



Western Forest Products®

Western Forest Products Inc.

Annual Information Form

February 13, 2025

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FORWARD-LOOKING STATEMENTS AND INFORMATION

This Annual Information Form contains statements that may constitute forward-looking statements under the applicable securities laws. 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 in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors relevant in the circumstances, and the Company can give no assurance that such statements will prove to be correct. Forward-looking statements contained herein may be identified by the use of words such as "will", "estimate", "commit", "expect", "anticipate", "plan", "intend", "believe", "seek", "should", "may", "likely", "can", "continue" and similar references intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements in this Annual Information Form include, but are not limited to, statements relating to our current intent, belief or expectations with respect to: domestic and international market and general economic conditions; demands and growth; the integration of our business units; the execution of our sales and marketing strategy; developments in the regulatory framework in BC and other jurisdictions where we do business; future costs; future expenditures; capital investments, capital projects and other strategic initiatives; the completion of the sale of the APD facility; the capacity of the Company's facilities and assets including its continuous dry kilns; the expected timing and cost of completion and commissioning of the Company's announced capital investments and capital expenditures; the anticipated benefits from our transactions and other strategic initiatives; available harvest levels and fibre supply; AAC determinations; capital allocation; environmental and safety certifications; the development of our sustainability practices and related disclosure; the progression and advancement of First Nations reconciliation initiatives; the resolution of the softwood lumber dispute and the expected timing thereof; the development and completion of IRMPs and FLPs and the expected timing thereof; and our future operating performance, objectives and strategies.

Although such statements reflect management's current reasonable beliefs, expectations and assumptions as to, amongst other things, the future supply and demand of forest products, global and regional economic activity, and the regulatory framework within which the Company currently operates, there can be no assurance that forward-looking statements are accurate, 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 including inflation; international demand for forest products; the Company's ability to export its products; cost and availability of shipping carrier capacity; competition and selling prices; international trade disputes, tariffs and sanctions; changes in foreign currency exchange rates; labour disputes and disruptions; ability to recruit workers; natural disasters; the impact of climate change; relations with First Nations groups; First Nations' claims and settlements; the availability of fibre and future AAC determinations for the Company's timber tenures; the ability to obtain operational permits; developments and changes in laws and regulations affecting the forest products industry including as related to old growth timber management and the Manufactured Forest Products Regulation; changes in the price of key materials for our products; changes in opportunities; information systems security; future public health threats; the execution of our sales and marketing strategy; the development and completion of IRMPs or FLP pilots with First Nations; future lumber production outputs and curtailments; and other factors set out herein and in our management's discussion and analysis for the year ended December 31, 2024. 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 us and are made as of the date hereof. Unless stated otherwise, the Company disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, or other than as required by applicable securities laws.

BASIS OF PRESENTATION

In this Annual Information Form, unless the context otherwise requires, “Western”, “Company”, “we”, “us”, “our” and similar terms refer to Western Forest Products Inc. and its subsidiaries.

Certain terms used in this Annual Information Form are defined under “*Glossary of Certain Terms*”, which can be found on page 28 of this document. All information in this Annual Information Form is current as of December 31, 2024, with subsequent events disclosed to February 13, 2025, unless otherwise indicated. All dollar amounts are expressed in Canadian Dollars, unless otherwise indicated.

In this Annual Information Form, we incorporate by reference our Management’s Discussion and Analysis (the “MD&A”) for the year ended December 31, 2024, which contains information required to be included in this Annual Information Form. The MD&A is accessible on SEDAR+ at www.sedarplus.ca.

BUSINESS OF THE COMPANY

Company Profile and Strategy

Western is an integrated forest products company operating on the coast of British Columbia (“BC”), Canada and Washington State, United States (“US”). Our business comprises six sawmills with an annual lumber production capacity of 780 million board feet, four remanufacturing facilities, two glue-laminated timber (“glulam”) manufacturing facilities with production capacity of 35 million board feet, and timberland operations. Our timberland operations have an annual available timber harvest of approximately 5.8 million cubic metres (“m³”), of which 5.7 million m³ of allowable annual cut (“AAC”) is from tenures on Crown-owned land on Vancouver Island and the mainland coast of BC. We also source fibre through log trades, market and standing timber purchases, and through our timber harvesting joint ventures and limited partnerships with coastal First Nations.

Western’s primary business is centered on building a margin-focused lumber business to compete in global softwood markets, supported by timber harvesting, sawmilling logs into specialty lumber, value-added manufacturing, glulam manufacturing, and lumber purchase and wholesaling activities. Our sawmills process hemlock and balsam, Douglas fir, yellow and western red cedar (“WRC”) logs into long-length, wide-width, and high-grade appearance lumber, as well as commodity grades. Our value-added lumber remanufacturing facilities dry, saw and plane lumber for appearance and structural applications such as decking, siding, mouldings, doors, windows and paneling. Our glulam manufacturing facilities produce glulam beams for industrial, commercial and residential projects around the world.

History and Structure

The Company was incorporated as 4204247 Canada Inc. under the *Canada Business Corporations Act* (the “CBCA”) on April 27, 2004 and changed its name to Western Forest Products Inc. on June 21, 2004. On July 27, 2004, Western acquired certain assets of Doman Industries Limited and certain related companies. Western commenced business on July 28, 2004 and on August 3, 2004, the Company’s common shares (the “Common Shares”) began trading on the Toronto Stock Exchange under the symbol “WEF”.

Western’s head office and registered office are located at Suite 800 – 1055 West Georgia Street, Royal Centre Building, PO Box 11122, Vancouver, BC V6E 3P3.

The Company’s principal subsidiaries are:

Name	Jurisdiction of Incorporation	Percentage Owned
Western Lumber Sales Limited ⁽¹⁾	Canada	100%
WFP Holdings US Inc. ⁽²⁾	Washington State	100%
• Western Forest Products US LLC ⁽³⁾	Washington State	100%
• WFP Engineered Products LLC ⁽⁴⁾	Washington Sate	100%

(1) Western Lumber Sales Limited sells the Company’s lumber products to customers in the US.

(2) Western holds a 100% indirect interest in WFP Holdings US Inc., a holding company which owns and controls the Company’s US operating subsidiaries. Western Forest Products US LLC and WFP Engineered Products LLC are the Company’s two principal operating subsidiaries in the US.

(3) Western Forest Products US LLC sells its lumber products to customers in the US and Japan and sells logs in the US.

(4) WFP Engineered Products LLC sells its engineered wood products to customers in the US, Canada and export markets.

General Development of the Business Over the Past Three Financial Years

Senior Leadership Changes

On September 7, 2022, Don Demens retired as the Company's President and Chief Executive Officer ("CEO") and stepped down from its Board of Directors ("Board"). Steven Hofer, formerly Executive Vice President, Strategy & Business Development with Comact (formerly BID Group), was appointed as the Company's President and CEO and to the Board.

On August 1, 2024, Glen Nontell, formerly the Company's Vice President, Corporate Development, was appointed Chief Financial Officer ("CFO"), succeeding Stephen Williams. Mr. Williams remained in the role of Executive Vice President until December 31, 2024 and continues to work for the Company in a limited advisory capacity until the end of 2026.

Board of Directors (the "Board") Changes

On March 1, 2022, the Company announced the appointment of Fiona Macfarlane to the Board.

On November 1, 2022, Cheri Phyfer tendered her resignation from the Board.

On February 16, 2023, the Company announced that Noordin Nanji and Peter Wijnbergen were appointed to the Board and Michael Waites stepped down as a director and was replaced by Daniel Nocente as Chair of the Board, as part of the Board's succession plan.

On May 8, 2024, John Williamson, did not stand for re-election to the Board.

Please refer to "Directors and Officers – Directors" below for more information on the current Board membership and the composition of the four standing committees of the Board.

Acquisition of Calvert Company, Inc. ("Calvert")

On August 31, 2022, the Company completed the acquisition of certain assets of Calvert located in Washington State for total consideration of US\$12.2 million, including inventory of US\$2.7 million. Calvert produces high quality glulam beams in multiple species for industrial, commercial and residential projects and has manufacturing facilities in Washougal, Washington and Vancouver, Washington.

Capital Investments

Western regularly invests capital in its facility and operations. The following table shows the capital expenditures and acquisitions over the past three years.

<i>(in \$ millions)</i>	2024	2023	2022 ⁽²⁾
Business capital ⁽¹⁾	\$33.3	\$44.6	\$47.5
Acquisition ⁽²⁾	-	-	16.1
Total	\$33.3	\$44.6	\$63.6

(1) Includes strategic, discretionary, and maintenance of business capital and long-term capital road investments.

(2) Acquisition capital is in respect of the August 2022 Calvert asset acquisition.

Capital Projects

In 2022, the Company announced \$29 million of capital investments in its BC operations, the most significant of which included construction of the first continuous dry kiln on the BC Coast at our Saltair sawmill for \$13.0 million, completed in 2024, and optimization of the planer and installation of a machine stress rated grader at our Duke Point sawmill for \$4.1 million, completed in 2023.

On February 13, 2024, the Company announced two new continuous dry kiln projects, with an estimated combined cost of approximately \$35 million. Each continuous dry kiln will have an annual capacity of up to approximately 70 million board feet and will support increased kiln dried products. The continuous dry kiln projects are expected to occur at the Company's Duke Point sawmill and/or its Value Added Division. In 2024, we advanced pre-engineering and permitting activities related to these continuous dry kilns. Due to certain permitting delays, the kilns are now expected to be completed and commissioned in early 2026.

In 2024, the Company continued to advance pre-engineering and permitting activities related to a broader comprehensive strategy in relation to its BC Coastal manufacturing operations, aimed at identifying opportunities to modernize our primary manufacturing facilities, through increasing our kiln drying and planing capacity and reducing our cost structure, with a goal of accelerating the transition to higher value products. These pre-engineering and permitting activities are preliminary steps taken to position the Company to be able to execute on a broader comprehensive strategy; however, any actual future investment opportunity will be subject to considering the short-term and long-term operating environment, our business and labour partnerships, and our financial condition, cash requirements and other financial metrics that we may deem relevant.

Limited Partnerships

On March 27, 2024, the Company completed the sale of a 34% ownership interest in its La-kwa sa muqw Forestry Limited Partnership (“LFLP”) to four Vancouver Island First Nations (Tlowitsis, We Wai Kai, Wei Wai Kum, and K’ómoks First Nations) for gross proceeds of \$35.9 million. The LFLP is comprised of certain assets and liabilities of the Company’s former Mid-Island Forest Operation, including Tree Farm Licence 64, created through the subdivision of Block 2 of TFL 39.

