

# CODE OF BUSINESS CONDUCT AND ETHICS

## A MESSAGE FROM THE CEO



At Western Forest Products, we are committed to upholding the highest standards of legal and ethical conduct in the operation of our business.

The Code of Conduct is based on our core values and is designed to outline principles to help guide each of us in how we conduct ourselves and our business at Western. Our directors, officers and employees are required to conduct themselves in a manner consistent with our core values and comply with all laws and regulations that apply to our business.

The purpose of our Code of Conduct is to:

- ensure that all Western representatives understand our specific legal and ethical responsibilities;
- provide principle-based guidance on how to make decisions in line with the Code of Conduct; and
- detail how conduct not in line with the Code of Conduct can be reported and investigated.

As the Code of Conduct is a principle-based document, it cannot provide guidance on every decision or situation that you may face. When unsure of what action to take, I encourage you to speak with your supervisor or our Human Resources department for further guidance.

Maintaining our reputation and credibility in the marketplace and communities in which we operate is key to fulfilling our vision to provide the most sustainable building materials on the planet. Thank you for playing your part in maintaining our high ethical standards.



Don Demens  
President & CEO

## INTRODUCTION

### About Western Forest Products

Western Forest Products Inc. (“Western” or the “Company”) is an integrated forest products company that supplies high-quality wood products and sustainably manages forests. With operations in the coastal region of British Columbia and Washington State, Western fulfills the needs of our customers worldwide with a specialty wood products focus and diverse product offering.

### Our Vision

To provide the most sustainable building materials on the planet.

### Our Mission

We safely produce high margin, targeted specialty building materials for our selected global customers in a value for service relationship.

### Our Values

- We are committed to personal safety, sustainable management and environmental stewardship.
- We behave with integrity, passion and transparency.
- We seek mutually beneficial relationships.
- We are dedicated to a culture of accountability and continuous improvement.

### Upholding the Code of Conduct

This Code of Conduct (“the Code”) applies to all directors, officers and employees (“Western Representatives”) of Western and its subsidiaries. All Western Representatives must read, understand and comply with the Code. Agents and independent contractors performing work or representing Western to the public must adhere to our Core Values and the general spirit of the Code.

Any exemptions to the Code require a written waiver approved in advance by the Human Resources department. Waivers for officers/directors must be approved in advanced by the Company’s Board of Directors and may be disclosed publicly if required by securities legislation.

### Guidance and Reporting Mechanisms

This section provides guidance to support your decision making process in complying with the Code. Reporting mechanisms for any Western Representatives reporting a potential violation of the Code are also outlined under “Western Representatives Obligation to Report”.

### Guidance in Decision Making

Western recognizes that this Code of Conduct provides general guidance and principles on which Western Representatives should base decisions, rather than a detailed list of rules to address every possible situation.

While values and ethics should guide your decision making, Western Representatives are strongly encouraged to seek guidance in advance of taking action when they feel uncomfortable or unsure about compliance with this Code. Guidance should be sought from any of the individuals listed below.

## Western Representatives Obligation to Report

If you observe or have any reason to believe that someone has violated the Code, you have an obligation to immediately report the information by:

- discussing the concern with your supervisor or Human Resources Business Partner;
- discussing the concern with the CEO, the EVP CFO, the Vice President, Human Resources, or the Senior Director, Legal & Corporate Secretary; and/or
- anonymously reporting the concern via our confidential whistleblower hotline at 1-866-895-4113.

## Western's Obligation to Investigate and Respond and Prohibition on Retaliation

Western will thoroughly investigate any report made under this Code. All reported incidents are reviewed by the Audit Committee of the Board of Directors on a quarterly basis. Report and investigation details are not publicly released and the Company does not tolerate acts of retaliation (including demotion, discipline or discrimination) against any Western Representative that raises legitimate concerns in good faith.

## Consequences of Violations of the Code

Compliance with the guiding principles of the Code is mandatory for all Western Representatives. If it is determined that a Western Representative is in violation of the Code, the Company's Board of Directors or executive management may take such disciplinary action as it determines appropriate, up to and including termination.

