

DEFINING A HIGHER STANDARD



2020 SUSTAINABILITY REPORT



Western Forest Products
DEFINING A HIGHER STANDARD®

A photograph of a modern, single-story house with a light-colored, possibly wood-clad exterior. The house features several large, dark-framed windows and a long, horizontal profile. In the foreground, a swimming pool with clear blue water is visible, surrounded by a light-colored patio. A large tree with yellowing autumn leaves stands prominently in the right foreground, partially obscuring the house. The ground is covered with fallen yellow leaves. A semi-transparent green rectangular box is overlaid on the lower right portion of the image, containing white text.

About Our Report: This report covers Western's 2020 sustainability performance, and our approach to managing our sustainability topics.

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14.2 MILLION TONNES OF CO2 EQUIVALENT

was removed from the atmosphere through Western's activities during 2018 and 2019. This is the equivalent of taking
1.54 million
cars off the road per year

100%

of our managed tenures
are third party certified



27%

increase in
BIG TREES
we have
conserved
since 2019

Within our tenures

747,959

**Hectares (or 44%)
are conserved**

– the equivalent of –
1.4 million football fields

100%

Identified wildlife features retained
including bear dens and birds nests



70%

OF OLD GROWTH
FORESTS WITHIN
WESTERN'S TENURES
ARE CONSERVED

23%

REDUCTION in our
Company Medical Incident Rate
compared to 2019

4X

**INCREASE IN
NEAR-MISS
REPORTING
SINCE 2017**

Increase in
near-miss reporting
helps proactively
identify hazards
before they become
incidents – helping
keep our
employees safe

\$796 million

In employee wages and
benefits paid since 2017
– **supporting our people
and communities**

29

Active
agreements
with
FIRST NATIONS
or First Nations
associations

38%

Percentage of
WOMEN
board directors
and
executive officers

50

Number of supported
recreational sites
on the BC Coast

\$1.6 million

In community
investments since 2017

A MESSAGE FROM

PRESIDENT AND CEO, DON DEMENS



At Western, our team is working hard every day to ensure our operations are sustainable and designed with the future in mind. While we are always striving to be better, our company is fortunate to be pursuing our sustainability strategy from a position of strength. This is because we supply wood products and wood is a natural, renewable resource.

Without question, 2020 was a challenging year as a result of the COVID-19 pandemic. Our company had just resumed operations following a seven-month labour dispute when COVID-19 arrived. There were unique challenges to be worked out, but we persevered. Western employees remained focused on our core values, including health and safety; environmental stewardship; building respectful and mutually beneficial relationships; and seeking continuous improvement.

Building on that strong foundation, our team is advancing sustainability through best-in-class forest management and harvesting practices and by supplying high-value wood products for our diverse customer base. We are also investing in communities by providing skilled jobs and forming business partnerships designed to deliver long-term economic growth and benefits for all. This includes our partnership with the Huu-ay-aht First Nations, who recently increased their beneficial ownership in our TFL 44 Limited Partnership. This unique business model allows Western to support reconciliation while we achieve our joint vision of revitalizing the forest sector in the Alberni region for the benefit of existing and future generations.

Throughout the year, we continued to work together to realize our company-wide goal of a zero-incident workplace. Because safety is so entrenched in our company's DNA, our team confronted the workplace challenges posed by COVID-19 with impressive agility. By introducing effective health and safety

protocols and training programs, our employees protected one another from coronavirus transmission. I am pleased to share that their dedication resulted in zero work-related COVID-19 transmissions in our operations in 2020.

We are proud to be a company with a net positive carbon balance. We have modelled the impact of our business and demonstrated that through the sustainable management of forests and supply of renewable wood products, more carbon is sequestered out of the atmosphere than is emitted through our activities. By growing seeds and seedlings and planting them in our sustainably managed forests, sourcing supplies from sustainable producers and manufacturing long-lived wood products, we are not just producing the greenest building products in the global marketplace, we are also contributing to an effective solution to mitigate climate change.

Last year will be remembered as the year Western employees pulled together and showed their mettle as they adapted to new ways of working amid a global health crisis. Despite this unprecedented period, our team never stopped looking for opportunities to become an even more sustainable company. I commend their dedication and extend my heartfelt gratitude for their leadership and contributions.

Our 2020 Sustainability Report details our commitment to being positive contributors to a healthy planet. We look forward to building on the progress made in 2020 and continuing to embrace sustainability as central to our business. As always, I welcome your feedback.

Don Demens
President and Chief Executive Officer

WESTERN – WHAT DEFINES US

Western Forest Products Inc. (“Western” or “the Company”) is a global specialty wood products company operating primarily on the coast of British Columbia (BC) and Washington State. To achieve our vision of providing the most sustainable building products on the planet, our business integrates sawmilling, remanufacturing, and procurement with sustainable forest management.

We provide high-value specialty wood products used around the world in a wide range of applications. It is likely you have seen our products in outdoor living applications, structural components or architectural features. We are proud that our products are not only naturally beautiful, durable and functional, but sustainable too. Wood is the only major building product that is a renewable resource. Wood has the added benefit that it stores carbon, for as long as the wood products last. Builders, architects, homeowners and other customers across the globe choose our products for their beauty and environmental benefits.

We employ approximately 3,500 people, including contractors. It is the talents and commitment of this team, supported by a strong safety culture, that earn customer loyalty and drive our sustainable performance.

Western is a public company, listed on the Toronto Stock Exchange (TSX) under the symbol WEF, and headquartered in Vancouver, Canada. In addition to our operations in BC and Washington State, we have sales offices in Japan and China.

OUR VISION

To provide the most sustainable building products on the planet.



OUR VALUES

- *We are committed to personal safety, sustainable management and environmental stewardship*
- *We behave with integrity, passion and transparency*
- *We seek mutually beneficial relationships*
- *We are dedicated to a culture of accountability and continuous improvement*

WESTERN – WHAT DEFINES US

SUSTAINABILITY AND ACCOUNTABILITY

Governance

We recognize that strong and effective corporate governance is an essential component of creating a solid and sustainable future.

Our Board of Directors (Board) has the ultimate oversight for sustainability at Western. The Board ensures Western remains committed to the highest standards of legal and ethical conduct and that our corporate governance policies and practices meet or exceed applicable regulatory requirements. Our commitment has contributed to Western being recognized with a top governance score from Institutional Shareholder Services (ISS).

The Nominating and Corporate Governance Committee is the Board committee with direct oversight of our stewardship responsibilities, while the Environmental, Health & Safety (EHS) Committee has direct oversight of EHS policies and practices to ensure compliance with applicable EHS legislation.

Core documents in our governance framework include our:

[Anti-Bribery and Anti-Corruption Policy](#)

[Code of Business Conduct and Ethics](#)

[Diversity and Inclusion Policy](#)

[Environmental Policy](#)

[Health & Safety Policy](#)

[Human Rights Policy](#)

It is important for Western that our governance reflects the diversity of our communities. In 2020, we established a [Diversity and Inclusion Policy](#) to support us in maintaining a diverse executive team and Board. The policy ensures specific consideration for diverse candidates is integrated in our recruitment and succession practices. Our Board has a high level of gender diversity compared to other Canadian public companies as 37.5% of our Board members are women.

“Operating sustainably goes beyond environmental stewardship and social responsibility programs. It also extends to implementing a purpose-driven corporate strategy that creates value for greater benefit over the long term.

At Western, this way of operating is anchored in the company’s clear and compelling vision of providing the most sustainable building products on the planet. Delivering on this vision creates customer value and, in turn, business success which fuels Western’s ability to create jobs, invest in employee growth and development, contribute towards strong and healthy communities and reward shareholders.

The commitment to sustainability is at the forefront of how Western operates, with oversight at the executive and ultimately at the Board level. The Board of Directors oversees Western’s management team’s implementation of its strategy while maintaining the highest standards of ethical conduct – setting a strong foundation for long-term success.”

Michael Waites, Chairman, Board of Directors



Sustainability and engagement

Management of our material sustainability topics is shared amongst our management team, embedded in policies and practices and informed by our engagement activities. Engagement refers to all our efforts to listen, understand, and collaborate with stakeholders and to partner with First Nations and respect the rights and title of Indigenous communities. A selection of our key 2020 engagement topics are listed on page 11. Western operates within the traditional territories of more than 45 First Nations in BC and we are committed to meaningful engagement and long-term relationships built on the mutual respect and understanding of each others' interests. [Read more in Indigenous Relationships.](#)



In addition to our ongoing efforts, we seek feedback directly from those familiar with Western on the quality of our sustainability reporting. This helps us focus our reporting on the topics that matter most and ensures that our reporting is meaningful and accountable. In 2020, we engaged independent consultants to conduct interviews, including with many who had contributed feedback to our 2019 report. Through that process we learned:

Stakeholders saw that their input was used.

Repeat interviewees believe their input was considered.

Stakeholders had positive impressions of our reporting.

Impressions of the 2019 report were favourable. Interviewees noted the forthright tone and the comprehensiveness and quality of information.

There is still room for improvement.

Stakeholders took time to identify specific areas where they wanted more information or to have information presented in different ways to promote

understanding. This is highly valuable to us and we believe the current report reflects how we have integrated stakeholder feedback. Some suggestions included:

- Add information on the carbon cycle.
- Provide more metrics in the Indigenous Relationships section.
- Highlight community investment and community stories.

Topic priorities are consistent with 2019.

Interviewees continued to rate climate change, sustainable forest management and community impacts as important topics.

2020 engagement topics

INDIGENOUS PEOPLES AND STAKEHOLDER GROUPS	KEY TOPICS
INVESTORS Institutional investors Other equity holders	<ul style="list-style-type: none"> • Business and financial performance • Environmental, social and governance management and practices • Operating environment • Climate change
WORKFORCE Union Non-union Full and part-time employees Contractors	<ul style="list-style-type: none"> • Health and safety • Sustainable practices • Business performance • Compensation and benefits • Learning and development
COMMUNITIES Indigenous communities Non-Indigenous communities Public advisory groups Community-based groups Interest groups	<ul style="list-style-type: none"> • Health and safety • Community investment and economic development opportunities • Sustainable forest management practices and certification • Reconciliation and First Nations partnerships and agreements • Local procurement and employment • Carbon and climate change • Recreation access
CUSTOMERS	<ul style="list-style-type: none"> • Products and product development • Marketing • Green building and carbon storage • Sustainability of wood products • Supply chain • Education, supporting end use applications
EDUCATIONAL INSTITUTIONS Academic institutions Research organizations	<ul style="list-style-type: none"> • Training and work programs • Mentorship opportunities • Research partnerships • Forest management
GOVERNMENTS Municipal County Provincial State Federal	<ul style="list-style-type: none"> • Health and safety • Community relationships • Sustainable practices • Business practices • Employment and skills training • Sustainable forest management • Regulatory policy