Sale of Fee Simple Land and Private Timberlands

On February 10, 2025, the Company completed the sale of approximately 14,500 hectares of fee simple land, biological assets and infrastructure on northern Vancouver Island, BC to a Canadian affiliate of the Eastwood Climate Smart Forestry Fund 1 LP for \$69.2 million.

Alberni Pacific Division

On January 26, 2023, the Company announced that its Alberni Pacific (“APD”) sawmill, curtailed since the fall of 2022, would not restart in its existing configuration. On April 16, 2024, the Company announced the indefinite curtailment of APD and recognized related severance and impairment provisions. On January 31, 2025, the Company entered into an asset purchase agreement for the sale of APD for \$7.3 million. The sale is subject to certain customary closing conditions and is anticipated to close in the first quarter of 2025.

Credit Facility

On July 26, 2024, the Company announced the amendment and extension of its \$250 million syndicated credit facility (the “Credit Facility”). The maturity date of the Credit Facility was extended from July 21, 2025 to July 21, 2026 and certain financial covenants were amended. The Credit Facility provides for a maximum borrowing amount of \$250 million, with advances in excess of \$215 million subject to a leverage metric. The Credit Facility is secured by a general security agreement, excluding specified properties and their related assets, and is subject to certain financial covenants, including a maximum debt to total capitalization ratio.

Normal Course Issuer Bid (“NCIB”)

On August 3, 2022, the Company renewed its NCIB for the twelve-month period ending August 10, 2023, to purchase for cancellation up to 27,420,905 of its common shares (“Common Shares”), representing 10% of Western’s public float as of August 3, 2022. Under this NCIB, the Company repurchased 8,767,382 Common Shares at an average price of \$1.48 per share. All purchased Common Shares were cancelled.

On August 3, 2023, the Company renewed its NCIB for the twelve-month period ending August 10, 2024, to purchase for cancellation up to 15,837,277 of its Common Shares, representing 5% of Western’s issued and outstanding Common Shares as of August 3, 2023. No Common Shares were repurchased in 2023 or 2024 and the NCIB was not renewed upon its expiry.

Labour Relations

On January 17, 2025, the Company’s hourly employees that are represented by the United Steelworkers Local 1-1937 (“USW”) ratified a new six-year collective bargaining agreement which expires on June 14, 2030.

Sawmill Curtailments

To manage inventory levels to market conditions or based on log availability, the Company may temporarily curtail its lumber manufacturing facilities from time to time. Such curtailments resulted in reductions in lumber production output in the Company's BC operations of approximately 20 million board feet, 19 million board feet and 90 million board feet in 2022, 2023 and 2024, respectively.

BC Government Forest Policies

Notable legislative changes and policy initiatives undertaken in and since 2022 are as follows:

- On January 25, 2022, the Province of British Columbia ("the Province") announced development of BC's first Watershed Security Strategy and Fund, including a commitment to develop and implement it with Indigenous peoples and in collaboration with local and federal governments.
- In June 2023, the Province set a new AAC for TFL 44, reducing the AAC from 793,600 m³ to 642,800 m³. The new AAC was effective immediately and reflects harvest reductions associated with forest resources and socio-economic objectives of the Province, including the reallocation of previously unharvested volume to new forest licences.
- In October 2023, the Province introduced Bill 41-2023, Forests Statutes Amendment Act, 2023, which includes modification of the existing mechanism for applying for and obtaining cutting permits and road permits and amendments to the provisions governing the Minister of Forest's obligation to offer replacements for replaceable forest tenures.
- On November 3, 2023, the Government of Canada, the Province and the First Nations Leadership Council announced the signing of the *Tripartite Framework Agreement on Nature Conservation* ("Nature Agreement"), which extends through March 2030, and is intended to further conserve and protect land and water, species and biodiversity in BC. The Nature Agreement includes up to \$1 billion in government funding in support of the Government of Canada's goal to protect 30% of Canada's terrestrial and aquatic ecosystems by 2030.
- In November 2023, the Province released a draft "BC Biodiversity and Ecosystem Health Framework". The document outlines a high-level description of proposed outcomes, principles and coordination between various processes and initiatives.
- In May 2024, the N'angis First Nation and Western completed their work on the TFL 37 Forest Landscape Plan Pilot, supported by the Province through the Office of the Chief Forester ("Chief Forester"). The pilot and recommendations are anticipated to inform amendments to the Forest and Range Practices Act and associated regulations.
- In June 2024, the Province determined a new AAC for the North Island Timber Supply Area ("NI TSA"), reducing the AAC from 1,248,100 m³ to 1,096,000 m³. Western holds Forest Licence A19231 and A94737 (the "Forest Licences") in the NI TSA, which have a current AAC of 303,283 m³, and 5,443 m³, respectively, and expects the AAC of the Forest Licences to be reduced proportionally; however the Province has not apportioned the AAC reduction to each timber tenure in the NI TSA at this time.
- In September 2024, the Province advised that it is developing a Wildlife Habitat Features ("WHF") Order for the West Coast Region ("West Coast") pursuant to the Forest and Range Practices Act. The West Coast includes a majority of the forest tenures within which the Company operates. The intent of the WHF Order is to identify species which require special management and protection.
- In 2025, we expect the Chief Forester will issue a determination on the AAC for TFL 19. Western has submitted a draft management plan to support the determination decision. Since the draft management plan was submitted, a number of policy and landbase changes have come into effect, including the declaration of a new protected area, referred to as "Salmon Parks", by the Mowachaht/Muchalaht First Nation, and the Province issued a decision on unharvested volume in TFL 19, awarding 303,500 m³ of unharvested volume to new forest licences.

The impact these policy initiatives and decisions may have on our operations cannot be determined at this time. For additional information, see "*Regulatory Risks*" in our MD&A for the year ended December 31, 2024 under the heading "*Risks and Uncertainties*".

Softwood Lumber Agreement

See “*Other External Factors – Softwood Lumber Trade*” for a description of developments relating to the Softwood Lumber Agreement in 2024.

Manufactured Forest Products Regulation

See “*Other External Factors – Manufactured Forest Products Regulation*” for a description of developments relating to the Manufactured Forest Products Regulation in 2024.

Changes Expected for 2025

For additional information regarding changes expected to the Company's business in 2025, see “*Market Outlook*” and “*Dividend and Capital Allocation*” in Western's MD&A for the year ended December 31, 2024.

FOREST RESOURCES

Forest Resources in British Columbia

Western's timberlands operations are located in the coastal region of BC. BC coastal forests are distinguished by a wet maritime climate, rugged topography and a variety of high-value coastal forest species with highly productive growing sites. Over the past decade, the BC coastal timber harvest has declined as a result of legislative changes and policy initiatives, including through the establishment of new protected areas and AAC reductions to conform harvest levels to long-term sustainable yields and accommodate socio-economic objectives of the Province.

Our operating strategy involves maximizing the sustainable value from our timber resources. Western's timberlands operations seek to supply the Company's BC sawmills with a safe, efficiently-harvested supply of high-quality fibre of the appropriate species and log characteristics to enable the cost-effective manufacture of lumber to meet customers' needs.

Timber Tenures

Approximately 95% of all forest land in BC is owned by the Province and administered by the Ministry of Forests (“MFOR”). Subject to provincial regulations and constitutional and legislative obligations to Aboriginal peoples (see “*Risks and Uncertainties – Land Claims by Indigenous Groups*” in our MD&A for the year ended December 31, 2024), rights to harvest timber on such land may be granted on behalf of the Province by the MFOR in the form of timber tenures. Western's timber tenures are comprised of Tree Farm Licences (“TFL”), Forest Licences (“FL”), and Timber Licences (“TL”).

Tree Farm Licence

A TFL is a long-term renewable timber tenure agreement that requires the licensee to manage a specified area of timberland on a sustained yield basis. TFLs are granted for 25-year terms and are replaceable every five to ten years, subject to satisfactory performance by the TFL holder of its obligations. Approximately 89% of the Company's and its affiliates replaceable AAC comes from seven TFLs, two of which (TFL 19 and TFL 39) remain due for replacement.

Forest Licence

FLs provide the right to harvest a specified volume of Crown timber within a timber supply area (“TSA”), with AAC determined by TSA. FLs generally have 15-year terms and are replaceable every five to ten years, subject to satisfactory performance by the licensee of its obligations. The Company has five FLs.

Timber Licence

TLs are area-based tenures with various fixed terms. Harvesting from TLs within a TFL is managed on an integrated basis. Harvesting from TLs external to TFLs is subject to provincial regulations and constitutional obligations to Aboriginal peoples. At the end of 2024 the Company had four TLs external to TFLs.

Private Timberlands

The majority of the Company's private lands are regulated under the *Private Managed Forest Land Act (British Columbia)* as well as other provincial and federal statutes.

Timber Available for Harvest

AACs for TFLs and TSAs are determined by the Chief Forester at least every ten years as required by applicable legislation and are intended to provide for sustainable timber harvesting levels and may result in reductions or increases depending on the Chief Forester's determination. Considerations in determining AAC include timber conditions, regional and local economic and social interests, and environmental concerns. By leveraging the comprehensive forest cover inventory developed through our strategic investment in light detection and ranging ("LiDAR"), we can better demonstrate tree heights and the long-term sustainable harvest of the AAC in support of this process. The Chief Forester may also make permanent AAC reductions as a result of land use changes that reduce the size of the land base upon which forestry activities can occur.

