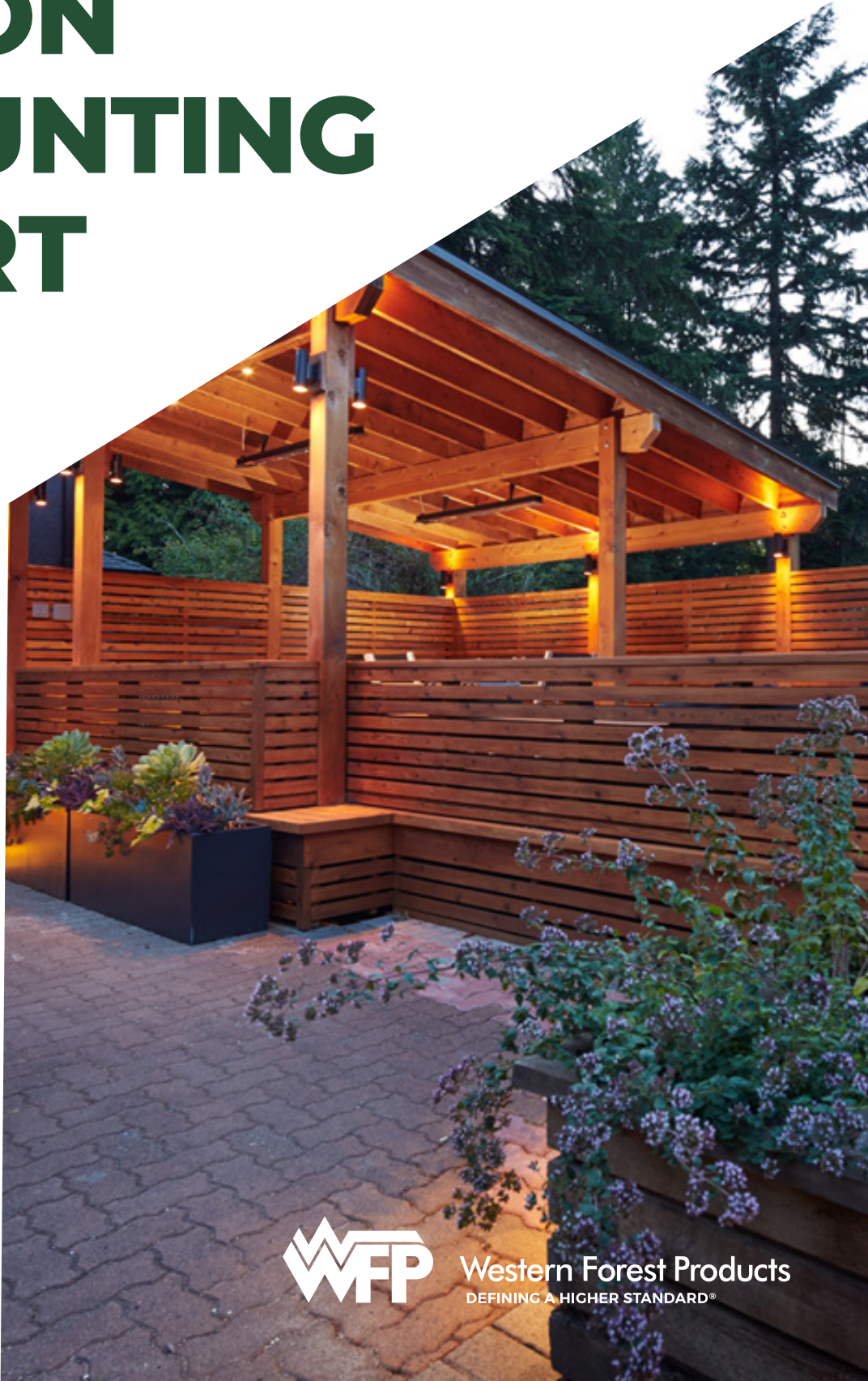


2020

CARBON ACCOUNTING REPORT



Western Forest Products
DEFINING A HIGHER STANDARD®

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2020 Carbon Accounting Report

1. HIGHLIGHTS

- Western has completed its second annual organizational carbon footprint for its Canadian operations for 2020, finding that Western is a net carbon sink, with more carbon being removed from the atmosphere than was emitted. Western's net carbon balance for 2020 was found to be -970,032 tCO₂e.
- The carbon benefits of substituting building materials such as steel and concrete with wood is estimated to contribute a separate emissions benefit of -2,380,805 tCO₂e in 2020.
- Western's net carbon balance and product substitution potential (as described in this report) together contribute to an estimated benefit of -3,350,837 tCO₂e, which is equivalent to removing the emissions caused by over 720,000 cars.
- For the first time, Western has forecast its carbon balance 100 years into the future by linking carbon models to sustainable forest management plans, which predicts that Western activities could contribute to a net reduction of 249.1 million tCO₂e over the next 100 years as carbon is sequestered by growing forests and captured in long-lived wood products.
- Forests managed by Western in 2020 were estimated to store over 2.3 billion tCO₂e, of which 0.1% was harvested and transferred to forest products. Forest ecosystem carbon stocks within forests managed by Western are forecast to remain relatively stable over the next 100 years, as the carbon removed through harvesting is replaced by carbon sequestered from the atmosphere.
- Western improved its methodology in 2020 by expanding the scope to include Scope 1, 2 and 3 emissions, such as upstream and downstream emissions associated with forest planning, silviculture, tree planting, road construction, log sorting, log-to-lumber custom cutting, off-site lumber kiln drying, energy purchases, capital investments and product distribution. We utilized Western's mill data rather than generalized scientific assumptions about wood products and accounted for existing carbon stored in the harvested wood products pool in line with accepted carbon accounting methodologies.

2. INTRODUCTION

This document outlines the approach used to determine the organizational carbon footprint for Western Forest Products Inc.'s Canadian operations (Western) from January 1st, 2020, to December 31st, 2020, in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (World Resources Institute [WRI], 2004). It documents the data, models and assumptions used, the organizational boundary considered, project scope, exclusions and findings. It serves as our commitment to transparency and continuous improvement in our carbon accounting practices and to reducing our carbon footprint.

3. APPROACH

3.1 ORGANIZATIONAL BOUNDARY

The organizational boundary was Western's Canadian operations. This included all public tenures and private lands, all purchased volume, all manufacturing facilities within Canada, and the activities of wholly-owned or majority-owned Limited Partnerships, including Cawak ʔqin (Tsawak-qin) Forestry LP. Emissions information was consolidated using the control approach described in the GHG protocol. Outside of the organizational boundary were joint ventures Western is a party to and Western's US operations, for which certainty over data points could not be verified to the same extent as our Canadian operations. We will continue to further evaluate their inclusion in the future.