2020 OVERVIEW

Strengthening our business

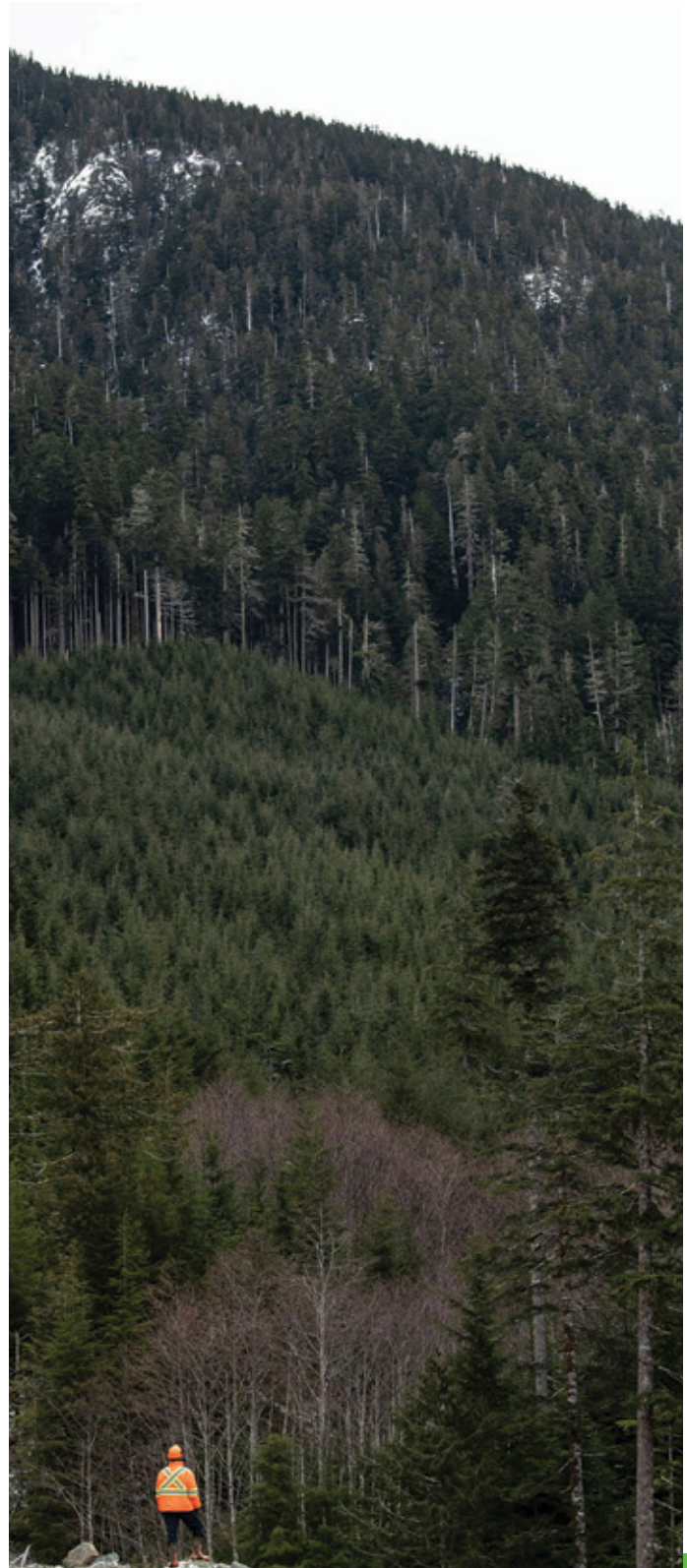
As we were publishing our 2019 Sustainability Report, the COVID-19 pandemic was just beginning. In many ways, the pandemic – and more importantly, our response to it – shaped 2020 for Western. As people spent more time at home, unprecedented demand grew for building products. Our people worked hard to replenish the inventories that had been depleted during last year's strike and to respond to the increased demand by transforming our product lines to support our North American customer base. We also launched new customer-facing brands in North America to support our strategy of supplying more finished products targeted to the end user.

Creating opportunities for coastal First Nations in BC that advance reconciliation through business partnerships is an important part of our strategy. In 2020, we reached a new agreement with the Huu-ay-aht First Nations for an increase in their beneficial ownership in TFL 44 Limited Partnership and their intent to acquire a beneficial ownership interest in Alberni Pacific Division Sawmill. We also broadened our long-term relationships with other coastal First Nations. [Read more in Indigenous Relationships.](#)

We concluded a new five-year Collective Agreement with United Steelworkers Local 1-1937 union (USW), bringing an end to the labour dispute that curtailed operations in the second half of 2019 and beginning of 2020. Building on the progress that we made to reach a negotiated settlement, we jointly implemented the Collective Agreement. We continue to work together to move our company forward. [Read more in Our Workforce.](#)

Responding to the pandemic

Our team demonstrated how our focus on safety allowed us to deliver benefits to our communities and our customers.

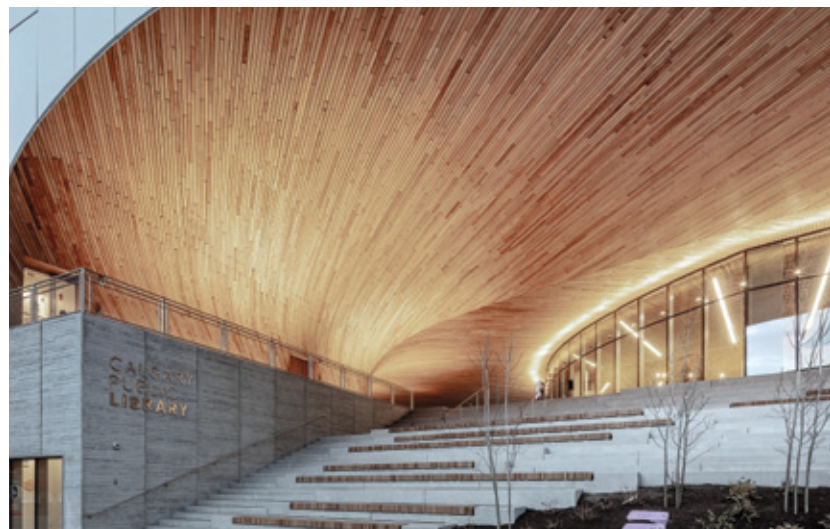


2020 OVERVIEW

Our Health and Safety team responded quickly to develop the necessary safety protocols and ensure the appropriate exposure control measures were implemented to help keep our people and our communities healthy and safe. [Read more in Health and Safety.](#)

The pandemic had a significant effect on coastal communities. With so many gatherings curtailed, people turned to outdoor recreation for respite and relaxation. We heard that the investments Western makes in maintaining recreation sites and access roads were greatly valued. Many individuals and families in our operating areas experienced a steep drop in income during this time. Western responded with donations for community food banks and other support. Our designation as an essential service in both Canada and the United States (US) enabled us to continue operating to support our customers, provide employment and contribute to communities in a challenging year. [Read more in Communities.](#)

We were also able to meet our target of planting 4.9 million trees while playing a leading role in the implementation of new safety rules and regulations for tree planters. [Read more in Sustainable Forest Management.](#)



Nurturing resilience

Building a customer-focused business based on sustainable products and business practices requires resilience. Our ability to quickly adapt and navigate challenges and our focus on continuous improvement fuels long-term value creation and continuous improvement across all aspects of our business. At Western, resilience is rooted in our values, leading forest management practices, Indigenous and community relationships, the adaptability of our skilled workforce and our flexible operating platform. In this report, we will share the management practices, stories and results that embody the many ways Western is nurturing resilience.

MATERIAL SUSTAINABILITY TOPICS

Our material sustainability topics were established in 2018 in our inaugural report. Our 2020 material sustainability topics were further informed by external outreach.

- 1. Health and Safety**
- 2. Our Workforce**
- 3. Sustainable Forest Management**
- 4. Climate Change**
- 5. Indigenous Relationships**
- 6. Communities**



HEALTH AND SAFETY

MATERIAL SUSTAINABILITY TOPIC

The health and safety of our employees is a core value and our highest priority.

We recognize our long-term business success is interconnected with our safety performance. A safety incident can have serious implications for our employees, contractors, families, and communities. The forestry sector requires a highly skilled and responsible workforce to operate safely. We are committed to providing a safe and healthful workplace and the training necessary to help identify and mitigate hazards to prevent injuries.

In 2020, following the end of the USW labour disruption and again in response to the COVID-19 pandemic, we took additional measures to support the health and well-being of our people to ensure we could safely restart and continue operations.

Managing health and safety

Our leaders are committed to safety.

- Our vision is a zero-incident workplace.
- Western's Health and Safety ("H&S") Policy sets out our belief that safety is a shared responsibility and details our commitments to providing a safe and healthful workplace, managing hazards, and mitigating risks.
- Compliance with the H&S Policy is a condition of employment.
- Our CEO and executive team oversee our commitment to safety and ensure resources are available to implement our Health and Safety Management System (HSMS) and provide for necessary safety training.
- Our Board's Environmental, Health and Safety Committee reviews health and safety performance quarterly.

We are building a strong safety culture.

- Safety is a shared responsibility at Western and we invest in safety development and training for our people at all levels.
- Leaders are enrolled in our Safety Leadership Development Program to ensure they are equipped to manage hazards and reduce risks.
- We provide our workers with the resources they need to work safely and



support their active participation in job-specific training, regular refresher training, and regular safety meetings.

- Salaried employees receive online safety training through Western Learning, our online learning system, where they receive safety orientation and compliance training.
- Contractors are expected to meet Western's safety standards. Western's timberlands operations employ approximately 170 contractor companies to assist in performing approximately 50% of our harvesting activity.
- We use ISNetworld, a third-party contractor management platform, to ensure contractors remain compliant with contractual and regulatory requirements.
- We collaborate to improve industry safety. We work closely with regulators, industry associations and contractors to develop and implement best practices and to advocate for improvements to safety standards.

We use systems to help drive continuous improvement.

- Our HSMS is a consistent framework that standardizes processes to drive continuous improvement in safety performance across Western.
- The HSMS has elements to manage all aspects of safety performance such as inspections, incident investigations and corporate safety standards. It covers all regulatory requirements in the jurisdictions where we operate.
- We regularly review our safety performance to identify trends and implement corrective actions where necessary.

We measure and audit our safety performance.

- We use leading indicators (e.g., near miss reporting) and lagging indicators (e.g., Medical Incident Rate (MIR)) to monitor progress, set targets, and measure performance.
- Safety performance at our Canadian operations is externally audited and we are SAFE certified by the BC Forest Safety Council. Our US operations are held to US Occupational Health and Safety Act (OHSA) regulatory standards. In addition, our Columbia Vista Division in Washington State has achieved OHSA Voluntary Protection Program certification.



What's new in 2020?

In February 2020, our USW-represented, BC-based manufacturing and timberlands operations began a gradual return to work following a labour disruption. All frontline supervisors received leadership and communication training so they were equipped to support workers return to the job following an extended period away. Workers participated in a comprehensive safety

orientation and spent time reacclimating to their work environment with the support of their supervisor. This helped raise the spatial and situational awareness required to do their jobs safely. Mills gradually ramped up to full production over a two-week period. Our slow, measured start-up supported a physically and psychologically safe return to work for our employees and contractors. Our timberlands personnel participated in similar safety orientations and training tailored to their work environment.

The COVID-19 pandemic began in the midst of our restart and Western was designated as an essential service. We curtailed manufacturing facilities in BC for one week in March to implement enhanced health and safety protocols. We developed a COVID-19 Exposure Control Plan (ECP), and all senior leaders, operations management, supervisors and employees were immediately trained on the plan. Our protocols include requirements for face coverings, travel restrictions, limiting site access to essential personnel only, physical distancing, and increased cleaning and sanitization. We leveraged our investments in technology to move to a work from home model for those employees able to do so. We also created a cross-functional COVID-19 task force to steer our response and reinforce our ECP, which continues to evolve with public health guidance. In 2020, no COVID-19 work-related transmissions occurred at Western operations.

To enhance our safety practices, we introduced a Hazard Identification Card as a tool for employees to assess their work environment to identify, record and correct hazards. It is one example of how we are proactively mitigating risks and eliminating hazards before they lead to injuries.



