MERCER

Fit for Future
Transition and Transformation

MERCER INTERNATIONAL INC.
SUSTAINABILITY REPORT 2023

Ⓐ This symbol denotes limited assurance of key performance indicators by PricewaterhouseCoopers LLP.

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Messages from Leadership

As the world changes, Mercer is changing with it. This year we've leaned into the connected ideas of Transition and Transformation as we prepare our business for a more sustainable future — one that's powered by innovation, strategic acquisitions and an unwavering commitment to our stakeholders.

Juan Carlos Bueno

The theme of this report, Transition and Transformation, aptly reflects our shift at Mercer towards a more sustainable and resilient future. We are moving beyond our traditional focus on pulp and embracing a path that balances innovation with environmental stewardship. This plays out in every aspect of our business, including:

- **Our 2022 acquisition of a high-performing, fully integrated sawmill in Torgau, Germany:** This strategic acquisition has enhanced our global footprint while diversifying our company. By expanding our focus to include both lumber and mass timber, we are not just making sound business decisions but also actively contributing to reducing greenhouse gas (GHG) emissions by using these carbon-storing materials to replace products with large carbon dioxide (CO_2) footprints.

- **Our June 2023 acquisition of Structurlam:** Mass timber, a sustainable alternative to concrete and steel, aligns with our goal to provide low-carbon solutions by contributing to carbon sequestration and reducing fossil fuel consumption.

The Structurlam acquisition provides us with significant additional glulam beam and cross-laminated timber (CLT) panel market capacity, which will allow our mass timber business in North America to grow and eventually lead in this emerging field.

- **The August 2023 inauguration of our lignin plant in Rosenthal, Germany:** Its opening marked a significant transformation in our sustainability journey and our role in contributing towards a net-zero future. With its versatile applications, from batteries to epoxy resins, lignin offers a sustainable alternative to traditional fossil-fuel-based materials. Our innovative €10 million pilot facility is capable of producing 1 tonne of lignin daily; our intent is to collaborate with various institutions for additional exploration and subsequent investment in a larger-scale facility — further proof of our commitment to innovation and sustainability.

- **Our joint venture Performance BioFilaments Inc.:** By supplying nanocellulose additives derived from pulp, Performance BioFilaments significantly enhances materials and chemicals used across diverse sectors, from aerospace to consumer goods. These innovations are more than just technological advances — they are tangible expressions of our vision to transform biomass into bioproducts and steer the world towards a more sustainable future.

None of these efforts are solitary endeavors.

In my conversations with our dedicated employees across all our mills, I heard many ideas for reducing GHG emissions, enhancing operational efficiency and improving our environmental footprint. We also conducted a company-wide survey in September. Each member of the Mercer family plays a vital role in creating a sustainable world, and their well-being and engagement are paramount to this role. About 1,500 participants contributed to the survey, sharing crucial insights that reflect our commitment to both shareholder value and social and environmental responsibility.

With customers, I also heard strong interest in our transition towards greater environmental stewardship. Beyond price and volume, they highlighted our sustainability targets as being a vital criterion in their supplier selection process. Like us, many of our key customers are signatories to the Science Based Targets initiative (SBTi). Our collective commitment not only aligns us more closely but also demonstrates our shared dedication to sustainably managed forests.

Finally, we extended our conversations to our suppliers, encouraging them to elevate their own environmental and social standards and recognize that we are all — customers, suppliers, competitors and ourselves — part of a larger interconnected ecosystem.

It is clear that our journey towards sustainability is a collaborative effort in which the aspirations and actions of our entire value chain are intertwined. From the advancements at our Rosenthal lignin plant to our strategic expansion into mass timber, our commitment to innovation and environmental stewardship is consistently growing. The insights we gain from our employees, the ambitions we share with our customers and suppliers, and the proactive steps we have taken towards operational excellence and carbon reduction converge to form a unified path that is leading us towards the accomplishment of our 2030 aspirational goals.

With pride and responsibility, we continue to pave the way to a greener, more sustainable world.

Juan Carlos Bueno
President and CEO

For information and a description of, among other things, our business, operations, including our mills, human resources, results of operations, capital expenditures, innovations, climate change and the risk factors we face, please see our annual report on Form 10-K for the year ended December 31, 2023, and filed February 15, 2024, a copy of which is available on our corporate website (mercerint.com/investors/reports-filings) and on the United States Securities and Exchange Commission's Electronic Data Gathering, Analysis and Retrieval system (sec.gov/edgar/browse/?CIK=0001333274).

Bill Adams

VICE PRESIDENT, SUSTAINABILITY AND INNOVATION

ABOUT THIS REPORT

This is our third year of reporting on our sustainability framework and obtaining third-party limited assurance of select performance metrics. In respect to prior years' assurance, please refer to our 2022 Sustainability Report and 2021 Sustainability Report on our website. This year, six main sections cover our strategic goals:

- To continuously improve environmental performance.
- To mitigate climate change.
- To continuously improve resource efficiency and advance the circular bioeconomy.
- To sustainably manage forests.
- To embrace social responsibility.
- To enhance stakeholder and rights holder engagement.

We are also highlighting new developments, such as our Materiality Assessment (see pages 6 and 7). In Europe, the new Corporate Sustainability Reporting Directive (CSRD) requires companies to report their sustainability data, including impacts, risks and opportunities — and by impacts, the CSRD means both positive and negative effects on the environment and society. It does not come into effect for our European operations until 2026 for the 2025 fiscal year, but we are striving to adopt many of its principles in advance. At Mercer, we believe that enhanced disclosure provides a more transparent view of our progress and highlights our

desire to continue as an industry leader in environmental, social and governance (ESG) performance and disclosure. Our materiality assessment aims to look at both sustainability-related risks and opportunities that affect our business performance and sustainability decisions as well as how our business impacts environmental and social factors.

Our climate disclosure continues to include the Scope 3 GHG emissions related to our supply chain. To help reduce our Scope 3 emissions, we have collaborated with our suppliers and customers to pursue capital investments and initiatives such as our woodroom at Mercer Peace River (MPR), which allows us to process logs into chips in a much more sustainable way with less carbon-intensive transportation and manufacturing. We also increased the use of high-tech rail cars instead of trucks to transport logs to our German mills, which reduces our supply chain CO_2 emissions. This year, we have also added Scope 3 emissions to the third-party assurance obtained from our independent auditors, who review and express a conclusion on select KPIs (please see pages 94 and 95).

In addition to using three key frameworks — the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) — to guide this report, we have also embraced the recommendations of the Taskforce on

Nature-related Financial Disclosures (TNFD), a new global, market-led initiative that supports organizations in assessing, reporting and acting on their nature-related dependencies, impacts, risks and opportunities. This year, we have highlighted our progress towards our TNFD disclosure by conducting a detailed biodiversity assessment using the TNFD's LEAP (locate, evaluate, assess and prepare) approach and emphasized how we have worked to mitigate fire disturbances by salvaging fire-impacted forests.

You will also find coverage of our 2023 acquisition of two more CLT plants and our development of a pilot lignin-extraction plant at our Rosenthal pulp mill. These investments speak to our intention to diversify both the company and our product line, in keeping with the theme of this year's report, Transition and Transformation.

Finally, you will have read about our latest employee survey in Juan Carlos Bueno's letter on the previous pages. It is important for us to hear from our people to make sure they are both content and engaged in the work they do. Equally critical is an understanding of and commitment to our corporate goals as we work together to make Mercer fit for the future through transition and transformation.

Bill Adams
Vice President, Sustainability and Innovation

MATERIALITY ASSESSMENT

In anticipation of the implementation of the European Corporate Sustainability Reporting Directive, we have begun reviewing our process for conducting a double materiality assessment and are working to align with guidance from the European Financial Reporting Advisory Group (EFRAG).

The double materiality approach facilitates the inclusion of sustainability issues from two perspectives: financial materiality, which addresses sustainability-related issues that impact company value such as profitability, cash flow and development, and impact materiality, which includes a company's impacts on the environment and society, such as carbon emissions, workforce diversity and human rights.

Mercer completed materiality assessments in 2021 and 2022, and they provided a solid foundation for achieving CSRD compliance. In 2023, we developed the following three-step process to outline how Mercer will conduct a double materiality assessment in line with the CSRD:

1. Understand and Identify Relevant Issues
The first step in analyzing materiality is to take stock of the business context and map out the value chain across direct, upstream and downstream operations. From there, it is essential to identify all key stakeholders — including those who could be affected by Mercer's value chain activities — as well as those with a potential interest in Mercer's

sustainability-related information. This two-part step allows us to identify a broad range of potential sustainability areas that could be significant for Mercer and our stakeholders, minimizes the risk of overlooking any emerging issues and ensures that we conduct a thorough and credible analysis.

We are using our 2022 Materiality Assessment as a starting point. The issues we considered for that analysis were identified through internal and external stakeholder engagement activities, which explored the nature of our company, value chain, stakeholder map and impacted audiences. We also consulted external sources — including industry-level sustainability reporting standards such as the GRI and the SASB, ESG rating criteria, benchmarks and the United Nations (UN) Sustainable Development Goals (SDGs).
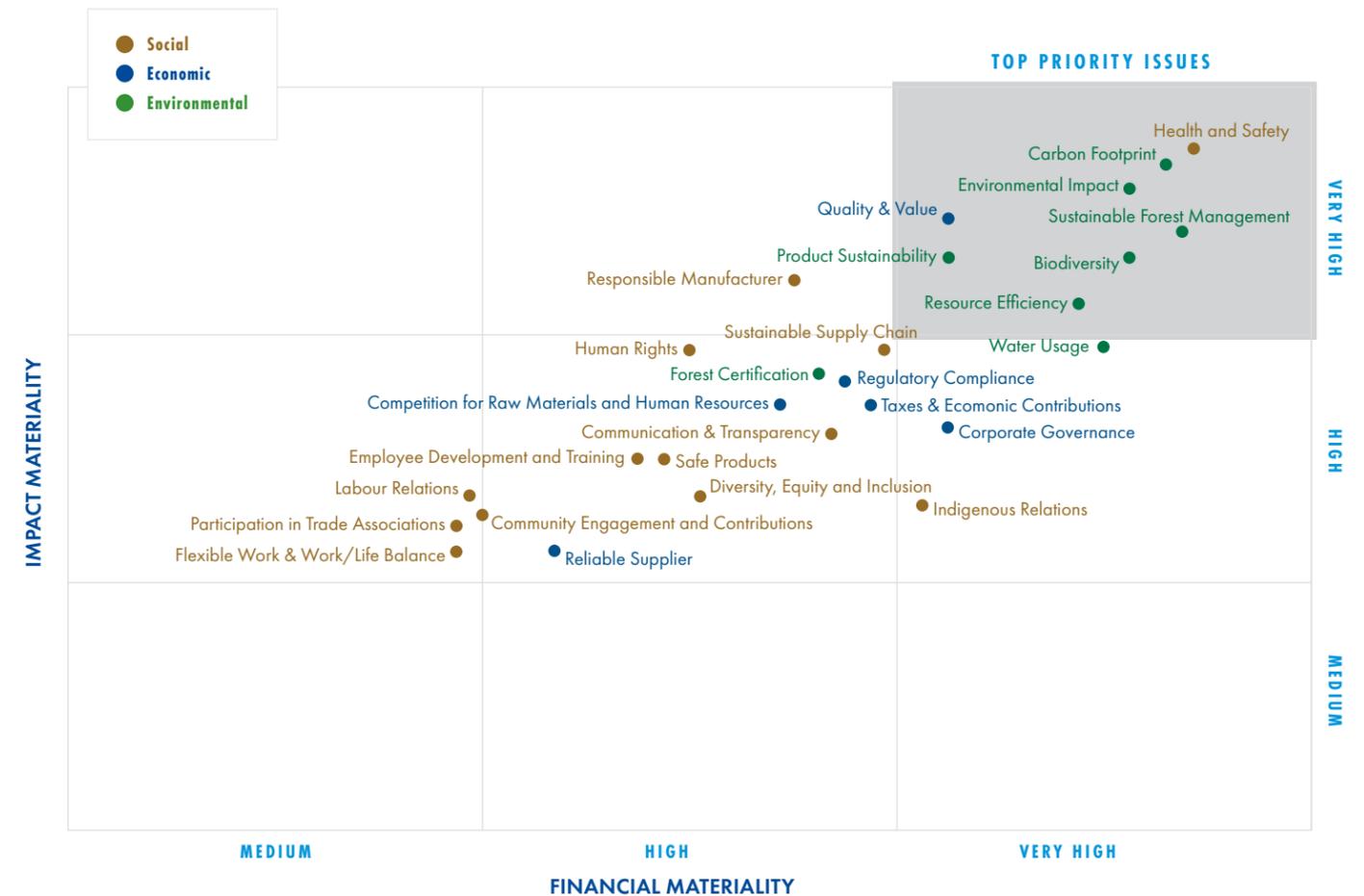
2. Define and Assess Impacts, Risks and Opportunities (IROs)
The second step is to assess the relevant issues from two perspectives: impacts on society and the environment (impact materiality), and impacts on company value (financial materiality). From an impact materiality perspective, we consider positive and negative impacts across the value chain, including how they may change over the short, medium and long term. For financial materiality, we consider opportunities and risks — both present and future — based on business dependencies across the value chain, and examine how they may change over time.

3. Determine Material IROs and European Sustainability Reporting Standards (ESRS) Mapping
The third step is to look at the detailed list of IROs that emerged from the previous step. The IROs can be weighted to determine their materiality by using a defined scoring mechanism and threshold. Throughout this multi-part step, we integrate stakeholder considerations to validate the IROs and their materiality scoring; we also take the IROs determined as material and map them against the sustainability matters defined by the ESRS. Finally, we review and validate the results of the assessment with internal subject matter experts and key business function leaders, such as our Sustainability and Enterprise Risk Management team.

In 2023, we produced a materiality matrix (opposite) to visualize the impacts on Mercer's value, on society and on the environment with a global perspective. In doing so, we revised the results of Mercer's 2022 Materiality Assessment (with a double materiality lens) through stakeholder engagement. In 2024, we plan to use the approach described above to conduct a full double materiality assessment and disclose key sustainability-related information on each issue in line with the ESRS requirements.

Legend:
- Social
- Economic
- Environmental

TOP PRIORITY ISSUES

IMPACT MATERIALITY (vertical axis): MEDIUM, HIGH, VERY HIGH
FINANCIAL MATERIALITY (horizontal axis): MEDIUM, HIGH, VERY HIGH

Plotted issues: Health and Safety, Carbon Footprint, Environmental Impact, Sustainable Forest Management, Quality & Value, Product Sustainability, Biodiversity, Responsible Manufacturer, Resource Efficiency, Sustainable Supply Chain, Water Usage, Human Rights, Forest Certification, Regulatory Compliance, Competition for Raw Materials and Human Resources, Taxes & Economic Contributions, Communication & Transparency, Corporate Governance, Employee Development and Training, Safe Products, Labour Relations, Diversity, Equity and Inclusion, Indigenous Relations, Participation in Trade Associations, Community Engagement and Contributions, Flexible Work & Work/Life Balance, Reliable Supplier

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Who We Are

Our vision is to transform biomass into bioproducts for a more sustainable world. But this wouldn't be possible without a strong values foundation — and a sustainability framework that creates positive impacts on society and the planet.

Vision, Values and Pillars

VISION

Transforming biomass into bioproducts for a more sustainable world.

Be Safe and Healthy.
- We believe that nothing is more important than the health and safety of our people and all stakeholders.
- We are dedicated to continuously improving our processes, being individually accountable and promoting comprehensive safety awareness.

Be Sustainable.
- We believe in the balance of social, environmental and economic values that support our sustainable enterprise and our drive to make sustainable products.
- We are accountable to our stakeholders and strive to improve our performance over time.

VALUES

Our values are the foundation of our identity, shaping ethical decisions and strategic direction.

Be Respectful.
- We believe that a culture of diversity and inclusion is critical in making the best decisions for our people and achieving sustainable business success.
- We strive to provide an inclusive culture by fostering an environment of mutual respect and fairness and by providing opportunities to contribute and grow.

Be Bold.
- We encourage an entrepreneurial spirit that courageously and tenaciously pursues opportunity and change.
- We value innovation and unique approaches to problem-solving. In our pursuit of excellence, we strive to develop novel ideas, solutions and opportunities.
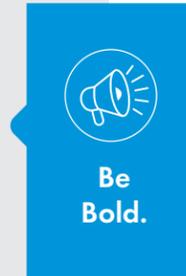
BUSINESS PILLARS

Underpinning our vision of transforming biomass into bioproducts for a sustainable world, our strategy is built on four core pillars: financial, synergistic diversification and operations, circular economy, and people and safety. They not only guide our daily operations but also anchor our commitment to sustainability, innovation and ethical practices. Together, they enable us to transform our vision into reality and make a significant contribution to the pursuit of a more sustainable world. Each one is essential to our sustainable growth and operational excellence.

FINANCIAL
Disciplined and profitable growth

SYNERGISTIC DIVERSIFICATION AND OPERATIONS
Balanced and growing portfolio

CIRCULAR ECONOMY
Sustainable leadership

PEOPLE AND SAFETY
Engaged stakeholders

Sustainability Framework

At Mercer, our sustainability strategy is integrated into our business strategy and described in our sustainability framework. This framework is our roadmap to creating positive impacts for society and the planet. It serves as a tool to align our environmental, social and economic goals with our business strategies, operations and performance.

Our membership in the UN Global Compact, which emphasizes responsible practices in the areas of human rights, labor, the environment and anti-corruption, reinforces our commitment to creating positive impacts. Through our membership, we have identified the SDGs to which our operations and products can make meaningful contributions. Our participation in the UN Global Compact SDG Ambition Accelerator in early 2024 has been a key initiative to accelerate action and further align our sustainability ambitions with the global sustainability agenda.

Our 2030 aspirational goals have specific, measurable targets. We are committed to:

- Maintaining a strong social license to operate.
- Sourcing 80 percent of our wood fiber from certified forests.
- Achieving a 35 percent reduction in direct and indirect GHG emissions.
- Reducing water consumption by 10 percent.
- Improving resource efficiency by 5 percent.
- Eliminating process waste.
- Leading in nature-based climate solutions.

These targets are not just aspirational but concrete commitments to making a tangible impact on sustainable development, both locally and globally. At Mercer, our dedication to achieving these goals showcases our role as a proactive contributor to a sustainable future.

Sustainability Framework	2030 Aspirations	UN Sustainable Development Goals	Pages
Continuously Improve Environmental Performance	Elimination of process waste	6 CLEAN WATER AND SANITATION, 15 LIFE ON LAND	25–31
Mitigate Climate Change	35% reduction in CO₂e emissions and creating a pathway to net zero by 2050	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION	33–45
Continuously Improve Resource Efficiencies and the Circular Bioeconomy	10% reduction in water consumption	6 CLEAN WATER AND SANITATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	47–59
	5% improvement in resource efficiency	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 15 LIFE ON LAND	47–59
Sustainable Forestry	80% of fiber sourced from certified forests	15 LIFE ON LAND	61–69
Enhance Stakeholder and Rights Holder Engagement	75th percentile employee engagement and survey response rate	8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	71–77
	Deliver superior customer value proposition	8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	71–77
Embrace Social Responsibility	80% of employees understand and believe in diversity, equity and inclusion commitment	5 GENDER EQUALITY	79–85
	<1 total recordable injury rate, <15 injury severity, and an interdependent health and safety culture	8 DECENT WORK AND ECONOMIC GROWTH	79–85
	30% of new hires are women	5 GENDER EQUALITY	79–85
	Balanced EBITDA	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	79–85

MERCER supports the UN Sustainable Development Goals.

