



# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES INDEX

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**LP**<sup>®</sup>

BUILDING SOLUTIONS

# CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains statements concerning Louisiana-Pacific Corporation's (LP) future results and performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to, the following, which may be amplified by the invasion of Ukraine by Russia, the sanctions (including their duration), and other measures being imposed in response to this conflict, as well as any escalation or expansion of economic disruption or the conflict's current scope: impacts from public health issues (including global pandemics, such as the ongoing COVID-19 pandemic) on the economy, demand for our products or our operations, including the actions and recommendations of governmental authorities to contain such public health issues; changes in governmental fiscal and monetary policies, including tariffs, and levels of employment; changes in general economic conditions, including impacts from the ongoing COVID-19 pandemic; changes in the cost and availability of capital; changes in the level of home construction and repair and remodel activity; changes in competitive conditions and prices for our products; changes in the relationship between supply of and demand for building products; changes in the financial or business conditions of third-party wholesale distributors and dealers; changes in the relationship between supply of and demand for raw materials, including wood fiber and resins, used in manufacturing our products; changes in the cost and availability of energy, primarily natural gas, electricity, and diesel fuel; changes in the cost and availability of transportation; impact of manufacturing our products internationally; difficulties in the launch or production ramp-up of newly introduced products; unplanned interruptions to our manufacturing operations, such as explosions, fires, inclement weather, natural disasters, accidents, equipment failures, labor shortages or disruptions, transportation interruptions, supply interruptions, public health issues (including pandemics and quarantines), riots, civil insurrection or social unrest, looting, protests, strikes and street demonstrations; changes in other significant operating expenses; changes in currency values and exchange rates between the U.S. dollar and other currencies, particularly the Canadian dollar, Brazilian real and Chilean peso; changes in, and compliance with, general and industry-specific laws and regulations, including environmental and health and safety laws and regulations, the U.S. Foreign Corrupt Practices Act and anti-bribery laws, laws related to our international business operations, and changes in building codes and standards; changes in tax laws, and interpretations thereof; changes in circumstances giving rise to environmental liabilities or expenditures; warranty costs exceeding our warranty reserves; challenge to or exploitation of our intellectual property or other proprietary information by others in the industry; changes in the funding requirements of our defined benefit pension plans; the resolution of existing and future product-related litigation, environmental proceedings and remediation efforts, and other legal or environmental proceedings or matters; the effect of covenants and events of default contained in our debt instruments; the amount and timing of any repurchases of our common stock and the payment of dividends on our common stock, which will depend on market and business conditions and other considerations; and acts of public authorities, war, civil unrest, natural disasters, fire, floods, earthquakes, inclement weather and other matters beyond our control.

For additional information about factors that could cause actual results, events, and circumstances to differ materially from those described in the forward-looking statements, please refer to LP's filings with the Securities and Exchange Commission (SEC). We urge you to consider all of the risks, uncertainties, and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this report. We cannot assure you that the results reflected in or implied by any forward-looking statement will be realized or even if substantially realized, that those results will have the forecasted or expected consequences and effects for or on our operations or financial performance. The forward-looking statements made herein are as of the date of this report. Except as required by law, LP undertakes no obligation to update any such forward-looking statements to reflect new information, subsequent events, or circumstances.

## ABOUT THIRD-PARTY INFORMATION

In this report, we rely on and refer to information regarding industry data obtained from market research, publicly available information, industry publications, U.S. government sources, and other third parties. Although we believe the information is reliable, we cannot guarantee the accuracy or completeness of the information and have not independently verified it.