2020 Results

Company Safety Performance

METRIC	2020 ²	2019	2018
Medical incident rate¹ — Company total	2.54	3.30	3.17
Medical incident rate — Timberlands company	2.06	3.73	2.44
Medical incident rate — Manufacturing company	3.27	3.66	4.07
Fatalities	0	0	0
Near miss reporting	442	312	127
H&S Audit scores	Timberlands: 98% Manufacturing: n/a due to COVID-19	Timberlands: 99% Manufacturing: n/a due to Strike	Timberlands: 93% Manufacturing: 94%

¹ Medical Incident Rate: the number of incidents per 100 employees per year. Includes incidents where medical treatment is required. Classification of incidents is aligned to OSHA guidelines.

² Updated from previously disclosed values as a result of items subsequently reported or reclassified through investigation.

In support of our company goal of achieving a zero-incident workplace, we set annual safety improvement targets. In 2020, we met our safety improvement goal to reduce MIR. The Company MIR decreased by 23% from 2019, meaning we had fewer incidents that required medical treatment at Western-operated timberlands operations and manufacturing facilities.

Contractor Safety Performance

METRIC	2020	2019	2018
Medical incident rate — Contractor total	4.15	1.80	3.31
Medical incident rate — Timberlands contractor	4.11	2.02	3.16
Medical incident rate — Manufacturing contractor	5.42	0.00	5.14

We monitor and support the safety performance of our contractors. In 2020, we placed several contractors on Safety Improvement Plans with continual monitoring and feedback to help drive improved safety performance.

In 2020, we met our company goal to increase near miss reporting. The near miss reporting increased by 42% over 2019, indicating a continued positive trend in our employees proactively reporting hazards before they become incidents. Each month, our timberlands and manufacturing teams reviewed high potential near miss incidents to share lessons and best practices across operations. An increase in near miss reporting and a decrease in injury rate is evidence that our safety culture is strengthening, and we are making progress on our journey towards becoming a zero-incident workplace.

Looking ahead

In support of our goal of achieving a zero-incident workplace, we have set a target of reducing our company MIR by 15% in 2021 relative to 2020. In 2021, we will expand our incident reporting to include Total Incident Rate (TIR) reduction targets. We will enhance our proactive reporting by measuring the use of our recently implemented hazard identification tool. In addition, we will deliver the next phase of supervisor training in Western's Safety Leadership Development Program.

"Defining a higher standard takes on great significance when applied to Western's commitment to safety. When the pandemic hit, we already had solid risk assessment protocols in place. This enabled our team to quickly form a company-wide task force and implement a COVID-19 prevention strategy based on the latest guidance from health officials."

Fully engaging employees is a cornerstone of our safety culture. The reason Western has a zero COVID-19 infection count on the job in 2020 is because every single employee has done their part and continues to take accountability. They've demonstrated a tremendously resilient attitude, successfully operating in these new conditions."

Mary Forster, Director, Health and Safety



OUR WORKFORCE

MATERIAL SUSTAINABILITY TOPIC

People are our greatest asset. We recognize that in an industry that requires highly qualified workers, our ability to attract, develop and retain diverse and skilled employees is vital to Western's long-term success. To be an employer of choice, we invest in our people through training and development opportunities, as well as provide competitive compensation. We work to create an inclusive and respectful workplace which integrates a wide range of people and perspectives to enhance our business performance.

We also recognize the importance of building mutually beneficial relationships with our employees and labour partners to ensure a sustainable workforce and operational certainty. Moving forward together from the labour disruption is important to us and to communities where Western operates. This was a key focus area for 2020 and one that will continue.

Shortly after the onset of the COVID-19 pandemic, Western's operations in Canada and the US were designated as an essential service. This enabled us to continue to provide thousands of family supporting jobs, deliver products to our customers and support our communities. We adapted our work environments and leveraged our investments in technology to enable employees to work from home where possible.

Managing our workforce

Our values and policies provide the foundation for an inclusive and respectful work environment.

- Our Human Rights Policy outlines our commitment to diversity, anti-discrimination, and fair working conditions.
- These commitments are integrated into our recruitment, promotion, training, and rewards processes.
- We are focused on increasing underrepresented groups in our workforce, including women, Indigenous peoples, and minorities.

We invest in the potential of our people.

- We provide on-the-job training, and support for education, and use Western Learning, our online learning management system, to help deliver courses to support our employees' learning and development.



- We offer development opportunities and promote from within to offer long-term and diverse career opportunities.
- We partner with post-secondary institutions to offer training and internship programs and then actively recruit participating students.

Our compensation approach focuses on total rewards.

- We are committed to providing market-competitive total compensation. This includes base salaries, pay for performance bonuses, and an employer funded pension plan for salaried employees in Canada and a 401K in the United States.
- We offer extended benefits that promote well-being, including various job protected leaves, and maternity and parental leave top up.
- We promote employee wellness, including providing an Employee and Family Assistance Plan for all employees.
- Unionized employees receive competitive wages and benefits including jointly sponsored pensions plans and Group Registered Retirement Savings Plans.

We support freedom of association and collective bargaining.

- Western has collective agreements (CAs) with the United Steelworkers (USW) and Public and Private Workers of Canada (PPWC), representing nearly 70% of our workforce and most of our hourly workers in BC.
- The CAs define wages, benefits and working conditions.
- CAs outline many areas where we collaborate with our unions to ensure a safe and healthful work environment.
- In addition to our CAs, we collaborate and jointly advocate with union leaders on issues of mutual benefit and interest.



What's new in 2020?

Western has long been committed to ensuring we have a wide range of perspectives to help inform business decisions. These commitments to diversity and inclusion are captured in our Code of Business Conduct and Ethics and Human Rights Policy. As diversity and inclusion became a prominent societal topic throughout the events of 2020, we implemented a standalone Diversity & Inclusion Policy defining our commitment to a diverse Board and executive team. We will advance our commitment to increasing diversity and inclusion in 2021.

In February 2020, we reached a negotiated settlement with the United Steelworkers Local 1-1937, which represents approximately 1,500 of our hourly employees and approximately 1,500 additional employees working for our timberlands' contractors. The negotiated agreement set the stage for more collaborative labour relations. Western provided training to all leaders to equip them to facilitate a safe return to work for all employees following the USW strike.

In September 2020, we made the decision to explore transitioning our harvesting and sorting activities in Tree Farm Licence 19 (TFL 19) to a third-party contractor. As the forest industry has long relied on highly-skilled, well-trained contractors for its operations, this



decision was based on the success of this approach in other operating areas of our business. A projected reduction to the Allowable Annual Cut (AAC) in TFL 19 combined with a short harvest season due to weather made it necessary to find new ways to operate sustainably. This new partnership helps keep our business sustainable, and in turn supports stable employment for USW members, contractors and communities. We recognized that the change in our business model would raise questions for our employees and stakeholders and that is why we engaged them early and often in the



process. We consulted with the Union on the selection of the contractor. The agreement outlines how hourly employees will transition to become employees of the selected contractor. Employees are kept whole as they retain their seniority and there are no impacts to pay, benefits or pension as a result of the change. We will continue to work collaboratively with the USW and the selected contractor. As part of this transition, we also reached out to First Nations and community stakeholders.

2020 Results

In both 2019 and in 2020, our employee workforce decreased by approximately 3%, consistent with typical operating fluctuations.

We utilized our Western Learning platform to ensure continuity for our training programs during COVID-19.

Workforce by geographic area in 2020¹

	CANADA			US			ASIA		
	M	F	U ²	M	F	U	M	F	U
Salaried Employees	302	176	12	24	11	-	3	5	-
Hourly Employees	1,367	75	34	136	8	-	-	-	-
Total Employees by Gender	1,669	251	46	160	19	-	3	5	-
Total Employees	1,966			179			8		

Global workforce by gender

2020			2019			2018			% CHANGE 2019 - 2020		
M	F	U	M	F	U	M	F	U	M	F	U
329	192	12	337	175	13	356	184	4	(2)	10	(8)
1,503	83	34	1,577	85	24	1,624	100	14	(5)	(2)	42
1,832	275	46	1,914	260	37	1,980	284	18	(4)	6	27
2,153			2,211			2,282			(3)		

¹ Workforce data as of December 31, 2020. Data excludes contractor employees. Western has approximately 170 contractors.

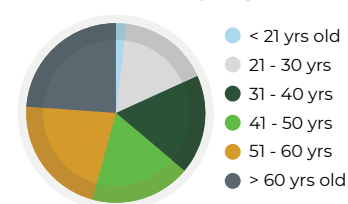
² Unspecified refers to employees who did not disclose their gender at time of hire.

Western workforce demographics

All age groups are well-represented in Western's workforce. The average employee is 48 years old and has been with the company for 13 years.

In total, 13% of our employee workforce is female. In 2020, we saw a 6% increase in the number of female employees over 2019.

Workforce by age



Looking ahead

In 2021, we will deliver a Diversity and Inclusion strategy that includes cascading our executive and board level Diversity and Inclusion Policy to more levels of the organization. As we continue adapting to COVID-19, we will enhance and formalize a Remote Work Policy. We will also conduct an Employee Engagement Survey to gather ideas and feedback from our team. We will use the results to develop a baseline and create action plans to help drive continuous improvement in the critical areas influencing the experience of Western employees.

Female workforce

↑6%
2020 vs 2019

Building strength through people

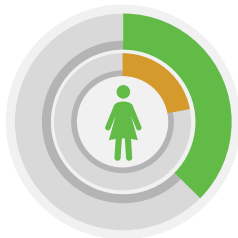
Senior Vice President of Human Resources & Corporate Affairs, Jennifer Foster, provides her perspective on fostering diversity and inclusion at Western

How can Western benefit from a workforce with diversity of race, ethnic origin, colour, religion, age, sexual orientation, gender identity, gender expression, family status, disability and other personal or cultural characteristics?

Jennifer: “Promoting diversity and inclusion in our workforce helps establish a sense of belonging amongst employees. When you belong, you feel valued. When employees feel valued, it contributes to the depth and breadth of thought, encouraging more innovative ideas and creative problem solving. This leads to increased employee engagement. Folding all of these perspectives into our shared visions and values strengthens our commitment to defining a higher standard, and leads to better business decisions and stronger company performance.”

37.5% of Western's Board members are women.

Women hold 21.5% of board seats among Canadian TSX-listed companies (among companies participating in the 6th Annual Diversity Disclosure Practices Report, Osler LLP. July 2020)



“We must be committed to welcoming and leveraging each person’s unique experiences and ideas.”

Jennifer Foster

What is Western doing to foster a diverse and inclusive work environment?

Jennifer: “In 2020, we established a new diversity and inclusion policy outlining our commitment to maintaining a Board of Directors and executive team composed of talented individuals with a collectively diverse mix of experience, skills and backgrounds. Western is also working on a company-wide D&I strategy, which includes promoting diversity during the recruitment process, alongside our careful consideration of the knowledge and skills of each individual. The other part of the equation is fostering an inclusive environment, where employees are encouraged and empowered to bring all parts of themselves to work, and contribute their perspectives to make a difference.”



FROM HEALTHY, RESILIENT FORESTS TO SUSTAINABLE BUILDING PRODUCTS

Recycle and reuse

Wood products are biodegradable and easily recycled for other uses giving wood a distinct advantage over concrete and steel as a building product of choice.



Carbon capture and storage

Western had a net positive carbon balance for 2018 and 2019, providing a natural climate change solution.

