

2020

SUSTAINABILITY REPORT

Building value through sound environmental,
social and governance practices

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IAN FILLINGER
President and CEO

Message from the President and CEO

Embracing world-leading safety and environmental standards is one of Interfor's Core Values—values our employees live by every day.

As a manufacturer of sustainable building materials and champion of sustainable forest management, Interfor contributes meaningfully to the global effort to combat climate change. Trees growing in sustainably managed forests capture carbon dioxide from the atmosphere. When we harvest those trees and manufacture lumber products, that carbon remains stored for the life of the products. Together, this substantially improves carbon mitigation outcomes, especially when compared to other building products such as concrete or steel. We are proud to be a company that provides sustainable and environmentally friendly forest products to our customers around the world, and we continually look for ways to improve the efficiency of our facilities and our work in sustainable forestry.

As an industry leader in health and safety, keeping our employees safe during the COVID-19 pandemic was a primary focus for us in 2020, and this meant coming together as a team to find new ways to work safely in a very different environment. I'm proud of our employees for their commitment and hard work in the face of adversity, and grateful to the frontline and healthcare workers in the communities where we operate for their strength and perseverance.

Thank you for taking the time to read our 2020 Sustainability Report.



Ian Fillinger
President and Chief Executive Officer
March 19, 2021

Interfor: Building Value Sustainably

Interfor is one of the world's largest lumber producers, with approximately 2,800 employees and well-positioned facilities across North America.



We have earned a reputation as a supplier of high-quality lumber offering a diverse line of lumber products in markets around the world. We have a history of investing in our people and operations—between 2010 and 2020, we invested more than \$1.6 billion of capital to upgrade our facilities and grow our annual production capacity.

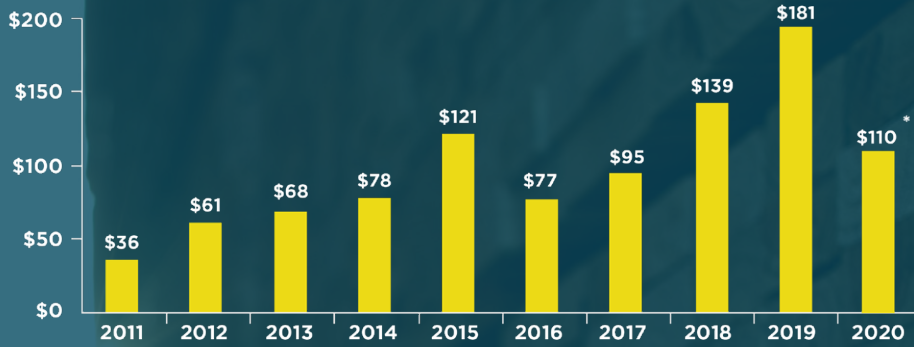
Our success is driven by our vision to be the most profitable, valuable and respected forest products company in the world. We know that to achieve this we must provide our customers with quality products and service. We must also invest in people

and provide safe, stable and good-paying jobs that support local economies.

Finally, we must conduct ourselves and our business with honesty and integrity and be committed to continuous improvement from the forests to the mills.

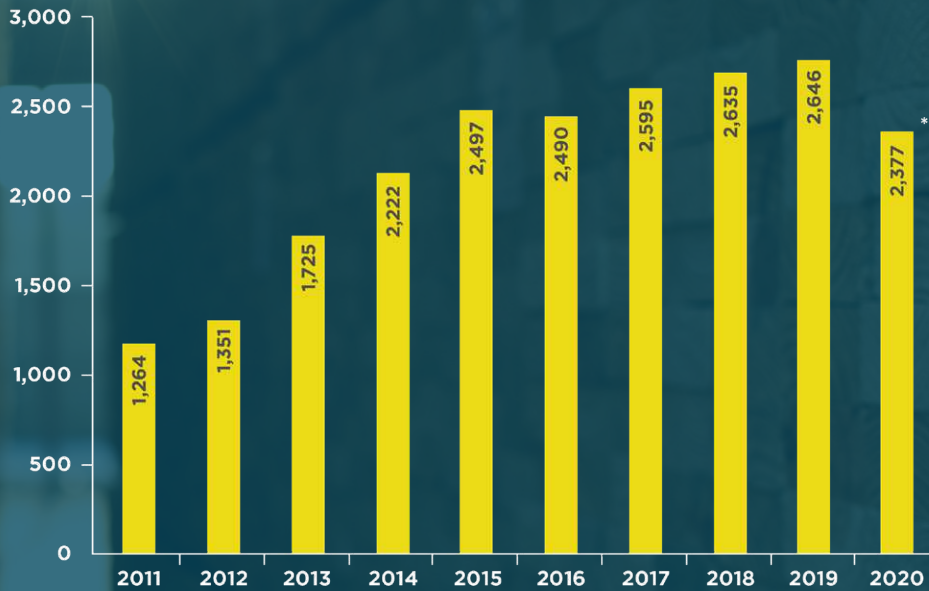
Building value sustainably is an ongoing effort that requires day-to-day decisions and actions that enhance the value of the products we produce, strengthen the relationships we build, and protect the environment in which we live.

Capital Investments in Existing Facilities (\$mm)



* At the onset of the COVID-19 pandemic in 2020, we made temporary adjustments to capital investments and our operating platform. Although these adjustments were short-lived, they impacted our capital expenditure and lumber production totals for 2020 compared to prior years.

Lumber Production Volumes (Mmbf)



Core Values

Our Core Values unite us as a company and as a community of individuals. They are the foundation of our success and a reason for our employees to be proud to work for Interfor.



We conduct ourselves with honesty and integrity.



We respect, value and engage our employees.



We embrace world-leading safety and environmental standards.



We are strategic, fact-based and proactive.



We strive for excellence in everything we do.



We are responsible for our own success.

Embracing World-Leading Safety Standards

We embrace world-leading safety standards at all our operations.

Embracing safety is one of Interfor's Core Values—values all employees live by every day. Providing a safe work environment is a fundamental obligation of the Company and each employee has a responsibility to ensure that they, and their colleagues, follow safe and approved work practices.

Safety is a shared responsibility. Managers and supervisors are accountable for providing a safe work environment, training, and enforcing safe work practices. Our Safety Playbook prescribes the aspects of our safety program that employees and contractors are accountable for, including:

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

Safety Compliance, Oversight, Policies and Programs

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

We have a formal **Health and Safety Policy** and document procedures for safe work, hazard

identification and risk assessment at all our operations. We have regular health and safety training programs and initiatives across all our operations and offices. We have 15 comprehensive foundational safety programs covering everything from personal protective equipment to confined space awareness.

Mentors and peers are assigned to guide new employees through our new hire onboarding process. We track progressive learning and employees must demonstrate their safety skills through a verification process. We track employee training to ensure annual refreshers are completed as needed and required certifications are kept up to date.

We have a Drug and Alcohol Policy with zero tolerance for on-the-job drug or alcohol use by employees.

Safety committees, comprising both supervisors and hourly employees, are established at each of our operations. They complete site inspections and meet regularly to share information and best practices across operations.

We set targets for leading indicators to prevent incidents and injuries. We track and analyze leading and lagging indicators to identify trends.

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.

Quarterly reports are provided to the Environment and Safety Committee of our Board, which has direct oversight of health and safety matters.

COVID-19

The health and safety of our employees is always our top priority at Interfor. During the COVID-19 pandemic, this has meant coming together as a team to find new ways to work safely in a very different environment.

Central to our response, we developed and implemented an Exposure Control Plan across the Company based on recommendations from leading health authorities, including the World Health Organization (WHO), the Centers for Disease Control and Prevention (CDC) and the BC Centre for Disease Control (BCCDC).

Through the Exposure Control Plan, we developed new processes to keep our employees, contractors and suppliers safe. These include regular risk assessments, daily health self-assessments, temperature checks, additional PPE, extensive social distancing measures, restrictions on visitors, and additional cleaning and disinfection at each operation. We also engineered solutions to reduce exposure by installing plexiglass partitions, plastic curtains, shields and hands-free door openers.

In addition to developing our Exposure Control Plan, we also took the following steps to support and promote the health and well-being of our employees through this difficult time:

- Starting in April 2020, we ensured continuity of medical benefits for employees affected by pandemic-related shutdowns.
- We supported and encouraged staff to work from home and adopt flexible working hours where operationally possible.

We continue to assess risks and re-evaluate the processes and protections we have implemented, and we are prepared to quickly adapt to new information as directed by local health authorities.

We are grateful to our employees for their commitment and hard work in the face of adversity, and to the frontline and healthcare workers in the communities where we operate for their strength and perseverance.



Pre-Work Hazard Assessment

We use 15 foundational programs to drive our safety culture. The Pre-Work and Hazard Assessment (PWA) Process outlined here is a component of one of our programs. The PWA process empowers employees to slow down and think carefully about risks and controls. It is completed and documented by employees prior to beginning tasks.

"Let's stop and take some time before we start this task. We need to agree on a plan to do the job safely."

"I see a potential hazard. What are we going to do to control it?"



1. Stop and Think

- Evaluate the job from start to finish.
- Resist jumping in before you're prepared.

2. Look for Hazards

- What unsafe conditions are present?
- Will the task create hazards for others?

3. Assess the Risk

- Identify the probability and severity of the hazards.
- Prepare for the worst-case scenario.
- Ask a supervisor if unsure.

4. Make the Changes

- Review the PWA and checklists and create a plan with everyone involved.
- Resolve and implement controls for each hazard.

5. Do the Job Safely

- Enable an open discussion and discuss the plan.
- Once an agreement is reached, and the plan is checked by a supervisor, if required, work can begin.



Safety Certifications

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

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

Quality Control and Product Safety

Another aspect of safety is ensuring a quality product that meets our grades standards and customers' needs.

Our mills have quality control programs in place to ensure that our products meet exacting grade standards approved by the American Lumber Standard Committee (ALSC) Board of Review in the US and the Canadian Lumber Standards Accreditation Board (CLSAB) in Canada. Our products are regularly inspected by third-party grade inspection agencies to ensure our grading is accurate. All employees involved in grading lumber, whether manually or via autograders, are required to hold a valid grading certificate. Autograders, a significant and valuable investment, are favored in our operations as they provide more accurate grading and result in a more consistent product offering to our customers.

We provide information to help ensure our customers and employees handle and use our products safely. Information on health risks related to working with our products is available on our website and in our [Safety Data Sheets](#).

In 2020, Interfor did not have any of the following:

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



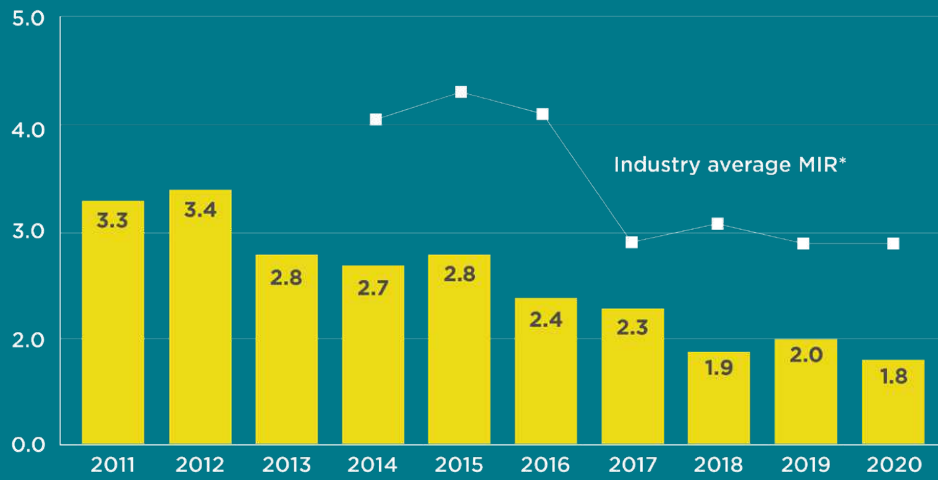
New procedures, such as enhanced cleaning protocols and regular disinfecting of surfaces, were implemented in 2020 as part of our COVID-19 Exposure Control Plan.