Product and Geographic Mix

Primary Products
- 🔵 Pulp
- 🟡 Lumber
- 🟠 Mass Timber
- 🟤 Pallets

Secondary Products
- 🔵 Biomaterials (Lignin, Cellulose Filaments)
- 🟤 Biofuels (Briquettes, Pellets)
- 🟢 Bioenergy (Electricity)
- 🟢 Biochemicals (Tall Oil, Turpentine, Methanol)

Bioservices
- ⚫ Procurement, Harvesting, Logistics

CANADA

Mercer Peace River and Peace River Transport 🔵🔵
PEACE RIVER, ALBERTA
MPR 330 EMPLOYEES, PRT 30 EMPLOYEES
475,000 HW/SW ADMTs PULP
65 MW BIOENERGY

Mercer Forestry Services ⚫
LUMBY, BRITISH COLUMBIA
70 EMPLOYEES
WOOD HARVESTING, LOGISTICS

Mercer International
VANCOUVER, BRITISH COLUMBIA
80 EMPLOYEES

Mercer Okanagan 🟠
PENTICTON, BRITISH COLUMBIA
95 EMPLOYEES
40,000 m³ CLT AND GLULAM

Mercer Celgar 🔵🟢🟢
CASTLEGAR, BRITISH COLUMBIA
405 EMPLOYEES
520,000 ADMTs PULP
100 MW BIOENERGY, BIOCHEMICALS

UNITED STATES

Mercer Spokane 🟠
SPOKANE VALLEY, WASHINGTON
85 EMPLOYEES
140,000 m³ CLT

Mercer Conway 🟠
CONWAY, ARKANSAS
65 EMPLOYEES
75,000 m³ CLT AND GLULAM

GERMANY

Mercer Stendal and Mercer Logistik 🔵🟢🟢🟢
ARNEBURG, SAXONY-ANHALT
MS 455 EMPLOYEES, ML 30 EMPLOYEES
740,000 ADMTs PULP
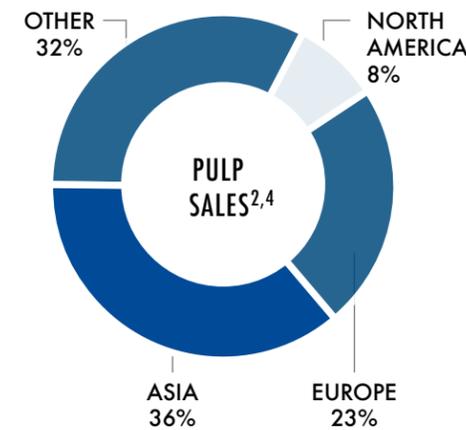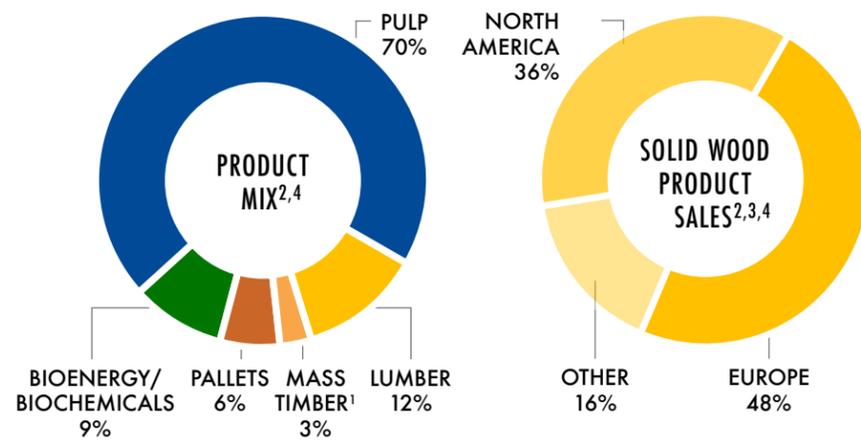148 MW BIOENERGY, BIOCHEMICALS, LOGISTICS

Mercer Europe and Mercer Pulp Sales
BERLIN
ME 25 EMPLOYEES, MPS 10 EMPLOYEES

Mercer Torgau 🟡🟤🟢
TORGAU, SAXONY
770 EMPLOYEES
410 MMfbm LUMBER
17 MILLION PALLETS
230,000 TONNES BIOFUELS
15 MW BIOENERGY

Mercer Holz ⚫
ROSENTHAL AM RENNSTEIG, THURINGIA
195 EMPLOYEES
WOOD PROCUREMENT, HARVESTING, LOGISTICS

Mercer Rosenthal 🔵🟢🟢🟢
ROSENTHAL AM RENNSTEIG, THURINGIA
380 EMPLOYEES
360,000 ADMTs PULP
57 MW BIOENERGY, BIOCHEMICALS, BIOMATERIALS

Mercer Timber Products 🟡🟢🟢
SAALBURG-EBERSDORF, THURINGIA
450 EMPLOYEES
550 MMfbm LUMBER
13 MW BIOENERGY

No. of Employees[5]	3,508
2023 Sales (US $ millions)	1,994

Annual Production Capacity

Pulp (ADMT)	2.3 million
Lumber (MMfbm)	960
CLT (m³)	210,000
Glulam (m³)	45,000
Pallets (units)	17 million
Biofuels (metric tonnes)	230,000
Bioenergy (MW)	426.5

ADMT	Air-dried metric tonnes
CLT	Cross-laminated timber
MMfbm	Million board feet
m³	Cubic meters
MW	Megawatts

PRODUCT MIX[2,4]
- PULP 70%
- LUMBER 12%
- MASS TIMBER[1] 3%
- PALLETS 6%
- BIOENERGY/BIOCHEMICALS 9%

SOLID WOOD PRODUCT SALES[2,3,4]
- NORTH AMERICA 36%
- EUROPE 48%
- OTHER 16%

PULP SALES[2,4]
- OTHER 32%
- NORTH AMERICA 8%
- EUROPE 23%
- ASIA 36%

2023 pulp production: 1,965,581 ADMT
(includes 50% of Cariboo Pulp and Paper pulp production)

2023 pulp production for four mills owned 100% by Mercer: 1,821,940
- 🔵 2023: 1,821,940 ADMT
- 2022: 1,737,688 ADMT

[1] Includes CLT, glulam and finger joint lumber.

[2] Based on 2023 revenue.

[3] Includes lumber, mass timber products, pallets, biofuels, energy and wood residuals.

[4] Numbers may not add up due to rounding.

[5] Employee numbers are approximate as at December 31, 2023.

History and Product Growth

Making the transition from fossil-fuel-based materials to renewable materials is essential to mitigating the impacts of climate change. We are well positioned to leverage our experience and expertise in the full use of biomass to develop such materials. We owe much of our success to the pursuit of diversification, focusing on our current assets to see where growth — both in capacity and new products — is possible. We also work to build synergies between our operations to become more efficient and create value.

Operation Acronyms

Mercer Celgar	MC
Mercer Mass Timber	MMT
• Mercer Conway	MMTC
• Mercer Okanagan	MMTO
• Mercer Spokane	MMTS
Mercer Peace River	MPR
Mercer Rosenthal	MR
Mercer Stendal	MS
Mercer Timber Products	MTP
Mercer Torgau	MT

Pulp Production Capacity in ADMTs — 2,300,000

Bioenergy Production Capacity in MW — 426.5

Lumber Production Capacity in MMfbm — 960

Mass Timber Production Capacity (CLT and Glulam) in m³ — 255,000

Pallet Production Capacity in units — 17,000,000

Biofuels Production Capacity in metric tonnes — 230,000

Chart values:
- 160,000 (1994)
- 0 (1994)
- 550 (2017)
- 140,000 (2021)

Timeline years: 1994, 1999, 2004, 2005, 2007, 2010, 2013, 2017, 2018, 2021, 2022, 2023, 2024

1994	1999	2004	2005	2007	2010	2013	2017	2018	2021	2022	2023
MR Acquisition	MR Expansion	MS Open	MC Acquisition	MC Investment	MC Investment	MS Investment	MTP Acquisition	MPR Acquisition	MS Investment / MMTS Acquisition	MT Acquisition	MMTC Acquisition / MMTO Acquisition

3
What We Do

At Mercer, transformation relies on four growth engines: (1) Evolving Softwood Core, (2) Proprietary Pulp Products, (3) Value-Added Mass Timber and (4) Biomass and Carbon Transformation. It also depends on active engagement and collaboration with our customers.

PRODUCTS OF MERCER

Pulp	Biomaterials	Bioservices
Lumber	Biofuels	
Pallets	Bioenergy	
Mass Timber	Biochemicals	

GROWTH ENGINES

Our sustainability strategy is integrated into four fundamental growth engines that align with our overarching vision of "Transforming biomass into bioproducts for a more sustainable world." These growth engines are the cornerstone of our approach, guiding our actions and decisions with a commitment to sustainability and operational excellence. They are:

EVOLVING SOFTWOOD CORE

Expand our softwood lumber operations

PROPRIETARY PULP PRODUCTS

Strengthen our pulp operations, prioritizing a return on assets

VALUE-ADDED MASS TIMBER

Improve our competitiveness on mass timber while pursuing aggressive growth on our current asset base

BIOMASS AND CARBON TRANSFORMATION

Innovate towards further biomass and carbon transformation

BIOPRODUCTS AND BIOSERVICES

PRIMARY BIOPRODUCTS

PULP

Northern Bleached Softwood Kraft

Northern Bleached Hardwood Kraft

LUMBER

European Dimension Lumber

North American Dimension Lumber

Japanese Dimension Lumber

PALLETS

EPAL Pallets

MASS TIMBER

Cross-Laminated Timber

Glued-Laminated Timber

SECONDARY BIOPRODUCTS

BIOMATERIAL

Lignin

Cellulose Filaments

BIOFUELS

Methanol

Briquettes

Pellets

BIOENERGY

Electricity

BIOCHEMICALS

Tall Oil

Turpentine

BIOSERVICES

Wood and Transport Logistics

Harvesting

Purchasing

Customer Engagement and Interests

"When engaging with customers in our annual negotiations, we have always focused on a total value approach, consisting of scope of the business, commercial terms, quality and service," says Nils Hegerding, Vice President, Pulp Sales and Marketing for Europe, and Managing Director, Mercer Pulp Sales. "Presently, we are excited to incorporate a fifth critical aspect: CO_2 emissions."

Together to Net Zero

Nils elaborates: "Like Mercer, many of our customers have set greenhouse gas reduction targets for 2030 and towards a net-zero pathway by 2050. If they aim to reduce emissions by 30 or 35 percent, they will evaluate the CO_2 metrics of their suppliers rigorously." The metrics refer to customers' Scope 3 emissions, which include all GHG emissions linked to the products they procure from Mercer and other entities, including transportation within their supply chain. "So, maintaining minimal CO_2 emissions will be significantly advantageous, while failing to do so could pose a considerable challenge to staying competitive."

Strong transparency and active engagement characterize Mercer's approach to achieving our 2030 sustainability objectives. "Our participation in the Science Based Targets initiative is a testament to our commitment and aligns well with the values of many of our customers," says Nils. "In addition, we strive to ensure our sustainability practices are transparent and accountable by reporting to globally recognized platforms like CDP" — the Carbon Disclosure Project — "and publishing our comprehensive sustainability reports."

Comprehensive also describes our approach at Mercer to providing our customers with the specific CO_2 emissions associated with each delivery. "We incorporate the greenhouse gas emissions linked to the transportation of our products into this calculation. By doing so, we seek to provide a complete picture of the environmental impact of our deliveries, empowering our customers to make informed decisions in line with their own sustainability goals," explains Nils.

Nils highlights Mercer's significant advantage in terms of transportation efficiency in the European market. "Proximity to our customers in Europe is a key strength for us," he says.

He underlines our responsibility — to our customers and the planet — to reduce CO_2 emissions. To that end, at Mercer we are actively collaborating with our suppliers to encourage them to do the same. "Reducing our CO_2 emissions is not only essential for our planet," Nils notes. "It is a commitment to help our customers achieve their 2030 greenhouse gas targets." And our own as well.

KEY CUSTOMER INTERESTS

CLIMATE CHANGE	
PRODUCT SUSTAINABILITY	
SUSTAINABLE FORESTY	
COMMUNICATION AND TRANSPARENCY	
HUMAN RIGHTS	
RELIABLE SUPPLIER	
RESPONSIBLE MANUFACTURING	

"We strive to ensure our sustainability practices are transparent and accountable by reporting to globally recognized platforms and publishing our comprehensive sustainability reports."

Nils Hegerding
Vice President, Pulp Sales and Marketing for Europe; Managing Director, Mercer Pulp Sales

4

Continuously Improve Environmental Performance

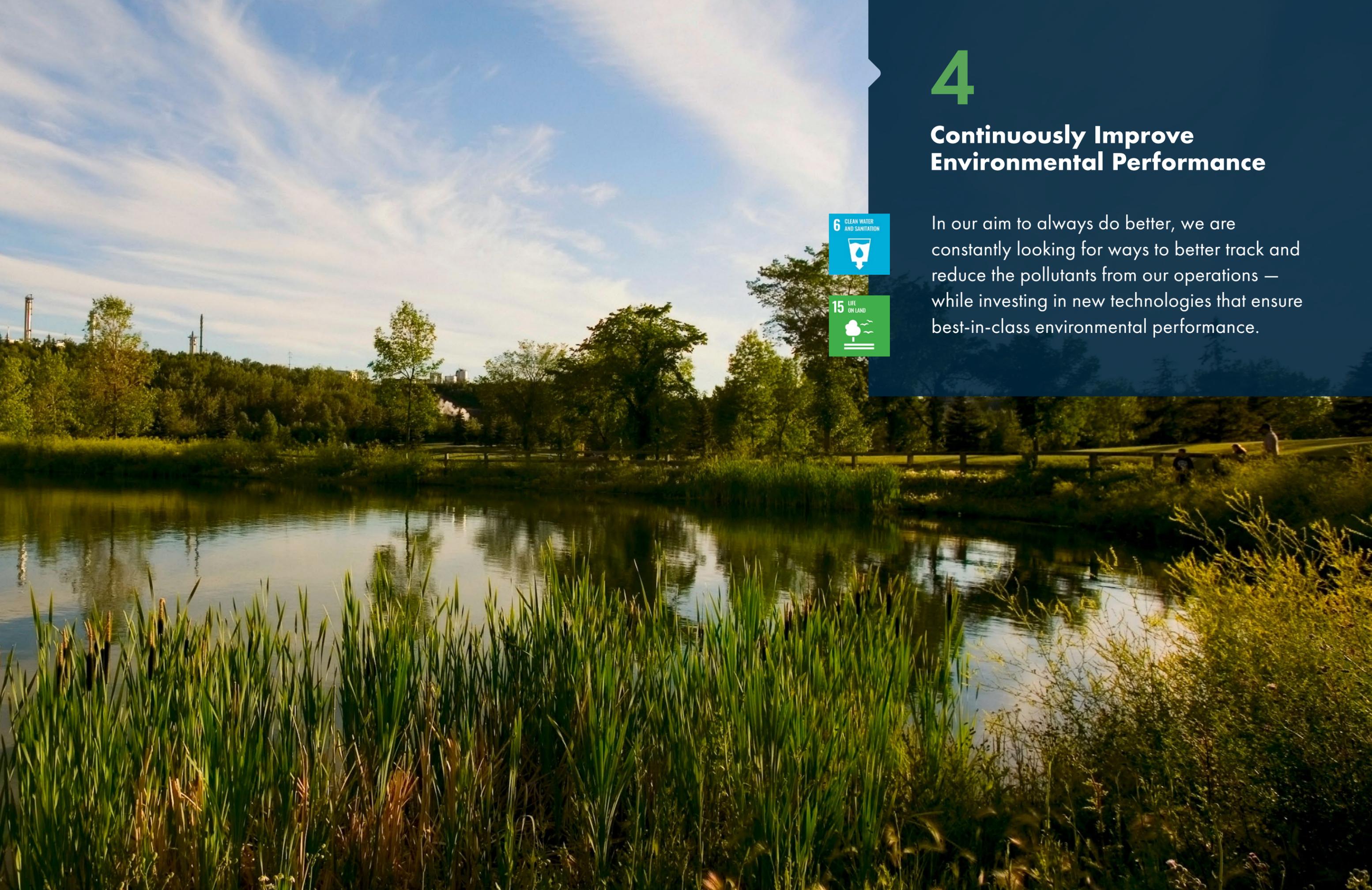In our aim to always do better, we are constantly looking for ways to better track and reduce the pollutants from our operations — while investing in new technologies that ensure best-in-class environmental performance.

6 CLEAN WATER AND SANITATION

15 LIFE ON LAND

Technology-Driven Product Innovation

"By embracing such advanced methods, we are addressing North America's pressing need for housing and contributing meaningfully to the global effort against climate change."

Todd Beyreuther
Director of Product at Mercer
Mass Timber

"Imagine the process of constructing a new housing complex with prefabricated modules made from cross-laminated timber, like building with Lego," enthuses Todd Beyreuther, Director of Product at Mercer Mass Timber. Todd brought this vision to life most recently at our state-of-the-art 253,000-square-foot plant in Spokane, Washington.

At Mercer, we supply heavy, 18-by-3.5-meter CLT floor and wall panels, replacing steel and concrete in large commercial buildings. Our new modular units represent a breakthrough, as they offer a cost-effective, repeatable system for houses, classrooms and industrial buildings. The modules create boxes almost 3 meters high — the width and length depend on the project — and multiple modules can be used to construct multi-story buildings.

CLT weighs less than traditional materials like steel or concrete, which allows for relatively quicker and more cost-effective construction. The prefabrication of CLT panels reduces labor demands and expedites construction timelines, crucial factors in rapidly addressing housing shortages. As well, CLT's strength and fire-resistance make it particularly suitable for residential construction projects, as it offers both safety and durability. CLT is an innovative construction material that can help to provide efficient, sustainable and affordable housing solutions.

Innovation at Mercer Mass Timber extends beyond our product. Advanced technology underpins everything we produce, from CLT panels and floors to our new modular units. We use computational design to engineer mass timber components and assemblies directly linked inside the building models of our partners' architects and engineers. These models link to our manufacturing files so we can achieve milling and sawing tolerances of ±0.10 millimeters.

Our Spokane plant boasts another innovation that improves product performance and reduces costs. Traditionally, large CLT panels were constructed from 2x6s graded by lumber mills. However, at Mercer we have introduced advanced electronic rating capabilities for in-house material grading. This allows us to optimize fiber usage, which supports sustainability and cost-efficiency. The lumber graded for strength goes into high-performance panels for more significant buildings; the remaining wood — which is still high-quality and aesthetically pleasing — is utilized where strength is less critical. This leading-edge grading system, under development since 2019, is on track for certification in 2024.

Mass timber, a relatively recent development in North America, signifies a significant advancement in sustainable building practices. Additionally, our delivery of modular construction represents an even newer development with substantial growth potential. The technological innovations at Mercer Mass Timber provide us with a competitive edge and demonstrate our commitment to environmentally responsible construction.

KPIs
Air Quality

⊛ SIGNIFICANCE

Air quality affects both human health and the environment. Investing in best available technologies helps us ensure that our operations can meet regulatory requirements and improve resource use efficiency. Our operations measure and monitor SO_2, NO_x and particulate matter.

◎ PROGRESS AND TARGETS

SO₂ (Sulfur Dioxide)

As part of the chemical recovery process, black liquor is burned in the recovery boiler, releasing SO_2 as a by-product of the reaction between the sulfur compounds in the black liquor and oxygen in the air.

The intensity of SO_2 emissions (kilograms of SO_2 per tonne of pulp) has declined over the last five years and is now back at normal levels after a spike in 2022 because of operational upsets at Mercer Celgar and enhanced emissions monitoring at Mercer Rosenthal.

SO₂ (kg/ADMT)

2022: 0.53, 2023: 0.48. ↓13% Over 5 Years
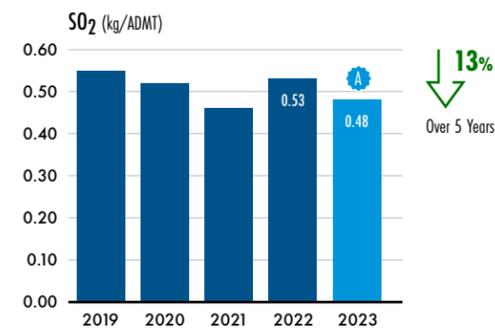
NOₓ (Nitrogen Oxide)

NO_x emissions from our pulp mills predominantly originate from burning fuels in our boilers. In 2023, NO_x emissions increased primarily due to operational upsets at Mercer Celgar and technological updates at Mercer Rosenthal, which resulted in a more accurate measurement of NO_x emissions in the CNCG boiler, following required updates in the second half of 2022.

NOₓ (kg/ADMT)

2022: 1.61, 2023: 1.71. ↑5% Over 5 Years
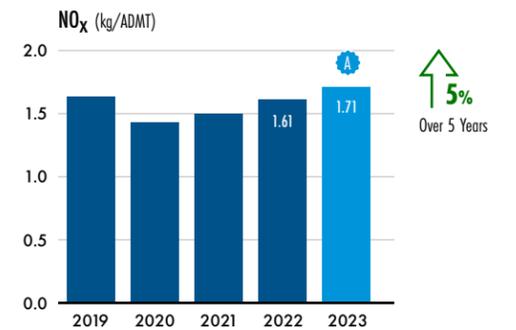
Particulates

Particulate matter is a mixture of solid and liquid particles that can be released into the atmosphere during various stages of our kraft pulp mill processes. The particulate air emissions (kilograms per tonne of pulp) have remained relatively stable over the past five years. There was an increase in 2023 primarily because of repairs to the recovery boiler at Mercer Celgar, which impacted particulate levels. We continue to implement initiatives at our mills to reduce this air quality parameter through process optimization and equipment upgrades.
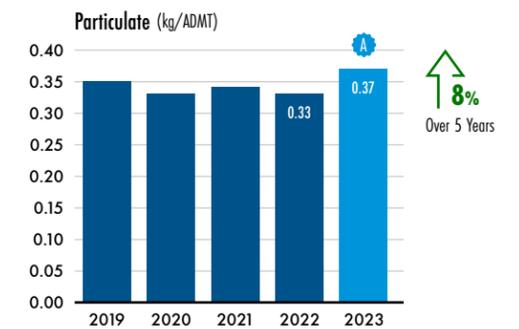
Particulate (kg/ADMT)

2022: 0.33, 2023: 0.37. ↑8% Over 5 Years

For more information on our progress towards our 2030 aspirational goals, including our operational goals, strategies and targets, please visit mercerint.com/sustainability.

