

# Climate Financial Risk Report

Fiscal year 2024

*Woodgrain Inc.*

## Executive Summary

Woodgrain Inc. is a family-owned wood products company founded in 1954 and headquartered in Fruitland, Idaho. With over 60 facilities across 29 U.S. states, Woodgrain Inc. produces and sources wood products for the housing industry.

This report outlines our initial approach to identifying, assessing, and managing regulatory risks in alignment with the TCFD framework. Our goal is to build resilience and create long-term value for stakeholders.

## Governance

Woodgrain Inc.'s Corporate Officers actively initiate comprehensive discussions on risks and opportunities as an integral part of our strategic planning process, ensuring that these considerations impact the entire company. Our Officers have experience and expertise in overseeing operations across our divisions and manufacturing facilities. As we convene, regulatory considerations are a part of our risk assessments.

Our officers oversee regulatory issues, with material topics strategically assigned to relevant officers. As an example, the risk disclosure required under California SB261 was assigned to our CFO. While Woodgrain Inc. does not currently have a specific management-level position dedicated to these regulatory responsibilities, we recognize the importance of formalizing roles and processes as part of our evolving governance structure.

## Strategy

Woodgrain Inc. is actively laying the groundwork to integrate regulatory risk and opportunity management throughout its operations and strategic planning. Our present approach to managing regulatory risks is limited to risk mitigation through insurance coverage. While a formal process for pinpointing regulatory risk has not been established, these considerations are a priority. These factors are not embedded in strategic or financial planning, but recognition of their importance is driving efforts.

A business continuity plan is in place; however, it currently focuses on specific geographies and internal functions, rather than disruptions or other scenarios. As Woodgrain Inc.'s approach evolves, there is significant opportunity to strengthen strategic resilience by integrating regulatory considerations into risk assessments, operational planning, and scenario analysis. These enhancements will better prepare the company for future regulatory impacts and position Woodgrain Inc. to proactively manage emerging risks and opportunities.

## Risk Management

Woodgrain Inc. maintains an existing risk management framework designed to assess and manage identified risks with significant operational or financial impact. Our CFO is managing this process, with results reported to the full management team. While regulatory risks are not a part of our current framework, the company is actively evaluating how these factors may affect business performance both financially and operationally, ensuring they are considered alongside other enterprise risks.

Looking ahead, Woodgrain Inc. is actively monitoring regulatory developments and preparing to implement appropriate compliance measures to meet emerging regulatory requirements. These actions will help ensure the company remains agile and well-positioned to address new regulations while strengthening its overall risk management approach.

## Metrics and Targets

Woodgrain Inc. is in the early stage of integrating regulated metrics into its business operations. The company has started measuring GHG emissions for Scope 1 and Scope 2 across its footprint. While these metrics are not yet part of Woodgrain Inc.'s impact reporting, there is a clear opportunity to broaden reporting to include environmental indicators. Improvements in data availability and reporting will lay the foundation for future sustainability targets.

Woodgrain Inc. plans to expand its data collection capabilities and refine calculation methods to improve accuracy and coverage of required metrics. As these capabilities advance, Woodgrain Inc. will be well-positioned to set and track meaningful targets. The company recognizes the importance of integrating these metrics into its broader impact reporting framework, ensuring required considerations become a core component of performance measurement and long-term planning.

## Conclusion

Woodgrain Inc. is committed to advancing its resilience across its operations. As the company embarks on its initial efforts to measure GHG's and expand data collection, it recognizes the role these metrics play in shaping broader impact reporting. Continued improvements in data availability and reporting will enable Woodgrain Inc. to establish meaningful targets and strengthen its ability to manage risks and opportunities. By embracing transparency and proactive planning, Woodgrain Inc. aims to create long-term value for stakeholders while meeting all required regulations.