

Form: Gift & Hospitality form, Charitable & Sponsorship donation,  
Disclosure Conflict of Interest  
Appendixes: A: Anti-corruption Pledge

Original Issue Date: January 10, 2008  
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## 1. INTRODUCTION

It is the policy of Grandis Timber Limited to not engage in corrupt activities, not to tolerate any such activities among our management, employees, or contractors (hereafter referred to collectively as "Grandis Timber"). This document is put forward to clearly communicate the relevant individuals or organizations the policy of Grandis Timber

## 2. BASIS OF THE POLICY

The mission of Grandis Timber Limited and its parent Monsoon Timber K/S is:

***"The creation of timber assets international institutional investors"***

1.1 A key objective of this mission is conducting ourselves and our business transactions in a manner that a socially responsible institutional investor would be comfortable. To accomplish this mission, Grandis Timber's policy has taken into account the laws, regulations and treaties relevant based upon its location, ownership and operating structure. The policy is based on the following:

- 1.1.1 Organization for Economic Cooperation and Development (OECD) Convention Combating Bribery of Foreign Public Officials in International Business Transactions;
- 1.1.2 United Nations Convention against Corruption;
- 1.1.3 Laws of the Kingdom of Cambodia;
- 1.1.4 Danish Criminal Code;
- 1.1.5 International Woodlands Company (IWC) Code of Conduct.

## 3. DEFINITIONS:

- a. **Corruption** - The misuse of entrusted power for private gains. Corruptions primary forms are listed below.
- b. **Bribery** - To offer, receive, promise or give any unjustified rewards or other advantage, whether directly or through intermediaries, to foreign public officials, for that official or for a third party, in order that the official act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage.
- c. **Extortion** - A criminal offense, which occurs when a person either obtains money property, or services from another through coercion or intimidation or threatens one

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with physical or reputational harm unless they are paid money goods or property.

- d. **Nepotism** - Favouritism shown to relatives or close friends by those in power (as by giving those jobs or economic benefit).
- e. **Fraud** - Representing a transaction in a less than completely accurate manner, for economic benefit of an unjustified party or an unjustified amount of economic gain.
- **Facilitation Payments** –A facilitating payment to a foreign official, political party official the purpose of which is to expedite or secure the performance of a routine government action. Our policy strictly prohibits facilitation payments, however does allow legally payments in the following circumstances if the payments are:
  - Made as a reasonable and bona fide expenditure directly;
  - Lawful under the written laws of the foreign official's country, or
  - Activities or the execution or performance of a contract with a foreign government (for example, may pay the travel and lodging expenses of an official coming to a demonstration or to sign a contract).

## 4. PRINCIPLES

**Principle 1:** - Grandis Timber will not under any circumstances be involved in any form of corruption as defined above.

**Principle 2:** - All transactions of Grandis Timber will be measure by and meet the criteria that from a legal and ethical stand point, (not necessarily a commercial and confidentiality standpoint), we would be comfortable with the terms of the transaction being published in the newspaper.

**Principle 3:** - If a manager, employee, or contractor engages in corrupt or unethical activities, they will be summarily terminated, without warning and without severance pay, or other compensation beyond that legally required under the appropriate governing law.

## 5. GIFTS AND HOSPITALITY POLICY

### a. PURPOSE OF THE GIFTS & HOSPITALITY POLICY

- i. Gifts & hospitality present bribery risks, with negligence, inexperience and ignorance adding to the likelihood of gifts being used as a means of bribery. Gifts and hospitality may be used by corrupt third parties to manoeuvre Grandis's employees to a position of obligation and prepare the way for a corrupt act.
- ii. They may also be used by Grandis's employees to corruptly build favours with external parties. Inappropriate gifts given may also cause offence or infringe on the recipient's own rules which could lead to exclusions from future dealings. Some forms of hospitality such as hostess services also present a risk to Grandis as they may be used a basis for blackmail and should never be accepted by staff acting on behalf of Grandis.

