



METRIE.

HELPING PEOPLE TRANSFORM HOUSES INTO HOMES

2022: A YEAR OF PURPOSE

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Kent Bowie
PRESIDENT AND CEO

A MESSAGE FROM KENT BOWIE

Our purpose is, **We Help People Transform Houses into Homes.** These are more than just words and how we go about delivering on our purpose is important. Our purpose reflects everything we do day in, day out to serve every stakeholder— employees, shareholders, customers, and the communities we impact. As you spend more time in the company, you will quickly realize we define success by more than just profits. The last few years we were faced with the unprecedented challenge of COVID-19, and I am proud of how we met the challenge. We maintained staffing levels, our Gallup Q12 engagement increased each year, gender diversity improved markedly, safety improved across the organization, we contributed to our local communities, we gave back to our front-line employees, and we delivered record profits. As we move forward, you can expect to see and hear more about how “helping people transform houses into homes” serves as a north star for our leaders and our company.

As a company, we have tried to raise the bar in several areas over the past five years. We do not have it all figured out, but the impact is real and we have made great progress. You might have heard other organizations talk about ESG (environmental, social, governance) goals or might have read their annual sustainability reports. Our team members have expressed a desire to have more clarity on living our purpose and how we are supporting economic development, social development, and environmental protection for current and future generations. To that end, I am proud to share with every Metrie employee our first ever report on how we live our purpose and are working towards a sustainable future.

As a privately held organization, we are not required by regulators to release a purpose or sustainability report. We do it willingly because it makes sense for our business, future-proofs our brand from a recruitment/retention perspective, and is the right thing to do. Financially, competitively, in regards to talent at Metrie - we hold ourselves to the highest standard. We think we have a great story to tell about who we are and how we do things, and this report will showcase what we are already doing well and where we want to focus in the future.

The world we live in is changing rapidly. Global temperature rise brings continually greater risk to the economy, society, and our ecosystem. From a business risk standpoint, this destabilization impacts our business, our supply chain, the availability of wood, the cost of energy, material, and transportation. To remain at the top of our industry, we need to be better prepared than our competition to meet these challenges and risks now, and in the future.

To be clear, while Metrie does not have a formal ESG program today, it is an integral part of how we have always done business and operate as a company. This report allows us to highlight what we are already doing to support E, S, and G that makes Metrie an exceptional place to work. It is a representation of our purpose in action. We are proud of who we are and clear-eyed about what we still need to do in this area. We try to live our commitments daily without feeling compelled to broadcast them to the external world. Our internal report is intended to share transparently with our team how we are addressing these important challenges and where we are trying to make progress.

In this report, we will hold ourselves to a standard of never trying to sell you or our stakeholders on progress that we have yet to realize or that we don't understand how we will achieve. Sustainability underlies our mantra of "doing the right thing," passed down from Bill Sauder, Sr. (our founder E.L. Sauder's son) many decades ago. And, if you're curious where the Sauder family stands on sustainability, check out a personal message from Marcia Sauder and Will Wright (3rd and 4th generation, respectively) on page 28.

2026 will mark Metrie's centennial. The average lifespan of a company is about 10 years before it is bought, sold, or liquidated. You can say Metrie knows a thing or two about sustainability. On behalf of the Management team, the Sauder family of shareholders, and our independent Directors, I want to make sure we can thrive for another 100 years. Please join us on this journey. We need you to be involved!

Thanks,



Kent



How do Metrie's cultural pillars drive us to take responsibility for ESG?



(E) ENVIRONMENT

Conserving the natural world

(S) SOCIAL

Investing in people and relationships

(G) GOVERNANCE

Building trust through ethical and transparent business practices

PEOPLE & COMMUNITIES

Our People Come First

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OVERVIEW

Fostering an Empowered Culture

Ask any employee - and we do, regularly, as part of our ongoing engagement and training programs - what makes Metrie a special place to work and they will say a variation on two ideas: "It's the excellence of the people" and "Metrie has a feeling of family or home." The reason for this common feedback stems from the values of the family that owned and operated this company since 1926.

We actively build upon this foundation and foster a culture where we all feel safe, fully engaged, valued, and empowered to grow and give back to our communities. Our focus on culture allows us to deliver exceptional results and service to our customers, meet uncertainties with resilience, and stay committed to everyday excellence under all circumstances.

How people at Metrie show up is defined by our three cultural pillars mentioned on page 4:

- **Ownership:** We deploy an *owner's* mentality to any challenge at hand. We harness our entrepreneurial spirit to win the day - for our customers, against our competitors, and alongside our teammates.
- **Learning:** We are humble enough to know we can improve as a *learning* organization. Today gives us an opportunity to improve in all directions - policy, process, operations, customer experience, and teamwork. Just as important as learning and development programs is the growth mindset we all share. Tomorrow will be better still.
- **One Team:** Most importantly, as evidenced by the alignment of values and togetherness displayed when visiting any of our branches, we have 2,000 people across North America who come together every day as *One Team*.



Salt Lake Diaper Drive 2022



Chicago's Shirley Ryan Ability Lab 2022



The Darling Home for Kids in Milton, ON

SAFETY FIRST. NO COMPROMISES.

Proactive Safety Initiatives Keep Us Safe

We lead the business with safety as our top priority. During 2022, our teams drove new levels of engagement, starting with proactive safety initiatives. Once again, we saw record-breaking outcomes. Across all channels of the organization, engagement in safety markedly improved, with new team members assuming safety leadership roles within their respective teams. The results of this engagement produced sustained momentum in building a safety culture, a record number of proactive safety and hazard identification reports, and record low injury rates for all channels of the business.

Metrie's Total Safety Performance (TSP) metric significantly raised the bar for what defined proactive safety success. While the metric continued to focus on safety reports, safety training, and safety committee activity, the newest component introduced a cadence of self-auditing. This internal audit system was designed to engage more people in safety initiatives, while primarily being driven by local safety committee members. Despite the more robust metric components, Metrie team members not only reached the standard for a successful TSP metric score every month in 2022, but went above and beyond to deliver results.

