

Nimpkish Woodlands Advisory Committee Meeting
Minutes November 26th, 2015
Black Bear Resort, Port McNeill, BC
7:30 p.m. – 9 p.m.

Attendance: Kelly McMahon, WFP, Graham MacDonald, Town of Port McNeill, Pat English, RDMW, Trevor Egely, WFP, Stu Ellis, Steve Lacasse, Bill Nelson,

Regrets: Jon Lok, NWAC, Clint Cadwallader, WFP, David Jack, NWAC, Jessie Moore, NWAC, Ray Lutz, NWAC

Observers: Jon Flintoft, WFP, Jim McDowell, WFP, Andy Steinke, WFP, Ione Brown, VINWAG, Gunnar Wigard, VINWAG, Gaby Wickstrom, VINWAG, John Tidbury, VINWAG, Dave Trebett, VINWAG, Jeff Houle, VINWAG, Ray Harper, VINWAG, Rick Marcotte, Fred Robertson, VINWAG

Advisor: Paul Barolet, Stewardship Officer, MOFLNRO

Presenters: Mike Cass, Vice President, Timberlands, WFP, Shannon Janzen, Vice President and Chief Forester, WFP, Randy Boas, Divisional Manager, Englewood, WFP, Kindry Mercer, WFP Regional Engagement Coordinator

Facilitator: Annemarie Koch

Notes: Cortney Cameron, WFP and Annemarie Koch

1. Introduction and Safety Procedures:

Annemarie reviewed the safety procedures to follow in the event of a fire or medical emergency.

She offered the following introductory remarks:

Thanks to everyone for coming out tonight.

I would like to remind everyone that this is a regularly scheduled meeting of the Nimpkish Woodlands Advisory Committee (NWAC) and that we have revised the agenda to accommodate a request from members of the Vancouver Island North Woodlands Advisory Group (VINWAG) to meet with senior representatives of WFP to further discuss the recent CIFO amalgamation, as it relates to the Sustainable Forest Management Plan (SFMP), particularly the Criterion 5 indicators around community stability.

My thanks to members of NWAC for accommodating this request from VINWAG members, and to WFP representatives who have agreed to attend this meeting and discuss the recent CIFO amalgamation, as it relates to the Sustainable Forest Management Plan (SFMP).

We will begin with NWAC's regular business at 7:30 pm and a joint discussion with WFP representatives will commence immediately following the completion of the NWAC meeting.

As we have done in the past at similar meetings, we will be keeping detailed minutes of the discussion and the minutes will be published on our Public Advisory Group (PAG) website. If there are comments that you would prefer not be a matter of record, I ask that you indicate this during the meeting – is everyone all right with this?

We'll begin the discussion around 8 p.m., with the questions that were submitted prior to the meeting, and then open the floor.

We will, as usual, adjourn the meeting at 9 p.m. If you have further questions of WFP representatives, you are welcome to approach them following the meeting.

Thank you again. We'll proceed now with the regular business of NWAC.

Annemarie reviewed the objectives of the meeting, namely:

- To review the September 24th meeting minutes and selected action items;
- To circulate and respond to the annual participant satisfaction survey;
- To review a draft 2016 schedule of meetings;
- To discuss matters of relevance to the Sustainable Forest Management Plan, for example community stability, regarding the Central Island Forest Operations (CIFO) amalgamation with WFP VP Timberlands Mike Cass and VP and Chief Forester Shannon Janzen, and Englewood Divisional Manager Randy Boas, WFP;
- To confirm the date and content of the next meeting.

She then encouraged members to introduce themselves, for the benefit of the presenters and visitors.

2. Review of Minutes and Action Items:

Annemarie reviewed the minutes and action items from the September 24th meeting. She reminded NWAC members that she would be assuming they had read the minutes prior to the meeting. There were no additions or changes to the minutes. She added that she would not be addressing action items that were ongoing but only items that were to be addressed in the shorter term. Given this, Annemarie noted that there were six action items to address from the April 9th meeting.

Annemarie reviewed the action items from previous meetings (noting two items which had recently been completed) for which action was required in the short term, or for which reports were available.

