

W. M. Beaty & Associates, Inc.
Red River Forests LLC Chain of Custody Statement

September 24, 2020

A principle concern of Red River Forests LLC and W. M. Beaty & Associates, Inc. (WBA) is log accountability. A load tracking system is used to ensure that logs from each individual timber sale are properly credited to the owner. The components of this system include district forester supervision, log branding, load tickets, check scaling, and scale clerk duties. In addition, yearly audits are conducted by independent accounting firms selected by the individual ownerships.

Load Tickets

Sequentially numbered load tickets are used to track each log load. These tickets are provided to the purchaser by WBA. The WBA forester records the date and ticket numbers distributed to the Licensed Timber Operator (LTO). The LTO fills out the load ticket. Used ticket books are exchanged for additional books as the need arises throughout the life of a sale. All trip ticket books, used or unused, are returned to WBA upon completion of the sale.

The load ticket is a five-copy form used as follows:

1. Original (remains in the ticket book)
2. Purchasers Copy
3. Loggers Copy
4. Truckers Copy
5. Last ticket is a heavy paper stock two-part ticket that is attached to the load on the driver's side bunk log. One part is removed by the scaler and attached to scale ticket that is returned to WBA.

The purchaser cannot accept a load without a completed load ticket.

Log Brand

Generally, one end of each log, exclusive of small log operations (sales that produce no logs >8-inch diameter at 32 feet), short logs, upper logs on log truck loads that cannot be safely reached, and some large volume sales is branded. Where practical, the brand generally consists of two parts on one end of a log:

- 1) a stamp using a hammer with a raised metal insignia (WB1, WB2, WB3, RRF1, RRF2, RRF3, LF1, LF2, LF3, etc.) depending on which tract and landowner the timber sale is located on, and
- 2) a paint spot of a predetermined color that is unique to a particular timber sale. If two or more sales are sold to the one purchaser each may have the same brand but a different paint color is used for each sale.

The brand may also be painted on the driver's side bunk log to make the load easily identifiable while in transit. The certification designation may also be included here, if appropriate.

Scaling

Scaling services are provided at purchaser's expense by a mutually acceptable third-party scaling bureau or such other scaling service as agreed by WBA. A fully executed Scaler's Information Sheet is provided to the approved scaling service prior to commencement of log hauling and is available to the scaler(s) at

all times. The Scaler's Information Sheet includes: the sale name, the seller, the buyer, the logger, the brand, the minimum merchantability specifications and any scaling instructions unique to that particular sale. There are separate information sheets for each destination logs from the sale will be delivered to and they are signed by the Purchaser, the responsible scaling service and the Seller.

The Purchaser's copy of scale tickets with load receipt attached is furnished daily to WBA. W. M. Beaty & Associates, Inc. provides stamped, pre-addressed envelopes for this service. The purchaser arranges with the scaling service to provide WBA, daily, with the daily volume summaries. Semi-monthly volume summaries based upon log volumes delivered from the first through the fifteenth, and from the sixteenth through the last day of each month are also provided by the purchaser. The scale report shows the total net volume by species scaled and the section or sections from which the scaled volume was removed.

Check Scaling

W. M. Beaty & Associates, Inc. contracts with a check scaling service that oversees all scaling activities involving logs purchased from lands managed by WBA. It is the goal of this service to check scale each scaler at each scaling location for each timber sale at least once. For sales extending over longer periods of time, the minimum time between checkscals is one month. A checkscale is considered valid when at least ten loads of logs are scaled and compared to the individual scaler's results. The first review of scale tickets for the sale is done at this time to ensure they are being properly filled out. The check scaler also reports on logger performance in relation to load tickets, branding, knot bumping, bucking and other areas of performance identifiable at the mill. Reports are furnished by the check scaler weekly and include such things as the results of any check scales conducted and any general observations regarding log quality and logger performance. The checkscaler also conducts in-field training sessions for the field staff.

Weight Sample

If weight sample is requested by the purchaser and accepted by WBA, each load of logs produced from purchased timber is weighed on a certified scale and assigned a net "green ton" weight. Random loads are selected to be scaled. From these sampled loads a conversion factor is determined and applied to all loads determining the total scale in board feet to be invoiced. As written policy, only pure loads (100% of one species) will be sold on a weight basis. The sale must have a minimum of one million board feet delivered to one location of the species requested to be sampled, for weight sample to be considered. The WBA check scaler may override the selection process to scale any load. A copy of the Weight Certificates with the load receipt attached is furnished daily to WBA. W. M. Beaty & Associates, Inc. provides stamped, pre-addressed envelopes for this service. Purchasers provide WBA with daily and semi-monthly weight summaries based upon green tons of logs delivered from the first through the fifteenth, and from the sixteenth through the last day of the month.

Scale Clerk

The scale clerk receives scale summaries with load tickets attached daily. He or she compares the net and gross volumes of individual scale tickets with the summaries supplied by the purchasers or scaling services. Discrepancies are immediately brought to the attention of the purchaser and resolved. Volume extensions and volume deductions for defect for individual logs are also verified at this time. Load ticket series are monitored for missing or out-of-sequence tickets. After completing this process, the buyers are invoiced. Pursuant to revised protocols, the invoices for all sales of logs from Red River Forests LLC will clearly indicate the certified status of the product as well as the WBA Chain of Custody

(COC) certification number and FSC Claim.

Timber sales on WBA managed lands are supervised and scrutinized on many different levels. The primary supervision is from the staff forester assigned to the sale. The district forester has the overall responsibility for all personnel assigned to the district, as well as the individual sales and ownerships managed by WBA on the district. Ultimate responsibility and oversight is seated at the WBA main office located in Redding, California. Principal contacts with the owners, buyers, and management staff are conducted from this location.