

Sustainable Forest Management Plan

2013 Summary Report Port Alberni Forest Operation

Overview

Company performance

Western Forest Products Inc. (WFP) reported an improvement in safety and an improvement in operating results for 2013 over 2012. In safety, the twelve month rolling medical incident rate for combined company and contract operations decreased from 3.32 to 2.43. The Company generated a positive EBITDA of \$128.8 million which is a \$77.8 million increase over 2012. The EBITDA of \$128.8 million was the highest in company history. This result was driven by stronger product demand leading to improved pricing for both lumber and log sales as well as continued execution on the part of operations. Improved demand for lumber and logs was driven by increased housing starts in the US and Japan, and increased government investment in infrastructure and housing in China. The operations group moved volume quickly through the supply chain, supplying logs to WFP mills to optimize production levels, and also delivering a higher value log mix to external markets. Sawlog availability was increased through purchases in the open market and with more aggressive log sorting.

Port Alberni Forest Operation performance

Port Alberni Forest Operation (PAFO) was a significant contributor to the company's safety and financial success in 2013. Safety performance improved as the Medical Incident Rate (MIR) decreased from 6.28 to 3.96 in 2013 for combined company and contract operations. Safety improvement plans continue to target problem areas. The safety focus on reducing the incidence of worker slips, trips, and falls will continue in 2014.

Final harvest for PAFO was 903,536 cubic meters down from 1,495,346 cubic meters in 2012. This harvest represents 115% of the current allowable annual cut (AAC). A new five year cut control period started this year spanning 2013 to 2018 inclusive. During this period the harvest is prescribed as the AAC (782,492 cubic meters) multiplied by five years or 3.91 million cubic meters in total.

Report on Indicators

Targets or variances were met on all reportable indicators. Indicator 2.2.2 ***Sustainable Harvest*** is reportable in 2014 but must be re-written because its misalignment with the cut control period for the Defined Forest Area (DFA) makes it unachievable. WFP will be seeking advice from WIWAG on changes to at least two other Indicators.

Audit Results

No third party environmental audits occurred at PAFO in 2013. The next audit is scheduled for 2014.

Special Features (submitted by the Facilitator)

As the general public becomes more removed from forestry the role of PAFO WFP and West Island Woodlands Advisory Group (WIWAG) moved towards discussing the level of understanding of forestry, stewardship and the relevance within the community. It was discussed that there is a need to educate the public about forestry locally. Highlights of this discussion included:

- WFP being a totally integrated company
- WFP being open to the public.
- What messages are missing in the community?
- What are some other roles for WIWAG?
- Messages that PAFO WFP is a contract forest company as opposed the “company” forestry community
- Community is losing a sense of relevance of forestry to the community?

This prompted a wide ranging discussion about community perceptions as well as the kinds of messages that might be missing and better ways to reach the community. What works what doesn't? This discussion led to the development of a Factsheet (used at public events and the website) to help understand more broadly the role of WFP and certification within the community. This will be something we will need to continue in the future.

Information Sharing and Education (submitted by Facilitator)

Over the past 12 months the following discussions, presentations and information sharing have taken place:

- Communication presentation and discussion on advisory group involvement regarding greater roles for forestry and WFP within the region and community. Discussion included a new website called “Our Forests Our Roots” <http://www.ourforestsourroots.org/> which provides a voice to those that support forestry and demonstrates the importance of the industry to the coast.
- Timberlands Factsheet to enhance forestry and certification information
- A Carbon update and storage handout was distributed that explains the formula used in calculations to help educate WIWAG members
- Ministry of Forests, Lands, and Natural Resource Operations presentation and discussion on greater understanding of mapping and tenures. The discussion led to greater access of district maps and access to information for various crown tenure applications.
- Understanding Ministry of Forests, Lands, and Natural Resource Operations role in recreation within the DFA. Recreation is an important value within the community and therefore with WIWAG
- Chair of the Stillwater CSA Community Advisory Group attended a spring meeting to explain her role as a member of the CSA Technical Committee for the Z809 Standard
- WFP Town Hall Meeting attended by some WIWAG members together with contractors and staff bridging communication within the community about the role of WFP
- Woods tour in the DFA with Ministry of Forests, Lands, and Natural Resource Operations included some WIWAG members. The tour allowed viewing of harvest and silviculture operations and sustainability Indicators.
- Annual Fall Fair WFP Booth with WIWAG participation
- National Forestry Week information booth
- Education and greater understanding of Cut Control including a feedback survey for WIWAG
- Overview of the Catalyst Mill Port Alberni topics included; stewardship, Safe Certification, exceeding environmental standards; transitioning to new products, fiber supply, BC Hydro rate increases significant threat to the mill.
- Presentation and discussion on Old Growth Management Areas (OGMAs), and Ungulate Winter Range, (UWR) and Wildlife Habitat Areas (WHA)

- WFP provided maps of the DFA to WIWAG members and their affiliates.
- WIWAG after each presentation completes an evaluation of presenters
- Continuous development of the SFM Plan and associated management strategies under the new standard
- Website continues to provide a point of entry for other involvement and information. All plans, information, newsletters, minutes and presentations are posted to the site

Member/Representative Highlights (submitted by Facilitator)

WIWAG continues to draw interested public to attend meetings. Two new members joined from Catalyst Paper. This has led to a greater understanding of the importance of the synergies between Catalyst, WFP and the DFA. WIWAG and WFP value all members of the public. Additional invitations continue to be extended to local businesses, the economic development sector, the tourism industry, and the Alberni Clayoquot Regional District for representation on WIWAG. An open invitation is posted on the website for the general public to attend WIWAG meetings.

WFP always responds quickly to any WIWAG member concerns. Whether it is more information on an Indicator or trying to gain a better understanding of Old Growth Management Areas or even timber harvesting near a recreational trail within the DFA, WFP is prompt and transparent. WIWAG appreciates the conscientiousness and transparency in which WFP operates and responds. WIWAG continues to represent a broad ranging group that has many interests and views. A strong relationship exists with WIWAG and WFP to approach any and all areas of concern or appreciation. WFP continues to demonstrate a willingness to provide communication, education and expertise whenever required which aids both the company and the WIWAG towards continual improvement and understanding of the SFM Plan and system. The longevity and success of WIWAG is a demonstration of this close working relationship.

First Nations throughout the DFA were sent an invitation to participate in meetings and the annual Detailed Indicator Results. WFP and WIWAG welcome representation to help provide advice on the development, monitoring, and ongoing improvement of sustainable forest management practices.