

WEBINAR

Unveiling nature-related business risks and opportunities

Practical lessons from West Fraser and TNFD implementation in the forest sector

West Fraser

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EARTH BLOX

Key takeaways from today’s session

01 **Understand the business case**

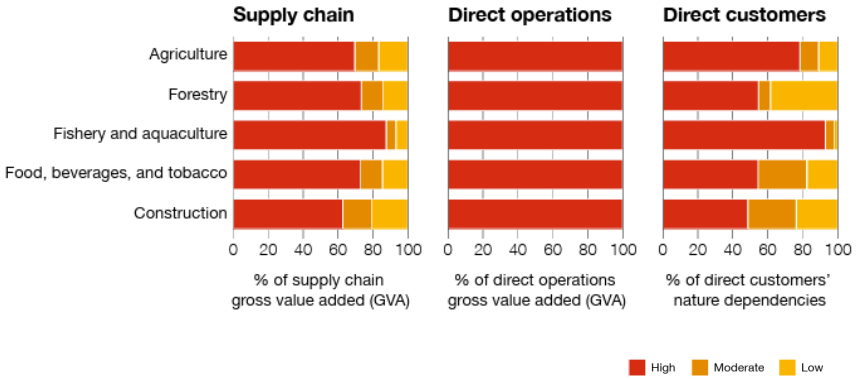
02 **Structure an assessment**

03 **Build a credible evidence base**

04 **Apply and scale the approach**

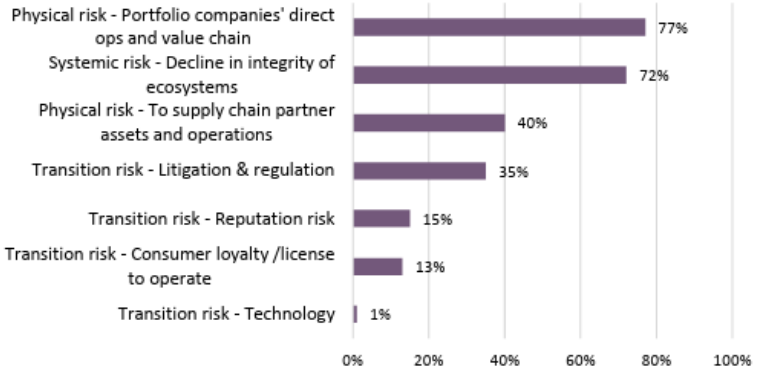
Nature-related Impacts and Dependencies can lead to Businesses Risks

NATURE DEPENDENCIES BY SECTOR



Source: PwC

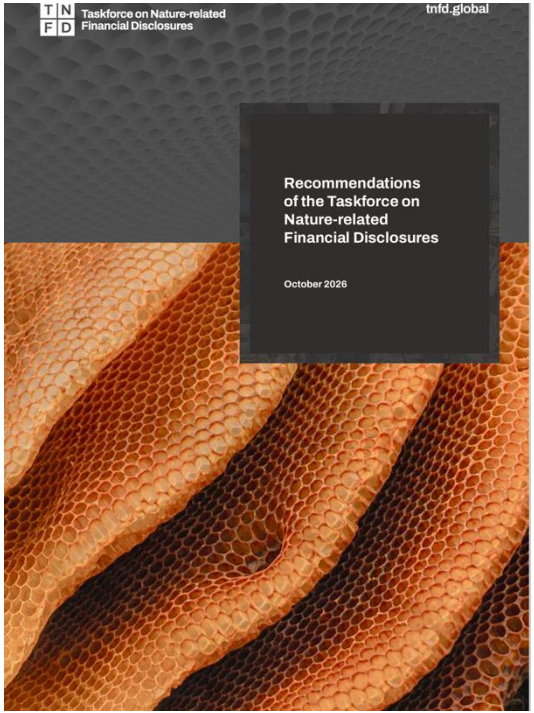
NATURE RELATED RISKS FOR INVESTORS



Source: TNFD

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TNFD: the leading market-led, science-based initiative for nature-related risk/opportunity management and reporting



OVERVIEW OF THE TNFD FRAMEWORK AND GUIDANCE

NATURE

The TNFD is focused on living aspects of nature (biotic), and the abiotic elements of nature such as air, soil and water.

