



Western Forest Products Inc.  
DEFINING A HIGHER STANDARD™

**WESTERN FOREST PRODUCTS INC.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF  
SHAREHOLDERS**

**MAY 6, 2021**

**INFORMATION CIRCULAR**

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## LETTER FROM THE CHAIR

March 22, 2021

Fellow Shareholders:

Western Forest Products Inc.'s 2021 Annual and Special Meeting of Shareholders (the "Meeting") will be held at **Suite 2800, 666 Burrard Street, Vancouver, British Columbia on May 6, 2021 at 9:00 a.m.** Pacific Daylight Time. At the Meeting, we will review the business and affairs of the Corporation and ask you to elect directors and appoint auditors for the coming year, approve amendments to the Corporation's bylaws and adoption of an advance notice bylaw, and consider an advisory vote on our approach to executive compensation.

In light of the continuing COVID-19 pandemic and to ensure the health and safety of our communities, shareholders and other stakeholders, we encourage you to vote in advance of the Meeting by proxy or voting instruction form instead of attending the Meeting in person. Along with the Notice of Meeting and Management Information Circular, we also enclose the Form of Proxy for registered shareholders.

If you are considering attending the Meeting in person, we ask that you consider the most current advice of the Public Health Agency of Canada (<https://www.canada.ca/en/public-health.html>) and the British Columbia Ministry of Health (<https://www2.gov.bc.ca/gov/content/governments/organizational-structure/ministries-organizations/ministries/health>). Due to public health restrictions and recommendations, access to the Meeting in person will be restricted or limited to essential personnel and registered shareholders and proxyholders entitled to attend and vote at the Meeting. Any person attending the meeting in person will be required to follow health and safety measures put in place by the Corporation. We ask that shareholders or proxyholders who wish to attend the Meeting in person pre-register by May 1, 2021 by emailing [corporatesecretary@westernforest.com](mailto:corporatesecretary@westernforest.com) so we can provide you with information regarding the Corporation's health and safety measures that will apply to the Meeting.

In the event it is not possible or advisable to hold the Meeting in person, the Corporation may adjourn, postpone or announce alternative arrangements for the Meeting.

By Order of the Board of Directors

***"Michael T. Waites"***

Michael T. Waites  
Chair, Board of Directors  
Western Forest Products Inc.

## NOTICE OF ANNUAL AND SPECIAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual and Special Meeting of Shareholders (the “Meeting”) of Western Forest Products Inc. (the “Corporation”) will be held at Suite 2800, 666 Burrard Street, Vancouver, British Columbia, Canada on **May 6, 2021 at 9:00 a.m.**, Pacific Daylight Time, for the following purposes:

- 1) to receive the annual report to shareholders, including our consolidated financial statements, together with the auditors’ report thereon, and Management’s Discussion and Analysis for the fiscal year ended December 31, 2020;
- 2) to set the number of directors at eight;
- 3) to elect directors for the ensuing year;
- 4) to appoint auditors for the ensuing year and authorize the directors to fix the remuneration to be paid to the auditors;
- 5) to consider and, if deemed advisable, to ratify and approve by ordinary resolution amendments to the Corporation’s Bylaw No. 1, as described in the Corporation’s Management Information Circular dated March 22, 2021, which were adopted by the Corporation’s board of directors on November 5, 2020;
- 6) to consider and, if deemed advisable, to ratify and approve by ordinary resolution the adoption of Bylaw No. 2, implementing advance notice procedures relating to the nomination of directors, which was adopted by the Corporation’s board of directors on November 5, 2020;
- 7) to consider a non-binding advisory resolution on our approach to executive compensation; and
- 8) to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Corporation’s Board of Directors have fixed the close of business on March 22, 2021, as the record date for determining the common shareholders entitled to receive notice of and vote at the Meeting or any adjournment thereof.

The Management Information Circular accompanying this Notice provides additional information relating to the matters to be dealt with at the Meeting or any adjournment or postponement thereof.

Dated at Vancouver, BC on March 22, 2021.

By Order of the Board of Directors

***“Michael T. Waites”***

Michael T. Waites  
Chair, Board of Directors  
Western Forest Products Inc.

**Registered shareholders who wish to vote in advance of the Meeting are invited to vote by signing and returning the enclosed form of proxy in the envelope provided for that purpose. A proxy will not be valid unless it is deposited at the office of Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, on or before 9:00 a.m. Pacific Daylight Time (12:00 p.m. Eastern Daylight Time) on May 4, 2021. Instructions for voting by telephone or via the Internet are located on the enclosed form of proxy.**

**Non-registered shareholders will be provided with voting instructions by the intermediaries who hold the shares on their behalf.**

## VOTING INFORMATION

### WHO CAN VOTE

The Board of Directors (the “Board” or “Board of Directors”) of Western Forest Products Inc. (“Western”, the “Corporation”, “us”, “we” or “our”) have fixed the close of business on March 22, 2021, as the record date (the “Record Date”), which is established for the purposes of determining shareholders entitled to receive notice of and to vote at the Annual and Special Meeting of Shareholders (the “Meeting”) referred to in the accompanying Notice of Meeting (the “Notice”). As at March 22, 2021, a total of 375,466,121 common shares (the “Shares”) of Western were issued and outstanding. Each Share is entitled to one vote.

### SOLICITATION OF PROXIES

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation by management of Western of Share owner’s proxies in relation to the Meeting. The proxy solicitation will be primarily by mail, but proxies may also be solicited by phone or other ways. The cost of solicitation will be borne by the Corporation. Unless otherwise specified, all information provided in this Circular is as at March 22, 2021, and all dollar amounts are in Canadian currency.

### HOW TO VOTE

You can vote by attending the Meeting in person, voting in advance of the Meeting, or appointing someone to attend the Meeting and vote your Shares (see “*Voting Information - Appointing Proxies*”). How you vote also depends on whether you are a registered or non-registered shareholder. You are a registered shareholder if the Shares you own are registered directly in your name with our transfer agent, Computershare. You are a beneficial shareholder if the Shares you own are registered for you in the name of an intermediary. In light of the continuing COVID-19 pandemic and to ensure the health and safety of our communities, shareholders and other stakeholders, we encourage you to vote in advance of the Meeting by proxy or voting instruction form instead of attending the Meeting in person.

	<b>Non-Registered (beneficial) Shareholders</b>	<b>Registered Shareholders</b>
	Your intermediary has sent you a voting instruction form with this package.	We have sent you a proxy form with this package.
Voting in advance or appointing someone to vote for you	Complete the voting instruction form and return it to your intermediary. You can either mark your voting instructions on the voting instruction form or you can appoint someone else as your proxy to attend the Meeting and vote for you.	Complete the proxy form and return it to Computershare Investor Services no later than 9:00am Pacific Daylight Time on May 4, 2021. You can either mark your voting instructions on the proxy form or you can appoint someone else to attend the Meeting and vote for you.
Voting in person	Follow the instructions on the voting instruction form. In most cases, you can print your name in the space provided on the enclosed voting instruction form and return the form as instructed by your intermediary. Your intermediary may also allow you to do this online. Do not complete the voting section, as you will be voting at the Meeting.  You should register with Computershare when you arrive at the Meeting.  If you want to appoint someone else as a proxy to attend the Meeting, you must print the person’s name in the appropriate space on the voting instruction form or complete another acceptable paper proxy. The person does not need to be a shareholder but must attend the Meeting to vote your Shares.	Do not complete the proxy form or return it to us. Please bring it with you to the Meeting. Please register with Computershare when you arrive at the Meeting.  If you want to appoint someone else as a proxy to attend the Meeting, you must print the person’s name in the appropriate space on the proxy form or complete another acceptable paper proxy. The person does not need to be a shareholder but must attend the Meeting to vote your Shares.

## APPOINTING A PROXY

The persons named in the proxy form or voting instruction form are directors or officers of the Corporation. They are referred to as the “management representatives” throughout this Circular. You have the right to appoint someone else to be your proxyholder by inserting that person’s or company’s name in the applicable form.

## FURTHER VOTING INFORMATION FOR NON-REGISTERED HOLDERS

Under securities legislation a non-registered beneficial shareholder is a “non-objecting beneficial owner” (or “NOBO”) if they have provided instructions to their intermediary not objecting to the disclosure of the beneficial owner’s ownership information in accordance with securities legislation. A beneficial owner is an “objecting beneficial owner” (or “OBO”) if such beneficial owner has, or is deemed to have, provided instructions to the Intermediary objecting to disclosure of the beneficial owner’s ownership information.

If you are a NOBO, you received these materials from your intermediary or its agent, and your intermediary is required to seek your instructions as to how to exercise the voting rights attached to your Shares. The Corporation has agreed to pay for intermediaries to deliver the proxy-related materials and the relevant voting instruction form (or, less frequently, the form of proxy) to NOBOs.

If you are an OBO, you received these materials from your intermediary or its agent, and your intermediary is required to seek your instructions as to how to exercise the voting rights attached to your Shares. The Corporation has agreed to pay for intermediaries to deliver the proxy-related materials and the relevant voting instruction form (or, less frequently, the form of proxy) to OBOs who have not otherwise waived their right to receive them.

**Non-Registered Holders should follow the instructions on the forms they receive and contact their intermediaries promptly if they need assistance.**

## REVOKING PROXIES

A shareholder who has given a proxy may revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy by: (1) delivering another properly executed form of proxy with a later date and depositing it as described above; (2) by depositing an instrument in writing revoking the proxy executed by the shareholder or by the shareholder’s attorney authorized in writing (a) at our registered office, Suite 800, 1055 West Georgia Street, Royal Centre Building, PO Box 11122, Vancouver, BC, V6E 3P3, Attention: Corporate Secretary, at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement of the Meeting, or (b) with the Chair of the Meeting on the day of the Meeting or any adjournment or postponement thereof; or (c) by any other manner permitted by law.

A Non-Registered Holder may revoke a voting instruction form or a waiver of the right to receive Meeting materials at any time by written notice to the intermediary, except that an intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive materials and to vote that is not received by the intermediary at least seven days prior to the Meeting.

## VOTING OF SHARES REPRESENTED BY MANAGEMENT REPRESENTATIVES

The management representatives designated in the proxy form will vote or withhold from voting the Shares where they are the appointed proxy on any ballot called in accordance with the instructions of the shareholder as indicated on the proxy and, if the shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.

**In respect of each matter identified or referred to that no instruction is given for, the management representatives will vote the Shares in accordance with management's recommendation in this Circular.**

The enclosed form of proxy confers discretionary authority with respect to any amendments to or variations of matters of business to be acted on at the Meeting and with respect to other matters that may properly come before the Meeting or any adjournment or postponement thereof, in each instance, to the extent permitted by law, whether or not the amendment, variation or other matter that comes before the Meeting is routine and whether or not the amendment, variation or other matter that comes before the Meeting is contested. At the date of this Circular, the management of the Corporation knows of no such amendments, variations or other matters expected to come before the Meeting.

## PRINCIPAL HOLDERS OF VOTING SHARES

To the knowledge of our directors and executive officers, no party beneficially owns, or controls or directs, directly or indirectly, 10% or more of the outstanding Shares, except as set out below.

<u>Name of Beneficial Holder</u>	<u>Number of Shares</u>	<u>Percentage Ownership</u>
Letko, Brosseau & Associates Inc.	54,925,259	14.6%

## BUSINESS OF THE MEETING

### 1. RECEIVE THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Annual Financial Statements of the Corporation and Management's Discussion and Analysis for the fiscal year ended December 31, 2020, which are included in the Corporation's 2020 Annual Report, will be placed before the shareholders at the Meeting. The Corporation's 2020 Annual Report is being mailed with this Circular to all holders of Shares who elected to receive it. Alternatively, the 2020 Annual Report can be requested from the Corporate Secretary of the Corporation or accessed through the Corporation's website at [www.westernforest.com](http://www.westernforest.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### 2. SET THE NUMBER OF DIRECTORS

The shareholders of the Corporation will be asked to vote to set the number of directors on the Board at eight. The resolution to set the number of directors on the Board at eight must be passed by a simple majority of the votes cast at the Meeting.

**Management recommends voting in favour of setting the number of directors at eight. Unless otherwise directed, management representatives will vote FOR the resolution setting the number of directors of the Corporation at eight.**

### 3. ELECT DIRECTORS

Eight nominees are proposed for election to the Board at this Meeting. All nominees are currently directors of the Corporation. Mr. Arthurs and Mr. Doney, both of whom have served as directors of the Corporation since 2004, will not stand for re-election at the Meeting and, as a result, their terms will end effective as of the conclusion of the Meeting. See "*About our Board of Directors*", beginning at page 11, for biographical information about all our nominees.

**Management recommends voting in favour of each nominee. Unless otherwise directed, management representatives will vote FOR the election of a Board composed of the eight nominees listed below.**

Management has received consents from the proposed nominees to serve as directors, but if, for any reason prior to the Meeting any of the proposed nominees is unable to serve as a director, management representatives, unless directed to withhold from voting in the election of directors, reserve the right to nominate and to vote for other nominees at their discretion.

#### Majority Voting For Directors

The Board has adopted a policy providing that in an uncontested election of directors, any nominee who receives a greater number of votes "withheld" than votes "for" will tender a resignation to the Board, effective on acceptance by the Board, immediately following the relevant shareholder meeting. The Nominating and Corporate Governance Committee (the "NCGC") will consider the offer of resignation and, absent exceptional circumstances, will be expected to recommend that the Board accept the resignation. The Board will make its decision and announce it in a press release within 90 days following the shareholder meeting, including the reasons for rejecting the resignation, if applicable. A director who tenders a resignation pursuant to this policy will not participate in any meeting of the Board or any committee of the Board at which the resignation is considered.



#### 4. APPOINT AUDITORS

At the Board meeting held on February 18, 2021, the Audit Committee recommended the nomination of KPMG LLP for reappointment as our external auditors, subject to shareholder approval. The resolution to appoint KPMG LLP as auditors must be passed by a simple majority of the votes at the Meeting cast either in person or by proxy.

The Audit Committee performed a comprehensive auditor assessment on October 31, 2018. As a result of such assessment, the Audit Committee decided to continue to engage KPMG LLP for audit services. KPMG LLP were first appointed as our auditors effective from our incorporation on April 27, 2004 and have served as our auditors since that time.

**Management recommends voting in favour of the reappointment of KPMG. Unless otherwise directed, management representatives will vote FOR (1) the reappointment of KPMG LLP as auditors of the Corporation, to hold office until the next Annual Meeting of Shareholders, (2) and authorizing the Board to fix the auditor's remuneration.**

#### Audit Firm Fees

Aggregate fees billed to the Corporation for the fiscal year ended December 31, 2020 by KPMG LLP amounted to \$659,524. The Audit Committee has adopted a policy regarding the provision of non-audit services by the Corporation's external auditors. This policy requires Audit Committee pre-approval of permitted audit, audit-related and non-audit services.

The following table sets forth further information on the fees billed by KPMG LLP to the Corporation for the past two years:

	Fees Paid	
	2020	2019 <sup>(1)</sup>
Audit	\$601,700	\$602,694
Audit-related	27,285	26,750
Taxation - compliance	3,118	3,579
Taxation - advisory	27,421	6,798
<b>Total for all services</b>	<b>\$659,524</b>	<b>\$639,821</b>

(1) Certain figures have been adjusted to reflect administrative costs and disbursements

#### Description of Services:

*Audit* includes the audit of our annual financial statements and the review of our unaudited condensed consolidated interim financial statements.

