



Western Forest Products®

Western Forest Products Inc.

2023 Sustainability Report

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DISCLAIMER

Models, Assumptions and Uncertainties

Greenhouse gas reporting comes with considerable uncertainty. The reporting provided in the Carbon and Climate Section related to current estimates of carbon stored in forest ecosystems and transferred to forest products, as well as the emissions associated with harvesting and transporting logs, manufacturing, and distribution of primary products from the mills to the point of sale, and other associated emissions, and any forward-looking projections related thereto are inherently uncertain. Any forward-looking projections included in such Section should be read together with the cautionary note below.

This report is based on the best information available to Western Forest Products Inc. (the “Company”, “Western”, “us”, “we”, or “our”) 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. The details of the approach and each such model and associated assumptions can be found in Western’s 2023 Carbon Accounting Report which is available on our website at westernforest.com. Due to the uncertainty of the inputs as noted above, the results are uncertain.

We note that understanding and interpretation of the GHG Protocol’s application in the forest sector is continuing to evolve, with updated guidance for calculating carbon emissions and removals for land-based activities in draft form (WRI, 2022). Due to the uncertainties this introduces with carbon accounting practices and reporting, Western has simplified its reporting in the Carbon and Climate Section to focus on the following areas: Scope 1, Scope 2, Scope 3 and biogenic emissions to the product point of sale, which is a material change of scope from previous years. Specifically, this impacts Scope 3 emissions as the new scope narrows the focus and excludes previously included emissions: hog fuel burning, processing of sold products, distribution of sold products, and end-of-life emissions. The list of included emissions from Scope 3 can be found in Appendix 1: Scope 3 Indirect Emissions from Supply Chain Activities of Western’s 2023 Carbon Accounting Report. For the foregoing reasons, readers are cautioned that comparisons to reporting from prior years is not appropriate due to Western’s updated approach as set out in the Carbon and Climate Section. Western’s 2023 Carbon Accounting Report replaces all prior years reporting and deviations from prior years scope, presentation and reported values may be significant, as such, all previously stated years have been recalculated to account for the material scope change.

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”, “anticipate”, “aim”, “believe”, “project”, “commit”, “estimate”, “forecast”, “likely”, “ensure”, “seek”, “work to”, “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, risks, strategy, commitment and impact with respect to our operations, our environmental and sustainability initiatives (including the stability of forest ecosystem carbon stocks and the impact of Western’s activities on carbon emissions, and CO₂e and climate change), the development of our carbon accounting initiatives, the growth of mass timber construction, our safety results and initiatives, and our engagement and relationships with Indigenous groups, communities and other stakeholders including the advancement of our Indigenous partnerships and forest landscape and integrated resource management initiatives.

Although such statements reflect management's current reasonable beliefs, expectations and assumptions made as of the date of this report, 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 methodologies for carbon accounting, 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, 2024 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 sedarplus.ca. 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.

MESSAGE FROM THE PRESIDENT AND CEO

By providing renewable products that are essential to achieving Canada's climate change goals, the Western team is proud to contribute to our sustainable future. We do this while putting safety first, fostering a positive workplace, nurturing the vitality of forests in our care, preserving our net carbon sink performance and partnering with Indigenous peoples and community members where we operate.

No aspect of our performance is more important at Western than the health and safety of our people. In 2023, we continued to make strides towards our journey to achieve a zero-harm workplace. We rolled out a digital safety process for more efficient tracking, analysis and reporting of safety metrics, knowing that what gets measured gets improved. Our team members will continue to be vigilant in our commitment to their personal safety and that of their colleagues so that everyone goes home safe and healthy every day.

Fostering engagement is another area of focus as we work to develop and retain a diverse and skilled team at Western. To that end, we invited all employees to share their candid feedback about our workplace as part of our 2023 employee engagement survey. Across the business, we are acting on the input received to enhance our workplace and support our aim of being an employer of choice.

Our drive to continuously improve is also evident in our stewardship of forests on the coast of British Columbia. We are particularly proud to be pioneering a new approach to managing forest health in close collaboration with Indigenous groups. An example of this is our team's participation in one of four forest landscape planning pilot projects in the province. By embracing new ways of working together today, we set the stage for positive outcomes up to 300 years into the future.

We are also working with Indigenous groups to innovate in the form of business relationships that advance economic reconciliation. In that pursuit, we established a landmark agreement in British Columbia with four Vancouver Island First Nations to acquire an ownership interest in our Mid-Island Forest Operation, near Campbell River. This agreement creates numerous long-term benefits for all partners and increases certainty around future sustainable forestry in the region.

These are just a few of the countless ways Western team members are setting new benchmarks to actively shape a better future. With a shared sense of pride and responsibility in doing what is right for our partners and the planet, I look forward to continuing to progress our sustainability journey.

Steven Hofer
President and CEO

GOVERNANCE

We recognize the importance of strong and effective corporate governance to advancing our vision and values. 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. The Board has oversight responsibility for the Company’s risk management framework, including oversight of and supporting management in assessing and managing climate-related risks and opportunities. Our commitment has contributed to Western being recognized with a top governance score from Institutional Shareholder Services.

Western has four Board committees to ensure the Board functions effectively, including:

- Audit Committee
- Nominating and Corporate Governance Committee (“NCGC”)
- Environmental, Health & Safety (“EHS”) Committee
- Management Resource and Compensation Committee

Please see our [2023 Annual Information Circular](#) for further information about our Board, Board Committees and governance.

The Audit Committee is responsible for overseeing the Company’s reporting standards in relation to Environmental, Social and Governance (“ESG”), including sustainability. Management reports on the Company’s ESG and sustainability matters regularly to the Audit Committee. The Audit Committee reviews this information and makes recommendations to the Board. The Audit Committee also makes recommendations on the Company’s annual sustainability report and reviews and assesses the Company’s communications in respect to policies and practices in the area of ESG and sustainability.

The NCGC monitors the development of ESG best practices and emerging ESG topics and trends, and reports and makes recommendations to the Board on ESG topics that may affect the business, operations, performance or public image of the Company.

The EHS Committee assists the Board in carrying out its responsibilities with respect to environmental, health and safety issues including the Company’s commitment to a safe and healthful workplace and our compliance with safety and environmental legislation. The EHS Committee reviews and makes recommendations to the Board regarding our environmental, health and safety policies, standards, procedures, practices, programs and training in light of our environmental, health and safety risks.

All members of the Board committees are 100% independent.

Please see the [Governance](#) section of our website for further information about our corporate governance initiatives, policies, Board and Board committee mandates and constating documents. Key policies include: Anti-Bribery and Anti-Corruption; Code of Business Conduct and Ethics; Compliance and Code of Conduct Hotline; Diversity, Equity and Inclusion; Employee Health & Safety; Environmental; and Human Rights.

