

Sustainable Forest Management Plan

2014 Summary Report Port Alberni Forest Operation

Overview

Company performance

Western Forest Products Inc. (WFP) reported a significant improvement in timberlands safety for 2014 over 2013. In safety, the twelve month rolling medical incident rate for combined company and contract operations decreased from 2.43 to 1.84. Financially, the Company generated a positive EBITDA of \$108.5 million which is a \$20.3 million decrease from 2013. *The decrease in adjusted EBITDA relates primarily to challenges faced in the second half of 2014, including weakening markets in China and Japan, reduced log availability, and increased log costs. Partially offsetting these factors and leading to record revenue in 2014, were the continued strong demand for our WRC products and our flexible manufacturing platform, which allowed us to shift production from Japan lumber programs to Niche programs. Additionally, revenue was positively impacted by a weaker CAD, which was, on average, 7% lower during 2014. (WFP 2014 Annual Report)*

Port Alberni Forest Operation performance

Port Alberni Forest Operation (PAFO) was a significant contributor to the company's safety and financial performance in 2014. Safety performance improved as the Medical Incident Rate (MIR) decreased from 3.96 to 2.31 in 2014 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 2015.

Final harvest for PAFO in 2014 was 802,901 cubic meters down from 992,117 cubic meters in 2013. The 2014 harvest represents 103% of the current allowable annual cut (AAC) subject to final cut control statements issued by government. The current five year cut control period spans 2013 to 2017 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. Indicators 1.1.1 **Ecosystem Area by Type**, 1.4.A **Sensitive Ecosystem Training**, and 5.1.C **Mushroom Habitat Access** did not meet their targets but were within the acceptable variance. Indicators 1.1.1 and 5.1.C are forecasted to remain within variance. Indicator 1.4.A has the required training scheduled for the first half of 2015.

Five indicators were adjusted for 2014 reporting. Indicator 2.2.2 **Sustainable Harvest** was re-written to better align with the cut control period for the Defined Forest Area (DFA). Indicator 1.2.3 **Native Species Regeneration** and Indicator 5.2.3 **Employment** were adjusted to be reported on a five year rolling average. Indicators 5.1.1 **Benefits Derived From the DFA** and 6.3.1 **Local Economy** will be officially adjusted for 2015 to reflect more content. The content was added to the 2014 report for information purposes.

Audit Results

A third party environmental audit occurred at Port Alberni Forest Operation in 2014 resulting in the successful renewal of registration to CAN/CSA-Z809-2008. There were no instances of *Non-conformance* or any *Areas of Concern* identified in the audit. The audit identified positive aspects of the management system as well as three *Opportunities for Improvement*. The details of the audit are found on the WIWAG website:

<http://www.westernforest.com/wiwag/index.htm/>

Special Features (submitted by the Facilitator)

Forests are special to many people in many different ways. An example is how WFP responded to a controversial photo posted on Facebook (picture of the Klanawa Drainage). WFP developed a presentation to help address concerns raised in the photo. Erin Badesso working with mapping and Geographic Information System (GIS) developed a presentation/discussion based on the photo to explore land use change (harvest and growth) and its cumulative effects over time through GIS. Most indicators, (but not all) are reported on an annual basis from January 1 – December 31. The monitoring report (Detailed Indicator Results) is completed by Port Alberni Forest Operations Management, and presented for review to WIWAG in April of each year. Although the annual indicator reporting was completed in April, WFP took this opportunity to report on many indicators again (June meeting), at a landscape level within the Klanawa Drainage (effective December 31, 2013). The interactive presentation measured

various indicators at the landscape level. The commitment was made to periodically track through these indicators the area depicted in the Klanawa Drainage. The discussion and presentation served as an excellent tool to build capacity and better understanding of the value of each indicator(s) and our public advisory group process. Further, it was determined that this would also be a tremendous orientation tool for new advisory group members in the future.

The result is that WIWAG / WFP through GIS locators will track over time and continue to educate WIWAG about how our indicators work at the landscape level.

Information Sharing and Education (submitted by Facilitator)

The advisory group is asked for their input on presentations and discussions to deepen the understanding of sustainable forest management. Information sharing takes place at each meeting. Actions include ideas for potential presentations and interests relating back to the plan or areas that advisory group members feel they may want supplementary information on. Presentations and minutes are posted on the WIWAG website for further sharing. The 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.

