



REPORT Forest Certification



Sierra Pacific Industries

Washington and California Woodland Operations

SFI Re-certification Audit

August 2016

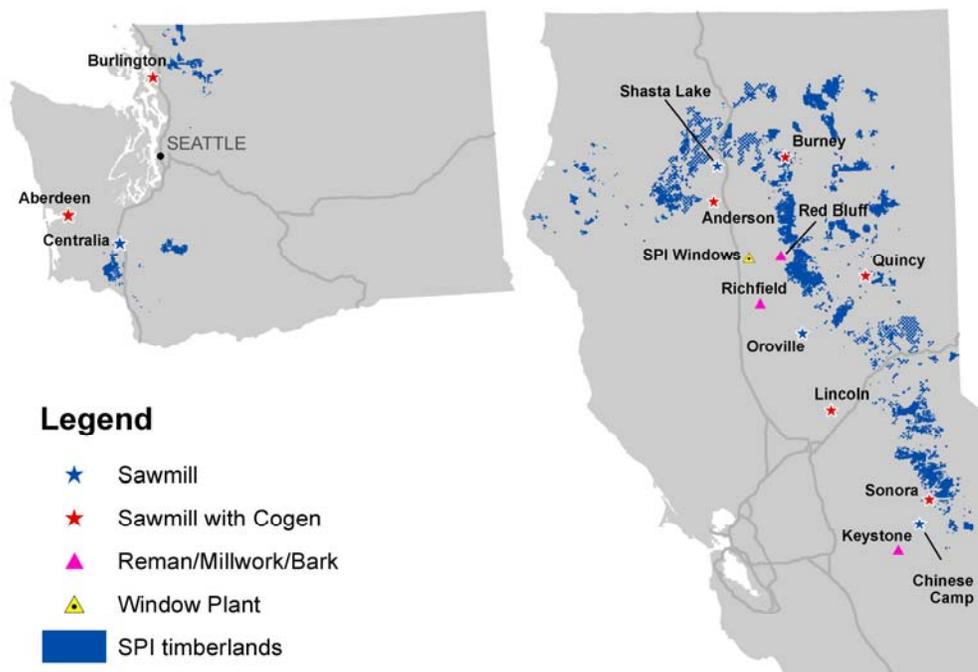
Between February and July 2016, an audit team from KPMG Performance Registrar Inc. (PRI) carried out a re-certification audit of Sierra Pacific Industries (SPI) forestry and procurement operations under the Sustainable Forestry Initiative® (SFI) Program. This Summary Report provides an overview of the process and KPMG's findings.

Description of Sierra Pacific Industries Operations

SPI owns private forest land in, and carries out fiber sourcing from both California and Washington State.

Sierra Pacific Industries

California and Washington Timberlands and Manufacturing Facilities



#0746



SIERRA PACIFIC INDUSTRIES

California

1. Forest Management Operations:

SPI is the largest private forest land owner in California, with operations currently encompassing approximately 1.64 million acres of timberland throughout northern California. The land ownership pattern consists of both large contiguous tracts of land and a significant number of smaller non-contiguous tracts. The private

timberland operations are managed by the Company through eleven separate field operations. Planning and research staff are located at the main office in Anderson, California.

SPI's land holdings in California reside in the Klamath Mountains, Southern Cascades and Sierra Nevada ecological subregions. Dominant forest types under SPI management in these subregions include Ponderosa Pine, Douglas-fir, Klamath and Sierra Mixed Conifer (Ponderosa Pine, Sugar Pine, White Fir, Douglas Fir, Incense Cedar), Mixed Hardwood-Conifer, Black Oak, Red Fir, White Fir and Jeffrey Pine. SPI carries out even aged, uneven aged, shelterwood and seed tree silviculture regeneration systems, along with pre-commercial thinning and commercial thinning. All clearcut stands are planted with trees grown from specific seed zones and 500 foot elevation bands.

