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## MERCER'S SUSTAINABILITY FRAMEWORK

Mercer integrates the United Nations' Sustainable Development Goals into our sustainability framework as we better understand the impact of our operations. This work enables us to set targets to advance our 2030 Aspirational Goals, focusing our continuous improvement approach on our key areas of influence and most significant opportunities for impact. We believe Mercer and other leaders in the forest sector are well-positioned to lead the transition to a low-carbon and circular future driven by renewable natural resources.

#### **Our Sustainability Framework**

Continuous improvement in environmental performance

Mitigate climate change

Continuous improvement in resource efficiency

Embrace social responsibility

Sustainable forest management

Enhance stakeholder and indigenous engagement

#### **Our 2030 Aspirations**



Elimination of process waste



35% reduction in CO₂e emissions and creating a pathway to netzero by 2050



10% reduction in water consumption



5% improvement in resource efficiency



80% of employees understand and believe in diversity, equity and inclusion commitment



<1 total recordable injury rate <15 injury severity, and interdependent health and safety culture



30% of new hires are women



80% of fiber sourced from certified forests



75th percentile employee engagement and survey response rate



Deliver superior customer value proposition



Balanced EBITDA

### The UN's Sustainable Development Goals



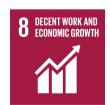
















<b>OPERATION</b>	GOAL	STRATEGY	TACTICS
MC	Improve effluent treatment	Enable MLSS (mass of bugs) adjustment to maintain a lower Food-to-Mass Ratio, moving from "Conventional Aeration" to "Extended Aeration"	Change operating parameters to force the biology to shift into the endogenous zone (food chain cannibalism) to improve flocc formation & settling, increasing ability to treat BOD/COD and reducing load on sludge dewatering
		Improve COD sampling at the primary clarifier outlet	Install a composite sampler on the primary clarifier outlet
		Improve effluent system instrumentation to allow closer monitoring and reduce chemical losses to sewer system	Install flow meters for the EOP discharge, combined EOP & fiberline trenches, and the outlet of the digester sump
		Eliminate losses to effluent system by reconfiguring the Chlorate/Methanol Flush Sequence line when flushed (i.e. every time the generator goes down)	Installation of a flow control auto valve to meter the line contents into the generator instead of dumping it to the sewer system.  Reconfiguration required in DCS and installation of a check valve.
	Decrease uncontrolled venting	Improve main DNCG fan reliability to decrease risk of odor complaints	Install a VFD
MFS	Reduce risk of environmental damage.	Protection of soil integrity and water quality	Use harvesting equipment known to have less impact on ground disturbance.
МН	Mitigate effects of climate change on the forest	Help reforestation in areas affected by bark beetle and drought	Use the Growing Forests, Growing a Future campaign to provide tree seedlings to forest owners
	Reduce risk of environmental damage	Prevention of soil and water pollution	Use biodegradable oils in the hydraulic systems for our trucks and harvesting equipment
			Install spill kits for all harvesting equipment

