supplier Code was approved by the Interfor Board of Directors in November 2022 followed by implementation and communication with contractors.

POLITICAL CONTRIBUT	TIONS					
YEAR	20	020	20	021	20	022
COUNTRY	TOTAL \$	% OF REVENUE	TOTAL \$	% OF REVENUE	TOTAL \$	% OF REVENUE
Canada	None	N/A	None	N/A	None	N/A
US	\$15,000 USD	<0.001%	\$10,000 USD	<0.001%	\$17,250 USD	<0.001%

GOVERNMENT ASSISTANCE						
YEAR	2020		20	021	20	022
COUNTRY	TOTAL \$	% OF REVENUE	TOTAL \$	% OF REVENUE	TOTAL \$	% OF REVENUE
Canada	\$5,216,292 CAD	<0.24%	\$516,872 CAD	<0.02%	\$493,098 CAD	<0.01%
US	\$311,833 USD	<0.02%	None	N/A	\$398,250 USD	<0.01%



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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 years
Mandatory retirement policy for directors	75 years of age and tenure >10 years
Average board tenure	9.8 years
Board member elections	All directors are elected annually
Women on Board	3 (27%)
Average Board and Committee meeting attendance in 2022	97%
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 2022 annual meeting	96.96%
% of vote in support of Board Chair at 2022 annual meeting	92.31%
Share ownership requirements for directors and senior executives	Yes
Shareholder vote on executive pay	Yes, 97.67% in favor at 2022 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





- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

REFERENCES & METHODOLOGY

We are committed to transparency in our reported metrics and continuous improvement of our methodology.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

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 10, 2023. It also includes information regarding the acquisition of Chaleur Forest Products in December of 2022 and the increase in the number of sawmills and annual production capacity of Interfor following the completion of this transaction. Unless otherwise specified, all other metrics throughout this report relate to 2022 and, therefore, include the following operations that Interfor acquired in February 2022, from their date of acquisition:

- Ontario: Ear Falls, Sault Ste. Marie, Nairn Centre, Gogama, Timmins and Elk Lake
- Québec: Sullivan, Matagami, Val-d'Or

They exclude operations associated with the acquisition of Chaleur Forest Products in New Brunswick.

Sources Referenced within this Report

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

CORRIM 2020 Factsheet: Reducing Carbon Emissions by Using Wood Products

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

FPInnovations 2011 Wood and Human Health

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



REFERENCES & METHODOLOG



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



SAFETY METRICS METHODOLOGY	
Serious Injuries	Serious injuries are a subset of work-related employee recordable injuries. They are injuries that resulted in a fatality, are life threatening or are considered a life-altering injury.
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.
MIR reduction target	The target to reduce the MIR by 3% every year is based on a three-year rolling average.
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.
Serious Injury Rate	Similar to the MIR, the serious injuries rate is the number of serious injuries per 100 employees working full time in a year. It is calculated by multiplying the number of serious injuries by 200,000 and dividing this by the number of hours all employees actually worked.
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.
Proactive Safety Reports	Includes hazard reports, close call reports, safety action reports and observation reports.
Capital Projects Contractor MIR	See Medical Incident Rate section above for methodology. The Capital Projects Contractor MIR is calculated for each year using the total project-to-date hours and incidents for capital projects active in the reporting year.
Woodlands Contractor MIR	See Medical Incident Rate section above for methodology. Woodlands contractor MIR for 2022 includes BC operations only. We are working to incorporate Ontario and Québec woodlands contractor metrics for our 2023 reporting cycle.



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

EMPLOYEE METRICS AND TARGETS METHODOLOGY

Salaried internal promotion performance; excludes data from operations acquired in 2022 (Ontario, Québec and New Brunswick).
Excludes wages paid to employees while learning, training or studying.
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.
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, 2022.
Based on total spending 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.
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.
 The following diversity metrics exclude data from operations in Ontario and Quebec: % of internal promotions that were women % of women in overall workforce % of women in hourly workforce % of women in supervisor/superintendent positions % of women in senior manager positions % of external hires from underrepresented groups % of permanent salaried openings filled by internal promotions % of under-represented hourly skilled/trades positions % of under-represented supervisors/superintendents All diversity metrics exclude data from operations in New Brunswick.