GOVERNANCE	STRATEGY	RISK & IMPACT MANAGEMENT	METRICS & TARGETS
Disclose the organization's governance of nature-related dependencies, impacts, risks and opportunities.	Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organization's business model, strategy and financial planning where such information is material.	Describe the processes used by the organization to identify, assess, prioritize and monitor nature-related dependencies, impacts, risks and opportunities	Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.

LOCATE →	EVALUATE →	ASSESS →	PREPARE
Interface with nature	Dependencies & impacts	Material risks & opportunities	To respond & report

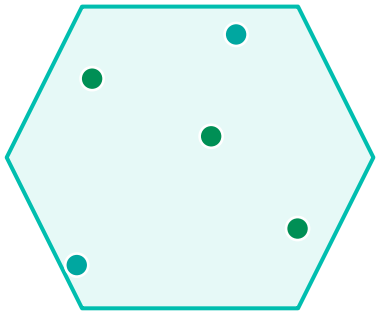
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West Fraser's TNFD pilot - Alberta forest management units and mill operations

2024 commitment → 2026 TNFD report

01	**Healthy forests are fundamental to our business**	Fibre is a direct input to our products, and West Fraser directly manages forests in British Columbia and Alberta in Canada. Healthy forest ecosystems underpin long-term fibre supply.
02	**Translate existing management into TNFD language**	The pilot connected forest management practices, and risks already managed operationally to TNFD dependencies, impacts, risks and opportunities.
03	**Test the approach and integrate what we learn**	We used the Alberta pilot to test the approach, strengthen the evidence base and inform future assessments, risk processes and operational decision-making.

ALBERTA PILOT



IN SCOPE

21 FMUs • 13 mills

Forest Management Unit areas included directly and jointly managed forests

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Delivering credible results for our organization

WHY TNFD? **Nature is fundamental to our business**

TNFD helped us build a more location-specific view of our dependencies, impacts, risks and opportunities.

Engage selectively	Build on existing data	Combine perspectives	Design for decisions
The right people at the right time	Business relevance before more data	Sustainability + science + operations	Reporting → risk and operations
01	02	03	04
Move from broad awareness to focused conversations with the people	Start with the forestry and biodiversity information already used in planning	Bring sustainability, science and operational perspectives together	Disclosure wasn't our final objective

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Applying the TNFD's LEAP approach

LOCATE L1	LOCATE L2–L4	EVALUATE E1–E4	ASSESS A1–A4	ASSESS A1–A4	PREPARE P1–P4
1	2	3	4	5	6
Scope the assessment	Determine interfaces with nature and ecologically sensitive locations	Identify and evaluate material dependencies and impacts	Identify, assess, and prioritize nature related risks	Identify, assess, and prioritize nature related opportunities	Prepare for implementation and reporting

Source: TNFD's LEAP v2.0.

A Credible Science-based Foundation for LEAP Assessment

The Forest Sector is Different from Other Sectors...

- Operates **within nature**
- Operates across **different scales** (stand/landscape)
- Operates over **long timeframes**
- Response can be **bidirectional** (conditions can improve or decline)
- **Influenced by** ownership models, socio-economic goals, Indigenous rights & local engagement
- Reporting and monitoring of nature **cannot be done using a single metric or indicator**
    - Requires a suite of metrics/indicators spanning multiple scales, tailored to local context and objectives

NCASI Role on West Fraser's LEAP Project

- Brought long-standing forest sector research and **scientific expertise** to the assessment
- Applied familiarity with forest environment monitoring datasets and the **Canadian operating context**
- **Worked directly with West Fraser** to review global, national, and provincial data sources
- Identified **datasets that were credible, decision-useful and appropriate** for interpretation across managed forest landscapes, including selection of alternative datasets where needed

Start with the Reporting Question – Not the Dataset

A clear question keeps data selection focused, defensible, and useful for decision-making

