



PRECIOUS WOODS

# 2.1

# BUSINESS

# ETHICS

# GUIDELINE

An Ethical Guideline of Precious Woods

10.2016



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## Good ethics is good business

Dear Fellow Employee,

Since it was founded, the policy and practice of Precious Woods with all its divisions and subsidiaries has always been to operate in an ecological sound and socially responsible manner and legally correct.

All employees have the obligation to act at all times fairly and honestly. Such commitment to ethical conduct as an institution and as employees is fundamental to the long term success of Precious Woods.

Precious Woods defines sustainability literally as its core business and aims to set standards in sustainable management in managing forests in the tropics. Compliance with high ethical standards – honesty and integrity in all its behaviour and activities – is a precondition to convincingly act as a leader in sustainability.

This Code is the official ethics guide for the whole group. It applies to all Company employees throughout the world. It is intended to help us comply with our commitment to high ethical standards. Keep it for future reference and make its guidelines an active part of your everyday business life. Violations of the Company's Code of Business Ethics are not acceptable and will result in management actions, including disciplinary actions.

We count on your support to continue Precious Woods tradition of integrity and ethical conduct. If you have any questions relating to the Precious Woods Code of Business Ethics, please contact the **Ethics Official in your operating unit**.

Ernst A. Brugger  
Chairman

Markus Brüttsch  
CEO/CFO

Zurich, October 2016



# 1. Precious Woods Code of Business Ethics

## 1.1 Introduction

Precious Woods adheres to high ethical standards. The Company intends to maintain these standards in all of its business activities. They apply in the management of all our businesses, in the acquisition of new businesses as well as to all of our contractual obligations. Improper activities could harm the Company's reputation for integrity and sustainability and otherwise result in adverse consequences to the Company and its employees. Even the perception of impropriety may be extremely damaging.

The purpose of this Code of Business Ethics ("Code") is to affirm in a comprehensive statement the standards of conduct required by the Company. This Code supplements the Mission Statement as well as corporate and divisional policies and procedures already in place. The Code provides firm, uncompromising standards for each employee of the Company with respect to dealing with customers, suppliers, government agencies, the local population, the environment, and others.

Adherence to this Code is the responsibility of each employee and is a condition of continued employment. Adherence to the Code will be the subject of management attention and periodic internal audits and reviews.

## 1.2. General ethical standards

Set forth below are general standards that shall be met by all employees. However, these standards are not necessarily the only obligations that apply to employees' conduct. In general, all employees shall take care to avoid any conduct that could reasonably appear improper or might injure the Company's reputation for honesty and integrity in its activities. If in doubt, consult with your supervisor or the **Ethics Official of your operating unit**.

## 1.3. Compliance with laws, rules and regulations

The Company is strongly committed to conducting its business affairs with honesty, integrity and in full compliance with all applicable laws. No employee of the Company is authorized to commit any illegal or unethical act, or to instruct others to do so, for any reason.

If a law is more restrictive than a particular action or policy prescribed by this Code, you must comply with the law; if a local custom, industry practice or previous company policy conflicts with this Code, you must comply with this Code. Do not hesitate to ask your unit's Ethics Official or your supervisor for advice before making any decision about which you are uncertain.



## **1.4. Conflict of interest**

No employee may have a personal, business or financial interest that is incompatible with the loyalty and responsibility owed to the Company ("conflict of interest"). It is not possible to identify every particular activity that might give rise to a conflict of interest. However, some practices and circumstances that may result in conflicts are described below.

### **1.4.1. Dealing with suppliers and customers**

Employees should be motivated to acquire goods and services and make transactions for the Company on terms most favourable to the Company. Disclosure shall be made to the Company if an employee or any of his/her immediate family members (son/daughter, grandson/granddaughter, father/mother, grandfather/grandmother etc) or close person (such as siblings, uncle/aunt, nephew/niece, husband/wife, registered partner or other persons in a family or similar relationship)(hereinafter "Family Member") has an ownership interest in a business that is a supplier or customer, or is performing services of any kind for, or is otherwise compensated by, such a business. Ownership of less than 5% of the stock of a public company is acceptable, but should be disclosed.

### **1.4.2. Dealing with competitors**

Similarly, disclosure shall be made to the Company if an employee or any of his/her Family Members has an ownership interest in a competitor's business or is performing services of any kind for, or is otherwise compensated by, a competitor. Ownership of less than 5% of the stock of a public company is acceptable, but should be disclosed.

### **1.4.3. Outside directorships and consulting**

A Company employee, if asked to serve as a director or consultant of another business, shall first receive clearance from the Precious Woods **Organisation Committee** or the **Group Management Committee**.