The available cut, including the AAC of TFLs and FLs, actual net harvest, log supply and log consumption for each of the last three years are set out in the following table:

<i>(thousands of cubic metres)</i>	Actual Gross Harvest ⁽³⁾			Available Cut ⁽⁴⁾		
	Year ended December 31,			As at December 31,		
	2024	2023	2022	2024	2023	2022
TFLs ⁽⁵⁾⁽⁶⁾	3,044	3,274	3,219	5,131	5,131	5,281
FLs	-	6	36	478	478	478
Other lands ⁽⁷⁾	27	35	135	144	154	154
Total ⁽¹⁾⁽²⁾	3,071	3,314	3,390	5,753	5,763	5,914
Saw logs purchased	750	675	1,093			
Saw logs consumed	2,334	2,297	2,576			
Logs sold	1,378	1,384	1,329			

- Figures in the table may not equal or sum to figures presented in the table or elsewhere due to rounding.
- Actual harvests were impacted by permitting delays and government policy initiatives and was further reduced by market-related curtailments to match log supply to mill requirements.
- The actual gross harvest represents total log production including residual volume, with tenure assignment based on the Harvest Billing System. Market logging, joint venture volumes and other volumes resulting from external logging agreements that contribute to the total AAC, are not included in the total amounts reported. Volumes harvested by market loggers amounted to 20,398 m³ in 2024, 32,836 m³ in 2023 and 56,786 m³ in 2022. Net volumes harvested by joint ventures / limited partnerships amounted to 273,949 m³ from Company tenures in 2024, 170,788 m³ in 2023 and 117,055 m³ in 2022. No volumes were harvested pursuant to a Forest Licence Utilization Agreement compared to 69,632 m³ in 2023 and 6,501 m³ in 2022.
- The available cut for the TFLs and FLs is the AAC determined by the Chief Forester as at December 31 and is not the average for the year. These AACs incorporate any temporary reductions put in place by the Chief Forester, and do not include volumes of timber available to third parties.
- As at December 31, 2024, this figure includes 631,682 m³ of AAC related to TFL 44 held in Tsawak-qin Forestry Limited Partnership ("TFLP") (2023: 631,682 m³, 2022: 782,482 m³), a partnership between Western and HVLP, and 940,540 m³ of AAC related to TFL 64 held in LFLP (2022 and 2023: nil). We intend to continue to source fibre from TFLP and LFLP to support our BC manufacturing facilities.
- The 150,800 m³ AAC reduction in 2023 was due to the Chief Forester's AAC determination for TFL 44.
- As at December 31, 2024, 139,000 m³ of available cut is attributed to private managed forest lands outside of TFLs (2022 and 2023: 139,000 m³) and 5,000 m³ to TLs outside of TFLs (2022 and 2023: 15,000 m³).

Fibre Supply

The Company's BC fibre requirements are primarily met by logs harvested from its timber tenures and private lands, supplemented with logs purchased on the open market, through standing timber purchases, joint ventures and limited partnerships with coastal First Nations, and log trading activities. Logs are either consumed at Western's manufacturing facilities or are traded or sold in the domestic market.

Western's timber tenures consist of multi-species, mixed ecology forests. Our investment in LiDAR mapping and technology has enabled more efficient harvest planning and facilitates sustainable harvesting practices. At the end of 2024, the species distribution of our timber resources was approximately 64% hemlock and balsam, 14% WRC, 12% Douglas fir, 6% yellow cedar and 4% spruce and other minor species.

Log harvest is performed by Company and contract crews, utilizing conventional and heli-logging methods. Logs are sorted according to species, size and grade and directed to our sawmills, custom cutting operations and log

markets to maximize the return. Pulp logs harvested on Western's timber tenures and private lands, and all residual chips produced from sawmilling activities, are committed under long-term fibre supply agreements. These agreements commonly require the delivery of minimum chip volumes. In addition, Western has several long-term commitments for the sale, purchase or trade of saw logs and pulp logs to third parties. Some of the Company's log trade agreements involve the exchange of our logs for residual chips. Logs are largely transported by water, using contracted towing and barging services, to Western's manufacturing sites and to external customers.

Stumpage Expense

The Province charges stumpage fees to companies for timber harvested from Crown land in BC and is based on a competitive Market Pricing System ("MPS") established for each of the Coast and Interior regions of BC.

MPS uses data and stand characteristics of competitively sold BC Timber Sales auctions to develop regression equations that predict the market value of Crown timber. The market value is then reduced by incremental costs that tenure holders incur, including road development and maintenance, forest planning and administration, and silviculture, and by other harvesting costs not represented in the auction data. The Coastal MPS equations are updated annually to reflect actual bid data and costs, with the most recent update occurring on January 1, 2025. Stumpage rates are also adjusted monthly to reflect changes in inflation and market variables including lumber prices, housing starts in Canada, United States, and Japan, and BC Coast harvest levels.

Forest Management

Western manages its Crown land forest tenures and privately-owned forest lands according to sustainable forest management principles, in compliance with relevant laws and regulations. Related responsibilities include pre-harvest planning, road-building and harvesting operations, and silviculture treatments to establish free-growing stands of trees.

Pre-harvest planning activities include the collection of inventory and assessment data through the development of higher-level Management Plans for TFLs and Forest Stewardship Plans for operations within TFLs, FLs and TLs. These plans consider a broad range of timber and non-timber factors to provide direction for the development of site-specific plans and leading to the applications for specific road-building and harvesting permits.

Following harvest, Western reforests disturbed areas based on the natural profile of tree species harvested. We operate the Saanich Forestry Centre, which includes a three million-seedling nursery and a tree seed orchard that produces the select seeds needed to support our reforestation efforts. After reforestation, we conduct follow-up surveys and silviculture treatments to ensure that these harvested areas meet free-growing requirements within specified timelines. Once stands reach the free-growing stage, they continue to be monitored for damaging agents such as pests, wind and wildfire, and those stands may be fertilized to ensure that they can mature quickly into second-growth forests ready for another harvest.

Our tenures are managed using forest management practices by a team of forest professionals including Registered Professional Foresters, Registered Forest Technologists and Foresters in Training, supported by staff biologists and third-party specialists. Western's investment in LiDAR technology supports our forest management planning and development including harvesting, silviculture and forest health and protection and forest certification programs.

The forests on our timber tenures are at risk of damage from natural and human-caused forest fires. To mitigate this risk, we have equipment and trained personnel ready to undertake fire suppression. We also pay an annual fire preparedness levy to the MFOR to preclude any Western liability for MFOR costs associated with wildfire suppression or for damages to Crown resources should a fire accidentally start or spread as the result of our activities, to the extent the Company has been duly diligent. Western has entered into a cost-sharing agreement with the Crown for fire-fighting on our private lands that will reduce individual incident costs of mobilizing helicopters and aerial water tankers.

For additional information, see "*Forest Resource Risk, Natural Catastrophes and Climate Change*" in our MD&A for the year ended December 31, 2024 under the heading "*Risks and Uncertainties*".

Forest Resources in the US

The Company's US fibre supply requirements are primarily Douglas fir, with the majority sourced through bidding on standing timber harvest contracts on Federal and State lands. Remaining fibre requirements are supplied largely from open market purchases.

MANUFACTURING FACILITIES

Sawmills

Western owns and operates six sawmills, five on Vancouver Island, BC and one in Washington State, all on Company owned land. All of Western's sawmills in BC have adjacent water lots that are leased from the Province or a public Port Authority and some have barge and dock loading facilities to handle water-borne shipments of sawmill products. Our sawmill in Washington State has an adjacent water lot that is leased from the Washington State Department of Natural Resources. Our sawmill configuration provides significant operating and manufacturing flexibility, enabling us to change cut programs and log flows between different sawmills to maximize margins or sell logs based on market demand.

Our high-quality timber supply and the flexible manufacturing capabilities of our sawmills enable us to produce appearance-grade products (those used in decks, paneling, fencing, fascia, siding and doors, and in traditional Japanese wood framed houses, for example), and specialty structural products for markets around the world. Those specialty structural products include those used in treated lumber manufacturing for a variety of markets, timbers used in new luxury home construction and renovations, utility cross-arms and rig-mats. Much of the softwood timber supply in North America is not suitable for producing our specialty products.

Softwoods such as hemlock, balsam, spruce, pine and fir, when kiln-dried, are used primarily in construction. WRC and yellow cedar are softwoods that are used where appearance is valued such as for decking, paneling, fencing, fascia, siding and doors.

The annual lumber production capacity, actual sawmill lumber production for our sawmills in each of the last three years, and mill locations are set out in the following table:

(MMfbm)	Sawmill	Location	Smallest Log Diameter Processing Capability	Capacity ⁽¹⁾	Production ⁽²⁾ Year ended December 31,		
					2024	2023	2022
Canada							
	Ladysmith	Ladysmith, BC	4" diameter log	90	75	67	80
	Cowichan Bay	Duncan, BC	6" diameter log	140	74	71	95
	Saltair	Ladysmith, BC	6" diameter log	240	170	173	215
	Duke Point	Nanaimo, BC	12" diameter log	160	86	88	93
	Chemainus	Chemainus, BC	15" diameter log	70	50	55	59
	APD ⁽³⁾	Port Alberni, BC	n/a	n/a	-	-	27
US							
	Columbia Vista	Vancouver, WA	10" diameter log	80	53	54	57
				780	508	508	626
	Custom Cut	multiple	Varies	n/a	42	44	28
	Total			780	550	552	654

(1) Based on two shifts and 249 operating days, except for Duke Point which is at three shifts.

(2) The majority of our BC operations were impacted by market-related curtailments in 2022, 2023 and 2024.

(3) On April 16, 2023 the Company announced the indefinite curtailment of APD. Prior to the announcement, APD had been curtailed in Fall 2022.

Ladysmith Sawmill

Our Ladysmith sawmill produces primarily hemlock products. The sawmill focuses on small diameter logs and produces narrow dimension structural lumber for residential, commercial and industrial applications, including products for the treating segment.

Cowichan Bay Sawmill

Our Cowichan Bay sawmill produces hemlock, yellow cedar and WRC products. The production mix in 2024 was 58% WRC, 31% hemlock, 10% yellow cedar and 1% Douglas fir. The sawmill focuses on medium diameter logs, with the smallest log diameter processing capability of 6" diameter logs. The sawmill primarily produces hemlock wide dimension structural lumber for residential, commercial and industrial applications, including products for the treating segment, and WRC for decking and trim applications. Some of the lumber produced becomes laminating stock ("lamstock") used in the further manufacture of glulam products.

Saltair Sawmill

Our Saltair sawmill produces hemlock and Douglas fir products. The production mix in 2024 was 78% hemlock and 22% Douglas fir. The sawmill focuses on medium diameter logs, with the smallest log diameter processing capability of 6" diameter logs. The sawmill produces hemlock and Douglas fir products for the Japanese traditional home segment, wide dimensional structural lumber and products for the treating segment. Some of the lumber produced becomes lamstock used in the further manufacture of glulam products. The facility has three batch dry kilns on site and one continuous dry kiln which was commissioned in early 2024.

