

2021

SUSTAINABILITY REPORT



Western Forest Products
DEFINING A HIGHER STANDARD®

About Our Report: This report covers Western's 2021 sustainability performance, and our approach to managing our sustainability topics.





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100%

of our managed tenures
are third party certified

100%

identified wildlife
features retained,
including bear dens
and bird nests



648

big trees conserved
since 2018



685,459

hectares (or 52%), within
our tenures are conserved
from harvest activity

– the equivalent
of 1,276,936
football fields



970,032

tCO₂e was removed as
a result of Western's
activities in 2020





\$2.2M

provided in total
community investments
since 2017

Zero

work-related COVID-19
transmissions were
recorded in 2021
for the second
year in a
row



40

active agreements with
Indigenous groups or
Indigenous organizations

\$1.03B

in employee wages and
benefits paid since 2017

– supporting
our people and
communities

37.5%

percentage of
women

board directors and
executive officers
as at December 31, 2021



A MESSAGE FROM CHAIR, BOARD OF DIRECTORS, MICHAEL WAITES

The Board of Directors works closely with the executive leadership team to oversee and guide Western's steadfast commitment to sustainability. As Chairman of the Board, I am proud of the steps taken across the company to advance Western's ongoing commitment to strengthen its environmental, social, and governance practices. In this year's Sustainability Report, we look back at our efforts to define a higher standard and reaffirm our commitment to continuous improvement.

Safety is a core value at Western. I'm proud of the Western team's continued adherence to our robust COVID-19 safety protocols and efforts to advance our safety journey. Delivering a reduction in our severity rate and achieving a second year of continuous operations with no COVID-19 workplace transmissions is a testament to our strong safety culture.

Team members across Western also continued to demonstrate the value placed on creating mutually beneficial partnerships by fostering innovative working relationships with Indigenous groups. In 2021, a series of milestone agreements that exemplify Western's ongoing actions to support economic reconciliation were achieved. These agreements span job creation and training, joint sustainable forest management planning, and other shared initiatives. Further highlights of our achievements are available in the Indigenous Relationships section of this report.

Fundamentally, we believe that developing wood products responsibly contributes to a better world for everyone. That is why we are embedding sustainability in everything we do. We are particularly proud to demonstrate how we are contributing to mitigating climate change risks by manufacturing long-lived wood products from sustainably managed forests. Last year, we modelled a net carbon positive impact from our business. This year, we have expanded our reporting to include Scope 1, 2, and 3 emissions assessments, forecast Western's carbon

balance 100 years into the future, and received third party assurance over our carbon accounting report. This data underscores the long-term carbon sequestration benefit of our activities and unparalleled benefit of building with wood.

On a final note, I would like to take this opportunity to recognize the significant contributions made by Don Demens, who served as Western's President and CEO for the past 9 years, and to welcome Steven Hofer who succeeds Don. During his leadership of Western, Don fostered a strong culture of continuous improvement, accelerating the Company's industry-leading sustainability work and innovative relationships with First Nations partners.

Going forward, I am confident that President and CEO, Steven Hofer, will build on the Company's solid foundation by continuing to champion safety and sustainability. We are excited to have Steven join Western and bring his significant industry experience and unique talents to support us in advancing Western's vision of supplying the most sustainable building products on the planet. By doing so, I believe Western is creating a lasting legacy for our people, customers, partners, communities, shareholders, and the planet.

Sincerely,

Michael Waites,
Chair, Board of Directors

WESTERN – WHAT DEFINES US

Western Forest Products Inc. (“Western” or “the Company”) is a global specialty wood products company operating primarily on the coast of British Columbia (BC) and Washington State. We employ over 3,500 people, including contractors.

To achieve our vision of providing the most sustainable building products on the planet, our business integrates sawmilling, remanufacturing, and procurement with sustainable forest management. We provide high-value specialty wood products used worldwide in various applications. From structural components to architectural features, our products are used by builders, architects, homeowners, and other discerning customers across the globe.

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

Governance

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

Western has four Board committees which ensure the Board functions effectively:

- Audit Committee
- Nominating and Corporate Governance Committee (the Board committee with direct oversight of our stewardship responsibilities)
- Environmental, Health & Safety (EHS) Committee (works with EHS policies and practices to ensure compliance with applicable EHS legislation)
- Management Resource and Compensation Committee

All members of the Board committees are 100% independent.

In 2021, Western became the first North American publicly traded forestry company to transition to a sustainability-linked credit facility. Our borrowing costs are now linked to achieving specific sustainability goals related to health and safety performance, increasing workforce diversity, and advancing mutually beneficial Indigenous relationships.

In 2021, the Company continued our commitment to strong governance practices with the appointment of two new independent directors to the Board and by reconstituting the membership of the Board sub-committees.

As at December 31, 2021, we have appointed four new independent directors to our Board. It is important for Western that our Board represents a broad spectrum of demographic attributes and characteristics to foster different perspectives. At December 31, 2021, the Board was comprised of 37.5% women, and in 2020 adopted a diversity, equity, and inclusion policy to continue its commitment to a diverse and inclusive Board and executive team.

In 2021, the Company expanded upon our diversity and inclusion commitments in our Human Rights Policy. We implemented a company-wide Diversity, Equity, and Inclusion Policy that highlights our ongoing commitment to investing in the inclusion and development of leaders with a diversity of thought at all levels of the Company.

Core documents in our governance framework include our:

- **Anti-Bribery and Anti-Corruption Policy**
- **Code of Business Conduct and Ethics**
- **Diversity, Equity, and Inclusion Policy**
- **Environmental Policy**
- **Health & Safety Policy**



Advantages of wood as a building material

- Wood is the only major building product that is a renewable resource and completely biodegradable
- Sustainable wood products help mitigate climate change
- Wood stores carbon, reducing new carbon emissions into the atmosphere
- Supports local communities with meaningful employment opportunities
- Wood is beautiful and aesthetically pleasing
- Wood uses less water in its manufacturing processes than steel or concrete and has a lighter footprint and impact on GHG emissions
- Produces durable, robust, and long-lived products
- Harvested timber can be replanted and regrown by the forest industry

Our vision

To provide the most sustainable building materials on the planet

Our values

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

Sustainability and engagement

Our material sustainability topics are embedded in policies and practices, informed by our engagement activities, and validated by our management team. Engagement refers to all our efforts to listen, understand, and collaborate with stakeholders and Indigenous groups, while respecting the rights and titles of Indigenous communities in the areas we work. Western operates within the traditional territories of more than 45 Indigenous groups in BC. We are committed to meaningful engagement and long-term relationships built on mutual respect and understanding to support the advancement of shared objectives, including shared reconciliation goals.

**Read more in the
Indigenous Relationships,
section on page 52.**

Given the long-term nature of operations, sustainability topics are typically consistent year over year. As such, our topics remain the same as last year. Our key engagement topics for 2021 are listed on page 10.

2021 engagement topics

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



Forester Kindry Mercer observes a recent bark-strip marking on a culturally modified tree in Tree Farm Licence 44.



IN THIS REPORT

This report explores material sustainability topics to provide stakeholders, partners, customers, and communities with a better understanding of how Western conducts our business. The following material sustainability topics were chosen in our inaugural report in 2018 and are reviewed and updated every year.



Health and Safety

We are committed to protecting our employees, communities, and environment by managing the risks inherent to our operations. In this section, learn about our continuous efforts to advance our safety journey, including our safety training and reporting systems, and our safety performance analysis.



Carbon and Climate

We are working to make a better and brighter future by providing a natural climate change solution through our business activities. Learn more about our carbon stocks, our research into forestry genetics, our orchard seed supply, and the eco-friendly investments made in our facilities to fight climate change.



Our Workforce

Our talented employees are what drive our business forward and shape our culture. Learn more about our Employee Engagement Survey and how its results informed our efforts to seek and hire dedicated employees, and the opportunities we have provided to staff to learn, grow, and succeed.



Indigenous Relationships

We value our collaboration with Indigenous groups and partners and prioritize early and ongoing Indigenous engagement in our management. Learn more about our work to promote reconciliation through planning and partnerships and how we're supporting Indigenous culture and learning opportunities.



Sustainable Forest Management

Maintaining healthy and thriving forests is essential to our success as a company. Learn more about the landscape that makes up our tenures, our latest innovations with forestry technology, our work to conserve big trees, and how we're protecting local habitats and species.



Communities

We work closely with the communities where we operate to identify and invest in initiatives that improve the social fabric of BC and the Pacific Northwest. Learn more about our local procurement practices, mills and forestry infrastructure investments, and our Community Enhancement Fund contributions.



HEALTH AND SAFETY

The health and safety of our people is our highest priority. We are committed to providing a safe and healthful workplace where safety is a core value shared by everyone. We recognize that a safety incident can have significant implications for our employees, contractors, families, and communities. We believe we can deliver a zero-incident workplace by providing the proper training and tools to identify and mitigate the hazards that lead to injuries.

In 2021, we continued to evolve our Health & Safety Management System to deliver improved safety performance. We invested in the ongoing development of our safety leaders and kept site visitors safe through safety orientation and training. We implemented industry-leading controls and followed evolving health guidance to mitigate risks stemming from the ongoing COVID-19 pandemic. We simplified reporting to help identify safety risks and mitigate potential hazards. We took additional measures to support the health and well-being of our people, including offering courses supporting mental wellness in the workplace.



Managing COVID-19



Enhancing safety reporting



Enhancing safety training



Analyzing our safety performance data

2021 highlights



Managing COVID-19

The COVID-19 pandemic has created workplace challenges for all companies, including Western. When the pandemic began, we conducted a task hazard assessment to inform our response. As the public health guidance evolved during the pandemic, we made enhancements to our safety plans to help mitigate the risk of spreading COVID-19 and other communicable diseases. Our employees are to be commended for their adherence to our industry-leading protocols. As a direct result of the commitment to our COVID-19 safety plans, we are proud to report that no work-related transmissions were recorded, and none of our operations experienced pandemic-related downtime in 2021. Some of our initiatives include:

- **COVID-19 Exposure Control Plan** - Western continued to operate with our COVID-19 Exposure Control Plan (ECP) to mitigate health risks and protect our employees. These protocols included a requirement for face coverings, travel restrictions, physical distancing, and increased cleaning and sanitization.
- **Reducing risks through COVID-19 vaccination** - We implemented a mandatory vaccination policy for specific positions within our workforce to reduce risk and protect our employees.
- **Communicable Disease Plan** – We applied the lessons learned through the pandemic and implemented a Communicable Disease plan to identify and mitigate the risk of spreading infectious diseases beyond COVID-19.
- **Flexible Work Arrangement Policy** – We introduced a Flexible Work Arrangement Policy that allowed employees, where possible, to work from home. Initially introduced during the pandemic, this policy is part of our employee value proposition for targeted roles. The success of the Flexible Work Arrangement Policy is a direct result of the collaboration between Health & Safety, IT, and operations. The commitment to safety was kept at the forefront of all our decisions, including the implementation of a “Work from Home Corporate Safety Standard”, focusing on tips and tricks to prevent injuries when working remotely.

ZERO work-related COVID-19 transmissions

were recorded in 2021 for the second year in a row.

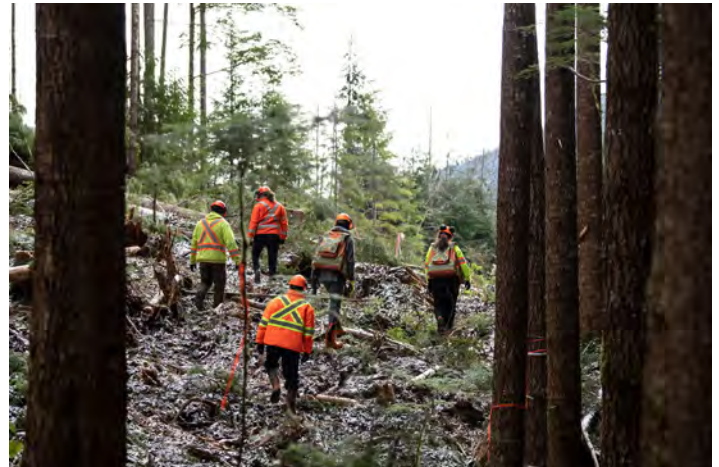


Enhancing safety training

We ensure that our workforce is provided with the best educational and training tools to prevent work-related injuries. In 2021, we offered compliance and targeted training, including:

- **Western Safety Leadership Development Program** - A training initiative for all Western safety leaders to ensure they are well-equipped to manage hazards and reduce work-related risks. We completed Supervisor Due Diligence training as a part of this program in 2021 with 130 participants.
- **Western Learning** - Salaried employees received safety training through our online learning system, covering regulatory requirements such as Hot Work or Fall Protection Awareness.
- **MSI Prevention Training** - We hosted Musculoskeletal Injury (MSI) prevention training sessions for 98 of our safety leaders, helping to increase awareness of ways to prevent sprains, strains, and minor injuries at work. This learning module was phase 1 of a multiphase approach in our MSI Prevention Program. Phase 1 training was held for safety leaders to help raise awareness and mitigate ergonomic risks within their work environments.
- **Customized Learning Modules** - We offered Western-specific safety materials, including Loss Control and Hazard Management.