In 2018 and 2019, Western's activities, including the sustainable management of forests, resulted in:

14.2 million tonnes of CO₂e removed from the atmosphere



Durable wood products

We specialize in high-value specialty wood products with long lifecycles that continue to store carbon throughout the life of the product.



Responsible manufacturing

After the log is transformed into a product in our mills, the remaining sawdust, chips and bark are sent to pulp and paper manufacturers.

Wood products are less energy intensive to manufacture than alternatives, like concrete, aluminum and steel.

Naturally 100% renewable

Wood is the only major building product that comes from a naturally renewable resource.

4.9 million trees planted in 2020 throughout our tenures.



That represents **more than 3 trees** for every 1 tree harvested.

We are **the only** forestry company on the coast to operate a seed orchard and tree nursery.

Sustainably managed and certified

We source our wood from sustainably managed forests. The forests under our care and the products that come from them are **100% certified** to internationally recognized standards.

We practice variable retention, a harvesting approach that promotes biodiversity.

We were the **first** forestry company in BC to issue a **big tree policy**.

We use **100%** of the log that arrives at our mills.

SUSTAINABLE FOREST MANAGEMENT

MATERIAL SUSTAINABILITY TOPIC

On the BC coast, 75% of the productive coastal forest is conserved¹. This means, only 25% is available for sustainable timber harvesting².

In BC, we source a significant portion of our fibre from long-term tenures where we are responsible for sustainable forest management. We manage and invest in 1.7 million hectares of forested lands to achieve multiple objectives including biodiversity, cultural heritage and community values. We develop and implement plans that look 250 years into the future. We ensure that the natural species composition and genetic diversity of the forests that we harvest and regrow is sustained for generations without risk of deforestation. Our commitment to leadership in sustainable forest management is a core value and rooted in a comprehensive science-based conservation and stewardship strategy. In addition, we engage with [First Nations](#) through various forms of planning and approvals and we work with [communities](#) to understand and incorporate their input and values into our plans.

At our US and wholesale divisions, we have developed fibre sourcing standards to ensure fibre comes from legally harvested and sustainably managed forests.

Managing forests sustainably

We take a long-term view to managing the forests in our care. This includes everything we do from habitat planning and ecosystem conservation to timber harvesting, seed collection, growing seedlings, replanting and growing genetically diverse, healthy and resilient forests. We are committed to meeting or exceeding the Province



¹ Forest professionals classify forest which is legally protected or outside the timber harvesting land base as conserved.

² As defined by the Timber Harvesting Land Base (THLB), an estimate of the land available for harvest.

of British Columbia's forest management standards which are some of the most stringent in the world. The Allowable Annual Cut (AAC) for each crown tenure that we manage is determined through a well-established process that utilizes sophisticated modeling by qualified professionals and is ultimately set for the working forest by the Province to achieve the maximum sustainable benefit for British Columbians. Resource royalties ("stumpage" fees paid by companies) are paid on harvest and those fees are used to sustain and grow BC's public infrastructure like schools and highways.

Key elements of our approach to exceed provincial standards that continued in 2020 include:

Each harvest area is carefully designed by first determining what we leave behind.

We employ the variable retention silvicultural system on over half of the area we harvest, which is more than double the coastal BC average³. This approach produces future forest stands that more closely resemble conditions that develop after natural disturbances, maintaining greater diversity of habitats for a variety of organisms³. As part of this strategy, we plan first for what to leave behind in each area we harvest.

- We plan around features called biological anchors which, depending on the site, may include wildlife habitat such as bear dens, wetlands, or cultural features.
- We set targets for how much area is retained in each harvest area (cut block) based on regional ecosystem-based factors including risk of wind damage to retained trees.
- We employ our [big tree retention](#) standards to protect large diameter and exceptionally tall trees from harvest.

We work with First Nations as early in the planning process as possible.

- We engage with [First Nations](#) before harvesting begins to address their values.
- We design our planning and engagement processes to meet the unique needs and interests of indigenous communities.

We source from independently certified forests.

- In BC, the majority of our fibre supply is from our own timberlands and the remainder comes from external sources.
- We maintain sustainable forest management certifications in the forestlands Western manages, including the CSA Z809 Sustainable Forest Management Standard and the Sustainable Forestry Initiative Standard (SFI).



³ <https://ecologicalprocesses.springeropen.com/articles/10.1186/s13717-019-0181-9>

- When purchasing logs for our US operations we look for sources that are certified by the Sustainable Forestry Initiative (SFI), the Programme for the Endorsement of Forest Certification (PEFC) or Forest Stewardship Council (FSC). Our Columbia Vista Division in Washington State maintains both PEFC and FSC chain of custody certificates.
- We import Japanese cedar for fencing and outdoor living products, meeting all import regulations.
- We are externally audited every year in relation to our certifications.
- In Canada, extensive independent audits and inspections are completed by government bodies, including the Forest Practices Board.

We engage with Communities and Public Advisory Groups and share information with them.

- The CSA Z809 Sustainable Forest Management Standard includes a requirement for active public advisory groups (PAGs).
- Our five PAGs develop locally relevant indicators that are incorporated in our Sustainable Forest Management Plans.
- PAGs review both our plans and our performance and issue reports.

We grow more than we harvest each year.

- We replant the areas we harvest.
- We grow and harvest consistent with the species profile in the forests we manage.
- We manage planted areas until they are free to grow into vibrant forests.
- We plan for successive rotations of 60-80 years on average, ensuring we never run out of trees that are big enough to economically harvest and produce high-value products.
- We maintain our own seed orchard and tree nursery.
- We select seeds for reforestation that will thrive in a changing climate, contributing to resilient future forests.

BC Coastal old growth forests

Old growth forests, defined on the BC coast as forests older than 250 years of age, are cherished for their ecological, cultural, aesthetic, tourism and timber values. On the coast of British Columbia, we are fortunate to have an abundance of majestic old growth forests, the overwhelming majority of which have been set aside to be enjoyed by future generations.

- ▶ *Forest professionals classify forest which is legally protected or outside the timber harvesting land base as conserved.*
- ▶ *82% of the old growth on the coast of BC, an area equivalent to 1.2 Vancouver Islands, is set aside in parks and other conserved areas.*
- ▶ *Within Western's tenures, 70% of old growth forests are conserved to meet biodiversity objectives.*



We optimize production to fully utilize every log that arrives at our mills.

- From our manufacturing processes, we collect wood residues from sawing and planing operations (bark, chips, shavings and sawdust) and divert them to third-party producers for the production of pulp and paper or generating energy.
- Some woody debris from harvesting (roots, stumps and branches) is left on sites to decompose and nourish new growth. We are billed by the provincial government for wood waste determined to be surplus.
- Residual material from harvesting and sorting is routed to pulp and paper manufacturers, bioenergy plants, local firewood, garden soil or landfills.
- Disposal to landfills is minimized.
- We continuously look for ways to improve utilization of the resources in our care.

What's new in 2020

In September 2020, the Government of BC released the report, A New Future for Old Forests, following the Old Growth Strategic Review. Western engaged actively throughout the review. The government committed to consulting and partnering with First Nations as rights and title holders and working with stakeholders to implement the report's 14 recommendations. We believe that with the use of comprehensive data, science-based information and scenario testing, implementation of the recommendations will be achievable while sustaining a viable working forest. A sound framework that recognizes the climate change benefits of sustainable forest management and BC's global contribution of wood products, local socio-economic requirements and broader society needs would be a positive outcome of this review. We look forward to continued engagement to support the development of a science-based and data-driven strategy in collaboration with government and First Nations. Read more in [Climate Change](#) on how sustainable forest management and wood products are contributing to the global climate change solution.

We continue to advance our leadership in wildlife and biodiversity programs in key areas. This includes implementing an updated standard for applying variable retention harvesting. As part of this update, we will see a shift to larger retention patches within our harvest areas that range from a quarter hectare to greater than a full hectare with less use of single trees or small patches. Larger patches serve as refuge for species, such as carabid beetles and gastropods, such as snails. We are also implementing a new standard to augment the already significant protection of bear dens and eagle nests.

Water quality is important for biodiversity and communities. In 2020, we started the work to update and augment our approach to watershed management to better integrate terrain stability strategies into a cohesive program that standardizes the management of water quality from the watershed level through to detailed site level management. This includes working with an independent hydrologist to consider the future, such as the potential for more intense rainfall events.

2020 Results

Productive and non-productive forest land in Western tenures

Western's long-term tenures in BC consist mainly of forested lands that are considered productive. Non-productive forests represent 3% of the land base, and consist of small trees, such as high alpine forests, that are not suitable for timber production. Approximately a fifth of the land base is non-forested lands, which include roads, swamps, icefields and rock bluffs.



Land base	2020 hectares	%	2019 hectares	2018 hectares	2017 hectares
Productive Forest	1,297,954	77	1,303,323	1,306,397	1,306,114
Non-Productive Forest	56,316	3	59,302	56,981	56,501
Non-Forest	337,041	20	353,755	357,642	358,405
Total Land Base	1,691,311	100	1,716,380	1,721,020	1,721,020

This land base Western operates on is owned by the Province and claimed by the First Nations in whose traditional territories Western operates. Western has tenures in the form of Tree Farm Licences (TFLs), Forest Licences (FLs) and Timber Licences (TLs). The modest decrease in total land base from 2018 to 2020 was a result of the expiration of some timber licences and tenure boundary adjustments. We pay royalties to the Province based on the volume we harvest on these tenures.

Habitat conserved

Within our tenures, a significant amount of land (44%) is conserved under landscape level planning processes or for other ecological or cultural values, such as protection of riparian areas, visual objectives, terrain stability, fish habitat or other reasons. The area that is left after we meet our landscape level conservation objectives is what we call our harvestable land base.

Area based habitat conserved	hectares	Species-at-risk habitat conserved	hectares
Ungulate winter range	72,270	Great Bear Rainforest Class 1 grizzly habitat	23,769
Wildlife habitat area	34,602	Habitat conserved for Misty Lake Stickleback	35
Old growth management area	91,402	Nesting habitat conserved for Marbled Murrelet	202,038
Other forested area conserved	549,685	Nesting habitat conserved for Northern Goshawk	104,104
Total area conserved	747,959		
Percent of land base conserved	44%		

Some of the total area conserved is for species-at-risk - examples of which are included in the table titled 'Species-at-risk habitat conserved' above. The types of species habitat may overlap so we have not shown a total.

Stand level conservation

Within areas designated for harvesting, additional area is retained (not harvested) for biodiversity purposes. This is based on decisions by forest professionals and biologists while on-site. In 2020, this amounted to an average of 18% of the total cut block area being retained. Retention cut blocks are those where we practice retention silvicultural system, which is a system of harvesting that retains trees standing within a harvest area – avoiding large open areas. Western is a recognized leader in the use of this system and we practised it on 58% of our harvest area on average in the five-year period ending in 2020.

Retention implementation	2020 hectares	2019 hectares	2018 hectares	2017 hectares
Total cut block area	5,132	3,424	7,492	8,385
Total area retained within cut blocks	922	691	1,484	1,565
Percentage of available forest retained for stand level biodiversity in retention cut blocks	18%	20%	20%	19%
Percent use of retention silvicultural system (5 year rolling average)	58%	58%	61%	60%

We design long term plans for our harvesting activity and monitor to ensure we harvest the same mix of species as what occurs naturally in the forest according to long term management plans. Over the period 2017-2020, the proportion of each species in the forest we manage (our inventory) and the mix in our harvest was relatively consistent. The species harvested each year depend on what is growing in the area approved for harvesting, resulting in some year to year variation.