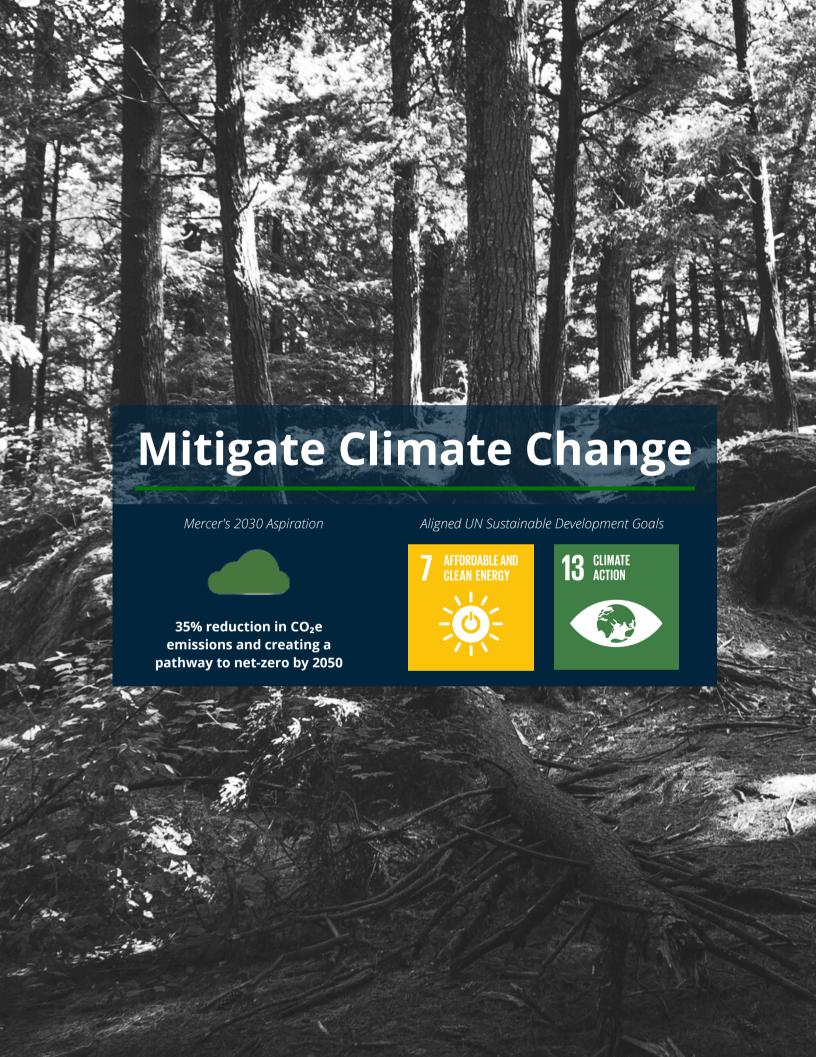


OPERATION	GOAL	STRATEGY	TACTICS
ММТ	Reduce risk of environmental impacts	Measure gas usage from operating the CDK	Install flow meter at the inlet to the gas burner
		Reduce residual material overflow from truck bin to truck	Install curtains inbound and outbound of the truck bins
MPR	Improve waste management performance	Prevention of soil and water pollution	Install 3 additional groundwater wells
			Pave lime rock storage area
		Renew environmental operating approval	Secure regulatory approval for waste management practices
	Improve wastewater treatment performance	Develop additional monitoring and troubleshooting tools	Characterize influent and effluent COD fractions into: (1) non-biodegradable soluble nbsCOD; (2) non-biodegradable particulate nbpCOD; (2) readily-biodegradable rbCOD; (4) slowly biodegradable sbCOD.
			Develop BOD effluent discharge predictor as an early warning for treatment system upsets.
			Implement influent, mid- point and effluent sulfide monitoring to minimize sulfide-induced filament blooms.
		Renew environmental operating approval	Secure regulatory approval for effluent management practices
	Improve air emission performance	Reduce power boiler opacity readings and particulate carryover	Install EPIC III supervisory control system for power boiler precipitator
			Replace power boiler multi- clone
			Refurbish power boiler wood ash handling system



<b>OPERATION</b>	GOAL	STRATEGY	TACTICS
MPR cont.	Improve air emission performance (cont.)	Reduce power boiler opacity readings and particulate carryover (cont.)	Commission new woodroom to improve hog fuel quality supply to power boiler
		Renew environmental operating approval	Secure regulatory approval for air emission practices
MR	Reduce water consumption	Recirculate wastewater partial stream to replace freshwater	Feasibility study to define technical requirements and timeline
	Reduce wastewater COD	Additional treatment of a wastewater partial stream	Feasibility study to define technical requirements and timeline
MS	Reduce waste disposal	Identify high-cost areas for waste disposal to combine cost savings with environmental performance	Reduce lime carry over into dregs
МТР	Improve air emissions	Identify improvement areas in emission systems	Conduct project on waste gas control system
MT	Reduce plastic packaging for biofuels by 30%	Review options with suppliers	Test new, thinner packaging foil in production and roll out with the supplier
SAN	Reduce risk of environmental damage	Assess the outcomes of the UEBT report and scheduled follow-up meeting in March and determine response	Evaluate business impacts and ensure correct data recorded, with analysis done to show completion of targets
	Minimize chemical usage	Research best practice for weed and pest management solutions for plantation location and environment	Audit chemical use to ensure usage is in line with industry best practice
			Identify opportunities to replace or supplement chemical plant protection strategies with cultural, physical or biological control options
			Prioritize options to replace the use of prohibited or restricted chemicals on the UEBT list