On-site employees also participated in ongoing safety meetings and in-person training sessions throughout the year.



Combating community wildfires

Our collective commitment to safety extends past the workplace, as our team members often use their expertise to protect their communities. For example, Paul Kutz, Western's Silviculture Manager, extends his passion for forestry to fighting forest fires. During one of the most challenging fire seasons in British Columbia's history, Paul supported the BC Wildfire Service to mitigate and map out the safest way to tackle fires. Paul also represents Western on the BC Wildfire Industry Working Group, striving to improve the province's prevention and response standards.



Enhancing safety reporting

To support our journey toward a zero-incident workplace, we increased our focus on proactively reporting potential work hazards and refining our mitigation tools. Employees had three proactive reporting tools to identify workplace hazards:

- **Hazard Identification Card (Hazard ID)** – Our new Hazard ID system was designed to make it safer and more accessible for staff to report hazards or risks, enact an immediate correction, and set future mitigation practices. Our Hazard IDs successfully mitigated risks through collaboration and teamwork.
- **Personal Field Level Risk Assessment pocketbook** – Our Personal Field Level Risk Assessment pocketbooks were updated to include Hazard IDs, allowing employees to report incidents and potential incidents outside of standard work processes. This tool, which enables employees to communicate concerns to their supervisors, helped ensure that our employees followed Western's safety guidelines.
- **Near-miss Reporting System** – Near-miss situations are unplanned events or situations that have the potential to cause damage or injuries. By registering any potential near-miss situations in our system, we decrease the likelihood of future workplace risks by anticipating and avoiding similar scenarios.

No back pain

Western's Burleith Sort was one of several incident-free teams in 2021. The crews followed Western's extensive safety guidelines, participated in safety training, and even took the initiative to organize a team-wide stretching program every morning.



When people started noticing fewer aches and pains and began feeling more energized, they got into it," said Dan Olson, Supervisor at Burleith.

Dan has been with Western since 1995. With 27 years in the field, he recognizes the importance of open communication and a positive team environment for site safety. Starting the day with five to 15 minutes of movement to limber up—plus a few laughs—boosts crew morale while preparing for a safe workday ahead.





Analyzing our safety performance data

Every year, we collect and analyze safety performance data from our timberland and manufacturing operations. The information we collect helps us identify areas for improvement, and we adjust our safety programs and policies accordingly.

Company safety performance

Thanks to ongoing consultation and communication with employees, we continue to evolve our safety policies and practices on our journey to achieving zero workplace safety incidents. We set a target in 2021 to reduce our Severity Rate by 10% and committed to having a Severity Rate reduction target going forward. Our target for 2022 is a further 10% reduction.

Metric	2021	2020 ^[1]	2019
Medical incident rate^[2] – Company total	3.08	2.54	3.30
Medical incident rate – Timberlands company	1.81	2.06	3.73
Medical incident rate – Manufacturing company	4.23	3.27	3.66
Fatalities	0	0	0
Severity Rate	76.82	101.03	235.30
Near miss reporting	233	442	312
Healthy and safety audit scores	Timberlands: 96.5% Manufacturing: MAG Safe Certification in progress	Timberlands: 98% Manufacturing: n/a due to COVID-19	Timberlands: 99% Manufacturing: n/a due to strike

Our 2021 near-miss reporting number of 233 was lower than the number reported in 2020 due to the successful implementation of our new Hazard ID Card. Before its adoption, the Near-miss Reporting System was the only program in place. By providing our employees with a new proactive reporting mechanism, they could classify a near-miss situation and identify potential hazards correctly. As we progress further into our safety journey, it's natural and expected that our proactive reports will decrease as there is a correlated reduction in elimination of hazards.

^[1] Updated from previously disclosed values as a result of items subsequently reported or reclassified through investigation.

^[2] Medical Incident Rate: the number of incidents per 100 employees per year. Includes incidents where medical treatment is required. Classification of incidents is aligned to OSHA guidelines.

Contractor safety performance

We continued to monitor and support the safety performance of our contractors. We require that all contractors adhere to Western's safety standards and provide them with appropriate safety protocols and materials.

Metric	2021	2020	2019
Medical incident rate – contractor total	3.54	4.15	1.80
Medical incident rate – Timberlands contractor	3.55	4.11	2.02
Medical incident rate – Manufacturing contractor	3.58	5.42	0

Key highlights

We took important steps towards a zero-incident workplace, including significant improvements to our proactive safety reporting. The implementation of our Hazard ID reporting tool has helped to identify and resolve over 2,800 potential hazards.

24% decrease in our severity rate

Looking ahead

We remain committed to continuing our journey to achieve a zero-incident workplace. We are confident that because of our people's commitment to their personal safety and the safety of their colleagues we will reach our safety goals.

Western is committed to continuing our MSI Prevention Program by supporting our employees with more training and enhanced safety initiatives, including the creation of new ergonomic assessments. We will also improve injury investigations to learn more about our work incidents, tackle job task analysis, and expand the skillset and scope of our health and safety team to support an ergonomically improved workplace in 2022.



OUR WORKFORCE

Our employees are what drive our business forward and shape our culture. Our committed and dynamic team of over 3,500 employees and contractors across BC and the Pacific Northwest work hard to deliver Western's vision of providing the most sustainable building materials on the planet.

2021 was an important year for us to engage with our workforce to continue learning and growing as a team. We are committed to being an employer of choice in the communities we operate. To help advance this objective, we developed and conducted an engagement survey for all employees. We heard valuable feedback we are using to help improve areas of our workforce operations in today's competitive labour market.

We also introduced improvements to our competitive compensation and provided new training and development opportunities. We recognize the importance of investing in relationships by collaborating with union partners and successfully renewed two collective agreements with one of our labour partners. We implemented new initiatives to support a more diverse, equitable, and inclusive work environment.



Exploring the results of our engagement survey

- Attracting and retaining talent
- Increasing employee communication
- Valuing and recognizing employees
- Enhancing community involvement



Looking at our workforce demographics



Fostering an inclusive work environment



Creating lasting partnerships

2021 highlights



Exploring the results of our engagement survey

2021 was the first year that we rolled out our engagement survey. Our employees were given the opportunity to share their views by responding to over 150 questions that covered various topics. We sought open and direct feedback to learn what we're doing well and how we can do better. We also established a baseline to compare to in future years so we can better manage and improve employee engagement.

From the feedback received, we identified four themes to focus our workforce initiatives on to drive increased engagement:

- **Attracting and retaining talent**
- **Increasing employee communication**
- **Valuing and recognizing employees**
- **Enhancing community involvement**

73% of employees

feel empowered to take action and do their job well

62% of employees

report high satisfaction in their workplace. This is comparable to the Canadian average in the natural resource sector

69% of employees

agree/strongly agree on how their contributions have an impact and connect to the company strategy

Attracting and retaining talent

Western recognizes the importance of retaining our existing workforce and taking innovative steps to attract new talent. In 2021, we hired over 600 new people. We also took important steps toward adopting suggestions from our engagement survey.

Examples include:

- **Competitive compensation** - We believe that we're demonstrating to our current and potential employees that we care and value their contributions by providing a competitive wage. Competitive compensation is a sign of our commitment and vested interest in the talents of our team. We are committed to offering market-competitive salaries and variable compensation to support employee retention and recruitment.
- **'Western Learning' program** - Western significantly enhanced our online training platform, Western Learning. Western Learning moved to a new, more engaging platform that now addresses compliance issues and offers access to a broader array of content. In 2021 alone, we provided salaried employees access to over 2,000 training courses on Western Learning.
- **Modern Hire** - We invested in a new hiring software called Modern Hire. This investment enabled us to increase our onboarding and recruitment efficiencies. Modern Hire streamlines every hiring process step – from screening to assessment to the interview process. It works promptly to engage candidates and offers a time-saving experience for everyone involved.
- **Virtual job fairs** - Due to the COVID-19 pandemic, we couldn't partake in in-person career events, but we participated in virtual job fairs to reach potential employees online.

Increasing employee communication

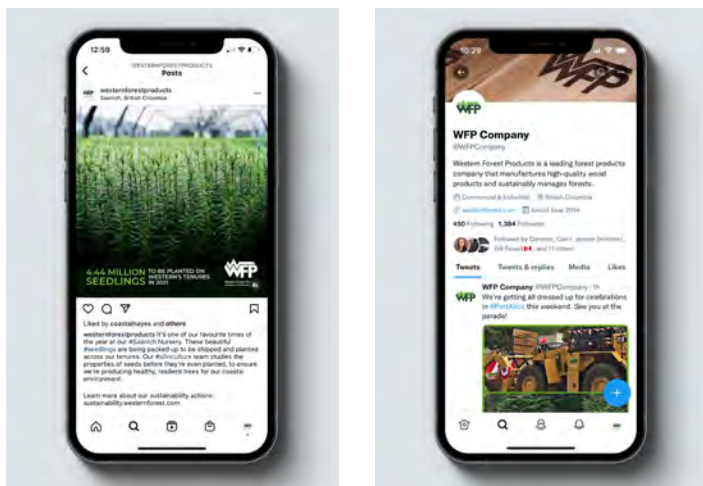
Effective employee communication is vital to our success, and based on suggestions gathered through our engagement survey, we took further steps to acknowledge, encourage, support, and engage our employees, such as:

- **Expanding our reach** – We have increased communication related to job opportunities on social media platforms and significantly increased our investment in job boards and radio advertising.
- **Improving our internal communication**
We introduced a new bi-weekly e-newsletter to share company news and highlight employee achievements.

Valuing and recognizing employees

Our dedicated Western employees make valued contributions to our business and communities every day. We are fortunate to have such a great team, and we work hard to ensure that they are appropriately valued and recognized. Examples include:

- **Performance Management Process** – We utilized our newly streamlined Performance Management Process to ensure employees were effectively evaluated and rewarded based on their performance. This process recognizes employees for their efforts in achieving goals related to our strategic initiatives and deliverables. It also promotes a greater employee connection with their manager, aligns our team's performance to Western's overall strategy, celebrates success, and provides opportunities for career and development discussions.
- **Delivering bonuses** – We paid all hourly employees a discretionary \$1,000 at the end of 2021 to show appreciation for their contributions in an exceptional year.
- **Holiday Recognition Gift** – We delivered a holiday season gift card to our employees in recognition of an exceptional year.
- **COVID-19 Recognition Bonus** – We delivered a bonus to our employees tied to their adherence to COVID-19 safety protocols and overall COVID-19 safety performance.



Western is active on social media platforms to engage with our staff, investors, community members, and stakeholders. Follow us to keep up to date!

Instagram – [@westernforestproducts](#)

Twitter – [@WFPCompany](#)

LinkedIn & Facebook – [Western Forest Products](#)

Enhancing community involvement

Our communities where we live and operate are important to us. The results from our engagement survey echoed that commitment. We worked to establish a more significant presence in our communities by finding new ways to support community infrastructure, local programming, events, cultural initiatives, cultural, and other initiatives by increasing our log donations and monetary contributions to \$585K.

Find out more about
our contributions in
our Communities
section on page 60.