ⓜ THE MERCER WAY

At Mercer, we are committed to minimizing environmental impacts resulting from air emissions from our operations. All four of our pulp mill operations are certified to the ISO 14001 Environmental Management System (EMS). We use EMS standards to carefully manage our air emissions and guarantee full regulatory compliance. These standards ensure we operate in accordance with leading maintenance practices and management systems. Mercer actively interacts with regulators and community members to discuss improvement opportunities that include eliminating odors that impact our local communities. Our Environmental Policy promotes the evaluation of potential risks to ensure they are addressed proactively.

Effluent and Wastewater Quality

★ SIGNIFICANCE

Access to fresh water is essential for life and is recognized by the United Nations as a human right. The amount of water withdrawn and utilized by an organization, and the quality of the discharged water, can significantly impact ecosystems. For example, damage of any description to a watershed can have broad social and economic consequences for the people who rely on it as a water source. Monitoring and measuring water quality provides empirical evidence of compliance with environmental laws and regulations.

Effluent emissions are important parameters in monitoring the performance of our wastewater treatment plants. They are indicators of process controls and the efficiency of our mills' mechanical and biological effluent treatment systems. Improving the quality of effluent from our mills' wastewater treatment plants to their respective rivers is key to reducing our environmental impact.

◎ PROGRESS AND TARGETS

AOX (Absorbable Organic Halogens)

AOX is a measure of halogens bound to the organic compounds present in the effluent discharged from a mill. Overall AOX levels improved by 14 percent in 2023 due to a slight reduction in bleaching chemical usage at our mills and improvements in the performance of Celgar's effluent aeration basin.

AOX (kg/ADMT)

2019	2020	2021	2022	2023
0.060	0.062	0.063	0.066	0.056

↓ 7% Over 5 Years
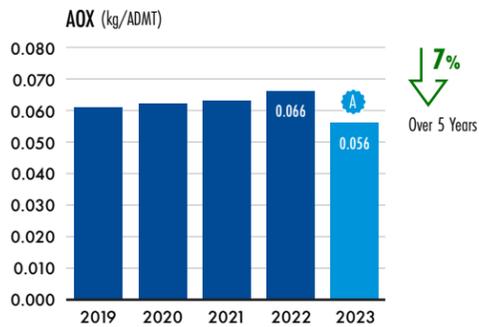
BOD (Biochemical Oxygen Demand)

BOD is a measure of the amount of oxygen required by microorganisms to break down organic matter in water. At Mercer, we use it to assess the amount of organic matter present in the effluent discharged from our mills and the short-term impact on the oxygen levels of the receiving water.

In 2023, BOD decreased by 23 percent compared to 2022 following operational upsets that resulted in elevated levels of BOD in 2021 and 2022 at our Mercer Peace River pulp mill. Overall, BOD has decreased by 3 percent over the last five years.

BOD (kg/ADMT)

↓ 3% Over 5 Years

Values shown: 2022 = 0.27, 2023 = 0.21
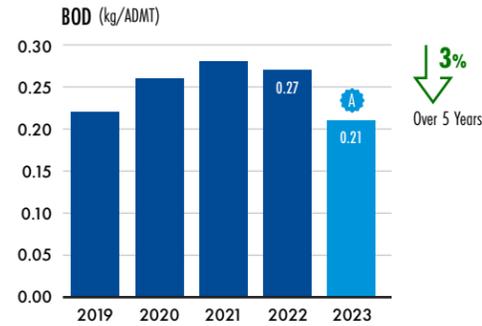
COD (Chemical Oxygen Demand)

COD is a measure of the amount of organic compounds that can be oxidized by a strong oxidizing agent under acidic conditions. At Mercer, we use it to assess the amount of organic matter present in the effluent discharged from the mills.

COD (kg/ADMT)

↓ 7% Over 5 Years

Values shown: 2022 = 10.93, 2023 = 10.14
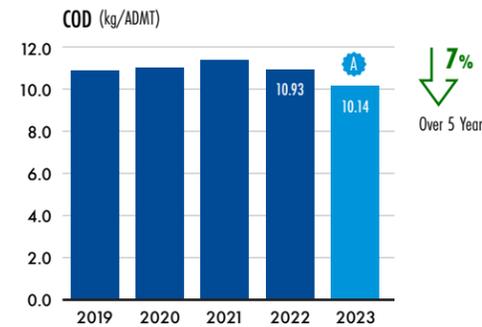
### TSS (Total Suspended Solids)

TSS is a measure of the amount of suspended solids in the effluent discharged from the mills. TSS load per tonne of pulp decreased in 2023 by 27 percent compared to 2022 primarily due to recovering from extended downtime at our Mercer Peace River pulp mill in 2021 and 2022, which negatively affected the mill's effluent system.
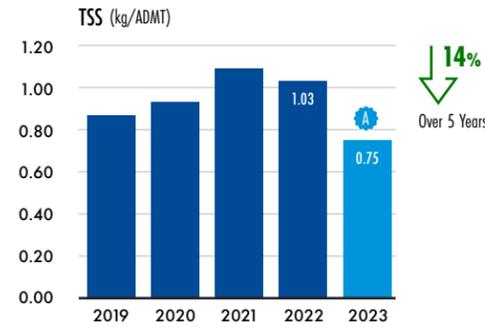
TSS (kg/ADMT)

↓ 14% Over 5 Years

Values shown: 2022 = 1.03, 2023 = 0.75

For more information on our progress towards our 2030 aspirational goals, including our operational goals, strategies and targets, please visit mercerint.com/sustainability.

⚙ THE MERCER WAY

Our continuous improvement approach to effluent quality is based on us seeking to apply operating best practices and investing in the best available technologies to ensure our mills operate modern plants that exceed regulatory requirements and improve resource efficiency. Our ISO 14001 Environmental Management System certification at each pulp mill supports this rigorous approach to managing water and effluent quality. Our water management practices include internal water monitoring, spill control and containment procedures. These practices reduce the risk of wastewater contamination and elevated effluent temperatures. Our best practices include troubleshooting processes, alarms and control systems, and facility audits and inspections in close cooperation with the respective authorities. Our pulp capacity expansion and modernization projects, including the Stendal 740 and the Rosenthal 400, are designed to include effluent quality improvement initiatives to ensure these expansion projects reduce our overall environmental footprint.
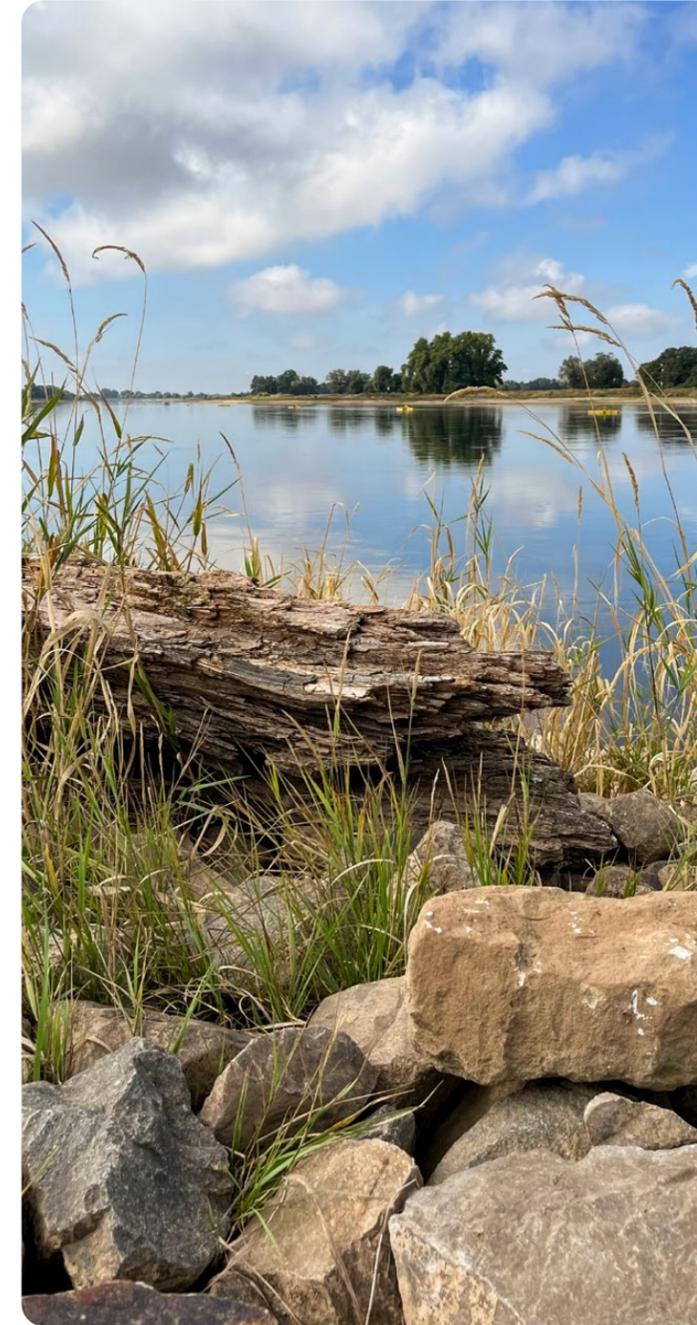
5

Mitigate Climate Change

To mitigate the impact of climate change, we are boosting our use of renewable energy, promoting fiber carbon sequestration and investing in technological innovation — most notably with new modular housing units made of cross-laminated timber.

RENEWABLE ENERGY

Implementing a renewable energy strategy is a crucial and necessary step towards addressing today's environmental challenges. Our industry, which is heavily dependent on natural resources, is responsible for leading the shift towards more sustainable practices. At Mercer, our approach centers on maximizing the use of renewable energy sources in our pulp mill and sawmill operations. We leverage the by-products of our processes, transforming them into bioenergy, which powers our mills.

This helps us reduce our reliance on fossil fuels and exemplifies a circular economy in action. In addition, we responsibly manage excess energy by supplying surplus bioenergy back to the grid whenever possible. We are committed to increasing our use of renewable energy at our mills as well as to supporting society in shifting to a more renewable future. Moving forward, we aim to continue improving the energy efficiency at our operations and enhancing our renewable energy generation.

CARBON SEQUESTRATION

Carbon sequestration is the removal of carbon dioxide — one of the principal GHGs that contribute to global warming — from the atmosphere. Trees do this naturally through photosynthesis and, in the process, help to mitigate climate change. They store the CO_2 in their biomass, including the trunks, branches, leaves and roots, thus reducing atmospheric CO_2 levels and providing a natural method of long-term carbon storage. As a result, the carbon absorbed by wood-based products — such as timber, furniture or paper — remains sequestered for the duration of the product's life, which can span decades or even centuries.

At Mercer, our carbon sequestration strategy aligns with our broader sustainability goals for mitigating climate change. Our approaches reflect our dedication to environmental stewardship and responsible business practices. They are:

- Sustainable forestry practices that continue to not only maintain but also increase carbon stocks.

- The utilization of wood-based products from sustainable forests — for example, mass timber to build energy-efficient buildings, and pulp and paper products to offer a sustainable alternative to single-use plastics.

- Innovative ways of using by-products like lignin as biomaterial, both to displace fossil-fuel-based materials and to reduce the carbon footprint of various products.

CARBON SEQUESTRATION: THE BIOPRODUCT CARBON LIFECYCLE

PULP

Pulp processed for paper (packaging, graphic, specialty) and tissue product manufacturing.

Carbon stored: 0–15 years

LUMBER

Processed lumber offers sustainable building and logistical solutions.

Carbon stored: 50–100 years

MASS TIMBER

Cross-laminated timber and glulam displace steel and concrete construction materials.

Carbon stored: 50–100 years

BIOMATERIAL

Lignin, as a secondary biomass product, displaces fossil-fuel-based chemicals.

Carbon stored: 1–100 years

BIOFUELS

Briquettes and pellets are forms of biomass converted into fuel for energy generation.

Carbon stored: 0–0.5 years

BIOENERGY

Electricity from biomass displaces fossil-fuel-based energy.

Carbon stored: 0–0.5 years

Cross-Laminated Timber

Part of the challenge to reduce carbon emissions — and fight climate change — is to find new and innovative low-carbon-intensive building materials. According to a 2023 Royal Bank of Canada (RBC) Climate Action Institute report, building emissions could drop by 12 to 25 percent if we replaced concrete and steel with mass timber. Concrete and steel require large quantities of fossil fuel energy to produce and, according to RBC, have CO_2 emissions six and five times greater than wood, respectively.

"From an architectural standpoint, the use of concrete and steel is familiar, but we are missing out on the sustainable benefits of wood CO_2 sequestration and regrowth," says Todd Beyreuther, Director of Product at Mercer Mass Timber. "Constructing buildings with CLT and other wood products essentially stores carbon for the life of the building — potentially for 100 years or more. Furthermore, when we harvest the wood from sustainably managed forests, we regenerate the forest, and young forests are efficient at pulling carbon out of the air." That means another 40 to 60 years of sequestered carbon.

For companies with increasing climate change mitigation goals and strict reporting requirements, mass timber is an obvious choice for new building projects, says Todd. "It gives them a far lower CO_2 footprint, which will help them meet their own internal sustainability targets." At Mercer, our products also have traceability from forest to mill to customer, and we have the technical ability to demonstrate a chain of custody along the supply chain. For companies that need forest certification under the Sustainable Forestry Initiative or want to achieve a building certification like LEED or the Living Building Challenge, Mercer Mass Timber products fit the bill.

There are yet more benefits to building with wood. CLT systems are quicker to assemble than their steel and concrete equivalents and are competitively priced. Plus, they create a desirable built environment. "People find it more pleasant to be around a natural product," says Todd. Known as the biophilic response, this sense of ease has been shown to positively affect building occupants, including lowering blood pressure and heart rate.

Mass timber buildings also perform well in earthquakes, which is good news for customers in the Pacific Northwest and other areas where seismic risk is a big concern. "The floors and walls act like diaphragms that dissipate energy," Todd explains. This was borne out in May 2023, when the University of California at San Diego earthquake simulator — one of the largest shake tables in the world — tested a 10-story CLT building: after back-to-back 6.7 and 7.7 magnitude shakes, the building stood damage-free.

Whether we are confronting the challenge of earthquakes or trying to reduce our carbon footprint, mass timber provides proven solutions. And Mercer International, which acquired two more state-of-the-art CLT factories in 2023, in Arkansas and British Columbia, is committed to meeting both those challenges head on.

BENEFITS OF CLT

SUSTAINABLE AND ECO-FRIENDLY CONSTRUCTION
Biophilic and Eco-friendly
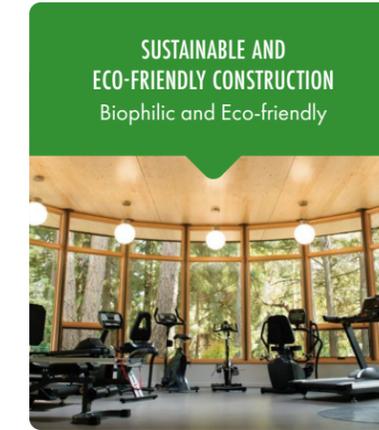
CLT connects people with nature while sequestering carbon and maintaining a low carbon footprint.

EFFICIENT CONSTRUCTION PROCESS
Speed and Simplification

Panelized construction accelerates building timelines and simplifies logistics.

STRUCTURAL AND DESIGN INNOVATIONS
Strength and Aesthetic Flexibility

CLT's high strength-to-weight ratio and capacity enables innovative, efficient designs with aesthetic appeal.

GROWING INDUSTRY ACCEPTANCE
Regulatory Approval and Demand Growth
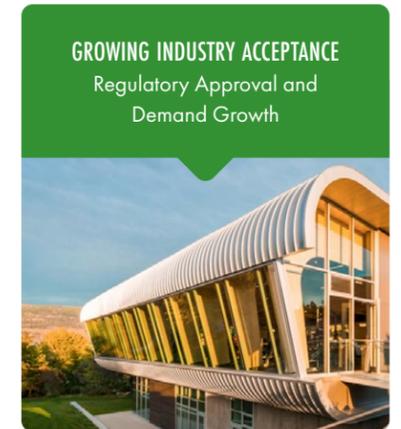
CLT's growing popularity in North American construction projects is supported by code expansion and compliance.

Climate Change Scenario Analysis

CURRENT POLICIES	NET ZERO 2050	DELAYED TRANSITION
High physical risk	Low–medium physical risk	Low–medium physical risk
Low transition risk	Low–medium transition risk	Medium–high transition risk
Aligned to 2°C of warming by 2050 and at least 3.3°C by 2100	Aligned to +1.6°C by 2050 and leveled trajectory	Aligned to +1.8°C by 2050 and leveled trajectory
The 2020 policies are followed with little government or business action.	The 2020 policies are drastic but successfully coordinate global climate action.	The 2030 policies are hasty and reactionary after a decade of inaction and severe climate impacts.
Efforts are focused on adaptation.	Costs of action are high with widespread industry disruptions.	High social and economic costs will result.
Investments in decarbonizing the global energy system are slow.	Attention is on climate justice and climate repatriations.	Rising temperatures lead to supply chain disruptions, mass migration and displacement, economic loss and social unrest.
Climate impacts are large-scale and persistent.		
Global tensions and inequality are on the increase.		Businesses face significant transition risks, including mandates to rapidly reduce emissions.

In 2023, we completed our second climate change scenario analysis in partnership with Business for Social Responsibility, a process required by the Task Force on Climate-related Financial Disclosures. "This exercise allowed us to understand better the risks and opportunities presented by the three scenarios we modeled and led to the development of more robust, resilient business strategies," says Bill Adams, Mercer's Vice President, Sustainability and Innovation.

"When you strategize about climate change, you must look at risks and opportunities that shift over time," says Bill. Each strategy has to be successful across a series of timeframes and potential scenarios — from best case to worst. In the short term, for example, we may need to adapt our business model to deal with carbon taxes, while in the medium term, we have to look at not only adaptation but also mitigation.

"We have a responsibility to be part of the climate change solution." And in the long term, as the impacts of climate change become more visible and more severe, the marketplace demand for our products to have small CO_2 footprints becomes increasingly important.

Several examples illustrate Mercer's strategic response to a warming world's physical and transitional risks. In Germany, Bill says, spruce beetle infestations impact forests that Mercer relies on for fiber. "To mitigate that risk, we have developed a more comprehensive supply chain system, incorporating regional reload centers, enabling increased rail deliveries to our German operations. These reload hubs allow the logistics team to source logs from a greater range of forests."

In British Columbia and Washington State, an atmospheric river in 2021 cut off transportation routes from our Celgar mill to the Port of Vancouver — and it is possible that a similar weather event will occur in the future. At Mercer, we have therefore developed alternative transportation routes to the port and expanded the diversity of markets for our pulp.

Climate change also brings opportunities. A growing number of cities, including Vancouver, require new buildings to be constructed with smaller carbon footprints. "These sustainability ambitions of society bring immense opportunity to our growing mass timber business," says Bill, adding that Mercer's move to expand our investment in CLT and develop lignin bioproducts that replace materials currently made from fossil fuels is part of our overall strategy for a more sustainable future.

The comprehensive climate change scenario analysis involved diverse leaders across our organization, which helped us think strategically about the products we make, the customers we serve, the way we run our operations, and new technologies to utilize in our operations, our supply chain and our logistics initiatives. "Ultimately," Bill says, "it's about how you plan to manage the risks and opportunities of future climate change."

Alberta Climate Impact Assessment

Using Data to Drive Change

At Mercer, we recently completed a scientific carbon balance study in the Peace River forest management area, which encompasses roughly 7.3 million hectares in northwestern Alberta. This impact study was executed with help from independent consultants and the BioProducts Institute's analytical support at UBC, and it presents a more comprehensive understanding of forestry's role in mitigating climate change.

Bill Adams, Vice President of Sustainability and Innovation at Mercer, explains the study's approach: "It was methodical and data-driven, focusing primarily on understanding the complete lifecycle of the forestry products in this region. The forest carbon scientists collaborated with all the forest product companies in the region to collect their specific fossil-fuel-based carbon emissions for their operations and supply chain, their harvesting data and the harvested wood products produced at each of their operations." The results are grouped into three carbon buckets:

1. Stored carbon in the forest

A carbon budget refers to the balance of carbon absorbed and stored by a forest (as trees and other biomass grow and accumulate carbon) versus the carbon released through processes such as decomposition, forest fires and human activities like logging.

Findings: The model measured an additional 2.3 million tonnes of carbon stored in the forest for 2020, which indicates a positive impact of current forest management practices.

2. Emissions from forestry operations

The comprehensive assessment covered Scope 1, 2 and 3 GHG emissions related to all forestry activities, including harvesting operations, transportation of logs, operations at the 11 harvested wood products mills in the region and the transportation of finished goods to customers.

Findings: In total, these activities accounted for approximately 2.1 million tonnes of fossil-fuel-based CO_2 emissions in 2020.

3. Lifecycle impact and product substitution

The final carbon bucket of the complete lifecycle includes the substitution benefits of harvested wood products and the important role they play in reducing fossil fuel emissions from more carbon-intensive materials like steel, concrete and single-use plastic.

