

Human Resource Policies

Standards of Conduct

Purpose

The purpose of this Policy is to protect the integrity of FII and its employees and to ensure employees are aware of behaviour which might damage their or FII's reputation.

Compliance with the Standards of Conduct

This policy applies to all employees of FII, and their subsidiary companies. Adhering to the Standards of Conduct is mandatory when employed by FII. Signing an employment offer letter constitutes a contractual agreement to abide by FII's Policies, including the Standards of Conduct. Failure to comply with the Standards of Conduct may result in disciplinary action up to and including dismissal, or in the case of a contractor, failure to comply may result in termination of the contract.

The CEO is ultimately responsible for ensuring the Standards of Conduct are uniformly adhered to throughout the organization.

Compliance with the Law

FII's Standard of Conduct policy is based in part on the Province of BC's Standards of Conduct policy and aligns with the *BC Human Rights Act* and the *Canadian Human Rights Act*.

Personal Conduct

The behaviour of employees and contractors must not bring FII into disrepute. Personal conduct should instill confidence and trust in the parties with whom they do business.

Outside Interests & Impartiality

Employees and contractors must carry out their business impartially, without bias, and should avoid situations where the perception of bias might arise. As discussed in the Conflict-of-Interest Policy, this extends to:

- outside business interests;
- non-profit societies and charities;
- professional associations;
- business relationships with suppliers and contractors (past, present and prospective);
- politics or political parties;
- outside employment; and
- interaction with stakeholder business.

Employees and contractors are encouraged to participate as fully as they wish in the political realm, but should not promote their political interests while at work.

FII provides mandatory Standards of Conduct workshops for employees. In addition, employees and contractors are encouraged to immediately discuss with their supervisor, Vice-President or CEO any questions, issues or concerns that arise.

Workplace Behaviour

Employees and contractors must:

- conduct themselves in a manner which meets acceptable social standards;
- treat others in the workplace with respect and dignity and must refrain from exploiting a work relationship for private advantage or benefit;
- not engage in discrimination based on:
 - race, national or ethnic origin, colour, religion, sex or sexual orientation, age, mental or physical disability;
- not engage in sexual harassment or other forms of personal harassment, which behaviour includes:
 - verbal abuse or threats;
 - unwelcome remarks, jokes, innuendo, or taunting about a person's body attire, age, marital status, ethnic or religious origins;
 - displaying offensive or derogatory pictures;
 - practical jokes which cause awkwardness or embarrassment;
 - unwelcome invitations or requests;
 - leering or other gestures;
 - condescension or paternalism which undermine self-respect;
 - unnecessary physical contact;
 - deliberate or repeated unsolicited comments, questions, representations and or physical contact which are of a sexual nature;
 - other conduct of a sexual nature that is known or should have been known to be offensive.

Remedies for Inappropriate Workplace Behaviour

Employees and contractors who perceive inappropriate workplace behaviour should first discuss the situation with the offending party to see if there is common ground for a resolution.

If the employee or contractor is uncomfortable having a discussion directly with the offending party then he/she should request a supervisor's assistance in resolving the matter. The supervisor should review and take steps to resolve the issue as appropriate.

If the employee or contractor is still unsatisfied with the resolution then he/she should escalate the matter to the CEO for decision. Depending upon the severity of the issue, the CEO has a number of remedies available including but not limited to:

- demanding that the offending behaviour stop and/or that an apology be issued;
- suspension or termination of the offender;
- referral to a third-party expert for assistance.

The CEO must ensure a written record is made of the complaint and its resolution, with a copy sent to FII's Chief Financial Officer, who may be consulted with during the resolution process.

Other

All FII employees, including those with its subsidiary companies in China and India, are required to attend a mandatory workshop on Standards of Conduct that include case studies and detailed examples of potential issues and problems.

Human Resource Policies

Conflict of Interest

Purpose

The purpose of this Policy is to establish rules of conduct respecting conflict of interest and to minimize the possibility of conflicts arising between private interests and the duties of FII employees.

Conflict of Interest Principles

In the workplace, conflicts of interest typically occur when an employee's personal interests conflict with or are perceived to conflict with, the business of the company, such that doubts may arise about the impartiality of business decisions made by the employee, or the integrity of the employer. To preserve a reputation of honesty and integrity, employees must avoid situations where someone could reasonably perceive that there is a conflict between personal interests and the role as employee, even if there is no intention to be unfair or dishonest.

