

# INVESTOR PRESENTATION

August 2024



Western Forest Products Inc.  
DEFINING A HIGHER STANDARD™

TSX:WEF



# Forward Looking Statements and Non-GAAP Financial Measures



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

This presentation contains statements and estimates that may constitute forward-looking statements under applicable securities laws. Readers are cautioned against placing undue reliance on forward-looking statements. All statements herein, other than statements of historical fact, may be forward-looking statements and can be identified by the use of words such as “will”, “estimate”, “commit”, “anticipate”, “expect”, “should”, “could”, “continue”, “may”, “pursue”, “explore” and similar references to future periods.

Forward-looking statements in this presentation include, but are not limited to, statements relating to our current intent, belief, projection or expectation with respect to: domestic and international market conditions, demands and growth; economic conditions; our acquisition, growth, marketing, product, wholesale, operational, production and capital allocation and investment plans and strategies including, but not limited to, our dividend plan and share repurchase plan; our sustainability-linked credit facility; our expected operating results and future earnings stability; our competitive position and expectations regarding future competition; the impact of Western’s activities on atmospheric carbon and climate change; the impact of mass timber developments on wood products demand; fibre availability; advancing First Nations partnerships, integrated resource management plans and forest landscape plans in B.C.; legal and regulatory developments; the Company’s ability to diversify and grow its business through its strategic acquisitions; the finalization of the softwood lumber duties rate and the expected timing thereof; opportunities relating to carbon and carbon credits and alternatives for the Company’s wood residuals and waste; and the expected completion times, budgets, results and returns of the Company’s capital projects.

Although such statements reflect management’s current reasonable beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions, there can be no assurance that forward-looking statements are accurate, and actual results and performance may materially vary. Many factors could cause our actual results or performance to be materially different including: changes in economic and financial conditions, changes in demand for forest products, changes in competition and selling prices, international trade disputes, changes in foreign currency exchange rates and interest rates, labour disputes and disruptions, natural disasters, changing relations with First Nations groups, the availability of fibre and allowable annual cut, developments and changes in laws and regulations affecting the Company or the forestry industry or changes to the implementation of such laws and regulations by governmental authorities, changes in the price of key materials for our products, changes in business opportunities, changes occurring in the counterparties whom we do business with, existence of a public health crisis (including future developments in the COVID-19 pandemic) and other factors discussed in the Company’s Management’s Discussion & Analysis for the three months and year ended December 31, 2022 (the “MD&A”), which is available on our website at [www.westernforest.com](http://www.westernforest.com). The foregoing list is not exhaustive, as other factors could adversely affect our actual results and performance. Forward-looking statements are based only on information currently available to us and refer only as of the date hereof. Except as required by law, we undertake no obligation to update forward-looking statements.

During the course of this presentation, certain non-GAAP financial information will be presented. Definitions and reconciliation of terms can be found in the MD&A for Western Forest Products Inc. (the “Company”).



# Western At A Glance

A Specialty Wood Products Company



# Western At A Glance



**Strong**

Environmental, Social, & Governance (“ESG”) Practices and Policies



**\$1.14 Billion**

Average Annual Revenue Since 2015



**\$121 Million**

Average Annual EBITDA Since 2015



**36%**

Of Historical Sales to International Markets



**885 Million**

Board Feet of Annual Lumber Capacity at 6 Sawmills



**Four**

Remanufacturing Facilities, Two Glulam Facilities, One Distribution Centre



**5.8 Million m<sup>3</sup>**

Of Allowable Annual Cut From Our B.C. Timberlands



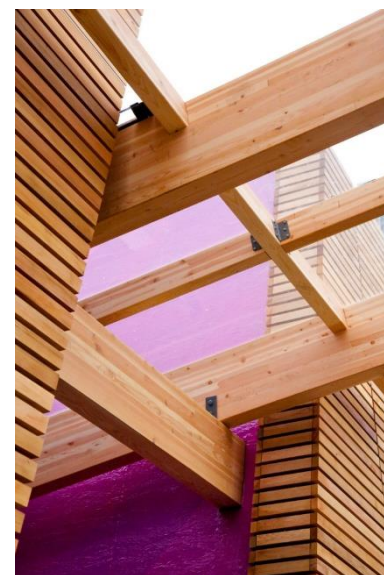
**1,900+**

Employees

A Global Leader In Specialty Lumber Products

# Business Overview

- A leading cedar lumber, timbers and Japan square manufacturer in North America
- Offer a range of appearance, structural and industrial wood products
- Our products are used in various outdoor living, interior living, exterior appearance, structural and industrial applications
- Diverse species mix, offering cedar, hemlock, balsam and Douglas fir products
- Global customer base



