

# Taskforce on Nature-related Financial Disclosures (TNFD) Content Index

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## Statement of Use

Mercer International Inc.'s report of the Taskforce on Nature-related Financial Disclosures (TNFD) incorporates the Taskforce's recommendations on nature-related financial disclosures and is structured around four thematic pillars that represent core elements of how nature is managed through Mercer's governance, strategy, risk management, and metrics and targets. The following content index provides a summary of our responses to the recommended disclosures and references to where additional information can be found in our annual reporting for the year ended December 31, 2025.

Mercer recognizes the inherent interconnectedness of climate change and nature change. For detailed disclosures of climate-related risks and opportunities as they relate to Mercer, refer to our Task Force on Climate-related Financial Disclosures (TCFD) content index.

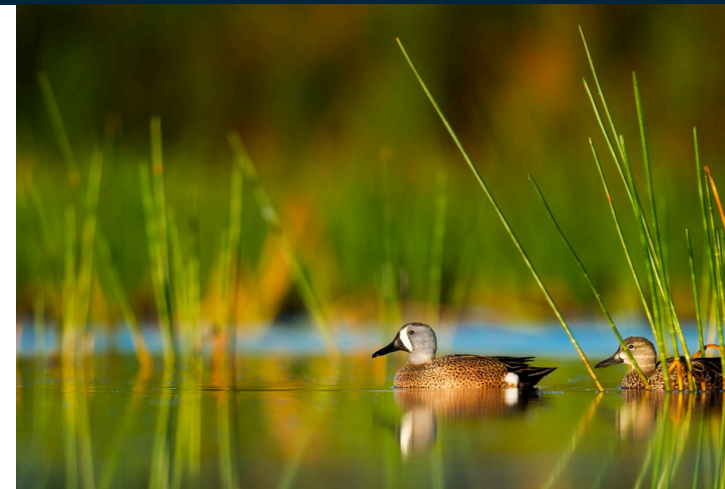
## References and Legend

SR: [2025 Sustainability Report](#)

10K: [2025 Annual Report on Form 10K](#)

PC: [2025 Schedule 14A Proxy Circular](#)

[Corporate Governance Guidelines](#)



Recommended Disclosure	Location/ Commentary	Links to Additional Information
<b>Governance</b>		
<p><b>a. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities</b></p>	<p>Mercer's Board of Directors maintains primary accountability for the policies and processes used to identify, assess, and manage nature-related dependencies, impacts, risks, and opportunities. The Board is engaged in providing oversight, advice, and assistance to management in the development and implementation of environmental and governance strategies. This oversight is central to the company's strategic direction, specifically regarding the navigation of nature-related policy decisions, the responsible management of natural resources, and the integration of nature-related considerations into long-term strategic planning to ensure business resilience.</p> <p>To ensure comprehensive coverage, the Board delegates specific oversight functions to its standing committees, which meet on a quarterly basis. The Environmental, Health and Safety (EH&amp;S) Committee is specifically tasked with overseeing the effectiveness of nature-related sustainability practices and ensuring alignment with long-term objectives. This includes monitoring relevant social, legislative, and regulatory trends to develop strategic guidelines in response to nature-related risks. Concurrently, the Audit Committee reviews the financial implications of these nature-related initiatives, while the Governance and Nominating Committee ensures that governance practices remain aligned with the company's broader sustainability commitments.</p> <p>The Board's oversight is further supported by regular updates from management on nature-related performance and evolving requirements. Recognizing that Mercer's business operations inherently interface with nature, the Board remains committed to the proactive management of nature-related dependencies and impacts. This structure ensures that nature-related risks are not managed in isolation but are integrated into the broader framework of strategy, risk management, and capital expenditure planning.</p>	<p>SR: Board Oversight (<a href="#">page 69</a>); Enterprise Risk Management (<a href="#">page 83-84</a>)</p> <p>Corporate Governance Guidelines (<a href="#">page 17, 26-27</a>)</p> <p>PC: ESG Oversight (<a href="#">page 28-29</a>); Sustainable Operations (<a href="#">page 62-68</a>)</p>
<p><b>b. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities</b></p>	<p>Mercer utilizes a multi-layered management structure to assess, manage, and communicate nature-related dependencies, impacts, risks, and opportunities. The highest level of internal accountability for Mercer's sustainability performance is held by our CEO and President. Under this leadership, the Chief Sustainability Officer (CSO) oversees the development and execution of the sustainability strategy across the business. The CSO works collaboratively with the CFO and financial teams to integrate nature-related risks into the broader Enterprise Risk Management (ERM) processes, ensuring that environmental dependencies are supported by robust internal controls and financial oversight.</p> <p>Operational management is driven by the CSO in coordination with Environmental Managers, Environmental Coordinators, and analysts. This team leverages internal and external subject matter experts to monitor nature-related matters—including biodiversity impacts, water usage, and resource dependencies—to track progress against established targets and indicators. On a quarterly basis, this management group provides comprehensive updates to Executive Management and the Board's Environmental, Health &amp; Safety (EH&amp;S) Committee, ensuring that the latest data informs strategic decision-making.</p> <p>Furthermore, management is responsible for the continuous review of nature-related risks and opportunities through Mercer's ERM framework. These assessments are overseen by the Audit Committee and the EH&amp;S Committee to ensure that nature-related risks are identified with the same diligence as financial or operational risks. This integrated approach ensures that nature-related considerations are embedded into the daily management and long-term resilience of the organization.</p>	<p>SR: Board Oversight (<a href="#">page 69</a>); Enterprise Risk Management (<a href="#">page 83-84</a>)</p> <p>Corporate Governance Guidelines (<a href="#">page 17, 26-27</a>)</p> <p>PC: ESG Oversight (<a href="#">page 28-29</a>); Sustainable Operations (<a href="#">page 62-68</a>)</p>