Findings: The total carbon emissions substitution benefit from the harvested wood products for the 11 forest products manufacturing operations was 5.6 million tonnes of CO_2 in 2020. This data highlights the important role that harvested wood products can play in contributing to lower overall carbon emissions through the reduction of fossil fuels.

The Alberta Climate Impact Assessment offers a comprehensive explanation of the forestry sector's entire carbon footprint. A science-based approach helps us understand how each stage of the product lifecycle contributes to, or mitigates, the adverse effects of climate change.

Moreover, the assessment shows that well-managed, sustainable working forests can better maintain or even increase carbon stocks compared to forests that are left unmanaged. And when product substitution is added into the mix, the carbon budget improves even further — making a strong case that the forest sector's activities in the Alberta boreal forest are, in fact, helping fight climate change. The positive climate change impact in this forest management region of Alberta in 2020 was 5.8 million tonnes of CO_2 equivalents.

THREE CARBON BUCKETS

BUCKET 1

Forest Carbon

2.3 million tonnes of additional carbon stored in the forest

BUCKET 2

Scope 1, 2, 3 GHG emissions

2.1 million tonnes of additional carbon released into the atmosphere

BUCKET 3

Product Substitution

5.6 million tonnes of carbon emissions avoided
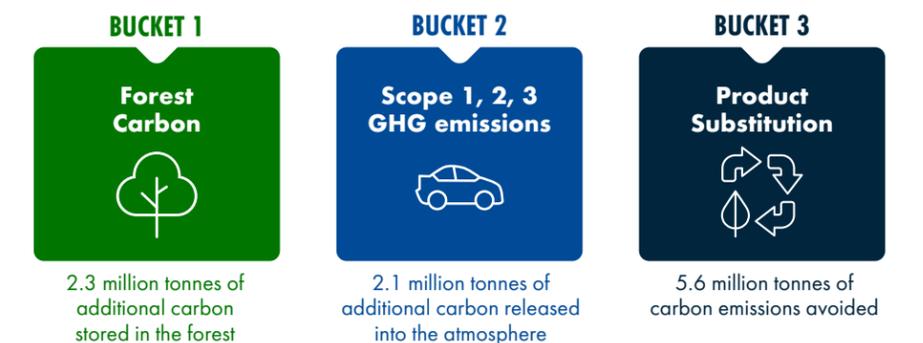
Net carbon benefit of 5.8 million tonnes of carbon

Climate Transition Plan

We believe that businesses that proactively embed considerations for climate-related risks and opportunities throughout their business model will be the most resilient in a net-zero future. As one of the first North American forest products companies to have its climate change targets validated by the Science Based Targets initiative, we have set a goal to reduce our direct and indirect emissions by 35 percent by 2030. To achieve this goal, we will require more than just disclosure and target-setting. Each of our operations has implemented its own decarbonization pathway and identified goals in line with Mercer's overall target of 35 percent emissions reduction. As part of our work towards aligning our climate ambitions with a future where warming is limited to 1.5°C above pre-industrial levels, we have completed our comprehensive climate transition plan using the Climate Disclosure Project's (CDP) guidance on reporting on climate transition plans and will be publishing this report in 2024.

A climate transition plan is a strategic, time-bound action plan that outlines how an organization will achieve its climate goals by aligning its assets, operations and business model with the latest climate science. Credible climate transition plans must adhere to key principles covering a variety of aspects, including accountability, strategic alignment with financial planning, and consideration of both short- and long-term factors. These principles translate into eight elements — for example, governance, policy engagement, and risk and opportunity assessment — tied to 21 key indicators within the CDP climate change questionnaire.

We look forward to continuously raising our climate ambitions and communicating our progress in line with the gold standard in environmental reporting — the CDP's climate change disclosure requirements.

KEY ELEMENTS OF A CREDIBLE CLIMATE TRANSITION PLAN

- GOVERNANCE
- SCENARIO ANALYSIS
- FINANCIAL PLANNING
- VALUE CHAIN ENGAGEMENT AND LOW CARBON INITIATIVES
- POLICY ENGAGEMENT
- RISKS AND OPPORTUNITIES
- TARGETS
- SCOPE 1, 2 AND 3 ACCOUNTING

SCOPE 1, 2 AND 3 GHG EMISSIONS INVENTORY 2023

Mercer has committed to achieving carbon emissions intensity reductions from our direct and indirect emissions at our pulp mills by 35 percent by 2030 from a 2019 baseline. These targets have been validated by the SBTi and represent the majority of our business's emissions. As such, our Scope 1 emissions only include our pulp mills and do not include our other sites. Collaborating with our customers, suppliers and supply chain partners is an essential part of our approach to achieving our GHG emissions reduction targets.

SCOPE 3 — UPSTREAM

Indirect emissions from the production and delivery of all purchased goods and services, capital goods, as well as emissions related to upstream transportation and distribution, and fuel- and energy-related activities not covered in Scope 1 or Scope 2.

Ⓐ **578,833 (tonnes CO$_2$e)**

CATEGORY

1 Purchased Goods and Services[1]
319,843 (tonnes CO$_2$e)
Emissions from the production of purchased chemicals, fuels and wood fiber.

2 Capital Goods[3]
88,806 (tonnes CO$_2$e)
Emissions from the production of purchased capital goods investments.

3 Fuel- and Energy- Related Activities[1]
67,862 (tonnes CO$_2$e)
Emissions from the extraction, production and transportation of fossil fuels used on site and consumed in the generation of purchased energy not already included in Scope 1 or Scope 2 emissions.

4 Upstream Transportation[1]
102,322 (tonnes CO$_2$e)
Emissions from the transportation of chemicals and wood fiber from forests and sawmills.

SCOPE 1 | SCOPE 2 — MERCER MANUFACTURING

SCOPE 1: Direct emissions from Mercer's own operations, including emissions from fuel combustion in our boilers, equipment and vehicles, as well as emissions from the generation of power on site.

Ⓐ **424,023 (tonnes CO$_2$e)[2]**

SCOPE 2: Indirect emissions from the generation of electricity, steam, heating and cooling that Mercer purchases from a utility provider for use in our operations.

Ⓐ **28,989 (tonnes CO$_2$e)[1]**

SCOPE 3 — DOWNSTREAM

Indirect emissions related to the transportation and distribution of products, processing of sold products, and end-of-life treatment of sold products.

Ⓐ **1,336,721 (tonnes CO$_2$e)**

CATEGORY

9 Downstream Transportation and Distribution[1]
194,915 (tonnes CO$_2$e)
Emissions from transporting sold products to global customers.

10 Processing of Sold Products[2]
509,624 (tonnes CO$_2$e)
Emissions related to the manufacturing of our customer's products, including: paper, tissue packaging and specialty.

12 End-of-Life Treatment of Sold Products[1]
632,182 (tonnes CO$_2$e)
Emissions related to the end-of-life treatment of sold products, including recycling, incineration and landfill.

TOTAL EMISSIONS 2,368,566 (tonnes CO$_2$e)

SCOPE 1 424,023 (tonnes CO$_2$e)
SCOPE 2 28,989 (tonnes CO$_2$e)
SCOPE 3 1,915,554 (tonnes CO$_2$e)

In 2023, Mercer expanded the scope of its Scope 2 and Scope 3 GHG emissions inventory to include Mercer Torgau. We have also updated and improved our Scope 3 calculation methodology for Categories 2, 3 and 12.

(1) Pulp and Solid Wood
Mercer Rosenthal
Mercer Stendal
Mercer Celgar
Mercer Peace River
Mercer Timber Products
Mercer Torgau

(2) Pulp Mills
Mercer Rosenthal
Mercer Stendal
Mercer Celgar
Mercer Peace River

(3) Includes company-wide capital expenditures for both the pulp segment and solid wood segment.

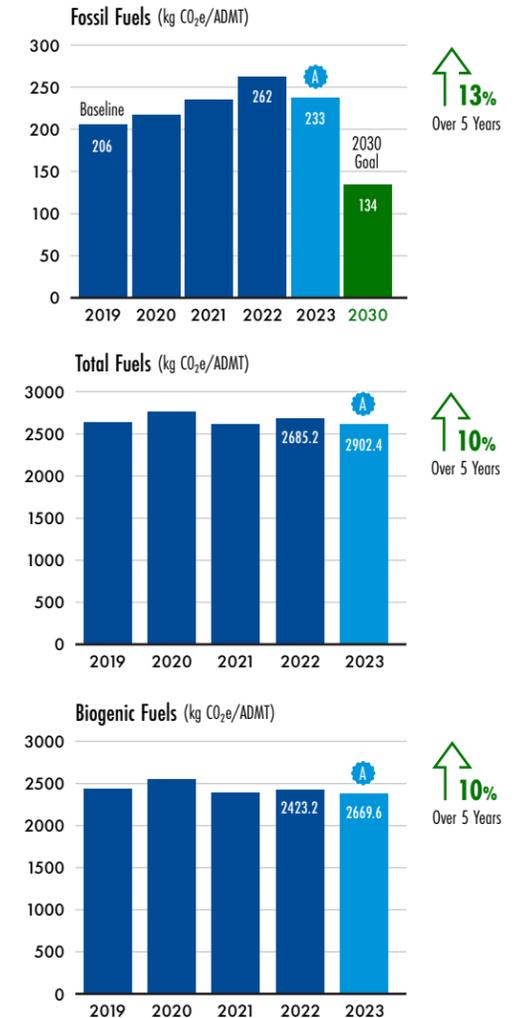# Mitigate Climate Change

⊛ SIGNIFICANCE

Rising temperatures impact biodiversity, threaten our communities and bring increased risk to business and the global economy. The UN Intergovernmental Panel on Climate Change (IPCC) warns that current GHG emission levels will increase temperatures beyond 2°C and increase the frequency and magnitude of heatwaves, drought and severe storms. In addition, climate change may affect our operations and supply chains because of its impact on weather, rising sea levels and forests' resilience to insects and forest fires. The transition to a low-carbon economy will bring risks — for example, new carbon regulation and taxation — and opportunities because of the unique role of wood-based products in mitigating climate change.

▶ GOAL

At Mercer, we have committed to achieving a 35 percent reduction in carbon emissions intensity for our pulp mills by 2030 against our 2019 baseline, in line with the 2015 Paris Agreement, which limits the global temperature rise to well below 2°C.

◎ PROGRESS AND TARGETS

- We primarily use natural gas to power lime kilns and supplement biomass fuel in our boilers during operational upsets.

- In 2023, Scope 1 fossil fuel GHG emissions intensity decreased by 11 percent versus 2022 due to reduced light fuel oil consumption, which peaked in 2022 because of the limited supply of natural gas in Germany that resulted from the war in Ukraine. Since our 2019 baseline, Scope 1 GHG emissions have increased by 13 percent.

- Mercer Stendal and Mercer Rosenthal made progress towards reducing their Scope 1 fossil fuel GHG emissions intensity from 2022, achieving a 25 percent and 10 percent reduction, respectively, in 2023.

- Mercer Celgar and Mercer Peace River did not achieve their annual intensity targets, primarily because of low production at Celgar and ongoing mechanical challenges with hog fuel usage in Peace River's power boiler, which resulted in elevated natural gas consumption.

- While we are still behind in reaching our goal of a 35 percent reduction in direct and indirect GHG emissions by 2030, we remain committed to achieving this target and investing in our decarbonization plan across our pulp mills.

Fossil Fuels (kg CO$_2$e/ADMT)

2019	2020	2021	2022	2023	2030
206 (Baseline)	222	237	262	233	134 (2030 Goal)

↑ **13%** Over 5 Years

Total Fuels (kg CO$_2$e/ADMT)

2019	2020	2021	2022	2023
			2685.2	2902.4

↑ **10%** Over 5 Years

Biogenic Fuels (kg CO$_2$e/ADMT)

2019	2020	2021	2022	2023
			2423.2	2669.6

↑ **10%** Over 5 Years

For more information on our progress towards our 2030 aspirational goals, including our operational goals, strategies and targets, please visit mercerint.com/sustainability.

Ⓜ THE MERCER WAY

At Mercer, we are committed to eliminating the use of fossil fuels from our operations and are a signatory of the Science Based Targets initiative (SBTi) to ensure we are transparent in our net-zero carbon journey. Our renewable and recyclable materials provide nature-based solutions that replace fossil-fuel-based alternatives. In addition, we complete an annual comprehensive Scope 3 GHG emissions evaluation to quantify the climate change impact of our supply chain and identify opportunities to reduce GHG emissions through collaboration with our customers and supply chain partners.

6

Continuously Improve Resource Efficiencies and the Circular Bioeconomy

Shifting away from the "take-make-dispose" approach, and towards regenerative and restorative practices, is critical to our forests' future. For us, that means creating efficiencies in our operations, plus reusing and reducing waste products — including burnt wood.

THE CIRCULAR BIOECONOMY AND WHY IT MATTERS

The circular bioeconomy is an economy that is powered by nature and prioritizes the full utilization of renewable natural resources. Its core objective is to reduce waste by substituting nonrenewable, fossil-fuel-based products with sustainable alternatives derived from biomass. In the circular bioeconomy, products are intentionally designed to be reused and recycled, maximizing their value along their entire lifecycle. It is about shifting away from the current linear "take-make-dispose" approach and towards regenerative and restorative practices.

Advancing the circular bioeconomy is one of Mercer's key strategic pillars and an integral part of our everyday operations. Biological resources are central to a circular bioeconomy, with wood materials being one of the most versatile renewable materials available. At Mercer, we support the circular bioeconomy through the conscious use and reuse of forest materials. We optimize the use of natural raw materials and components of our by-products in innovative ways that create new and sustainable value chains.

The transition to a circular bioeconomy is an opportunity to invest in nature-based solutions and work towards a climate- and nature-positive economy that ensures a sustainable future for all.

6 CLEAN WATER AND SANITATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND

Mercer Forestry Services and the Utilization of Burnt Wood

Not All Is Lost in Forest Fires

In the summer of 2023, a harvesting crew from Mercer Forestry Services made its way into a burnt-out forest in British Columbia's Southern Interior region. Two years prior, a fire had raged through the area, leaving behind a scene of blackened devastation.

For all the destruction, according to the crew, there is value left behind in the charred remains of scenes like this. "If you can get to it soon enough before it degrades, it's salvageable," says Marty Hiemstra, General Manager at Mercer Forestry Services. Marty's team has been busy this year, harvesting burnt wood from its base in Lumby, BC, across the Central Okanagan to the Shuswap area. "About 25 percent of our harvesting has been in wildfire salvage."

How much can be done with the salvaged wood depends on the intensity of the fire and the tree species in the forest. "Depending on the wood's condition, we can create a variety of different products from burnt wood: lumber, plywood, chips for pulp," says Marty. "Salvaging charred and dried trees full of checks and splits," he adds, "is more challenging."

"In addition to the economic value created by these products, burnt wood harvesting also helps sequester carbon. Harvested wood locks up carbon when it is turned into solid-wood products," says Marty, "and the live seedlings that replant the sites also capture carbon. You have a healthy forest capturing carbon much quicker than it would if it were left to regenerate naturally."

Forest Fire Prevention

Marty's crews are actively engaged in forest fire prevention by eliminating possible fire fuels from densely wooded areas near communities. For example, they are working in collaboration with the BC government at Arrow Park in the West Kootenays to create a fire-safe perimeter by clearing high-risk materials from 40 hectares around the community.

To reduce the likelihood of fires reaching the tops of mature trees, crews are removing ladder fuels and debris from the forest floor. In forestry, ladder fuels are vegetation that enable fires to climb from lower areas to higher ones. They include small shrubs, tree branches and dead matter on the ground. The presence of ladder fuels heightens the risk of fires moving from the ground up to the tree canopy, potentially leading to more intense and destructive wildfires. Both ladder fuels and floor debris can be managed through practices like controlled burns and mechanical removal.

"With these ladder and ground fuels gone," Marty says, "the fire essentially burns itself out because there's no fuel to continue."

As forest fire season becomes more prolonged and intense, the preventive work of crews like Mercer Forest Services will only grow in importance.

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MERCER INTERNATIONAL INC. SUSTAINABILITY REPORT 2023   SECTION 6: CONTINUOUSLY IMPROVE RESOURCE EFFICIENCIES AND THE CIRCULAR BIOECONOMY   49

Synergistic Efficiencies in Procurement and Resource Utilization

"We prioritize the production of high-value wood products that are designed for cascading use. This means the wood, initially utilized for one purpose, can be continually reused and recycled. Only at the end of its lifecycle is the wood product utilized for energy generation, thus ensuring maximum utility and sustainable resource management."

Dr. Carsten Merforth
Chief Operating Officer,
Wood Products

Our operations in Germany, which encompass Mercer Rosenthal, Mercer Stendal, Mercer Timber Products and Mercer Torgau, are prime examples of our dedication to strategic resource management and circular economy principles. By leveraging our geographic positioning, we focus on waste reduction and resource circularity, leading to transportation efficiencies, which are crucial for emission reduction. Our optimized logistics, linking Mercer Timber Products, Mercer Torgau and our pulp mills, have led to shorter transport routes, improved load management and a more efficient supply chain. This holistic strategy reduces fuel consumption and carbon emissions, further solidifying our commitment to sustainable resource management.

At Mercer Timber Products, the process of timber conversion — transforming raw timber logs into usable products such as lumber, beams, planks and other forms of processed wood — results in the production of by-products such as

sawdust and wood chips. We redirect these valuable materials to Mercer Torgau, where they are repurposed into biofuels such as pellets or briquettes. This process is an excellent example of a practical and strategic application of resource efficiency in our operations. It ensures that all timber, including grades not suitable for premium products, is used, thereby minimizing waste and optimizing the value derived from each resource.

Complementing these efforts, the Rosenthal and Stendal mills play a pivotal role in our circular resource strategy. They specialize in converting residual fibers from Mercer Timber Products into high-quality pulp. This process maximizes the use of wood fiber, ensuring no resources are left unused or wasted, ultimately optimizing our resource utilization and contributing to the overall sustainability of our operations.

● ● ● ● Mercer Stendal
ARNEBURG, SAXONY-ANHALT

● ● ● ● Mercer Torgau
TORGAU, SAXONY

● ● ● ● Mercer Rosenthal
ROSENTHAL AM RENNSTEIG, THURINGIA

● ● Mercer Timber Products
SAALBURG-EBERSDORF, THURINGIA

GERMANY

● Pulp
● Lumber
● Pallets

● Biomaterials (Lignin, Cellulose Filaments)
● Biofuels (Briquettes, Pellets)
● Bioenergy (Electricity)
● Biochemicals (Tall Oil, Turpentine, Methanol)

Geographic Wood Resource Management Synergies

— Residual fiber for pulp
— Sawdust for biofuels
— Low-quality lumber for pallets

THE MPR WOODROOM AND PEACE RIVER TRANSPORT

In 2023, Mercer Peace River (MPR) embarked on an ambitious journey to enhance sustainability and operational efficiency by commissioning a state-of-the-art woodroom and moving to 10-axle trucks for transporting product through Peace River Transport. Managing Director Roger Ashfield guided MPR in reducing nonrenewable energy use and increasing yield from the forest. The new woodroom significantly improved debarking efficiency, minimizing losses of unchipped wood (whitewood) during bark removal and enhancing chip quality for optimized cooking processes.

MPR's strategic goals align with several SDGs, as they focus on building sustainable infrastructure and ensuring responsible consumption. The shift to 10-axle trucks is a pivotal move in terms of reducing CO$_2$ emissions and supporting sustainable forest management.

Technological advancements in the woodroom — for example, rotary debarkers and a 10-foot chipping disk — mark a leap in pulp production innovation. They result in less aggressive handling of logs, reduced maintenance costs and increased pulp yield. The switch to 10-axle trucks increased load capacity to 100 tonnes per truck, which reduces the number of trips required and thus significantly cuts down road traffic, emissions and operational costs.