Western Is A Leading Global Supplier Of Specialty Wood Products

# Our Products' End Uses

## Outdoor Living

Decking, Timbers, Fencing Products, Outdoor Structures



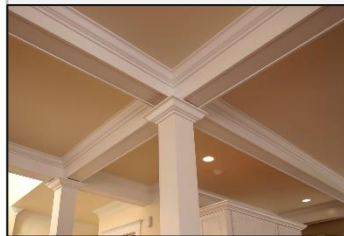
## Exterior Appearance

Siding, Trim & Fascia, Soffits, Door & Window Products



## Interior Living

Interior Paneling, Interior Mouldings, Architectural Millwork, Stair Components



## Structural

Timbers, Framing, Japanese Housing, Engineered Products



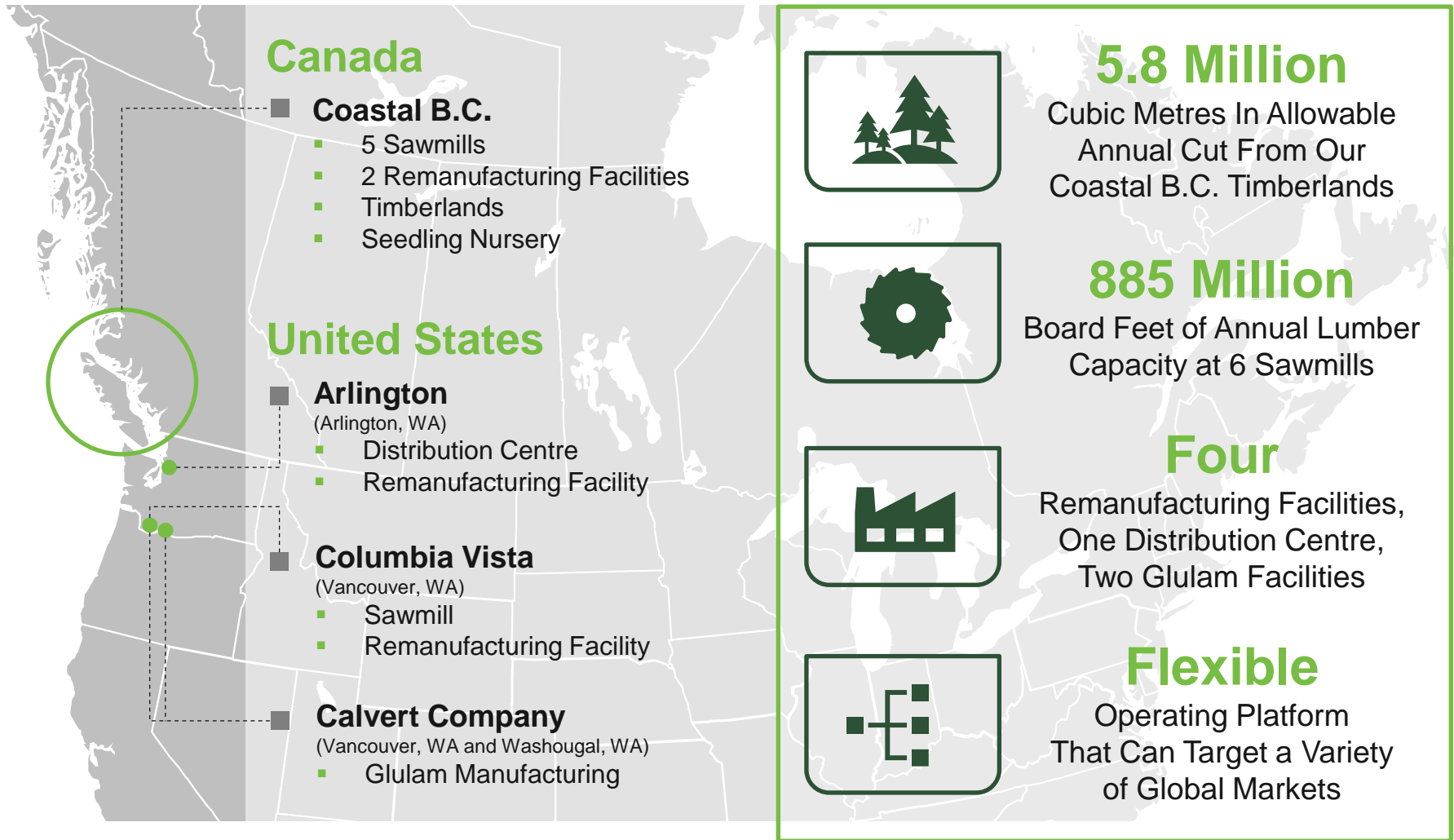
## Industrial

Lamstock, Packaging & Crating, Cross Arms, Mat Stock, Bridges, Docks & Rail Ties



Western's Products Are Used In Multiple End Uses Around The World

# Operating Footprint



See Appendix for detailed listing of sawmills and remanufacturing facilities

Strategically Located Manufacturing Locations With Fibre Supply

# Financial Snapshot



**\$1.14 Billion**

Average Annual Revenue Since 2015 <sup>(1)</sup>



**\$121 Million**

Average Annual EBITDA Since 2015 <sup>(1)</sup>



**\$84.0 Million**

Net Debt on the Balance Sheet at the end of Q2/24



**\$142 Million**

Available Liquidity at the end of Q2/24

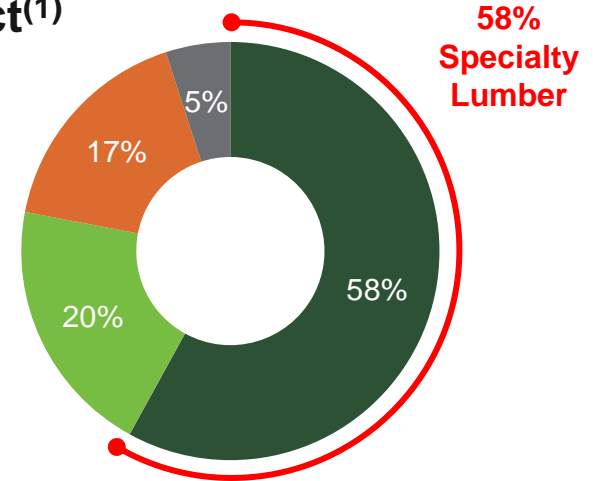


**\$146 Million**

Market Capitalization<sup>(2)</sup>

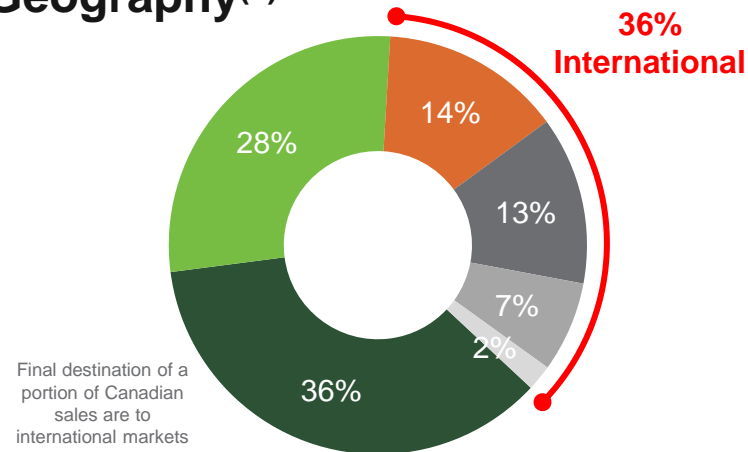
## Annual Sales by Product<sup>(1)</sup>

- Specialty Lumber
- Commodity Lumber
- Logs
- By-products



## Annual Sales by Geography<sup>(1)</sup>

- Canada
- United States
- China
- Japan
- Other
- Europe



<sup>(1)</sup> Annual average from 2015 to 2023, including strike impacted 2019 and 2020

<sup>(2)</sup> Based on closing share price of \$0.46 on August 16, 2024



# Strategic Priorities



Strategic Priority	Description
 <p><b>Business Excellence</b></p>	<ul style="list-style-type: none"> <li>▪ Focusing on operating execution and excellence, with a mindset of continual improvement</li> <li>▪ Commitment to health, safety and environmental compliance</li> <li>▪ Improving recovery, efficiency and margin in our operations</li> <li>▪ Developing strategic relationships with customers, First Nations, communities, shareholders and other stakeholders</li> </ul>
 <p><b>First Nations Partnerships</b></p>	<ul style="list-style-type: none"> <li>▪ Developing mutually beneficial relationships and partnerships with First Nations</li> <li>▪ Commitment to economic reconciliation</li> <li>▪ Advancing First Nations partnerships, integrated resource management plans and forest landscape plans to support greater long-term clarity for the stewardship and management of our B.C. land base</li> </ul>
 <p><b>Business and Asset Optimization</b></p>	<ul style="list-style-type: none"> <li>▪ Optimizing our asset and operating portfolio</li> <li>▪ Improving financial performance, asset utilizations, recovery, return metrics and reducing costs</li> <li>▪ Implementing best-in-class technology in our operations</li> </ul>
 <p><b>Growth in Specialty Wood Products</b></p>	<ul style="list-style-type: none"> <li>▪ Growing our business where we can create long-term shareholder value and be market leaders</li> <li>▪ Moving our products further up the product value chain, closer to the end customer</li> <li>▪ Focusing on specialty wood products, engineered wood products and mass timber opportunities</li> </ul>
 <p><b>Stewardship and New Revenue Opportunities</b></p>	<ul style="list-style-type: none"> <li>▪ Implementing best practices, policies and standards related to Environmental, Social and Governance (“ESG”), and sustainability and stewardship of the assets under our management</li> <li>▪ Exploring new revenue opportunities related to carbon and carbon credits</li> <li>▪ Exploring alternatives for our wood residuals and waste to increase fibre utilization.</li> </ul>

# Western's Commitment To ESG



## Environment Stewardship

Sustainable Forest Management,  
Climate Change, Biodiversity



## Social Responsibility

Health & Safety, People &  
Culture, Diversity, Stakeholder  
& Community Engagement



## Corporate Governance

Best Practices, Board  
Composition and Diversity,  
Executive Compensation,  
Ethics, Integrity



Western Is Committed To Defining A Higher Standard® On ESG

# Carbon Accounting Highlights

## Western's 2022 Carbon Balance

**-2,453,372**

tonnes of CO<sub>2</sub> equivalent

Western's business is a net carbon sink, as outlined in our 2022 Carbon Accounting Report<sup>(1)</sup>

## Forest Ecosystem Carbon

The forests managed by Western are an enormous carbon bank and store carbon in the form of live trees, dead trees, branches, leaves, roots and soil. In 2022, the forest ecosystem stored:

**2,448,276 kilotonnes of CO<sub>2</sub> equivalent<sup>(1)</sup>**

## 100 Year Carbon Balance Projection

Using assumptions from current forest management plans, Western's net carbon balance is projected to improve further over the next 100 years. In the next 100 years, Western's activities are projected to reduce atmospheric carbon by:

**210.6 million tonnes of CO<sub>2</sub> equivalent<sup>(1)</sup>**



Advancing Disclosure Of Our Carbon Reporting

(1) 2022 Carbon Accounting Report, available [here](#)

# Company Updates

Advancing Our Strategic Priorities



## Recent Developments

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- Q2/24 Results:
  - Adjusted EBITDA of \$9.4 million (vs. negative \$12.0 million in Q2/23)
  - 2024 capex forecast of approximately \$40 million
  - Near-term focus is maintaining a strong balance sheet
    - Ended Q2/24 with a net debt/book cap of 13%
    - Ended Q2/24 with net debt of \$84.0 million and received our income tax refund of approximately \$23 million after the end of Q2/24
  - Book value at the end of Q2/24 of \$1.81 per share
- \$250 million credit facility extended to July 2026
- New CFO appointed August 1, 2024
- Forestry partnership with four First Nations in TFL 64 (see following slides)
- B.C. strategic capital investments (see following slides)
  - New continuous kiln at Saltair facility commissioned in Q1/24
  - Two new continuous kilns planned for 2025
- New softwood lumber duties rate (see following slides)

# Reconciliation With First Nations: Formation of La-kwa sa muqw Forestry Limited Partnership



- Established the La-kwa sa muqw Forestry Limited Partnership (“LFLP”), comprised of certain assets and liabilities of Western’s former Mid Island Forest Operation, including Block 2 of Tree Farm Licence (TFL) 39
  - LFLP will manage approximately 157,000 hectares of forest land with an AAC of 904,540 m<sup>3</sup>
- The Tlowitsis, We Wai Kai, Wei Wai Kum and K’ómoks First Nations acquired an aggregate 34% interest in LFLP from Western for \$35.9 million
- Transaction closed in Q1/24, upon which TFL 64 was created through the subdivision of Block 2 from TFL 39 and transferred to LFLP
- Includes long-term fibre supply agreement between LFLP and Western which will support Western’s manufacturing operations
- Please see [Announcement News Release](#) and [Closing News Release](#) for further details



“From our perspective, this is the path forward of how our industry needs to operate here in British Columbia”  
– **Steven Hofer, President & CEO**

“It’s a landmark agreement... increasing the role of First Nations as stewards of their territories and driving stronger communities and greater economic development”  
– **David Eby, Premier of BC**



**Tlowitsis  
Nation**



**K’ómoks First Nation**



Western Forest Products Inc.  
DEFINING A HIGHER STANDARD™



Continued Leadership In The Advancement Of Reconciliation

## B.C. Strategic Capital Investments

- New continuous kiln at our Saltair facility commissioned in Q1/24
  - Approximate annual capacity of 70 million board feet
  - Dried 14.5 million board feet of higher value products in Q2/24
- Announced in Q1/24 plans for two new continuous kilns in B.C.
  - Estimated cost of approximately \$35 million, with vast majority of expenditures in 2025
  - Each kiln will have a capacity of approximately 70 million board feet

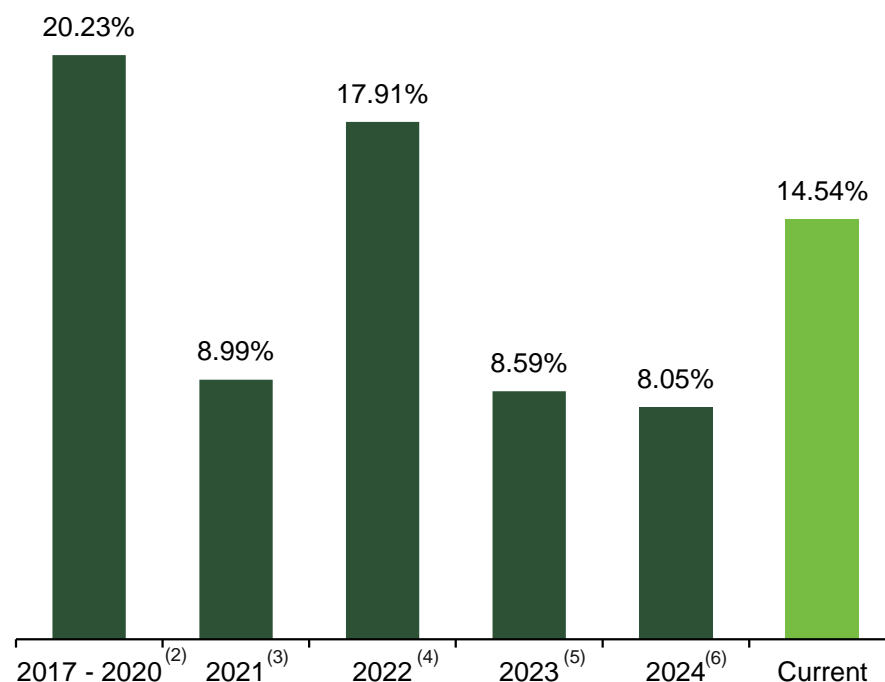


More information on our Saltair dry kiln is available [here](#)

# Softwood Lumber Duties Update

- Administrative review #5 completed in August 2024
  - New ‘All-others’ combined duties rate of 14.54%
  
- Western’s duties on deposit of US\$172.6 million (C\$236.1 million)<sup>(1)</sup>
  - Implies approximately \$0.54 per share on an after-tax basis
  - C\$75.1 million included as a long-term receivable on Western’s balance sheet<sup>(1)</sup>

