

Prohibition of Corrupt Practices and Bribery; Foreign Corrupt Practices Act

Policy Statement

Rayonier's policy is to comply with all applicable laws affecting its business. To this end, we are committed to complying with anti-corruption and anti-bribery laws, which have been adopted by many, if not most, of the countries in which Rayonier does business. These laws generally prohibit bribery of government officials to obtain or retain business, and in some cases, even prohibit bribery among private parties. Our Code of Conduct clearly prohibits these types of practices, but this policy will describe applicable laws in the U.S. and, in general, similar laws of other countries.

This standard applies to Rayonier, its subsidiaries, and joint ventures, to include contractors and suppliers of the same, Representatives,¹ together with Company Personnel².

THE FOREIGN CORRUPT PRACTICES ACT

In the U.S., the primary anti-corruption statute affecting business dealings internationally is the Foreign Corrupt Practices Act (FCPA). The objective of the FCPA is to address practices between U.S. residents and U.S.-owned entities, and foreign governmental officials (who are broadly defined under the statute- see discussion below), which undermine the integrity and stability of governments and harm commercial and other relations among countries. This law applies to all U.S. persons, which are defined to include individuals and companies located in the U.S. and their foreign affiliates, which in our case would generally cover all Rayonier subsidiaries and joint ventures and their personnel. Also, as a publicly traded company, under the FCPA and applicable SEC requirements, Rayonier is required to keep accurate books and records and establish and maintain a system of internal controls to ensure accountability for assets to reduce the possibility of illegal payments.

¹ Used here, the term "Representatives" has the definition set forth in the section below entitled "Due Diligence in Forming Customer and Contractual Relationships."

² Company Personnel refers to current officers, employees and directors.

Rayonier may be held liable for violating the anti-bribery provisions of the FCPA whether or not it took any action in the U.S. That means that Rayonier can be liable for the conduct of Company Representatives and Personnel, even if no money was transferred from the U.S. and no U.S. person participated in any way in the bribery outside the U.S. Instructing, authorizing or allowing a third party to make a prohibited payment on Rayonier's behalf constitutes a violation of the FCPA by Rayonier and the individuals involved. This includes ratifying a payment after the fact, or making a payment to a third party knowing or having reason to know that it will likely be given to a foreign official.

The FCPA's basic prohibition is that U.S. persons (which includes both individuals and entities), and their Company Personnel or Representatives, may not directly or indirectly make payments, promises, or offers of anything of value to foreign officials to obtain or retain business or to secure an improper advantage. The prohibition extends to such payments, promises, or offers to pay to a foreign agent or other third party while knowing that the third party will make the prohibited payments to a foreign government official.

The term "foreign official" is defined very broadly to include individuals with decision-making power in entities, including commercial entities that have substantial direct or indirect governmental ownership or control. We sometimes refer to these entities as "state-owned entities," or "SOEs." This term also includes individuals with dual capacities as a key decision-maker in a private business, on the one hand, and a position in a government agency or foreign political party, or as a candidate for political office, on the other. Note that a person can be a "foreign official" for FCPA purposes even if he or she does not have a government title or is not employed by a government agency.

Some businesspeople mistakenly assume that the FCPA-prohibited activities only include obvious "bribes" made to foreign officials. The language of the statute is much broader than that and includes "anything of value" given to obtain or retain business or otherwise secure an improper advantage, such as gifts, travel, meals and entertainment.

The FCPA also requires companies to keep accurate books and records and establish and maintain internal controls, to properly account for all assets and thereby eliminate the possibility of "slush funds" from which illegal payments may be made. These sections of the FCPA brought the force of law to Generally Accepted Accounting Principles ("GAAP"), which require the creation and maintenance of internal accounting controls sufficient to provide reasonable assurances that:

- All transactions are executed in accordance with management's general or specific authorization, and
- Transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP.

Under these regulations, even a petty cash fund could be considered an "off-the-books slush fund" if it were not properly accounted for in the company's books and records. The FCPA does not provide a "de minimis" exception or defense. Therefore, any inaccurate entry in Rayonier's books and records theoretically constitutes a books and records violation.

Criminal violations of the FCPA may result in a multi-million dollar fine for each violation, and officers, directors, and employees can be personally fined and/or sentenced to up to five years imprisonment. Further, violations of the accounting provisions could result in criminal penalties of up to ten years in prison and multi-million dollar fines for individuals and corporations.

Defining Bribery

A bribe is an inducement or reward of anything of value offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

- "Anything of value" includes not only cash and cash equivalents, but also gifts, entertainment, travel expenses, accommodations, and anything else of tangible or intangible value.
- "Offered, promised or provided" includes direct and indirect payments, gifts, offers or promises. Even if the improper

payment is not consummated or successful in its objective, merely offering it violates the FCPA.