Metrie's dedication to the continued health and safety of employees was also on display through the addition of an Ergonomics Specialist to support proactive hazard identification, workplace efficiency, and injury reduction. The development of a robust ergonomics program included a variety of projects designed to assess risks and develop awareness. Notably, the implementation of a sensorless motion-capture software program, HumanTech, has provided associates with the training and tools to recognize, assess, and control ergonomic risks in their working environments. While primarily focusing on our Retail Field Service Representatives thus far, we plan to provide ergonomics training to all operations and manufacturing teams in 2023

HISTORICAL SAFETY METRICS

SAFETY METRIC	2020	2021	2022
Recordable Injury Rate	3.12	2.68	1.70
Days Away/Restricted Time Injury Rate	2.56	2.04	1.50
Lost Time Rate	1.04	1.41	0.91
Near Misses Reported per 100 FTE	21.45	39.41	38.56
Total Safety Performance (TSP)*	116%	160%	225%

**TSP is a leading metric measuring monthly safety performance against prescribed benchmarks, with 100% as the minimum successful score*



TALENT DEVELOPMENT

Shaping Talent, Driving Results

At Metrie, our talent development strategy is designed to drive high performance, meet the opportunities of growth and market uncertainty, and equip people to achieve their career aspirations. Over the last few years, we have expanded the reach of formal learning and development opportunities to all levels of the organization. We strive to be a Learning Organization, which means that every person can proactively grow, achieve role mastery, drive innovation, and accelerate their career development.

Participation in formal learning programs has steadily increased over the last three years, at every level. **During the pandemic, we invested in our people and saw a steady rise in their participation in learning**, which contributed to our incredible engagement results (see Engagement, page 10).

Since 2020, we have offered three types of learning modalities: online learning, peer learning, and one-to-one coaching/mentoring.

- **Online learning** includes Challenger (a sales methodology and skill building for all sellers and sales managers) and LinkedIn Learning (open-source courses created by industry experts, which can be curated/facilitated by Metrie as well as self-directed).
- **Peer learning** typically brings together a cohort of 10-15 leaders from across different channels and functions for a periodic, multi-session learning experience, which builds leadership capability and creates strong bonds among our leaders. In 2022, we offered peer learning through our Leader Lab and LIFT programs.
- **One-to-one coaching/mentoring** allows participants to work with a coach to expand their mindsets, thrive as a person, inspire others, and achieve positive personal and professional results.



LEARNING PARTICIPATION RATES

	(% OF SALARIED EMPLOYEE TYPE)		
EMPLOYEE TYPE (#)	2020	2021	2022
Individual Contributor (350)	0%	22%	35%
Mid-Level Leader (168)	13%	33%	64%
Senior Leader (57)	84%	60%	77%

PARTICIPATION BY LEARNING MODALITY

	(# OF SALARIED EMPLOYEES)		
LEARNING MODALITY	2020	2021	2022
Online Learning	0%	5%	30%
Peer/Classroom Learning	10%	24%	36%
1:1 Coaching/Mentoring	3%	12%	16%

GENDER DIVERSITY

Empowering Women in the Workplace

Gender diversity at Metrie has been a focus for 10 years. It started with a well-meaning belief that we can do more to support women and was exhibited with an idea: “Is there a (leadership) course we can send some people to?” Over the following 10 years, we applied our gender diversity efforts across end-to-end employee experience touchpoints, such as:

- Reaching new candidates in the marketplace, improving job descriptions, and training hiring managers in biases
- Hiring *more* women in *more* areas of the business and offering *more* and better training opportunities to them
- Promoting more women to senior roles, creating more allyship in the male majority, and creating stretch change goals

Progress does not happen overnight. It requires leaders at every level to be intentional and make different choices. Metrie operates in a Manufacturing and Distribution/Sales industry, which is over 80% male. Our own company operations map to these industry norms. We must be intentional in our behaviors, our policies, and our strategies to affect change. This starts with our Board of Directors, which has had significant female representation for many years. In the broad set of salaried roles which might be referred to as a “management” level group, we have methodically increased female representation from 19% in 2020 to over 25% at the end of 2022. We continue to drive programs with a targeted goal of improving this figure to 30% over the next few years.

Other parts of our Diversity, Inclusion, and Belonging (DIBs) program to support the success of women at Metrie include:

- **Hiring Practices:** Most regions and functional teams require a finalist pool of candidates for an open position to be at least 50% female.



- **Women’s Network:** Founded in 2021, the self-autonomous Employee Resource Group has grown membership to over 50% of all women at Metrie, with its own budget to drive initiatives that support the success and wellbeing of women at Metrie. This includes:
 - *LIFT:* A development program tailored specifically to the needs and challenges of women in the workplace has delivered life-changing impact across four cohorts of learners in the last two years.
 - *Talent Development:* Since 2021, we have attempted to over-index our learning and development programs towards women. In 2022, 34% of all participants in formal learning programs were women (where women make up 29% of our salaried workforce)
 - *Metrie Employee Engagement:* Our annual engagement survey includes a question that focuses on fairness in the workplace. We analyze the gender differences carefully across the business and have undertaken investigations and feedback loops in various departments to better understand the lived experience of women. The fairness score for women has improved, as well as their overall engagement score, which now exceeds the score for men.

Metrie’s Board of Directors comprises of 11 members (see Board Governance, page 27), three of which are women. The Board will continue to ensure that as new directors join the Board, diversity will be represented at that level as well.