OPERATION	GOAL	STRATEGY	TACTICS
МІ	Continue development of Decarbonization Strategy	Evaluate current progress to achieve Science Based Target initiative GHG reduction milestones	Set targets of Decarbonization Strategy for each facility for 2023
			Evaluate technologies for decarbonizing
	Align financial disclosure with TCFD framework	Align financial reporting and Sustainability Report with TCFD framework	Expand our Climate Change Scenario Analysis to include all core functions and use the Network for Greening the Financial System models for assessing climate risk and opportunities
	Reduce Scope 3 GHG emissions	Collaborate with supply chain partners to reduce GHG emissions	Enhance our data collection processes for calculating Scope 3 emissions
МС	Reduce GHG emissions	Reduce idle time on heavy equipment	Install governing devices that limit/reduce idle time
		Reduce natural gas use in the recovery & power boilers by reducing mill operating variability through improved reliability	Invest in comprehensive initiative to dramatically improve mill reliability
			Utilize T.A. Cook to audit current state in order to overhaul maintenance and operating strategies and systems to reduce downtime/time between failures
		Shut down three mobile chipping operations	Woodroom upgrade project to greatly improve throughput on the small log line
		Avoid and minimize NG co- firing with proactive STG3 management (timely shuts around RB steam	Eliminate Pareto NG co-firing periods where a lack of steam to operate STG3 results in fossil fuel usage
		production or running during upsets)	Daily mill soda management to remain on target and maintain operation flexibility



<b>OPERATION</b>	GOAL	STRATEGY	TACTICS
MC cont.	Reduce GHG emissions (cont.)	Implement the use of rail for transportation of inbound fiber supplies	Invest in infrastructure and rail cars for the transport of chips from the US to Canada
MFS	Reduce GHG emissions	Upgrade mobile equipment fleet to a Tier 4 emissions standard	Change out heavy equipment without emissions after-treatment
		Upgrade trucking fleet to a Tier 4 emissions standard	Change out trucks without emissions after-treatment
МН	Reduce GHG Emissions	Continuation of adopting climate-friendly equipment, procedures, and behavior	Develop a process and calculate the CO2 emissions per solid cubic meter/km.
MMT	Reduce GHG emissions	Reduce natural gas use at the kiln	Utilize natural air drying
		Reduce use of roof-top-unit heaters (natural gas fired)	Analyze current and past HVAC reliance/use for the factory and identify overuse (daily/weekly/monthly) versus production.
MPR	Reduce GHG emissions	Reduce GHG from combustion sources (lime kiln, power boiler, recovery boiler)	Reduce natural gas co-firing in the power boiler by generating 95% steam from hog fuel
		Covert propane-fuel forklift trucks to EV	Purchase/lease two EV forklift trucks
		Start up new Peace River woodroom	Complete construction and commission woodroom
	Assess Climate Change Adaptation	Climate Change Adaptation Plan	Assess organization readiness, complete Vulnerability Assessment & Analysis, identify adaptation strategies, implement & monitor strategies
	Increase supply of bioenergy to power grid	Target 381,520 MWh generation from co-gen operation.	Improve power boiler emission performance and produce 95% steam from hog fuel
MR	Replace fossil-based energy	Green electricity generation	Optimize gross electricity production



<b>OPERATION</b>	GOAL	STRATEGY	TACTICS
MR cont.	Reduce GHG emissions	Replace fossil fuel at the lime kiln	Define and describe process alternatives to replace fossil fuel with biofuel at the lime kiln
		Reduce lime kiln-specific energy consumption	Further optimization of lime kiln operation
		Develop bio-based alternatives to fossil-based chemicals	Installation of a demonstration plant to extract up to 1 tonne/day of lignin from black liquor
			Installation of a lignin lab to conduct further research
MS	Reduce GHG emissions	Avoid fossil fuel usage	Further optimization of lime kiln operation
МТР	Increase electric efficiency of power generation	Produce more electric power even when less thermal power is needed	Optimize turbine control system
MT	Improve air quality	Assess solutions in production line	Complete installation of the formaldehyde scrubber for block production
SAN	Reduce GHG Emissions	More efficient use of tractors and vehicles	Strategically plan operations to reduce plant and equipment movements (excluding harvest)
		Eliminate use of diesel generators for debarking at KNX	Investigate cost and methodology
			Install hardwire to fuse box to utilize hydro electric power