Three demonstrations ("Option As") of Maximum Sustained Production (MSP) have been prepared and submitted for SPI's California operations—one each for the northern, southern and coastal State Forest Districts. The Option As establish long-term goals and objectives for key timber and non-timber values consistent with the requirements of the California Forest Practices Rules and SPI's voluntary practices and commitments. They also establish the associated forest management approaches, standing inventory and growth and yield modeling scenarios, assumptions and timber production constraints to address these goals and objectives, as well as to model growth, harvest and long term sustained yield (LTSY) levels over a 100 year strategic planning horizon.

In order to ensure that the harvest is sustainable over time, existing annual harvest levels have been established at levels well below the long term sustained yield (i.e., just over 523 MMBF versus a LTSY of just over 1,332 MMBF). SPI's tracked actual harvest level over the 1999—2015 period averaged approximately 18% below the calculated allowed annual harvest level for its California operations.

Short-term (7-year), sub-district level Timber Harvesting Plans (THPs) are established to guide specific harvesting, road development and silviculture scheduling/strategies on a sub-basin or larger basis. THPs incorporate specific operational approaches for addressing MSP goals and objectives, Forest Practices Rules and Company practices and commitments for identifying and protecting timber and non-timber resource values (wildlife and habitat features, aesthetic, recreation, range/forage, riparian, watersheds, fisheries, etc.).

2. Fiber Sourcing Operations:

SPI fiber sourcing operations in California are carried out by procurement foresters associated with sawmills located in Anderson (where there is also a pole plant), Burney, Shasta Lake, Oroville, Quincy, Chinese Camp, Sonora and Lincoln. The percentage of the mills' fiber supply which is obtained through SPI's procurement program is approximately 50% across the California mills.

Logs are received at the sawmills from a number of sources, including SPI's own fee lands, stumpage sales on private or federal land and direct log purchases from land managed or owned by Timber Investment Management Organizations, Real Estate Investment Trusts, family forest owners, tribal lands, private landowners and other US public lands. The majority of the incoming logs originate from California, with small proportions of the total supply coming from Oregon and Nevada.

Sierra Pacific Industries SFI 2015-2019 Re-certification Audit Findings for 2016

Minor nonconformities from previous audits that remain open	2
New major nonconformities	0
New minor nonconformities	2
New opportunities for improvement	4

Types of audit findings

Major nonconformities:

Are pervasive or critical to the achievement of the SFM Objectives.

Minor nonconformities:

Are isolated incidents that are non-critical to the achievement of SFM Objectives.

All nonconformities require the development of a corrective action plan within 30 days of the audit. Corrective action plans to address major non-conformities must be fully implemented by the operation within 3 months or certification cannot be maintained. Corrective action plans to address minor nonconformities must be fully implemented within 12 months.

Opportunities for Improvement:

Are not nonconformities but are comments on specific areas of the SFM System where improvements can be made.

The log supply monitoring system in place for SPI's California mills includes a combination of establishing log purchase contracts with suppliers prior to acceptance of logs at the mills and Best Management Practices monitoring carried out by each mill's procurement forester on a sample of its suppliers and rule enforcement data received from the California Department of Forestry.

Washington State

1. Forest Management Operations:

SPI manages 130,310 acres (Burlington Tree Farm) and 149,531 acres (Ryderwood Tree Farm) of private timberlands in the northwest and southwest portions of the State respectively, managed from district woodlands offices located in Burlington and Centralia. The Company's Washington holdings also include a seed orchard situated on Whidbey Island.

SPI's land holdings in Washington reside in the Cascade Mixed Coniferous Forest ecological subregion. Dominant forest types under SPI management in this subregion include Douglas-fir, Western Hemlock, Western Red Cedar, Sitka Spruce, Grand Fir, Red Alder and Broadleaf Maple at lower elevations and Pacific Silver Fir, Mountain Hemlock and Subalpine Fir at higher elevations. SPI carries out even aged management on its Washington holdings, along with pre-commercial thinning and commercial thinning. All clearcut stands are planted with trees grown from specific seed zones and elevation bands.