Forced Labour and Child Labour

Western published its first [report for 2023](#) under the Fighting Against Forced Labour and Child Labour in Supply Chains Act. This report sets out Western’s actions to identify and understand any forced labour or child labour risks related to our business and describes the polices and processes the Company has in place to combat these potential risks in our business and supply chains.

Legal Proceedings

During 2023, Western incurred no losses, and received no notices of violations associated with corruption, regulatory labelling or marketing codes, or false, deceptive or unfair marketing, labelling and advertising.

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 interests of Indigenous communities in the areas we work. Western operates within the traditional territories of more than 50 Indigenous groups in British Columbia (“BC”). We are committed to meaningful engagement, collaboration and long-term relationships built on mutual respect and understanding to support the advancement of shared objectives, including shared reconciliation goals.

2023 Engagement Topics

Stakeholders and Others	Key Topics	
Investors <ul style="list-style-type: none"> ▪ 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 	<ul style="list-style-type: none"> ▪ Health and safety ▪ Sustainable practices ▪ Business performance ▪ Compensation and benefits ▪ Learning and development
Workforce <ul style="list-style-type: none"> ▪ 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 	<ul style="list-style-type: none"> ▪ Reconciliation, Indigenous partnerships, and agreements ▪ Local procurement and employment ▪ Carbon and climate change ▪ Recreation access
Communities <ul style="list-style-type: none"> ▪ 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 	<ul style="list-style-type: none"> ▪ Reconciliation, Indigenous partnerships, and agreements ▪ Local procurement and employment ▪ Carbon and climate change ▪ Recreation access
Customers <ul style="list-style-type: none"> ▪ 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 	<ul style="list-style-type: none"> ▪ Sustainability of wood products ▪ Supply chain ▪ Education, supporting end use applications
Educational Institutions <ul style="list-style-type: none"> ▪ Academic institutions ▪ Research organizations 	<ul style="list-style-type: none"> ▪ Training and work programs ▪ Mentorship opportunities 	<ul style="list-style-type: none"> ▪ Research partnerships ▪ Forest management
Governments <ul style="list-style-type: none"> ▪ Municipal ▪ County ▪ Provincial ▪ State ▪ Federal 	<ul style="list-style-type: none"> ▪ Health and safety ▪ Community relationships ▪ Sustainable practices ▪ Business practices 	<ul style="list-style-type: none"> ▪ Employment and skills training ▪ Sustainable forest management ▪ Regulatory policy

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 harm workplace by providing the proper training and tools to identify and mitigate the hazards that lead to injuries.

We continue to advance our comprehensive Health & Safety Management System (“HSMS”) to deliver improved safety performance. We have invested in the ongoing development of our safety leaders to support robust safety execution practices. This includes comprehensive onboarding processes, hazard identification and management, and consistent health and safety program monitoring and assessment. Our approach is supported by seasoned operational leaders, well-trained front-line supervisors, and the active participation of our workforce and contractors. We also work closely with regulators, industry associations and contractors to develop and implement best practices and to advocate for improvements to safety standards.

Please see the [Health and Safety](#) section on our website for additional information.

Health and Safety Policy and Oversight

Western’s [Health and Safety Policy](#) sets out our belief that safety is a shared responsibility and details our commitments to providing a safe and healthful workplace, managing hazards, and mitigating risks. Compliance with the policy is a condition of employment.

Our CEO and executive team oversee our commitment to safety and ensure resources are available to implement our HSMS and provide for necessary safety training. Our EHS Committee reviews health and safety performance quarterly.

Health and Safety Management System

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

Health and Safety Training

Safety is a shared responsibility at Western and we invest in safety development and training for our people at all levels. We provide our workers with the resources they need to work safely and support their active participation in job-specific training, regular refresher training, and regular safety meetings. We ensure that our workforce is provided with the best educational and training tools to prevent work-related injuries and offer 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.
- **Western Learning:** Salaried employees receive safety training through our online learning system, covering regulatory requirements such as Hot Work or Fall Protection Awareness.
- **MSI Prevention Training:** We have Musculoskeletal Injury Prevention (“MSI-P”) training sessions for our safety leaders, helping to increase awareness of ways to prevent sprains, strains, and minor injuries at work.
- **Customized Learning Modules:** We offer Western-specific safety materials, including Loss Control and Hazard Management.

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

Health and Safety Reporting

To support our journey toward a zero harm workplace, we continue to focus on proactively reporting potential work hazards and refining our mitigation tools. Employees have proactive reporting tools to identify workplace hazards, including:

- **Hazard Identification (“Hazard ID”):** Our electronic Hazard ID system is designed to make it safer and more accessible for staff to report hazards or risks in real time. The system allows for immediate notification, tracking, and trending of reported events, ensuring timely corrections and future mitigation practices. This system has successfully mitigated risks through collaboration and teamwork, enabling prompt responses and continuous improvement in safety management.
- **Personal Field Level Risk Assessment Pocketbook:** Our personal field level risk assessment pocketbooks 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, helps ensure that our employees follow 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.

Company Safety Performance

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. We continue to evolve our safety policies and practices on our journey to achieving a zero harm workplace.

Our operations undergo regular audits and inspections by independent or regulated health and safety authorities. These audits ensure that we comply with safety regulations and standards. Additionally, we conduct internal audits to assess and enhance our performance. Safety performance at our Canadian operations is externally audited and we are SAFE-certified by the BC Forest Safety Council. In the United States (“US”), we operate in accordance with the regulations set by the Occupational Safety & Health Administration (“OSHA”). Beyond regulatory compliance, we align our Health & Safety practices to support voluntary OSHA consultations.

Metric	2023	2022	2021
Medical Incident Rate: Company – Total	2.87	2.80	3.08
Medical Incident Rate: Company – Timberlands	2.46	2.92	1.81
Medical Incident Rate: Company – Manufacturing	3.78	3.23	4.23
Fatalities	Zero	Zero	Zero
Severity Rate	59.40	44.98	76.82
Near-miss Reporting	84	130	233
Health and Safety Audit Scores	Timberlands: 95% Manufacturing: MAG Safe Certification complete for all Canadian facilities	Timberlands: 95% Manufacturing: MAG Safe Certification complete for all Canadian facilities	Timberlands: 96.5% Manufacturing: MAG Safe Certification in progress

Contractor Safety Performance

Contractors are expected to meet Western's safety standards. We use ISNetwork, a third-party contractor management platform, to ensure contractors remain compliant with contractual and regulatory requirements. We continue 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	2023 ⁽¹⁾	2022	2021
Medical Incident Rate: Contractor – Total	3.91	2.56	3.54
Medical Incident Rate: Contractor – Timberlands	3.11	2.61	3.55
Medical Incident Rate: Contractor – Manufacturing	11.04	2.15	3.58

(1) 2023 increase due to an additional 6 recordable incidents from the prior year, combined with a >20% decrease in hours worked.