EMPLOYEE ENGAGEMENT = HIGH PERFORMANCE

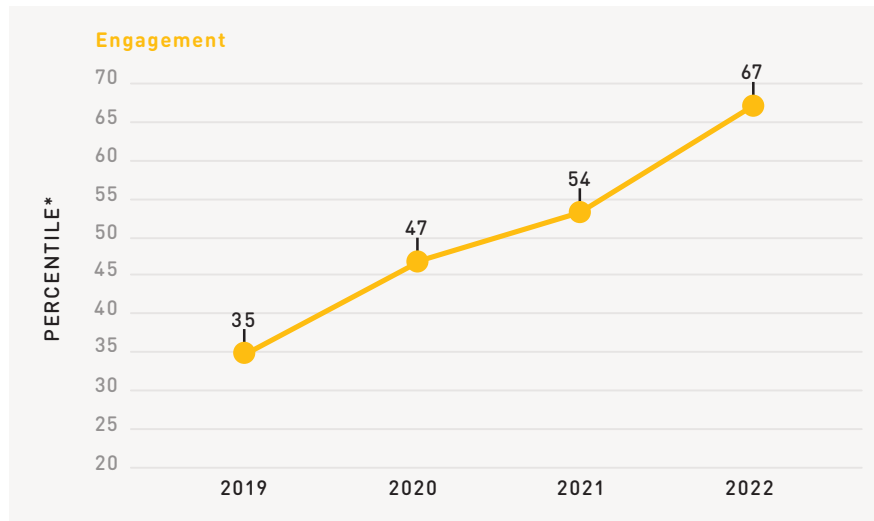
Keeping Employees Engaged and Motivated

Metrie believes that a highly engaged workforce is capable of anything—delivering a world-class customer experience, top quartile business results, innovation, growth, and continuous improvement. Ultimately, a high engagement team is a high performance team, to the benefit of all Metrie stakeholders. Since 2018, we have put a more formal emphasis on the employee experience at the team level, so that we can make the promise to all colleagues that Metrie is an exceptional place to work.

We exceeded our 2022 stretch goal, achieving 4.30 average, which placed Metrie at the 67th percentile* against companies across the world. Compared to companies with a Distribution focus, that score would place Metrie well into the top quartile of companies. Many parts of our business – including the US Pro channel and almost all our Corporate Shared Services functions – are operating in the top quartile of engagement. We believe high team engagement drives high team performance, and this bodes well for our overall company performance.

Our engagement journey has taken us from the 35th percentile in 2019 to the 67th percentile in 2022. According to our annual engagement survey results, employee engagement at Metrie has been increasing at a much faster rate compared to other companies that conduct employee engagement surveys. Our stretch goal set in 2018 was to meet or exceed the 75th percentile in 5 years (2023). This is achievable. It requires the continued focus on People excellence with the same intensity as we apply to our customer experience and financial success. The survey results are the marker and initiate honest conversations between leaders and teams about what stands in the way of higher engagement. Actions and changes come out of these conversations at the local team level, paving the way for high engagement.

EMPLOYEE ENGAGEMENT



*Metrie Q12 Grand Mean versus all industries

**OUR ENGAGEMENT JOURNEY HAS TAKEN
US FROM THE 35TH PERCENTILE IN 2019
TO THE 67TH PERCENTILE IN 2022.**

Examples of fostering higher engagement include:

- Metrie established a Praise channel on our internal social network (Microsoft Teams) in response to engagement survey feedback that our recognition processes and practices were not strong enough. In the first week of operation, we had over 500 acts of praise recorded. This communication channel is now a normalized part of our overall cultural processes. Our recognition score in the survey has improved markedly.

- In 2022, teams (from about 150) achieved a perfect 5.00 average score in the engagement survey: a sales team based out of Atlanta, GA office and the operational leadership team from the Prairies region in Canada. Both teams exhibit incredible levels of communication and connectedness in their daily practices. They are fully aligned as people first, workers second.
- The review of our 2020 survey scores acknowledged that women had lower engagement than men across Metrie. This disparity encouraged us to further develop our female-focused programs (mentioned above). In 2021, the engagement delta between men and women was eliminated, and in 2022, women's engagement continued to accelerate, in response to the support shown to them across the company.

Metrie Views Towards Culture and ESG

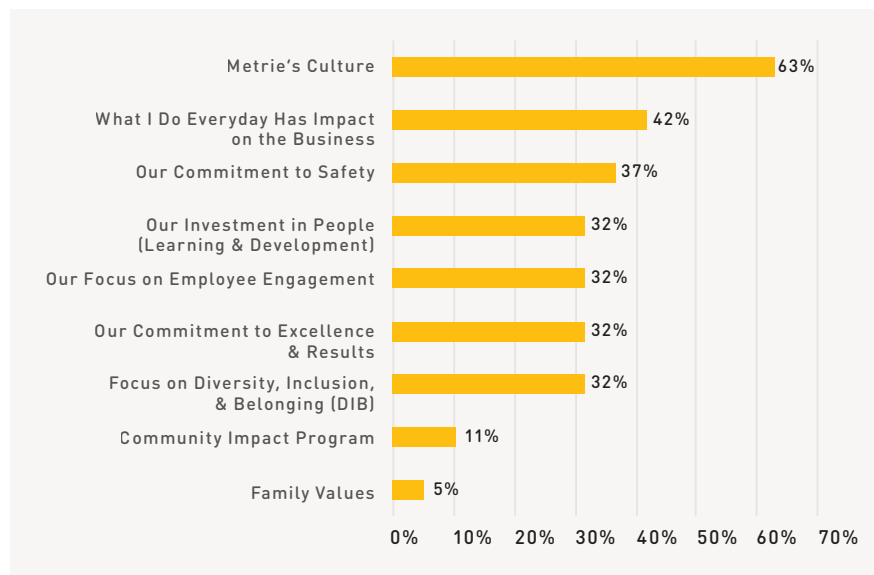
We closely monitor trends across industry, particularly why people join an organization, what motivates them, and what keeps them there. Just as important as these external trends is that we understand what motivates current Metrie employees. Back in November 2022, we conducted a pulse survey on Teams, which was available to all salaried employees. 158 employees responded (28% participation) and we're excited to share the results!

A hallmark of a company's culture is what makes them proud to work there. When asked what makes employees most proud to work at Metrie, nearly two-thirds (63%) included the culture. While we may all have a different way of describing or defining culture, it matters at Metrie, a LOT!