Long term resource analyses, based on SPI's inventory program and growth and yield model functions, and associated harvest plans have been established for both the Burlington and Ryderwood Tree Farms. The analyses and plans reflect the requirements of the Washington Forest Practice Rules, which establish the overall legal requirements respecting long term management planning, harvest scheduling and the identification and protection of non-timber resource values. The operable, forested landbase was arrived at in the analyses following net downs for riparian, non-forest, unstable slopes, unproductive land, etc. Mid-term harvest (out to 2021) levels have been developed for the two tree farms based on the calculated long term sustained yield levels (which sits at over 120 MMBF) established for the two tree farms. Shorter term harvest scheduling (3 years) refines the delineation of the block boundaries by incorporating other spatially explicit considerations (riparian, heritage, roads, etc.). Forest Practice Applications (FPAs) submitted for approval to the Department of Natural Resources (DNR) establish the stand-level operational plan covering timber and non-timber values (which link to Washington's Forest Practice Rule requirements). Detailed annual harvest plans (with block-specific inventory and scheduled cut volumes) are also prepared specifying proposed layout and development and FPA approval status. All harvesting on SPI managed land in Washington also addresses the retention standards of the State of Washington Aquatic Species Habitat Conservation Plan.

The near term estimated sustained yield annual harvest is approximately 65 MMBF (43 MMBF on the Ryderwood Tree Farm and 22 MMBF on the Burlington Tree Farm). SPI's tracked actual harvest level over the 2008—2015 period at the two Tree Farms averaged 10.6% below the calculated allowed annual harvest level.

2. Fiber Sourcing Operations:

SPI fiber sourcing operations in Washington State are carried out by procurement foresters associated with sawmills located in Aberdeen, Burlington and Centralia. The percentage of the mills' fiber supply which is obtained through SPI's procurement program is approximately 85% across the three Washington State mills.



The field audit included visits to a sample of SPI plantations to verify that silviculture practices are promoting prompt reforestation with ecologically suited tree species.

For SPI's Washington sawmills, the majority of the incoming logs originate from Washington State with small proportions of the total supply coming from British Columbia and Oregon.

The log supply monitoring system in place for SPI's Washington sawmills includes a combination of establishing log purchase contracts with suppliers prior to acceptance of logs at the mills, Best Management Practices monitoring carried out by its procurement foresters on a sample of its suppliers and rule enforcement data received from the Department of Natural Resources.

Audit Scope

The audit was conducted against the requirements of the 2015-2019 edition of the SFI forest management and fiber sourcing standards and incorporated an assessment of all applicable SFI program objectives for SPI operations in Washington and California as noted under "Evidence of Conformity with SFI 2015-2019" below.

In addition to 2.5 days spent off-site conducting a document review prior to the on-site audit and 2.5 days following the audit preparing the reports and files, the scope of the 2016 SFI re-certification audit included visits to the following SPI California and Washington operations (days spent at each site are noted in parenthesis):

- Land management operations at the Burlington District in Washington conducted from the Burlington, WA District office (2.5 days).
- Washington procurement operations for the Burlington sawmill (0.5).
- Land management operations in California conducted by the Redding (1.0), Burney (1.0), Lassen (1.5), Almanor (1.5) and Camino (1.5) Districts.
- California procurement operations for the Anderson sawmill and pole plant (0.5), Burney sawmill (0.5) and Shasta Lake sawmill (0.5).
- Visits to SPI's head office located in Anderson, CA (2.0).

The Audit

- **Audit Team** – The surveillance audit was conducted by Craig Roessler, RPF(BC), EP(EMSLA), CF(SIF), Yurgen Menninga, RPF(BC), EP(EMSLA) and William Kleiner, RPF(CA), CF(SIF). Craig, who was the lead auditor, and Yurgen, who was part of the audit team, are employees of KPMG PRI and have conducted numerous forest management audits under a variety of standards including SFI, CSA Z809, FSC and ISO 14001. William Kleiner, an independent consultant, also has considerable experience conducting SFM audits against the SFI standard.
- **SFI Re-certification Audit** – The audit involved an on-site assessment of all applicable elements of the Company's sustainable forest management system and SFI program, and included visits to field sites in both Washington and California to evaluate conformance with the requirements of the current version of the SFI standard. Field visits were made to 7 of the Company's land management and procurement operations during the course of the audit.
- **SPI SFI Program Representative** – Mr. Cedric Twight served as the SPI SFI program representative during the audit.
- **Multi-site Sampling Approach** – The sites audited this year as noted above were selected on the basis of the multi-site sampling approach consistent with the requirements of IAF



The Camino District's rapid response to salvaging wood from the King Fire increased utilization of wood that would have rapidly deteriorated.

