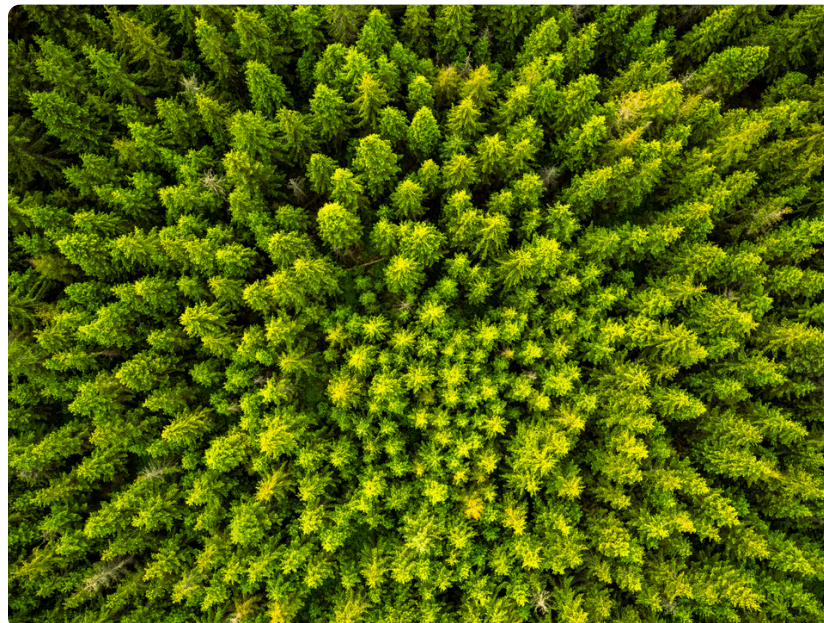


TCFD CONTENT INDEX



STATEMENT OF USE

Mercer's report of the Task Force on Climate-related Financial Disclosures (TCFD) incorporates the Task Force's recommendations on climate-related financial disclosures and is structured around four thematic pillars that represent core elements of how climate change is managed through Mercer's governance, strategy, risk management, and metrics and targets. The following content index provides a detailed summary of our responses to each recommended disclosure and references to where additional information can be found in our annual Sustainability Report and Financial statements.

In preparing to disclose using the recently finalized disclosure recommendations of the Task Force on Nature-related Financial Disclosures (TNFD), we recognize how the interconnectedness of climate change and nature change provide the opportunity to dually address climate and nature-related risks and opportunities which is reflected throughout our TCFD content index. It is our goal to develop integrated management and disclosure strategies that account for impacts, dependencies, risks and opportunities related to both climate change and nature change.

References and Legend

SR: [2023 Sustainability Report](#)

10K: [2023 Mercer International Inc. 10K Report](#)

PC: [2023 Mercer International Inc. Schedule 14A Proxy Circular](#)

[Mercer Corporate Governance Guidelines](#)

Recommended Disclosure	Location/ Commentary	Additional Information
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Governance		
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a. Describe the Board’s oversight of climate-related risks and opportunities

Mercer’s Board Committees, Executive Management, and supporting teams provide oversight and accountability of the policies and processes used to identify, assess and manage climate- and nature-related risks and opportunities.

Mercer’s Board Committees (the Environmental, Health & Safety Committee; the Audit Committee; and the Human Resources Committee) provide oversight of climate-related issues and strategic guidance on our targets, strategy planning, third-party verification, climate-related incentives and progress.

Mercer’s Board Committees meet on a quarterly basis and are updated by management on sustainability- and climate-related topics and key activities.

Our Board remains committed to overseeing climate-related risks and opportunities and effective management of evolving risks and requirements.

[Corporate Governance Guidelines](#)

10K: [Climate Change](#)

PC: [Sustainability & Sustainable Operations](#); [Role of the Board](#); [Risk Oversight](#); [Environmental, Health and Safety Committee](#); [Corporate Social Responsibility](#)

SR: [Board Committees](#)

b. Describe management’s role in assessing and managing climate-related risks and opportunities

Mercer has several levels of management that are responsible for assessing, managing and communicating climate-related risks and opportunities. Mercer’s management, and supporting teams, work closely with subject matter experts to develop and implement Mercer’s sustainability strategy as well as provide regular updates to Executive Management and quarterly updates to the Board’s Environmental, Health & Safety Committee.

