The Collins Companies



DECEMBER 1997



The Collins Companies



Collins Pine Company Forest & Mill • Chester, Ca Headquarters • Portland, Oregon Collins Resources International Portland, Oregon







Ostrander Resources Fremont Sawmill Lakeview, Oregon

Visit our Web Site: www.collinswood.com

We are launching a newsletter from the Portland office highlighting The Collins Companies. We'd like it to be a way for everyone to know more about what is going on — whether we work in the mill, the forest, or the office. But most importantly, we'd like it to be an expression of our individual and collective commitment to creating "distingushed products and services" while supporting a sustainable environment. This first issue features an up-date on recent recognition and the implementation of The Natural Step into our mission of environmental stewardship. Future issues will feature stories from various sectors of

the company. As we get going, we would like to hear from you with informational suggestions and requests.

Jim Quinn President/CEO

> 1996 Presidential Award for Sustainable Development



ompanies around the world have vision statements hanging on the walls of their corporate boardrooms, embossed in annual reports, and emblazoned on brochures. I think we can say ours is also in our actions in what we do and how we do it. And for that we have all been richly honored. In 1996-1997, we were awarded the ...

- 1996 Presidential Award for Sustainable **Development**, The White House, President Bill Clinton
- **1997 Green Cross Millennium Award** Corporate Environmental Leadership Award to Jim Quinn from Global Green USA which is affiliated with Green Cross International. Mikhail S. Gorbachev is President of Green Cross International, and participated in the
- 1997 Enterprise Awards for Best Business **Practices for Building Strategic Alliances**

Arthur Andersen, US Bank, Oregon Business Magazine

■ 1997 Governor's Challenge of Change Awards for Excellence (Governor's -**Sustainable Oregon Award)**

Presented at the Oregon **Economic Development** Conference, October 21st

■ 1997 Founder of a New Northwest

Presented by Sustainable Northwest with: Center for Rural Revitalization and Learning, Idaho State University, Northwest Policy Center, University of Washington, Oregon Rural Development Council, Sustainable Forestry Council, Oregon State University

■ 1997 Honorable Mention, Inc. Magazine Marketing **Masters Awards**



Walking Our Talk in Certified Forest Management

n 1993, Collins formally embarked on a third-party independent certification process that mirrored our philosophy of sustained yield forest management, a philosophy first articulated and followed by Truman W. Collins back in 1940. Scientific Certification Systems, the nation's leading independent agency certifying industry's environmental accomplishments, evaluated the Collins Almanor Forest as a "State-of-the-Art, Well-Managed Forest." We

made history by becoming the first privately-owned company in North America to receive the SCS certification. Certification of The Collins Pennsylvania Forest followed in 1994. That brings us to over 200,000 acres of prime timberland certified as sustainably managed. In Chester, California, we have been harvesting timber from a

95,000 acre tract, which has a higher inventory of wood standing and growing now than when we began logging it in 1943. Twenty-five thousand acres of the certified 125,000 acre tract that we manage in Kane, Pennsylvania was originally logged by the Collins' ancestors in the 1850's.

But we are not stopping there. Today we are undergoing this rigorous evaluation process at the Collins Products timberlands near Lakeview, Oregon. *Actions!* Actions to protect our biodiverse forests for their own sake as well as for those who use them; actions to maintain the health of the total forest ecosystem; actions to support the production of wood only on a sustained renewable basis; and actions to provide social and economic benefits to the surrounding areas and communities.

Another First

Healthy forests were the first step. This summer, we began The Natural Step at our manufacturing plants in Klamath Falls, Oregon. This is called our "Journey to Sustainability" program. The Natural Step is an international environmental organiza-



tion founded in 1989 by the Swedish cancer researcher and physician, Dr. Karl-Henrik Robert. The fundamental drive is to get people and businesses to shift away from linear, resource-wasting, toxic-spreading methods of materials handling and manufacturing toward cyclical resource-preserving methods. Decisions are evaluated against four System Conditions:

- **1.** Does the action reduce the use of finite mineral resources?
- **2.** Does the action reduce the use of long-lived synthetic products or molecules?
- **3.** Does it preserve or increase natural diversity and the capacity of ecocycles?
- **4.** Does it reduce the consumption of energy and other resources?

