

CODE OF BUSINESS CONDUCT AND ETHICS

The Board of Directors (the "Board") of Western Forest Products Inc. (the "Corporation", which for the purpose of this Code includes its subsidiaries) has adopted this code of conduct and ethics for directors and officers of the Corporation (the "Code") to:

- endorse and promote the Corporation's commitment to honest and ethical conduct, including fair dealing and ethical handling of conflicts of interest;
- foster a climate of honesty, truthfulness and integrity;
- promote full, fair, accurate, timely and understandable disclosure;
- promote compliance with applicable laws and governmental rules and regulations;
- ensure the protection of the Corporation's legitimate business interests, including corporate opportunities, assets and confidential information; and
- deter wrongdoing.

The Corporation's Nominating and Governance Committee is responsible for setting the standards of business conduct contained in the Code and updating these standards as it deems appropriate to reflect changes in the legal and regulatory framework applicable to the Corporation, the business practices within the Corporation's industry, the Corporation's own business practices, and the prevailing ethical standards of the communities in which the Corporation operates. The Nominating and Governance Committee will also oversee and monitor compliance with the Code.

All directors and officers of the Corporation are expected to be familiar with the Code and to adhere to those principles and procedures set forth in the Code that apply to them. The Corporation's more detailed policies and procedures that apply to all employees of the Corporation set forth in the Corporation's Employee Code of Conduct are separate requirements and are not part of this Code.

For purposes of this Code, the "Code of Ethics Contact Person" will be, for the members of the Board, the Chair of the Board or the Chair of the Audit Committee of the Board, and for the officers of the Corporation, the Chair of the Board.

Honest and Candid Conduct

Each director and officer owes a duty to the Corporation to act with integrity. Integrity requires, among other things, being honest and candid. Deceit and subordination of principle are inconsistent with integrity.

Each director and officer must:

- act with integrity, including being honest and candid while still maintaining the confidentiality of information where required or consistent with the Corporation's policies;
- observe both the form and spirit of applicable laws and governmental rules and regulations, accounting standards and Corporation policies; and
- adhere to a high standard of business ethics.

Conflicts of Interest

A "conflict of interest" occurs when an individual's private or personal interest interferes, or may appear to interfere, with the interests of the Corporation. A conflict of interest can arise when a director or officer takes actions or has interests that may make it difficult to perform his or her Corporation work objectively and effectively. For example, a conflict of interest would arise if a director or officer, or member of his or her family, receives improper personal benefits as a result of his or her position in the Corporation. Any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest should be discussed with the Code of Ethics Contact Person.

Conflict of interest situations involving directors and officers may include the following:

- any material ownership or financial interest in any supplier of goods or services to the Corporation or in any major customer of the Corporation;
- any consulting or employment relationship with any major customer of the Corporation, supplier or competitor;
- any outside business activity that detracts from an individual's ability to devote appropriate time and attention to his or her responsibilities with the Corporation;
- the receipt of non-nominal gifts or excessive entertainment from any Corporation with which the Corporation has current or prospective business dealings;
- being in the position of supervising, reviewing or having any influence on the job evaluation, pay or benefit of any immediate family member.

Anything that would present a conflict of interest for a director or officer would likely also present a conflict if it is related to a member of his or her immediate family.

Conflicts of interest between a director or officer and the Corporation are to be disclosed to a Code of Ethics Contact Person and reported to the Nominating and Governance Committee of the Board on a regular basis.

Disclosure

Each director or officer involved in the Company's disclosure process, including the Chief Executive Officer and the Chief Financial Officer, is required to be familiar with and comply with the Company's Communications Policy. Securities and stock exchange laws are extremely strict regarding the use and disclosure of information that could have a significant impact on the value of the Company's shares and other market securities. For this reason, the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer are the only official spokespersons of the Company.

No material non-public information related to the Company's business may be communicated until public disclosure has been made to the general public, except to those who need to know this information in the normal course of business and under an obligation of confidentiality. Directors and officers may not give their personal opinion or disclose confidential information to members of the press.