*Audit-related* includes audits of our pension plans.

*Taxation - compliance* consists of tax compliance services and supporting regulatory review.

*Taxation - advisory* consists of tax planning, structuring and related advisory services.

KPMG LLP has advised the Audit Committee that it considers itself to be independent of the Corporation and the Audit Committee has confirmed that it considers KPMG LLP to be independent.

## 5. AMENDMENT OF BYLAW NO. 1

On November 5, 2020, the Board reviewed and approved amendments to our bylaws which allow for meetings of shareholders to be held by telephonic, electronic or other communications facilities. The full text of Bylaw No. 1, including such amendments, can be found in Appendix A to the Circular. We recommend that you read the full text of this bylaw prior to making any voting decision.

The amendments to Bylaw No. 1 provide, among other things, for the following:

- Notice of meetings to be given to shareholders by electronic transmission in accordance with applicable law;
- Meetings of shareholders may be held by telephonic, electronic or other communication facilities that permit all participants to communicate adequately with each other during the meeting; and
- To permit any person entitled to attend a meeting of shareholders to participate by telephonic, electronic or other communication facilities, provided the Chair is satisfied that all participants are able to communicate adequately with each other during the meeting and the Corporation makes such communication facility available.

The amendments to Bylaw No. 1 are currently in effect from the date that they were adopted by the Board but must be ratified and approved by an ordinary resolution of the Corporation's shareholders at the Meeting to remain in effect. At the Meeting, shareholders will be asked to consider and, if deemed advisable, to ratify and approve an ordinary resolution adopting the amendments to Bylaw No. 1. If so ratified and approved, these amendments will continue to be effective from the date of their adoption by the Board.

**Management recommends voting in favour of ratifying and approving the amendments to Bylaw No. 1. Unless otherwise directed, management representatives will vote FOR the following resolution:**

“RESOLVED THAT,

1. The amendments to Bylaw No. 1 of the Corporation adopted by the board of directors on November 5, 2020 and in the form attached as Appendix A to the Corporation's management information circular dated March 22, 2021 are hereby ratified and approved in all respects; and
2. any one officer or director of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver any and all documents and instruments and to do all other things as in the opinion of such officer or director may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.”

## 6. ADOPTION OF ADVANCE NOTICE BYLAW NO. 2

On November 5, 2020, the Board reviewed and adopted Bylaw No. 2, which requires that advance notice be given to the Corporation in circumstances where nominations of persons for election as a director of the Corporation are made by shareholders. The full text of Bylaw No. 2 can be found in Appendix B to the Circular. We recommend that you read the full text of this bylaw prior to making any voting decision.

Bylaw No. 2 provides, among other things, for shareholders seeking to nominate a candidate for a Board seat to provide timely notice in the proper form to the Corporation in advance of any annual or special meetings of shareholders where directors are being elected, as follows:

- Notice will be considered timely if (a) in the case of an annual general meeting of shareholders, it is provided not less than 30 days prior to the date of the meeting, except that in the event the annual general meeting is called for a date that is less than 50 days after the date (the “Notice Date”) on which the first public announcement of the meeting was made, notice by a nominating shareholder may be made not later than the 10th day after the Notice Date; and (b) in the case of a special meeting (which is not also an annual general meeting) called for the purpose of electing directors, not later than the 15th day following the date on which the first public announcement of the meeting was made.
- Notice will be considered in proper form if it sets forth, among other things, for each person the nominating shareholder is nominating for election as a director: (a) the name, age, and residential address of the person, (b) the principal occupation or employment of the person, (c) the class or series and number of shares in the capital of the Corporation which are controlled or owned beneficially or of record by the person as of the record date of the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (d) a description of any relationship, agreement or arrangement between the nominating shareholder and the nominee, (e) whether the nominee is party to a relationship, agreement, arrangement or understanding with any competitor, supplier, officer, employee or other person involved in a relationship with the Corporation which may give rise to an actual or perceived conflict of interest, (f) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with the solicitation of proxies for election of directors pursuant to the *Canada Business Corporations Act* and applicable securities laws, and (g) any other information Corporation reasonably requires to determine eligibility of the nominee to serve as an independent director or that could be material to a reasonable shareholder’s understanding of the independence, or lack thereof, of each nominee, in accordance with the *Canada Business Corporations Act*, applicable securities laws or any stock exchange rules that may be applicable to the Corporation.
- The nomination requirements will be waivable by the Board in its sole discretion.

This year, shareholder notices of nomination will be deemed timely if received on or prior to April 6, 2021.

Bylaw No.2 will allow the Corporation to receive adequate prior notice of director nominations, as well as sufficient information on the nominees to allow the Corporation to evaluate the proposed nominees’ qualifications and suitability as directors and to communicate its views to shareholders in a timely way. It will also facilitate an orderly and efficient meeting process and allow all shareholders a reasonable opportunity to evaluate all proposed nominees in order that they be able to make an informed vote.

Bylaw No. 2 is currently in effect from the date that it was adopted by the Board, but must be ratified and approved by an ordinary resolution of the Corporation’s shareholders to remain in effect. At the Meeting, shareholders will be asked to consider and, if deemed advisable, to ratify and approve an ordinary resolution adopting Bylaw No. 2. If so ratified and approved, Bylaw No. 2 will continue to be effective from the date of its adoption by the Board.

**Management recommends voting in favour of ratifying and approving the adoption of Bylaw No. 2. Unless otherwise directed, management representatives will vote FOR the following resolution:**

“RESOLVED THAT,

1. Bylaw No. 2 of the Corporation adopted by the board of directors on November 5, 2020 and in the form attached as Appendix B to the Corporation’s management information circular dated March 22, 2021 is hereby ratified and approved in all respects; and
2. any one officer or director of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver any and all documents and instruments and to do all other things as in the opinion of such officer or director may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.”

## 7. ADVISORY VOTE ON EXECUTIVE COMPENSATION

At a meeting of the Board held on February 16, 2017, the Board adopted a policy to hold an advisory vote on our approach to executive compensation at every annual general meeting. The purpose of this 'Say on Pay' advisory vote is to provide shareholders with the opportunity to indicate their acceptance of the Board's overall approach to executive compensation.

Western is committed to providing its shareholders with clear, comprehensive and transparent disclosure on executive compensation. Please refer to the "*Executive Compensation*" section starting on page 35, which sets out the philosophy, objectives and elements of the Corporation's executive compensation program, as well as the measurement and assessment processes used.

**Management recommends voting in favour of the approach to executive compensation disclosed herein. Unless otherwise directed, management representatives will vote FOR the following resolution:**

"RESOLVED that, on an advisory basis only and not to diminish the role and responsibilities of the Board, the shareholders accept the approach to executive compensation disclosed in the Corporation's Management Information Circular dated March 22, 2021."

Since this is an advisory vote, the results will not be binding on the Board or Western. The Board remains fully responsible for its compensation decisions and is not relieved of its responsibilities by either a positive or a negative advisory vote. However, the Board will consider the outcome of the vote as part of its ongoing review of the executive compensation program of the Corporation, together with the feedback received from shareholders in the course of regular communications.

## 8. OTHER BUSINESS

Management does not intend to present any other business at the Meeting or any adjournment or postponement thereof and is not aware of changes to the proposed matters or other matters that may be presented for action. If changes or other matters are properly brought before the Meeting or any adjournment or postponement thereof, the management representatives designated in the enclosed form of proxy will vote on them using his or her best judgement.

## ABOUT OUR BOARD OF DIRECTORS

On recommendation of the NCGC there will be eight directors proposed for election at the Meeting. Mr. Arthurs and Mr. Doney have confirmed that they will not stand for re-election at the Meeting but will continue to act as directors until the termination of the Meeting. Therefore, information pertaining to Mr. Arthurs and Mr. Doney will appear throughout this Circular as it relates to their roles as existing directors of the Corporation. In accordance with our independence criteria, seven of eight of our directors are independent. Please see “*Statement of Corporate Governance Practices*” on page 25 for further information.

### DIRECTOR BIOGRAPHIES

This section provides information on each person nominated for election to the Board. Other director information can be found in the section following the director biographies starting at page 16 and in the section titled “*Statement of Corporate Governance Practices*” starting on page 25.

#### JANE BIRD

Vancouver, British Columbia, Canada  
Age: 59

#### INDEPENDENT

Director since: August 2015

Ms. Bird is a Senior Business Advisor with Bennett Jones LLP, focusing on complex public and private infrastructure initiatives, and is a consultant through her company, Urban Infrastructure Ltd. Prior to this, Ms. Bird completed an engagement with Canada’s Department of Foreign Affairs, International Trade and Development in London, UK, where she was responsible for the renewal of Canada House on Trafalgar Square. Ms. Bird was formerly CEO of Columbia Power Corporation, a BC crown corporation that develops and operates hydroelectric generation facilities. Ms. Bird was also CEO of Canada Line Rapid Transit Inc. Prior to her career in infrastructure, Ms. Bird practiced law. Ms. Bird is a Director of several companies, including the Canada Infrastructure Bank and Global Container Terminals Inc. Ms. Bird holds a law degree from Dalhousie University, and a Bachelor of Arts from Queen’s University. She is a member of the Institute of Corporate Directors.

#### Securities Held as at December 31, 2020 and 2019

Year	Shares <sup>(1)</sup>	DSUs <sup>(2)</sup>	Value <sup>(3)</sup>	Meets requirement <sup>(4)</sup>	Total compensation <sup>(6)</sup>
2020	18,300	288,591	\$520,884	Yes / 4.7x	\$115,000
2019	18,300	179,212	\$377,828	Yes / 3.4x	\$115,000

2020 Membership and Attendance <sup>(5)</sup>			2020 AGM Voting Results		Public Directorships
Board	7 of 7	100%	For	210,472,034	None
MRCC	5 of 5	100%	Withheld	1,142,710	
NCGC (Chair)	4 of 4	100%	% For	99.46%	<b>Interlocks</b>
			% Withheld	0.54%	None

- (1) Share disclosure includes Shares of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by the respective directors. This information has been furnished by each respective director in regards to his or her own shareholdings.
- (2) Deferred Share Units, hereinafter referred to as “DSUs”, are defined further on page 19.
- (3) Value of Shares and DSUs held is calculated on the greater of the current market value and the grant or acquisition date value of eligible securities. The market value as at December 31, 2020 and 2019 was \$1.28 and \$1.22 respectively per Share or DSU held, which was the closing price of Shares on those dates.
- (4) In accordance with our Director Equity Ownership Guidelines all non-executive directors are required to own a minimum value of Shares and DSUs equal to three times the value of their annual retainer by the later of 5 years from becoming a director, or February 17, 2021. See “Director Equity Ownership Guidelines” for further information.
- (5) Director attendance is presented on the basis of Board and committee meetings that each director was eligible to attend in the year. Committees of the Board of Directors have been abbreviated in this Circular. The full committee names are the Audit Committee (“Audit Committee”), the Environmental, Health and Safety Committee (“EH&S Committee”), the Management Resources and Compensation Committee (“MRCC”) and the Nominating and Corporate Governance Committee (“NCGC”).
- (6) Excludes the value of dividends received on DSUs held. For further information see “*Director Compensation Table*” on page 20.

**LAURA A. CILLIS**

Nelson, British Columbia, Canada  
Age: 62

**INDEPENDENT**

Director since: March 2019

Ms. Cillis is a corporate director with 25 years of experience working in publicly traded, primarily international, organizations and has a broad range of leadership, corporate governance and financial experience. Ms. Cillis currently serves as a board member of Crescent Point Energy Corp and Shawcor Ltd, where she is Chair of their respective Audit Committees. She has previously held board positions with Enbridge Income Fund Holdings Inc. and Solium Capital Inc. Ms. Cillis also held the role of Senior Vice President, Finance and Chief Financial Officer of Calfrac Well Services Ltd. from 2008 until 2013, and Chief Financial Officer of Canadian Energy Services L.P. from 2006 to 2008. Prior thereto, she held various positions at Precision Drilling Corporation and Schlumberger Canada. Ms. Cillis is a CPA, CA and holds the ICD.D designation granted by the Institute of Corporate Directors. She earned her Bachelor of Commerce degree from the University of Alberta.

**Securities Held as at December 31, 2020 and 2019**

Year	Shares <sup>(1)</sup>	DSUs <sup>(2)</sup>	Value <sup>(3)</sup>	Meets requirement <sup>(4)</sup>	Total compensation <sup>(6)</sup>
2020	199,700	24,920	\$376,373	Yes / 3.4x	\$110,000
2019	199,700	Nil	\$344,476	Yes / 3.1x	\$91,667

**2020 Membership and Attendance<sup>(5)</sup>****2020 AGM Voting Results****Public Directorships**

Board	7 of 7	100%	For	210,663,383	Crescent Point Energy Corp Shawcor Ltd.
Audit	4 of 4	100%	Withheld	951,361	
NCGC	4 of 4	100%	% For	99.55%	<b>Interlocks</b>
			% Withheld	0.45%	None

**DONALD DEMENS**

Vancouver, British Columbia, Canada  
Age: 59

**NON-INDEPENDENT**

Director since: February 2013

Mr. Demens is President and Chief Executive Officer (“CEO”) of the Corporation. Prior to this, Mr. Demens served in a number of roles for the Corporation including: President since July 2012; Chief Operating Officer since June 2011; Senior Vice President, Sales and Marketing since August 2009; and Senior Vice President, Western Red Cedar and Custom Cut since April 2009. Over the span of his 35 year career in the coastal forestry industry, Mr. Demens has successfully assumed progressively senior positions in Sales and Manufacturing including with International Forest Products (Interfor) in Canada and Japan. Mr. Demens is a Director of the BC Council of Forest Industries. Mr. Demens holds a Bachelor of Commerce degree from the University of British Columbia.

**Securities Held as at December 31, 2020 and 2019**

Refer to Executive Compensation section, beginning on page 35.

**2020 Membership and Attendance<sup>(5)</sup>****2020 AGM Voting Results****Public Directorships**

Board	7 of 7	100%	For	202,476,325	None
			Withheld	9,135,405	
			% For	95.68%	<b>Interlocks</b>
			% Withheld	4.32%	None

**RANDY KROTOWSKI**

Florence, Massachusetts, USA  
Age: 61

**INDEPENDENT**

Director since: March 2021

Randy Krotowski joined the Board in March 2021. Mr. Krotowski is an independent consultant, specializing in digital strategy development and transformation execution and customer and market development. Mr. Krotowski previously served as Vice President and Chief Information Officer of Caterpillar, retiring in 2014, and Chief Information Officer for Chevron's Global Exploration and Production business. He has held various senior management positions in Chevron Corporation and has served as an advisor to several Silicon Valley technology companies. Mr. Krotowski has extensive experience in operations management and supply chain optimization. He currently sits on the board of Paragus IT. Mr. Krotowski holds a Bachelor of Applied Science in Chemical Engineering from the University of Toronto and an MBA from Golden Gate University.