MPR's approach reflects a strong commitment to improving resource efficiencies and contributing to the circular bioeconomy. Its innovative strategies and dedication to sustainability serve as a model for responsible resource utilization in the industry.
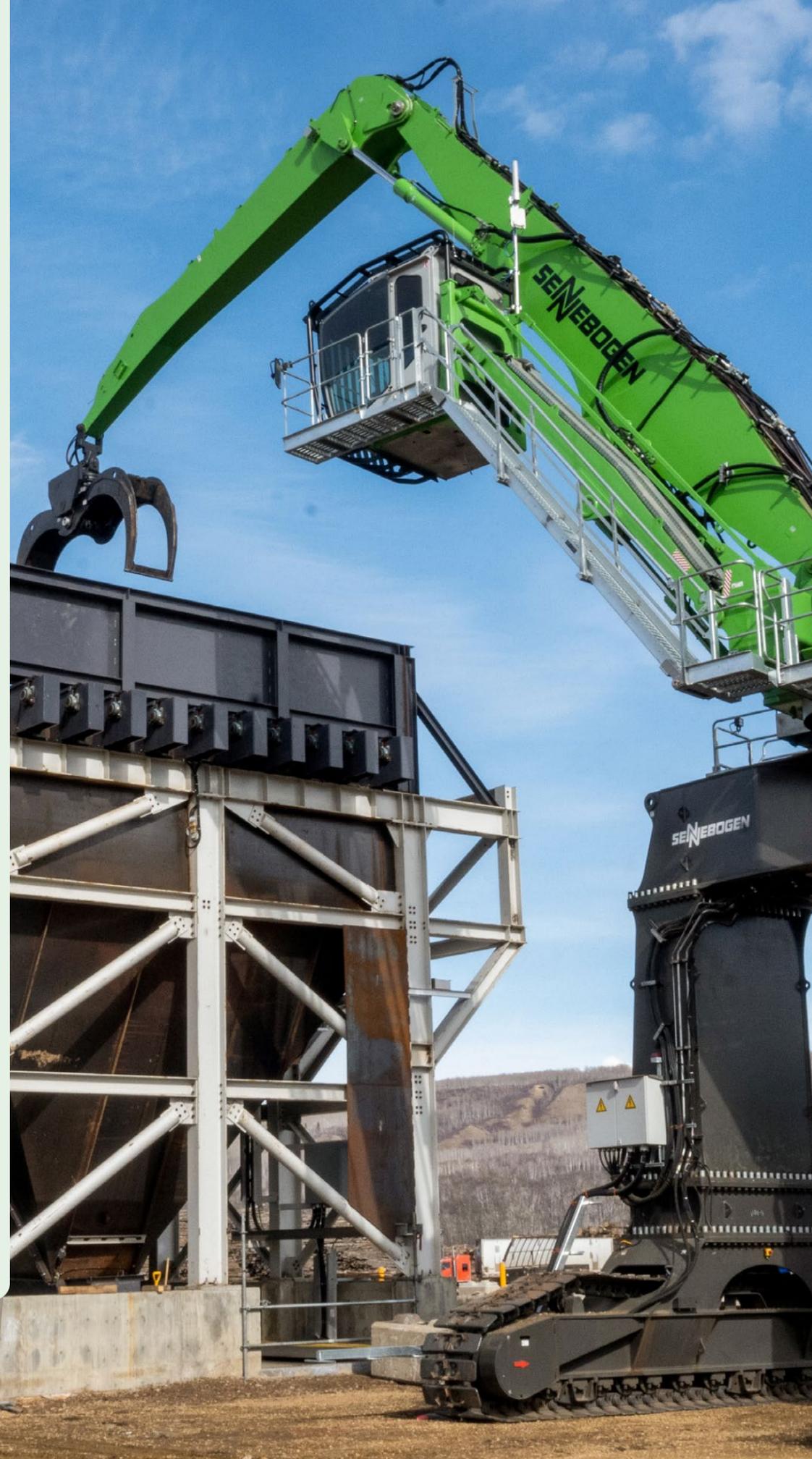
INTRODUCING THE MERCER LIGNIN CENTER

The state-of-the-art Mercer Lignin Center in Rosenthal — the first of its kind in Germany — showcases our commitment to the continuous improvement of resource efficiency and resource-saving innovations. Inaugurated in 2023, the ultra-modern facility supports the use of wood as a raw material in an economically and ecologically responsible way.

"At Mercer, we support the idea of a sustainable circular economy. To optimize the use of the natural raw material components of our by-products, we are prepared to overcome conventional ways of thinking and invest in new technologies," says Juan Carlos Bueno, President and CEO.

A valuable raw material produced from the use of wood cellulose, lignin can be used to manufacture anything from plastics and paints to medicines and natural aromatics. Despite its potential as a biomaterial, lignin is currently used almost exclusively to produce green energy. Here at Mercer, however, we have chosen to specifically invest in the pilot plant in Rosenthal to extract up to 1 tonne of lignin from the pulp mill's waste liquor daily to develop bioproducts. The long-term goal of the investment is to manufacture other bio-based products in line with the biorefinery concept. This will enable Mercer to play a significant role in the defossilization of other industries.

KPIs
The Circular Economy to Reduce Waste

SIGNIFICANCE

Population growth increases the demand and competition for raw materials. Resource efficiency and circular economy solutions help address resource scarcity and mitigate climate change. At Mercer, we believe our ability to embrace these types of solutions provides us with a competitive advantage.
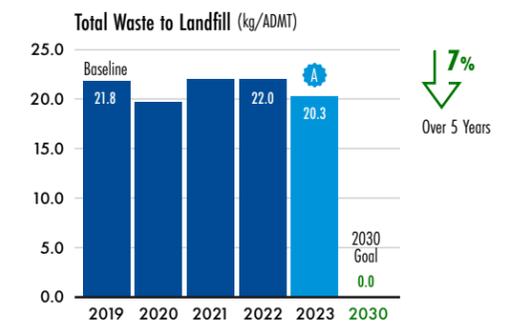
▶ GOALS

Mercer's 2030 aspirational goal is to eliminate solid waste from our landfills through capital investments, operational efficiency improvements and circular economy solutions to direct our waste to create value-added opportunities such as soil enhancement.

◎ PROGRESS AND TARGETS

Solid waste includes wood ash, recausticizing dregs and lime waste deposited in our operations' landfills. We continuously review our waste streams and waste management processes to identify opportunities for waste reduction, including enhancing recycling and circular reuse options.

Total Waste to Landfill (kg/ADMT)

Year	Value
2019	21.8 (Baseline)
2020	19.8
2021	22.0
2022	22.0
2023	20.3
2030	0.0 (2030 Goal)

↓ 7% Over 5 Years

For more information on our progress towards our 2030 aspirational goals, including our operational goals, strategies and targets, please visit mercerint.com/sustainability.

Ⓜ THE MERCER WAY

At Mercer, we are committed to eliminating the solid waste that is deposited in our operations' landfills by 2030. We have ongoing partnerships to develop innovative solutions to reduce waste material and find solutions to utilize waste as a feedstock in other manufacturing processes. In addition, our manufacturing processes do not use hazardous substances or generate hazardous waste, and we prioritize investments in manufacturing that ensure our operations remain hazardous-waste-free.

Water Risk Assessment

In 2023, Mercer refined its water risk assessment methodology, originally developed in 2022, to better understand its water-related business risks and opportunities. Water plays an essential role in our operations and in societies worldwide — and its supply is increasingly under threat. Access to fresh water and sanitation is considered a fundamental human right by the United Nations, which stresses the importance of identifying and responding to water-related risks and opportunities.

To conduct a thorough water risk analysis, we utilized advanced tools such as the World Wildlife Fund (WWF) Water Risk Filter and World Resources Institute (WRI) Aqueduct Water Risk Atlas. We evaluated risks from both regional and operational perspectives, considering the conditions of river basins and the impact of our operations on water resources. Basin risks stem from the current state of river basin conditions, while operational risks are linked to activities dependent on, or affected by, water resources.

Water is essential to our mills' operations, especially in our pulp manufacturing, which requires a significant amount of fresh water throughout the production process. Our strategy to manage water-related risks involves rigorous monitoring of critical parameters in our mills. To that end, advancements in the kraft pulping process have enabled us to return on average 90 percent of the water used in operations back to the rivers.

In accordance with SDG 6 — ensure access to water and sanitation for all — at Mercer, we are committed to minimizing environmental impacts through strategies that reduce water consumption, improve water-use efficiency, and enhance water reuse and recycling. Our target is to achieve a 10 percent reduction in water consumption by 2030.

Our water risk analysis revealed high operational physical risks at all the Mercer pulp mills, which correlates with our significant dependence on water.

While the analysis indicated low basin-related physical risks at our Canadian mills, it showed elevated risk levels at our German mills — particularly Mercer Rosenthal, which faces a high physical basin risk because of its location in a high water-stress area. Projections suggest that Mercer Rosenthal will continue to experience higher basin-related risks from 2030 to 2050, while physical water stress risks for all other Mercer pulp mills are expected to remain consistently low during the same period.
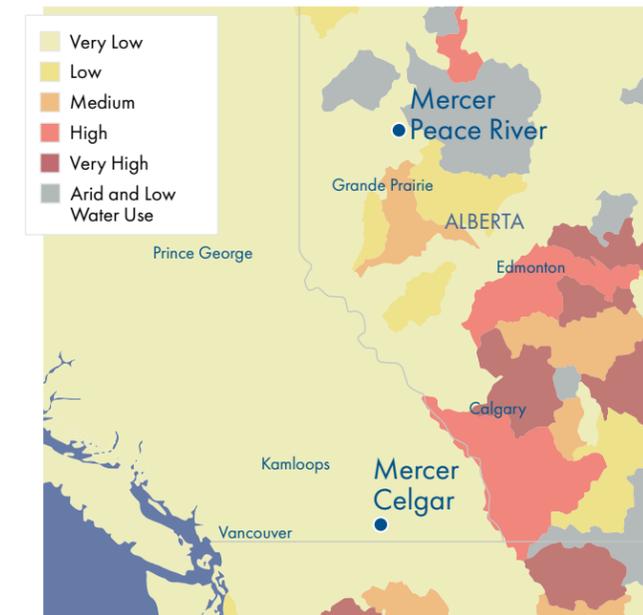
By investing in operational strategies to reduce water consumption, enhance water-use efficiency and increase water recycling, we aim to mitigate our risks and minimize negative impacts on water resources and ecosystems.

REGIONAL OPERATIONAL MAP AND ASSOCIATED RISK LEVELS

CURRENT AND PROJECTED WATER RISKS FROM THE WWF WATER RISK FILTER AND WRI AQUEDUCT WATER RISK ATLAS

Country	Site Name	River Basin	Operational Physical Risk[1]	Basin Physical Risk[2]	Projected Water Stress[3]	
					2030	2050
CANADA	Mercer Celgar	Columbia	High	Low	Low	Low
	Mercer Peace River	Mackenzie–Peace	High	Low	Low	Low
GERMANY	Mercer Rosenthal	Elbe–Saale	High	High	High	High
	Mercer Stendal	Elbe	High	Low–Medium	Low	Low

AREAS OF WATER STRESS[3]

CANADA

Legend: Very Low, Low, Medium, High, Very High, Arid and Low Water Use

Mercer Peace River
Grande Prairie
ALBERTA
Prince George
Edmonton
Calgary
Kamloops
Mercer Celgar
Vancouver

GERMANY

Legend: Very Low, Low, Medium, High, Very High, Arid and Low Water Use

Mecklenburg-Vorpommern
Hamburg
Bremen
Mercer Stendal
Niedersachsen
Berlin
Nordrhein-Westfalen
Sachsen-Anhalt
Sachsen
Hessen
Thüringen
Mercer Rosenthal
Rheinland Pfalz
Karlovarsky
CZECH

[1] WWF Water Risk Filter
[2] WWF Water Risk Filter and WRI Aqueduct Water Risk Atlas
[3] WRI Aqueduct Water Risk Atlas

WATER REUSE IN THE KRAFT PULP PROCESS

In our operations, we are committed to using water responsibly and adhering to the industry norm of reclaiming and reusing approximately 85 to 95 percent of water. To achieve this, we utilize a closed-loop system, where water is treated and reused, which reduces the total water intake and environmental impact.

The implementation of the kraft pulping process demonstrates a practical and efficient approach to resource management on our part. Mercer Stendal consistently focuses on sustainability in its use of water from the River Elbe by promoting projects to reuse water in its processes. One of these projects involves replacing fresh water with condensate in wastewater treatment. The implementation of the project was planned in two stages: first, construction of a 40-meter-long pipe bridge began in 2022, followed by the installation of a tank, a pump, and another pipeline to collect and transfer the condensate; the implementation of the second stage is planned for 2024.

These comparatively small measures are important means of maintaining the ecological balance of the Elbe and protecting its natural resources. They also indicate our focused effort to balance industrial productivity with environmental responsibility.

KPIs

Responsible Water Usage

SIGNIFICANCE

Water is an essential resource in pulp manufacturing. At Mercer, our goal is to use water responsibly and efficiently and bring competitive advantages to our operations. All water used by Mercer's pulp mills is surface water that is sourced from nearby rivers. Each watershed in which we operate is unique, and we strive to minimize the negative impact of our operations on all water resources. In addition, climate change makes water management more challenging as extreme weather events increase the frequency and severity of droughts and high-precipitation events.

⊙ GOALS

Reduce water consumption by 10 percent by 2030 compared to our 2019 baseline. Each mill has continuous improvement activities designed to achieve this goal.
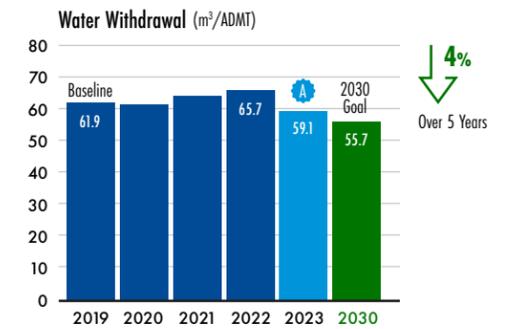
◎ PROGRESS AND TARGETS

Treated Effluent

Treated effluent intensity has been relatively stable over the last five years and slightly decreased in 2023 following marginal increases in 2021 and 2022, which were driven primarily by extended downtimes and corresponding reduced pulp production at our Mercer Peace River and Mercer Stendal mills in 2021 and 2022, respectively.

Treated Effluent (m³/ADMT)

↑6% Over 5 Years
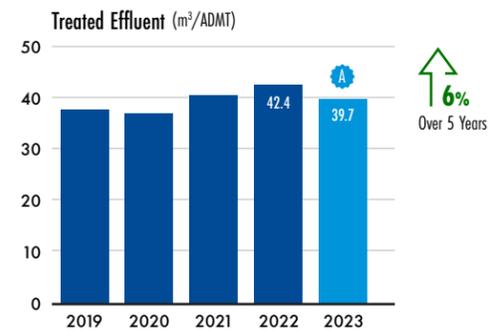
Water Withdrawal

Our process water volumes per tonne of pulp have been relatively stable over the past five years. In 2023, total water withdrawal for Mercer's pulp mills decreased by 10 percent from 2022, which was largely driven by water-saving initiatives at Mercer Stendal and Mercer Rosenthal. Our total water usage includes non-contact cooling water, which is necessary to ensure safe and efficient power generation from the condensing turbines at the pulp mills. We recycle water so efficiently that we return on average 90 percent of the total water withdrawn to its source. Source water contaminated by sediment and chemicals — such as phosphorus — from agricultural runoff is thus replaced with treated water.

Water Withdrawal (m³/ADMT)

↓4% Over 5 Years

For more information on our progress towards our 2030 aspirational goals, including our operational goals, strategies and targets, please visit mercerint.com/sustainability.

Ⓜ THE MERCER WAY

As a large water user, we recognize the importance of understanding our water-related dependencies, impacts, risks and opportunities. In 2023, we enhanced our assessment of water risks by using the Water Risk Filter in combination with the Aqueduct Water Risk Atlas to do a deeper location-based analysis of our water risk. This analysis evaluated risks from both regional and operational perspectives, considering the conditions of river basins and the impact of our operations on water resources. The wastewater treatment in our facilities is done using the best available technology to minimize the negative impacts on water resources. Our operations are committed to addressing water risks and implementing operating strategies and process improvements that increase water recycling and reduce water consumption.

PROACTIVE WATER CONSERVATION AT MERCER ROSENTHAL

Lowering our consumption of fresh water, using a higher proportion of recycled water and practicing energy recovery from pollutants are three goals that Mercer Rosenthal has been able to achieve by investing in proactive water conservation. To achieve these goals, in 2019 we decided to make greater use of B-condensate, a condensate released in the production of kraft pulp from softwood and hardwood using the sulfate process at the factory.

This project is already showing big results for Mercer, society and the environment: The high-quality B-condensate can be used more frequently than it used to be, because of additional purification processes within the factory, which reduces the need for fresh water. At the same time, water leaving the factory is cleaner. As a further advantage, the extracted materials can be used to generate energy, which reduces energy requirements.

"With the expansion of the evaporation plant, we are demonstrably contributing to the continuous improvement of resource efficiency and thus also to mitigating climate change," Grit Martensen, Head of Environmental Protection at Mercer Rosenthal, says of these outcomes. "It is already clear that the investment was the right decision."

INTRODUCING AN ENERGY-CONTROLLING SYSTEM

Mercer Timber Products, our sawmill located in Friesau, Germany, uses innovative software that both analyzes its energy consumption and helps reduce it. The Friesau sawmill relies on its own biomass power plant in the interests of sustainable energy generation. It is powered by sawmill by-products, such as bark, that are generated during the production process, as well as sustainable, purchased biomass fuels. In 2023, this power plant produced an impressive 94.97 GWh of electrical energy — of which 42 GWh was used in internal consumption — as well as 161 GWh of thermal energy.

Mercer has set itself a global goal to reduce energy consumption. To that end, the implementation of the energy-controlling software at the Friesau site was completed in January 2023. This innovative technology, called deZem, enables a precise analysis of the relationship between energy performance, production processes and environmental influences. It provides Mercer with a basis for planning optimizations, evaluating efficiency measures and quantifying the savings achieved. The resulting increase in the productivity and energy awareness of employees has contributed to an improvement in the energy productivity index of the mill to 96 percent compared to the base year (100 percent), indicating lower energy consumption.

PULP MILLS

Energy Type and Amount	2019	2020	2021	2022	2023
Total Energy (GJ/tonne)	36.4	36.6	37.3	37.1	37.9
From Renewable Sources (GJ/tonne)	32.6	32.4	32.4	31.8	33.1
From Non-Renewable Sources (GJ/tonne)	3.8	4.1	4.9	5.3	4.8
% Renewable	89.6%	88.7%	86.8%	85.8%	87.2%
% Non-Renewable	10.4%	11.3%	13.2%	14.2%	12.8%
Total Electrical Energy Demand (GWh)	1,371	1,371	1,285	1,330	1,350
Electrical Energy Demand — Intensity (MWh/tonne)	0.73	0.72	0.75	0.77	0.74
% Electricity from Grid	3.8%	2.0%	12.6%	4.0%	3.0%
Electricity Generation (GWh)	2,141	2,239	1,826	2,028	2,142

Energy Efficiency and Renewable Power Generation

SDG 6
SDG 12
SDG 15

SIGNIFICANCE

Energy efficiency and renewable energy generation bring competitive advantages to our operations. Mills that rely on only self-generated renewable energy will mitigate their risks of escalating carbon taxes. We believe renewable energy will play a major role in reducing carbon dioxide equivalent (CO_2e) emissions from fossil-fuel-based energy production.

GOALS

Reduce the energy intensity of our pulp manufacturing by 5 percent from our 2019 baseline.

PROGRESS AND TARGETS

- The power generated at our pulp mills is integrated into our kraft mill process for combined heat and power, representing the majority of our total energy consumption.

- In 2023, our pulp mills' electrical energy demand was 0.74 MWh per tonne, representing a slight increase of 1 percent compared to our 2019 baseline. **1%**

- The percentage of energy from renewable sources has decreased by 3 percent from our 2019 baseline largely due to mechanical issues in the hog fuel feed system at Mercer Peace River restricting hog fuel firing. **3%**

- Total electricity generation rose by 6 percent in 2023 compared to 2022 and the percentage of electricity purchased from the grid slightly decreased.

For more information on our progress towards our 2030 aspirational goals, including our operational goals, strategies and targets, please visit mercerint.com/sustainability.

THE MERCER WAY

Continuously improving the energy efficiency of our manufacturing process and increasing the share of renewable energy is core to our energy management strategy. We use a mix of energy sources and strive to manage our energy resources responsibly. Our mills are focused on implementing operational process improvements to optimize the cogeneration plants that generate surplus renewable energy for the regional grids across Canada and Germany.

7

Sustainable Forestry

The commitment to sustainability doesn't stop at our mill doors. Across the value chain, we work with suppliers to ensure that we are managing forests in a holistic way — and protecting biodiversity for future generations.

PRINCIPLES FOR SUSTAINABLE FOREST MANAGEMENT

At Mercer, our commitment to sustainable forestry extends beyond our direct operations. We actively work to uphold this commitment across our entire value chain, including the forests we own and manage and the forests from which we source our raw materials. Sustainable forestry is about using and caring for forests in a holistic way that balances multiple values relating to environmental, social and economic interests. The principles for sustainable forest management are a set of criteria that guide our approach and lay the foundation for our forest management planning. Each principle is supported by indicators and targets that are aligned with the values and objectives of our stakeholders and rights holders. By applying these principles, in combination with internationally accepted principles of sustainable forestry as part of our third-party forest certification, we maintain a responsible and sustainable approach throughout our operations.

15 LIFE ON LAND

The LEAP Approach

L LOCATE	E EVALUATE	A ASSESS	P PREPARE
Interfaces with Nature	**Nature-Related Dependencies and Impacts**	**Nature-Related Risks and Opportunities**	**To Respond and Report**
Mercer has interfaces with nature in its direct, upstream and downstream value chain, including: • Large-scale forestry, including forest management and wood sourcing • The production, sale and movement of bioproducts	**Dependencies:** 1. Provisioning of wood fiber and biomass 2. Water supply and condition 3. Climate regulation and carbon sequestration 4. Pollination 5. Soil condition **Impacts:** 1. Terrestrial land-use change 2. Water-use change (surface and groundwater) 3. Water and soil pollutants 4. GHG emissions and non-GHG air pollutants 5. Disturbances (noise and light)	**Risks:** • Physical risks related to water scarcity and drought, soil quality degradation, decline in forest productivity, and hazards such as wildfire and landslides • Transition risks related to changes in policy, market dynamics and societal expectations **Opportunities:** • Sustainable forest and ecosystem-based management • The conservation of high ecological value areas and features • Resource efficiency and circular economy measures	Having completed the Locate, Evaluate and Assess phases of the LEAP approach, we are actively developing our response to Mercer's identified nature-related issues and preparing to disclose in line with TNFD's recommended disclosures.