- “Gaining a commercial, contractual, regulatory or personal advantage” includes but is not limited to preferential treatment in a bid, a reduction in taxes or customs duties, a favorable change in regulations, tolerance of non-compliance with local rules, or other favors or preferential treatment. The business to be obtained or retained or the improper advantage need not involve a contract with a foreign government or foreign government instrumentality.

OPERATIONAL GUIDANCE

Due Diligence in Forming Customer and Contractual Relationships

Following carefully designed procedures for (a) identifying new or existing Rayonier customers who may be SOEs, and (b) selecting and appointing corporate consultants, sales agents, independent distributors and other representatives (the "Representatives") abroad will help minimize the exposure to potential FCPA liability from unauthorized actions of Rayonier's Representatives. Observing these procedures may also serve as persuasive evidence that Rayonier did not "knowingly" violate an FCPA provision and could be a mitigating factor if an inadvertent violation of the FCPA occurred.

With respect to new or existing customers, it is the obligation of Company Personnel responsible for those customer relationships to determine whether such customers are, or may be, SOEs. The Law and Internal Audit Departments should be consulted for any assistance that may be required in making these determinations.

Company Personnel responsible for entering into contracts with Representatives should investigate known sources of information regarding a potential Representative's business performance and ethics record. They should ask the Representative about business qualifications, and check with independent sources to verify information that is available in the public record including open source intelligence records.

Exhibit A to this policy contains the due diligence to be undertaken prior to the retention of Representatives proposed to be engaged on Rayonier's behalf to conduct business in any foreign country. Rayonier employs a third-party background checking firm to perform certain due diligence procedures. Working with the Law Department, Rayonier Company Personnel should also ensure that the contract with any Representative contains appropriate FCPA compliance provisions. They should also retain and update the documentation that is collected throughout the contractual relationship and should keep the file containing the documentation for at least five years after the relationship has concluded.

What is Permissible?

There are only very limited exceptions under the FCPA that permit payments or other things of value to be provided to foreign officials. The most applicable exception for Rayonier allows for "a reasonable and bona fide expenditure, such as travel and lodging expenses, incurred by or on behalf of a foreign official ... directly related to ... the promotion, demonstration, or explanation of products or services ... or the execution or performance of a contract with a foreign government or agency." This exception is interpreted very narrowly and, on a case-by-case basis, will cover only reasonable expenses that are closely and directly related to a genuine and specifically identifiable and essential business purpose. For example, it may be permissible to pay certain expenses in connection with travel to visit a Rayonier business location or property, such as for the purpose of observing the nature and extent of our operations. Legitimate business purposes could include opportunities to demonstrate methods of operation, or the handling of environmental matters or similar technical subjects. Travel may also be reasonably necessary to attend training that is required to carry out the business dealings between the parties. However, Rayonier cannot pay any travel-related expenses for a foreign official if the business purpose of the trip could have been addressed in the official's home country. When considering the reasonableness of an expense, the frequency with which such expenses are incurred for such person must be considered. Company Personnel should seek advice from the Law Department if there is any uncertainty as to whether a cost is reasonable.

The FCPA also provides an exception for payments made to a foreign official for routine, non- discretionary governmental actions (also referred to as "facilitation payments") that are reasonable and bona fide business expenditures (e.g., small fees to receive mail, have a telephone line installed, or a permit application processed). Facilitation payments, whether legal or not, are prohibited by this policy unless pre-approved in writing by the Law Department.

Because of the complexity of the legal issues relating to the applicability of exceptions to the FCPA's broad restrictions, no determination should be made without involvement of a member of the Law Department.

Pre-Approval of Gifts, Travel, Meals and Entertainment Involving SOEs and Foreign Officials

As noted above, the coverage of the FCPA is very broad, and legal decisions as to what is permissible are case-by-case and very specific to each set of facts and circumstances. Therefore, the utmost care must be taken in evaluating these issues.

The threshold issue in determining whether the FCPA is applicable is whether a "foreign official" would be the recipient of a payment or other thing of value. A significant "red flag" in this area is whether the recipient works for an SOE. The company maintains a list of Rayonier customers believed to be SOEs. This list will be updated periodically, to ensure that no change has occurred at a particular customer that could render it an SOE or otherwise cause its decision making personnel to be deemed foreign officials. The current list of Rayonier SOE customers can be accessed by contacting any member of the Internal Audit Department. Again, it is the obligation of the Rayonier Company Personnel responsible for the customer relationship to ensure that a determination is made whether or not a customer is an SOE.