Policy – **Anti-corruption and Ethical Conduct**  
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iii. The purpose of this policy is to provide guidance to its users on what Grandis considers to be acceptable and unacceptable gifts, as well as provide guidance on the appropriate procedures to take when giving or receiving gifts and hospitality to and from external parties.

b. SCOPE

i. This policy is applicable to all members of Grandis Timber, including but not limited to the Directors, employees, contract staff and its agents. The policy is also only applicable to gifts and hospitality to and from external parties.

c. GIVING GIFTS & HOSPITALITY TO EXTERNAL PARTIES

i. Giving of gifts to *influence* a business decision or to gain favour, or which can be perceived as such, is prohibited, regardless of the value of the gift.

ii. Gifts can only be given to external parties under the following circumstances:

1. For marketing purposes, where the gifts promote Grandis Timber company and/or the products marketed by Grandis.
2. During festive seasons: **Khmer New Year**
3. **Asking or requesting, acceptance of meetings with senior stakeholders**

iii. Gifts allowable under ii are also limited to the following restrictions:

1. Each gift is limited to US\$30.
2. Giving gift maximum \$250 gift at CEO's discretion
3. Gifts of cash, cash equivalents (e.g. cash vouchers) and loans are prohibited.

d. POLICY FOR GIVING HOSPITALITY

i. Provision of hospitality to *influence* a business decision or to gain favour, or which can be perceived as such, are prohibited, regardless of the value of the hospitality.

ii. Giving of hospitality is only allowed for business purposes such as meals following from or leading up to a business meeting.

iii. The following restrictions apply when providing hospitality:

1. Each provision of hospitality is limited to US\$30 per individual
2. Giving Hospitality maximum \$250 hospitality at CEO's discretion
3. Hospitality provided must not be illegal or of a nature which could be regarded as immoral or offensive to stakeholders.

e. PROCEDURES FOR GIVING GIFTS & HOSPITALITY

i. Members of Grandis who are unable to adhere to the restrictions applied under c and d of this policy must obtain permission from the Integrity Manager *before* providing the gift or hospitality.

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- ii. The cost of the gift or hospitality given must be reclaimed through the Finance Department within one month of the procurement of the gift/hospitality. On submission of expense claims the following must be provided:
  1. Receipt
  2. The recipients' name(s) and organisation(s)
  3. The nature of relationship between the recipient(s) and Company X
  4. Details of gift/hospitality provided

f. **MONITORING & REVIEW**

- i. The Integrity Manager is to receive a monthly report from the Finance Department, detailing all gifts and hospitality claims.
- ii. The Integrity Manager will conduct monthly reviews to ensure that the policy is adhered to and that:
  1. The reasons for the gifts and hospitality given are business related.
  2. The gift(s) and hospitality given are not likely to create a sense of obligation towards the giver or Grandis Timber.
- iii. Risk areas are to be identified and recorded in the Risk Log for inspection.
- iv. The Integrity Manager will provide quarterly reports to the Committee on Governance and Integrity on gifts and hospitality given in the period.

g. **RECEIVING GIFTS & HOSPITALITY FROM EXTERNAL PARTIES:**

- i. Members of Grandis Timber are prohibited from *requesting* for gifts from any external stakeholders of Grandis Timber.
- ii. Gifts which can be perceived to *influence* a business decision or to gain favour are prohibited and must be rejected, regardless of the value of the gift.
- iii. Where gifts are offered, members of Grandis Timber are to only accept Corporate Gifts (e.g. notepads and pens with the logo of the benefactor) and hampers/gifts baskets with the following restrictions:
  1. Each gift is limited to US\$30
  2. The US\$30 limit does not apply to hampers/gifts baskets received, however all hampers/gifts baskets received are to be shared amongst other Grandis Timber members regardless of the value.
  3. Gifts of cash, cash equivalents (e.g. cash vouchers) and loans are prohibited and are to be rejected regardless of value.
  4. Gifts received at home addresses are to be reported to the Integrity Manager within five working days of receiving the gift. The Integrity Manager will decide on how best to proceed with the gift.

#### h. POLICY FOR RECEIVING HOSPITALITY

- i. Hospitality which can be perceived to *influence* a business decision or to gain favour is prohibited and must be rejected, regardless of the value of the hospitality.
- ii. Members of Grandis Timber are prohibited from requesting for hospitality from any external stakeholders of Grandis Timber.
- iii. Where hospitality is offered, accepting of hospitality is only allowed for business purposes such as meals following from or leading up to a business meeting.
- iv. The following restrictions apply when receiving hospitality:
  1. Each meal is limited to US\$30 per individual.
  2. Receiving hospitality maximum \$250 hospitality at CEO's discretion
  3. Hospitality accepted must not be illegal or of a nature which could be regarded as immoral or offensive to stakeholders.