3.2 SCOPE

All supply chain activities and products through to product end of life were within scope. This included:

- Scope 1 – Direct emissions.
- Scope 2 – Indirect emissions from energy purchases.
- Scope 3 – Significant indirect fossil fuel emissions from supply chain activities.
- Forest ecosystem sequestration and decay.
- Net change in carbon stored in harvested wood products during their useable life.
- Net change in carbon stored in landfills after end of product use.
- Substitution benefits of using wood over alternatives.

3.3 EXCLUSIONS

The project did not account for carbon associated with:

- Wildfire emissions. This is consistent with the approach used in Canada's National Inventory Report (Environment and Climate Change Canada, 2022).
- Energy consumption at certain office locations, that are separate from our operating locations, on the basis of immateriality.

The following Scope 3 emissions outlined in the GHG Protocol Scope 3 Accounting and Reporting Standard (WRI, 2020) were excluded:

- Purchased goods and services – The upstream emissions associated with the production and transportation of fertilizer and herbicide were excluded on the basis of immateriality.
- Business travel – All business travel other than that conducted using company owned vehicles was excluded. As business travel was extremely limited in 2020 due to a labour dispute and the COVID-19 pandemic, this exclusion is not considered material.
- Employee commuting – All employee commuting, other than that conducted using company owned vehicles was excluded. The COVID-19 pandemic resulted in a significant portion of non-essential staff working from home, so this exclusion is not considered material.

- Upstream leased assets – These are an insignificant portion of Western’s business and were excluded on the basis of immateriality.
- Downstream leased assets – These are an insignificant portion of Western’s business and were excluded on the basis of immateriality.
- Franchises – Western does not operate any franchises.
- Investments – These are an insignificant portion of Western’s business and were excluded on the basis of immateriality.

3.4 DATA USED

The organizational carbon footprint accounting was based on the best available information. Where possible, data linked to financial reporting and audited financial statements was used.

Primary data sources used were:

- Western’s forest inventory, which is updated annually to account for forest growth and depletions from harvesting, road construction and wildfire.
- Lumber production, log production, log exports, log purchases, and capital investments from Annual Information Forms and Annual Reports from Western and predecessor companies.
- Invoiced fuel purchases including natural gas, diesel and gasoline.
- Invoiced electricity usage for manufacturing facilities.
- Invoiced costs for transportation of logs from dryland sorts.
- Lumber recovery factors from sawmill internal recordkeeping systems.
- Number of seedlings planted by operation from internal recordkeeping systems.
- Transportation distances from nurseries to company operations and from mills to port of origin from publicly available online mapping systems.
- Transportation distances from company operations offices to cut blocks from Western’s geographic information systems road layer.
- Sales data of volumes transported from mill to port of origin, and from port of origin to final destination by transport mode, species and seasoning.

Secondary data sourced used were:

- Product substitution benefits, product use and end of life assumptions from published sources.
- Emissions factors from published sources.

3.5 MODELS AND ASSUMPTIONS

The following models and assumptions were used in the organizational carbon footprint accounting. A detailed methodology of each assumption is outlined in Appendix 1 and the fuel factors used for calculating emissions in Appendix 2.

3.5.1 Forest Ecosystem

To estimate carbon stocks and emissions from the forest ecosystem, the operational scale Carbon Budget Model of the Canadian Forest Sector (CBM-CFS3) was used (Kurz

et al., 2009). This model was derived by the carbon accounting team at the Canadian Forest Service and follows the assumptions and methods established by the Intergovernmental Panel on Climate Change (IPCC) (IPCC, 2003). This is the same model used for Canada's National Inventory Reporting (Environment and Climate Change Canada, 2022). The model is driven by yield curves to track and calculate carbon stocks and fluxes in various carbon pools in forest ecosystems. Yield curves were developed using the BC provincial growth models: Table Interpolation Program for Stand Yields (TIPSY) and Variable Density Yield Projection (VDYP) (Province of British Columbia, 2022a & 2022b).

3.5.2 Harvested Wood Products

The harvested wood products carbon storage was estimated for lumber manufactured in WFP's Canadian mills beginning in 1993. The carbon storage was tracked throughout their lifespan as secondary products. The longevity of wood products and methods of disposal were determined using market values from the United States (Skog, 2008). Lumber shipped offshore and to Japan were assumed to be used in housing in some capacity, though different lifespans were used (IPCC, 2019a; Kayo & Tonosaki, 2021). Assumptions associated with product recoveries were derived from Western's sawmill data.

3.5.3 Scope 1: Direct Emissions

Direct emissions were determined from the following sources:

- Heavy machinery utilized in road building, harvesting, and log hauling from Western's tenures. This work is undertaken by a mix of contractor and company crews. The two are reported together under Scope 1 rather than split between Scope 1 and Scope 3 due to the way the data was collected.
- Mobile equipment used at Western's mills and dryland sort yards.
- Light duty vehicles.
- Boom boats.
- Natural gas used at Western's manufacturing sites.
- Slash pile burning CH₄ and N₂O emissions from Western's tenures were based on waste surveys, wood densities (Gonzales, J.S., 1990), and emission proportions by GHG (Kurz et al. 2009).
- Truck transportation of finished products to points of sale.

3.5.4 Scope 2: Indirect Emissions from Energy Purchases

- Electricity consumption at manufacturing facilities follows reporting from the GHG Protocol Scope 2 Guidance (WRI, 2015). Location-based reporting was used as Western does not buy market instruments and this would result in the same reported values as market-based reporting for Western's supply chain.

3.5.5 Scope 3: Indirect Emissions from Supply Chain Activities

- Emissions associated with harvest, primary transportation and slash pile burning (CH₄ and N₂O) for purchased logs from non-Western tenures.

- Transportation of logs to manufacturing sites and points of sale by barge and tugboat.
- Transportation of product from point of sale to final destination by truck, rail and ship.
- Emissions associated with the extraction, production and transportation of capital goods.
- Custom cutting of logs and third-party kiln drying.
- Emissions associated with the burning of hog fuel.
- Ferry transportation of finished products.
- Emissions associated with downstream processing of sold products.
- Emissions associated with upstream fuel production.
- End of product life emissions associated with decay in landfills or burning.

Scope 3 emissions were calculated using Western data on product volumes combined with published fuel use estimates for suppliers and other parts of the value chain.

3.5.5.1 Downstream Distribution Emissions

Downstream distribution emissions were based on internal data of the volume shipped to final destination by transport mode, species, and seasoning using a global logistics carbon calculator (Kuehne and Nagel, 2022).

3.5.5.2 Upstream Fuel Production and Processing of Sold Products

Upstream fuel production emissions were based on all fuel consumed in Scope 1 and 2, with the addition of natural gas and electricity consumed at mills performing custom cuts for Western. Processing of sold products utilized the volumes from sold logs and chips. These emissions were estimated using the Scope 3 calculator provided by the National Council for Air and Stream Improvement (NCASI) (NCASI, 2022).

