ANNUAL INFORMATION FORM

For the financial year ended December 31, 2023

March 14, 2024

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ITEM 1 DATE OF ANNUAL INFORMATION FORM

This Annual Information Form ("AIF") is dated as of March 14, 2024. Unless otherwise indicated, the information contained in this AIF is stated as at December 31, 2023.

ITEM 2 CORPORATE STRUCTURE

2.1 NAME AND INCORPORATION

Stella-Jones Inc. ("SJI") was incorporated as 2865165 Canada Inc. on October 26, 1992 under the *Canada Business Corporations Act* and changed its name to Stella-Jones Inc. on February 19, 1993. SJI's Articles were amended on March 31, 1994 to delete private company restrictions. The Articles were again amended on June 13, 1994, subdividing all 100,001 common shares issued and outstanding into 6,200,000 common shares redesignated "Common Shares", creating Preferred Shares, issuable in series, cancelling all authorized but non-issued preferred shares and creating the Series 1 Preferred Shares. On May 27, 1996, SJI's Articles were further amended to add a provision to the effect that the directors may appoint a limited number of additional directors to hold office until the close of the next annual meeting of shareholders. On January 1, 2014, SJI filed Articles of Amalgamation evidencing its amalgamation with its wholly-owned subsidiary, I.P.B. – W.P.I. International Inc. On January 1, 2015, SJI filed Articles of Amalgamation evidencing its amalgamation with its wholly owned subsidiaries, Stella-Jones Canada Inc. and Guelph Utility Pole Company Ltd. On January 1, 2016, SJI filed Articles of Amalgamation evidencing its amalgamation with its wholly owned subsidiaries, Ram Forest Group Inc., Ramfor Lumber Inc., Ram Forest Products Inc. and Trent Timber Treating Ltd. On May 12, 2017, Stella-Jones filed Articles of Amendment to increase the minimum and maximum number of directors to three and twelve, respectively.

The registered office of SJI is located at 3100 de la Côte-Vertu Blvd., Suite 300, Montréal, Québec, H4R 2J8.

2.2 INTERCORPORATE RELATIONSHIPS

As at December 31, 2023, Stella-Jones Corporation ("SJ Corporation") and Stella-Jones U.S. Holding Corporation ("SJ Holding") were the principal subsidiaries of the Company.

Name of Subsidiary	Percentage of Voting Shares Owned by the Company	Jurisdiction of Incorporation
SJ Corporation	100%	Delaware
SJ Holding	100%	Delaware

ITEM 3 GENERAL DEVELOPMENT OF THE BUSINESS

Unless the context dictates otherwise, "Stella-Jones", "SJI" and "the Company" mean Stella-Jones Inc. and its subsidiaries.

3.1 THREE YEAR HISTORY

Stella-Jones Inc. (TSX: SJ) is a North American leading producer of pressure-treated wood products. It supplies the continent's major electrical utilities and telecommunication companies with wood utility poles and North America's Class 1, short line and commercial railroad operators with railway ties and timbers. Stella-Jones also provides industrial products, which include wood for railway bridges and crossings, marine and foundation pilings, construction timbers and coal tar-based products. Additionally, the Company manufactures and distributes premium treated residential lumber and accessories to Canadian and American retailers for outdoor applications, with a significant portion of the business devoted to servicing Canadian customers through its national manufacturing and distribution network.

On November 19, 2021, the Company completed the acquisition of the shares of Cahaba Pressure Treated Forest Products, Inc. ("Cahaba Pressure"). The purchase price totaled US$66 million, including working capital, which was estimated at US$8 million. Cahaba Pressure manufactures, distributes and sells treated and untreated wood poles, crossties and posts and provides custom treating services, primarily utilizing creosote, copper naphthenate ("CuNap") and pentachlorophenol at its wood treating facility in Brierfield, Alabama. The Company financed the acquisition through its existing credit facilities. As this was not a significant acquisition for the purposes of Part 8 of National Instrument 51-102, Form 51-102 F4 (Business Acquisition Report) was not filed with respect of this acquisition.

On November 19, 2021, the Company completed the acquisition of the shares of Cahaba Timber, Inc. ("Cahaba Timber"), a well-established producer of treated poles and pilings, primarily using CCA, CCA ET Clear and CCA ET Brown that also engages in raw material procurement at its treating operations in Brierfield, Alabama. The purchase price totaled US$36.5 million, including working capital estimated at US$4 million. The Cahaba Timber transaction was financed with the Company's existing credit facilities. As this was not a significant acquisition for the purposes of Part 8 of National Instrument 51-102, Form 51-102 F4 (Business Acquisition Report) was not filed in respect thereto.

On November 1, 2022, the Company completed the acquisition of substantially all of the assets of the wood utility pole manufacturing business of Texas Electric Cooperatives, Inc. ("TEC"), located in Jasper County Texas. Total consideration associated with the acquisition was US$31 million, including inventories estimated at four million dollars US. The Company financed the acquisition through its existing credit facilities. As this was not a significant acquisition for the purposes of Part 8 of National Instrument 51-102, Form 51-102 F4 (Business Acquisition Report) was not filed in respect thereto.

On February 14, 2023, Stella-Jones acquired the Southern Yellow Pine pole peeling and drying assets of IndusTREE Pole & Piling, LLC ("IndusTREE"), located in Goodwater, Alabama. The Purchase price was US$12.5M. The Company financed this acquisition through its existing credit facilities. As this was not a significant acquisition for the purposes of Part 8 of National Instrument 51-102, Form 51-102 F4 (Business Acquisition Report) was not filed in respect thereto.

On June 16, 2023, the Company acquired substantially all of the Southern Yellow Pine pole peeling and drying assets of Balfour Pole Co., LLC ("Balfour"), located in Baconton, Georgia, for a total consideration of US$15 million. The Company financed this acquisition through its existing credit facilities. As this was not a significant acquisition for the purposes of Part 8 of National Instrument 51-102, Form 51-102 F4 (Business Acquisition Report) was not filed in respect thereto.

On July 14, 2023, the Company acquired substantially all of the assets of the wood utility pole manufacturing business of Baldwin Pole and Piling Company, Inc., Baldwin Pole Mississippi, LLC and Baldwin Pole & Piling, Iowa Corporation (collectively, "Baldwin") for a total consideration of US$49 million. Baldwin comprises two Southern Yellow Pine pole treatment facilities located in Bay Minette, Alabama and Wiggins, Mississippi, as well as two finished good yards located in Des Moines, Iowa and Pittsburgh, Kansas. The Company financed the acquisition through its existing credit facilities. As this was not a significant acquisition for the purposes of Part 8 of National Instrument 51-102, Form 51-102 F4 (Business Acquisition Report) was not filed in respect thereto.

ITEM 4 DESCRIPTION OF THE BUSINESS

4.1 GENERAL

The Company operates within two business segments, the production and sale of pressure treated wood for several different product groups (described below) and logs and lumber. Wood treating facilities are located in the Canadian provinces of Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Québec, and the states of Alabama, Arizona, Arkansas, Georgia, Indiana, Kentucky, Louisiana, Mississippi, Nevada, Oregon, Pennsylvania, South Carolina, Texas, Virginia, Washington, and Wisconsin in the United States. Additionally, the Company distills coal tar and distributes products from that process at its Memphis, Tennessee distillery.

4.2 DESCRIPTION OF PRODUCT GROUPS AND SERVICES

Utility Poles

Customers for transmission and distribution poles are predominantly regional telecommunication and electric utility companies. Although there exist alternative transmission methods, treated wood poles are the preferred method due to their durability, (poles could typically last from 40 to 50 years or longer) sustainability, and their relatively low cost of purchase, installation and maintenance. Furthermore, wood poles can be easily drilled and crosscut and allow greater ease for servicing by line workers. Steel, concrete and composite poles are more expensive than wood poles in most sizes but do have applications for certain purposes. Due to their higher cost and characteristics such as conductivity, potential for corrosion, as well as poor serviceability, flexibility and workability (drilling, machining, climbing), wood poles continue to be the preferred choice of most utilities. Underground cabling is used mainly in urban centers where existing underground infrastructures exist but is less preferred in rural areas due to the higher cost and difficult accessibility. In 2020, the Company began to offer utility poles applied with an intumescent fire-resistant wrap. This provides added protection and prolonged service life to the product in areas prone to wildfires and has gained favour with utilities looking to harden their grid against the increase in severity and frequency of fires.

Railway Ties

Demand for railway ties is comprised primarily of upgrade and maintenance requirements, with occasional activity in new track construction. Capital expenditures on track and infrastructure improvements should remain solid in the years to come.

A relatively stable volume of new ties is required for maintenance purposes, as management estimates that approximately 1.5% to 3.0% of all ties on active railway lines are in need of replacement every year. In addition to servicing the demands of the Class 1 railroads for railway ties and timbers, the Company also sells to many short line railroads, commercial railroad operators and to contractors that install and repair rail lines.

Residential Lumber

This category consists primarily of premium pressure treated consumer lumber for use in patios, decks, fences and other outdoor applications, as well as the distribution of wood and wood-alternative accessories. The Company provides residential lumber throughout Canada as well as in the U.S. Pacific Northwest and Alaska.

Industrial Products

These products include railway bridge and crossing timbers, marine and foundation pilings and construction timbers.

The Company also manufactures the wood preservative, creosote, for use in its wood treating activities, as well as other coal tar-based products such as roof pitch and road tar, which are sold to third party customers.

Logs and Lumber

Logs comprise the sale of logs harvested in the course of the Company's procurement process which are determined to be unsuitable for use as utility poles. Additionally, in the course of procuring sufficient competitively priced residential lumber volume, the Company engages in reselling excess lumber into local home-building markets.

4.3 DESCRIPTION OF MANUFACTURING PROCESS

Preservation is the process by which wood is protected against decay and pests through controlled pressure impregnation with preservatives that are resistant to wood destroying organisms.

The manufacturing process involves at least two stages: drying and impregnation with preservatives through hydraulic pressure. The preservatives, all of which are approved by Health Canada and the United States Environmental Protection Agency, are either oil-based or water-based. The raw materials consist of wood and preservatives.

In the first phase of treatment, excessive moisture in the wood is reduced prior to impregnation with the preservative. This is accomplished by air-seasoning, kiln drying or through a "conditioning process" in the treatment cylinder itself.

In the second phase, treatment is performed on batches of wood that are similar in species, shape and moisture content. Such batches are inserted into the treatment cylinder, where either a vacuum or a pressurized condition is created prior to the admission of the preservative. Following the admission of the preservative, hydraulic pressure is maintained in the treatment cylinder until the wood has absorbed the preservative to a pre-determined amount. Upon completion of the absorption process, excess preservative is returned to the storage tanks and a few remaining process steps are taken to avoid preservative concentrations on wood surfaces prior to removal from the treatment cylinder.

4.4 MANUFACTURING OPERATIONS

The Company operates 16 wood treating facilities in Canada and 29 wood treating facilities in the United States. In Canada, the facilities are located in Carseland (Alberta), Galloway, New Westminster and Prince George (British Columbia), Neepawa (Manitoba), Truro (Nova Scotia), Stouffville, Guelph, Peterborough, Shelburne, Kirkland Lake and South River (Ontario), Delson, Gatineau, Rivière-Rouge and Sorel-Tracy (Québec).

In the United States, the facilities are located in Bay Minette, Brierfield, Clanton and Montevallo (Alabama), Eloy (Arizona), Rison and Russellville (Arkansas), Cordele (Georgia), Winslow (Indiana), Fulton (Kentucky), Alexandria, Converse and Pineville (Louisiana), Scooba and Wiggins (Mississippi), Silver Springs (Nevada), Eugene and Sheridan (Oregon), Dubois and McAlisterville (Pennsylvania), Whitmire (South Carolina), Lufkin and Jasper (Texas), Goshen and Warsaw (Virginia), Arlington and Tacoma (Washington), and Bangor and Cameron (Wisconsin).

The wood preservative, creosote, is produced at the Company's coal tar distillery in Memphis, Tennessee.

The Company is complemented by an extensive distribution network across North America, operates pole peeling facilities in Canada and in the United States, and is serviced by numerous pole peeling sites operated by third parties in both Canada and the United States.