**Securities Held as at December 31, 2020 and 2019**

Year	Shares <sup>(1)</sup>	DSUs <sup>(2)</sup>	Value <sup>(3)</sup>	Meets requirement <sup>(4)</sup>	Total compensation <sup>(6)</sup>
2020	Nil	Nil	Nil	N/A	N/A
2019	Nil	Nil	Nil	N/A	N/A

2020 Membership and Attendance <sup>(5)</sup>			2020 AGM Voting Results		Public Directorships
Board	N/A	N/A	For	N/A	None
	N/A	N/A	Withheld	N/A	
			% For	N/A	<b>Interlocks</b>
			% Withheld	N/A	None

**DANIEL NOCENTE**

Vancouver, British Columbia, Canada  
Age: 66

**INDEPENDENT**

Director since: May 2014

Until September 2012, Mr. Nocente was Vice Chairman of Corporate and Investment Banking with National Bank Financial Inc. Previously, he was Vice Chairman and BC Geography Head with RBC Dominion Securities. Mr. Nocente is a former Director of Vancouver Coastal Health Board and former Director and Chairman of Savary Gold Inc., and has also served as Director and Audit Committee member of Carmanah Technologies Corporation, Director and Audit Committee Chair with Canada Line Rapid Transit Inc., Chair of St. Paul's Hospital Foundation, Chairman of the Nature Trust of BC, Vice Chair and Director of Providence Healthcare, Director and Head of the Governance Committee with the Arts Club Theatre Company, and was a member of the YMCA Cabinet. Mr. Nocente holds a Bachelor of Arts degree from the University of British Columbia, a Master's degree in Business Administration from George Washington University in Washington, DC and has completed the Leadership in Professional Services Firms course at the Harvard Business School.

**Securities Held as at December 31, 2020 and 2019**

Year	Shares <sup>(1)</sup>	DSUs <sup>(2)</sup>	Value <sup>(3)</sup>	Meets requirement <sup>(4)</sup>	Total compensation <sup>(6)</sup>
2020	281,762	260,100	\$972,388	Yes / 8.8x	\$130,000
2019	224,762	109,684	\$705,616	Yes / 6.4x	\$131,250

2020 Membership and Attendance <sup>(5)</sup>			2020 AGM Voting Results		Public Directorships
Board	6 of 7	86%	For	210,764,892	None
Audit (Chair)	4 of 4	100%	Withheld	849,852	
MRCC (Chair)	5 of 5	100%	% For	99.60%	<b>Interlocks</b>
			% Withheld	0.40%	None

**CHERI PHYFER**

Bay Village, Ohio, United States  
Age: 50

**INDEPENDENT**

Director since: March 2019

Ms. Phyfer is President of the Global Plumbing Group for Fortune Brands Home Security in the United States. Prior to her current role, Ms. Phyfer was President, US Business, Moen from 2018 to 2019; President, Consumer Brands Division of Sherwin Williams Company during 2017; and President and General Manager of the Diversified Brands Division of Sherwin Williams Company from 2013 to 2017. Ms. Phyfer currently sits on the board of W.C. Bradley Company. Ms. Phyfer holds an MBA and a Bachelor of Science from Clemson University.

**Securities Held as at December 31, 2020 and 2019**

Year	Shares <sup>(1)</sup>	DSUs <sup>(2)</sup>	Value <sup>(3)</sup>	Meets requirement <sup>(4)</sup>	Total compensation <sup>(6)</sup>
2020	Nil	124,598	\$159,486	- / 1.4x	\$110,000
2019	Nil	Nil	Nil	- / 0.0x	\$91,667

**2020 Membership and Attendance<sup>(5)</sup>      2020 AGM Voting Results      Public Directorships**

Board	7 of 7	100%	For	209,823,180	None
EH&S	5 of 5	100%	Withheld	1,788,550	<b>Interlocks</b>
MRCC	5 of 5	100%	% For	99.15%	
			% Withheld	0.85%	

**MICHAEL T. WAITES**

Vancouver, British Columbia, Canada  
Age: 67

**INDEPENDENT**

Director since: November 2014  
Chair since: February 2019

Mr. Waites was President and Chief Executive Officer of Finning International Inc. from 2008 through to retirement in 2013. Prior to that, he was Executive Vice President and CFO of Finning, and held senior positions with Canadian Pacific Railway and Chevron Canada Resources. Mr. Waites has previously held board positions with Repsol Oil & Gas Canada Inc. and Hudbay Minerals Inc. Mr. Waites holds a Bachelor of Arts (Honours) in Economics from the University of Calgary, a Master of Business Administration from Saint Mary's College of California, and a Master of Arts, Graduate Studies in Economics from the University of Calgary. He has also completed the Executive Program at the University of Michigan Business School.

**Securities Held as at December 31, 2020 and 2019**

Year	Shares <sup>(1)</sup>	DSUs <sup>(2)</sup>	Value <sup>(3)</sup>	Meets requirement <sup>(4)</sup>	Total compensation <sup>(6)</sup>
2020	275,000	570,213	\$1,392,366	Yes / 7.3x	\$190,000
2019	225,000	345,045	\$1,030,683	Yes / 5.4x	\$180,000

**2020 Membership and Attendance<sup>(5)</sup>      2020 AGM Voting Results      Public Directorships**

Board (Chair)	7 of 7	100%	For	210,763,804	None
			Withheld	850,940	<b>Interlocks</b>
			% For	99.60%	
			% Withheld	0.40%	



**JOHN WILLIAMSON**

San Juan Island, Washington, USA  
Age: 60

**INDEPENDENT**

Director since: March 2021

John Williamson joined the Board in March 2021. Mr. Williamson was previously the President and CEO and a Board member of Atkore International Group Inc., retiring in 2018. He has also held the role of President of the Water and Wastewater and the Residential and Commercial Water divisions of ITT Corporation. Mr. Williamson also held various executive positions with Danaher Corporation. He has a Bachelor of Arts in Business from the California State University Fullerton and holds a certificate of Strategic Marketing Management from Harvard.

Securities Held as at December 31, 2020 and 2019					
Year	Shares <sup>(1)</sup>	DSUs <sup>(2)</sup>	Value <sup>(3)</sup>	Meets requirement <sup>(4)</sup>	Total compensation <sup>(6)</sup>
2020	Nil	Nil	Nil	N/A	N/A
2019	Nil	Nil	Nil	N/A	N/A

2020 Membership and Attendance <sup>(5)</sup>		2020 AGM Voting Results		Public Directorships
Board	N/A	N/A	For	N/A
	N/A	N/A	Withheld	N/A
			% For	N/A
			% Withheld	N/A
				<b>Interlocks</b>
				None

## DIRECTOR SKILLS AND EXPERIENCE

A board of directors with a broad set of skills is better able to oversee the range of issues that arise with a corporation of our size and complexity. Accordingly, each non-executive director is evaluated on the basis of the skills and experience that he or she contributes. The NCGC maintains a skills matrix to assist with reviewing the skill set of current non-executive directors, as well as with identifying director candidates in the succession planning process who best meet the needs of the Corporation. This analysis, presented below, is also used as a tool in evaluating continuing director education programs.

Skills and Experience	Bird	Cillis	Krotowski	Nocente	Phyfer	Waite	Williamson
Business Strategy, Development and Risk Assessment	✓	✓	✓	✓	✓	✓	✓
Capital Allocation, Mergers, Acquisitions & Divestitures		✓	✓	✓	✓	✓	✓
Communications	✓	✓	✓	✓	✓	✓	✓
Corporate Finance and Capital Markets				✓		✓	✓
Corporate Governance	✓	✓	✓	✓	✓	✓	✓
Environmental and Sustainability			✓			✓	
Financial Reporting, Accounting and Audits		✓	✓	✓	✓	✓	✓
Government and Stakeholder Relations	✓	✓	✓	✓	✓	✓	✓
Human Resources and Labour Relations	✓	✓		✓	✓	✓	✓
Industry Knowledge and Experience				✓	✓		
Information Technology and Cyber Security		✓	✓	✓			
International Business Experience		✓	✓		✓	✓	✓
Legal	✓						
Operations Management			✓			✓	✓
Regional Business Experience	✓			✓		✓	
Sales, Marketing and Product Development			✓		✓		✓

## ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

It is the Board's expectation that each director attends each meeting of the Board and the committees of which he or she is a member. However, in circumstances where individual directors are unable to attend a meeting, either the Chair of the Board ("Chair"), the chair of the applicable committee or senior management will meet with the absent director at a convenient time after the meeting to brief him or her on the events of the meeting. Directors are generally invited to attend all committee meetings. The following table summarizes directors' attendance at our Board and committee meetings held in 2020:

Director <sup>(1)(2)</sup>	Board of Directors Meetings	Audit Meetings	EH&S Meetings	MRCC Meetings	NCGC Meetings
James Arthurs	7 of 7	4 of 4	5 of 5	-	4 of 4
Jane Bird	7 of 7	-	-	5 of 5	4 of 4
Laura A. Cillis	7 of 7	4 of 4	-	-	4 of 4
Donald Demens	7 of 7	-	-	-	-
Lee Doney	7 of 7	-	5 of 5	-	-
Daniel Nocente	6 of 7	4 of 4	-	5 of 5	-
Cheri Phyfer	7 of 7	-	5 of 5	5 of 5	-
Michael T. Waites	7 of 7	-	-	-	-

(1) Director attendance is presented on the basis of Board and committee meetings that each director was eligible to attend in the year.

(2) Mr. Krotowski and Mr. Williamson were appointed March 5, 2021 and thus not presented above.

During 2020, the Board held seven meetings and its standing committees held either 4 or 5 meetings. Committee meetings included four meetings of the Audit Committee, five meetings of the EH&S Committee, five meetings of the MRCC and four meetings of the NCGC.

In addition, there were seven meetings of the independent directors, as defined under the standards established by Canadian securities regulatory authorities in National Instrument 52-110 *Audit Committees*. The independent directors meet at each Board meeting without any non-independent (as defined below under "*Statement of Corporate Governance Practices*") director or executive officer in attendance.

## DIRECTOR COMPENSATION

### Philosophy and Process

The NCGC is responsible for the periodic review of the level and mix of director compensation relative to the Corporation's comparator group, and for making recommendations to the Board for adjustments when necessary. These periodic reviews assist in determining whether total compensation for its directors remains within target pay range.

Our director compensation philosophy targets a competitive positioning that is aligned with the Corporation's percentile ranking, on the basis of revenue and market capitalization, relative to the comparator group.

The comparator group is set and monitored by the NCGC, and is comprised of Canadian forest and paper product companies with annual revenue between \$91 million and \$5.9 billion and market capitalization between \$67 million and \$5.6 billion<sup>(1)</sup>.

(1) Annual revenue and market capitalization of comparator group provided as at December 31, 2020.

## Benchmarking and Role of Compensation Consultant

In line with the Corporation's policies for completing a comprehensive review of director compensation, in 2020 the NCGC retained consultant Willis Towers Watson to review and provide expert, objective advice on the Corporation's director compensation arrangements relative to its peers and in light of the COVID-19 pandemic. This review included an assessment of the comparator group (listed below) and analysis of equity ownership guidelines applicable to non-executive directors of the comparator group.

Acadian Timber	Interfor Corporation	Resolute Forest Products Inc.
Canfor Corporation	Norbord Inc. <sup>(1)</sup>	Stella-Jones Inc.
Conifex Timber Inc.	Mercer International Inc.	West Fraser Timber Co. Ltd.

(1) West Fraser Timber Co. Ltd. acquired all of the issued and outstanding shares of Norbord Inc. on February 1, 2021

The Corporation's director compensation was last amended in 2018 to bring the total director compensation in line with the median of its comparator group and the Chair's compensation within the 25<sup>th</sup> to 50<sup>th</sup> percentile of that comparator group. The 2020 review found that the Corporation's total director compensation and Chair's compensation continue to be positioned within the 25<sup>th</sup> to 50<sup>th</sup> percentile of the comparator group, with total director compensation being just below the median and the Chair's compensation being at the 29<sup>th</sup> percentile. Following this review, the NCGC has not recommended any changes to director compensation.

## Directors' Fees and Retainers

The following table presents the retainers for 2021 and 2020:

Role	2021	2020
Annual Base Retainer	\$110,000	\$110,000
Annual Chair Base Retainer	\$80,000	\$80,000
Annual Independent Lead Director Retainer	\$20,000	\$20,000
Annual Chair Retainer - Audit Committee	\$15,000	\$15,000
Annual Vice-Chair Retainer - Audit Committee	\$5,000	\$5,000
Annual Chair Retainer – EH&S	\$5,000	\$5,000
Annual Chair Retainer - NCGC	\$5,000	\$5,000
Annual Chair Retainer - MRCC	\$5,000	\$5,000

Directors are reimbursed for travel and other expenses incurred in attending Board or committee meetings.

## Deferred Share Unit Plan for Non-Executive Directors

The Deferred Share Unit Plan (“DSU Plan”) is designed to focus directors on the long-term interests of the Corporation and growth in shareholder value. Non-executive directors may elect to take a portion of their directors’ fees in the form of DSUs. For income tax purposes, this election must be made before the start of the year in which the fees are earned. Starting in 2017, any director not meeting the minimum equity ownership guidelines is required to take a minimum of 50% of his or her annual base retainer in the form of DSUs until such time as the minimum equity ownership guidelines are met. The number of DSUs allotted is determined by dividing the dollar value of the portion of the fees that the director has elected to take in DSUs by the closing price of our Shares on the fifth day following the quarter end with respect to which the directors’ fees are payable, and if that is not a trading day on the TSX, the next trading day. See “*Director Equity Ownership Guidelines*” below for further information.

Holders of DSUs are eligible to receive additional DSUs to reflect any cash dividend declared on Shares during the term of their participation in the DSU Plan. The number of additional DSUs to be allocated is determined by dividing the aggregate dollar value of the declared dividend that would have been paid to the participants if the DSUs held on the relevant record date for dividends had been Shares, by the closing price of our Shares on the payment date of such dividend.

DSUs can only be redeemed for cash after the holder ceases to be a Director of the Corporation or of a subsidiary. The value of the DSUs on redemption is based on the closing price of the Corporation’s Shares, on the date the notice of redemption is received from the director, or if no notice of redemption is received, on the date provided by tax legislation and regulations and if that is not a trading day on the TSX, the next trading day.

The following table provides a summary of all share-based awards outstanding as at December 31, 2020 for each non-executive director.

Director <sup>(1)</sup>	Share-based Awards		
	Number of DSUs that have not vested	Market or payout value of DSUs that have not vested	Market or payout value of vested DSUs not paid out or distributed
James Arthurs	-	-	\$201,990
Jane Bird	-	-	\$369,397
Laura A. Cillis	-	-	\$31,897
Lee Doney	-	-	\$1,004,266
Daniel Nocente	-	-	\$332,928
Cheri Phyfer	-	-	\$159,486
Michael T. Waites	-	-	\$729,873

(1) Mr. Krotowski and Mr. Williamson were appointed March 5, 2021 and thus not presented above.

## Other Equity-Based Director Compensation

In 2006, the Corporation ceased the granting of Options to non-executive directors and as of December 31, 2020, no Options are held by non-executive directors.

## Director Equity Ownership Guidelines

To better align director objectives with those of shareholders, the Corporation has established minimum equity ownership requirements for its Board. The Board has adopted a guideline to the effect that, by the later of February 17, 2021, or within five years of joining the Board, (i) each non-executive director excluding the Chair should own Shares, DSUs or share equivalents of the Corporation (“WFP Securities”) with a value of at least three times the annual base director retainer and (ii) the Chair should own WFP Securities with a value of at least three times the total of the annual base director retainer and the annual base chair retainer (the “Minimum Shareholding Requirement”).

Each non-executive director is required to continue to hold such value throughout his or her tenure as a director. The WFP Securities held to comply with the Minimum Shareholding Requirement shall not be, during the director's tenure, the object of specific monetization procedures or other hedging procedures to reduce the exposure related to his or her holding.