## CORE PRINCIPLES

### Complying with Laws and Regulations

Western and its Representatives will comply with the letter and the spirit of all applicable laws, rules and regulations in the jurisdictions that the Company operates in. Our reputation is critical to our continued ability to operate as a business and any illegal or unethical conduct is unacceptable.

Our business is subject to a number of significant laws and regulations, and the following areas are particularly relevant to Western Representatives:

- **Health and Safety:** Contributing to a safe and healthful work environment is the shared responsibility of every member of the Western team. Western Representatives are expected to comply with all applicable health and safety laws and regulations and Company policies, procedures and safety standards. For more guidance, please see Western's *Health & Safety Policy*.
- **Environmental & Forestry Legislation:** Western is committed to preserving and enhancing the environment and forests in which we operate by complying with applicable laws and regulations and responsible business practices. For more guidance, please see Western's *Environmental Policy*.

- **Human Rights Legislation:** Every person has the right to equal treatment without discrimination, harassment or retaliation with respect to employment. Western is committed to providing a workplace free of harassment, violence and discrimination and has no tolerance for anything less than fair and equal treatment for all. For more guidance, please see Western's *Human Rights Policy*.
- **Anti-trust/Competition Legislation:** Western and Western Representatives must make decisions on the basis of the Company's best interests, and must do so independent of competitors. You generally cannot discuss pricing, product/market strategy, customers or other sensitive information with competitors as it could be considered in violation of these laws. Prior to any exchange of competitive information you need approval from the Senior Director, Legal & Corporate Secretary.

**Anti-corruption Legislation:** The *Corruption of Foreign Public Officials Act* (Canada) and the *Foreign Corrupt Practices Act* (United States), collectively referred to as the "Acts" address the following two issues:

- Improper payments made by multi-national companies to foreign officials; and
- Improper record keeping and accounting engaged by reporting companies.

It is Western's policy to conduct its business in such a way as to not be or appear to be in conflict with the Acts. No improper or illegal payment (including bribes, kickbacks and influence payments) may be made to government officials, civil servants, real estate agents, lumber or timber brokers, suppliers, customers, or anyone else to induce favorable action on the part of the recipient or the Company. It is against Western policy and potentially illegal for Western Representatives to make or receive a bribe, kickback, improper payment, gifts (other than nominal gifts or hospitality generally acceptable as part of doing business), etc. to or from any of the persons listed above.

All Western Representatives shall comply with all laws, regulations and ethical standards of business conduct. Except as specifically permitted by law, no Western funds shall be used to make contributions or payments to candidates or causes. Please see the *Anti-Bribery and Anti-Corruption Policy* for further guidance.

**Securities Legislation:** Western Representatives may not buy or sell or recommend that others buy or sell Company securities while in the possession of material non-public information regarding the Company. For more guidance, please see Western's *Insider Trading Policy*.

**Professional Practice Laws:** Western Representatives who possess a professional designation (e.g., RPF, P.Eng, CPA, CRSP etc.) with associated bylaws that may compel a Western Representative to act in a manner that may be contrary to the Company's best interest must bring to the attention of the Vice President, Human Resources or the Senior Director, Legal and Corporate Secretary, the professional practice bylaw in question before taking action.

## Avoiding Conflicts of Interest

Generally, a conflict of interest exists when an individual's personal conduct, interests, or financial dealings are not in line with those of the Company. In such scenarios, Western Representatives may find their judgement is influenced in the performance of their responsibilities with Western. The existence or perception of a conflict of interest can undermine the confidence of fellow Western Representatives, customers, suppliers, investors and the general public.

All Western Representatives have an obligation to be free of conflicting interests when they represent Western in business dealings or when they are making recommendations that could affect Western decisions.

Some examples of potential conflicts of interest include:

- **Financial Interests** - When a Western Representative who is able to influence the Company's business owns (or a member of their immediate family owns) an interest in a competitor of Western, or an enterprise that has current or prospective business with Western as a supplier or contractor.
- **Third Parties** - When an employee has a role with a competitor or supplier of Western. A conflict may also exist when a Western Representative performs work or services for another business or organization to such an extent that they do not devote the necessary time and effort to his or her responsibilities with Western.
- **Relationships with Customers or Suppliers** - A conflict may arise when a Western Representative accepts any gift or favour of greater than nominal value from any person or organization who is a competitor, supplier or contractor of Western.

