

Responsible forestry and procurement policy

Interholco (IHC) is committed to sustainable timber procurement and **environmentally responsible**, **socially beneficial** and **economically viable** forest management that aims to meet the social, economic, ecological, cultural and spiritual needs of present and future generations.

Interholco includes in this respect its subsidiary IFO (Industrie Forestière d'Ouessou), which manages a 1.16 million ha forest concession in the Republic of Congo, and its subsidiary LCC (Logistique Congo Cameroun), which is based in Cameroon and handles the evacuation and transportation of timber products from forests managed by IFO or by third parties.

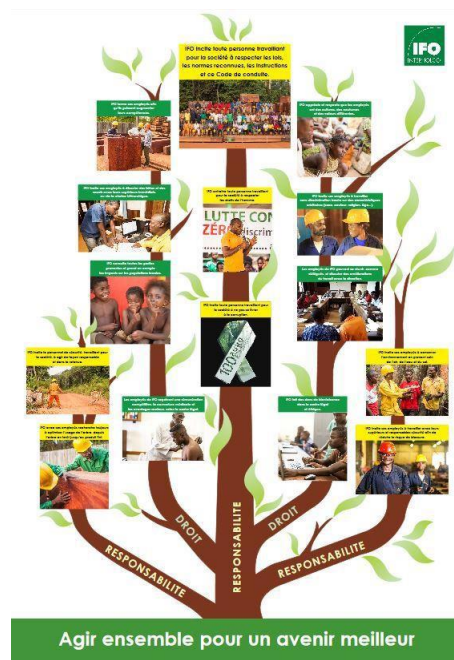
Interholco's commitment is rooted in the values at the heart of the company, namely *sustainability, growth that ensures the forests are protected, traceability, the ability to work together, transparency, openness, leadership in good practice, respect, trust and quality*, all of which contribute to making Interholco a responsible business model. For more information, please visit our website www.interholco.com.

This commitment also extends to all of Interholco's suppliers, covering the entire value chain, supply and sales.

In order to ensure a consistent approach throughout the supply chain, compliance with the corporate values has been outlined in the Interholco Code of Conduct, an updated version of which is available on the website: www.interholco.com.

The Interholco Code of Conduct sets out the ethical and legal standards of professional conduct expected of all employees of IHC and its subsidiaries, as well as any other person acting on behalf of IHC.

Interholco routinely communicates with third parties to ensure that they are aware of the level of standards that Interholco demands. In the event of non-compliance with the acceptable standards for the purchase of timber, following legality checks carried out by Interholco, the commercial partnership will be terminated or not concluded.





Interholco is committed to making it easy for employees, suppliers, customers and other stakeholders to report practices or actions that are deemed inappropriate, inconsistent or in violation of our Code of Conduct. A grievance mechanism and integrity line are in place to this end. To begin the process, please visit the website: www.interholco.com.

Interholco maintains strict compliance with all applicable forestry, social and environmental legislation relating to the following aspects:

- *Responsible procurement*, in line with standards that ensure compliance with the EU Timber Regulation, the US Lacey Act, the Convention on Biological Diversity and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- *Human rights*, ensuring, in particular, workers' rights as well as respect for local communities and indigenous peoples through free prior and informed consent (FPIC);
- *Good governance*, by implementing anti-corruption and anti-bribery measures and complying with the standards set out by the Business Coalition Against Corruption (BCAC), the Organisation for Economic Co-operation and Development (OECD) and ensuring legal compliance and respect for relevant international treaties, such as the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guidelines on Business and Human Rights, the UN Global Compact, the African Charter on Human and Peoples' Rights and the UN Sustainable Development Goals;
- *Environment, health and safety*, through compliance with ethical and responsible regulations.