If a customer is an SOE or a key decision-maker at a customer is determined to be a foreign official, provision of gifts, travel, meals, entertainment, or anything else of value to that customer will be strictly governed by this policy, which supersedes any other Rayonier policy or practice relating to such subject matter. In each such case, all proposed payments, gifts, travel, meals, and entertainment, or other "thing of

value" involving "foreign officials" must be approved in advance by the Law Department. Sufficient notice and detail are required to allow a thorough legal review.

Assuming, on a customer-by-customer basis, that the customer is not an SOE and no foreign officials work for them in key decision-making capacities, Company Personnel can provide appropriate gifts and entertainment in accordance with then-existing Rayonier policies and practices. Company Personnel should seek advice from the Law Department if there is any uncertainty as to whether the receipt or offering of gifts, travel, meals, entertainment, or anything else of value complies with Rayonier policy.

Charitable Donations and Political Contributions

Under no circumstances shall charitable donations or political contributions, whether in their own name or in the name of Rayonier, be made to obtain or retain business or to secure an improper business advantage for Rayonier. This applies regardless of whether it is a charity of a government agency or one chosen by a government official.

All non-personal, charitable donations and political contributions on behalf of Rayonier can only be made by Public Affairs in accordance with Rayonier's Political Activity and Public Affairs Policy.

Extortion

Economic extortion, such as a threat to harm, delay or interfere with Rayonier's business, can never justify a payment that would violate this policy. However, a payment arising from threats of physical violence and a genuine concern for one's personal safety is a payment made under physical duress. If a payment is extorted by a third party who threatens imminent bodily harm resulting in physical duress, Company Personnel may and should make the payment that is demanded. Any extortion demand must be reported immediately to the General Counsel of Rayonier, and any extortionate payment must be accurately recorded in Rayonier's books and records.

Improper Payments

No bribes, kickbacks, or other improper payments or benefits can be given or offered, directly or indirectly, to any person by or on behalf of Rayonier, under any circumstances. In addition, Rayonier may not solicit or accept a bribe from any person in order to influence improperly Rayonier.

Company Personnel should seek advice from the Law Department before making any payments to consultants, agents and other intermediaries if there is any reason to believe that a portion of the fee might be used for improper influence.

Education and Training

FCPA training is administered by the Internal Audit Department in conjunction with the Rayonier Law Department. Currently, a customized, on-line FCPA training module is provided to our Company Personnel and Representatives, and supplemental in-person training is provided from time-to-time for specific personnel. If any additional training is desired or questions arise, contact a member of the Law Department.

Record-Keeping

Company Personnel must keep financial books, records and accounts in reasonable detail that accurately and fairly reflect all of Rayonier's transactions with third parties, use of Rayonier's assets and other similar information. Rayonier will maintain a reasonable system of internal controls and procedures that must be adhered to by Company Personnel so that all underlying transactions are properly documented, recorded and reported.

All Company Personnel must ensure that:

- The provision of any gift, meal, entertainment or other business hospitality, as well as payments of travel and expenses for any person (including a government official), are accurately entered into the system so that they can be accounted for and described in Rayonier's books, records and accounts. Additionally,

Company Personnel must ensure that records of such expenses identify what was given, the value, date and the name and title of the recipient;

- any payments made on behalf of Rayonier are supported by appropriate documentation;
- no payments are made in cash, unless authorized in writing by the Law Department, and;
- No one creates or helps create any documents for the purpose of concealing any improper activity.

If, in reviewing and approving expenses, or in the review of Rayonier's books, records and accounts, any question arises in connection with this Policy, that question must be reported to the Law Department in writing.

Potential Risk Scenarios: Red Flags

Red flags are certain actions or facts which should alert a company that there is a high possibility of improper conduct by Representatives. A red flag does not mean that something illegal has happened, but, rather, that further investigation is necessary.

Red flags are highly fact-dependent. Examples of red flags include, but are not limited to:

- Unusual or excessive payment requests, such as requests for over-invoicing, up-front payments, ill-defined or last-minute payments, success fees, unusual commissions or mid-stream compensation payments;
- Requests for payments to an account in a country other than where the Representative is located or is working on behalf of Rayonier;
- Requests for payment to a third party, to a numbered account, or in cash or other untraceable funds;
- Requests for political or charitable contributions;
- Requests for internships or job offers for Representatives or influential outside persons or any of their relatives;

- A family relationship by blood or marriage between Representatives and an influential outside person;
- Demands or strong suggestions by an influential outside person that a particular Representative should be retained;
- Refusals or hesitancy by Representatives to disclose its owners, partners or principals;
- Use of holding companies or other methods to obscure Representative's identity, without adequate business justification;
- Representative expresses a desire to keep representation of Rayonier or the terms of retention secret;
- Reliance by Representative on government contacts as opposed to knowledgeable staff, sufficient infrastructure and investment of time to promote Rayonier's interests;
- Representative has little experience in the industry but claims to "know the right people;"
- Representative refuses to agree to abide by applicable anti-corruption laws, or to participate in training; or
- Past or pending charges against Representative for violation of local or foreign laws, or of regulations concerning the award of government contracts.