1
QUESTION
What are we trying to report/understand?

2
INDICATOR(S)/METRIC(S)
What measure(s) represents it?

3
APPROPRIATE SCALE(S)
Where, when, and at what resolution?

4
DATA SOURCE(S)
Which credible dataset can support it?

5
SETTING CONTEXT
What is needed to interpret it?

Before committing to a dataset, confirm that it…

- ✓ Measures the attribute you intend to report
- ✓ Has transparent assumptions and methods
- ✓ Supports comparison where needed
- ✓ Matches the scale and reporting period
- ✓ Can be repeated consistently
- ✓ Can be interpreted in a management context

Choose data because they answer the question you are trying to answer, not simply because they are available

Source locally – broaden only when needed

Start local, then broaden only where needed for coverage, consistency or comparability



Credible does not mean "Simply Available"

Quick checks before adopting a source:

1. Authority (Recognized owner)
2. Transparency (Methods, Metadata, QA/QC)
3. Fitness (Scale, Timing, and Coverage)
4. Repeatability(Accessible and reproducible later)

Note: Local does not automatically mean more suitable

Use the most local credible source available, unless a broader dataset is more fit for purpose

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Scale determines what the data can support

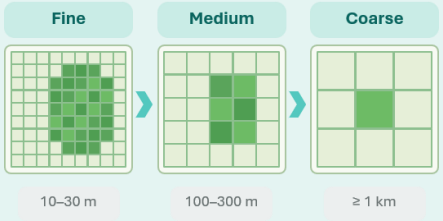
A credible dataset can still be inappropriate if its spatial and/or temporal scale does not match the reporting question

SPATIAL SCALE

Can the data detect the ecological feature or pattern being reported?

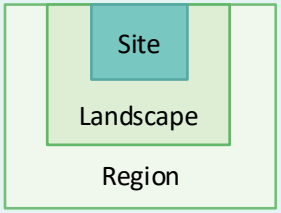
RESOLUTION

Level of spatial detail in the data



EXTENT Area covered

Site | Stand | FMA| Landscape | Region | National | Continental |Global



TEMPORAL SCALE

Can the data detect change at the interval required by the reporting objective?

REFERENCE PERIOD What year or period does the dataset represent?

FREQUENCY Annual | Inventory cycle | Irregular | Event-based



Different indicators change at different rates; the update cycle should reflect that.

Resolution ≠ Accuracy ▪ Coverage ≠ Relevance

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Results need Context – and a Response Narrative

Indicators/Metrics are most useful when paired with local context and management response

Indicator / Metric

What are we reporting?

- Value
- Indicator/Metric
- Definition
- Unit
- Data/Method
- Result/Status

A technically valid result can still be misleading without context.

Add Local Context

What helps explain the result?

Compared with what?
Baseline | Target | Reference condition

Where and when?
Geography | Ecosystem | Reporting

What shaped the result?
Management | Disturbance | Climate

How strong is the evidence?
Data Quality | Uncertainty | Local Validation

Validate locally / State Limitations

Management / Stewardship

How does management relate to the Indicator / Metric result?