Action Item 1: to follow up and see the feasibility of combining a number of targets for Indicator 5.1.1 that better reflect the economic and community benefits generated specifically in this DFA. It was agreed that Kelly should work with Jack and Bill to develop an additional target for Indicator 5.1.1 that shows Englewood's productivity in relation to other divisions in WFP

Responsibility: Kelly/Jack/Bill

Due Date: After divisional amalgamations are complete

Action Item 2: Determine the feasibility of a cross division PAG meeting- in Port McNeill

Responsibility- Kelly and Trevor

Due Date- ongoing in 2015

Annemarie noted that she was working with WFP certification coordinator Will Sloan and public advisory group liaisons Jon Flintoft and Kelly to develop a draft program, dates and venues and a budget for a possible all-PAG meeting on the North Island in the fall of 2016.

Action Item 3: Look at ways and means of generating greater awareness of the economic and environmental benefits of preventing loss of petroleum products such as oil.

Responsibility: Trevor/Kelly/Jack

Due Date: Ongoing.

Action Item 4: Refine Indicator 5.2.2 to include a greater scope of training opportunities available in the DFA, including training provided through contractors. Inclusion of the training completed by Bill 13 contractors. Information can come from the safety council audit at Randy's suggestion.

Responsibility: Kelly McMahon

Due Date: 2015 annual report

Annemarie noted that Kelly would be addressing this action item in the 2015 annual report.

Action Item 5: support Youth Forestry Initiative

Responsibility: Kelly

Due date: Ongoing

Annemarie reminded NWAC members of the October 22nd presentation on the North Island School District's forest academy program and members agreed that this initiative was worthwhile. It was noted that a group of public advisory group members and a WFP representative had agreed to move forward with jointly developing a recruitment strategy in the New Year.

Action Item 6: Continue to discuss membership and representation on NWAC to ensure that vacant sectors are filled and to see if any new sectors should be added.

Responsibility: Kelly and Annemarie

Due Date: ongoing

Annemarie noted that she had spoken to Ray Lutz and that he intended to return to NWAC, once his health improved and he was able. She asked members if they agreed with her approaching Ray to find an alternate to represent fish and wildlife interests in the meantime and they agreed that she should do this.

She added that she would be meeting with Jeff Jones to see if he would represent Mount Cain on NWAC.

Action Item 7: Set up a presentation on the TSOL Joint Venture Between WFP and Atli Forest Products for a Future Meeting

Responsibility: Kelly

Due Date: Early in 2016

Action Item 11: Arrange for a presentation on the relative rate of carbon uptake at different seral stages.

Responsibility: Kelly

Due Date: Some time in 2016

Annemarie noted that both of the above action items had been incorporated in the draft 2016 schedule of meetings.

Action Item 12 : Bring new draft targets including additional variance for Indicator 5.1.1. to NWAC for review and consideration

Responsibility: Kelly and Trevor

Due Date: For next annual report, to be reported under “Strategies and Implementation.”

Action Item 15: Revisit biomass development opportunities with a future presentation at NWAC

Responsibility: Kelly

Due Date: Sometime in 2016

Annemarie noted that this item could be included in the 2016 schedule of meetings, perhaps in conjunction with the presentation on carbon uptake, and added that the group should also look at soil sensitivity and mitigation measures, as this topic was a new discussion item under the revised CSA standards.

Action Item 16 : Revisit the feasibility of combining a number of targets for Indicator 5.1.1 that better reflect the economic and community benefits generated specifically in this DFA after the CIFO amalgamation is complete.

Responsibility: Annemarie

Due Date: Sometime in 2016

Action Item 17: Talk to Ray Lutz about recommending an alternate to represent fish and wildlife interests until Ray can return to participate in the meetings.

Responsibility: Annemarie Koch

Due Date: early 2016

2. Distribution of annual participant satisfaction surveys.

Annemarie noted that some members had already submitted responses via email and she encouraged anyone who wished to, to respond either by email or with hard copies. She noted that the surveys are part of a process of continuous improvement and that constructive input was helpful.

She thanked those who had submitted their responses already and invited everyone else to submit their responses to her or to Kelly by a December 11th deadline.

