



SIERRA PACIFIC INDUSTRIES

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SPI Policy Statement on Controversial Sources of Raw Material 2022

Sierra Pacific Industries maintains Chain of Custody certificates under the Sustainable Forestry Initiative (SFI), and the Programme for the Endorsement of Forest Certification schemes (PEFC). A key element of these programs is assuring the public and consumers that wood products do not originate from controversial sources. Under SFI, controversial sources are defined as:

- a. Forest activities which are not in compliance with applicable state, provincial, federal, or international laws.
- b. Forest activities that are contributing to regional declines in habitat conservation and species protection (including biodiversity and special sites, Alliance for Zero Extinction sites and key biodiversity areas, threatened and endangered species).
- c. Conversion sources originating from regions experiencing forest area decline.
- d. Forest activities where the spirit of the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at work (1998) are not met.
- e. Forest activities where the spirit of the United Nations Declaration on the Rights of Indigenous Peoples (2007) are not met.
- f. Fiber sourced from areas without effective social laws.
- g. Illegal Logging including trade in CITES (The Convention on International Trade in Endangered Species of Wild Fauna and Flora) listed species.
- h. Conflict Timber.
- i. Genetically modified trees via forest tree biotechnology

Under PEFC, controversial sources include forest activities which are:

- (a) not complying with local, national or international legislation, applying to forest related activities, in particular in the following areas:
 - o forestry operations and harvesting, including biodiversity conservation and conversion of forest to other use

- management of areas with designated high environmental and cultural values,
- protected and endangered species, including requirements of CITES,
- health and labor issues relating to forest workers,
- indigenous peoples' property, tenure and use rights,
- third parties' property, tenure and use rights,
- payment of taxes and royalties,

(b) not complying with legislation of the country of harvest relating to trade and customs, in so far as the forest sector is concerned,

(c) utilizing genetically modified forest based organisms,

(d) converting forest to other vegetation type, including conversion of primary forests to forest plantations.

SPI has minimized the risk of acquiring wood products from controversial sources through the implementation of the PEFC Due Diligence System. SPI's due diligence system includes suppliers' self declarations, ongoing risk assessments, and management of high risk supplies. Our raw material sourcing policy regarding controversial sources includes:

- a. Sierra Pacific Industries will not knowingly use illegally-sourced wood in its products.
- b. Sierra Pacific Industries will not knowingly purchase wood from sources that have a record of violating traditional and civil rights.
- c. Sierra Pacific Industries will not knowingly include any forest based material originating from countries which are covered by UN, or applicable EU or national government sanctions relating to export/import of forest based products including requirements of CITES.
- d. Sierra Pacific Industries will strive to avoid wood sources in regions where forests are being converted to plantations or non-forest uses.
- e. Sierra Pacific Industries will strive to avoid wood produced from genetically-modified trees.

SPI has a preference for purchases of wood from suppliers that:

- Document that wood is legally harvested and that other legal requirements are met.
- Ensure the safety of forestry and manufacturing operations for employees and the environment.
- Practice sustainable forest management and continuous improvement in their own operations and in sourcing of wood, as verified by government agencies or independent parties.
- Do not obtain the wood from genetically modified tree sources.