<b>OPERATION</b>	GOAL	STRATEGY	TACTICS
МІ	Improve sustainable procurement	Increase the EcoVadis ESG score for sustainable procurement	Work on a process with ISN to audit our vendors (each vendor must provide a score relative to MC ecofriendly production)
МС	Improve wood fiber yield	Increase fiber use efficiencies through waste reduction and customer	Increase Digester kappa from 24 to 30
		improvement programs	O2 Delig improvement
			Commission rejects recycle system
			Invest in new rolls across primary and secondary chip screens
			Improved CQI in procurement: working with suppliers
			Improve cleaning and thickening in Machine Room
MFS	Improve management of fleet	Utilize telematics to monitor fuel usage, speed, and routes driven	Add more monitored trucks to the MFS fleet in 2023
МН	Improve access to competitive wood supply	Develop network of wood terminals to increase rail access to sustainable wood	Implementation of up to 5 terminals
		supply over the next 5 years	Organize new processes to feed new terminals
			Optimize rail logistics new terminals
	Optimize wood delivery process	Develop an app in tandem with terminals to digitalize the delivery process	Implementation of an app that transfers data between Mercer and delivery partners to optimize the delivery process of wood
ММТ	Reduce water consumption	Target facility humidification system run times	Only use humidification system during CLT production



OPERATION	GOAL	STRATEGY	TACTICS
MMT cont.	Improve lumber recovery	Improve efficiency of sort line scanning capabilities, allowing for decreased sort line lumber loss/rejection	Engage manufacturer (USNR) for scanning and grading program improvements
MPR	Reduce non-renewable energy use	Adopt 10 axle trucks for hardwood cut-to-length pulp logs & chip trucks	Trial prototype chip van, used in conjunction with 10 axle trucks
	Increase yield from the forest	Construct modern efficient chipping plant	Improve debarking while reducing whitewood losses
			Improve chip quality to increase cooking yields
MR	Reduction of specific wood consumption	Reduce wood losses through debarking optimization	Monitor results of implemented debarking drum supervisory controls
MS	Reduce energy consumption	Substitute more electrical energy	Run heat adsorption chiller for MCC HVAC
		Reduce heat losses in steam system	Implement new steam trap design
МТР	Reduce energy consumption	Reduce total electric energy consumption in the mill	Implement new energy data software "deZem", work on biggest energy consumers
	Maximize value of products	Improve recovery rate	Enhance wood grading capabilities with improved technology
MT	Increase heat efficiency of belt dryer by 35%	Revamp the belt dryer system	Complete all six phases for a full revamp of the belt dryer
SAN	Increase sandalwood oil yield	Research sandalwood desapping with Italian machining manufacturer	Complete research and work with Forest Equipment to develop equipment





Mercer's 2030 Aspiration



80% of employees understand and believe in diversity, equity and inclusion commitment



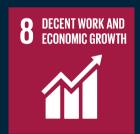
<1 total recordable injury rate <15 injury severity, and interdependent health and safety culture