3. Discussion of Draft 2016 Meeting Schedule

Annemarie noted that copies of the draft meeting schedule had been circulated with the meeting reminder and asked members for their input on the draft. She reminded members that some of the topics had previously been requested and carried forward through the action items, and that some of the topics had been suggested because they were new mandatory discussion items under the revised CSA standard.

She asked members to give some thought to the draft schedule and get back to her by early in the New Year, so that the schedule could potentially be confirmed at the February meeting.

4. Discussion of the CIFO Amalgamation: Shannon Janzen, VP and Chief Forester, WFP, Mike Cass, VP Timberlands, WFP, Randy Boas, Englewood Divisional Manager, WFP

Annemarie opened the discussion by reminding the meeting participants that she would be posing the questions submitted prior to the meeting by public advisory group members, and then opening the floor to questions.

Questions that were submitted prior to the meeting are numbered below, and the response from WFP is summarized. Supplementary questions from the floor are also included under the respective questions:

1. Why wasn't Englewood merged with NIFO since the wood from that operation comes this way?

WFP: Much of the wood that is being harvested in the Nimpkish Valley is being used to supply WFP's manufacturing facilities on the South Island. The creation of a new administrative operational unit, encompassing Gold River's operations on the west coast, the Nimpkish Valley and the Mid Island operations out of Campbell River provides more flexibility for shipping any wood that is sold off- island by barge out of Gold River, Beaver Cove or Menzies Bay or Sayward.

PAG Member: Movement of the administrative offices of Englewood to Campbell River does not contribute to community sustainability on the North Island.

WFP: the best way we can ensure community sustainability is to ensure our operations remain profitable, and the reorganization of administrative units was one of the best ways for us to do this. Our experience with the creation of the North Island Forestry Operation has, for the most part, increased productivity and profitability.

2. Is there a way that WFP could contribute more to North Island communities, in the interests of recruiting a stable workforce?

WFP: We have undertaken several initiatives relating to recruitment. Recruitment strategies are very important to WFP. We do face challenges attracting key talent to the area, but we are working with the communities and supporting the hiring and training of local people. For example, we ran the loggers fundamentals training program.

We understand that recruitment to replace thousands of new jobs that will be created through retirements over the next 3-5 years is critical to the long term success of the industry, and we know that attracting workers to a rural area is especially challenging.

Geographically, Woss is a part of the North Island and the majority of employees who work there are from the North Island and we will continue to hire from North Island communities. For example, of the 25 people we have hired since early June, seven were from Alert Bay, seven from Port McNeill, four from Woss and seven from Campbell River. First Nations people want to live and work here and we want to hire people who want to live and work here.

PAG Member: Long commutes are not good for productivity or the safety of workers – it's better to have employees living in communities closer to where they work.

3. Is WFP considering extending the model for CIFO to the entire North Island and making Campbell River the administrative office for the entire North Island?

WFP: Currently, we have no plans under way to consolidate one large Campbell River office. Our experience with the NIFO consolidation in 2014 was positive. We believe the CIFO consolidation will prove beneficial to our operations and productivity is good and employment is stable at this time. Change is always a possibility, but we are not thinking about this right now.

PAG Member: “You need to know more about our interests and we need to understand yours through more dialogue. We need to better understand your motivation and you need to know more about ours, so that we can work together to accomplish shared values.

WFP: We could do a better job with maintaining a dialogue. We want to work with communities, ensure safety of our employees, support community values, hire in communities, and we want to always improve what we are doing. With the constraints of confidentiality and labor laws, we can't share everything we are doing with you. However, once decisions are made, we need to look at how we can involve the community more through the public advisory groups. We are working on that. We understand there is disconnect and need to have more conversations so we both understand each other. The Public Advisory Groups are very important and we want to increase the dialogue.

PAG Member: We would like to be able to provide input prior to major decisions that affect community stability being made.

4. Are communities within the North Island and Nimpkish DFA's included in WFP's recruitment strategy to replace forestry workers who will be retiring over the next five to ten years?

WFP: Since 2013, 18 of 23 new employees have come from north of Woss.