All directors are prohibited from trading in our securities unless the transactions are executed and disclosed in compliance with the Corporation's Code of Business Conduct and Ethics, Corporate Communications & Disclosure Policy and Insider Trading Policy and all relevant securities regulations and laws. A director who violates these policies may face disciplinary action, including possible removal from the Board. The violation of these policies may also violate certain securities laws. If the Corporation discovers that a director has violated securities law the matter may be referred to the appropriate regulatory authorities, which could lead to penalties and fines.

The following table presents the actual and future securities ownership requirements for the non-executive directors as at December 31, 2020:

Director <sup>(1)</sup>	Number of Shares Held	Number of DSUs Held	Total Securities Held	Value of Securities Held <sup>(2)</sup>	Value of Holdings Required	Date Required
James Arthurs <sup>(3)</sup>	53,564	157,805	211,369	\$338,310	\$330,000	Feb. 17, 2021
Jane Bird	18,300	288,591	306,891	\$520,884	\$330,000	Feb. 17, 2021
Laura Cillis	199,700	24,920	224,620	\$376,373	\$330,000	Mar. 1, 2024
Lee Doney <sup>(3)</sup>	6,128	784,583	790,711	\$1,160,197	\$330,000	Feb. 17, 2021
Daniel Nocente	281,762	260,100	541,862	\$972,388	\$330,000	Feb. 17, 2021
Cheri Phyfer	-	124,598	124,598	\$159,486	\$330,000	Mar. 1, 2024
Michael T. Waites <sup>(4)</sup>	275,000	560,213	845,213	\$1,392,366	\$570,000	Feb. 11, 2024

(1) Mr. Krotowski and Mr. Williamson were appointed March 5, 2021 and thus not presented above.

(2) Value of Securities held is calculated on the greater of the current market value and the grant or acquisition date value of eligible securities. The market value as at December 31, 2020 was \$1.28 per Share or DSU held, which was the closing price of Shares on December 31, 2020.

(3) Mr. Arthurs and Mr. Doney will not stand for re-election at the Meeting.

(4) Holding requirements reflect the February 12, 2019 appointment of Mr. Waites as Chair of the Board.

As of December 31, 2020, all non-executive directors, with the exception of Ms. Phyfer, met the Minimum Shareholding Requirement. Ms. Phyfer elected to take a minimum of 50% of her annual base retainer in DSUs.

### Director Compensation Table

The following table sets forth all compensation paid or payable to the non-executive directors with respect to the financial year ended December 31, 2020:

Director <sup>(1)</sup>	Fees Earned	Share-based Awards	All Other Compensation <sup>(2)</sup>	Total Compensation
James Arthurs	\$55,000	\$55,000	\$2,089	\$112,089
Jane Bird	\$23,000	\$92,000	\$4,032	\$119,032
Laura Cillis	\$88,000	\$22,000	-	\$110,000
Lee Doney	\$112,500	\$2,500	\$17,096	\$132,096
Daniel Nocente	-	\$130,000	\$2,468	\$132,468
Cheri Phyfer	-	\$110,000	-	\$110,000
Michael T. Waites	-	\$190,000	\$7,764	\$197,764

(1) Mr. Krotowski and Mr. Williamson were appointed March 5, 2021 and thus not presented above.

(2) All other compensation includes additional DSUs corresponding to dividends declared on the Shares credited under the DSU Plan (for 2020: Mr. Arthurs: \$2,089, 2,678 DSUs; Ms. Bird: \$4,032, 5,170 DSUs; Mr. Doney: \$17,096, 21,918 DSUs; Mr. Nocente: \$2,468, 3,163 DSUs; and Mr. Waites: \$7,764, 9,953 DSUs).

## **ADDITIONAL INFORMATION**

### **Indebtedness of Directors, Executives and Officers**

As at the date of this Circular, and since the beginning of our most recently completed financial year, there was no indebtedness in respect of the purchase of securities or other indebtedness owed to us or any of our subsidiaries (other than routine indebtedness) or to any other entity where the indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement provided by us or any of our subsidiaries, by any individual who is or was since the beginning of the recently completed financial year end a present or former executive officer, director or employee of the Corporation, a proposed nominee for election as a director of the Corporation or an associate of any of the foregoing.

### **Directors' and Officers' Liability Insurance**

Western has entered into indemnification agreements with certain directors and officers of the Corporation and its subsidiaries. There was no indemnification payable during the most recent financial year under such indemnification agreements.

Western maintains liability insurance for its and its subsidiaries' directors and officers in the aggregate amount of \$75 million, subject to a deductible of \$100,000. The premium, in the amount of \$216,000, was paid with respect to the period from November 1, 2019, to November 1, 2020. Under this insurance coverage, the Corporation is reimbursed for indemnity payments made to directors or officers as required or permitted by law or under provisions of its bylaws. Such payments could be made to directors or officers to indemnify for losses, including legal costs, arising from acts, errors or omissions committed by directors and officers during the course of their duties as such. The insurance coverage for directors and officers has certain exclusions including, but not limited to, those acts determined to be deliberately fraudulent or dishonest or to have resulted in personal profit or advantage.

### **Interest of Certain Persons in Matters to Be Acted Upon**

Other than as set forth in this Circular, none of our directors or executive officers, nor any person who has held such a position since the beginning of our last completed financial year, nor any of our proposed nominees for election as a director of the Board, nor any of their respective associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting or any adjournment or postponement thereof (excluding the election of directors and the appointment of auditors).

### **Interest of Informed Persons in Material Transactions**

No informed person of the Corporation, or any of our proposed nominees for election as a director of the Board, or any associate or affiliate of any of the foregoing, have a material interest, direct or indirect, in any transaction which has been entered into since the commencement of our most recently completed financial year or in any proposed transaction which, in either case, has materially affected or will materially affect us or any of our subsidiaries.

### **Communications and Engagement**

The Board and Corporation believe in the importance of having regular and constructive communication with shareholders and other stakeholders. We believe that providing open and timely communication and maintaining an active dialogue is important to our commitment to deliver sustainable, long-term value to our shareholders.

Western communicates with its shareholders and other stakeholders through various channels, including our annual report, management information circular, annual information form, quarterly reports, news releases, website and presentations at investor and industry conferences.

Stakeholder feedback is regularly reviewed and considered by the Corporation and Board and is reflected in adjustments and enhancements to our policies and practices. We remain committed to investing time with our stakeholders to maintain transparency and to better understand their views on key issues.

Shareholders may provide feedback to the Chair of the Board, care of our Corporate Secretary, at the address set out below.

Western Forest Products Inc.  
800 – 1055 West Georgia St.  
Royal Centre Building PO Box 11122  
Vancouver, BC V6E 3P3  
Attention: Alyce Harper, Vice President, General Counsel & Corporate Secretary  
Email: [corporatesecretary@westernforest.com](mailto:corporatesecretary@westernforest.com)



## CORPORATE GOVERNANCE INITIATIVES

Below is a summary of key actions the NCGC, MRCC and the Board have taken over the last five years to address feedback received through engagement with shareholders and to enhance Western's corporate governance to meet evolving best practices in Canada:

INITIATIVE	STATUS
Independence of the Board and Committees	<p>In February 2019, Mr. Waites, an independent director, was appointed as Chair of the Board concurrent to Mr. Doney stepping down from this position.</p> <p>On March 1, 2019, two new independent directors were appointed to the Board.</p> <p>On March 5, 2021, two new independent directors were appointed to the Board.</p> <p>All Committees are composed of independent directors. In addition, the independent members of the Board meet on a regular basis.</p>
Diversity and Inclusion	<p>In August 2020, the Corporation adopted a formal diversity and inclusion policy for the Board and its executives, demonstrating its continued commitment to establishing and maintaining a diverse and inclusive Board and senior leadership. The representation of women on the Board and senior leadership has increased with the appointments of Ms. Bird in 2015 and Ms. Cillis and Ms. Phyfer in 2019 to the Board, and with the executive officer additions of Ms. Shannon Janzen and Ms. Jennifer Foster in 2015 and Ms. Alyce Harper in 2020.</p> <p>In 2021, the Corporation plans to expand upon its diversity and inclusion commitments in its Human Rights Policy and implement a company wide diversity and inclusion policy that highlights our ongoing commitment to investing in the inclusion and development of leaders with diversity of thought at all levels of the Corporation.</p>
Sustainability Commitment and Reporting	<p>Sustainability is an important topic for Western and is reflected in our vision to provide the most sustainable building materials on the planet. The Corporation organizes its sustainability activities using a framework that focuses on environmental stewardship, social responsibility and corporate governance. This framework is integrated into the Corporation's values, overall business strategy and goals.</p> <p>The Corporation understands the importance of its role in enacting and executing sustainable practices and policies. The NCGC provides oversight and direction on our sustainability strategy and annually reviews and reports to the Board on the Corporation's performance and progress.</p> <p>To ensure stakeholders are aware of Western's sustainability performance and progress, we provide stakeholders with a comprehensive report of annual sustainability performance, with the first such report published in March 2019. In 2020, Western released its 2019 Sustainability Report, which increased transparency of the Corporation's sustainable practices, goals and progress and provided enhanced reporting on key performance metrics. The Corporation intends to continue to provide stakeholders with a comprehensive report of its annual sustainability performance.</p>
Director Compensation Benchmarking	<p>In 2018, Willis Towers Watson was engaged to provide an updated director compensation review. The Corporation implemented changes to increase the Chair's compensation to the 25th percentile of its peer comparator group and maintained total director compensation within the median of the Corporation's comparator group.</p>

## CORPORATE GOVERNANCE INITIATIVES (CONTINUED)

INITIATIVE	STATUS
Director Compensation Benchmarking (continued)	In 2020, Willis Towers Watson was engaged to provide a comprehensive review of director compensation. As the Corporation's total director compensation and the Chair's compensation remain in line with the targets established in 2018, no changes were made to director compensation as a result of this review.
Board Renewal	The NCGC annually reviews the composition of the Board, assesses Board performance and the contributions of individual directors and reviews the long-term plan for the composition of the Board based on the strategic direction of the Corporation. Through these reviews, the Board strives to maintain a balance between the benefits of in-depth institutional knowledge held by tenured directors, and the need for renewal. The average tenure of the directors standing for election at the Meeting is 3.9 years.
Board Evaluation Policy	The Board follows a formalized annual director assessment consistent with its written Board evaluation policy, which includes the requirement for a third party, independent board assessment every three years, at a minimum.  A third party, independent assessment of the Board was completed in 2020.
Equity Ownership Guidelines	To better align director objectives with the long-term interests of the Corporation, the Corporation requires all non-executive directors to hold a specified equity ownership value throughout his or her tenure. In addition, we require certain of our executive officers to hold a specified equity ownership level within a specified time frame.
Director Over-boarding Policy	Evaluation metrics for potential director candidates includes an assessment of their time available to effectively represent shareholders' interests. Consistent with this approach, in February 2016, the Board implemented a policy limiting the number of public company directorships that may be held by each director.
Advisory Vote on Executive Compensation: "Say on Pay"	The Corporation holds an advisory vote on the approach to executive compensation at every annual general meeting. The purpose of this 'Say on Pay' advisory vote is to provide shareholders with the opportunity to indicate their acceptance of the Board's overall approach to executive compensation.
Majority Voting Policy	In 2015, the Corporation adopted a Majority Voting Policy which provides that a director nominee receiving more "withheld" votes than "for" votes in an uncontested election will tender a resignation to the Board, effective on acceptance by the Board.
Code of Business Conduct and Ethics	The Corporation's directors, officers and employees must comply with our Code of Business Conduct and Ethics and our Anti-Bribery and Anti-Corruption Policy, which prescribe minimum moral and ethical standards.
Prohibiting Option Repricing	The Corporation has never repriced its outstanding Options and, in February 2017, the Board approved an amendment to the Option Plan explicitly prohibiting the repricing of Options.
Quorum Minimum Representation	In May 2017, the shareholders of the Corporation passed a resolution amending the quorum at shareholder meetings to be two persons holding, or representing by proxy, at least 25% of the issued voting shares of the Corporation.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board is committed to effective and sound corporate governance practices designed to promote the well-being and ongoing development of the Corporation, having always as its ultimate objective our best long-term interests and the enhancement of value for all shareholders. This benefits the Corporation's employees and the communities in which we operate.

Our comprehensive corporate governance policies and practices are consistent with Canadian governance rules, regulations and policies, including the corporate governance guidelines outlined in National Policy 58-201 *Corporate Governance Guidelines*.

## MANDATE OF THE BOARD OF DIRECTORS

The Board is responsible for the overall stewardship of the Corporation and oversees the management of our affairs directly and through the Board committees described below. In doing so, the Board acts at all times with a view to the best interests of Western, its shareholders and its other stakeholders. The responsibilities of the Board and each committee of the Board are set out in written charters. A copy of the Board's charter is attached as Appendix C to the Circular.

In fulfilling its mandate, the Board is responsible, among other matters, for the following: reviewing our overall long-term business strategies and the Corporation's annual business plan; reviewing our principal business risks to assess whether these risks are within acceptable limits and the appropriate systems are in place to manage these risks; reviewing major strategic initiatives to determine whether our proposed actions accord with long-term shareholder objectives; appointing the Chief Executive Officer and other executive officers and reviewing succession planning; assessing executive officer performance against approved business plans; reviewing and approving the reports issued to shareholders, including annual and interim financial statements; promoting the effectiveness of the Board; and safeguarding shareholders' interests.

The Board is responsible for understanding the material risks of our business and the relevant mitigation strategies, and for taking reasonable steps to ensure that management has an effective risk management structure in place relative to its risk profile so we can achieve our strategy and objectives. The Board, in conjunction with each of its committees, oversees our enterprise risk management program ("ERM"). As part of ERM, senior management seek to identify and manage all material risks facing the business. For a discussion of significant risks faced by the Corporation please see "*Risks and Uncertainties*" in our Management Discussion and Analysis for the year ended December 31, 2020.

## MEETINGS OF THE BOARD

The Board meets at least once each quarter, with additional meetings held when appropriate. During 2020, there were four regularly scheduled meetings, two meetings to review specific matters, and a strategic planning session. Four regular meetings and a strategic planning session are scheduled for 2021. Meeting frequency and agenda items may change depending on the opportunities or risks faced by the Corporation. The agenda for regularly scheduled Board meetings is prepared by the Chair.

## SIZE, COMPOSITION AND INDEPENDENCE OF THE BOARD

The Board currently consists of ten directors, eight of whom will be standing for re-election at the Meeting. This is within the minimum and maximum range set out in our articles. As of March 22, 2021, the majority of the directors are independent within the meaning of NI 58-101, being Ms. Bird, Ms. Cillis, Mr. Krotowski, Mr. Nocente, Ms. Phyfer, Mr. Waites and Mr. Williamson. Mr. Arthurs and Mr. Doney, who will not be standing for re-election at the Meeting, were also determined to be independent directors.

## Meetings of the Independent Directors

The independent directors hold an in camera session, without management and non-independent Board members in attendance, every Board meeting. The Chair (who is an independent director) of the Board presides at each of these sessions. In the event that the Chair is not considered to be independent then, in accordance with the Mandate of the Board, the Board must appoint an independent lead director to lead regular meetings of the independent directors. The independent Board members met separately seven times during 2020. It is the policy of the Board that all Board meetings include an in camera session without the presence of management and non-independent directors. In the case of the Audit Committee, each meeting includes a session with only the Corporation's internal controls manager and the committee members, and a session with only the external auditors and the committee members.

The Board has reviewed the relationships between each of its director nominees and the Corporation and has determined that all directors with the exception of Mr. Demens are considered independent.