Our projects are weighed against longand short-term economic aspects and system conditions and then all adjusted into an action plan. One such project is the capturing of waste heat from the Hardboard Plant through heat exchangers to warm the work areas in the winter.

We are the first company in Oregon to adopt these principles and the first forest products company in the United States; but we join a growing and prestigious group worldwide including Mitsubishi Electric America, IKEA (furniture), Interface (carpets), Electrolux, McDonalds/Sweden, Scandic Hotels, and OK Petroleum. We began our training in The Natural Step (TNS) at our composite panel plant at Collins Products, L.L.C. Evidence of TNS





Evolving a Sustainable World

Does all of this fit with our sustainab

Second Annual Green Cross Millennium Awards and Celebration, October 17, 1997. Jim Quinn (left) receiving Corporate Environmental Leadership Award from Green Cross President, Mikhail S. Gorbachev

influence is gradually being noticed in the dialogue and culture of our management teams. We believe that by consistently checking our strategic decisions against the four System Conditions, we can effectively reduce energy consumption, reduce waste, and increase yields in our own operations. We expect to extend these values to our suppliers and our customers as they pursue the responsible use of sustainably managed and renewable products.

Walking Our Talk in Our Manufacturing Plants

In addition to the "Journey to Sustainability" Program, we are also investing in plant facilities and procedures that help make the best possible products safely and at lowest effective costs. That is what business is all about. We have achieved some notable production and efficiency records at Fremont Sawmill and in the Hardboard and Particleboard plants. There have been several large capital expenditures in the past few months and there will be more in 1998. A new dry kiln is starting up in Chester ... A new sorting system in Lakeview ... A new cold press line and a new recycling facility at the Hardboard plant in Klamath Falls ... A new hydraulic simultaneous press closing arm system at the Particleboard plant. Our focus on safety is increasing dramatically. Later in this newsletter you will find additional discussions on human relations and safety-focused issues, including the expanding implementation of Behavioral Accident Prevention Process.

Does all of this fit with our sustainable forestry practices and make a stronger, more profitable company? *Yes. Absolutely!* Our emphasis on sustainable practices and efficient uses of resources is also helping change some of the negative images that have plagued our industry in recent years. Our financial results are better than most of our competitors. Wood is an intelligent choice when forests are responsibly managed and carefully processed. For example, an evolving direction at the Collins Compa-

nies is to increase yields through better processing and through an increased emphasis on veneered and composite products. We are working to lower formaldahyde levels in our composite products. We will examine our use of energy, of waste water, waste heat, and vehicular efficiency. We will limit the use of nonrenewable resources, lessening our impact on the removal

and use of products from the Earth's crust, and maximizing improvement in the human condition. This is a journey we must all take to forge new paths leading toward cooperative solutions in an evolving sustainable world.

I hope that this newsletter will help all of us better understand how each of our initiatives becomes supportive of the others while building a stronger business and extending our industrial and social leadership.

Wood is an intelligent choice when forests are responsibly managed and carefully processed.

CHESTER

Collins Pine in Chester has been working for years on a unique plan that, for the first time, combines the interests of groups that have in the past been very divisive over forest conservation practices.

After nearly five years of planning and negotiating, the Quincy Library Group (QLG) appears to be on its way toward implementing their proposal for a 5-year pilot program to reduce the risks of catastrophic wildfire and provide timber for industry and consumer needs.

What is so remarkable about this is the process by which representatives of the timber industry, politicians, environmental activists and others from the small communities of the northern Sierra Nevada have been able to put aside their differences and find areas of common concern such as

forest health, danger of catastrophic fire, and the need for a strong local economy.

Named after its neutral meeting place, the Quincy Library Group has approached the problems they saw in the surrounding Plumas, Lassen and Tahoe National Forests in a thoughtful, realistic manner. All participants recognized that the economic well-being of their timber-dependent communities was in jeopardy, and that the threat of catastrophic fire

could destroy all that was important to both the timber industry and those who loved the forests. With this common ground they were able to discuss those areas they could agree on.

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When planning wasn't enough to make the proposal a reality, the

group went to Congress. This summer, the House overwhelmingly approved a 5-year pilot plan directing the Forest Service to implement the QLG proposal. The Senate is expected to agree.