#### i. PROCEDURES FOR RECEIVING GIFTS & HOSPITALITY

- i. Where gifts or hospitality offered to Grandis Timber's members are prohibited by g and h Grandis's members are to reject such offers. Where it would be deemed too rude to reject these offers, notify the Integrity Manager as soon as practicable to seek advice.
- ii. Where specific external stakeholders frequently make inappropriate offers to Grandis's members, the Integrity Manager is to discuss this with the Committee on Governance and Integrity to consider terminating the business relationship between Grandis Timber and the offending party.

## 6. FACILITATION PAYMENTS

#### a. PURPOSE OF THE FACILITATION PAYMENTS POLICY

- i. Facilitation payments are problematic as they are illegal in most countries, including Cambodia. However, they remain widespread and may be paid on behalf of the company by agents or other similar intermediaries. The dividing line between facilitation payments and bribes is not easily drawn and can weaken the company's ability to implement its anti-bribery Programme.
- ii. The policy for facilitation payments should be aligned to the overall no-bribes policy and provide the platform for procedures to eliminate or control such payments to ensure that the company complies with laws whether anti-corruption or taxation.
- iii. The purpose of this facilitation payments policy is to provide guidance to its users on the appropriate procedures to take when a request for facilitation payment is made.

#### b. SCOPE

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- i. This policy is applicable to all members of Grandis, including but not limited to the Directors, employees, contract staff and its agents.
- ii. For the purpose of this policy, facilitation payments are defined as a bribe paid in order to expedite the performance of routine official action (such as processing government papers, issuing licences or permits, clearing goods through customs or obtaining adequate police protection) to which the company is entitled.

c. POLICY

- i. Facilitation payments are prohibited, no matter what form they take.

d. PROCEDURE

- i. When a request for a facilitation payment is made, staff is to follow the below procedures:
  - 1. Ask the recipient if an official receipt will be issued for the payment.
  - 2. If the requestor is unable to provide an official receipt, do not make payment in cash or in kind.
  - 3. Notify the Integrity Manager immediately.
  - 4. Upon notification, the Integrity Manager will record the incident and immediately report this to the Committee on Governance and Integrity who will investigate the incident and decide on whether to report the incident to the Anti-Corruption Unit or any other relevant authority.
- ii. All incidents involving requests for facilitation payments, including investigations, decisions and any other follow ups must be recorded and logged by the Integrity Manager.

## 7. DECLARATION OF CONFLICT OF INTEREST POLICY & PROCEDURES

a. PURPOSE OF THE DECLARATION OF INTEREST POLICY

- i. The purpose of this declaration of conflict of interest policy is to provide guidance to staff in declaring conflicts which may arise in their official duties with the company as the existence of conflict of interest poses a significant threat to the high integrity standard which the company and its staff upholds.
- ii. Company staff should avoid any conflict of interest situation, or the perception of such conflicts, to protect both the company and the staff's reputation. Staff is prohibited from misusing their position or authority in the company to pursue their own private interests. Examples of conflict of interest are described below but they are by no means exhaustive:

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1. A staff member involved in a procurement process is closely related to or has beneficial interest in a supplier being considered by the company;
2. One of the candidates under consideration in a recruitment or promotion exercise is a family member, a relative or a close personal friend of the staff member responsible for the exercise;
3. A staff member undertaking part-time work with a contractor whom he/she is responsible for monitoring

b. SCOPE

- i. This policy is applicable to all company staff, including but not limited to the Directors and employees, throughout their employment with the company.
- ii. For the purpose of this policy, the following definitions apply:
  1. **Interest:** A person's stake or involvement in an undertaking, financial or otherwise, which may lead to prejudice and bring advantage or benefit to a person or group.
  2. **Conflict of interest:** A situation where a person's private interests conflicts with the interests of the company.