Name	Status of Director Nominee		Reason for Non-Independent Status
	Independent	Not Independent	
Jane Bird	✓		
Laura A. Cillis	✓		
Donald Demens		✓	President and CEO
Randy Krotowski	✓		
Daniel Nocente	✓		
Cheri Phyfer	✓		
Michael T. Waites	✓		
John Williamson	✓		

In reaching this conclusion, the Board considers that Mr. Demens is not independent due to his position as CEO of the Corporation.

## COMMITTEES OF THE BOARD

Board committees assist in the effective functioning of the Board. All Board standing committees are comprised of independent directors, which ensures that the views of independent directors are effectively represented. The Board currently has four standing committees, the membership of which is summarized below, as at the date hereof:

Committee	Arthurs	Bird	Cillis	Doney	Krotowski <sup>(1)</sup>	Nocente	Phyfer	Waites	Williamson <sup>(1)</sup>
Audit Committee	✓		✓			Chair			
Environmental, Health and Safety Committee	✓			Chair			✓		
Management, Resources and Compensation Committee		✓				Chair	✓		
Nominating and Corporate Governance Committee	✓	Chair	✓						

(1) Mr. Krotowski and Mr. Williamson were appointed to the Board March 5, 2021. Committee appointments will be determined following the Meeting.

The roles and responsibilities of each committee chair are delineated in the committee charters, which are available on the Corporation's website at [www.westernforest.com](http://www.westernforest.com).

In addition to these standing committees, special committees may be formed from time to time as required to review particular matters or transactions. All Board members generally have an open invitation to attend any committee meeting.

### Audit Committee

The Audit Committee assists the Board in meeting its fiduciary responsibilities relating to corporate accounting and reporting practices. The Audit Committee is responsible for reviewing our quarterly and annual financial statements and management's discussion and analysis prior to their approval by the Board and release to the public. The Audit Committee is also responsible for appointing our external auditors, subject to the approval of the Board and shareholders, and for pre-approving the fees associated with any non-audit work to be performed by the external auditors. Each meeting of the Audit Committee includes a session with only the internal controls manager and the committee members, and a session with only the external auditors and the committee members.

The Audit Committee is responsible for monitoring the Company's policies and procedures in relation to information management and electronic data control and cyber security and, as part of the Board, and along with the executive officers and salaried employees of the Company, receive regular information security awareness training. At each quarterly meeting of the Audit Committee, management reports on the Company's information technology systems and information security matters. The Audit Committee reviews and makes recommendations to the Board regarding our information management and security policies, standards, procedures, practices, programs and training in light of our information security risks.

The Audit Committee reviews its charter on a regular basis and ensures it is up-to-date in light of changes to legislation governing audit committees and best practices. The Board considers all three members of the Audit Committee to be independent and financially literate under the standards established by Canadian securities regulatory authorities in National Instrument 52-110 *Audit Committees*. All members of the Audit Committee have served as Audit Committee Chairs of other reporting issuers or have held multiple positions requiring a high degree of financial acumen. Additional information on the Audit Committee, including the Audit Committee's charter can be found in our Annual Information Form, under the heading "Audit Committee", which is posted on our website at [www.westernforest.com](http://www.westernforest.com) or can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## Environmental, Health and Safety Committee

The mandate of the EH&S Committee is to assist the Board in carrying out its responsibilities with respect to environmental, health and safety issues including the Corporation's commitment to a safe and healthful workplace and our compliance with safety and environmental legislation. The EH&S Committee reviews and makes recommendations to the Board regarding our environmental, health and safety policies, standards, procedures, practices, programs and training in light of our environmental, health and safety risks. In addition, the EH&S Committee reviews the Corporation's disclosure of its environmental, health and safety risks and policies. All members of this committee are independent and hold relevant experience applicable to the committee's work. The EH&S Committee reviews its charter on a regular basis, a copy of which can be found on our website at [www.westernforest.com](http://www.westernforest.com).

## Management Resources and Compensation Committee

The MRCC assists the Board with respect to executive officer appointments, compensation and succession planning and our compensation plans and policies, including our incentive, equity-based and pension plans. In particular, the MRCC: recommends to the Board persons to be appointed as our executive officers; assesses the performance of the Chief Executive Officer against agreed-upon targets and recommends his compensation to the Board; approves the compensation levels for other executive officers; reviews overall compensation plans for executive officers and recommends changes thereto to the Board; reviews the labour relations environment and oversees the funding, investment management and administration of our employee retirement plans, as delegated to our Pension Advisory Committee, which is not a Board committee. All members of this committee are independent and hold relevant experience applicable to the committee's work. The MRCC reviews its charter on a regular basis, a copy of which can be found on our website at [www.westernforest.com](http://www.westernforest.com).

## Nominating and Corporate Governance Committee

The NCGC is responsible for assisting the Board in the development and monitoring of our corporate governance practices. Its duties include the identification and recommendation of potential nominees or appointees to the Board, the assessment of the effectiveness of the Board, its size and composition, its structure and the individual performance of its directors, and overseeing an orientation and continuing education program for new and current directors. The NCGC also has responsibility for the review of our Insider Trading Policy and Code of Business Conduct and Ethics. All members of this committee are independent. The NCGC reviews its charter on a regular basis, a copy of which can be found on our website at [www.westernforest.com](http://www.westernforest.com).

## DIRECTOR OVER-BOARDING

The following directors serve as directors on boards of other reporting issuers in Canada or a foreign jurisdiction as set out below:

Director	Reporting Issuer
Laura Cillis	Crescent Point Energy Corp. Shawcor Ltd.

To ensure our Board remains strongly independent and that all directors are able to properly discharge their duties to act effectively and in the best interests of the Corporation, the Board actively reviews the number of outside boards on which any one director sits. Specifically, the Board has determined that:

- Maximum directorships: directors are limited in the number of boards of directors on which they serve to no more than four public company boards, including the Corporation.
- Maximum directorships for the Chief Executive Officer: the Chief Executive Officer is limited in the number of boards of directors on which he or she serves to no more than two public company boards, including the Corporation.

All the proposed nominees, who are the current directors, meet the foregoing guidelines. The Board is fully satisfied that each director has sufficient time, attention and ability to devote the resources required to be a high-performing contributor to the Board. Each director has demonstrated the necessary commitment to do so as is evidenced by the attendance record.

As at the date hereof, no members of the Board serve together on the board of any other public company.

## **BOARD RENEWAL AND DIRECTOR TERM LIMITS**

The term of each director expires at the end of each annual meeting of shareholders, or when his or her successor is elected or appointed to the Board. The Corporation does not otherwise have an established term limit for its directors or a retirement policy. The Board, including in particular the NCGC, considers the criteria and process discussed under “Board Evaluation” an effective means to assess board renewal in place of term requirements. As part of its commitment to strong governance practices, in 2020 the NCGC engaged an external recruitment specialist to assist with the recruitment of two additional new directors, Mr. Krotowski and Mr. Williamson, who were appointed to the Board in March 2021. With the appointment of Mr. Krotowski and Mr. Williamson, four new directors will have joined the Board in the past two years. Mr. Arthurs and Mr. Doney, who have been directors of the Board since 2004, will not stand for re-election at the Meeting.

The Board strives to maintain a balance between the benefits of in-depth institutional knowledge held by tenured directors, and the need for renewal. As part of the Board renewal process the Corporation is committed to ensuring that new Board members are exposed to the industry and Corporate specific knowledge of long tenured directors.

## **BOARD SUCCESSION AND NOMINATION OF DIRECTORS**

In conjunction with the Board Evaluation process, the NCGC annually reviews the composition of the Board, assesses Board performance and the contributions of individual directors and, if appropriate, identifies new candidates and makes recommendations to the Board for nominees for election as directors. The NCGC reviews the long-term plan for the Board, taking into consideration the strengths, skills and experience on the Board and the strategic direction of the Corporation. The plan includes the desired qualifications, demographics, skill and experience of potential directors and the appropriate rotation of directors on Board committees. The NCGC is also responsible for succession planning for the Board and will consider the competencies, skills and diversity of the Board as a whole; the desired competencies and skills of the Board; the competencies and skills of each existing director; and the competencies and skills of each new nominee.

In 2019 the NCGC engaged an external recruitment specialist to assist with the recruitment of two new directors. In its search the NCGC prioritized candidates with management experience in business to business products, financial experience and diversity. This resulted in the recruitment and subsequent appointment of Ms. Cillis and Ms. Phyfer.

In 2020 the NCGC engaged an external recruitment specialist to assist with the recruitment of two additional new directors as part of the Board succession planning. In its search the NCGC prioritized candidates with experience in operations management, information technology optimization and integration and global markets, and diversity. This resulted in the recruitment and subsequent appointment of Mr. Krotowski and Mr. Williamson in support of Board succession for Mr. Arthurs and Mr. Doney who are not standing for re-election at the Meeting.

## **DIVERSITY**

Western believes that considering a diverse range of skills and backgrounds creates a strong team and helps the Corporation to better understand opportunities, issues and risks and enable stronger decision-making. We promote inclusion and diversity and are committed to building a workplace and culture that promotes equal opportunity and prohibits discrimination based on gender, gender identity, gender expression, race, religion, ethnicity, national or social origin, political opinion or sexual orientation.

To further support this goal, the Board adopted a formal, written diversity and inclusion policy (“D&I Policy”) in 2020. The purpose of the D&I Policy is to reinforce our commitment to establishing and maintaining a diverse and inclusive Board and senior leadership team and to promote the advancement of diverse candidates.

Key provisions of the D&I Policy include the following commitments:

- When recruiting executives and identifying suitable candidates for appointment or re-election to the Board, the Corporation and Board will consider candidates using objective criteria with due regard to the benefits of diversity and the needs of the Corporation.
- The Corporation and the Board will seek to extend its recruitment efforts beyond the network of existing Board members or executive management and to include the identification of candidates who are members of the designated groups.
- That any search firm engaged to help identify candidates for appointment to the Board or as an executive will be directed to include candidates who are members of the designated groups.

The NCGC and Board take into account the representation of identifiable minorities, including women, aboriginal peoples, persons with disabilities or members of visible minorities (collectively, the “designated groups”) and diverse personal characteristics in the context of a broad variety of other factors it considers appropriate, including skills, experience, knowledge, independence, financial acumen and board dynamics. A similar approach is used when identifying executive officer candidates, where the Corporation will look at a broad variety of factors that are selected in light of the applicable role and in consideration of whether the executive team is comprised of individuals with sufficiently diverse backgrounds and a broad range of perspectives. The Corporation believes in promoting diversity through careful consideration of the knowledge, experience, skills and backgrounds of each individual candidate in light of the Corporation’s needs. Accordingly, the Corporation has not adopted specific diversity targets.

Designated groups are currently represented as follows amongst the Board and executive officers:

	Board of Directors		Executive Officers	
	Number	%	Number	%
Women	3	37.5%	3	37.5%
Aboriginal Peoples	-	-	-	-
Peoples with Disabilities	-	-	-	-
Members of Visible Minorities	-	-	1	12.5%

The D&I Policy also requires the NCGC to review and monitor the implementation of this policy on an annual basis to ensure its effectiveness and report the results of its review to the Board. The NCGC and the Board measure the effectiveness of the D&I Policy by providing for an annual review and discussion on the level of representation of designated groups on the Board and in executive officer positions as well as a review of any diversity initiatives established by the Board and progress in achieving them. A copy of the D&I Policy is available on the Corporation’s website at [www.westernforest.com](http://www.westernforest.com).

The charters of the NCGC and MRCC also support the Corporation’s goal of promoting inclusion and diversity. The NCGC charter provides for the NCGC to review and make recommendations to the Board on the composition of the Board in order to ensure that the Board has the requisite expertise and that its membership consists of persons with sufficiently diverse and independent backgrounds. Similarly, the MRCC charter requires that the MRCC consider, when reviewing and approving executive officer appointments, the diversity of the senior leadership team, including the representation of women in management and the identification of candidates with sufficiently diverse and independent backgrounds.

In addition to the Board and senior leadership team, the Corporation promotes inclusion and diversity at all levels of the Corporation, including through its Human Rights Policy. In 2021, the Corporation plans to expand upon its diversity and inclusion commitments in its Human Rights Policy and implement a company



wide diversity and inclusion policy that highlights our ongoing commitment to investing in the inclusion and development of leaders with diversity of thought at all levels of the Corporation.

Furthermore, through the adoption of other corporate policies, such as the Pregnancy and Parental Leave Top-up Policy, the Corporation seeks to retain women in its workforce in support of developing female leaders for executive officer roles.

## **DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

The Board has established an orientation and continuing education program for directors to ensure they are equipped to fulfill their roles. New directors are provided with comprehensive information about the Corporation on their appointment that includes corporate policies, past Board materials and strategic and operating plans. Shortly after becoming a director, new directors are encouraged to tour our operations and spend time at the head office for briefings by senior management on our strategic plan, major risks and other key business matters.

Informative updates by appropriate senior management and consultants on our business, operations and products are regularly scheduled for presentation to directors to help them understand our business environment, strategies and operations. In addition, all directors have the opportunity to meet with management to obtain further insight into the operations and our business. Directors also receive and review materials on industry trends and regulatory updates from management and other sources on a regular basis. Periodically, directors are invited to visit our operations at various locations to tour the facilities and to meet with employees and local officials.

In addition, directors are free to consult with members of management whenever they so require, and to engage outside advisors at the expense of the Corporation subject to approval of the Chair or a majority of the independent Board members. Directors may participate in outside professional development programs approved by the Chair at the expense of the Corporation. Each committee is also authorized to engage outside advisers at the Corporation's expense.

## **BOARD EVALUATION**

The Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. The assessment considers: (a) compliance with the Board's mandate; (b) the charter of each committee of the Board; and (c) the competencies and skills that the individual director brings to the Board.

Under the Corporation's Board Evaluation Policy, the Board has a process to annually assess its effectiveness, the effectiveness of its committees, the Chair, the committee chairs and individual directors. This review process relates directly to the description of the duties and responsibilities of the Board and to the mandate of its committees.

This process is under the supervision of the NCGC and the Chair and is comprised of the following steps:

- The questionnaires are prepared by the Corporate Secretary and approved by both the NCGC and the Chair, taking into account current issues, the findings of previous years and input from the Board.
- Each questionnaire is then sent to every director and a complete set of the responses is forwarded to the Chair, except for the responses to the evaluation questionnaire relating to the Chair, which are forwarded directly to each of the chairs of the NCGC and the MRCC.
- Following receipt of the completed questionnaires, the Chair contacts every director and conducts confidential one-on-one meetings. The purpose of these meetings is to discuss the answers received from and in respect of each director, to take into account any comments which the director may have and to review the self-evaluation of each director. One of the NCGC or MRCC chairs also discusses individually with each director his or her responses and comments on the Chair evaluation questionnaire.

- Reports are then made by the Chair, and the NCGC and MRCC chairs to the Board, with suggestions to improve the effectiveness of the Board, Board committees, the Chair and committee chairs, and separately to individual directors in respect of their personal performance and peer feedback.
- The Chair and committee chairs take into consideration the overall results and suggestions derived from the annual Board performance assessment in order to improve the functioning and activities of the Board and Board committees.

The Corporation's Board Evaluation Policy prescribes that every three years the annual Board evaluation process is supplemented by a third party, independent board evaluation specialist assessment. A third party, independent assessment of the Board was completed in 2020.