The highest level of oversight and accountability for Mercer’s sustainability performance is held by our CEO and President. Our Chief Financial Officer (CFO) & Vice President, Sustainability and Innovation, oversee the development and execution of the sustainability strategy across the business.

The Vice President, Sustainability and Innovation, works closely with Mercer’s Environmental Managers, Environmental Coordinators and analysts, and internal subject matter experts to monitor and disclose on climate and nature-related issues including Mercer’s climate strategy, targets, progress and provide updates to Executive Management, the Board of Directors and relevant Committees on a quarterly basis.

Management is also responsible for supporting and reviewing climate and nature-related risks and opportunities as part of Mercer’s Enterprise Risk Management processes which are overseen by our Audit Committee.

[Corporate Governance Guidelines](#)

10K: [Climate Change](#)

SR: [About this Report](#)



Recommended Disclosure	Location/ Commentary	Additional Information
Strategy		

a. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long-term

Mercer recognizes that climate and nature change present significant threats to our global societies and economies. Healthy and productive forests are essential in tackling climate change by continually sequestering atmospheric carbon dioxide through photosynthesis and preventing nature loss by supporting dynamic ecosystem services and benefits. The role of forests in meeting the growing need for nature-based climate change solutions translates to unique opportunities for forest products as we increasingly move toward a low-carbon economy.

Mercer conducts climate change scenario analyses to identify and assess climate-related risks and opportunities. We have developed a Climate Transition Plan and decarbonization pathway to achieve our Scope 1, 2 & 3 emissions reduction targets.

Climate-related risks and opportunities include, but are not limited to:

- Acute and chronic physical risks such as increased severity and frequency of weather events and conditions such as forest fires, flooding, drought, forest disease and spread of pests. In addition, the impacts of these changing weather patterns on our logistics and transportation presents various risks.
- Transition risks related to changes in legislation, regulation, compliance, technology availability, customer preferences and industry standards.
- Market risk through fluctuations in supply and demand of forest products.
- Technology risks related to the implementation of new technologies, systems and processes that are used to support our climate transition planning and decarbonization pathway.
- Reputational risks related to stakeholder perceptions and customer preferences.
- The opportunity to meet growing demand for renewable energy as part of the shift to a low-carbon future.
- The ability to diversify our product portfolio to meet growing demand for sustainable, low-carbon products and materials.
- Increased demand, opportunity and partnerships in the circular economy, including value-add uses for forest residuals and byproducts, pursuing innovative bioproducts and biochemicals, and replacing carbon intensive building materials with sustainably harvested wood products.

SR: [Climate Change Scenario Analysis](#)

10K: [Climate Change](#)



Strategy

b. Describe the impacts of climate-related risks and opportunities on the organization's business, strategy and financial planning

The impacts of climate change are far reaching and will inevitably create direct and indirect impacts on Mercer's business, strategy and financial planning in the short and long-term. Mercer is committed to proactively managing our business model, operations and assets to minimize the impacts of climate-related risks and position ourselves to realize potential opportunities. We recognize that climate change is one of the primary drivers of nature change and that the impacts of climate-related risks on Mercer are closely linked with those likely to result from nature-related risks. As we work towards enhancing our biodiversity-related management and disclosures, we aim to address nature considerations through our management of climate-related risks and opportunities.