Carseland, Alberta

Constructed in 1978, the Carseland facility is utilized for the production and storage of utility poles and residential lumber. The operation includes a water-borne cylinder for poles, a water-borne pressure system for lumber, along with two drying/stabilization chambers. In addition, there is an incising/grading line and an automated lumber packaging line. Total annual treating capacity is approximately 147,000 cubic metres. The plant's location is well situated to provide utility poles to Western Canada and U.S. markets. It has siding connected to the Canadian Pacific Kansas City Limited ("CPKC") rail line and is supported by a long-established forestry operation headquartered at Salmon Arm, British Columbia, which manages the Company's forest tenures in British Columbia.

Capital expenditures devoted to the Carseland facility during the year totalled approximately $530,000 and were primarily for the facility's conversion from pentachlorophenol ("Penta") oil-based pressure treatment to chromated copper arsenate ("CCA") water-based pressure treatment ("CCA Conversion") and to upgrade treating plant controls.

Galloway, British Columbia

Located in Galloway, British Columbia, the site is used to manufacture utility poles, with key processes of peeling, incising, framing and treating. The facility conducts pressure treating and is equipped with a water -based pressure treating cylinder, a butt-treating tank and connects to the CPKC main line. Total annual production capacity approximates 55,500 cubic metres.

In 2023, capital expenditures devoted to the Galloway facility totalled approximately $2.0 million and were primarily for the replacement of a tank farm, #1 exchanger tubes channel and spare heat exchangers. Since ceasing to treat with oil-based preservatives in October of 2023, the facility has temporarily paused treating operations pending the receipt of permit approvals for water-based preservative treatment.

New Westminster, British Columbia

The New Westminster facility operates three oil cylinders, two water-borne cylinders and a fixation chamber, with a total annual production capacity of over 88,000 cubic metres. The plant is also equipped with a pole peeler and a double track dry kiln. The plant produces mainly poles and piling, primarily for the North American market and is located near Vancouver on both the CPKC system and the Burlington Northern Santa Fe ("BN") main lines. It has easy truck access to Western North American markets in addition to Western ports for offshore export shipping.

For the year ended December 31, 2023, capital improvements amounted to approximately $1.6 million, primarily for upsizing a treating cylinder, a CCA Conversion and for a conversion of two additional treatment cylinders from Penta oil-based pressure treatment to Creosote oil-based pressure treatment ("Creosote Conversion").

Prince George, British Columbia

The Prince George plant operates two oil cylinders, one water-borne cylinder, a dry kiln and a fixation chamber. The total annual treating capacity is approximately 58,750 cubic metres. The facility also includes a pole peeler, a railway tie mill and a pole grading and framing line. The plant produces mainly poles and crossties to serve Canadian utilities and railway sectors. A spur line in the plant connects to the Canadian National Railway Company ("CN") main line. Truck access is available to British Columbia ports for offshore shipments.

Capital expenditures of approximately $2.5 million during the year were devoted primarily to a new kiln and a tank replacement.

Neepawa, Manitoba

This property, located in Neepawa, Manitoba, produces treated lumber, treated posts and poles for agricultural applications, as well as utility poles. The plant is equipped with a lumber grading and stacking line, two treating cylinders (one using Micronized Copper Azole ("MCA") preservative for lumber, the other CCA preservative for post and poles), 3 fixation/stabilization chambers for lumber and poles and a kiln for poles. Total annual treating capacity is approximately 115,000 cubic metres.

There were no capital expenditures carried out at the Neepawa facility during the year ended December 31, 2023. The site has a remote access to the CPKC network.

Truro, Nova Scotia

This facility operates two oil-based cylinders and two water-borne preservative cylinders, giving a combined annual treating capacity of approximately 70,000 cubic metres. The facility also includes a lumber/timber inspection, cutting and incising line and a fully equipped research laboratory. The plant produces mainly utility poles and timbers with CCA preservative. The oil-based cylinders are temporarily closed, pending approval for a permit for an alternative oil-based treatment to Penta.

In 2023, there were approximately $460,000 in capital expenditures at the facility, devoted primarily to a new CCA treatment tank and a new CCA fixation chamber.

The plant currently produces a broad range of products, serving the utilities, telecommunications and industrial markets. It is located along the CN main line, with easy truck access to domestic and United States markets and major eastern ports for offshore export shipments.

Kirkland Lake, Ontario

The Kirkland Lake facility is utilized for the production and storage of utility poles. The facility includes water-based pressure treatment cylinders, a pole peeler and a new kiln. Total annual production capacity is estimated to be approximately 21,400 cubic metres per year.

The Kirkland Lake facility borders to the north and east the Ontario Northland Railway system allowing for easy transportation of treated utility poles to the central and Western Canadian utility sector.

Capital expenditures of approximately $2.3 million during 2023 were devoted primarily the CCA Conversion, completion of construction of a new kiln, reworking the cylinder infeed railing system, and building new treating carts to increase production and facilitate preventive maintenance.

Shelburne, Ontario

The Shelburne facility specializes in the manufacture of residential lumber, producing approximately 230,000 cubic metres annually. The plant is equipped with a lumber grading and stacking line, and includes two treating cylinders using the MCA preservative, a drying bay and a bagging line to wrap lumber.

Capital expenditures at the facility amounted to $4.9 million in 2023, primarily devoted to the construction of a new distribution centre at the facility, dedicated to its composite decking distribution business and a cylinder door replacement.

Stouffville, Ontario

The Stouffville facility is equipped with four treating cylinders using the MCA preservative. It also contains a wood milling plant for decking accessories, a lumber grading and stacking line and a kiln to thaw frozen lumber during winter. The facility produces approximately 230,000 cubic metres of residential lumber annually. Offices for accounting, operations and sales personnel are also located on site.

The facility produces premium grade pressure treated residential lumber for the construction of outdoor decks and fences, milled wood accessories such as wood balusters and stair stringers to enhance outdoor fences and decks, as well as railing systems for the retail building materials industry.

Capital expenditures at the Stouffville facility for the year ended December 31, 2023 amounted to approximately $4.2 million, which mainly included the installation of heated drying bays for treated lumber, the repair and refurbishing of its four treating cylinders, including tracks and door replacements, the installation of fire hydrants, and the renovation of various office buildings.

Guelph, Ontario

Specializing in the treatment of utility poles, the Guelph facility has three cylinders dedicated to water-borne preservatives, four dry kilns and two fixation chambers for the CCA treating process, where total annual treating capacity approaches 85,000 cubic metres. The facility also includes an incising/framing line. The plant benefits from access to a rail loading and unloading facility within minutes of the plant.

In 2023, approximately $7.5 million in capital expenditures were devoted primarily to increasing treating capacity with the installation of a new kiln, a CCA Conversion, a new filtration system, new cylinder carts, as well as a new pole incisor for Cedar production.

Peterborough, Ontario

The Peterborough plant includes a wood treating plant, a lumber grading and stacking line as well as a dry kiln to thaw frozen lumber during winter season. The facility produces approximately 130,000 cubic metres of residential lumber annually, with a total of four treating cylinders dedicated to MCA preservative.

Capital expenditures devoted to the facility during the year totalled approximately $1.9 million, relating primarily to the first phase of a project to upgrade the lumber grading and stacking line and the installation of drying bays for treated lumber.

South River, Ontario

This site, which specializes primarily in residential lumber, includes two pressure treating cylinders using the MCA preservative as well as a grading and stacking lumber line and maintenance shop. Annual treating capacity approaches 85,000 cubic metres. The plant has rail siding connected to the CN main line.

There were no capital expenditures devoted to the South River facility during the year ended December 31, 2023. The plant temporarily ceased production in September of 2022 but remains functional as a dedicated facility for surge capacity.

Delson, Québec

The Delson plant operations include three cylinders for oil-borne preservatives, two water-borne cylinders and two dry kilns. The total annual treating capacity approaches 100,000 cubic metres. The plant has two railway tie mills and a switch tie mill, which includes inspection, cutting, incising and plating stations.

For the year ended December 31, 2023, capital expenditures at the Delson plant totalled approximately $7.1 million. The major portion of these expenditures were devoted to a new cooling tunnel system and upgrades to the associated building.

The Delson plant is located within minutes of Montréal, with sidings on both the CN and CPKC main lines.

Gatineau, Québec

The Gatineau plant has a total annual treating capacity of approximately 60,000 cubic metres, and has a water-borne preservative cylinder, two high-efficiency electrical kilns, two fixation chambers and a pole peeler. The plant is located approximately 30 kilometres east of Gatineau, Québec and specializes in the production of CCA treated utility poles. The facility offers a PA softener additive, required by certain customers to add to the surface of poles following treatment.

Capital improvements totalled approximately $2.9 million at the Gatineau facility during the year ended December 31, 2023, primarily for the installation of a new transfer table to move treating carts in and out of the cylinder and fixation chambers, and the replacement of obsolete cylinder carts.

Rivière-Rouge, Québec

The facility specializes in the production of utility poles treated with water-borne preservatives. The site includes two treating cylinders, two fixation chambers, two dry kilns as well as a pole peeler. The annual treating capacity totals approximately 60,000 cubic metres. The facility also offers a PA softener additive, required by a certain customer to add to the surface of poles following treatment.

During the year ended December 31, 2023, capital expenditures of approximately $170,000 were devoted to the plant, mainly for the renovation of its maintenance shop and upgrades to its kilns.

Sorel-Tracy, Québec

The Sorel-Tracy plant has a total annual treating capacity of approximately 120,000 cubic metres and is equipped with a lumber stacking line, two water-borne preservative cylinders (MCA) and a drying bay for treated lumber.

For the year ended December 31, 2023, there were no capital expenditures devoted to the facility.

Bay Minette, Alabama

Purchased by the Company in 2023, this facility comprises two properties treating Southern Yellow Pine utility poles, providing a combined annual treating capacity of approximately 85,000 cubic metres,

The first property operates on a 35-hectare parcel of land and commenced operations in the 1980s. It specializes in the manufacture of CCA treated poles with one treating cylinder, two double track kilns, as well as pole-peeling and drying capabilities.

The second property operates on an 11-hectare parcel of land and began operation in 1958. It specializes in the manufacture of poles treated with Dichloro-Octoyl-Isothiazolinone (“DCOI”), with two treating cylinders.

Capital expenditures dedicated to Bay Minette totalled approximately $270,000 during the year ended December 31, 2023, primarily for drip repairs and an associated overhead roof installation.

Montevallo, Alabama

Located in Shelby County, Alabama, this facility specializes in the manufacture of creosote, CuNap and borate treated railway ties. The facility has sidings on the Norfolk Southern (“NS”) main railway line and includes seven creosote pressure treating cylinders, providing annual treating capacity of approximately 85,000 cubic metres, as well as a prefabrication department which can produce flange, crossing and bridge timbers. The plant also has an equipment maintenance facility and offices for personnel.

For the year ended December 31, 2023, capital expenditures amounted to approximately US$760,000, primarily for treating plant upgrades including electrical improvements to the treating building.

Brierfield, Alabama

In operation since 1964 and purchased by the Company in November of 2021, the facility consists of two adjoining parcels. The combined facilities include separate treating plants for DCOI, creosote and CCA, maintenance shops, two pole framing buildings, a dry kiln area, a wood fired boiler, a borate dip treating tank and a laboratory. The facility operates a pole-peeling machine, four dry kilns and five wood treating cylinders: one creosote, three DCOI and one CCA, providing an approximate annual treating capacity of 220,000 cubic metres. The plant benefits from access to NS Rail's main line, via a leased siding close to the facility.

The facility produces pressure treated wood poles, piling and posts. The primary operations include debarking, trimming, grading, framing, and treating poles. Capital expenditures reached US$3.1 million for the year ended December 31, 2023, mainly devoted to a kiln, peeler and track upgrades at the facility.

Clanton, Alabama

This facility is located in Clanton, Chilton County, Alabama, with sidings connecting it to the CSX main railway line. Specializing in the production of railway ties, the site includes an 89,000 square foot facility for treating, storage tanks, maintenance shop and offices and utilizes creosote and borate in the treating process, giving it an annual capacity of approximately 105,000 cubic metres.