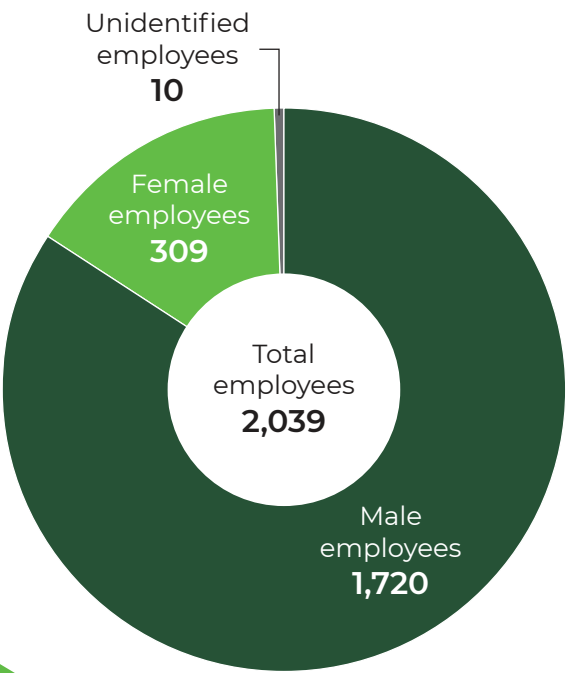




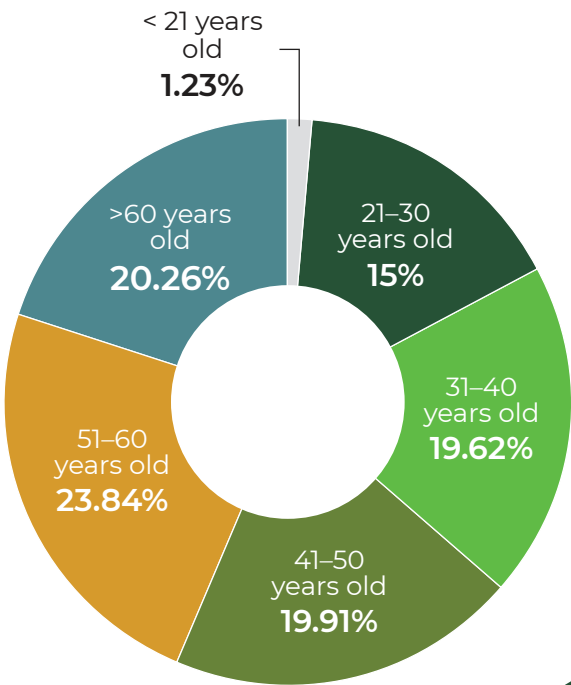
Looking at our workforce demographics

Western saw minimal fluctuations in our workforce compared to previous years, with a 5% decrease in our employee workforce in 2021 compared to 3% in 2020.

Western Forest Products employees:



Workforce by age:



15%
of those in our
workforce are women -
up from 13% in 2020.

33
students placed in
internship opportunities
at Western in 2021 to
proactively develop and
mentor to next generation
of forestry leaders.



Fostering an inclusive work environment

We focused on creating an inclusive workplace that allows our employees to feel supported in bringing their whole selves to work every day. We made significant strides in our operations to continue conversations around diversity, anti-discrimination, and fair working conditions. We remain focused on ensuring that we foster an environment that celebrates employee differences and encourages diversity of thought. Highlights include:

- Diversity, Equity, and Inclusion policy** – In line with our 2020 commitment, 2021 saw the implementation of our Diversity, Equity, and Inclusion (DEI) policy. The purpose of the policy is to affirm our commitment to better understanding the actions we need to take to advance our DEI initiatives. This policy is reflected company-wide and is integrated into our recruitment, promotion, training, and rewards processes. One of the new processes implemented in 2021 includes our voluntary disclosure process of salaried-based employees for those who identify as belonging to traditionally underrepresented employment groups. Encouraging diversity throughout our operations helps foster an environment that drives innovation, unifies us as an engaged team, helps us make better business decisions, and ensures our workplace is one where all employees feel valued.
- Improving representation** - We focused on increasing underrepresented groups in our workforce, including women, Indigenous peoples, people with disabilities, and other people who face traditional barriers to employment. We hosted numerous focus groups inviting our Indigenous partners, to understand their unique perspective on the barriers, as well as the successes, solutions, and ideas to increase employment. We improved our recruitment processes and employment messaging to target diverse audiences about why they should work for Western.

At December 31, 2021, Western's Board of Directors is comprised of 37.5% women



"I'd recommend a career in forestry to anyone who loves problem-solving and working outdoors. Everyone I've ever worked with has been nothing but supportive, and I leave work every day proud of the work that we've accomplished." Charlotte Mellstrom, Tree Farm License (TFL) Forester for the Englewood Forest Operation.





Creating lasting partnerships

One of Western's fundamental values is to seek mutually beneficial relationships with our employees and contractors. These relationships are vital to our successful business operations, and we don't take them for granted. Some highlights include:

- **Collective agreement with Public and Private Workers of Canada (PPWC)** - We signed two new collective agreements with PPWC, which provide market-competitive wages and benefits that recognize our employees at the Value-Added and Ladysmith Divisions. These two updated agreements are eight years each and provide stability and benefits to attract, retain, and recognize our employees. PPWC members play a critical part in supplying high-value coastal wood products to our customers worldwide. These two long-term agreements work to support our business today and into the future, and speaks highly of the strong relationship Western has built with PPWC. Everyone benefits by having long-term labour stability that recognizes the contribution of our employees.
- **Sale of ownership interest** - Western completed the sale of an incremental 28% equity interest in Tsawak-qin Forestry LP to Huumiis Ventures Limited Partnership (HVLP), a limited partnership beneficially owned by the Huu-ay-aht First Nations (HFN). Our growing relationship with HFN has resulted in many mutually beneficial agreements, including employment and training. The Western-HFN Reconciliation Protocol Agreement emphasizes Western's commitment to reconciliation and speaks to the critical work with our partners.



Our collective agreements with United Steelworkers (USW) and Public and Private Workers of Canada (PPWC) represent over 60% of our workforce.



Looking ahead

While some changes were implemented from the feedback received in our 2021 engagement survey, many more are still to come in 2022. Specifically, an important focus will centre on improving how we retain our talented workforce and attract new team members. This includes continued development of our Performance Management Strategy to ensure we're maximizing the talents of our team and expanding development opportunities to help our employees reach their full potential.

We remain committed to identifying and implementing positive companywide changes on the path to being an employer of choice. We will pursue further employee engagement opportunities to help inform those decisions by listening to and learning from our workforce.

Finally, Western continues to make advancements in our operations to foster an inclusive environment. This work includes completing third-party verification under the Progressive Aboriginal Relations (PAR) program to properly engage with Indigenous communities through leadership actions, employment, business development, and community relations.



Championing healthy forests and best-in-class naturally renewable building products



Recycle and reuse

Wood products are biodegradable and can easily be recycled and repurposed, making them a building product of choice.

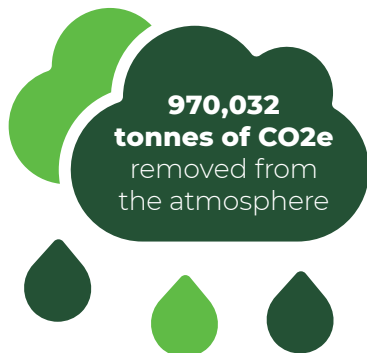


Built to last

Our high-value specialty products store carbon dioxide throughout their lifetime and are built to last.

Climate change solutions

Western's products create climate change solutions. Western was a net carbon sink in 2020, resulting in:



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

Sustainably managed and internationally certified

Our timber is sourced from sustainably managed forests. The forests under our care and the wood products harvested from them are **100% certified** to internationally recognized standards.

Western's variable retention approach promotes high biodiversity.

Western was the first forestry company to issue a Big Tree policy in BC.

100% naturally renewable

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



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

Zero-waste manufacturing

We are committed to manufacturing sustainably and responsibly. After a log is processed at one of our mills, we work to ensure that none of its by-products go to the landfill. The remaining sawdust, chips, and bark are sent to pulp and paper manufacturers to create other sustainably sourced products.



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



SUSTAINABLE FOREST MANAGEMENT

At Western, our vision is simple: to provide the most sustainable building materials on the planet. That's why we are advancing industry-leading forest practices and product innovations to ensure healthy, resilient forests, and a stable supply of long-lived wood products that are part of the global climate change solution.

Today, we are increasing collaboration with First Nations, incorporating Indigenous knowledge and values into our planning, and investing in new technology and innovations to ensure diverse and natural forests in perpetuity, including old forests and healthy habitats.



Stewarding our forests



Enhancing biodiversity



Investing in new technologies and research



Increasing collaboration with First Nations



Continuously improving



Transforming learnings into actions



Reducing our waste through product innovation



Creating a lasting legacy



Growing the next generation of trees



Conserving Big Trees and old forests

2021 highlights

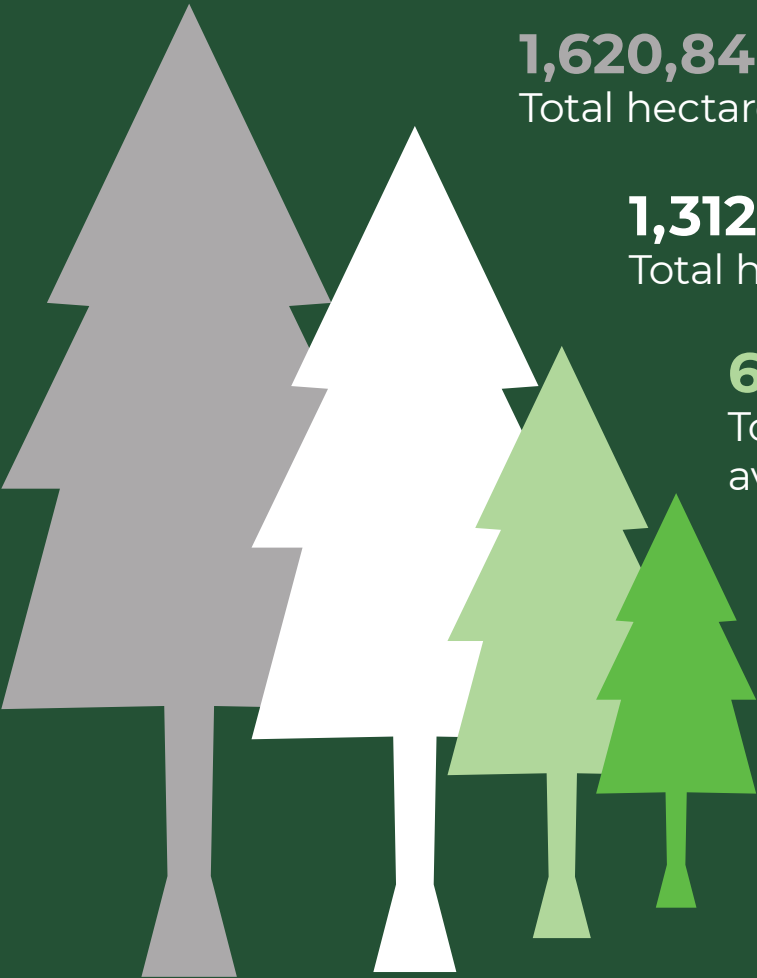


Stewarding our forests

Western proudly manages 1.62 million hectares of land on the coast of British Columbia. We work hard to earn and maintain the trust and respect of Indigenous groups, the communities in which we work, stakeholders, our workforce, and elected officials. We are not alone in our work. Civil society, including community leaders, labour, scientists, customers, and local citizens, share our vision and are working with us to develop the solutions today to secure a strong tomorrow for all. Some ways we are protecting forests to ensure their health and resiliency, include:

- **Projecting forest growth** – Ensuring forests are maintained forever starts with determining what we will leave behind as part of careful stewardship and conservation planning for the long term. This means projecting the growth of forests over 250 years into the future, employing a variable retention silvicultural system on over half of the area we harvest, leaving behind Big Trees, protecting sacred sites and critical habitats, and doing our part to ensure key old-growth forests are maintained forever.
- **Replanting trees and monitoring forests** – Every area harvested is reforested as natural forests with seedlings matched to the pre-existing species and with consideration to current and future climate. We grow more trees than we harvest, at a ratio of three to one. In 2021, we planted more than 4.4 million trees. We also monitor the health of all new forests in our care and take actions to address issues that may impede growth.
- **Independent oversight** – Our practices are verified through third-party certification, reviewed by government inspectors, and subject to audit by the province's independent forest watchdog, the Forest Practices Board. The province's independent Chief Forester sets sustainable harvest levels every 10 to 15 years. We also engage with communities and public advisory groups to develop locally relevant indicators for our Sustainable Forest Management Plans and review our plans, our performance, and our corrective action reports. The lands we manage are also subject to some of the most stringent forest regulations in the world.
- **Sourcing from independently certified forests** – In BC, most of our fibre supply continues to be sourced from our third-party certified timberlands tenures, with the remainder coming from external sources certified under the same standards. At our US and wholesale divisions, we have developed fibre sourcing standards to ensure fibre comes from legally harvested and sustainably managed private and public-land forests.
- **We have had no regulatory non-compliance incidents resulting in fines in over three years.**

WFP’s tenures



1,620,846
Total hectares of land

1,312,452
Total hectares of forest land

685,459
Total hectares of forest not
available for harvest

4,429,579
trees replanted in BC in 2021



Enhancing biodiversity

Protecting and enhancing biodiversity that supports healthy and robust ecosystems is vital to our stewardship and conservation planning. We have a long history of protecting wildlife and their habitats. We have collaborated with researchers and scientists to develop a comprehensive wildlife and biodiversity program that helps sustain the complexity and diversity of our coastal forests. Areas of rare ecosystems, wildlife habitats, and important biological features, such as bear dens, bird nests, wildlife, and Big Trees, are retained across the forest.

