

Sustainable Forest Management Plan

2015 Summary Report Port Alberni Forest Operation

Overview

Company performance

Western Forest Products Inc. (WFP) reported a higher medical incident rate (MIR) with timberlands safety for 2015 over 2014. The twelve month rolling medical incident rate for combined company and contract operations in timberlands increased from 2.03 to 2.64. Financially, the Company generated a positive EBITDA of \$117.1 million which is an \$8.6 million increase from 2014.

In 2015, Western leveraged our flexible operating platform to capitalize on sustained demand for our specialty products and grew annual adjusted EBITDA by 8% compared to last year. We successfully focused on specialty lumber production, leading to an improved sales mix and allowing us to overcome a 20% decline in commodity lumber pricing. Concentrating our sales into demand driven markets allowed us to capture the benefits of a weakening Canadian dollar (“CAD”) and enabled us to surpass \$1 billion in revenue for the second consecutive year. (Western Forest Products Inc. 2015 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 2015. Safety performance was off slightly as the Medical Incident Rate (MIR) increased from 2.31 to 2.40 in 2015 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 2016 as well as emphasis on conformance to Worksite Safety Plans.

Final harvest for PAFO in 2015 was 637,334 cubic meter down from 802,901 cubic meters 2014. The 2015 harvest represents 81% of the current allowable annual cut (AAC) subject to final cut control statements issued by government. The 2015 harvest brings harvest levels more in balance with the current cut control period. The current five year cut control period spans 2013 to 2017 inclusive and is at 103.6%. 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**, and Indicator 6.3.3 **Safety Programs** did not meet their targets but were within the acceptable variance. Indicator 1.1.1 is forecasted to remain within variance. For Indicator 6.3.3 one companies influenced the target not being met; however, this company was registered to become Safe Certified but had not yet completed the required processes.

Six indicators were adjusted for 2015 reporting. Indicator 1.1.2 **Forest Area Species** was adjusted to define the phrase *stable* inventory and the variance was increased to account for changes in species selection associated with value, climate change, and pests. Indicators 3.2.C and 3.2.D (**S4 and S5 Streams**) were broadened to include ephemeral streams and the targets were adjusted to reflect a new method for calculating buffered areas. Indicator 5.1.1 **Benefits Derived from the DFA** and Indicator 6.3.1 **Local Economy** were expanded to include such detail as payments in stumpage, wages, local purchases, and local logs sales. Indicator 5.2.3 **Employment** was adjusted to reflect more recent statistics for direct and indirect employment derived from the forest industry.

Audit Results

No third party environmental audits occurred at Port Alberni Forest Operation in 2015. The next scheduled audit is in 2017.

Special Features (submitted by the Facilitator)

Our first meeting in 2015 (February) marked the retirement of one our longest serving members of WIWAG, ecosystem scientist John McIntosh of the Pacific Rim Park Reserve, John retired shortly after this meeting. John whose particular knowledge and incite around ecosystems and forestry, will be missed by our group. Thank you to John for great services to WIWAG.

In 2015 WFP responded to a photo posted on social media (picture of the Klanawa Drainage). WFP developed a presentation to help address concerns raised in the photo. The Klanawa presentation at the landscape level worked so well that WFP has promised periodic updates which will now become part of a “live indicator” assessment that WIWAG / WFP

through GIS locators, will track over time. This is an excellent tool for new AG members and one that will continue to educate WIWAG about how our indicators work.

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. There is a strong relationship with regards to communication and information sharing. Actions are recorded at each meeting to ensure that ideas and thoughts are dealt with or brought forward. 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:

- Five WIWAG meetings were held in 2015. These meetings in addition to presentations create an on-going conversation Port Alberni Forest Operation's SFM Values, Objectives, Indicators and Targets.
- On February WFP's Annette van Niejenhuis provided a presentation on how the DFA might change to adapt to climate change, the cumulative impacts beyond WFP operations and the decisions today that will impact the future. The presentation included reforestation, species selection, and the accumulation of weather results and tree growth. Annette provided information on the Pacific Climate Impacts Consortium website and spoke about the Biogeoclimatic Ecosystem Classification (BEC) framework and reviewed the maps of current BEC units and predicted BEC units in 2050. The group became aware of the climate-related hazards which we have already seen in BC such as fire, insects, diseases and abiotic factors. An example was given for the Yellow Cypress in Alaska which is dying due to lack of snow that insulates tree roots.
- Erin Badesso discussed the WFP Pest Management Plan for Forest Vegetation Management (see the plan on the website).
- Erin Badesso described how WFP operates in community watersheds as prescribed in their Forest Stewardship Plan (FSP) and offered a comprehensive look at community watersheds and the regulatory requirements. There was also discussion on WFP's *Environmental Policy* and their *Sustainable Forest Management Statement*.