Highlights and Progress in 2023

- Multiple Company operations completed the year with a medical incident rate of zero in 2023.
- Extended MSI-P efforts to our US operations to include employee training, assessment, and work methods to promote proactive prevention.
- Contractor Safety Management: Enhanced contractor safety assessments with bi-weekly reporting and improved criteria through ISN, focusing on high-risk activities.
- Digital Transformation of Safety Processes: Transitioned safety processes to versatile mobile software for more efficient tracking, analysis, and reporting of safety metrics.

Looking Forward

We remain committed to continuing our journey to achieve a zero harm 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.

For 2024, we have set health and safety targets of:

- A 10% reduction to the Company's benchmark 2022 medical incident rate.
- A 10% reduction to the Company's benchmark 2022 total incident rate.
- A 10% reduction to the Company's benchmark 2022 severity rate.

WORKFORCE

At Western, we believe that our employees are the driving force behind our business and the architects of our culture. Our committed and dynamic team of over 4,000 employees and contractors across BC and the Pacific Northwest work hard to deliver Western's vision of a sustainable future, built with renewable products.

We recognize that in an industry that requires exceptional talent, our ability to attract, develop and retain diverse and skilled employees is vital to Western's long-term success. We are committed to being an employer of choice in the communities where we operate. To achieve this, we prioritize investing in our people through training and development initiatives, complemented by competitive compensation packages. We regularly conduct employee engagement surveys to gain valuable insights and feedback, enabling us to continually enhance various areas of our workforce and working environment.

At Western, we don't just aim to meet expectations; we strive to exceed them, ensuring that our employees feel valued, empowered, and inspired to drive our strategic priorities forward.

Human Rights

At Western, we uphold human rights as fundamental principles guiding our operations. Our values and policies provide the foundation for an inclusive and respectful work environment. Embedded within our [Human Rights Policy](#) is a steadfast commitment to diversity, anti-discrimination, and fair working conditions.

These commitments are integrated into every aspect of our organization, from recruitment and promotion to training and rewards. We are dedicated to cultivating an inclusive workplace where every individual feels valued and respected, recognizing that diverse perspectives are catalysts for innovation and business excellence. Central to our efforts is the proactive focus of increasing underrepresented groups in our workforce, including women, Indigenous peoples, people with disabilities, and other marginalized groups who historically encounter barriers to employment.

At Western, we believe that championing human rights isn't just the right thing to do; it's essential for fostering a thriving, sustainable and socially responsible workplace.

Diversity, Equity and Inclusion ("DEI")

At Western, we are dedicated to supporting a workplace where every employee feels empowered to bring their authentic selves to work each day. Our ongoing efforts focus on ensuring we foster an environment that promotes diverse perspectives.

Embedded within our Diversity, Equity, and Inclusion Policy is a commitment to understanding and advancing our DEI initiatives. This policy is reflected company-wide and is integrated into our recruitment, promotion, training, and rewards processes. By championing diversity, we believe we will make better business decisions and support a culture where every individual feels valued.

At Western, we believe that embracing diversity helps advance a workplace culture grounded in respect, empathy and collaboration.

Attracting and Retaining Talent

Western recognizes the importance of retaining our existing workforce and taking innovative steps to attract new talent. In 2023, we hired over 435 new people. We utilize various methods to attract and retain employees, including online job postings, recruiters and job fairs. We took steps to refresh our job postings that included addressing Pay Transparency legislation in British Columbia. Our dedicated Talent Acquisition team undertook a research project to better understand the barriers to employment facing our communities on Vancouver Island and we will continue to work towards new opportunities to advance Indigenous recruitment.

Training and Development

We provide comprehensive on-the-job training and support for continuing education for all employees. Our commitment to employee development is reflected in our ongoing enhancements to Western Learning, our online learning management system, which delivers content to support our employees' learning, development, and mental wellness.

We prioritize promoting from within to offer long-term and diverse career opportunities. In 2023, we invested in DiSC Assessment Certification as a tool for team building and leadership development across our teams. Additionally, we launched "The Breakfast Club" program, inviting early-career employees from across the business to meet with our President & CEO for developmental and forward-looking conversations.

Our Learning & Development team also designed and implemented "Visible Leadership" training for managers to support ongoing feedback and engagement with their employees, both in corporate roles and in operations. These initiatives ensure that our employees have the resources and support they need to thrive and advance in their careers.

Compensation and Benefits

Our compensation approach emphasizes total rewards, ensuring market-competitive total compensation.

This includes base salaries, pay for performance bonuses, and an employer funded pension plan for salaried employees in Canada and a 401K in the US. Additionally, we offer extended benefits that promote well-being, including various job protected leaves, and maternity and parental leave top up.

For our CEO and executives, pay for performance bonuses include measurement of performance goals specifically pertaining to advancing the Company's ESG commitments, health and safety and environmental compliance, and advancement of Indigenous relationships and reconciliation, among others. Please see our [2023 Annual Information Circular](#) for further information about our compensation philosophy.

In 2023, we increased our focus on employee well-being and wellness by executing several wellness-focused activities. These initiatives aim to enhance the overall health and happiness of our workforce. We believe employee wellness is important and we provide an Employee and Family Assistance Plan for all employees. Our unionized employees receive competitive wages and benefits including jointly sponsored pensions plans and Group Registered Retirement Savings Plans. This comprehensive approach underscores our commitment to supporting and valuing our workforce.

Employee Communication

Effective employee communication is a cornerstone of our success. At Western, we continuously acknowledge, encourage, support, and engage our employees through comprehensive communication strategies. We regularly update job opportunities on social media platforms and invest significantly in job boards and radio advertising to reach a broader audience.

Internally, our bi-weekly e-newsletter keeps everyone informed about company news and highlights employee achievements. Additionally, our presence on social media, including [Instagram \(@westernforestproducts\)](#), [X \(@WFPCCompany\)](#), [LinkedIn](#) and [Facebook](#), ensures active engagement with our staff, investors, community members, and other stakeholders. This consistent approach maintains transparency and fosters a strong, connected community.

Unionized Employees

We support freedom of association and collective bargaining. Western has collective agreements with the United Steelworkers and Public and Private Workers of Canada. The collective agreements define wages, benefits and working conditions and outline many areas where we collaborate with our unions to ensure a safe and healthful work environment. In addition to our collective agreements, we collaborate and jointly advocate with union leaders on issues of mutual benefit and interest.