3.5.5.3 Landfill Carbon Storage and Emissions

Landfill carbon storage and methane emissions were estimated using the proportion of degradable organic carbon and decay rates determined by the IPCC (IPCC, 2019b). The percentage of products assumed to be recycled, disposed in landfills versus burnt after their useful life followed the assumptions outlined in Skog, 2008. The proportion of CH₄ captured and converted to CO₂ was based on survey data from the landfill methane database (United States Environmental Protection Agency [USEPA], 2022a).

3.5.6 Product Substitution

All solid wood products produced, both directly from Western mills and from lumber produced from Western logs sold to third parties, were assumed to substitute either concrete or steel. Substitution effects were estimated using displacement efficiencies calculated in 2004 from a published scientific paper by the Consortium for Research in Renewable Industrial Materials (CORRIM) (Lippke, 2004). This substitution methodology was chosen as the scope of activities considered and excluded matched those considered in this project. Factors associated with single-family home construction were used for the product mix assumed to go to home-building materials. Substitution

values for concrete were used, as steel single-family home construction in North America has been negligible for over a decade (Fu, 2022). The selected substitution factor is similar to the average substitution factor found in a meta-analysis of 21 studies (Sathre, 2010) and a mitigation study in British Columbia for wood products used in wood building (Smyth, 2020). For the proportion of products directed towards industrial products, a mix of steel and concrete was assumed to be replaced and therefore an average was taken from the displacement factor derived from concrete and steel (Lippke, 2004).

3.5.7 Biogenic CO₂ Emissions

Biogenic CO₂ emissions from burning slash piles, hog fuel, and incineration of wood products at landfills, were estimated using wood densities determined by the Canadian Forest Service (Gonzales, J.S., 1990) and used assumptions of the proportion of carbon released as carbon dioxide, methane and nitrous oxide (Kurz et al., 2009).

3.6 IMPROVED METHODOLOGY

As proposed in Western's 2021 Sustainability Report (Western Forest Products, 2021), we improved our forest carbon methodology by incorporating wildfire into CBM-CFS3 to account for the landscape changes, while omitting their emissions, consistent with the approach used in the National Inventory Report (Environment and Climate Change Canada, 2022). Western's own mill data was used rather than scientific assumptions about harvested wood products. We also improved our approach for harvested wood products with published product half-lives, by accounting for old products produced since 1993 reaching the end of their life and leaving the pool as well as new products entering the pool. We also expanded the scope of emissions by including Scope 1, 2, and 3 emissions through to the product end of life.

3.7 BASE-YEAR

The year 2020 was the first year of accounting for the complete GHG footprint of the Western's supply chain in accordance with the GHG Protocol (WRI, 2004), which included Scope 1, 2 and 3 emissions, net forest sequestration and decay, and the net change in carbon stored in harvested wood products and landfills. Therefore, 2020 is chosen as the baseline year for emissions reporting.

Future changes to reporting year-over-year are expected for many reasons as GHG accounting and reporting in the supply chain matures. Updates to previous years' reporting could be required due to changes or improvements to methodologies, activity data or emission factors. Changes or improvements, including changes to the organizational boundary that result in changes in total gross Scope 1, 2 and 3 emissions greater than 5%, or harvested wood products transfer and net forest ecosystem emissions or removals greater than 10% will result in restating previous years' emissions.

For material changes in emissions related to the above, restatement will follow the "Base year recalculation methodologies for structural changes" outlined in Appendix E

to the GHG Protocol Corporate Accounting and Reporting Standard (WRI, 2004). For boundary expansion or improvements to reporting for business units in the supply chain, restatements will follow the “all year” approach by weighting the current year emissions and restating by the previous year’s production compared to the current year. For any acquisitions or divestitures, the “pro-rata” approach will be used.

3.8 UNCERTAINTY

Greenhouse gas reporting comes with considerable uncertainty. Current estimates and forward-looking projections are inherently uncertain. This project involves many projections including the projected lifespan, use and end of life disposal of products, forest growth, natural disturbance frequency, intensity, future product types and lifespans. The emissions associated with the production, distribution of primary products from the mills to the point of sale and upstream emissions are also inherently uncertain. This project used the best available information and scientifically supported models and assumptions. However, due to the uncertainty of the inputs, the results are uncertain. An analysis of the uncertainty of each input and assumption and the impact the results was not conducted and sensitivity analyses will be a focus for next year’s report. See also Section 6 Forward Looking Statements for more information.

4. RESULTS

4.1 FOREST ECOSYSTEM CARBON

The forests managed by Western are an enormous carbon bank and store carbon in the form of live trees, dead trees, branches, leaves, roots and soil. In 2020, the forest ecosystem stored 2,385,127 ktCO₂e (Table1). Soil organic matter is the largest carbon pool, representing 41% of the carbon in the forest ecosystems, followed by dead organic matter (29%), aboveground biomass (24%) and belowground biomass (5%). In 2020, 0.1% of the ecosystem carbon was harvested and transferred into forest products, of which a proportion is stored as long-lived wood products.

CARBON POOL	2020 (Kilotonnes CO₂e)
Aboveground Biomass	570,773
Belowground Biomass	126,494
Dead Organic Matter	700,029
Soil Organic Matter	987,831
Total Ecosystem Stocks	2,385,127
Annual Transfer to Forest Products	3,099

Table 1 Total forest ecosystem carbon stocks (kilotonnes of CO₂e).

Forest ecosystem carbon is projected to remain relatively stable over the next 100 years, fluctuating by -3.8% from the amount in 2020 (Figure 1). The decline is driven by the decay of dead organic matter in harvested areas. This projection indicates that Western’s current sustainable forest management practices are not likely to have a significant impact on forest ecosystem carbon stocks over the long term.

