


SONAE ARAUCO

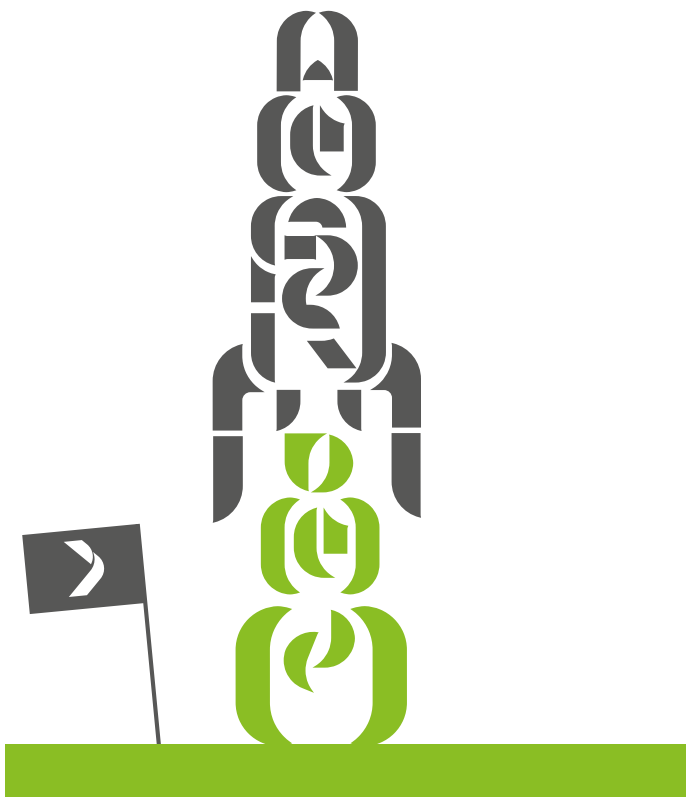


Taking wood further



CODE OF ETHICS

2017





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VISION, MISSION AND VALUES

OUR VISION

**OUR VISION IS TO
CREATE WOOD-BASED
SOLUTIONS FOR
A BETTER LIFE
AND PLANET.**

We believe in the value of wood in people's lives. Our vision is to provide sustainable wood-based solutions that improve modern quality of life. Our aim is to be the wood-brand of choice for our clients, employees, suppliers and communities. Sonae Arauco stands for its purpose of creating wood-based solutions for a better life, a better future and a better planet.



OUR MISSION

**OUR MISSION IS TO
OFFER WOOD-BASED
PRODUCTS THAT
IMPROVE PEOPLE'S
LIVES.**

We have an industrial soul and we believe in wood-lasting partnerships. We seek excellence and long-term profitability along with our business partners. Our everyday dream is to take our clients' ambitions further by offering an attractive combination of industrial expertise, functionality, sustainable quality, design and price.



OUR VALUES

PROUD INDUSTRIAL SOUL

With a long-term business vision and a solid growth ambition, we are a company born with strong roots to last through generations. We have the courage to take risks and the financial strength to embrace them as new challenges, knowing that our knowledge and high quality standards will always take us further.

› **WOOD-BASED
EXPERTISE**

› **LONG-TERM
BUSINESS VISION**

› **SOLID GROWTH
AMBITION**

WOOD-BASED LIFE IMPROVEMENT

We take wood innovation further to be a leading international company in the sector. We create sustainable and renewable wood-based solutions for a better life and planet, moving beyond products to offer fit for purpose solutions that improve people's lives.

› **SUSTAINABLE
AND RENEWABLE**

› **INNOVATIVE**

› **FIT FOR PURPOSE**

WOOD-LASTING ALLIANCES

We believe in teamwork, safe workplaces, cooperation and long-lasting partnerships. Ethics and transparency are rooted in business integrity and commitment with our stakeholders. Respecting the environment and the communities around us is part of our nature and at the centre of our priorities.

> ETHICS AND
TRANSPARENCY

> LONG-LASTING
PARTNERSHIPS

> SAFETY AND
GOOD CITIZENSHIP



1. INTRODUCTION

1.1. SCOPE AND PURPOSE

Our Code of Ethics (“Code”) contains a set of standards based on our shared values⁽¹⁾ that govern the activities of the Sonae Arauco Group (hereinafter referred to as the “Group”, “Sonae Arauco” or “Company”). It applies to everyone working in the Group, including members of the statutory governing bodies of Sonae Arauco, S.A. and Group companies, managing directors, senior executives and employees (including temporary staff) (hereinafter referred to as “Employees”).

Our Code sets out guidance on matters of business ethics to be complied with by all Employees when carrying out their professional duties. It has not been conceived to address every single possible situation, nor as a summary of all applicable laws and regulations. Under no circumstance is this Code to be considered to replace or repeal other internal policies and/or procedures.