Duke Point Sawmill

Our Duke Point sawmill produces primarily hemlock and Douglas fir products. The production mix in 2024 was 95% hemlock and 5% Douglas fir. The sawmill focuses on medium to large diameter logs, with the smallest log diameter processing capabilities of 12" diameter logs. The sawmill produces timbers, specialty appearance products and products for the Japanese traditional home segment. The site includes a centralized planer facility.

Chemainus Sawmill

Our Chemainus sawmill produces primarily WRC and Douglas fir products. The production mix in 2024 was 78% WRC and 22% Douglas fir. The sawmill focuses on medium to large diameter logs, with the smallest log diameter processing capability of 15" diameter logs. The sawmill produces WRC timbers and specialty appearance products for outdoor applications. The facility has four operational kilns on site.

Columbia Vista Sawmill

The Columbia Vista sawmill produces Douglas fir products. The sawmill focuses on medium to large diameter logs with the smallest log diameter processing capabilities of 10" diameter logs. The sawmill produces primarily Douglas fir products for the Japanese traditional home segment and other specialty products for the US market. The operation includes our Fruit Valley remanufacturing facility which has 18 kilns and a planer on site.

Custom Cut Division

The Custom Cut division focuses on custom cutting logs to produce lumber according to customer specifications. Custom Cuts are typically conducted at third-party manufacturing facilities in the BC Lower Mainland or at Western's own sawmill facilities in situations where the customer specifications are compatible with mill capacities. Custom Cuts are routinely performed on Western's major species and are the primary method of manufacture for our yellow cedar logs.

Remanufacturing

Western owns and operates four remanufacturing facilities. In BC, we operate a Value-Added Remanufacturing ("VAD") in Chemainus and a centralized planer facility at our Duke Point sawmill. In the US, we operate a distribution and processing centre in Arlington, Washington and the Fruit Valley remanufacturing facility in Vancouver, Washington. We also utilize third party custom remanufacturers in BC to meet our remanufacturing needs. Overall, we currently have a total of 14 operational kilns at our facilities in BC and 21 operational kilns at our facilities in the US. In February 2024 the Company announced plans to construct two new continuous dry kilns. Each of the new kilns will have an annual capacity of up to approximately 70 million board feet, with completion expected in early 2026.

Value-Added Remanufacturing

Our VAD facility, located in Chemainus, BC, specializes in value-added processes for all species and provides additional kiln-drying and planer capacity for our primary sawmills. The facility has nine double track kilns, a single-track kiln, and its kiln capacity is the largest in coastal BC. In addition to kiln drying, the facility is equipped with a resaw and a planer to support its high-volume drying capacity and for finishing rough lumber. The facility specializes in manufacturing high-quality specialty products from WRC, hemlock and Douglas fir.

Arlington Distribution and Processing Centre

Located in Arlington, Washington on an 18-acre site with 170,000 square feet of covered storage, our Arlington division is a centralized specialty products distribution and processing centre. The facility has a planer, four kilns and a rail spur on site.

Glulam Manufacturing

Western owns and operates two glulam manufacturing facilities located in Washougal, Washington and Vancouver, Washington. The glulam manufacturing process utilizes lamstock manufactured by our sawmills and supplemented by purchases from other suppliers to produce a variety of high-quality glulam products. These facilities produce products ranging from turned round columns to custom high quality beams, in multiple species, including Douglas fir, southern yellow pine and yellow cedar, for industrial, commercial, and residential projects around the world. The manufacturing facilities have a combined annual glulam capacity of approximately 35 million board feet on a two-shift basis.

Wood Chips and Residuals

Our BC sawmills have a total annual production capacity of approximately 500,000 volumetric units of wood chips. Residual chips and wood residue from our manufacturing operations are sold under long-term fibre supply agreements. The wood chip supply and sales for each of the last three years from our BC operations are set out in the following table:

<i>(thousands of volumetric units)</i>	Year ended December 31,		
	2024	2023	2022
Wood chips produced	378	365	423
Wood chips purchased	5	5	3
Subtotal	383	370	426
Wood chips sold	383	370	428

In our US operations, residual chips and wood residue from our manufacturing operations are sold to pulp and paper or fibre board manufacturers under short-term agreements.

SALES, MARKETING AND DISTRIBUTION

Western's lumber products are marketed by our sales and marketing division, which is based in Vancouver, BC, with one office in Tokyo, Japan. Lumber sales into the US are made directly to customers, including lumber distributors and major lumber retailers. Our sales into the Japanese market are serviced from our Vancouver sales office and Columbia Vista division, where we sell directly to large Japanese companies, as well as through our marketing organization located in Japan, which sells to wholesale and manufacturing customers. Our China lumber sales are made primarily through direct sales to Chinese distributors and manufacturers.

In addition, the sales and marketing department liaises directly with the consumers of our lumber products and works with sales agents for greater global sales representation. Western adjusts sawmill cut programs to customize products to meet the specific requirements of changing market conditions. Our order file is approximately six weeks on average, which allows us to manage our risk.

While a significant percentage of our logs and lumber are sold in Canada, a majority of these sales are further processed by our customers for sale to global markets. US market sales consist of a wide range of products from high-quality WRC and hemlock used for appearance end-uses, to structural dimension lumber and glulam beams. We offer a comprehensive line of high-quality hemlock, Douglas fir and yellow cedar products for the Japanese traditional home segment including a line of hemlock products with high structural values which are fully recognized under Japanese building codes and standards. Western's business in China is focused on commodity

lumber used for construction and further remanufacturing. In addition, products are sold to customers that produce components and finished wood products for export to Japan, Europe and the US. Approximately 37% of our lumber products are currently sold kiln-dried (2023: 34%; 2022: 33%).

Based on the known origin of the end-customer, the distribution of the Company's sales by geographic area by product line for each of the last three years is set out in the following table:

<i>(in \$ millions)</i>		2024	2023
Lumber	Canada	\$ 156.9	\$ 172.8
	US	368.8	335.7
	Japan	125.0	129.8
	China	79.4	72.2
	Other	73.7	57.4
	Europe	13.3	13.7
Total Lumber		817.1	781.6
Logs, saw ⁽¹⁾	Canada	161.9	150.2
	US	9.7	12.2
Logs, pulp	Canada	16.4	18.5
Total Logs		188.0	180.9
By-products	Canada	39.3	36.2
	US	2.4	3.6
Total By-products		41.7	39.8
Forestry services and other	Canada	17.1	15.2
Total Sales		\$ 1,063.9	\$ 1,017.5

(1) The Company does not export logs. Logs sold in Canada originate from Canadian operations and logs sold in the US originate from US operations.

Western's locations on the BC coast and in Washington State allow for efficient, cost-effective access to world markets. Most lumber shipments to North American customers are made by rail and truck. Offshore shipments are primarily made through ocean-going vessel.

In a normal operating year the Company experiences some seasonality with higher lumber sales volumes in the second and third quarters when construction and repair and remodel activity in North America generally peaks. Logging activity may also vary depending on weather conditions in the winter and the threat of forest fires in the summer which can restrict our ability to harvest.

HUMAN RESOURCES

As at December 31, 2024, Western had 1,841 employees, consisting of 1,076 are unionized employees, 479 Canadian salaried employees, 39 Canadian non-union hourly employees, 239 US employees and 8 employees in Japan and China.

The majority of the Canadian unionized employees are represented by the USW whose collective agreement covers approximately 944 Western employees. On January 17, 2025, the Company's hourly employees that are represented by the United Steelworkers Local 1-1937 ratified a new six-year collective bargaining agreement which expires on June 14, 2030.

The remaining unionized employees are represented by the Public and Private Workers of Canada ("PPWC"). The PPWC collective agreement for the Ladysmith Sawmill covers 79 Western employees and expires on December 31, 2028. The collective agreement for the VAD operation covers 53 employees and expires on October 14, 2029.

Approximately 50% of our harvesting activities are performed by contractors. The majority of the contractors have replaceable contracts under the *Timber Harvesting Contract and Subcontract Regulation* (British Columbia), with the majority of their employees represented by the USW.

ENVIRONMENT, HEALTH & SAFETY

Safety

The Company's Safety Policy reflects Western's values and commitment to providing a safe and healthful workplace for its people, while ensuring compliance with our regulatory requirements in Canada and the US.

Our Health and Safety Management System ("HSMS") sets clear expectations for all company and contractor employees and includes safety initiatives and annual plans, training programs, incident investigations, audits/inspections and contractor-specific controls, all of which are key to our safety culture.

Our Health and Safety representatives actively work with regulators and our unions, as well as participate in several industry associations in Canada and the US, including British Columbia Forest Safety Council ("BCFSC"), and the Manufacturing Advisory Group, to help shape programs and regulations to ensure a safe workplace for all.

Western's timberlands operations employ approximately 110 contractor companies who in turn employ nearly 1,500 people to support our timber harvest activities. These contractors and their workers are expected to work to the same safety standards followed by the Company. To remain in good standing with the BCFSC, timberlands contractors are required to be certified as a "SAFE Company" in BC.

The Company monitors safety performance through the use of Medical Incident Rate ("MIR") for Company and contractor employees. MIR is defined as the number of recordable injuries per 100 employees per year. Although MIR is the primary lagging metric used to measure our safety performance, we also track other health and safety performance metrics including Severity Rate and leading indicators such as Near Miss and Hazard Identification.

Human Rights

The Company's Human Rights Policy reflects our values on, and commitment to, human rights and addresses such topics as our commitment to a safe and healthful workplace, our promotion of inclusion and diversity, and our respect for the right of our employees to join a labour union. Our Board is responsible for this policy, and all employees, officers and directors of the Company are responsible for upholding the principles of the policy.

Environmental Regulatory Compliance

The Company's activities are governed by various federal, provincial, and local environmental legislation that regulates the discharge of water, land, and air pollutants, as well as the management, disposal, transportation, and remediation of solid and hazardous waste. Our compliance with these legislative and regulatory requirements are verified by government agencies and internal reviews. In addition, BC has a Forest Practices Board that serves as an independent watchdog for sound forest and range practices, including through the audit of government and industry activities for compliance with the Forest and Range Practices Act and regulations.

The Company's Environmental Policy and Sustainable Forest Management Statement reflect our values and commitment to the protection of the environment, compliance with environmental regulations, respecting treaty and Aboriginal rights and the sustainability of the resources in our care. The Company works with its employees, contractors, First Nations, government agencies, customers, suppliers and other stakeholders to identify and address issues of environmental concern in all aspects of our forest management and solid wood operations.