The clear #2 for our people is their own ability to have an impact on the business, which means that at least 42% understand their value and how they impact business outcomes. Given that Metrie has always had an entrepreneurial spirit and is results-oriented, this finding is not a surprise.

Four of the next five highest responses (between 32% and 37%) are related to people—our commitment to safety, investments in learning and development, focus on engagement, and commitment to DIBs.

WHAT MAKES EMPLOYEES MOST PROUD TO WORK AT METRIE?



Montreal Team at Tremblant 24H Fundraiser

NETWORK SUCCESS

Inspiring Organizational Growth Through Employee Networks

Our other focus areas and service offerings have supported these large engagement increases. The largest increases in engagement have occurred in our female cohort, one which totals around 15% of our population. Providing better support for underrepresented cohorts - like women - lead to outsize improvements in the workplace experience.

This is illustrated in the establishment and growth of our **Employee Resource Groups (ERGs)**, a key plank of our Diversity, Inclusion, and Belonging (DIBs) strategy.

- The **Women's Network** is flourishing, counts more than 50% of all Metrie women as members, and has executed several impactful networking and support initiatives.
- Our **PRIDE Network** is a group supporting our LGBTQ+ community, which has led several outreach opportunities across Metrie.
- More recently, the **Black Network** is beginning its own journey of community building and ally outreach. We expect to see much more organic growth in this kind of empowerment work in 2023.
- The **Learning ERG**, formed in 2022, includes team members who are passionate about learning and creating a culture of learning inside an organization. The majority of this cohort consist of women who are individual contributors (finance, administration, sales desk, etc.) and who are eager for more development and career opportunity. The monthly learning sessions enrich the participants and help us understand as an organization how we can accelerate learning at Metrie.





COMMUNITY IMPACT

Supporting Our Local Communities

The act of employee communities stepping up and organizing inside the company is mirrored in how our branches across Metrie have supported our local communities. At the heart of this activity is the Metrie Community Impact Program, which strives to have a positive impact on our communities by providing charitable support to groups in need, grassroots charities, and social service organizations to enhance the dignity and quality of life of individuals and families. In 2022, the program distributed \$160,000 to the communities in which we work.



EMPLOYEE HEALTH AND WELLNESS

Encouraging and Enabling Employee Wellbeing

We are seeing the world of wellness expand beyond the corporate benefits package into more esoteric workplace areas such as workplace flexibility, coaching, and full person thrive models. Wellness is expanding into wellbeing.

Previously, in response to the pandemic mental health challenge, we had expanded Metrie's Employee Family Assistance Program (EFAP) to support mental health coverage and had a spike in uptake.

In 2022, in response to an increase in turnover and increasingly hot job market, we improved several benefit services:

- **Earlier access to health benefits in the US.** The benefits eligibility shifted from 60 days post-hire to the first day of the month following date of hire.
- **Increased short term disability weekly max coverage** to better reflect current wages (US and Canada)
- **Increase in paramedical coinsurance** from 50% to 100% in Canada, which allows employees easier access to benefits. Salary and hourly employees have utilized paramedical more in 2022.
- **Paid maternity leave (top up) to 12 weeks** in the US and Canada to better attract and retain female employees
- **Protected leave up to 24 weeks** for all US employees (FMLA only provides 12 weeks), allowing employees the option to stay home longer without worrying about their job

Another new program in 2022, BetterUp, has contributed to participants' ability to thrive. We understand that a person's mindset and ability to thrive, at work and at home, leads to more effective leadership and better business outcomes.



BetterUp provides one-on-one coaching across many dimensions of need—management skill building, leadership capability, nutrition, sleep communication, working parents, navigating grief, and many more. Greater wellbeing results in a better Metrie, and we will continue to find ways to support the improved wellbeing of our workforce.

MANUFACTURING & ENVIRONMENTAL RESPONSIBILITY

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OVERVIEW

It is important to Metrie that we use ethically sourced raw materials and we do so efficiently and safely, with the smallest impact on the environment. As the leading manufacturer in our industry in North America, our seven manufacturing mills across North America generated over 400 million lineal feet of product in 2022. Our production requires a significant amount of energy, from drying the raw material in kilns, to powering the multiple lines in the manufacturing process, to preparing the product for its next destination. Managing our energy consumption responsibly and efficiently is not only environmentally beneficial, but also good for business. At Metrie, there are many opportunities to reduce our operations' impact on the environment and to improve efficiency, and we are focused on continuously learning and growing in this area.



SUSTAINABLY SOURCED RAW MATERIAL

Looking for Environmentally Friendly Solutions

MDF (Medium Density Fiberboard) is the largest material consumed by Metrie's manufacturing plants making up 87% of our production. MDF is an ideal material to work with as it is free of knots, splinters, and rings, making it more uniform and easier to work with compared to natural wood. It is a semi-sustainable resource, as it is made from the byproduct of wood waste.

One aspect of MDF sustainability is the sourcing of the wood fiber used. If it is not made from true leftover wood materials - such as pines that are too thin for logging - this use of virgin wood isn't environmentally friendly. SCS Global Services is an organization that monitors and certifies this aspect of MDF sustainability. The MDF sheets we use are mainly produced from sawmill waste in the form of sawdust and planer chips. Our production is third-party certified Green by SCS Global to be a minimum of 80% pre-consumer recycled wood fiber content. This is the highest rating of any moulding producer they audit. 80% of our supply is domestically produced and has an average shipping distance to our plants of less than 650 km.