Over the last 12 months the following activities have taken place:

- Four WIWAG meetings were held in 2014 these meetings in addition to presentations also include company updates and on-going dialogue.
- Murray Hall, Fibre Supply (complete presentation on website) Murray Hall offered 30 years' experience in managing sawmill activities, coordinating pulp and paper operations, and developing cost structures. His discussion laid out his experience in conducting geographical fibre and sawmill viability studies, analyzing regional fibre competitive forces, logging efficiencies, and developing forestry based strategic plans in Western Canada and US Pacific Northwest. Murray presented a broad ranging discussion for the advisory group which links to Criterion 2 and 5 and multiple indicators.
- Erin Badesso discussed the WFP Pest Management Plan for Forest Vegetation Management (plan on website)
- Marbled Murrelet Recovery Strategy was led by John Deal, WFP Strategic Planning Biologist, from WFP Campbell River, John's role is to assist WFP operations in planning for wildlife and stewardship

implementation and to ensure staff is knowledgeable on species at risk.

- Ian Parnell, Senior Species at Risk Biologist, Species at Risk Recovery Unit, Canadian Wildlife Service, Environment Canada talked about the Marbled Murrelet Recovery Strategy. Success in the recovery depends on the commitment and cooperation of many different constituencies involved in implementing the directions set out in a recovery strategy and will not be achieved by any single agency or jurisdiction alone. In the short term, habitat management will involve details of suitable nesting habitat, nesting habitat protection, and the development of best management practices (for both habitat management and threat reduction). Longer term the strategy will conduct research and monitoring to help better inform techniques for threat reduction and marine habitat characterization and management.
- Annual Detailed Indicator & Results is a comprehensive presentation on each indicator for the advisory group with the main goal being for continual improvement.
- Presentation and comprehensive handout that looked closely at selected Indicator and Results within a specific geographic area of the DFA based on a picture of the **Klanawa Drainage**. This presentation took a picture that had caused concern and took the initiative to approach how each indicator did within a small geographic area. With the help of mapping and GIS this was an interactive presentation which followed a full discussion on indicators and what each indicator means when we see it from the landscape.
- Explanation of Indicator 3.2.A: Watershed Condition which replaced an earlier designation of “red and orange” listed watershed basins described in a watershed assessment performed every 10 years.
- Discussion on Soil and Water, WFP shared examples of environmental incidents, WIWAG was presented with examples of minor environmental incidents relating to soil conservation and stream management reported to the Compliance and Enforcement wing of government. Discussion of the incidents, internal investigations, clean-up, and knowledge was shared with WIWAG.
- Communication Facebook site, WFP for Bamfield Road Conditions, a bold step for Western Forest Products to utilize social media, create a feed and video footage on what to expect on the road. i.e. What does it look like from the cab of a logging truck?/Understanding driving from both perspectives. There is a sign posted with the twitter and Facebook information just before the end of the pavement on Bamfield Main.

- WFP local government meetings
- WFP meetings with FN
- Annual Fall Fair WFP Booth with WIWAG participation
- National Forestry Week – WFP at FLNRO information booth
- 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

Member/Representative Highlights (submitted by Facilitator)

WIWAG continues to draw interested public to attend meetings. An open invitation is posted on the website for the general public to attend WIWAG meetings.

Municipal and regional governments appoint representatives to WIWAG. Despite the local elections that were held in the fall of 2014 WIWAG held onto the past representatives.

In 2014, questions and concerns were raised in WIWAG meetings and through public venues (Fall Fair, National Forest Week, Career Fairs, Woods Tours, telephone calls and electronic communication). Questions generally centered on log distribution (export vs domestic), harvesting in community watersheds, wood waste levels, harvest sustainability, access and employment. Comments reflect the importance of employment, environmental stewardship, and water quality to the public. WFP always responds quickly to any WIWAG member concerns. 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 remains 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 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.

The Defined Forest Area falls within the traditional territories of the following First Nations: Stz'uminus, Lyackson, Cowichan, Pacheedaht, Ditidaht, Penelakut, Hupacasath, Tseshah, Huu-ay-aht, Uchucklesaht,

Lake Cowichan, and Yuułu?if?. Detailed Indicator Results and invitations to participate in WIWAG meetings were sent out to First Nations in the spring and fall of 2014. WFP and WIWAG welcome representation to help provide advice on the development, monitoring, and ongoing improvement of sustainable forest management practices.