To oversee and co-ordinate company-wide efforts for compliance with such legislation, the Board has an Environmental, Health and Safety Committee. Our reporting system is designed to monitor environmental compliance with regulatory requirements, identify environmental issues and to communicate them to all levels of management, including to the CEO and the Board. In conducting our operations, we minimize environmental impact through sound environmental management practices that meet government standards and adhere to an environmental policy based on the following:

- assessing and evaluating environmental risk on an ongoing basis to maintain meaningful environmental objectives, targets and effective operational controls;
- allocating sufficient resources to ensure continuing compliance with environmental responsibilities;
- meeting all applicable legal requirements;
- establishing audit and reporting procedures to monitor environmental performance, continually improve environmental practices and prevent pollution; and

- communicating this policy and our environmental performance to the public as well as our employees, suppliers and contractors.

For additional information, see “*Environmental Regulation*” in our MD&A for the year ended December 31, 2024, under the heading “*Risks and Uncertainties*”.

Environmental Management System

The Company employs an environmental management system (“EMS”) for its Canadian operations. The EMS is targeted at ensuring the Company’s ongoing environmental, legal and regulatory compliance, addressing environmental issues as they arise, and supporting the Company’s sustainable forest management and chain of custody systems. Western undertakes rigorous internal audits of the EMS which ensure that staff, employees and contractors conduct their work in compliance with the relevant legislation and regulations and identify areas for improvement. These internal audits supplement the annual, independent third-party audits required by our Sustainable Forest Management systems (“SFM”) and Chain of Custody (“CoC”) certifications.

All material matters are reported to the Board’s Environmental, Health and Safety Committee quarterly, at a minimum.

Western’s production process does not generally generate hazardous waste with certain exceptions which we manage closely to minimize environmental issues. Our Calvert location uses adhesives in its manufacture of glue laminated beams. Certain machinery in our timberlands and manufacturing facilities and our vehicle fleet require fuel, oil, lubricants, glue, and similar products for manufacturing, operating and maintenance purposes. All glue, oil and lubricants are disposed of in accordance with regulations, primarily through vendor or service provider managed recycling programs. Spray booth chemicals used for lumber preservation are recycled through a closed loop system preventing outside contamination and are regulated by environmental legislation. In relation to wood waste management, Western has continued to focus on the management of effluent discharge and wood waste disposal within its manufacturing and timberlands operations.

Sustainable Forest Management and Chain of Custody (“CoC”)

Our Canadian timberlands operate in accordance with and are certified to the following:

- CSA Z809 Sustainable Forest Management: Five timberlands operations are certified to the Canadian Standards Association (“CSA”) Z809:2016 (R2021) Sustainable Forest Management Standard under a single multi-site registration. The certification covers approximately 75% of the Company’s AAC and 51% of the land base managed by Western. Both Crown and private land tenures are included.
- SFI Forest Management: The other two Canadian timberlands operations are certified to the Sustainable Forestry Initiative (“SFI”) 2022 Forest Management Standard under a single multi-site registration. Our SFI Forest Management System covers approximately 25% of AAC and 49% of the land base and includes both Crown and private land tenures.
- SFI Fiber Sourcing: Our Canadian fibre procurement is certified to the SFI 2022 Fiber Sourcing Standard as a single site registration.

Annual, independent third-party audits confirm that we remain in conformance with the CSA Z809 and SFI standards. The Head Office functions for both the CSA Z809 and SFI standards are included in the scope of the certifications as additional sites and are included in the annual audits.

Western maintains three CoC certifications for its processing facilities, its suppliers and through its sales operations. The CoCs have established procedures to track the flow of fibre from certified forest operations through transportation and manufacturing to a certified end-product that is delivered to a customer. The CoC certifications undergo annual, independent third-party audits to confirm conformance.

Sustainable Energy

Since 2008, Western has been in a partnership with BC Hydro to develop a sustainable energy management program. BC Hydro sponsors the energy management program by providing training, support, and incentive funding to execute our energy management strategy. In 2024, the Company received a \$1.5 million energy rebate from BC Hydro resulting from the installation of more energy efficient equipment at its new Saltair continuous dry kiln.

RESEARCH AND DEVELOPMENT

Through its Saanich Forestry Centre (the “Forestry Centre”) and Timberlands operations, Western collaborates with universities and government agencies on silviculture and tree improvement research. The Forestry Centre has seed orchards that supply most of our seeds and a seedling nursery that provides a third to a half of our annual seedling requirements. Our participation in provincial tree breeding programs ensures the selection and breeding of parent trees with superior growth and form that should improve the quality and quantity of our timber over time.

Since 2022, Western has actively worked with several third parties, including the University of BC, to find new and innovative uses for hemlock and yellow cedar. Activities included testing and assessment of baseline characteristics of hemlock (stiffness, strength and density) to gauge suitability for a variety of value-added products, including glulam and MSR products, and cross laminated timber.

The Company’s logging and sawmilling operations also assess new equipment and methods for the potential to improve our operational efficiency and maintain environmental performance, with recent commissioning of an energy efficient continuous dry kiln at Saltair in 2024, and construction of two additional kilns expected in 2025.

INDIGENOUS RELATIONS

Western is committed to working closely and respectfully with Indigenous communities in the areas where we operate. Across our timberlands, silviculture, and manufacturing sites on the coast of British Columbia, we work within the traditional territories of more than 50 First Nations. Western acknowledges the rights and interests of these First Nations and believes that we are stronger working together.

In November 2019, the provincial government of British Columbia passed into law the *Declaration on the Rights of Indigenous Peoples Act*. In June 2021, the federal government of Canada passed into law the *United Nations Declaration on the Rights of Indigenous Peoples Act*. Both pieces of legislation endorse the *United Nations Declaration on the Rights of Indigenous Peoples* (“UNDRIP”) as a framework for advancing reconciliation. In accordance with this legislation, the provincial and federal governments continue to pursue initiatives to advance reconciliation with Indigenous Peoples.

Western actively engages with government to stay apprised of reconciliation initiatives that may affect our operations, including Indigenous participation in joint or consent-based decision-making related to forestry. As these initiatives continue to evolve, their potential impacts on Western’s operations remain uncertain. Risks related to Indigenous rights and title claims, negotiation of treaties and other agreements, processes related to fulfilling the Crown’s duty to consult and accommodate, legislation and policy initiatives, and other government actions, include potential delays to decisions relating to the grant, renewal or transfer of timber harvesting rights, increased timelines for receipt of government authorizations, including cutting permits, and restricted volume for harvest. It is anticipated that reconciliation initiatives will continue to progress and will not be resolved in the near-term.

Western believes it can play an important role in advancing reconciliation. We have adopted an Indigenous Relationships Policy to help guide our actions and operations. We voluntarily submit to annual audits conducted by independent third parties to verify that our forest operations meet internationally recognized standards, which include criteria related to the recognition of Indigenous rights and UNDRIP. We actively invest time and resources into working closely with First Nations and developing mutually beneficial relationships to minimize risks to our operations. Western seeks to understand the interests of Indigenous communities and to consider the values and input of Indigenous communities in our planning processes. We have successfully established positive working relationships with many First Nations in the traditional territories where we operate by entering business partnerships, participating in collaborative forest landscape and integrated resource management planning initiatives, information-sharing, and pursuing other mutually beneficial arrangements.

OTHER STAKEHOLDER ENGAGEMENT

The Company engages a broad array of stakeholders in all areas of its business, through formal frameworks built into the provincial and federal regulations to which it adheres.

OTHER EXTERNAL FACTORS

Competitive Position

We compete domestically and internationally with forest products companies, ranging from very large integrated companies to smaller specialty businesses. Western also competes indirectly with firms that manufacture substitutes for solid wood products, including non-wood and engineered wood products. The lumber market is highly competitive and sensitive to changes in industry capacity and the global economy. Our selling prices and profitability may be impacted by global economic changes that alter the consumption of lumber.

Our competitive position is influenced by the availability, quality and cost of fibre, labour, and energy, our plant efficiencies and productivity in relation to our competitors, as well as tariffs, duties and export and import restrictions. Western is the largest timber tenure holder and lumber producer in the BC coastal region. The diversity of species and high quality of timber allows the Company to produce high-quality appearance products as well as specialty structural products for a variety of uses. Western is also a leading producer of WRC specialty products. To a certain extent, the Company can use the flexibility of its operating platform and variety of species to shift production programs to markets based on global economic conditions so as to maximize margin, within the constraints of the long-term balance of the species in our timber supply.

Operating results are affected by a number of factors, including economic conditions in Canada, the US, Japan, China, and Europe, which are the primary markets for the Company's lumber products. Changes in the demand for our products in these markets and in the value of the Canadian Dollar relative to the US Dollar and, to a lesser degree, the Japanese Yen and the Euro can have a significant impact on our financial results. In all markets, our competition is of a global nature as we face competing products from various regions which may have cost, foreign currency, and taxation advantages.

Softwood Lumber Trade

Upon the expiry of the Softwood Lumber Agreement between Canada and the US on October 12, 2015, a one-year moratorium on trade sanctions by the US came into effect.

On November 25, 2016, a coalition of US lumber producers petitioned the US Department of Commerce ("DoC") and the US International Trade Commission ("ITC") seeking Countervailing ("CV") and Anti-dumping duties ("AD") on Canadian softwood lumber shipments to the US. As a result of these petitions and others, and determinations made by the ITC, the DoC imposed CV and AD on shipments of softwood lumber to the US from Canada from 2017 onward.

The Government of Canada and the US Trade Representative have been unable to reach agreement on a new managed softwood lumber trade agreement. In the meantime, the Canadian government is appealing the US findings and, as in previous trade cases, the softwood lumber dispute may take years to resolve through the legal process and remains open to a negotiated settlement at any time. Based on the foregoing, it is unclear at this time when any CV and AD paid by the Company will be recovered or if any CV and AD paid by the Company in excess of the amended final CV and AD rates will be refunded.

The CV and AD details are fully described under "*Softwood Lumber Dispute*" under the heading "*Risks and Uncertainties*" in our MD&A for the year ended December 31, 2024.

Incremental US Tariff

On February 1, 2025, US President Donald Trump signed an executive order imposing a tariff of 25% (the "incremental US tariff") on imported goods from Canada to the US with an originally planned implementation date of February 4, 2025. On February 3, 2025, the implementation date was delayed to March 4, 2025. The incremental US tariff is in addition to the existing combined US Softwood Lumber CV and AD rates which the Company is currently subject to.