For the year ended December 31, 2023, approximately US$1.0 million of capital expenditures were dedicated to the facility, mainly to build a new maintenance shop.

Eloy, Arizona

This facility's operations include a water-borne preservative treating system and a white wood storage yard. The facility has siding connected to the Union Pacific ("UP") railway main line and primarily manufactures residential lumber.

They were no capital expenditures dedicated to the facility during the year ended December 31, 2023.

Rison, Arkansas

This site specializes in the production of treated utility poles. It includes two gas dry kilns and two treatment cylinders for oil-borne preservatives, providing a combined annual treating capacity of approximately 85,000 cubic metres.

There were capital expenditures totalling approximately US$220,000 made during the year at the facility, primarily for a treating cylinder conversion to DCOI preservative ("DCOI Conversion").

Russellville, Arkansas

Located in Russellville, Arkansas, the plant specializes in the treating of railway ties. The facilities include three pressure treating cylinders for oil-borne preservatives, with one of them alternating for CuNap or borate, giving a combined annual treating capacity of approximately 142,000 cubic metres, as well as a prefabrication department, which can produce flange, crossing and bridge timbers. The plant also includes a crosstie and switch tie inspection facility capable of processing approximately 1.5 million railway ties annually, and a maintenance facility and offices for production and wood procurement. The plant has siding that connects it to the Dardanelle and Russellville railway lines, which connects it to the BN main railway line.

For the year ended December 31, 2023, capital expenditures amounted to approximately US$1.1 million, mainly for a treating cylinder conversion to CuNap treating solution and treating plant and breakroom upgrades.

Cordele, Georgia

This facility was constructed by the Company in 2013 and includes two gas fired dry kilns and treating cylinders for both oil-borne and water-borne preservatives. With an approximate annual treating capacity of approaching 90,000 cubic metres, the plant specializes in the treatment of utility poles. The Cordele plant has sidings on the Genesee & Wyoming main line.

For the year ended December 31, 2023, capital expenditures of approximately US$100,000 were devoted to the facility's DCOI Conversion.

Winslow, Indiana

The Winslow plant specializes in treating of railway ties. The facilities include two pressure treating cylinders for oil-borne preservatives, giving a combined annual treating capacity approaching 160,000 cubic metres. The plant also includes a crosstie and switch tie inspection facility capable of processing approximately 1.5 million ties annually, a maintenance facility, and offices for production and wood procurement personnel and has siding connected to the NS main railway line.

For the year ended December 31, 2023, capital expenditures amounted to approximately US$3.3 million, primarily for a new drip pad and roof.

Fulton, Kentucky

Located in Fulton, Kentucky, USA, the plant specializes in treating railway ties. The facility, which has siding connected to the CN main railway line, includes two pressure treating cylinders for oil-borne preservatives and one for borate, providing an annual treating capacity of approximately 85,000 cubic metres. The plant also includes a crosstie and switch tie inspection facility capable of processing one million ties annually, a maintenance facility and offices for production and wood procurement personnel. Additionally, the facility has a pre-plate line capable of pre-plating approximately 200,000 ties annually.

For the year ended December 31, 2023, capital expenditures totalled approximately US$3.4 million, mainly for the purchase of a robotic stacker and an automated switch tie end plater.

Alexandria, Louisiana

The Alexandria plant specializes in the treatment of railway ties. The facility has four pressure treating cylinders for oil-borne preservatives, giving a combined annual treating capacity nearing 160,000 cubic metres. The plant also includes a crosstie and switch tie inspection facility capable of processing approximately 1.5 million ties annually, a maintenance facility and offices for production and wood procurement personnel. Additionally, the facility has an automated pre-plate line capable of pre-plating approximately 100,000 ties annually. The plant has siding which connects it to both the UP and the CPKC railway main lines.

For the year ended December 31, 2023, capital expenditures amounted to approximately US$63,000, devoted primarily to cross tie trimmer upgrades.

Converse, Louisiana

The site operations at Converse include pole peeling, three steam kilns for kiln drying, pressure treating, storage and shipment of utility poles treated with CCA. Treatment is conducted in one treatment cylinder and the current operation has an annual treating capacity of approximately 90,000 cubic metres.

Capital improvements totalling US$590,000 were made during the year, mainly for yard drainage improvements and the purchase of dry kiln carts.

Pineville, Louisiana

This treating facility specializes in the treatment of utility poles. Operations include a pole peeler, two gas kilns, pressure treating, storage and shipment of utility poles treated with oil-borne preservatives. Treatment is conducted in three treating cylinders and the operation has a total production of approximately 100,000 cubic metres of poles per year. The Pineville plant has siding connected to the CPKC railway main line.

Capital expenditures of approximately US$91,000 were made during 2023, primarily to carry out a DCOI Conversion.

Scooba, Mississippi

Located in Scooba, Kemper County, Mississippi, this plant specializes in the production and treatment of utility poles. The site includes two steam-drying kilns and one pressure treating cylinder, providing an annual treating capacity of 85,000 cubic metres. It is also equipped with an inline framing system, a pole peeler and offices to support its wood procurement activities. The Scooba plant has siding connected to the CPKC main railway line.

For the year ended December 31, 2023, capital improvements amounted to approximately US$190,000 and were directed towards the foundation upgrade and DCOI analyzers.

Wiggins, Mississippi

This facility was purchased by the Company in 2023 and treats Southern Yellow Pine utility poles. It specializes in the manufacture of CCA and DCOI treated poles, with three treating cylinders and pole-peeling and drying capabilities. The facility has a total throughput of approximately 85,000 cubic metres of poles per year. The property includes a framing building, a wastewater treatment area, fabrication and maintenance shops and two natural gas fired kilns. The facility contains a rail spur serviced by CPKC.

There were capital expenditures totalling approximately US$960,000 during the year at the facility, primarily for a new kiln.

Silver Springs, Nevada

This facility's operations consist of three treating cylinders capable of treating with oil-borne preservatives. The site has siding connected to the UP rail main line, with a total capacity reaching 48,000 cubic metres annually. Treated and white wood storage areas also exist at the facility.

For the year ended December 31, 2023 capital expenditures approximated US$12.4 million towards upsizing a treating cylinder, and following a fire event, replacing two treating cylinders, a portion of a building and a cooling tower.

Eugene, Oregon

The Eugene plant specializes in the production and treatment of utility poles and wood drying, and has siding connected to the Portland and Western Railroad ("PNWR") main line. The facilities include four pressure treating cylinders for oil-borne preservatives, providing a total annual treating capacity of approximately 80,000 cubic metres. The plant is also equipped with two incisors and administrative offices.

For the year ending December 31, 2023, capital expenditures totalling US $1.7 million included a wood boiler, upgrades to the white wood storage yard and a new heat exchanger for DCOI.

Sheridan, Oregon

Located in Sheridan, Oregon, this pole facility's operations include five treating cylinders, peeling operations along with treated and white wood storage areas. The facility manufactures treated poles, utilizing oil-borne preservatives, is connected to the PNWR main line and has an annual capacity of approximately 70,000 cubic metres.

During the year ended December 31, 2023, capital expenditures amounted to approximately US$1.0 million, which included a heat exchanger to add DCOI as a preservative solution and yard paving.

DuBois, Pennsylvania

This facility specializes in the production and treating of railway ties and timbers. The facility includes three pressure treating cylinders for oil-borne preservatives, giving a combined annual treating capacity of approximately 43,000 cubic metres. The production facility also includes a prefabrication department which can produce flange, crossing and bridge timbers, a maintenance shop, and offices for production and wood procurement personnel. It has siding connecting it to the Buffalo and Pittsburgh railway lines.

For the year ended December 31, 2023, approximately US$775,000 in capital expenditures were made, primarily towards track and crossing replacement and the replacement of a treating cylinder.

McAlisterville, Pennsylvania

The McAlisterville, Pennsylvania facility specializes in the treating of railway ties. The facilities include two pressure treating cylinders for oil-borne preservatives, giving a combined annual treating capacity of approximately 21,000 cubic metres. The plant also includes a crosstie and switch tie inspection facility and a pre-plating line capable of processing approximately 300,000 ties annually, and offices for production and wood procurement personnel.

Capital expenditures dedicated to the facility totalled approximately US$120,000 for the year ended December 31, 2023, mainly for an end plater and associated safety guarding, as well as a grading station control panel.

Whitmire, South Carolina

This facility specializes in the production of treated wood poles. It is equipped with one treating cylinder, four steam kilns, a peeler and four dry kilns and has siding connected to the CSX main rail line. The facility uses water-borne preservatives in the treating process and has an annual capacity of about 85,000 cubic metres of poles per year.

Capital expenditures of approximately US$2.0 million were dedicated to a framing shed, a cylinder replacement and a yard drainage project during the year ended December 31, 2023.

Lufkin, Texas

Located in Lufkin, Angelina County, Texas, the operation specializes in the treatment and production of utility poles and includes three cylinders for pressure treatment. The facility has a total throughput of approximately 95,000 cubic metres of poles per year.

Capital expenditures at the Lufkin facility totalled approximately US$1.1 million in 2023, which included the purchase of land for an inventory yard expansion and vacuum pump upgrades.

Jasper, Texas

Located in Jasper County, Texas, this facility specializes in production of utility poles made from southern yellow pine and treated with creosote. The site includes one treating cylinder and three steam conditioning cylinders, a wood fired boiler and is capable of producing approximating 90,000 cubic metres.

There were approximately US$4.4 million in capital expenditures devoted to the facility during the year ended December 31, 2023, mainly for the installation of a new treating cylinder and the automation of the treating process.

Memphis, Tennessee – Coal Tar Distillation

The Memphis plant specializes in coal tar distillation. The coal tar distillation facility includes two batch distillation units with an annual capacity of 17 million litres of coal tar. The plant also includes a maintenance facility, a product testing lab, a barge unloading dock and offices for production and clerical personnel.

For the year ended December 31, 2023, capital expenditures of approximately US$375,000 included a new water processing tank and a tank roof repair.

Goshen, Virginia

The Goshen plant specializes in the production and treating of railway ties and timbers. The facility, which has siding connecting it to the CSX railway main line, includes five pressure treating cylinders for oil-borne preservatives, providing a combined annual treating capacity of approximately 56,000 cubic metres. The plant also includes a crosstie and switch tie inspection facility capable of processing approximately one million ties annually, a prefabrication department which can produce flange, crossing and bridge timbers, a maintenance and machine shop facility and offices for production and wood procurement personnel.

For the year ended December 31, 2023, capital expenditures totalled approximately US$3.4, mainly towards the purchase and installation of a new boiler, a robotic stacker and the replacement of a treating cylinder.

Warsaw, Virginia

This plant produces foundation and marine pilings and treated dimension wood products as well as utility poles. The facility includes five treatment cylinders and four dry kilns, providing a total annual treating capacity of 65,000 cubic metres.

For the year ended December 31, 2023, there were capital expenditures of approximately US$2.1 million at the Warsaw plant, primarily for a new boiler and truck scales.

Arlington, Washington

The Arlington, Washington facility specializes in the treatment of utility poles. The facility includes two pressure treating cylinders for oil-borne preservatives and one butt tank providing a combined annual treating capacity of approximately 50,000 cubic metres. In addition, the plant incorporates a pole peeler and framing yard, and offices for production and wood procurement personnel. The facility has siding connected to the BN rail main line.

Capital expenditures of approximately US$860,000 were carried out at the facility during the year ended December 31, 2023, mainly to install an upsized treating cylinder and to purchase a new boiler.

Tacoma, Washington

The Tacoma plant manufactures utility poles, pilings and dimensional lumber for decking and fencing. Operations include framing, incising, staining, treating and distributing. Equipped with three oil-based cylinders and two water-based cylinders, Wood is pressure treated or thermally treated (non-pressure) with water or oil-based preservative formulations. The facility has siding connected to the BN rail main line and has a total annual treating capacity of approximately 350,000 cubic metres.

