



In the Clear

Message from Our President, Douglas S. Reed

Ethical conduct is expected of everyone who serves Green Diamond Resource Company and California Redwood Company - our Board, officers, managers, employees, and contractors. We call that working "In the Clear."

Each of us is responsible for knowing the laws, rules, and Company policies that apply to our duties. Each of us should ensure that our decisions and actions comply with law and Company policy. And each of us should align our decisions and actions with the Company's values – Safety, Stewardship, Integrity, Community, and Profitability.

Each of us has an opportunity and an obligation to provide ethical leadership by example. We can demonstrate that leadership by being ethical in all that we do, whether it is a major business transaction or simply how we treat our colleagues each day.

At times, the correct ethical choice, compliant action, or decision consistent with Company policies and values will not be clear. Or, you may encounter a circumstance where decisions or actions are clearly wrong and must be corrected. We call that being "In the Bight."

The Company's code of ethics, "In the Clear," is the tool each of us should use to avoid being in the bight or to take corrective action when someone is in the bight. In the Clear provides a process to promote ethical conduct and to raise and resolve issues before they become a serious problem for the Company or employee. In the Clear also provides a safe and appropriate pathway to report violations of law or policy so that the Company may promptly investigate and correct problems when they occur.

All of us want to go to work each day knowing that we are asked to do what is lawful, reputable, and safe. That's why I encourage you to read and rely on our company code of ethics, "In the Clear / Out of the Bight," as a resource to promote ethical conduct and resolve ethical concerns. Thank you for doing your part to keep Green Diamond, California Redwood, and yourself "In the Clear."

- Douglas S. Reed, President



Code of Ethics - Introduction

Green Diamond Resource Company and California Redwood Company share a heritage rooted in a small Washington state logging company founded more than a century ago. Over the years we have built a reputation for excellence in forest stewardship and attention to and respect for the well-being of our employees and the communities in which we operate. This reputation is our most valuable asset, and our commitment to conducting business with integrity, honesty and fairness is the basis for all of our corporate values.

It's one thing for us to say these values are important; it's another for each of us to uphold the company's reputation every day. In our Code of Ethics, we build on a safety concept used every day in the woods and sawmills -- "**In the Clear, and Out of the Bight**" – as a reminder of our ethical responsibility to do what is right. Just as we promote a culture of safety, we also want to maintain an ethical cultural where decisions and actions are free from ethical risk and always **In the Clear**. We believe that all Green Diamond and California Redwood employees are moral, ethical people who want to be **In the Clear** and do the right thing. We also recognize that in business, work, and life, difficult situations arise and staying **Out of the Bight** isn't always easy or obvious.

Our Code of Ethics is our attempt to put these values into the context of every-day business situations. Our Code of Ethics is based on Core Values: Safety, Integrity, Stewardship, Community and Profitability. Using these touchstones, we will walk through some of the situations you may face in your work for Green Diamond or California Redwood and give you some examples of conduct that is **In the Clear** and **In the Bight**.

Our Code cannot possibly cover every situation you may be presented with, but it can provide a guideline and some of the tools and resources necessary to help you:

- Ask the right questions
- Raise concerns and
- Make ethical decisions
- Know where to turn for help

Our Values

Our Core Values are the foundation on which our Code of Ethics is built.

These Core Values are as follows:

Safety

- Maintaining a safe, healthy work environment for our employees and contractors.

Integrity

- Adhering to the highest ethical standards in all of our business conduct.
- Protecting and using company property, resources, records, time and opportunities for the benefit of our company.
- Fulfilling our commitments on employee compensation and benefits.

Stewardship

- Practicing sustainable forestry and working collaboratively with stakeholders in initiating innovative forest and wildlife management programs that foster our role as responsible land stewards.

Community

- Treating our colleagues with mutual respect.
- Fostering a work environment where hiring, promotion, and compensation are based on ability and performance.
- Supporting the people, organizations and programs that improve the quality of life in the communities our employees call home.

Profitability

- Competing vigorously in the marketplace while adhering to fair business practices.
- Operating efficiently, profitably, and in a manner that will enhance our positive reputation and the long-term value of our assets.