Workforce Demographics

Metric	2023	2022	2021
Overall Company	1,906	2,032	2,039
Male	1,617	1,714	1,720
Female	276	307	309
Undefined	13	11	10
Salaried Employees	560	600	567
Male	363	380	360
Female	196	220	206
Undefined	1	-	1
Geographic Location			
Canada	1,664	1,806	1,843
US	233	218	188
Rest of World	9	8	8
Unionized Employees			
Company Unionized Employees	1,126	1,230	1,273
Workforce By Age			
< 21 years old	0.84%	1.33%	1.23%
21 to 30 years old	14.22%	15.02%	15.14%
31 to 40 years old	22.88%	20.60%	19.62%
41 to 50 years old	19.88%	19.91%	19.91%
51 to 60 years old	23.98%	24.56%	23.84%
> 60 years old	18.20%	18.56%	20.26%

Highlights and Progress in 2023

In 2023, we took significant strides in advancing our people and culture initiatives, shaping a more responsible and resilient future. Our commitment to becoming an employer of choice remained unwavering, and we are proud to share the following highlights and progress achieved throughout the year:

- We launched our 2023 employee engagement survey and saw significant increases in participation (46% to 74%) and an upward trend in overall engagement across the organization. All results have been communicated and we have begun taking steps to plan actionable activities based on results within each business unit.
- We refreshed our New Employee Onboarding program to enhance engagement during the early milestones of a career at Western. Improvements included a 3-hour New Hire Orientation focusing on psychological safety and connection, a first-week check-in on system tips & tricks, a welcome swag package, Indigenous Awareness training, a Team Engagement Guide to support new hires in their first 6 months, and a 60-day check-in from our HR team to ensure a smooth transition for new team members.
- We held our first Wellness Day. This all-day event featured information sessions with our benefit and retirement savings providers, a healthy lunch with games and music, and various activities, including meditation, yoga, connecting to nature, and social engagement.

- We continued to increase engagement in learning and development initiatives, demonstrating our commitment to employee growth and continuous learning. We provided a wide array of learning opportunities, focusing on both operational and soft skills.

Looking Forward

We remain focused on improving how we retain our talented workforce and attract new team members. This includes continued development of engaging learning programs, enhanced onboarding initiatives and a strategic development framework to ensure we are maximizing the talents of our team and expanding development opportunities to help our employees reach their full potential.

In 2023, we completed a follow-up employee engagement survey and are pleased with the improved results. Building on this success, we are now focused on developing action plans to drive continued improvements in this area. We are committed to identifying and implementing positive company-wide changes on our path to becoming an employer of choice. Additionally, we aim to advance our operations to foster an inclusive environment, ensuring that every employee feels valued and supported.

SUSTAINABLE FOREST MANAGEMENT

At Western, we envision a sustainable future, built with renewable products. That is why we are advancing 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.

We continue to collaborate with Indigenous groups, incorporating Indigenous knowledge and values into long-term holistic planning, and investing in new technology and innovations to support diverse and natural forests for the long term, including old forests and healthy habitats. Please see the Indigenous Relationships section of this report for information about our work with Indigenous groups.

Please see the [Environment](#) section of our website for more information about our forest management practices and policies.

Stewardship

Western carefully stewards 1.62 million hectares of land on the coast of BC. We work hard to earn and maintain the trust and respect of Indigenous groups, the communities in which we work, other stakeholders, our workforce, and elected officials. 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:

- **Healthy Ecosystems and Forest Values:** Ensuring healthy and resilient ecosystems starts with determining what we will leave behind as part of careful stewardship and conservation planning for the long-term. This means protecting culturally important sites, old growth forests, important wildlife habitat, fish habitat, Big Trees (as defined in Western's Big Tree Policy) and rare ecosystems, and projecting the growth of forests over 250 years into the future to ensure that these vital forest values will be sustained for future generations.
- **Full Rotation Management:** We have a long history of full rotation management developed over many decades and is based on forecasts of both financial and biological parameters. We maintain the linkages between our long-term forecast of the future harvest pattern to our seed supply needs at the Saanich Forestry Centre, stand tending activities, and the resulting log profile. Every area harvested is reforested as natural forests with ecologically suitable species and with consideration to natural stand succession and the current and future projected climate. We also monitor the health of all new forests in our care and take actions to address issues that may arise.
- **Independent Oversight:** The lands we manage are subject to some of the most stringent forest regulations in the world and many of our practices exceed the legal requirements. Our practices are verified through third-party certification, reviewed by government inspectors, and subject to audit by BC's independent forest watchdog, the Forest Practices Board. BC'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.
- **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.

Land Base	2023	2022	2021
Total hectares of forest land	1,313,006	1,312,816	1,312,452
Total hectares of non-forest land	306,762	307,188	308,394
Total hectares of land	1,619,768	1,620,004	1,620,846
Total hectares of forest not available for harvest	686,424	686,045	685,459

Biodiversity and Ecosystem Health

Protecting and enhancing biodiversity that supports healthy and resilient ecosystems is vital to our stewardship and conservation planning. An essential element of biodiversity conservation is the complementary implementation of both landscape and stand level retention. We have collaborated with researchers and scientists to develop a comprehensive wildlife and biodiversity program that includes landscape and stand level retention to support the complexity and diversity of our coastal forests. High quality element occurrences of rare ecosystems, wildlife habitat, and important biological features, such as bear dens, bird nests, deer, elk and goat winter ranges, foraging areas, and Big Trees are retained across the forest. Other areas are set aside from harvesting to protect riparian areas, meet visual quality objectives, and maintain terrain stability. Through such measures, within our tenures over 52% of the forested land base is conserved, including the areas detailed below under *Species At Risk Habitat Conservation*.

Wildlife Feature Conservation

Species	Feature	Cumulative Through 2023
Black Bear, Grizzly Bear	Den	1,580
Bald Eagle, Great Blue Heron, Northern Goshawk, Osprey, Red-tailed Hawk, Sharp-shinned Hawk	Nest	583

Species At Risk Habitat Conservation

Habitat Conserved	Hectares
Great Bear Rainforest Class 1 Grizzly habitat	24,305
Nesting habitat conserved for Northern Goshawk	105,322
Habitat conserved for Misty Lake Stickleback	35
Nesting habitat conserved for Marbled Murrelet	74,387

Inventory and Harvest By Tree Species on Western's Tenures

We design long term plans for our harvesting activity and monitor to ensure we harvest the same profile of species that occur naturally. The species harvested each year depend on what is growing in the area approved for harvesting, resulting in some year to year variation.