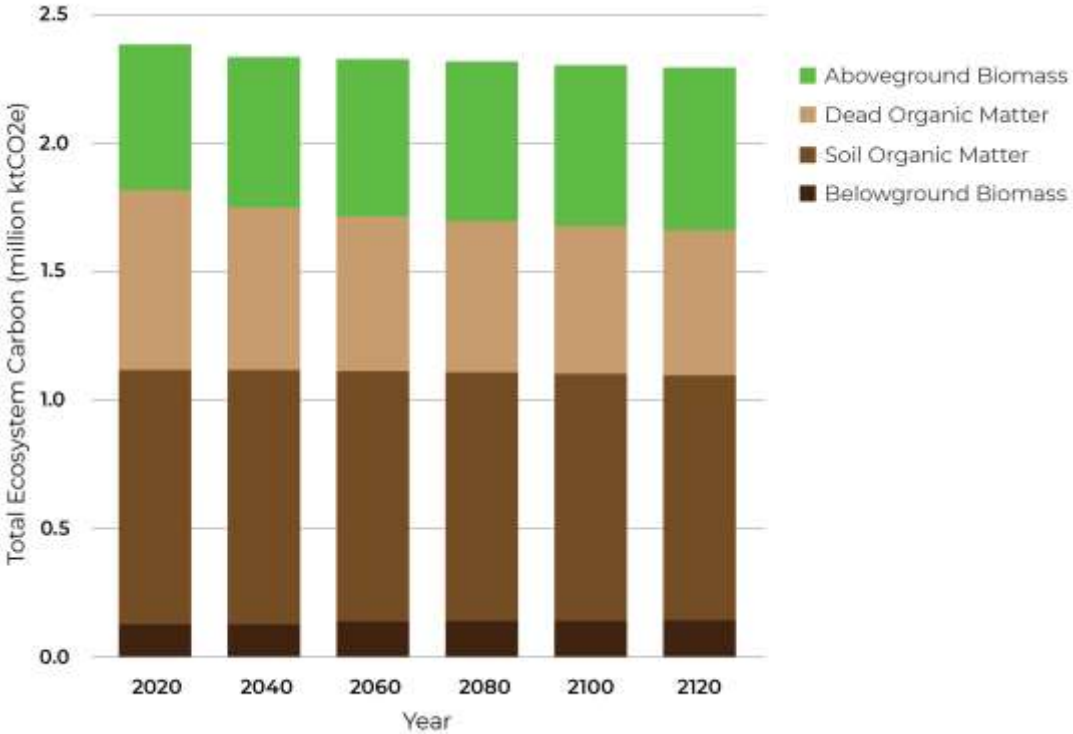


Figure 1 Projected forest ecosystem carbon stocks (kilotons of CO₂e) over the next 100 years.

4.2 NET CARBON BALANCE

Western was found to be a net carbon sink for 2020, indicating that the total carbon benefit of sequestration in forests and storing carbon in long lived wood products outweighed the emissions from forest carbon pools (such as dead organic matter) and the emissions associated with harvesting and producing lumber (Table 2). Western’s activities in 2020 were estimated to have resulted in a net reduction of 970,032 tCO₂e that year. This supports the findings from the IPCC, which found that “sustainable forest management aimed at providing timber, fibre, biomass, non-timber resources, and other ecosystem functions and services, can lower greenhouse gas emissions” (IPCC, 2020). Detailed summaries of emissions by scope can be found in Appendix 3 and Appendix 4.

	2020 (Tonnes CO₂e)
Net Forest Ecosystem Balance	1,388,125
Net Change in Carbon Stored in Wood Products	(2,538,923)
Scope 1 Emissions	110,597
Scope 2 Emissions	3,298
Scope 3 Emissions	1,953,158
Net Change in Landfill Carbon Storage	(1,886,287)
Net Carbon Balance	(970,032)

Table 2 Total net carbon balance by forest ecosystem and harvested wood products (tonnes of CO₂e). Negative values indicate carbon uptake whereas positive values indicate an emission.

Carbon storage in harvested wood products and landfills were found to be significant contributors to Western’s status as a net carbon sink. After disposal, international standards indicate that 90% of the carbon in solid wood products remains permanently stored in landfills and 50% for paper products (IPCC, 2019b), compounding the benefits of forest carbon sequestration and storage in long-lived wood products over time.

4.3 PRODUCT SUBSTITUTION

Although excluded from Western’s net carbon balance in accordance with the GHG Protocol (WRI, 2020), the carbon benefits of substituting building materials such as steel and concrete with wood are well recognized, including by the IPCC who stated that “where wood carbon is transferred to harvested wood products, these can store carbon over the long-term and can substitute for emissions-intensive materials reducing emissions in other sectors” (IPCC, 2020). The avoided emissions from substituting steel and concrete with wood produced by Western is estimated to be -2,380,805 tCO₂e in 2020. The combined benefit of Western’s net carbon balance and product substitution potential in 2020 was estimated to be -3,350,837 tCO₂e, which is equivalent to removing the emissions caused by over 720,000 cars (USEPA, 2022b).

4.4 BIOGENIC EMISSIONS

Though excluded from the net carbon balance for reporting in accordance with the GHG Protocol (WRI, 2004), biogenic emissions represented 1,041,329 tCO₂e, including 258,919 tCO₂e from slash pile burning from Western’s operations (Table 3). Western is committed to identifying opportunities to reduce our carbon footprint. In 2020 and 2021, Western diverted 22,651 m³ of post-harvest residue that would have otherwise been burned in slash piles to North Island Chipping to be converted into fibre for coastal pulp and paper facilities. This is estimated to have reduced Western’s direct carbon emissions by 2,274 tCO₂e. As slash pile burning is one of Western’s biggest source of direct emissions, we will continue to identify opportunities to utilize forest residues and will use these carbon accounting results to identify opportunities to further improve emissions.

	2020 (Tonnes CO ₂ e)
Slash pile burning from Western's operations	258,919
Slash pile burning from purchased logs	50,723
Hog fuel burning	455,324
Waste disposal incineration	276,363

Table 3 Biogenic CO₂ emissions (tonnes of CO₂e)

4.5 CARBON BALANCE PROJECTION

Using assumptions from current forest management plans, Western's net carbon balance is projected to improve further over the next 100 years, due to the compounding effect of sequestering atmospheric carbon, storing it in long-lived wood products and the continuous storage of significant amounts of carbon in landfills even after disposal (Figure 2). In the next 100 years, Western's activities are projected to potentially decrease atmospheric carbon by 249.1 million tCO₂e, equivalent to removing the emissions of over 54 million cars (USEPA, 2022b).