It is important to recognize that a *perception* of a conflict of interest is as important as a real conflict of interest as it undermines public trust in the organization.

Measures to Prevent Conflict of Interest

The following Conflict of Interest measures are adopted both to protect FII employees from conflict of interest allegations and to help them avoid situations of risk. Conflict of interest does not relate exclusively to matters concerning financial transactions and the transfer of economic benefit. While financial activity is important, it is not the sole source of potential conflict-of-interest situations. (Further guidance is provided in the section on *Impartiality* under the *Standards of Conduct* Policy.)

It is impossible to prescribe a remedy for every situation that could give rise to a real, apparent or potential conflict. When in doubt, FII employees should seek guidance from their supervisor, CEO or CFO. FII employees:

- a) should arrange their private affairs in a manner that will prevent real, apparent or potential conflicts of interest from arising;
- b) should not have private interests that would be materially affected by actions over which they exert significant influence;
- c) should not solicit or accept economic benefit from any person or organization whose circumstances may be materially affected by FII's decision-making. Without limitation, this includes FII contractors, suppliers, and funding recipients, and may include forest product firms, trade associations, non-government organizations, and lobby groups;
- d) should not step out of their official roles to assist private entities or persons in their dealings with the government where this would result in preferential treatment to the entities or persons;
- e) should not knowingly take advantage of, or benefit from, information that is obtained in the course of their official duties and that is not generally available to the public;

- f) should not directly or indirectly use, or allow the use of, FII property of any kind, including property leased to FII, for anything other than FII business except as specified in the *Use of Corporate Property Policy*;
- g) should not have outside business interests or employment outside of their full time employment with FII. All FII employees must disclose in writing any outside business interests to which they have a direct interest or connection, regardless of whether they believe this creates a conflict of interest or not.

Because the above is not a comprehensive list of circumstances that may give rise to concern, a good test for deciding whether an employee is doing the right thing ethically is to ask the question:

“If there were full public disclosure of the facts, would it embarrass me, FII, my fellow employees, or members of my family?”

When unsure about the appropriateness of a particular action, employees should discuss it beforehand with the CEO or one of the Vice Presidents. Employees may also seek advice on these matters from their managers. A proactive prior conversation is encouraged as a preventative measure. The supervisor, CEO or VP must ensure a written copy of the decision is forwarded to the CFO for audit/file purposes.

Avoidance of Preferential Treatment

When participating in any decision-making related to a staffing or contracting process, or when making a decision that will result in a financial award or other material benefit to an external party, employees shall not grant preferential treatment or assistance to family or friends or to any entity in which the employee has a management role or financial interest.

Providing information that is easily accessible to the public to relatives or friends or to entities in which employees or their family members or friends have interests is not considered preferential treatment.

Conflict of Interest Disclosure – Including Investment Activity

On an annual basis, each Board member and officer is required to complete a standard *Annual Disclosure Statement* that lists any other company in which the person has a management role or holds a significant percent of the issued shares. Declarations are made known to all Board members.

Protection of Corporate Information

While Employed by FII

FII is not subject to the *Freedom of Information and Protection of Privacy Act* (FOIPPA); however FII generally accommodates requests for copies of its records, including email correspondence. At all times FII employees should act in accordance with the stipulations of FOIPPA, including its provisions for the protection of client, contractor and supplier privacy. FII employees must not give out information received through their positions, which is not available to the general public, unless the CEO has given prior authorization for its release.

FII maintains a shared record keeping system that is organized and administered by a Records Management Officer. FII is subject to the *Document Disposals Act* and follows all B.C. Government disposal procedures. Records are kept at FII's office for a period of time, after which they are held in a secure location determined by the Province of B.C. Files stored at off-site locations can only be retrieved or viewed by those with approved access.

As a condition of employment, new employees are required to sign the *Employee Confidentiality Agreement* shown on the next page.

After Leaving FII

A former FII employee must not divulge any information that was confidential during his or her time with FII unless FII has subsequently made it non-confidential.