Within our tenures, over 52% of the forested land base is conserved under landscape-level planning processes and for ecological and cultural values, such as protection of riparian areas, visual objectives, terrain stability, fish habitat, and a wide variety of other reasons.

Inventory by tree species on Western's tenures

We design long-term plans for harvesting activities and monitor to ensure we harvest the same mix of species as the forest inventory in and are in line with our long-term management plans. The species harvested each year depends on what is growing in the area approved for harvesting, resulting in some year-to-year variation.

Forest inventory by species	Forest inventory by species 2021 (%)	Harvest by species 2021 (%)
Western hemlock	47	48
Amabilis fir	15	17
Western red cedar	15	13
Douglas fir	11	15
Yellow cedar	7	6
Sitka spruce	2	1
Other	3	0

Species at risk habitat conserved



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

Stand level conservation

In areas designated for harvesting, areas are retained (not harvested) for biodiversity purposes. This is based on forest professionals’ and biologists’ on-site decisions and grounded in a scientific understanding of BC’s ecosystems, wildlife, and their habitats. Retention cut blocks are those where we practice a retention silviculture system, which is a harvesting system that retains trees standing inside the harvest area – avoiding large open spaces.











Retention implementation	2021
Total block cut area	5,521 ha
Total area retained within cut blocks	1,079 ha
Percentage of available forest retained for stand level biodiversity in retention cut blocks	20%
Percent use of retention silviculture system	71%



We safely identified and protected 182 new bear dens found on our tenures in 2021.

This brings the total number of bear dens protected across our tenures to 1,266 since 2016.

Species At Risk Habitat Conservation

Species		Feature	Through 2021	Habitat conserved	Hectares
Black Bear		Den	1,266		
Grizzly Bear		Den	3	Great Bear Rainforest Class 1 Grizzly habitat	23,363
Bald Eagle		Nest	258		
Great Blue Heron		Nest	31		
Northern Goshawk		Nest	238	Nesting habitat conserved for Northern Goshawk	105,477
Osprey		Nest	5		
Red-tailed Hawk		Nest	13		
Sharp-shinned Hawk		Nest	8		
Misty Lake Stickleback				Habitat conserved for Misty Lake Stickleback	35
Marbled Murrelet				Nesting habitat conserved for Marbled Murrelet	74,409



Investing in new technologies and research

We harnessed the power of technology to enhance our sustainable forest management practices and understanding of forests. Western led and partnered in forest research and monitoring to support the improvement of forest management practices. Our objectives were to sustain ecological values and processes, ensure an economic timber supply and respect social values. The strategy was to:

- Identify knowledge gaps and recommend basic and applied research needs;
- Engage with government, academic, and private agencies that have the capacity and mandate to undertake applicable research;
- Support research funding proposals for projects of interest;
- Add value to research organizations through our cooperation in conducting basic and applied research including access and use of data; and
- Test and develop applications in practice and use published research relevant to Western's management goals and responsibilities.

There are three significant areas of forest research that Western undertook in 2021:

- The **forest ecology research program** determined the effects of management activities on forest ecosystem functions and identified ways to improve our ability to predict ecosystem response. The outcome includes advancement in our implementation of ecologically sound silviculture prescriptions.
- The **silviculture research program** examined silvicultural practices for regeneration and tree growth to maintain and enhance an economically viable timber supply. Various trials – some being monitored after 30 or more years from planting – examined species selection, genetic gain for volume and pest tolerance, stock resiliency, mechanical site preparation, vegetation control, and fertilization.
- The **forest growth and yield & LiDAR program** is used to quantify forest inventory and growth rates across the range of site conditions on the company's tenures. The company has invested in Light Detection and Ranging (LiDAR) technology to improve inventory estimates

and aid in planning. This investment has been further employed to examine forest ecology knowledge gaps.

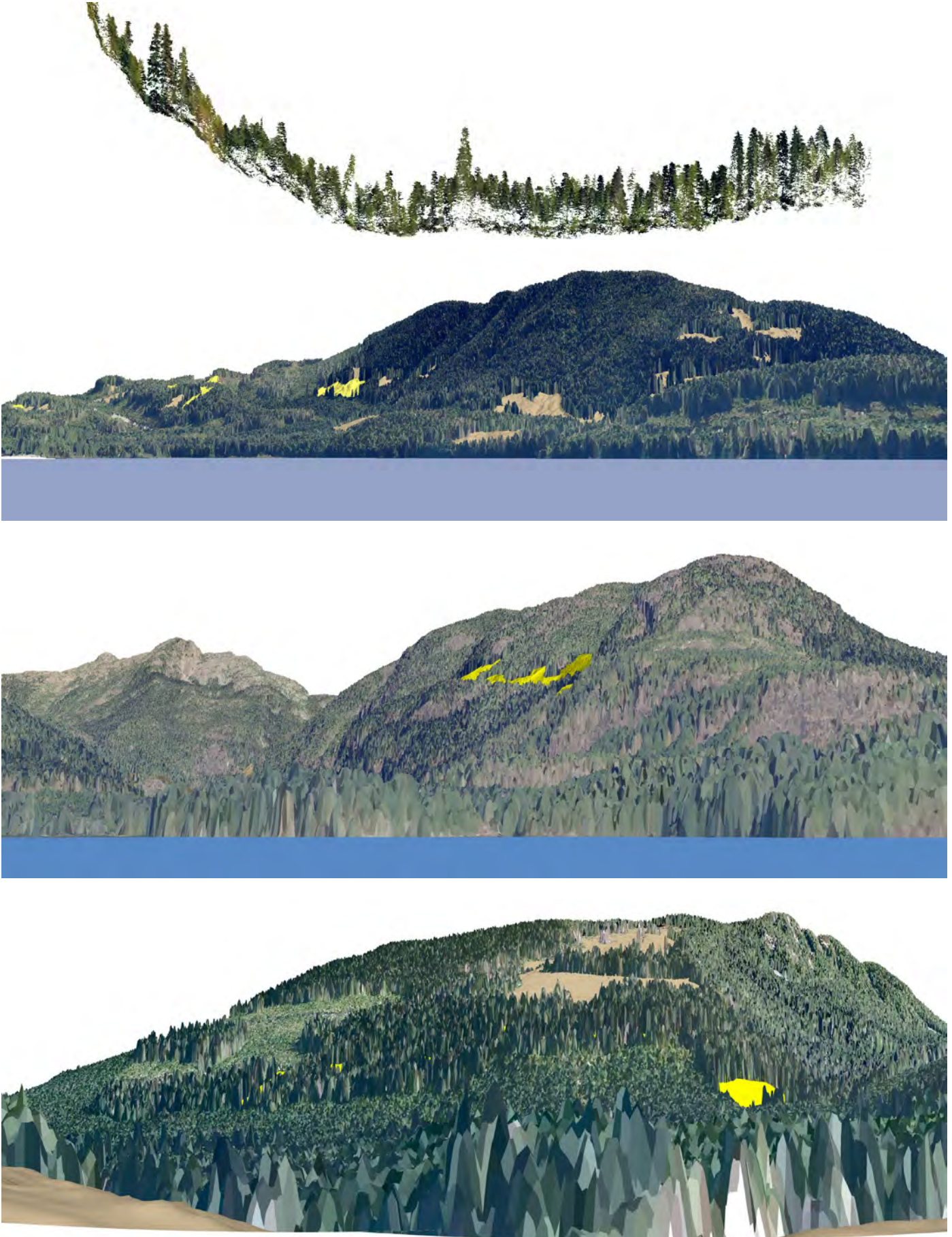
These projects are monitored, measured, and reported. Funding partners for Western's research programs include the National Council for Air and Stream Improvement, Natural Science and Engineering Research Council of Canada, Land Based Investment Strategy, Operational Tree Improvement Program, Ministry of Forests, Ministry of Land, Water and Resource Stewardship, Canadian Wood Fibre Centre, and GenomeBC.

Learn more about LiDAR

Through our investment in LiDAR technology, we continued to improve our forest inventory information. LiDAR provides detailed, accurate, and comprehensive information over extensive areas. We collaborated closely with ecologists and specialists using LiDAR to increase our understanding of ecological integrity and resilience across the forest, considering the vast diversity of habitats and forest structures present and their ecological recovery through time.

For example, in 2021, we used LiDAR to identify Big Trees and tree height – something difficult to obtain by traditional methods. LiDAR also supports the detailed, value-focused, collaborative planning underway in partnership with Indigenous groups. LiDAR is proving to be very helpful in informing the careful management of many of our integrated values, such as aquatic habitat, riparian forest, and the long-term management of western red cedar.

LiDAR point cloud visuals





Increasing collaboration with First Nations

In 2019, British Columbia adopted the Declaration on the *Rights of Indigenous Peoples Act*, making it the first jurisdiction in Canada to commit to ensuring legislation is made consistent with the *United Nations Declaration on the Rights of Indigenous Peoples*.

At Western, we are building new ways to contribute to advancing reconciliation while strengthening our business model in a competitive global market. Together with First Nations, we are developing world-leading models of stewardship that reflect the shared goals of meaningful reconciliation, respect the needs of society at large, and are deliverable on the ground.

**You can read more
about our work with
Indigenous Peoples
on page 52.**





Continuously Improving

Western implemented an integrated monitoring program aligned with our stewardship and conservation planning to ensure that we constantly improve and identify better ways to achieve our desired outcomes.

Continuous improvement starts with understanding where we've been, the impact of our decisions today and how those decisions may affect generations to come. Monitoring is carried out at two levels: site-level monitoring of specific values and landscape-level monitoring of desired outcomes. Focus areas in 2021 included:

Water:

- Hydrology – Watershed Management Strategies
- Riparian Management – stream prescriptions, road design and maintenance, and wind/ edge effects

Variable Retention:

- Design - with a focus on effectively capturing structural, ecological, and biological anchors of society at large, which are deliverable on the ground

Wildlife:

- Habitat - for focal species including Goshawk and Marbled Murrelet
- Structural features - including bear dens and nest locations



Transforming learnings into actions

Our commitment to continuous improvement means monitoring our decisions on the ground in real-time and adapting our practices based on what we have learned. In 2021, our monitoring focused on watersheds, harvesting, roads, bear den management, and variable retention. The results of this monitoring led to improvements in our strategies and standards in 2021, including:

- **Watershed Management Strategies** – Our Watershed Management Strategies are a foundational component of a comprehensive and integrated approach to managing watershed hydrology. In 2021, we updated our strategies and risk control measures for TFL 6, TFL 37, and TFL 44. This approach is critical considering predicted changes in climate and enables management strategies and risk control measures to be refined, consistent with past monitoring results. New to our watershed management strategies is mapping floodplains, fans, and glaciofluvial terraces utilizing LiDAR and digital air photos. This new data supports even more detailed conservation planning, focusing on protecting, managing, and lowering management risks to aquatic ecosystems from our activities.
- **Riparian Forest Management Standard** – We updated our standard that protects the riparian forest associated with rivers, streams, lakes, wetlands, and treed swamps. The revised standard better protects fish habitat by increasing the area of tree retention on streams that feed into fish habitat on public land tenures and increases stream protection measures on private lands.