30% of new hires are women

Aligned UN Sustainable Development Goals





#### ALL MERCER OPERATIONS

ALL MERCER OPERATION	ONS	
GOAL	STRATEGY	TACTICS
Improve Health & Safety performance, including that of contractors working under our	Advance Road to Zero culture through well-managed process and behavioral safety prevention	Assess culture progression with Bradley Curve reassessments
direction	programs.	Maintain compliance with all regulatory requirements.
	Implement framework for Process Safety Management in pulp mills and advance Process Safety prevention efforts in all operations	Define/apply best practices to continue understanding and managing risk in operations
	Empower Mercer leaders to	Advanced Process Safety Management
	manage health and safety with an integrated approach of Mercer Values, Employee Engagement and DE&I	Implement Mercer standards at the local level
	Engagement and DEXI	Define Corporate Safety Management System Framework
	Support ill and injured workers through an effective return-to-work management	Expand and support return-to- work and mental health programs
	Ensure adequate emergency response measures are in place	Conduct audit of Equipment Safeguarding and local Emergency Response Plans
		Advance Health and Hygiene aspects
Increase employee engagement	Increase participation in the employee engagement survey to 60%	Conduct second survey administration
		Remove barriers to survey participation (i.e. email/computer access)
	Improve understanding of engagement science and survey design	Increase survey promotion through a communication and education campaign
	Increase motivation of leaders to lead results-based action	Provide comprehensive post- survey support to team leaders

planning with their teams.



in taking action based on survey

results

## **ALL MERCER OPERATIONS**

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GOAL	STRATEGY	TACTICS
Improve commitment and transparency in sustainability efforts	Increase alignment and engagement with UN Sustainable Development Goals	Become signatory to the UN Global Compact
		Produce 2023 Sustainability Report on our progress for SDGs
Build a more inclusive culture	Refresh our DE&I strategy with a focus on inclusion	Leverage the results of the maturity/inclusion assessment to inform site-specific and company
	Assess or measure the current level of inclusiveness in our	wide actions to improve
	business through a maturity assessment, inclusion assessment, or both	Finalize the establishment of Regional or 'Country' councils to enhance the governance structure and process
Accelerate leadership	Develop a talent strategy linked	Establish a leadership
development	to the overall business strategy, based on business drivers and key leadership challenges, that focuses on accelerating leader development	competency framework
		Integrate a competency framework into talent-related processes (i.e. acquisitions, recruiting, assessment,
		development planning, succession planning, etc.)
		Continue the Mercer Leadership Program for the existing participant cohort of high potential leaders
		Establish a new cohort of high potential leaders to begin training in the Mercer Leadership Program
Improve sustainability and resilience of Mercer's supply chain	Ensure that all our key vendors accept the Sustainable Purchasing policy as written and provide a Vendor score for tracking purposes within our Vendor management system	Working with our vendor management system ISN, we will target companies to ensure compliance by regular check ups and coordination within our system







FOCUSES	GOAL	STRATEGY	TACTICS
Indigenous Relations	Increase Indigenous representation and participation in forest management planning for our Alberta operations	Engage Indigenous Communities in Phases 1 and 2 of the TLU project to enhance participation in planning, consultation and sustainable forest management (SFM)	Leverage Phase 1 TLU success to gain participation  Incorporate Indigenous knowledge and values in ongoing forest management planning and consultation
	Increase Indigenous representation and participation in economic opportunities in our Alberta operations through recruitment, partnerships and the supply chain	Continue implementation of CCAB PAR framework to enhance accountability for Leadership Actions, Employment & Training, Business Development and Community Relationships	Deliver Indigenous Awareness training to all MPR teams  Engage key communities to co-develop goals and strategies  Leverage OYEP partnerships
	Establish relationships with Indigenous groups in British Columbia	Foster relationships with Indigenous groups within MC's sourcing area	Meet with two Indigenous groups within supply area biannually
Procurement	Increase business relationships with Indigenous Communities, community forests, woodlots and small tenure holders	Establish a baseline metric to evaluate fiber sourcing performance from social license tenures	Track and monitor the origin of fiber with an emphasis on increasing the amount from social license tenures
	Strengthen the sustainability of our supply chain.	Share our Sustainable Procurement Policy with our key suppliers.  Train internal stakeholders, e.g. buyers (both in North America and Germany)	Each Mercer operation audits key vendors based on a structured questionnaire aligned with corporate
Sustainability	Embrace double materiality disclosure	Increase stakeholder engagement (including surveys) to better understand Mercer's impact on key issues	Conduct Material Assessment
	Enhance the availability of ESG information to investors	Publish Mercer's 2022 Sustainability Report	Utilize external platforms with regular ESG-centric updates for industry access
Stakeholder Engagement	Improve local stakeholder engagement	Engage employees and community members through communications, events, and group fundraisers	Plan the Growing Forests, Growing a Future project  Donate to and fundraise for causes aligned to Mercer and its employees' values