**Combined Softwood Lumber Duties Rate**  
(All Others Duty Rate %)



(1) As of June 30, 2024  
 (2) Up to November 30, 2020  
 (3) December 1, 2020 to November 30, 2021  
 (4) December 1, 2021 to August 8, 2022  
 (5) August 9, 2022 to July 31, 2023  
 (6) August 1, 2023 to August 18, 2024

Softwood Lumber Duties Increased Effective August 2024

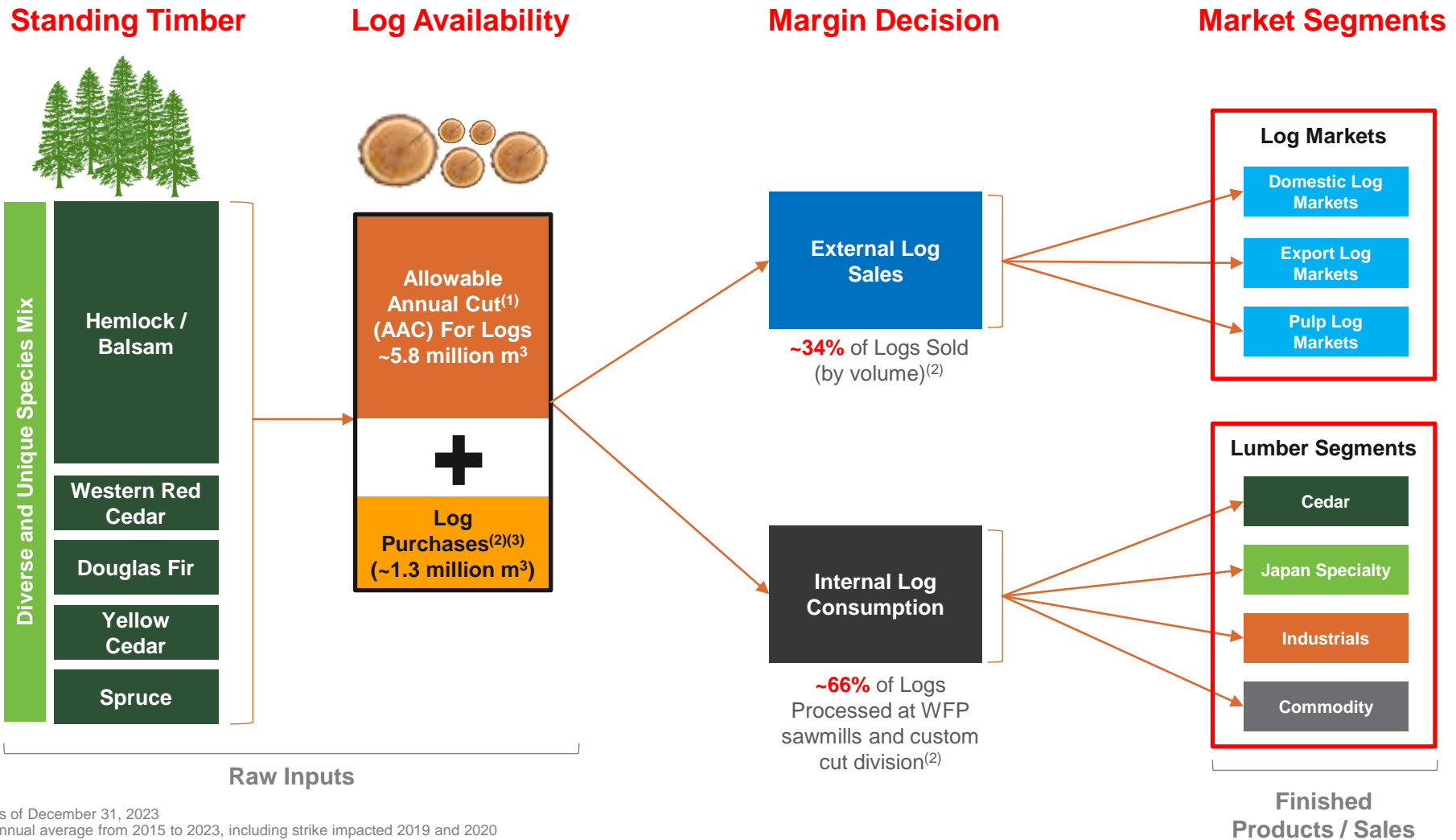


# **Appendix 1:**

## Supplemental Company Overview Materials



# Margin Strategy / Fibre And Processing Flow Chart



(1) As of December 31, 2023

(2) Annual average from 2015 to 2023, including strike impacted 2019 and 2020

(3) B.C. and U.S. log purchases

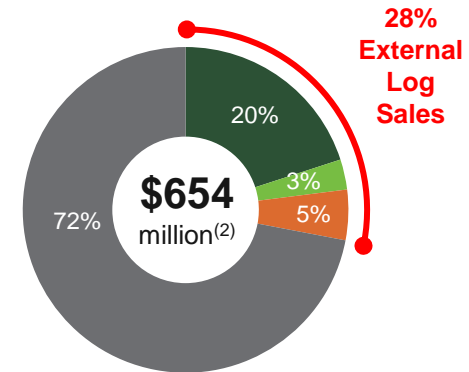
Timber Resource Is Directed To Highest Margin Opportunity

# Log Markets Determine Margin Decision

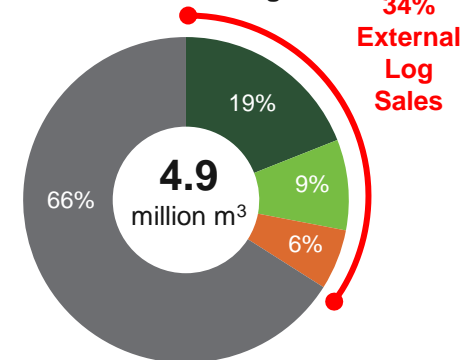
Log End Market	Description	Primary Target Geographies
<b>WFP Sawmills</b>	<ul style="list-style-type: none"> <li>Western's sawlogs consumed by internal manufacturing operations</li> <li>Internal log supply supplemented by open market purchases to maximize margin</li> </ul>	
<b>Domestic</b>	<ul style="list-style-type: none"> <li>Includes sawlogs, peelers (for engineered wood applications) and shingle logs sold through contractual commitments and open market transactions</li> </ul>	
<b>Pulp Logs</b>	<ul style="list-style-type: none"> <li>Volumes committed under long-term fibre supply agreements</li> <li>Commitments met through internal log supply, supply contracts and open market pulp log purchases</li> </ul>	
<b>Export</b>	<ul style="list-style-type: none"> <li>Represents log sorts produced in excess of internal mill requirements</li> <li>Transportation optimization</li> </ul>	

External Log Sales

**Logs by Value Historical Average<sup>(1)</sup>**



**Logs by Volume Historical Average<sup>(1)</sup>**



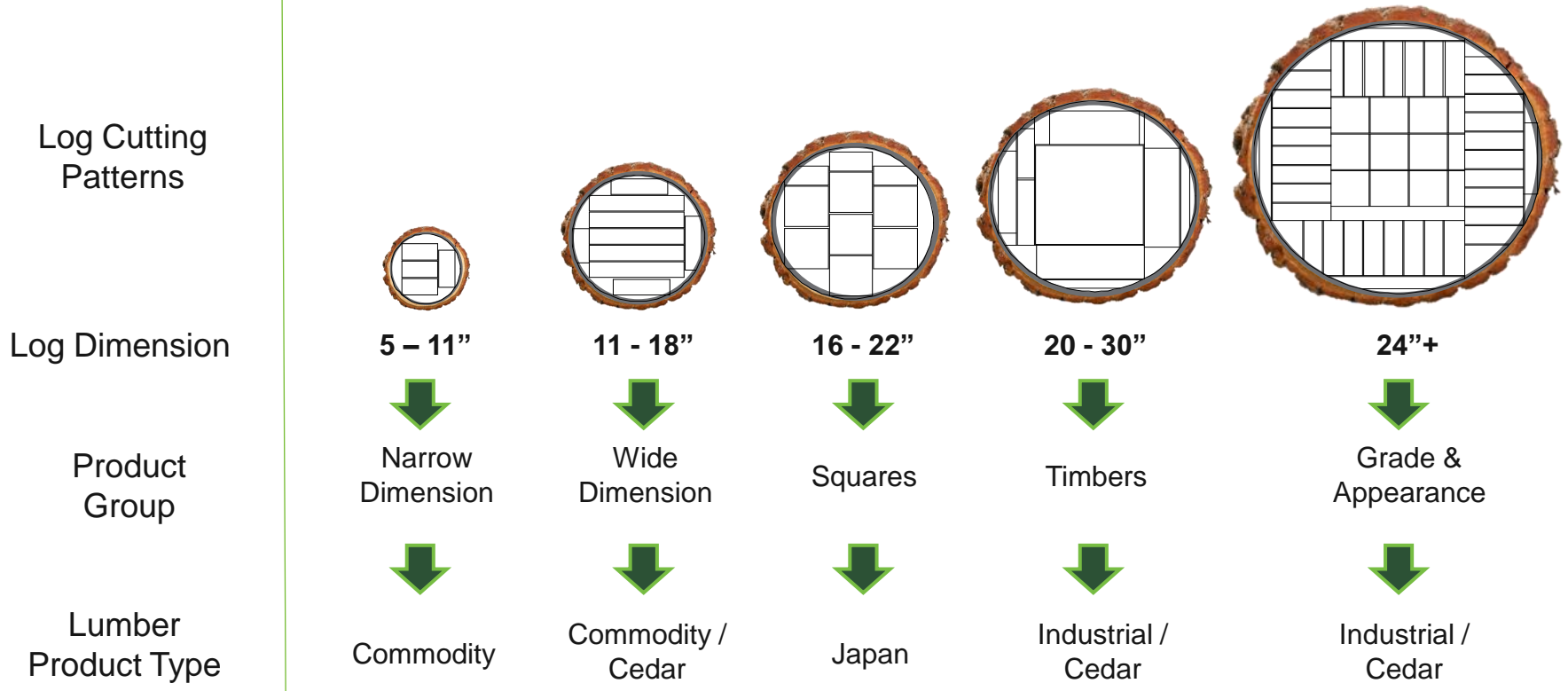
(1) Annual average from 2015 to 2023; based on total external log sales and internal log consumption, including purchased logs. Internal transfer values based on Vancouver Log Market prices  
 (2) Net of freight and fee in lieu