### **1.4.4. Compensation, etc. from others**

An employee or member of his/her Family Members shall not accept compensation, loans, entertainment, commissions, property or anything else of personal financial or other advantage, from outside parties in connection with any transactions in which the Company might have an interest, without making full disclosure to the Company. This policy does not apply to personal loans from a recognized lending institution made in the ordinary course of business on usual and customary terms.



#### **1.4.5. Other opportunities resulting from employment**

The acquisition by an employee or his/her Family Members of an interest or other financial advantage in real estate, patent rights, securities, profit opportunity or other right or property which results from or is directly connected with his/her employment, shall be disclosed to the Company.

#### **1.4.6. Reporting and evaluating a potential conflict of interest**

If you believe that you have a potential conflict of interest situation, you should report it to your supervisor or your **operating unit's Ethics Official**. All reported potential conflicts of interest will be evaluated by the Company's **Strategy and Organization Committee (SOC)**, which will determine whether a conflict of interest exists that is potentially damaging to the Company or is in violation of a law.

### **1.5. Equal employment opportunity, harassment and sexual harassment**

The Company is committed to a policy of equal employment opportunity so as to assure that there shall be no discrimination or harassment against an employee or applicant on the grounds of race, color, religion, sex, age, disability, national origin, or any other factor made unlawful by applicable laws and regulations. This policy relates to all phases of employment including recruitment, hiring, placement, promotion, transfer, compensation, benefits, training, educational, social and recreational programs and the use of Company facilities. Sexual harassment is specifically prohibited. These policies cover all personnel actions in all job categories at all levels.

### **1.6. Political payments**

No funds or assets of the Company shall be used to aid any candidate or nominee for national, state or local political office or to aid any political parties or committees. These prohibitions cover direct contributions and indirect assistance such as the furnishing of goods, services or equipment to candidates, political parties or committees, or employee expense reimbursement for political activities.

### **1.7. Proprietary data**

The Company's trade secrets and proprietary data are parts of the Company's valuable intellectual property. These include technical, financial, operating, marketing and administrative information in many forms. Protection of their confidentiality is vital. A Company employee shall not use such information for personal benefit or for the benefit of anyone other than the Company. Furthermore an employee shall not disclose or make public such information except with the authorization of the **Ethics Official of the applicable operating unit**. This restriction on disclosure to others applies to the Government and to prime contractors, subcontractors, and suppliers, as well as to the general public. Whether inside or outside the Company and its facilities an employee shall take reasonable





precautions to protect such information from inadvertent disclosure. The Company and its employees may from time to time receive or have access to trade secrets or proprietary data of a government agency, other corporations and others. Employees shall handle these in accordance with any agreements concerning their use or disclosure, and with the same care and under the same restrictions as if they were the Company's trade secrets or proprietary data. Furthermore, Company employees shall not disclose to other Company employees or use for the benefit of the Company trade secrets and proprietary data of their former employers.

## **1.8. Insider information and securities trading**

As a publicly traded company, Precious Woods is required to provide full and fair public disclosure on a timely basis of any activities that would materially affect the value of Precious Woods' stock, options or any of its other securities.

In the normal course of business, some employees may become aware of such activities before the activities become public knowledge. Until it is released to the public, this knowledge is considered "inside" information and shall be kept confidential. Applicable securities laws are designed to protect the public by preventing anyone with inside information from unfairly exploiting this knowledge. Acting on inside information for personal gain or releasing it to anyone else prior to its public disclosure is in violation of law and Company policy.

The following guidelines are intended to help in complying with the rules regarding inside information:

- Inside information shall be shared only with persons inside or outside the Company whose responsibilities require them to have the information.
- The Company has standard procedures for the release of material information outside the Company. No such disclosure shall be made without following those procedures strictly.
- An employee shall not buy or sell Company stock, or other Company securities, or direct someone else to buy or sell on his/her behalf or on the behalf of other parties if he/she has knowledge of material inside information that has not been made public.
- An employee shall not trade in another company's stock, options or other securities on the basis of Company inside information or information learned in the course of their Company duties.

## **1.9. Antitrust and competition laws**

Compliance with antitrust & competition laws and profitable operations are compatible objectives of the Company. Dealing fairly, equally, and openly with customers and suppliers, as well as competing aggressively and independently, are among the principles on which the Company has built its success. Failure to follow these laws may result in criminal penalties including jail sentences and/or fines and loss of employment.



