

**DEFINING A
HIGHER STANDARD.
FOR TODAY.
FOR TOMORROW.**



Western Forest Products
DEFINING A HIGHER STANDARD™

CONTENTS

- 2 A Message from the President and CEO
- 3 Western at a Glance
- 5 The World's Most Sustainable Building Material
- 6 Accountability and Governance
- 8 Our People
Enhancing our Excellence
- 12 Environment
Safeguarding Resources for Future Generations
- 18 First Nations
Building Trust Through Respect
- 20 Neighbours
Contributing to Local Communities

Forward-looking Statements

This report contains statements 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 "estimate", "expect", "plan", "target", "goal", "believe", "seek", "should", "may", "can", "will" and similar references to future periods. Forward-looking statements in this report include, but are not limited to, statements relating to our sustainability goals, targets and plans and our expectations regarding those goals, targets and plans. 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 results, achievements and performance may materially vary. Many factors could cause our actual results, achievements or performance to be materially different including: general economic conditions, international demand for lumber, competition and selling prices, international trade disputes, changes in foreign currency exchange rates, labour disruptions, natural disasters, relations with First Nations groups, changes in laws, the availability of allowable annual cut, changes in regulations or public policy affecting the forest industry, changes in opportunities and other factors set out herein and in our management's discussion and analysis for the year ended December 31, 2018. The foregoing list is not exhaustive, as other factors could adversely affect our actual results, achievements 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.



About this report:

This is the first Sustainability Report from Western Forest Products. This report was published in March 2019.

A MESSAGE FROM THE PRESIDENT AND CEO



At Western, we have an opportunity to build on a legacy that supports our people and our customers, our community, our shareholders and our planet. We strive to do this by sustainably managing the forests in our care and supplying the most sustainable building products on the planet - creating a better world today, and tomorrow.

It is an exciting time to be in the wood products business. Architects and builders are recognizing Western's products for their superior environmental benefits. Customers appreciate that wood products consume less energy to make, and also capture and store carbon, helping to fight climate change. In addition, this beautiful material is infinitely renewable, with Western replanting trees in line with its 250-year sustainable forest management plan.

For Western, sustainability also means being a successful business. By working to remain profitable through normal market cycles, we're better able to create jobs, pay taxes, invest in growth, support our communities and reward shareholders. In short, by building a business based on sustainable products and sustainable business principles, everyone benefits for the long term.

This is Western's first sustainability report, and it marks the next milestone in our journey. Among the 2018 highlights, we:

- Built a 3D model of our Individual Tree Inventory through the use of LiDAR technology, protecting what is unique and improving the management of what we harvest;
- Enhanced our robust Health & Safety Management System, to better protect those who work for and with us;
- Advanced coastal First Nations partnerships, including selling an ownership interest in one of our forest operations to the Huu-ay-aht First Nations;
- Launched Western Learning, our online training system, to support our people's growth; and
- Initiated a wide-ranging internal conversation to identify the issues most important on our sustainability journey, and began to engage stakeholders in this process.

While sustainable practices have always defined who we are, this report marks a shift. We're embarking on a more formal process of disclosure: pledging to set goals, track progress and report on key performance measures. Simply put, it's not enough to do the right thing: we must also prove it by being fully transparent about our performance. This is why in 2019 we will invite more external stakeholders into the conversation, to help us define the most important issues we should address.

Western was built by the people who live and work in our communities, by the customers who choose our products and investors who fuel our business. I want to thank them all – especially our employees, whose tremendous efforts to deliver sustainable value ultimately makes us a better company. Together, we are defining a higher standard.

Don Demens
President and CEO

WESTERN AT A GLANCE

A Canadian company operating on the coast of British Columbia and in Washington State, Western serves customers around the world. At Western, the imperatives of business and sustainability are closely integrated and reflected in our vision to produce the most sustainable building materials on the planet. By staying true to our vision, we create value that supports our shareholders, employees, First Nations, local communities and other stakeholders. This fuels our ability to invest in the business, attract talented people and respond to the broader context of society's evolving economic, environmental and social needs.

At Western, we make a wide range of sustainable building materials, in recent years sharpening our focus on value-added, specialty wood products. By executing our specialty-focused strategy, we are now generating more than 70% of revenues from non-commodity markets, where customers expect Western's higher standards in quality and performance. As society increasingly favours low-carbon building materials from sustainably-harvested forests, customers are rewarding us with their business.

Western's sustainable practices also include an uncompromising commitment to the health and safety of employees. Our goal is to achieve a zero-incident workplace, because we believe that there is no business objective that comes before the safety of our people. Everyone who works for or with us has the right to return home at the end of every day, safe and sound.

