

Sustainable Forest Management Plan

2016 Summary Report Port Alberni Forest Operation

Overview

Company performance

Western Forest Products Inc. (WFP) reported improved safety performance with a slightly lower medical incident rate (MIR) in timberlands safety for 2016 over 2015. The twelve month rolling medical incident rate for combined company and contract operations in timberlands decreased from 2.64 to 2.63. Financially, the Company generated a positive EBITDA of \$148.2 million which is a \$31.1 million increase from 2015.

“Our record annual adjusted EBITDA and lumber revenues in 2016 were achieved through the successful execution of our strategic initiatives, including our purchasing additional specialty logs to support growth in speciality lumber sales and our increasing commodity lumber production to capitalize on improved pricing for those products,” said Don Demens, President and Chief Executive Officer. “Despite uncertainty caused by the Softwood Lumber trade dispute with the United States, we remain committed to implementing our strategy of consolidating and optimizing our coastal business while at the same time building an enhanced platform that will support an accelerated pursuit of growth opportunities”. Press Release, February 16, 2017

Port Alberni Forest Operation performance

Port Alberni Forest Operation (PAFO) had contractual issues in 2016 which reduced timber harvesting activities. Safety performance improved as the Medical Incident Rate (MIR) decreased from 2.40 to 1.97 in 2016 for combined company and contract operations. Safety improvement plans continue to target problem areas. For 2017 safety initiatives will focus on mentorship training, worksite conditions, and safety observations of workers.

Final harvest for PAFO in 2016 was estimated at 277,417 cubic meters down from 654,268 cubic meters in 2016. The legislated cut control period ended after three years upon a notification to government and a new cut control period commenced effective January 1, 2016. For the three years

ending December 31, 2015 the allocated harvest was overcut by 97,250 cubic meters. This overcut volume will be carried forward and deducted from the new five year cut control period of 2016-2020. The 2016 harvest level including carry-forward volume from the previous cut control period is listed at 48% of the Allowable Annual Cut (AAC) of 782,482 cubic meters. For the new five year cut control period of 2016-2020 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. Two indicators were not scheduled for reporting until 2018. Indicators 1.1.1 ***Ecosystem Area by Type***, 2.2.2 ***Sustainable Harvest***, 5.1.A ***Park Perimeter***, and 5.2.4 ***Aboriginal Lands & Tenure*** did not meet their targets but were within the acceptable variance. *Ecosystem Area by Type* is forecasted to remain within variance. *Sustainable Harvest* is expected to be met over the next four years. *Park Perimeter* and *Aboriginal Lands & Tenure* are forecasted to remain within variance.

Indicators ***Forest Area Stand Age***, ***Downed Woody Debris***, ***Recreation Access***, ***Communities & Sustainability***, and ***Educational Outreach*** were updated in response to an audit finding in 2014 to adjust targets *where they have been continuously overachieved by a significant amount*. Moreover, ***Forest Area Stand Age*** was adjusted from a five year average (reported every 5 years) to a five year rolling average (reported every year). ***Sustainable Harvest*** was adjusted to 1.) have a small variance in the target as actual harvest to allocation will likely never match exactly and 2.) be measured within the legislated cut control period to allow for notification by the licensee to change the period from five years. Finally, ***Safety Program*** had the variance adjusted to recognize contractors who are registered to become SAFE certified.

Audit Results

No third party environmental audits occurred at Port Alberni Forest Operation in 2015. The next scheduled audit is in 2017-2018.

Special Features (submitted by the Facilitator)

On September 22-23, 2016, representatives of WIWAG, Stillwater (CAG), Mid-Island (MIFLAG), Nimpkish Woodlands (NWAC) and Northern Vancouver Island (VINWAG) public advisory groups met in Port McNeill. They were welcomed by Don Demens, President and CEO, Western Forest Products who began the 2-day event with a presentation and video: Building For The Future. PAG members

were thanked for all they have done to support the CSA certification process and WFP's ongoing efforts in sustainable forest management. The first day presentations ranged from the role of CSA certification, the function and value of public advisory groups in the certification process, and a sales strategy as to why certification matters. Group members also had a round table discussion to share success stories from each advisory group. The first day concluded with a dinner, guest speakers, and recognition awards for long standing members of the various PAGs. The following day WFP's North Island Forest Operation and Central Island Forest Operations hosted tour stops to view: recreation sites, timber harvesting, silviculture fertilization research, cultural and karst management, and rail transportation. Our WIWAG representatives (Stefan Ochman, Judy Carlson, Harold Carlson, and Barbra Baker) attended and then provided a presentation of the trip at our November 2016 meeting.

Erin Badesso and Will Sloan WFP Certification Coordinator attended as well. Will described what is required to audit, the training, skills and experience needed as well as a light-hearted look at some of his experiences as an auditor prior to his role as Certification Coordinator. WFP will look at holding these all PAG meetings every 3 years. The next event may be hosted by Port Alberni Forest Operation.

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:

- Four WIWAG meetings were held 2016. These meetings in addition to presentations create an on-going conversation Port Alberni Forest Operation's SFM Values, Objectives, Indicators and Targets.
- Marissa Hallaway, WFP Field Planner – Presentation: The Evolution of the Biogeoclimatic Ecosystem Classification (BEC). BEC helps with site level communication, creates detailed baseline data, and enables tracking of site characteristics over time. The classification system is broken into three parts: Biological, Geological, and Climatic which groups factors to create zones. There are 14 zones in BC and each zone has subzones and variants. Marissa reviewed slides from Annette van Niejenhuis's presentation (2015) as an

example on how the DFA might adapt to climate change. To illustrate she compared an illustration from the 1950's to a prediction of 2050. Through this baseline date it is predicted that areas will be wetter.