Inventory by species on Western's tenures

Forest inventory by species	2020	2019	2018	2017
Western hemlock	46%	46%	46%	46%
Amabilis fir	16%	16%	16%	16%
Western red cedar	15%	15%	15%	15%
Douglas fir	12%	11%	11%	11%
Yellow cedar	7%	7%	7%	7%
Sitka spruce	2%	2%	2%	2%
Other	2%	3%	3%	3%
Total	100%	100%	100%	100%

Certain prior period comparative figures have been reclassified to align with current period presentation.

Harvest by species

Harvest by species	2020	2019	2018	2017
Western hemlock	48%	47%	47%	46%
Amabilis fir	20%	15%	19%	15%
Western red cedar	17%	18%	16%	17%
Douglas fir	7%	13%	11%	15%
Yellow cedar	6%	5%	5%	5%
Sitka spruce	1%	1%	1%	1%
Other	1%	1%	1%	1%
Total	100%	100%	100%	100%

Replanting by species

The species we replant are matched to the species harvested, with allowance for some movement to anticipate climate change and forest succession. Our aim is to maintain the natural species profile over time. Some species such as hemlock fill in naturally and as the forest matures can begin to outcompete the other slower growing species. Therefore, we need to plant less hemlock proportionately than we harvest to achieve the desired future forest profile that is consistent with the natural condition of the forests that we manage.

Number of seedlings planted by species	2020	2020 %	2019	2019 %	2018	2018 %	2017	2017 %
Western red cedar	1,851,651	38	2,561,736	38	2,974,832	40	2,453,659	33
Douglas fir	1,643,094	34	2,035,616	30	2,364,623	32	2,178,719	30
Western hemlock	984,489	20	1,153,497	17	1,057,043	14	1,266,663	17
Yellow cedar	265,564	5	457,548	7	481,890	6	618,790	8
Amabilis fir	29,760	1	169,330	3	159,596	2	212,720	3
Sitka spruce	65,210	1	133,506	2	191,279	3	297,520	4
Other	56,077	1	203,799	3	193,370	3	355,130	5
	4,895,845	100	6,715,032	100	7,422,633	100	7,383,201	100

Certain prior period comparative figures have been updated to align with current period presentation.



Cumulative wildlife features retained

Our people are well trained to identify potential wildlife features, so that we can plan our activities around them. In 2020, we added 84 bear dens to our inventory of known dens. In all cases (but one) we were able to locate the dens in advance of harvest to leave a patch of forest around that provides shelter and avoids disturbance. Only one den was spotted during harvesting by an observant faller who acted to protect the den.

Northern goshawks are a species-at-risk and we take care to ensure we do not disturb their nests. We also search the area around known nests in case other nests are nearby. In 2020, we located and protected 13 more goshawk nests along with the continued protection of nests of other bird species.

		Annual Change	Cumulative at year end ¹			
Species	Feature	2020	2020	2019	2018	2017
Black Bear	Den	84	1,084	1,000	942	874
Grizzly Bear	Den	0	3	3	3	3
Bald Eagle	Nest	0	260	260	259	259
Great Blue Heron	Nest	1	35	34	27	26
Northern Goshawk	Nest	13	225	212	206	193
Osprey	Nest	0	4	4	4	4
Red-tailed Hawk	Nest	0	12	12	10	9
Sharp-shinned Hawk	Nest	0	7	7	7	6

¹ Certain prior period comparative figures have been updated to reflect subsequent data updates.

Big Trees conserved

Western has been conserving Big Trees since 2016. We have invested in Light Detection and Ranging (LiDAR) technology which has enabled us to take an inventory of every tree in our care. As of December 31, 2020, we had conserved 353 Big Trees, well in excess of the 50 required under the provincial Special Tree Protection Regulation. In addition, we are working to verify LiDAR measurements of more than 500 trees that are over 80 meters tall. Once confirmed through field measurement, these trees will be proactively retained through stand and landscape level retention.

	Annual Change	Cumulative at year end ¹			
Number of Big Trees	2020	2020	2019	2018	2017
Western-designated Big Trees	76	353	277	210	164

¹ Prior period comparative figures have been updated to reflect inclusion of trees identified prior to 2017.

Regulatory compliance

We were not issued any fines in 2020 for regulatory non-compliance incidents.

Non-compliance	2020	2019	2018	2017
Number of non-compliance incidents resulting in a fine	0	0	1	2
Value of fines	\$0	\$0	\$173	\$346

Looking ahead

Some aspects of our biodiversity program that were delayed by the pandemic will see further action in 2021, including completing recommendations presented by independent ecologists. This includes the verification of rare ecosystem retention areas.



CLIMATE CHANGE

MATERIAL SUSTAINABILITY TOPIC

Natural Resources Canada (NRCan) describes the “carbon cycle” as the constant movement of carbon from the land and water through the atmosphere and living organisms, including trees. NRCan emphasizes the vital importance of forests in the cycle for both storing and releasing carbon in a dynamic process of growth, decay, disturbance and renewal. They note that on a global scale over the past 40 years, forests have moderated climate change by absorbing as much as one-quarter of the carbon emitted by human activities, including the burning of fossil fuels¹.

As forests play such a significant role in the carbon cycle, the sustainable management of the world's forests is a key contributor for reducing greenhouse gases. According to the United Nations' Intergovernmental Panel on Climate Change (UN's IPCC), sustainable forest management - which includes harvesting, regeneration and the production of long-lived wood products - plays a vital role in mitigating climate change². Maintaining a diversity of species and age classes of trees including young, actively growing stands, helps sequester more carbon and makes forests more resilient to a changing climate. Substituting long-lived wood products that store carbon in place of non-renewable emissions-intensive building materials such as concrete and steel helps reduce the carbon footprint of our built environment.

Global awareness of climate change is growing. Investors, First Nations and stakeholders are increasingly seeking information from companies on their climate action. As a sustainable forest manager and high-value specialty wood products supplier, we are uniquely positioned to be part of the global climate solution.



Western's Annual Lifecycle Carbon Balance is Positive: More Carbon is Sequestered than Emitted

Western completed its first full lifecycle carbon balance assessment for 2018 and 2019. Here are the results:

- ▶ *Western managed forests store more than 1.4 billion tonnes of CO₂e in total.*
- ▶ *In each of those years, Western-managed forests sequestered 45 million tonnes of CO₂e from the atmosphere.*
- ▶ *During 2018 and 2019, Western's activities, including the sustainable management of forests, resulted in the removal of 14.2 million tonnes of CO₂e from the atmosphere. This is equal to removing 1.54 million cars from the road per year³.*

¹ <https://www.nrcan.gc.ca/climate-change/impacts-adaptations/climate-change-impacts-forests/forest-carbon/13085>

² Nabuurs et al. (2017) and Volkova et al. (2018) in International Panel on Climate Change (IPCC) Special Report *Climate Change and Land*, 2019

³ United States Environmental Protection Agency (2021). *Greenhouse Gas Emissions from a Typical Passenger Vehicle*.

Managing for climate change

Our management approach includes quantifiable measures that help us mitigate and adapt to climate change.

Mitigation

We mitigate climate change by sustainably managing forests and producing long-lived wood products in our manufacturing operations resulting in more carbon being absorbed from the atmosphere than is emitted through our activities.

- We focus on producing high value, long-lived wood products that store carbon.
- We regenerate healthy resilient, genetically diverse forests and manage those forests so that they can increasingly sequester more carbon than they release.
- We apply fertilizer and select seeds to enhance tree growth and increase uptake of carbon.
- We implement energy reduction initiatives in our mills through our Power Smart partnership with BC Hydro.

Adaptation

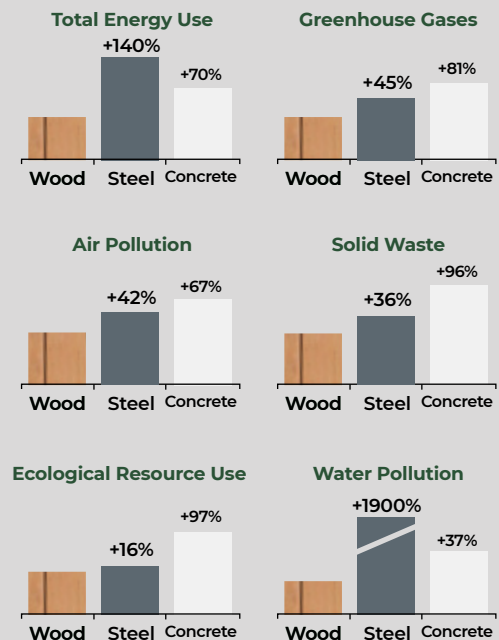
We adapt to climate change with a range of proactive practices that strengthen our resilience and the resilience of forests.

- We prepare for a changing climate through our regeneration practices, using Provincial Climate Based Seed Transfer Guidelines.
- We proactively manage the risks of drought, insects and disease through our silviculture practices.
- We adapt our resource road and infrastructure designs with consideration for the potential of increased flood events.
- We invest in reforestation ensuring that all harvested sites are fully stocked with the natural species profile and we monitor that growth to ensure reforested stands are free to grow into healthy resilient forests.
- We reduce fire hazard risk through fire hazard abatement activities, such as removing residual harvest debris from a site.



Wood products outperform steel and concrete from a sustainability perspective

Sustainability of Wood vs. Steel vs. Concrete*



* Source: ATHENA™ Sustainable Materials Institute life-cycle research via the Western Red Cedar Lumber Association

What's new in 2020?

In 2020, Western completed our first full lifecycle carbon accounting for 2018 and 2019. We estimated our carbon balance using well established and tested scientific and government models. These include:

- Carbon Budget Model of the Canadian Forest Sector⁴, which is the model used by Environment and Climate Change Canada for its National Inventory Reporting⁵
 - ▶ This model was derived by the carbon accounting team of NRCan, Canadian Forest Service and follows assumptions and methods established by the UN's IPCC.
- Carbon calculator tool⁶ of the BC Ministry of Forests, Lands, Natural Resources Operations & Rural Development
 - ▶ This model uses outputs from the British Columbia Harvested Wood Products Version 1 (BC-HWPv1) model which tracks and calculates the harvested wood products throughout their lifetime.
- Substitution effects using research from the Consortium for Research in Renewable Industrial Materials⁷ ("CORRIM")
 - ▶ This is derived through industry conversion factors based on research compiled by CORRIM.



2020 Results

We have approached carbon accounting from two perspectives:

- 1) Quantifying the **total carbon storage** within Western managed forests (both above and below ground), and

⁴Kurz, W.A., Dymond, C.C., White, T.M., Stinson, G., Shaw, C.H., Rampley, G.J., Smyth, C., Simpson, B.N., Neilson, E.T., Trofymow, J.A., Metsaranta, J., Apps, M.J. (2009) CBM-CFS3: A model of carbon-dynamics in forestry and land-use change implementing IPCC standards. *Ecological modelling* 220

⁵Environment and Climate Change Canada (2020). *National Inventory Report 1990-2018; Greenhouse Gas Sources and Sinks in Canada. Canada's Submission to the United Nations Framework Convention on Climate Change*. Library and Archives Canada.

⁶Dymond, C.C. (2012). Forest carbon in North America: annual storage and emissions from British Columbia's harvest, 1965-2065. *Carbon Balance and Management* 7/8

⁷Puettmann, M., & Lippke, B. (2020). The role of wood products and biomass energy in carbon stores and emissions. In Mike Cloughesy & Edie Sonne Hall (Eds.), *Carbon in Oregon's managed forests* (p.63-90). Oregon Forest Resources Institute.