PAG Member: Do you feel it will be more difficult to hire people locally with the changes that you are proposing with CIFO, including the move of your administrative offices for Englewood down to Campbell River, and the move to continuous shifting - will more hires come from down island?

WFP: I believe we will keep targeting hires on the North Island and that shifts will not create the issues that people assume they will. We need to create an environment that draws people to come live here. What attracts us? How do we build on that and make people want to come here?

PAG Member: When the mine went to longer shifts, we saw a big decrease in the number of people living in our community. Workers lived in apartments and groups would stay for 4 days then second group would come, and our population dropped substantially. The same thing happened when the Port Alice mill went to longer shifts.

5. Please comment on the following perception, by a public advisory group member, of the current CSA certification process:

"It appears head office is only concerned about meeting legislated requirements, and any other issues (i.e. benefits towards local groups or community) are no longer part of their agenda - even though they are part of the CSA certification framework. It appears to me we are now just a group to ensure regulations (cut levels, woody debris requirements, fire suppression, spill control, etc.) are being met, and that we are only consulted by the company when there is an issue with these regulations not being met. Local and community issues that are clearly under Criterion 5 of the CSA guidelines (i.e. new hires, environment, training etc.) are continually in flux and dependent on "funding from other sources.". As a result, many of the issues we have identified as important to our area appear only to be supported if funding comes from various other initiatives. I did not believe this was our intent or our mandate from the beginning.

In other words, according to our sustainable forest management plan, community sustainability is a priority, as reflected by indicators related to new hires, training, opportunities for suppliers, and investment in initiatives that contribute to community sustainability, but WFP's level of commitment to meeting these targets does not seem to match the priority status given to community sustainability."

WFP: Many of the changes that are affecting our industry are global in nature and we need to find ways to continue operating in this competitive environment and support communities at a local level. This will require an ongoing dialogue. We need to do a lot better job at the community level, and our commitment is to do a better job and we commit to regularly come to meetings and give you key updates about where we are going. The business climate is changing rapidly and we need community support in order to remain competitive. The more dialogue we have, the more we can understand each other.

PAG Member: My concern is that you are not investing in our community, not in new technology, or new ideas, and we don't hear that or see that anywhere. There are opportunities in waste wood that we are not investigating, and we are not increasing our volume or making more money that can be re-invested in our communities.

WFP: Our company went from dire straits after the 2008 downturn to being a profitable operation with a positive EBITDA. Our shareholders say we earned the right to invest in our facilities, and we have subsequently invested \$125 million in our manufacturing facilities so we can even out our business cycles. We have been investing slowly in heavy equipment for our timberlands operations, but not keeping pace with needed capital. Our shareholders are saying we have to continue to earn the right to spend any money in capital. We are one of the few companies that do not borrow and are generating enough EBITDA that we can take a portion to pay shareholders, pay down our debt and invest in our operations. With respect to wood waste initiatives, we are engaged with FP Innovations, and doing what we can to keep the North Island Chipping plant and the Sea Soil operations going. However, there is not a lot of margin in waste wood.

PAG Member: When WFP went broke, it hurt Port McNeill a lot – lots of businesses lost money...I am very skeptical of where we are going in the future if there are no new investments in the industry or in our communities.

6. *As per Section 1(vi) of the Terms of Reference, interested parties shall have opportunities to work with the Company to, discuss and resolve issues relevant to sustainable forest mgmt in the DFA. I believe that the changes that are being proposed for the CIFO are potentially harmful to the long-term sustainability of the small communities of the North Island, and also to sustainable forest mgmt in the DFA.*

The challenges of sustainability, whether it is related to the Company or to the Communities, are very complex and challenging. I think the rural communities within BC are starting to see that for change to happen, people must be engaged and empowered. Participating in groups such as the Public Advisory Groups for WFP gives the stakeholders in the community an opportunity to discuss and engage with WFP and to ensure that there is an understanding by all parties of how the community is driven to sustain itself. Or rather, it can move people from becoming a "recipient of service" only to an "architect of change" if that is the actual goal of participation.