MD-1—i.e., the number of sites visited within each stratum met at least the minimum number of sites required for a surveillance audit (3 of 8 California procurement operations, 5 of 11 California land management/procurement operations, 1 of 2 Washington land management operations and 1 of 3 Washington procurement operations), with the specific sites selected based on addressing a combination of geographic distribution, the results of previous audits and the period of time elapsed since the last audit of each operation.

- **Field Audit Sample** – Each site sampled during the audit involved document and record reviews, interviews and inspection of roads (21 sites), harvesting practices (35), silviculture activities (30) and procurement sites (12). The sites selected for field review was based on a risk based sampling approach, which considers the need to assess a range of resource issues and management strategies that correlate to the SFI objectives included in the scope of the audit as well as the need to see a geographic distribution of activities, to include active sites and to enable an assessment of actions on previously identified audit findings.

Use of Substitute Indicators

No substitute indicators were applicable to the audit

Audit Objectives

The objectives of the 2016 SFI re-certification audit were to evaluate the Sustainable Forest Management (SFM) system at Sierra Pacific Industries to:

- Determine its conformance with the requirements of SFI 2015-2019.
- Evaluate the ability of the SFM system to ensure that the Company meets applicable regulatory requirements.
- Evaluate the effectiveness of the system in ensuring that Sierra Pacific Industries meets its specified objectives.

Evidence of Conformity with SFI 2015-2019

Primary sources of evidence assessed to determine conformity with the SFI 2015-2019 standard are presented in the Table on the next page.



The field audit observed noteworthy examples of identification and protection of historic artefacts, such as buffered railway grades shown in the upper photo (photo shows railway tie impressions that were left after the ties had been consumed by the King Fire in the Camino District) as well as shown in the photo directly above (taken in the Lassen District).