OTHER ANTI-CORRUPTION/ANTI-BRIBERY LAWS

Most of the countries in which Rayonier does business have adopted laws which prohibit bribery. Many of these laws are similar in scope and effect to the FCPA, while others are broader in their reach. Like the FCPA, under many of these laws the definition of "bribery" is very broad and includes anything of value that could be construed as being given to obtain or retain business.

Irrespective of the country at issue, follow the procedures in this policy as they relate to the FCPA, and contact a member of the Law Department with any questions about this policy.

Reporting

Reporting of any alleged improper business conduct, including any FCPA issues, should be made in accordance with [Company Policy 3.1 Reporting of Illegal or Unethical Conduct](#).

Rayonier's Law Department is primarily responsible for the oversight and enforcement of this Policy. The Law Department will review, on a regular basis, the implementation and effectiveness of Rayonier's compliance and ethics program. The Law Department is also responsible for updating this policy and implementing training on a regular basis, in conjunction with the Internal Audit Department.

Accordingly, any suspected violation of this policy may be reported to the Law Department or the Ombudsman, an outside and independent reporting service established by Rayonier. Reports to the Ombudsman can be made anonymously and will be treated confidentially to the fullest extent permitted by Rayonier policy and the law. The Ombudsman can be reached at:

CALL	ACCESS ON THE INTERNET
U.S. (800) 437-6855	https://www.tnwgrc.com/rayonier
International (904) 357-9834	

Upon receipt of a report of a suspected violation, Rayonier will launch a prompt and thorough investigation. Rayonier prohibits retaliation against any Company Personnel or Representative who makes a good faith report of a suspected violation. Please report any suspected retaliation to the Ombudsman, whereupon Rayonier will launch a prompt investigation.

This policy does not address every aspect of anti-corruption and anti-bribery compliance. It is designed to provide additional guidelines to those set forth in the Code of Conduct and any other policy established by Rayonier.

Exceptions to Policy

Any exceptions to this policy require prior written approval from Rayonier's Law Department.

Enforcement and Discipline

Any Company Personnel who violates any law, or who violates any related Rayonier policy or procedure, will be subject to appropriate disciplinary action, up to and including termination. Any employee who is aware of another employee's violation of such laws, policies, or procedures but does not report same, will also be subject to appropriate disciplinary action.

EXHIBIT A

DUE DILIGENCE PROCEDURES FOR ENGAGING FOREIGN SALES AGENTS AND OTHER REPRESENTATIVES

A. IDENTIFY NEED

1. Determine and document the business justification for retaining the Representative.
2. Identify the functions to be performed.
3. Document reasons why these functions cannot be performed by Rayonier Company Personnel in-country.

B. DUE DILIGENCE REGARDING PROPOSED REPRESENTATIVE

1. What are the Representative's qualifications for the services to be performed, including the Representative's background and experience? Get resumes for the principals who will be involved in the engagement (in particular, is there any prior government service?).
2. What experience and resources (personnel and financial) are to be employed by the Representative?

3. What is the organizational form (corporation, partnership, etc.) and structure (org chart) of Representative's corporate entity?
4. Research the ownership of the Representative's entity - trace through to stock or asset ownership by individuals to know whether any of the individuals are government officials or have relationships with government officials or whose close relatives are or have relationships with government officials.
5. Do the principals have affiliations with corporate entities other than the one being used for this engagement? - If so, we need to understand ownership structure of other affiliated entities, including ownership by close relatives.
6. What is the Representative's business history? - years in business, employees, lines of business, approximate revenues, etc.
7. Will Representative be retaining services of any third parties in carrying out work for Rayonier? If so, the same due diligence will need to be performed for each such third party so retained.
8. What local law governs the Representative's activities? - are they aware of and in compliance with local legal requirements for their business?
9. Obtain and check business references - a reference check should include questions about business ethics.
10. Obtain and check bank and credit references.
11. Are there any prior bankruptcies; criminal convictions; pending investigations for bribery, tax evasion, export, or antitrust violations? (check with local embassies and law enforcement agencies)
12. Research the Representative and their business on the Internet, for example, a Google search.

C. DOCUMENT THE FINDINGS. The results of the due diligence process should be summarized in a memorandum and reviewed by a member of the Law Department to assure compliance. Prospective Representatives should understand that they have no authority to act on behalf of Rayonier until they are informed that the review process is completed, retention is approved and a Representative agreement, approved by the Law Department, is executed (to avoid temptation to do something heroic to "impress" us and get the business).