2) Quantifying the **annual full lifecycle carbon balance** which includes the debits and credits to atmospheric carbon through Western's sustainable forest management practices, including:

a. Debits:

- Carbon harvested annually,
- Carbon released from forest decay, rot and decomposition (above and below ground), and
- Carbon emitted from harvesting and manufacturing processes.

b. Credits:

- Carbon sequestered annually through tree growth / photosynthesis
- Carbon stored in wood products, and
- Estimated carbon benefit from product substitution (i.e. using long-lived wood products versus other emissions intensive building materials such as concrete and steel).

Total carbon storage in Western managed forests

Gases that trap heat in the atmosphere are called greenhouse gases. Carbon dioxide (CO₂) is a greenhouse gas that enters the atmosphere through the burning of fossil fuels and other means such as certain chemical reactions including the manufacturing of cement⁸. Carbon dioxide is removed from the atmosphere by plants such as trees through photosynthesis. Through photosynthesis, plant cells convert the carbon from carbon dioxide to a solid form that is stored in live trees, dead trees, branches, leaves, roots, and soil. Oxygen, a non greenhouse gas, is released as a positive by-product of photosynthesis.



Forests and climate change – a lexicon

Climate change science has its own terminology. Here is how we use these terms:

► *Carbon storage – the “bank” of carbon that is locked up in forest soil and trees, and in long lived wood products*



► *Carbon sequestration – the annual amount of carbon added to the storage bank*

► *Substitution effect – avoided emissions from replacing energy intensive building materials with long-lived wood products*

► *Climate change mitigation – diminishing the impacts of climate change by reducing net emissions of carbon to the atmosphere*

► *Climate change adaptation – improving resilience to the impacts of climate change*

► *Carbon emissions are measured in carbon dioxide equivalent (CO₂e) metric tonnes or kilotonnes*

⁸ [https://www.epa.gov/ghgemissions/overview-greenhouse-gases#:~:text=Carbon%20dioxide%20\(CO2\)%20is,gas%20emissions%20from%20human%20activities.](https://www.epa.gov/ghgemissions/overview-greenhouse-gases#:~:text=Carbon%20dioxide%20(CO2)%20is,gas%20emissions%20from%20human%20activities.)

Using the NRCan model that follows the assumptions and methods of the UN’s IPCC, Western has quantified the total carbon stored within its managed forests. These forests are an enormous carbon bank, collectively storing more than 1.4 billion tonnes of CO₂e.

Total forest ecosystem carbon stocks (kilotonnes of CO₂e)

Carbon stocks	2019	2018
Trees	538,718	537,749
Soil	868,860	867,296
Total Ecosystem Stocks	1,407,578	1,405,045

Western’s Annual Full Lifecycle Carbon Balance

The amount of carbon stored in forests is only one part of our story. To determine whether Western’s sustainable forest management and manufacturing activities are positively contributing to climate change mitigation we also have to quantify the full lifecycle carbon balance.

Trees store carbon and release oxygen. Wood products store carbon in solid form and displace other emissions intensive products. Conversely, through forest decay CO₂ and other greenhouse gases are released back into the atmosphere. The same is true for the burning of fossil fuels currently used to harvest and manufacture wood products. To determine the balance between greenhouse gas storage and release, we need a common measure. In greenhouse gas reporting the standard measure is known as carbon equivalency or CO₂e. CO₂e benchmarks all greenhouses gases to their warming potential (or potency). This enables us to measure (in the same unit) the amount of greenhouse gas that are removed from the atmosphere and stored forests and wood products versus those that are released through decay or industry emissions.

Using the NRCan model in conjunction with the other models and research listed above, Western has quantified and determined that its sustainable forest management activities and lumber production activities resulted in an overall annual net positive CO₂e balance for both 2018 and 2019. This means more carbon was removed from the atmosphere through sequestration than CO₂e was emitted through decay and Western’s harvesting and production activities. In total, Western’s activities in 2018 and 2019 combined, including product substitution estimates, resulted in the removal of 14,211 kilotonnes of CO₂e from

the atmosphere. This is equal to removing 1.54 millions cars from the road each year⁹.

Total net carbon balance by forest ecosystem, and harvested wood products (kilotonnes of CO₂e)

Breaking it down, the positive net forest ecosystem uptake in both 2018 and 2019 indicates that more carbon was sequestered than was released through forest decay. The positive net harvested wood products uptake in both years indicates that the carbon benefits of removing trees through harvest¹⁰ and storing carbon in wood products outweighed the carbon emissions of the products we produce. Product substitution in favour of long-lived wood products, over other high emissions materials, adds to this cumulative positive quantitative benefit of the annual full lifecycle carbon balance.

From 2018 to 2019, the net forest ecosystem uptake declined slightly, in part reflecting the age class in Western's managed forests which are predominantly old. As forests age, their growth declines and decay increases to a point where decay outstrips growth - meaning more greenhouse gases are released through annual decay than carbon is sequestered through photosynthesis. This can be true for an individual tree and forest stands as a whole. The scientific models employed for analysis of Western's managed forests include years of quantifiable data on tree growth, decay and mortality. Western's findings appear consistent with the UN's IPCC assessment that "with increasing forest age, carbon sinks in forests will diminish until harvest or natural disturbance ... and while individual trees can accumulate carbon for centuries, stand-level carbon accumulation rates depend on both tree



High value products made to last

One of the ways wood products play an important role in tackling climate change is by continuing to store carbon for the life of the product. At Western, we focus on producing high-value products that are longer lived. These include lumber directed to:

- ▶ *Resilient decay-resistant products for outdoor living*
- ▶ *Markets supplying treated building products*
- ▶ *Specialty building products for Japanese markets*
- ▶ *Home components and millwork such as door frames and mouldings*
- ▶ *Material for making laminated beams or trusses*

⁹United States Environmental Protection Agency (2021). *Greenhouse Gas Emissions from a Typical Passenger Vehicle*.

¹⁰In both 2018 and 2019, less than 0.2% of the ecosystem carbon stock was harvested (2,636 and 1,596 kilotonnes respectively).

growth and mortality rates.” Western’s analysis is also consistent with the UN’s IPCC conclusion that sustainable forest management, including harvest and regeneration, helps maintain forests as active carbon sinks through forest age class distributions that include the need for a sizable share of young actively growing stands¹¹.

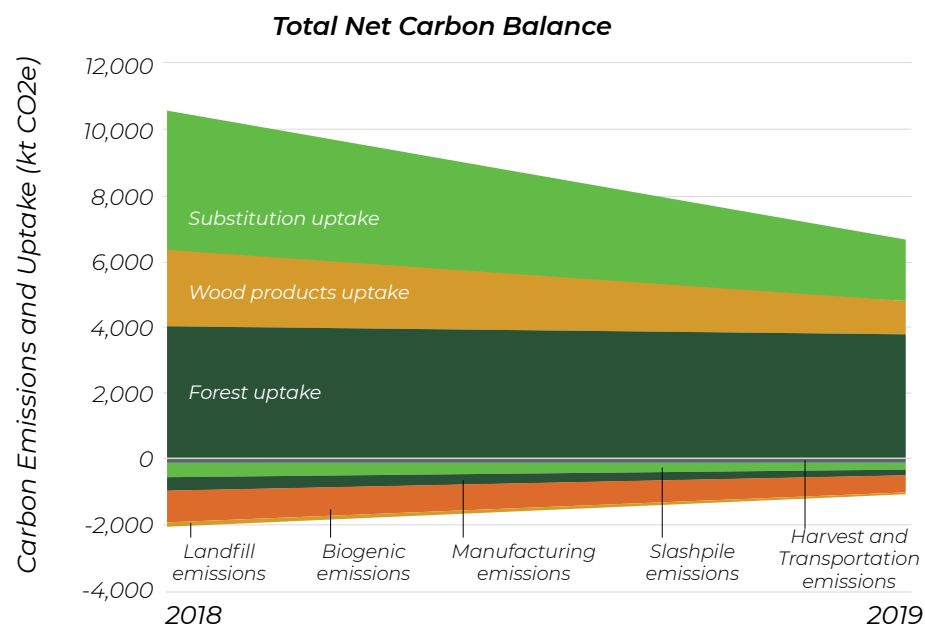
Total net carbon balance by forest ecosystem, and harvested wood products (kilotonnes of CO₂e)

	Description	2019	2018
Growth Uptake	The amount of CO ₂ e taken in by trees as part of photosynthesis	45,232	45,355
Decay Release	The amount of CO ₂ e released from dead forest litter and dead trees decaying	(41,354)	(41,246)
Net Forest Ecosystem Uptake		3,878	4,109
Storage in Wood Products	The amount of CO ₂ e stored in wood products	1,119	2,196
Substitution Effects	The amount of avoided emissions from using wood products in construction over concrete or steel	2,118	4,157
Harvest and Transportation	CO ₂ e emissions from all machinery used in harvesting and transporting the logs from the forest to the mill	(39)	(75)
Slash Piles Burning	CO ₂ e emissions from burning harvest residues left on site to reduce the risk of wildfire	(223)	(417)
Manufacturing	CO ₂ e emissions from energy consumed to run mill operations	(231)	(455)
Biogenic (Energy Production)	CO ₂ e emissions from burning excess wood (like sawdust) for energy production at the mill	(624)	(1,130)
Landfill	CO ₂ e emissions from decaying wood products in landfills	(58)	(114)
Net Harvested Wood Products Uptake		2,062	4,162
Total Net Carbon Uptake		5,940	8,271

Positive values indicate carbon uptake whereas negative values indicate an emission. Carbon uptake totaled 100.2 million tonnes of CO₂e for 2018 and 2019, which offset 86.0 million tonnes of emissions for the 2018 and 2019 period.

¹¹ International Panel on Climate Change (IPCC) Special Report *Climate Change and Land*, 2019

The carbon balance from 2018 to 2019 is shown graphically below. Factors contributing positively are indicated above zero and those negatively (e.g. emissions) below zero. The 2018 to 2019 reduction in wood products and related substitution benefit is directly correlated to less harvest activity year over year due to the labour disruption.



Energy use in manufacturing

Energy use at Western owned mills reflects the decrease in production due to the labour dispute in 2019 and 2020. Gas utilization in 2020 reflects an increase in value-added, kiln-dried finished product production directed to the North American market.

Manufacturing energy use	2020	2019	2018	2017
Production at Western owned mills (Mmfbm)	503	424	790	734
Hydro consumed by all Western owned sawmills (KwH)	90,589,678	82,041,022	117,259,269	115,662,197
Hydro electricity consumed per thousand board foot of production (KwH per Mfbm)	180	193	148	158
Natural gas consumed by all Western owned kilns (GJ)	423,673	242,851	268,135	334,515

Mmfbm = Million board feet KwH = Kilowatt hours Mfbm = Thousand board feet GJ = Gigajoules

Reforestation and genetic enhancement

The changing climate will lead to forests in the future experiencing different conditions than they do today. Climate modelling for BC predicts warmer, drier

conditions in summer and milder winters, though local variation will continue. To ensure that the seedlings we plant now can thrive in the future, we practise reforestation with climate adapted seeds. Climate adapted seeds come from our seed orchard where they are assessed based on the location and conditions where the parent trees originated. We strengthened our data tracking in 2020 so that we can ensure a higher level of compliance with the Climate Based Seed Transfer (CBST) protocol. “Genetic gain” refers to the additional wood volume (which equates to additional carbon) an orchard seed is expected to produce over and above an average wild seed and is obtained through breeding of native trees through natural processes. The areas we reforest are monitored for growth and survival after they are planted ensuring those stands are free to grow into natural healthy forests for the future. The number of seedlings planted in 2020 was lower than usual because there was less area to reforest due to the previous year’s labour disruption.