**3.17**

Medical Incident Rate

**\$1.2 Billion**

Sales value of economic activity generated in local economies

**~3,700**

Direct and contract employees

**\$213 Million**

Direct employee wages and benefits

**\$73 Million**

Stumpage and tax contributions in the Province of British Columbia

**\$69 Million**

Net income



WESTERN AT A GLANCE

1.6 Million
hectares of sustainably
managed forestlands

+2:1
trees planted
for every tree harvested

+\$35 Million
value of annual harvest through
First Nations joint ventures and
limited partnerships

~2,000
B.C.-based Vendors
Western's scale provides stability
to local economies and small businesses

98%
renewable electricity
used by manufacturing
operations, sourced
primarily from
hydro-electric dams

~4.8
Million tonnes
of carbon dioxide stored by
the wood products Western
sold in 2018*, which is a multiple
of carbon emissions from
Western's facilities, operating
fleet and supply chain

1.1 Billion
board feet
annual lumber production
capacity from 8 sawmills and
4 remanufacturing facilities

100% utilization
No wood-waste is produced from our
manufacturing operations, as residuals are
used by the coastal pulp and paper industry

* Estimate calculated by applying third-party volume-to-carbon conversion factors, by species, to Western's sales volumes by product.

THE WORLD'S MOST SUSTAINABLE BUILDING MATERIAL

Architects, builders and home-owners appreciate the many benefits of Western's building products. Wood is a natural, renewable and sustainable building material. Relative to its weight, it is stronger than other building materials, making it uniquely suited to customers who care about the environment, and about their living spaces.

Wood is renewable

Wood is a natural and endlessly renewable resource. As part of our sustainable forestry practices, we regrow the same species mix as were harvested from our forest tenures and closely manage their growth, so there will always be an abundant supply of renewable wood.

Wood fights climate change

Forests remove carbon from the atmosphere and store it in the wood, where it may stay for the life of a wood product. Meanwhile, newly-planted and growing trees capture additional carbon – keeping it out of the atmosphere and fighting climate change. Western's wood products

sold in 2018 sequestered an estimated 4.8M tonnes of carbon dioxide from the atmosphere. This is greater than the annual greenhouse gas emissions of 1 million vehicles – more than all the vehicles licensed on Vancouver Island, where the majority of our operations are located.

Wood is less energy-intensive

Compared to building materials such as steel, concrete and brick, the manufacturing of wood products uses far less energy, giving wood a smaller carbon footprint. By replacing one cubic metre of concrete or brick with one cubic metre of wood, you're preventing one metric tonne of carbon dioxide from entering the atmosphere.

Wood means less waste

No part of the log used in our manufacturing process is sent to landfills. Biomass from our sawmills is used to generate low-impact energy, paper and other products.



ACCOUNTABILITY AND GOVERNANCE

At Western we strive to be a leader in corporate governance. Our commitment to strong and ethical governance practices helps us define a higher standard.

Governance starts at the top

Our commitment to strong governance begins with our Board of Directors: our Board is responsible for our overall stewardship and

serves the interests of our shareholders and stakeholders.

In order to provide effective oversight, we ensure that our Board is composed of a majority of independent directors. In 2018, five out of seven of our directors were considered independent in accordance with securities laws and applicable TSX policies. In early 2019, two additional independent directors were appointed such that 75% of our Board is considered independent.

Our values guide us in Defining a Higher Standard

- 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.



ACCOUNTABILITY AND GOVERNANCE

Our directors participate in four committees:

- The Environmental, Health and Safety Committee, which is responsible for overseeing our commitment to a safe and healthful workplace and ensuring that we have proper systems in place for compliance with safety and environmental legislation;
- The Audit Committee, which is responsible for our disclosure, reporting systems, auditors and risk management;
- The Nominating and Corporate Governance Committee, which is responsible for developing and reviewing our corporate governance principles and practices; and
- The Management Resources and Compensation Committee, which is responsible for overseeing the administration of our compensation and benefit plans and human resource policies.

Our Board and committees meet regularly to review corporate governance practices and implement any changes as the need may arise.

Our Board and each of our committees are guided by their respective charters, which are reviewed annually. In order to ensure a well-functioning governance system, the Board and its committees also regularly reviews their size, composition, independence, skills and experience, and continuing education.

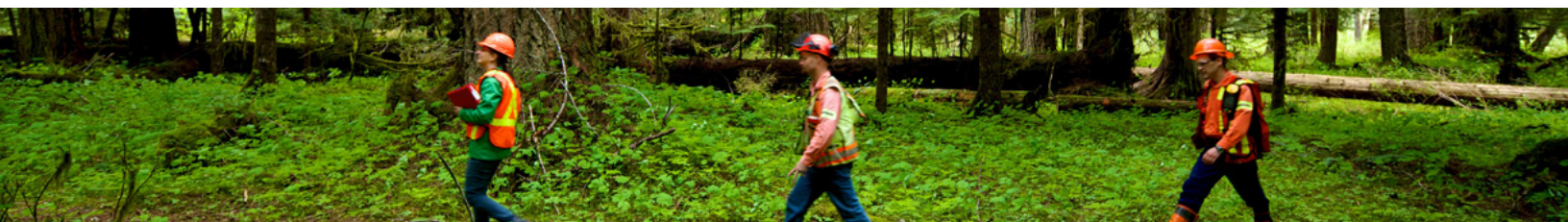
In order to ensure our corporate governance commitment is maintained throughout the organization, we've adopted a Code of Business Conduct and Ethics. Our Code applies to our directors, officers and employees and addresses conflicts of interests, confidentiality,

fair dealings, and regulatory compliance. Our Code also provides guidance on what steps to take if there is a violation of the Code (including how to access our confidential hotline) and prohibits any retaliation when such concerns are raised in good faith. We also require that our directors, officers and salaried employees review and certify understanding of and compliance with the Code annually.