Reducing our waste through product innovation

At Western, we are doing our homework to better understand the types of logs available for manufacturing today and in the future. We ensure every log that comes to our mills is used as efficiently as possible by:

- Investing in mill technology that optimizes fibre recovery
- Collecting wood residues, bark chips shavings, and sawdust and diverting them to third-party producers to create pulp and paper
- Leaving wood debris from harvesting including roots, stumps, and branches in the forest on-site to decompose, to nourish new growth. The provincial government bills for wood waste that is determined to be surplus
- Rooting residual material from harvesting and sorting to pulp and paper manufacturers, bioenergy plants, local firewood, to garden soil or landfills
- Minimizing the disposal of wood debris in landfills
- Looking for ways to improve the utilization of the resources in our care
- Future-proofing our business by matching the timber supply of tomorrow with sound investments today in skills training, capital investment, new products, and income streams
- Investing in manufacturing to produce forest products from the full range of tree species and sizes, with an increased focus on second growth. Year-to-year variation in species harvested is likely to occur depending on what is growing in the area approved for harvesting



Creating a lasting legacy

The Saanich Forestry Centre is at the heart of Western's sustainable forest management practices. This world-class seed orchard and tree nursery is the birthplace of millions of trees growing across coastal BC.

Today the Centre produces nearly seven million high-quality seeds and grows over three million seedlings every year. The main species are western red cedar, Douglas fir, yellow cedar, western hemlock, and Sitka spruce. The orchard incorporates new selections identified by Provincial tree breeders from advanced breeding programs as part of adapting to meet predicted changes in climate. These programs positively impact volume gain and maintain wood quality while enhancing insect and disease resistance. It is Canada's oldest continuously operating orchard and provides for almost all of Western's current and future seed needs.





Growing the next generation of trees

Planting millions of trees every year is no small task, but at Western, we are proud of our significant role in promoting healthy forests adapted to a changing climate. Our world-class seed orchard and leading research has created a new generation of forests to enhance biodiversity and support critical habitats, healthy ecosystems, and waterways. The seeds of today are tomorrow's forest products that will support the long-term needs of First Nations, workers, forestry-dependent communities, and global markets.

- 2 Billion Trees** - We are proud to work with the Government of Canada to implement new tree planting initiatives, specifically through the 2 Billion Trees Program. This initiative aims to help Canada exceed its 2030 Paris Agreement GHG (greenhouse gas emission) reduction targets while restoring important habitats, supporting biodiversity, and enhancing the surrounding community's quality of life. In 2021, this program took root in Port McNeill and Holberg, BC. We identified forest roads that are no longer required for access and replaced their gravel with organics, soil, and mulch.
- Leading coastal reforestation efforts** - To ensure the vitality of new forests, we are the coastal lead in implementing the BC forest fertilization programs, delivering more than 50% of the coastal programs annually. We use broadcast fertilization to support our sustainability efforts by increasing area and individual log volumes. These, in turn, improve harvest efficiency. Fertilization is a vital tool in delivering our allowable cut. We have replaced certain mechanized processes with manual processes to increase precision in use and address feedback through collaboration with others on our reforestation efforts.

Number of seedlings planted by species	2021	2021 (%)
Western hemlock	865,570	19.54
Amabilis fir	96,670	2.18
Western red cedar	1,986,114	44.84
Douglas fir	777,350	17.55
Yellow cedar	598,525	13.51
Sitka spruce	15,580	0.35
Other	89,770	2.03
Total	4,429,579	100



Conserving Big Trees and old forests

BC is home to some of North America's oldest and most significant trees. These trees are valued for their cultural, biological, and intrinsic value. Legislated and third-party certified forest management and harvesting practices ensure that BC will always have old forests. About two-thirds of British Columbia's old forests are currently protected or unavailable for harvest. Recent studies show that with continued sustainable forest practices, old forests will increase over time.

- **Protecting old trees** - Within Western's tenures, 70% of old-growth forests are conserved to meet biodiversity objectives. When it comes to Big Trees, we take specific steps to identify and protect these rare trees, including those that are half as large, in diameter, as those identified in BC's Big Tree Registry. We focus protection efforts on tree species that grow to exceptional sizes and have long life spans, for example, cedar, cypress, fir, and spruce.
- **Great Bear Rainforest Agreement** - Western was involved in a process with the Province of BC, First Nations, environmental organizations, and industry to reach the Great Bear Rainforest Agreement (GBR). The land-use agreement supports the logging of old- and second-growth forests in 15% of the GBR using ecosystem-based management. Since the agreement was reached in 2016, we have continued to work with all groups to share collective learnings and best practices.
- **Adopting BC Government recommendations** In 2020, the BC Government launched its old-growth strategy based on the old-growth strategic review and panel's final 14 recommendations. The first recommendation calls on the Province to move from little historical Indigenous involvement in forest management decisions to one where the entire system is grounded within a Provincial-Indigenous government-to-government framework. Western embraced these shifts in 2021. On Vancouver Island and BC's Sunshine Coast, we are working closely with First Nations to share knowledge and invest in new technology and innovations to ensure there are old forests in perpetuity while jointly seeking pathways to secure a strong and stable future for Indigenous Peoples, workers, and local communities.

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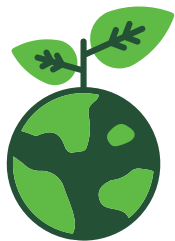
**additional Big Trees
identified and conserved
in 2021 – an 84% increase
compared to 2020**



Looking ahead

In 2022, we will be focusing on several continuous improvement opportunities, which include:

- **Life cycle approach to roads** - Managing roads requires considering the complete road life cycle from the construction of the road to converting it back into forest. We are currently reviewing and refining our road maintenance techniques focusing on fine sediment generation, slope stability and water management.
- **Retention Silvicultural System Standard** - In 2021, we completed detailed variable retention monitoring, and in 2022 we will take the learnings from this review and update our Retention Silvicultural System Standard.
- **Ecological Integrity and LiDAR** - As part of advancing the stewardship and conservation planning benefits of LiDAR technology, we are working with ecology specialists to use LiDAR to identify structural complexity across the forest. This will allow us to build an internal species accounting system that can be monitored and connected through time via LiDAR to monitor and manage the potential impact of forest activities.
- **Investments at the Saanich Forestry Centre** - We are focussing on investing in equipment and upgrades that increase efficiencies and reduce our carbon footprint. These include replacing gas-powered machinery with electric models, replacing furnaces, investing in new boilers, replacing greenhouse roofs to improve the amount of natural lighting, investigating the feasibility of switching to solar panels in the greenhouse, and expanding the size of the greenhouse.



CARBON AND CLIMATE

Through careful management of forests to innovations and investments in research, Western is a net carbon sink¹.

Our activities – from the forest to the mill to the products we make – are having a positive impact on the climate. By reducing greenhouse gas (GHG) emissions and sequestering more carbon than emitted, we are meeting and exceeding provincial, national, and international climate targets.

Maintaining our status as a net carbon sink means monitoring our activities and adapting our management strategies across every part of our business. In 2020, we completed our first full lifecycle carbon balance for 2018 and 2019. At that time, we committed ourselves to pursuing better quantification of emissions for manufacturing and moving from a single-year point-in-time annual assessment of a lifecycle carbon balance to forecasting 100 years or more. We exceeded those goals by expanding the scope of our carbon assessment to include Scope 1, 2, and 3 emissions from forests to end-use and disposal and receiving assurance over our carbon accounting report by KPMG, a global independent accounting firm.

Our lifecycle carbon assessment for 2020 confirms that Western² is again a net carbon sink, with more carbon being removed from the atmosphere than was emitted. You can find a copy of our Carbon Accounting Report and KPMG's assurance report on our website.

Furthermore, based on the scenarios tested through our forecasts, we now understand that by linking carbon modelling to how we approach sustainable forest management, we can 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.

Today, our efforts are making a difference in the global fight against climate change. We will continue to monitor our activities and make fact-based decisions to ensure that our business is actively reducing atmospheric carbon levels and supporting a better future for generations. The work completed in 2021 provides us with a baseline to measure our progress.



Ensuring a net carbon sink



Managing what we monitor



Expanding the scope of our carbon accounting

^[1] A negative net carbon balance refers to more carbon being removed from the atmosphere than was emitted. This term will be used throughout the report.

^[2] Carbon accounting was completed for Western's Canadian operations only.

2021 highlights



Ensuring a net carbon sink

Around the globe, experts agree that simply reducing GHG emissions will not be enough to stall a warming planet. Instead, governments, communities, and corporations must achieve net carbon reductions, meaning removing more carbon from the atmosphere than is emitted. Western is already meeting this challenge today, and our projections forecast us to be a significant net carbon sink for generations to come. Some of the ways we are ensuring a net carbon sink are as follows:

Western is a net carbon sink, according to 2020 carbon accounting³.

-970,032 tCO₂e Western's carbon balance⁴.

If the additional benefits of using long lived forest products instead of concrete and steel are considered, the carbon benefit would increase to an estimated **-3,350,837 tCO₂e** – the equivalent of removing the annual emissions from over **720,000 cars**.

- **Maintaining our status as a net carbon sink starts in the forests:** The forests we manage in British Columbia 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 ecosystems stored 2,385,127 ktCO₂e. 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.
- **Long-lived forest products have a critical role to play in achieving climate targets:** The carbon benefits of substituting emissions intensive building materials such as steel and concrete with wood are well recognized. The International Panel on Climate Change (IPCC) states, "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."

- **Western is committed to taking additional steps to reduce GHG emissions:** 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, resulting in a reduction of carbon emissions by 2,274 tCO₂e.

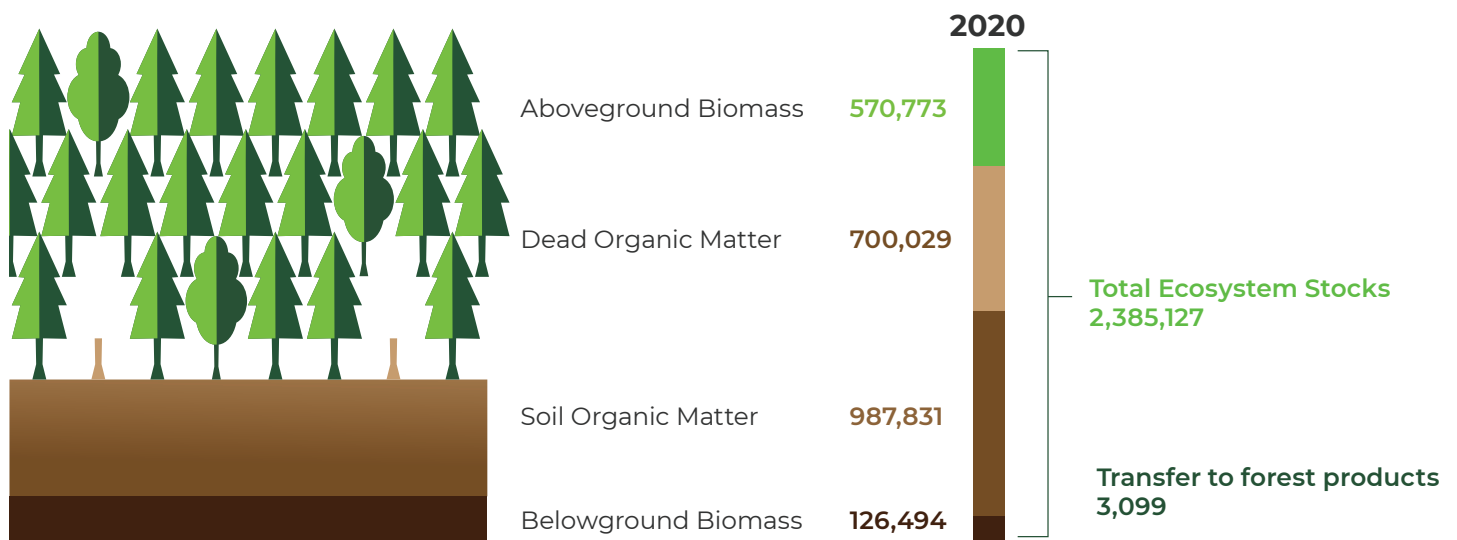


In the long term, a sustainable forest management strategy, aimed at maintaining or increasing forest carbon stocks while providing an annual sustained yield of timber, fibre, or energy from the forest, will generate the largest sustained mitigation benefit." — IPCC Fourth Assessment Report

^[3] In accordance with the GHG Protocol Corporate Accounting and Reporting Standard by the World Resources Institute, 2004.