Targets

Our goal is to never hurt anyone, 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 indicates progress toward our goal.

Medical Incident Rate (MIR)

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

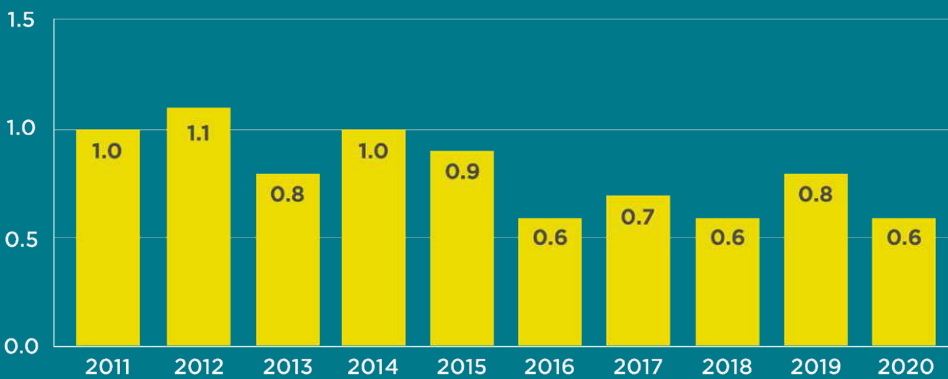


Interfor		
Year	MIR	Fatalities
2011	3.3	0
2012	3.4	0
2013	2.8	0
2014	2.7	0
2015	2.8	0
2016	2.4	0
2017	2.3	0
2018	1.9	0
2019	2.0	1
2020	1.8	0

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

Lost Time Frequency Rate (LTFR)

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



Interfor		
Year	LTFR	Incidents *
2011	1.0	13
2012	1.1	16
2013	0.8	15
2014	1.0	25
2015	0.9	26
2016	0.6	16
2017	0.7	22
2018	0.6	19
2019	0.8	24
2020	0.6	15

* Lost Time Incidents includes any incident 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 is reflective of the fact that Interfor increased its number of operations and exposure hours through acquiring sawmills and investing in increased capacity (from 2.5M exposure hours in 2011 to 5.9M hours in 2015 and 6.3M hours in 2019). Even so, Interfor's LTFR has improved over time.

Proactive Safety Indicators

Proactive Safety Reports Completed in 2020 <i>Includes safety action reports, hazards identified and near-miss reporting</i>	50,997
Safety Alerts Shared in 2020 <i>Includes alerts with key learnings shared across the Company</i>	91

2020 Safety Initiatives

Continuous improvement is built into our safety program and culture. A few of the initiatives that we focused on in 2020 include:

- **COVID-19:** keeping our employees safe during the COVID-19 pandemic was a primary focus for us – see **COVID-19** at the start of this section for more details.
- **Elevated platform audits:** We completed a company-wide audit of all elevated working platforms and corrected all high-risk deficiencies identified.
- **Peer audits:** We launched a peer audit program through which experienced employees visit other operations within the Company to assess standards and share best management practices.
- **Pre-work hazard assessment and safety observation programs:** We increased the number and quality of pre-work hazard assessments and safety observations completed by employees. Proactive reporting and observations are leading indicators for safety engagement.
- **Hot Work:** We worked to improve and anchor controls and procedures related to working with ignition sources such as welding and cutting, including alignment on a company hot-work permit standard.

Contractor Safety

At all Interfor worksites, contractors are required to sign in and receive an orientation. This orientation process is updated on a regular basis to reflect relevant conditions at each site and in 2020 it included a review of our COVID-19 Exposure Control Plan to ensure contractors are prepared to meet our requirements before they begin work.

Monitoring and reporting of safety hazards, incidents and compliance is part of our ongoing, regular interaction with contractors. In our woodland operations we work with our contractors to track and report their medical incident rate (MIR).

Contractor MIR (Interfor Woodlands)

2015	2016	2017	2018	2019	2020
5.1	4.9	4.4	2.3	2.8	2.9



Contractors working on our capital projects, such as this planer upgrade at Eatonton in 2020, report their key safety metrics to Interfor on a regular basis.

A contractor's commitment and ability to keep employees safe and healthy is of utmost importance to us. We require that capital project contractors demonstrate due diligence and report on key safety metrics on a regular basis. The contractors involved in several major capital projects active in 2020 achieved a combined project-to-date MIR of 1.25 as of December 31, 2020.

Developing People

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

We bring out the best in our employees by offering long-term, rewarding careers supported by training and education, opportunities for promotion, and great benefits.

The COVID-19 pandemic presented many new and unprecedented challenges in 2020. At Interfor, we took several steps to support and promote the health and well-being of our employees through this difficult time. Please see COVID-19 in our [Safety chapter](#) for more details.

We paid a total of \$2.9 million in bonuses to our front-line employees as a gesture of our appreciation and to recognize their grit and tenacity during the COVID-19 pandemic.

Recognizing the Value of Strategic, Targeted Training

Through our learning and development program, 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.

Supporting Employee Development and Internal Promotion

Getting employees started off on the right foot is critical. All salaried employees are given an individual onboarding plan based on their background and role. In 2017, we launched a robust onboarding process for our 2,000+ hourly employees. Once new employees complete the onboarding process, they meet with their supervisor to discuss the various programs available to help them progress in their careers.

Some of our internal employee development programs include:

- **BCIT Industrial Wood Processing Program** — A one-year program focused on teaching employees all aspects of sawmill operations so they can grow their lumber manufacturing career at Interfor.
- **BCIT Business of Sawmilling Program** — A one-year program focused on teaching employees how to generate profit in sawmill operations. This program was developed in 2020 and the first cohort of trainees began their studies in October 2020.

- **Maintenance Training Program** — Interfor offers maintenance training programs, such as the Millwright Apprenticeship Program, for employees who are eager to earn while they learn a skilled trade and grow their career with our Company.
- **LEAD-X**— A four-step program focused on developing the leadership skills of our supervisors and superintendents through in-class training, case studies, and on-the-job follow-up. The program is run company-wide.

Diversity of participants is a focus for our development program intakes. We set targets to increase participation of under-represented groups in a number of these programs.

Campus Recruiting and Development

We focus on building a talented and dynamic workforce through our campus recruiting program to grow future leaders at Interfor. We provide students with a defined plan for their success. Each student has a dedicated and knowledgeable mentor and completes a meaningful project that drives

business value. Student positions are an excellent opportunity for students and Interfor to evaluate their potential for full-time employment in forestry and the lumber manufacturing industry. Students are encouraged to complete multiple work terms, often at different locations, to give a broader perspective on the industry and what good looks like. If Interfor is a fit, students are offered full-time work either in our Sawmill Operations Trainee program or other positions applicable to their career aspirations.

Number of co-op students hired			
2017	2018	2019	2020
21	41	28	38

After we hire students into full-time positions, they participate in our ongoing employee development programs. Development programs provide employees the opportunity to hone their leadership skills and build their industry knowledge to grow their careers, enabling us to promote from within.



“The Millwright Apprenticeship program helped me grow my career from being a Millwright, to a Lead Millwright, to a Maintenance Supervisor. Now, I can mentor apprentices and millwrights on how to do things the Interfor Way.”

James Nesmith, Georgetown Division, on the Millwright Apprenticeship Program.



Our campus program is key to our success in developing future leaders. Students are provided with a defined plan for their success, supported by a mentor and responsible for completing a meaningful project during their work term.

Offering Competitive Compensation and Benefits

We review the market competitiveness of our compensation and benefits annually. Our permanent salaried employees share directly in Interfor's success through a short-term incentive program. Hourly employees at most of our mills also share financially in performance improvements through gain-sharing programs at their divisions.

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.

Ensuring a Diverse and Inclusive Workplace

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

At Interfor, we recognize the benefits of a diverse workforce and an inclusive culture. We have goals and action plans in place to increase the representation of women and people of color in our workforce. In 2020, employees in Canada completed surveys to develop a more complete understanding of diversity in our workforce. In the US, we collect diversity data annually for our affirmative action plans. We are using this data to understand better where we currently stand relative to our diversity goals and to refine our current action plans and programs.

We have set targets for the engagement and participation of women and people of color in our campus and apprenticeship programs. We track our outreach activities to increase diversity, such as the number of HBCUs (historically black colleges and universities) we partner with for our campus program. In 2020, we reached out to eight HBCUs.

We recognize that, in addition to our recruitment strategy, physical barriers may also influence our ability to attract a diverse workforce. In 2020, we conducted audits of workspaces to identify and address potential physical barriers that may impact the inclusion of some employees, to encourage diverse candidates to apply to work at our mills.

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

African American History Training



Akinyele Omowale Umoja

In 2020 our senior executives completed a multi-session education program to develop their understanding of African-American history and how it contributes to the social issues and challenges of the present day. The training was delivered

by Akinyele Omowale Umoja, a respected author, activist and professor at Georgia State University. It covered early history, major challenges, and the post-civil rights continuing legacy of oppression. In the first quarter of 2021, over 100 senior leaders in the Company also completed this training. Completing this program with our executive and senior leaders sets us up to expand this diversity and inclusion training topic throughout our workforce in a meaningful way. This training will help us to work towards a common platform of understanding, enabling us to better support and engage all of our employees.

2020 Operational Changes

In 2020 Interfor sold our specialty sawmill located in Gilchrist, Oregon, to Neiman Enterprises Inc. After a careful review of the potential future options for the mill, we believed that the sale to Neiman offered the best long-term outcome for the employees and the 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.

In 2020 we also closed our small remanufacturing plant at our Perry Division. The shutdown was completed safely and all employees were re-deployed to new roles within Interfor.

Meeting our Operational Changes Obligations

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

Respecting Freedom of Association

Interfor respects workers' rights, including freedom of peaceful assembly and association, collective bargaining, fair working hours and conditions, and fair compensation. Interfor is 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	
2019	2020
471	485

Employee Engagement

Meaningful engagement of our employees is part of our core values. We provide regular updates, stories and announcements for employees through our Company website, intranet and social media accounts (Facebook, Instagram and LinkedIn). This includes information about Company initiatives and

community programs across our operating regions. We use these platforms to help our employees share accomplishments and hear about the initiatives underway in other parts of the Company.

Our quarterly employee communication session provides an opportunity for employees to understand the strategic direction of the Company. Through this forum, our CEO and other members of the executive team provide an overview of the quarter, including performance, accomplishments, and challenges. After the presentation, employees are encouraged to ask questions directly to the CEO and the executive team.