Directing Log Volume To The Highest Margin Opportunity

# Manufacturing And Sales



**Log diameter and margin determines lumber products manufactured**



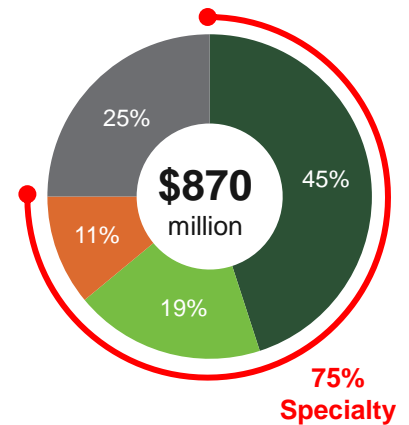
Flexible Manufacturing Platform Presents Unique Opportunity To Create Margin

# Diversified Lumber Product Offering

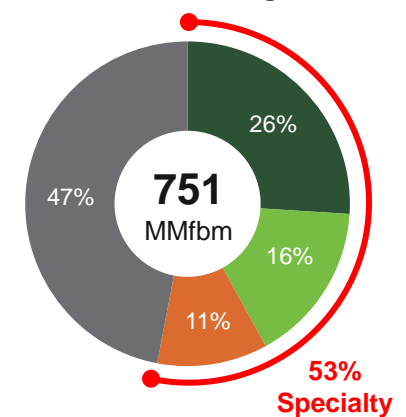
Specialty Products

Lumber Products	Description	Primary Target Geographies
<b>Cedar</b>	<ul style="list-style-type: none"> <li>Consumer-orientated products</li> <li>Premier softwood for external applications</li> <li>Naturally durable</li> </ul>	 Global
<b>Japan Specialty</b>	<ul style="list-style-type: none"> <li>Specialized products for specific end uses</li> <li>Requires unique and rigorous quality standards</li> </ul>	
<b>Industrial</b>	<ul style="list-style-type: none"> <li>Specialty products and markets</li> <li>Focused on appearance grades, value-add products</li> </ul>	 Asia Europe
<b>Commodity</b>	<ul style="list-style-type: none"> <li>Traditional dimension lumber and developing grades</li> </ul>	 

**Lumber by Value**  
Historical Average<sup>(1)</sup>



**Lumber by Volume**  
Historical Average<sup>(1)</sup>



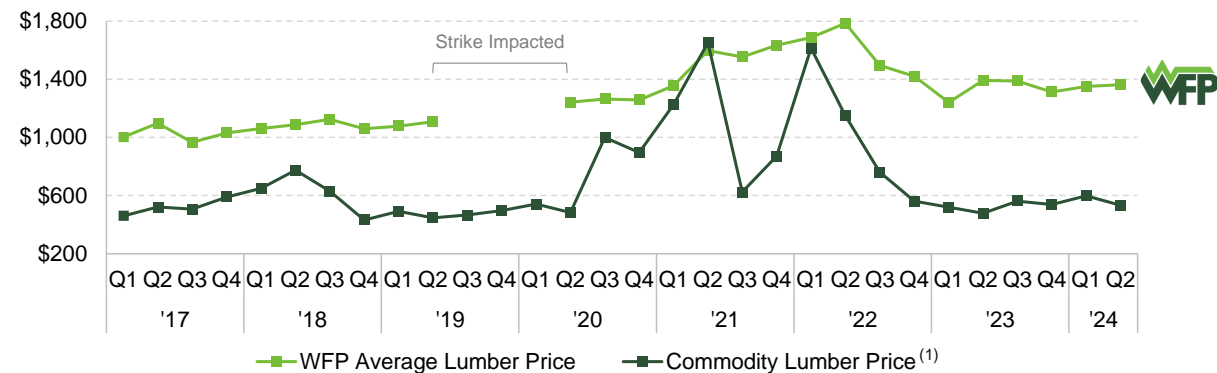
(1) Annual average from 2015 to 2023

Allows Western To Service Multiple Markets

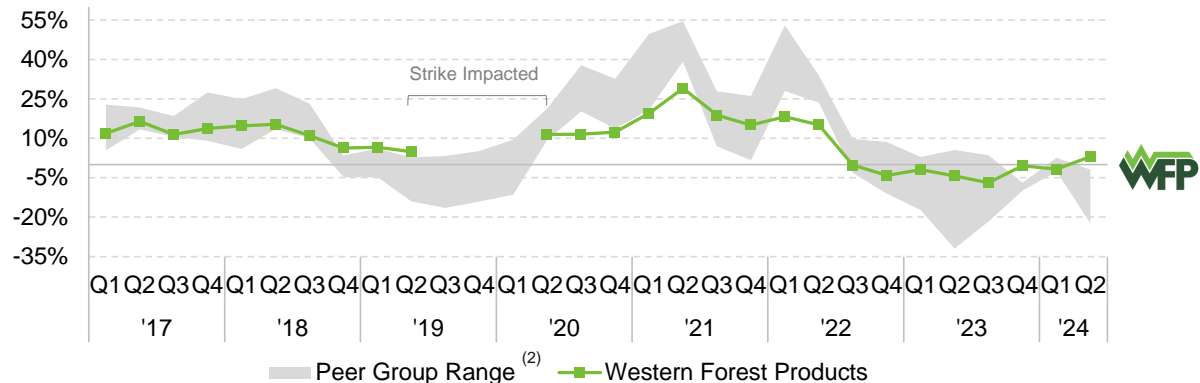
# Specialty Products Focus

- Approximately 75% of lumber revenue is generated from non-commodity products
- Typically a significant price premium to commodity lumber
- Product / market diversity and global exposure provide opportunities to maximize margin

**WFP Average Lumber Price vs. Commodity Lumber Price**  
(C\$ per mfbm)



**Quarterly Lumber EBITDA Margin Comparison**



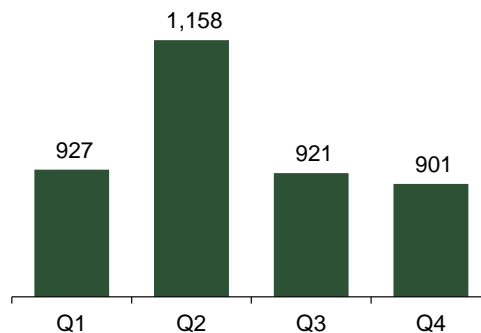
(1) KD Western SPF 2x4, #2&Btr; converted from US\$ to C\$

(2) High and low EBITDA margin range of West Fraser and Canfor lumber segments and consolidated results of Interfor and Conifex; excludes duty recoveries

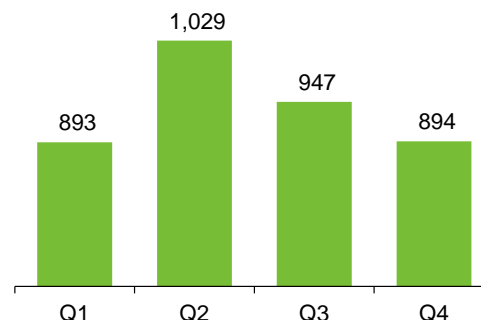
# Seasonality Of The Business

- Weather (snow pack, heat) and daylight can impact harvest volumes and costs
- Inventory levels can fluctuate through the year, impacting working capital
- Seasonal market demand can impact lumber production
- Typically higher lumber sales volumes in Q2 and Q3 when North American construction activity is at its peak

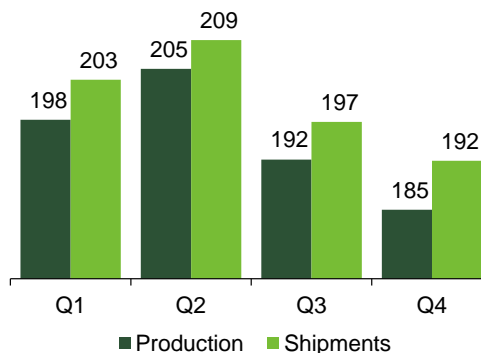
**Harvest Volume<sup>(1)</sup>**  
(000 m<sup>3</sup>)



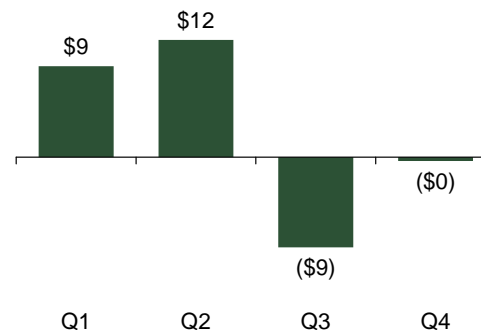
**Closing Log Inventory<sup>(1)</sup>**  
(000 m<sup>3</sup>)



**Lumber Production & Shipments<sup>(1)</sup>**  
(MMfbm)



**Increase (Decrease) in Working Capital<sup>(1)</sup>**  
(\$ millions)

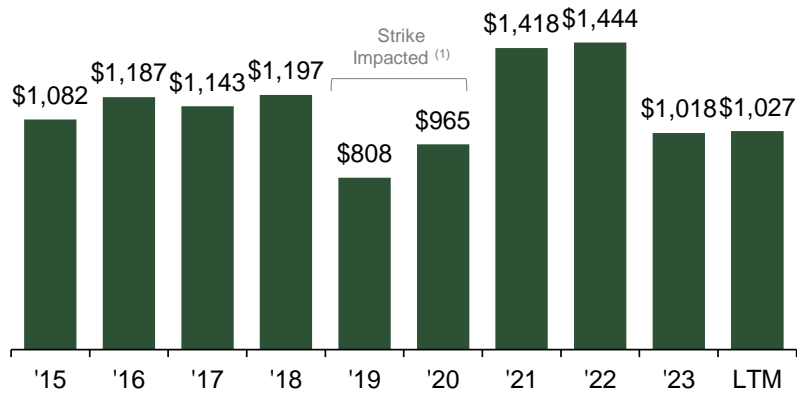


(1) Average of 2015 to 2023 excluding strike impacted Q3/19, Q4/19 and Q1/20

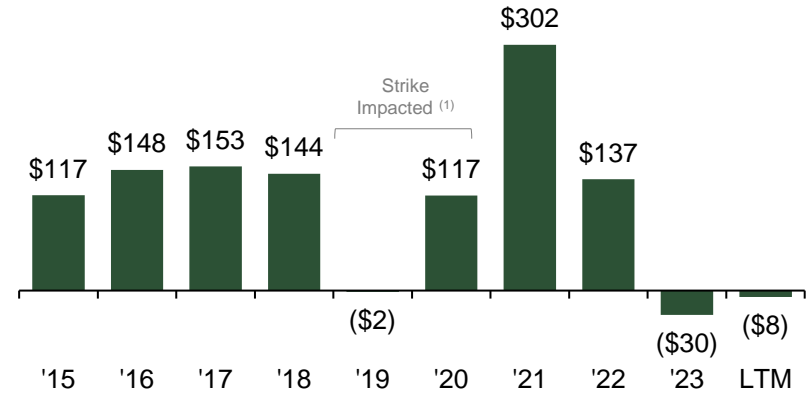
# Western Forest Products: Historical Financial Snapshot – Annual