ASSESSING OUR NATURE-RELATED ISSUES WITH LEAP

Biodiversity and nature play crucial roles in the global economy. It is increasingly apparent that the degradation of nature and biodiversity poses significant risks to the vital ecosystem services that businesses and society depend on. Forest-based industries such as ours have a key responsibility to protect the complex array of biodiversity that forests and forest ecosystems support. We rely on the flow of natural capital and ecosystem services throughout our direct operations and supply chain, from harvesting all the way to the delivery of our products and services.

Recognizing the interconnectedness of our business resilience with nature and biodiversity, we at Mercer completed a comprehensive assessment of our nature-related issues by piloting the Taskforce on Nature-related Financial Disclosures' LEAP (locate, evaluate, assess and prepare) approach. The LEAP approach is designed to help companies locate their interfaces with nature, evaluate their nature-related dependencies and impacts, and assess risks and opportunities. By conducting this detailed assessment, we have taken a significant step forward in preparing to respond to, and report on, our material nature-related issues in line with the TNFD's recommended disclosures. Using the results of this assessment, we aim to further integrate nature-related issues into our risk management, business strategy and disclosure framework.

GROWING FORESTS, GROWING A FUTURE

The 2018–2023 droughts weakened the spruce species and increased its vulnerability to the voracious spruce bark beetle across Europe. The death of more than 400,000 hectares of Germany's forests is also directly related to drought fueled by a warming climate. Scientists do not expect the German forests to return to their natural state. If extreme weather events continue to happen and emissions do not decrease significantly, the European Commission warns that Europe faces desertification.

In response to the plight of forest owners, public pressure, climate change and the viability of future business, Mercer Holz, the purchasing arm of Mercer in Germany, launched Growing Forests, Growing a Future (GFGF) in April 2023. The objective of the multi-year GFGF program is to provide participating forest owners in Germany with tree seedlings from partnering nurseries to support their reforesting efforts. According to the European Commission, the key to replenishing German forests is avoiding monoculture tree-planting; pathogen resistance and resilience improve when mixed trees thrive as a united ecosystem. Since the start of the program, Mercer Holz has provided a variety of softwood and hardwood trees — pine, oak, Douglas fir, European beech, red oak, pedunculate oak and Cornish oak — to participating forest owners.

Biodiversity-Focused Forest Management

Forests are one of the most biologically rich terrestrial systems. In addition to trees, they encompass a multitude of plants, animals and microorganisms that support the forest ecosystem services that people and the planet rely on.

At Mercer, we aim not only to conserve biodiversity but also to enhance biodiversity productivity and forest ecosystem conditions. We recognize that the more biodiverse our forests are, the more resilient they are to outside pressures. We adhere to the principles of sustainable forest management, which consider biodiversity at four levels: landscape, local/stand, species and genetics. This allows us to capture the complexity of biodiversity in our forests, from wildlife to soil, air and water health.

At Mercer, we use 29 strategic biodiversity indicators as part of our sustainable harvesting approach. Each of these indicators is closely monitored and identifies targets that inform the development of our forest management plans. At the operational level, we identify areas of high conservation value — priority habitats for focal species, such as species-at-risk. Our operators and contractors are trained to identify and assess such biodiversity areas and ensure they are preserved (using buffer zones), removing them from the harvestable landbase.

On the ground, we also employ ecosystem-based management (EBM), which aims to restore, enhance and protect the resilience of ecosystems by emulating natural disturbances. With EBM, harvests are performed to resemble natural disturbances and maintain different seral stage patterns that would normally occur in forested landscapes. The diversity of stands and tree ages left on the landscape supports a wide variety of species dependent on different forest ecosystem stages to meet their habitat needs.

An ongoing partnership with the Government of Alberta on the Ecosystem Management Emulating Natural Disturbance (EMEND) program, an innovative forest research initiative, has informed our EBM practice. The findings from this initiative — along with findings from other research programs Mercer is a part of — help to continuously improve our management and biodiversity conservation efforts. We also actively engage and consult with stakeholders and rights holders on biodiversity issues to ensure our plans align with diverse perspectives and collective goals.

Did you know that in both our Canadian and German forest operations, we recover wood fiber damaged by natural disturbances such as insects, storms and drought? In doing so, we clear affected areas and reduce the risk of severe wildfires and further spread of pest infestations. These measures, in addition to monitoring and reforestation, are key to forest recovery.
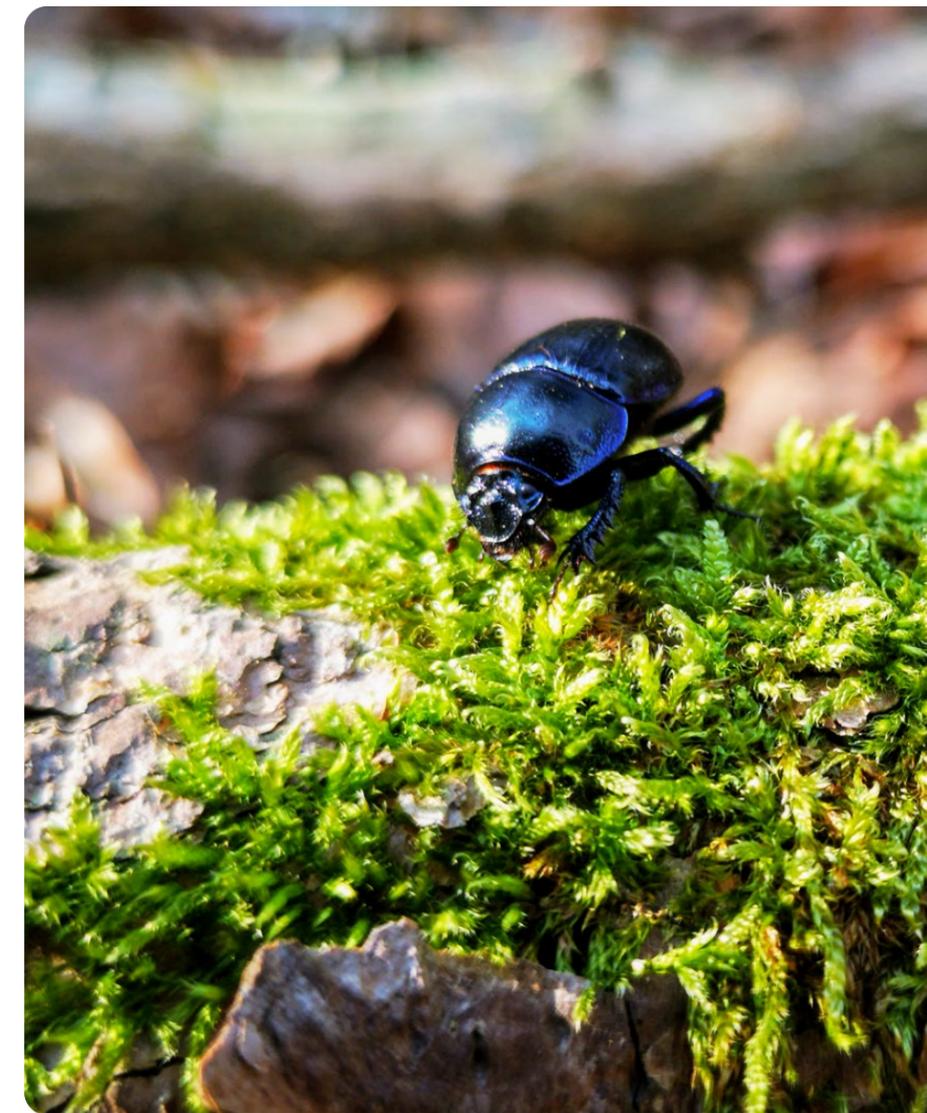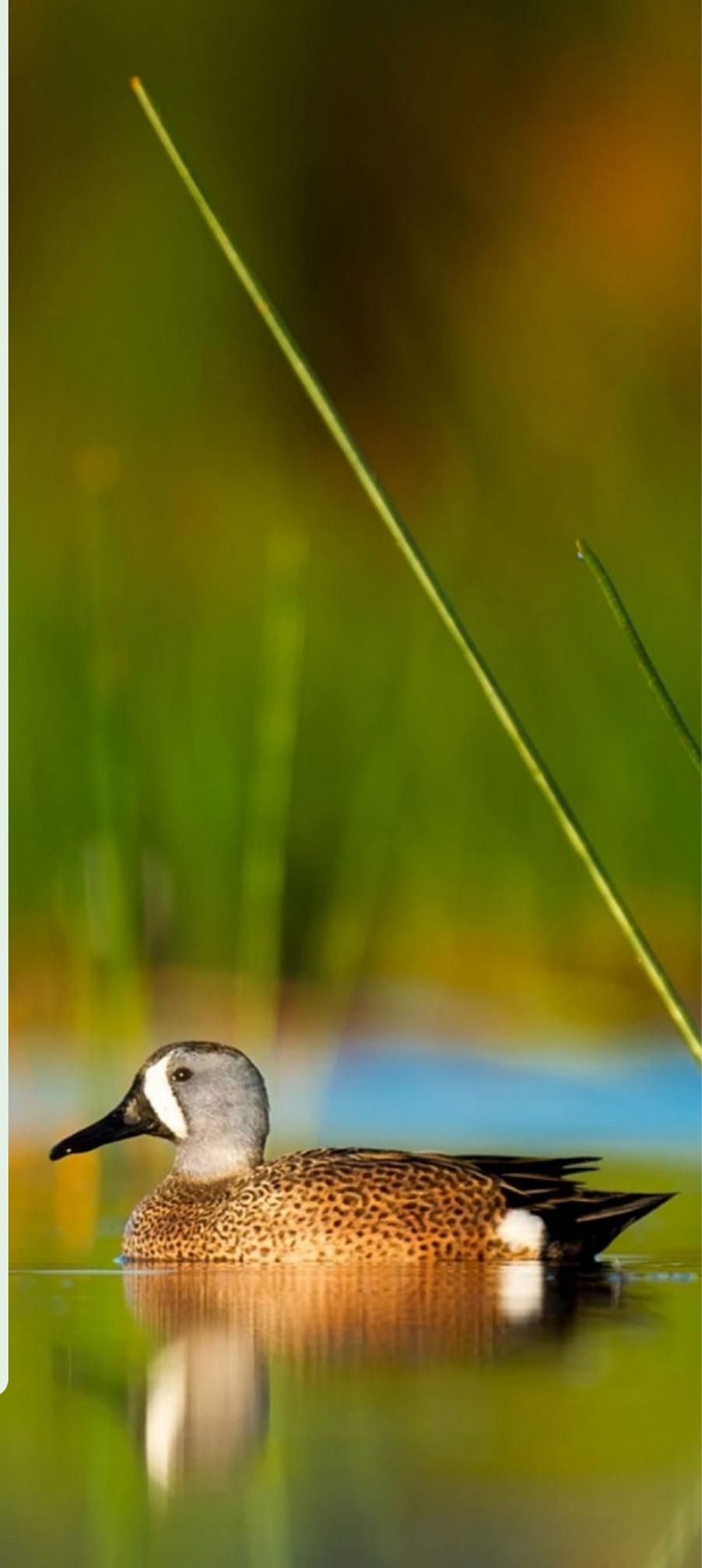
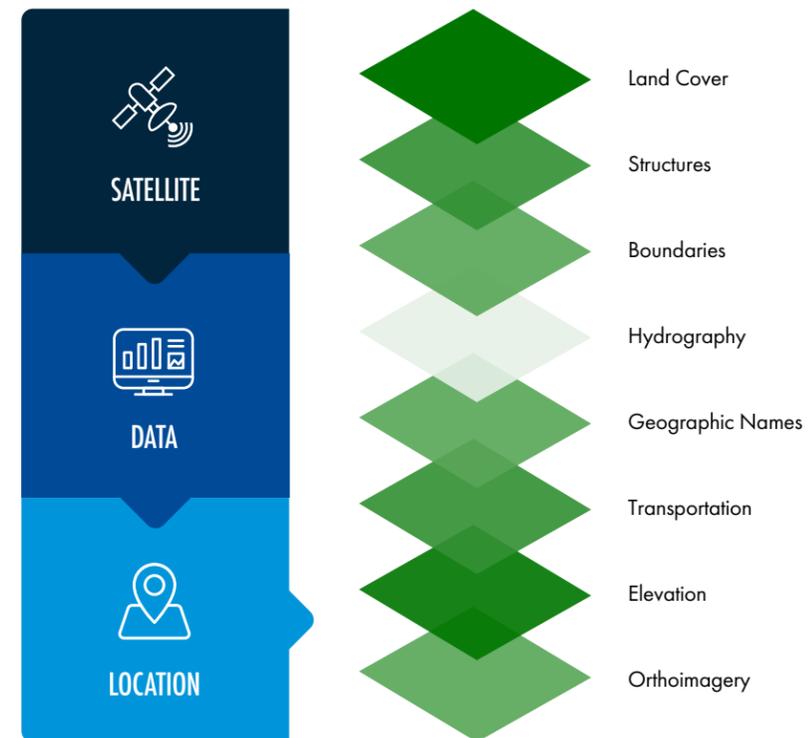## WETLAND MANAGEMENT WITH THE ROTARY CLUB

At Mercer, we are actively committed to climate protection and have donated to the Rotary Club of Wangen-Isny-Leutkirch to support a rewetting project for a raised bog in Schwandener Moos, Germany.

Peatlands are an essential tool for climate protection; although they only cover 3 percent of the Earth's surface, they store twice as much carbon as all forests worldwide. Despite their importance, however, 500,000 hectares of peatlands are deliberately destroyed worldwide every year to convert land for settlements or agriculture. The consequences of drained moors are dire throughout Germany. The rewetting project aims to increase CO_2 sequestration through renaturation and to raise awareness of the important role of peatlands.

In order to stop the soil drainage, we installed sheet pile walls in winter 2021, allowing the soil to once again absorb and store rainwater. Forty volunteers helped to remove bushes, pine trees and other vegetation that was not part of the natural biotope in March 2022. The project was successfully completed in November 2023. Imparting knowledge about the importance of the moors among stakeholders remains an ongoing effort.

SPATIAL VIEWER

SATELLITE

DATA

LOCATION

Land Cover

Structures

Boundaries

Hydrography

Geographic Names

Transportation

Elevation

Orthoimagery

FORESTRY FOR THE FUTURE

Forestry for the Future (FFTF) is a multi-year, multi-channel communications campaign led by the Forest Products Association of Canada (FPAC). It focuses on educating the next generation of Canadians about the forest sector's role in mitigating climate change. This five-year partnership symbolizes a united commitment and approach to promoting a sustainable and climate-resilient future.

Key features of the campaign include:

- Applying an educational focus on forests and climate change, emphasizing how sustainable forestry practices, particularly carbon sequestration and resource management, are vital to combating climate change.

- Showcasing sustainable forestry's environmental, economic and societal benefits, such as biodiversity support, renewable resources and economic contributions.

- Educating about the role of forestry in the bioeconomy, emphasizing its evolution towards sustainability and climate consciousness, and sharing zero-waste initiatives and net-zero emission goals.

We are proud to have participated in FFTF's first mini-documentary, released in April 2024, which focuses on MPR's spatial viewer and how it is utilized in Indigenous land consultations. Spatial models can help in forest management planning that ensures Indigenous communities maintain access to resources they depend on, like medicinal plants, hunting grounds and water sources.

COMMITMENT TO CERTIFICATIONS

The growing demand for wood products certified in accordance with internationally recognized standards reflects an industry-wide shift towards sustainable forest management. At Mercer, we have adapted our operations to reflect this trend, aligning with global agencies like the Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), Sustainable Forestry Initiative (SFI) and Canadian Standards Association (CSA). By prioritizing certified products, we ensure that our sourcing is sustainable and meets industry demands. Our operations implement chain of custody protocols, maintaining strict adherence to environmental standards and sustainable sourcing, which underscores our commitment to respecting the evolving requirements of the pulp and wood product industries.

We adapt to evolving wood certification standards and regional requirements while maintaining flexibility in our approach. Collaboration with suppliers, governments and Indigenous communities in Canada is key to meeting these standards. Our region-specific strategies in North America and Europe, verified by certification bodies, demonstrate our commitment to respecting local regulations and

sustainable forestry. We maintain a rigorous chain of custody process aligned with PEFC and FSC standards, ensuring traceability from source to customer.

Our engagement with PEFC International in 2023 further enhanced our sustainable practices. Following the integration of the Mercer Conway and Mercer Okanagan facilities into Mercer Mass Timber in 2023, we also successfully transferred certifications to MMT through a comprehensive compliance assessment audit. Looking ahead, we aim to increase our certified fiber sourcing — currently at 69 percent — to 80 percent by 2030 and to consolidate our North American sites for increased efficiency and sustainability. This forward-looking strategy will thoroughly evaluate our wood supply chain and its certification impact. Such a dynamic approach positions us for continued leadership in the industry.

KPIs
Sustainable Forest Management and Certifications

✦ SIGNIFICANCE

Sustainably managed forests are a critical resource. Forests and wood-based products play a unique role in supporting nature-based climate mitigation, and sustainable working forests support the economic well-being of Indigenous and other local communities in our Canadian operations. Sustainable management also protects biodiversity and ensures that forests can continue to maintain ecosystem services. Furthermore, the application of best practices in forest management protects the water quality of rivers, streams, lakes and wetlands.

Forest certification and its verification process support sustainable supply chains that are valued in the marketplace. Chain of Custody (CoC) certification is a voluntary process that demonstrates that forest resources are procured in strict adherence to sustainable forest management and environmental management practices. These standards require comprehensive risk assessments relating to the region, origin and species of a specific forest. In addition, in the markets where we operate, we are actively engaged in promoting the benefits of forest certification.
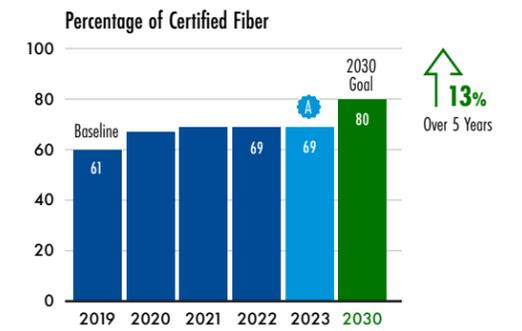
▶ GOALS

We have established an aspirational certified wood fiber sourcing goal of 80 percent by 2030 for our global operations.

◎ PROGRESS AND TARGETS

Overall, Mercer's certified fiber percentage remained consistent at 69 percent in 2023. Our percentage of certified fiber includes all certified fiber that is delivered to our mills and excludes certified logs that are purchased and sold, and therefore do not enter production.

At Mercer Peace River, certified softwood increased slightly from 2022 as a result of the mill's strategy to produce a greater amount of softwood pulp using additional fiber from certified suppliers. Mercer Peace River's certified hardwood increased significantly from 76 percent in 2022 to 90 percent in 2023 due to implementing a new Forest Management Plan that aims at utilizing a greater proportion of hardwood fiber from quota holders within MPR's forest management areas. In Germany, certified fiber decreased slightly from 76 percent to 72 percent primarily driven by a decrease in the volume of certified sawlogs sourced by Mercer Timber Products, which affects the share of certified woodchips at the German pulp mills. Each of our mills operates

under strict and comprehensive region-specific forestry laws and regulations; this compliments our supply chain efforts to advance forest certification and increase certified fiber sourcing. In 2023, Mercer continued to expand its North American multi-site CoC certifications with Mercer Spokane and will incorporate Mercer Conway and Mercer Okanagan later this year.

Percentage of Certified Fiber

2019	2020	2021	2022	2023	2030
61			69	69	80

Baseline — 2030 Goal

↑ **13%** Over 5 Years

For more information on our progress towards our 2030 aspirational goals, including our operational goals, strategies and targets, please visit mercerint.com/sustainability.

ⓜ THE MERCER WAY

At Mercer, we are responsible for sustainably operating on 7.6 million hectares of Crown forests in Alberta and directly managing 2.7 million hectares. Ensuring sustainable sourcing of fiber and wood at all our global operations is a priority. Mercer's Wood and Fiber Procurement Policy supports third-party forest certification and due diligence processes to ensure our wood comes from sustainably managed forests. Our wood comes from third-party-verified and third-party-certified chain of custody systems to ensure complete wood traceability. We conform to the requirements of the Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody and Forest Stewardship Council (FSC) Chain of Custody Standards. In addition, at Mercer, we have developed science-based indicators to ensure we can measure biodiversity in our company-managed forests and adopt practical measures to protect ecosystem services. By adhering to the requirements of forest certification, we are able to maintain transparent and traceable fiber sourcing that does not contribute to deforestation or forest degradation. In our own forest management, we participate in multi-stakeholder engagement and industry initiatives that ensure harvesting practices balance social, environmental and economic interests and that land conversion and deforestation do not occur.