The incremental US tariff is fully described under "*Incremental US Tariff*" under the heading "*Risks and Uncertainties*" in our MD&A for the year ended December 31, 2024.

Manufactured Forest Products Regulation

The *Manufactured Forest Products Regulation* ("MFPR") requires timber that is made from WRC or cypress (yellow cedar) to be fully manufactured to be eligible for export. Fully manufactured is defined as timber that will not be kiln-dried, planed or re-sawn at a facility outside of BC. In addition, the MFPR applies a tax rate on WRC and cypress exported from the BC Coast to any location within 3,000 miles and sets a variable tax rate dependent

upon the extent of processing applied to the lumber before it is exported and based on the cash deposit rate levied set by the DoC for Canadian lumber imports to the US (see “*Softwood Lumber Trade*”).

RISK FACTORS

A detailed discussion of risks and uncertainties that may have a material adverse effect on our operations is included in our MD&A for the year ended December 31, 2024, under the heading “*Risks and Uncertainties*”. That material is incorporated herein by reference and available under the Company’s profile on SEDAR+ at www.sedarplus.ca. These risks should be considered in the context of our business, which is described in the Annual Information Form under the heading “*Business of the Company*”.

CAPITAL STRUCTURE

Share Capital

Western’s authorized capital consists of an unlimited number of common shares (“Common Shares”), and an unlimited number of preferred shares (“Preferred Shares”). As of December 31, 2024, 316,745,557 Common Shares are issued and outstanding. There are no Preferred Shares issued and outstanding.

Common Shares

The Common Shares entitle the holders thereof to one vote per Common Share at meetings of shareholders. The holders of Common Shares are also entitled to receive dividends as and when declared by the Board. More information about dividends for Common Shares is available below under the heading “*Dividends*”.

The holders of Common Shares are entitled to receive the remaining property and assets of the Company in the event of the liquidation, dissolution or winding-up of the Company or any other distribution of the assets of the Company, subject to the priority rights of the holders of Preferred Shares as described below under “*Preferred Shares*”.

From time-to-time the Company may choose to allocate capital to the repurchase of its Common Shares on the open market. More information is available above under the heading “*Normal Course Issuer Bid*”.

Preferred Shares

The Preferred Shares are non-voting and may, at any time or from time to time, be issued in one or more series, and the Board may, by resolution, fix the number of Preferred Shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of each series. Before issuing Preferred Shares of a series, the Board must file articles of amendment with the Director appointed under the CBCA. Preferred Shares of each series rank on a parity with the Preferred Shares of every other series with respect to priority in the payment of dividends and in the distribution of our assets in the event of our liquidation, dissolution or winding-up or any other distribution of our assets among shareholders for the purpose of winding-up our affairs.

If Preferred Shares were outstanding, the holders of such shares would be entitled to priority over the Common Shares with respect to the payment of dividends and the distribution of our assets on a liquidation, dissolution or winding-up or other distribution of our assets for the purpose of winding-up our affairs. The Preferred Shares of each series may be given such other preferences not inconsistent with the above over the Common Shares as may be determined in the case of each series authorized to be issued.

Except as otherwise required by law, the holders of the Preferred Shares are not entitled to receive notice of or to attend or to vote at any meeting of shareholders of Western. There are currently no Preferred Shares outstanding.

Dividends and Distributions

The payment of dividends on the Common Shares is at the discretion of the Board and depends on the Company’s financial condition, capital expenditure funding requirements, credit agreement financial covenants and other factors the Board may wish to consider.

The Company suspended its quarterly dividend payments in the fourth quarter of 2023. No dividends were paid on the Common Shares in 2024. On an annual basis, dividends of \$0.0375 per Common Share (\$11.9 million) were paid in 2023 and \$0.0475 per Common Share (\$15.3 million) were paid in 2022.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “WEF”. The following table sets out the price range and trading volumes of the Common Shares on the TSX for each month of 2024:

Month	High (\$)	Low (\$)	Volume
January	0.74	0.65	4,661,316
February	0.70	0.61	3,953,451
March	0.67	0.55	9,262,000
April	0.65	0.52	5,499,613
May	0.55	0.49	7,157,046
June	0.51	0.45	6,624,347
July	0.48	0.41	5,688,391
August	0.48	0.41	15,251,075
September	0.53	0.42	8,733,604
October	0.58	0.49	9,763,168
November	0.55	0.44	11,687,744
December	0.46	0.39	13,741,537

DIRECTORS AND OFFICERS

Western's articles provide that the Board is to consist of a minimum of three directors and a maximum of 15 directors. Western currently has seven directors.

At each annual meeting of the Company's shareholders, the entire Board retires and directors are elected for the next annual term. Each director serves until the close of the next annual meeting (being May 7, 2025) or until their successor is elected or appointed, unless their office is earlier vacated in accordance with the Company's articles or the provisions of the CBCA. Not less than 25% of the members of our Board are required to be resident Canadians, in accordance with the CBCA. Western's officers serve at the discretion of the Board.

Directors

The table below sets out Western's directors as of February 13, 2025, their municipalities of residence, principal occupations during the past five years and the period during which they have served as directors.

Name and Municipality of Residence	Principal Occupation	Director Since
LAURA CILLIS ⁽²⁾⁽³⁾ Nelson, BC, Canada	Corporate Director	March 1, 2019
STEVEN HOFER Bellingham, WA, USA	President and CEO, Western	September 7, 2022
RANDY KROTOWSKI ⁽¹⁾⁽³⁾⁽⁴⁾ Florence, MA, USA	Independent Consultant	March 5, 2021
FIONA MACFARLANE ^{(1) (2) (4)} West Vancouver, BC, Canada	Corporate Director	March 1, 2022
NOORDIN NANJI (K.C.) ^{(2) (4)} Vancouver, BC, Canada	Corporate Director	February 16, 2023
DANIEL NOCENTE ⁽⁵⁾ Vancouver, BC, Canada	Corporate Director	May 8, 2014
PETER WIJNBERGEN ^{(1) (3)} Toronto, ON, Canada	Interim President and CEO, Swiss Krono Group and Corporate Director	February 16, 2023

- (1) Member of the Management Resources and Compensation Committee
- (2) Member of the Nominating and Corporate Governance Committee
- (3) Member of the Audit Committee
- (4) Member of the Environmental, Health and Safety Committee
- (5) Mr. Nocente is the Chair of the Board

Each director has held the same or similar principal occupation with the organization indicated or a predecessor thereof for the last five years except for:

- Steven Hofer, who was the Executive Vice President, Strategy & Business Development of Comact (formerly BID Group) from October 2019 to August 2022
- Noordin Nanji, who was a Partner at Stikeman Elliott from 2010 to December 2022; and
- Peter Wijnbergen, who was the President, Engineered Wood of West Fraser Timber Co. Ltd. from February 2021 to December 2021 and President and CEO of Norbord Inc. from January 2014 to January 2021. Mr. Wijnbergen began his current role as Interim President and CEO of Swiss Krono Group on February 1, 2024.

Executive Officers

The tables below set forth the names, municipalities of residence and positions with Western of the officers of Western as of February 13, 2025, and the principal occupation of each of them during the past five years.

Name and Municipality of Residence	Positions Held with Western and Principal Occupations During the Past 5 Years	From	To
BRUCE ALEXANDER North Vancouver, BC, Canada	Senior Vice President, Sales, Marketing and Manufacturing Western Forest Products Inc.	January 2019	Present
JONATHAN ARMSTRONG Courtenay, BC, Canada	Vice President, Forest Stewardship and Fibre Supply Western Forest Products Inc.	November 2022	Present
	Vice President, Fibre Supply Western Forest Products Inc.	January 2020	November 2022
JENNIFER FOSTER North Vancouver, BC, Canada	Senior Vice President, Human Resources & Corporate Affairs Western Forest Products Inc.	February 2020	Present
DARREN GWOZD Burnaby, BC, Canada	Vice President, Finance Western Forest Products Inc.	January 2025	Present
	Chief Financial Officer Great Canadian Gaming Corporation	September 2021	March 2024
	Executive Vice President, Finance Great Canadian Gaming Corporation	January 2020	September 2021
ALYCE HARPER Vancouver, BC, Canada	Senior Vice President, General Counsel & Corporate Secretary Western Forest Products Inc.	February 2025	Present
	Vice President, General Counsel & Corporate Secretary Western Forest Products Inc.	January 2020	February 2025
STEVEN HOFER Bellingham, WA, USA	President and CEO Western Forest Products Inc.	September 2022	Present
	Executive Vice President, Strategy & Business Development Comact (formerly BID Group)	October 2019	August 2022
DONALD HOLMES Nanaimo, BC, Canada	Vice President, Timberlands Western Forest Products Inc.	January 2020	Present
GLEN NONTELL Vancouver, BC, Canada	Chief Financial Officer Western Forest Products Inc.	August 2024	Present
	Vice President, Corporate Development Western Forest Products Inc.	February 2020	August 2024
DALLYN WILLIS Vancouver, BC, Canada	Vice President, Coastal Commercial Partnerships Western Forest Products Inc.	August 2024	Present
	Vice President, Finance Western Forest Products Inc.	January 2020	August 2024

Shareholdings of Directors and Executive Officers

As at February 13, 2025, the directors and executive officers as a group owned, directly or indirectly, or exercised control or direction over 2,212,579 Common Shares, which represented 0.70% of the Company's outstanding Common Shares.

Corporate Governance and Policies

Western strives to be a leader in corporate governance and our policies and practices meet or exceed the guidelines and requirements of the applicable regulatory authorities. These include policies relating to, among other categories, safety, environmental, diversity, inclusion and equity, human rights, indigenous relations, anti-bribery, anti-corruption and whistleblowing. Additional information is available on our website www.westernforest.com under Governance.

AUDIT COMMITTEE

The Audit Committee was established to assist the Board in fulfilling its oversight responsibilities regarding:

- (a) the accuracy and completeness of our financial reporting and disclosure;
- (b) our internal control and financial reporting systems;
- (c) oversight of the Company's internal and external auditors;
- (d) risk management; and
- (e) our compliance with legal, tax and regulatory requirements.