For the year ended December 31, 2023, capital expenditures approximated US$970,000, and were devoted mainly to upgrading the treating plant, purchasing a new condenser and modernizing an office elevator.

Bangor, Wisconsin

The plant specializes in treating railway ties. The facility includes three pressure treating cylinders for oil-borne preservatives, providing a combined annual treating capacity of approximately 200,000 cubic metres. The plant also includes a crosstie and switch tie inspection facility capable of processing approximately 1.5 million ties annually, a maintenance facility and offices for production, sales and wood procurement personnel. Additionally, the facility has an automated pre-plate line capable of pre-plating approximately 100,000 ties annually. The plant has siding which connects it to the CN railway line.

For the year ended December 31, 2023, capital expenditures approximated US$625,000 and were devoted mainly to the installation of a new boiler and a treating plant control systems upgrade.

Cameron, Wisconsin

The Cameron facility is a state-of-the-art wood preservation facility that commenced production of treated utility poles in February of 2017. The facility includes three pressure treating cylinders for oil-borne preservatives, providing an annual treating capacity of approximately 50,000 cubic metres. Close in proximity to the red pine resource, red pine as well as Coastal Douglas-Fir are the primary species of utility poles treated at the facility. The plant also has the ability to treat Western Red Cedar utility poles. The facility has siding connected to the Progressive Railroad main line. It includes a pole peeler, kiln, framing yard, a maintenance facility and offices for production, sales and wood procurement personnel.

In 2023, capital expenditures of approximately US$6,000,000 were devoted to adding a 3rd treating cylinder and the DCOI Conversion of the facility's two other treating cylinders.

4.5 WOOD SUPPLY

One of the Company's important advantages is its strong wood supply position in key regions of Canada and the United States. During the financial year ended December 31, 2023, the Company obtained its raw material requirements for utility poles from its own timber harvesting licenses (forest licenses and/or timber quotas), state and provincial timber sales, private woodland owners and through purchases of timber on the open market. Wood supply for railway ties and timbers as well as residential lumber are purchased from hundreds of sawmills in various regions throughout Canada and the United States. The Company's strong procurement team has built well established relationships to help ensure a sufficient and competitively priced supply of all of Stella-Jones's raw material.

Forest Tenures

Forest tenures are used primarily by the Company for the procurement of utility poles and other roundwood products.

In British Columbia, the Ministry of Forests, Lands, Natural Resource Operations and Rural Development ("FLNRORD") is responsible for issuing and monitoring tenures which grant the licensee the right to harvest a specific volume of timber on crown lands administered by the FLNRORD. A forest license generally has a term of 15 years and is renewable every 5 years, subject to the licensee satisfactorily performing its administrative, planning, harvesting, silviculture and environmental stewardship operations. Non-renewable forest licenses for a fixed volume to be cut in a specified time may also be granted. The Company is also collaborating with First Nations communities regarding British Columbia timber supply.

In the Province of Manitoba, the Forestry and Peatlands Management Branch of the Department of Sustainable Development is responsible for the planning and management of Crown land and forests, and determining sustainable limits on when, where and how trees on Crown land in Manitoba are harvested. Cutting authority quota allocations are granted by either Timber Sales Agreements, which are five-year renewable agreements issued for annual quota volumes greater than 300 m^3, or Timber Permits, which are one-year permits issued for annual quota volumes of less than or equal to 300 m^3.

In Québec, most of the managed forest is public property managed by the *Ministère des Ressources Naturelles* (the "Ministère"), which determines the market value of the stumpage. Timber allocation agreements, called *Garanties d'approvisionnement*, or GA's, allow the lumber industry to cut an annual volume. These forest cutting privileges, which are renewable in term, are reviewed and automatically extended every 5 years so long as the beneficiary has complied with its obligations. Supplementary volume may also be purchased and cut within a specified timeframe, as determined by an auction system on public land via the Ministère's timber marketing board, known as the *Bureau de Mise en Marché des Bois*.

The Company currently holds the following forest licenses:

COMPANY'S FOREST LICENSES		
Province	**Allowable Annual Cut (Cubic metres)**	**Term**
British Columbia	138,913	15 years
Manitoba	15,567 [1]	2 years and 5 years
Québec	3,600 [2]	5-year renewable [3]

Purchased Timber

In addition to the forest licenses listed above, the Company has several exclusive supply agreements with major licensees and private woodlands owners who hold cutting licenses in British Columbia, Ontario and Québec. The Company is also very active in purchasing timber sales in the states of Washington, Wisconsin, Oregon and Idaho in the United States as well as British Columbia in Canada. These programs make available to qualified bidders, pole quality raw material located on specific tracts of land. The Company also purchases raw material from hundreds of private landowners within its operating jurisdictions, and in the case of untreated railway ties and residential lumber, through its dealings with hundreds of sawmills in the United States and Canada.

1 This comprises two 5-year renewable Quota Timber Sales Agreements with a total combined annual cut of 3,067 m^3 per year and a 2-year renewable Special Allocation Timber Agreement having an annual cut of 12,500 m^3.
2 This comprises 800 m3 of Jackpine and 2,800 m^3 of red pine.
3 The first prorated 1-year term, ending March 31, 2023, was for 1,300 m^3/year. The second standard 5-year term which began April 1, 2023, has been increased to 3,600 m3/year and is eligible for renewal at a new negotiated volume in 2028.

Timber Harvesting

The selection and harvesting of wood poles are a process that allows the Company to harvest selectively individual trees of a quality suitable for poles, as well as regeneration harvests essential to forest health and silviculture, promoting pole quality timber. In order to have access to as many areas of timberland as possible, the Company has entered into harvesting agreements with a number of timber land managers, sawmillers and forest products companies in British Columbia, Ontario and in Québec.

4.6 SALES, MARKETING AND COMPETITIVE CONDITIONS

By the end of the year 2023, there were approximately 53 wood preserving plants operating in Canada and an estimated 360 wood preserving plants operating in the United States. The following describes the competitive conditions in which the Company operates as well as its sales and marketing initiatives.

Overview

The Company markets its treated wood products through a network of regional sales representatives throughout Canada and the United States.

The following table sets out the Company's sales by major product group for the financial years ended December 31, 2023 and 2022:

COMPANY'S SALES BY PRODUCT GROUP FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022				
	2023		**2022**	
	(millions of dollars)	**%**	**(millions of dollars)**	**%**
Utility poles	1,571	47	1,227	40
Railway ties	828	25	750	24
Residential lumber	645	19	744	24
Industrial products	148	5	43	5
Logs and lumber	127	4	201	7
TOTAL	3,319	**100**	**3,065**	**100**

Utility Poles

Most of the Company's sales of utility poles are through multi-year contracts and in response to public tenders issued by customers, primarily regional electrical and telecommunication companies. The key criteria in successfully obtaining orders are high quality, consistent on-time delivery, customer service and competitive prices. The Company's ability to offer a variety of wood species and preservatives, combined with its multiple plant locations and sizeable inventories, creates a competitive advantage.

Railway Ties

SJI's numerous locations, broad product offering and reputation for quality and service are significant advantages. Through its long tradition of providing consistent superior services, the Company has developed enduring relationships with the major railways, short line railroads and contractors, and is an important supplier of treated ties to these customers in North America.

Residential Lumber

This product group primarily serves a major big box retailer and numerous other participants varying in size. Opportunities exist for high quality producers who can successfully differentiate their product and service. The Company provides premium quality treated residential lumber products and accessories to lumber retailers in Canada and the United States for outdoor applications.

Industrial Products

Sales predominantly include various treated wood products used in construction projects, such as wharfs, railway bridges and foundation and marine piling. Products are typically sold directly to end customers, such as railway or construction contractors as well as governmental authorities in response to tenders for a certain quantity and specification of preserved timber for a particular project. The Company sells railway bridge timbers and crossing planks, which are custom manufactured to the specification of the customer. In addition, piling sales comprise construction materials used mainly in work projects, including marine and foundation pilings. This category also includes coal tar-based products such as roof pitch and road tar.

Logs and Lumber

The log component represents logs harvested in the course of the Company's procurement process which are determined to be unsuitable for use as utility poles. Additionally, in the course of procuring sufficient competitively priced residential lumber volume, the Company engages in reselling excess lumber into local home-building markets.

Export

The Company's focus is primarily in North America. Nonetheless, the Company has had some success outside North America for the sale of treated wood poles to national telephone and utility companies and railway ties to international mining companies as well as to foreign railway operators, mainly in countries in Latin and South America as well as in Europe. SJI's competitive strengths in such regions have included access to guaranteed raw material supply, strategic geographical locations of its treatment plants offering a variety of treating processes, access to shipping ports and extensive experience in international freighting.

The Company continues to monitor opportunities outside of Canada and the U.S. and will continue to evaluate export prospects at price levels that will provide adequate returns for the additional risks inherent in these markets.

COMPANY'S SALES BY REGION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022				
(audited)	**2023**		**2022**	
	(millions of dollars)	**%**	**(millions of dollars)**	**%**
United States	2,456	74	2,118	69
Canada	863	26	947	31
TOTAL	3,319	**100**	**3,065**	**100**

4.7 EMPLOYEES

As at December 31, 2023, the Company had a total of 2,929 employees, of which 803 were salaried non-unionized, 467 were unionized and 1,659 were paid at an hourly rate and non-unionized.

Country	**Salaried (Non-Unionized)**	**Unionized**	**Paid at hourly Rates (Non-Unionized)**	**Total**
Canada	341	349	207	897
United States	462	118	1452	2,032
TOTAL	**803**	**467**	**1,659**	**2,929**

4.8 ENVIRONMENT, HEALTH AND SAFETY POLICY

Environmental protection and sustainability are an integral part of doing business and the Company is committed to minimizing, through a continuous improvement process, the impact that its activities may have on the environment. The Company is committed to sustainable operations and the protection of human health and the natural environment. The Company recognizes the environmental implications of its activities and embraces its responsibility to take all reasonable measures to conserve and protect the environment.

Additionally, the Company is committed to the health and safety of its employees and to providing a safe and healthy working environment. To that end, the Company will focus on continuously improving, towards an injury-free workplace through effective administration, education, training and the proper maintenance and design of its facilities and equipment.

To implement this policy, Stella-Jones is committed:

- to constructing and operating its facilities in compliance with applicable laws and regulations, providing for the protection of the environment, employees and the public;
- to working pro-actively in training management and its employees to anticipate problems;
- to applying cost-effective best-management practices to advance environmental protection and employee health and safety;
- to ensuring every employee is properly trained, responsible and accountable within their sector of activity for conducting operations and responding to emergencies in compliance with the Company's environmental and health and safety policies;
- to responding to legitimate concerns made known to it and to participating actively with interested parties to understand environmental as well as health and safety issues and to develop rational and effective solutions;
- to encouraging research to expand knowledge of the environmental impacts and benefits of the industry's activities and to improving treatment technologies; and
- to reporting regularly to the Environmental, Health and Safety Committee ("EH&S Committee") and the Board of Directors with respect to the execution of this policy, including a review of the Company's operations and facilities to ensure compliance.

Environmental Protection and the Promotion of Health and Safety

The Company's Vice-President, Environment, Health and Safety leads a team of environmental health and safety professionals throughout North America, who, with the support of corporate operations management, local plant managers and dedicated on site environmental, health and safety supervisors, manage environmental, health and safety matters to ensure that the Company's programs and policies are carried out efficiently and in compliance with applicable laws and regulations.

Comprehensive health and safety and environmental protection programs exist at all locations (see SHIELD Section 4.9 below). These programs are upgraded and updated on an ongoing basis to ensure that the best management practices are being used to protect the employees, the public and the environment. Contingency plans are in place to anticipate proper corrective and remedial measures prior to the occurrence of any problems.

The Vice-President Environment, Health and Safety, as well as the Vice-President, Risk Management and General Counsel, U.S. Operations, report to the Company's Environmental, Health and Safety Committee of the Board of Directors ("EH&S Committee") regarding the Company's activities in relation to environmental protection, sustainability measures, risk management and health and safety and progress towards ESG initiatives at each regularly scheduled EH&S Committee meeting (the "Environmental

Report"). The EH&S Committee communicates the key elements of each Environmental Report to the Board of Directors in all instances.