8

Enhance Stakeholder and Rights Holder Engagement

In an increasingly complex world, we're no longer just operators in our communities. We are partners. That's why Mercer is actively engaged with Indigenous communities and local citizens to build a more inclusive approach to forest management.

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Engagement and Consultation

Respectful Engagement, Sustainable Practices

Mercer Peace River acknowledges and supports frameworks such as the United Nations Declaration on the Rights of Indigenous Peoples and the Canadian Truth and Reconciliation Commission's Call to Action No. 92.

In Alberta, these frameworks inform MPR's approach to engaging with 16 First Nations and Métis Settlement communities, as do Alberta's consultation policies and Mercer's Indigenous Relations policy. In everything we do, we strive to responsibly and respectfully engage with Indigenous communities, ensuring that our actions align with broader ethical considerations and standards focused on avoiding or mitigating the impacts of forest management activities on Indigenous traditional values and rights. However, our consultation process extends beyond Indigenous

communities. Involving the public through community conversations and public advisory committees ensures an inclusive and integrative approach to forest management, leading to more effective and comprehensive planning and potentially implementing adaptive management solutions, including modifying practices or adjusting operational timelines to minimize impact. It all helps our activities better align with the values and needs of each community.

As Frazer Butt, Woodlands Manager for MPR, says, "Through cultivating a respectful and meaningful dialogue, we gain deeper insights into the questions and concerns of local and Indigenous communities. This understanding is not just beneficial; it is essential to our planning and operational processes. We seek to create a more informed and responsive operational framework by ensuring our strategies align with community needs and perspectives."

Setting the Goals for Success

The Government of Alberta mandates forest companies to develop VOITs — values, objectives, indicators and targets — as part of their forest management plans. VOITs serve as provincial performance standards, guiding the management of forests and integrating key aspects of forest management such as sustainability, timber production and stakeholder interests.

Our Peace River VOITs reflect the values identified by rights holders — for example, clean water — and set the direction for our forest management strategies. We work closely with communities in the planning process to ensure their values are incorporated into the land base management process. We use various methods of community consultation, including meetings, traditional land use studies, the development of spatial information systems and field surveys to identify key traditional sites.

MPR has a comprehensive, detailed forest management plan. It outlines long-term strategies and includes high-level management objectives, timber production assumptions, sustainable harvest levels and so on. It also sets out the management approach for Mercer's forest management areas, detailing when, where and how harvesting will occur. In this way, we never lose sight of the value of collaboration and respect for the diverse needs and rights that bind all of us who live, work and plan in the boreal forest of Alberta.

ENGAGEMENT OF LOCAL COMMUNITIES

All across Canada, the US, Germany and Australia, our company is committed to making a meaningful difference in the communities where we operate. Beyond corporate social responsibility, community engagement involves active participation and support for social, economic and environmental transformation.

We recognize the unique needs of each region and tailor our engagement to ensure our contributions are effective and meaningful. This approach manifests through several key actions:

- Understanding local contexts to develop tailored strategies.
- Engaging in productive dialogue with stakeholders.
- Cultivating collaborative partnerships.
- Building skills and capacity through training.
- Promoting environmental responsibility through green initiatives.
- Supporting local economies through local procurement and business support, tax contributions and job opportunities.
- Advancing social impact through education, wellness, culture and safety initiatives.

We understand that communities are more than just shared spaces or interests — they are networks of mutual support and shared goals. Our interactions at Mercer are informed by this view, as we aim to be an active contributing partner in community development. Visit mercerint.com/our-operations to explore our community-specific initiatives.
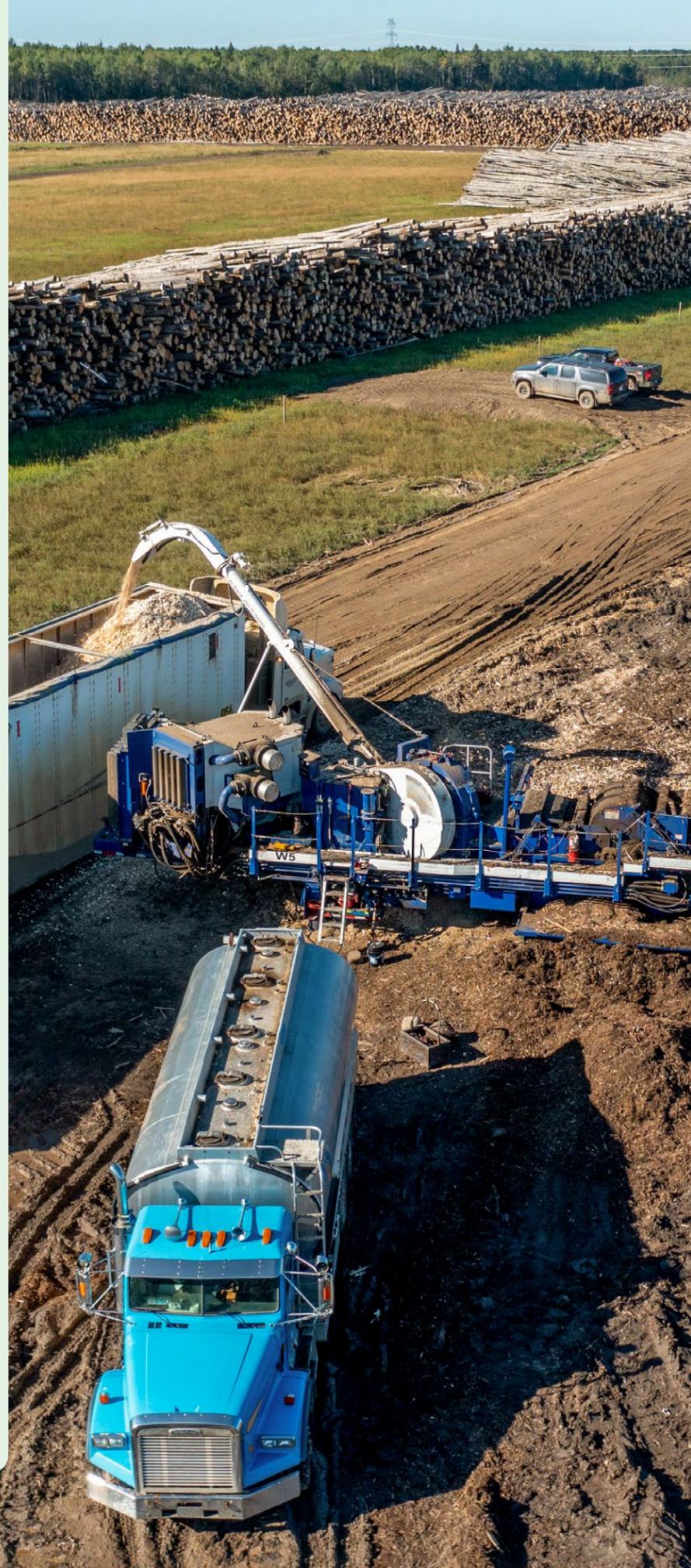
EMPLOYEE ENGAGEMENT

In 2023, we conducted our second annual employee engagement survey. It was conducted globally and administered by an independent third party.

The global participation overview of the survey revealed an overall rate of 54 percent and represented a broad cross-section of our employees. Participation varied by country, with 48 percent engagement in Germany, 61 percent in Canada and 92 percent in the United States. This geographical variation in response rates offers valuable insights into each region's workplace dynamics and cultural factors.

Comparing this year's results with those from 2020, we noted an upward trend, with a 7 percent increase in overall participation. This increase is a positive indicator of growing employee involvement and a commitment to our collective improvement across the different regions in which we operate.

Based on feedback from the survey, we have identified four areas of focus for improvement:

- Recognition and Acknowledgment
- Supervisor–Employee Relationships
- Promotion of Growth and Advancement
- Performance Feedback and Assessment

In 2024, we will formulate action plans to address these identified focus areas and any others that arise, conducting thorough reviews and adjusting our plans as needed. Our employees' insights and opinions will shape the culture and employee experience at Mercer, which will help us to address regional needs, respond to global trends and enhance overall employee engagement and satisfaction.

COMPETITIVE COMPENSATION

We place a strong emphasis on fair, equal and competitive salaries and benefits. By offering competitive compensation, we are able to successfully attract and retain talent across the global jurisdictions in which we operate. We are committed to ensuring that all Mercer employees are fairly rewarded and to meeting, or even exceeding, local living wage standards. By prioritizing fair and competitive compensation, we actively engage in fostering inclusive economic growth and employment opportunities, aligning our practices with global sustainable development initiatives for a more equitable and sustainable future.

PROGRESSIVE ABORIGINAL RELATIONS PROGRAM

The Canadian Council for Aboriginal Business (CCAB) and its Progressive Aboriginal Relations (PAR) program provide a framework for businesses, including Mercer, to develop relationships with Indigenous communities in Canada. Established in 2001, the PAR program underscores the importance of these relationships in the Canadian business landscape.

The CCAB is a national, nonpartisan, member-based organization that brings Indigenous and non-Indigenous companies together, promoting understanding and respect for Indigenous cultures and practices in the business world. Our membership in the CCAB reflects our commitment to these values. The PAR certification criteria guide organizations to strengthen and nurture their relationships with Indigenous groups. Our active participation in the program objectively demonstrates our dedication to Indigenous communities.

Currently, we are in the "Committed" phase of the PAR process, which means we are in the midst of ongoing efforts to improve our relationships with Indigenous communities. In alignment with the PAR "Committed" criteria, we at Mercer focus on respectful engagement with Indigenous communities to build trust, uphold ethical standards and develop sustainable relationships with Indigenous Peoples in Canada.

INDIGENOUS PARTNERSHIPS

Since acquiring Mercer Peace River, formerly known as Daishowa-Marubeni International (DMI), in 2018, we have been dedicated to strengthening our partnerships with Indigenous groups — a commitment exemplified by a collaboration with the Métis Nation of Alberta Region 6. This partnership, based on mutual respect and a shared goal of growth and understanding, showcases the power of collaboration between industry and Indigenous groups.

The partnership's roots date back to 1988, focusing on the environmental and economic impacts of the pulp mill. This led to the creation of the Indigenous Resource Development Group (ARDG), which facilitated dialogue between Indigenous communities and Daishowa, DMI's former parent company.

Two significant initiatives stemmed from these discussions. First, a company that provided contract labor to the pulp mill was established. Second, Bison Contracting, a joint venture with the Métis Nation of Alberta Region 6 and a local contracting company, was formed. Over 35 years, Bison Contracting has employed over 2,000 individuals, a significant majority of whom are Indigenous. The venture's success is attributed to its non-political nature, competitive approach and focus on growth and support.

INVESTING IN FIRE PROTECTION

Property destruction, endangerment to life and environmental impacts are significant risks posed by fires in wood-processing facilities. At Mercer Rosenthal, we have effectively minimized these risks through proactive fire protection and strategic investments.

Tobias Albert, Plant Manager and Incident Officer at Mercer Rosenthal, emphasizes the critical nature of this issue, particularly in the wood storage yards. He states, "A fire in these areas is challenging to contain and leads to substantial production losses, far exceeding the material damage. Our goal is to prevent such occurrences from the outset."

In response to a fire at our Stendal mill, we conducted a thorough review and enhancement of fire protection measures across all German Mercer plants in 2023. This initiative, conducted in collaboration with insurers, followed an investigation into the Stendal fire, which was attributed to a technical defect in a conveyor system.

Key enhancements identified for the Rosenthal site include round-the-clock monitoring of the log yard, expansion of sprinkler systems along conveyor belts for immediate fire suppression, acquisition of additional mobile firefighting technology and unhindered access to water to extinguish fires. In 2022, a specialized infrared camera was installed in the log yard to enhance fire detection capabilities. Alerts from this system are directly communicated to Mercer Rosenthal's 24-hour alarm center.

9

Embrace Social Responsibility

As global sustainability leaders, we enthusiastically support international frameworks such as the UN Global Compact, the world's largest corporate sustainability initiative. But we're equally engaged with issues closer to home, including safety, training, and diversity, equity and inclusion.

INTERNATIONAL FRAMEWORKS AND STANDARDS

One important way in which we at Mercer embrace social responsibility is by supporting and engaging with international frameworks and standards, such as the UN SDGs. We believe that shaping a sustainable future will take the collective action of companies that are united and aligned in their approach towards responsible business practices and strategies. We are proud to be part of many internationally recognized frameworks and standards that are leading sustainable transformation for people and the planet.

We are particularly proud to be part of the UN Global Compact, which is known as the world's largest corporate sustainability initiative. As a Global Compact signatory, we

have joined a global network of companies committed to aligning their strategies and operations with universal principles relating to human rights, labor rights, the environment and anti-corruption strategies. By joining forces and collaborating with organizations like the UN Global Compact, SBTi, BSR, SFI and PEFC, we adopt credible and robust best practices, which in turn builds trust among our stakeholders and brings us closer to achieving our ambition of being the best company we can be.

Health and Safety

Thinking Ahead for Safety

Our Serious Injury or Fatality Potential (SIFp) program has undergone a major upgrade this year. "We've expanded traditional near-miss reporting to include property damage, safety recognition and information sharing, along with the usual unsafe conditions and behaviors," explains Mark Goebel, Mercer's Vice President, Health and Safety.

The new reporting initiative, called Safety Flash — for Findings, Learnings And Safety Hazards — means that if a worker discovers a chemical leak, for example, there will be an enhanced safety response. "In the past, it would be recorded as a near miss — nobody was hurt," says Mark. "Now it also triggers a Safety Flash warning, alerting people to stay clear of the area." The focus is on anticipating potential safety problems rather than reporting events that might have resulted in injury. "The premise behind this is not just to react to SIFp events, but to think about these precursors in our prevention efforts, such as when we go out on safety

walks and inspections and in our safety talks and workplace training."

Another significant change is how Safety Flashes, SIFp events and recordable incidents are recorded, tabulated and tracked. Mercer's new cloud-based repository for health and safety data and information, called HendrikS, has been in operation since the beginning of 2023; people can now use it to quickly see safety issues in their plant and how their safety figures compare across the company.

Thanks to HendrikS and the Safety Flash reporting, says Mark, total recordable incident rates (TRIRs) "are already lower in some plants using the system."

Crisis Management Makeover

At Mercer, we decided to revise our crisis management plan after several serious incidents in 2022, including a major fire, a non-work-related death and a contractor fatality. "We took those events very seriously and looked for ways to improve our response," says Mark.

The first change was to simplify the existing crisis management plan. The second was to tier the crisis team: "In the past, people hesitated to trigger a crisis alert because it would wake up 30 people, who would all respond to the incident. So we split the team into two levels of activation." The first level of five people deals with the incident and calls in others as needed. "We also improved the alerting system," he continues. "If, for whatever reason, you cannot answer the alert, it automatically cascades to your deputy." After rigorous testing, Mark has full confidence in Mercer's new approach to crisis management — and is hopeful it will rarely be called upon.
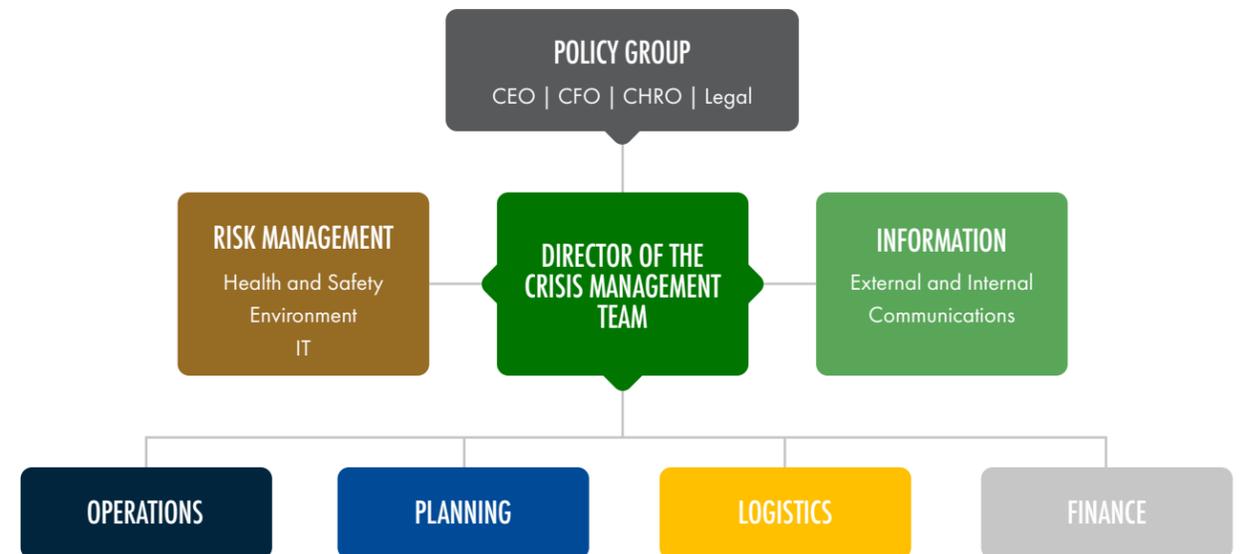
HendrikS was named in memory of IT specialist Hendrik Wedel, whose technical expertise, tireless willingness to help and distinctive sense of humor are sorely missed at Mercer Stendal.

INCIDENT COMMAND SYSTEM ACTIVATION PROTOCOL

LEVEL 1

LEVEL 2

PROCUREMENT AND SUPPLY CHAIN RESPONSIBILITIES

In the evolving landscape of global business, a company's procurement and supply chain practices significantly impact its operational success and social footprint. As a leader in the forest products industry, we are deeply committed to ensuring the sustainability of our operations and fostering the economic growth of the communities in which we operate. Our procurement and supply chain management approach is rooted in a philosophy that values social responsibility and ethical practices.

Working with local vendors is central to our strategy. This is not merely a business decision; it is a reflection of our commitment to contribute positively to local economies. By engaging with local suppliers, we aim to create a ripple effect of economic prosperity, including job creation and community development. This approach aligns with our broader sustainability goals of reducing transportation emissions and promoting environmental stewardship.

Moreover, our rigorous selection criteria for suppliers underscore our dedication to ethical practices, ensuring that our partners share our sustainability and ethical responsibility values. In this way, our procurement and supply chain strategies serve as a cornerstone of our mission to operate not just as a business but also as a responsible corporate citizen dedicated to making a tangible, positive impact on the world.

FIRE SAFETY DRILL AT MERCER ROSENTHAL

On October 14, 2023, Mercer Rosenthal conducted a fire safety drill simulating a major fire in the wood chip storage area that involved casualties from an external company. Two hundred internal and external emergency service participants — including local fire departments, disaster control and medical services — practiced coordinated response efforts to a fire. The drill focused on high-altitude rescues and smoke containment, with additional support from specialized vehicles for comprehensive risk management.

The company's crisis response team utilized the safeREACH app to help them efficiently manage the scenario and rapidly disseminate information without using traditional communication methods. The drill also included realistic challenges like media inquiries and unauthorized access attempts, all of which enhanced the team's preparedness to deal with legal and operational complexities.

Benjamin Franke, the company's Safety Officer, emphasized the importance of such drills for identifying weaknesses — for example, access to water to extinguish fires — and enhancing the effectiveness of response measures. These exercises also allow emergency services to become familiar with the site, which would potentially save time in the event of a real emergency.

"As a responsible employer and corporate citizen, every major exercise is a direct contribution to ensuring the occupational safety of our employees and protecting local residents," says Benjamin, summarizing the reasons for the regular exercises.

EDUCATION AND DEVELOPMENT

Education Prize for Mercer Stendal

Once a year, the Magdeburg Chamber of Industry and Commerce awards its Education Prize to recognize outstanding work in the areas of marketing, acquisition, recruiting, application, start of training and implementation of training. An independent judging panel of subject matter experts assessed Mercer Stendal's performance in these key areas and highlighted our commitment to training excellence.

This award not only confirms and recognizes our achievements to date at the Stendal pulp mill but also motivates us to continue to give our best. Lars Lewi, Training Coordinator at Mercer Stendal, is proud to have received this award. "This would not have been possible without the support and positivity of the management, the dedicated trainers in the various areas of the company and our motivated trainees," he says.

While the team of trainers sees this award as an excellent starting point, the trainers are keen to continue to improve. "There are many aspects that need to be developed further still, be it through the confirmation and expansion of the above-mentioned achievements, better integration of trainees from the second year of their apprenticeship into the production and maintenance process, the integration of e-learning as a tool for theoretical knowledge acquisition or closer involvement of the specialist departments," explains Lisa Wechsung, Training and Marketing Manager at the Stendal site. "We are determined to take on these challenges and further optimize our training programs."

Awarding the Specialists of Tomorrow

Jugend forscht, Germany's leading competition for young talent in mathematics, computer science, natural sciences and technology, aims to foster the creative potential of young people from Grade 4 up to the age of 21. With over 120 nationwide competitions each year, Jugend forscht provides a stage for aspiring young minds to present their projects to the public.