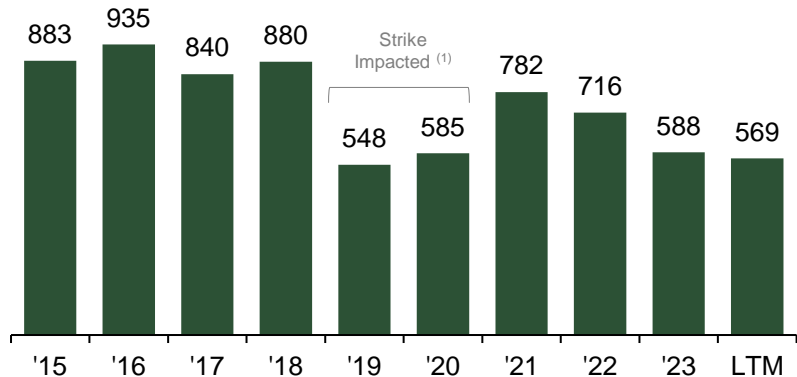
## Revenue (\$ millions)



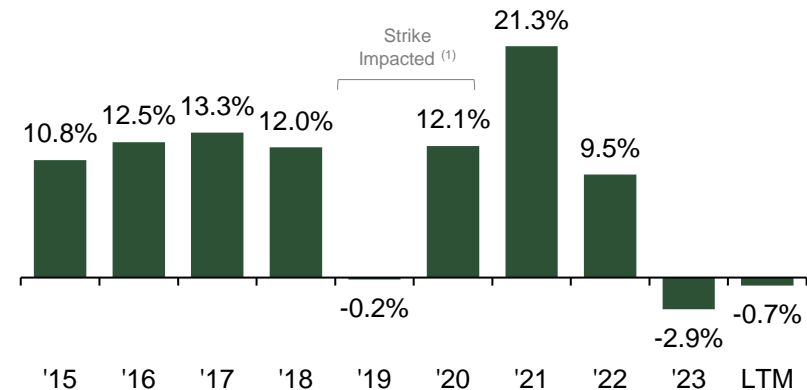
## Adjusted EBITDA (\$ millions)



## Lumber Shipments (MMfbm)



## Adjusted EBITDA Margin %



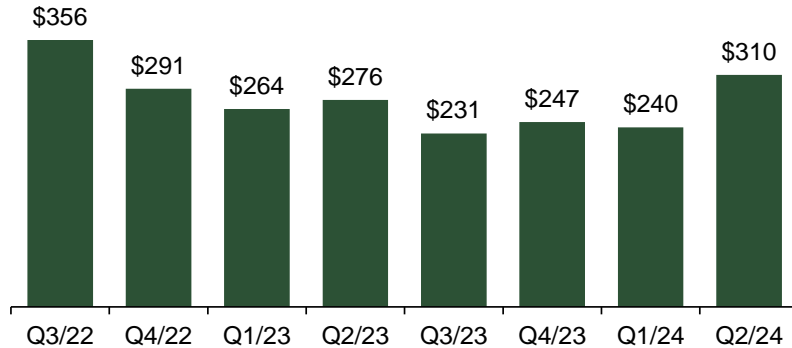
(1) All of Western's timberlands and most of our B.C. based manufacturing divisions were impacted by a strike by the United Steelworkers Local 1-1937 ("USW")



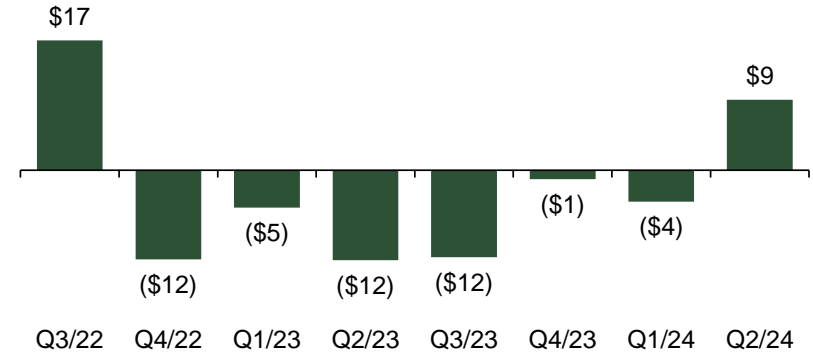
# Western Forest Products: Historical Financial Snapshot – Last 8 Quarters



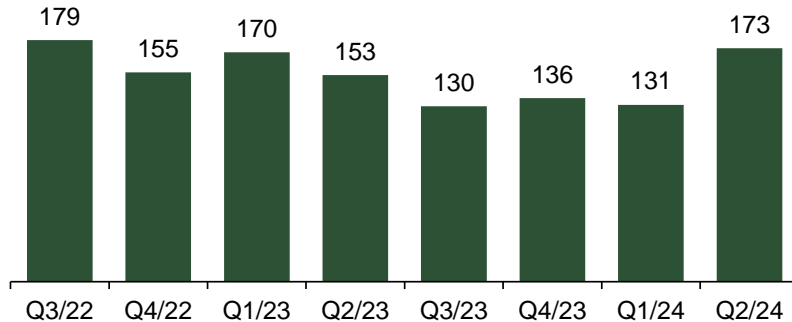
Revenue (\$ millions)



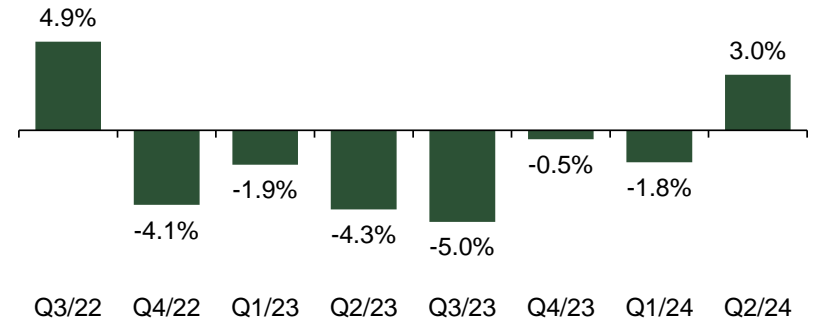
Adjusted EBITDA (\$ millions)



Lumber Shipments (MMfbm)



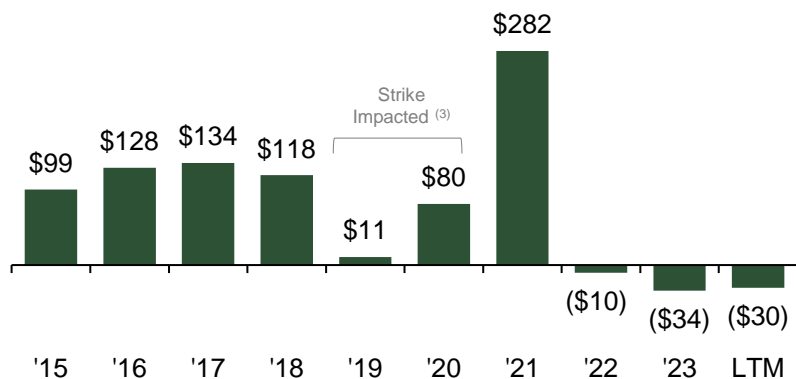
Adjusted EBITDA Margin %



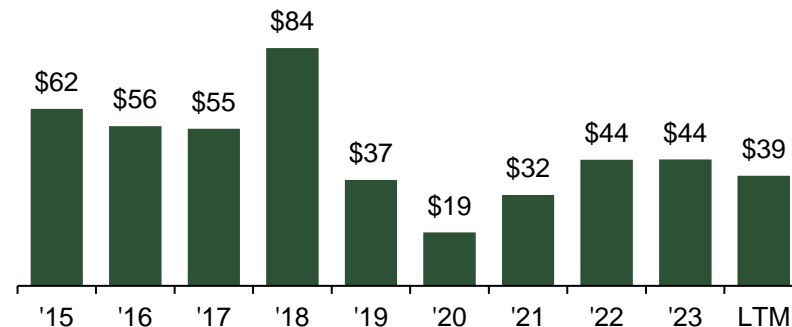
# Western Forest Products: Historical Cash Flow, Capital Allocation And Debt



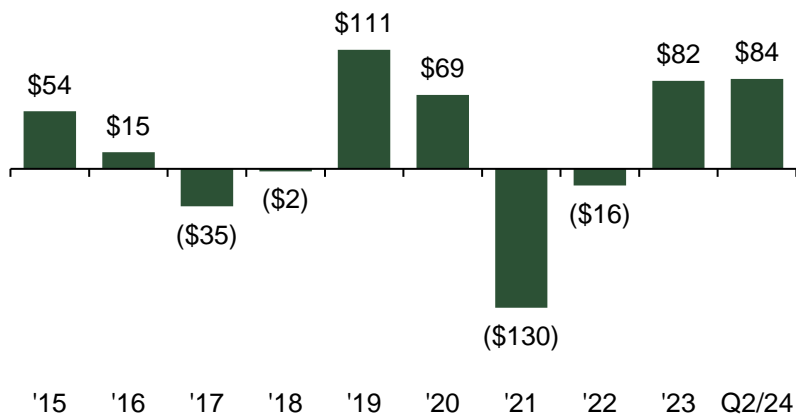
### Cash Flow from Operations<sup>(1)</sup> (\$ millions)