Under the TEC purchase agreement, the seller agreed to resolve certain key matters pre-close and has undertaken to address others post-close and indemnify the Company for claims relating to certain environmental matters resulting from activities conducted during the period prior to the purchase by the Company. Indemnification shall be up to a maximum specified amount, for a specific duration and is triggered only once aggregate claims exceed a certain total dollar threshold.

Under the Cahaba Pressure and Cahaba Timber stock purchase agreements, the sellers have provided customary environmental representations and warranties to the Company and will indemnify the Company for breach of environmental representations and warranties, subject to specified amounts and durations. Following the completion of a satisfactory environmental due diligence, the Company agreed to take responsibility for certain environmental matters not caused by any of sellers' excluded conduct.

Under the Baldwin purchase agreement, the seller agreed to resolve certain key environmental matters pre-close. Additionally, it has undertaken to indemnify the Company for any liabilities relating to or arising out of the environmental condition of its facilities prior to the closing of the transaction, without limitation, any environmental claims relating to the environmental condition existing before closing, whether the environmental claims are known or unknown at the time of closing or made before or after closing, the whole, subject to specified amounts and durations.

4.9 SHIELD – ENVIRONMENTAL, HEALTH AND SAFETY POLICY COMMITMENT STATEMENT

The Company is committed to Safety, Health, Improved Environment, Leading our Decisions ("SHIELD"). SHIELD is the framework for all aspects of environmental, health and safety within the organization and leads decisions regarding environmental, health and safety activities with the overall goal of zero workplace safety and environmental incidents. The Company's commitment to SHIELD is a commitment to:

- compliance with all applicable legal requirements and other requirements to which the Company subscribes which relate to its environmental aspects and safety and health hazards,
- continuous improvement, pollution prevention, and conformance with the Company environmental, health and safety requirements,
- protection of employee and contractor health and safety, and the environment in which the Company operates,
- communication and employee participation at all levels within the Company,
- ongoing training to employees on safety, health, and the environment,
- effectiveness assessments of the SHIELD management system using key performance indicators.

SHIELD is an integrated environmental, health, and safety management system that is documented, implemented, and maintained at each manufacturing location. SHIELD is officially authorized and endorsed by senior management, who undertake to provide appropriate resources for the success of SHIELD and communicate SHIELD to all persons working for or on behalf of Stella-Jones. All employees of the Company and contractors working on behalf of the Company have the responsibility to follow and enforce the SHIELD policy commitments.

4.10 RISK FACTORS

The Company is exposed to risks and uncertainties that, if not properly mitigated, could materially affect its business, financial position, future results, reputation, as well as the market price of its common shares. The Board of Directors requires that the Company's management identify and properly manage the principal risks related to the Company's business operations. The Company has put in place policies and procedures to manage, on an ongoing basis, its principal risks and uncertainties and mitigate their impact, but the Company cannot provide assurances that any such efforts will be successful.

The principal risks and uncertainties to which the Company is exposed are described below. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also materially affect its business, financial position and future results.

Operational Risks

Dependence on Major Customers

The Company is dependent on major customers for a significant portion of its sales, and the loss of one or more of its major customers could result in a substantial reduction in its results. For the year ended December 31, 2023, the Company's top 10 customers accounted for 42% of its sales. During this same period, the Company's largest customer accounted for 15% of total sales and is associated with the residential lumber product category, while the second largest customer accounted for 5% of total sales and is associated with the railway ties product category.

Availability and Cost of Raw Materials

Management considers that the Company may be affected by potential fluctuations in wood supply and prices. While the Company has entered into long-term cutting licenses and benefits from long-standing relationships with private woodland owners and other suppliers, there can be no assurance that such licenses will be respected or renewed on expiry, or that its suppliers will continue to provide sufficient timber to the Company. Increasing governance of forest management in British Columbia, Canada may impact fibre supply in the region. While the Company is committed to developing long-term business relationships with Indigenous communities, there is no assurance that it will succeed in securing the available fibre.

There are a limited number of suppliers for certain preservatives that the Company employs in its production process, which lessens the availability of alternate sources of supply in the event of unforeseen shortages or disruptions of production. Certain suppliers may also reduce or cease production of specific preservatives, while changes in legislation may require the application of alternative preservatives to those historically utilized. Although the Company does not have direct suppliers based in Russia or Ukraine, further escalation of this conflict may also increase supply chain disruptions, creating availability challenges and requiring the Company to evaluate substitute products that are reasonably priced, safe, effective and acceptable to the Company's customers. While the Company is mitigating this risk by researching, identifying and securing alternate suppliers and preservatives outside of its traditional sources of supply, there can be no assurance that it will be able to secure the sufficient supply of all materials required to manufacture its products, which in turn could adversely impact the Company's results of operations.

Inflation

In the current inflationary context, the Company's operations are vulnerable to significant increases in inputs, such as raw materials prices, energy prices, transportation and labour costs. While several agreements with the Company's customers provide for sales price indexation based on fluctuations in raw materials costs and certain industrial price indices, the impact on the Company's results of operations will be influenced by its ability to pass on higher costs in a timely manner.

Operational disruption
The Company's operations could be disrupted by natural or human-induced disasters including, but not limited to, fires, flood and extreme weather conditions. The magnitude of the impact of these risks on results will depend on certain factors, including the nature of the disruption, its duration and the location affected by the disrupting event. While the Company has implemented a business continuity plan and holds insurance policies to mitigate the impact of most catastrophic events, the occurrence of business disruptions could, among other impacts, harm the Company's financial position and results of operation, increase its operating costs, make it difficult or impossible to provide products to customers or to receive raw material from suppliers, or require substantial expenditures and recovery time in order to fully resume operations.

Pandemic, Epidemic or Outbreak of Infectious Disease
The outbreak of a disease or virus, such as the COVID-19 pandemic, or any other contagious disease could create significant volatility and uncertainty and economic disruption and can pose the risk that the employees, suppliers, customers and business partners may be prevented from conducting business activities. It may also result in governments worldwide enacting emergency preventive measures and restrictions. These emergency measures and restrictions may cause material disruptions to the Company's operations and those of its suppliers or customers, which in turn, could adversely impact the business, financial position, results of operations and cash flows of the Company.

Climate Change
The Company's operations are subject to climate variations, including the occurrence of one or more natural disasters and unusually adverse weather exacerbated by global climate change. These events could result in physical damage to one or more of the Company's facilities and to those of its suppliers and customers, variations in the cost and availability of raw materials, disruption in the transportation of goods, as well as workforce unavailability.

In addition to the physical risks associated with changes in climate conditions, there is the risk of governmental responses to such changes. The effects of global climate change, including the costs of complying with evolving climate change regulations and transition costs relating to a low carbon economy, could require substantial expenditures and result in increased operating costs.

Implementation of Environmental, Social and Governance ("ESG") Initiatives and Standards
The expectations for the rapid implementation of initiatives related to ESG themes are increasingly high. In its efforts to improve its sustainability performance, the Company developed an organization-wide ESG strategy which contains certain goals and targets. These goals and targets reflect the Company's current plans and aspirations, are based on available data and estimates, and it is not guaranteed that the Company will be able to achieve them. Failure to adequately update, accomplish or accurately track and report on these goals and targets on a timely basis, or at all, could represent a competitive disadvantage and a reputation and business risk.

Emerging ESG regulations and standards may also increase the Company's disclosure and reporting obligations. Failure to implement detailed and solid data gathering and analysis processes with effective controls to comply with regulations and expectations of stakeholders, could impact the Company's ability to provide accurate, complete, reliable and timely reporting.

Reliance on Key Personnel
The Company's senior management and other key employees have extensive experience in the industry and with the business, suppliers, products and customers. The loss of senior management knowledge and expertise as a result of the loss of one or more members of the core management team, or the departure of key employees with knowledge in engineering, forestry, wood treating and other specialized areas could

negatively affect the Company’s ability to develop and pursue its business strategies, which could adversely affect its business and operating results.

Recruitment, Retention and Management of Qualified Workforce

The Company’s ability to build upon its record of performance and continue to achieve strong sustainable growth are dependent, to a significant extent, on its ability to recruit, develop and retain quality personnel, develop sound strategies for succession and maintain good relations with its employees. Social and demographic trends, and changes in employees' lifestyles and expectations, can make it more challenging to hire and retain personnel. Difficulty in attracting qualified employees and retaining valuable internal expertise, or the occurrence of work stoppages could lead to operational disruptions or increased costs.

Cybersecurity and Data Protection

The Company relies on information technology to securely process, transmit and store electronic data in its daily business activities. Despite its security design and controls, and those of third-party providers, the Company’s information technology and infrastructure may be vulnerable to cyber incidents. Cyber-threats vary in technique and sources, are persistent, and are increasingly more targeted and difficult to detect and prevent. Cyber-attacks and security breaches could include unauthorized attempts to access, disable, improperly modify or degrade the Company’s information technology systems, networks and websites, the introduction of computer viruses and other malicious codes, and fraudulent “phishing” emails that seek to misappropriate data and information or install malware onto users’ computers. Any such breach could result in operational disruption and increased costs or the misappropriation of sensitive data that could disrupt operations, subject the Company to litigation and have a negative impact on its reputation or an impact to customers or suppliers. To limit exposure to incidents that may affect confidentiality, integrity and availability of information, the Company has invested in data privacy controls, threat protections as well as detection and mitigation policies, procedures and controls. Such measures may not be adequate or effective to prevent or identify or mitigate attacks by hackers or breaches caused by employee error, malfeasance or other disruptions, which could cause damage and could adversely affect the Company’s business and operating results. In addition, the Company relies on information technology systems to operate, and any disruption to such systems could cause a disruption to daily operations while the systems are being repaired or updated.

ERP Implementation

The Company is in the process of deploying a new ERP system. Such a change involves detailed planning, transformation of current business and financial processes, as well as substantial testing and employee training. The Company began the roll out in 2021 with the goal of being fully operational across the organization by 2025. During the deployment process, the Company could experience disruptions to business information systems and operations. Any disruptions could adversely affect the Company’s ability to process transactions, provide accurate, timely and reliable reports on financial and operating results as well as assess the effectiveness of internal controls over financial reporting and disclosure controls and procedures. In addition, it is possible that the deployment process may exceed the expected time frame and budget, and there can be no assurance that the system will be beneficial to the extent anticipated. The Company has adopted a phased approach and believes it is taking the necessary steps, including deploying both internal resources and third-party consultants to mitigate the implementation risk.

Strategic Risks

Political and Economic Conditions

A negative change in political and economic conditions or political instability, including significant civil unrest, acts of war or terrorist activities, may affect most or all the markets the Company serves, impacting costs, selling prices and demand for its products, increase disruptions in supply chains, and adversely affecting its financial position and operating results. These events may also impact the financial condition of one or more of the Company's key suppliers, which could affect its ability to secure raw materials and components to meet its customers' demand for its products.

Risk Related to Acquisitions

As part of its growth strategy, the Company intends to acquire additional complementary businesses where such transactions are economically and strategically justified. There can be no assurance that the Company will succeed in effectively managing the integration of other businesses which it might acquire. If the expected synergies do not materialize, or if the Company fails to successfully integrate such new businesses into its existing operations, this could adversely impact the Company's business, financial position and operating results. The Company may also incur costs and direct Management's attention to potential acquisitions which may never be consummated.

In addition, although the Company performs due diligence investigations in connection with its acquisitions, an acquired business could have liabilities that the Company fails or is unable to uncover prior to acquisition and for which the Company may be responsible. Such liabilities could adversely impact the Company's financial position, operating results, and cash flows.

Financial Risks

Currency

The Company is exposed to currency risks due to its export of certain goods manufactured in Canada. The Company strives to mitigate such risks by purchases of raw materials denominated in U.S. dollars for use in its Canadian manufacturing process. The Company may also use foreign exchange forward contracts to hedge contracted net cash inflows and outflows of U.S. dollars. The use of such currency hedges involves specific risks, including the possible default by the other party to the transaction or illiquidity. Given these risks, there is a possibility that the use of hedges may result in losses greater than if hedging had not been used.