SFI Forest Management Objective	Sources of Key Evidence of Conformity
1. Forest Management Planning	Sustained Yield Plans (SYPs) (California) & Long-Term Harvest Plans (LTHPs) (Washington); Timber Harvest Plans (THPs - CA) and Forest Practices Applications (FPAs -WA); Inventory data; Growth & Yield model results; Annual harvest summaries.
2. Forest Health and Productivity	THPs (CA) & FPAs (WA); Regeneration Plans; Unit Completion data spreadsheet; Regeneration & stocking survey results; SPI pesticide policy; Pesticide use records; Soil maps; SPI fire policy and fire weather forecast system / webpage; District Fire Plans; SPI supporting records for SFI annual progress report; Latest (2015) annual SFI progress report; Field inspections and interviews.
3. Protection and Maintenance of Water Resources	THPs (CA), FPAs (WA) and Hydraulic Permits (WA); Road Maintenance and Abandonment Plans (RMAPs) (WA); Timber Harvesting and Road Construction contracts; SPI road inspection policy; Road inspection/maintenance records; Water quality monitoring reports / records (CA); GIS topographic map layers; Field inspections and interviews.
4. Conservation of Biological Diversity	SYPs (CA) & LTHPs (WA); Lifeform Modeling; THPs (CA); FPAs and Hydraulic Permits (WA); SPI botany policy; SPI policy regarding raptors and raptor surveys; SPI raptor field guides (CA); SPI rare plant field guides (CA); District-specific plant lists; SPI snag management objectives; SPI WA Wildlife Species Distribution Analysis; SPI plant and wildlife (PWWild) database and sample of botany scoping reports and planning watersheds wildlife reports respecting THPs reviewed during the CA audit; State natural heritage databases; Candidate Conservation Agreement with Assurances (CCAA in CA); SPI THP wildlife reporting chart; SPI floristic window tables; Habitat Conservation Plan (WA); Completed botany THP checklists; GIS topographic map layers; SPI research projects' documentation; Staff training records; Field inspections and interviews.
5. Management of Visual Quality and Recreational Benefits	THPs (CA) and FPAs (WA); Digital terrain modeling; GIS topographic map layers; SPI Public access policy; SPI supporting records for SFI annual progress report; Latest (2015) annual SFI progress report; Staff and contractor training records; Field inspections and interviews.
6. Protection of Special Sites	THPs (CA) and FPAs (WA) and related archeological and historical scoping, survey and planning records; State natural heritage databases; GIS topographic map layers; SPI policy for special sites and forests of exceptional conservation value; Staff training records; Field inspections and interviews.
7. Efficient Use of Fiber Resources	THPs (CA) and FPAs (WA); USFS Stewardship Contracts (CA); SPI log sort and bucking specifications; Logger training records; Field inspections and interviews.
8. Recognize and Respect Indigenous Peoples' Rights	SPI Policy re. "Objective 8 – "Recognize and Respect Indigenous Peoples Rights"; THPs (CA) and FPAs (WA) and related archeological scoping, survey and planning records; State natural heritage databases; SPI referral, consultation and communication records respecting indigenous peoples; Field inspections and interviews.
9. Legal and Regulatory Compliance	THPs (CA) and FPAs & Hydraulic Permits (WA); SPI landowner information package; SPI log purchase contracts; WA Dept of Natural Resources & CA Dept of Forestry notices; SPI employee manual; Field inspections and interviews.
10. Forestry Research, Science & Technology	SPI research projects' documentation and lists; SIC meeting minutes; SPI membership and participation records; SIC meeting minutes; Interviews.
11. Training and Education	SPI policy statement of commitment to SFI; SPI training records for staff and contractors; SPI staff and contractor logger training materials; SPI website; SIC meeting minutes; State forestry / contractor association websites and lists re. logger training; SPI BMP inspection results; Employee and contractor interviews.
12. Community Involvement and Landowner Outreach	SIC meeting minutes; SPI public and stakeholder outreach, involvement & communication records; SPI public website, State forestry / contractor association and SIC websites, SPI staff and contractor logger training materials.
13. Public Land Management Responsibilities	NA – SPI does not have forest management responsibilities on public lands.
14. Communications and Public Reporting	SPI website; SPI supporting records for SFI annual progress report; Latest (2015) and previous year's annual SFI progress reports.
15. Management Review and Continual Improvement	SPI annual management review meeting and input records; Corporate and District field audit results; Annual Chairman/CFO letter confirming SFI performance review.



Numerous examples were observed during the field audit of successful efforts to retain black oak, snags, wild-life trees (including CCAA wildlife trees for Fisher), green cull, Legacy trees and Habitat Retention Areas in harvest blocks to support the Company's bio-diversity and habitat objectives