The pilot project focuses on reducing the threat of catastrophic wildfire. To do this, there will be a series of fuel breaks to separate the forests into watersheds of 8 - 12 thousand acres each. Known as "shaded





fuel breaks," these areas would be approximately quarter-mile wide zones in which the smaller trees would be thinned along ridgetops and major roads. These thinned zones would break up the continuity of fuel beds and fire ladders which would force flames down out of the crowns of the trees so that firefighters would have a chance to control them.

The QLG broadly defined the type of harvest treatment, as well. Harvest by individual tree and group selection of intermediate-size timber will reduce fuel ladders while providing wood to consumers. Larger trees will be left alone.

At the same time, the QLG plan provides stringent protections to sensitive roadless and wilderness areas and riparian habitats. All activities are to be carried out in compliance with all applicable Federal environmental laws.

This is a pilot project and, as such, is attempting solutions that are experimental and may need to be refined as more data comes in. A monitoring program will be done to determine the effectiveness of the project.

The Quincy Library Group has accomplished some remarkable feats, not the least of which is providing a model for cooperative local input into forest issues. Can other communitites follow the QLG's approach?

Mike De Lasaux, UC Cooperative Extension Forester for the area, believes it's not that easy. "There's no recipe for this. This was a unique group of people with a unique history." The main lesson to be learned, he says, is that patience is the key. "You have to go into it knowing it's a long-term proposition."

Main provisions of the 5-year pilot project approved by Congress

- Directs the Secretary of Agriculture to implement the QLG forest management proposal on designated lands in the Plumas, Lassen, and Tahoe National Forests for 5 years.
- Excludes all spotted owl habitat in the project area from logging and other activities during the 5-year period.
- Calls for construction of fuel breaks on 40,000 to 60,000 acres/year.
- Provides for group selection on 0.57% of the project area annually as well as individual tree selection and uneven-aged forest management.
- Limits to total acreage subject to forest management activities to 70,000 acres annually.
- Requires a program of riparian management including wide protection zones and riparian restoration projects.
- Prohibits road building and timber harvesting on certain lands considered off-base.
- Authorizes the appropriation of funds to carry out the pilot project.
- Requires an annual report to Congress on the status of the pilot project.
- Requires scientific assessment of the project to be commenced at the midpoint and submitted to Congress by July 1, 2002.

KANE

A major breakthrough ...

Pennsylvania's Public Forest Lands Become Certified

he state of Pennsylvania follows
Kane Hardwood's lead and
becomes certified by Scientific
Certification Systems (SCS).
Approximately 1.2 million acres of the
Pennsylvania's 2.1 million acres of state
forest land located in the north central part
of the state underwent the rigorous certification process.

Pennsylvania is only the second state in the nation to undergo and pass a forest certification process. Because of the number of acres receiving certification, the Commonwealth now has the largest certified forest land in the nation. "We are extremely proud of achieving this 'seal of approval' and hope we can set an example for other public land managers on the values of sustainable forestry," said Governor Tom Ridge.

"The certification of Pennsylvania's forest lands is both timely and important in light of the increased focus on the management of public forest lands across the country," said Debbie Hammel, director of SCS's forest conservation program. "This project demonstrates that states can successfully manage their forest lands to meet all the diverse needs of the public over the long run."

The forest certification process was completed at no cost to the Commonwealth. The Heinz Endowments based in Pittsburgh provided the Gifford Pinchot Institute for Conservation — a nonprofit organization committed to forest conservation policy — with a grant to finance Pennsylvania's certification process as a case study for the rest of the nation. The Heinz Endowments will fund the study of the remaining public forest land.



Lee Richardson, Vice President and General Manager at Kane, commented that "certification has taught us to become better managers of our forest land. It is a very positive way to manage the forest ecosystems to meet the mixed needs of society. We are proud that Pennsylvania is being a proactive state and is setting an example for other state and federal forests throughout the country."

According to the Certified Forests Products Council, the market for certified forest products is rapidly expanding. Recently, Duke University, Dartmouth College, the U.S. Postal Service and The Gap have initiated projects toward the use of certified wood in construction or purchases.