In addition to our Code we also rely on the following policies to help create a strong governance framework:

- Our Employee Health & Safety [Policy](#) confirms safety as one of our core values and supports our zero-incident workplace target;
- Our Anti-Bribery and Anti-Corruption [Policy](#) reaffirms that we do not tolerate bribery or corruption and provides a guiding framework for our employees, officers and directors on how to address conflicts of interest (including bribery and corruption);
- Our Human Rights [Policy](#) affirms our commitment to respecting and protecting human rights;
- Our Insider Trading Policy sets requirements around transacting in our securities and supports compliance with securities laws; and
- Our Corporate Communications and Disclosure [Policy](#) ensures that all material information is timely and factually communicated in accordance with legal requirements.

We actively monitor compliance with these and other policies through our internal audit function.



OUR PEOPLE

ENHANCING OUR EXCELLENCE

At Western, the quality of our people is critical to our success. We work to maintain a productive and healthy organization, employ and develop talented people, strengthen our leadership, and enhance employee performance through strong engagement.



~3,700

Direct and contract employees



35%

Of the Board and executive management team are women

As at February 1, 2019, we employed 2,282 people in Canada, the United States, Japan and China, with the majority of our workforce located on Vancouver Island, British Columbia. We strive to maintain strong workplace relations and encourage direct dialogue between management and employees. In 2018, Western senior leaders engaged all salaried and hourly employees in a series of face-to-face employee engagement sessions. The purpose of these sessions was to share Western's strategy and vision, in addition to health and safety and operational performance outcomes, and to solicit feedback on issues that matter to employees.



OUR PEOPLE

ENHANCING OUR EXCELLENCE

Health & Safety

Every Western team member, from employees and managers to contractors and visitors, shares a responsibility to uphold the highest safety standards. Safety is embedded in everything we do. We believe that safety is more important than any job, and that every Western employee should return home safely at the end of each workday.

In 2018, we launched an enhanced Health & Safety Management System. It has 13 key elements including 52 corporate safety standards encompassing everything from the right to refuse unsafe work to working in confined spaces. The Health & Safety Management System complies with ISO45001 and U.S. Voluntary Protection Program health and safety standards. All of Western's Canadian operations are externally audited and SAFE certified through the BC Forest Safety Council (BCSFC). In 2018, Western achieved an overall Health & Safety audit score of 94%, an improvement from 89% in 2017.

To measure proactive health and safety performance, in 2018 we developed the Western Safety Accreditation (WSA) program, with an

overall company average score of 86%. WSA scoring consists of four proactive safety key performance indicators: Health & Management System inspections, Operation Annual Safety Improvement Plans, corrective action completion rates, and safety leadership training completion.

Our medical incident rate in 2018 was 3.17 and marked our first year of reporting under Occupational Safety and Health Administration reporting guidelines.

To maintain our focus on proactively identifying and mitigating risks to reduce incidents, and help ensure ongoing regulatory compliance, Western's operational management was instrumental in adopting, implementing and/or completing:

- Western Life Saving Rules
- Contractor Health & Safety Improvement Plans for underperforming contractors
- Standardized Health & Safety orientation for employees, contractors and visitors
- Use of Personal Field Level Hazard Assessments
- Leadership Health & Safety training
- Health & Safety compliance training



OUR PEOPLE

ENHANCING OUR EXCELLENCE

Investing in our people

Fostering a culture of continuous learning and development is pivotal to building a safe and engaged workforce. Providing effective training, including recurrent training, is essential in the forestry industry.

Western Learning

In 2018, we launched Western Learning, our online learning management system. Western Learning allows us to simplify, standardize and streamline learning and development processes, including the enrollment, tracking and reporting of completed training for all salaried employees. In the three months ending 2018, our salaried employees completed a total of 2,172 hours of safety training through Western Learning.

Log truck drivers pilot program

Recognizing a need to improve log truck safety performance and training, Western partnered with the BC Forest Safety Council and Vancouver Island University to develop a standard curriculum for training and assessing log truck drivers. The seven-week program, which includes four weeks of mentoring on the road, is based on BCFSC competencies. The pilot program was run in 2018 for 11 Western drivers.

New employee onboarding sessions

To drive engagement and retention of new hires, all new employees are invited to a day-long new employee onboarding session. These sessions are facilitated by senior management and introduce employees to Western's strategy, vision, core values and policies.

Fundamentals of Forestry - Harvesting Practices

Western recognizes that the forestry industry is facing an aging workforce. That's why we have partnered with educational institutions to attract new and young workers into the industry. In 2018, we partnered with Vancouver Island University to deliver the 12-week forestry fundamentals program, which develops the foundational skills for logging as set out by the BCFSC and ensures a pipeline for well-trained talent for our industry. Western sponsored half of the seats for the program and actively recruits graduates into our business.

Forestry summer program

Our forestry summer program hosts on average 30 university forestry students each year. Students are provided with real world experience, working alongside and receiving coaching and mentoring from experienced Registered Professional Foresters. Western makes employment offers to six to ten graduating students annually to ensure we have a healthy talent pipeline of forestry professionals.