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<p><b>Governance</b></p> <p><b>c. Describe the organization's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organization's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities</b></p>	<p>Mercer's Human Rights Policy and Western Canada Indigenous Relations Policy outline our commitment to respecting human rights and engaging with stakeholders and rights holders to transparently communicate on the assessment of and response to nature-related dependencies, impacts, risks and opportunities. Mercer's Board of Directors, Management, and supporting teams provide oversight and accountability of the policies and processes used to identify, assess and manage nature-related issues.</p> <p>Mercer engages with affected stakeholders and Indigenous communities throughout our operational activities to develop integrated approaches that serve to maximize nature-related opportunities and minimize nature-related impacts and risks. We remain committed to ongoing engagement as part of our nature-related initiatives and in making progress towards our overall sustainability strategy.</p>	<p>SR: Sustainable Forestry and Biodiversity (<a href="#">page 21-27</a>); Indigenous Relations (<a href="#">page 77-78</a>); Community Engagement (<a href="#">page 55</a>); Human Rights and Labor Practices (<a href="#">page 69-71</a>); Board Oversight (<a href="#">page 81-82</a>)</p> <p><a href="#">Human Rights Policy</a></p> <p><a href="#">Western Canada Indigenous Relations Policy</a></p>
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**Strategy**

<p><b>a. Describe the nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, medium and long term</b></p>	<p>We recognize that nature change and the rapid decline of global biodiversity presents significant threats to our global society and economy. As a forest products company, we understand that healthy and productive forests are essential in addressing nature and climate change by supporting ecosystem services and sequestering carbon. The role of forests in meeting the growing need for nature-based climate change solutions translates to unique opportunities for forest products as we advance towards a low-carbon economy.</p> <p><b>LEAP Approach</b></p> <p>Mercer continues to build on its approach to nature-related assessments using the TNFD's "LEAP" Approach (Locate, Evaluate, Assess and Prepare), aligning with global best practices and science-based data. By integrating industry-leading tools, including the WWF Biodiversity and Water Risk Filters, the IUCN Red List, IBAT, and WRI Aqueduct Water Risk Atlas, we aim to continue improving our approach to identifying and understanding nature-related dependencies, impacts, risks and opportunities relevant to our business.</p> <p>The following definitions apply to our assessment:</p> <ul style="list-style-type: none"> <li>• <b>Time horizon:</b> Short (1 year), medium (1-5 years), and long-term (5+ years) in alignment with capital allocation planning processes.</li> <li>• <b>Impact:</b> Evaluated based on a 5-point scale outlining thresholds aligned with our Enterprise Risk Management process for financial losses/gains and impact to share price.</li> <li>• <b>Likelihood:</b> Evaluated based on a 5-point scale aligned with our Enterprise Risk Management process from 'not expected to happen' to 'almost certain to occur or is already occurring'.