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Primary responsibility for compliance rests with each individual. The Company issues from time to time antitrust policy statements and guides and encourages its employees to consult these documents. Generally, an employee shall not enter into an understanding, agreement or plan, expressed or implied, formal or informal, written or oral, with a competitor in regard to prices, terms or conditions of sale or service, production, distribution, territories or customers. He/she shall not exchange or discuss with a competitor prices, terms or conditions of sale or service, or other competitive information, nor engage in other conduct that violates any of these laws. If an employee identifies what might be an antitrust/anticompetition problem, he/she should promptly notify the Group Management Committee.

### **1.10. Accounting systems, books and records**

Company policy is that its books and records will fairly and accurately reflect all transactions and the acquisition and disposition of assets in reasonable detail and will conform both to applicable legal requirements and to the Company's system of internal controls. Books and records will be maintained in accordance with the applicable accounting principles. No false, artificial or misleading statements or entries shall be made in Company books and records including, but not limited to, time cards, accounts and financial statements. No unrecorded off-the-books or "slush" funds or secret assets of any kind shall be maintained for any purpose whatsoever.

### **1.11. Coercion of auditors**

The integrity of Company's audited financial statements is critical. No employee shall take any action to fraudulently influence, coerce, manipulate, or mislead the Company's independent public accountants engaged in the performance of an audit of the Company's financial statements for the purpose of rendering the resulting financial statements materially misleading.

### **1.12. Gifts and donations**

Employees of Precious Woods are prohibited from offering, soliciting or accepting gifts or donations related to the business. However, infrequent entertainment and gifts of insignificant monetary value arising out of ordinary corporate hospitality are acceptable. It is not permissible to offer, solicit or accept cash or cash equivalents of any amount.

Charitable donations are permitted only within the limits of local laws and in complete transparency. They need to be authorized in writing by the unit's Ethics Official.





### **1.13. Advantages**

Any promise, offer or delivery or facilitating service to someone holding a public office of any material benefit of any kind, whether directly or through intermediaries needs to be in compliance with the applicable laws, appropriate, in conformity with local customs, made in the country of the public official and not given in return for an unlawful advantage.

### **1.14. Bribery**

Employees of Precious Woods may not give anything of value, directly or indirectly, to someone holding a public office in order to obtain or retain business. Instances of bribery must be reported to the unit's Ethical Official.

### **1.15. International business**

Employees worldwide, irrespective of geographic location, must comply with Swiss and local laws/regulations, e.g., foreign exchange controls, custom duties, value added taxes, etc. If there is any question as to a potential conflict between local laws/regulations and Swiss laws/regulations, Precious Woods' Group Management Committee should be immediately contacted, and no action is to be taken without such consultation.

### **1.16. Protection and proper use of company assets**

Protecting company assets against loss, theft and misuse is the responsibility of every employee. Any suspected theft, fraud or inappropriate use of Company assets should be reported to an employee's supervisor or the **unit's Ethics Official**. Assets may only be used for Precious Woods' business and in accordance with company policies and may therefore not be sold, loaned, given away or disposed of without proper authorization.

### **1.17. Health and safety**

The forestry and wood processing industry belongs to the industrial sectors with the highest figures for workplace accidents. Precious Woods is committed to compliance with all state and local laws and regulations concerning health and safety. Furthermore, the Company strives for implementation of the highest industry standards on health and safety. Employees will make every reasonable effort to ensure that the Company's products and places of business are safe for its employees and the



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public. A healthy and safe work place and environment is not just the responsibility of the Company or management, it also demands constant attention of every employee.

Employees shall follow Company policies and directives relating to matters of health and safety. Employees are expected to use common sense and good judgment in dealing with such matters.

### **1.18. Environment**

It is Precious Woods' aim to contribute to the permanent preservation of tropical forests and to a healthy environment for future generations. Precious Woods is not only committed to compliance with all state and local laws and regulations concerning the forest and the environment in general, the Company goes further orienting itself on the rules of the Forest Stewardship Council (FSC) for a responsible forest management.

Every employee should act according to the environmental objectives of the Company. In particular no employee should knowingly do harm to the environment in a way that can be avoided.

### **1.19. Society and local population**

Precious Woods cultivates good relations with local communities and local and international NGOs, and recognizes the valuable role played by trade unions. The Company promotes rural development and local communities, and therefore the employment of local people at all levels.

Precious Woods does not pursue forestry activities in forest areas where indigenous people demonstrably following their own culturally distinct and original way of life use and lay claim to the forest as their home.

Employees will make every reasonable effort to ensure that the Company's objectives regarding society and local population are obtained.