SFI Fiber Sourcing Objective	Sources of Key Evidence of Conformity
1. Biodiversity in Fiber Sourcing	SPI log purchase policy; SPI log purchase contracts; SPI landowner information package; SPI website; SFI landowner outreach tri-fold; WA and CA SIC meeting minutes; WA and CA SIC websites; SPI controlled wood risk assessments and due diligence analyses; Lifeform Modeling; THPs (CA); FPAs and Hydraulic Permits (WA); Habitat Conservation Plan (WA); SPI plant and wildlife (PWWild) database and sample of botany scoping reports and planning watersheds wildlife reports respecting THPs reviewed during the CA audit; State natural heritage databases; Candidate Conservation Agreement with Assurances (CCAA in CA); SPI research projects' documentation; Staff training records; Field inspections and interviews.
2. Adherence to Best Management Practices	THPs (CA) and FPAs (WA); SPI landowner information package; SPI log purchase contracts; SPI website; SIC meeting minutes; State forestry/logging contractor association and SIC websites; SPI BMP field inspections; SPI logger training materials; Field inspections and interviews.
3. Use of Qualified Resource and Logging Professionals	SPI landowner information package; SPI log purchase contracts; SPI log purchase records/database; SPI website; SIC meeting minutes; State forestry/logging contractor association and SIC websites; SPI policy on the use of certified and qualified logging professionals; SPI log purchase policy; CA SIC policy regarding Qualified Logging Professionals and Qualified Resource Professionals; Memorandum of Agreement between SPI and Logging Contractors Operating on Stumpage Sales Owned or Controlled by SPI; Field inspections and interviews.
4. Legal and Regulatory Compliance	THPs (CA) and FPAs & Hydraulic Permits (WA); SPI landowner information package; SPI landowner information package; SPI log purchase contracts; SPI log purchase records/database; WA Dept of Natural Resources & CA Dept of Forestry rule enforcement reports; SPI employee manual; SPI controlled wood risk assessments and due diligence analyses.
5. Forestry Research, Science & Technology	SPI research projects' documentation and lists; SIC meeting minutes; SPI membership and participation records; Landowner outreach materials.
6. Training and Education	SPI policy statement of commitment to SFI; SPI training records for staff and contractors; SPI staff and contractor logger training materials; SPI log purchase contracts; SPI log purchase records/database; SPI website; SIC meeting minutes; State forestry / contractor association websites and lists re. contractor training; SPI BMP inspection results; SPI policy on the use of certified and qualified logging professionals; SPI log purchase policy; CA SIC policy regarding Qualified Logging Professionals and Qualified Resource Professionals; Memorandum of Agreement between SPI and Logging Contractors Operating on Stumpage Sales Owned or Controlled by SPI; Employee and contractor interviews.
7. Community Involvement and Landowner Outreach	SIC meeting minutes; SPI public and stakeholder outreach, involvement & communication records; SPI landowner information package; SPI public website; State forestry / contractor association and SIC websites, SPI staff and contractor logger training materials.
8. Public Land Management Responsibilities	NA – SPI does not have forest management responsibilities on public lands.
9. Communications and Public Reporting	SPI website; SPI supporting records for SFI annual progress report; Latest (2015) and previous year's annual SFI progress reports.
10. Management Review and Continual Improvement	SPI annual management review meeting and input records; Corporate and District field audit results; Annual Chairman/CFO letter confirming SFI performance review.
11. Promote Conservation of Biological Diversity, Biodiversity Hotspots and High-Biodiversity Wilderness Areas	NA – SPI does not source fiber from outside North America.
12. Avoidance of Controversial Sources including Illegal Logging	NA – SPI does not source fiber from outside North America.
13. Avoidance of Controversial Sources including Fiber Sourced from Areas without Effective Social Laws	NA – SPI does not source fiber from outside North America.



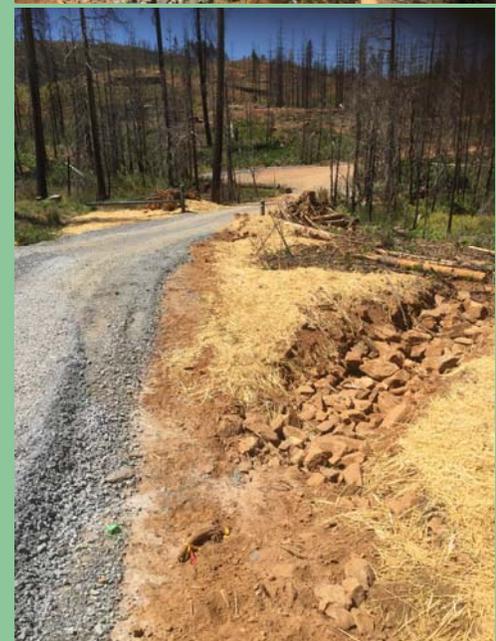
The field audit included assessments of fire fighting equipment maintained at active harvest sites to promote rapid response to fires (including as shown in photo directly above the noteworthy practice of the increasing use of Skidgines, which facilitate improved access to off-road areas)

Good Practices

Good Practices

A number of good practices were identified during the course of the 2016 re-certification audit, including the following examples:

- SFI FM Objective 2 (Forest Health and Productivity): The Company continues to implement an effective and efficient reforestation program, which includes slash disposal/distribution, contour ripping and prompt planting (including in some cases pre-plant site prep spray). In addition, a mix of tree species was being planted on the sites field reviewed.
- SFI FS Objectives' 2 (Adherence to Best Management Practices) and 3 (Use of Qualified Resource and Qualified Logging Professionals): Landowner information packet distributions are now corporately controlled and electronically stored/generated to provide consistency and full coverage of all log suppliers. In addition, the new SFI commitment letter provided to landowners includes links to a supplier information webpage which includes ready access to all of the outreach information a landowner would need.
- SFI FM Objective 4 (Conservation of Biological Diversity): The Company has entered into a voluntary Candidate Conservation Agreement with Assurances (CCAA) with the US Fish and Wildlife Service to proactively manage for fisher habitat. The associated habitat constraints reflected in the CCAA to promote fisher habitat are now being incorporated into new SPI Timber Harvest Plans. The field audit in a number of CA Districts observed examples of Habitat Reserve Areas, individual trees and other structural features being retained to address CCAA requirements and enhance fisher habitat (i.e., natal den, maternal den, rest tree, etc.).
- SFI FM Objective 4 (Conservation of Biological Diversity): Numerous examples were observed across several Districts of successful efforts to retain black oak, snags, wild-life trees, green cull, Legacy trees, and Habitat Retention Areas in harvest blocks to support the Company's biodiversity and habitat objectives.
- SFI FM Objectives' 5 (Management of Visual Quality and Recreational Benefits) and 8 (Recognize and Respect Indigenous People's Rights): While access to the Burlington Tree Farm is controlled by locked gates, the Company has established road access agreements with local tribes and provided them gate keys to allow them to access the Tree Farm for traditional and ceremonial purposes (along with hunting groups for recreational use).
- SFI FM Objective 7 (Efficient Use of Fiber Resources): The Camino District's rapid response to salvaging wood from the recent King Fire increased utilization of wood that would have rapidly deteriorated.
- SFI FM Objective 11 and SFI FS Objective 6 (Training and Education): The Company has facilitated an improved means of internally communicating the latest versions of Company policies via posting on the intranet, which is accessible by all Districts.
- SFI FM Objective 10 (Forestry Research, Science and Technology): SPI continues to implement well targeted research projects to facilitate improved management of resource values. Notable examples include the multi-year survey of northern spotted owls (Landscape Survey Strategy) and the Battle Creek Watershed forest road surface erosion and sediment delivery study.



The field audit found that SPI continues to implement effective sediment and erosion control measures in the vicinity of streams during road construction and maintenance.

Follow-up on Nonconformities from Previous Audits:

At the time of the 2016 re-certification audit there were a total of 4 open nonconformities from previous audits. The audit team reviewed the implementation of the action plans developed by Sierra Pacific Industries to address these issues, and found that they had been fully implemented for 2 of the nonconformities. Consequently 2 of the previously identified nonconformities were closed. The status of the 2 remaining nonconformities were as follows:

- Nonconformity respecting gaps in Associated California Loggers (ACL) and Logger Association of Northern California (LANC) logger training programs: A new training video has been recently put together by SPI to address an identified gap in the existing training content (respecting rare forested communities) and will once refined and finalized be provided to ACL and LANC for incorporation as a module in their training materials for training sessions commencing in early 2017. This nonconformity remained open.
- Nonconformity respecting deficiencies in the implementation of SPI’s road inspection and maintenance program: While SPI has established a process for collecting and recording road maintenance issues identified on areas not covered by an existing THP, this process has only recently been instituted and it is thus too early to verify full implementation and effectiveness. This nonconformity remained open.