Interest Rate Fluctuation

As at December 31, 2023, 46% of the Company's long-term debt was at fixed interest rates, therefore reducing the Company's exposure to interest rate risk. The Company enters into interest rate swap agreements in order to reduce the impact of fluctuating interest rates on its long-term debt, subject to floating interest rates. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. The Company designates its interest rate hedge agreements as cash flow hedges of the underlying debt. Interest expense on the debt is adjusted to include the payments made or received under the interest rate swap agreements. However, if interest rates increase, the debt service obligations on the variable rate indebtedness of the Company would increase even though the amount borrowed remained the same, and this could have an adverse effect on the Company's profitability, cash flows and financial position.

Availability of Credit

The agreements governing the Company's credit facilities and senior notes contain certain restrictive covenants that impose operating and financial restrictions and could limit the Company's ability to engage in activities that might be in its long-term best interests. In addition, a breach of the covenants under the Company's credit facilities and senior notes could result in an event of default, which could allow lenders to accelerate the repayment of the debt. In this event, the Company may seek to refinance its indebtedness, but be unable to do so on commercially reasonable terms. As a result, the Company could be limited in how it conducts its business, be unable to compete effectively or take advantage of new business opportunities.

Customers' Credit

The Company carries a substantial level of trade accounts receivable on its statement of financial position. This value is spread among numerous contracts and clients. Trade accounts receivable include an element of credit risk should the counterparty be unable to meet its obligations. Although the Company reduces this risk by dealing primarily with large-scale utility providers, Class 1 railroad operators and large retailers, there can be no assurance that outstanding accounts receivable will be paid on a timely basis or at all.

Insurance

The Company maintains property and casualty commercial insurance policies that are in accordance with customary industry practice and the Company's specific risk profile. Such insurance may not cover all risks associated with the hazards of its business and is subject to limitations, including self-insured retentions, deductibles, co-insurance, coverage exclusions, and maximum liabilities covered. The Company may incur losses beyond the limits or outside the coverage of its insurance policies, including liabilities for environmental compliance and remediation, losses from a material disruption at its manufacturing facilities, damage to the Company's customer relationships caused by such liabilities and/or disruptions, and first and third party losses due to cyber risk. In addition, from time to time, various types of insurance coverage for companies in the Company's industry have not been available on commercially acceptable terms, or in some cases, have not been available at all. In the future, the Company may not be able to obtain coverage at current levels, and its premiums may increase significantly on coverage that it maintains.

Corporate Tax

In estimating the Company's income tax payable, Management uses accounting principles to determine income tax positions that are likely to be accepted by applicable tax authorities. However, there is no assurance that tax benefits or tax liability will not materially differ from estimates or expectations. The tax legislation, regulation and interpretation that apply to the Company's operations are continually changing. In addition, future tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates and anticipated business in the various jurisdictions in which the Company operates. Moreover, the Company's tax returns are continually subject to review by applicable tax authorities. These tax authorities determine the actual amounts of taxes payable or receivable, any future tax benefits or liabilities and the income tax expense that the Company may ultimately recognize. Such determinations may become final and binding on the Company. Any of the above factors could have an adverse effect on net income or cash flows.

Legal and Compliance Risks

Environmental Compliance

The Company is subject to a variety of environmental laws and regulations, including those relating to:

- emissions to the air;
- discharges into water;
- releases of hazardous and toxic substances;
- remediation of contaminated sites; and
- use of antimicrobial pesticide products authorized in the United States under the Federal Insecticide, Fungicide, and Rodenticide Act of the U.S. Environmental Protection Agency's regulation and in Canada under the Health Canada Pest Management Regulatory Agency and its Pest Control Products Act.

These environmental laws and regulations require the Company to obtain various environmental registrations, licenses, permits and other approvals, as well as carry out inspections, compliance testing and meet timely reporting requirements in order to operate its manufacturing and operating facilities.

Compliance with these environmental laws and regulations will continue to affect the Company's operations by imposing operating and maintenance costs and capital expenditures. Failure to comply could result in civil or criminal enforcement actions, which could result, among others, in the payment of substantial fines, often calculated on a daily basis, or in extreme cases, the disruption or suspension of operations at the affected facility.

Under various federal, provincial, state and local laws and regulations, the Company could, as the owner, lessor or operator, be liable for the costs of removal or remediation of contamination at its sites or neighboring properties. The remediation costs and other costs required to clean up or treat contaminated sites could be substantial. However, in certain cases, the Company benefits from indemnities from the former owners of its sites. Contamination on and from the Company's sites may subject it to liability to third parties or governmental authorities for injuries to persons, property or the environment and could adversely affect the Company's ability to sell or rent its properties or to borrow money using such properties as collateral.

Increased regulatory activity and the possibility of major changes in environmental laws and regulations are other risks faced by the Company. While it is not possible to predict the outcome and nature of these changes, they could substantially increase the Company's capital expenditures and compliance costs at the facilities affected or could change the availability or pricing of certain products such as preservatives purchased and used by the Company.

While the Company has been party to environmental litigation which has included, among others, claims for adverse physical effects and diminution of property value, the outcomes and associated costs have not been material. There is, however, no guarantee that this will continue to be the case in the future, as the result of disputes regarding environmental matters and conclusions of environmental litigation cannot be predicted.

The Company's business has grown, and its image strengthened, in large part by its consistent production and delivery of high-quality products, while maintaining a high level of environmental responsibility. Claims of irresponsible practices by regulatory authorities, communities or customers could harm the reputation of the Company. Adverse publicity resulting from actual or perceived violations of environmental laws, regulations or industry practices could negatively impact customer loyalty, reduce demand, lead to a weakening of confidence in the marketplace and ultimately, a reduction in the Company's share price. These effects could materialize even if the allegations are not valid, the Company is fully compliant with applicable laws and regulations and the Company is not found liable.

Privacy Laws and Regulations

The Company collects, processes and stores proprietary information relating to the Company's business and personal information relating to employees, customers and vendors. The Company is subject to numerous laws and regulations designed to protect information, such as the Canada's Federal Personal Information Protection and Electronic Documents Act and substantially similar equivalents at the provincial or state level including An Act to Modernize Legislation Provisions Respecting the Protection of Personal Information in Quebec and the California Consumer Privacy Act. Privacy laws and regulations are increasing in number and complexity and are being adopted and amended with greater frequency, which results in greater regulatory compliance risk and costs to prevent events related to confidential data. The potential financial penalties for non-compliance with these laws and regulations have significantly increased. Any security breach, improper use and other types of unauthorized access or misappropriation of such information could not only lead to regulatory penalties, audits or investigations by various government agencies relating to compliance with applicable laws, but also expose the Company to a reputational disadvantage risk.

Litigation

The Company is subject to the risk of litigation in the ordinary course of business by employees, customers, suppliers, competitors, shareholders, government agencies, or others, through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation is difficult to assess or quantify. Claimants in these types of lawsuits or claims may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits or claims may remain unknown for substantial periods of time. Although the final outcome cannot be predicted with any degree of certainty, the Company regularly assesses the status of these matters and establishes provisions based on the assessment of the probable outcome. If the assessment is not correct, the Company may not have recorded adequate provisions for such losses and the Company's financial position, operating results and cash flows could be adversely impacted. Regardless of outcome, litigation could result in substantial costs to the Company and divert Management's attention and resources away from the day-to-day operations of the Company's business.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company uses derivative instruments to provide economic hedges to mitigate various risks. The fair values of these instruments represent the amount of the consideration that could be exchanged in an arm's length transaction between willing parties who are under no compulsion to act. The fair value of these derivatives is determined using prices in active markets, where available. When no such market is available, valuation techniques are applied such as discounted cash flow analysis. The valuation technique incorporates all factors that would be considered in setting a price, including the Company's own credit risk, as well as the credit risk of the counterparty.

Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company enters into both fixed and floating rate debt. The risk management objective is to minimize the potential for changes in interest rates to cause adverse changes in cash flows to the Company. The Company enters into interest rate swap agreements in order to reduce the impact of fluctuating interest rates on its long-term debt. As at December 31, 2023, the Company had two interest rate swap agreements hedging $232 million (US$175 million) in debts and having December 2026 and June 2028 as maturity dates. These instruments are presented at fair value and designated as cash flow hedges. The ratio as at December 31, 2023, of fixed and floating debt was 46% and 54%, respectively, including the effects of interest rate swap positions (65% and 35%, respectively, as at December 31, 2022).

Foreign Exchange Risk Management

The Company's financial results are reported in Canadian dollars, while a portion of its operations are in U.S. dollars. Foreign exchange risk is the risk that fluctuations in foreign exchange rates may have on operating results and cash flows. The Company's risk management objective is to reduce cash flow risk related to foreign denominated cash flows. When the natural hedge of sales and purchases does not match, the Company considers foreign exchange forward contracts to hedge contracted net cash inflows and outflows of U.S. dollars. As at December 31, 2023, the Company had no foreign exchange forward contract agreements in place.

ITEM 5 DIVIDENDS – THREE MOST RECENTLY COMPLETED FINANCIAL YEARS

5.1 DIVIDENDS – THREE MOST RECENTLY COMPLETED FINANCIAL YEARS

On March 9, 2021, May 2, 2021, August 2, 2021 and November 8, 2021, the Board of Directors declared a quarterly dividend of $0.18 per Common Share. On March 8, 2022, May 10, 2022, August 9, 2022 and November 8, 2022, the Board of Directors declared a quarterly dividend of $0.20 per Common Share. On March 7, 2023, May 9, 2023, August 8, 2023 and November 6, 2023, the Board of Directors declared a quarterly dividend of $0.23 per Common Share. On February 28, 2024, the Board of Directors declared a dividend of $0.28 per Common Share.

5.2 POLICY AND RESTRICTIONS

The Company's dividend policy provides that the Company consider a dividend on a quarterly basis. All decisions by the Company's Board of Directors regarding the payment of dividends is subject to its capital allocation policy. Although the Company has historically declared regular cash dividends on the Common

Shares, there is no assurance that the Board of Directors of the Company will not reduce, defer or eliminate the dividend in the future.

ITEM 6 DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. As of March 14, 2024, there were 56,735,004 Common Shares issued and outstanding and no outstanding Preferred Shares.

The Common Shares provide for the right to receive notice of, attend and vote at all meetings of shareholders and receive dividends, subject to the prior rights of the Preferred Shares and any other shares ranking senior to the Common Shares. The Common Shares are subordinated to the Preferred Shares and any other shares ranking senior to the Common Shares in their entitlement to receive the property and assets of the Company in the event of a dissolution, liquidation, or winding up of the Company.

The Preferred Shares are non-voting. The Preferred Shares are entitled to priority over Common Shares of the Company and over any other shares of the Company ranking junior to the Preferred Shares with respect to priority in payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

ITEM 7 MARKET FOR SECURITIES

7.1 TRADING PRICE AND VOLUME

The Common Shares of the Company are listed on the Toronto Stock Exchange and are identified under the symbol "SJ". The following table sets forth the market price range, in Canadian dollars, and trading volumes of the Company's Common Shares on the Toronto Stock Exchange for each month of the most recently completed financial year:

FISCAL YEAR ENDED DECEMBER 31, 2023				
Month (2023)	**High $**	**Low $**	**Close $**	**Volume Traded**
January	50.93	46.51	48.42	2,235,056
February	50.22	46.02	49.38	2,007,143
March	55.67	49.13	51.79	3,680,547
April	54.23	50.60	53.02	1,637,569
May	62.20	52.74	60.06	2,389,075
June	68.59	59.32	68.22	3,280,486
July	69.29	65.51	66.96	2,301,436
August	70.54	63.35	65.59	2,548,334
September	67.40	61.85	65.32	2,390,023
October	73.36	63.08	72.64	3,075,007
November	85.73	72.50	78.12	3,134,264
December	82.93	71.85	77.12	3,092,677

ITEM 8 DIRECTORS AND OFFICERS

The tables below set forth the name, place of residence and position held within the Company of the Company's directors and executive officers, the principal occupation(s) and term of office of each director, the period or periods during which each director has served, as well as the number of Common Shares beneficially held, directly or indirectly, or over which control or direction is exercised by each director of the Company as at March 14, 2024. Each director is elected at the annual meeting of the shareholders to serve until the next annual meeting or until a successor is elected or appointed. Officers are appointed annually and serve at the discretion of the Board of Directors. The Company has an Audit Committee, a Human Resources and Compensation Committee, an Environmental, Health and Safety Committee and a Governance and Nomination committee. The Company does not have an executive committee.