# LP BUILDING SOLUTIONS: TCFD INDEX

## Governance

<p><b>1a. Describe the board’s oversight of climate-related risks and opportunities.</b></p>	<p>The LP Building Solutions (LP) <a href="#">Governance and Corporate Responsibility Committee (GCRC)</a> provides board oversight for LP’s environmental, social, and governance (ESG) efforts, including those related to climate change and the identification and management of climate-related risks and opportunities. Currently, three members of the GCRC serve concurrently on the <a href="#">Finance and Audit Committee</a>, ensuring that climate analysis and disclosure is subject to internal control processes that are substantially similar to those used for financial reporting. Combined with <a href="#">LP’s ESG Executive Council</a> (ESG Council), the GCRC is responsible for providing oversight and direction for LP’s ESG strategy, a core part of which is dedicated to climate change, as well as annually reviewing LP’s climate change performance and progress. The GCRC meets at least three times per year, in addition to ad hoc meetings as needed.</p> <p>In 2021, LP’s Board of Directors participated in an educational seminar about TCFD and scenario analysis as part of ongoing Board education on climate-change-related topics.</p>
<p><b>1b. Describe management’s role in assessing and managing climate-related risks and opportunities.</b></p>	<p>LP’s Senior Vice President (SVP), General Counsel and Corporate Secretary (GC) comprises the ESG Council and, together with the SVP of Manufacturing Services and Executive Vice President and Chief Financial Officer (CFO) are ultimately responsible for managing climate-related risks and opportunities. All members of the ESG Council report directly to the Chief Executive Officer (CEO), who serves as the Chair of the LP Board of Directors. Additionally, the GC presents annual ESG updates to the Board of Directors on the company’s ESG strategy.</p> <p>LP’s ESG Council is a cross-functional committee comprising members of LP’s executive team. In addition to the GC, CFO, and the SVP of Manufacturing Services, the ESG Council also includes the SVP, Chief Human Resources and Transformation Officer.</p> <p>In addition to the ESG Council, LP formed an ESG Task Force responsible for developing and executing ESG strategies, which includes managing long-term risks and opportunities related to climate change. The ESG Council is responsible for providing oversight and guidance to the ESG Task Force. The Task Force is led by the GC and includes the VP of Investor Relations and Business Development, the Director of Sustainability and Public Policy, the Director of Corporate Communications, and the Director of Siding Business Growth and Optimization. The ESG Council meets quarterly with the ESG Task Force to discuss ESG strategies, including climate- and GHG-related initiatives and progress toward achieving set goals and metrics.</p> <p>LP’s Director of Sustainability and Public Policy reports to the SVP of Manufacturing Services and is also a member of the ESG Task Force. The Director of Sustainability and Public Policy’s primary climate-related duties include:</p> <ul style="list-style-type: none"><li>• Engaging with LP’s stakeholders;</li><li>• Overseeing the identification, assessment, and management of LP’s climate-related risks and opportunities; and</li><li>• Supporting the development and integration of climate actions across LP’s business.</li></ul>

**2a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.**

LP engaged in a robust process to identify its most pertinent climate-related risks and opportunities. Our process leveraged extensive stakeholder feedback from internal experts in forest management, operations in North and South America, procurement, logistics, product growth and innovation, legal, finance, and investor relations. Additionally, LP incorporated input from senior leaders in the business and the ESG Council into the process. Based on their intimate understanding of LP's operations, potential climate risks and opportunities were identified across different scenarios. LP utilized its enterprise risk management (ERM) framework to contextualize the likelihood and potential impact of various risks on the business across the short, medium, and long term. Through this process, LP identified eight priority risks and opportunities for further assessment and financial quantification.

### Risks

**Regulatory/policy:** Changes in existing carbon pricing mechanisms, as well as new carbon pricing mechanisms, may lead to increased costs for LP. In a scenario with strong climate policy aligned with limiting global warming to well-below two degrees, carbon pricing would be expected to increase in support of climate mitigation efforts. Within LP's operational footprint, carbon pricing mechanisms exist in Canada and Chile. LP currently pays carbon taxes in Canada on a provincial basis.

**Market-fiber supply:** Under increasingly ambitious climate change mitigation scenarios, LP may face increasing costs when securing wood fiber supply in North and South America, as growing demand for modern solid biomass (e.g., wood pellets or chips) and carbon credits may lead to competition in LP's key wood baskets. Specifically, as demand increases, suppliers in either of these markets may begin procuring fiber from the same wood baskets as LP, thus leading to direct competition, which in turn may increase wood costs.