The concern here is the change in the Central Island Forest Operation to a continuous shift model and the effect of that on our North Island communities. I think we all understand that once workers start working a continuous shift, or start going off to camp, that their families are much less likely to stay rooted in the community and that the workers are unable to volunteer in a reliable manner in the community. Our communities rely on volunteers, not just to coach sports teams but also to run the Curling Club, to participate in the Bowling League, to run the Fire Department, to volunteer with community organizations such as the Kinsmen, Lions' Club, the Legion, the Rotary Club and many others. Without these volunteer organizations, that are already struggling, our community starts to become a very unattractive place to live. If the families start to leave, and they will, how will we ever recruit workers to come here to stay? WFP has asked the group to help develop a Worker Recruitment Strategy. That process will take time and considerable effort on the part of the whole community, along with strong participation from WFP.

I feel very strongly that to attract young workers to stay in the community and work, or to attract people to come here to live, we need to have a well-rounded, resilient community with a diversity of opportunities. Lately, a fear regarding WFPs commitment to the community and potentially moving to a continuous shift for the North Island Forest Operation seems to have surfaced and the discussions around town are common. We've already seen the amalgamation of Jeune Landing, Port McNeill and Holberg and the towns wonder when NIFO is going to do the same.

How does WFP propose that this group participate and help develop a Worker Recruitment Strategy when a portion of their operation makes moving to the North Island less attractive to workers? And how does WFP assure the group that the North Island operations will not make the same changes? Most importantly, how much is WFP willing to commit to the sustainability of the North Island (e.g. working with the community to develop sustainability strategies (diversifying), training and developing new workers, keeping offices and employment local, assisting with local initiatives such as the high school Forestry Program, etc.)?

Thank you for your time and attention.

WFP: We are working on recruitment strategies and this is a great opportunity for these groups to provide feedback. Being here and having this dialogue is key. It gives us a closer

connection with our public advisory group members, and identifies more key issues to us to watch for. We are looking at lots of safety programs and will provide regular dialogue on these matters.

There was a need to build capacity locally, and give young people here more exposure to the forest industry – this was a major impetus behind the development of the high school's forest academy.

We've worked through the difficult economic times for the company since 2010, and now we can look forward to working on recruitment. This is a great opportunity for this group to provide feedback.

Since 2010, the company focus has been to build the base, strengthen the foundation, so we can grow the business. The next step is being aggressive in recruitment. We need to be able to invest and look at how to grow and attract the right people. Recruitment and retention are a primary focus for us.

Right now we are going through change, we have to evolve, and maintenance of steady employment is key. Given the choice, people would take shift work over being laid off for 6 months as in previous years.

PAG Member: Why do you have to have so many different shift options?

WFP: We need to exercise a variety of shift options to maximize equipment use and production levels. Four and four is the least popular shift option and it's the one currently being offered the truck drivers. We are going to see if there is a different shift combination that maintains productivity levels.

PAG Member: Our concern is for the effect of the new shift options on workers, especially workers with families. Going to continuous shifts reduces the amount of overtime that workers can take home and ultimately invest in their communities. If there is no overtime, there will be less interest from people in working here and we will tend to have a more transient workforce.

WFP: We've received many applications for work from people living here on the North Island, especially workers who are returning from the oil patch. The company's focus has been to build the base, and strengthen our foundation so we can grow the business. Our next step will be to aggressively pursue recruitment. We need to be able to invest and look at how to grow and attract the right people. Recruitment and retention are a main focus for us now.

7. The following email was contributed by Jon Lok, and NWAC member who could not attend but would like to contribute to a positive dialogue:

I apologize I won't be in attendance Thursday evening to participate with the guests, Shannon Janzen and Mike Cass. I am in an ABCFP council meeting in Vancouver Thursday and Friday.

I would like you to let them know that I understand the pressures the EFO faces, and WFP as a whole, and that difficult times make for difficult decisions that may not be understood by all - which may result in fear, animosity and criticism being leveled at WFP (rightly or wrongly).

As I mentioned during my presentation in October, I believe that some of the most important elements for mutual success are predicated on the partnership model between businesses, employees and communities and that the shared vision we were discussing does not only apply to the attraction and engagement of a skilled workforce in the North Island, but to the foundational success of WFP's business and the communities in which we all live.