Our Shared Understanding

We trust that all Green Diamond and California Redwood directors, officers, and employees will:

- Be guided by common sense and good judgment.
- Respect the law.
- Read, understand and follow the company's Code of Ethics.
- Comply with company policies that apply to their conduct and decisions on behalf of the company.
- Share in a commitment to Recognize, Report and Resolve ethical issues of which they become aware.

We expect our directors, officers, and employees to understand our Values and to apply the Code of Ethics to their conduct and decisions on behalf of the company.

Making Ethical Decisions

Making Ethical Decisions

Living the Code of Ethics

Lead by example.

Read the Code and its related policies.

Understand and follow the laws and policies that apply to you and your job.

Recognize ethical issues.
Refer to *Does it Feel Right?*

When in doubt, check your judgment, ask for help or report the issue.
Refer to *Resolving Ethical Issues*.

Act with confidence when you are In the Clear.

In the Clear on Safety

Overview

At Green Diamond and California Redwood we insist on a safe and healthy working environment. All employees are expected to follow safety procedures and report safety violations, dangerous working conditions, accidents, injuries, property damage, and near-miss incidents. We are committed to learning from our mistakes and following up with corrective action.

What This Means to All of Us:

- We create and maintain a safe workplace environment by following safety rules and procedures.
- We maintain an awareness of safety, reporting and/or correcting dangerous conditions or dangerous conduct.
- We follow the company's Substance Abuse Policy which prohibits the purchase, use, possession, selling of illegal drugs (as well as misused prescription drugs or alcohol), or being under the influence of such drugs while at work.
- We seek help for personal problems so that they do not become a threat to the health or safety of our family or colleagues.
- We know what to do in the event of an emergency or crisis.

Examples of Safety Situations You Might Face

<i>I am in the Clear When I:</i>	<i>I am In the Bight if I:</i>
Attend safety training and follow safety procedures.	Cut corners on safety procedures and equipment.
Promptly report accidents and injuries.	Conceal injuries, damage, or near-miss incidents.
Call the Employee Assistance Program (EAP) for help with personal problems.	Come to work drunk or high.
Suspend a work assignment if I feel it is unsafe or illegal and report it to company management.	Bring a gun to work (either on my person or in my vehicle).

In the Clear on Integrity

Overview

Integrity requires that we act with honesty in all our business relationships and with loyalty to the company's interests. We are responsible for protecting and using the company's property, equipment, time, information, and opportunities for the benefit of the company.

It is important to recognize that personal interests may conflict with the company's interests. The most serious conflicts usually involve authority to spend the company's money or use the company's property, including information valuable to someone outside the company. Other potential areas of risk include the acceptance of gifts, favors or entertainment from those with whom you have a business relationship. If questionable situations arise, be sure you understand company policies, or ask for help.

The company does not tolerate fraud, theft, embezzlement, or misappropriation of company property or funds. In addition to its own disciplinary action, the company may seek prosecution against individuals who commit such acts.

What This Means to Us:

- We do not accept or pay bribes or kickbacks, and avoid even the appearance of such conduct.
- We use company property, equipment, time, and information for the benefit of the company.
- We protect company assets from loss, theft or misuse.
- We accurately report the hours we work.
- We keep sensitive information — such as personnel records, employee health information, company financial data, technical materials, and future plans — strictly confidential, and share them only as needed, and only after appropriate approval.
- We complete accurate business records and we manage those records to retain only what is necessary and in accordance with record retention schedules.

Examples of Situations Involving Questions of Integrity

<i>I am in the Clear When I:</i>	<i>I am In the Bight if I:</i>
Tell the truth in all circumstances.	Lie, falsify records, withhold information, or destroy records.
Have dinner or attend a ball game with customers or vendors.	Accept cash, a vacation, or gifts of large monetary value from a vendor.
Ask a supervisor to approve overtime when necessary to get the job done.	Fail to record time worked or claim time worked when off duty.
Briefly use the Internet to check what time a football game will be broadcast.	Use the Internet to play games or to view pornography.
Ask Information Services to help me set up computer connections that will allow me to work from home.	Load my own software on company computers or attach personal hardware to company computers.

In the Clear on Stewardship

Overview

Green Diamond and California Redwood are part of a long tradition of environmental stewardship. We have pursued our business while protecting the environment and conserving renewable natural resources. We recognize that there is a strong public interest in our business, and we abide by all federal, state, and local laws for the protection of the environment with an expectation that each employee will act in compliance with these laws and regulations.