We recognize the value of engaging our people in strategic planning and setting objectives. On an annual basis senior leaders come together with the executive group to discuss the Company's strategic plan and develop annual objectives. A report on performance relative to the strategic plan and annual objectives is provided to all senior leaders quarterly. Having an opportunity to develop and refine objectives at the strategic level empowers the senior leaders to play a significant role in achieving their outcomes.



Tara Griener, co-op student, completed her second work term with Interfor in 2020 as a forestry planning assistant at our Adams Lake Division. Some of the projects Tara worked on during her co-op term included GPS data digitization, map creation and research on modified harvest zones for caribou.

Culture and Retention

Our operations utilize culture and retention dashboards to track employee satisfaction, engagement, and turnover. The dashboard includes metrics for participation, interactions, and retention, which are measured and reported monthly.

Our goal is to ensure continued focus on the actions and initiatives that make our employees feel proud to work for Interfor and valued for their contributions. Engagement efforts with employees and into the broader community are also tracked and measured to ensure we reach our goal.

One of the ways in which we demonstrate the value we see in our employees is our internal hiring strategy. Our commitment to internal promotions exists at all levels of our Company.

This was demonstrated in the changes to our senior executive in 2020, in which four key roles were filled through internal promotion—our CEO, CFO, Vice President Western Operations and Vice President, Southern Operations. Across the Company we have set a target of filling 70% of our permanent salaried openings with internal hires. We continue to track our performance towards this goal and are working towards a similar approach for our hourly openings.



Women in Wood:

We recognize that our industry has not historically seen strong participation from women in operational roles and we are working to change this trend. 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. For example, in December 2020, we held a Women in Wood virtual hiring expo. We completed targeted outreach with the goal of increasing female participation in our industry. The event had more than 200 participants and was a great opportunity to break down some of the myths and barriers that may prevent women from pursuing a rewarding career in sawmilling.

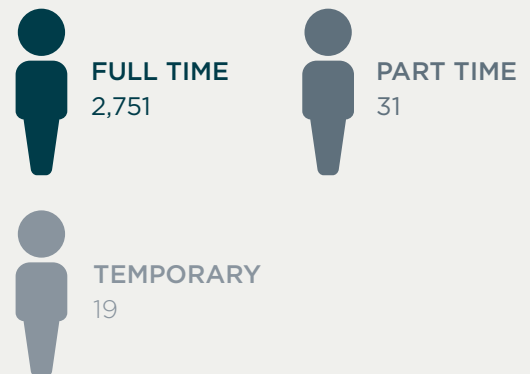
Percentage of Salaried Openings Filled by Internal Hires



2017	2018	2019	2020
36%	35%	58%	65%

Includes all permanent salaried openings filled by internal salaried hires

Number of Employees by Type



Interfor Employee Demographics

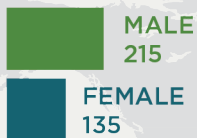
(As of December 31, 2020)

● **MALE** 2,432 | 86.8% ● **FEMALE** 362 | 12.9% ● **TOTAL** | 2,801*

Employees by Location, Salaried/Hourly

Canada | 951*

SALARIED

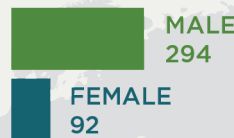


HOURLY

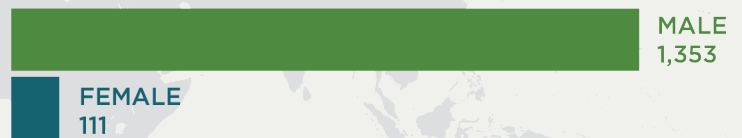


USA & Other | 1,850

SALARIED



HOURLY

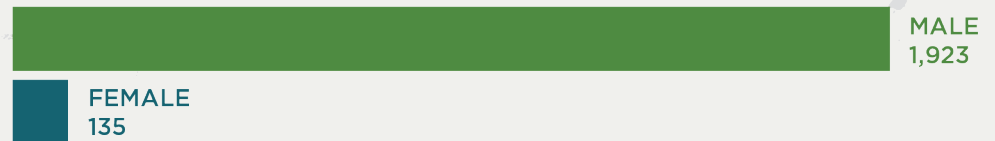


Total Employees

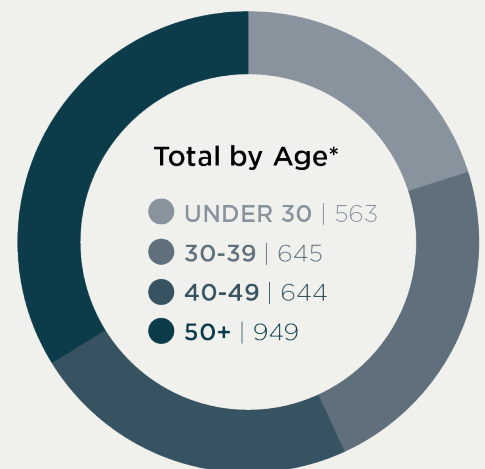
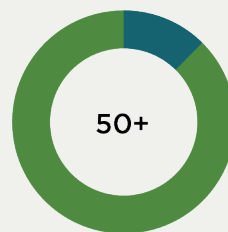
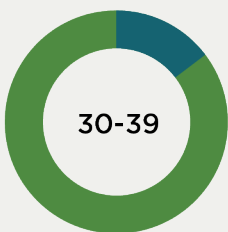
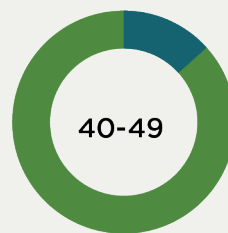
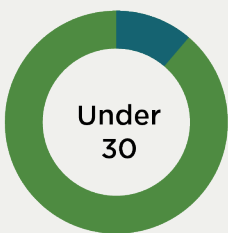
SALARIED



HOURLY



Employees by Age



*includes 7 employees who declined to identify their gender

Taking Action to Combat Climate Change

Interfor recognizes the global significance of climate change and the need to address this important issue by managing our own environmental impacts and supporting the use of wood as a sustainable construction material.

As a manufacturer of sustainable building materials and proponent of sustainable forest management, Interfor contributes meaningfully to the global effort to combat climate change.

“

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, fibre or energy from the forest, will generate the largest sustained mitigation benefit.

United Nation's Intergovernmental Panel on Climate Change 2007

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Our efforts to continuously improve the efficiency of our facilities and our work in sustainable forestry are foundations of our business and each provide mitigation benefits. We continue to work to understand and report on the risks and opportunities that climate change presents to our business.

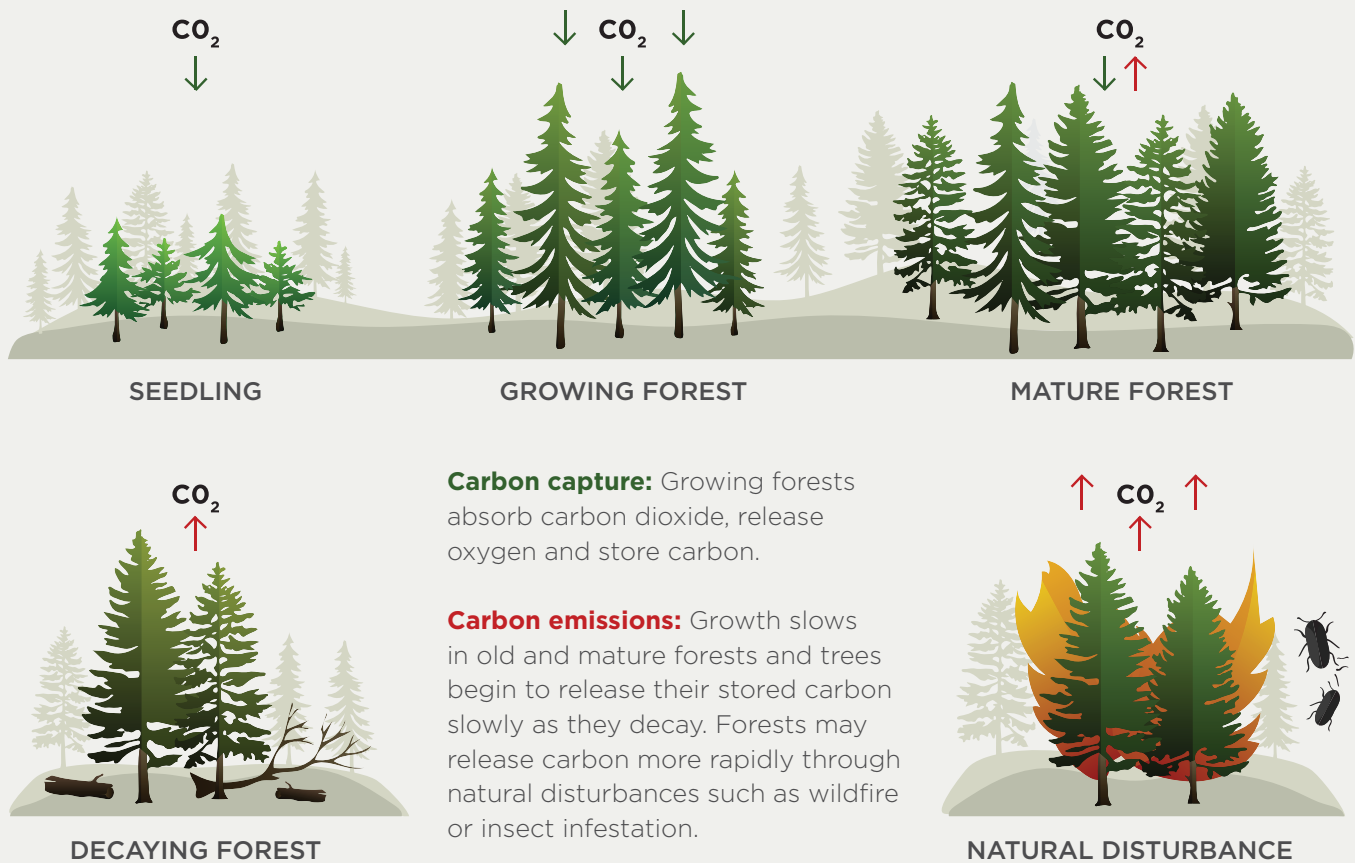


Trees use solar energy and carbon dioxide from the atmosphere to grow. Solid wood products manufactured from trees continue to store carbon, keeping it out of the atmosphere for the lifetime of the product, or longer if the wood is recycled for another use. Sustainably harvested wood products, used in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