## **BOARD AND MANAGEMENT RESPONSIBILITIES**

The Board has developed written position descriptions for the Chair, the Independent Lead Director (as applicable), and the chair of each committee. In addition, the Board and the Chief Executive Officer have developed a written position description for the Chief Executive Officer. The duties and responsibilities of the Chair, each committee chair and the Chief Executive Officer are available on our website at [www.westernforest.com/investors/governance](http://www.westernforest.com/investors/governance). Our Board has also developed and approved the corporate goals and objectives that the Chief Executive Officer is responsible for meeting.

Effective February 21, 2013, the positions of Chair and Chief Executive Officer were separated. These positions are currently held by Michael T. Waites and Donald Demens, respectively. Additionally, the independent directors meet without management in attendance as they see necessary. Standing board committees are comprised of independent directors (all directors are independent with the exception of Mr. Demens as detailed in "*Statement of Corporate Governance Practices*" above).

The Chair is generally responsible for managing the affairs of the Board and ensures that the functions identified in its mandate are being carried out effectively. In addition, the Chair is responsible for:

- providing effective leadership so that the Board can function independent of management;
- establishing procedures to govern the Board's work including scheduling meetings, encouraging full participation, preparing the agenda for each Board meeting in consultation with other Board members and executive officers and requiring that proper and timely information is delivered to the Board;
- act as a liaison between the Board and management;
- presiding over all meetings of the Board and ensuring that there is adequate time for discussion of relevant issues and for members of the Board to meet without the presence of management;
- ensuring that the appropriate committee structure is in place and assisting the NCGC in recommending appointments to such committees;
- together with the NCGC, leading the annual review of directors, Board committees and Board performance and making recommendations for changes when appropriate;
- together with the MRCC, establish performance criteria for the Chief Executive Officer to facilitate evaluation of the Chief Executive Officer's performance;
- working with the Chief Executive Officer to engage external stakeholders, including shareholders; and
- monitoring progress on corporate governance, corporate performance and to represent the Corporation to external stakeholders.

The Chief Executive Officer provides leadership for the Corporation and is generally responsible for managing the operation, organization and administration of the Corporation, subject to approved policies and direction by the Board. The responsibilities of the Chief Executive Officer include: providing vision and leadership for the Corporation; presenting a strategic plan together with the business and financial plans for the Corporation to the Board for approval; managing the business operations in accordance with the Corporation's strategic and operational policies as approved by the Board; presenting to the Board for annual approval an assessment of the Corporation's management resources together with recommendations on appropriate rewards and incentives; developing and implementing the systems and processes to support the policies established by the Board and reporting non-compliance to the Board on a timely basis; and fostering a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.

### **Management's Relationship to the Board**

The primary responsibility of management is to safeguard Western's assets and to create value for its shareholders. In the event that management's performance is found to be inadequate, the Board has the responsibility to bring about change to enable the Corporation to perform satisfactorily.

Our executive officers report to and are accountable to the Board. At its meetings, the Board regularly engages in a private session with the Chief Executive Officer without other members of management present. The Board also meets independently of management at every meeting.

### **Management Accountability**

The Board believes in the importance of developing strategic and operating plans to ensure the compatibility of shareholder, Board and management views on direction and performance targets, and the effective utilization of shareholder capital. Each year, the Board reviews the strategic initiatives and annual plan submitted by senior management. The Board's approval of the annual plan provides a mandate for senior management to conduct our affairs within the terms of the plan, knowing it has the support of the Board. Material deviations from the plan are reported to and considered by the Board.

### **Board and Committee Information**

The information provided by our management to the Board is critical to the Board's effectiveness. In addition to reports presented to the Board and its committees at regular meetings, the Board is also informed on a timely basis by management of corporate developments and key decisions taken by management in pursuing Western's strategic plan and objectives. The Board periodically assesses the quality, completeness and timeliness of information provided by management to the Board.

### **CODE OF BUSINESS CONDUCT AND ETHICS**

In 2018, the Board adopted a revised code of business conduct and ethics (the "Code") that prescribes the minimum moral and ethical standards of conduct required of all directors, officers and employees of the Corporation and its subsidiaries.

The Code address the following matters:

- (a) conflicts of interest;
- (b) protection and proper use of corporate assets and opportunities;
- (c) confidentiality of corporate information;
- (d) fair dealing with our security holders, customers, suppliers, competitors and employees;
- (e) compliance with laws, rules and regulations; and
- (f) reporting of any illegal or unethical behaviour.

A copy of the Code can be found on our website at [www.westernforest.com](http://www.westernforest.com) or can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

We provide training on a regular basis to directors, executive officers and salaried employees. Furthermore, on an annual basis, directors, executive officers and salaried employees are required to sign an acknowledgment that they have received, read and understand the contents of the Code and agree to adherence to its principles. All violations of law or of the Code must be reported. As part of the Code, we have implemented a Compliance and Code of Conduct Hotline, allowing directors, officers, employees, customers and suppliers to report, in confidence, a violation of law, the Code, or any other ethical concerns through an independent third-party ethics reporting system, called “Global Compliance”.

The NCGC oversees compliance with the Code and where appropriate, the Audit Committee will cause an investigation of any reported violation of the Code and oversee an appropriate response to any violation. Any exemptions to the Code require a written waiver approved in advance by the Human Resources department. Waivers for directors or officers must be approved in advance by the Board and may be disclosed publicly if required by securities legislation.

Certain directors are directors or officers of other corporations and, to the extent that such other corporations may participate in transactions or other ventures in which we may participate, the directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Board requires that directors provide disclosure to it of all boards and committees that they are members of, and all offices held at, other issuers. Western also requires any director conflicts of interest to be disclosed to and reported to the NCGC. In the event that a conflict of interest arises, a director who has such a conflict is required under the *Canada Business Corporations Act* to disclose the conflict and (except in limited circumstances permitted by the *Canada Business Corporations Act*), to abstain from voting for or against the approval of the matter. In addition, in considering transactions and agreements in respect of which a director has a material interest, our Board will require that the interested person absent himself or herself from portions of Board or committee meetings so as to allow independent discussion of points in issue and the exercise of independent judgment. In appropriate cases, we may also establish a special committee of independent directors to review a matter in respect of which directors or management may have a conflict.

## **CORPORATE COMMUNICATIONS AND DISCLOSURE POLICY**

In 2019 the Corporation adopted a revised Corporate Communications and Disclosure Policy that sets the policies and practices regarding disclosure of material information to the public, investors, analysts and the media. The purpose of this policy is to ensure that our communication with the investment community is timely, consistent and in compliance with all applicable securities legislation. The Corporate Communications and Disclosure Policy is reviewed annually by the Corporation’s Disclosure Committee, which is a management committee that reports quarterly to the Audit Committee on its activities.

We endeavour to keep our shareholders informed of our progress through a comprehensive annual report, quarterly interim reports, earnings conference calls with research analysts and periodic press releases. The Corporation also maintains a website that provides summary information on Western and access to its published reports, press releases, statutory filings and supplementary information provided to analysts and investors. Shareholders who wish to contact the Chair or other Board members can do so directly or through the Corporate Secretary.

We maintain an investor relations program to respond to inquiries in a timely manner. Management meets on a regular basis with investment analysts and financial advisors to ensure that accurate information is available to investors on our financial results. We also endeavour to ensure that the media are kept informed of developments as they occur and have an opportunity to meet and discuss these developments with our designated spokespersons.

## EXECUTIVE COMPENSATION

### COMPOSITION AND MANDATE OF THE MANAGEMENT RESOURCES AND COMPENSATION COMMITTEE

In accordance with its terms of reference, all members of the MRCC of the Board are independent directors under the standards established by Canadian securities regulatory authorities in National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”).

Our executive compensation program is administered by the MRCC. As part of its mandate, the MRCC makes recommendations to the Board with respect to the compensation of the Chief Executive Officer and reviews and approves the compensation of certain other executive officers including the Chief Financial Officer and the next three most highly compensated executive officers included in the Summary Compensation Table on page 47 (collectively, the “Named Executive Officers” or “NEOs”). The MRCC is also responsible for reviewing the design and general competitiveness of our compensation and benefit programs and recommending any changes to the Board.

As at the date of this Circular, the MRCC is comprised of Mr. Nocente (Chair), Ms. Bird and Ms. Phyfer. Each of these individuals have held senior executive roles that have included involvement in human resource and executive compensation practices and policies. None of the members of the MRCC are an officer, employee or former officer of the Corporation or are eligible to participate in our executive compensation programs. The MRCC members have diverse professional backgrounds as discussed in their respective biographies beginning at page 11.

The MRCC, in accordance with its terms of reference, meets as required to monitor and review management compensation and incentive plan policies, executive officer appointment, succession planning and compensation, and other management resource related policies such as the advisory vote on say-on-pay, diversity within management and the Board and disclosure regarding the Corporation’s executive compensation. In addition, the MRCC oversees the funding, investment management and administration of our employee retirement plans. The MRCC met five times during 2020.

Our Chief Executive Officer is not a member of the MRCC but does make recommendations to the MRCC with respect to the Corporation’s compensation policy and regarding compensation paid to other executive officers.

### ADVISORY VOTE ON EXECUTIVE COMPENSATION: “SAY ON PAY”

The Board has implemented an annual advisory vote on executive compensation for the Meeting.

The purpose of the ‘Say on Pay’ advisory vote is to provide appropriate director accountability to the shareholders of the Corporation for the Board’s compensation decisions by giving shareholders a formal opportunity to provide their views on the disclosed objectives of the executive compensation plans, and on the plans themselves, for the past, current and future fiscal years. At the 2019 annual general meeting the Corporation’s approach to executive compensation was approved with 95.97% of the Shares voted in support of the advisory resolution.

While shareholders will provide their collective advisory vote, the Board remains fully responsible for compensation decisions and are not relieved of these responsibilities by a positive advisory vote by shareholders.

The MRCC and Board have thoroughly assessed executive compensation as part of their commitments to shareholders, and the Board expects that shareholders will perform reasonable due diligence prior to exercising their votes. The nature and extent of the Corporation’s change in compensation philosophy are disclosed in this Circular, 2019 Management Information Circular and the 2018 Management Information Circular. The Corporation’s revised approach to executive compensation, and its improved corporate governance policies, reflect a commitment to best practices and have positively positioned the Corporation relative to its peers.

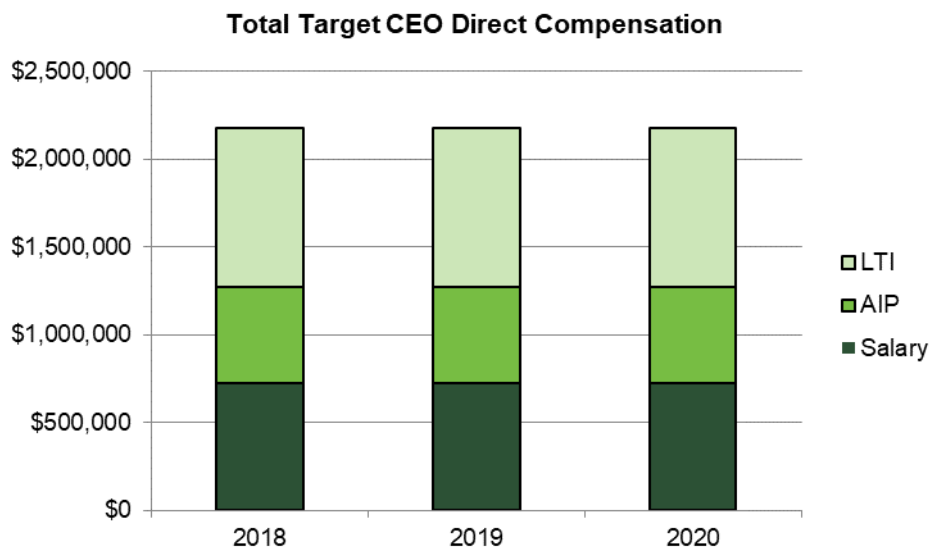
## COMPENSATION DISCUSSION AND ANALYSIS

Under the direction of past Board leadership, the Corporation administered a compensation philosophy where senior executives received below market annual cash compensation with long-term incentives (delivered 100% in Options) used to ensure total compensation was broadly competitive. This approach was adopted to preserve cash as the Corporation, along with the forestry industry as a whole, experienced highly challenging market conditions.

Having successfully repositioned the business for growth, the Corporation needs to attract and retain highly qualified talent to execute its strategy. As the reconstituted Board began to evaluate its executive officer compensation, it became apparent that the existing compensation philosophy limited the Corporation's ability to attract the calibre of candidates required. This conclusion prompted a review of our compensation programs to ensure their suitability for the Corporation's next stage of growth and its long-term success, and upon recommendation from the MRCC, the Board approved the following changes to executive officer compensation programs effective in 2015:

- Rebalancing compensation to improve competitiveness relative to the Corporation's comparator group, while retaining strong emphasis on long-term performance and shareholder value creation;
- Introducing a performance share unit ("PSU") program to the Long-Term Incentive ("LTI") Plan alongside a reduction in the value of Options granted to executives;
- Establishing a supplemental retirement program to more closely align with the retirement programs available among the comparator group; and
- Introducing equity ownership guidelines, an anti-hedging policy and a clawback policy to bring the Corporation's compensation governance more in line with the practices of leading Canadian companies.

Following these changes, and an increased target LTI in 2018, overall compensation levels have not changed year-over-year as illustrated below by the target total direct compensation (the sum of base salary plus target Annual Incentive Plan ("AIP") award plus target LTI awards) of the Corporation's Chief Executive Officer in 2018, 2019, and 2020.



Following a market assessment and on recommendation from the MRCC, on November 6, 2019 the Board approved the introduction of a restricted share unit ("RSU") program to the LTI plan effective January 1, 2020.

## Compensation Objectives and Philosophy

The objective of the Corporation's compensation philosophy is to attract, develop, motivate and retain high performing individuals who are capable of delivering the next stage of our development. Our compensation program emphasizes variable pay designed to align with corporate performance and the experience of shareholders. Compensation levels are assessed on a holistic basis to include salary, short- and long-term incentives and benefit programs with total compensation targeted in a range around the median of the Corporation's comparator group.

## Competitive Market Assessments

The MRCC periodically reviews market compensation levels to determine whether total compensation for the Corporation's executive officers remains in the targeted median pay range and makes adjustments when necessary. This review includes assessment of base salary, annual incentives, long-term incentives, and a qualitative assessment of the value of retirement programs.

An in-depth assessment of executive compensation was undertaken in late 2014 and completed in 2015, and further updated in 2017. Through the assessment performed in 2017, an independent expert consultant concluded that the components and total target value of the executive compensation program in place was largely in line with the median of the Corporation's comparator group, with the exception of CEO compensation which was significantly below the median. A further update to this assessment was completed in early 2018. The assessment determined that CEO and CFO compensation remained below the median of the Corporation's comparator group. In addition, role-specific assessments were completed as a result of changes to the Corporation's executive group.

In line with the Corporation's policies for completing a comprehensive review of executive compensation, in 2020 the MRCC retained consultant Willis Towers Watson to review and provide expert, objective advice on the Corporation's executive compensation arrangements relative to its peers and in light of the COVID-19 pandemic. This review included an assessment of the comparator group (listed below), comprised of Canadian forest and paper product companies with annual revenue between \$91 million and \$5.9 billion and market capitalization between \$67 million and \$5.6 billion<sup>(1)</sup>. The expert, objective advice provided by Willis Towers Watson has been considered by the MRCC in determining the Corporation's executive compensation arrangements going forward.