What This Means to Us:

- We value and protect the company's reputation as a responsible steward of the environment and natural resources.
- We care for the company's property and the natural resources on and around the property.
- We are aware of and take seriously the environmental laws and regulations that apply to my job responsibilities.
- We are respectful of regulators and we earn their confidence by being trustworthy in our words and actions. We use diplomacy and education to overcome regulatory disagreements.
- We recognize that compliance with environmental laws and regulations can be very complex. When in doubt about compliance, we seek clarification. When we make a mistake, we report it, correct it, and make sure we do not repeat it.

Examples of Issues Involving Stewardship

<i>I am In the Clear When I:</i>	<i>I am In the Bight if I:</i>
Report and clean up accidentally spilled fuel.	Cover up accidentally spilled fuel.
Provide more protection than the law requires.	Ignore permit conditions that seem pointless or ridiculous to me.
Treat company property respectfully.	Toss a burrito wrapper, empty Coke can, or empty motor oil bottles in the bushes on company property.

In the Clear on Community

Overview

We treat fellow employees, customers, suppliers, competitors, regulators, and community members with fairness and respect. We are polite and respectful towards our critics – even when they do not return the favor. We encourage involvement in charitable, professional, social, recreational, public service and civic organizations. We avoid actions that may cause embarrassment for the company or colleagues.

What It Means To Us:

- We ALWAYS treat our fellow employees and business associates with respect.
- We work as a team member, respecting colleagues, supporting their efforts and promoting personal achievement and development within the team.
- We do not tolerate discrimination and harassment in the workplace.
- We understand that threats, intimidation, assault, or acts of aggression in the workplace will not be tolerated.
- We do not speak for or represent the company in our personal activities; however we are aware that our public statements and actions may reflect on the company.

Examples of Community Issues

<i>I am In the Clear When I:</i>	<i>I am In the Bight if I:</i>
Report a fellow employee who is violating the law or company policy.	Threaten or punish an employee who raises an ethical issue in good faith.
Tell another employee to stop unwanted touching or offensive remarks.	Make racial or ethnic slurs or offensive sexual remarks.
Express my own opinions in political and civic affairs.	Speak for the company without approval.
Offer well-founded criticism on an employee's performance followed by disciplinary action.	Yell at or curse at an employee.

In the Clear on Profitability

Overview

We are proud of our work and the rewards that our company's success provides to our families and the communities in which we work and live. We are committed to being profitable and compete vigorously in the marketplace without compromising fairness and compliance.

We endeavor to do business with companies and individuals who demonstrate the same high standards of ethical behavior. Our customers, suppliers, and fellow employees know that we value fair dealing and we stand by our commitments.

What This Means to Us:

- We want to earn a living by working for a company that is profitable without engaging in actions that are illegal or unethical.
- We are productive at work and expect that we will be fairly evaluated and rewarded.
- We don't exchange information with competitors about sensitive topics such as prices, marketing strategies, production, inventories, expansion plans, or plant closures.
- We not only avoid the actual exchange of sensitive information with competitors, we take care to make sure that we do not engage in any communication that would have even the appearance of improper anticompetitive agreements with competitors.
- We do not make false or misleading statements about our products or a competitor and their products.
- We may freely obtain market information from sources such as customers, retailers, wholesalers, brokers, and others who are not competitors.
- We do not trade securities of other companies based on confidential information about those companies that we receive through our work.

Examples of Issues Surrounding Profitability

<i>I am In the Clear When I:</i>	<i>I am In the Bight if I:</i>
Talk to a competitor about a regulatory issue or promotion of wood products in "green" building standards.	Talk to a competitor about recent, current, and future prices, production output, and customers.
Buy or sell stock in a company within the wood products industry.	Buy or sell stock in a company after learning confidential information about the company through its dealings with Green Diamond Resource Company/California Redwood Company.

Recognizing Ethical Issues

Recognizing Ethical Issues

Does it feel right?

Questions to consider when making ethical decisions

Is it legal?

Does it feel right?

Am I being fair and honest?

Is it consistent with our Code of Ethics and policies?

Would I be embarrassed if others knew that I did not act when I should have?

Is there an alternative action that still keeps me in the clear and out of the bight?

How would it look in the newspapers or on the nightly news?

Does my decision keep me up at night?

Will my action prevent similar problems in the future?