^[4] For consistency with international reporting, in this year's report, a negative balance constitutes a net carbon sink.

Total forest ecosystem carbon stocks (kilotonnes of CO2 Equivalents)



76% of forest carbon is stored below the ground or in the fallen logs and other dead organic matter.

Less than ¼ of forest carbon is stored in the living trees and plants that you can see above the ground.

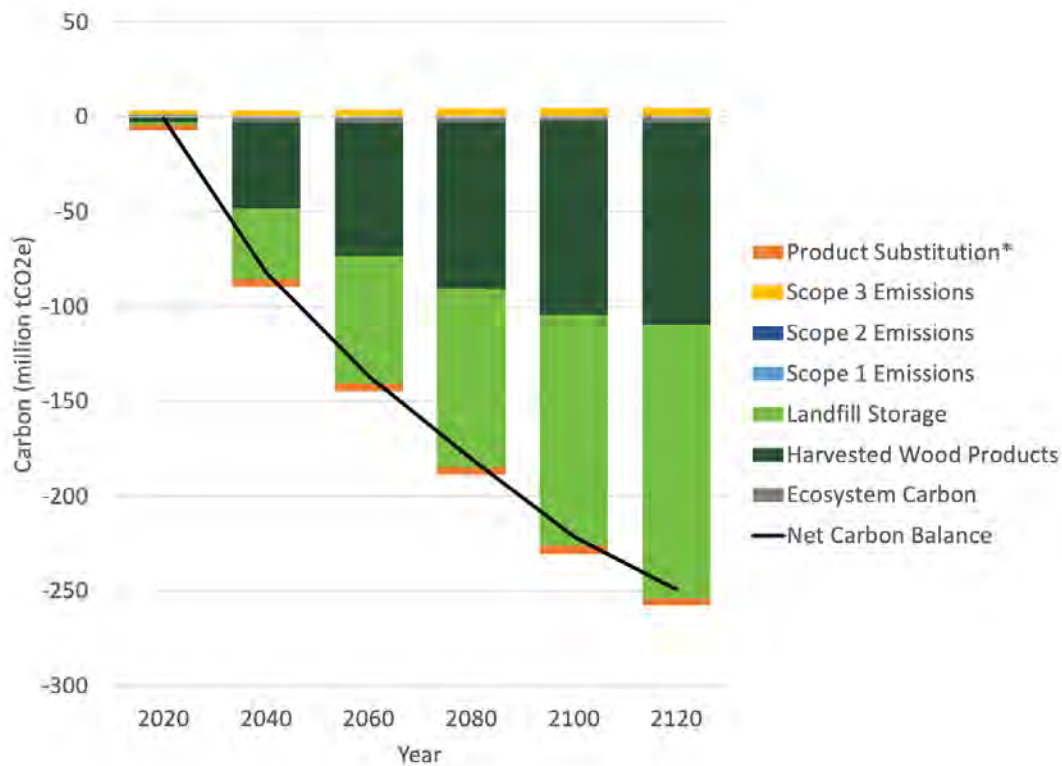


Sustainable forest management aimed at providing timber, fibre, biomass, non-timber resources, and other ecosystem functions and services can lower greenhouse gas emissions”

– IPCC Fourth Assessment Report



Net Carbon Balance over 100 Years



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.

Total net carbon balance by forest ecosystem and harvested wood products (tonnes of CO₂e).

	2020 (Tonnes CO ₂ e)
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

Negative values indicate carbon uptake, whereas positive values indicate an emission.



Expanding the scope of our carbon accounting

Maintaining our status as a net carbon sink requires a collective effort across every facet of our business. The decisions we make today will have long-lasting impacts on our climate, and that's why we are committed to applying leading standards and protocols, having our data and performance independently verified, and adapting our management strategies accordingly. How we will achieve this is as follows:

- **Following the GHG Protocol Corporate Accounting and Reporting Standard:** By expanding the scope of our emissions to include significant Scope 1, 2, and 3 emissions, such as upstream and downstream emissions associated with forest planning, silviculture, tree planting, road construction, log sorting, custom cutting, off-site kiln drying, energy purchases, capital investments, and product distribution, we now have a complete account of our carbon footprint which has had third party assurance by KPMG.
- **Utilizing our own mill data:** To better reflect our actual operations, we used our own mill data rather than generalized scientific assumptions about wood products. We accounted for existing carbon stored in the harvested wood products pool, dating back to 1993, and in line with accepted carbon accounting methodologies.

For a complete list of the data, models, and assumptions used, refer to our 2020 Carbon Accounting Report on our website.







Managing what we monitor

The data and modelling that we do provides essential information for our day-to-day business, and we are already incorporating the results we gather in our approaches to forestry. Some of the ways we are managing what we monitor are as follows:

- **Increasing our utilization of harvest residue:**

In 2020 and 2021, Western diverted 22,651 m³ of post-harvest residues, such as branches, tops, and stumps that would have otherwise been burnt in slash piles, to North Island Chipping to be converted into fibre for coastal pulp and paper facilities. This action is estimated to have reduced Western's direct carbon emissions by 2,244 tCO₂e. As slash piles represent Western's most significant source of emissions, we will continue to identify opportunities to utilize forest residues.

- **Leading in forest fertilization:** Western is the coastal lead in implementing BC forest fertilization programs. Through funding provided by the BC provincial government, we delivered more than 50% of the coastal programs annually. Broadcast fertilization increases carbon sequestration by promoting tree growth.

- **Researching forestry genetics:**

- By understanding the genetics of trees, we can select natural traits to develop seedlings resistant to pests and diseases with increased resiliency to the effects of climate change.
- We are supporting research into the genetic diversity of Douglas fir to assess how genetic diversity requirements will be included in BC's forest policy.
- We are investing in the CoAdapTree Project at UBC to improve the adaptation to climate change by Douglas fir, potentially improving growth yield by 30%.
- We are trialling new seed production methods to create thriving and healthy forests.

- **Growing and protecting the next generation of managed forests:**

- We planted three trees for every tree harvested in 2021 totalling 4.4 million trees across the forests we manage.
- We also invested in research to protect seedlings from disease and deer browse.

Investing in energy-efficient machinery

We want to ensure that our facilities have the most energy-efficient machinery and eco-friendly practices to benefit our operational efficiency and the planet. We have recently replaced aging furnaces throughout our BC operations with energy-efficient and natural gas models that reduce carbon emissions and provide operational cost savings.

Looking ahead

Looking ahead, our efforts include the following to continue helping our planet:

- In 2022, we will work to implement flood indicators to mitigate risks to our operations and the environment.
- Next year, we will review the uncertainty of inputs and assumptions in accordance with the guidance of the Greenhouse Gas Protocol.
- Since 2021, Western has announced joint landscape planning processes with the Huu-ay-aht First Nation, 'Namgis First Nation, N̓anwak̓olas Council, Tla'amin First Nation, and Quatsino First Nation. Carbon models will be developed, allowing future stocks and balances to be forecast under different forest management assumptions. We aim to expand the use of this analysis in partnership with First Nations and government, and forest carbon will be included in future Timber Supply Reviews we complete for the Tree Farm Licenses we manage.
- We are looking to invest in carbon-positive solutions and reduce waste, including at our Saanich Forestry Centre, where we evaluate more energy-efficient heating solutions and capacity expansion opportunities.
- We will continue investigating greenhouse gas emissions credits and carbon market opportunities.



INDIGENOUS RELATIONSHIPS

At Western, we respect the rights of Indigenous Peoples and recognize their right to maintain and strengthen their distinct economic, social, and cultural institutions. We know that we can create a stronger future by working together. Our efforts are led and inspired by the Indigenous groups within whose territories we are honoured to operate, and by our commitment to do what is best for the environment and all members of society, our investors, and future generations.

Our timberlands operations and manufacturing facilities are located on the traditional lands of more than 45 Indigenous groups in British Columbia. Through landmark partnership agreements and other initiatives, we are committed to working with Indigenous communities to advance reconciliation while simultaneously strengthening our business model in a competitive global market.



Advancing reconciliation



**Participating in
Indigenous culture**



**Developing long-lasting
partnerships**



**Supporting Indigenous-
inclusive learning
opportunities**



**Managing our operations
within the Territories of
Indigenous Peoples**

2021 highlights



Advancing reconciliation

In 2021, the Government of Canada declared September 30 as the first National Day for Truth and Reconciliation to honour the lost children and survivors of residential schools, their families, and their communities. We recognize the painful history Indigenous people have experienced and the lasting hardships they continue to endure. We firmly believe that the private sector can play a role and has a responsibility to participate in efforts toward achieving lasting and true reconciliation. To mark the first National Day for Truth and Reconciliation, Western partnered with Wei Wai Kum artist Tom Hunt Jr. to design and create a pole carving.

Indigenous Principles

Supporting reconciliation and collaboration with Indigenous groups means embracing a set of core Indigenous Principles to:

- **Work** to understand the interests of Indigenous communities to support reconciliation
- **Listen** to learn from and incorporate the values and input of Indigenous communities in our plans
- **Develop** and foster meaningful relationships through open and honest communication
- **Create** mutually beneficial and meaningful partnerships, including opportunities for equity ownership in the business
- **Grow** mutually beneficial business relationships with Indigenous vendors and work with businesses committed to advancing reconciliation with Indigenous communities
- **Make** Western a forestry employer of choice for Indigenous people by fostering a diverse and inclusive workforce
- **Encourage** contractors and communities to provide Indigenous people with job opportunities
- **Collaborate** with Indigenous communities and educational institutions to enhance worker readiness in the forest sector





Developing long-lasting partnerships

Western has more than 40 active agreements with Indigenous groups and Indigenous organizations in the areas where we operate. These arrangements range from joint ventures and limited partnership agreements to standing timber purchase agreements and Memoranda of Understanding to Reconciliation Agreements. We believe that by developing long-lasting relationships, we are taking real steps forward to advance reconciliation through meaningful actions and ground-breaking partnerships. Examples of 2021 initiatives that we undertook to signify our commitment to achieve that shared prosperity are as follows:

- **Tree Farm Licence 44** - Western and Huu-ay-aht First Nations expanded our joint business C'awak ʔqin Forestry (Tsawak-qin Forestry Limited Partnership, formerly known as TFL 44 LP) in Tree Farm Licence 44. The TFL covers approximately 137,000 hectares of land on west central Vancouver Island in the vicinity of Alberni Inlet and Great Central Lake. The Huu-ay-aht hold three of the seven seats on the board of directors and has increased its equity stake from 7% to 35%. The Limited Partnership's rebrand to C'awak ʔqin Forestry in 2021 translates to 'we are one' in the Nuuchahnulth language. Western is honoured that the Huu-ay-aht offered this name to our partnership as it is a true and accurate reflection of the shared values and vision of the partners.
- **Hišuk ma c'awak Declaration** - On June 4, 2021, we were honoured to witness the Hišuk ma c'awak Declaration by the Pacheedaht, Ditidaht, and Huu-ay-aht First Nations to take back power over their ʔahahuuʔi, or Traditional Territories. The Nations have committed to developing and implementing world-class integrated resource

management plans. These plans will draw on the teachings of their ancestors, the wisdom of elders, input from citizens and valued partners, and the best forestry, fishery, and integrated resource management advice available. As part of the Declaration, the Nations requested that while this planning work is underway, forestry operations in their Territories, approved by the Nations and the Province, be allowed to continue without disruption.