SUSTAINABILITY OF MDF MOULDINGS - % OF RECYCLED CONTENT (SOURCE: SCS GLOBAL)

COMPANY NAME	MOULDING & TRIM	PRE-CONSUMER RECYCLED CONTENT (%)
Metrie	Platinum Prime, SPERO, Metrie Complete	Minimum 80%
Alexandria	MDF Mouldings	Average 60%
Masisa, S.A.	MDF Mouldings (Primed, Jesso, and Raw)	Minimum 16%



The second aspect of MDF sustainability is the resin glue used to compress the wood fibers. Most types of MDF use a urea-formaldehyde glue to bind everything together. The glue is considered toxic to humans at certain levels and, being neither biodegradable nor compostable, it often ends up in landfills where chemicals leach out over time and possibly contaminate groundwater. MDF material made with environmentally friendly resins exist, but are currently cost-prohibitive. Metrie will continue to explore alternatives that meet the needs of our customers.

Our softwood products, 7% of production, are sourced primarily from British Columbia, which has strict logging practices. Our largest supplier has 100% of their managed forests third-party certified (PEFC and FSC), which provides assurance to the public and customers that their forests are managed in an environmentally, socially, and economically responsible manner.

Metrie will continue to look for and test alternative green substrates. In 2022, our Rocklin mill tested about 30 truckloads of MDF manufactured from rice straw, a 100% sustainable material, from a supplier in California. The results were very promising and we will continue to explore emerging technologies, including alternative substrate supply.

MANAGING CHEMICALS IN PRODUCTS

Decreasing Discharge and Waste

Paint is the main chemical we use in the manufacturing process. 100% of our coating products in all plants today are water-based, which contain significantly fewer VOCs (volatile organic compounds) than lacquer-based products. PWP was the last facility to convert away from lacquer. In 2009 when they started the change, their VOC discharge was 184 tonnes annually. In 2022, the VOC discharge was just 3 tonnes, which is a 98.36% decrease. This includes our Metrie Complete prefinished moulding and our recently installed door finishing line. In addition to being of higher quality than the on-site finish, our factory finish generates lower waste.

WASTE MANAGEMENT

Making the Most of Raw Materials

Aside from waste-related to office activity, our manufacturing process produces zero waste! Any byproduct is sold or provided for another use. The sawdust and shavings we produce are almost exclusively recycled. Some of it is used for commercial animal bedding that becomes compost. In other markets, it is used to absorb liquids in the oil field sites before it is burned to create energy. Some dust is used as fuel to dry the alfalfa harvest before being compressed into cubes for commercial animal feed.

As we modernize our production process, we have increased the yield from our raw materials and reduced the defective products we make. We just approved new scanning equipment for Ferndale that will increase the usable product we can obtain from our solid wood lumber. Our Continuous Improvement team in MDF is looking at scanning equipment that will help us recognize quality issues on our automated lines earlier, reducing the number of potential defects. Both projects will allow us to use less raw material to meet our customers' needs.



IN 2022, THE VOC DISCHARGE WAS JUST 3 TONNES

A 98.36% DECREASE



OUR MANUFACTURING PROCESS
PRODUCES **ZERO WASTE!**

SUPPLY CHAIN AND OPERATIONS EXCELLENCE

Every Link Matters

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CURRENT CONTEXT/VISION

Building an Agile and Resilient Supply Chain

For the last three years, some might say businesses weren't competing, supply chains were. Metrie needed the supply chain to outperform the competition during the height of the pandemic. As we head towards a slowdown in global economic growth, increased inflation, and the continuance of supply chain disruptions, we believe that need will only increase. Late in 2022, we made a significant change and combined the Operations, Logistics, and Health & Safety teams with the IBP, Procurement, and Supply Chain Optimization teams, officially creating a complete end-to-end supply chain leadership team.

As we look to the future, supply chain digitalization will be the key theme and enabler of our success. Metrie will accelerate its transformation by optimizing its supply chain ecosystems for resilience and risk, and we are already well down that path in IBP. Over the next two years, we will bring that same level of digital sophistication to our inventory portfolio management, our vendor community integration efforts, and our capability for logistics traceability.

As demand continued to outstrip supply in 2022, we brought new suppliers into our portfolio, and that expansion could introduce risk if not managed appropriately. As 2023 unfolds, we will de-risk our supply portfolio and maintain our focus on ESG compliance by continuing our commitment to ethically sourced raw materials. By shifting our focus from an agile supply chain that quickly reacted to ever-changing macro conditions to a resilient supply chain that can proactively navigate a variety of potential outcomes, we will continue to be a business differentiator.



RESPONSIBLE SOURCING

Choosing Like-Minded Suppliers

As the organization formalizes its commitments to ESG, it's essential to recognize that our supply chain is already well down the path of environmental stewardship. Every year, we earmark significant budget dollars for crucial compliance initiatives. Our approval process starts by vetting every potential supplier before we set them up as a vendor of record. Our sourcing team requires vendors to fill out detailed supplier declarations and provide all certificates, FSC, PEFC, Recycled Content, TSCA, CANFER, and CARB, before issuing POs. We have a multi-year partnership with Zimmfor, which does all supplier declaration verifications and external audits and facilitates our internal audits. In 2022, we achieved clean audits for FSC/PEFC for Manufacturing and Distribution groups, and SCS recycled content audits. A relaxing of global travel restrictions enabled us to recommit to eight supplier field verification audits in five countries in 2022.

RESPONSIBLE SOURCING EFFORTS IN 2022:

- Integrated the addition of CANFER compliance to SMS and SAP
- Completed three Lowe's audits, two for the US and one for Canada
- Completed Quarterly Commodity flow surveys for the US government
- Completed two audits for the US EPA and four audits for the US CBP

ESG & Supply Chain

CREATING A SUSTAINABILITY MINDSET

As we look to the future, we are both practical and ambitious in our objectives. Within the supply chain, we should establish the foundation for a more sustainable and circular value chain, increase the sustainability profile of our product portfolio, and move toward zero waste and carbon neutrality in our direct operations.



Building Strategic Partnerships

If our main challenge in 2020 and early 2021 was 'finding the fiber', in late 2021 and in 2022 'getting it here' was the main issue at hand. When the port disruption became a problem worldwide, it became clear that not having a logistics team or a united logistics strategy was a risk to our business. At the end of 2022, we hired, promoted, and aligned three industry experts with 75 years of global logistics experience.

