Sustainable Forest Management Plan

2012 Summary Report
Port Alberni Forest Operation

Overview

Company performance

Western Forest Products Inc. (WFP) reported an improvement in safety but a reduction in operating results for 2012 over 2011. In safety, the twelve month rolling medical incident rate for combined company and contract operations decreased from 3.85 to 3.32. The Company generated a positive EBITDA of $50.6 million which is an 11 million reduction over 2011. The reduction was primarily a result of weaker world pulp markets which led to lower selling prices for pulp logs and by-products. In addition, WFP realized lower selling prices for export logs and incurred higher log costs as a result of difficult weather conditions. Despite these challenges, WFP achieved its highest sales in company history.

Port Alberni Forest Operation performance

Port Alberni Forest Operation (PAFO) started the year with an aggressive harvest plan to achieve its cut control target for the period 2008 to 2012. Safety performance declined as the Medical Incident Rate (MIR) increased from 4.02 to 6.28 in 2012 for combined company and contract operations. Safety improvement plans continue to evolve and target problem areas. One safety focus in 2013 will be to reduce the incidence of worker slips, trips, and falls.

Final harvest for PAFO was 1,495,346 cubic meters up from 1,210,053 cubic meters in 2011. This harvest represents 191% of the current allowable annual cut (AAC). The increased harvest in 2012 allowed the Operation to balance three years of under-harvest in the 2008-2012 five year cut control period. Harvest levels will drop in 2013 as a new cut control period begins within the framework of the lower AAC of 782,492 cubic meters.
Audit Results

No third party audits occurred at PAFO in 2012. The operation continues to make improvements to its monitoring practices as identified from previous audits.

Special Features (submitted by the Facilitator)

A tour was held in late September in Powell River for representatives from each of the WFP Public Advisory Groups. Four WIWAG members and the WFP PAFO Operations Forester attended. This was an opportunity for a broad group of AG members to introduce themselves, talk and hear presentations on the current state of WFP and the importance of CSA certification. Moreover, they participated in a discussion on the market place, an explanation of the CSA Technical Committee function, and an analysis of the future of the BC Forest Industry. The second day participants were treated to a comprehensive tour of the Stillwater Forest Operation and a demonstration/education of indicators functioning in the field.

The four WIWAG members that participated in the two day event then presented their thoughts, pictures and commentary of the tour to the entire WIWAG in November 2012. This was a great opportunity to offer both communication of events and a broad discussion on the event and recommendations for future presentations that WIWAG would enjoy.

Report on Indicators

The year 2012 was the second year under the new plan and standard. AG members continue to stress a greater understanding of the plan and reporting. Targets or variances were met on all 45 indicators subject to the following clarifications:

- Indicator 3.2.A: *Watershed Condition* was re-written to report landslide frequency data measured every three years. The previous indicator could only be measured every ten years and was therefore not as responsive to describing watershed condition.

- Indicator 1.1.2: *Forest Area Species* has targets and variances by tree species. Not all targets or variances by species were met but the result can be mainly explained by a significant
change in the area of the DFA. Given the change in the DFA, 2012 will become the new baseline for describing this indicator 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:

- Presentation /discussion on the the gene pool of native seed stock, and genetically modified organisms (GMOs) and the associated regulatory/policy requirements
- FP Innovations presentation about converting forest biomass into bio-energy, bio-chemicals and bio-materials. The focus was on the economics and technology of converting wood and wood residues into bio-products.
- Presentation on Undercut Harvest; the AG gained a better understanding of the 5 year cut control period in which the AAC can be harvested and the ramifications for WFP if AAC cannot be met.
- Detailed Indicator and Results (referred to as the Data Set Review)
- Satisfaction Survey/and results
- Log Export outlining scenarios (no export and partial export). The AG was invited to complete a questionnaire before and after the presentation to evaluate the level of understanding.
- Evaluation of presenters
- Fall Fair Booth 4 day event with WIWAG and WFP
- National Forestry Week information booth
- Continuous development of the SFM Plan and associated management strategies under the new standard

Member/Representative Highlights (submitted by Facilitator)

Two new WIWAG members joined which include; an alternate from The Alberni Clayoquot Regional District and a new Watershed/Fisheries representative from West Coast Aquatic. WIWAG and WFP value all members of the public, additional invitations continue to be extended to local business, economic development, tourism industry and the Alberni Clayoquot Regional
District for WIWAG presentations. An open invitation is posted on the website for the general public to attend WIWAG meetings.

WFP responded quickly to WIWAG member concerns on timber harvesting near a recreational trail within the DFA. The AG appreciates the conscientiousness and transparency in which WFP operates and responds. A tour/walk was quickly organized and concerns were addressed. This was a great demonstration of the AG function and relationship with WFP. WIWAG continues to represent a broad ranging group of interested parties committed to communication and expressing a variety of views. A comfort level exists to approach any and all areas of concern or appreciation. WFP demonstrates a willingness to provide education and expertise whenever required which aids both the company and the AG towards continual improvement and understanding of the SFM Plan and system. The longevity and success of WIWAG demonstrates this close working relationship.

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