EMPLOYEE CONFIDENTIALITY AGREEMENT

In consideration of Forestry Innovation Investment Ltd. (the “Employer”) agreeing to offer employment to the undersigned (the “Employee”), and other good and valuable consideration (the receipt and sufficiency of which is acknowledged by the Employee), the Employee agrees not to disclose or communicate any Confidential Information (as defined below) of the Employer to any person or entity other than the Employer, nor use the Confidential Information for any purpose or reason other than to the benefit of the Employer.

“Confidential Information” includes, without limitation, (1) any information related to the Employer’s business methods, business policies, procedures, techniques, research or development projects or results, business information of any kind, financial information or other knowledge, possessed by the Employer which is not generally known by individuals outside of the Employer or the Employer’s employees, consultants or advisors; (2) any information marked or otherwise notified to the Employee as being confidential; and (3) any information related to the Employer’s recipients, proponents, stakeholders, partners and other parties with whom the Employer does business.

The Employee will not divulge any Confidential Information that the Employee receives through the Employee’s employment with the Employer, or otherwise, to any other party other than persons who are authorized to receive the Confidential Information, as specifically notified by the Employer to the Employee. If the Employee is uncertain as to whether or not any information is Confidential Information, then the Employee will seek clarification regarding the nature of such information from a senior officer of the Employer before making any disclosures of such information to any other parties.

The undersigned has read and understands the terms set forth above and agrees to abide by the same.

Signature: _____

Date: _____

Future Employment Restrictions

Purpose

The purpose of this Policy is to establish rules of conduct related to an FII employee going to work for another organization. The Policy is designed to ensure there is no conflict of interest while the person is employed by FII or afterwards. It is to be read in conjunction with FII's *Conflict of Interest* Policy.

While Employed by FII

In discharging a given role with FII, an employee must not allow himself or herself to be influenced by the prospect of employment with any other organization, or the prospect of otherwise receiving funds or other consideration from another organization.

An FII employee must not solicit an offer of employment from any entity that receives funds from FII and over which the employee has any significant influence.

If an FII employee is invited to consider potential employment by an entity with which FII has any significant financial or other business relationship, the employee must immediately make his or her supervisor aware of that.

Violation of the above rules of conduct is grounds for dismissal with cause.

Severance Agreements

FII severance agreements shall contain a provision whereby if the terminated employee is subsequently employed by a public-sector organization the person may be obligated to repay some or all of the severance payment.

After Leaving FII

Employment agreements with any new Chief Executive Officer or Vice President shall include the following constraints:

During the 12 months after leaving FII's employment:

If at any time during the 12 months immediately preceding the end of the person's employment with FII, the former employee had any substantial dealings with a private-sector entity that created a commercial benefit to the entity that was not generally available to similar entities, the former employee must not:

- a) accept:
 - i. an offer of employment by the entity,
 - ii. an appointment to the board of directors of the entity, or
 - iii. a contract to provide services to the entity;
- b) on behalf of the entity, lobby or otherwise make representations to FII or the BC Government;
- c) give counsel to the entity, for its commercial purposes, concerning FII's programs or policies; or

- d) act for the entity in connection with any ongoing proceedings, transaction, negotiation or case in which the entity and the BC Government are involved
 - i. if while employed by FII, the former employee acted for or advised the BC Government concerning the proceedings, transaction, negotiation or case; and
 - ii. acting for the entity in that connection would result in the entity receiving a private or commercial benefit or any benefit not generally available to similar entities.

Reduction of 12-Month Limitation

Upon application by a former employee, the Chair of FII's Board of Directors, in consultation with the Deputy Minister of the Ministry responsible for FII, may reduce the 12-month restriction, after considering the following:

- a) the nature of the dealings the employee had with the entity;
- b) the circumstances under which the person's employment with FII ended;
- c) the person's general employment prospects;
- d) the significance to the BC Government of information the person possessed by virtue of employment with FII;
- e) the desirability of quickly transferring the person's skills or knowledge to an employer other than FII;
- f) the degree to which the prospective new employer might gain unfair commercial advantage by engaging the person;
- g) the authority and influence the person possessed while employed by FII; and
- h) prior disposition of other cases.

Gifts, Entertainment, Benefits & Favours

Definition

For the purposes of this policy a gift is anything of monetary value for which the recipient does not pay fair market value. A gift may be a tangible item, or it may be intangible, such as attending a sporting or other entertainment event, an expense-paid trip, or leisure activity fees.