The impacts of climate and nature-related risks and opportunities on Mercer's business, strategy and financial planning include, but are not limited to:

- Climate-related physical risks may adversely impact Mercer's operations through disruptions in production, upstream and downstream transportation, damage to assets, increased costs, and reduced resource availability. These impacts have the potential to present significant financial implications for Mercer. Mercer's climate change scenario analysis and integration of climate-related risks into our Enterprise Risk Management processes serve to mitigate these risks and enhance business resilience.
- Climate-related transition risks which include risks associated with changes to regulation, legislation and industry standards may result in enhanced disclosure requirements, market and industry shifts, access to new financing, financial expenditures and operational complexities. Reputational risks arising from stakeholder concerns may impact brand value, public perceptions of Mercer, customer preferences, and our memberships and associations. These impacts can affect Mercer's strategy, business value and investor relations. Our efforts to develop a robust Climate Transition Plan and measure our Scope 1, 2 and 3 GHG emissions with third-party verification of our GHG inventory support our management of these risks.
- Increased demand and revenue from Mercer's product portfolio as nature-based solutions that address climate change.
- Continued product diversification and growth into new markets.
- Cost-savings through investments into resource and operational efficiencies, innovative bio-products, and sustainable practices.
- Changes in the availability and demand for capital investments to fund the low carbon economy transition and finance climate resilience.
- Increased transparency and quality of environmental, social and governance disclosures.
- Opportunity to strengthen competitive advantage and strategic positioning through investments in renewable energy generation and sale.

SR: [Climate Change Scenario Analysis](#)



Recommended Disclosure	Location/ Commentary	Additional Information
Strategy		

c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Mercer has developed a Climate Transition Plan that engages all areas of the business and follows guidance on reporting on climate transition plans by the Carbon Disclosure Project (CDP). Our climate strategy integrates climate-related considerations into governance, strategic planning, financial planning, policy engagement, scenario analysis, risk management, target setting, value chain engagement and low-carbon initiatives as well as third-party verification of our Scope 1, 2, and 3 GHG emissions. We recognize that 1.5°C-aligned businesses will be best-positioned to succeed and stay relevant (i.e. profitable) in a net zero future and we are committed to raising our level of climate ambition.

More specifically, the resilience of our climate strategy and Scope 1, 2 and 3 decarbonization pathway includes, but is not limited to:

- Embedding climate-related considerations into decision making and capital project investments.
- Meeting growing consumer demand for sustainable, low-carbon alternatives through diversification of our product lines including investments in low carbon building materials like Cross Laminated Timber (CLT).
- Increasing the use of renewable biogenic fuel sources across our operations.
- Enhancing process reliability of our operations and machinery.
- Aligning with the latest findings in climate science and partnering with third-party standard setting bodies that are grounded in science such as the Science Based Target Initiative (SBTi).
- Enhance our level of third-party verification of our sustainability information, KPIs and targets.
- Aligning our policy engagement with supportive policies, partnerships, and technologies.
- Advancing research to understand the net impacts of different forest management practices across three key areas: forest carbon balance, scope 1, 2 and 3 GHG emissions, and forest product substitution.
- Digitization and optimization of communication, production, and transportation processes and operations.
- Electrification of our transportation fleet to minimize transport related emissions.

In 2023, Mercer added Scope 3 GHG emissions to its scope of third-party limited assurance, thereby strengthening the reliability and credibility of our climate strategy approach. We are committed to continuing to invest in the resiliency of our business model, assets, and strategy.

SR: [Climate Change Scenario Analysis](#)

10K: [Climate Change](#)



Recommended Disclosure	Location/ Commentary	Additional Information
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Risk Management		
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a. Describe the organization's processes for identifying and assessing climate-related risks

Mercer maintains an Enterprise Risk Management process that integrates climate-related risks and opportunities. On an ongoing and at least quarterly basis, climate-related risks are reviewed by the Board of Directors and Executive Management.

Risks are identified by considering changes in regulations, external benchmarks, stakeholder engagement, systems analysis, scenario analysis and/or operational and market conditions that imply a relevant impact for the company. Risks are evaluated based on timeframe, likelihood and financial impact (magnitude).

SR: [Climate Change Scenario Analysis](#); [Climate Transition Plan](#)

10K: [Climate Change](#)

b. Describe the organization's processes for managing climate-related risks

The management of climate-related risks begins by assigning a mitigation approach to the risk to either acknowledge and accept the risk and/or to actively manage the risk exposure. Risks that are determined to require active management are assigned management responsibility.

c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management

Metrics and Targets		
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a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risks management processes

Mercer uses several key metrics and key performance indicators to assess progress against our sustainability strategy and performance.