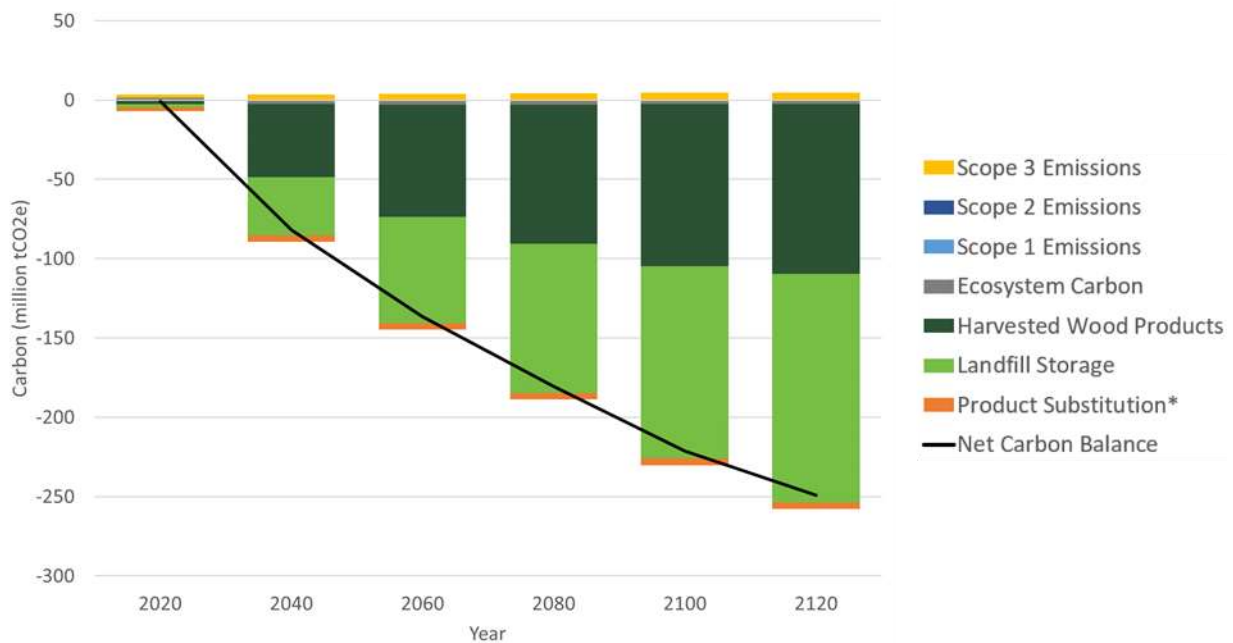


Figure 2 Projected net carbon balance from both forest ecosystem and harvested wood products processes in the next 100 years based on Western's current operations and forest management plans. Negative values indicate carbon uptake whereas positive values indicate an emission. *Asterix demarks values not included in the net carbon balance.

5. LOOKING AHEAD

Western is committed to continuous improvement in our carbon accounting practices. Next year, we will review the uncertainty of the inputs and assumptions in accordance with the guidance of the Greenhouse Gas Protocol (WRI, 2004).

Carbon is becoming a key value that will be tracked in long-term plans being developed by Western and its Indigenous partners. Forest carbon will also be included in all future Timber Supply Reviews completed by Western for each of the Tree Farm Licences we manage.

Since 2021, Western have announced joint landscape planning processes with the 'Namgis First Nation, Huu-ay-aht First Nation, N̓anwakolas Council, Tla'amin First Nation and Quatsino First Nation. Where required, carbon modelling will be included in these plans allowing future stocks and balances to be forecast under different forest management assumptions.

Going forward, Western may also evaluate opportunities to monetize carbon through carbon offset programs and other markets.

6. FORWARD LOOKING STATEMENTS

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

This report contains statements and estimates that may constitute forward-looking statements under the applicable securities law. Readers are cautioned against placing undue reliance on forward-looking statements because such statements are based upon a number of estimates and assumptions of management, and Western can give no assurance that such statements will prove to be correct. All statements herein, other than statements of historical fact, may be forward-looking statements and may be identified by the use of words such as “will”, “plan”, “target”, “strategy”, “expect”, “can”, “believe”, “may”, “project”, “commit”, “estimate”, “forecast”, “likely”, “ensure”, “seek”, “work to”, “pursue”, “continue” and similar references intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statement in this report include, but are not limited to, statements relating to our current intent, belief, expectations, goals, targets, strategy, commitment and impact with respect to our operations, our environmental and sustainability initiatives (including the stability of forest ecosystem carbon stocks, the impact of Western’s activities on carbon and Western’s carbon balance) and our engagement and relationship with Indigenous groups, communities and other stakeholders.

Although such statements reflect management’s current reasonable beliefs, expectations and assumptions, there can be no assurance that forward-looking statements are accurate or that we will achieve our goals or objectives, and actual

results and performance may materially vary. Forward-looking statements are subject to a variety of risks and uncertainties that could cause our actual results or performance to be materially different from what is contemplated by these statements, including: economic and financial conditions, labour disputes and disruptions, changes in prices and demand for forest products, natural disasters, adverse weather conditions and the impact of climate change, environmental compliance costs, global pandemics, relations with Indigenous groups, the availability of fibre and allowable annual cut, development and changes in the regulatory framework, the development and performance of technology and other factors set out in our management's discussion and analysis for the year ended December 31, 2021 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 solely on information currently available to Western and are made as of the date hereof. Except as required by law, Western disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise.

7. GLOSSARY

Additionality: Used in reference to carbon removal projects. A carbon removal project is additional if it results in less greenhouse gas emissions than would have otherwise occurred.

Atmospheric carbon: The natural trade of gaseous carbon compounds between Earth's atmosphere and various components of Earth such as the ocean and the biosphere.

Base year: Companies establish a base year from which all future carbon reporting is compared to. Western's base year is 2020.

Biogenic carbon: Carbon released from burning or decaying organic material.

Cap and trade: A market-based approach to lowering GHG emissions. An authority generates a limited number of permits. Each permit allows holder to emit a certain amount of GHGs over a specific period. Those wishing to emit more than allocated must purchase permits from those willing to sell them.

Carbon credit: Within a cap-and-trade system, an organization is allowed to emit the allocated amount of carbon credits. Carbon credits are measured in carbon dioxide equivalent.

Carbon dioxide equivalent (CO₂e): As greenhouse gases (GHGs) aren't equal in contributing to global warming, CO₂e is a common scale for all GHGs. For each GHG, CO₂e is the mass of CO₂ which would warm the earth as much as the mass of that gas.

Carbon flux: The transfer of carbon from one pool to another.

Carbon footprint: All of the GHG emissions (both direct and indirect) and reductions associated with a specific product or activity.

Carbon negative: Where the cumulative activities of a business result in a decrease in atmospheric carbon. Synonymous with climate positive.

Carbon neutral: Where the cumulative activities of a business result in neither an increase nor decrease in atmospheric carbon. Synonymous with net zero.

Carbon offset: To counteract emissions, one can reduce or remove emissions, creating a carbon offset.

Carbon offset protocol: Standards or methodologies for quantifying emissions reduction from a proposed offset project.

Carbon pool: Where carbon is stored.

Carbon positive: Where the cumulative activities of a business result in an increase in atmospheric carbon.

Carbon sequestration: The process of capturing and storing atmospheric carbon.

Carbon sink: More carbon is sequestered than is released.

Carbon source: More carbon is released than is sequestered.

Carbon storage: Storing atmospheric carbon in a carbon pool.

CBM-CFS3: Carbon budget model for the Canadian Forest Sector. CBM-CFS3 is a stand- and landscape-level model to simulate the dynamics of all forest carbon stocks required under the United Nations Framework Convention on Climate Change.

CFS: Canadian Forest Service. Developers of CBM-CFS3.

Climate positive: Where the cumulative activities of a business result in a decrease in atmospheric carbon. Synonymous with carbon negative.

Direct emissions: Emissions that a company generates while performing its business activities. Considered scope 1 emissions.

Displacement factor: The reduction in emissions achieved per unit of wood used.

Downstream emissions: Emissions that occur after a company's point of sale. Considered scope 3 emissions.

GHG Protocol: The GHG Protocol is the most widely used greenhouse gas corporate accounting and reporting standard in the world.

Global warming potential (GWP): The heat trapping potential of each greenhouse gas relative to carbon dioxide (CO₂). Nitrous oxide and methane trap considerably more heat than carbon dioxide.