Reforestation summary	2020	2019	2018	2017
Number of seedlings planted by year ¹	4,895,845	6,715,032	7,422,633	7,383,201
% genetic gain from using orchard seeds	15	15	12	11
% reforestation aligned with climate-based seed transfer	96	93	94	93

Certain prior period comparative figures have been updated to align with current period presentation.
¹ Decline in reforestation result of lower harvest due to 2019 labour disruption

Looking ahead

We will continue to report on the total carbon storage in Western managed forests as well as our annual full lifecycle carbon balance. It is our goal to continuously improve our approach, further enhancing and expanding on any assumptions utilized in our carbon accounting as new scientific and verifiable data becomes available.

To date, we have employed modelled emissions assumptions based on industry averages associated and some aspects of our reporting (e.g., landfill,

biogenic and manufacturing) and have included Western specific data where available (e.g. slashpile emissions, harvesting and transportation). In 2021, we plan to pursue better quantification of Scope 1, Scope 2 and Scope 3 emissions for manufacturing to augment this analysis.

We also plan to move from a static annual assessment of a lifecycle carbon balance to a projection or forecasts that extends out 100 years or more. This forecasting will allow us to better meet the recommendations from the [Taskforce on Climate-related Financial Disclosures](#) (TCFD), with the goal of developing our capacity to evaluate risks and set targets using scenario analyses that considers implications of a changing climate including natural disturbances such as wildfire.

Our work in 2021 will build upon our first assessment and allow us to further pinpoint emissions reductions opportunities and set targets. This will help further our journey in improving our carbon balance through emissions reduction and enhanced growth and carbon sequestration opportunities.



INDIGENOUS RELATIONSHIPS

MATERIAL SUSTAINABILITY TOPIC

Western respectfully acknowledges that we live and work on the unceded territories of more than 45 First Nations on Vancouver Island and the coast of British Columbia. We recognize it is a privilege to live and work on these lands, and we support and embrace the ongoing work towards reconciliation. We respect the treaty and Aboriginal rights of Indigenous groups and are committed to open and meaningful dialogue so that we can learn from one another and create mutual benefits from the forests we manage. Indigenous people are among our employees, suppliers, and business partners. By supporting these relationships, including our landmark partnership agreements with the Huu-ay-aht First Nations (HFN) and a pilot forest landscape planning process being discussed with the 'Namgis First Nation, we are jointly building new ways for business to contribute to advancing reconciliation while simultaneously strengthening our business model in a competitive global market.

Indigenous relations are a global concern, and in British Columbia, First Nations groups have made claims of rights and title to substantial portions of land, including areas where our tenures and operations are located. The BC government has made reconciliation with Indigenous communities a priority, and in 2019 enacted the Declaration on the Rights of Indigenous Peoples Act (DRIPA). It remains uncertain how DRIPA may affect our operations, and the BC government is looking at various forms of legislation to enable action in addition to meeting its existing consultation and accommodation requirements.

Managing for collaborative Indigenous relationships

Creating innovative, mutually beneficial partnerships.

- In March 2020, Western and HFN announced a transaction that brings increased and diversified ownership and participation to the coastal forestry.
- Once complete, HFN beneficial equity interest in TFL 44 LP will increase to 51% and they will acquire a 7% beneficial equity interest in the Alberni Pacific Division Sawmill. In May 2021, HFN's beneficial equity interest in TFL 44 LP increased from 7% to 35% as part of the transaction.
- As part of our shared plan and vision, this partnership with HFN will create more employment opportunities for Indigenous citizens in the Alberni Valley area.
- The agreement also contains additional provisions to enable other TFL 44-area First Nations to become partners in TFL 44 LP.



- An Advisory Committee to the TFL 44 LP Board will also be established and include opportunities for each of the 14 TFL 44-area First Nations, including HFN, to participate, regardless of whether they choose to become partners in TFL 44 LP.

Collaboration on forest planning and stewardship.

- Our Environmental Policy, Sustainable Forest Management statement, and sustainable forestry certifications guide us in integrating Aboriginal rights, interests, and cultural values into our operations.
- We engage with Indigenous groups on forest planning by supporting the BC government's consultation process and consider the potential impact of our activities on Aboriginal rights and title.
- We directly involve First Nations early in forest planning; for example, we are working with the 'Namgis First Nation to co-develop a pilot Forest Landscape Plan for one of our tenured areas that overlaps their traditional territory. We are at the early stages of this collaborative process, which is intended to inform shared decision-making between Western and 'Namgis and also within the forestry regulatory regime.
- We collaborate with First Nations to develop protocols that protect cultural values while supporting economic benefits from BC's forests. Read more at the end of this section about our agreement with the N̓anwakolas Council (N̓anwakolas) to create an Operational Protocol for Large Cultural Cedar.

Employment and procurement.

- While staff are not asked to self-identify, we are aware of Indigenous employment success stories across Western's operations, including at our Duke Point Sawmill and Saanich Forestry Centre.
- As part of our relationship with HFN, we support employment and training opportunities for HFN citizens and family members within the TFL 44 LP operations.
- We lease land from the Stz'uminus First Nation for the Burleith Log Sort in Ladysmith and, through a long-standing employment agreement, the majority of our staff at Burleith are Stz'uminus citizens.
- We work with at least three Indigenous timberlands harvesting contractors in our operations under long-term contracts.

Support of culture and community needs.

- We donate cedar logs to support cultural initiatives in Indigenous communities.
- We invest in other programs and needs that are important to [communities](#).



What's new in 2020

We created our Indigenous Relationships Principles to formalize Western's commitment to advancing reconciliation. The Principles cover how we approach meaningful engagement, business relationships, procurement, and employment.

The TFL 44 LP transaction with HFN announced in 2020 is a positive step and leading example of increasing diversified participation in the forest sector and revitalization of the Alberni Valley forest sector.

2020 Results

All of the 1.7 million hectares of Western's forest tenures are located within the unceded territories of more than 45 First Nations.

Approximately 60% of our tenured area includes active relationship agreements. In 2020, we had 29 confidential agreements (e.g. Memorandums of Understanding, Protocol Agreements, Joint Venture Agreements, and Standing Timber Purchase Agreements) with First Nations or First Nations organizations.

A majority of our Burleith Sort employees are Indigenous and in 2020 represented 76% of the workforce, an increase from 68% in 2019. At our Saanich Forestry Centre, hours worked by Indigenous staff represented 54% of the total seasonal hours.

We continued donating cultural logs and in 2020 provided 9 logs with a contribution value of \$27,000.

Looking ahead

In 2021, we intend to initiate the process to achieve Progressive Aboriginal Relations (PAR) Certification from the Canadian Council for Aboriginal Business. PAR certification is a multi-year process that requires third party verification of criteria for leadership, employment, business development and community relationships.



Western and Nanwakolas' shared vision results in first-of-its-kind agreement

Known as the 'tree of life', cedar is a wood species valued for its vital role in the life and culture of various Indigenous peoples, creating a tie that binds communities along the coast. Given its ability to connect people, it seems fitting that cedar is providing an opportunity to strengthen the long-standing relationship between Western and the five-member Nanwakolas Council with the agreement to establish and implement the Operational Protocol for Large Cultural Cedar.

Western began collaborating with Nanwakolas, on the establishment of the new agreement in 2019, and progress continued in 2020, with Western's commitment to provide resources and expertise in forest planning and analysis.

This Protocol supports Western and Nanwakolas' shared vision to protect significant trees without compromising the economic benefits of our forests. And as the first company on the coast of BC to establish a Big Tree policy, this new approach signifies one more way Western is taking a leading role in working collaboratively to ensure healthy and resilient forests today and for generations to come.

"I have appreciated Western's commitment to building relationships with Nanwakolas Council and its member Nations. As the relationship has evolved, we have been able to have more complex and challenging discussions that will only lead to more environmental sustainability and greater economic certainty for the company, our communities, and the province. It has been incredible to see it grow and exist at a technical, bureaucratic and executive level where problem-solving and our mutual interests are the priority and goal."

Dallas Smith, Nanwakolas Council President

"The establishment of the Large Cultural Cedar Protocol is an example of what can be achieved through collaboration and a focus on cultural and economic sustainability, and Western is pleased to have played a role in achieving this milestone agreement that includes a shared commitment to make it work for all parties."

Seanna McConnell, Director of Indigenous Relationships, Western Forest Products

Indigenous Principles

- ▶ We will work to understand the interests of Indigenous communities and work diligently to support meaningful and lasting reconciliation initiatives.
- ▶ We will listen to, learn from, and incorporate the values and input of Indigenous communities in our plans.
- ▶ We will endeavour to develop and foster meaningful relationships through open and timely communication.
- ▶ We will strive to create mutually beneficial and meaningful partnerships, including creating opportunities for equity ownership in business.
- ▶ We will grow mutually beneficial business relationships with Indigenous vendors and work to procure goods and services from businesses committed to advancing reconciliation with Indigenous communities.
- ▶ We will work towards making Western a forestry employer of choice for Indigenous people by fostering a diverse and inclusive workforce and a welcoming workplace.
- ▶ We will work with and encourage our contractors and communities to increase their awareness of opportunities to employ Indigenous people in their work.
- ▶ We will collaborate with Indigenous communities and educational institutions to enhance worker-readiness in the forest sector.



COMMUNITIES

MATERIAL SUSTAINABILITY TOPIC

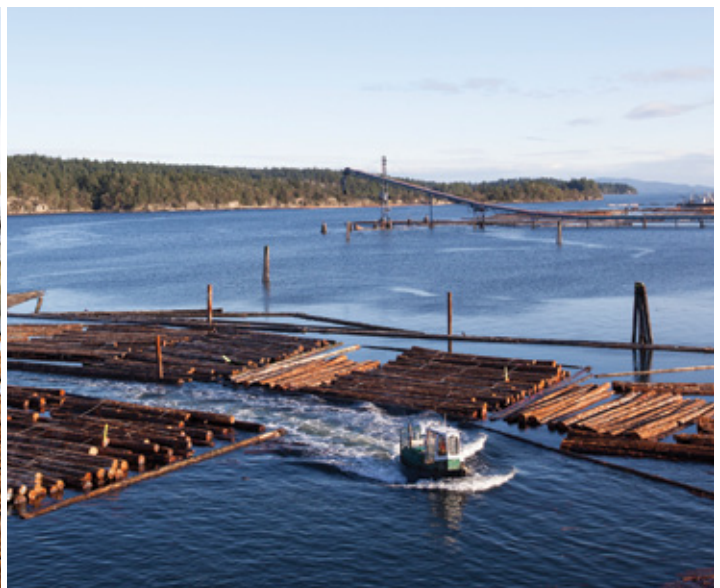
Building and maintaining productive relationships with communities where we operate is important to us and critical to our business success.

Forestry has been the key industry in the Pacific Northwest for decades. Western plays a significant role in local economies in many ways. These include direct and indirect employment, procurement, charitable giving, volunteerism and tax contributions.