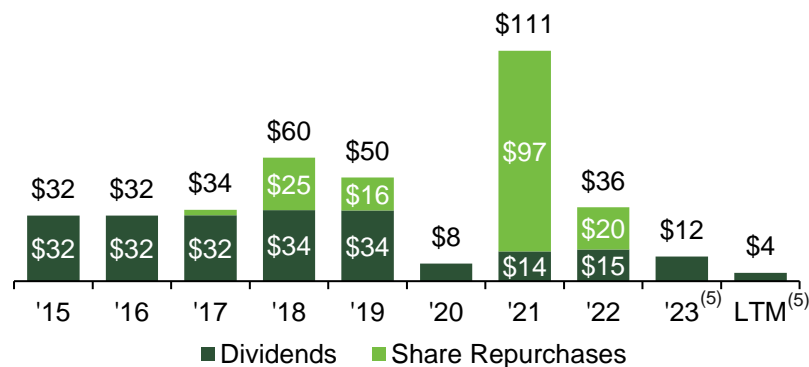
### Capex<sup>(2)</sup> (\$ millions)



### Net Debt / (Cash) (\$ millions)



### Dividends<sup>(4)</sup> & Share Repurchases (\$ millions)



(1) After changes in non-cash working capital

(2) Additions to property, plant and equipment; excludes acquisition capex

(3) All of Western's timberlands and most of our B.C. based manufacturing divisions were impacted by a strike by the United Steelworkers Local 1-1937 ("USW")

(4) The dividend was suspended in May 2020; on February 18, 2021, the company announced the reinstatement of a \$0.01 per share quarterly dividend in February 2021; on May 5, 2022, the company increased its quarterly dividend 25% to \$0.0125 per share

(5) Dividend suspended effective November 7, 2023 in response to weaker lumber market conditions and corresponding financial results

# Western Forest Products: Facilities

## Sawmills

Sawmill	Location	Log Diameter Focus	Capacity <sup>(1)</sup>	Production			2023 Production Mix			
				2023	2022	2021	WRC <sup>(2)</sup>	Hemlock	Douglas Fir	Yellow Cedar
Ladysmith	Ladysmith, BC	Small	90	67	80	88	--	100%	--	--
Cowichan Bay	Duncan, BC	Medium	215	71	95	131	65%	30%	--	5%
Saltair	Ladysmith, BC	Medium	240	173	215	209	--	70%	30%	--
Duke Point	Nanaimo, BC	Medium to Large	130	88	93	96	--	96%	4%	--
Chemainus	Chemainus, BC	Medium to Large	130	55	59	67	76%	2%	22%	--
Columbia Vista	Vancouver, WA	Medium to Large	80	54	57	57	--	--	100%	--
Custom Cut	Multiple	Varies	n/a	44	28	61	35%	10%	27%	29%
<b>Sawmill Total</b>			<b>885</b>	<b>552</b>	<b>654<sup>(3)</sup></b>	<b>760<sup>(3)</sup></b>	<b>19%</b>	<b>54%</b>	<b>24%</b>	<b>3%</b>

## Remanufacturing, Distribution and Glulam

Canada	United States
Value Added Division – Chemainus, BC	Arlington Distribution and Processing Centre – Arlington, WA
Duke Point Planer – Nanaimo, BC	Columbia Vista Sawmill, Planer and Kilns – Vancouver, WA
	Calvert Division (Glulam) – Vancouver, WA; Washougal, WA

(1) Based on two shifts and 250 operating days, except Chemainus and Duke Point at three shifts

(2) Western red cedar

(3) Includes production from Alberni Pacific division in 2022 and 2021

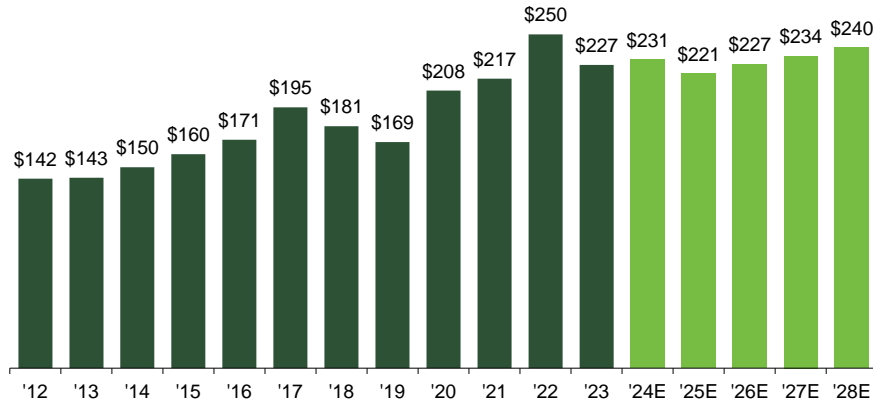
# **Appendix 2:**

## Macroeconomic and Lumber Market Statistics



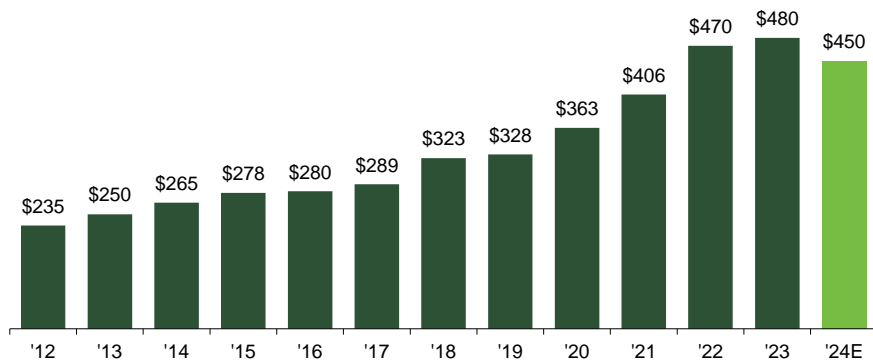
# Repair And Remodelling Statistics

## U.S. Repair & Remodelling Expenditures (US\$ billions)



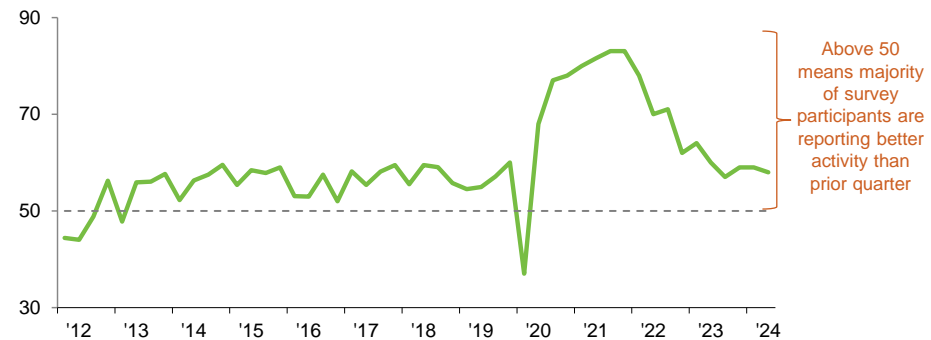
Source: Forest Economic Advisors (August 2024)

## Leading Indicator of Remodelling Activity (US\$ billions)



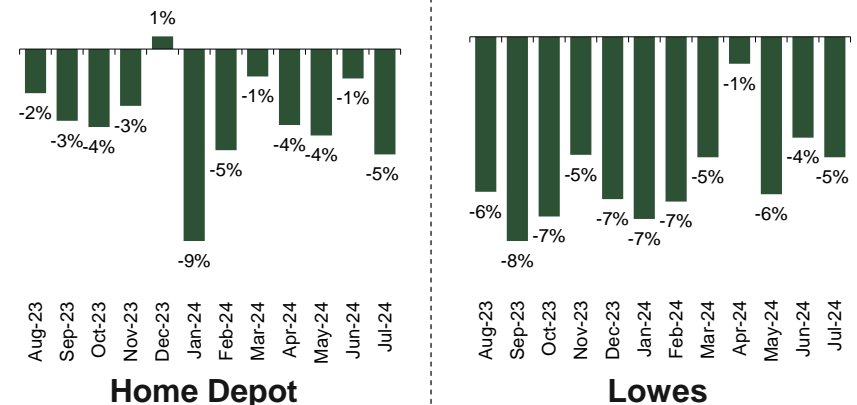
Source: Joint Center For Housing Studies of Harvard University; Home Improvement and Repair Activity – trailing 12 months; the Leading Indicator of Remodelling Activity (LIRA) provides a short-term outlook of U.S. national home improvement and repair spending to owner-occupied homes

## Remodelling Market Index



Source: National Association of Homebuilders; Future Market Indicators; based on a quarterly survey of NAHB remodeler members that provides insight on current market conditions as well as future indicators for the remodeling market

## Home Centres – Same Store Sales Growth

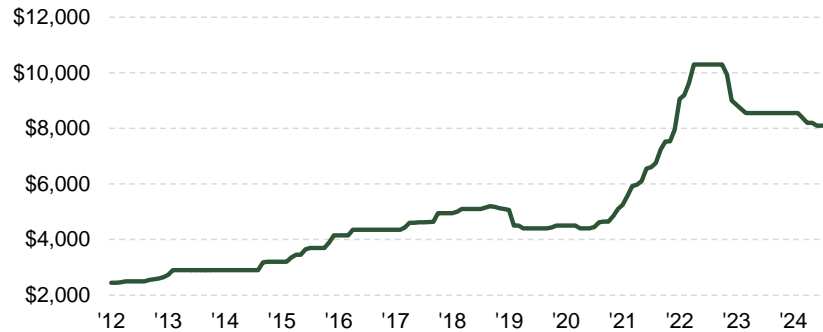


Source: Company reports; monthly values

# Western Red Cedar (“WRC”) – Illustrative Price Trends

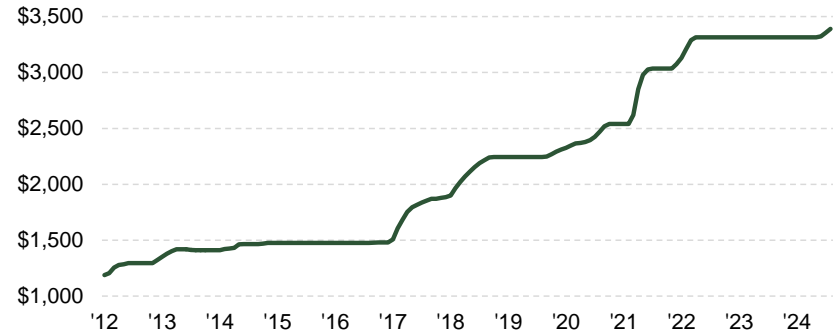


## WRC High Value Clears (C\$ per mfbm)



Source: Random Lengths: Green WRC #2 Clear & Btr 4x6W RL, c.i.f. dest. N Euro

## WRC Timbers (US\$ per mfbm)



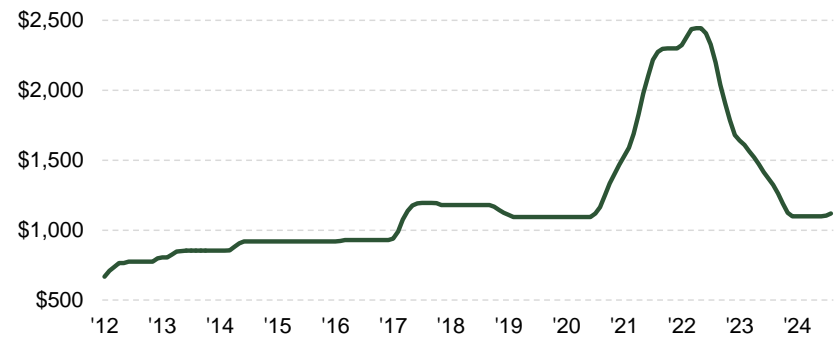
Source: Random Lengths: Green WRC #2 & Btr AG 6x6 RL, net f.o.b. Mill