c. POLICY

- i. All company staff must declare his/her interest (financial or otherwise) that may, directly or indirectly, in any matter, raise a conflict in his/her official duties with the company.
- ii. Frequency
  1. All staff must complete a Declaration of Conflict of Interest form on joining the Company, and annually thereafter.
  2. Staff shall notify their immediate superior of any further potential conflict of interest as it arises. If in any doubt, the member of staff should discuss the issue with their immediate superior or the Integrity Manager at the earliest opportunity.

d. PROCEDURE

- i. Annual submission
  1. All staff shall be given a Declaration of Conflict of Interest form on joining Grandis Timber by HR. The form has to be completed and returned to HR within five working days.
  2. Thereafter, HR will send the form to all staff members on an annual basis to be completed and returned within five working days.
  3. Where conflict of interest arises during the year, staff shall notify their direct line manager at the earliest opportunity. Their manager will then determine the appropriate course of action, in consultation with their Head of Unit and the Integrity Manager.

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4. All staff shall be given a Declaration of Conflict of Interest form at the earliest point of participation. The form has to be completed and returned to HR within five working days.
5. Where conflict of interest arises during the course of the contract activities, staff shall notify their direct line manager at the earliest opportunity. Their manager will then determine the appropriate course of action, in consultation with their Head of Unit and the Integrity Manager.
6. HR is to be informed of all notifications for recording purposes.

e. **MONITORING AND REVIEW**

- i. All forms received by HR will be recorded and compiled.
- ii. HR will provide the relevant managers and directors with updates, as and when a conflict of interest is declared, to allow for monitoring.
- iii. HR will monitor that all employees completed and submitted the forms on a timely basis

f. **SANCTIONS FOR NON-COMPLIANCE**

- i. In the event an individual fails to comply with the submission or is proven to have provided false information, intentionally or unintentionally, he/she shall be subjected to sanctions as specified below:
  1. Written warning;
  2. Forfeiture of emoluments;
  3. Deferment of salary increase;
  4. Demotion of salary;
  5. Demotion; and
  6. Dismissal

## 8. CHARITABLE DONATIONS AND SPONSORSHIP

a. **PURPOSE OF THE CHARITABLE DONATIONS AND SPONSORSHIP POLICY**

- i. Charitable contributions can present a bribery risk as it involves payments made to a third party without tangible returns and may be used as subterfuge for bribery. Donations can be steered for corrupt purposes to 'front' charitable, sporting or philanthropic organisations or used to create undue influence by donating to a favoured cause of a decision maker or customer. Donations made through an intermediary present further risks as they can be subject to less control and follow-up.



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- ii. Sponsorships, unlike charitable contributions, are usually made for business objectives such as brand or reputation management purposes. They can present a bribery risk as it involves payments made for benefits which are often difficult to measure and track. Sponsorships can be subject to kickbacks; funds can be steered for corrupt purposes to 'front' charitable, sporting or philanthropic organisations. They can also be used to create undue influence by sponsoring a favoured cause of a decision maker or customer. Hospitality is often tied to sponsorships and can be inappropriate when the value of tickets and entertaining are high, for example a major sporting event. For these reasons, the company should have a precise documented policy for sponsorships, supported by transparent selection criteria, review procedures and detailed controls including evaluation of sponsorships made.
- iii. The purpose of the charitable contributions & sponsorships policy is to provide guidance to its users on the appropriate procedures to take when a request for charitable contributions or sponsorships is made.

b. SCOPE

- i. For the purpose of this policy, the following definitions apply:
  1. Charitable Donations: donations, financial or in kind, given for the purpose of supporting a worthy and needy cause, through a *registered charity*. These include loans, gifts of property, services, sponsorship of tables at events, advertising or promotional activities endorsing a charitable organisation. The release of employees during office hours from the employer to the charity also constitutes a donation.
  2. Sponsorship: Financing part of a project or event, carried out by another person or organisation, in return for advertisement.

c. POLICY

- i. Charitable donations and sponsorships for legitimate reasons are allowed with the following restrictions:
  1. Charitable donations and sponsorships that are made to secure a business deal are prohibited, no matter what form they take, and whether they are made directly or indirectly.
  2. Charitable donations and sponsorships relating to political parties are prohibited, no matter what form they take, whether they are made directly or indirectly (amendment required: some companies may allow for political contributions).
- ii. All payments must be accompanied by receipts from the recipients.

