

Standards of Conduct

Updated: April 2019

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. 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:

1. conduct themselves in a manner which meets acceptable social standards.
2. treat others in the workplace with respect and dignity and must refrain from exploiting a work relationship for private advantage or benefit.
3. not engage in discrimination based on **race, national or ethnic origin, colour, religion, sex or sexual orientation, age, mental or physical disability.**
4. 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 behavior 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 during the resolution process.

Other

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

All FII employees, including those within its subsidiary companies, are required to sign a *Standards of Conduct Agreement* on an annual basis.

Conflict of Interest

Updated: April 2019

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:

1. should arrange their private affairs in a manner that will prevent real, apparent or potential conflicts of interest from arising;
2. should not have private interests that would be materially affected by actions over which they exert significant influence;
3. 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;
4. 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;

5. 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;
6. 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*;
7. 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 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.

Conflict of Interest – Employee Purchase of Forestry Company Shares

FII employees should arrange their private affairs in a manner that will prevent conflicts of interest, or the perception of conflicts of interest, from arising.

An example of potential conflicts of interest include situations where an employee, in the performance of their duties, has the appearance of giving preferential treatment to an organization in which the employee has an interest, financial or otherwise. Because FII does not provide direct funding or services to individual forest companies, there should be no reason for an actual conflict of interest to arising from FII Employees having forestry company securities in their investment portfolio. However, as there is the potential of a perceived conflict of interest given FII’s work in the forestry industry generally, FII has adopted the following policy guidelines:

1. FII employees should not own a control block (10% or more of a publicly trading company) or a majority of securities of any forestry company.
2. No FII employee should purchase securities of any organization based on any insider information learned as a result of their employment with FII.
3. All FII employees are required to disclose their holdings of any securities in a forestry company to the CEO or CFO, and may be subject to further requirements in the event of an actual or perceived conflict of interest in respect of those securities.

Other

All FII employees, including those within its subsidiary companies, are required to sign a *Disclosure of Outside Business Interests* declaration form on an annual basis.

Reporting Wrongdoing or Unsafe Situations (Whistleblowing)

Updated: April 2017

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.

This policy provides protection for employees against allegations that are made in bad faith. Bad faith is defined as allegations that are brought forward motivated by personal animosity or impartiality. This includes complaints that are “trivial” (meaning of small worth or importance); “frivolous” (meaning not serious or lacking in legal merit); and “vexatious” (meaning without reasonable or probable cause such as intention to harass.) Employees or contractors found to have made an allegation in bad faith may be subject to disciplinary action. The Employer will seek to determine if the allegation is supported by facts or if it is purely speculative or hypothetical in nature.

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:

<https://www.worksafebc.com/en/law-policy/occupational-health-safety/searchable-ohs-regulation/ohs-regulation>.

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