Western Management Trainee program

We also work closely with the UBC Wood Products Processing and Masters in Management programs, to attract new leaders to our manufacturing operations. We host four to eight month co-op terms and actively hire new graduates finishing these programs into the Western Management Trainee program. New recruits are provided with real jobs from day one, along with active coaching and mentoring by experienced leaders, with the goal of moving them into junior supervisory roles within six to twelve months.

OUR PEOPLE

ENHANCING OUR EXCELLENCE

Diversity

At Western, we understand that a diverse workforce and an inclusive environment that respects and nurtures people can contribute to improving our safety and business performance. Our approach to diversity focuses on hiring, developing and retaining the best talent.

We provide equal opportunity in recruitment, career development, promotion, training and rewards for all employees. We are committed to taking steps that will lead to increased representation of women, as well as Indigenous people and minorities in our workforce. In 2018, Western introduced a Parental Leave Top Up Policy to support Western families during this important life event, and to encourage women in our workforce to continue their careers with us.

In 2018, 30% of our executive management positions were held by women and in 2019, we increased the female representation on our Board of Directors to 38%. Our forestry operations team is seeing more women entering the industry, with 35% female forestry summer students – a number that's expected to increase annually.

Total rewards

To attract, retain and motivate our valued employees, Western provides a competitive total rewards package that has a strong focus on paying for performance.

Key elements of our rewards package include a market competitive salary, performance-based bonus, extended health benefits, and a fully employer-funded pension plan for salaried employees. Hourly employees participate in an employer-funded industry pension plan. As part of their package, our employees also have access to an employee and family assistance program, which provides voluntary, confidential, professional counselling to employees and their families to help resolve problems that may affect their personal lives and, in some cases, their job performance.

Collective agreements

Western respects employees' rights to collective bargaining and endeavours to work respectfully with labour unions. Approximately 75% of the employees working for Western's Canadian operations are covered by collective agreements with United Steelworkers (USW) and Public and Private Workers of Canada (PPWC).

Workforce*

As at Feb 1, 2019	Salaried			Hourly			Total
	Male	Female	Unspecified	Male	Female	Unspecified	
Canada	331	175	4	1,543	97	14	2,164
United States	22	5	0	81	3	0	111
Japan & China	3	4	0	0	0	0	7
Total	356	184	4	1,624	100	14	2,282

*excludes contract employees

ENVIRONMENT

SAFEGUARDING RESOURCES FOR FUTURE GENERATIONS

At Western, we recognize that forests are more than a source of wood: forests are our heritage and our future. To protect them for the long term, we're guided by Western's [Environmental Policy](#) and [Sustainable Forest Management Statement](#). At the strategic level, we follow the Western Stewardship and Conservation Plan; [CSA Sustainable Forest Management Plans](#); [SFI® Forest Management Standard](#); and [Tree Farm Licence Management Plans](#). The Tree Farm Licence Management Plans have a planning horizon of 250 years, protecting this essential renewable resource today and for generations to come.

Bringing it all together, and putting these plans into action, are more than 100 Western forestry professionals and biologists who are passionate about their role as stewards of the forestlands under our management.

Western works to some of the most stringent forest management standards in the world, as regulated by the Government of British Columbia. We engage with First Nations and other communities on a regular basis. We regrow trees on every hectare we harvest. Western's harvest levels are consistent with the allowable annual cut (AAC) established by the provincial government. We also protect the biodiversity that ensures healthy and robust ecosystems. And, as we endeavour to be "part of the solution," we work to reduce our own carbon and waste footprint across our operations.

First Nations treaty rights and Indigenous interests

Western recognizes and respects established treaty rights and Indigenous interests in the areas where it operates, and provides opportunities to Indigenous groups to participate in information sharing with respect to Western's activities within their traditional territories. While government-to-government engagement is ultimately required, as a company operating on lands over which Indigenous rights, title and interests exist, Western understands that by working with First Nations we can play an important role in reconciliation.



1.6 Million
Hectares of forestland
under sustainable
management



3 of the top 5
Tallest known trees in
B.C. are preserved in
Western managed forests