Maintain/Reinforce
Set-asides | Buffers | Retention

Enhance/Mitigate
BMPs | Restoration | Invasive Species Control

Assure/Govern
Certification | Regulations

Monitor/Adapt
Adaptive Management | Follow-Up

Management Action ≠ Ecological Outcome

Interpretation/Narrative

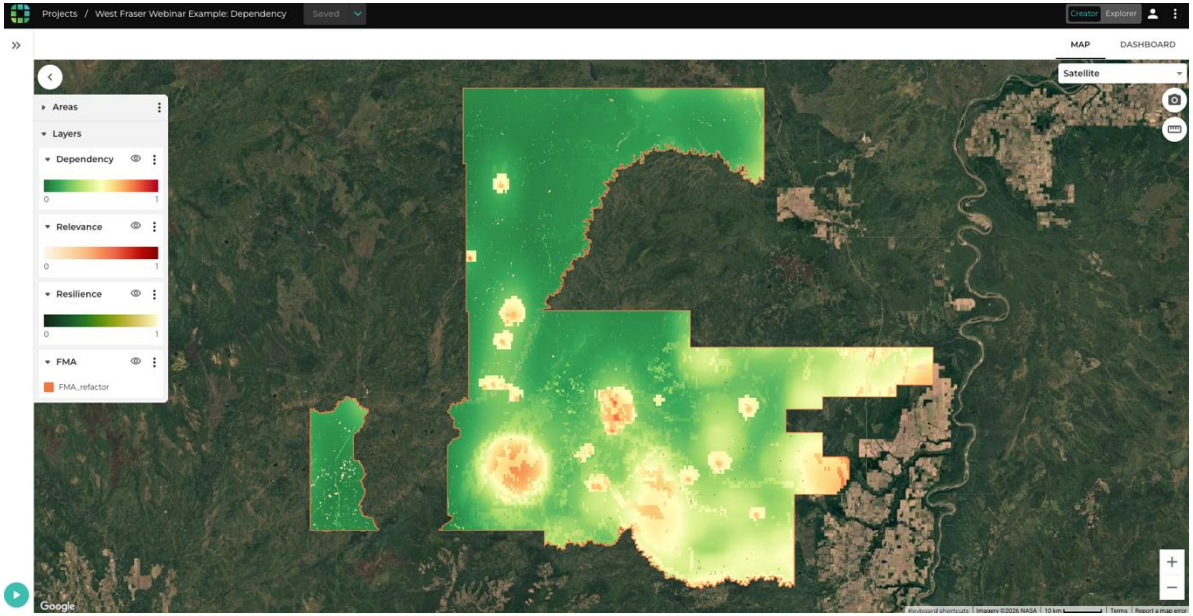
What should the reader understand?

- What does the indicator/metric show?
- What likely explains the result?
- Which management actions may be contributing?
- What should be maintained, enhanced or adapted?
- What remains uncertain or should be inferred?

Explain the results, how management relates to them, and what should be maintained, enhanced or adopted

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Mapping nature dependency across the Alberta pilot



WHAT THE MAP SHOWS

Dependency, resilience and relevance for one of West Fraser's Alberta forest management areas.

BUILT TO SCALE

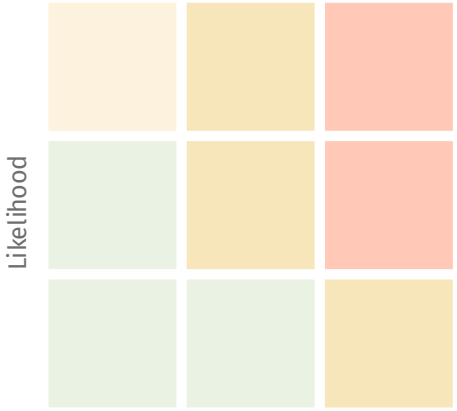
The same workflow can be rerun for new regions as West Fraser expands its assessment beyond Alberta.

Book a demo to see this for your own sites

earthblox.io/demo

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Priority dependencies, impact drivers and impacts are translated into business risks and opportunities



Low, medium or high on each axis, combined into an overall rating

Risks and opportunities categorized leveraging TNFD's Risk and Opportunity Registers

Risks *(Physical, Transition, Systemic)*

- Identified from priority dependencies and impact drivers
- Each risk assessed for **likelihood of occurrence** and **magnitude of impact**, considering commercial implications and expected timescale
- Ratings combined into an **overall high, moderate or low risk rating**
- Policies, management plans, certifications, regulatory obligations and risk-management measures informed the assessment.

Opportunities

- Identified and prioritized based on priority dependencies, impact drivers, and risks; existing initiatives; strategic priorities and available budget; existing market conditions and future outlook.

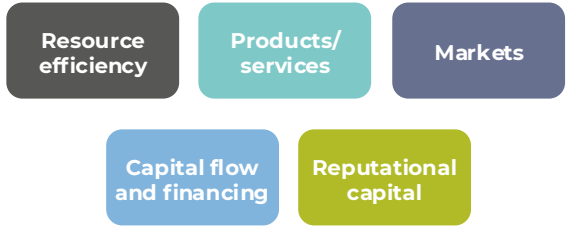
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Example risks and opportunities identified

TNFD's risk categories



TNFD's opportunity categories



NATURE-RELATED BUSINESS RISKS

Wildfires, pests, extreme weather, and reduced forest access manifest as disruptions in upstream supply availability, direct operations, and downstream production.