**Physical-acute:** In climate scenarios with high-temperature outcomes, extreme weather events may impact LP's operations and value chain. These events may cause business interruptions and increase operational costs due to weather-related damages at LP manufacturing facilities and/or impacts to the infrastructure that supports the transportation of materials to LP's facilities. LP's product suppliers may also face similar effects due to weather event-driven impacts at their own manufacturing facilities, which could impact their ability to supply and/or deliver materials to LP.

**Physical-chronic:** Chronic risks, such as extended temperature increases in a high-temperature warming scenario, may lead to shorter logging seasons in the winter, potentially constraining access to wood fiber and increasing operational costs for LP.

### Opportunities

**Market access and customer preference:** In an ambitious climate scenario, LP may have opportunities related to expanded markets for wood product building solutions. This is primarily driven by a growing customer preference for lower-emission buildings, a market shift toward products with minimal embodied carbon<sup>[1]</sup>, as well as evolving standards to build climate resiliency in the residential and light commercial building industry.

1 The greenhouse gas emissions associated with the manufacturing, distribution, and end of life of a product that is used in the construction of a building.

## Strategy

<p><b>2a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</b></p>	<p><b>Repair and remodel market:</b> In a high-temperature climate scenario, increasingly common and severe acute weather events may affect a growing number of residential and commercial properties. This could potentially grow LP's market as more value-add OSB Structural Solutions and LP® SmartSide® Trim &amp; Siding products are utilized for repairs and rebuilding.</p> <p><b>Biomass:</b> In an ambitious climate scenario, demand for modern solid biomass (e.g., wood pellets and chips) is expected to increase significantly. LP's operations may be able to generate an additional revenue stream by selling biomass by-product to the modern solid biomass market.</p>
<p><b>2b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</b></p>	<p>LP recognizes the importance of understanding and managing climate-related risks and opportunities to ensure the long-term viability of its business. As such, LP recently conducted an analysis of its climate-related risks and opportunities and is currently working to integrate them into its ERM process on an ongoing basis. LP identified its primary product lines as a key source of potential opportunities in a low-carbon economy, thereby making LP's current business model viable and robust in the face of potential market and regulatory shifts. The opportunities that LP identified align with its current strategy to provide low-carbon and efficiency-enhancing products to the large North American and international building markets.</p> <p>More details on LP's climate strategy will be released in its second Sustainability Report in 2022.</p>
<p><b>2c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</b></p>	<p>As a building solutions company, addressing climate change is fundamental to LP's strategy to innovate sustainable building solutions that provide durability and resiliency for our customers. LP commits to manufacturing sustainable products from renewable resources with leading carbon storage attributes while being guided by the highest environmental standards.</p> <p>LP conducted a climate-related scenario analysis leveraging publicly available scenarios to evaluate climate risks and opportunities. The analysis used four scenarios representing different temperature pathways, including a well-below 2 °C and 1.5 °C scenario to evaluate impacts in the short, medium, and long term. The opportunities that LP identified through the scenario analysis align with its current strategy to provide low-carbon and efficiency-enhancing products across North American and internationally-based building markets.</p>

## Risk Management

### 3a. Describe the organization's processes for identifying and assessing climate-related risks.

LP uses its ERM framework to assess and prioritize organizational and ESG-related risks. To evaluate climate-related risks, LP conducted a scenario analysis in 2021 and 2022 to evaluate how regulatory, market, technology, reputation, and physical risks may affect LP's operations and value chain under several climate scenarios.

This process leveraged extensive stakeholder input from internal experts in forest management, operations in North and South America, procurement, logistics, product growth and innovation, legal, finance, and investor relations. Additionally, LP incorporated input from senior leaders in the business and the ESG Council into the process. Based on their intimate understanding of LP's business, a registry of potential climate risks and opportunities that may impact LP was identified.