d. PROCEDURE

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- i. All individuals or organisations requesting for a contribution must fill out the *Charitable Donations and Sponsorships Application Form* and deliver it to the Integrity Manager either via e-mail or in person. On receiving the form, the Integrity Manager must conduct background checks within five working days of receiving the form, covering the following aspects:
  - ii. The recipient organisation is authentic;
  - iii. The contribution is not being made to secure a business deal;
  - iv. The recipient organisation is not a political party or related to one (amendment required: some companies may allow for political contributions)
- e. Upon completion of the background checks, the Integrity Manager will present the application to the respective authority who will make a decision within five working days of receiving the application:
  - i. Donations or sponsorships up to ≤ US\$1,500: approval by Chief Executive Officer
  - ii. Donations or sponsorships greater than > US\$1,500 < US\$5,000: approval by BOD
  - iii. Donations or sponsorships ≥ US\$5,000: approval with approved budget
  - iv. For a single transaction with amount > US\$1,000, introduce procedure to request recipient to send brief report, receipt or audited annual report after donation has been made.
- f. If the application is rejected, the Integrity Manager must send a refusal letter to the requestor within five working days of the date of decision was made.
- g. If the application is approved, the Integrity Manager must forward the decision to the Finance Department for appropriate payment arrangements to be made.
- h. Payment delivery to be performed by the Finance Department within ten days of the approval from the CEO.

## 9. WHISTLEBLOWING POLICY & PROCEDURES

### a. PURPOSE OF THE WHISTLEBLOWING POLICY

- i. In line with the practice of good corporate governance, Grandis Timber is interested in ensuring that all employees are encouraged to raise concerns about potential improprieties in business conducts or other misconducts in an appropriate way.
- ii. The policy aims to:
  1. Ensure employees are able to raise concerns without fear of suffering retribution; and
  2. Provide a transparent and confidential process for dealing with any concerns.

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b. SCOPE

i. This policy is applicable to:

1. All Company Grandis staff, including but not limited to the Directors, employees, contract staff and agents
2. All Company suppliers and contractors, including suppliers and contractors involved in the bidding of projects
3. Company consultants
4. Company customers
5. Other Company stakeholders

c. THE WHISTLEBLOWING POLICY COVERS THE FOLLOWING POSSIBLE IMPROPRIETIES, IN RELATION TO GRANDIS'S ACTIVITIES:

- i. Fraud
- ii. Corruption, bribery and blackmail
- iii. Criminal offences
- iv. Failure to comply with legal or regulatory obligations
- v. Miscarriage of justice
- vi. Endangering the health and safety of an individual
- vii. Endangering the environment
- viii. Concealment of any of the above

d. FOR THE PURPOSE OF THIS POLICY, THE FOLLOWING DEFINITIONS APPLY:

- i. Whistleblowing: - Disclosure by a person, to the public, or to those in authority, of mismanagement, corruption, illegality or other wrong doing.
- ii. Retaliation:
  1. Withholding of payment that is due and payable under a contract;
  2. Refusal to enter into a subsequent contract without valid reasons;
  3. Action causing injury, loss or damage;
  4. Intimidation or harassment;
  5. Interference with the lawful employment or livelihood of the whistle-blower, including discrimination, discharge, demotion, suspension, disadvantage, termination or adverse treatment in relation to the whistle-blower's;

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6. Employment, career, profession, trade or business or the taking of disciplinary action;
7. A threat to take any of the actions above

e. POLICY

i. Investigation

1. All concerns raised via the whistle-blowing channels will be investigated in a fair and proper manner as per the procedures set out in section h below.

f. GUARANTEE OF ANONYMITY

- i. If personal information such as name and contact details are provided by the whistle-blower through the channels provided in section 4.1 below, only the Integrity Manager will have access to these.
- ii. Unless the whistle-blower agrees otherwise in writing, all further reports will exclude personal details of the whistle-blower. If necessary to include reference to the whistle-blower, a pseudonym unrelated to the whistle-blower, must be used. E.g. "Mr X" or "Ms M".
- iii. Anyone who reveals the identity of a whistle-blower without prior agreement from the whistle-blower will be subject to disciplinary measures, including, but not limited to, the termination of contract or removal of directorship.