99.6%
Independently certified
crown and private forests



~7 Million
Seedlings replanted
annually



ENVIRONMENT

SAFEGUARDING RESOURCES FOR FUTURE GENERATIONS

Regenerating forests

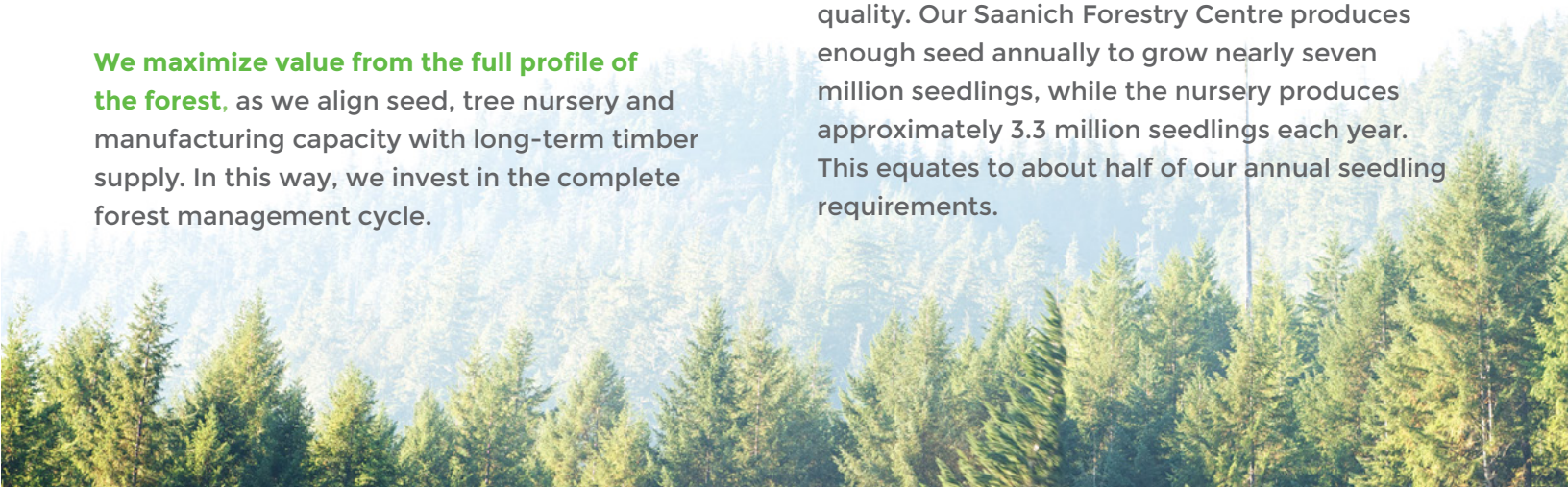
Western is among the most progressive forest managers in British Columbia. Through our Canadian Standards Association (CSA) certified forests, we set specific performance goals for climate change, carbon footprint reduction, biodiversity, silviculture, public engagement, and water. As we are committed to defining a higher standard, our goals and practices are under continuous revision as we integrate new science, greater consultation and more robust planning. Some of Western's innovations are detailed below.

We practice variable retention. This means we plan our harvest on each site by first determining what trees to retain. In each harvest area we plan around significant features such as bear dens, wetlands, streams, large trees and cultural heritage features. In practicing variable retention we retain patches of standing mature trees internal to our harvest areas which create shade for open areas and enhances habitat for birds, mammals and amphibians. Practicing variable retention means we don't do the same thing everywhere. We have specific targets for the amount of retention and forest influence that must be maintained in each cutblock, which varies by ecosystem type in accordance with scientifically and provincially established biogeoclimatic zones.

We maximize value from the full profile of the forest, as we align seed, tree nursery and manufacturing capacity with long-term timber supply. In this way, we invest in the complete forest management cycle.

We protect big trees in the forests we manage. These exceptional trees, predominantly Western Red cedar, Yellow cedar, coastal Douglas-fir and Sitka spruce, are essential to our province's biological and cultural heritage. Planners and fallers working in our forests are trained in deploying Western's standard operating procedures for big tree retention, which sets a maximum harvest diameter for each of the species to protect these unique trees. We protect all trees that are greater than 50% of the largest diameter in the British Columbia Big Tree Registry, a listing of field-verified and protected big trees. Among them is a 94-metre Douglas fir, the tallest in our inventory of protected trees. Big trees serve as biological anchors in the design of our variable retention harvesting, integrating safety, wind-throw hazard, topography and other resource values. We'll be enhancing and strengthening our conservation of big trees in 2019.

We operate a seed orchard and tree nursery, and have done so at the Saanich Forestry Centre since 1964. This makes us the only B.C. forestry company that is invested in the complete forest management cycle from harvesting forests through to growing the seedlings to replant our forests. Owning a seed orchard and a nursery enables us to align with the leading edge of the Province of B.C.'s Climate Based Seed Transfer, while being able to control seed quantity and quality. Our Saanich Forestry Centre produces enough seed annually to grow nearly seven million seedlings, while the nursery produces approximately 3.3 million seedlings each year. This equates to about half of our annual seedling requirements.



ENVIRONMENT

SAFEGUARDING RESOURCES FOR FUTURE GENERATIONS

In addition to our Environmental Management System, which conforms to ISO 14001:2004 standards in our timberlands, we have multiple and overlapping local and regional plans to ensure every hectare of forestland and waterway is well looked after, and that our site-level plans align with the landscape. They include:

Forest Stewardship Plans (FSPs)

Consistent with the Forest Planning and Practices Regulation, Western's FSPs detail the results and strategies that guide the design of each road development and timber harvesting site. The FSPs ensure that all of our timber harvesting and road construction activities are consistent with the B.C. government's objectives for resource values such as wildlife, water, fish, cultural heritage, and recreation.

Site Plans

These plans are developed for each road development or harvesting site undertaken by Western, and provide the site-specific details of how the requirements outlined in the FSPs are being applied. To ensure that our Site Plans are implemented successfully, we then provide detailed implementation instructions to our road construction, harvesting, and silviculture teams.

Independent certifications

Almost all (99.6%) of the forestlands under our care – more than 1.6 million hectares – are independently certified according to the following globally recognized standards. Certification assures customers and partners that the wood entering our mills comes from sustainably managed sources.