Our forestry operations and manufacturing facilities are located in or near many communities on the BC coast and Washington State. These communities are diverse, and the issues affecting small, remote towns are different than the challenges facing urban centres. In addition to Western's engagement processes, our employees are valued and active participants in the communities where we operate. We rely on their relationships, knowledge and understanding of the fabric of each community to support us in being a good neighbour and an active community partner.

The forests we manage are a public resource. We actively consider the impacts of our harvesting activities on the important public land use values we all share, including water resources, visual attributes and recreation. Through our ongoing engagement with Indigenous groups, public advisory groups and local government, we benefit from local knowledge and ensure our common goals in fostering a sustainable forest industry are met.

In 2020, we supported community resilience by addressing some of the challenges stemming from the COVID-19 pandemic. Despite financial impacts and significant market uncertainty, we maintained employment and operating levels. We also focused on strengthening our community relationships



in all areas we operate. Notably, we worked with communities to understand and move on together from the effects of the USW labour disruption in affected BC communities.

Managing community relationships

Our business activities generate significant economic value, including:

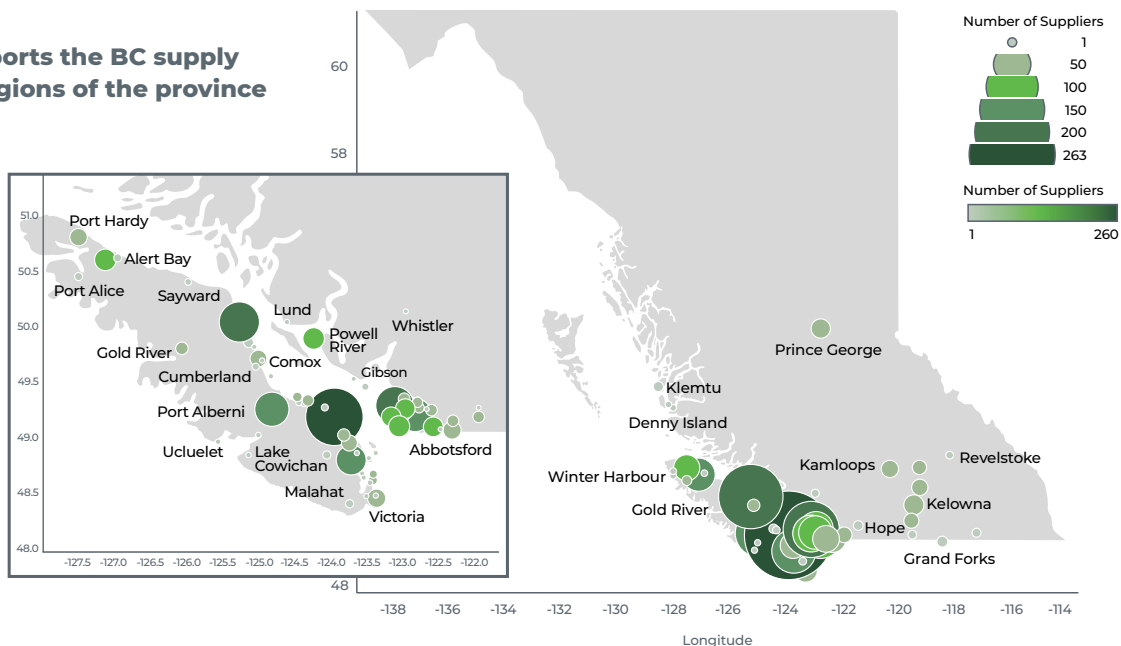
- High quality employment and family-supporting wages,
- Contractor opportunities,
- Supplier engagement, with a priority on local procurement of goods and services, and
- Taxes and payments to government. In BC, the provincial government uses stumpage fees (based on timber volumes, species and grades harvested each year) from the Forestry sector to fund important social services like health care and education. In the US, tax payments provide a range of benefits through county budgets and federal and state programs.

COFI 2019 Regional Supply Chain Study

Western participated in the **BC Council of Forest Industries' 2019 Regional Supply Chain Study** that was released in 2020. The study assessed the economic impact of the forestry sector supply chain on BC communities.

- ▶ There was a combined forestry supply chain investment of \$635M across Campbell River, Duncan and Nanaimo, which were among the top 10 municipalities in BC with the largest supply chain investment.
- ▶ Supply chain expenditures from forest companies on Vancouver Island totaled more than \$1.17B.

Western supports the BC supply chain in all regions of the province



We invest in community initiatives and infrastructure.

- Our direct investments and donations, through our Community Enhancement Fund, support community needs and initiatives promoting culture, recreation, education and sustainability.
- We provide log donations to First Nations and community groups.
- We support in-kind donations of employee volunteer time during work hours and the use of company equipment.
- Our activities contribute to community infrastructure, including forestry roads we build and maintain that are also used to access remote communities and recreation areas.

We engage in two-way, respectful dialogue to build relationships.

- We have a team dedicated to understanding and addressing community concerns or issues.
- We engage with communities, interest groups and the public to share information about Western through site tours, nature walks, workshops, career fairs, participation in community events and support for forestry education.
- As part of our certification programs, Public Advisory Groups that include local community representatives review our performance annually.
- We develop annual Stakeholder Engagement and Community Investment Strategies to formalize our practices.

What's new in 2020

2020 was an important year for our community relationships. Throughout the USW labour disruption, we worked hard to strengthen the lines of communication in affected BC communities. We did this in part by meeting more frequently with different stakeholders. Senior Western representatives reached out to municipalities



Arlington Community Food Bank officials accept \$5,000 donation as part of Western's overall \$100,000 contribution to food bank services.

From left, food bank executive director Carla Gastineau, food bank board member Bryan Terry, Western Forest Products employees Leann Christensen and Jay Swanson and food bank board members Lyanne Garka and Brenda Peckham.

regularly to provide updates on our operations and hear about what matters to stakeholders. We heard that communities are deeply invested in the land use decisions affecting their forests, including supporting a sustainable forest industry that balances climate, conservation, recreation and economic values.

Through these conversations, we were able to identify areas of community need. We also saw an increased use of recreational sites and roads maintained by Western as people stayed close to home during the pandemic, and heard that having access to these areas is important for social well-being and improved mental health. This input was used to provide meaningful support in the communities where we operate.

Making Connections – While Staying Apart

As part of our forest management activities, in 2020 we continued to invest millions of dollars, plus man-power and in-kind donations, to maintain the vast network of roads that provide access to our work sites, as well as access to public recreational sites. These public places have become increasingly popular, especially in 2020, as locals sought outdoor recreational opportunities during the pandemic. The investments we make go far beyond financial investments. We are proud that our people willingly go above and beyond to lend a helping hand when the unexpected happens.

A letter from a Port Hardy resident

After more than 9 weeks of self-isolating, my teenage daughter and I needed to get out so we went for a drive together on Mother's Day out to O'Connor Lake. On the way back we got a much dreaded flat tire.

When I pulled off to the side of the road to begin the process, I saw a white truck pull up behind us with a WFP logo. The gentleman asked if I needed any help and I breathed a sigh of relief and said yes please!

We social distanced and worked together, placing wood underneath the jack for better stability, securing the correct spot for the jack, turning the lug nuts prior to elevating the vehicle, etc. And no I couldn't turn the lug nuts. He explained the whole process in detail and why each step was important, right down to cleaning around the lug nut! He even offered to follow us 7 kilometres back out to the highway.

Jon Flintoft [Forester, Port McNeill] was extremely friendly, helpful, patient and knowledgeable and my daughter and I were so appreciative that he was on the logging road, readily available to help us out in that situation that day.

I told everyone that he was my Mother's Day hero!
Sandy, Port Hardy resident

"I told everyone that he was my Mother's Day hero!"

2020 Results

Economic Value Generated and Distributed (thousands)

	2020	2019	2018
Total revenue	\$964,900	\$807,700	\$1,196,700
Operating costs	\$645,293	\$635,958	\$775,229
Employee wages and benefits	\$193,600	\$155,500	\$213,400
Payments to providers of capital	\$14,400	\$39,300	\$35,300
Payments to government	\$47,600	\$79,700	\$104,300
Community investments	\$507	\$242	\$371
Total expenditures	\$901,400	\$910,700	\$1,128,600

In 2020, we invested in communities where they needed it most. For example, we provided \$100,000 to 13 different organizations providing food bank services in communities on the BC coast and in Washington State where our employees live and work. We also donated \$100,000 to 40 Indigenous partners and community groups that provided holiday hampers to families in the region. In addition, Western committed \$375,000 towards the Huu-ay-aht First Nations's Watershed Renewal Program. The contribution will be provided in equal installments of \$125,000 over three years beginning in 2020.

We also supported recreation access in a variety of ways. Western donated \$50,000 and was recognized as a significant donor partner for the construction of the Rotary Community Fieldhouse in Campbell River. We support the management of 50 recreation sites on the BC coast: 12 that are maintained and funded by Western and 38 maintained in partnership with Recreation Sites and Trails BC. We provide expertise to manage contracts and to facilitate First Nations, stakeholder groups, and local government interests in recreation management. In 2020, our in-kind contributions included danger tree assessments, site maintenance and road grading for recreation site access. We also donated properties to support the construction of the Community Unity Trail, a 25-kilometre multi-use trail between Tahsis and Zeballos. Our donation provides an access point at the Zeballos end of the trail. In addition, each year we enrich community spaces

through log and lumber donations. In 2020, our donations went towards construction of produce gardens at the UBC Botanical Gardens and outdoor play areas at Brooklyn Elementary School in Comox, BC.

Our employees contributed hundreds of volunteer hours in 2020 to support our communities. Examples include support for forestry education programs, salmon enhancement activities at Cordy Creek and Marble River fish hatcheries on the North Island, and the town holiday light up celebration in Port McNeill.

Looking ahead

In 2021, we will further enhance our Community Investment Strategy that will be updated annually based on community input. We will also undertake formal research to better understand community and stakeholder perceptions of Western's local contributions.





FORWARD LOOKING STATEMENTS

All financial references are expressed in C\$ unless otherwise noted.

This report contains statements and estimates that may constitute forward-looking statements under the applicable securities laws. Readers are cautioned against placing undue reliance on forward-looking statements. All statements herein, other than statements of historical fact, may be forward-looking statements and can be identified by the use of words such as “will”, “plan”, “target”, “strategy”, “expect” and similar references to future periods.

Forward-looking statements in this report include, but are not limited to, statements relating to our current intent, belief or expectation with respect to our operations, our environmental and sustainability initiatives, and our engagement and relationship with First Nations groups, stakeholders and communities. Although such statements reflect management’s current reasonable beliefs, expectations and assumptions there can be no assurance that forward-looking statements are accurate, and actual outcomes may materially vary. Many factors could cause our actual outcomes to be materially different including: economic and financial conditions, competition and selling prices, labour disputes and disruptions, natural disasters, risks relating to the COVID-19 pandemic, relations with First Nations groups, the availability of fibre and allowable annual cut, developments and changes in laws and regulations affecting Western or the forestry industry, and other factors discussed in the Western’s annual Management’s Discussion and Analysis and other disclosure documents we file from time to time with securities regulatory authorities, which are available on our website at www.westernforest.com or by referring to our profile on SEDAR at www.sedar.com. The foregoing list is not exhaustive, as other factors could adversely affect our actual results and performance. Forward-looking statements are based only on information currently available to us and refer only as of the date hereof. Except as required by law, we undertake no obligation to update forward-looking statements.



Western Forest Products
DEFINING A HIGHER STANDARD®

Please tell us what you think.

Share your feedback on our 2020
Sustainability Report by contacting
us at info@westernforest.com