g. ASSURANCES AND PROTECTION AGAINST RETALIATION

- i. The whistle-blower shall receive no retaliation or retribution for a report that was provided in good faith i.e. was not done primarily with malice to damage another person or the organisation.
- ii. Anyone who retaliates against a whistle-blower will be subject to disciplinary actions, including termination of employment, working relationship, or other legal means.
- iii. A whistle-blower or any person related to, or associated with, the whistle-blower, who fears, or has suffered detrimental action may:
  1. Report the incident(s) to the Integrity Manager;
  2. Request, in writing to the Integrity Manager, for relocation of employment to another location and/or department within Grandis Timber. Any such request shall be complied with, without prejudice, with all endeavours made by Grandis to act on it.

h. INTERNAL AND EXTERNAL REPORTING

- i. No personal details of the whistle-blower are to be revealed in any report, unless written permission is given by the whistle-blower. If necessary to include reference to the whistle-blower, a pseudonym unrelated to the whistle-blower, must be used. E.g. "Mr X" or "Ms M".

- ii. The report should only be of details of the incident itself, and the suspect(s). Other details should be excluded.
- iii. Reports are to be compiled and checked by only the Integrity Manager prior to printing and distribution to ensure no personal details are revealed.
- iv. Reports are only to be provided to the Board of Directors, Committee on Governance and Integrity and relevant HR personnel performing the investigation, in so far as the report does not involve its members.

i. INFORMATION STORAGE

- i. Electronically stored information will be password protected with access restriction. Any access by users will be automatically logged by the system.
- ii. All hard copies will be securely stored in a locked cabinet in the Integrity Manager's personal office. Access to information will be restricted to specified personnel.

j. FALSE CLAIMS

- i. A whistle-blower who makes a report that is not in good faith, i.e. was done primarily with malice to damage another person or the organisation, is subject to disciplinary action, including termination of employment, working relationship, or other legal means to protect the reputation of Grandis Timber, its directors and its employees.

k. OBSTRUCTION OF INVESTIGATION

- i. Any person who obstructs an investigation of a whistle-blowing report is subject to disciplinary action, including, but not limited to, the termination of contract and removal of directorship.

l. REQUEST FOR INFORMATION

- i. On request, the Integrity Manager will provide the following information to the whistle-blower:
  - 1. The name of the individual(s) handling the investigation;
  - 2. Progress on, and relevant timelines of the investigation in so far as it does not impact the investigation;
  - 3. Final decision made on the case.

m. FURTHER RECOURSE

- i. Should a whistle-blower be dissatisfied with the progress, he/she may seek further recourse from the Board of Directors and/or report the incident to relevant enforcement authorities such as the Anti-Corruption Authority or police.

n. PROCEDURES

- i. Whistle-blowing disclosures may be made via the following methods:
  - 1. E-mail; [hong.lina@grandistimber.com](mailto:hong.lina@grandistimber.com) or [prou.theary@grandistimber.com](mailto:prou.theary@grandistimber.com)
  - 2. Mail;

3. Telephone; 092 249 436 , 017 666 242
  4. SMS;
  5. Face to face with the Integrity Manager.
- ii. All whistleblowing reports will be channelled to the Integrity Manager who will arrange for the following:
    1. A new file on the report will be opened and all details recorded by the Integrity Manager;
    2. The Committee on Governance and Integrity will be notified of the report without any personal details of the whistle-blower, in so far as the report does not involve its members;
    3. The file, without the identity of the whistle-blower, will be passed to HR for investigation, with the Integrity Manager being responsible for ensuring the report is investigated. A standard Domestic Inquiry procedure may be followed;
    4. Once the investigation is finalised, the Committee on Governance and Integrity will decide on the next course of action which include:
      - a. Involvement of ACA, police or other relevant agencies;
      - b. Sanctions in accordance to internal disciplinary procedure;
      - c. No further action taken (if report is unsubstantiated).
  - iii. The CEO is to be notified of all findings as well as the final decision on course of action.
  - iv. The Integrity Manager will keep records on all reports and progress of investigations and provide quarterly updates on whistle-blower reports to the Committee on Governance and Integrity.