Kane Hardwood Named a Finalist For National Forest Stewardship Award

On October 18, Kane Hardwood received national recognition as one of only three companies worldwide to be nominated for the National Hardwood Lumber Association's 1997 Forest Stewardship Award. This prestigious award recognizes National Hardwood Lumber Association (NHLA) member companies which exemplify excellence in forest stewardship. NHLA is the largest and oldest hardwood association in North America, representing over 1,700 producers, users, and distributors of hardwood lumber in the U.S., Canada, and throughout the world.

Certified Forest Products Council

ertified forest products have just been given a major boost with the creation of the Certified Forest Products Council, a North American not-for-profit business initiative. The Council announced its formation at a Washington, D.C. press conference on November 19. They have a broad base of support from major conservation organizations, forest products companies, and corporations including The Rainforest Alliance, Natural Resources Defense Council, Wilderness Society, World Wildlife Fund, The Turner Corporation, the nation's leading general builder, and Habitat for Humanity, one of the nation's largest homebuilders.

"Certified wood is the next frontier in environmentally responsible design and construction," said Ian Campbell, Director of Sustainable Construction at the Turner Corporation. "We're proud to be working with the Council, our suppliers, subcontractors, and clients to identify immediate opportunities for certified wood in our projects." During 1996, Turner oversaw \$3.3 billion of construction business.

David Ford, President of the Certified Wood Products Council, describes their "mission to improve forest management practices worldwide through the adoption of responsible buying practices in North America. By applying the power of purchasing, businesses can have a positive, lasting effect on the health and future of the world's forest ecosystems, keeping them economically, environmentally, and socially viable."

In its press briefing, the Certified Forest Products Council highlighted a number of companies and projects employing certified forest products:

■ States Industries, in Eugene, Oregon, a major manufacturer of panel products, recently expanded the certified forest product marketplace with its introduction of plywood panels comprised of certified hardwood skins laminated to certified softwood cores;

- Gibson Musical Instruments, a century-old manufacturer of quality instruments, manufactures a "Les Paul Standard" line of guitars entirely from certified wood;
- Colonial Crafts, a leading manufacturer of hardwood window and door components, moulding, and picture frame components from certified wood;
- The Nature Company, a national retailer, affirmed its continuing commitment to conservation by installing certified wood display kiosks in 85 stores. The kiosks were constructed by Boden Store Fixtures of Portland, Oregon, whose EarthCare line of store fixtures is made of certified wood and a variety of recycled materials.

The first intitiative of its kind in the U.S.,

the Council promotes trade in certified forest products - products originating in forests that have been certified as "sustainably well-managed" by an independent auditing body. Today, 3.5 million acres of private and public forestland in the United States are certified, with half of that amount - 1.75 million acres - added in the last month alone.

Though a relatively new concept to North American businesses, certification is an established market force in Western Europe. One of twelve similar initiatives worldwide, the 1995 Plus

Group (formed in 1991), a United Kingdom buyers group similar to the Certified Forest Products Council, consists of 80 companies including the largest retailers in England. 1995 Plus Group companies represent 14% of that country's total forest products consumption, and have made a commitment to buy 100% of their forest products from certified sources by the year 2000. "Independent certification has the potential to be the industry standard in North America, too," says Liz Barratt-Brown, a forest policy expert for the Natural Resources Defense Council.

Forest industry support includes Collins Pine Company in California and Kane Hardwood, in Pennsylvania, Seven Islands Land Company in Maine, Menominee Tribal Enterprises in Wisconsin, the Freeman Corporation in Kentucky, in addition to 140 other corporations.

"We are looking to the Council to facilitate the linkage between supply and demand that will enable independent certification to expand in the marketplace," says Lee Richardson, Kane Hardwood Vice President/General Manager. "That's good for business and good for forests."

LAKEVIEW

he creation of Collins Products in 1996 truly marked the bringing together of a timber resource with a varied past.

Now our 75,000 acre landbase in Southern Oregon and Northern California called Collins Products - Timberlands has, for the first time, one ownership and one vision as well as one name.

Fremont Lumber Company was formed under Collins Pine Company in the late 1930's to purchase the 24,000 acre Dusenbury tract of timberland north of Lakeview. Lakeview Logging was formed to operate the road building and logging operations on the property with their own crews supplying logs to local mills. Forestry practices utilized single tree selection with a strong influence from the work being done on the Chester tract. Though in no way a comparison to Chester, the resulting stands are a mix of ages and species. Lakeview Logging, with its large off-highway trucks, was discontinued in 1964. In 1945, Ostrander Construction Company became involved in the purchase of Lakeview Sawmill, and in 1946 purchased the Anderson Mill that was renamed Fremont Sawmill.

