Sustainable Forest Management Plan

2017 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 2017 over 2016. The twelve month rolling medical incident rate for combined company and contract operations in timberlands decreased significantly from 2.63 to 1.59. Financially, the Company generated a positive EBITDA of $152.6 million which is a $4.4 million increase from 2016.

Western…delivered a Company-record annual adjusted EBITDA…despite the most difficult coastal log harvest conditions in recent history. We continued to make progress in consolidating our operating platform and refining our sales and marketing strategy. We increased our operating income prior to restructuring and other income by 6% year-over-year, and achieved an average annualized lumber price above $1,000 per thousand board feet. Constrained log supply limited lumber production and sales volumes… shipments to China to capitalize on strong market demand and pricing, while at the same time partially mitigating the impact of US duties…. Western exported less than 9% of our log availability in 2017, whereas the rest of the coastal industry exported an estimated 36% of log production, including timber harvested from the Province of British Columbia’s Timber Sales (“BCTS”) tenures. Press Release, February 15, 2018

Port Alberni Forest Operation (PAFO) performance

The effects from the contractual issues in 2016 persisted into 2017 resulting in reduced timber harvesting activities. Safety performance declined as the Medical Incident Rate (MIR) increased from 1.97 to 4.05 for combined company and contract operations. Safety improvement plans and approaches are being developed to target problem areas. For 2018 safety initiatives will focus on a culture of mentorship training for equipment operators, safety observations of workers, and adjustments to auditing procedures.

Final harvest for PAFO in 2017 was estimated at 237,921 cubic meters down from harvest levels in 2016 and represents 30% of the Allowable Annual Cut (AAC) of 782,482 cubic meters. Plans are being made to increase harvest levels in 2018-2020 to align with the total 2016-2020 cut control period volume of 3.91 million cubic meters.
Embracing the New CSA Standard Z809-16

The public advisory group met four times in 2017. The primary focus of the meetings was to prepare to embrace the new CSA Z809-16 standard. Meetings focused on discussion items for various Criteria in the new Standard and on adjusting indicators to conform to this Standard. Because many indicators are common between the two Standards some adjustments to indicators will also apply to this 2017 report on indicators. For 2018, annual reporting will comply with the new Z809-16 Standard.

Report on Indicators

Targets or variances were met on all reportable indicators except Indicator 5.2.3 Employment. Six indicators were not scheduled for reporting until 2018-2020 but some have annual updates. Indicators 1.1.1 Ecosystem Area by Type, and 5.2.4 Aboriginal Lands & Tenure did not meet their targets but were within the acceptable variance. Performance, annual interpretations and forecasts for each indicator are included in Appendix 1 of the Sustainable Forest Management Plan (SFMP).

The following Indicators were adjusted with assistance from the public advisory group:

- Indicator 1.1.1 Ecosystem Area by Type: the variance was adjusted to better reflect historic harvesting patterns which have influenced performance for the CWH vh1 subzone.
- Indicator 1.1.2 Forest Area Species: the target was adjusted to narrow its scope (to better illustrate the previous definition of “stable”) and to add more descriptive language to the variance.
- Indicator 1.1.3 Forest Area by Stand Age: the target and variance were re-written to better reflect the Objective of “maintaining” older age stands. The data used to describe the Target has been previously displayed in the Results for many years.
- Indicator 2.2.2 Sustainable Harvest: the target and variance had minor percentage adjustments for clarity.
- Indicator 4.1.1 Carbon Uptake and Storage: the method for calculating the influence of equipment fuel consumption was adjusted to become a five party average updated every five years.

Audit Results

No third party environmental audits occurred at Port Alberni Forest Operation in 2017. The next scheduled audit is forecasted for 2019.
Special Features (submitted by the Facilitator)

A key role for the advisory group is the development of values, objectives, indicators, and targets for the DFA. Preparation for a new CSA standard is no easy task. The AG must be informed on details of the standard while continuing to measure what is important to the group. In addition, outcomes of the process, at minimum, comply with existing government laws and regulations while respecting the findings of any earlier processes that have developed values, objectives, indicators, or targets relating to the SFM elements. Communication is key, ensuring that new mandatory discussion items and indicators are set and confirming always, that the process is clearly understood is critical moving forward.

Each year, the Festival of Forestry takes a group of BC school teachers into the forest to learn about sustainable forest management practices. The purpose of these tours is to educate participants about BC’s forestry industry through hands-on learning experiences and to provide teaching methods they can take back to their classrooms. During the summer WFP (Aug 23-25) help to host this event. The three-day tour was held in Port Alberni and WFP participation included walks in the forests, visits to active forest management areas within the DFA, viewing protected areas and touring a processing facility. Teachers also got the opportunity to speak with forestry professionals and to learn about the many careers and opportunities within the forest sector. The growing need to help educate the changing needs of society is imperative with the aim of improving forestry education.