While we are just beginning this part of our supply chain journey, our intent is consistent; we will look to partner with companies that support and complement our business principles and culture and add value to our supply chain.

Going forward, we will develop a sustainable transportation and logistics strategy to reduce greenhouse gas emissions.

RESILIENT PROCUREMENT STRATEGY

Practicing a Thoughtful and Strategic Procurement

We are building a resilient procurement strategy as we equip ourselves to withstand disruptions, market fluctuations and uncertainties related to climate change. Some of the most relevant actions we have taken so far are:

- **Supply Chain:** Measured, monitored, and reduced our supply chain's most significant environmental impacts. Based on a life cycle assessment, collaborated with suppliers to address the highest priority areas.
- **Procurement:** Enhanced our sustainable procurement policy and strategy (social, environmental, and ethical) and sought to use sustainable materials from sustainable suppliers. Committed to 100% wood products from sustainably managed forests where the forest is replenished (will not use old growth, illegal, or rainforest wood products). Used a robust chain of custody process to prove claims. Collaborated with suppliers to identify breakthroughs in waste, packaging, circularity, logistics, and inventory management. Continued to push the supply chain to become fully sustainable.



WAREHOUSE EXCELLENCE

Continuously Improving Our Systems & Standards

This past year marked a significant moment in our history with the founding of the inaugural Operations Summit, where all Operations managers collaborated in person and shared challenges and best practices. In addition to this event, we've made some notable progress for Operations:

- Our Operations Excellence (OE) team assisted with warehouse resets using our WDOS project plan.
- Operations Standards continue to be an organizational priority, and we recently completed the best-in-class category with the help of a steering committee of Operations managers.
- Canadian door shops were upgraded with new Vorne technology that facilitates data collection to help pinpoint inefficiencies, sending automated daily reports directly to our leaders' cell phones.
- A Warehouse Management System (WMS) was implemented in Kansas City this past October, realizing benefits in productivity, employee engagement, and inventory management.

The engagement of our hourly workforce is paramount. With the development of the 100-day plan with assigned onboarding ambassadors, we are showcasing that Metrie is a company that cares deeply about their employees.

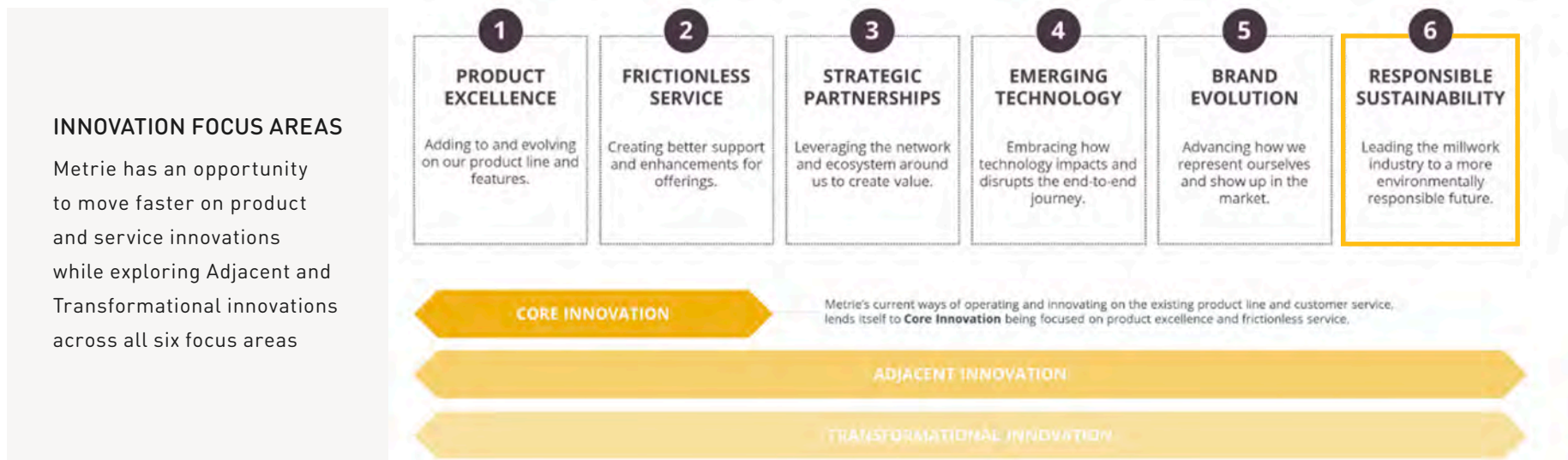
Looking forward, we will share automated KPI data through an intuitive dashboard solution allowing the operations to react, plan, and promote continuous improvement within each region.

INNOVATION & VALUE ADDED SOLUTIONS

Innovating Our Way Forward

Innovation at Metrie in 2022..... 24





INNOVATION AT METRIE IN 2022

A key component of Metrie's customer experience strategy is delivering innovation that creates value for our channel partners. Since the launch of the brand, Metrie has been recognized as an industry innovator, but to move faster and become more efficient, we need an innovation focus and a clearly defined process. In 2022, we partnered with Deloitte to develop our innovation operating model, documenting detailed processes to manage an innovation pipeline, capital strategy, resourcing, KPIs, and governance. Our starting point was ensuring that leaders aligned on strategy. Through the course of the engagement, six innovation focus areas were developed and prioritized, from products and services core to our business to more transformational impact opportunities.

Looking ahead, we will expand our efforts to include new connection points with customers and end users in service of our Brand Evolution, while exploring opportunities to leverage our commitment to Responsible Sustainability.

Metrie is already a leader in the millwork industry regarding supply chain and sustainable forestry, working with domestic and offshore suppliers who meet stringent certification requirements. As the focus on environmental impact increases and governments implement stronger policies designed to curb emissions and promote sustainable practices, we see multiple benefits to furthering our industry leading position. These include:

- Tapping into new markets that put a premium on ESG-related products and services
- Reducing the amount of waste inherent in current millwork supply and installation practices
- Empowering our workforce to innovate locally and find ways to lower environmental impact, reduce waste at our facilities, and improve workplace conditions

At Metrie, we take our responsibility to our people, our communities, and our planet seriously and believe these are essential components of our purpose to help people transform houses into homes.