The 18,000 acre Louisiana-Pacific tract came with the purchase of LP's sawmill by Ostrander Resources Company in 1987. This tract has a higher elevation, lower stocking, and a lower site productivity than all of the other tracts and has a high percentage of White Fir. Its past ownerships included Underwood & Underwood, Mazama Timber, and Forrest Solomon,

Lakeview will soon
be joining Chester
and Kane in our
ability to
demonstrate
our corporate
commitment to
sustainability
and responsible
forest management

as well as others. It also supplied logs to the local sawmills starting back in the early 1930's.

In 1990, Ostrander purchased the 29,500 acre "Modoc Tract" from Weyerhaeuser Company. Ninety percent of this tract lies in California and gave us our first true taste of practicing forestry in California with that state's regulations. Starting in the 1960's through the 1970's, this tract supplied large diameter Ponderosa Pine for Weyerhaeuser as well as local mills. Essentially, all of the large diameters are gone but it is a well stocked and productive tract with a blend of Ponderosa Pine and White Fir.

In 1996, Collins Products Limited Liability Company was formed with the melding of the Fremont Lumber tract from Collins Pine and the LP, Weyco, and other assorted tracts from Ostrander Resources. This 75,000 acre collection of lands is managed out of Fremont Sawmill in Lakeview by the same staff and under the same management objectives as before. Currently we are undergoing certification by Scientific Certification Systems (SCS) as have the Chester and Kane timberlands. We will soon be joining Chester and Kane in our ability to demonstrate our corporate commitment to sustainability and responsible forest management.

We have come from different backgrounds with different gifts; but under the Collins umbrella, we share a common thread - 150 years of commitment to responsible conversion of forest resources into useful products for society.

KLAMATH FALLS

Journey To Sustainability:

Applying the "Natural Step" System Conditions at Our Collins Products Manufacturing Operations.

"The Natural Step" is a concept that helps us think in terms of reducing man's harmful impact on the Earth by systematically reducing our dependence on products and processes that cause pollutants and are non-renewable in nature.

Collins Products is dedicated to utilizing the principles of "The Natural Step" in our business practices and in our "Journey To Sustainability."



Our "Journey To Sustainability" is a commitment to the future of our Company, the environment, and the communities we live in. We believe the integration of these principles into our daily business practices will provide us with long term environmental, social, and financial benefits that we could not obtain by other methods.

The name that has been selected for the process we will use to apply and integrate the principles of The Natural Step into our daily business practices is "Journey To Sustainability (JTS)." We have begun the journey that will lead us to protect and enhance the systems of the Earth that sustain all life. We are at the beginning; and, while we know where the end should be, we do not know the best direction to follow to reach that end. The principles of The Natural Step will be our compass. This journey will not be short. It will require course corrections and there will be obstructions. But it must be completed for the benefit of the Earth we live on and for the economic advantage it will provide for our Company now and in the future.

Where Has Our Journey Taken Us So Far?

■ The JTS training/coordinating team was formed in July 1997 and has been active in developing the training manual and procedures to train all employees in Klamath Falls. By the end of November 1997, all employees will have received basic training in the principles of The Natural

Step and Collins' history of sustainability.

- All capital project requests are reviewed for fit with the Four System Conditions of The Natural Step.
- A **no paper** FAX system has been installed on one of our computer network servers.
- A cooling tower has been approved for reuse of non-contact cooling water in the Hardboard plant.
- A heat recovery system has been approved for the coating plant in Hardboard that will utilize the lost heat from the drying ovens. Mid-December startup is targeted.
- We are investigating the use of noncontact cooling water in the Particleboard plant for boiler makeup water.
- We are reviewing a cardboard recycling system for the plant site.
- We are currently testing printer/copier paper that is 80% recycled fiber.
- We are developing a method to track the economic and environmental impact of various projects that are implemented.
- A Hardboard waste reuse system has been approved and will be in operation by May 1998.
- Several areas of grass and trees have been planted on the plant site and non-contact cooling water is being used or will be used to irrigate these areas.
- We are investigating the use of our sanitary and industrial sewer discharge to irrigate agricultural crops.