- **Witwak Guardians Project** - In support of the partnership's mutual goals around sustainability and to uphold the Declaration's principles, C'awak ʔqin Forestry announced the launch of the Witwak Forestry Guardian Pilot Project, a new approach to protecting, monitoring, and enhancing TFL 44 forestry operations. Under the pilot, up to four Guardians representing the Huu-ay-aht, Ditidaht and Pacheedaht First Nations will bring awareness to all land users on the traditions and protocols one must adhere to while visiting or working in the TFL 44 tenure area.



We believe that mutually beneficial partnerships with Indigenous communities – the original stewards of BC's iconic forests -- are an essential part of the future of coastal forestry."

Steven Hofer, President and CEO, WFP



Managing our operations within the Territories of Indigenous Peoples

We know that when we all work together, everyone and everything benefits. That includes Indigenous Peoples in their quest for real reconciliation, the surrounding communities, our workforce and suppliers that need long-term economic stability and opportunities, as well as the forests and ecosystems that depend on us all to make the right decisions. Shared planning and management of the land are critical in achieving these mutual benefits, and some examples of our commitments in action include:

- **Tree Farm Licence 37 (TFL 37) Forest Landscape Plan Pilot Project** - We partnered with 'Namgis First Nation ('Namgis) and the Office of the Chief Forester of British Columbia to launch the Tree Farm Licence 37 (TFL 37) Forest Landscape Plan Pilot Project. This project enables 'Namgis and Western to collaboratively plan the management of forest resources in TFL 37 and make recommendations to inform joint decision-making in the forest sector. The pilot is one of four projects being carried out across the province to inform changes to the *Forest and Range Practices Act* and is the only one occurring within an area-based tenure. The overarching objective for the partners is to create a world-leading model of jointly developed stewardship that reflects the shared goals of meaningful reconciliation, respecting the needs of society at large, and that is deliverable on the ground.
- **Nanwaḱolas Council IRMP** - In October 2021, we announced that we would work towards co-developing an IRMP with the Nanwaḱolas Council and four of its member First Nations supporting sustainable forest in the member Nations' traditional territories on central Vancouver Island. Together, we will demonstrate how sustainable forest management can effectively balance environmental, social and economic objectives, increase certainty and stability for business, benefit workers, and support Indigenous and non-Indigenous communities.
- **Tla'amin Territory Forest Resources Plan (TTFRP)** - Through the Tla'amin Territory Forest Resources Plan (TTFRP) with Tla'amin Nation, we are supporting the development of an Indigenous-led plan to guide land management decision-making in the Tla'amin Territory. In addition to planning for Tla'amin treaty lands and the Nation's Crown tenure areas, the TTFRP will include collaboration with Western on planning for the portion of TFL 39 Block 1 located in the Territory.

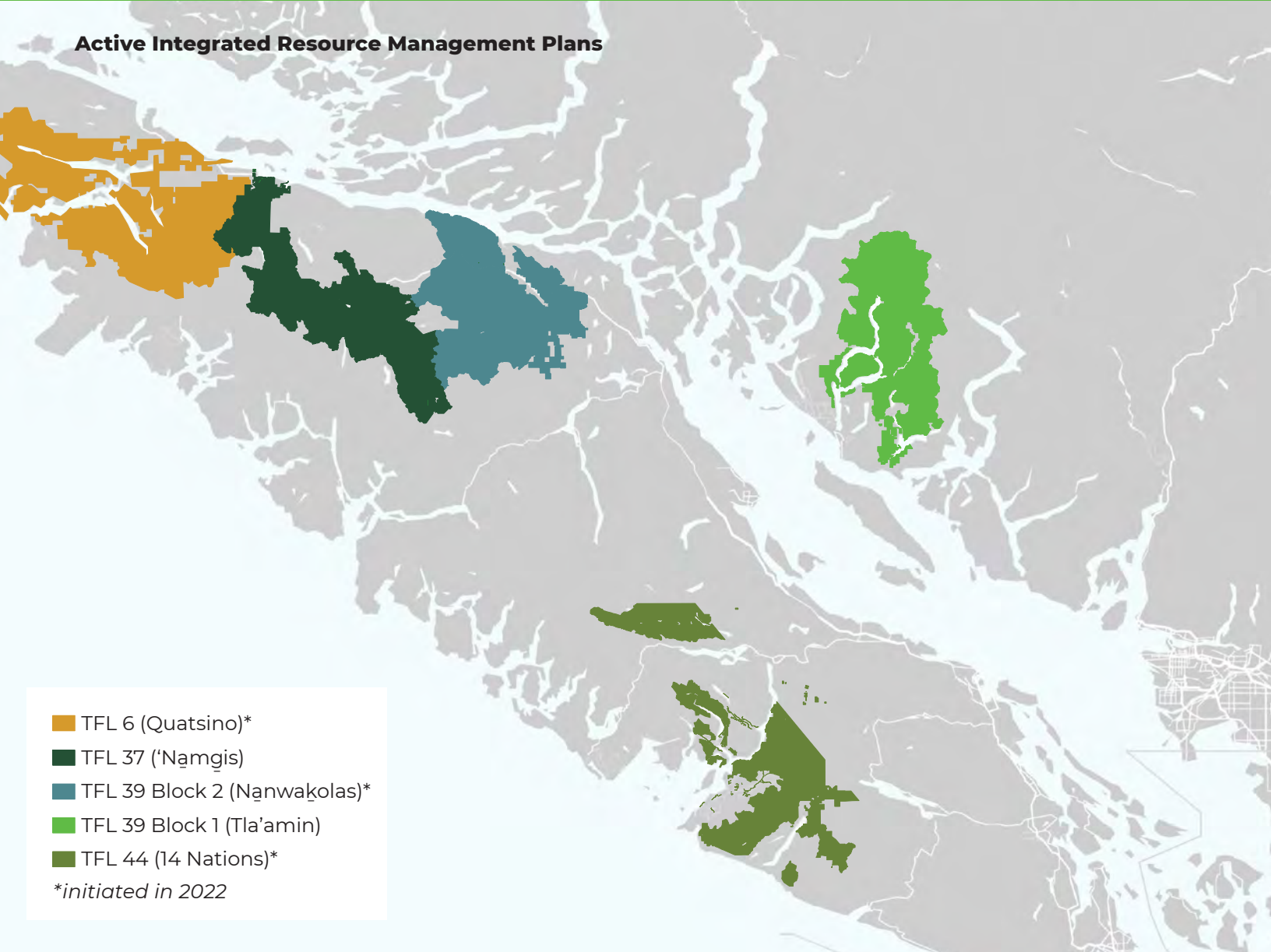
What is an IRMP?

An IRMP is an Indigenous-led collaborative resource management planning process. It balances identified cultural, economic, environmental, and social values to produce science-based management strategies and practices that best achieve those values.

1,312,452
total hectares of
forest lands in our
care

99.9%
of Western’s tenures
are within Indigenous
territories

More
than **40**
active agreements reached
between Western and
Indigenous groups and
Indigenous organizations





Participating in Indigenous culture

At Western, we are proud to pursue and champion opportunities to uplift the stories and culture of Indigenous People. These opportunities serve a critical role in the ongoing visibility of Indigenous communities. It is a great honour for Western to partner with and contribute to the Indigenous groups whose land we operate. Some examples of those partnerships include:

- **Tsawout First Nation Bighouse** - In 2009, the Tsawout First Nation in Saanichton lost its Bighouse in a fire. After a decade without a cultural home, the Nation is rebuilding the Bighouse to serve as a cultural and spiritual gathering place used by the community for traditional teaching, learning, and sharing. Last year, in a donation coordinated with the 'Namgis First Nation, Western located and delivered four logs that will be used as support posts for the Bighouse. The celebration and opening of this new facility will take place in 2022.
- **K'ómoks canoe** - Western was honoured to help locate a cedar log for the K'ómoks First Nation to be used in the carving of a new canoe for the Nation. The canoe is the first to be carved in the community in nearly 30 years. Led by carver Joe Martin from the Tla-o-qui-aht First Nation with apprentice carvers from K'ómoks First Nation, the canoe was beautifully carved and painted and is currently being dried in the K'ómoks Administration Building. A community blessing of the canoe is planned.

As part of a series of events related to the first National Day of Truth and Reconciliation, K'ómoks First Nation Councillor Charlene Everson spoke to our employees at a virtual event, sharing her personal stories and perspectives about reconciliation, Indigenous culture, and the envisioned path forward for her community.





Supporting Indigenous-inclusive learning opportunities

We believe that by providing Indigenous-inclusive education and learning opportunities, we can enhance our team's communications, understanding, and awareness. We are committed to recognition and respect for the rights, traditional knowledge, and distinctive relationships of Indigenous groups within the areas where we operate. Some of the new initiatives we have pursued include:

- **Indigenous Awareness Training Course** -

Improving our knowledge and understanding of Indigenous culture, language, and experience is key to forging long-lasting and mutually beneficial relationships with Indigenous communities. In July, staff from C'awak 7qin Forestry participated in HFN 101, a presentation from Huu-ay-aht First Nations on their history told from their political, hereditary, and anthropological perspective. We launched a comprehensive, three-module Indigenous Awareness Training Course on the National Day for Truth and Reconciliation, available through our online training portal.

- **Progressive Aboriginal Relations** - We formally entered the Progressive Aboriginal Relations (PAR) certification process by joining the program at the Committed level. Developed by the Canadian Council for Aboriginal Business, PAR is an independent certification program that verifies our performance in Indigenous relations across several key drivers. We look forward to reaffirming our efforts to support, uplift, and include Indigenous groups in our pursuit of sustainable forestry.

**Progressive
Aboriginal
RELATIONS**

COMMITTED

Canadian Council for
Aboriginal Business



Dakota Parenteau, an Indigenous student, enrolled in the North Island College Coastal Forestry Technician program, received a \$22,000 scholarship funded by Western from the BC First Nations Forestry Council. Dakota will also join Western as a summer student, working at our Mid Island Forest Operation in Campbell River as part of this innovative program. The scholarship program seeks to increase Indigenous employment in the forest sector. This is the first year Western has participated in the program.



Looking ahead

In 2022, we will continue to work toward advancing reconciliation by working closely with Indigenous groups, furthering our shared goals of sustainable forest management, building lasting relationships, and sharing the economic benefits of our projects.

We will be advancing a recently announced partnership with C̓awak ʔqin Forestry and Huu-ay-aht First Nations for the Hišuk ma c̓awak Manufacturing Initiative. This initiative will be a first-of-its-kind collaboration between Indigenous groups and forest industry partners to build a climate positive future by 2030.

Working with 'N̓amgis, Tla'amin, N̓anwaḵolas Council, four member First Nations, and Quatsino First Nation, we will advance the IRMP processes underway across several Western-owned tenures. In the TFL 44 area, we will continue, along with C̓awak ʔqin Forestry, to support the Huu-ay-aht First Nations' hišuk ma c̓awak Integrated Resource Management Plan (HIRMP) and also to make significant progress on the TFL 44 IRMP. The majority of the IRMPs now underway are scheduled to be complete by early-mid 2023.

We will also look to complete Phase One of the PAR Committed certification, including expanding Indigenous awareness training opportunities and launching committees at the Executive and staff levels to broaden engagement on the key drivers across the business.



COMMUNITIES

At Western, we work hard to be a good neighbour. Guided by our values, we are determined to make positive contributions to our workers, their families, neighbours, and communities. In 2021, we continued to demonstrate our commitment to contributing sustainable and enduring value by investing in our people and the communities where we live and work.

Providing a range of career opportunities to local employees helps to share the economic benefits of our industry with the communities in which we operate. Through wages, contracts, government royalties and taxes, and local procurement, we add more than half a billion dollars annually to the Canadian and US economies. We also contribute to communities by sourcing various goods and services locally.

Western also strives to make a positive and lasting impact through in-kind donations and volunteer hours, as well as financial contributions through our Community Enhancement Fund. Western provides hundreds of thousands of dollars each year to organizations large and small, and 2021 was no exception. Last year saw an increase in our log donations and monetary contributions to \$585,000 across our operating areas, on top of other goods, services, and employee volunteer efforts.