⁽¹⁾ Our vision, mission and values description is available on the company internet site www.sonaearauco.com “About us”.



1.2. COMMITMENT FROM SONAE ARAUCO

Sonae Arauco adheres to and actively promotes the highest ethical standards of professional conduct and strict legal compliance at all levels of the Group. Commitment to standards of conduct must emanate from the top. Therefore, Sonae Arauco's top managers are expected to set an example for the rest of the organisation through their actions, by actively leading the adoption and by monitoring the enforcement of those standards, by ensuring the strict enforcement of law within their area of responsibility, by maintaining a constant monitoring of its compliance, and by clearly communicating to its employees that non-compliance with any applicable law may have not only legal, but also disciplinary consequences.

1.3. COMMITMENT FROM EMPLOYEES

It is particularly important that a commitment to these standards of conduct is acknowledged by all Employees at all Group companies. Furthermore, as Sonae Arauco operates across many geographic boundaries, the Company adopts principles and actions that are appropriate to specific ethical issues that can arise in those countries in which it operates.

1.4. INTERPRETATION AND UPDATING

In the event of facing problems related to business practices, employees must always use common sense and good judgement and seek guidance in case of uncertainty on how to proceed in a specific situation. All persons subject to this Code are responsible for acknowledging, abiding by, complying and ensuring the fulfilment of its provisions.

In certain cases, the provisions set forth in this Code may imply standards above or additional to those established by law. In-force laws shall be fully applicable to all matters, which are not specifically addressed in this Code. Likewise, in-force laws shall contribute to its content or compensate its silence.

Any inquiries or doubts regarding the interpretation of this Code shall be submitted to the Ethics Committee who will be responsible for determining the meaning and scope of its provisions.

Furthermore, the Ethics Committee will be responsible for the assessment of any regulatory modifications and for proposing the corresponding amendments to the Code's content to the Board of Directors.

2. RELATIONS WITH STAKEHOLDERS

2.1. RELATIONS WITH EMPLOYEES

2.1.1. RESPECT, ACCOUNTABILITY AND COOPERATION

Relations with Employees are based on respect for the individual. Employees are expected to treat each other with respect, politeness and fairness and to adhere to principles of cooperation, teamwork and accountability in their pursuit of excellence and achievement. We do not tolerate discriminatory behaviour of any kind and we promote equal opportunities for all employees and the right to moral integrity and dignity in the workplace. The prohibition of arbitrary discrimination demeanours includes recruitment and hiring procedures, as well as employment terms and conditions, such as tasks to be carried out, training, wages, benefits, promotion, transfers, discipline and treatment.

Moral and sexual harassment conducts are especially rejected by Sonae Arauco. Any Sonae Arauco's employee who consider that he/she has been a victim of such conducts is entitled to proceed in accordance to the reporting procedures set forth in this Code.

2.1.2. CONFIDENTIALITY AND RESPONSIBILITY

Employees are obliged to protect the confidentiality of business information related to the company and its customers and suppliers and must not use privileged information of any kind for personal benefit⁽²⁾. Employees are required to safeguard the corporate property through judicious and rational utilisation of resources.

⁽²⁾ Personal benefit includes any benefit to the employee or to his or her extended family or friends.

2.1. RELATIONS WITH EMPLOYEES

2.1.3. CONFLICT OF INTEREST

Conflicts of interest may arise when Sonae Arauco employees, as well as their spouses or relatives up to the second degree of both blood and in-law kinship, have an investment or hold a board or managerial position in other companies with which Sonae Arauco intends to have commercial relations. In case of conflict of interest, Sonae Arauco's employees shall refrain from participating in the decision making process on behalf of Sonae Arauco, notifying his/her direct supervisor and the Human Resources Department of such relationship so that the respective decision is made by the corresponding person. If Sonae Arauco decides to carry out the referred transaction, it shall be carried out under market conditions.

2.1.4. HEALTH AND SAFETY

The physical and mental welfare of our people is of paramount importance to us and we strive to provide a safe and healthy work environment for everyone. Sonae Arauco expects all employees to comply with safety guidelines and practices.

2.1.5. SOCIAL CONSCIENCE

Sonae Arauco adheres to global principles set out by international laws and the Universal Declaration of Human Rights. Our minimum recruitment age is the one which is allowed by law in each country and we impose a minimum age of 18 for hazardous work.

2.1.6. COMPLIANCE AND COMPANY REPRESENTATION

Strict adherence to the provisions of this Code and to the applicable laws is expected from all Employees of the Group. The breach of the provisions set forth in this Code shall be considered, where appropriate, as a labor infringement, notwithstanding the potential infringement that may arise from the provisions set forth in legislation and of the civil or criminal liability derived from each particular case.