Several people have inquired "How long will this journey take?" Our response is that this may well be a never-ending process if we are to reach true sustainability.

However, it will be one of the most exciting, fun, and rewarding journeys of our lives as we help to ensure that future generations have a better Earth to live on than we do. We invite everyone to join us by taking the first step to a sustainable society.





Kane Hardwood

Personnel Perspectives

from Human Resources

Watch for these Acronyms:

BST Behavioral Science
Technology, Inc.
BAPP Behavioral Accident
Prevention PROCESS
STEAM Safety Through Education,
Action, Motivation
(Chester process)
SHARP Stopping Hazards and
Accidents with Responsible
Personnel (Kane process)

BST is the organization we contract with to help us implement the **BAPP**. This is a process (not to be confused with other safety programs fondly referred to as the "programs du jour") designed to identify behaviors that increase risk ("critical behaviors"). Each site forms a steering committee consisting primarily of our workers (not management or supervisors, although there is usually one seat at the table for a member of the site management). This steering committee develops site specific critical behaviors and implements effective monitoring, feedback and problem solving processes tied to those specific behaviors.

As a result, our workers have specific contributions they can make to an improved standard of excellence. Ultimately the process evolves to a sustained improvement in safety performance.

Our most seasoned process is in place at our Chester facility whose success can be attributed to each and every one of our workers who approached this process with more enthusiasm than anyone expected, led by Mike Ingle, STEAM facilitator.

In the preliminary phases of the process is our Kane facility led by Carol McMahon, SHARP facilitator.

Next in line is Klamath Falls. BST sent their consultant in to do assessments recently and the process will be under way very shortly at the panel products facilities.

Fremont Sawmill can't be far behind...

The focus, attention and commitment to the BAPP from all levels in our companies is critical to its success. Continuous improvements in our safety culture support our long term objectives of creating a workplace where expectations promote safe behavior, quality workmanship, and productivity as the three balanced cornerstones of our organization.

Corporate Calendar of Events

Thursday, Dec. 18 Christmas Party Portland

Thursday, Dec. 25 Christmas Day(H)

Friday, Dec. 26
After Christmas
Day(H)

Wednesday, Dec. 31
New Year's Eve(H)

Thursday, Jan. 1 New Year's Day(H)

Key Words:

Sustainable Forests

The Natural Step

CollinsWood!

What is Quality?

ebster defines quality as
"1. Any of the features that make
something what it is; characteristic element; attribute 2. Basic
nature; character; kind 3. The degree of excellence
which a thing possesses 4. Excellence;
superiority...."

Most of us relate quality to a "thing" we create. However, if you think about it, quality is also a characteristic inherent in all of us. Quality is not just the product or part of a product we turn out, but also encompasses our work ethic and quality of life. Think of customer service. Although we may not see ourselves in a customer service role, each of us has special "customers" who

look to us, on the job and off, for service or guidance: our children; our fellow workers; our parents; our supervisors or subordinates; people we connect with every day in some form or another – the bank teller, postal worker, service station attendant, drivers sharing our roads and highways and so on.

We can have a positive effect on those around us by exhibiting positive behavior ourselves. Even if we aren't able to solve someone's problems completely, our approach to helping our "customer" will ultimately affect how they respond to us.

So, as the holiday season approaches and the beginnings of a new year offer

bright new opportunities, think of ways you can manage your own behavior to have a positive influence on those around you. A few ideas to get you started:

- Instead of yelling at your children to get out of bed in the morning, try "kissing them awake" or initiating a giggle. (A great stress reliever on those hectic mornings)
- If your "customer" is rude or inconsiderate, chances are you are not the target of their wrath, so keep a stiff upper lip and "over-deliver" your service to them; they'll remember next time, even if they aren't in the mood to respond positively at this moment.
- If you have a project you don't want to do, give it all you've got; treat it like the most important job to be done. You'll feel better about doing it and the results will be something you can be proud of and others will be impressed with.
- Tell your subordinate or supervisor when you like what they're doing. Too often, we are quick to criticize and forget to compliment others' good work or deeds.
- Find a few moments for **YOU**. When you feel good about yourself, others will have confidence in you, too.

Happy Holidays!

Nancy Helseth

SO%

of success is showing up."

Woody Allen