</li> </ul> <p>Mercer's business model is intrinsically linked to the stability and health of forest ecosystem services. We have identified the following material dependencies and impact drivers:</p> <p><b>Nature-related Dependencies include, but are not limited to:</b></p> <ul style="list-style-type: none"> <li>• Biomass provisioning services (wood fiber)</li> <li>• Water supply and water quality</li> <li>• Local and global climate regulation</li> <li>• Biological disease and pest control services</li> </ul> <p><b>Nature-related Impact Drivers include, but are not limited to:</b></p> <ul style="list-style-type: none"> <li>• Terrestrial ecosystem use</li> <li>• Freshwater ecosystem use</li> <li>• GHG emissions</li> <li>• Non-GHG air pollutants</li> <li>• Water pollutants</li> <li>• Solid waste</li> </ul>	<p>SR: Sustainable Forestry and Biodiversity (<a href="#">page 21-27</a>); Enterprise Risk Management (<a href="#">page 83-84</a>)</p> <p>10K: Climate Change (<a href="#">page 24-26</a>); Commitment to Sustainability (<a href="#">page 28-29</a>)</p>
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<b>Strategy</b>	<p><b>a. Describe the nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, medium and long term</b> (cont'd)</p> <p><b>Relevant nature-related risks include, but are not limited to:</b></p> <p><b>Physical Risks</b></p> <p><b>Acute Risks</b></p> <ul style="list-style-type: none"> <li>Operational Disruption: Increased frequency of extreme weather events causing physical damage to forestry assets and disruption to critical transport and distribution logistics.</li> </ul> <p><b>Chronic Risks</b></p> <ul style="list-style-type: none"> <li>Ecosystem Service Decline: Long-term degradation of biodiversity and freshwater ecosystems, leading to reduced wood fiber productivity and impaired water quality/availability.</li> <li>Biological &amp; Climatic Shifts: Shifts in precipitation and temperature regimes, coupled with the increased prevalence of pests and disease, altering tree species viability and growth cycles.</li> </ul> <p><b>Transition Risks</b></p> <p><b>Policy &amp; Legal</b></p> <ul style="list-style-type: none"> <li>Regulatory Constraint: Emerging biodiversity protections and enhanced reporting mandates potentially restricting harvesting volumes and increasing compliance overhead.</li> </ul> <p><b>Market</b></p> <ul style="list-style-type: none"> <li>Resource Scarcity &amp; Volatility: Supply chain instability and upward pressure on raw material pricing driven by the diminishing availability of natural resource inputs.</li> </ul> <p><b>Reputational</b></p> <ul style="list-style-type: none"> <li>Stakeholder Disalignment: Erosion of brand perception due to perceived misalignment with nature-positive goals, potentially impacting capital access and customer relations.</li> </ul> <p><b>Relevant nature-related opportunities include, but are not limited to:</b></p> <p><b>Resource Efficiency</b></p> <p><b>Operational Optimization</b></p> <ul style="list-style-type: none"> <li>Circular Systems: Deployment of circularity and enhanced resource-use efficiency to lower operational costs, bolster supply chain reliability, and minimize environmental dependencies.</li> </ul> <p><b>Markets</b></p> <p><b>Sustainable Revenue Growth</b></p> <ul style="list-style-type: none"> <li>Biomaterial Innovation: Expansion into high-growth markets for innovative biomaterials and circular products designed to displace fossil-based alternatives.</li> <li>Premium Product Demand: Capture of increased market share and "green premiums" driven by the rising global demand for certified sustainable forest products.</li> </ul> <p><b>Products and Services</b></p> <p><b>Climate-Nature Synergies</b></p> <ul style="list-style-type: none"> <li>Low-Carbon Solutions: Commercialization of Bioenergy with Carbon Capture and Storage (BECCS) to align with global net-zero and nature-positive transitions.</li> <li>Value Proposition Enhancement: Differentiation through climate-smart forestry and sustainable forest management, leading to improved market valuation and brand equity.</li> </ul>	<p>SR: Sustainable Forestry and Biodiversity (<a href="#">page 21-27</a>); Enterprise Risk Management (<a href="#">page 83-84</a>)</p> <p>10K: Climate Change (<a href="#">page 24-26</a>); Commitment to Sustainability (<a href="#">page 28-29</a>)</p>