97



- CEO MESSAGE
- VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



Leadership and development programs target	Includes the following programs: LEAD-X, Industrial Wood Processing Program, Business of Sawmilling, Millwright Apprenticeship Program and Millwright Accelerator Training. Employees enrolled in more than one program are only counted once. Excludes any individuals who were no longer employees as at Dec 31, 2022.
Hourly trades / skilled workforce	Includes trades and additional skilled positions such as: millwrights, electricians, graders, oilers, quality control, filers, weighmasters and engineers.

CLIMATE METRICS METHODOLOGY

Base Year and Recalcuation Methods The base year selected for Interfor's GHG inventory and reduction target is 2021. Annual reporting prior to 2021 will not be recalculated. Non-organic changes to facilities in operation, changes in calculation methods (data, emissions factors), correction of errors and assumptions or revised operational boundaries that are expected to result in a >5% change from the base year, result in a recalculation of base year (2021) emissions. In 2022, reported numbers included baseline recalculations for operations acquired in 2021 and 2022 (except for Chaleur), and one divestment (Acorn) as well as minor revisions for updated emissions factors.



CLIMATE METRICS METHODOLOGY

Includes carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) Scope 1 Emissions Notes: expressed in tonnes of CO₂ equivalent. Excludes CO₂ emissions from biomass combustion. Calculated using: As per the GHG Protocol • fossil fuel consumption (natural gas, diesel, gasoline, propane) for both these are reported stationary and mobile combustion at primary sawmilling operations, separately. Regional remanufacturing facilities, one I-joist plant and woodlands operations; and numbers included within • CH₄ and N₂O from biomass combustion at primary sawmilling operations our company total may that use biomass as a source of heat and power for kiln-drying operations. vary from state or provincially reported Emissions factors for CO₂, CH₄ and N₂O were used to calculate stationary numbers due to or mobile combustion of each fuel. For fuels used in both mobile and methodology. For example, stationary applications (e.g. diesel) the amount of each application was our calculations use IPCC estimated as a percentage of total use at a regional or site level. The Fifth Assessment Report appropriate emissions factors for the mobile portion of fuel used were GWP factors (per GHG selected based on the vehicle fleet and fuel use at each site (e.g. Tier 4 Protocol recommendations) mobile equipment, light pickup trucks, marine). while reporting requirements in some Factors used to calculate CO₂, CH₂ and N₂O emissions are from: jurisdictions specify United States Environmental Protection Agency (US EPA) GHG using Fourth Assessment Emission Factors Hub for all US facilities: and Report GWP factors. • Environment and Climate Change Canada - National Inventory Report 1990-2020 for all Canadian facilities. • Global Warming Potential (GWP) factors used to calculate CO₂e are from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) as adapted by the GHG Protocol. Scope 2 Emissions Calculated using regional electricity consumption and corresponding GHG emissions factors. Sources by operation are: • Environment and Climate Change Canada National Inventory Report 1990-2020 -Part 3 for all Canadian facilities • US Energy Information Administration Power Profiles (Power Profiler Emissions Tool 2021) by subregion: • SRSO (South): Baxley, Eatonton, Meldrim, Perry, Preston, Swainsboro, Bay Springs, Fayette • SRVC (Virginia-Carolina): Georgetown, Summerville • SRMV (Mississippi Valley): Monticello , DeQuincy NWPP (Northwest): Longview, Port Angeles, Molalla, Cedarprime, Philomath 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.

99

- CEO MESSAGE
- VICE PRESIDENT. SUSTAINABILITY & CHIEF FORESTER MESSAGE
- **BUILDING VALUE**
- SAFETY
- PEOPLE
- CLIMATE CHANGE
- FOREST VALUES
- ENVIRONMENT
- INDIGENOUS PEOPLES
- COMMUNITIES
- **PRODUCTS & CUSTOMERS**
- INFRASTRUCTURE & TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** METHODOLOGY
- APPENDICES