We have established greenhouse gas (GHG) targets to reduce direct Scope 1 GHG emissions intensity (kg CO2e/ air dried metric tonne of pulp) and indirect Scope 2 and 3 absolute emissions from operations by 35% by 2030 from the 2019 baseline year and create a pathway to net zero by 2050. These targets have been validated by the SBTi to align with limiting warming to well below 2°C.

SR: [Mitigate Climate Change](#); [Scope 1, 2 and 3 GHG Emissions Inventory 2023](#)

PC: [Short-Term Incentive Plan](#)



Recommended Disclosure	Location/ Commentary	Additional Information
Metrics and Targets		

As part of Mercer’s sustainability framework and strategy to assess climate and nature-related risks and opportunities, we measure and disclose performance metrics related to air quality, effluent emissions and wastewater, GHG emissions, energy, certified fiber, and waste across our operations.

Progress towards our emissions reduction performance is linked to financial incentives and pay for our salaried employees through the short-term incentive plan (STIP). The STIP is structured around financial and business results. Business results incorporate considerations for sustainability performance including on health and safety and GHG emissions.

b. Disclose Scope 1, Scope 2 and Scope 3 greenhouse gas emissions, and the related risks

Mercer has measured its baseline inventory of its Scope 1, 2 and 3 GHG emissions for the 2019 baseline year.

Scope 1, 2 and 3 GHG emissions are measured on an annual basis in line with the GHG Protocol.

Our Scope 1, 2 and 3 GHG emissions have been independently verified by third-party accountants for limited assurance. In 2023, we added Scope 3 emissions to the scope of third-party limited assurance. Please see the Report from Independent Accountants in our Sustainability Report on page 94.

In 2023, Mercer’s total Scope 1, 2 and 3 GHG emissions inventory was 2,368,566 tonnes CO2e.

Scope 1 GHG emissions: 424,023 tCO2e
 Scope 2 GHG emissions: 28,989 tCO2e
 Scope 3 GHG emissions: 1,915,554 tCO2e

Direct (Scope 1) GHG emissions include emissions from Mercer’s pulp mills as they are the primary source of emissions and represent the majority of emissions for the business. As such, Scope 1 emissions only include Mercer’s pulp mills and do not include any other sites.

Indirect Scope 2 and 3 GHG emissions include emissions from Mercer’s pulp mills and sawmills which represent the majority of indirect emissions for the business. No other sites are included.

SR: [Mitigate Climate Change; Scope 1, 2 and 3 GHG Emissions Inventory 2023; A Report from Independent Accountants](#)



Recommended Disclosure	Location/ Commentary	Additional Information
Metrics and Targets		

c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

In 2021, Mercer committed to reducing Scope 1 GHG emissions by 35% per tonne of pulp by 2030 and reduce absolute Scope 2 and 3 emissions by 35% by 2030 from a 2019 baseline year. Our targets have been validated by the Science Based Targets initiative (SBTi) and are consistent with reductions required to keep warming to well below 2°C. We are committed to raising our level of climate ambition and aligning with the Paris Agreement’s 1.5°C pathway.

Our Climate Transition Plan guides Mercer in achieving a decarbonization pathway to achieving our climate reduction targets. Our targets address Mercer’s direct and indirect carbon footprint, and supports our commitments to working with our value chain to contribute to a net zero future.

We have also established the following climate-related goals and ambitions that support Mercer’s effective management of climate-related risks and opportunities:

- Eliminate process waste by 2030
- Reduce water consumption by 10% by 2030
- Source 80% of wood fibre from certified forests by 2030
- Improve resource efficiency by 5% by 2030

Progress towards our targets is evaluated on a quarterly and annual basis and is communicated to Executive Management and the Board of Directors.

SR: [Mitigate Climate Change; Sustainability Framework; Scope 1, 2 and 3 GHG Emissions Inventory 202](#)



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