NATURE-RELATED BUSINESS OPPORTUNITIES

Sustainable forestry certifications, carbon storage in wood products, biogenic energy use, and stewardship activities can reduce emissions, meet customer and investor expectations, and create market differentiation that feeds into product strategy and sustainability targets.

From assessment to integration and implementation

1

Validate findings

Risk ratings reviewed by internal subject matter experts

2

Brief leadership

Final ratings presented to senior leadership

3

Report

Results feed West Fraser's TNFD report and published methodology

4

Integrate

Priority risks shared to be included in Enterprise Risk Management process for enterprise-level ranking

5

Next

- Monitor evolving methodologies, data and tools;
- Reviewing with divisions

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Key Lessons for Future Assessments

Four principles for your next LEAP assessment

Start with the objective

Set direction before selecting data or methods.

Global data, local lens

Interpret global datasets through forestry context.

Follow the location data

Preserve location-level evidence through risk assessment.

Build shared understanding

Align teams and be transparent about limitations.

What worked well

- ✓ Rigorous evidence base
- ✓ Comparable datasets
- ✓ Internal and external challenge
- ✓ Ability to replicate the approach

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Two ways to start your own assessment

Read the methodology

Use West Fraser's published methodology and case study as a starting point for your own assessment.

westfraser.com

Talk to Pollination and Earth Blox

Scoping or undertaking a nature assessment? We can run a scoping discussion on adapting this approach to your operations.

contact@pollinationgroup.com
team@earthblox.io

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West Fraser

West Fraser is a diversified wood products company with operations in Canada, the United States, the United Kingdom and Europe. From responsibly sourced and sustainably managed forest resources, it produces lumber, engineered wood products (OSB, LVL, MDF, plywood and particleboard), pulp, wood chips and renewable energy.

westfraser.com



Shyanne Pasha

Senior Manager, Sustainability Performance

Joint lead of West Fraser's Biodiversity Community of Excellence. Shyanne leads sustainability disclosures and TNFD work, and is bringing biodiversity into operational decision-making.



Laura Trout

Manager, Biodiversity and Forest Ecology, Canada

Joint lead of West Fraser's Biodiversity Community of Excellence. Laura connects forestry research and ecosystem-based management with practical, nature-related decision-making.

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NCASI

The National Council for Air and Stream Improvement (NCASI) is an independent, non-profit, member-driven research institute created by the forest products industry in 1943. It creates credible scientific information to address the environmental information needs of the North American forest products industry and help it meet its sustainability goals.

ncasi.org

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Kirsten Vice

Senior Vice President, Sustainability and Canadian Operations

Kirsten helps NCASI member companies and the wider forest products sector tackle complex sustainability issues across regulatory, market and nature reporting priorities.



Kevin Solarik

Director, Canadian Forest Sustainability

Kevin translates research on forest management and biodiversity conservation into practical guidance and tools for the Canadian and US forest sectors.

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Pollination

Pollination is a specialist climate change investment and advisory firm, accelerating the transition to a net zero, nature positive and resilient future. Its nature advisory team helps businesses, financial institutions and governments understand their impacts and dependencies on nature, respond through practical strategies and finance them.

pollinationgroup.com

contact@pollinationgroup.com



Jane (Carter) Ingram

Managing Director, Head of United States

Trained in biodiversity and landscape ecology, Carter has spent more than 20 years helping businesses integrate nature into their strategies. At EY, she was part of the initial working group that launched the TNFD.



Hannah Ornatowski

Director

Hannah leads Pollination's work on nature integration and finance with corporates and financial institutions. She previously spent seven years in Goldman Sachs' Sustainable Finance Group.

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Earth Blox

Earth Blox provides software for corporates and their advisers to assess and act on nature and climate risks and opportunities across every site, asset and supply chain location. It shows where exposure concentrates and gives teams the evidence to prioritise what matters most.

earthblox.io

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Ben Matthews

Director of Nature & Climate

Ben previously led PwC UK's Nature Analytics team, running the largest corporate TNFD pilot and contributing to Business for Nature's Strategy Handbook.

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Thank you

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