Interholco undertakes not to be involved in the following unacceptable activities¹:

- a) Illegal logging, production of or trade in forest products harvested, traded or processed in violation of applicable national legislation or ratified international treaties;
- b) Violations of human rights or indigenous rights in the context of forestry operations;
- c) The destruction of High Conservation Value² or high carbon stock forests and/or peatlands in the course of forestry operations;
- d) Deforestation, conversion of forests and/or peatlands to plantations or non-forest purposes; our company commits to restoration of non-compliant deforestation;
- e) The introduction of genetically modified² organisms in forestry operations;
- f) The violation of any of the core ILO conventions on labour standards³, i.e.:
 - The effective abolition of child labour;
 - The elimination of all forms of forced or compulsory labour;
 - The elimination of discrimination in respect of employment and occupation;
 - Freedom of association and the effective recognition of the right to collective bargaining.

No pesticides or fertilizers are used in our natural forest management. Non-toxic components/adhesives are used in our timber processing facilities. In case of treatment of wood on the timber processing facility log yard, no highly harmful pesticides are used either, as required by FSC® C022952 in its policies and standards on pesticides and as

¹ According to the unacceptable source categories of 'FSC Controlled Wood' (FSC-POL-01-004) as well as the controversial source categories of PEFC (PEFC_ST_2002-2020).

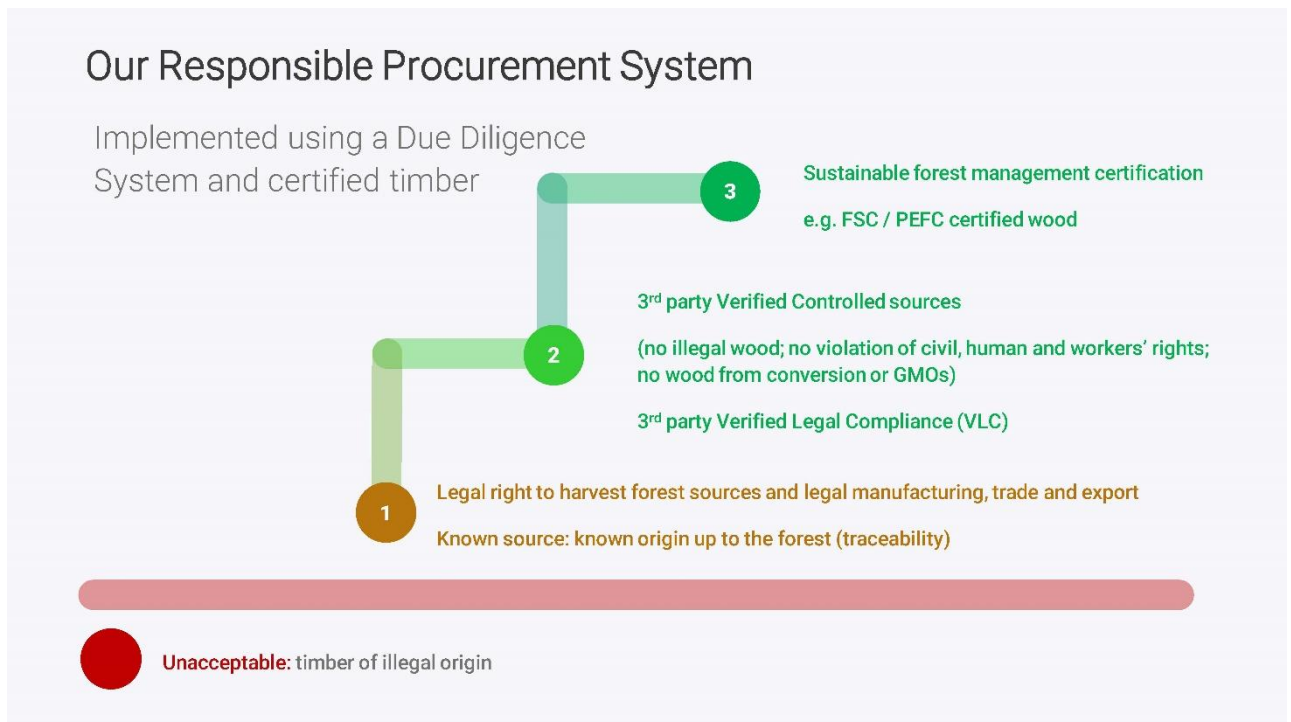
² As defined by FSC-STD-01-001 (V5-2).