Sonae Arauco's employees act on behalf of the company exclusively in situations for which they have been authorized or empowered to do so, whether because of the nature of their position or by unequivocal delegation. Therefore, employees must refrain from acting on behalf of the company when they have not been authorized to.

2.2. RELATIONS WITH SHAREHOLDERS AND OTHER INVESTORS

2.2.1. CREATION OF VALUE

Sonae Arauco's main objective is to maximise the value created for its shareholders. We believe that this objective can only be achieved in the short, medium and long term if the company simultaneously generates wealth for other stakeholders such as our Employees, suppliers, financing institutions and local, regional or national authorities.

2.2.2. TRANSPARENCY

Sonae Arauco's policy is that both the parent company and all its subsidiaries and their Employees must comply with the law and the internal policies related to the accuracy and integrity of accounting financial records and their updates.

Our accounting and legal books, as well as our operational records and any other management information, shall be reliable and compliant with our policies and procedures.

Operations conducted between Sonae Arauco and its subsidiaries or with third parties shall be conducted in a timely manner and accurately registered in our accounting books, in accordance with the accounting and legal standards, rules and practices in force. It is strictly prohibited, under all and any circumstance, to forge information and/or to provide inaccurate information.

Information provided by Employees to their direct supervisors and to the internal and external auditors, as well as the documents required by other institutions or organizations, must be timely, accurate, serious, reliable, complete. Each Employee is responsible for providing information in a clear and transparent manner.

2.2.3. COMPLIANCE

The stock exchanges and stock markets, in which the shareholders Sonae Indústria and Arauco participate, have enacted laws, rules and regulations regarding the use and disclosure of confidential corporate information. The purpose of such regulations is to protect the transparency that should rule the market, providing complete and precise information on material business matters, so that investors may take proper investment decisions, and assure that Employees with access to confidential information shall not use it for their own or third parties' benefit.



2.3. RELATIONS WITH GOVERNMENTS AND COMMUNITIES

2.3.1. ETHICAL BEHAVIOUR

We are legally bound to comply with all national and international legislation. However, if our internal standards are more rigorous than those imposed by local laws, we go beyond compliance with local legislation and adopt the most demanding standards.

According to the law, in certain cases the Company can be liable for the perpetration of certain crimes by its employees while they are executing their tasks. Among such crimes are financing of terrorism and bribery of either foreign or domestic public officials.

Accordingly, the Company expressly prohibits any conduct that may lead the Company to face criminal charges due to actions carried by out by shareholders, partners, controllers, responsible individuals, main executives, representatives, individuals who perform management or supervision tasks, and by any of the company's collaborators or by any external collaborator who may be deemed as acting on behalf of the Company.

2.3.2. TAX STATEMENT

We will not evade tax obligations and will record and report all transactions. National legislations usually allow for certain economic activities to be implemented in different formats or under different structures which may have different economic or fiscal implications. Selecting the format or structure that best suits the Group's objectives is regarded not only as a legitimate activity but also as a management imperative.

2.3.3. ENVIRONMENTAL AWARENESS

Sonae Arauco and its employees are permanently, actively and responsibly committed to environmental protection.

Sonae Arauco takes into consideration the environmental aspects of the areas where it carries out its operations and, as such, it has adopted good practices, values and commitment codes.

Likewise, Sonae Arauco's policies take into account compliance with legal requirements, especially in-force environmental regulation, and the application of responsible standards to situations in which laws and regulations are non-existent.

Finally, since Sonae Arauco is committed to environmental protection, each employee must perform his/her activities trying to minimize their impact on the environment, and taking into consideration the compliance with applicable in-force laws.

2.3.4. GIFTS AND PRESENTS

The provisions set forth in the point 2.4.3 below must be followed in the relations with governments and communities.

2.4. RELATIONS WITH BUSINESS PARTNERS

2.4.1. CUSTOMER RELATIONSHIPS

Commitment to the satisfaction of Sonae Arauco's customers shall be reflected in the respect of their rights and in the constant search for solutions with regards to their interests, always in accordance with Company's profitability and development objectives.

In order to preserve the highest level of trust by our customers, Sonae Arauco adheres to the fundamental policy of treating all commercial and business information as customers' exclusive and confidential property, if applicable. Sonae Arauco shall maintain the confidentiality of such information, except when its disclosure has been legally authorized or required. This commitment shall continue even after the commercial relationship with Sonae Arauco has been terminated.

2.4.2. SUPPLIER RELATIONSHIPS

Relationship between Sonae Arauco's employees and its suppliers shall be kept under strict independence and in accordance with the Company's interests. Therefore, no type of commitments or partiality with a supplier should be assumed and the Company's quality, utility and budget parameters should always be privileged.

The selection and hiring of suppliers shall be always based on the Company's needs and on technical, professional and ethical criteria, taking into account objective factors such as competence, price and quality.

Restrictive trade practices are not permitted nor the abuse of any dominant position in the market.

