

CODE OF BUSINESS CONDUCT AND ETHICS

1. STATEMENT OF BUSINESS PURPOSE AND VALUES

Tenon Limited is a New Zealand headquartered corporation devoted to creating superior shareholder value. To achieve this Tenon:

- strives for excellence in everything it does to meet customer needs through industry leadership, the dynamic use of its people, financial and material resources;
- operates with integrity, managing its people by stressing openness, communication, commitment, innovation, coordinated delegation of authority, responsibility and accountability;
- is committed to being ethical and socially responsible, acting within the laws of the countries it operates in;
- believes its reputation is as important as the products it sells, and that its future depends on maintaining that reputation;
- is committed to maintaining a high standard of environmental performance;
- remains committed to its core values of:
 - action orientation
 - innovation
 - commercial intensity
 - customer focus
 - personal accountability
 - teamwork
 - respect for the individual
 - respect for the environment
 - safety;
- believes its business decisions should always reflect its values and Tenon's legal obligations.

All employees are expected to work within the Tenon *Code of Business Conduct and Ethics*, and to ensure that in doing business Tenon continues to maintain and grow its reputation as one of New Zealand's most respected companies.

2. ETHICS

As an employee of Tenon you will not do anything in your work that may discredit Tenon or any of its employees. You will act professionally and ethically to maintain the good reputation of Tenon and its people.

3. CONFLICT OF INTEREST

Employees must avoid conflicts of interest when working for Tenon. You will have a conflict of interest if you are involved in any activity which:

- conflicts with your ability to carry out responsibilities towards Tenon;
- puts you in competition with Tenon; or
- benefits anyone who is in competition with Tenon.

Examples include accepting positions or work with other organisations, and investment activities, or acceptance of inappropriate gifts or favours. Before a conflict of interest arises employees should speak to their reporting manager, who will then discuss the issue with the appropriate Tenon executive. Employees must have the prior approval of Tenon to a conflict of interest.

4. CONFIDENTIALITY OF COMPANY INFORMATION

Employees must protect the confidentiality of Tenon's confidential business information. Employees must not discuss Tenon's confidential information with others, or use that information for their own benefit or for the benefit of others, whether during their employment or afterwards.

5. TRADE PRACTICES

Tenon is committed to dealing ethically and fairly with its customers, delivering high quality products and services.

In addition, as a commodities and consumer-orientated company Tenon must ensure that it complies with all trade and unfair practices laws and regulations in all the markets in which it operates.

Trade and unfair practices laws are usually monitored by a regulatory and enforcement body, e.g. in New Zealand – the Commerce Commission oversees the Commerce Act and Fair Trading Act. Accordingly, employees need to be particularly scrupulous in their business activities and dealings. Breaches of trade practices

legislation could lead to substantial fines being imposed on both Tenon and individual employees.

6. EMPLOYMENT EQUITY

Tenon is an equal opportunity employer and recognises the value to Tenon of having a diverse workforce. Tenon will recruit, promote and treat its people without discrimination, based on its values of respect and dignity for the individual and on the individual's qualifications and ability to do the job.

7. DISCRIMINATION AND SEXUAL HARASSMENT

Tenon will not tolerate any form of discrimination or sexual harassment. Sexual harassment is unlawful and is destructive to the work environment and ultimately work performance. Tenon will treat all discrimination or sexual harassment complaints seriously and will attend to and investigate complaints promptly, confidentially and impartially.

8. DRUG AND ALCOHOL POLICY

Tenon is committed to creating a drug and alcohol free workplace to safely achieve its business objectives. This commitment:

- supports the Company values
- is part of the way we work
- achieves a healthier and safer workplace and workforce

Tenon will support our people in achieving this goal through the following initiatives:

- Voluntary Rehabilitation
- Pre-employment Testing
- Post Accident or Incident Testing
- Reasonable Cause Testing
- Compulsory Rehabilitation

Alcohol may be permitted on non-operational sites with the prior approval of the Chief Executive Officer for entertainment purposes only.

9. HEALTH AND SAFETY

Tenon is committed to maintaining a safe and healthy workplace. Tenon will give health and safety considerations equal status with its primary business objectives.

Tenon is committed to training managers, employees, partners, contractors and third parties to ensure that they are competent in meeting Tenon's health and safety standards.

Tenon actively monitors, audits and reviews procedures, processes and management systems, including objectives and targets, to ensure continuous improvement in health and safety performance.

10. ENVIRONMENT

Tenon is committed to a high standard of responsible management of the environmental impact of its manufacturing and forest operations. Its commitment extends beyond strict commercial or regulatory requirements. It involves a comprehensive approach to minimising the impact of road forming, planting, logging and processing. Tenon will give environmental considerations equal status with its primary business objectives.

Tenon monitors and audits the environmental effects and performance of its forestry operations during and after each operation to ensure work is carried out consistent with resource consent legislation and Tenon's requirements.

11. COMPLIANCE WITH LEGAL OBLIGATIONS

Tenon and its employees will comply with all the laws of the various countries in which it operates. Tenon operates in a number of overseas markets. It is important that Tenon and its employees understand and comply with all these laws.

In addition, Tenon is subject to information disclosure obligations, which are designed to ensure that the New Zealand Stock Exchange on which Tenon's shares are traded are fully and effectively informed about Tenon's business. Tenon has comprehensive policies and procedures in place to ensure compliance with information disclosure obligations.

12. INSIDER TRADING

Employees must comply with insider trading laws. Using "inside information" (i.e. information which has not yet been made public about Tenon or another publicly listed company) for personal gain by buying or selling shares, or by passing the information on to third parties, is illegal. To help you understand your obligations when you have "inside information" Tenon has a strict internal compliance code, which must be followed at all times.

13. DISCLOSURE OF ILLEGAL OR UNETHICAL CONDUCT

Employees are responsible for reporting, and third parties with whom the Company interacts with are encouraged to report, to any layer of management in the Company, the Company Secretary or to the Audit Committee, any illegal or unethical conduct, and shall be free to do so without fear of retribution or adverse action on the part of Tenon. The Company will investigate all reports of unlawful or unethical practices.

14. USE OF COMPANY ASSETS

Employees should respect Company property and use Company assets – including computers and related information technology assets – only in accordance with established Company policies.

15. FINANCIAL ANALYSIS, REPORTING AND SYSTEMS

Senior Executives and other employees who have responsibility for financial analysis, reporting and systems shall at all times exhibit and promote the highest standards of professional, honest and ethical conduct that:

- encourages and rewards professional integrity in all aspects of the financial organisation;
- eliminates barriers to responsible behaviour;
- promotes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- ensures that business transactions are properly authorised and completely and accurately recorded on the Company's books in accordance with Generally Accepted Accounting Principles and established Company policy;
- ensures the retention or disposal of Company records in accordance with established financial policies and applicable legal and regulatory requirements;
- ensures that the Company's auditors are not improperly influenced for the purpose of rendering financial statements materially misleading;
- ensures all financial communications and reports are delivered in accordance with all legal and accounting requirements, and fairly and accurately state the results of the Company;
- promotes the continuing education of the finance organisation in all matters affecting the operation of the finance organisation and the Company generally;
- requires members of the financial organisation to inform senior management, or, in appropriate circumstances the Audit

Committee, of deviations from policies and procedures governing the operation of the Company's financial systems and reporting; and

- reports and corrects in a prompt manner any detected deviations from accounting, legal or policy requirements.

Further Information and Contacts. If you have any questions in relation to this Code of Business Conduct and Ethics you should contact your manager or the Company Secretary.

Approved by the Board
10 August 2005