Supporting our local economy by buying local goods and services



Investing in mills and forestry infrastructure



Engaging with employees and communities



Contributing through our Community Enhancement Fund

- Donating to community-based projects
- Advancing reconciliation through training, arts, and culture
- Championing academic and training opportunities
- Aiding disaster relief

2021 highlights



Supporting our local economy by buying local goods and services

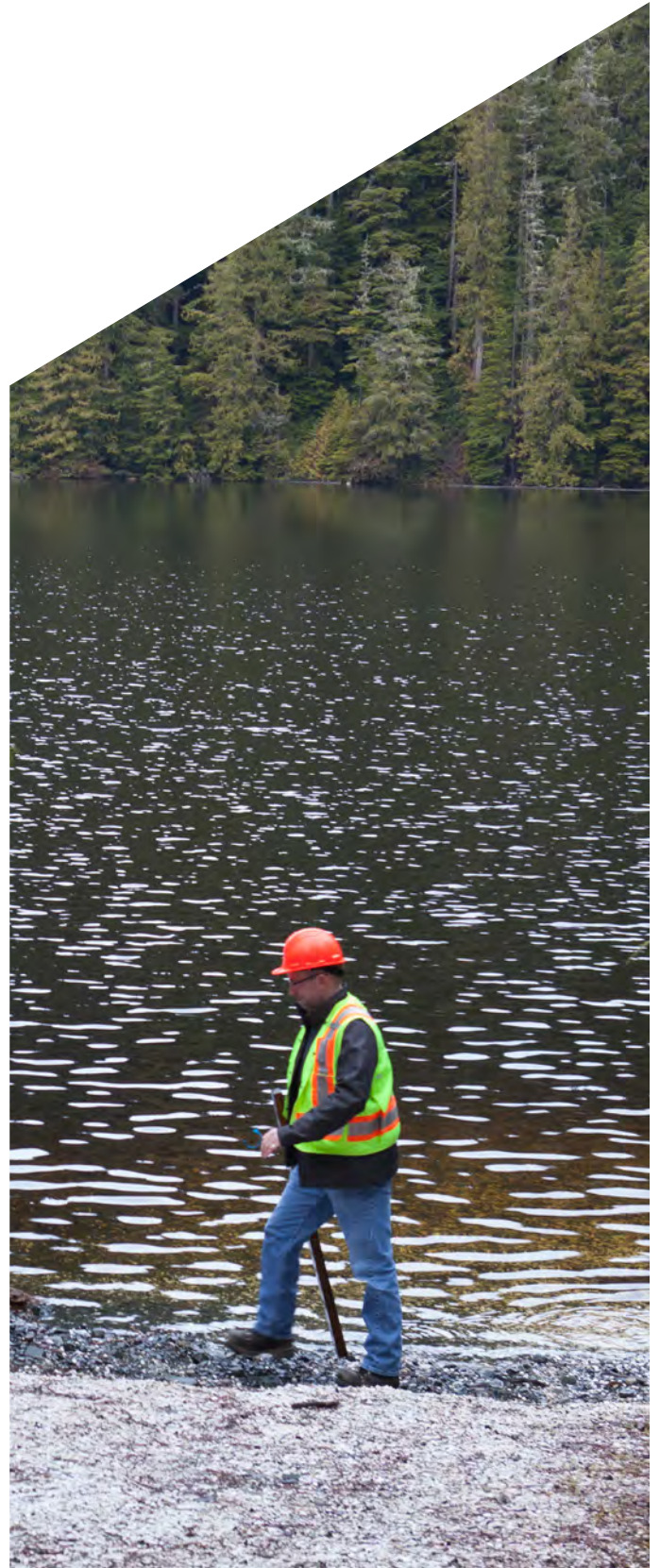
We contribute to the social fabric of BC and the Pacific Northwest in many ways, including by supporting suppliers and businesses in the local area. For example, our Timberland operations employed nearly 120 companies with a combined staff of over 2,000 to meet Western's overall timber harvesting targets.



Investing in mills and forestry infrastructure

We know that resource-based communities are passionate about forestry, and they strongly support local investments in mills and other forestry infrastructure. With approximately 95% of Western's BC based logging conducted on Crown tenures, we build and maintain a vast network of roads that are also used to access remote communities and recreation areas.

In 2021, Western advanced \$10 million in announced strategic capital projects to increase domestic lumber remanufacturing capacity in BC. These investments are expected to reduce costs and improve operating efficiency to ensure we remain globally competitive and can continue to provide family-supporting jobs in forestry.





Engaging with employees and communities

We are committed to making positive changes in our communities to ensure that the areas where we operate continue to thrive. We work in lockstep with communities to enhance our shared goals of fostering a sustainable forest industry.

In 2021, we continued to provide opportunities for people to express their views, experiences, and concerns. We work hard to consult with Indigenous communities, stakeholders, and local government partners to benefit from local knowledge and create mutual benefits. Some highlights from our work include:

- **Community harvest engagement** - We know there is a high expectation of community engagement around harvest planning. Our five advisory groups of local stakeholders continue to review our practices and provide input on our Canadian Standards Association (CSA) requirements.
- **Site tours and other events** - We also go above and beyond our mandated consultation obligations by hosting well-attended site tours, nature walks, and workshops and participating in career fairs, community events, and forestry education opportunities to listen and engage with members of our communities.



Our employees play an active role in supporting the communities where we live and work. Examples include support for forestry education programs, salmon enhancement activities at Cordy Creek and Marble River fish hatcheries on the North Island, and installing a new playset for the playground in Woss, BC.



Investing through our Community Enhancement Fund

We are proud to contribute to a broad spectrum of community initiatives, philanthropic organizations, and events through our Community Enhancement Fund. Our unwavering commitment to building enduring value and supporting positive social, economic, and environmental outcomes drives our charitable giving, in-kind donations, and volunteer hours.

Western Forest Product's Community Enhancement Fund

- **Donating to community-based projects**
- **Advancing reconciliation through training, arts, and culture**
- **Championing academic and training opportunities**
- **Aiding disaster relief**

Donating to community-based projects

Western is proud to support and partner with many worthwhile community organizations and programs. Highlights of our 2021 giving towards community-based projects from our Community Enhancement Fund include:

- **Local events and organizations** - We donated funds and volunteer support to many local events and groups. For example, we contributed to the Cowichan District Hospital Foundation to support improved health care in the Cowichan Valley. The Gold River Days' Party in the Park on Vancouver Island was one of many events where we contributed and participated, with our local staff volunteering to barbeque a feast.
- **Holiday donations** - It was Western's second annual year of providing food and toys throughout the holiday season. We contributed \$100,000 to 30 community groups and Indigenous partners to help provide food and toys in BC and Washington State. We were proud to do our part to deliver benefits and support communities throughout the pandemic to counter its economic impact and resulting food insecurity.

- **Englewood Train** - We worked to commemorate local history by providing resources and rail memorabilia for the Englewood Train's permanent recognition at Woss Heritage Park in the Nimpkish Valley. The Englewood Train was in operation for over 100 years and is believed to have been part of the last operating logging railroad in North America.



Forestry will continue to provide benefits and opportunities for communities. Most of my neighbours are directly or indirectly in the industry. These are the people who care about the heart of the community. They're also event volunteers, first responders, and team coaches."

Jonathan Flintoft, RPF, Forester, Port McNeill.



Advancing reconciliation through training, arts and culture

For more on reconciliation with Indigenous groups, see page 53.

Western remains committed to maintaining open and meaningful dialogue with Indigenous groups to ensure we all benefit from forest resources. One of the ways we work to advance reconciliation is through support for training, art, and cultural activities. Some highlights from 2021 include:

- **Log donations** – In 2021, Western donated over \$100,000 in cultural logs to Indigenous groups and communities. For example, in a donation coordinated with the 'Namgis First Nation, Western delivered four logs to the Tsawout First Nation for use as house posts in constructing their Big house Project on Vancouver Island following the destruction of their previous longhouse in a 2009 fire.
- **National Day of Truth and Reconciliation pole project** - We commissioned Wei Wai Kum artist Tom Hunt Jr. to design and create a pole carving. Tom is an experienced artist with decades of experience working with up-and-coming artists to share his knowledge and culture.
- **Scholarship program** – We invested over \$20,000 towards the BC First Nations Forestry Council's Indigenous Forestry Scholarship Program, which supports tuition and living expenses for a student of First Nations, Inuit, or Métis descent.

Protecting the environment

Read more about our environmental sustainability measures in report sections on Climate Change on page 44 and Sustainable Forest Management on page 30.

We are proud of our forest management efforts that balance the public's interest in economic development and employment with environmental stewardship. The forests we help manage are a public resource, and we actively consider the impacts of our harvesting activities on shared land-use values. Some ways that we helped improve, grow, and nurture our environment through our Community Enhancement fund in 2021 include:

- **Salmon enhancement** - We supported local salmon enhancement projects, including a three-year restoration project conducted by the Nootka Sound Watershed Society on the Tahsis River. Our monetary contribution and knowledge of forestry practices served to improve bank stability and salmon habitat help create habitat and environmental features that are critical to salmon. Western is also proud to contribute a total of \$375,000 as part of our three-year commitment to the Huu-ay-aht First Nations Watershed Renewal Project.
- **Knotweed removal** – As part of a long-term commitment, we continued to support knotweed removal in the Nimpkish River on northern Vancouver Island with an additional \$10,000 contribution in 2021. Knotweed has numerous impacts on the Pacific Coast's aquatic ecosystems and is considered one of the world's most invasive plants. We are proud to champion environmental initiatives that ensure healthy ecosystems for today and for generations to come.

Championing academic and training opportunities

We supported secondary and post-secondary students by offering scholarships and funding to educational programs. Our donations also help provide long-term solutions to our hiring needs by supporting training opportunities. We are proud to play a small part in supporting students' continued success, exploration of the forest industry, and pursuit of innovative ways to ensure sustainability. Examples in 2021 included:

- **Scholarship donations** – In addition to the BC First Nations Forestry Council's Indigenous Forestry Scholarship Program, we provided scholarships to UBC and VIU Forestry programs.
- **VINTA training donation** – It is the second year in our two-year commitment to the Vancouver Island North Training and Attraction Society (VINTAS) by providing forestry training opportunities and a \$5,000 program donation.
- **Co-op/internships roles** - 33 interns and co-op students were placed at Western in 2021.



Aiding disaster relief

When devastating wildfires and flooding hit BC and Washington State in 2021, Western stepped up our efforts to help with a coordinated response. We supported the Canadian Red Cross through a \$50,000 donation towards wildfire relief and readiness efforts in BC and provided a further \$5,000 contribution towards wildfire relief in the US. In addition, funds were contributed to Cowichan Tribes to fund the enormous recovery effort after an atmospheric river event damaged approximately 100 homes in December, 2021.

Economic Value Generated and Distributed

Value Category (\$000s)	2021	2020	2019
Total Revenue	\$1,417,700	\$964,900	\$807,700
Operating Costs	\$824,015	\$645,293	\$635,958
Employee Wages and Benefits	\$235,900	\$193,600	\$155,500
Payments to Providers of Capital	\$15,200	\$14,400	\$39,300
Payments to Government	\$109,800	\$47,600	\$79,700
Community Investments	\$585	\$507	\$242
Total Expenditures	\$1,185,500	\$901,400	\$910,700

Looking ahead

In 2022, we will work to collect feedback from the communities where we operate on how best to direct contributions from our Community Investment Fund. We will also positively enhance our funding framework by adopting four new funding pillars to address community needs.

The four funding pillars are:



Sustainability



Climate Action



Community Building



Reconciliation

Our funding pillars help guide our funding decisions and provide a clear understanding of what we aim to support to make a meaningful impact in the communities where we live and work.

MODELS, ASSUMPTIONS, AND UNCERTAINTY

This report is based on the best information available to management as of the date hereof. A number of models and assumptions were used in preparing the data outlined in the Carbon and Climate Section (pages 44 to 51 of this report). The details of the approach and each such model and assumption can be found in Western's 2020 Carbon Accounting Report which is available on our website at [westernforest.com](https://www.westernforest.com). The reporting provided in the Carbon and Climate Section (pages 44 to 51 of this report) related to current estimates and forward-looking projections of greenhouse gases, emissions, stocks and storage is also inherently uncertain and includes projections of the lifespan, use and end of life disposal of products, forest growth, natural disturbance frequency and intensity and future product types and lifespans, and therefore should be read together with the cautionary note below.

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 **westernforest.com** or by referring to our profile on SEDAR at **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.



Western Forest Products
DEFINING A HIGHER STANDARD®