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

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

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



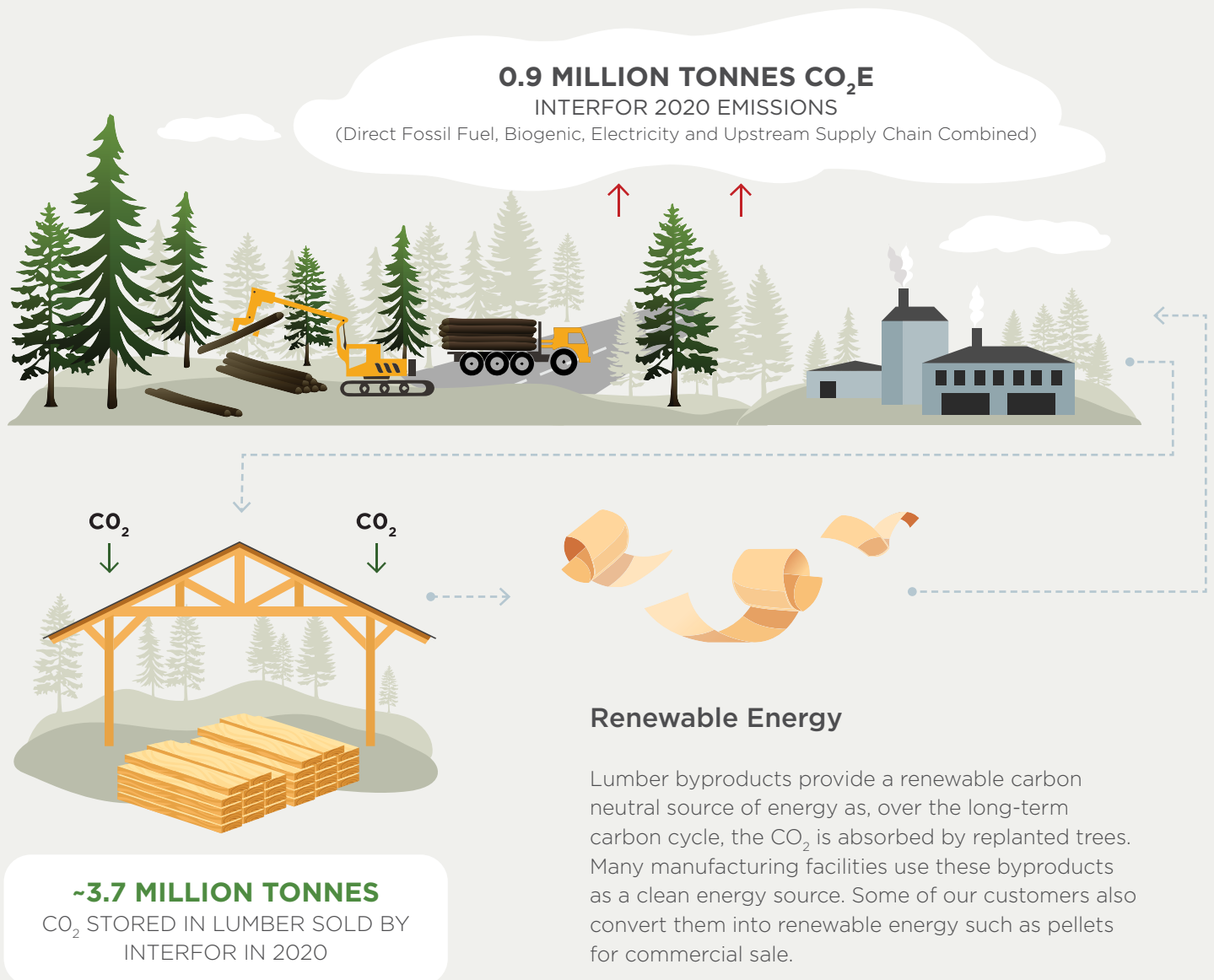
Preserving forests provides a one-time increase in carbon stores, not a sustainable increase. Harvesting and replanting transfers carbon from the forest to products. Continued investment in managed forests stabilizes forest carbon. From a carbon perspective, preserving forests instead of sustainably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

We store 4 times more carbon than we produce

The lumber Interfor produces **stores approximately four times the carbon emitted** in all phases of its production (harvesting, log transport, and manufacturing) combined (see our 2020 metrics on pages 22 and 23).

Harvesting, Log Transport and Manufacturing

The lumber manufacturing process and associated supply chain produces carbon emissions. For Interfor in 2020, these emissions are approximately one quarter of all the carbon stored in the products we sold.

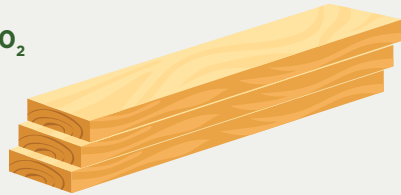


We supply climate-friendly building products to our customers

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

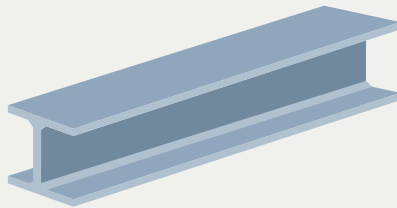
Using fossil fuels and fossil fuel derived products generates a one-way flow of emissions to the atmosphere which contributes to climate change. Using wood derived from solar energy results in a two-way flow of emissions to (and from) the atmosphere (CORRIM 2019).

WOOD STORES 16.7 kg CO₂



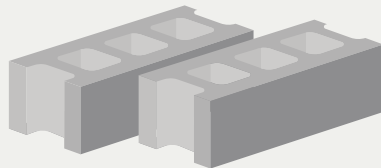
Research based on data from the US Pacific Northwest found that one square meter (m²) of a building constructed using wood wall studs stores a net 16.7 kilograms (kg) of CO₂ (carbon stored minus production emissions). When displacing concrete or steel, the total CO₂ reduced by using wood studs ranges from 44.2kg to 34.7kg per m², respectively (CORRIM 2019).

STEEL EMITS 18.0 kg CO₂



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

CONCRETE BLOCK EMITS 27.5 kg CO₂



~3.7

million tCO₂
stored in lumber
sold by Interfor

0.9

million tCO₂e emitted
by Interfor and
upstream supply chain

70%

Interfor emissions from
renewable biomass fuel

Interfor GHG Emissions

In this 2020 report, we have provided and organized our emissions metrics in line with guidance from the Greenhouse Gas Protocol (GHG Protocol). We have provided direct (Scope 1) emissions, emissions from electricity consumption (Scope 2), and our estimated upstream supply chain emissions. Biomass carbon emissions are reported separately, while methane and nitrous oxide from biomass combustion are included in our Scope 1 emissions. All of our emissions combined amount to less than a quarter of the carbon stored in our lumber products.

For more information on the methodology, factors and calculators used in our GHG reporting please see **References and Methodology** at the end of this report. Note: The numbers reported here are based on a different methodology than the emissions information disclosed in our 2019 report (which was based on combination of reported and estimated emissions and did not report biogenic emissions separately).

Scope 1 GHG Emissions		
2018	2019	2020
CO ₂ e (Direct Fossil Fuel GHGs + CH ₄ /N ₂ O from Biomass)		
53,738	56,874	49,427

Scope 2 GHG Emissions - Purchased Electricity Consumption				
	Units	2018	2019	2020
Purchased Electricity	KWH	336,919,418	352,740,472	310,756,745
GHG emissions	Tonnes CO ₂ e	91,358	100,555	92,895

GHG Intensity (Scope 1 & 2 Emissions)			
	2018	2019	2020
tCO ₂ e / m ³ lumber	0.023	0.025	0.025

Biogenic Carbon Emissions from Biomass Combustion			
	2018	2019	2020
Tonnes CO ₂	624,157	641,743	601,900

86% Interfor kiln facilities on biomass

~400,000

tCO₂e fossil fuel emissions avoided annually

100% Interfor managed woodlands certified sustainable

Estimated Forest Management, Harvesting and Log/Raw Material Transport Emissions

Log supply related emissions are primarily from contractor-owned operations. The estimated emissions we report here are based on life cycle assessment publications for surfaced dry softwood lumber for each of Canada, the US Pacific Northwest region and the US South region. This table estimates the emissions allocated to lumber from: producing tree seedlings, tree planting, fertilization, forest harvesting, log processing, log transport to mill facilities as well as ancillary material (i.e. lubricants) transported to and used by both the forestry and sawmilling phases of lumber production.

Estimated Forest Management, Harvesting and Log/Raw Material Transport Emissions

	2018	2019	2020
Tonnes CO ₂ e	134,340	135,905	122,261

Note: The estimates in this table only include the portion of emissions that are allocated to lumber on a mass basis. Emissions that are allocated to other residual products are not included. We are working with residual customers to account for emissions allocated to their residuals—see [page 27](#) for details about a pilot with Mercer Celgar.



86% of Interfor's sawmill facilities that have kiln drying operations use residuals (chips, bark, shavings and sawdust) as a heat and power source for drying lumber.

Transition to Renewable Energy and GHG Reductions

Current facilities with kilns powered by renewables (biomass)	12
% of current facilities with kilns powered by renewables (biomass)	86%
GHG emissions from fossil fuels avoided annually by using biomass (tCO ₂ e)	~400,000

Our Framework for Climate Risks and Opportunities

Governance

Board-level oversight of environmental performance is delegated to the Board's Environment and Safety Committee. As of 2021, the Environment and Safety Committee amended its Terms of Reference to expressly include oversight over climate-related risks and opportunities. Our Chief Forester provides a quarterly environment report to the Committee which, as of 2021, includes a section on climate-related matters. Material risks, issues and performance are included in the quarterly reporting.

Strategy

Our climate strategy includes understanding the risks and opportunities associated with climate change and positioning ourselves for resilience.

Our key climate-related initiatives include:

- producing and promoting the use of sustainable building materials;
- upholding and promoting sustainable forest management practices; ;
- using renewable biomass energy to power the majority of our kilns;
- modernizing our facilities; and
- implementing strategic energy management programs.

Risk Management

With a changing climate comes a range of risks that have the potential to impact Interfor's business. Identifying, understanding and planning for the mitigation of material climate risks is part of Interfor's overall risk management process and closely ties to our duty as a manager and steward of public forested lands in British Columbia, and our role as a manufacturer of forest products in North America. A report on company-wide material risks is prepared and reviewed by our senior executives and 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.

We have an extensive program in place to protect our assets from physical risks such as wildfire or hurricanes. We work with third-party loss prevention engineers to identify and mitigate risk factors for our assets, starting with the design of our facilities. Due diligence processes for strategic decisions such as capital investments and acquisitions also include the identification and discussion of risks.

Metrics and Targets

Metrics:

See page 22-23 for our climate related metrics.

Emissions reductions:

Using renewable biomass to power the majority of our kilns helps us to reduce our fossil fuel GHG emissions by approximately 400,000 tonnes CO₂e annually.

Emissions targets:

While we can demonstrate that we have achieved GHG reductions and improvements through the initiatives listed above, we recognize that targets are a valuable tool for driving performance and achieving results. For that reason, we will be working in 2021 to set effective and meaningful GHG emissions targets within our business to drive and quantify further reductions.

Interfor is aligned with the Forest Products Association of Canada's "30 by 30" Climate Change Challenge, pledging to contribute to an industry-wide effort to help Canada move to a low-carbon economy by removing 30 megatonnes (MT) of CO₂ per year by 2030. This is more than 13% of Canada's emissions target under the Paris Agreement, which aims to limit the global average temperature rise to well below 2 degrees Celsius.

Climate Risks

Extreme Weather, Wildfire and Forest Health

Increased frequency and intensity of storms and wildfire pose a risk to our business. Our operations use emergency response and preparedness plans and procedures to ensure employee safety.

In areas where there is the potential for hurricanes and tornadoes, our operations have:

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

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

- developing comprehensive flood plans for our at-risk sites;
- tracking snowpack and water levels as an advance indicator of flood potential;
- implementing preventative building and site improvements where water damage has occurred in the past;
- employing rainfall shutdown procedures in our woodland operations;
- planning log supply and inventory flows to account for seasonal shutdowns;
- utilizing culverts that are more resilient to debris flows/floods on our forest roads; and
- employing enhanced sediment control measures on erosion prone sites.