If you are unsure if a situation you may be involved in constitutes a conflict of interest, please contact your supervisor or your Human Resources Business Partner for clarification. For further guidance please see Western's *Conflict of Interest Policy*.

## Confidentiality

Western Representatives must protect the confidentiality of information entrusted to them by the Company, its customers, suppliers or partners, except when disclosure is authorized in writing by the Chief Executive Officer or his designate, or is legally required and the Senior Director, Legal Services and Corporate Secretary is informed prior to the disclosure. Confidential information includes all non-public information that might be of use to the Company's competitors or harmful to the Company or its customers, suppliers or partners if disclosed and may include (but is not limited to) trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, customer lists and contact information, records, salary information, and any unpublished financial data and reports.

Western Representatives may provide the Company with their personal information. This information is protected under the relevant privacy legislation and the Company's *Privacy Policy*. Western Representatives with access to personal information must familiarize themselves with the *Privacy Policy* and maintain the confidentiality of the personal information entrusted to them, except where disclosure is authorized under the policy or as required by law or regulation with the Senior Director, Legal Services and Corporate Secretary informed prior to the disclosure.

The obligation to maintain confidentiality of confidential information continues even after your employment relationship with Western ends.

## Ethical Conduct

**Fair Dealings:** Every Western Representative must deal fairly with Western's security holders, customers, suppliers, contractors, employees and anyone else with whom he or she has contact in the course of performing his or her job. Western is committed to encouraging a work environment in which everyone is treated with respect and dignity. All Western Representatives are to conduct themselves in a manner that

promotes equal opportunity and prohibits discrimination, including harassment of any kind. No Western Representative may take unfair advantage of anyone through manipulation, concealment, abuse or privileged information, misrepresentation of facts or any other unfair dealing practice

**Integrity of Accounting Practices and Records:** Western takes the accuracy of its financial records and statements very seriously. Accuracy and reliability in preparing business records is critically important to our decision making and to the proper discharge of our financial, legal, and reporting obligations. All business records, expense accounts, invoices, bills, payroll, and employee records are to be prepared with complete transparency and honesty. False or misleading accounting entries or reports will not be tolerated and will result in discipline up to and including termination of employment.

**Expense Reimbursement:** Western Representatives may incur reimbursable business expenses in the course of their duties, commonly referred to as travel and entertainment expenses. In accordance with the *Employee Expense Policy*, such expenses must be documented and recorded accurately. If you are not sure if a potential expense is allowable, ask the supervisor that is also responsible for reviewing and approving your expense claims. False or misleading expense claims are not tolerated and will result in discipline up to and including termination of employment.

**Use of Resources:** Western Representatives are required to safeguard all Western resources and to use them for legitimate business purposes. Safeguarding includes protection against unauthorized or inappropriate use, access, or destruction—as well as protection from theft.

Reasonable incidental use of the Company's telephones, computers, email systems, or internet is allowed, provided it does not compromise Western's security, result in incremental cost to the Company or require the provision of additional resources.

In accordance with the *IT End User Responsibility* policy, technology resources are provided to Western Representatives to enable you to do your job. Western Representatives are responsible for the efficient use of Western's technology and are required to avoid situations that may drain the productivity of these resources or result in increased costs.

**Intellectual Property Ownership:** Anything you develop, create, or author in your capacity as a Western Representative becomes the sole and exclusive property of the Company.

**Right to Search:** Western reserves the right to search its property to protect that property, information, or other assets and to maintain a safe work environment. This means that the Company may review and monitor your electronic communications, telephone records, and the contents of your computer, file cabinets, desk, locker, and office.

## CONCLUSION

Thank you for taking the time to read and understand the Code of Conduct. The Company will ensure the Code remains up to date and will inform Western Representatives of any significant changes. Western will also continue to monitor compliance with the Code and take steps to ensure all Western Representatives have an understanding of their obligations.