Forest Inventory By Species	2023		2022		2021	
	Inventory	Harvest	Inventory	Harvest	Inventory	Harvest
Western hemlock	47%	45%	47%	47%	47%	48%
Amabilis fir	15%	15%	15%	16%	15%	17%
Western red cedar	15%	12%	15%	14%	15%	13%
Douglas fir	11%	22%	11%	16%	11%	15%
Yellow cedar	7%	5%	7%	5%	7%	6%
Sitka spruce	2%	1%	2%	2%	2%	1%
Other	3%	0%	3%	0%	3%	0%

Stand Level Conservation

In areas designated for harvesting, groups of trees 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 cutblocks utilize a silvicultural system that retains groups of trees inside the harvest area, avoiding large open spaces.

Stand Level Conservation	2023	2022	2021
Total cutblock area ⁽¹⁾	5,521 hectares	5,390 hectares	5,521 hectares
Total area retained within cutblocks ⁽¹⁾	1,395 hectares	1,157 hectares	1,079 hectares
Percentage of available forest retained for stand level biodiversity in cutblocks	25%	21%	20%
Percent use of retention silvicultural system	74%	68%	71%

(1) Excludes mainland coast.

Great Bear Rainforest Agreement

Western was involved in a process with the Province of BC, Indigenous groups, environmental organizations, and industry to reach the Great Bear Rainforest ("GBR") Agreement. The land-use agreement supports logging in 15% of the GBR using an ecosystem-based management approach tailored to this unique area. Since the agreement was reached in 2016, we have continued to work with all groups to share collective learnings and best practices.

Protecting Old Forests and Big Trees

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. Within Western's tenures, 70% of old growth forests are conserved to meet biodiversity objectives.

Western has been conserving Big Trees since 2016. Our investment in Light Detection and Ranging ("LiDAR") technology has enabled us to take an inventory of every tree in our care. When it comes to Big Trees, we take specific steps to identify and protect these rare trees, and exceed provincial standards for Big Tree protection.

Cumulative Number of Big Trees	2023	2022	2021
Western-designated Big Trees	3,205	1,770	648

Reforestation

Planting millions of trees every year is no small task, but at Western, we are proud of our role in promoting healthy forests adapted to a changing climate. Our seed orchard and 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 Indigenous groups, workers, forestry-dependent communities, and global markets.

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

Number of Seedlings Planted By Species	2023		2022		2021	
	#	%	#	%	#	%
Western hemlock	772,090	14%	1,165,166	18%	865,570	20%
Amabilis fir	25,410	<1%	26,290	<1%	96,670	2%
Western red cedar	2,422,190	45%	2,803,396	45%	1,986,114	44%
Douglas fir	1,575,521	29%	1,694,438	27%	777,350	18%
Yellow cedar	460,490	9%	373,340	6%	598,525	14%
Sitka spruce	63,350	1%	106,110	2%	15,580	<1%
Other	39,180	<1%	120,090	2%	89,770	2%
Total	5,358,231	100%	6,288,830	100%	4,429,579	100%

Leading 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 the amount of carbon sequestered from the atmosphere through promoting increased tree growth, as detailed in our 2023 Carbon Accounting Report. This, in turn, improves harvesting, transportation and manufacturing efficiency.

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 greenhouse gas ("GHG") emission reduction targets while restoring important habitats, supporting biodiversity, and enhancing the surrounding community's quality of life.

Saanich Forestry Centre

The Saanich Forestry Centre is at the heart of Western's sustainable forest management practices. This seed orchard and tree nursery is the birthplace of millions of trees growing across coastal BC. The Saanich Forestry Centre produces an average of nearly fifteen million high-quality seeds and grows close to four 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 BC 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.

Investing in Technology and Research

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

- Identify knowledge gaps and recommend basic and applied research needs.
- Utilize spatially and temporally explicit forest estate modelling to evaluate the long-term outcomes of our practices.
- 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.
- Test and develop applications in practice and use published research relevant to Western's management goals and responsibilities.

Significant areas of forest research that Western has or is undertaking, includes:

- **Forest Ecology Research Program:** Determined the effects of stewardship 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.
- **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.
- **Forest Growth and Yield & Light Detection and Ranging Program:** Through our investment in LiDAR technology, we continued to improve our forest inventory information. LiDAR provides detailed, accurate, and comprehensive information over extensive areas. In 2023 we collaborated closely with ecologists to further refine the development of an innovative approach to systematically measure important stand attributes of ecosystem integrity utilizing LiDAR technology and geographic information systems. These attributes include canopy complexity, stand age, tree species diversity, stand size and landscape context. This has advanced our ability to evaluate and forecast changes in ecosystem integrity at the landscape scale in a way that recognizes the connections across all of our stewardship practices. Ecosystem integrity is an important aspect of forecasting the future forest as part of holistic long-term planning.

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.

Forest Estate Modelling

We continue to make significant investments and advancements in our forest estate modelling which is integral to long-term stewardship. Spatially and temporally explicit modelling supports our collaborative forest landscape planning and integrated resource management planning with Indigenous groups, sustaining biodiversity and ecosystem health, and the implementation of multiple rotation management from seed supply through to the future log profile. Through our collaborations with Indigenous groups, we continue to advance new datasets and approaches for forecasting important values into the future. An example of these advancements is reflected in the

new Forest Landscape Plan and Forest Operations Plan for Tree Farm Licence (“TFL”) 37 that is available on westernforest.com.

Reducing Waste

At Western, we diligently forecast the types of logs available for manufacturing today and in the future. We seek to ensure that 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 and other products.
- Leaving wood debris from harvesting including roots, stumps, and branches in the forest on-site to decompose, to nourish new growth, in accordance with government requirements.
- Routing residual material from harvesting and sorting to pulp and paper manufacturers, bioenergy plants, local firewood, 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.

Regulatory Compliance

We have had a history of strong regulatory compliance. In 2023 we received one non-compliance fine totaling \$173 for not adequately marking a scaled load that was being transported by truck.

Non-compliance	2023	2022	2021
Number of non-compliance incidents resulting in a fine	One	One	Zero
Value of fines	\$173	\$173	\$0

Highlights and Progress in 2023

- **Ecosystem Integrity and LiDAR:** To advance our forest stewardship practices, we worked with ecology specialists to develop an assessment of ecosystem integrity at a landscape scale, including utilizing LiDAR to measure structural complexity, and forecasting changes through time. Ecosystem integrity is an important aspect of sustaining biodiversity and ecosystem health and this approach enables us to evaluate and adapt our stewardship techniques to enhance the integrity of ecosystems hundreds of years into the future.
- **Investments at the Saanich Forestry Centre:** We are investing in equipment and upgrades that increase efficiencies and reduce our carbon footprint. This includes replacing gas-powered machinery with electric models, replacing furnaces, investing in new boilers, replacing greenhouse roofs to improve the amount of natural lighting, and expanding greenhouse growing capacity. These investments were completed in 2023 with the new greenhouse capacity fully operational in time for the 2023 spring sowing program.