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

Interfor's woodlands operations have strong wildfire preparedness, prevention and response programs. We develop annual fire plans that include:

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

2020 Wildfires:

In 2020 the Western United States experienced extensive wildfires with tragic and destructive consequences. Interfor's Molalla Division was included in a widespread evacuation of the local community and the fire came within four kilometers of our site. The devastation caused by wildfires in recent years further highlights the critical importance of our rigorous fire prevention programs.



Our log procurement team working in the Pacific Northwest region participates in Timber Sales Stewardship projects, like the Ashes-Caldera fuel reduction initiative pictured here. The goal is to reduce the risk of catastrophic wildfires such as the one that forced the evacuation of our Molalla mill site in September 2020.

The fire plan is provided to all of Interfor's woodlands contractors. Following the release of the plan and during fire season, Interfor staff and contractors complete regular on-site fire preparedness inspections for high-risk activities in woodlands operations.

In 2020, our BC Woodlands had one operational fire. It was acted upon immediately by our contractors with the fire suppression resources they had on-site. We commend our staff and contractors for upholding our high standards of awareness, preparation and preventive measures (including shutdown) to avoid operational fires.

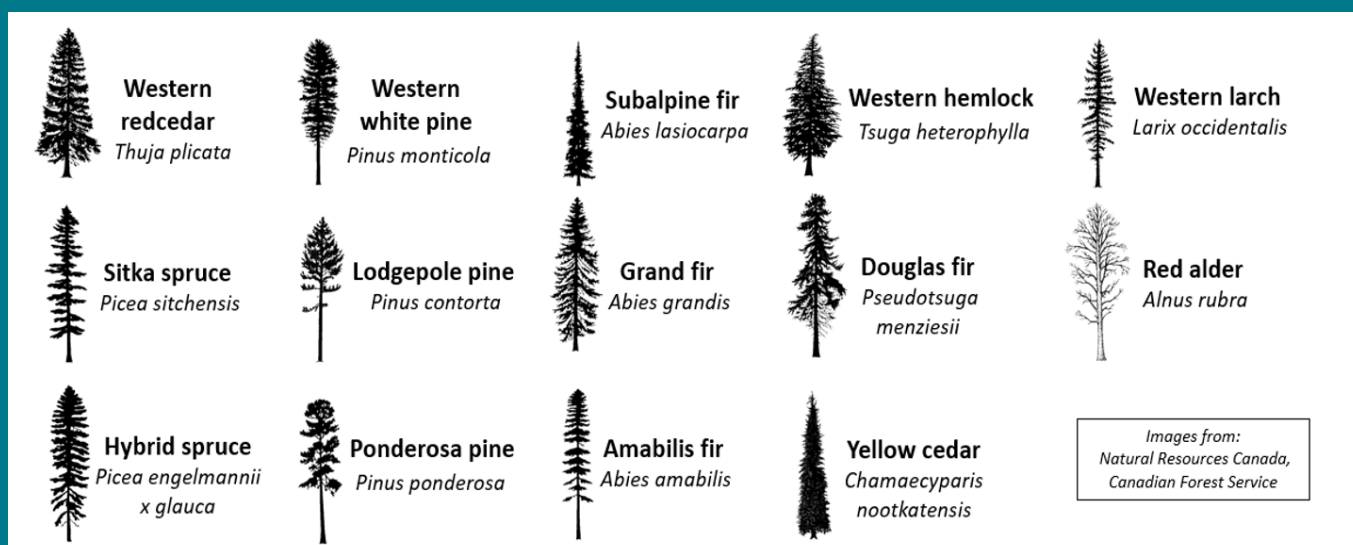
In addition to wildfire, drought can pose a threat to the health and success of forests. Drought stress can result in reduced tree survival and limited resistance to disease and insects. At the same time, changes in climate, such as warmer, shorter winters, can lead to insect and disease outbreaks. The Canadian Forest Service's Forest Change program provides information about the impacts of climate change

on Canada's forests and how to adapt to changing conditions. The initiative reports on indicators that reflect past trends and future projections for changes across Canada. It also provides adaptation tools and resources for forest managers. Some of Interfor's actions taken to understand and mitigate impacts of climate change on forest health include:

- prioritizing mixed species planting and diversity when planting new forests to improve resilience, and maintain or enhance ecological diversity with 14 different species used in our 2020 tree planting operations;
- selecting 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.

Species Used in Mixed Species Planting

In 2020, we planted 11.9 million trees in the woodlands of BC managed by Interfor. We prioritize mixed species planting and use only species that are native and ecologically suitable to the sites on which they are planted. We used the following 14 species in our 2020 planting operations.



Transition to a Low-Carbon Economy

As a producer of carbon-friendly products, the transition to a low-carbon economy represents a significant opportunity for us. At the same time, with the transition to a low-carbon economy, we expect a range of policy, legal, market, and technology changes. For example, technological advances in energy production and future increases of the Canadian federal carbon tax, will both incentivize companies such as Interfor to reduce fossil fuel consumption.

In addition to our efforts to modernize our operations, reduce energy consumption, and lower GHG emissions, some of the things Interfor is currently doing to contribute to, as well as mitigate risk from, the transition to a low-carbon economy include:

- staying abreast of government strategies that apply to public forested lands managed by Interfor including the BC Ministry of Forests, Lands and Natural Resource Operations Climate Change Strategy 2015-2020;
- contributing as an active participant in innovative land-use policy discussions in Canada through the BC Forest Sector Competitiveness Strategy, which recognizes climate change as both a risk and opportunity for the sector;
- engaging with peers and customers to improve consistency in accounting and reporting on climate-related metrics; and
- implementing a carbon accounting project to determine options for enhancing our current GHG tracking and reporting process.

In 2020, we worked with one of our byproduct customers, Mercer Celgar, on an emissions tracking pilot project. Through this project we helped provide estimates and metrics on our Scope 1, 2, and 3 GHG emissions that Mercer Celgar is using to understand and measure the supply chain emissions associated with their products. As part of the pilot we are continuing to work together to refine our accounting and build consistency in our calculation methodology.



Finding economically viable ways to utilize harvesting residuals represents a potential market opportunity, especially in the biomass fuel sector where they can replace non-renewable energy sources. The operation pictured above is in our US South region, and is chipping residuals and loading them into a transport truck so they can be used for biomass fuel.

Forest Management and Carbon Mitigation

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

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

Climate Opportunities

While climate change may result in the acute, chronic and transition risks discussed earlier, opportunities related to climate change also exist for Interfor, including:

Carbon capture: The public forest lands managed by Interfor play a significant role in carbon sequestration. Lumber stores carbon in long-lived building materials before it can be released into the atmosphere to complete the carbon cycle. There may be an opportunity for forest managers to accelerate or augment carbon capture by forests through sustainable forest practices including: salvage harvesting and planting after forest fires or insect outbreaks, as well as stand tending such as thinning, brushing or fertilizing.

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 reduces water and material consumption and GHG emissions.

Through the Softwood Lumber Board, Interfor promotes the environmental and climate-related benefits of building with wood, and we are actively supporting the Georgia Forestry Association in the establishment of a state carbon registry intended to encourage mass timber construction as a sustainable development solution in Georgia.

Production of biofuels from lumber manufacturing residuals is another expanding market opportunity. With the transition to a low-carbon economy comes a demand for low-emission renewable energy sources such as biofuels. Interfor currently uses and sells sawmill residuals for green energy production. Throughout our operations we have been forming relationships with renewable energy producers and facilitating an efficient supply chain. We also are exploring opportunities to increase the use of bush residuals for energy production. In our US South region we have had success chipping and selling logging debris from stumpage tracts for use as biomass fuel. For more information on how we use mill residuals see [Optimizing Material Use](#) on page 29.

Productivity: In contrast to drought and forest health risks from climate change, changes in temperature, rainfall and growing seasons may result in improved site conditions in some areas. Improved forest productivity can in turn translate into reduced rotation times for log supply. Interfor reforests every hectare it harvests with ecologically suitable species that are native to the area of harvest. Our planting program is based on utilizing seedlings that will be climate-change resilient/adaptable. The research that we support at Clemson University through our US South operations is focused on how various forest management practices can improve tree seedling survival, growth and productivity.

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.

More recently, wood is being recognized as a building material that promotes health and wellbeing. 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).

Green Logistics

Interfor ensures its supply chain is aware of environmental impacts and minimizes waste. Examples of this include:

- optimizing configurations of log packages for towing to ensure both efficient and safe delivery;
- maximizing cubic volume or weight limitation of each shipment to ensure the greatest efficiency of available logistics capacity;
- utilizing technology to ensure overall freight distance is minimized in meeting customer obligations and on-time performance;

- aligning transportation mode preference to maximize economical efficiencies with rail being favored for most medium- and long-haul destinations in North America;
- establishing targets to increase rail utilization from mills in the US South; and
- implementing a Transport Management System in early 2020 that enables us to access and leverage truck transportation capacity and support better utilization of dedicated fleets.

Fleet efficiency: Interfor is actively phasing out older, less efficient vehicles which has the effect of reducing fossil fuel consumption and improving emissions.

Optimizing Material Use

100% of every log delivered to our sawmills is used

Through the sawmilling process, we don't just make lumber, we also produce chips, bark, shavings and sawdust. We have sales programs in place to maximize the use of these 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 consumed by soil and landscaping operations and medium-density fiberboard manufacturers. Interfor also uses residuals as a renewable heat and power source for drying lumber in our own kilns.

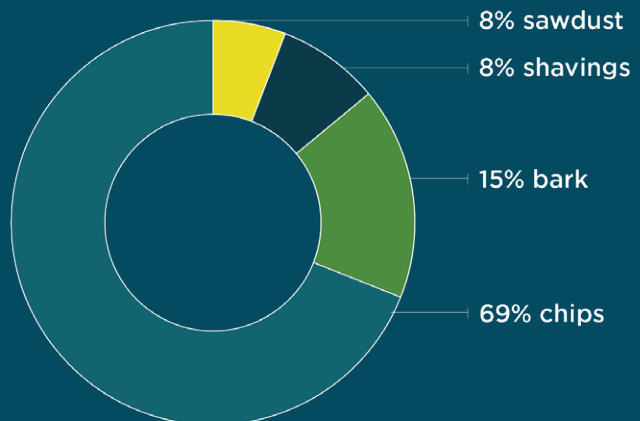
In addition to residuals, another byproduct of lumber production is short trim ends from sawn lumber. Trim ends are used or sold for energy as well as being remanufactured into trusses, pallets, finger-joint studs and parts for furniture and cabinets.

We also grind up log processing residuals from one of our main woodlands operations in BC so they can be used by pulp mills as a renewable energy source for running their boilers. We are exploring innovative tools with our loggers to minimize residuals left on harvesting sites and in BC we are currently working with several of our pulp mill partners to increase our

use of bush residuals by processing unused material from our harvesting operations into hog fuel. In our US South region, we have chipped and sold residuals from harvesting operations on stumpage tracts for use as fuel. Residuals that are left in the bush continue to store carbon for the short term and as they decompose they return nutrients back into the soils.

