

Pacific Lumber Inspection Bureau Whistleblower Policy

General

Pacific Lumber Inspection Bureau (Organization) requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Organization, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Definitions

Fraudulent or Dishonest Conduct: a deliberate act or failure to act with the intention of obtaining an unauthorized benefit. Examples of such conduct include, but are not limited to:

- o forgery or alteration of documents
- o unauthorized alteration or manipulation of computer files
- o fraudulent financial reporting
- o pursuit of a benefit or advantage in violation of the Organization's conflict of interest policy
- o misappropriation or misuse of Organization resources, such as funds, supplies, or other assets
- o authorizing or receiving compensation for goods not received or services not performed
- o authorizing or receiving compensation for hours not worked

Whistleblower: an employee who informs the Secretary-Manager, President, Vice-President or legal counsel about an activity which that person believes to be fraudulent or dishonest.

Reporting Responsibility

It is the responsibility of all directors, officers and employees to report possible fraudulent or dishonest use or misuse of the Organization's resources or property in accordance with this Whistleblower Policy.

No Retaliation

No director, officer or employee who in good faith reports suspected fraudulent or dishonest conduct shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Organization prior to seeking resolution outside the Organization.

Reporting Violations

The Organization maintains an open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, the Secretary-Manager is in the best position to address an area of concern. However, if you are not

comfortable speaking with the Secretary-Manager or you are not satisfied with the Secretary-Manager's response, you are encouraged to speak with the President or Vice President of the Board of Directors or the Organization's legal counsel. The Secretary-Manager has specific and exclusive responsibility to investigate all reported violations.

Compliance Officer

The Secretary-Manager is the Organization's Compliance Officer and is responsible for investigating and resolving all reported complaints and allegations concerning fraudulent or dishonest conduct and, at his discretion, shall advise the President and/or the Board of Directors. The Compliance Officer has direct access to the Board of Directors and is required to report to them at least annually on compliance activity.

Accounting and Auditing Matters

The Board of Directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the Board of Directors of any such complaint and work with them until the matter is resolved.

Acting in Good Faith

Anyone filing a complaint concerning suspected fraudulent or dishonest conduct must be acting in good faith and have reasonable grounds for believing the information disclosed indicates fraudulent or dishonest conduct. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. The Organization cannot guarantee confidentiality; however, and there is no such thing as an "unofficial" or "off the record" report. The Organization will keep the whistleblower's identity confidential, unless (1) the person agrees to be identified; (2) identification is necessary to allow the Organization or law enforcement officials to investigate or respond effectively to the report; (3) identification is required by law; or (4) the person accused of fraudulent or dishonest conduct is entitled to the information as a matter of legal right in disciplinary proceedings.

Handling of Reported Violations

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

Contacts

Questions related to the interpretation of this policy should be directed to the Secretary-Manager. For contact information about the President or Vice President, employees should contact the Head Office.

Effective Date

December 2, 2004