³ As defined in the ILO Declaration on Fundamental Principles and Rights at Work; according to the FSC Core Labour Requirements (FSC-STD-40-004 and FSC-STD-01-001); and according to PEFC_ST_2002-2020.

described by the WHO (Annex 1A, 1b) and the Stockholm and Rotterdam conventions. Our certification requires compliance with the FSC Pesticide Policy, which includes the use of Integrated Pest Management (IPM) where appropriate. Interholco does not use integrated pest management, thanks to the high biodiversity, and therefore low pest infestation rate, and the rapid evacuation of logs from the forest to the sawmill.

Interholco's policies envisage:

- **Maintaining an active commitment** to legal standards and social and ethical practices
- **Continuing to improve good social and environmental practice** in sustainable procurement
- **Treating all suppliers equally and fairly.**



Interholco's policies are implemented:

1. *Legitimately*, respecting experience and knowledge as well as legal requirements and evaluating the countries of origin and each supplier
2. *Responsibly*, respecting the people affected by the operations as well as the forest in which the timber is harvested in line with internationally recognised standards of good forest management and human rights, for example FSC or PEFC™ (PEFC/15-31-0084)
3. *Reliably*, with third party certification of our due diligence system and procurement performance (Control Union Timber Legality Verification, CU-TLV-849962).

Risk analysis

Interholco uses its risk analysis (see table below) to identify "killing factors" that may result in the **exclusion** of any supplier considered too risky or whose supporting documentation is not sufficient to ensure compliance:



In no circumstances will timber from protected species that are prohibited from being harvested under national or international laws or regulations such as CITES, be purchased, likewise timber originating from:

1. Countries under UN, EU or national government sanctions banning the export/import of timber products (e.g. the ban imposed by the USA on Myanmar);
2. Conflict or war zones ('war timber');
3. Forests where genetically modified organisms (GMOs) are used;
4. Conversion of forests to other land categories, including conversion of primary forests to plantation forests (in the case of tropical forests there is a risk);
5. Areas where local community and worker rights or human rights are being violated (e.g., legal actions, open confrontations, use of physical force) or where there is open conflict between the government and concession managers;
6. Areas where evidence or suspicious circumstances indicate that it originated from protected zones, national parks or any other illegal source;
7. Questionable suppliers or those associated with armed conflict or illegal timber harvesting.



Any supplier that has been excluded due to one or more of the above criteria ("killing factors") and wishes to be re-accepted as a supplier will first have to present proof of legal origin of the timber (legality documentation), meet the compliance criteria according to the risk analysis (see table above) as well as pass a 2nd or 3rd party audit, before a purchase can take place.

Replacement of high-risk supplies without marketing

In cases where suppliers or products have been identified as having a non-negligible risk that cannot be mitigated by any of the options listed in the table above (or by other possible options), the specific supplier or product must be replaced by others, for which it can be confirmed that the risk is negligible or that any possible risk can be mitigated.

Timber or timber products from unknown or controversial sources should not be included in the product groups covered by our FSC, PEFC, or legality due diligence system.

Any timber for which there is evidence or reasonable suspicion that it is from illegal/non controlled sources, according to the controlled source categories⁵ in Chapter 7 of the PEFC DDS, shall not be processed or sold and/or marketed unless appropriate documentary evidence has been provided and verified to classify the timber purchased as 'negligible risk'.