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES



CLIMATE METRICS METHODOLOGY

Scope 3 Emissions	Interfor's Scope 3 Emissions Inventory is calculated using a combination of methods: spend-based, average-data and supplier-specific. The inventory calculations include data and estimates, and all assumptions and methods are documented in the Interfor GHG Inventory and Target Methodology Guide. A continuous improvement process will be used to refine and improve this methodology, the inventory and, as needed, to re-calculate and revise reporting for previous years.
Intensity	Calculated in tonnes of CO ₂ e per thousand board feet of lumber produced including: • direct Scope 1 emissions; • indirect Scope 2 emissions; and • annual lumber production, all divisions.
Variances from previous report	Variances from previous year's reporting of 2021 emissions are due to base year recalculations, updated emissions factors for Scope 1 and 2, and improved methodology for Scope 3.
Carbon stored	Calculated using the Canadian Wood Council's Carbon Calculator and the total board feet of lumber, by species grouping, sold by Interfor in the reporting year.
Biogenic carbon dioxide emissions from biomass combustion	 Includes calculated CO₂ emissions from biomass consumption at facilities where biomass is consumed for energy. CH₄ and N₂O emissions from combustion of biomass are included in Scope 1 emissions and excluded from biogenic carbon dioxide emissions from biomass combustion. Factors used to calculate CO₂ emissions are from: US EPA GHG Emission Factors Hub for all US facilities; and Environment and Climate Change Canada - National Inventory Report 1990-2020 for all Canadian facilities.
Energy use	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 (Canada Energy Regu- lator, BC Hydro and US EIA Power Profiles). Energy produced includes: • energy from onsite biomass combustion calculated in GJ per tonne of biomass consumed; and • 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.
Energy resilience	Percentage of kilns by fuel type includes kilns that are actively in use. This number and the relative percentage of kilns run on biomass changed in 2022 as a result of the acquisitions completed that year.
Trees planted	Includes total trees planted in woodlands managed by Interfor including BC and Ontario woodlands. Excludes Québec woodlands where planting is conducted by the provincial government.



- CEO MESSAGE >
- VICE PRESIDENT, > SUSTAINABILITY & CHIEF FORESTER MESSAGE
- BUILDING VALUE > SUSTAINABLY
- SAFETY >
- PEOPLE >
- CLIMATE CHANGE >
- FOREST VALUES >
- ENVIRONMENT >
- INDIGENOUS PEOPLES >

COMMUNITIES >

PRODUCTS & CUSTOMERS >

- INFRASTRUCTURE > & TECHNOLOGY
- GOVERNANCE
- **REFERENCES &** > METHODOLOGY
- > APPENDICES

Water withdrawal	Water withdrawal information is based on metered water withdrawal data, where available, and estimates
Air emissions	Air emissions data is compiled using mill emissions inventories and reports from each individual facility. Reported emissions methodology, such as sources included and emissions factors, are based on regional
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; all amounts reported are approximate.
Reportable spills	Our reporting includes any spill that meets the legal reporting requirement for the applicable jurisdiction.
Biodiversity Interface Manage- ment Plans Target	Target to implement Biodiversity Interface Management Plans at 100% of our sites by end of 2024 is specific to Interfor manufacturing facilities. Interfor woodlands have existing, comprehensive biodiversity management frameworks incorporated into forest management and stewardship plans.
Compliance target	Target to achieve 100% completion of all legal and internal compliance tasks is specific to Compliance Schedules for Interfor manufacturing facilities and includes legal requirements as well as requirements under Interfor's EMS
OTHER METRICS METH	ODOLOGY
More than \$130 million per year in upgrades	Includes capital expenditures for upgrades and investments in existing facilities and systems only.
Indigenous territories and agreements	Total number of territories is based on available records and information. Individual agreements and communities with agreements are based on cumulative total since 2010.
Indigenous employment	All metrics regarding Indigenous employment are based on voluntary disclosure or identification as Indigenous.
Community donations	All amounts based on actual spend in 2022.

INTERFOR 20

OTHER Unless otherwise stated, all figures in this report are provided in Canadian dollars. SFI Marks are registered marks owned by Sustainable Forestry Initiative Inc.

PAGE 43 PHOTO CREDITS Amabalis 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 red cedar, Kristin Charleton; Western White Pine, Diego Sanchez; Yellow Cedar, Diego Sanchez; (all except Whitebark Pine, Jack Pine, Red Pine, Eastern White Pine, White Spruce, Black Spruce) courtesy naturallywood.com.



- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

APPENDIX I

Sustainable Development Supporting the United Nations Sustainable Development Goals



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

SUSTAINABLE DEVELOPMENT G ALS

Supporting the United Nations Sustainable Development Goals

As one of the world's largest forest 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.