## WRC Decking (US\$ per mfbm)



Source: Random Lengths: Green WRC Deck Knotty 2x6 RL S4S, net f.o.b. Mill

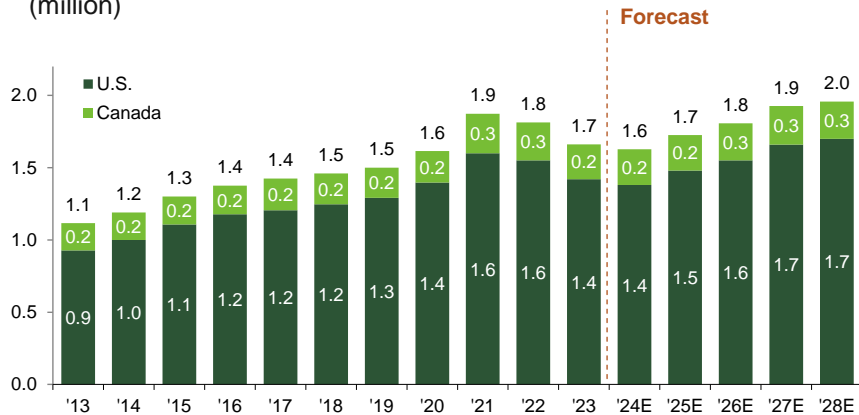
## WRC Boards and Trim (US\$ per mfbm)



Source: Random Lengths: Coast Green WRC Std&Btr NH 3/4x4 RL S1S2E H&M, net f.o.b. Mill

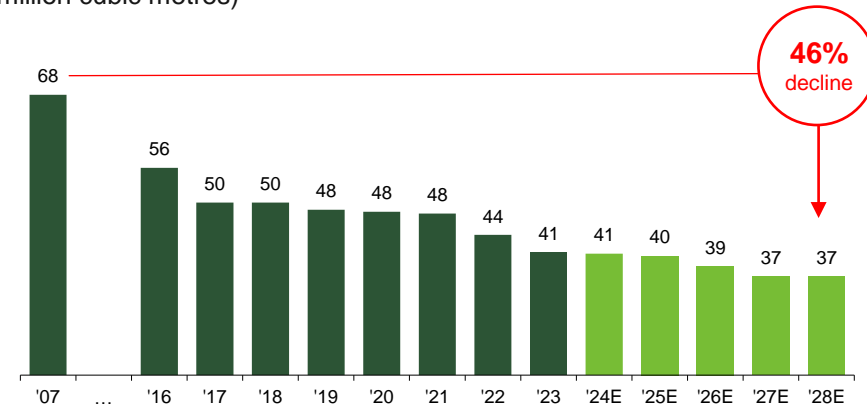
# North America Statistics: Supply / Demand

## North American Housing Starts (million)



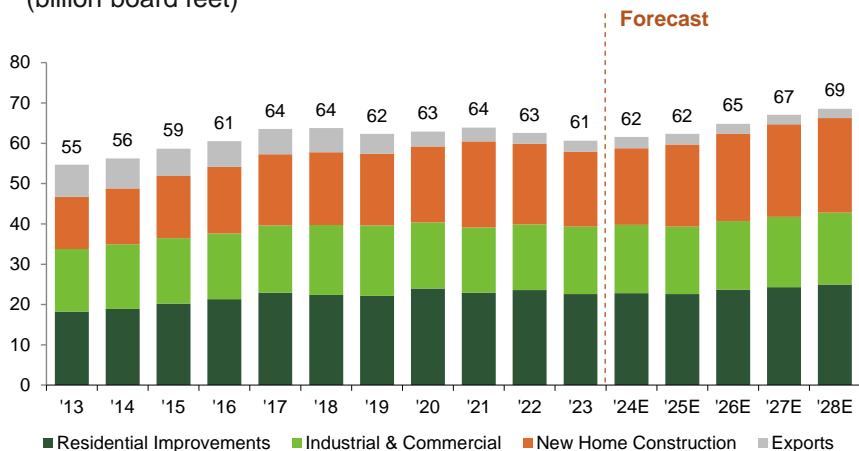
Source: Forest Economic Advisors (August 2024)

## B.C. Interior Allowable Annual Cut (million cubic metres)



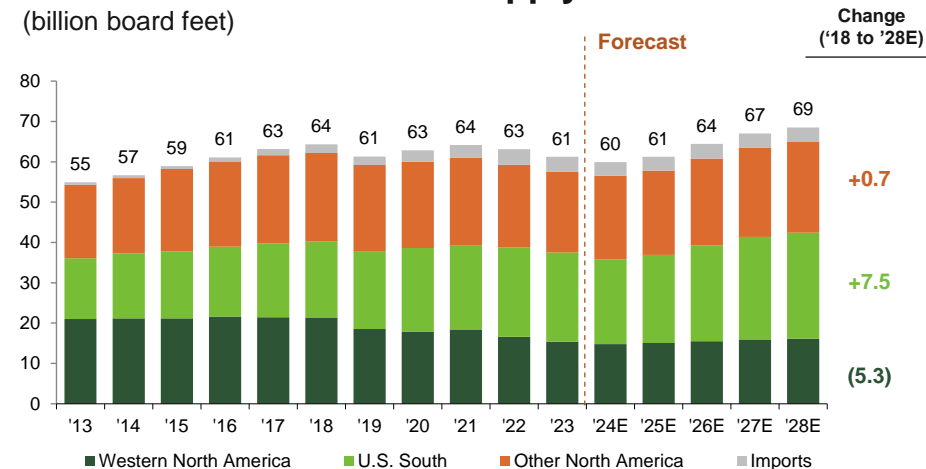
Source: Forest Economic Advisors (August 2024)

## North American Lumber Demand (billion board feet)



Source: Forest Economic Advisors (August 2024)

## North American Lumber Supply (billion board feet)

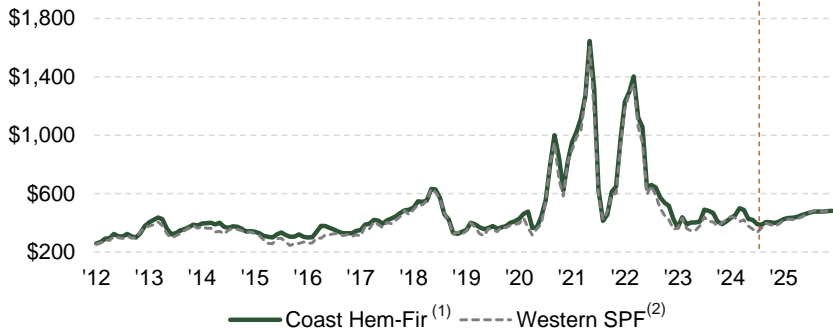


Source: Forest Economic Advisors (August 2024)

# North American Statistics: Lumber Prices

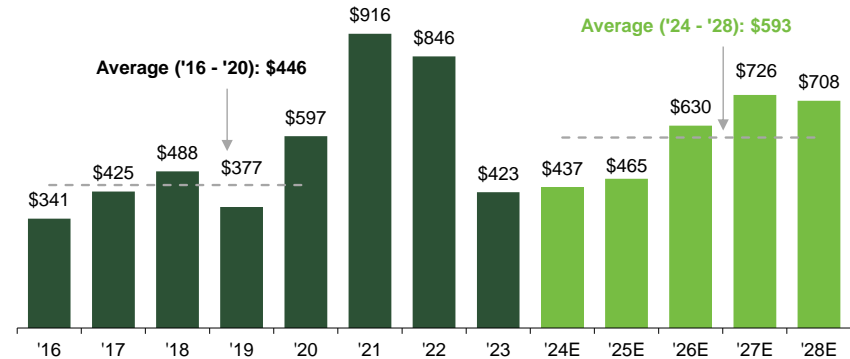
## North American Commodity Lumber Prices (US\$ per mfbm)

Forecast



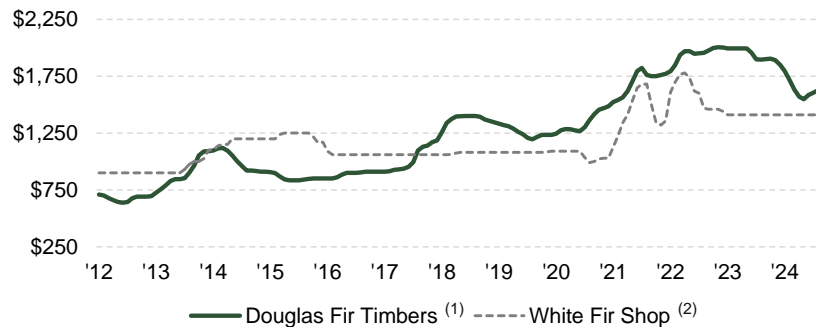
Source: Random Lengths; Forest Economic Advisors  
 (1) Coast KD Hem-Fir #2 & Btr 2x4, net f.o.b. mill  
 (2) KD W S-P-F #2&Btr 2x4 random mill prices