CSA Z809 Sustainable Forest Management

certification covers close to 850,000 hectares of our coastal timberlands operations. CSA is a highly rigorous certification system requiring forest managers to follow six criteria developed by the Canadian Council of Forest Ministers, and requires a significant level of local participation in the form of [public advisory groups](#). The independent members of these advisory groups share our passion for public forestlands, join in field inspections, meet several times annually and issue annual performance reports.

SFI® Forest Management Certification covers nearly 800,000 hectares of our coastal timberlands operations. Sustainable Forestry Initiative® (SFI) certification is widely used across North America and integrates principles that protect water quality, biodiversity, wildlife habitat, species at risk, and forests with exceptional conservation value.

SFI® Fiber Sourcing Certification ensures that wood entering our mills is from legal and responsible sources.

Chain-of-Custody Certification enables customers to reliably track the forest products they buy from Western, assuring them that these products come from responsibly managed, legally-harvested forestlands. We are certified to the most widely respected international standards, by the Programme for the Endorsement of Forest Certification (PEFC™) and Forest Stewardship Council® (FSC®).



ENVIRONMENT

SAFEGUARDING RESOURCES FOR FUTURE GENERATIONS

Conserving biodiversity

At Western, when we look at a forest, we see beyond the trees. We see a fine web of animal, bird, insect and plant life that depends on healthy forests to flourish. We also see local communities that rely on forests for economic benefit and recreation.

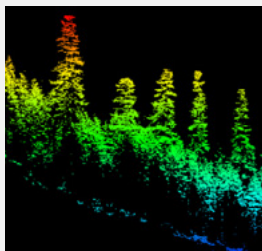
Western's biologists and forest professionals manage the biodiversity program based on available science. The program is certified to Sustainable Forest Management standards and helps guide our actions in 10 key areas:

- Retention silviculture system
- Stand level retention
- Big trees
- Habitats for species at risk
- Habitats for significant species of concern
- Species not at risk
- Old forest
- Interior forest conditions
- Ecosystem representation
- Rare ecosystems

Species at risk habitats. We actively manage and conserve habitats for selected focal species, including species at risk. These include the northern goshawk, marbled murrelet, great blue heron, red-legged frog and old growth specklebelly lichen. Professionals ensure that our practices for identifying and conserving suitable habitat align with recognized federal and provincial strategies.

Ungulate winter range. During particularly snowy winters, ungulates such as elk, deer and goats can have difficulty finding enough food. Their survival may depend on access to specific winter habitats with sufficient forest cover. Winter ranges are therefore established and maintained at the elevation and aspects necessary to provide the necessary shelter, forage and snow interception.

Old forest management areas. Western maintains a vast network of old forest management areas, ensuring old forest is protected across the areas we manage. In addition to this network, we also protect big trees as part of our detailed harvest planning, using techniques such as retention harvesting.



Sustainable planning with LiDAR

One of Western's key planning tools for sustainable forest management, Light Detection and Ranging (LiDAR), is an aircraft-mounted technology that uses laser pulses to create a 3D model of the landscape. Our forest professionals have developed proprietary software that further enhances LiDAR, enabling us to capture the height and characterization of individual trees. We use this invaluable data to plan more accurately, maintaining safe, productive and sustainable forest management practices.

In 2018, Western's enhanced LiDAR enabled us to build a vast Individual Tree Inventory, as well as to identify more old forest and rare wildlife reserves, including habitat for the marbled murrelet.

ENVIRONMENT

SAFEGUARDING RESOURCES FOR FUTURE GENERATIONS

Hatching plans for salmon. Our forestry and biodiversity plans extend protection to waterways, including rivers where British Columbia's iconic salmon spawn. Through our work at coastal hatcheries, we're helping to support the province's historic salmon runs.

Western works with local volunteers to operate the Cordy Creek hatchery in Holberg, which produces up to 80,000 coho and chum salmon annually.

On the Marble River in Port McNeill, a second volunteer-run hatchery produces up to 850,000 chinook salmon. We've been supporting this hatchery since 1981 with volunteers and other resources.

Western-supported hatcheries are licensed by Fisheries and Oceans Canada.



Deb Anderson, Marble River Hatchery Volunteer

[see her story here](#)

ENVIRONMENT

SAFEGUARDING RESOURCES FOR FUTURE GENERATIONS

Addressing climate change

We base our reforestation practices on climate change science. Western chairs the Coastal Technical Advisory Committee that supports the Forest Genetics Council of British Columbia, and is a member of the provincial government's Climate-Based Seed Transfer Stakeholder Advisory Group. Our products and practices align with growing consumer awareness of sustainable products and building trends, and present an opportunity for Western to contribute positively to addressing climate change risk through the execution of our business strategy.

Ultimately, we believe our business is good for society's efforts to combat climate change. Trees capture carbon dioxide (CO₂, a greenhouse gas) from the atmosphere, store the carbon in the wood and release the oxygen back into the atmosphere. The carbon remains in the wood even after we make wood products. When we replant the harvested areas, the new trees begin the cycle over again, capturing and storing more carbon. In fact, as young forests grow, they absorb more CO₂ each year than do old forests.