The Audit Committee is responsible for the oversight of financial reporting and disclosure, annual and quarterly review of financial statements, and the related management's discussion and analysis and earnings release, and oversight of internal controls and disclosure procedures. The Audit Committee also recommends the appointment of our external auditors, reviews the annual audit plan and auditor compensation, approves non-audit services provided by the external auditor, reviews hiring policies regarding former staff and auditors and reviews the principal risks of the Company and the adequacy of our risk management policies and procedures. The Audit Committee is also responsible for establishing procedures for handling complaints and employee concerns regarding accounting and auditing matters.

The Audit Committee has adopted a charter that reflects these and other responsibilities. The Audit Committee Charter as most recently approved by the Board is attached as an appendix to this Annual Information Form.

Composition of and Education and Experience of Members of the Audit Committee

The Audit Committee is composed of three directors, being, as of February 13, 2025, Laura Cillis (Chair), Randy Krotowski and Peter Wijnbergen. Mr. Wijnbergen joined the Audit Committee on February 16, 2023, replacing Daniel Nocente. The Board has determined that all three members of the Audit Committee are independent and financially literate under the standards established by Canadian securities regulatory authorities in National Instrument 52-110 *Audit Committees*. During 2024, the Audit Committee met four times.

Relevant Education and Experience

Laura Cillis	Ms. Cillis currently serves as a board member of Matr Corp., where she is Chair of the Audit Committee. She has previously held board positions with Veren Inc. (formerly Crescent Point Energy Corp), Enbridge Income Fund Holdings Inc. and Solium Capital Inc. Ms. Cillis also held the role of Senior Vice President, Finance and CFO of Calfrac Well Services Ltd. from 2008 until 2013, and CFO of Canadian Energy Services L.P. from 2006 to 2008. Prior thereto, she held various positions at Precision Drilling Corporation and Schlumberger Canada. Ms. Cillis is a CPA, CA and holds the ICD.D designation granted by the Institute of Corporate Directors. She earned her Bachelor of Commerce degree from the University of Alberta.
Peter Wijnbergen	Mr. Wijnbergen currently serves as the interim President and CEO and a board member of Swiss Krono Group. He previously served as President, Engineered Wood of West Fraser Timber Co. Ltd., in connection with the integration of Norbord Inc. and West Fraser, and President and CEO of Norbord Inc. Prior to his appointment as President & CEO of Norbord, he held various senior executive positions with Norbord. Mr. Wijnbergen has over 20 years of experience in the forest products industry with roles spanning from business development, operations and sales, marketing and logistics. He holds a Bachelor of Economics from, and has completed the Executive Management Program at, the University of Toronto.
Randy Krotowski	Mr. Krotowski served as General Manager, C3.ai until December 2020 where he focused on the application of AI in the resource and chemical industries, and served in an advisory capacity through July 2024. Mr. Krotowski previously served as Vice President and Chief Information Officer of Caterpillar and Chief Information Officer for Chevron's Global Exploration and Production business. He has held various senior management positions in Chevron Corporation spanning operations, technology and major capital projects. Mr. Krotowski has extensive experience in cyber security, AI, operations management and supply chain optimization. Mr. Krotowski holds a Bachelor of Applied Science in Chemical Engineering from the University of Toronto and an MBA from Golden Gate University.

Pre-Approval Policies and Procedures of Non-Audit Services

The Audit Committee has adopted a policy that requires, in accordance with applicable law, its pre-approval of all non-audit services to be provided by the Company's auditors. The Audit Committee has adopted the following pre-approval policies:

- (a) Annually, the Audit Committee will review a list of audit, audit-related, tax and other non-audit services and recommend pre-approval of these services.
- (b) All additional requests to engage our auditors for other services will be addressed on a case-by-case specific engagement basis. Except as otherwise permitted by applicable law, the engagement may commence only upon approval by the Audit Committee.

External Auditor Service Fees

The aggregate fees billed for professional services rendered by our auditors, KPMG LLP, to us for the years ended December 31, 2024 and 2023 are as follows:

(\$ thousands)	2024			2023		
	Fees	Admin	Total	Fees	Admin	Total
Audit fees	\$ 693	\$ 13	\$ 706	\$ 681	\$ 9	\$ 690
Audit-related fees ⁽¹⁾	28	-	28	74	-	74
Tax fees ⁽²⁾	32	-	32	74	-	74
All other fees ⁽³⁾	85	-	85	172	-	172
Total for all services	\$ 838	\$ 13	\$ 851	\$1,001	\$ 9	\$1,010

(1) In 2023, Audit-related fees include \$40,000 paid on behalf of and reimbursed by third parties.

(2) In 2023, Tax fees include \$14,000 billed to third parties and reimbursed by the Company.

(3) In 2023, All other fees include services provided by our auditors on the 2022 and 2023 Sustainability Reports.

Description of Services:

- *Audit fees* include the audit of the annual financial statements of the Company and the review of the Company's unaudited condensed consolidated interim financial statements and accounting consultation.
- *Audit-related fees* include audits of the Company's pension plans, supplemental audit and review procedures conducted during the course of the year.
- *Tax fees* consist of tax compliance and advisory services, tax planning and structuring.
- *All other fees* consist of other products and services provided by our auditors including the Company's sustainability and carbon accounting reporting.

LEGAL PROCEEDINGS

In addition to the legal proceedings referenced elsewhere in this Annual Information Form, including in the "Risks and Uncertainties" section in our MD&A for the fiscal year ended December 31, 2024, in the normal course of business, Western is subject to a number of claims and legal actions that may be made by customers, suppliers, logging contractors and others in respect of which either provision has been made or no material liability is expected. Where we are not able to determine the outcome of these disputes, no amounts have been accrued in our financial statements.

Other than as disclosed elsewhere herein, we are not aware of any material legal proceedings to which we are a party or to which our property is subject, nor are we aware that any such proceedings are contemplated.

REGULATORY ACTIONS

As of the date of this Annual Information Form, (a) no penalties or sanctions material to the Company have been imposed by a court relating to securities legislation or by a securities regulatory authority, a court or regulatory body; (b) no penalties or sanctions material to the Company have been imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision; and (c) the Company has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

We are not aware of any material interest, direct or indirect, of any director or executive officer of the Company, any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, directly or indirectly, more than 10% of the voting rights attached to the Common Shares, or any associate or affiliate of any of the foregoing, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect us.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for our Common Shares is Computershare Investor Services Inc. with registers of transfer offices in Vancouver and Toronto located at 3rd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9 and 8th Floor, South Tower, 100 University Avenue, Toronto, Ontario M5J 2Y1, respectively.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business or as otherwise disclosed herein, Western has not entered into any other material contracts within the most recently completed financial year or before the most recently completed financial year (but after January 1, 2002) that are still in effect.

On January 17, 2006, Western executed a 40-year fibre supply agreement with the owners of Howe Sound Pulp and Paper Mill ("HSPP"). As consideration for entering into this long-term fibre supply agreement, the Company received the chip price premium of \$80 million, of which a non-refundable \$35 million was paid to Western in cash on March 17, 2006. The balance of \$45 million of the chip price premium was set off against the consideration due on the acquisition of the Englewood Logging Division and certain related assets formerly owned by Canfor Corporation. The Company and the owners of HSPP amended the long-term fibre supply agreement and associated agreements in 2009 and in 2011 with changes effective December 31, 2010.

On August 8, 2018, the Company entered into the Credit Facility with a syndicate of banks, which provided for a maximum borrowing amount of \$250 million. The Credit Facility is used for general corporate purposes. On July 26, 2024, the Credit Facility was amended to extend the maturity date to July 21, 2026, set a maximum borrowing amount of \$250 million, with advances in excess of \$215 million subject to a leverage metric and amend certain financial covenants. The Company's Credit Facility contains various covenants, of which certain distributions, including dividends, are permitted within the agreement but are subject to certain restrictions. A copy of the Company's credit agreement is available on SEDAR+ at www.sedarplus.ca under the Company's name.

INTEREST OF EXPERTS

Our auditors, KPMG LLP, have prepared the audit report attached to our audited financial statements for our most recent fiscal year. KPMG LLP has confirmed that it is independent with respect to the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia as of February 13, 2025.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans, is contained in our management information circular in respect of our most recent annual meeting of shareholders held on May 8, 2024. Additional financial information is provided in our audited financial statements and accompanying Management's Discussion and Analysis for our most recent fiscal year. Additional information relating to Western is available on SEDAR+ at www.sedarplus.ca under the Company's name.

GLOSSARY OF CERTAIN TERMS

Certain terms used herein are defined below.

“AAC”	Allowable annual cut — the volume of timber which the holder of a tree farm licence or forest licence may harvest under the licence in any given year as determined by the Ministry of Forests.
“BC”	British Columbia
“annual cut”	Timber volume which the holder of a timber licence expects to harvest annually from that licence.
“board feet”	The plural of board foot; a board foot is calculated by multiplying 1” x 12” x 12” = 1 foot board measure gross count. Lumber is then finished (planed/sanded) to a smaller size and sold based on the original gross count. The difference between gross size and net size is approximately 7%.
“forest licence” or “FL”	A licence granted by the MFOR which entitles the holder to cut up to a specific volume of timber on government lands.
“m ³ ”	A cubic metre.
“MFOR”	The Ministry of Forests of British Columbia.
“MMfbm”	One million board feet measure (see “board feet”).
“Part 13”	Part 13 of the <i>Forest Act</i> , under which the Province of BC may suspend cutting authorities or plans in identified areas in the public interest for a period of time specified in regulations. Also known as “Designated” or “Protected” areas.
Province	His Majesty the King in the right of the Province of British Columbia
“replaceable contract”	Replaceable contract under the <i>Forest Act</i> . An “evergreen” timber harvesting contract that is entered into between a holder of a replaceable licence and a contractor, whereby the contractor is obligated to perform one or more defined phases of timber harvesting within the licence and, if satisfactorily performed, the licence holder is obligated, prior to the expiry of the term of the contract, to offer the contractor a replacement contract on substantially the same terms and conditions as the contract being replaced.
“sustained yield”	The yield that a forest can produce continuously (i.e. in perpetuity) at a given intensity of management without impairment of the land’s productivity, with the intent that there will be a balance between timber growth and harvesting on a sustainable basis.
“timber licence” or “TL”	A licence granted by the MFOR entitles the holder to harvest the area over a specified period.
“timber supply areas” or “TSA”	The areas of Province timberland which are not designated as TFLs.
“tree farm licence” or “TFL”	A TFL is a replaceable timber tenure that requires the licensee to manage a specified area of timberland on a sustained yield basis. TFLs are granted for 25-year terms and, subject to satisfactory performance of its obligations under the TFL agreement by the licensee, are replaceable by the MLFNRO every five to 10 years with a new TFL with a 25-year term.
“volumetric unit”	Equals 200 cubic feet of wood chips, hog fuel or sawdust.
“wood chips”	Small pieces of wood used to make pulp. The wood chips are produced either from wood-waste in a sawmill or a log merchandiser or from pulp wood cut specifically for this purpose. Wood chips are generally uniform in size and are larger and coarser than sawdust.