Compliance with FSC principles and criteria for sustainable forest management

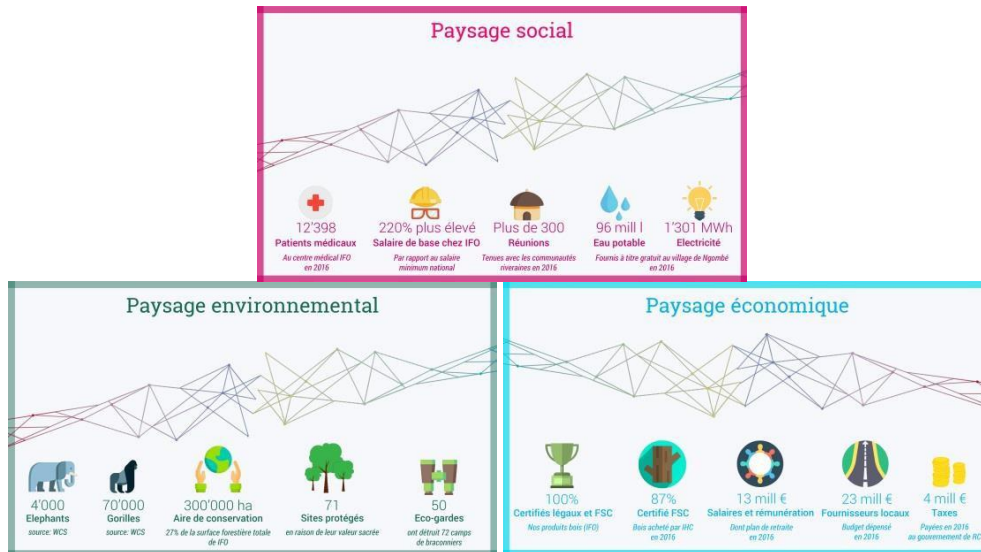
Through its subsidiary IFO, which is based in the Republic of Congo, Interholco is committed to the Principles and Criteria of the Forest Stewardship Council™ (FSC™) in the management of the Ngombé FMU and its associated Policies and Standards (FSC C123513).

Public summaries of IFO/Interholco management and monitoring documents are available on the Interholco website (www.interholco.com).

The FSC forest management certification standard consists of 10 principles that are balanced on three levels, including environmental, social and economic, as shown on the next page.

⁵ See the list of circumstances deemed unacceptable on page 2 of this document.

The FSC certification standard, 10 principles balanced across 3 levels



Principle 1: Compliance with laws

IFO is committed to complying with all applicable laws, regulations and international treaties ratified at the national level, including the following agreements and conventions:

- The Universal Declaration of Human Rights
- The fundamental Conventions of the ILO (International Labour Organization), as defined in the "Declaration on Fundamental Principles and Rights at Work"
- The ILO Code of Practice on "Safety and Health in Forestry Work"
- Other ILO conventions that are relevant to its activities
- ILO Convention 169 concerning Indigenous and Tribal Peoples
- The Convention on Biological Diversity and the CITES Convention

IFO undertakes to respect its anti-corruption policy and not to allow itself to be corrupted or to bribe financially or in any other way, to respect applicable legislation on combating corruption.



Principle 2: Workers' rights and employment conditions

IFO is committed to preserving and enhancing the social and economic well-being of workers by respecting:

- The principles and rights at work as defined by the ILO (International Labour Organisation) Conventions and Guidelines, as outlined under Principle 1.
- Regulatory provisions regarding the health, hygiene and safety of workers and their families, as well as other requirements of the Labour Code.

IFO has zero tolerance for the violation of fundamental human and employment rights, i.e.:

- The use of slavery, forced, bonded or compulsory labour (ILO C29, C105)
- Any inhumane treatment of personnel
- The use of child labour (ILO C138, C182)
- The use of labour in dangerous or unhealthy working environments without first fully informing them of the potential dangers and without taking the necessary safety precautions
- The use of (full-time) employees at less than the living wage and the legal minimum wage
- Discrimination in the workplace and unequal pay (ILO C100, C111)
- The failure to ensure freedom of association and the right to collective bargaining (ILO C87, C98).



Principle 3: Indigenous peoples' rights

IFO identifies and supports the legal and customary rights of indigenous peoples to ownership, use and management of land, territories and resources affected by management activities. Delegation by indigenous peoples of control over management activities to third parties requires free, prior and informed consent (FPIC).