- **Holistic Planning:** Through our collaborative work on the TFL 37 Forest Landscape Plan pilot project and other integrated resource management planning, we advanced the ability to establish clear spatially and temporally explicit outcomes that are inclusive of the future harvest pattern, by utilizing forest estate modelling outputs combined with LiDAR and geographic information system analysis. This includes outcomes for the multiple elements of biodiversity and ecosystem health including ecosystem integrity, wildlife habitat types, riparian function, connectivity, forest interior conditions, and rare ecosystems. These outcomes are forecast up to 300 years into the future, helping to ensure that our actions today support the desired outcome over the long-term.

Looking Forward

In 2024, 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 maintenance that considers the return frequency for future use of the road. We are currently implementing the changes to our roads processes identified in 2023 and will be monitoring implementation progress in 2024.
- **Stewardship Standards:** In 2024 we plan to update our Riparian Forest Management Standard, Fire Hazard Assessment Standard, Karst Standard, and Windthrow Standard. These standards are part of our integrated Forest Management System supporting the achievement of consistent and predictable results across all Operations.
- **Monitoring Program:** As we complete long-term holistic planning with Indigenous groups, we anticipate updating our current approach to monitoring in 2024 and 2025 to reflect a more collaborative approach aligned with the specific monitoring requirements of each plan. We are currently updating our monitoring program for TFL 37 aligned with the adaptive management framework developed for the TFL 37 Forest Landscape Plan pilot project.

CARBON AND CLIMATE

Through photosynthesis, trees sequester atmospheric carbon dioxide and store it in their tissues, as wood in stems, branches and roots, and also in the soil and dead organic matter. The forests managed by Western are therefore carbon banks and we carefully monitor these forest carbon stocks over time.

Like forests, forest products also serve as important carbon banks. When trees are processed into lumber and other forest products, some of the carbon is transferred into those products while some is released back to the atmosphere. The carbon transferred into products remains there until the product either decomposes or combusts. This makes wood a critical ally in the fight against climate change as other building materials, including steel and concrete, require enormous amounts of greenhouse gas to produce, while wood is the result of trees sequestering carbon dioxide (“CO₂”). As a result, replacing steel and concrete with wood has net positive climate impacts.

We are proud of the role we play in the global fight against climate change and we will continue to monitor our activities and make fact-based decisions to ensure that our business continues to identify opportunities to reduce our carbon footprint. Please see our comprehensive 2023 Carbon Accounting Report for further information.

As part of our commitment to transparency and continuous improvement in our carbon accounting practices, and because of evolving best practices on carbon accounting and reporting, Western worked with its advisors and determined that our prior reporting methodology, while compliant with an understanding of the relevant standards at the time of such reports, needed to be revised. As a result, Western has reviewed its prior reporting methodology and, where appropriate, updated historical reporting in this 2023 Sustainability Report which replaces all prior years’ reporting.

Total Forest Ecosystem Carbon Stocks

The forests Western manages in BC are a large carbon bank and store carbon in the form of live trees, dead trees, branches, leaves, roots, and soil. In 2023, the forest ecosystems stored 2,420,273 kilotonnes of CO₂ equivalent (“ktCO₂e”), with an estimated 0.1% of the ecosystem carbon harvested and transferred into forest products, of which a proportion is stored as long-lived wood products. 76% of forest carbon is stored below the ground or in the fallen logs and other dead organic matter. Less than 25% of forest carbon is stored in the living trees and plants that you can see above the ground.

Carbon Pool (ktCO ₂ e)	2023	2022 ⁽¹⁾	2021 ⁽¹⁾
Aboveground Biomass	591,460	589,162	586,335
Dead Organic Matter	697,926	702,687	708,098
Soil Organic Matter	999,897	1,000,095	1,000,292
Belowground Biomass	130,990	130,483	129,858
Total Ecosystem Stocks	2,420,273	2,422,427	2,424,583
Annual Transfer to Forest Products	2,400	2,195	2,527

(1) The forest ecosystem model is rebuilt every year from the base year onwards with the addition of data from the reporting year and to capture data changes that might impact previous years. Previous year’s numbers have been updated. Although the differences in the forest ecosystem data presented above are immaterial (<5%), the impact on some prior year disclosure is material and therefore the forest ecosystem data presented above replaces all prior forest ecosystem disclosure.

Manufacturing, Production and Supply Chain Emissions

Harvesting and transporting of logs, and production of lumber contribute to the organization’s emissions. Western’s activities were estimated to have resulted in emissions of 248,668 tonnes of CO₂ equivalent (“tCO₂e”) in 2023. Scope 1 emissions are the organization’s direct emissions and as such the largest. Non-biogenic emissions associated with slash pile burning are the main contributors to Scope 1 emissions and these have increased in recent years, largely due to more favourable weather conditions for burning.

Carbon Flux (tCO ₂ e)	2023	2022	2021
Scope 1 Emissions	171,157	156,572	142,134
Scope 2 Emissions	3,971	3,871	4,488
Scope 3 Emissions	73,539	75,209	82,197
Total Emissions	248,668	235,652	228,820

Biogenic Emissions

Biogenic emissions are excluded from Scope 1, 2 and 3 emissions in accordance with the GHG Protocol. These emissions are however part of the annual change in total ecosystem stocks and contribute to the year-on-year movement in total ecosystem stocks in the *Carbon Pool (ktCO₂e)* table above.

Emission Source (tCO ₂ e)	2023	2022	2021
Slash pile burning from Western's operations	521,988	394,806	300,963
Slash pile burning from purchased logs	69,172	83,045	106,081
Total Biogenic Emissions	591,160	477,851	407,044

Leveraging Our Data and Modelling

Our data and modelling provides essential information for our day-to-day business, and we are already incorporating the results 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 2023, Western diverted 45,736 cubic metres of post-harvest residues, such as branches, tops, and stumps that would have otherwise been burnt in slash piles, to Atli Chip to be converted into fibre for coastal pulp and paper facilities. This action is estimated to have reduced Western's direct carbon emissions by 5,023 tonnes of CO₂e. As slash piles represent one of Western's most significant sources of emissions, we expect to continue to identify opportunities to utilize forest residues.
- **Leading in Forest Fertilization:** Western is a coastal lead in implementing BC forest fertilization programs. Through funding provided by the BC provincial government, we fertilized over 3,500 hectares in 2023. 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 also 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 the University of British Columbia to improve the adaptation to climate change by Douglas fir, potentially improving growth yield by 30%. We are also trialing new seed production methods to create thriving and healthy forests.
- **Growing and Protecting the Next Generation of Managed Forests:** We planted 5.4 million trees across the forests we manage. We also invested in research to protect seedlings from disease and deer browse.

