

Sustainable Forestry Policy McShan Lumber Co., Inc.

McShan Lumber Co., Inc. is committed to continually achieve certification to the Sustainable Forestry Initiative® (SFI) Standard addressing wood procurement. The company also complies with the SFI Chain of Custody and Associated Labels Standard and the Program for the Endorsement of Forest Certification (PEFC) Chain of Custody Standard and Logo Usage Rules.

McShan Lumber Co., Inc. is committed to sourcing wood material from certified sustainable and non-controversial sources. In addition to the SFI Standard, McShan Lumber Co., Inc. recognizes and promotes certification to the American Tree Farm System (ATFS) Standard, as well as professional logger and other point-of-harvest certification.

McShan Lumber Co., Inc. employs scientifically, environmentally, socially and economically sustainable forestry practices to meet the needs of the present without compromising the ability of future generations to meet their needs. This is accomplished by practicing and promoting a land stewardship ethic that integrates reforestation, growing and harvesting of trees for useful products with the conservation of soil, air and water quality, biological diversity, wildlife and aquatic habitat, recreation and aesthetics.

McShan Lumber Co., Inc.'s Policy is to implement and achieve the Principles of Sustainable Forest Management including: practicing sustainable forestry, employing responsible practices, regenerating the forest and maintaining productive capacity, protecting and maintaining long-term forest and soil productivity, protecting water resources, protecting special sites and biological diversity, complying with legal requirements and continually improving forest practices.

McShan Lumber Co., Inc. is committed to comply with applicable federal, state and local laws and regulations, including social laws.

To help implement and achieve the above Sustainable Forestry Standards, McShan Lumber Co., Inc. has developed and adopted appropriate programs, plans and procedures to guide its fiber procurement and labeling activities. The company is also committed to annually review the effectiveness of its Policy and Programs to continually improve performance.

Mr. Grover Allgood,
Vice President Procurement
McShan Lumber Co., Inc.

Internal Memo

To: Management and Responsible Employees of McShan Lumber Co., Inc.
From: Mr. Grover Allgood, Vice President Procurement
Date: October 27, 2009
Subject: Commitment to Sustainable Forestry and Chain of Custody Certification

This memo is to broadly communicate McShan Lumber Co., Inc.'s commitment to implement and achieve conformance with the following Certification Standards: 1) the SFI Standard, 2) the American Tree Farm System, 3) the SFI Chain of Custody and Labeling Program, and 4) the Program for the Endorsement of Forestry Certification (PEFC).

Attached is McShan Lumber Co., Inc.'s Sustainable Forestry Policy committing the organization to comply with the relevant SFI/PEFC Chain of Custody Standards, the principles of sustainable development, and relevant legal and regulatory requirements.

We want to communicate that commitment to responsible employees and staff. We want to ensure that all of our managers and responsible employees understand and are encouraged to help us implement and achieve the Sustainability Policy.

An important element of implementing the SFI and PEFC Chain of Custody Standards is an annual internal audit and management review process to foster continual improvement. I would like to ask each of you for your input and feedback on ways that we can effectively implement our Sustainable Forestry Policy and improve our Chain of Custody and Labeling Programs. Your input into our progress review will help ensure that we continue to achieve conformance with the applicable Standards and meet customer expectations related to sustainability and environmental performance.

If you have any questions regarding the Sustainable Forestry Policy, or suggestions for how to improve our overall Sustainability Programs, please feel free to contact me.