Greenhouse gas (GHG): A gas that contributes to the greenhouse effect by absorbing infrared radiation. They include carbon dioxide (CO₂), Methane (CH₄), Nitrous oxide (N₂O), hydrochlorofluorocarbons (HCFC), hydrofluorocarbons (HFC) and ozone (O₃).

Growth and yield curves: Statistical curves that predict the volume of a stand at a specific point in time, given initial conditions.

Hog fuel: Residue from milling process, contains chips, sawdust, bark etc.

Indirect emissions: Upstream and downstream emissions that are a consequence of a company's operations but outside of their control.

IPCC: Intergovernmental Panel on Climate Change. The United Nations body for assessing the science related to climate change.

Life cycle assessment: A method for evaluating the environmental impact of a product or service from cradle (raw material extraction) to grave (final disposal).

Net zero: When the total amount of greenhouse gases (GHG) in the atmosphere remains constant.

SASB: The Sustainability Accounting Standards Board (SASB) is a non-profit organization that provides sustainability accounting standards for companies.

Scope 1 emissions: Direct emissions that a company generates while performing its operations.

Scope 2 emissions: Indirect emissions resulting from the production of purchased energy.

Scope 3 emissions: Indirect emissions (not accounted for in scope 2 emissions) that are a consequence of a company's operations but outside of their control.

Slashpile/pile burn: Waste wood from harvest that is burned to reduce the risk of wildfire.

tCO₂e: tonne of carbon dioxide equivalent. A standardized unit to compare the impacts of various greenhouse gases on the atmosphere.

Upstream emissions: Emissions that occur upstream of a company's supply chain. Considered scope 3 emissions.

US EPA: United States Environmental Protection Agency.

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APPENDIX 1 – METHODOLOGY FOR SCOPE 1, 2 AND 3 EMISSIONS

Scope	Description	Methodology	Reference
1	Light-duty vehicles	Fuel expenses from light-duty vehicles by operation were obtained from internal recordkeeping systems. Light-duty vehicles account for surveys, planning, layout, engineering, silviculture activities, monitoring and some commuting (excluding commuting in private vehicles). Fuel usage was converted to emissions using a factor of 2.317kgCO ₂ e/L	Environment and Climate Change Canada, 2022, Table A6.1-14
1	Harvesting equipment	Emissions associated with mobile harvesting equipment from within Western tenures (feller-bunchers, chainsaws, grapple yarders, skidders, super-snorkels, log loaders) was estimated using a fuel factor derived from an average of all 5 Western Forest Products CSA Defined Forest Area's from data gathered for the 2012 – 2016 reporting periods. The factor is 12.35kgCO ₂ e/m ³	
1	Transport of logs from cut block to dryland sort	Emissions associated with hauling logs was estimated using a fuel factor derived from an average of all 5 Western Forest Products CSA Defined Forest Area's from data gathered for the 2012 – 2016 reporting periods. The factor is 12.35kgCO ₂ e/m ³	
1	Land and water sorting of logs at dryland sort.	The number of litres of fuel for mobile equipment and boom boats by dryland sort were obtained from internal recordkeeping systems. Fuel usage for two dryland sorts where data was not available were estimated by pro-rating the log volume processed in 2020 compared to the dryland sorts where data was available. Fuel usage was converted to emissions using a factor of 2.708kgCO ₂ e/L for machinery and a factor of 2.708kgCO ₂ e/L for boats	Environment and Climate Change Canada, 2022, Table A6.1-14
3	Transport of logs from dryland sort to internal and external manufacturing facilities	Annual expenses to transport logs from dryland sorts to internal and external manufacturing facilities by third-party barge and tugboat was obtained from internal recordkeeping systems. Fuel expenses were estimated at 35% of the total expense, based on an internal analysis. Fuel expenses were converted to litres using the average annual wholesale diesel price in 2020 in Vancouver, BC. Fuel usage was converted to emissions using a factor of 2.708kgCO ₂ e/L for marine, unmixed diesel.	Environment and Climate Change Canada, 2022, Table A6.1-14
3	Log purchases	Emissions associated with the purchase of logs were calculated by determining the emissions per cubic metre from Western tenures of all activities upstream from manufacturing facilities (light duty vehicles, harvesting, transport) and multiplying this by the volume purchased.	
1	Mobile equipment at manufacturing facilities	The number of litres of fuel consumed at manufacturing facilities was obtained from internal recordkeeping systems. This was converted to CO ₂ e emissions using a factor of 2.233kgCO ₂ e/L for heavy duty unmixed gasoline for heavy machinery.	Environment and Climate Change Canada, 2022, Table A6.1-14
1	Natural gas at manufacturing facilities	Natural gas usage at manufacturing facilities was obtained from invoices. This was converted to CO ₂ e emissions using the Western Climate Initiative methodology.	Western Climate Initiative, Inc. 2011, Table 20a, Table 20-4
2	Energy use at manufacturing facilities	Energy usage at manufacturing facilities is sourced from hydroelectricity. From invoices, emissions emitted from BC hydro were estimated using a factor of 40.1tCO ₂ e/GWh.	Ministry of Environment & Climate Change Strategy, 2020
3	Emissions at custom cutting facilities	Volumes of logs consumed at custom cut mills was obtained from internal recordkeeping systems. Emissions were estimated by pro-rating the emissions from Western mills on a per cubic metre of log consumption basis.	
3	Emissions at third-party kiln drying facilities	Volumes of lumber processed at third-party kilns was obtained from internal recordkeeping systems. Emissions were estimated by pro-rating the emissions from Western kilns on a per thousand board feet of lumber basis.	
1	Distribution of lumber to point of sale - trucking	Production volumes of lumber by manufacturing site, point of sale, and species were obtained from internal recordkeeping systems. The distance travelled for lumber from each mill to the point of sale via trucks was summed and emissions estimated using the Carbon Care emissions calculator. Scope 1 includes trucking emissions.	CarbonCare, 2022
3	Distribution of lumber to point of sale - ferry	Production volumes of lumber by manufacturing site, point of sale, and species were obtained from internal recordkeeping systems. The distance travelled for lumber from each mill to the	CarbonCare, 2022