Acadian Timber	Interfor Corporation	Resolute Forest Products Inc.
Canfor Corporation	Norbord Inc. <sup>(2)</sup>	Stella-Jones Inc.
Conifex Timber Inc.	Mercer International Inc.	West Fraser Timber Co. Ltd.
Domtar Corporation		

(1) Annual revenue and market capitalization of comparator group provided as at December 31, 2020.

(2) West Fraser Timber Co. Ltd. acquired all of the issued and outstanding shares of Norbord Inc. on February 1, 2021

In addition to the current pay practices of the comparator group, from time to time, the MRCC reviews various pay surveys, including surveys of pay practices of forest products companies and comparably-sized manufacturing companies, along with general industry data for similar size companies. This information, when available, is considered by the MRCC in determining the total compensation to be paid to each executive officer.

## Role of Compensation Consultant

From time to time, the MRCC uses an independent consultant to provide expert, objective advice on compensation matters. In 2019 and 2020, the MRCC retained consultant Willis Towers Watson to assist in ensuring that compensation practices aligned with the Corporation's compensation philosophy. Aggregate fees for director and executive compensation services provided by Willis Towers Watson in 2020 and 2019 are as follows:

	2020	2019
Compensation-related fees	\$30,276	\$34,209

## Risk Management and Governance

The MRCC considers the implications of the risks associated with our compensation policies and practices, including the significant component of each executive's compensation that is variable and therefore at-risk. In order to mitigate any incentive to engage in inappropriate or excessive risk taking, the MRCC considers the balance between long-term objectives and short-term financial goals incorporated into our executive compensation program. Risks, if any, may be identified and mitigated through regular meetings of the MRCC and the Board. No risks have been identified arising from our compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation. The following policies have been adopted to mitigate risks associated with our compensation program.

### *Dedicated Compensation Committee*

The MRCC is an independent committee with the necessary skills, knowledge and experience to make strong and methodical decisions in regards to management compensation.

### *Diversified pay mix and performance measures*

The Corporation uses three LTI instruments to reward for share price and corporate performance over the mid- to long-term (i.e. three to a maximum 10 years). This approach encourages management to adopt a long-term view of performance that is tied to shareholder return.

### *Equity ownership guidelines and disclosure*

Minimum equity ownership requirements for the Corporation's executive officers were introduced in 2015 to align executive officer interests with those of our shareholders. Subject to the discretion of the MRCC, ownership levels must be met by the later of September 13, 2020 or within five years of becoming an executive officer, provided that if an executive's minimum ownership requirement increases because of a change in title, a five-year period to achieve the incremental requirement begins on the date the new title takes effect. Equity ownership value as a multiple of base salary is set at 3 times for the Chief Executive Officer, 1.25 times for the Chief Financial Officer, and 1 time for other designated Executive Officers of the Corporation. These guidelines are subject to MRCC discretion to ensure no unintended consequences arise. Qualifying equity for the purposes of the equity ownership requirements include Shares and DSUs under the Corporation's DSU Plan.



The following table summarizes equity holdings for each of the Corporation's NEOs at December 31, 2020:

Named Executive Officer	Equity Ownership Required <sup>(1)</sup>	Shares Held	DSUs Held	Total Securities Held	Value of Securities Held <sup>(2)</sup>	Value of Holdings Required	Date Required
Donald Demens	3.00x	845,000	260,393	1,105,392	\$2,263,215	\$2,175,000	Sep 13, 2020
Stephen Williams	1.25x	370,000	-	370,000	\$670,408	\$593,750	Sep 13, 2020
Bruce Alexander	1.00x	-	-	-	-	\$390,000	Dec 15, 2023
Jennifer Foster <sup>(3)</sup>	1.00x	104,000	-	104,000	\$177,010	\$330,000	Feb 16, 2025
Shannon Janzen	1.00x	161,243	-	161,243	\$243,703	\$285,000	Sep 13, 2021

- (1) Equity ownership requirement as a multiple of base salary.
- (2) Value of Securities held is calculated on the greater of the current market value and the grant or acquisition date value of eligible securities. The market value as at December 31, 2020 was \$1.28 per Share or DSU held, which was the closing price of Shares on December 31, 2020.
- (3) In 2020, Ms. Foster was promoted to Senior Vice President, Human Resources and Corporate Affairs and her minimum ownership requirement increased. The date for Ms. Foster to achieve value of holdings of \$300,000 is December 7, 2021 and incremental \$30,000 due to her change in title is February 16, 2025.

### ***Hedging***

All executive officers are prohibited from trading in our securities or entering into transactions through participation in the Option Plan unless such transactions are executed and disclosed in full compliance with the Corporation's Code of Business Conduct and Ethics, Corporate Communications and Disclosure Policy, Insider Trading Policy and all relevant securities regulations and laws. An executive who violates these policies may face disciplinary action including possible termination of employment. The violation of these policies may also violate certain securities laws. If the Corporation discovers that an executive has violated any securities laws, the matter may be referred to the appropriate regulatory authorities, which could lead to penalties and fines.

Executive officers and directors are prohibited from purchasing financial instruments for the purpose of hedging or offsetting a decrease in market value of the Corporation's equity securities. Specifically, this policy prohibits executive officers and directors from engaging in the following transactions with respect to Shares: short sales, monetization of stock option awards before vesting, transactions in derivatives on Shares such as put and call options, any other hedging or equity monetization transactions where the individual's economic interest and risk exposure in the Shares are changed, such as collars or forward sale contracts.

To the knowledge of the Corporation, none of the NEOs or directors has purchased any such instruments for such purposes.

### ***Policy Compliance***

All executive officers annually acknowledge the Corporation's Code of Business Conduct and Ethics.

### ***Clawback Policy***

The Company has an incentive compensation clawback policy that allows the Company to require its executive officers to reimburse the Company where the Board determines that there has been misconduct by such executive officer resulting in a material restatement of the Corporation's financial results. The policy applies to incentive awards granted, paid or credited on or after March 13, 2015.

## KEY ELEMENTS OF TOTAL COMPENSATION

Our executive compensation program includes the following elements:

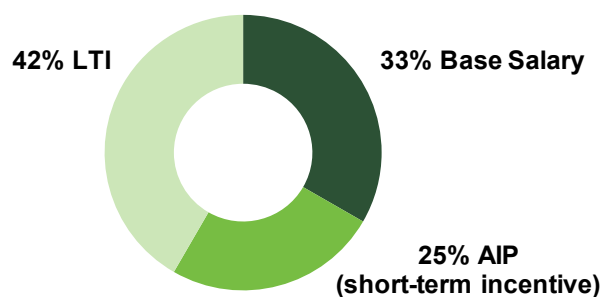
Element	Plans	Objective	Details
Base salary		Compensation for experience and expertise	<ul style="list-style-type: none"> <li>▪ Paid in cash</li> <li>▪ Assessed annually</li> </ul>
Short-term incentive plan awards	Annual Incentive Plan	Designed to incentivize executives to meet short-term corporate and individual goals	<ul style="list-style-type: none"> <li>▪ Variable compensation paid in cash contingent on corporate and individual performance relative to established goals</li> </ul>
	President's Awards	Designed to recognize outstanding contributions to meet strategic corporate goals	<ul style="list-style-type: none"> <li>▪ Variable compensation paid in cash to recognize outstanding contributions towards achieving corporate goals that have been identified by the Board as being of strategic importance to the Corporation</li> <li>▪ Awards are discretionary and assessed annually based on merit</li> </ul>
Long-term incentive plan awards	Performance share units	Incentivizes executives to maximize long-term corporate performance for alignment with shareholder performance	<ul style="list-style-type: none"> <li>▪ Variable compensation linked to the value of the Corporation's shares</li> <li>▪ Settled in cash at the end of the 3-year performance term contingent on ROCE performance against targets</li> </ul>
	Restricted share units	Incentivizes executives to maximize long-term corporate performance for alignment with shareholder performance	<ul style="list-style-type: none"> <li>▪ Variable compensation linked to the value of the Corporation's shares</li> <li>▪ Settled in cash at the end of the 3 years</li> </ul>
	Options	Incentivizes executives to maximize long-term corporate performance for alignment with shareholder performance	<ul style="list-style-type: none"> <li>▪ Variable compensation with awards vesting 20% per year for 5 years</li> <li>▪ Total term up to 10 years</li> </ul>
Retirement program		Provide executives with income in retirement	<ul style="list-style-type: none"> <li>▪ Defined contribution program and Supplementary Executive Retirement Plan</li> </ul>
Other benefits		Offer market competitive benefits	<ul style="list-style-type: none"> <li>▪ Medical, dental and insurance benefits</li> <li>▪ Car allowance</li> </ul>

### Target Pay Mix

Target direct compensation for all executives includes salary, short-term incentives, and long-term incentives. Target short-term and long-term incentives are all at-risk, in line with the Corporation's pay for performance objectives.

The 2020 target pay mix of the Chief Executive Officer includes at risk components which comprise approximately 67% of total target direct compensation, as shown below. For each of the remaining NEOs, more than 50% of total target direct compensation is at-risk.

## 2020 CEO Total Target Direct Compensation



### Base Salaries

Base salaries for executive officers are established with reference to market data, including salaries paid to similar positions at comparator companies as identified through the most recent market comparison assessment, and internal job classification as it relates to the contribution to our strategic and financial results. Base salaries of our executives are reviewed by the MRCC and approved by the Board annually to ensure that they reflect the contribution of each executive officer.

Salary increases are aligned with the Corporation's goal of maintaining total NEO target compensation at levels near the median of our comparator group.

Named Executive Officer	2019 <sup>(1)</sup>	2020 <sup>(2)</sup>	2021 <sup>(2)</sup>
Donald Demens	\$725,000	\$725,000	\$750,000
Stephen Williams	\$475,000	\$475,000	\$495,000
Bruce Alexander	\$390,000	\$390,000	\$405,000
Jennifer Foster <sup>(3)</sup>	\$300,000	\$330,000	\$345,000
Shannon Janzen	\$285,000	\$285,000	\$295,000

(1) Mr. Demens' and Mr. Williams' base salaries were last increased in 2017.

(2) In 2020, executive salary increases were effective February 16, 2020 and in 2021, executive salary increases were effective February 18, 2021.

(3) Ms. Foster was promoted to Senior Vice President, Human Resources and Corporate Affairs, effective February 16, 2020.

### Short-Term Incentive Plan Awards

The issuance of and value of all short-term incentive plan awards are at the discretion of the Board.

### Annual Incentive Plan

All salaried employees, including executive officers, participate in our Annual Incentive Plan ("AIP"), which is designed to foster an environment of continuous improvement based on key performance indicators of the business and to recognize collective and individual performance directly related to our financial and strategic goals.

Target awards, expressed as a percentage of base salary, have been established for all salaried employees, including executive officers. Target awards for executive officers ranged from 35% to 75% of base salary for 2020 and will range from 35% to 75% of base salary in 2021, reflecting competitive practices in the market for similar positions.

AIP awards are based on a combination of corporate and individual performance. Corporate performance is calculated using the Corporation's Return on Capital Employed ("ROCE"). ROCE is a non-IFRS measure (refer to page 55 for an expanded definition). Individual performance is evaluated based on achievement of individual goals for each NEO. For the Chief Executive Officer all individual goals are approved by the Board upon the recommendation of the MRCC. The Corporation uses a balanced scorecard approach to ensure that both ESG and financial goals are achieved. AIP has been designed to reward short-term company

performance aligned with the long-term vision of providing the most sustainable building products on the planet. The CEO's ESG related goals include safety performance, environmental compliance, and advancement of company culture. Board oversight and evaluation of performance is governed by the various committee charters, ensuring the CEO goals reflect the Corporation's commitment to sustainability in all areas of the business. For all other NEOs, individual goals are approved by the Chief Executive Officer, in consultation with the MRCC, to ensure they are aligned with overall corporate objectives.

In order to align pay with performance of the Corporation, a minimum ROCE must be attained for any payments to be made in respect of the AIP. In addition, for an employee to be eligible for an AIP award they must achieve at least a threshold level of individual performance. ROCE must be greater than 6% to result in a payment, with a maximum payment of 200% of target achievable for ROCE of 30% and above. Amounts paid to NEOs are based on the following formula:

$$\text{Base Salary} \times \text{Bonus \%} \times [(\text{0.5} \times \text{Corporate Performance Factor}) + (\text{0.5} \times \text{Individual Performance Factor})]^{(1)}$$

- (1) The Corporate Performance Factor will be zero if ROCE is less than 6% and will reach a maximum of 2.0 with a ROCE of 30% or above. The Individual Performance Factor will be zero if performance is less than 0.6 (below expectations) and will reach a maximum of 2.0 (exceptional). For an employee to be eligible for an award, both the Corporate and Individual Performance Factors must achieve at least the minimum level of performance (defined as a ROCE of greater than or equal to 6% and an individual performance factor of 0.6 or higher). The MRCC reviews our financial performance as part of the award setting process.

As a result of strike action by the United Steelworkers Local 1-1937 ("USW"), which commenced on July 1, 2019 and ended on February 15, 2020 (the "Strike"), the Corporation did not achieve the minimum level of corporate performance in 2019, and as a result, no AIP awards were paid to NEOs for 2019. The Strike also resulted in negative earnings in the first quarter of 2020, followed by further negative impacts due to the onset of COVID-19 pandemic, resulting in negative impacts to the corporate performance factor that drives 2020 AIP. In assessing individual performance in 2020, the Board considered the significant leadership shown by the CEO in achieving a long-term collective agreement with the USW, safely restarting Strike-curtailed British Columbia operations in the midst of the onset of the COVID-19 pandemic, repositioning production to meet market demand in light of the COVID-19 pandemic, while strengthening the Corporation's balance sheet and continuing to execute on strategic initiatives.

Target and actual 2020 AIP awards for NEOs are as follows:

Named Executive Officer	Range of AIP Opportunity	Target AIP Award %	Target 2020 AIP Award	Actual 2020 AIP Award
Donald Demens	0% to 150%	75%	\$543,750	\$625,000
Stephen Williams	0% to 140%	70%	\$332,500	\$320,000
Bruce Alexander	0% to 110%	55%	\$214,500	\$175,000
Jennifer Foster	0% to 110%	55%	\$181,500	\$175,000
Shannon Janzen	0% to 110%	55%	\$156,750	\$150,000

### President's Award

The President's Award is an annual discretionary cash incentive plan designed to reward salaried employees, including executive officers other than the President and CEO, who have made an outstanding contribution to the Corporation that results in the advancement of corporate goals that support the Corporation's strategic plan. Nominations for a President's Award for NEOs are made by the President and CEO, and approved by the MRCC, in its discretion. Awards are discretionary and assessed annually based on merit. In 2020, the following President's Awards for NEOs were approved by the MRCC:

Named Executive Officer	President's Award
Stephen Williams	\$65,000
Bruce Alexander	\$40,000
Jennifer Foster	\$35,000
Shannon Janzen	\$35,000

## Long-Term Incentive Plans

We believe it is important that the interests of executives be aligned with the interests of shareholders. Our LTI plans consist of an Option Plan, Restricted Share Unit plan and Performance Share Unit plan that reward management based on increases in the value of the Corporation's Shares and also the achievement of key corporate performance objectives. For executive officers the weighting between the LTI instruments, based on grant date award value, is 40% Options or Restricted Share Units and 60% PSUs. Target LTI awards, as a percentage of base salary, for the NEOs and the resulting 2020 grant date values are as follows:

<b>Named Executive Officer</b>	<b>LTI Target Award (as a % of salary)</b>	<b>2020 Grant Date Value</b>
Donald Demens	125%	\$906,250
Stephen Williams	90%	\$427,500
Bruce Alexander	65%	\$253,500
Jennifer Foster	65%	\$214,500
Shannon Janzen	60%	\$171,000

In 2019, the MRCC committed to reviewing the effectiveness of the Corporation's compensation structure in 2020, including consideration of pending federal tax policy updates applicable to stock option awards and an analysis of the impact of transient factors on short and long-term compensation structure, with a focus on the retentive nature of the compensation structure. Given corporate performance in 2019 and 2020 as a result of the Strike and the negative impacts due to the COVID-19 pandemic, the MRCC commenced this review in 2020. In 2021, the MRCC intends to finalize their review and implement the recommendations from such review, which will include, in part, amending the LTI plan grants to consist of 40% RSUs and 60% PSUs for all executive officers to support retention of executives and limit share price dilution.