Managing emissions

While we're not an energy-intensive company, we nevertheless generate greenhouse gases as we operate our sawmills, logging trucks, machinery and vehicles, and as we heat and cool our buildings. We participate in energy conservation programs, such as Strategic Energy Management with the provincial utility, BC Hydro, and use alternative energy such as recycled steam to lessen our

potential emissions. And, while we do not yet track emissions in detail, we reduce our impact by choosing, purchasing and maintaining emission-compliant equipment and machinery. Reducing Western's carbon footprint is good for the planet and our bottom line, as it also shrinks our energy bill.

Managing water

We recognize that water is a key part of a functioning ecosystem. We are not an intensive user of water, but our forest professionals understand how water and seasonal patterns shape the landscape. Accordingly, our sustainable forestry plans include measures to maintain water quality, quantity and natural flow patterns. And, we are committed to introducing improved water conservation and recycling practices in our operations where possible. We recognize the right of water as a fundamental human right.

Minimizing waste

At Western, we use 100% of the harvested log. After the log is transformed into useful products in our mills, we ship the remaining biomass, including sawdust, chips and bark, to pulp and paper manufacturers and bioenergy generating partners. Following sustainable forest management practices, we may leave some bio-residue on the forest floor. This residue decays naturally, making its nutrients available to the next generation of trees we plant, and acts as a growth medium for fungi, while also providing food and shelter for insects and birds.



FIRST NATIONS

BUILDING TRUST THROUGH RESPECT

Western operates in the traditional territories of more than 45 First Nations. We respect the treaty and Indigenous rights of First Nations and are committed to open and meaningful dialogue so that we can all benefit from the forest that we manage. By following the principles of sustainability, future generations will enjoy working forests that provide jobs, recreation and carbon management, while preserving cultural elements and ecosystems.

Informed by the spirit of reconciliation, Western works closely with First Nations. We are doing more with these partners to grow business capacity at timberland and manufacturing sites. By working together, we can all do our part in building a stronger and more prosperous shared future.



+\$35 Million

Value of annual harvest through First Nation joint ventures and limited partnerships



>45

First Nations traditional territories in which Western operates

Fostering mutually beneficial relationships

Western has 16 active agreements with First Nations or First Nations associations. These range from business-to-business arrangements through to limited partnerships, where the parties generally pool equal amounts of volume from their respective tenures to support joint harvesting and profit-sharing based on respective volume contribution. We're continuing to develop relationships in the form of supplier contracts and job creation. Through voluntary disclosure, 75 Western employees self-identify as having Indigenous ancestry.

Western's long-term relationships with local First Nations include:

Joint Ventures for logging and forest management with Heiltsuk Nation and Kitasoo/Xai'xais First Nation.

Limited Partnerships (LP) in logging and forest management with the Quatsino First Nation and 'Namgis First Nation. Our Quatern LP with the Quatsino First Nation has been recognized with Indigenous Business Awards for its shared successes.



FIRST NATIONS

BUILDING TRUST THROUGH RESPECT

Our Reconciliation Protocol Agreement with the Huu-ay-aht First Nations sets a framework for a shared path to reconciliation and a joint vision for a safe and competitive forest sector in the Alberni Valley. Our partnership has resulted in a suite of agreements since 2017, including the sale of our former Sarita Dryland Sort, employment and training agreements, and a pending transaction for the sale of a 7% ownership interest in our Port Alberni Forest Operation.

Burleith Dryland Sort is a facility that Western leases from the Stz'uminus Nation. We have committed to resourcing the site with at least 50% Stz'uminus Nation members. That figure currently sits at approximately 68%, with some employees having worked at this site for more than 40 years.

Saanich Forestry Centre. Ten Indigenous people from neighboring communities are core seasonal employees, including several who have worked at this facility for 30 years.



A “Family” Totem Pole for Port McNeill

Through our cultural log donation program, Western regularly donates cedar logs to support carving initiatives that celebrate Indigenous culture.

One of these donations culminated with the unveiling of Port McNeill's first Kwakwaka'wakw totem pole in May 2018. The 'Namwiyut “Family” Totem Pole now proudly stands in front of North Island Secondary School.

Kwakiutl artist Mervyn Child and 'Namgis Chief and artist Don Svanvik led the carving and painting of the 20-foot pole, with help from many students. The event attracted 1,500 celebrants to witness the ceremony and blessing by hereditary chiefs.

[See the story here](#)

NEIGHBOURS

CONTRIBUTING TO LOCAL COMMUNITIES

Like any good neighbour, Western understands the importance of supporting the communities where our people live, play and work. We recognize that the better our relations with communities are the more sustainable our business will be.

To forge these positive connections, we focus our support on initiatives that promote cultural works, educational opportunity, physical activity and healthy living, or the awareness of our sustainable practices, including an understanding of the working forests and the environment. We provide in kind donations of employee volunteer time during work hours and the use of company equipment. Depending on the initiative, we may also donate funds and materials, including logs or lumber. All of these actions support one goal – to help vibrant, healthy and sustainable communities to flourish.

Sharing the natural wealth

While Western holds the logging rights to many forestlands, most of these lands are public. We

welcome the opportunity to safely share the public areas we are entrusted to manage with those who enjoy the outdoors.

Western works with Recreation Sites and Trails BC to maintain 34 sites where local residents and tourists can enjoy majestic forests and waterways within British Columbia's working forests and outside the province's parks and protected areas. Western employees maintain trails, build docks, staircases and shelters so that the sites are safe and accessible. We even post a downloadable map, along with safety tips for sharing the road with logging trucks. As well, we maintain a website and Twitter account to provide up-to-date road information. We want to ensure that people who use our roads are as safe as possible. Through social media channels, the public can also contribute information, creating a community of safety that benefits everyone.