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<p><b>Strategy</b></p> <p><b>b. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organization's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place</b></p> <hr/> <p><b>c. Describe the resilience of the organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios</b></p>	<p>Mercer's business model is intrinsically linked to natural capital. Our nature assessments reveal material nature-related interfaces across our value chain, directly influencing our strategic focus on sustainable business operations across forestry, climate, energy and resource use.</p> <p>These nature-related considerations are increasingly integrated into our financial planning and capital allocation through investments in resource efficiency and climate adaptation. We prioritize capital toward technologies that enhance the sustainability and reliability of our operational profile.</p> <p>Our Climate Transition Plan recognizes the climate-nature nexus by targeting significant reductions in greenhouse gas emissions and increasing our reliance on renewable energy sources.</p> <p>Our strategy is assessed through regular climate scenario analyses, which evaluate the resilience of our business model under various temperature trajectories following guidance from the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS). This process allows us to anticipate and mitigate physical risks, such as extreme weather disruptions and changes in forest productivity, while identifying transition opportunities in the low-carbon bioeconomy. We are currently exploring nature scenario analysis to better understand how trajectories of ecosystem change may affect our value chains and financial performance.</p> <p>This resilience is underpinned by a robust governance structure where the Board of Directors and its committees provide high-level oversight of nature-related dependencies, impacts, risks, and opportunities. Operating in highly regulated jurisdictions, we leverage stringent legal frameworks and comprehensive internal controls to ensure business continuity and compliance. 100% of our pulp mills' Environmental Management Systems are certified to ISO 14001.</p> <p>To maintain resilience across diverse scenarios, we implement a multi-layered mitigation approach focused on resource security and operational agility:</p> <ul style="list-style-type: none"> <li>• <b>Third-Party Certification:</b> 100% of Mercer-managed forest areas are certified to the SFI Sustainable Forest Management standard.</li> <li>• <b>Supply Chain Traceability:</b> 100% of our manufacturing facilities maintain third-party PEFC and/or FSC Chain of Custody certifications, ensuring all fiber originates from low-risk, and responsible sources.</li> <li>• <b>Resource and Logistics Diversification:</b> We actively diversify fiber supply baskets and optimize transport routes to protect against localized ecosystem disturbances or extreme weather events.</li> <li>• <b>Scientific and Technical Innovation:</b> We engage in collaborative research for climate-smart forestry and utilize global tools like the WWF Risk Filter Suite to regularly assess our business for nature-related risks and opportunities.</li> </ul>	<p>SR: Sustainable Forestry and Biodiversity (<a href="#">page 21-27</a>); Climate Action (<a href="#">page 28-37</a>) Resource Use and the Circular Bioeconomy (<a href="#">page 41-45</a>); Enterprise Risk Management (<a href="#">page 83-84</a>)</p> <p>10K: Climate Change (<a href="#">page 24-26</a>); Commitment to Sustainability (<a href="#">page 28-29</a>)</p>
<p><b>d. Disclose the locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations</b></p>	<p>The TNFD defines priority locations as sites where operational assets and/or activities either interface with ecologically sensitive areas and/or where material nature-related dependencies, impacts, risks and opportunities have been identified.</p> <p>All of Mercer's direct manufacturing sites have been assessed as priority locations, however robust measures and actions are taken to avoid potential negative impacts and minimize risks.</p>	<p>SR: Sustainable Forestry and Biodiversity (<a href="#">page 21-27</a>)</p> <p>10K: Climate Change (<a href="#">page 24-26</a>); Climate Risk Factors (<a href="#">page 36-37</a>)</p>