Above: Protection of particular trees due to their sacred importance or use as fruit or medicinal trees

Below: Traditional fishing



Principle 4: Community relations

IFO works to preserve or increase the social and economic well-being of local communities. Local residents will be given opportunities for employment. Social impacts and potential adverse effects on local populations will be taken into account and a transparent process for conflict resolution will be established.

Meeting with a local community



Principle 5: Benefits from the forest

IFO effectively manages the various products and services of the Ngombé FMU in order to maintain or increase the long-term economic viability and variety of environmental and social benefits.

Above: Lumber

Below: Non-timber forest products



Principle 6: Environmental values and impacts

IFO shall maintain, conserve and/or restore the ecosystem services and environmental values of the Ngombé Forest Management Unit (FMU) and shall avoid, correct or limit adverse environmental impacts. Representative sample areas of large native ecosystems are identified and protected; rare or endangered species are given special consideration.

IFO is committed to not converting forests into plantations or other non-forest areas.

Above: Monitoring of forest roads

Below: Anti-poaching efforts to conserve protected species, such as the sitatunga

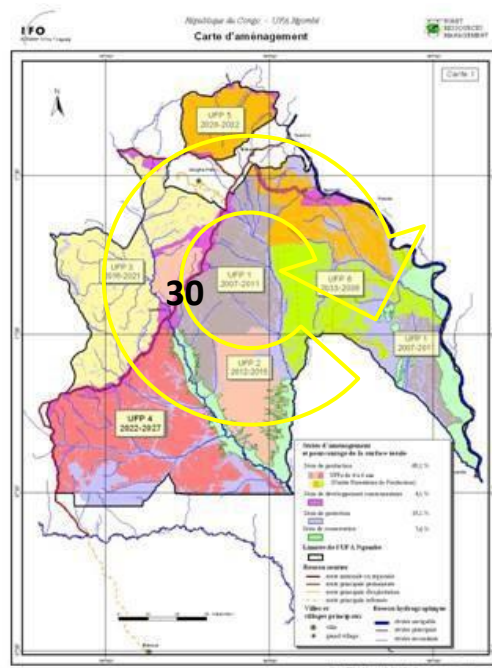


Principle 7: Management planning

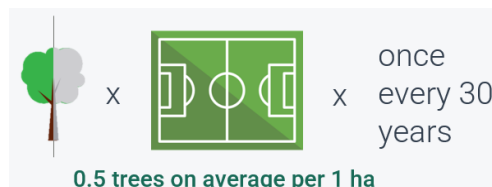
IFO has adopted a management document for Forest Management Unit Ngombé, the 'Management Plan', which is consistent with its policies and objectives, and commensurate with the scale and intensity of management activities and the risks they pose.

The 'Management Plan' is implemented and updated based on information gathered from monitoring in order to promote adaptive management. The 'Management Plan' and associated procedures must be sufficient to provide guidance to staff, to inform relevant and interested stakeholders and to justify management decisions.

Above: Breakdown of management stages: production, protection, conservation, community development



Below: Planning for a 30-year rotation, and the low exploitation rate, guarantees a sustainable harvest of timber, and likewise for our children



Principle 8: Monitoring and assessment

IFO demonstrates that progress toward management objectives, the impacts of management activities and the condition of the management unit are monitored and evaluated, commensurate with the scale and intensity of management activities and the risks they pose, in order to implement adaptive management.

The monitoring includes an assessment of the felling quality, skidding (right), forest management with permanent plots, etc.



Principle 9: High Conservation Values

IFO preserves and/or increases the amount of high conservation values in the Management Unit by applying the precautionary principle.

The Ngombé FMU is full of lowland gorillas, forest elephants, chimpanzees, etc.



Principle 10: Implementation of management activities

Management activities conducted by or for IFO within the Management Unit shall be selected and implemented in accordance with IFO's commercial, environmental and social policies and objectives, and the FSC Principles and Criteria.