New Areas of Nonconformity

The 2016 re-certification audit identified the following 2 minor nonconformities with respect to the SFI 2015-2019 standard:

- SFI FS Performance Measure 2.2 (Monitoring the use of best management practices) – While the audit confirmed that BMP inspections of sawmill purchase wood suppliers is occurring, no process has been established and implemented for BMP monitoring of Anderson pole plant suppliers.
- SFI FM Performance Measure 4.2 (Protection of threatened and endangered species, Forests with Exceptional Conservation Values and old-growth forests) – While the audit confirmed that SPI has overall established and implemented a comprehensive program for locating and protecting rare and endangered species and species of concern (including globally critically imperiled (G1) and imperiled (G2) plants and forest communities), the existing program requires refinement to address the following gaps:
 - While SPI’s PW Wild Database allows for comprehensive THP scoping for plants, animals and ecological communities with designations from federal, state and/or California Department of Forestry and Fire Protection (CAL Fire) levels, it does not enable users as currently set up to readily scope for and identify potential occurrences of globally critically imperiled (G1) and imperiled (G2) animal species that may be present in the watershed or adjoining watersheds covered by a THP that are not already covered by a federal, state and/or CAL Fire designation.
 - Protection strategies have not been explicitly documented for G1/G2 animal species encountered/potentially present as identified directly above to assist planning foresters during THP preparation. NB: Initial scoping by SPI indicates that there are few G1/G2 species that intersect SPI property and even fewer that could be impacted by their timber harvest activities.

Opportunities for Improvement

The 2016 re-certification audit identified the following 4 opportunities for improvement with respect to the SFI 2015-2019 standard:



These photos depict a voluntary meadow restoration project implemented in the Burney District. The prescription was to restore the meadow by removing Lodgepole pine and retaining any Trembling aspen present in the blocks.

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- SFI FM Performance Measure 2.2 (Minimization of chemical use) – The audit confirmed that SPI does not use pesticides banned under the Stockholm Convention on Persistent Organic Pollutants. However, the Pesticide Policy as currently written does not clearly state that the use of these pesticides is prohibited by the Company.
- SFI FM Performance Measure 2.4 (Protection of forests from damaging agents) – The field audit in the Lassen District of an active harvest block with a fuel break prescription identified the following opportunities for improvement:
 - No spill response equipment was being maintained by the Licensed Timber Operator (LTO) on the fuel truck or other location on the active harvest block.
 - The Fire Patrol Log being used by the LTO was an outdated version which had slightly varied restrictions and procedures for a specific fire weather class from that specified in the latest Company Fire Policy and Lassen Fire Plan (although the LTO was compliant with the requirements in the log, policy and plan at the time of the audit).
- SFI FM Performance Measure 8.1 (Recognition and respect of Indigenous People’s rights) – While SPI has established a written policy acknowledging its commitment to recognize and respect the rights of Indigenous Peoples, it has not formally established and implemented a process for making the policy available to the public or other interested parties.
- SFI FM Performance Measure 11.1 and SFI FS Performance Measure 12.2 (Training of personnel and contractors) – The audit found that the Camino District was not maintaining complete records of all staff training in accordance with the Company’s training records policy. In addition, the District was not maintaining complete records of the public outreach it was involved in and providing this information to Corporate for incorporation into the 2015 annual Corporate summary. NB: The audit confirmed however that the requisite training is occurring and that the District is involved in a number of outreach initiatives.

Audit Conclusions

The audit found that Sierra Pacific Industries’ SFM system:

- Was in full conformance with the SFI 2015-2019 requirements included in the scope of the audit except as described in the nonconformities above;
- Continues to be effectively implemented; and
- Is sufficient to systematically meet the commitments included in SPI’s SFI Policy provided that the system continues to be implemented and maintained as required.

As no major nonconformities were identified during the audit, a decision has been made to grant SPI certification to the 2015-2019 versions of the Forest Management and Fiber Sourcing standards. SPI’s Forest Management and Fiber Sourcing certificates are valid until August 22, 2019

Corrective Action Plans

Corrective action plans designed to address the root cause(s) of the nonconformities identified during the audit have been developed by SPI and reviewed and approved by KPMG PRI. The next surveillance audit will include a follow-up assessment of these issues to confirm that the corrective action plans developed to address them have been implemented as required.



SPI continues to implement well thought out and strategically placed fire break prescriptions to protect forest resources as well as communities (photos taken in the Lassen District).

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