Highlights and Progress in 2023

- Replaced eight natural gas furnaces at our Saanich Forestry Centre. The furnaces that were replaced were 20+ years old and were replaced with high efficiency furnaces that reduce carbon emissions and provide operational cost savings.
- Installed six inflation fans in the greenhouses at the Saanich Forestry Centre which improve the overall R-value and reduce heating requirements, further reducing carbon emissions.
- Switched the type of engine oil used in all timberlands heavy equipment, which reduced fuel consumption by an estimated 130,427 litres in 2023, decreasing emissions by approximately 353 tCO_{2e}.
- Worked with Indigenous partners to evaluate the potential of carbon offsets under BC's proposed Forest Carbon Offset Protocol.

Looking Forward

Looking forward, our efforts include the following:

- In 2024, Quatern Limited Partnership, a limited partnership between Western and an affiliate of Quatsino First Nation, will complete a project to measure forest carbon sequestration using successive LiDAR derived tree inventories, with financial support from the BC Centre for Innovation and Clean Energy. Together, we aim to determine how much incremental carbon was captured through large scale forest fertilization programs. This will enable us to better deploy fertilization treatments to ensure that the forests we manage are most actively fighting climate change.
- We will continue to invest in carbon-positive and waste reduction opportunities in our operations, including replacing old equipment with more energy-efficient solutions.
- We will continue to investigate greenhouse gas emissions credits and carbon market opportunities.

INDIGENOUS RELATIONSHIPS

Western acknowledges and respects the rights and interest of the Indigenous groups in the areas where we operate. Our coastal BC timberlands operations and manufacturing facilities are located on the traditional lands of more than 50 Indigenous groups.

We are committed to advancing reconciliation within the framework of a sustainable forest economy and the United Nations Declaration on the Rights of Indigenous Peoples. Our approach is based on a shared path with Indigenous groups that includes building new and innovative business partnerships, collaborating on Indigenous-led forest landscape and integrated resource management plans, and promoting engagement through community enhancement contributions and capacity-building initiatives.

In working closely and respectfully with the Indigenous communities in the areas where we operate, we are guided by the following principles, as set out in our [Indigenous Relationships Policy](#):

- **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.

Please see the [First Nations](#) section of our website for additional information.

Highlights and Progress in 2023

The following section highlights some of our actions in 2023 towards advancing reconciliation in three focus areas – economic, environment, and social – through business partnerships, procurement, contracting, and employment; collaborative forest landscape and integrated resource management planning; and community enhancement and capacity-building. At Western, we strive to take meaningful action to foster reconciliation with Indigenous communities that reflects our deep commitment to being part of the solution.

Business Partnerships, Procurement, Contracting, and Employment

Western believes it can play a role in advancing economic reconciliation, including through mutually beneficial limited partnership opportunities with shared governance and financial interests, joint ventures for combined harvesting opportunities, procurement of fibre supply, contracting, and employment.

Some highlights of our progress include:

- Announcing a new landmark agreement with four Vancouver Island First Nations - Tlowitsis First Nation, We Wai Kai First Nation, Wei Wai Kum First Nation, and K'ómoks First Nation - to acquire a 34% interest from Western in a newly formed Limited Partnership for \$35.9 million. The announcement drew praise

from community leaders and will provide a collaborative approach to managing TFL 39 Block 2 (now subdivided as TFL 64), near Campbell River and Sayward;

- Continuing our respective businesses with Huu-ay-aht First Nations in Ćawak ʔqin Forestry, with Quatsino First Nation in the Quatern Limited Partnership, and with ʼNamgis First Nation in the Danyas Limited Partnership, as well as our joint venture business with Kitasoo Xaiʼxais First Nation’s Kitasoo Forest Company, all of which serve as examples of our commitment to building business relationships with Indigenous communities and optimizing the benefits of working collaboratively in the forest industry;
- Procuring over 265,000 cubic metres of fibre from Indigenous suppliers, including timber harvested and logs procured, with an aggregate value of over \$60 million and comprising approximately 30% of the total volume of fibre purchased from third parties by Western in 2023;
- Contracting with Indigenous vendors for supply of goods and services, with an aggregate value of over \$30 million; and
- Employing and training more than 20 self-identified Indigenous individuals, including at our Burleith Log Sort, Saanich Forestry Centre, and Mid Island operations.

Collaborative Forest Landscape and Integrated Resource Management Planning

Western is committed to working collaboratively with Indigenous groups through information sharing and joint sustainable forest management planning to support healthy, sustainable forests and ecosystems, and to promote economic stability and opportunities. We believe shared planning and management of the land are critical in achieving these objectives.

Together with Indigenous groups, we are developing transformative models of holistic planning and adaptive management that incorporate Indigenous knowledge and values, including through Indigenous-led, forest landscape and integrated resource management planning initiatives across five TFL areas.

Some highlights of our progress include:

- Collaborating with Tlowitsis, K’ómoks, Wei Wai Kum and We Wai Kai First Nations, on the TFL 39 Block 2 (now TFL 64) area of the Nanwakolas-led Integrated Resource Management Plan (“IRMP”) to integrate Indigenous perspectives, values, and interests into forest management, enhance forest stewardship, create socio-economic opportunities, and provide greater operating certainty;
- Significantly advancing the TFL 37 Forest Landscape Plan (“FLP”) Pilot Project with ʼNamgis First Nation, one of four ongoing FLP pilot projects being developed across the province and sponsored by the Office of the Chief Forester of BC, to bring forward a draft FLP and Forest Operations Plan for the portion of TFL 37 within ʼNamgis Territory;
- Supporting Tla’amin Nation on its development of the TFL 39 Block 1 area of the Tla’amin Forest Resource Plan;
- Continuing to work with Quatsino First Nation on the development of an IRMP for the portion of Western’s TFL 6 located in Quatsino Territory; and
- Starting a TFL 44-wide IRMP and supporting Huu-ay-aht First Nations with development of its Hišuk ma ċawak Integrated Resource Management Plan, a collaborative effort that seeks to combine the best science and data available with traditional knowledge and values to ensure healthy and resilient forests for future generations to enjoy.

Community Enhancement and Capacity-Building

Western is actively investing time and resources to support community enhancement through financial and in-kind contributions, including lumber and logs, and capacity-building initiatives.