At Mercer Stendal, we took on a supporting role in this competition for the first time in 2023 and provided prizes for the most committed schools in Saxony-Anhalt. The school prizes are awarded at the regional competitions and the state finals. Schools that enter more than four projects in the competition receive this award to honor the supervising teachers and the schools for the crucial role they play in the students' success.

For Mercer Stendal, it is important to start encouraging young children to participate in this area. After all, they are the specialists of tomorrow. "They have ideas and pursue them consistently. They are interested in mathematics, computer science, nature and technology — knowledge that is needed in many technical professions and technical degree courses," says André Listemann, Managing Director, Mercer Stendal. "Such committed young people shape and secure the future of our company, our country and worldwide."

For Mercer Stendal, our support is not only an investment in education but also a step towards securing an innovative and sustainable future.

Road to Zero

⊛ SIGNIFICANCE

Health and safety is a key aspect of our employee engagement and business success. Safety performance is strongly related to the quality of our leadership and workplace culture. In addition, contractor safety is critical to successful capital project deployment and execution of annual maintenance shutdowns.

▶ GOALS

- <1 Total Recordable Injury Rate (TRIR)
- <15 injury severity
- An interdependent health and safety culture

◎ PROGRESS AND TARGETS

In 2023, our recordable injuries increased by 65 percent from 2022 after we acquired three new large facilities: Mercer Torgau, Mercer Conway and Mercer Okanagan. Our 2022 TRIR of 2.23 did not include Mercer Torgau as it was owned for only the last three months of the year and not fully integrated into our internal HendrikS safety system until the beginning of 2023. As Mercer Conway and Mercer Okanagan were acquired halfway through 2023, our 2023 TRIR of 3.68 includes safety data from these two sites for the second half of the year. With these newly added operations, we experienced a total of 112 recordable injuries in 2023, which translates to a rate of 3.68 incidents per 200,000 hours worked across all employees; this metric is generally referred to as the Total Recordable Incident Rate (TRIR). Prior year comparative figures for TRIR have not been restated for our recent acquisitions. While contractor hours are not included in the TRIR, we believe that all injuries are preventable and that everyone who visits our sites deserves to return home safely at the end of the day. Our overarching goal is to have zero accidents, and we continue to pursue our aim of an injury-free workplace for both employees and contractors.

TRIR

Year	Value
2019	2.8
2020	3.2
2021	3.8
2022	2.23
2023	3.68 (A)
2030 Goal	1.00

↑ **31%** Over 5 Years

For more information on our progress towards our 2030 aspirational goals, including our operational goals, strategies and targets, please visit mercerint.com/sustainability.

Ⓜ THE MERCER WAY

Our Road to Zero is embedded in our Mercer culture and work systems. We proactively implement our nine Life-Saving Golden Rules to address high-risk activities and create a safety culture where people act safely at all times. We are committed to a zero-incident workplace and to the health and well-being of everyone who works for us and with us. We support this through training and policies on vital safety-related subjects, including risk assessments, safety compliance, emergency response and preparedness, and industrial hygiene. Robust investigations are conducted after each incident to help us understand the root cause, communicate the findings and identify ways to prevent repeat incidents. We conduct external safety audits to evaluate the effectiveness of our safety programs.

Diversity, Equity and Inclusion

SDG 5
SDG 8

⊛ SIGNIFICANCE

Diversity, equity and inclusion (DE&I) create a sustainable, resilient workplace. Organizations that prioritize DE&I benefit in many ways from diverse perspectives, including enhanced decision-making, innovation and employee satisfaction. DE&I practices also help organizations to operate ethically and potentially improve their financial performance, making DE&I a strategic choice for a more inclusive and effective organization.

▶ GOALS

At Mercer, our goal is to foster a more inclusive and equitable culture and increase diversity in our workplace. We aim to increase our recruiting of women in our workplace to 30 percent by 2030.

◎ PROGRESS AND TARGETS

In 2023, workforce dynamics highlighted challenges and opportunities in gender diversity and employee engagement. Fluctuations in the representation of women underscored the need for enhanced efforts and focus across all our locations. Although there were some regional variations, overall, insights from the employee engagement survey indicated a growing commitment to reinforce diversity, inclusion and engagement — all of which were identified as integral components of organizational success — in the organization. In 2023:

- Women comprised 17 percent of the global workforce. This was a slight decrease from 18 percent in 2022, reflecting limited progress in overall gender diversity. ↓

- Female new hires decreased to 18 percent in 2023 from 20 percent in 2022, indicating the challenges faced by Mercer, and the industry in general, in attracting female talent. ↓

- The percentage of women in top leadership positions increased slightly to 26 percent from 25 percent in 2022. ↑

- Mercer conducted its second employee engagement survey. While there were some regional variations in engagement, there was an overall 7 percent increase in participation compared to 2020, indicating growing employee involvement and commitment to organizational improvement. ↑

- Numerous education and engagement sessions with managers at all levels took place across all our key operations. These sessions were intended to provide all employees with tools for focused and targeted communication and with the appropriate support to help define key action plans.

17%	PERCENTAGE OF WOMEN EMPLOYEES (A)
18%	PERCENTAGE OF WOMEN HIRED
26%	PERCENTAGE OF WOMEN IN MANAGEMENT

For more information on our progress towards our 2030 aspirational goals, including our operational goals, strategies and targets, please visit mercerint.com/sustainability.

Ⓜ THE MERCER WAY

At Mercer, we are committed to fostering an inclusive and supportive workplace culture. We recognize that our employees' diverse backgrounds, interests and skills are essential components of our organization's success. Transparency and accountability are fundamental principles for upholding the ethical standards outlined in our Code of Business Conduct & Ethics and Human Rights Policy. Our whistleblower Integrity Hotline offers employees a confidential platform where they can express concerns, demonstrating our commitment to fostering a safe and open work environment. In our ongoing pursuit of progress, we actively explore and implement strategies to promote inclusivity across our workforce.

10

Governance and More

Good governance is key to a sustainable operation. That's why we have enhanced our Code of Business Conduct & Ethics, as well as our Whistleblower Policy, while improving the transparency of our Board structure and its committees.

ISSUE REPORTING

Maintaining Mercer's viability and integrity hinges on safeguarding our key assets, notably our personnel. We recognize the need for our communication and internal controls and processes to evolve in response to our company's evolving needs, goals and market dynamics.

In keeping with this guiding principle, our Code of Business Conduct & Ethics is underpinned by our core values and delineates the standards of conduct expected in our everyday operations. Complementing this is our Whistleblower Policy, a testament to our enduring dedication to ethical conduct and integrity.

Central to our Whistleblower Policy is our Integrity Hotline, a confidential platform accessible via the Internet and/or phone in all the countries in which we operate. It plays a crucial role in ensuring all stakeholders have a mechanism to anonymously raise issues of concern such as potential fraud, discrimination, misconduct and other similar infractions, thereby fostering a healthier and more transparent work environment.

We regularly remind our employees and stakeholders that they can use both the hotline and other reporting channels to report suspected misconduct. Any instance of potential noncompliance involving a Mercer employee or a contracted third party is thoroughly investigated by an impartial internal or external team and then reported to the Board via the Audit Committee. Any corrective actions, including policy changes and disciplinary or legal measures, are approved by the Board before being implemented.

Board Committees

Juan Carlos Bueno
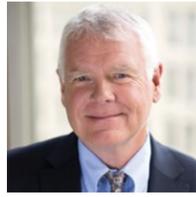
William D. McCartney

James Shepherd

Alan C. Wallace

Linda J. Welty

Rainer Rettig

Alice Laberge

Janine North

Torbjörn Lööf

Tom Corrick

Jimmy S.H. Lee
Chairman Emeritus

Board Composition and Purpose
The primary duty of our Board members is to safeguard and promote the best interests of the company and its shareholders by providing oversight and guidance in the management of the company. Mercer's Board is currently composed of 11 members who are elected annually. Current Board members can also be re-elected.

Risk Management
As part of its duties, the Board is required to ensure company management is effectively managing risk. To facilitate Board oversight of risk, four permanent committees support the Board in fulfilling this mandate.

The four committees are:

- The **Audit Committee**, which is responsible for overseeing our financial and environmental reporting, our accounting procedures and our external audit processes.

- The **Human Resources Committee**, which oversees the company's compensation practices, including for the company's senior management, as well as endorses senior management development plans and advises on senior management succession planning.

- The **Environmental, Health and Safety Committee**, which oversees policies and compliance mechanisms for the company's environmental, climate change, health and safety management systems.

- The **Governance and Nominating Committee**, which supports development, oversees the company's corporate governance and assesses the Board's overall effectiveness and performance.

SUPPLY CHAIN DUE DILIGENCE

In 2023, we adopted the Mercer Supplier Code of Conduct, which was a pivotal step forward in our ongoing efforts to shape a responsible and sustainable supply chain. We recognize that good governance is only possible when all stakeholders in the supply chain are aligned in their values and committed to transparent and ethical business practices.

Our code seeks to ensure that our values regarding important issues such as workplace safety, labor and human rights, environmental protection and sustainable partnerships are upheld throughout our operations. This opens up valuable collaboration and strategic opportunities to realize social and environmental objectives for both us at Mercer and our suppliers.

Of particular importance is ensuring that our value chains comply with both existing and emerging regulations that drive our industry towards best practices in supply chain due diligence and risk management. Under the oversight of our Board of Directors, we remain steadfast in our dedication to fostering a supply chain where integrity and sustainability prevail.

For information and a discussion of, among other things, our approach to governance, our Board of Directors, their role and responsibilities, the names, backgrounds and experience of our directors, Board renewal and director nomination, our approach to risk assessment and management, our Board committees and their responsibilities, and our approach to executive compensation, see our annual proxy statement on Schedule 14A dated April 19, 2024. For our annual shareholders' meeting scheduled on May 31, 2024, a copy is available on our corporate website at mercerint.com and on the United States Securities and Exchange Commission's Electronic Data Gathering, Analysis and Retrieval system at sec.gov/edgar/browse/?CIK=0001333274.

CYBERSECURITY

In 2023, Mercer appointed Andrey Chernousov as Director of Cybersecurity, thereby enhancing our cybersecurity efforts through Andrey's broad experience and expertise in managing and executing cybersecurity risk management programs.

Key achievements of our strategy in 2023 include:

- The assessment and enhancement of our information security response plan.

- The successful integration of two new business units into our infrastructure.

- The promotion of enterprise-wide security awareness and the ongoing refinement of our risk management processes.

In response to the rapidly evolving landscape of cyber threats, marked by advances in artificial intelligence and the intricacies of social engineering, we continue to update our approaches to cybersecurity. Recognizing the growing sophistication of cyber-attacks, we focus on proactive defense strategies to ensure we are well prepared for the complexities of a challenging digital environment.

One of the central elements of our strategy is enhancing employee awareness programs to provide our team with the necessary knowledge and tools to counter these threats effectively. This approach helps us maintain a vigilant and adaptive stance against the wide array of risks in today's digital world.

By fortifying our digital defenses, we are working to ensure that Mercer focuses on delivering value to our customers and stakeholders, free from the distractions of potential loss recovery.

Industry Associations and Partnerships

At Mercer, membership associations play an important role in our path to a more sustainable world. In national and international associations, we find reliable partners who provide a common platform to strengthen our commitment to environmental and social responsibility.

These associations act as strong networks that actively support us in developing and promoting sustainable practices. Our membership in these organizations allows us to access valuable resources, best practices and training to help us achieve our ambitious sustainability goals. The FSC, SFI and PEFC certifications to which we are committed ensure the protection of forests.

Our membership in trade, craft and agricultural interest groups enables us to actively shape political change and jointly develop solutions to industry-specific challenges. Overall, our association work is crucial to the success of Mercer as a whole.

OUR MEMBERSHIPS

Sustainability Business Practices and Environmental Stewardship
Business for Social Responsibility (BSR™) — Global
UN Global Compact — Global

Energy and Power Industry Focus
Association of the industrial Energy and Power Industry — Germany

Woodworking and Raw-Fiber Advocacy
German Sawmill and Wood Industry Association — Germany
German Timber Industry Council — Germany
Woodworks (Wood Products Council) — North America

Forest Product Associations
Forests Product Association of Canada (FPAC) — Canada
Alberta Forest Products Association (AFPA) — Alberta, Canada
BC Council of Forest Industries (COFI) — British Columbia, Canada
American Wood Council (AWC) — United States

Sustainable Forestry and Wood Use
Forestry and Wood Platform — Germany
Woodworks (Wood Products Council) — North America

Bioproduct Development and Decarbonization
BC BioAlliance — British Columbia, Canada
Renewable Carbon Initiative (RCI) — Europe
BioEconomy Cluster — Germany

Pulp and Paper Industry
Confederation of European Paper Industries (CEPI) — Europe
European Pulp Industry Sector (EPIS) — Europe
German Paper Association DIE PAPIERINDUSTRIE — Zellcheming, Germany

For more information, visit our website at mercerint.com.

"Our global associations provide insights into worldwide trends while emphasizing local market specifics. This dual perspective ensures our operations are globally informed and locally appropriate, adhering to regional regulations and cultural practices."

Bill Adams
Vice President of Sustainability and Innovation

INITIATIVES WE PARTNER WITH

FORESTRY FOR THE FUTURE.

GROWING FORESTS GROWING A FUTURE

HOLZ RETTET KLIMA
Mission Holz 2030

11

Indexes

In this section, you will find our content indexes for GRI, SASB and the TCFD. We have also included a letter from independent accountants, plus our Notice Regarding Forward-Looking Statements.

GRI CONTENT INDEX

Mercer follows the Global Reporting Initiative (GRI) Sustainability Reporting Standards in its corporate sustainability reporting. The reporting has been prepared with reference to the GRI Standards. Our GRI index provides the location of the disclosures of material topics and general disclosures that are addressed in the Sustainability Report, our financial reports and on Mercer's website. This document is available on the Mercer webpage mercerint.com/sustainability.

SASB CONTENT INDEX

Mercer's report against the SASB's Sustainability Accounting Standards includes the full standards for Pulp and Paper Products. In this Mercer SASB Disclosure Index, the specific standard indicators are listed with references to the locations of these disclosures. Specific material Key Performance Indicators in the Sustainability Report have been assured by an independent third party, PricewaterhouseCoopers LLP (PWC), on the opposite page. This document is available on the Mercer webpage mercerint.com/sustainability.

TCFD CONTENT INDEX

Mercer's report against the Task Force on Climate-related Financial Disclosures incorporates the Task Force's recommendations on climate-related financial disclosures and is structured around four thematic areas that represent core elements of how Mercer manages climate change through governance, strategy, risk management, and metrics and targets. The 11 indicators are listed with references to the location of these disclosures. This document is available on the Mercer webpage mercerint.com/sustainability.

A REPORT FROM INDEPENDENT ACCOUNTANTS

To the Board of Directors of Mercer International Inc.

We have reviewed the select sustainability indicators included in the accompanying Appendix (the subject matter) within Mercer International Inc.'s Sustainability Report 2023 for the year ended December 31, 2023. Mercer International Inc.'s management is responsible for the subject matter in accordance with the criteria included in the Appendix. Our responsibility is to express a conclusion on the subject matter based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) in AT-C section 105, *Concepts Common to All Attestation Engagements*, and AT-C section 210, *Review Engagements*, and standards established by the International Auditing and Assurance Standards Board (IAASB) in International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to the subject matter in order for it to be in accordance with the criteria. The procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether the subject matter is in accordance with the criteria, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We have complied with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures we performed were based on our professional judgment. In performing our review, we performed analytical procedures, inquired of persons responsible for the subject matter, read relevant policies to understand terms related to the specified metrics, reviewed supporting documentation in regard to the completeness and accuracy of the data on a sample basis, and obtained an understanding of the data management systems and processes used to generate, aggregate and report the subject matter.

Greenhouse gas (GHG) emissions quantification is subject to significant inherent measurement uncertainty because of such things as GHG emissions factors that are used in mathematical models to calculate GHG emissions and the inability of these models, due to incomplete scientific knowledge and other factors, to accurately measure under all circumstances the relationship between various inputs and the resultant GHG emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of different but acceptable measurement techniques could have resulted in materially different amounts or metrics being reported.

The preparation of the subject matter requires management to establish the criteria, make determinations as to the relevancy of information to be included and make assumptions that affect reported information. The selection by management of different but acceptable measurement techniques could have resulted in materially different amounts or metrics being reported.

Based on our review, we are not aware of any material modifications that should be made to the subject matter included in Mercer International Inc.'s Sustainability Report 2023 for the year ended December 31, 2023, in order for it to be in accordance with the criteria described in the Appendix.

The subject matter has been prepared in accordance with the criteria prepared by Mercer International Inc.'s management to report to the Board of Directors. As a result, the subject matter may not be suitable for another purpose. Our report is intended solely for Mercer International Inc. We acknowledge the disclosure of our report, in full only, by Mercer International Inc. at its discretion, without assuming or accepting any responsibility or liability to any third party in respect of this report.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
1400-250 Howe Street
Vancouver, BC V6C 3S7
Canada
May 27, 2024

APPENDIX

Subject Matter	Value	Units	Criteria[1]	Reporting Period	Scope
Water Management: Treated Effluent	39.7	m³/ADMT	GRI (2018) 303-4: Water Discharge	January 1, 2023– December 31, 2023	
Water Management: Water Withdrawal	59.1	m³/ADMT	GRI (2018) 303-3: Water Withdrawal	January 1, 2023– December 31, 2023	
Effluent Emissions AOX BOD COD TSS	0.056 0.21 10.14 0.75	kg/ADMT	GRI (2018) 303-4: Water Discharge	January 1, 2023– December 31, 2023	Celgar, Peace River, Stendal, Rosenthal
Air Emissions SO₂ NOₓ Particulates	0.48 1.71 0.37	kg/ADMT	GRI (2016) 305-7: Nitrogen Oxides, Sulfur Oxides and Other Significant Air Emissions	January 1, 2023– December 31, 2023	
Greenhouse Gas Emissions Scope 1	455,234 424,023	tonnes CO₂e	GRI (2016) 305-1a: Direct (Scope 1) GHG Emissions	January 1, 2022– December 31, 2022 January 1, 2023– December 31, 2023	
Greenhouse Gas Emissions Scope 2	28,989	tonnes CO₂e	GRI (2016) 305-2: Direct (Scope 2) GHG Emissions	January 1, 2023– December 31, 2023	Celgar, Peace River, Stendal, Rosenthal, Mercer Timber Products, Torgau
Greenhouse Gas Emissions Scope 3	1,915,554	tonnes CO₂e	GRI (2016) 305-3: Other Indirect (Scope 3) GHG Emissions	January 1, 2023– December 31, 2023	
Total Waste to Landfill (Wood Ash, Recaust Waste, Lime Waste)	20.3	kg/ADMT	GRI (2020) 306-5: Waste Directed to Disposal	January 1, 2023– December 31, 2023	Celgar, Peace River, Stendal, Rosenthal
Total Energy Generation **Total Energy Consumption**	37.9 0.74 3.0 87.2	GJ/tonnes MWh/tonne % grid electricity % energy from biomass	Management's Internally Generated Criteria (Energy Generation within the Organization) GRI (2016) 302-1: Energy Consumption within the Organization GRI (2016) 302-3: Energy Intensity	January 1, 2023– December 31, 2023	Celgar, Peace River, Stendal, Rosenthal
Total Recordable Injury Rate	3.68	# recordable injuries per 200,000 work hours	GRI (2018) 403-9: Work-Related Injuries	January 1, 2022– December 31, 2022	Company-wide
Percentage of Women in the Workplace	17	%	GRI (2016) 405-1: Diversity of Governance Bodies and Employees	January 1, 2023– December 31, 2023	
Percentage of Certified Sourced Wood Fiber	69	% certified wood	SASB-RR-PP-430a.1	January 1, 2023– December 31, 2023	Celgar, Peace River, Stendal, Rosenthal, Mercer Timber Products
Total Pulp Production	1,821,940	ADMT	SASB-RR-PP-000.A	January 1, 2023– December 31, 2023	Celgar, Peace River, Stendal, Rosenthal

[1] Mercer has measured and reported each KPI with reference to the Global Reporting Initiative (GRI) Sustainability Reporting Standards as detailed in the GRI content index referred to within Mercer's Sustainability Report 2023. GRI referenced may include disclosure requirements for other KPIs that are not within the scope of this review engagement.

Ⓐ This symbol denotes limited assurance of key performance indicators by PricewaterhouseCoopers LLP.

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Sustainability Report includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements contained in this Sustainability Report other than statements of historical fact, including statements relating to trends in or expectations relating to the expected effects of our initiatives, strategies and plans, as well as trends in or expectations regarding our financial results and long-term growth model and drivers, and regarding our business strategy and plans and our objectives for future operations, including the purpose, ambitions, commitments, targets, plans and objectives, and results of our environmental initiatives and sustainability strategies and related goals, are forward-looking statements. The words *can, believe, may, will, continue, anticipate, intend, expect, seek* and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends. All such forward-looking statements are subject to certain risks and uncertainties, including those set forth in the "Risk Factors" section of our Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission, including our quarterly reports on Form 10-Q. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Sustainability Report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements included in this Sustainability Report are made only as of the date of this Sustainability Report and we undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances, except as may be required by applicable law.

MERCER