Compliance

It is the Company's policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of each officer and director to adhere to the standards and restrictions imposed by those laws, rules and regulations.

It is against Company policy to do anything that might be considered an unfair trade practice. Examples of unfair trade practices could include activities that unduly lessen competition, such as price fixing, as well as false or misleading advertising, or misleading or deceptive representations.

Directors and officers are required to be familiar with and comply with the Company's Insider Trading Policy. It is against Company policy and in many circumstances illegal for a director or officer to profit from undisclosed information relating to the Company or any other company. Any director or officer may not purchase or sell any of the Company's securities while in possession of material non-public information relating to the Company. Also, any director or officer may not purchase or sell securities of any other company while in possession of any material nonpublic information relating to that company. Any director or officer who is uncertain about the legal rules involving a purchase or sale of, or other dealings in, any Company securities or any securities in companies that he or she is familiar with by virtue of his or her work for the Company, should consult with a Code of Ethics Contact Person before completing any such transaction.

Reporting, Accountability and Waivers

The Nominating and Governance Committee is responsible for monitoring compliance with the Code, applying this Code to specific situations in which questions are presented to it and has the authority to interpret this Code in any particular situation. Any director or officer who becomes aware of any existing or potential violation of this Code is required to promptly notify the Code of Ethics Contact Person. Failure to do so is itself a violation of this Code.

Any questions relating to how this Code should be interpreted or applied should be addressed to the Code of Ethics Contact Person. A director or officer who is unsure of whether a situation violates this Code should discuss the situation with the Code of Ethics Contact Person to prevent possible misunderstandings and embarrassment at a later date.

The Company will follow the following procedures in investigating and enforcing this Code, and in reporting on the Code:

- violations and potential violations will be reported by the Code of Ethics Contact Person to the Nominating and Governance Committee, after appropriate investigation;
- the Nominating and Governance Committee will take all appropriate action to investigate any alleged violations reported to them after appropriate investigation;
- if the Nominating and Governance Committee determines that a violation has occurred, the Nominating and Governance Committee will inform the Board; and
- upon being notified that a violation has occurred, the Board will take such disciplinary or preventive action as it deems appropriate, up to and including dismissal or, in the event of criminal or other serious violations of law, notification of appropriate governmental authorities.

The Company may waive specific provisions of this Code in a particular situation. Any waiver of the Code for directors or officers of the Company may be made only by the Board or by the Nominating and Governance Committee of the Board and reported to the Board. Any waiver by the Company of a provision of the Code to a director or officer that relates to a material item shall be disclosed by the Company in accordance with applicable legal and regulatory requirements.

Corporate Opportunities

Directors and officers owe a duty to the Company to advance the Company's business interests when the opportunity to do so arises. Directors and officers are prohibited from taking (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information or position, unless the Company has already been offered the opportunity and turned it down. More generally, directors and officers are prohibited from using corporate property, information or position for personal gain and from competing with the Company.

Sometimes the line between personal and Company benefits is difficult to draw, and there are both personal and Company benefits in certain activities. Directors and officers who intend to make use of Company property or services in a manner not solely for the benefit of the Company should consult beforehand with the Code of Ethics Contact Person.

Confidentiality

In carrying out the Company's business, directors and officers may learn confidential or proprietary information about the Company, its customers, suppliers, or joint venture parties. Directors and officers must maintain the confidentiality of all information so entrusted to them, except when disclosure is authorized or legally mandated. Confidential or proprietary information of the Company, and other companies, includes any non-public information that would be harmful to the relevant company or useful or helpful to competitors if disclosed.

Confidential information shall not be used for personal gain.

Fair dealing

The Company does not seek competitive advantages through illegal or unethical business practices. Each director and officer should endeavour to deal fairly with the Company's customers, service providers, suppliers, competitors and employees. No director or officer should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

Protection and proper use of company assets

All directors and officers should protect the Company's assets and ensure their efficient use. All Company assets should be used only for legitimate business purposes.