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<b>Risk and Impact Management</b>		
<p><b>a. (i) Describe the organization's processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its direct operations</b></p> <hr/> <p><b>(ii) Describe the organization's processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s)</b></p> <hr/> <p><b>b. Describe the organization's processes for managing nature-related dependencies, impacts, risks and opportunities</b></p> <hr/> <p><b>c. Describe how processes for identifying, assessing, prioritizing and monitoring nature-related risks are integrated into and inform the organization's overall risk management processes</b></p>	<p>Mercer recognizes the importance of understanding and responsibly managing its interfaces with nature. We employ a multi-faceted approach to identify, assess, prioritize, and manage nature-related dependencies, impacts, risks, and opportunities across our direct operations and wider value chain. This process informs our enterprise risk management.</p> <p><b>Identification, Assessment, and Prioritization:</b> Our approach includes the following key elements:</p> <ul style="list-style-type: none"> <li>• <b>LEAP Framework:</b> We utilize the TNFD LEAP (Locate, Evaluate, Assess, and Prepare) framework to systematically analyze nature-related factors. This analysis covers our direct operations and, where feasible, extends to our upstream and downstream value chains.</li> <li>• <b>Sustainable Forest Management:</b> We incorporate the identification and management of biodiversity-related Values, Objectives, Indicators, and Targets (VOITs) within our Forest Management Plans specifically for our Mercer-managed forests in Peace River, Alberta.</li> <li>• <b>Climate Scenario Analysis:</b> We conduct climate scenario analysis to understand potential future impacts and risks related to nature and are increasingly integrating nature considerations into these analyses.</li> <li>• <b>Third-Party Certification:</b> We maintain third-party forest certifications and strive to increase the share of certified fiber sourced, demonstrating our commitment to sustainable forest management practices in our own operations and supply chain.</li> <li>• <b>Sustainability Governance:</b> Our corporate governance and sustainable purchasing policies guide our decisions and actions to minimize negative impacts and promote responsible sourcing.</li> <li>• <b>External Factors:</b> We incorporate changes in regulations, external benchmarks, stakeholder engagement and market conditions to identify, assess and manage nature-related impacts and risks.</li> </ul> <p><b>Integration with Risk Management:</b> The outcomes of these identification, assessment, and prioritization processes are integrated into our enterprise risk management processes. On an ongoing and at least quarterly basis, nature-related risks are reviewed by the Board of Directors and Executive Management. Risks are evaluated based on timeframe, likelihood and financial impact (magnitude). The management of nature-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. This integration ensures that nature-related factors are considered in our overall risk management strategy, informing decision-making and risk mitigation efforts.</p>	<p>SR: Sustainable Forestry and Biodiversity (<a href="#">page 21-27</a>); Climate Action (<a href="#">page 28-37</a>); Water Management (<a href="#">page 46-49</a>); Enterprise Risk Management (<a href="#">page 83-84</a>)</p> <p>PC: ESG Oversight (<a href="#">page 28-29</a>); Sustainable Operations (<a href="#">page 62-68</a>)</p> <p><a href="#">Mercer Peace River Pulp Ltd. (West) 2019 forest management plan</a></p> <p><a href="#">Mercer Peace River Pulp Ltd. (East) 2019 forest management plan</a></p>
<b>Metrics and Targets</b>		
<p><b>a. Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process</b></p> <hr/> <p><b>b. Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature</b></p>	<p>Mercer measures and discloses on a comprehensive set of metrics and indicators across our manufacturing sites that are used to assess and manage nature-related risks and opportunities in line with our strategy and risk management process.</p> <p>Key nature-related metrics and indicators include but are not limited to:</p> <ul style="list-style-type: none"> <li>• GHG emissions</li> <li>• Air quality</li> <li>• Water use and water quality</li> <li>• Energy consumption</li> <li>• Share of certified fiber sourced</li> </ul> <p>In Alberta, our sustainable forest management practices are guided by 52 indicators, of which 29 contribute to biodiversity spanning four levels: landscape, local/stand, species, and genetic diversity. These indicators provide a detailed picture of ecosystem health and resilience, addressing elements such as forest age-class distribution, diversity of patch sizes across the landscape, downed woody debris (deadwood), the identification and protection of sensitive biodiversity sites, and the extent of our continuous reserve network that supports wildlife movement and habitat connectivity across the landscape.</p>	<p>SR: Our Sustainability Approach (<a href="#">page 17-19</a>); Sustainable Forestry and Biodiversity (<a href="#">page 21-27</a>); Climate Action (<a href="#">page 28-37</a>); Performance Data Tables (<a href="#">page 89-94</a>)</p> <p><a href="#">Mercer Peace River Pulp Ltd. (West) 2019 forest management plan</a></p> <p><a href="#">Mercer Peace River Pulp Ltd. (East) 2019 forest management plan</a></p>