8.1 NAME, ADDRESS, OCCUPATION AND SECURITY HOLDING

Name and Place of Residence	Office held with the Company	Director since	Principal Occupation(s)	Number of Common Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised
Michelle Banik (2)(4) Ontario, Canada	Director	January 2024	Corporate Director	nil
Robert Coallier (1)(2) Québec, Canada	Director	January 2020	Corporate Director	7,875
Anne E. Giardini (2)(3) Rome, Italy	Director	January 2021	Corporate Director	2,000
Rhodri J. Harries (1)(3) Québec, Canada	Director	May 2020	Executive Vice-President, Chief Financial and Administration Officer, Gildan Activewear Inc., (publicly listed producer of basic apparel)	10,000
Karen Laflamme, FCPA, ASC (1)(4) Québec, Canada	Director	December 2018	Corporate Director	9,000
Katherine A. Lehman (2) New York, U.S.A.	Director	October 2016	Partner, Palladium Equity Partners, LLC (private equity firm)	7,500
James A. Manzi, Jr. (2)(4) Florida, U.S.A.	Director	April 2015	Corporate Director	9,500
Douglas Muzyka (3)(4) Pennsylvania, U.S. A	Director	December 2019	Corporate Director	4,700
Sara O'Brien (1)(2) CFA, CPA, ICD.D Québec, Canada	Director	May 2022	Senior Portfolio Manager, Quebec Relationship Investing, Equity Markets group, Caisse de dépôt et Placement du Québec (CDPQ)	nil
Simon Pelletier (3)(4) Georgia, U.S.A.	Director	May 2012	President and CEO, H-E Parts International	8,000

Name and Place of Residence	Office held with the Company	Director since	Principal Occupation(s)	Number of Common Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised
			(service and repair solutions in support of surface mining equipment fleets, crushing and material processing equipment)	
Eric Vachon, CPA Québec, Canada	President, Chief Executive Officer and Director	October 2019	President and Chief Executive Officer, Stella-Jones Inc.	24,201

(1) Member of the Audit Committee.
(2) Member of the Human Resources and Compensation Committee.
(3) Member of the Environmental, Health and Safety Committee.
(4) Member of the Governance and Nomination Committee.

Within the five preceding years, Rhodri Harries, James A. Manzi and Jr., and Douglas Muzyka have held the same or similar principal occupations indicated. Katherine Lehman served as Managing Partner of Hilltop Private Capital from 2016 to February 2022, Michelle Banik served as Chief People Officer and Global Head of Human Resources at OMERS between 2015 and 2019, Robert Coallier served as Chief Executive Officer of Agropur Dairy Cooperative from 2012 to 2019 and Anne Giardini served as chancellor of Simon Fraser University from 2014-2020. Karen Laflamme served as Executive Vice-President and Chief Financial Officer, Retail, of Ivanhoé Cambridge from 2016 to 2020, Sara O'Brien served as Portfolio Manager, Canadian equities at CDPQ, from 2017 to 2023 and Simon Pelletier served as Senior Vice-President, North American Sales and Operations at Metso from 2013 until 2020. Eric Vachon served as Senior Vice-President and Chief Financial Officer of Stella-Jones from 2012 to 2019.

Executive Officers who are not Directors

Name and municipality of residence	Position within the Company
Marco Albanesi Montreal, Quebec	Vice-President, Corporate Development and Treasury, SJI
Joel Alexander Huntington, Texas	Vice President, Procurement, Southern Yellow Pine, SJ Corporation
Dean Anderson Lakebay, Washington	Vice-President, Utility Pole Sales, SJC
Steve Bryant Calera, Alabama	Vice President, Operations Southern Yellow Pine-West, SJ Corporation
Richard Cuddihy Pointe-Claire, Québec	Senior Vice-President and Chief People Officer, SJI
Kevin Comerford Edgewood, Washington	Senior Vice-President, Utility Poles and U.S. Residential Lumber, SJ Corporation
Sylvain Couture Oakville, Ontario	Vice-President, Utility Pole and Residential Lumber Operations, Eastern Canada, SJI

Name and municipality of residence	Position within the Company
Jason Dallas McMurray, Pennsylvania	Vice-President, Railway Tie Procurement, SJ Corporation
Marcel Driessen Auburn, Washington	Vice-President, Human Resources, SJ Corporation
Marla Eichenbaum Hampstead, Québec	Vice-President, General Counsel and Secretary, SJI
Brian Grant Collingwood, Ontario	Vice-President, Canada Residential Lumber Sales and Procurement, SJI
Ian Jones Vernon, British Columbia	Senior Vice-President, SJI
James Kenner Olathe, Kansas	Vice-President, Risk Management and General Counsel, U.S. Operations, SJ Corporation
Patrick Kirkham Aliquippa, Pennsylvania	Senior Vice-President, Railway Ties, SJ Corporation
Steve Larocque Boucherville, Québec	Vice-President, Information Technology, SJI
Andy Morgan Gig Harbor, Washington	Vice-President, Utility Pole Operations (Western Species), SJ Corporation
Gordon Murray North River, Nova Scotia	Vice-President, Research and Development, SJI
Jeremy Meyer Rice Lake, Wisconsin	Vice President, Utility Pole Sales, SJC
Glynn Pittman Walker, Louisiana	Vice-President, Utility Pole Operations (Southern Yellow Pine), SJ Corporation
Jim Raines Spencer, West Virginia	Vice-President, Global Railway Tie Sales, SJ Corporation
Patrick Stark Tarentum, Pennsylvania	Vice-President, Environment, Health and Safety, SJ Corporation
Silvana Travaglini, CPA Pierrefonds, Québec	Senior Vice-President and Chief Financial Officer, SJI
David Whitted Lufkin, Texas	Vice-President, Railway Tie Operations and Production Planning, SJ Corporation
Jon Younce Stanwood, WA	Vice-President, Utility Pole and U.S. Residential Lumber Procurement, SJ Corporation

As of March 14, 2024, directors and executive officers as a group beneficially owned, directly or indirectly, or exercise control or direction over approximately 130,773 Common Shares, representing approximately 0.23% of all issued and outstanding shares of the Company.

The principal occupations over the past five years of the Company's executive officers who have not served in their current principal capacities for over five years are given below:

Marco Albanesi has served as Vice-President, Corporate Development and Treasury, SJI, since January of 2024. Prior to that, he was Director of Investment banking (2023-2024) and Vice-President Investment banking (2019-2023) at TD Securities.

Joel Alexander was promoted to the position of Vice-President, Procurement, Southern Yellow Pine of SJ Corporation effective September, 2023. Prior thereto, he served as Director of Resource from 2019 to 2023.

Dean Anderson was promoted to the position of Vice-President, Utility Pole Sales of SJ Corporation effective July, 2023. Prior thereto he served as Senior Director (2020-2023) and Director (2012-2020) of U.S. Poles Sales.

Steve Bryant was promoted to the position of Vice President, Operations, Southern Yellow Pine-West, SJ Corporation, effective October, 2023. Prior thereto, he served as Director of Operations, Southern Yellow Pine (2021-2023) and has held positions in Operations, EH&S, Resource and Quality Control. since joining the Company in 2014.

Kevin Comerford has served as Senior Vice-President, Utility Poles and U.S. Residential Lumber, SJ Corporation since July of 2023. Prior thereto, he served as Vice-President, Utility Pole and U.S. Residential Lumber Sales, SJ Corporation from 2013 to 2023.

Sylvain Couture has served as Vice-President, Utility Pole and Residential Lumber Operations, Eastern Canada of SJI since December 2020. Prior to that, he was Vice-President, Operations, Central Region of SJI beginning January 1, 2020. From 2017 to 2019, he was Director of Operations, Central Region.

Richard Cuddihy joined SJI as Senior Vice-President and Chief People Officer in November of 2022. Prior thereto, he served as Vice-President, Human Resources at Bonduelle Americas Long Life from January 2019 to November of 2022 and as Senior Vice-president, Human Resources at EACOM Timber Corporation from January 2014 to January 2019.

Jason Dallas has served as Vice-President, Railway Tie Procurement of SJ Corporation since December of 2020. He previously served as Director of Procurement from June 2016 to November of 2020.

Brian Grant was promoted to the position of Vice-President, Canada Residential Lumber Sales and Procurement of SJI in January of 2023. Prior thereto, he served as Director Sales and Marketing, Canadian Sales and Lumber (2020-2022) and as Senior Lumber Trader (2015-2020).

Ian Jones served as Senior Vice-President, Utility Poles and U.S. Residential Lumber of SJ Corporation, until 2023 and continues to serve as Senior Vice-President of the Company, a title he has held since 2016.

Patrick Kirkham was promoted to the position of Senior Vice-President, Railway Ties of SJ Corporation effective November 1, 2021. Mr. Kirkham joined the Company in 2011 and from 2016 to 2021, served as its Vice-President, Railway Ties Operations.

Steve Larocque was named Vice-President, Information Technology effective December 1, 2021. He began his employment with SJI in March of 2020 as Senior Director, IT. Prior to joining Stella-Jones, he served as Director Business Applications of Uni-Select Inc. from 2012 to 2020.

Jeremy Meyer was named Vice-President, Utility Pole Sales of SJ Corporation in July of 2023. Prior thereto, he held the position of Senior Director of Pole Sales from 2020-2023 and Director of Pole Sales from 2013-2020.

Andy Morgan was named Vice-President, Utility Pole Operations (Western Species) of SJ Corporation in January 2019. From January 2016 to January 2019, he held the position of Director of U.S. Western Operations.

Gordon Murray has held the position of Vice-President, Research, and Development of SJI since December of 2020. Prior thereto, he was the longstanding Vice-President, Environment and Technology and General Manager, Atlantic Region of SJI.

Glynn Pittman was promoted to Vice-President, Utility Pole Operations (Southern Yellow Pine) of SJ Corporation in October of 2020. From 2016 to 2020, he served as Director of Operations, Southern Yellow Pine.

Jim Raines was named Vice-President, Global Railway Tie Sales of SJ Corporation in October 2021.He previously held the position of Vice-President, Railway Tie Sales from 2020-2021 and Vice-President, Sales from 2019-2020.

Patrick Stark was named Vice-President, Environment, Health and Safety of SJ Corporation in December of 2020, overseeing all North American operations. Since April of 2018, he served as Vice-President, Environment, Health and Safety, U.S. Operations of SJ Corporation.

Silvana Travaglini has served as Senior Vice-President and Chief Financial Officer of SJI since January of 2020. Prior thereto, she held the position of Treasurer and Vice-President Investor Relations (2017-2019) at Resolute Forest Products Inc.

Jon Younce has served as Vice-President, Utility Pole and U.S. Residential Lumber Procurement of SJ Corporation since December of 2020. Prior thereto, he was Vice-President, U.S. Fibre & Transportation/Logistics of SJ Corporation since January of 2018.

David Whitted was named to the position of Vice-President, Railway Tie Operations and Production Planning, SJ Corporation in October 2021. Prior thereto, he served as Vice-President, Railway Tie Sales Operations of SJ Corporation.

ITEM 9 AUDIT COMMITTEE DISCLOSURE

9.1 COMPOSITION OF THE AUDIT COMMITTEE AND RELEVANT EDUCATION AND EXPERIENCE

The Company's Audit Committee is composed of Ms. Karen Laflamme (Chair), Mr. Robert Coallier, Mr. Rhodri Harries, and Ms. Sara O'Brien. All members of the Committee are "independent" and "financially literate" within the meaning of Multilateral Instrument 52-110 *Audit Committees.*

Ms. Karen Laflamme holds a bachelor's degree in business administration (BBA) from HEC Montréal and has been a member of the Québec CPA order since 1986. She holds the designation of certified corporate director and was named fellow of the Québec Order of Chartered Professional Accountants (FCPA) in 2012. From 2016 to early 2020, she served as Executive Vice-President and Chief Financial Officer, Retail, of Ivanhoé Cambridge, an investor and developer of superior quality real estate properties, projects and companies around the world. She joined Ivanhoé Cambridge in 2012, where she served in various roles, including Executive Vice-President, Corporate Management & Institutional Affairs, where she was responsible for investor relations, internal audit and integrated risk management. Prior thereto, Ms. Laflamme worked at the CDPQ from 1993 to 2012, where she held various senior positions in real estate.