I don't subscribe to the notion that it is WFP's obligation to support our community, or any community for that matter, but that it a shared-value model is in fact "good business" (plain and simple) to recognize the key levers of sustainable, long-term prosperity for everyone - WFP in particular.

Trying to convey my ideas by email is not going to work and, as I mentioned, I'm unable to attend in person, but I'd like to put forward the offer to meet with Mike and Shannon (and other WFP folks as interested) in person to better participate in the conversation. Having the two of you part of that conversation would be helpful also, but may be impractical given time, travel and other considerations.

I guess I just want to extend my offer of support, perspective and experience in building shared value (for what it's worth) to help make WFP, north islanders and our communities thrive and prosper... not through entitlement, subsidization or any other unsustainable means... but through legitimate partnership and process improvement for everyone.

Given this background, Jon has asked members of the PAG and WFP to consider the following questions, as they relate to shared values of the community and the company:

What does community sustainability look like? To PAG Members? To WFP? Where do these values overlap? Is there a way that WFP and community representatives can work together to mutual benefit?

WFP: We agree that it will be productive to define what the company's role is and what the community's role is in ensuring sustainability. Where we share values, where the roles overlap, that is where we need to work together.

From our perspective, defining what community stability is – it is the ability to adapt to change – and this demands that we be prepared for future change. What is the role of WFP? The role we see is we want to ensure that we can maintain a continuous operation, and sustain our business into the future. We believe we can work with communities in implementing an effective recruitment strategy, to attract a talented workforce to the North Island.

We can also look at balancing large scale purchasing, with purchasing items and services from local businesses.

We'd like to revisit your regional priorities. For example, we assume that recreation is important to the community and we maintain recreation sites, and fish hatcheries. We want to be sure that what we assume is important to the community is aligned with what you think is important. We need to determine how we work together to communicate these priorities and to align our visions of community sustainability.

PAG Member: I thought we had already communicated our vision of community sustainability with the indicators and targets that we developed for Criterion 5. Maybe we need to be more clear with that and refine our targets.

WFP: Our goal is to attract capital to the North Island wherever we can. Let's talk about that and what it looks like. There isn't much disposable capital to invest in a competitive industry like forestry, so setting priorities will be useful.

PAG Member: Our community involvement and support for the CSA process has been consistent from the start. Many of the environmental practices have become enshrined in legislation, but the value of sustainable communities has not been similarly protected under the certification process. We need to be more clear about our priorities for maintaining our communities and to work that into the Sustainable Forest Management Plan. We need to look at changes like continuous shifting and determine if they are having an impact on our communities. We need to use the public advisory part of the CSA certification process as a way of communicating what's important to sustaining our communities.

WFP: We need our certification in order to productively participate in the market. This is another area where we share values and we can work with communities.

PAG Member: We're still hearing the same story about sustainability, from 1965 to 2015.

From your perspective, what is your priority request from the community to help you remain sustainable?

WFP: Ongoing dialogue is a start and we are committing to that. Our goal is to make our company sustainable and yours is to make your communities sustainable. The vision is for WFP is to be sustainable through the market cycles.

PAG Member: Please remember that you are dealing with the entire North Island, including Port Hardy, and not just Port McNeill, when you consult with communities in the region.

WFP: We understand that our dialogue must be with communities throughout the region. Our company has a history of building communities on the North Island, and we need to revisit that culture.

PAG Member: I have worked for the company for 37 years and the company was always involved with community initiatives, but now there is a disconnect. We need to know you and you need to know us. All this being said, the last seven years have provided good steady work for me as an individual.

WFP: Are PAG members not seeing enough higher management attending our meetings?

PAG Members: We would like to see higher level management on the North Island more often, and to take them out to the bush more often.

WFP: Thanks for having us and for all of your input. Our leadership group will make sure we keep communication going. We will certainly be back if invited.

5. Next Meeting:

Annemarie noted that the next meeting was tentatively scheduled for February 11, 2016. She thanked members for their participation throughout 2015 and wished them all the best for the holiday season and into the New Year.

Annemarie thanked the presenters and meeting participants and bid them a safe journey home.