Residuals Sold by Interfor

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



Conserving Forest Values: Biodiversity and Conservation

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

Interfor manages nearly 2.6 million hectares of forests on public lands in BC. These lands are 100% third-party certified to the globally recognized Sustainable Forestry Initiative® (SFI) Forest Management Standard, and covered under forest stewardship plans that achieve government objectives for soils, timber, wildlife, water, fish, biodiversity, visuals and culturally important areas. We know that forest values are not only important to us, they are also important to First Nations, our communities and the public. Two chapters in this report, **Building Economic Partnerships with Indigenous Peoples** and **Working with Communities and Contributing to Healthy Local Economies**, provide detailed information regarding engagement before harvesting begins and how we address input and concerns in our planning.

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 Crown 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 surveillance audits for Interfor's BC coastal and interior woodlands operations in 2020 cited good practices such as:

- development of a watershed risk management framework to identify, assess and document the potential for impacts to water quantity and quality;
- an access management planning initiative that will provide a more structured approach to developing and maintaining access as needed for operations while meeting environmental and forest management objectives; and
- leadership in the Landscape Reserve Design (LRD) process for several units in BC's Great Bear Rainforest South Timber Supply Area.

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

Tenure Acquisition

In 2020, Interfor completed the acquisition of two forest tenures in the Vavenby, BC area, which are now included in Interfor's sustainable forestry certified operations. The tenures cover approximately 213,000 hectares and were included in a third-party SFI audit of Interfor shortly after the transfer took place. During the transfer process, Interfor engaged with First Nations in the area in recognition of their interests in managing the lands within their territories. As a result, Simpcw First Nation and Interfor have an agreement in principle for partnership and stewardship on the tenures. Logging and hauling contractors in the region had faced uncertainty when the previous owner closed their mill in Vavenby and now with the transfer complete, work on the tenures has resumed.

The 2020 audits for both BC coastal and interior woodlands found we had either addressed all non-conformances from the previous audits, or had worked to address root causes so they were downgraded to opportunities for improvement. The audits identified two new minor non-conformances related to:

- instances in which prework documents and road planning and design checklists could not be provided; and
- outstanding site inspections for purchased wood that had been identified for inspection through our risk assessment process.

Since the audits were completed, Interfor has developed corrective action plans to address these non-conformances. Auditors will conduct follow-up assessments in 2021.

Accountable Professionals

Professional foresters and forest technologists working for Interfor in BC are registered and regulated by the Association of BC Forest

Professionals. In the US South region, each state has a State Board of Registration for Foresters, which oversees licensure, sets standards for professional conduct, and is responsible for investigation of and discipline for unauthorized, negligent or incompetent practice. We also engage other qualified persons with expertise such as professional engineers and geoscientists, hydrologists, biologists and archaeologists.



Stewardship Projects

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

Biodiversity and Conservation

We operate under a range of formal frameworks and internal procedures to protect wildlife, biodiversity and forests of high conservation value. 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.

World-Leading Management

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

- We have used LiDAR data to develop a tree height model to comply with the GBRO riparian objectives that state harvesting must take place one-and-a-half tree lengths away from high-value 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 browsing.



Species at Risk and Wildlife

Identifying, tracking and conserving habitat and habitat features for species at risk and other focal species is built into our operational planning process. Training for our staff includes learning to identify species at risk as well as rare blue- and red-listed ecosystems. Our logger training includes information on species at risk, and we require all woodlands employees and contractors to report sightings.

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

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



After finding northern goshawk nests in an area planned for harvest in 2020, our foresters working in the interior of British Columbia collaborated with a biologist to establish a no-harvest buffer around the nest, which included connectivity to and incorporation within an Old Growth Management Area.



Stream Restoration Projects

Healthy, functioning streams and rivers are a vital component of forest ecosystems. Interfor is involved in stream restoration projects in the US and Canada. We are a partner in the Clackamas Stewardship Partners organization in Oregon whose projects have included improving and expanding habitat for salmon and other aquatic species. We have contributed to fish habitat creation through our Ashes-Caldera Stewardship Timber Sale in Oregon where we installed large woody debris habitat structures in 2019. Our Coastal Woodlands Division is continuing to support First Nations, environmental organizations and the Canadian government in efforts to restore fish habitat on the Effingham River on BC's Pacific Coast.

Working with Log Suppliers

The environmental performance of our major suppliers is a key factor in our log supply. Interfor mills in BC and the US South are certified to the SFI Fiber Sourcing Standard.

- We require compliance with applicable federal, provincial, state and local human rights and labor laws and regulations such as: freedom of association and right to collective bargaining, freedom from discrimination, harassment and abusive behavior, and no child labor or forced labor.
- We engage our suppliers to implement best management practices to protect water quality and conserve biological diversity. Working with the Western Canada SFI Implementation Committee, Interfor provides log suppliers with a Wood Purchase Information Package that outlines the objectives of SFI and provides information on sustainable harvesting practices such as conserving biological diversity, water quality management, soil conservation, fuel handling and spill response.
- We work with qualified resource and logging professionals. We use state logger training or equivalent programs in the US to ensure our procurement suppliers are trained in the SFI standard and at least one supervisor at each logging site is a Qualified Logging Professional, which means they are accredited or trained through an SFI-recognized program.
- We support broadening the practice of sustainable forestry on all lands through community involvement, socially responsible practices, and through recognition and respect of Indigenous peoples' rights.

In our **Wood Procurement Policy**, we clearly state our commitment to avoiding trading wood or wood fiber from controversial sources. All of Interfor's log supply is from Canada or the US.

Other practices implemented in our wood procurement programs include:

- individual supplier risk assessments used to identify potential concerns;

Supporting Sustainability in our Supply Chain

In the US South, Interfor financially supports the Georgia Tree Farm Program to promote sustainable forest management to non-industrial landowners in areas where we purchase logs. We participate on the executive committee for the program, contributing organizational leadership and support.

- signed purchase wood agreements that clarify our expectations with suppliers; and
- site inspections to monitor our suppliers for non-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 2020, 80% of our purchased log supply in our BC Interior woodlands was purchased from SFI, CSA or FSC certified sources.

Working with Other Suppliers

More than 99% of Interfor's non-log suppliers and vendors are based in Canada or the US, countries with effective environmental and social laws.

Sustainable Practices

Our BC sawmills are certified to both SFI and Program for the Endorsement of Forest Certification (PEFC) Chain-of-Custody Standards, and our Wood Purchasing Guide encourages our customers to choose products from sustainably managed forests.

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

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



After wildfires such as the extensive fires experienced in the US Pacific Northwest in 2020, salvage harvesting, followed by tree planting, can aid in accelerating the restoration of healthy functioning ecosystems and their associated benefits from riparian vegetation to carbon sequestration. Our Molalla Division has been working with affected landowners to purchase and mill wood salvaged from the 2020 fires.

Disturbance versus Deforestation

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

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.



Reducing Environmental Impacts

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

Environmental Management System

We maintain an internal Environmental Management System (EMS) that provides a structure to identify, address and manage environmental issues for all 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.
- **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, they are reported to our Board's Environment and Safety Committee. First Nations and regulatory authorities also receive reports of incidents as applicable to their respective territories and jurisdictions.

Spill Prevention and Preparedness

Fuel and chemical handling, including storage, is a key part of our EMS. Our woodlands operations have

strict guidelines that specifically address handling fuel and other chemicals around water sources. In addition to maintaining emergency spill response kits across our operations, we use spill plans and emergency spill response drills to ensure our teams are well prepared in the event of an incident.

Notable Spills

Our notable spills reporting includes any spill that: is more than 100 liters, poses a significant health or safety hazard, or has any other specific circumstance that deems it notable such as the type of substance or the sensitivity of the location where the spill occurred. In 2020, Interfor had three notable spills each of which was less than 1,000 liters of fuel. Each incident was reported to the applicable authorities and subject to internal investigation and corrective action plans.

Water

Water Withdrawal		
2018	2019	2020
932,165 m ³	834,275 m ³	767,201 m ³
This information is based on metered water withdrawal data, where available, and estimates for non-metered withdrawal at Interfor's facilities.		

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

Our EMS includes specific objectives and measures related to water quality. In addition to our strict fuel and chemical handling measures in our woodlands, our riparian management commitments define reserve and management zone buffers that are to be left around streams, wetlands and lakes in our harvesting operations to protect water quality. Maintaining natural drainage patterns is a core element of our standard operating procedures, and our soil management objectives contribute to water quality by protecting soil structure and productivity as well as preventing soil erosion. We have developed a watershed risk management framework to identify, assess and document the potential for impacts to water quality and quantity.

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

As a small water-user, our wastewater discharge is limited and the jurisdictions in which we operate employ a range of permits and authorizations and their 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.

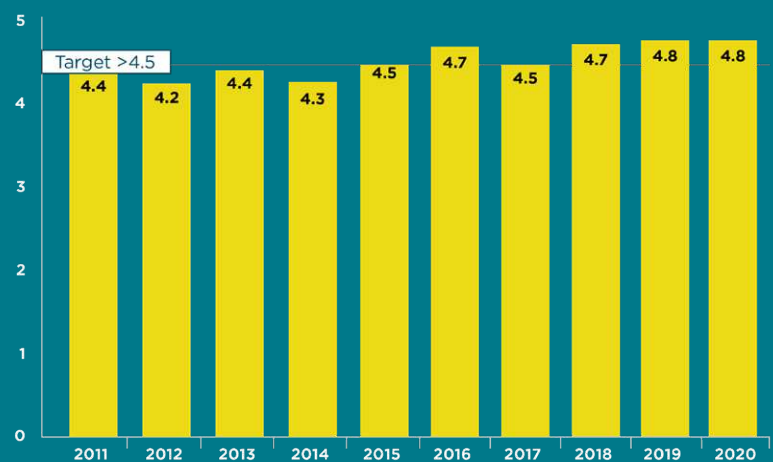
Recycling and Use of Recycled Materials

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

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

Measuring Performance

We have environmental monitoring programs in place pertaining to water use, air emissions, waste management, fuel handling and spill prevention. We use third-party auditors to conduct compliance audits with a scoring system to track our performance, and set a target score of 4.5 (out of the maximum achievable score of 5). In 2020, we achieved a rating of 4.8 averaged across operations, which is deemed to be compliant and low risk.



Investing in Infrastructure and Technology

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

Investing in Modern, Efficient Technology in our Mills

Since 2010 we have spent more than \$1.6 billion upgrading facilities and systems to employ the latest technologies (see Capital Investments chart on **page 5**). In 2017, we announced a multi-year strategic capital investment program, designed to increase production capacity, improve lumber recovery and enhance our product mix. It is focused predominantly on our facilities in the US South region but includes projects across all our operating regions.

In 2019, we completed a new planer and kiln upgrade at our Meldrim Division in Georgia and a major rebuild at our Monticello Division in Arkansas.

In 2020, we completed:

- the planer upgrade phase at our Eatonton Division in Georgia;
- sawmill and planer upgrades at our Georgetown Division in South Carolina; and
- an upgrade of the primary breakdown equipment at our Molalla Division in Oregon.



The capital project at our Eatonton sawmill in 2020 included the replacement of a shavings cyclone for the planer mill. The cyclone is a pollution control device that captures fugitive dust.

We also began the construction of a new kiln at our Adams Lake Division in British Columbia, which was completed in February 2021.

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 is ongoing, with improvements and strategic investments planned for several facilities and operating regions over the next two years.