RESPONSIBLE BUSINESS PRACTICES

Our Drivers: Responsibility, Diligence, Passion

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ENTERPRISE RISK MANAGEMENT

Adding a Critical Capability to our Business

In 2022, we established the enterprise risk management program (ERM) to help protect the Company's long-term value for its shareowners, customers, employees, and the communities it serves. The risk management team works closely with the Strategic Leadership Team (SLT) and employees across the Company to identify emerging issues and trends, align risk exposure to organizational priorities, support risk-informed business decisions and resource allocation, and monitor and assess known risks using quantitative metrics, known as key risk indicators.

- **ERM Team:** Metrie's ERM team is responsible for managing relevant and material risks to Metrie's strategy and operations, and to recognize emerging issues and trends that may shape future risk exposure. The team is led by the Director of Risk Management, who reports to the Chief Financial Officer, and works broadly with employees across channel and functional teams to manage the risk profile of the Company.
- **ERM Framework:** The ERM team creates and facilitates a risk management process framework that includes risk identification, assessment, mitigation, monitoring, and reporting. The Audit Committee of the Board oversees the risk management framework and meets with the Director of Risk Management regularly to discuss program initiatives and to provide strategic direction for the program.
- **Material Risks:** The Board of Directors and its Committees provide oversight of the Company's most material risks. Accountability for the management of these risks resides with the SLT. The turbulent macroeconomic environment, supplier concentration, geopolitical, and cybersecurity are some of the Metrie's most significant risk areas.

LEANNE CHENG

DIRECTOR OF RISK MANAGEMENT



"I am incredibly excited to take on the newly created role of Director of Risk Management and to establish a strong program here at Metrie as we look to build our resiliency and ensure the sustainability of our long-term success."

CLIMATE RISK

Beginning in 2023, Metrie will begin the process of integrating climate-related risks and opportunities within our ERM framework. Climate-related events, including wildfires, heavy rain, and extreme flooding can hit parts of our and our upstream supplier's businesses in Canada, the US, South America, and Southeast Asia. The effective integration of ESG risks into our ERM program, supported by effective governance structure is designed to provide mitigation strategies that will protect our ability to deliver for our customers and employees

BOARD GOVERNANCE

Supporting Metrie with Experience and Expertise

Metrie's Board of Directors is focused on ensuring we maintain responsible business practices and the highest ethical standard of governance to support our culture and values. Our Board is composed of 11 directors, including four independent directors, six family shareholders, and one operating officer, our CEO Kent Bowie. Our independent directors include leaders with expertise and experience in many relevant areas that impact our business and align to our strategy, including manufacturing, distribution, retail, and finance. We appointed one new director in 2022.

The Board has three standing Committees: Audit, Compensation, and Governance. All three committees are comprised of independent directors and operate under a charter, which provides key duties and responsibilities.

PAY EQUITY

Ensuring Wage Equity and Competitiveness

At Metrie, we strive to provide a living wage for all our employees, well beyond governmental minimum wage requirements, and ensure all employees are paid equitably. Equal pay is a hallmark of a healthy workforce, and it hasn't been the norm in our industry. Gender pay equity studies have been a regular practice since 2020 to ensure we're paying competitively and equitably at all levels. Some of the steps we've taken to ensure pay equity are:

- We review hourly wage competitiveness in every region we operate in, to ensure that our wages are competitive, well beyond governmental minimum wage requirements.

- We use an outside compensation consultant to conduct annual pay analyses for all roles and salary grades. In Canada, pay equity audits are conducted periodically for Ontario and Quebec to comply with provincial legal requirements.

We closely monitor specific roles at Metrie that have significant representation of men and women (e.g., Account Representative, Territory Manager), and address situations where pay inconsistencies exist on a regular basis.



SHAREHOLDER VIEW

Looking Forward to a Great Future



A MESSAGE FROM MARCIA SAUDER

Our family has now been involved as owners, management, and directors of Metrie for four generations. I am a member of the third generation, and currently serve on the Board of Directors, along with other family members and independent directors, and I am pleased to contribute

a few thoughts for Metrie's inaugural purpose report.

As a director, I have a fiduciary responsibility to uphold value for the shareholders of the company. **But how do we define "value"?**

Caring about more than financial returns has a long history in this company. They didn't have the "ESG" label for it, but our parents continually demonstrated concern for much more than the bottom line. They stressed the importance of doing the right thing and, in particular, they recognised in tangible ways that the strength of the business depended in large part on the employees' contributions.

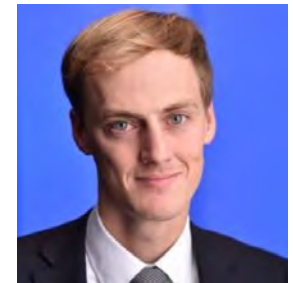
As the business has grown, the vision of the shareholders has likewise broadened. As well as embracing and expanding the principle of treating our employees well, e.g. with enthusiastic support of diversity initiatives and robust education and training opportunities, we have also sought to demonstrate good corporate citizenship in the places where Metrie "lives", e.g. by backing the Community Impact Program. With the participation now of the fourth generation in ownership and governance, the vision has broadened even further. Along with concern for our employees and our local communities, this generation brings an increased awareness of how Metrie's activities touch many people outside the business and affect the environment.

This sustainability lens will help the business remain relevant and responsible and will help keep the business connected to the family through the generations.

Our focus has broadened, but continues to be founded on the initial commitment: to define the value of our business not just as a matter of shareholder returns, but as a living expression of our family's vision.