Scope	Description	Methodology	Reference
		point of sale via ferry was summed and emissions estimated using the Carbon Care emissions calculator. Scope 3 includes ferry emissions.	
1	Transport of seedlings from nursery to block.	The number of seedlings planted in 2020 by operation and season was obtained from internal recordkeeping systems. Distances from nursery to operation office was determined from online mapping software and converted to number of trips based on whether the seedlings were on pallets or not. Distances from offices to cutblocks planted in 2020 was determined using Western's proprietary GIS road data. The number of trips from office to cutblock was based on an average planting rate and the average crew size per pickup in 2020 under COVID protocols. Fuel use was calculated based on average fuel consumption for a 2014 Ford F-150. Fuel consumption was converted to emissions using a factor for heavy duty trucks 2.708kgCO ₂ e/L and a fuel factor of 2.317kgCO ₂ e/L for light-duty pickup trucks.	Environment and Climate Change Canada, 2022, Table A6.1-14
3	Upstream emissions associated with fuel production	A Scope 3 calculator created by the National Council for Air and Stream Improvement was used to estimate these emissions. A total fuel usage of Scope 1 fuels, energy used, and Scope 2 energy use were used as inputs.	NCASI, 2022
3	Emissions associated with capital investments	2020 capital investments were sourced from Western's 2021 Annual Information Form and converted to USD using the 2020 Bank of Canada exchange rate. Emission factors with margins (per USD) was sourced from the US Environmental Protection Agency. Factors used were those specified for "Machinery for the paper, textile, food or other industries (except semiconductor machinery)" from 2018.	USEPA, 2020
3	Emissions associated with the processing of sold products	A Scope 3 calculator created by the National Council for Air and Stream Improvement was used to estimate these emissions. The proportion of chips and lumber produced from sold logs was used as input.	NCASI, 2022 United Nations Economic Commission for Europe, 2010
3	Downstream distribution emissions	Volumes of lumber by final destination, city, transportation mode, species, and seasoning were obtained from internal recordkeeping systems. Container shipped volumes were converted to number of TEUs using the average volume per container by species and seasoning. Volumes of exported logs exported were obtained from Western's 2020 Annual Report. Emissions to the final destination were calculated using the Kuehne and Nagel Global Sea Logistics Carbon Calculator.	Kuehne and Nagel, 2022
3	Landfill emissions	After their usable life, for sawnwood, 77% was assumed to be landfilled, 9% of recycled, and 14% burnt. For paper, 36% was assumed to be landfilled, 50% recycled and 14% burnt. Emissions of CO ₂ and CH ₄ were calculated based on the proportion of degradable organic carbon in wood, half-lives, the proportion of CO ₂ and CH ₄ in landfill emissions, and the proportion of methane captured and converted to CO ₂ at US landfills.	IPCC, 2019a Skog, 2008 USEPA, 2022a
Disclosed separately	Biogenic CO ₂ emissions	Emissions associated with burning harvesting residue in slash piles and burning hog fuel was estimated using wood densities and assumed the proportion of carbon released as carbon dioxide, carbon monoxide, methane, and nitrous oxide	Gonzales, J.S., 1990, Kurz et al. 2009

APPENDIX 2 – CONVERSION FACTORS USED FOR CALCULATING EMISSIONS

Scope	Emission category	Fuel Type	CO ₂ (kg/L)	CH ₄ (kg/L)	N ₂ O (kg/L)	CO ₂ e (kg/L)
1	Dryland Sort ^a	Marine/Diesel	2.681	0.00014	0.000082	2.708
		Heavy Duty/ Diesel/Moderate Control	2.681	0.00025	0.000072	2.708
	Mill Mobile Equipment ^a	Heavy Duty/Gasoline/ Non-Catalytic Controlled	2.307	0.00029	0.000047	2.329
	Planting ^a	Heavy Duty/Diesel/Moderate Control	2.681	0.00014	0.000082	2.708
		Light-Duty Truck/Gasoline/Tier 2	2.307	0.00014	0.000022	2.317
			CO₂ (kg/GJ)	CH₄ (g/GJ)	N₂O (g/GJ)	
	Mills ^b	Natural gas	63.29	0.966	0.861	N/A
	Nursery ^b	Natural gas	63.29	0.966	0.861	N/A
						CO₂e (kg/m³)
	Forest Operations ^c					12.54
						CO₂e (kg/1000kg/km) (WTW)
Distribution ^d					0.14	

Scope	Emission category	Fuel Type	CO ₂ (kg/GJ)	CH ₄ (g/m ³)	N ₂ O (g/m ³)	CO ₂ e (t/GWh)
2	BC Hydro ^a	Hydro	N/A	N/A	N/A	40.1

a Factor taken from Environment and Climate Change Canada, 2022, Table A6.1-14.

b Factor taken from Western Climate Initiative, Inc. 2011, Table 20a, Table 20-4.

c Fuel factor derived from a mix of fuels compiled by Western Forest Products Inc.

d Factor taken from CarbonCare, 2020, CO₂ emissions calculator.

Gas Type ^e	Global Warming Potential (GWP) 100
CO ₂	1
CH ₄	25
N ₂ O	298

e Global warming potential (GWP) taken from Intergovernmental Panel on Climate Change, 2007, Table TS.2.

APPENDIX 3 – CALCULATED EMISSIONS FOR SCOPES 1 & 2

Scope	Emission category	Fuel Type	Consumed (L)	CO ₂ (t)	CO ₂ (tCO ₂ e)	CH ₄ (t)	CH ₄ (tCO ₂ e)	N ₂ O (t)	N ₂ O (tCO ₂ e)	Total (tCO ₂ e)
1	Dryland Sort	Marine Diesel unmixed	438,186	1,175	1,174	0.0613	1.534	0.0359	10.71	1,187
	Dryland Sort	Heavy Duty Diesel unmixed	1,159,468	3,108.53	3,108.53	0.2899	7.247	0.0835	24.88	3,141
	Mill Mobile Equipment	Heavy Duty Gasoline unmixed	15,538	35.85	35.85	0.0045	0.1127	0.0007	0.2176	36
	Planting	Heavy Duty Diesel unmixed	2,221	5.95	5.95	0.0003	0.0078	0.0002	0.0543	6
	Planting	Light-Duty Truck Gasoline unmixed	33,646	77.62	77.62	0.0047	0.1178	0.0007	0.2206	78

Scope	Emission category	Fuel Type	Consumed (GJ)	Consumed (m ³)	CO ₂ (t)	CO ₂ (tCO ₂ e)	CH ₄ (t)	CH ₄ (tCO ₂ e)	N ₂ O (t)	N ₂ O (tCO ₂ e)	Total (tCO ₂ e)
1	Mills	Natural gas	245,041	6,248,546	15,509	15,509	0.237	5.92	0.211	62.87	15,577
	Nursery	Natural gas	5,215	132,977	330	330	0.005	0.126	0.004	1.34	332

Scope	Emission category	Fuel Type	Consumed (m ³)	CO ₂ (t)	CO ₂ (tCO ₂ e)	CH ₄ (t)	CH ₄ (tCO ₂ e)	N ₂ O (t)	N ₂ O (tCO ₂ e)	Total (tCO ₂ e)
1	Forest Operations	N/A	3,856,105	N/A	N/A	N/A	N/A	N/A	N/A	47,623

Scope	Emission category	Fuel Type	Distance (km)	Weight (t)	CO ₂ (t)	CO ₂ (tCO ₂ e)	CH ₄ (t)	CH ₄ (tCO ₂ e)	N ₂ O (t)	N ₂ O (tCO ₂ e)	Total (tCO ₂ e)
1	Distribution	N/A	1,618	569,631	N/A	N/A	N/A	N/A	N/A	N/A	2,552