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 working with us. Some highlights include:

- acquiring highly detailed remote sensing LiDAR (Light Detection and Ranging) data to inform inventory, planning and development across our operations;
- using immersive LiDAR software as a virtual platform for staff, First Nations partners and stakeholders to conduct and assess preliminary forestry and engineering activities remotely;
- surveying, inventorying, and tracking forest and operational inventories using drones; and
- using GPS (Global Positioning System) technology and dashboard cameras in trucks and mobile equipment to promote high safety standards.

Investing in Research

Research, in partnership with other organizations, also plays an important role in making Interfor more efficient.

We are continuing to support and fund a research project 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. We are actively working to replicate a similar partnership and research project at our Preston Division.

In 2020, we provided financial support to the University of Georgia's Harley Langdale Jr. Center for Forest Business, which is focused on integrating pioneering academic research and sound financial methods for the forest industry.

We support the BC Wildlife Federation's research that aims to learn how to restore mule deer populations in BC by studying how landscape

change and the predator-prey community are affecting current populations. Over the past two years, our staff have helped to set up and install a number of trail cameras in the summer, then retrieve them and download the images for the research team in late fall.



Tree planting at our Georgetown Division where we have a research partnership with Clemson University.



Images captured using trail cameras aid researchers in considering impacts on mule deer predator-prey relationships from a variety of factors, including competing ungulates like the elk caught in this image.

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.

Interfor's operations in British Columbia fall within the territories of more than 60 First Nations. Our forestry operations are guided by our **First Nations Partnerships: Objectives and Guiding Principles** document, which outlines these goals:

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

First Nations play an integral role in the future of a strong, viable and sustainable forest economy in BC. Interfor is committed to seeking First Nations representation and participation in the forest industry and promoting socioeconomic development opportunities across their communities. Interfor engages with 100% of the First Nations whose territories encompass our operations with the goal of building positive relationships. These relationships

have led to signed agreements with 35 of the First Nations with whom we work. Our agreements support shared business opportunities, training and capacity building, and positive working relationships that are founded on these mutually recognized objectives:

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

Business-to-business partnerships that build capacity and support community development.

Joint planning involving greater First Nations input into land-use planning within their territories.

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

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

- **Respect for First Nations culture.**

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

As part of our formal process to meet these goals and objectives, we implement early and ongoing frequent communication and engagement with First Nations regarding activities within their territories. Through this engagement, we work to identify cultural values, protect culturally sensitive areas and understand how our operations can contribute to community priorities. All of our woodland operations are SFI-certified and audited annually by an independent third party, which includes meeting the requirements of SFI Sustainable Forest Management Objective 8 *To recognize and respect Indigenous Peoples' rights and traditional knowledge.*

We believe that respect for and an understanding of First Nations' culture are critical to building strong working relationships. We have participated in workshops with First Nations Elders and region-specific training to advance Indigenous cultural competency amongst our staff.



“

The Nanwakolas Council has a long-standing relationship with Interfor, built on mutual respect and trust. The Nanwakolas Council, in collaboration with Interfor, has developed Large Cultural Cedar and Information Sharing protocols for forestry activities within the territories of Nanwakolas member Nations. Together the protocols will facilitate effective information sharing procedures and ensure that Large Cultural Cedar continues to be available for cultural, social, spiritual and economic uses by current and future generations.

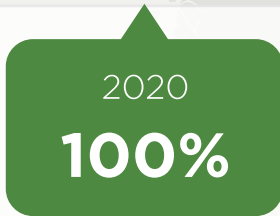
Dallas Smith, President Nanwakolas Council

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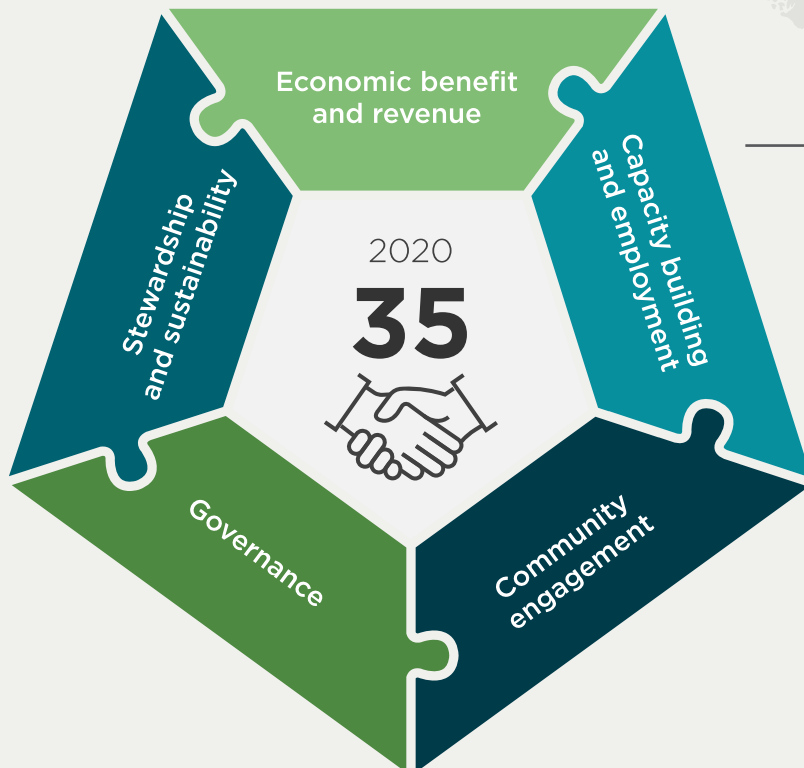
Active First Nation territories

Number of territories with active Interfor harvesting operations.



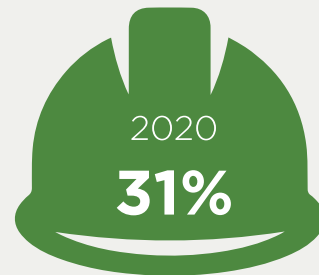
First Nation engagement

Percentage of active territories with information sharing, engagement or agreements in place.



First Nation relationships

with signed agreements
2018 | **23** 2019 | **33** 2020 | **35**



% of BC woodlands contractors

with Indigenous employment or ownership

In 2020, we continued to work with our First Nations partners under a range of mutually beneficial agreements such as:

- The ongoing partnership between Interfor and the **shíshálh** Nation that supports joint planning and management of all aspects of forestry operations in the **swiya** (territory).
- An agreement with the **Penticton** Indian Band that prioritizes stewardship, includes community benefits and supports community interests.
- Our long-standing partnership with the **Wuikinuxv** First Nation to support the Nation's vision for the future and prosperity of its people.
- A Standing Timber Purchase and Tenure Management Agreement with **Okanagan** Indian Band Forestry Limited Partnership that provides revenue opportunities to the partnership.
- Our partnership agreement with the **Gwa'sala-'Nakwaxda'xw** Nation that includes increased opportunities for the Nation's forest company, and regular planning meetings with the Nation's stewardship team, and is recognized by the Nation as the standard for acceptable business in the territory.
- A market logging agreement with **Little Shuswap Lake** Band under which Interfor provides services to manage their woodlot licence with proceeds to the community, and through an agreement between the band and an Interfor contractor we foster engagement, capacity building and economic opportunity in silviculture services in the territory.
- A five-year agreement with the **Homalco** First Nation that supports community interests and a strong working relationship with **Homalco** Forestry's logging company.
- The business agreement we have with the **Metlakatla** First Nation under which we provide technical support for their First Nations Woodland License and are working on a joint project.
- Business agreements with the **Kwikwasut'inuxw Haxwa'mis** in Wakeman Sound that include a tripartite forestry project with economic benefit to the Nation and replacement of aging infrastructure to maintain access for cultural purposes, tourism and industrial activity.
- A business agreement with **Klahoose** First Nation that will share the proceeds of a standing timber auction in support of community initiatives.
- A road construction contract with the **Osoyoos** Indian Band.

In addition to these ongoing agreements, we contributed to and participated in a number of First Nation community, cultural and employment initiatives in 2020. Some highlights include:

- We participated in a hereditary leadership forestry meeting held by **Kwikwasut'inuxw Haxwa'mis** First Nation in Gwayasdums where we presented information on protecting community values in landscape reserves and current joint project plans.
- We established a scholarship program with **Simpcw** First Nation.
- We are working with the **Homalco** First Nation to develop a cedar and old growth inventory for their territory.
- We provided support to the **Okanagan** Indian Band's Hunting and Gathering Camp for their youth to learn traditional food gathering practices.
- We offered a first of its kind internship to an indigenous candidate to provide insight into what it takes to run a professional forestry operation.
- We have been actively recruiting First Nations individuals enrolled in post-secondary forestry programs and working with First Nations partners to ensure that our employment opportunities are posted within their communities.
- We provided a forest health risk assessment to **Little Shuswap Lake** Band's Talking Rock Golf Course.
- We acknowledged Orange Shirt Day and took the opportunity to educate staff on the impacts of residential schools.
- We have supplied FN partners with lumber for community projects such as housing and infrastructure and also provided firewood for community members and elders.

Working with Communities and Contributing to Healthy Local Economies

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

Engaging with the Community

We engage with the public and communities impacted by our mills or 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 in our US South region;
- Forest Stewardship Plans;
- Landscape Reserve Designs in the Great Bear Rainforest;
- SFI Certification (SFI Forest Management Standard Objectives 6, 8, 12 and 13 and SFI Fiber Sourcing Standard Objectives 6, 7 and 8); and
- Timber Supply Review process for our five tree farm licenses.

In addition to these broad frameworks, we engage with stakeholders through attending local forums, providing tours and taking part in educational opportunities. While the COVID-19 pandemic made it harder to engage in community forums in 2020, we have continued our engagement and outreach.



In 2020, Interfor supported outreach in Georgia aimed at education and empowerment of women forest landowners.

Some examples include:

- Our Molalla Division is a partner in the Clackamas Stewardship Partners, a group of diverse stakeholders dedicated to restoring ecological function of the Clackamas River Basin while benefiting local economies.
- In 2020 Interfor provided financial support for Lands and Ladies outreach to women landowners in Georgia. The organization partnered with the University of Georgia's Warnell School of Forestry to deliver workshops, symposiums and online programming aimed at education and empowerment of women forest landowners.

- Our coastal BC operations work with the Discovery Islands group, who are concerned about visual quality objectives. We share cutblock and road locations on a public website so their concerns can be included in our planning prior to harvesting.
- In BC's Interior, we have taken part in the Boundary Invasive Species Society for over 15 years. The society focuses on the prevention and spread of terrestrial and aquatic invasive species. In 2020 its key initiatives included education and awareness through community outreach and school events, inventory, monitoring and mapping of priority invasive plants, and monitoring, collecting and releasing insects as biocontrol agents.
- We participated in a Forestry Working Group in the District of Clearwater, BC, that covered a range of stewardship and community topics such as wildfire preparedness, landscape planning and value-added opportunities. In 2020 we solicited feedback through the working group on a Bill 22 tenure transfer in the area.
- In BC we participate in Resource Roads Committees that focus on building collaborations on road issues among users.
- Interfor is a member of the Olympic Forest Collaborative in Washington State. The group has been engaged in timber harvesting projects designed to restore and accelerate the development of habitat for late successional species, such as spotted owls and marbled murrelets.

