Social License to Practice Forestry

Todd A. Payne - CEO
Seneca Family of Companies
Company Overview - Seneca

- Founded – 1953
  - Celebrating over 60-years
- Lumber Production
  - 1953 – 18 mmbf
  - 2018 – 650 mmbf
Company Overview - Seneca

- **Seneca Family of Companies**
  - Seneca Sawmill Company
    - 4-lumber manufacturing facilities
  - Seneca Jones Timber Company
  - Seneca Sustainable Energy

- **Employees** – 450

- **Ownership Transition:**
  - Aaron Jones
  - Becky, Jody & Kathy Jones
100% TREE UTILIZATION: A MASSIVE ACHIEVEMENT

1" - 3.5" Diameter Whole Log Chipper

3.5" - 7" Diameter Stud Mill Small Log Breakdown

7" - 12" Diameter Stud Mill Large Log Breakdown

12" + Diameter Dimension Mill

All remaining material from logging and mill processes is utilized as biomass fuel for our Cogen Plant.

Utilizing every part of every tree is a Seneca hallmark. We believe we do that better than any other lumber mill on earth.
Dimension Lumber – 2x4-2x14 (8’-28’)
Dry & Green Douglas-fir
2x4-2x6 (8’, 9’ & 10’) - Dry & Green Douglas-fir Studs, Dry Hemlock Studs
Noti – 2x4-2x6 (8’-24’) & RR Ties/Timbers
Green Douglas-fir
Seneca Jones Timber Company

- Founded – 1992
- 170,000 acres
  - Three major land purchases
    - Smith River Tree Farm – 1989
    - Champion Tree Farm – 1992
    - Pope & Talbot Tree Farm – 1992
- 90% more timber today than 1992 (same acres)
- Lands managed on a sustainable yield
Seneca Sustainable Energy

- 19.8 MW renewable energy facility (wood biomass)
- Cogen – generating power and thermal energy from a single fuel source (wood biomass)
  - Steam – existing dry kilns
  - Steam – power generation
  - 100% of output to the grid (EWEB)
Seneca Sustainable Energy

- Project cost - $65,000,000
  - 25% or $16 million dollars dedicated to emission control equipment & technology
- Provide annual energy needs for 13,000 homes
- **Firm** source of renewable power
  - Non-firm – solar & wind
- Provide the capability to dry larger percentage of our lumber in the future
Then and Now……

October 9, 2009

May 9, 2011
2015-18 Mill Upgrade Project

Project Overview

- Investment - $63,000,000
- Time line
  - March 2015 – December 2018
- Project scope
  - Dimension Mill/Planer Upgrades
  - Stud Mill and Dimension Mill Dry Kilns
  - New Shipping and Rail Loading Area
  - New Log Yard Addition
- Fundamental shift in the lumber market
  - Green vs. Dry
Future - Seneca

- **Strengths**
  - Family focus
  - Community member for more than 60-years
  - Premier timber growing region
  - Good workforce
  - Good access to transportation – I5, UP, BN

- **Generational Change**
  - Owners
  - Executive Management

- **Commitment............**
Social License to Practice Forestry
Social License – Overview

- Social License – What does it mean?
- Forestry Context
  - Past – Present – Future
  - Elements
- Roles / Responsibilities
  - Forest Landowners
- Success
  - How does it look like
- Conclusion
  - Simple, but necessary take-aways
Social License – The Basics

- Social License – What does it mean?
  - *Social license* exists when a project or practice has an ongoing approval or broad social acceptance.
  - Based on the idea that companies need not only regulatory permission, but also a “social permission” to conduct their business.
    - Particularly in sectors with highly visible business practices.
  - Not only does the *Social License* have to be *earned*, but more importantly, it must be *maintained*.