Some highlights of our progress include:

- Providing financial and in-kind contributions, with an aggregate value of over \$300,000, towards reconciliation initiatives that are focused on needs that are important to Indigenous communities, which is one of the four pillars of giving under Western's Community Enhancement Fund;
- Marking National Indigenous Peoples' Day by attending the blessing and raising of two totem poles from a log sourced by Western, carved by local artists DługwayaXalis (Karver Everson) and Aaqwasgem (Junior Henderson), at the future site of the K̓wax̓dziz'dzas affordable housing project in Cumberland;
- Delivering two truckloads of firewood to We Wai Kai for elders this winter, and participating in the We Wai Kai Days barbeque this summer;
- As part of a multi-year project, continuing to support the removal of aggressive knotweed, an invasive species, along the Nimpkish River in northern Vancouver Island, together with the 'Namgis First Nation and provincial government; and for the third consecutive year, contributing towards Huu-ay-aht's Watershed Renewal Program to renew and enhance fish and wildlife habitats on Huu-ay-aht's traditional territory ("Hahuuli"), specifically in the Sarita, Pachena, and Sugsaw watersheds;
- Supporting the purchase of new GPS equipment by Kitasoo Forest Company to help the Kitasoo Xai'xais Stewardship Authority conduct Cultural Feature Inventory surveys prior to development in Kitasoo Xai'xais Territory;
- Contributing lumber to the Kitasoo Xai'xais First Nation to build more accessibility ramps and community gardens at the youth centre in Klemtu; to Heiltsuk First Nation to support the construction of their new Haitzaqv Governance Building and Language Centre in Bella Bella; and to Stz'uminus First Nation for their Big House project, a significant cultural initiative for the community; and to the Town of Ladysmith for new welcome signs carved by renowned Stz'uminus artist John Marston;
- Contributing towards the 'Namgis Business Development Corporation's community-owned North Island Driving School to provide access to driving training and skill development;
- Investing, for the third consecutive year, in the BC First Nations Forestry Council Indigenous Forestry Scholarship Program ("IFSP"), which offers a jump start for Indigenous students to gain skills and access to careers in forestry, and employing 2022 scholarship recipient Dakota Parenteau, who graduated from the North Island College Coastal Forest Technology diploma program in the spring, as a summer student with our Mid Island team for the second consecutive summer;
- Achieving Phase Three Committed Level of the Canadian Council for Aboriginal Business Progressive Aboriginal Relations Program, an independent certification program that verifies our performance in Indigenous relations across several key drivers; and
- Participating in panels at the Association of BC Forest Professionals Conference, with 'Namgis First Nation and other industry professionals, to discuss the evolution of sustainable forest landscape planning; and at the Indigenous Resource Opportunities Conference, with Huu-ay-aht First Nations and others, to address the paradigm shift in forestry.

Looking Forward

In 2024, we plan to continue to advance 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. This will include:

- Finalizing our agreement and forming a new limited partnership with Tlowitsis First Nation, We Wai Kai First Nation, Wei Wai Kum First Nation, and K'ómoks First Nation, in TFL 64; for TFL 64 (created from the subdivision of TFL 39 Block 2);
- Publishing a draft Forest Landscape Plan and Forest Operations Plan for public engagement and feedback as part of the TFL 37 FLP Pilot Project with 'Namgis First Nation;
- Continuing to advance partnership and investment opportunities with Indigenous groups to support greater long-term stewardship and management of the land base on which Western operates;
- Continuing to collaborate on Indigenous-led forest landscape and integrated resource management planning initiatives across several TFLs;
- Continuing our investment in the IFSP and employing our 2023 scholarship recipient as a summer co-op student at our Saanich Forestry Centre; and
- Continuing to support the participation of Indigenous groups in the federal government 2 Billion Tree program, a nature-based climate change solution program aimed to motivate and support new tree planting projects.

COMMUNITIES

At Western, we work hard to be a good neighbour. We engage with community members to identify local priorities and opportunities to assist communities to achieve their goals. Building and maintaining productive relationships with communities where we operate is important to us and critical to our business' success.

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

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. In 2023, we contributed approximately \$1.1 billion to the Canadian and US economies through wages, contracts, government royalties and taxes, local procurement and other operating costs. We also contribute to communities by sourcing various goods and services locally.

Please see the [Community](#) section of our website for additional information.

Community Engagement

We are committed to supporting positive changes in our communities to ensure that the areas where we operate continue to thrive. We work with communities to enhance our shared goals of fostering a sustainable forest industry. We have a team dedicated to understanding and addressing community matters or concerns. We also engage with communities, interest groups and the public to share information about Western through site tours, nature walks, workshops, career fairs, participation in community events and support for forestry education. As part of our certification programs, Public Advisory Groups that include local community representatives review our performance.

Community Investments and Donations

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

Our direct investments and donations support community needs and initiatives focused on building communities, advancing reconciliation, supporting sustainability and contributing to climate action. We source and deliver logs to Indigenous peoples for cultural purposes and provide lumber to community groups for building needs. Our activities contribute to community infrastructure, including forestry roads we build and maintain that are also used to access remote communities and recreation areas.

Academic and Training Opportunities

We support secondary and post-secondary students by offering scholarships and funding to educational programs. 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. This includes scholarship donations, training program contributions and co-op and internship roles. As a company, we recognize the pivotal role we can play in developing the next generation of talent in the forestry sector.

Economic Value Generated and Distributed

Our business activities generate significant economic value. This includes high quality employment and family-supporting wages; contractor opportunities and jobs; supplier engagement, with a priority on local procurement of goods and services; and taxes and payments to government. In BC, the provincial government uses stumpage fees (based on timber volumes, species and grades harvested each year) from the forestry sector to fund important social services like health care and education. In the US, tax payments provide a range of benefits through county budgets and federal and state programs.

Value Category	2023	2022	2021
Total Revenue	\$1,017,500,000	\$1,444,000,000	\$1,417,700,000
Operating Costs	\$820,833,000	\$967,328,000	\$824,015,000
Employee Wages and Benefits	\$200,200,000	\$215,900,000	\$235,900,000
Payment to Providers of Capital	\$16,600,000	\$15,800,000	\$15,200,000
Payments to Government	\$63,400,000	\$267,000,000	\$109,800,000
Community Investments	\$1,067,000	\$972,000	\$585,000
Total Expenditures	\$1,102,100,000	\$1,467,000,000	\$1,185,500,000

Highlights and Progress in 2023

- Continued to feed a need in the community by partnering with local organizations to provide holiday meals to those who would otherwise go without.
- Collaborated with the Town of Port McNeill to identify a way to meet their evolving needs through the contribution of a 2.4 acre parcel of property.
- Delivered logs and lumber to Indigenous groups for cultural purposes, and to communities to support building projects.

Looking Forward

In 2024, we will continue to address community priorities aligned with our giving areas of focus to foster thriving communities.



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