APPENDIX
WESTERN FOREST PRODUCTS INC.
AUDIT COMMITTEE CHARTER

1. Purpose

The Board of Directors (the “**Board**”) of Western Forest Products Inc. (the “**Corporation**”) has established an Audit Committee (the “**Committee**”) to assist the Board in fulfilling its oversight responsibilities regarding:

- (a) the accuracy and completeness of the Corporation’s financial and environmental, social and corporate governance reporting and disclosure;
- (b) the internal controls and management information systems and security of the Corporation;
- (c) oversight of the Corporation’s internal and external auditors;
- (d) risk management;
- (e) the Corporation’s compliance with legal, tax and regulatory requirements; and
- (f) any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

2. Members

The Committee will consist of at least three members of the Board. Each member must be independent and financially literate in accordance with applicable legislative and stock exchange policies and requirements.

Committee members, including the Committee Chair (the “**Chair**”), will be appointed annually by the Board and will serve until the earlier of (a) the appointment of their successor or (b) their removal (which will automatically occur if the member ceases to be a director). The Board may remove any member from the Committee at any time and may fill any vacancies by appointing a member from the Board. If a vacancy on the Committee exists, the remaining members will exercise all the Committee's powers so long as a quorum exists.

3. Meetings

The Committee may hold such meetings as are necessary or appropriate in order for the Committee to fulfill its responsibilities and the Chair should establish a meeting calendar annually. The Committee is governed by the same rules regarding meetings that apply to the Board. The Chair will set the agenda and may seek input from Committee members, the Company’s management and the external auditor in setting the agenda. The agenda and information concerning the business to be conducted at each Committee meeting will be distributed to the members of the Committee in advance of each meeting to permit meaningful review.

The external auditor of the Company will receive notice of every meeting and may call a meeting of the Committee.

4. Quorum

A majority of members of the Committee, present in person, by teleconference, or by videoconference will constitute a quorum.

5. Duties

The Committee will have the following duties:

- (a) *Financial Reporting and Disclosure*
 - (i) *Annual Disclosure.* Review and make appropriate recommendations to the Board on the audited annual financial statements, the related management’s discussion and analysis (“**MD&A**”), the earnings press releases and the annual information form, and financial disclosures in the management information circular, the sustainability report and carbon accounting report.
 - (ii) *Pension Plan Disclosure.* Review and make appropriate recommendations to the Board on the audited annual financial statements for the Corporation’s pension plans.
 - (iii) *Quarterly Disclosure.* Review and make appropriate recommendations to the Board on the unaudited quarterly financial statements, the related MD&A and the earnings press releases.

- (iv) *Disclosure of Other Financial Information.*
- Review the design, implementation, maintenance and adequacy of procedures for the review of the Corporation's public disclosure of financial information, including information derived from the Corporation's financial statements.
 - Review, on a quarterly basis, the disclosure committee's report to the Committee pertaining to the disclosure committee's activities for the previous quarter. Review, on a yearly basis, (a) the disclosure committee's assessment of the Corporation's disclosure procedures, including any control deficiencies, and its recommendations on corrective measures to be taken to correct these deficiencies, and (b) the disclosure committee's Charter.
 - Oversee and monitor compliance with and make recommendations to the Board for any necessary amendments to the Corporation's disclosure and confidentiality policies, including the Disclosure Policy. Authorize any waiver granted in connection with such policy, and confirm with management the appropriate disclosure of any such waiver.
- (v) *Significant Accounting and Disclosure Practices.* Review with management and the external auditor significant accounting and disclosure practices employed by the Corporation to ensure that the financial statements are complete, do not contain any misrepresentations, and fairly present the Corporation's financial position and the results of its operations in accordance with Canadian GAAP and applicable International Financial Reporting Standards.
- (vi) *Compliance with GAAP and Applicable Laws.* Confirm that GAAP and all applicable laws or regulations related to financial reporting and disclosure have been considered and complied with.
- (vii) *Off-Balance Sheet Transactions.* Discuss with management the effect of any off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components or revenues and expenses.
- (b) *Environmental, Social and Corporate Governance (ESG) Reporting.* Oversee the Corporation's reporting standards in relation to ESG, review and make appropriate recommendations to the Board on the sustainability report and carbon accounting report, and periodically review and assess the Corporation's communications with respect to its policies and practices in the area of ESG.
- (c) *Oversight of Internal Audit, Internal Controls and Information Management*
- (i) *Oversee.* Oversee the Corporation's system of disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFP).
- (ii) *Monitor.* Monitor and review the company's internal audit function and performance, including the adoption and annual review of an Internal Audit Charter that ensures the internal auditors have adequate procedures, resources, qualifications and independence to effectively complete their work.
- (iii) *Review and Assessment.* Review with management and the internal auditor the adequacy and effectiveness of the Corporation's DC&P, ICFP and management information systems and security.
- (iv) *Policies and Procedures.* Monitor policies and procedures for internal accounting and financial control. Monitor policies, procedures and plans for management information systems, electronic data control and cyber security, including crisis management and business continuity plans.
- (v) *Fraud.* Oversee investigations of alleged fraud and illegality relating to the Corporation's finances and any resulting actions.
- (vi) *Complaints.* Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and for the protection from retaliation of those who report such complaints in good faith.

(d) *External Audit*

- (i) *Reporting Relationships.* The external auditor will report directly to the Committee.
- (ii) *Appointment or Replacement.* Review and make appropriate recommendations to the Board (including for shareholder approval) regarding the appointment or replacement of the external auditor.
- (iii) *Compensation.* Review with management and make appropriate recommendations to the Board regarding the external auditor's compensation.
- (iv) *Performance.* Evaluate the performance of the external auditor.
- (v) *Independence.* Review and monitor the independence of the external auditor.
- (vi) *Audit Plan.*
 - Before an audit commences, review the audit plan with the external auditor and management, and consider the nature and scope of the planned audit procedures.
 - Discuss with the external auditor any significant changes required in the approach or scope of their audit plan, management's handling of any proposed adjustments identified by the external auditor, and any actions or inactions by management that limited or restricted the scope of their work.
- (vii) *Review of Results.* Review, without management present, the reports of the external auditor and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the auditor's preferred treatment, and any other material communications with management.
- (viii) *Disagreements with Management.* Resolve any disagreements between management and the external auditor regarding financial reporting.
- (ix) *Meeting with External Auditor.* Meet with the external auditor without management present (1) at least quarterly to discuss and review specific issues; and (2) as appropriate with respect to any significant matters that the auditor may wish to bring to the Committee for its consideration.
- (x) *Material Written Communications.* Review all other material written communications between the external auditor and management, including the post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up on identified weaknesses.
- (xi) *Correspondence.* Review with management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies.
- (xii) *Non-Audit/Audit Services.* Pre-approve, in accordance with applicable law, any non-audit services to be provided to the Corporation by the external auditor, with reference to compatibility of the service with the external auditor's independence.
- (xiii) *Hiring Policies.* Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.
- (xiv) *Other Audit Matters.* Oversee any other matters relating to the external auditor and the performance of audit services on the Company's behalf.

(e) *Risk Management.*

- (i) *Risk Review.* Review the principal business risks of the Corporation at least annually and review and assess the adequacy of the Corporation's risk management policies and procedures with respect to the Corporation's principal business risks (including major information technology and cyber-security risks).
- (ii) *Risk Management.* Review and assess the adequacy of the implementation of appropriate systems to mitigate and manage risks and report regularly to the Board.
- (iii) *Insurance.* Review and make recommendations to the Board as necessary regarding the Corporation's insurance program.

- (f) *Legal, Tax and Regulatory Compliance.*
 - (i) *Tax Compliance.* Review with management the Corporation's relationship with taxation authorities and regulators, including the timeliness and accuracy of the Corporation's filings with these entities.
 - (ii) *Legal Compliance.* Review any actual or anticipated litigation, other events or legal matters, including tax assessments, which could have a material current or future effect on the Corporation's financial statements and oversee and make recommendations to the Board on any policies and procedures designed by the Corporation to promote legal compliance that are not subject to the oversight of another committee of the Board.
- (g) *Related Party Transactions.* Review with management all related party transactions and the development of policies and procedures related to those transactions.
- (h) *Code of Conduct.* Cause an investigation of any reported violations of the Code to be undertaken and oversee an appropriate response being taken to any violation of the Code.
- (i) *Anti-Bribery and Anti-Corruption Policy.* Oversee and make recommendations to the Board for any necessary amendments with respect to the Corporation's Anti-Bribery and Anti-Corruption Policy.

6. In Camera Sessions

The Committee will meet separately in in camera sessions with representatives of each of management, the internal auditor and the external auditors following each Committee meeting or as otherwise determined by the Committee to be necessary and appropriate to discharge its oversight duties.

The Committee will meet in in camera sessions excluding management or other third parties that are not Board members, following each Committee meeting or as otherwise determined by the Committee.

7. Board Relationship and Reporting

The Committee will report to the Board on all matters set out in this Charter and any other matters as may be assigned to the Committee by the Board.

8. Delegation of Authority

The Committee has the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

9. Adequacy of Charter

The Committee will, together with the Nominating and Corporate Governance Committee, review this Charter at least annually and recommend any proposed changes to the Board for approval.

10. Experts and Advisors

The Committee may, in its sole discretion, retain and obtain the advice and assistance of independent outside counsel and such other advisors as it deems necessary to fulfil its duties and responsibilities under this Charter. The Committee will set the compensation and oversee the work of any outside counsel and other advisors to be paid by the Corporation.

11. Access

The Committee may have access to and direct contact with any employee, contractor, supplier, customer or other person that is engaged in any business relationship with the Corporation to confirm information or to investigate any matter within the mandate of the Committee.

12. Secretary and Minutes

The Chair of the Committee will appoint a secretary for each meeting to keep minutes of such meeting. The minutes of the Committee will be in writing and duly entered into the books of the Corporation. The minutes of the Committee will be circulated to all members of the Board.

Dated as of May 7, 2024