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<b>Metrics and Targets</b>	<p data-bbox="512 224 1438 314">Mercer has set several 2030 strategic sustainability goals to manage our material nature-related dependencies, impacts, risks and opportunities. These goals are designed to address key drivers of nature change and support alignment with the mission of the Kunming-Montreal Global Biodiversity Framework. Progress toward these goals is monitored regularly and overseen at the highest level by our Board of Directors to ensure alignment with our long-term resilience strategy.</p> <p data-bbox="512 340 949 358">Key Nature-Related Targets and Performance Indicators:</p> <ul data-bbox="512 360 1438 674" style="list-style-type: none"> <li data-bbox="512 360 1438 449">• <b>Sustainable Sourcing &amp; Biodiversity:</b> We have committed to sourcing 75% of our wood fiber from third-party certified sources by 2030, with 100% sourced from sustainable and responsible sources. Currently, 100% of our Mercer-managed forests are certified to the SFI Sustainable Forest Management standard. In 2025, 66% of our fiber came from third-party certified sources.</li> <li data-bbox="512 451 1438 515">• <b>Climate Change Mitigation:</b> To address climate change as a primary driver of nature loss, we aim to reduce Scope 1 GHG emissions intensity by 50% per tonne of pulp by 2030 from a 2019 baseline and achieve 90% renewable energy use across our operations.</li> <li data-bbox="512 517 1438 562">• <b>Water Stewardship:</b> Recognizing our dependency on freshwater, we have set a goal to reduce pulp mill water withdrawal intensity by 10% by 2030 from a 2019 baseline.</li> <li data-bbox="512 563 1438 628">• <b>Circular Bioeconomy:</b> To minimize waste and promote carbon storage, we aim to reduce pulp mill waste to landfill intensity by 30% by 2030 and achieve 200% growth in carbon stored in our mass timber products by 2030 from a 2024 baseline.</li> <li data-bbox="512 629 1438 674">• <b>Operational Excellence:</b> We are working toward a 5% improvement in chemical and fiber utilization rates and a 5% improvement in energy intensity by 2030 to reduce our overall pressure on natural resources.</li> </ul> <p data-bbox="512 700 1438 788">Our performance against these goals is publicly disclosed annually in our Sustainability Report, ensuring transparency in how we manage the ecological integrity of the landscapes in which we operate. By integrating these goals and targets into our executive oversight and capital allocation processes, Mercer remains committed to halting biodiversity loss and supporting the sustainable use of natural resources.</p>	<p data-bbox="1534 224 1985 289">SR: Our Sustainability Approach (<a href="#">page 17-19</a>); Sustainable Forestry and Biodiversity (<a href="#">page 21-27</a>); Climate Action (<a href="#">page 28-37</a>); Performance Data Tables (<a href="#">page 89-94</a>)</p> <p data-bbox="1534 315 1910 360"><a href="#">Mercer Peace River Pulp Ltd. (West) 2019 forest management plan</a></p> <p data-bbox="1534 386 1910 431"><a href="#">Mercer Peace River Pulp Ltd. (East) 2019 forest management plan</a></p>

# CONTACT INFORMATION

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