Giving or Accepting Gifts

FII employees may not solicit any gift at any time.

With some exceptions, FII employees should not accept a gift from, or give a gift to, anyone whom FII engages to supply goods or services. The exceptions are:

1. An employee may participate in business-related meals, receptions and similar events in a public setting, hosted by FII or the other party, at either party's cost.
2. An employee may give and receive gifts in the form of promotional items such as pens, desktop items, mugs, ball caps, and printed materials.
3. Although the practice should be politely discouraged, at Christmas time an employee may accept a gift for sharing with all FII employees, such as a basket of foodstuffs.

If an employee is offered a gift of alcohol and circumstances do not lend themselves to declining the gift, it should be offered to all FII employees by way of a silent auction with proceeds going to the employee "social fund".

Exchange of modest gifts can be a required protocol in business meetings or hosted events, particularly with foreign officials. FII employees may exchange gifts with a value of less than \$CDN100; however they should not accept gifts that a third party could view as creating a conflict of interest. FII employees should not allow themselves to be in a position where they might be, or be perceived to be, influenced in making a decision to the benefit of the party giving the gift. When accepting a reciprocal gift, the value should not be materially in excess of the value of any gift provided to the other party.

In providing gifts to foreign officials, employees should ensure that:

- gifts are appropriate to the seniority of the recipient, with the value typically not exceeding the equivalent of CDN\$100;
- wooden gifts are made in B.C. of BC species;
- non-wooden gifts are made or produced in BC when possible.

As much as reasonably possible, gifts should be drawn from FII's inventory, with a record kept of the disposition.

Any gift exchange should be in the presence of other people. After receiving a gift other than in the exceptions noted above, the employee should disclose it to his or her supervisor. If the value of a gift appears to exceed CDN\$100, the employee should consult with his or her supervisor to decide what to do with it.

Use of Travel Points

Travel loyalty program benefits, such as airline frequent flyer points that are accumulated by employees while travelling on FII paid business, must not be used for personal benefit. Such benefits or discounts should only be applied against future business travel or donated to charities associated with the airline frequent flyer points program. Benefits accumulated while travelling at FII expense should not be used beyond the term of employment.

Human Resource Policies

Personal Use of Company Assets, Internet, and Social Media

Purpose

The purpose of this Policy is to ensure that ownership of assets, including intellectual property, purchased, created or developed with funds contractually provided by FII are appropriately identified and controlled in accordance with the agreements.

Scope

All assets purchased, created or developed with funds provided by FII.

Assets used for program delivery

Recipient agreements will specify the following:

1. Recipients will not use funds received from FII to purchase assets even if they are required to deliver the programs under their Recipient Agreements.
2. Where assets are required for program delivery, the Recipients should lease the assets necessary for the time required, to the maximum duration of the Recipient Agreement.
3. In exceptional circumstances, and only if the FII CEO or the CEO's designate has provided approval in writing, the purchase of an asset to facilitate program delivery may be allowed as an eligible cost under the Recipient Agreement. In these situations, only the depreciated cost relating to the term of the contract will be an eligible cost under the contract.

Assets, including intellectual property, created, produced or developed with funds received from FII

Recognizing that these assets exist, at least in part, through FII funding, the ownership of these assets will depend on the clause within the Recipient Agreement which deals specifically with ownership of Material. Depending on the circumstances, ownership will either rest with FII or with the Recipient.

If the Recipient Agreement specifies that the Recipient owns intellectual property created by way of the Agreement, the Agreement will specify that the Recipient grants to FII a perpetual, non-exclusive, irrevocable, royalty-free, worldwide license to use the intellectual property, created, produced or developed.

FII will maintain records of all assets created with its funding.

Personal Use of FII Assets

Employees may use their cell phones and computers for personal purposes provided that no costs are incurred by FII. Cell phone charges that do not relate to FII business are to be identified on the monthly cell phone invoice and paid for by the employee.

Internet & Social Media

FII has made a substantial technological commitment to the use of the latest computer systems. Computers and computer software are expensive to purchase and play a key role in FII's business functions. The computer network and workstations at FII serve as the lifeblood of daily operations.