Information Sharing and Education (submitted by Facilitator)

In addition to mandatory discussion items, WIWAG is asked for 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. Recreational updates, plans, newsletters, minutes and presentations are posted to the site.

Four WIWAG meetings were held in 2017: February, April, June and November. These meetings in addition to presentations create an on-going conversation of Port Alberni Forest Operation’s SFM Values, Objectives, Indicators and Targets.

Mike Davis was to attend our February meeting, but snow stopped him in his tracks and Erin Badesso stepped up to provide the presentation which included the mandatory discussion item: The significant vulnerabilities for community sustainability linked to forest and timber supply conditions over time.

- The presentation provided interior examples (due to Mountain Pine Beetle) as a slow moving natural disaster. The repercussions are felt environmentally, socially and economically. Interior mills have closed due to the beetle,
resulting in a ripple effect (coast and the interior have both experienced declines).

- Further, historic coastal AAC declines –Graphs were presented showing the difference between the PFLB (Productive Forest Land Base) and the Timber Harvesting Land Base (THLB). The THLB decline on the coast in part is due to management unit fragmentation. Smaller units usually have less flexibility and are dependent on age class distribution.

- There is potential for the THLB to be affected due to the outcome of the studies on the Marbled Murrelet and Goshawk. There are parks and protected areas, such as Carmanah Pacific, Pacific Rim. Maa-nulth Treaty has been settled resulting in a significant change to the DFA land base.

- Increased uncertainty of fibre supply locally due to tenure changes.

- Employment and community implications - log revenue is estimated at $73,507 per hectare harvested. Roughly 1.74 employment years per hectare harvested. More wood is used at WFP Port Alberni sawmills from other tenures than from the DFA.

February also continued the indicator preparation for the new CAN/CSA-Z809-16 Standard by November 30, 2017. The majority of the indicators stayed the same and a review of the indicators that did change were brought to the AG.

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.

Access to the DFA is also an important issue for WIWAG and WFP provided the AG the process for access.

- WFP applies to the local forest district to put up a gate. The District Manager decides on the application. Gate location will be included periodically on the Port Alberni Operational Activity Map on the WIWAG website. During the fire season, more gates may be put up. A local contractor added to his experience of vandalism his company has incurred over the years and how necessary gates have become.

In June the AG again discussed Carbon Emissions and Sequestration and the role in global ecological cycles to maintain forest conditions and management activities. Items covered included:

- Improvements to the emissions calculation for the Indication especially in respect of burning debris.

- Carbon and CO2 Uptake and the importance of prompt reforestation as it begins the process of carbon uptake.

- Roles of ecologically suited species in forest ecosystems.
- Minimizing roads to maximize growing potential from a carbon perspective, i.e. conversion of deactivated road to productive forests in certain circumstances creates viable growing site.
- Review of how carbon is stored in trees and wood densities by species.
- How quickly CO2 is taken up on a hectare from initial reforestation to age 80 years.
- Summary -carbon uptake and storage on the DFA is positive and current practices of reforestation enhance carbon uptake and storage in forest ecosystems.

Rick Avis a long-time member of the AG gave an update on Painted Turtles – Port Alberni has some of the largest populations on the island. The population went from endangered to threatened in our area.

In September WFP staff and AG volunteers spent time at the annual Fall Fair helping to communicate sustainable forest management and CSA certification locally.

November saw more education opportunities and the level of commitment for the community though the AG.

- An update on CSA from Will Sloan, WFP's Certification Coordinator.

Tyson Berkenstock, WFP's Stewardship Forester presented on the Role and Importance of Wetlands - a Mandatory Discussion Item

- The AG reviewed Wetlands and the Carbon cycles and were reintroduced to the Edatopic Grid – a tool used by foresters to define ecosystems
- Tyson also introduced the AG to the Classification of Wetlands

**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 other areas that may be of interest to groups. Over the past year WIWAG continued to have guests attend meetings of interest and to extend invitations to participate.

WIWAG is a diverse 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 and commitment of WIWAG is quite extraordinary which include knowledge and expertise of sustainable forestry, fisheries, local areas, concerns, plants, trails, roads, and other items fostered from local knowledge of the DFA must be commended. Thank you. The level of volunteer time 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.

The company’s operational update is a significant component at the start of each meeting and provides an opportunity for dialogue. The broader company update illustrates the synergies 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.

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, Tseshahat, Halalt, Lake Cowichan First Nations; within the Maa-nulth First Areas of the Huu-ay-aht, Uchucklesaht, and Yuulu?ilʔatθ; 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.