LP used various climate scenarios from the International Energy Agency (IEA), the U.S. and Canadian Forest Services, the Network for Greening the Financial System (NGFS), the Intergovernmental Panel on Climate Change (IPCC), and the 4th U.S. National Climate Assessment to understand and quantify the potential impacts on LP's business. The scenarios used to identify potential climate-related risks and opportunities are:

Temperature	Scenario	Source	Scenario Description
4 °C+	RCP SSP3-7.0	IPCC	Represents the medium to high end of the range of future warming pathways
2.4 °C–3 °C	Stated Policies	IEA	Limited climate investment and adoption of climate policies
	Current Policies	NGFS	
1.8 °C–2.3 °C	Announced Policies	IEA	Robust but delayed adoption of advanced technologies
	Delayed Transition	NGFS	
1.4 °C–1.7 °C	Sustainable Development	IEA	Immediate adoption of climate policies, spurring reorientation toward a zero-carbon economy
	Well below 2-Degrees	NGFS	
1.3 °C–1.5 °C	Net Zero	IEA	Ambitious climate change mitigation policies, leading to net zero emissions by 2050
	Net Zero	NGFS	

LP plans to integrate the prioritized risks and opportunities into its ERM framework as part of our strategy development.

## Risk Management

**3b. Describe the organization's processes for managing climate-related risks.**

LP is currently using the results from its recent scenario analysis and ongoing greenhouse gas (GHG) inventories to construct a comprehensive climate change strategy that will integrate climate-related risks and opportunities within LP's ERM framework and guide LP's response to material climate risks. LP also conducted several site vulnerability studies in our Canadian operations to better understand the effects of climate change on operations and on our wood fiber supply in more granular detail, providing insight into physical impacts that may affect our operations in the future. Additionally, LP's forestry operations across North America require specific weather conditions for harvesting. As such, climate and weather indices are regularly used to evaluate annual conditions in key wood baskets and optimize harvesting patterns throughout the year to mitigate the risk posed by increasingly variable weather or shorter harvesting seasons.

More details on LP's climate strategy will be released in its second Sustainability Report in 2022.

**3c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.**

LP uses multiple processes to identify and manage climate-related risks. LP uses its ERM framework to identify ESG and climate risks on an ongoing basis through combined stakeholder engagement and the utilization of risk management principles and financial materiality thresholds. LP also conducts site-specific climate assessments to identify localized risks to its forest management operations and sustainable wood supply in Canada. Additionally, LP's North American forestry teams regularly use climate indices to evaluate logging conditions for the upcoming year to mitigate the effects of sub-optimal weather patterns.

## Metrics & Targets

**4a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.**

LP tracks its GHG emissions and energy consumption across its operations and value chain. Beyond GHG emissions, LP's Sustainable Forestry Initiative (SFI®) certification program is central to advancing climate-friendly practices.

**4b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.**

LP's Scope 1 and Scope 2 emissions are presented below. LP's 2020 Scope 1 emissions were reduced by 18% compared to 2019, and Scope 2 emissions were reduced by 3% over the same period. This was primarily a result of declining natural gas usage and temporary production curtailments due to the COVID-19 pandemic.

In 2021, LP conducted its first baseline Scope 3 assessment for calendar year 2019, as it is reflective of normal (pre-COVID-19) operations.

Metric <sup>[2]</sup>	2019	2020
Scope 1 GHG emissions	245,293 MT CO <sub>2</sub> e	200,622 MT CO <sub>2</sub> e
Scope 2 (location-based) GHG emissions	300,699 MT CO <sub>2</sub> e	291,877 MT CO <sub>2</sub> e
Scope 2 (market-based) GHG emissions	300,699 MT CO <sub>2</sub> e	291,877 MT CO <sub>2</sub> e
Scope 3 GHG emissions	1,105,023 MT CO <sub>2</sub> e	—

**4c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.**

LP will utilize LP's completed Scope 1 and 2 inventories as a baseline against which measurable GHG reduction targets will be set in the future.

<sup>2</sup> GHG emissions are measured in units of metric tons of carbon dioxide equivalent (MT CO<sub>2</sub>e).



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