- CEO MESSAGE >
- VICE PRESIDENT, > SUSTAINABILITY & CHIEF FORESTER MESSAGE
- BUILDING VALUE > SUSTAINABLY
- > SAFETY
- PEOPLE >
- CLIMATE CHANGE >
- FOREST VALUES >
- ENVIRONMENT >
- INDIGENOUS PEOPLES >
- COMMUNITIES >
- PRODUCTS & CUSTOMERS >
- INFRASTRUCTURE > & TECHNOLOGY
- GOVERNANCE >
- **REFERENCES &** > METHODOLOGY
- > APPENDICES

	SUSTAINABLE DEVELOPMENT GOALS	INTERFOR'S ALIGNMENT & CONTRIBUTION
1 № роченту Л̂ぉ́Ħ̂Ħ̂ぉ́Ĩ	End poverty in all its forms everywhere	We have established a formal partnership with Habitat for Humanity International , whose vision is to achieve a world where everyone has a decent place to live. Through the partnership we provide lumber and monetary donations to build homes for families in need.
2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Through local and employee-led initiatives, we support local food banks and other charities which provide vulnerable people in our communities with access to safe and nutritious food.
3 GOOD HEALTH AND WELL-BE	Ensure healthy lives and promote well-being for all at all ages	From our industry-leading health and safety programs to employee development that focuses on well-being and our fulsome benefits package , we contribute to healthy lives. Support for specific targets under this goal comes from our Employee Assistance Program , the implementation of our Drug and Alcohol Program that includes accommodation for employees suffering from addiction, and through our innovative initiatives to improve vehicle and traffic safety .
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	We support employee growth and development by offering a wide range of learning and education opportunities. We have expanded access to training in skilled trades in our US South region by building our Interfor Center for Trades Excellence in Perry, Georgia. We support access to education through a number of scholarships and bursary programs.
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	We're using initiatives and targets to increase the recruitment, retention, and promotion of women in an industry that has historically been male dominated. We celebrate the women in our workforce and give them a platform to inspire and encourage others.
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	Our Environmental Management System (EMS) has strict requirements regarding the protection of water quality . Although lumber manufacturing is not a water-intensive process and we do not operate in any regions with high or extremely high baseline water stress, we are working to install water withdrawal meters at all our sites to help track and identify opportunities to reduce water use.

APPENDICES



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Ensure access to affordable,
reliable, sustainable and
modern energy for all

SUSTAINABLE DEVELOPMENT GOALS

82% of the energy we consume is from renewable sources. We also sell residuals to customers who use them for energy or convert them into pellets for both industrial and residential energy needs.

INTERFOR'S ALIGNMENT & CONTRIBUTION



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SUSTAINABLE CITIE AND COMMUNITIES

AFFORDABLE AND CLEAN ENERGY

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

We employ approximately 5,200* 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 \$130 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.

Reduce inequality within and among countries

We promote **diversity and inclusion** in the workplace, and we are committed to providing a workplace that promotes equal opportunities and equal pay. We have set targets to increase the number of employees from under-represented groups within our employee development programs as well as supervisory and skilled trade positions. We have set a target to complete an audit of our diversity practices in 2023.

Make cities and human settlements inclusive, safe, resilient and sustainable 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.** Wood's inherent properties, including flexibility and light weight, can be an asset for **building resilience in high-wind and seismic zones**. Through our partnership with Habitat for Humanity International, we are contributing to **inclusivity initiatives** including Indigenous housing partnership support in Canada and increasing Black homeownership consultance in the US.



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.



CEO MESSAGE

VICE PRESIDENT.

BUILDING VALUE

CLIMATE CHANGE

FOREST VALUES

ENVIRONMENT

COMMUNITIES

INFRASTRUCTURE & TECHNOLOGY

GOVERNANCE

REFERENCES &

APPENDICES

METHODOLOGY

INDIGENOUS PEOPLES

PRODUCTS & CUSTOMERS

SUSTAINABLY

SAFETY

PEOPLE

SUSTAINABILITY & CHIEF FORESTER MESSAGE

SUSTAINABLE DEVELOPMENT GOALS INTERFOR'S ALIGNMENT & CONTRIBUTION



Take urgent action to combat climate change and its impacts We have **set a target to reduce** our Scope 1 and 2 greenhouse gas emissions by 40% from a 2021 baseline by 2030. We increase carbon capture and extend carbon storage through **sustainable forest management**. **Carbon is stored** in the long-lived wood products than we produce, 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**.



Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Our Sustainable Forestry Initiative® (SFI) and EMS programs include strict requirements regarding the **protection of marine ecosystems and resources**, and we have participated in restoration projects that support the **recovery of Pacific salmon**.



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 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**.



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Interfor demonstrates strong, industry-leading **governance practices.** Our directors, officers and employees are all bound and supported by our **Code of Conduct & Ethics, Supplier Code of Conduct and supporting policies such as our Human Rights Policy, Anti-Bribery & Anti-Corruption Policy, and Whistleblower Policy.**



Strengthen the means of implementation and revitalize the global partnership for sustainable development

By aligning our management and disclosure with internationally recognized standards, such as **SFI**, the **GHG Protocol** and the Task Force on **Climate-related Financial Disclosures**, we are supporting the advancement of a coherent approach to sustainability.



- CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

APPENDIX II

Qualitative Scenario Analysis Risk Summary Tables



Building Value		SCENARIO: 3-5°C INCREASE			
		MODEL USED: AR5	- RCP8.5		
		FOCUS: PHYSICAL	RISKS		
		PHYSICAL RISK	DESCRIPTION AND POTENTIAL IMPACTS	RESILIENCE STRATEGIES AND ACTIONS	
 > CEO MESSAGE > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE 		Wildfire	Increased wildfires are expected to be driven by hotter, drier weather in forested areas, impacting Interfor operations and supply. (Days >25°C and consecutive dry days, normalized by historical fire weather index) Potential impacts : Reductions to fiber supply and quality, shutdowns (supply chain and operations), liability. All regions.	 Strong wildfire preparedness, prevention and response programs; Annual fire plans; Shutdown procedures and restrictions beyond legal requirements; Daily and continuous weather monitoring protocols; Fire preparedness inspections; Fire-watch and fire hazard assessment procedures; and Forest thinning and fuel reduction projects in wildfire risk areas and around sites. 	
> > >	BUILDING VALUE SUSTAINABLY SAFETY PEOPLE	Extreme high temperatures	Climate change is expected to increase the average temperature, and the number of days of extreme heat and the number of heat waves. (Days >35°C) Potential impacts : Shutdowns (operations and supply chain), heat-related illness and injury. All regions, highest potential impact in US South.	 Heat plans that provide guidance on ensuring health and well-being of employees during high heat indices; and Use of air conditioning units within facilities. 	
>	CLIMATE CHANGE	Extreme precipitation	The number of days with high precipitation is expected to increase. (Days per year with 20mm or more precipitation)	 Rainfall shutdown procedures in woodlands operations; Log supply and inventory flow plans account 	
>	ENVIRONMENT			for seasonal shutdowns;	
>	INDIGENOUS PEOPLES		Potential impacts : 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.	 Culverts and crossings more resilient to debris flows/floods on our forest roads; Enhanced sediment control measures on erosion-prone sites; and Watershed Risk Management Framework. 	
>	COMMUNITIES				
>	PRODUCTS & CUSTOMERS				
>	INFRASTRUCTURE & TECHNOLOGY	Coastal and river flooding	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.	 Comprehensive flood plans for our at-risk sites; Snowpack and water level tracking as an advanced indicates of flood patential. 	
>	GOVERNANCE		(Inundation depth of 100-year flood events and locations projected to be impacted by sea level rise)	indicator of flood potential;Preventative building and site improvements;	
>	REFERENCES & METHODOLOGY		Potential impacts : 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	where water damage has occurred in the past; and • Watershed Risk Management Framework.	
>	APPENDICES		exposure in BC, US Northwest, and Eastern Canada.		