## **10. INTEGRITY PACTS POLICY & PROCEDURES**

### **a. INTEGRITY PACTS**

- i. Integrity Pacts were developed by Transparency International for preventing corruption in procurement. It is an agreement between the procuring organisation and its vendor that both will abstain from bribery, collusion and other corrupt practices when fulfilling contract terms.
- ii. Integrity pacts are subject to the laws of the Royal Kingdom of Cambodia and the pacts are made in good faith by all parties involved and are legally binding.

### **b. PURPOSE**

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- i. Procurement and contracting are highly susceptible to corruption risks. Leakages can occur at all stages of procurement and contracting, including the pre-contract design, tender exercise, and enforcement of contract terms and conditions.
- ii. Integrity pacts promote clean operations on the part of the procuring companies and their vendors during the execution of a project. Implementation of integrity pacts also yields other benefits such as greater transparency in contracting and enhancement of public confidence and trust.
- iii. The purpose of this document is to provide guidance to its users on the appropriate procedures when implementing integrity pacts in contracting.

c. SCOPE

- i. The policy is applicable to Grandis Company contracting activities lasting more than three months as well as one off procurement exceeding US\$5,000.

d. POLICY

- i. All contracting activities with vendors lasting more than three months, including new contracts and renewal of existing contracts, must include an Integrity Pact as part of the agreement.
- ii. All one off procurement exceeding US\$5,000 must include an Integrity Pact.
- iii. IPs are to be signed at the earliest point of the relationship between Grandis Company and its vendors, and annually thereafter for contracts exceeding 1 year.

e. PROCEDURE

- i. Integrity pacts must be signed at the earliest point of relationship between Grandis Company and a vendor:
  - 1. For tenders, an IP is to be signed and included in the submission of proposal by every bidder.
  - 2. For other forms of procurement, the IP is to be signed on submission of quote, on agreement of contract terms, on agreement of Purchase Order or any other point deemed appropriate by the Grandis procurer. If uncertain as to the best point to introduce the IP, the Company X procurer is to discuss this with the Integrity Manager.
- ii. The Grandis procurer is responsible for explaining the terms and conditions to the contractors, vendors and suppliers before the pacts are signed.
- iii. The Procurer is responsible for ensuring that an Integrity Pact is included in the procurement and contracting agreements, and that the pact was signed by the contractors, vendors and suppliers, and signed again annually thereafter for contracts exceeding 1 year.

f. SANCTIONS FOR NON-COMPLIANCE

Policy – **Anti-corruption and Ethical Conduct**  
(9011)

Form: Gift & Hospitality form, Charitable & Sponsorship donation,  
Disclosure Conflict of Interest  
Appendixes: A: Anti-corruption Pledge

Original Issue Date: January 10, 2008  
Last Update: Feb 06, 2017

- i. If the vendor is found to violate terms and conditions of the Integrity Pact, Grandis Company may apply, in its absolute discretion, to the extent permitted by law, any or all of the following sanctions:
  1. Denial or cancellation of the contract;
  2. Non-payment of fees/expenses;
  3. Liability for damages to Grandis Company, up to a maximum of 100% of the value of the contract;
  4. Forfeiture of any deposit, bid and/or performance bond;
  5. Debarment by Grandis Company of selling company and its Directors from being considered for further contracts, for such period as Grandis may deem appropriate; and
  6. Reporting of incident to Anti-Corruption Unit (ACU) and/or other relevant authorities.

g. DISPUTE RESOLUTION

- i. Where a dispute arises in the enforcement of terms in the Integrity Pact, all parties involved agree to an arbitration.
- ii. In the event of arbitration, a tribunal will be formed to settle the dispute. The tribunal shall consist of three arbitrators. Each of the two parties may select one arbitrator, with the third being an independent arbitrator mutually agreed by both arbitrators so appointed.
- iii. The place of the arbitration shall be at a site selected by the arbitration tribunal.
- iv. The language of the arbitration shall be English.
- v. Any disputes relating to these arrangements shall be settled in accordance with the laws of Royal Kingdom of Cambodia under the rules of the Cambodian Law on Commercial Arbitration 2006.
- vi. The ruling of the tribunal will be final and binding on all parties.
- vii. The costs of arbitration will be borne equally by both parties in dispute, with charges by the tribunal quoted and agreed upon prior to commencement.

h. MONITORING OF THE POLICY

- i. The Integrity Manager shall perform an annual spot check on relevant procurement activities of the year to ensure that Integrity Pacts were included.