## 2. Ethics policy implementation

The Board of Directors is responsible for the ethics, social and environmental policy of the group. Precious Woods has a **Corporate Ethics Official** and all operating units also have “**Ethics Officials**” designated to support the implementation of the Ethics Program. The **unit’s Ethics Official** is also available for consultation on ethics issues or to answer any questions you may have about this Code. The Board of Precious Woods Holding nominates also an Ethics Ombudsperson which may be contacted directly by employees.

Many other Corporate, Group or Division policies govern the ethical conduct of Company employees. Often these policies elaborate upon the general guidelines set forth in this Code. Employees shall make themselves aware of and comply with the applicable policies and procedures.

### 2.1. Employee responsibility and discipline

It is the responsibility of each Precious Woods unit, and in particular the responsibility of the General Managers and other senior management of each Precious Woods unit, to implement and enforce this Code. Each Company employee shall be responsible to conform his/her conduct strictly to this Code and any other applicable policies. Each employee will be provided a copy of this Code and shall review it carefully in order to understand and to comply with it. The **General Manager** of each operating unit is responsible for ensuring that all department managers of his/her unit receive this Code. All employees are to be informed about the topics concerning their work. With respect to particular areas of conduct involving specific employees, further training and guidance will be provided as appropriate. In any instance where an employee requires guidance as to how to follow this Code, he/she should seek advice from his/her supervisor or the **unit’s Ethics Official**.

If at any time a Company employee or agent has engaged in, is about to engage in, has been asked to engage in, or suspects others have engaged in, conduct that may violate this Code, then any employee having knowledge of the matter shall report it directly to his/her supervisor or the **unit’s Ethics Official**. In the alternative, the employee may report such ethics concern or potential violation by calling the Company’s “**Ethics Ombudsperson**”. The telephone number is posted at every company location. Calls to the Ethics Ombudsperson can be made on an anonymous basis. No matter how reported, there shall be no retaliation or harassment of employees who report possible violations.



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Each supervisor is responsible to oversee the conduct of each employee under his/her supervision and to ensure the employee's compliance with this Code. Any supervisor receiving a report from an employee of a possible ethics violation shall report it to the **unit's Ethics Official** or the **Corporate Ethics Official**, who shall take action as appropriate. Anyone violating this Code, whether occurring through individual misconduct, a failure to exercise adequate supervisory oversight, or a failure to report misconduct of others, shall be subject to appropriate disciplinary action.

### 2.2. Reporting alternatives and ethics compliance hotline

There are many alternatives available to employees to ask questions about or to report actual or perceived violations of the Precious Woods Code of Business Ethics. These alternatives are as follows:

- The immediate supervisor should be the primary resource in most instances.
- The next step should be to seek the advice of anyone in the department's chain of command. In other words, the "open door policy" should be used.
- A further alternative is the operating **unit's Ethics Official** at the division/location.
- The **Corporate Ethics Official** may be contacted if the person does not feel comfortable with anyone at the division/location.
- Finally, the Company's "**Ethics Ombudsperson** may be used to report ethics concerns or violations or to report concerns regarding potential accounting or financial irregularities. All reports to this ombudsperson can be anonymous if so requested. The Ombudsperson will inform the Chairman of the Board and the SOC. Calls regarding accounting, internal accounting controls, or auditing matters will be reviewed by the Audit Committee of the Precious Woods Board of Directors.

Whatever the concern, there is an appropriate resource within the Company. Additionally, the Board of Directors of Precious Woods is committed to providing avenues through which such issues may be raised, reviewed and, in every possible instance, resolved.

### 2.3. No retaliation

There shall be no retaliation or harassment of employees who report possible violations or other concerns. Any employee who engages in such retaliation or harassment will be subject to serious disciplinary action, including possible termination of employment.



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### 3. Code of conduct responsible

Main responsibility:

*Board of Directors*

Ernst A. Brugger, Katharina Lehmann

*Group Management Committee*

Markus Brüttsch, Stephane Glannaz

Corporate Ethics Official / Ethics Compliance Hotline

Jacqueline Martinoli

Phone: +4141 726 13 16

E-mail: [media@preciouswoods.com](mailto:media@preciouswoods.com)

Corporates' Ethics Official / Non-executive Ombudsman

*Ombudsperson*

Claude Martin

Phone: +41 22 366 23 69

E-mail: [claudemartin@bluewin.ch](mailto:claudemartin@bluewin.ch)

Units' Ethics Official:

*Precious Woods Amazon*

João Cruz

*Precious Woods Gabon*

Frédéric Ober

*Precious Woods Holding*

Markus Brüttsch