Mr. Robert Coallier holds a master's degree in business administration ("MBA") from Concordia University and a bachelor's degree (B.A.) in economics from McGill University. From 2012 to 2019, he served as Chief Executive Officer of Agropur Dairy Cooperative. He was Vice-President and Chief Financial Officer of Dollarama L.P. from 2005 to 2010 and held various senior positions at Molson Coors Brewing between 2000 and 2005, including Global Chief Development Officer, Executive Vice President, Corporate Strategy and International Operations, President and Chief Executive Officer, Brazilian Operations and Executive Vice-President and Chief Financial Officer. From 1996 to 2000, Mr. Coallier Served as Vice President and Chief Financial Officer of C-MAC Industries Inc.

Mr. Rhodri J. Harries holds an MBA from McMaster University and a Bachelor of Science degree in Chemical Engineering from Queen's University. He currently serves as Chief Financial Officer and Chief Administrative Officer of Gildan Activewear, a publicly listed (TSX/NYSE: GIL) producer of basic apparel. Previously, he served as Chief Financial Officer of Rio Tinto Alcan, a leading global integrated aluminum business where he was responsible for all finance activities including business analysis, capital approval processes, risk management, financial planning and reporting, control and compliance and Information technology.

Ms. Sara O'Brien holds a Bachelor of Business Administration (BBA) from HEC Montréal and is Senior Portfolio Manager, Québec Relationship Investing, in the Equity Markets group at the Caisse de dépôt et placement du Québec (CDPQ), which she joined in 2017. Ms. O'Brien brings experience in equity analysis, risk analysis and strategic review. Previously, she was Portfolio Manager, Canadian equities at CDPQ and served as an analyst at RBC Capital Markets for 15 years, covering numerous sectors including Industrial services and consumer products. Ms. O'Brien is a member of the Québec CPA order (CPA) and holds the designation of Chartered Financial Analyst (CFA).

9.2 MANDATE OF THE AUDIT COMMITTEE

The mandate of the Audit Committee is to advise and assist the Board of Directors of the Company on financial matters. As such, the Audit Committee is responsible, among others, to make recommendations to the Board of Directors with respect to the nomination and remuneration of external auditors, to review the financial reporting process, to review the internal control procedures of the Company, to assess the Company's compliance with International Financial Reporting Standards (IFRS) and to advise the Board of Directors thereon.

The Audit Committee is responsible to meet regularly with the Senior Director, Corporate Internal Audit, Risk & Compliance and provide internal audit stewardship, review and approve the internal audit charter on an annual basis, review and approve the internal audit budget and resource plan annually, review and approve the risk-based internal audit plan each year and make appropriate inquiries of management and the senior Director, Corporate Internal Audit, Risk & Compliance to determine whether there are any scope of other limitations. Additionally, the Audit Committee is tasked with reviewing the Corporation's tax compliance and overseeing the Company's information technology and cybersecurity risk exposures and controls. The Audit Committee receives quarterly reports on whistleblowing complaints and the corresponding implementation of corrective action and oversees the Corporation's policies and procedures in place to identify, assess and monitor related-party transactions and approves all related party transactions as required under the terms of the Corporation's related-party transaction policy.

In performing its duties, the Audit Committee maintains effective working relationships with the Board of Directors, Management and the internal and external auditors. The mandate of the Audit Committee is attached to this AIF at Appendix "I".

9.3 PRE-APPROVAL POLICIES AND PROCEDURES-

The Company's Auditor Independence Policy contains the Audit Committee's procedures for approval of audit and non-audit services by the external auditors ("Procedures"), which state that the engagement for the annual audit of the Company's consolidated financial statements is specifically approved on an annual basis by the execution of the audit engagement letter with the auditors.

Engagements of the audit firm involving services for any of the Company's entities that fall into the following service definitions are pre-approved by the Audit Committee so long as the fees for each particular engagement are expected to be less or equal to a total of $50,000.

- tax services such as tax compliance, tax consulting transfer pricing, customs and duties, expatriate tax services; and
- other services such as due diligence and forensic investigations.

In cases of pre-approval, the Chair of the Audit Committee is to be notified expeditiously of any such services commenced by the auditors.

In respect of services under the preceding paragraph, where the fees for a particular engagement are expected to exceed a total of $50,000, SJI's management and/or its auditors must seek specific pre-approval by the Audit Committee of the engagement of the auditors. Where particular pre-approval is required, the Audit Committee has delegated the authority to affect such pre-approval to the Chair of the Audit Committee.

TO further satisfy itself as to the independence of the external auditor, and to prevent relationships that could impair or be perceived to impair the independence of Stella-Jones' external auditors, the Auditor Independence policy also contains provisions for mandatory rotation of the lead audit partner and prohibition of reappointment in such capacity, and required cooling off periods by partners, former partners, directors or former directors of the external auditors prior to serving in financial oversight roles for the Corporation.

9.4 External Auditor Service Fees

The following table sets out the fees billed to the Company by PricewaterhouseCoopers LLP for the last two fiscal years for various professional services:

FEES	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
Audit Fees	$1,048,035	$1,048,875
Audit Related Fees	$18,400	$16,750
Tax Service Fees	$125,219	$160,653
Other Fees	$21,515	$15,700
TOTAL	**$1,213,169**	**$1,241,978**

Audit Fees

The services comprising these fees include the audit of consolidated financial statements, the quarterly reviews of the interim financial statements and accounting consultations required to perform the audit in accordance with Canadian Generally Accepted Auditing Standards.

Audit Related Fees

These fees represent services related to the audit of the pension plan.

Tax Fees

These fees include professional services rendered in connection with the transfer pricing, Canadian tax credit and United States Research and Development tax credit study.

Other Fees

These fees represent services related to agreed-upon procedures on certain financial information.

ITEM 10 TRANSFER AGENT

The Company's transfer agent and registrar is Computershare Investor Services Inc. ("Computershare") The register of transfers of the Common Shares of SJI maintained by Computershare is located at its offices in Montréal, Québec.

ITEM 11 MATERIAL CONTRACTS

The Company did not enter into material transactions during the year ended December 31, 2023.

ITEM 12 INTERESTS OF EXPERTS

12.1 NAMES OF EXPERTS

The Company's auditors are PricewaterhouseCoopers LLP, Partnership of Chartered Professional Accountants, who have prepared the Independent Auditor's Report to the shareholders of SJI on page 55 of the Company's 2023 annual report. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

ITEM 13 ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca.

Additional information, including information regarding directors' and officers' remuneration and indebtedness (if any), principal holders of securities of the Company, and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Company's consolidated financial statements and Management's Discussion & Analysis for its most recently completed financial year.

APPENDIX "I"

STELLA-JONES INC.
(the "Corporation")

MANDATE OF THE AUDIT COMMITTEE

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1. **Formation.** The Board of Directors may appoint annually from its members an Audit Committee consisting of such number of members as the Board of Directors may from time to time determine, but not less than three.

   Each of the members of the Audit Committee shall be Independent as defined by the Canadian Securities Administrators and such other rules or guidelines as may be applicable from time to time.

   The Audit Committee shall determine its own organization and procedure, except as provided in the By-Laws of the Corporation or as may be otherwise determined by the Board of Directors.

2. **Tenure and office.** All members of the Audit Committee shall be appointed by the Board of Directors. The Board of Directors may remove from office any member of the Audit Committee, with or without cause. Any vacancy in the membership of the Audit Committee may be filled by the Board of Directors. All members of the Audit Committee shall cease to be in office at the close of each annual meeting of shareholders.

3. **Powers.** The Audit Committee shall advise and assist the Board of Directors on financial matters, including, without limiting the generality of the foregoing, the following:

   - review the recommendations of the officers of the Corporation as to the appointment of external auditors, verify the independence of the external auditors and make recommendations to the Board of Directors with respect to the nomination and remuneration of external auditors to be appointed at each annual meeting of shareholders;
   - oversee the work of the external auditors engaged for the purpose of preparing or issuing an independent auditor's report or performing other audit review or attest services for the Corporation, including the approval of the annual audit plan and the resolution of disagreements between management and the external auditors regarding financial reporting;
   - review with the external auditors the scope and timing of their audit services and any other services they are asked to perform, their report on the Corporation's accounts following completion of the audit and the Corporation's policies and procedures with respect to internal accounting and financial controls, discussion of quality and depth of staffing in the accounting and financial departments, discussion of implementation of new accounting systems (e.g. computers), discussion of recent prospective releases of the Chartered Professional Accountants of Canada and their impact on the Corporation's financial statements, discussion of the need to extend the audit examination into areas beyond those required under a normal statutory audit;
   - pre-approve all non-audit services in excess of $50,000 to be provided to the Corporation or its subsidiary entities by the Corporation's external auditors;
   - review the audited annual financial statements, the unaudited interim quarterly financial statements, the annual and interim management's discussion and analysis, the interim and annual CEO and CFO certifications and the annual and interim earnings press releases of the Corporation and report thereon to the Board of Directors of the Corporation before approval thereof by the Board of Directors and prior to disclosure thereof to securities authorities, shareholders, and the public;

- see, to its satisfaction, that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements and periodically assess the adequacy of those procedures;
- review and oversee the Corporation's policies and procedures to identify, assess and monitor related-party transactions and approve all related party transactions as required under the terms of the Corporation's Related-Party Transaction policy;
- review the internal control procedures of the Corporation and advise the directors on auditing practices and procedures as part of the responsibility of directors to meet their moral and legal responsibilities to the Corporation;
- review the Corporation's compliance with International Financial Reporting Standards and advise the Board of Directors thereon;
- meet on a regular basis with the Corporation's Senior Director, Corporate Internal Audit, Risk & Compliance and provide internal audit stewardship;
- review and approve the Internal Audit Charter on an annual basis;
- review and approve the Internal Audit budget and resource plan, annually;
- review and approve the risk-based Internal Audit plan each year;
- review and approve recommendations regarding the appointment and removal of the Senior Director, Corporate Internal Audit, Risk & Compliance;
- make appropriate inquiries of Management and the Senior Director, Corporate Internal Audit, Risk & Compliance to determine whether there are any scope or resource limitations;
- review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
- review the Corporation's information technology and cyber-security risk exposures and controls;
- review the Corporation's tax compliance, at least annually;
- establish procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (ii) the confidential and anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- review the accuracy and reliability of data to be disclosed to interested parties;
- review the relationship among external auditors, internal auditors, if any, and employees; and
- review management plans regarding any requirements for revised accounting practices.

4. **Accountability of external auditors.** The external auditors are ultimately accountable to the Board of Directors and the Audit Committee as representatives of shareholders.

5. **Signed resolution.** A resolution in writing signed by all the members of the Audit Committee entitled to vote on that resolution at a meeting of the Audit Committee is as valid as if it had been passed at a meeting of the Audit Committee. A copy of every resolution referred to in this paragraph shall be kept with the minutes of the meetings of the Audit Committee.

6. **Chair, quorum, and procedure.** The Audit Committee shall have the power to appoint a Chair and a Vice-Chair, to fix its quorum, which quorum shall consist of not less than a majority of its members, and to determine its procedure.

7. **Meetings.** Meetings of the Audit Committee may be held at the registered office of the Corporation or at such other places within or without Canada as the Audit Committee may from time to time determine, including by teleconference and videoconference. Meetings of the Audit Committee may be called by or by the order of the President of the Corporation, the Chair of the Audit Committee, the Vice-Chair or any two (2) members thereof.

Reviewed and approved by the Board of Directors on December 12, 2023.