- An issue important to WIWAG is stream management over the years. Erin Badesso reported on a GIS model that has been implemented to track harvesting associated with S4 and S5 streams (see associated indicators). The new model improves the rigour of reporting on the associated indicators. It now captures not only ephemeral but also non-ephemeral streams. Applying the modification to previous years, Erin presented a chart detailing the changes for S4, S5 and S6 streams from 2011- 2015. Erin is confident in the new model and that the data results will meet the indicator targets over time
- Discussion regarding MAMU and Western Goshawk took place in February in preparation for a provincial Engagement session. WIWAG members were invited to participate.
- The Satisfaction Survey was completed this year. WIWAG completes this every two years. The survey gives anonymous direct feedback to the process. WIWAG continues to support the advisory process.
- April for WIWAG is the annual detailed Indicator reporting, invitation to a broad range of participants is sent so that others within the community can better understand the process.
- John Deal - WFP, Strategic Planning Biologist and Sue McDonald - WFP, Wildlife Biologist attended our June meeting to provide a presentation on Northern Goshawk and Marbled Murrelet federal recovery strategies. Private land and Treaty lands are being encouraged to participate but the provincial government does not have jurisdiction. John reviewed BC's response to what the Federal government is proposing. WFP will work with FLNRO once final decisions have been made. There will be a Memorandum of Understanding, (interim agreement) to provide protection until the agreement is finalized (could take a few years). John also spoke about a Goshawk genetics project submitted to Genome BC for potential funding.
- Will Sloan, Certification Forester updated WIWAG on auditing for the Island. The re-registration audit is scheduled for 2017-2018 and as in the past, it will include Port Alberni and Stillwater Forest Operations. Will also explained why WFP had selected Sustainable Forestry Initiative (SFI) for the two remaining operations (TFL 19, West Coast, Zeballos, Nootka and Gold River, and the mainland area from Quadra up to Klemtu) and not CSA certification. He explained that these areas were extremely diverse both

- geographically and culturally and that, while WFP preferred the CSA certification process, precisely because of its public advisory group requirement, it would be too difficult to support a viable public advisory process over these very wide-spread and diverse areas.
- Rick Avis provided a presentation on Western Painted Turtle Habitat and DNA project. Currently the Western Painted Turtle is not found on TFL44. Christian Engelstoff who is the lead on this project suggests that the turtle's wide distribution indicates that it is not introduced.
 - Brian Marcus (WFP Area Planner) presented the Forest Stewardship Plan (FSP) in draft form. It will be sent to First Nations and posted for the public and stakeholders to review and comment. The FSP includes Stillwater and Port Alberni Forest Operations. Maps have been supplied to define the area of the FSP. Brian reviewed a map which provided considerable detail.
 - Each meeting WFP provides updates on its mills, harvest, and community involvement. WFP continues to use social media to communicate Bamfield Road conditions. There is a sign posted with the Twitter and Facebook information at the start of the Bamfield Road.
 - 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 meets with the First Nations whose territories are associated with the DFA.
 - WFP hosts a booth at the Annual Fall Fair with WIWAG participation.
 - WFP locally sponsors activities at National Forestry Week.
 - WFP provided maps of the DFA to WIWAG members and their affiliates.
 - WFP advances continuous development of the Sustainable Forest Management (SFM) Plan and associated management strategies under the Standard.

Member/Representative Highlights (submitted by Facilitator)

WIWAG continues to draw its core group of 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 Detailed Indicator Reporting and Marbled Murrelet and North Goshawk presentations. Minutes, reports and presentations are posted on the website for the general public. Over the

past year WIWAG continued to have guests attend meetings of interest and to extend invitations to participate.

WIWAG is an amazing group of people who continually offer their time, advice and comment to WFP as part of their commitment to the community and our valuable resource. The knowledge of this group about local areas, concerns, plants, trails, roads, and other items fostered from local knowledge of the DFA must be commended. Thank you. Your level of commitment and history is valued. Our advisory group members do not hesitate to ask questions and understand the role of the DFA within the community. I also thank Erin Badesso for his unfailing response to find answers in a timely matter. It is this relationship that is based on mutual respect and is the face of WFP for WIWAG.

WIWAG always takes the responsibility to orient themselves on materials prior to participation in meetings and to add issues that may be important.

The company's operational updates at the start of each meeting provide an opportunity for dialogue. The broader company update provides a connection between timber harvesting activities and manufacturing which helps to better understand the synergies and company decisions. These updates include, but are not limited to; log distribution, fiber needs, safety, environment, log exports, demographics within the workforce, new opportunities and challenges and even information requests of the group. WFP keeps WIWAG informed around shutdowns, and changes within the mills. Any harvesting near trails or access closures is also reported.

WIWAG continues to represent a diverse group that has broad interests and views. WFP continues to demonstrate a willingness to provide communication, education and expertise, which aids both the company and WIWAG towards continual improvement and understanding of the SFM Plan.

The Defined Forest Area falls within the traditional territories of the Stz'uminus, Lyackson, Cowichan, Pacheedaht, Ditidaht, Penelakut, Hupacasath, Tseshaht, Halalt, Lake Cowichan First Nations; within the Maa-nulth First Areas of the Huu-ay-aht, Uchucklesaht, and Yuułu?i?ath; and within treaty interest areas of the Toquaht and Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations. WFP distributes the annual results of the SFM process to all First Nations. WFP and WIWAG welcome First Nation representation to help provide advice on the development, monitoring, and ongoing improvement of sustainable forest management practices.