

July 15, 2009

Ms. Annabel Short
Head of Program
Business & Human Rights Resource Centre
333 Seventh Avenue, 14th Floor
New York, NY 10001

Dear Ms. Short:

Thank you for the opportunity to respond to the press release from the Rainforest Action Network describing the decision by Calvert Investments to remove Weyerhaeuser from its Social Index. According to Calvert they are concerned about Weyerhaeuser's role in negotiations underway between the Grassy Narrows First Nation and the Province of Ontario to resolve claims related to the Whiskey Jack forest.

Weyerhaeuser is not a party to the negotiations but fully supports them. The issues and our position are described in our on-line sustainability report at <http://www.eyerhaeuser.com/Sustainability/Well-Being/IndigenousPeople/GrassyNarrows>.

It is widely acknowledged that resolution of aboriginal issues in Canada requires solutions developed between the First Nation governments and the provincial or federal government – that is, through government-to-government relationships. In 2006 Weyerhaeuser called on the government of Ontario to work directly with Grassy Narrows First Nation toward resolution of their claims. The negotiations began in late 2007 with the appointment of the former Supreme Court Justice Frank Iacobucci to investigate long-standing disputes between Grassy Narrows and the Province.

Justice Iacobucci's report and subsequent discussions resulted in a framework agreement defining activities the parties will undertake. This was followed by a process agreement defining governance and other processes to negotiate final agreements. These agreements reflect those in place to resolve aboriginal claims across Canada. See <http://www.ainc-inac.gc.ca/al/ldc/ccl/index-eng.asp>. They are expected to take many years to conclude, as lengthy and deep engagement is necessary to build trust among the parties and resolve complex and historic issues. It may well be the case that the engagement will never be fully concluded, but will continue to evolve with changing circumstances.

A key issue in the discussions has been the extent to which timber harvest takes place during the term of the process agreement. This has been an important question for Weyerhaeuser, because we purchase wood from the Whiskey Jack forest to supply our TimberStrand[®] engineered wood mill in Kenora, Ontario. The future of the mill depends – as does that of other area mills – on maintaining a reliable supply of wood from affordable sources. Kenora is located at the center of two large areas of publicly owned land: the Kenora and Whiskey Jack forests. Weyerhaeuser's mill – supporting 1,000 direct and indirect jobs – depends on wood from these two forests for over 70% of its supply.

The framework and process agreements negotiated between Grassy Narrows and the Province expressly provide for continued forest operations on the Whiskey Jack forest. Harvesting is taking place at low levels under a three-year interim forest management plan approved by the Province. Grassy Narrows agreed in the framework agreement to respect the rights and interests others have in the Whiskey Jack forest, and agreed in the process agreement on aspects of forest management, including avoiding harvesting that jeopardizes the conduct of a pilot forest management project. The parties also agreed to a process for input on activities that could have a substantive impact on the process and outcomes contemplated by agreement.

Weyerhaeuser has strongly supported the negotiations between Grassy Narrows and the Province in a number of ways: we have provided our full cooperation to Justice Iacobucci; members of the Grassy Narrows First Nation have toured our operations; we helped Grassy Narrows obtain financial support from the Province for the discussions; and we have made ourselves fully available to provide information and to discuss issues.

We also invited Grassy Narrows First Nation leaders to join discussions underway on the neighboring Kenora forest, which is licensed to Weyerhaeuser, aimed at including First Nations in a cooperative management structure. We hope our practices on the Kenora forest serve as a model for alternative harvesting practices and for relationships with First Nations that respect traditional values and provide economic opportunities. The Kenora TimberStrand[®] mill is another model, constructed with close community involvement, including a concerted effort to attract and retain the indigenous peoples who represent about 23% of the workforce.

We have been in dialogue with Calvert for a number of years and share a common view of the importance of a lasting and inclusive resolution of the issues related to Grassy Narrows. At Calvert's request Weyerhaeuser's CEO Steve Rogel documented that support in a February 28, 2008 letter to Justice Iacobucci, a copy of which is attached. Also at Calvert's request, we prepared a comprehensive report on our policies and relationships with indigenous peoples, which can be found at <http://www.weyerhaeuser.com/pdfs/sustainability/WYAndIndigenousPeoples.pdf>. Page 9 of this report is devoted to a discussion of Grassy Narrows. When Calvert asked Weyerhaeuser to investigate the feasibility of operating the Kenora mill without any wood from the Whiskey Jack forest, we did so, providing our assessment to Calvert and working with the Province to find as much affordable, alternative supply as possible. We have consistently concluded, however, that a reliable supply of hardwood from the Whiskey Jack forest is essential to the mill and to the employment it brings to the area.

According to Calvert's press release, their specific concern is that "neither Grassy Narrows nor the Province of Ontario will have the information necessary to make informed decisions about whether and where logging should take place without undertaking the steps indicated in their negotiation such as conducting a Traditional Land Use and Occupancy Study." We agree these are important questions. We disagree with the implicit assumption that the governance structure and processes defined through government-to-government negotiations between the Grassy Narrows First Nation and the Ontario Minister of Natural Resources are inadequate to address them.

We wrote to Calvert asking about the basis for their conclusions, and were disappointed when they declined to provide any additional information. We can only assume they have taken the position they advocated before Justice Iacobucci's appointment, which was that no economic activity should take place while the process of consultation and accommodation of Grassy Narrows' claims is unfolding. Weyerhaeuser could not support that position, both for reasons specific to Kenora and because extended more broadly, it would result in a standstill of Canadian forestry operations and remove many of the most obvious and fruitful sources of income and employment from local and indigenous communities.

Weyerhaeuser is committed to supporting the dialogue between the Province and Grassy Narrows First Nation, and we look forward to being a constructive participant in the results of that process. We will continue to seek opportunities to deepen our relationship with Grassy Narrows First Nation, and to help carry forward the processes defined through the important work of Justice Iacobucci. We are confident this will result in the best possible outcome for all parties.

Sincerely,



Cassie Phillips
Vice President
Sustainable Forests & Products

cc: Barbara Krumsiek, CEO, Calvert Investments
Anne Giardini, President, Weyerhaeuser Co. Ltd.