A MESSAGE FROM WILL WRIGHT

Having recently joined the board I am excited to be a part of the work the organization is starting with ESG. I have studied and worked on ESG throughout my academic and professional career. During my MBA program, I learned how a well thought out ESG strategy can cut costs, deepen relationships with stakeholders, and keep team members engaged. All these outcomes are central pillars of Metrie's existing strategy of operational excellence, customer focus, and development of the Metrie Team.



I have always been proud and admired how the passion, purpose, and values of the Metrie team were reflected in the way we do business. The focus on doing the right things the right way not only embodied our values, but also drove strong results. I believe there is scope to expand on this and continue to drive success and long-term value. As a family company, we are focused on the sustainability of the business across generations, and we need to address the challenges of the next 100 years in the same way that we have weathered the storms of the last (almost) 100 years.

The impacts of climate change are accelerating and the need to engage with more stakeholders on social and governance issues is becoming a business imperative. Organizations like Metrie can take action to mitigate risk, become an industry leader, and protect its enviable competitive position. I'm looking forward to seeing the creativity and entrepreneurship that has defined Metrie brought to bear on this new opportunity.

LOOKING AHEAD TO 2023

Beyond the First Step

What You Can Expect from Future Reports30



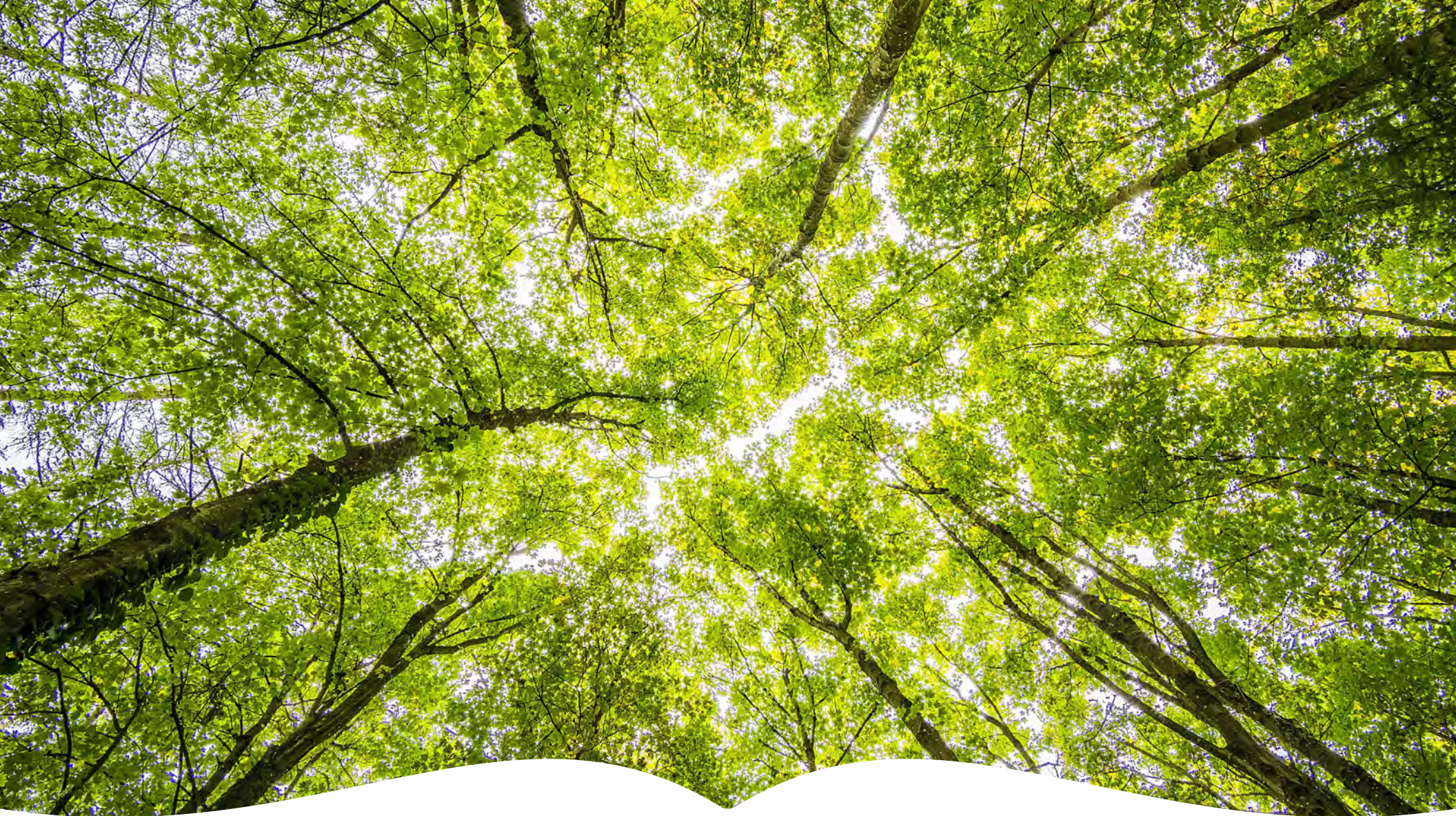
WHAT YOU CAN EXPECT FROM FUTURE REPORTS

Continuing our ESG Journey

As the first report of this kind, we are setting a foundation for future reports. It also means that a lot is likely to evolve and change as we learn more. What might you expect from future reports? Here are a few possibilities:

- **Goals.** In the coming months, management will set some goals and chart an ESG road map. Like any of our company's objectives, these goals will be SMART and tied to our strategy. We expect to share our goals and path forward in the second version of this report (2024).
- **Commitments.** While we are not obligated to do so, we will identify material areas of our business that impact internal and external stakeholders. We will set goals, define metrics, and compare our performance against relevant competitors. The transparency will demonstrate our commitment.
- **Accomplishments and Challenges.** Just like this year, we will proudly share accomplishments across the business that support our ESG efforts. And where there are setbacks or challenges, we will not shy away from acknowledging those as well. What's important is that we honestly tell the stories in order to move us all forward, together.





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