Scope	Emission category	Fuel Type	Consumed (kWh)	CO ₂ (t)	CO ₂ (tCO ₂ e)	CH ₄ (t)	CH ₄ (tCO ₂ e)	N ₂ O (t)	N ₂ O (tCO ₂ e)	Total (tCO ₂ e)
2	BC Hydro	Hydro	82,247,249	N/A	N/A	N/A	N/A	N/A	N/A	3,298

APPENDIX 4 - INCLUDED EMISSIONS BY SCOPE

Scope 1	tCO ₂ e
Dryland Sort	4,327
Nursery	332
Mills	15,577
Mill Mobile Equipment	36
Forest Operations	48,356
Slash pile burning (not including CO ₂)	39,334
Planting	84
Distribution	2,552
Total	110,597

Scope 2	tCO ₂ e
Hydro consumption	3,298
Total	3,298

Scope 3	tCO ₂ e
Distribution	47,368
Upstream Fuel Production	32,350
Custom Cutting	2,395
Custom Cut Drying	2,555
Barging or Towing	66,706
Capital Investments	3,820
Forest Operations Purchased Logs	7,348
Slash pile burning Purchased Logs (not including CO ₂)	7,748
Hog fuel burning for energy production (not including CO ₂)	69,059
Processing of sold products	225,813
Landfill decay	1,442,729
Incineration of waste	45,266
Total	1,953,158

Biogenic CO ₂	tCO ₂ e
Slash pile burning WFP	258,919
Slash pile burning purchased logs	50,723
Hog fuel burning for energy production	455,324
Incineration of waste	276,363



Independent Practitioners' Limited Assurance Report

To the management of Western Forest Products Inc.

We have been engaged by the management of Western Forest Products Inc. (the "Company") to undertake a limited assurance engagement, on certain quantitative performance information disclosed in the Western Forest Products Inc. Carbon Accounting Report for the year ended December 31, 2020 (the "Report") as described below.

Subject Matter Information and Applicable Criteria

The scope of our limited assurance engagement, as agreed with management, comprises the following performance information (the "Subject Matter Information"):

Subject Matter Information	Reported amount and units	Applicable Criteria
Total Net Carbon Balance (Greenhouse Gases) for Canadian Operations	-970,032 Tonnes CO ₂ e	<ul style="list-style-type: none">• The World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol - Corporate Accounting and Reporting Standard Revised Edition;• GHG Protocol Scope 2 Guidance, An amendment to the GHG Protocol Corporate Standard;• The Corporate Value Chain (Scope 3) Accounting and Reporting Standard as applicable to Scope 3 emissions, including categories 1 (purchased goods and services), 2 (capital goods), 3 (fuel and energy-related activities), 4 (upstream transportation and distribution), 5 (waste generated in operations), 9 (downstream transportation and distribution), 10 (processing of sold goods), 11 (use of sold goods) and 12 (end-of-life treatment of sold products) and excluding categories 6 (business travel), 7 (employee commuting), 8 (upstream leases assets), 13 (downstream leased assets), 14 (franchises), 15 (investments); and,• Internal reporting guidelines described in the Report



Subject Matter Information	Reported amount and units	Applicable Criteria
Biogenic emissions	1,041,329 Tonnes CO ₂ e	<ul style="list-style-type: none"> • The World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol - Corporate Accounting and Reporting Standard Revised Edition; • The Corporate Value Chain (Scope 3) Accounting and Reporting Standard as applicable to Scope 3 emissions, including categories 1 (purchased goods and services), 2 (capital goods), 3 (fuel and energy-related activities), 4 (upstream transportation and distribution), 5 (waste generated in operations), 9 (downstream transportation and distribution), 10 (processing of sold goods), 11 (use of sold goods) and 12 (end-of-life treatment of sold products) but excluding categories 6 (business travel), 7 (employee commuting), 8 (upstream leases assets), 13 (downstream leased assets), 14 (franchises), 15 (investments); and, • Internal reporting guidelines described in the Report
Substitution benefits	-2,380,805 Tonnes CO ₂ e	<ul style="list-style-type: none"> • Internal reporting guidelines described in the Report

The Subject Matter Information, contained within the Report, has been determined by management on the basis of the Company's assessment of the material issues contributing to their greenhouse gas ("GHG") emissions performance and most relevant to their stakeholders.

Other than as described above, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

There are no mandatory requirements for the preparation, publication or assurance of GHG performance metrics. As such, the Company applies the criteria described under Applicable Criteria above in calculating the reported amounts.

Management's responsibilities

Management is responsible for the preparation and presentation of the Subject Matter Information in accordance with the Applicable Criteria, current as at the date of our report as well as determining the appropriateness of the use of the Applicable Criteria.

Management is also responsible for determining the Company's objectives in respect of GHG emissions and reporting and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.



Practitioners' Responsibilities and Professional Requirements

Our responsibility in relation to the Subject Matter Information is to perform a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. ISAE 3410 requires that we plan and perform our procedures to obtain the stated level of assurance, in accordance with the applicable criteria.

Independence, quality control and competence

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement was conducted by a multidisciplinary team which included professionals with suitable skills and experience in both assurance and in the applicable subject matters.

Assurance approach

We planned and performed our work to obtain all the evidence, information and explanations we considered necessary in order to form our conclusion as set out below. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Subject Matter Information and applying analytical and other evidence gathering procedures to the Subject Matter Information, as appropriate. Our procedures included:

- Inquiries with relevant staff at the corporate and facility level to understand the data collection and reporting processes for the Subject Matter Information;
- Assessment of the suitability and application of the Applicable Criteria in respect of the Subject Matter Information
- Comparison of a sample of the reported data for the Subject Matter Information to underlying data sources;
- Inquiries of management regarding key assumptions and, where relevant, the re-performance of calculations on a sample basis;



- Walkthrough of data collection and reporting processes, interviews with senior management and relevant staff for a sample of facilities; and,
- Reviewing the presentation of the Subject Matter Information in the Report to determine whether it is consistent with our overall knowledge of, and experience with, the GHG emissions of the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, those applied in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations

Non-financial information, such as that supporting the Subject Matter Information, is subject to more inherent limitations than financial information, given the nature of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques, which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as well as the measurement criteria, may change over time.

Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Subject Matter Information, as described above and disclosed in the Western Forest Products Inc. Carbon Accounting Report for the year ended December 31, 2020, has not been prepared and presented, in all material respects, in accordance with the Applicable Criteria as at the date of our report.

Emphasis of Matter

Without qualifying our conclusion above, we draw attention to the Company's approach to estimating product substitution benefits described in Section 3.5.6 of the report. Substitution benefits are not a GHG emission or a GHG emission reduction of the Company and the calculation of potential substitution benefits can vary widely based on the assumptions made and the intent of the disclosure. As a result, it is important to read the assumptions in the Report to understand the basis of this disclosure.

Chartered Professional Accountants, Licensed Public Accountants

Vancouver, Canada

January 6, 2023