- PUBLIC PERCEPTION ............
Social License – General

- Social License – What does it mean?
  - Steps to acquiring a social license:
Social License – Forestry Perspective

- Past
  - Oregon was built on wood products
  - Provided much needed employment
    - Especially for rural communities
    - Key economic driver
  - Broad support
Social License – Forestry Perspective

Present

- Oregon’s economy and population are more diversified
  - Forestry is still relevant
- Rural Oregon vs. Metro Oregon
- Greater environmental awareness
- Media impacts
  - Larger, broader reach
  - “Instant” news
  - Social media
- Communication / Education
  - We’re behind, but that’s changing
Social License – Forestry Perspective

Future
- Very Promising……..
- Strong, diversified coalition
- Constant and consistent messaging
  - Foundation - renewable & sustainable
- New and Innovative Products
  - Cross Laminated Timber (CLT) or Mass Plywood Panels (MPP)
  - Nano-Technology
- Evolution
  - Manual & mechanical
    - To high-tech & futuristic
Social License – Forestry Perspective

Elements of a Social License

- Recognize the challenges
  - Visible industry
  - Changing perceptions about forest practices
  - Lack of trust – We’re playing from behind
  - Time and money pressure
    - Lack of capacity to engage community (historically)

- Prioritize needs
  - Develop community acceptance, understanding and support
  - Build trust
  - Identify key influencers

- Resource dedication
  - Targeted efforts
Roles / Responsibilities - Industry

- Easy story to tell
  - Renewable and sustainable
  - Carbon friendly
- Developing “green” movement
  - New building products / techniques
  - Promoted by architects and engineers
- Growing-adapting-innovating

**Simple Fact:**
- Oregon is the #1 lumber producing state
- Lumber is produced from sustainably managed forests
Roles / Responsibilities - Industry

- Advocacy comes in many shapes and sizes
  - Forestland Owners
  - Communication Specialists
    - Return on investment (ROI)
  - Professional Foresters
  - Technology – i.e. virtual reality

- Associations
  - Oregon Small Woodlands Association (OSWA)
  - Oregon Forest & Industries Council (OFIC)
  - American Forest Resources Council (AFRC)
  - Society of American Foresters (SAF)
  - National Alliance of Forest Owners (NAFO)
Roles / Responsibilities - Industry

- Advocacy comes in many shapes and sizes cont.
  - Grass Roots Groups
    - Lane Families for Farms and Forests (LFFF)
  - Education
    - Oregon State University College of Forestry
    - Oregon Forest Resources Institute (OFRI)
    - Forest Today & Forever

- Certification
  - Sustainable Forestry Initiative (SFI)
  - Forest Stewardship Council (FSC)
  - American Tree Farm System
  - Oregon Department of Forestry
Roles / Responsibilities - Industry

- Seneca Experience:
Roles / Responsibilities - Industry

- Volunteer efforts
  - Oregon Plan for Salmon and Watersheds – 1997
    - Lottery dollars, private funding
    - Watershed Counsel development
    - Diverse group of partners
      - Private, State and Federal
  - Industry conservation efforts
  - Recognition

- Community support
  - “Quiet givers”
  - Right reason
Roles / Responsibilities - OSWA

- OSWA carries a unique voice
  - Public perception
    - Small Private vs. Industrial
    - Gentler, kinder voice
  - “Relatable”

- Important role
  - Advocacy
  - Critical link in the forestry story
Social License Success

- Decided in the court of “Public Opinion”
- Ongoing practice, not an end result
  - Sustainable
- Internal and external advocacy
  - Development of external “bench strength”
- Education & messaging – key to success
  - Constant and consistent
  - Proactive, not reactive
Conclusion

- Social License to Practice Forestry - Reality
  - Issued by society
    - Takes time to build
    - Listen, understand and demonstrate we care (sincere).
    - No measurable metric – public perception
  - Must be earned, must be maintained
  - Broad participation
    - Forest Landowners – Big & Small
      - **OSWA** plays a critical role
    - Develop external advocates
  - Education & messaging – key to success
    - Constant and consistent
  - *Story and momentum are on our side*
Questions