2.4.3. GIFTS AND PRESENTS

Sonae Arauco's employees are not allowed to offer and receive gifts to/from public or private officials (domestic or foreign), whenever such gifts may be reasonably understood as an incentive, whenever such action involves a breach of laws, regulations and Sonae Arauco and its affiliates' policies, or whenever such action may risk or affect Sonae Arauco's good image and reputation.

Occasional gifts or other low-value benefits may be accepted if deemed to be consistent with local business practices. However, if the nature or value of the gift is excessive and likely to influence the outcome of a business decision, it should be refused.

According to Sonae Arauco's marketing policies and strategy, corporate gifts and presents may be given to clients and suppliers. These corporate gifts and presents are authorized only if they duly represent the Company's corporate image, and they are exclusively intended for such clients and suppliers.

Invitations to dinners or events on the occasion of work meetings are an exception to the above rule provided that such invitations are not frequent and do not involve, under any circumstance, a commitment or influence intended to affect the employee's independence, impartiality or judgement.

In case of doubt, the Ethics Committee shall be consulted.

2.4. RELATIONS WITH BUSINESS PARTNERS

2.4.4. TRANSPARENCY

Business decisions should be taken based on rational criteria such as quality, competitive pricing and service level agreements, thereby contributing to uphold fair dealing.

Sonae Arauco is a totally committed defender of transparent and equitable business practices and does not tolerate active or passive bribery nor corruption.

In all external communications, untruths, concealment and overstatement will be avoided. We will never deliberately give inadequate or misleading product descriptions.

Employees are not allowed, either individually or together with third parties, to practice any action that violates national or foreign laws relating to money laundering, expressly in converting, transferring, assisting or facilitating any operation of conversion or transfer of benefits obtained by them or third parties, directly or indirectly for the purpose of disguising their illicit origin.

2.5. RELATIONS WITH COMPETITORS

2.5.1. FREE COMPETITION

Sonae Arauco promotes and respects free competition, not only to strictly fulfil the applicable legislation, but also as a healthy business practice and a fundamental principle which must govern all aspects of its business dealings.

Competitive actions must be ruled by Sonae Arauco's business principles and by market considerations in which it conducts its activities. None of its employees must stray from the aforementioned principles. Hence, if when participating in negotiations, preparing or signing agreements or contracts, or performing business actions of any kind, there are doubts that they may result in a breach of the legislation or market or competition regulations, the legal representative of the corresponding business unit must be previously consulted.

Although interaction with competitors may be necessary, unavoidable and perfectly legitimate, the above instruction is hereby reiterated and specially emphasized with regards to consulting its scope and purpose with the legal representative of the corresponding business unit.

Generally, Sonae Arauco's commercial strategies shall be oriented towards satisfying its customers' expectations, attempting to legitimately broaden its market base, as well as maximizing its profits and market share. If the company holds or may hold a strong position in a given market or geographical region, additional precautions must be taken regarding measures that may be interpreted as an intention to exclude or damage competitors. Furthermore, it is hereby prohibited to develop business commercial strategies which imply incurring, in any way, in abusive behaviours in its relationship with suppliers and clients, whether regarding prices, contractual provisions or others of a similar nature.

3. THE ETHICS COMMITTEE

The Ethics Committee is responsible to ensure the due diffusion and enforcement of this Code of Ethics, which means that it shall:

- › Promote the values and behaviours encouraged by the Code of Ethics;
- › Act as a consulting body;
- › Review Employee's clarifications request;
- › Investigate all alleged irregularities reported and ensure that appropriate disciplinary actions are taken, when appropriate.

The Ethics Committee is also responsible for updating and amending the Code of Ethics and promoting consistency in its interpretation and application worldwide.

The Board of Directors of Sonae Arauco is responsible for the appointment of the members of the Ethics Committee. The Board of Directors appointed the two Members of the Board Permanent Committee (Independent Non-Executive Board Members) and the Internal Audit Manager.

4. DISCLOSURE OF NON-COMPLIANCE (“IRREGULARITIES”)

Employees have the obligation to comply with this Code of Ethics. Incorrect behaviors carried out by others should not be indulged. Hence, when in possession of information regarding any situation or behaviour that may constitute a breach of this Code, such information shall be timely submitted to the Ethics Committee.

The alleged irregularity should be submitted by e-mail or post to one of the following addresses:

BY EMAIL: ethics.committee@sonaearauco.com

BY POST: Sonae Arauco Portugal, S.A.
Ethics Committee
Lugar do Espido, Via Norte
4470-177 Maia
Portugal

Anonymous reports are accepted only if supported by evidence of the matter being disclosed.

Employees are assured that all disclosures will be treated in the utmost confidence and that measures will be taken to investigate the alleged irregularity. This will be followed by swift corrective action and disciplinary proceedings when warranted.

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