Giving Back to the Community

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

- education;
- children/youth;
- environment; and
- health.

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

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

Taxes and Employees

In 2020 Interfor employed 2,801 people and paid \$18.7M 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.

	Canada	USA	International	Total
2020 Tax Payments	\$2,660,000	\$15,910,000	\$88,000	\$18,658,000
2020 Employees	951	1,844	6	2,801

Community Pandemic Support 2020

In March 2020, when mask shortages for healthcare workers were a concern, we deferred work requiring mask protection and donated our inventory of N-95 masks from a number of our operations to local health authorities.



Our Eatonton Division donated lumber to the Putnam County School System that was used to build dividers in classrooms and offices at the school to help prevent the spread of COVID-19.



Recognizing that 2020 has been a difficult year for families, our Preston Division conducted a “drive through” school supply donation to help equip students for the school year.

Community Support During and After 2020 Wildfires

When Molalla, Oregon, was threatened by wildfire this summer, our mill site was included in a widespread evacuation of the local community. Interfor was part of the effort to ensure our employees were looked after and had accommodation during the evacuation. We donated food and water to a local grassroots effort led by Bentley’s Feed and Supply that was working to get much needed supplies directly to affected people in the community.

As a result of the devastation experienced in recent years, wildfire home defense has become a heightened concern for many homeowners in the wildland-urban interface. Interfor is engaging directly with homeowners in the area surrounding our Molalla Division, looking to reduce the fuels around their homes to improve the safety and defensibility of these spaces. For these community members, Interfor is making fuels removal financially possible.



Nature Kids BC Anniversary 2020

We partnered up with Nature Kids BC to celebrate their 20th anniversary by donating our time and tree seedlings to the program. In addition, we made a cash donation to support Nature Kids BC in their mission to help children get outside with their families to explore, play, learn about and take action for nature. Foresters from three of our BC operations got out in the woods and shared their knowledge and passion about sustainable forestry with kids from their local communities.



Our Metrotown Office had to get creative to raise funds for the United Way of the Lower Mainland in BC during the pandemic. Our virtual Pie-in-the-Face fundraising event was an amusing and entertaining way to give back to our local communities.



Our Port Angeles Division donated framing lumber for two Habitat for Humanity home building projects to help create a decent place for families to live in their community.



Our Longview Division purchased and donated a new pair of shoes for each child at The Community House On Broadway, a local safe housing shelter, so that the kids could start the school year off right.



Our Baxley Division is proud to support the Appling County Fire Department.

Leading with Strong Governance and Accountability

We believe that strong ethics and good governance improve corporate performance and benefit all our stakeholders.

Interfor demonstrates strong, industry-leading governance practices. Our **Management Information Circular** provides detailed information on our governance policies and practices.

The Corporate Governance, Responsibility and 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.

We have a **Code of Conduct and Ethics** (the “Code”) that 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. We require all directors, officers and salaried employees to review and acknowledge the Code annually so we can track individual sign-off and increase personal accountability.

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 2020, 28 reports related to safety, the environment, and human resources issues were received through our

whistleblower hotline and other reporting avenues. All reports were investigated and follow-up actions included addressing unsafe conditions, training and coaching, suspension and termination.

Interfor complies with securities regulations in relation to internal controls over financial reporting (ICFR). These regulations require the Chief Executive Officer and the Chief Financial Officer to assess and certify the effectiveness of our ICFR at the end of each fiscal year. To assist with these certifications, an annual survey is sent to a random sample of employees to assess the effectiveness of corporate policies and procedures, and to obtain their opinion and input. These responses help us gauge employee attitudes towards the Company leadership and overall corporate integrity, and can inform shifts in Company operations. The Company also provides anti-fraud training annually.

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

- regular cyber risk awareness education programs for employees (including 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.

Corporate Governance Highlights	
Size of Board	11 directors
Policy on Board Independence	Yes – Board Terms of Reference
Independent Directors	10 (91%)
Independent Board Chair	Yes
Separate Board Chair/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 when deemed necessary
Average age of directors	66
Mandatory retirement policy for directors	75 years of age and tenure >10 years
Average director tenure	9 years
Board Member Elections	Annual
Women on Board	3 (27%)
Board and Committee meeting attendance in 2020	100%, except one director who was unable to attend one Committee meeting due to a flight cancellation
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 2020 AGM	97.13%
% of vote in support of Board Chair at 2020 AGM	96.64%
Share ownership requirements for directors and senior executives	Yes
Shareholder vote on executive pay	Yes, 99.84% in favor at 2020 AGM
Restated financials or late financial disclosures in the past two years	0
Latest audit opinion	Unqualified (i.e. a clean opinion)
Controlled company	No
Dual-class stock	No
Shareholder rights plan	No

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

Political Contributions

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

Political Contributions				
	2019		2020	
Country	Total \$	% of Revenue	Total \$	% of Revenue
Canada	None	N/A	None	N/A
United States	\$14,350 USD	<0.001%	\$15,000 USD	<0.001%

Government Financial Assistance

The majority of government financial assistance received by Interfor in 2020 was related to Canada's COVID-19 Canada Emergency Wage Subsidy (CEWS) program.

Government Assistance				
	2019		2020	
Country	Total \$	% of Revenue	Total \$	% of Revenue
Canada	\$566,142 CAD	<0.03%	\$5,216,292 CAD	<0.24%
United States	\$2,216,893 USD	<0.16%	\$311,833 USD	<0.02%

Core Values



We conduct ourselves with honesty and integrity.



We respect, value and engage our employees.



We embrace world-leading safety and environmental standards.



We are strategic, fact-based and proactive.



We strive for excellence in everything we do.



We are responsible for our own success.



References and Methodology

The introduction of this report includes metrics on the total number of sawmills that Interfor operates by region and our annual production capacity. These metrics include a sawmill in Summerville, SC that was acquired by Interfor in March 2021. Unless otherwise specified, all other metrics throughout this report relate to 2020 and therefore include the Gilchrist, OR sawmill up until the date of its sale in October 2020 and exclude the Summerville, SC sawmill acquired in 2021.

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

FPIinnovations 2011

Wood and Human Health

The following table includes methodology notes for climate-related metrics provided in this report:

Scope 1 emissions	<p>Includes carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) expressed in tonnes of CO₂ equivalent</p> <p>Calculated using:</p> <ul style="list-style-type: none"> - fossil fuel consumption (natural gas, diesel, gasoline, propane) for both stationary and mobile combustion at primary sawmilling operations, one remanufacturing facility and BC woodlands operations; and - CH₄ and N₂O from biomass combustion at primary sawmilling operations that use biomass as a source of heat and power for kiln-drying operations. <p>Emissions factors for CO₂, CH₄ and N₂O were used to calculate either stationary or mobile combustion of each fuel.</p> <p>Factors used to calculate CO₂, CH₄ and N₂O emissions are from:</p> <ul style="list-style-type: none"> - United States Environmental Protection Agency (US EPA) for all US mills - Western Climate Initiative (WCI) for BC Operations (as prescribed by BC GHG Regulation)
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<p>Scope 1 emissions</p>	<p>Global Warming Potential (GWP) factors used to calculate CO₂e are from the <u>IPCC Fifth Assessment Report (AR5) as adapted by the GHG Protocol.</u></p> <p>Notes: Excludes CO₂ emissions from biomass combustion. As per the GHG Protocol these are reported separately.</p> <p>Regional numbers included within our company total may vary from state or provincially reported numbers due to methodology. For example, our calculations use IPCC Fifth Assessment Report global warming potential (GWP) factors (per GHG Protocol recommendations) while reporting requirements in some jurisdictions specify using Fourth Assessment Report GWP factors.</p>
<p>Scope 2 emissions</p>	<p>Calculated using regional electricity consumption and corresponding GHG emissions factors. Sources by operation are:</p> <ul style="list-style-type: none"> - Fortis: Castlegar and Grand Forks - BC Hydro: Adams Lake, Acorn, Coastal Woodlands - US Energy Information Administration Power Profiles by subregion: <ul style="list-style-type: none"> • SRSO (South): Baxley, Eatonton, Meldrim, Perry, Preston, Swainsboro • SRVC (Virginia-Carolina): Georgetown • SRMV (Mississippi Valley): Monticello • NWPP (Northwest): Gilchrist, Longview, Port Angeles, Molalla, Cedarprime <p>Includes purchased electricity only. Electricity covered in building leases (minor use) is not included.</p>
<p>Estimated forest management, harvesting and log/raw material transport emissions (upstream supply chain emissions)</p>	<p>Estimated Forest management, harvesting and log/raw material transport emissions are based on life-cycle assessment (LCA) publications for surfaced dry softwood lumber for each of Canada, the US Pacific Northwest and the US Southeast.</p> <p>The estimate is based on total production (cubic meters) in each region, with average CO₂e emissions per cubic meter of production from each respective region's LCA.</p> <p>LCAs used are:</p> <ul style="list-style-type: none"> - <u>Athena: A Cradle-to-Gate Life Cycle Assessment of Canadian Surfaced Dry Softwood Lumber</u> (May 2018) for the BC region. - <u>CORRIM: Life Cycle assessment for the production of Pacific Northwest softwood lumber</u> (revised March 2020) for the US Northwest region. - <u>CORRIM: Life cycle assessment for the production of southeastern softwood lumber</u> (revised March 2020) for the US South region. <p>The estimates in this table only include the portion of emissions that are allocated to lumber on a mass basis. Emissions that are allocated to other residual products are not included. We have begun working with residual customers to account for upstream supply chain emissions allocated to residuals.</p>

	<p>Note: We acknowledge some overlap with this estimate for our upstream supply chain and our reporting on direct fossil fuel emissions. This is because fossil fuels consumed in our Canadian woodland operations (e.g. gasoline and diesel for staff forestry pick-up trucks and company-owned boom boats) are included in our direct fossil fuel emissions, but also included in our estimated upstream supply chain emissions. However, the majority of our upstream supply chain emissions estimate is based on emissions from contractor activities (i.e. logging operations, trucking operations, etc.).</p>
Intensity	<p>Calculated in tonnes of CO₂e per cubic meter of lumber produced including:</p> <ul style="list-style-type: none"> - direct tonnes of CO₂e from fossil fuels; - CO₂e from purchased electricity; and - annual lumber production all divisions.
Carbon stored	<p>Calculated using the <u>Canadian Wood Council's Carbon Calculator</u></p>
Biogenic carbon dioxide emissions from biomass combustion	<p>Includes calculated CO₂ emissions from biomass consumption at facilities where biomass is consumed for energy.</p> <p>CH₄ and N₂O emissions from combustion of biomass are included in Scope 1 emissions.</p> <p>Factors used to calculate CO₂ emissions are from:</p> <ul style="list-style-type: none"> - <u>US EPA</u> for all US mills - <u>Western Climate Initiative</u> for BC Operations (based on BC Greenhouse Gas Emission Reporting Regulation) <p>GWP factors used to calculate CO₂e from the IPCC Fifth <u>Assessment Report (AR5) as adapted by the GHG Protocol.</u></p>
Avoided fossil fuel emissions	<p>Fossil fuel emissions avoided annually are based on:</p> <ul style="list-style-type: none"> - annual energy production using biomass fuels (GJ) calculated; - assumption that natural gas is the alternative fuel; - GHG emission factors for natural gas applied; and - CH₄ and N₂O excluded.

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