The following practices must be followed to safeguard these valuable assets:

1. No software shall be installed on any FII equipment unless the software is owned by FII and authorized by the Manager, Information Technology. No unauthorized software programs (e.g., downloaded from the internet) are to be loaded onto the network server or any workstation.
2. FII does not condone the use of illegal copies of software programs and will not tolerate the use of these programs on company-owned equipment. This includes all workstations and the network server.
3. No disks or media are to be brought into the office for use on company-owned equipment without the expressed approval of the relevant supervisor and only after the disks have been checked for computer viruses by the Manager, IT. Exceptions to this are pictures, video clippings, PowerPoint presentations, working documents, etc.
4. Unauthorized copying of corporate owned software is theft and may be grounds for prosecution and/or dismissal.
5. No equipment, manuals or computer disks are to be removed from the office except for the purpose of conducting FII business.
6. No employee owned equipment should be connected to FII's networks without the Manager, IT verifying that the software contained therein is free of viruses.

Internet Usage

FII management encourages employees to explore the Internet for business purposes. If exploration is for personal purposes, it must be done on personal, not company time.

Accessing, downloading / uploading information, files or software of an offensive nature or visiting sites containing derogatory, sexual, racist, or other discriminatory material is strictly prohibited.

Illegal use of the Internet for any purpose is strictly prohibited. Downloading games, jokes, and screensavers represents a risk of introducing viruses into FII's systems/network, can interfere with normal business operations, and can negatively impact the functioning of corporate systems. For these reasons, downloading these items is strictly prohibited.

Additionally, FII does not budget for staff time and out-of-pocket costs associated with restoring corporate systems to proper functioning due to downloading non-business related files. Department managers are responsible for ensuring that employees understand the ramifications of such non-business activities.

Installing software downloaded from the Internet onto a corporate system is strictly prohibited unless there is a vital business reason for doing so and it has been pre-approved by FII's IT Manager.

All e-mail received by computer systems attached to FII's network is the property of FII, and can be subject to being reviewed / opened by management or auditors. Although FII is not technically subject

to the *Freedom of Information and Protection of Privacy Act*, FII generally accommodates requests for copies of its records, which could well include e-mail.

FII's Internet Service Provider maintains records of FII's connections and can supply monthly statistics on when and where users go on the internet.

In accordance with established FII policies and procedures, inappropriate use of FII's technology resources may result in termination of access, disciplinary review, termination of employment, legal action, or other disciplinary action.

Social Media

Certain staff may use social media tools to communicate the key messages of BC's sustainable forest practices and green building benefits to architects, designers and others in Canada and the US.

However, communications with external audiences through social media may be managed only by specific company spokespeople according to the terms of their job descriptions. Employees are not permitted to make any public postings of confidential or proprietary information related to any aspect of FII's business on the Internet. Employees will seek any necessary permission(s) and comply with all legal and regulatory requirements associated with external communications to minimize the risk to FII's reputation. Before publishing any comments that could be construed as public policy, employees will specifically seek executive guidance.

FII's *Standards of Conduct* policy applies to all online interactions.

Employees who participate in social media on behalf of FII are advised to comply with Industry best practices, such as available at [M://humanresources/policies/social media/industry best practices](M://humanresources/policies/social%20media/industry%20best%20practices).

Reporting Wrongdoing or Unsafe Situations (“Whistleblowing”)

Employees have a duty to report any situation they believe contravenes the law, misuses funds or assets, or represents a danger to public health and safety or a significant danger to the environment. Employees can expect such matters to be treated in confidence, unless disclosure of information is authorized or required by law (for example, the *Freedom of Information and Protection of Privacy Act*). Employees will not be subject to discipline or reprisal for bringing forward to the CEO or any member of the executive management team, in good faith, allegations of wrongdoing in accordance with this policy directive.

Employees should report their allegations or concerns in writing to the CEO or any member of the executive management team, who will acknowledge receipt of the information, investigate the matter and respond in writing within 30 days. Where an allegation involves the CEO, the employee or contractor should forward the allegation to the Chair of the Board.

Employees should report any safety hazard, unsafe condition, or unsafe act as those are described in the Occupational Health and Safety Regulation, available at WorkSafeBC’s website: <http://www2.worksafebc.com/publications/OHSRegulation/Home.asp>.

Contractors should be encouraged to similarly report any allegations or concerns about misconduct, wrongdoing, or unsafe conditions.