\$500,000+
Targeted annual
community donations



\$150,000+
Funds raised through
employee community
initiatives

Harvey Seymour, 52-year employee

[see his story here](#)



NEIGHBOURS

CONTRIBUTING TO LOCAL COMMUNITIES

Forests Forever: Innovation in Modern Forestry

Scheduled for its grand opening in 2019, the immersive and interactive exhibition, Forests Forever: Innovation in Modern Forestry, will inform and inspire. Located at the BC Forest Discovery Centre in Duncan, the exhibition profiles British Columbia's unique forestlands and how our industry sustainably manages a valuable and precious resource so everyone benefits. Recognizing the exhibition's educational value, Western was an enthusiastic early supporter and lead sponsor.

Supporting forestry education

A 28-year veteran Western employee and passionate champion of the coastal forestry industry, the late Ray Robazza, RPF is not forgotten. In fact, we named our lead education award in memory of the man who mentored countless young foresters and engineers. To honour Ray's legacy, we offer two educational awards for the next generation of foresters, at Vancouver Island University and the University of British Columbia.

Contributing to local economy

Western generates significant value in the areas in which we operate, including through tax payments, job creation, community contributions and the purchase of local goods and services.

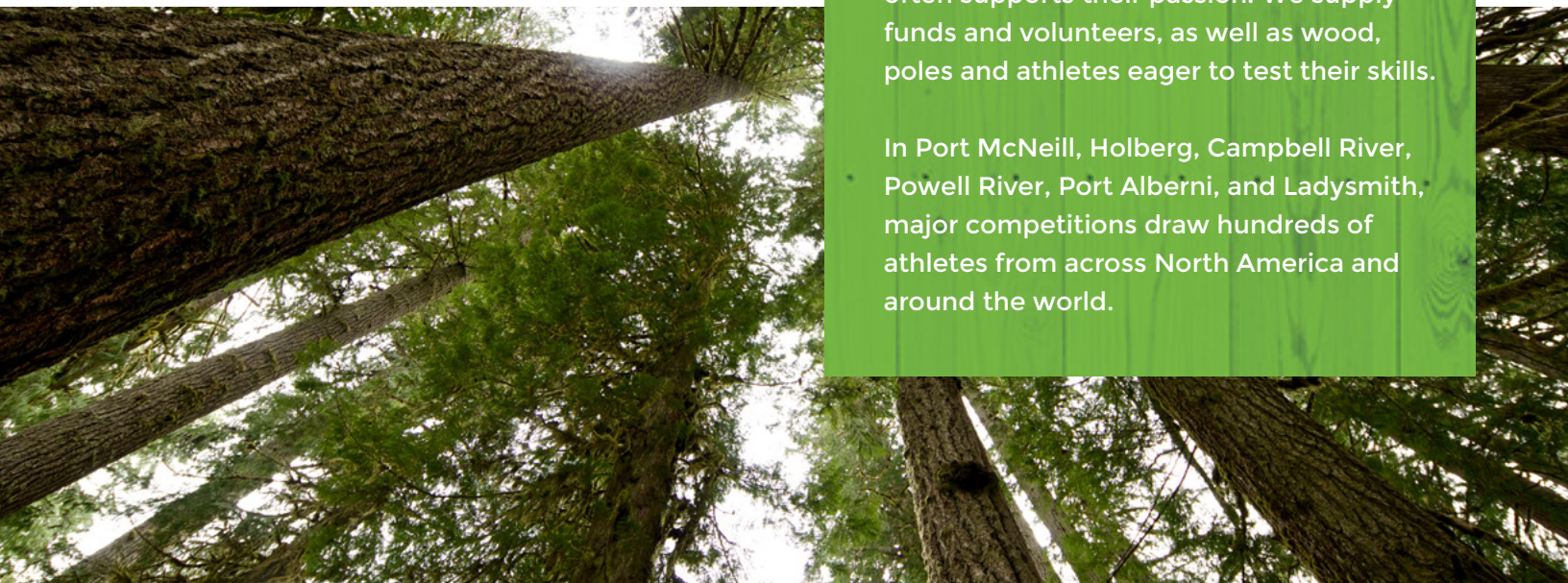
Our partnerships with suppliers, contractors and services providers support local community economic development and employment across a wide base of industries. In 2018, our local procurement included the purchase of light vehicles, forestry and mobile equipment from dealers in Port Hardy, Campbell River and Nanaimo.



Supporting logger sports

Many people in the communities where we operate are avid fans and competitors in traditional logger sports, and Western often supports their passion. We supply funds and volunteers, as well as wood, poles and athletes eager to test their skills.

In Port McNeill, Holberg, Campbell River, Powell River, Port Alberni, and Ladysmith, major competitions draw hundreds of athletes from across North America and around the world.





Western Forest Products
DEFINING A HIGHER STANDARD™

Please tell us what you think.

This is the first Sustainability Report from Western Forest Products. As we advance on our journey, our reports will grow in scope, depth and detail.

info@westernforest.com