> CEO MESSAGE

> SAFETY

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	INTERFOR			
	Building Value	Water stress	Increased droughts and water stress are expected in certain regions. (Increased water stress index)	 Installation of water meters at all sites to track withdrawal Goal to establish a water reduction target; Watershed Risk Management Framework;
			Potential impacts : Gradual, limited, long-term fiber supply impacts. US South region.	 Mixed species planting prioritized for new forests to improve resilience, and maintain or enhance ecological diversity; Select seedlings with consideration to their adaptability to future climate changes in the areas where they will be planted; 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.
	CEO MESSAGE	Hurricanes	Increased incidence of high-category hurricanes and precipitation from hurricanes.	Procedures for severe weather: • Severe weather alarms:
	VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE		Potential impacts : Damage to Interfor facilities, production disruptions from damage in surrounding regions (infrastructure, supply chain) in US South region.	 Notification systems for closure of operations due to weather; and Designated meeting points.
	BUILDING VALUE SUSTAINABLY	Pests	Increased incidence and severity of pest outbreaks for pest populations controlled by freezing temperatures (number of frost-free days).	 Mixed species planting prioritized for new forests to improve resilience, and maintain or enhance ecological diversity;
	SAFETY		Potential impacts: Timber supply impacts. All regions, greater potential in BC,	 Select seedlings with consideration to their adaptability to future climate changes in the areas where they will be planted;
	PEOPLE		US Northwest, and Eastern Canada.	• Forest health management techniques, such as insect trap trees
	CLIMATE CHANGE			 and root disease control; Supporting silviculture research in Ontario to assess performance of different seed lots and practices to
	FOREST VALUES			enhance forest health; • Participating in a five-year, Canada-wide research study on
	ENVIRONMENT			"Functional Diversity & Connectivity to Foster Social Acceptability
	INDIGENOUS PEOPLES			& Forest Resilience to Global Changes"; and • Participating in BC's Climate-Based Seed Transfer working group
	COMMUNITIES			to develop policy and tools that will help guide professionals in climate change forest management decisions.
	PRODUCTS & CUSTOMERS			
Þ	INFRASTRUCTURE & TECHNOLOGY			
	GOVERNANCE			
	REFERENCES & METHODOLOGY			
	APPENDICES			

> APPENDICES



	INTERFOR	SCENARIO: 1.5 - 2°C	INCREASE			
	Building Value	MODEL USED: MESSAGEix-GLOBIOM 1.1				
		FOCUS: TRANSITION RISKS AND OPPORTUNITIES				
		TRANSITION RISK	DESCRIPTION AND POTENTIAL IMPACTS	RESILIENCE STRATEGIES AND ACTIONS		
		Shifting land use	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.	 Continue practicing sustainable forest management and contributing to land use planning discussions Engage with governments on forest carbon and land use protocols to ensure accurate analysis of forest carbon flows 		
			Potential impacts: Reductions to fiber supply and quality.			
>	CEO MESSAGE					
>	VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE	Reputational risks	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	 Continue practicing sustainable forest management and providing disclosure on biodiversity programs Develop and implement Biodiversity Interface Management Plans 		
>	BUILDING VALUE SUSTAINABLY		forest harvesting. Potential impacts: Impacts to fiber supply and quality.	 Contribute to land use planning discussions Implement agreements with Indigenous communities that include traditional stewardship approaches Conduct stakeholder engagement and address misinformation regarding harvesting practices 		
>	SAFETY					
>	PEOPLE					
>	CLIMATE CHANGE	Carbon pricing to operations	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 ² e by 2030, and become significantly higher in some regions, exceeding \$1,000USD/tCO ² e (in 2020 currency). Canada currently plans to reach \$170USD/tCO ² e by 2030.	 Use biomass fuel as a source of energy Reduce Scope 1 and 2 GHG emissions by 40% by 2030 Increase rail use for medium- and long-haul lumber shipments in the US South 		
>	FOREST VALUES	to operations				
>	ENVIRONMENT					
>	INDIGENOUS PEOPLES					
>	COMMUNITIES		Potential impacts: Increased operating costs.			
>	PRODUCTS & CUSTOMERS					
>	INFRASTRUCTURE & TECHNOLOGY					
>	GOVERNANCE					
>	REFERENCES & METHODOLOGY					
>	APPENDICES					

> APPENDICES



- > CEO MESSAGE
- > VICE PRESIDENT, SUSTAINABILITY & CHIEF FORESTER MESSAGE
- > BUILDING VALUE SUSTAINABLY
- > SAFETY
- > PEOPLE
- > CLIMATE CHANGE
- > FOREST VALUES
- > ENVIRONMENT
- > INDIGENOUS PEOPLES
- > COMMUNITIES
- > PRODUCTS & CUSTOMERS
- > INFRASTRUCTURE & TECHNOLOGY
- > GOVERNANCE
- > REFERENCES & METHODOLOGY
- > APPENDICES

Respecting Nature. Building Sustainably.





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