- Erin Badesso provided the Detailed Indicator & Results report which is a comprehensive presentation for each indicator against the established targets.
- Kindry Mercer provided a presentation and fact sheet on Log Exports. Kindry explained how exporting a portion of the stand (at a higher value than could be captured domestically) may increase the total stand value allowing the remainder of the stand to be harvested for the domestic market.
- Erin Badesso provided a visual update on how nature and tree planting is regenerating the Klanawa Fire of 2014.
- An examination of the Klanawa Drainage. This examination looks closely at selected Indicators and Results within a specific geographic area of the DFA based on a picture of a portion of the **Klanawa Drainage**. With the help of GIS technology this was an interactive presentation which followed a full discussion on indicators and what each indicator means when we see it from the landscape level. Erin will update the presentation periodically.
- Jane Cameron brought forward a CSA Technical Committee Presentation that looked at the revisions to the Z809 SFM draft standard.
- Stefan Tack, Manager - First Nations Consultation, First Nations Relations Branch, MFLNRO presented on the Tsilhqot'in Decision - The Supreme Court of Canada granted declaration of aboriginal title to more than 1,700 square kilometers of land in British Columbia to the Tsilhqot'in First Nation, the first time the court has made such a ruling regarding aboriginal title.
- Pest Management Plan and Community Watersheds – Erin Badesso Reviewed WFP commitment to not using herbicides in community watersheds.
- A review of Indicators 3.2.C and 3.2.D S4/S5 Streams: A Sub-Committee was struck to look more closely at the methodology for the stream buffer calculation. The background to S4/S5 Stream report needs to be revised, not to compromise the integrity, but to make the reporting easier and consistent. Measuring the 15m buffer is challenging. AG members: Rick, Harold and Stefan worked as part of a sub-committee with WFP staff. The sub-committee members reviewed and shared their opinion on the proposed new methodology. Overall, the new methodology will be adopted to calculate the buffer on S4/S5 streams.
- Communication Facebook, Twitter/ YouTube/ Instagram/ Linked In. WFP's Communication team is working to improve communications with the public. WFP continues to use social media to communicate

Bamfield Road conditions. There is a sign posted with the Twitter and Facebook information just before the end of the pavement at the start of Bamfield Road.

- Local government meetings: WFP continues to meet with local government (Mayor's Breakfast) and broader members of council and the Alberni Clayoquot Regional District (ACRD) on items of mutual interest. Local government is invited to attend WIWAG meetings.
- WFP meetings with First Nations having territories associated with the DFA.
- Annual Fall Fair WFP Booth with WIWAG participation
- National Forestry Week – WFP at locally sponsored activities
- WFP provided maps of the DFA to WIWAG members and their affiliates.
- Evaluation of presenters who provided education to WIWAG.
- Continuous development of the SFM Plan and associated management strategies under the new standard
- WFP donation of logs for climbing poles at the Fall Fair and wood carving at the Harbor Quay.
- Pacific Coast University – WFP made a donation towards their next degree program.
- A tour provided for Grade 12 student at the Alberni Pacific Division Sawmill.

Member/Representative Highlights (submitted by Facilitator)

WIWAG continues to draw its core group of AG members. Invitations are extended beyond the core group and interested parties are urged to contact the Facilitator. Municipal and regional governments outside of the representative appointed to WIWAG have been sent invitations to meetings of interest; such as the Log Exports, the Detailed Indicator Reporting. Minutes, reports and presentations are posted on the website for the general public.

Another thank you goes to our well informed advisory group who continue to be conversant and familiar with local areas, plants, trails, roads, and other items fostered from local knowledge of the DFA. Their level of commitment is truly astonishing. The AG takes the responsibility to orient themselves on materials prior to participation in meetings.

At the start of each of our meetings we have company updates. These exchanges have been an opportunity for tremendous dialogue with the

advisory group that provide a bridge between all WFP operations (forest and manufacturing) to better understand the synergies and company decisions. The updates include, but are not limited to; log distribution, fiber needs, safety, environment, log exports, demographics within the workforce, new opportunities, challenges and even information requests of the group. WFP keeps the AG informed around shutdowns, shift changes at mills, harvest near trails and where refinements may be made to maximize the business and minimize costs. The updates connect the manufacturing side locally and on the east side of the Island to the forest operations and local concerns within the community and DFA.

The group also said goodbye to Michel de Bellefeuille who retired this year and was introduced to his replacement as Corporate Certification Coordinator, Will Sloan. Will lives in Port Alberni and was an external auditor focusing on Environmental and Sustainable forest management travelling as far north as Alaska. Will is looking forward to a career with WFP. His goal is to attend one Advisory Group annually across all WFP locations.

WIWAG continues to represent a broad ranging group that has many interests and views. A strong relationship remains with WIWAG and WFP. 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, Tseshaht, Halalt, Lake Cowichan, and within the Maa-nulth First Areas of the Huu-ay-aht, Uchucklesaht, Yuułu?i?, Toquaht and Ka:'yu:'k't'h'/Che:k'tles7et'h'First Nations. 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 First Nation representation to help provide advice on the development, monitoring, and ongoing improvement of sustainable forest management practices.