## Hem-Fir, Coast Commodity Lumber Price (US\$ per mfbm)



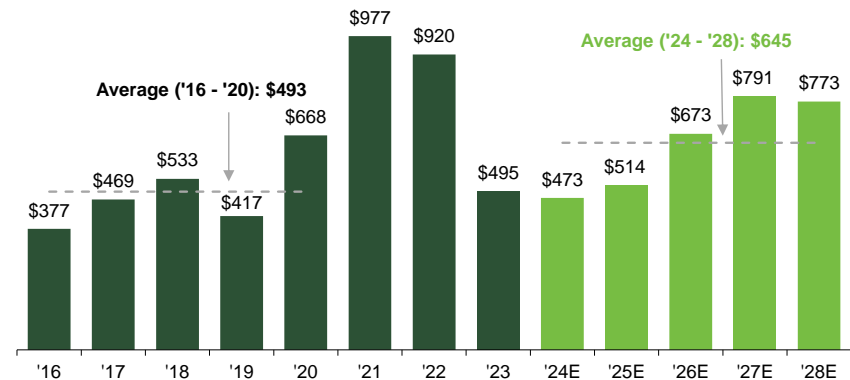
Source: Forest Economic Advisors (August 2024); KD #2 & Btr 2x4, net f.o.b. mill

## Other North American Lumber Prices (US\$ per mfbm)



Source: Random Lengths  
 (1) Green Douglas Fir (Portland) #1&Btr 100% FOHC 6x6 Rough  
 (2) KD White Fir Shop Moulding&Btr C&Btr 5/4 S2S

## Douglas Fir, Commodity Lumber Price (US\$ per mfbm)



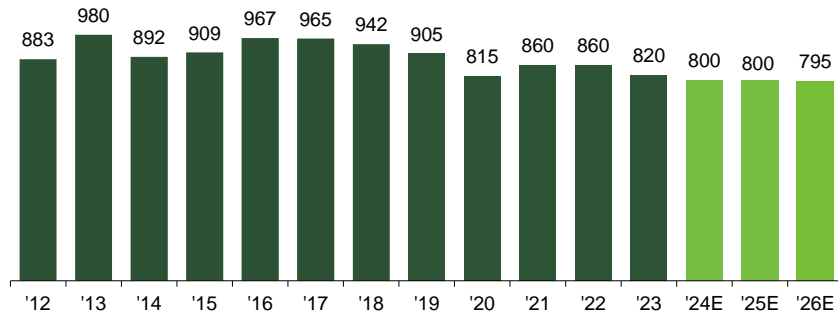
Source: Forest Economic Advisors (August 2024); KD #2 & Btr 2x4, net f.o.b. mill



# Japan Statistics

## Japan Housing Starts

(000s)



Source: Japan Ministry of Land, Infrastructure, Transport and Tourism; Bloomberg

## Douglas Fir Lumber Prices to Japan

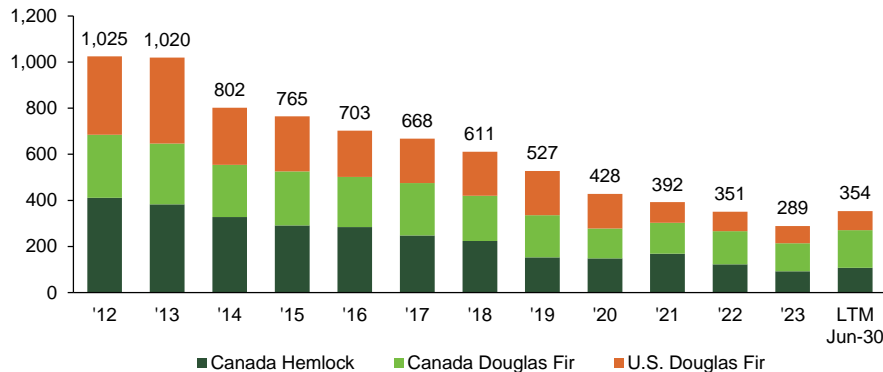
(US\$ per mfbm)



Source: Random Lengths: Green Douglas Fir Baby Squares Merch 4-1/8x4-1/8 RL S4S, c.&f. dest. Japan

## Lumber Imports from North America

(000 m<sup>3</sup>)



Source: Japan Lumber Importers' Association

## Hemlock Lumber Prices to Japan

(US\$ per mfbm)

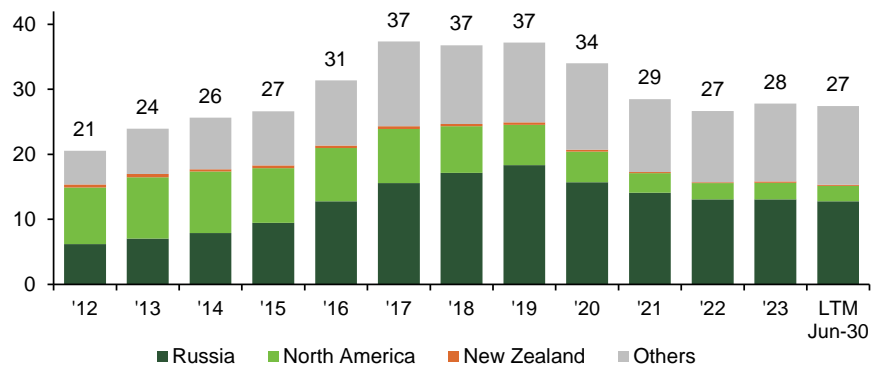


Source: Random Lengths: Green Hem Baby Squares Merch 4-1/8x4-1/8 13' S4S, c.&f. dest. Japan

# China Log And Lumber Statistics

## China Lumber Imports

(million m<sup>3</sup>)



Source: Forest Economic Advisors (August 2024)

## China Commodity Lumber Price

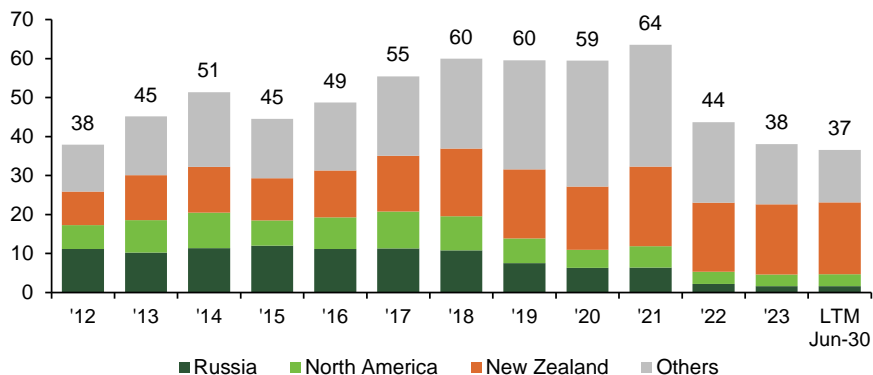
(US\$ per mfbm)



Source: Forest Economic Advisors – China Bulletin; Hemlock Lumber 2x4 (40x90) Metric RG Utility, c.i.f. destination Shanghai

## China Log Imports

(million m<sup>3</sup>)



Source: Forest Economic Advisors (August 2024)

## China Export Log Price From North America

(US\$ per m<sup>3</sup>)



Source: Forest Economic Advisors – China Bulletin; Hemlock, <30 cm diameter, 8 - 12 meters, cif. delivered Lanshan, Rizhao port, including VAT and fees

# **Appendix 3:**

## Other Supplemental Materials



# Environmental Stewardship

## Sustainability

- 100% of our managed tenures are third party certified
- Manage and harvest the entire forest profile over generations
- Only forestry company on the B.C. Coast to operate a seed orchard and tree nursery
- Reforest every hectare we harvest
- Planted 6.3 million seedlings, more than 3 for every tree harvested in 2022
- Limit wood waste in our operations; utilize 100% of logs at our mills



## Climate Change

- 2,453,372 tonnes of CO<sub>2</sub> equivalent was removed as a result of Western's activities in 2022
- Forests play a key role in the global carbon balance and sequestering carbon
- Consider climate change in our forest planning
- Manage fertilization to improve soil nutrient to increase carbon sequestration in coastal forests
- Implement energy reduction / efficiency initiatives in our sawmills



## Biodiversity

- Maintain biodiversity and other environmental values to support forest health
- Standards in place that protect both species and habitat
- First forestry company in British Columbia to issue a policy on "Big Trees"
- Manage for water quality and quantity, community watersheds and streams / riparian areas



Western Is Committed To The Strongest Environmental Practices

# Social Responsibility



## Health & Safety

- Our goal is a zero-incident workplace
- Annual safety training for all employees and contractors
- ISNetworld certification process for contractors
- Comprehensive hands-on, job-specific training
- Independent audits and inspections
- Environmental, Health and Safety Board committee
- Comprehensive Health and Safety Management System



## People & Culture

- Provide equal opportunity and promote diversity at all levels
- Total rewards approach to compensation to attract, retain and motivate employees
- Support freedom of association and collective bargaining
- Invest in our people through annual training and education
- Women represent 22% of our executive officers
- 22% of executive officers self identify as being from a visible minority
- Indigenous employment is an important component for the diversity of our workforce



## First Nations & Community

- Committed to advancing mutually beneficial relationships and reconciliation with First Nations
- Positive working relationships with First Nations through 40+ active agreements, 6 active integrated resource management plans, and 5 joint venture and limited partnerships
- Engage with a broad range of stakeholders
- Stakeholders have provided feedback to our ESG progress and reporting
- Focus on supporting initiatives that promote culture, recreation, education and sustainability



Western Is Committed To Our People, Communities And Stakeholders

# Corporate Governance



## Best Practices

- Independent Board Chair
- Annual director assessments
- Annual say-on-pay voting
- Majority voting for director election
- Whistleblower hotline
- Comprehensive and transparent disclosure
- Extensive shareholder engagement
- Diversity and inclusion policy



## Board Composition

- 85.7% of directors are independent
- 50% of committees chaired by women
- Average director tenure of 3.4 years
- Average director age of 63 years
- History of 100% director attendance
- Equity ownership requirements for directors
- Diversity a consideration in director selection



## Executive Compensation

- Competitive pay to attract and retain talent
- Target compensation at levels near the median of our peer group
- 67% of CEO's target compensation is performance based
- Annual goal setting aligned with long-term strategy, ESG and shareholder value
- Clawback and hedging policies
- Performance based awards linked to various shareholder value metrics
- Minimum equity ownership requirements for NEOs and other executive officers

Western Is Committed To The Strongest Corporate Governance Practices

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