The purpose of the Corporation's LTI plans are to advance the interests of the Corporation in the following ways:

- aligning the interests of executives and shareholders in the success of the Corporation through increases in the value of our Shares;
- providing an additional incentive in lieu of cash remuneration thereby encouraging retention of executives as a result of the vesting provisions; and
- attracting executives by remaining competitive in terms of total compensation arrangements.

### ***Stock Option Plan***

Our Option Plan was adopted in 2004 and is administered by the Board with the assistance of the MRCC in accordance with our compensation policies and the policies of the TSX.

Certain executive officers are eligible to receive Options. The exercise price for Options granted pursuant to the Option Plan is determined on the date of the grant, and the price may not be less than the market value. Options vest at the annual rate of 20% per year beginning on the first anniversary of the date of grant and have a maximum term of 10 years. See "*Securities Authorized for Issuance Under Equity Compensation Plans*" for an overview of the Option Plan.

### ***Restricted Share Unit Plan***

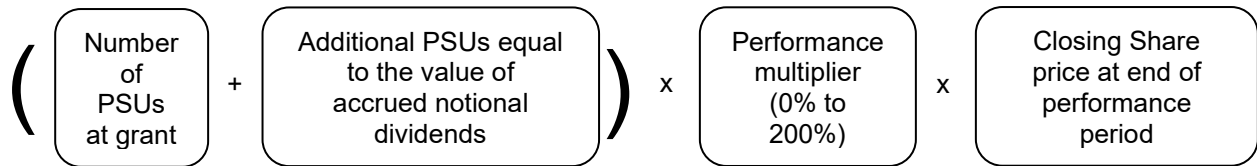
The Restricted Share Unit Plan ("RSU Plan") was introduced on January 1, 2020. Restricted Share Units ("RSUs") are settled in cash with a payment at the end of the three-year vesting period, in line with tax legislation and regulations.

Holders of RSUs are eligible to receive additional RSUs to reflect any cash dividend declared on Shares during the term of the participants' participation in the RSU Plan. The number of additional RSUs to be allocated is determined by dividing the aggregate dollar value of the declared dividend that would have been

paid to the participants if the RSUs held by the participants on the relevant record date for dividends had been Shares, by the closing share price on the trading day immediately after the dividend date or record.

**Performance Share Unit Plan**

The Performance Share Unit Plan (“PSU Plan”) was introduced in 2015. In addition to aligning the interest of executives and shareholders based on the share price, the PSU plan also takes into account the performance of the Corporation against a key financial metric. PSUs are settled in cash with a payment at the end of the three-year performance period, in line with tax legislation and regulations. The final value of PSUs that are cash-settled at the end of the performance period is determined based on the following formula:



The performance multiplier for the 2018, 2019 and 2020 PSU awards is based on ROCE over a three-year period as follows:

ROCE	Performance multiplier
Below threshold of 10%	0%
Threshold of 10%	50%
Target of 15%	100%
Maximum 20% or higher	200%

The Corporation's average ROCE for the 3-, 5- and 10-year periods ending December 31, 2020 are 12.1%, 16.5% and 16.6%, respectively. The average ROCE over these periods was negatively impacted due to the Strike and the onset of COVID-19 pandemic.

For performance between threshold and maximum, the performance multiplier is determined by straight line interpolation.

Holders of PSUs are eligible to receive additional PSUs to reflect any cash dividend declared on Shares during the term of the participants’ participation in the PSU Plan. The number of additional PSUs to be allocated is determined by dividing the aggregate dollar value of the declared dividend that would have been paid to the participants if the PSUs held by the participants on the relevant record date for dividends had been Shares, by the closing share price on the trading day immediately after the dividend date or record.

## 2020 LONG-TERM INCENTIVE AWARDS

The Corporation's 2020 LTI awards to NEOs were as follows:

Named Executive Officer	Options <sup>(1)</sup>		PSUs <sup>(2)</sup>		Total Grant Value
	Number	Grant Value	Number	Grant Value	
Donald Demens	2,416,670	\$362,500	517,860	\$543,750	\$906,250
Stephen Williams	1,140,000	\$171,000	244,290	\$256,500	\$427,500
Bruce Alexander	676,000	\$101,400	144,860	\$152,100	\$253,500
Jennifer Foster	572,000	\$85,800	122,570	\$128,700	\$214,500
Shannon Janzen	456,000	\$68,400	97,710	\$102,600	\$171,000

(1) Option grant date value was \$0.15 per unit. Refer to note 3 under the Summary Compensation Table on page 47 for more details on stock option valuation.

(2) PSU grant date value was \$1.05 per unit, reflecting the closing price of Shares on March 5, 2020, the day prior to the Grant.

### Deferred Share Unit Plan

The DSU Plan was closed to executives as of January 1, 2015. Prior to this, designated executives were able to elect to receive all or a portion of their AIP compensation in the form of DSUs. Executives were required to make an irrevocable election to participate in the DSU Plan prior to the end of each fiscal year to which the AIP compensation applied. Remaining DSUs held by executives continue to be governed by the terms of the DSU Plan.

Holders of DSUs are eligible to receive additional DSUs to reflect any cash dividend declared on Shares during the term of the participants' participation in the DSU Plan. The number of additional DSUs to be allocated is determined by dividing the aggregate dollar value of the declared dividend that would have been paid to the participants if the DSUs held by the participants on the relevant record date for dividends had been Shares, by the closing price of our Shares on the payment date of such dividend.

As DSUs are only paid out in the year following termination of employment, those executives holding DSUs remain eligible for additional DSUs to reflect dividends declared on Shares. In 2020, the one NEO who participated in the DSU Plan prior to January 1, 2016, received 7,301 DSUs to reflect cash dividends declared.

Refer to "Deferred Share Unit Plan for Non-Executive Directors" on page 19 for more information.

## RETIREMENT AND OTHER BENEFITS

### Retirement Benefits

The Corporation provides a defined contribution pension plan with a supplemental component for executives whose benefits are affected by *Income Tax Act* limits. See "Pension Plan Benefits" below for more information.

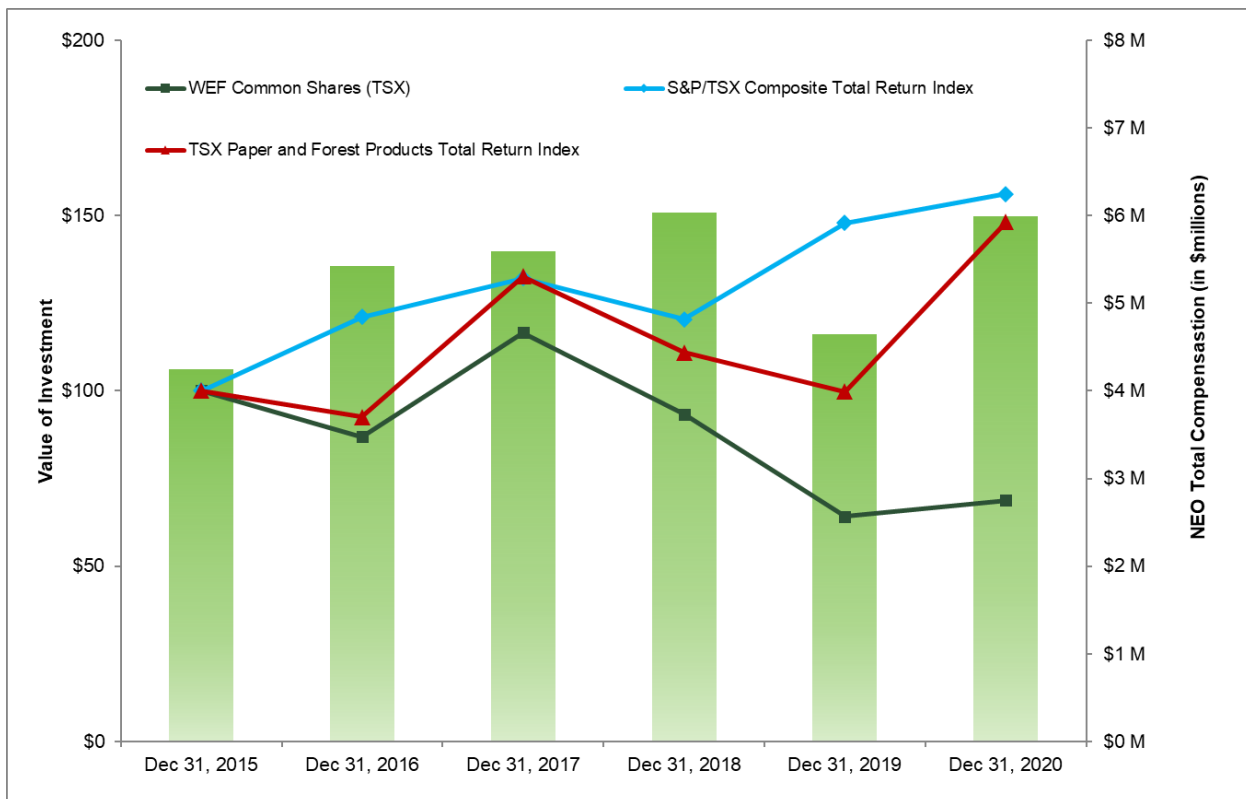
### Other Benefits

We limit the use of perquisites for our executives as we do not think they should be a significant element of compensation. All salaried employees, including executive officers, are eligible to participate in various other benefits including: health and dental coverage, life insurance, disability insurance, paid leave and paid holidays. In addition, executive officers receive a car allowance or company vehicle. These benefits are designed to be competitive with market practices.

## PERFORMANCE GRAPH

The following data and graph present the Total Shareholder Return (“TSR”) over the last five years of an investment in our Shares as compared to the performance of the S&P / TSX Composite Index and the S&P / TSX Composite Forest Products Index. This analysis assumes \$100 was invested on December 31, 2015 and that all dividends are reinvested. Also presented in the graph is the trend in TSR compared to the trend in NEO compensation.

	2015	2016	2017	2018	2019	2020
Western Shares	\$100	\$87	\$117	\$93	\$64	\$69
S&P / TSX Composite Index	\$100	\$121	\$132	\$120	\$148	\$156
S&P / TSX Composite Paper & Forest Products Index	\$100	\$92	\$133	\$111	\$100	\$148



For the five-year period ended in 2020, the cumulative TSR for \$100 invested in our Shares was less than the comparable TSR for the S&P / TSX Composite Paper & Forest Products Index and the S&P / TSX Composite Index.

The Corporation’s Share performance during the second half of 2019 and in 2020 was impacted by Strike-related curtailments at a majority of the Corporation’s British Columbia based operations and the COVID-19 pandemic.

Compensation of salaried employees, including NEOs are linked to the Corporation’s performance. The Corporation’s performance is generally measured by ROCE and other key performance indicators. The Corporation’s AIP has a minimum ROCE threshold in order for awards to be paid. In 2016, 2017 and 2018, the Corporation’s minimum annual ROCE threshold was exceeded and AIP awards were earned by NEOs, with payment occurring in each of the respective following years. As a result of the Strike, the Corporation did not achieve its minimum annual ROCE threshold in 2019, and as a result, no AIP awards were paid to



NEOs. In 2020, the Corporation achieved its minimum annual ROCE threshold and AIP awards were earned by NEOs, with payments made in 2021.

## SUMMARY COMPENSATION TABLE

The following table sets forth all compensation paid or payable from Western or its subsidiaries in respect of each of the NEOs for services rendered during the three most recently completed financial years:

Name and Principal Position	Year	Salary <sup>(1)</sup>	Share-Based Awards <sup>(2)</sup>	Option-Based Awards <sup>(3)</sup>	Non-Equity Incentive Plan Compensation		Pension Value <sup>(5)</sup>	All Other Compensation <sup>(6)</sup>	Total Compensation
					Short Term Incentive Plan <sup>(4)</sup>	Long Term Incentive Plan			
<b>Donald Demens</b> President and Chief Executive Officer	2020	\$725,000	\$543,750	\$362,500	\$625,000	-	\$50,750	\$20,046	\$2,327,046
	2019	\$725,000	\$543,750	\$362,500	-	-	\$92,400	\$89,003	\$1,812,653
	2018	\$721,971	\$543,750	\$362,500	\$595,000	-	\$87,288	\$74,857	\$2,385,366
<b>Stephen Williams</b> Executive Vice President, & Chief Financial Officer <sup>(7)</sup>	2020	\$475,000	\$256,500	\$171,000	\$385,000	-	\$33,250	\$8,184	\$1,328,934
	2019	\$475,000	\$256,500	\$171,000	-	-	\$61,250	\$32,596	\$996,346
	2018	\$471,971	\$256,500	\$171,000	\$400,000	-	\$58,238	\$27,681	\$1,385,390
<b>Bruce Alexander</b> Senior Vice President, Sales, Marketing and Manufacturing <sup>(8)</sup>	2020	\$390,000	\$152,100	\$101,400	\$215,000	-	\$27,300	\$4,560	\$890,360
	2019	\$390,000	\$152,100	\$101,400	-	-	\$27,300	\$9,796	\$680,596
	2018	\$17,750	-	-	-	-	\$1,243	\$333,966	\$352,959
<b>Jennifer Foster</b> Senior Vice President, Human Resources and Corporate Affairs <sup>(9)</sup>	2020	\$326,250	\$128,700	\$85,800	\$210,000	-	\$22,838	\$3,775	\$777,363
	2019	\$300,000	\$108,000	\$72,000	\$40,000	-	\$34,300	\$15,013	\$569,313
	2018	\$298,638	\$108,000	\$72,000	\$190,000	-	\$34,873	\$13,872	\$717,383
<b>Shannon Janzen</b> Vice President, Partnerships & Sustainability and Chief Forester	2020	\$285,000	\$102,600	\$68,400	\$185,000	-	\$19,950	\$3,361	\$664,311
	2019	\$280,937	\$102,600	\$68,400	\$15,000	-	\$30,100	\$13,450	\$510,487
	2018	\$250,000	90,000	\$60,000	\$180,000	-	\$29,400	\$12,099	\$621,499

(1) The amount in this column for each NEO reflects the dollar amount of base salary earned in each of the three financial years, including salary increases, if any.

(2) Share-based awards consist of PSU awards made under the PSU Plan. The value of PSUs was calculated by multiplying the number of share units granted during the respective period by the closing price of Shares on the grant date. The value stated does not represent the actual value which will be realized upon redemption of the PSU.

(3) The dollar value of Option-based awards is the grant date fair market value of Options granted during the respective year. The fair value of the options is determined using the Black Scholes option pricing model which takes into account, as of the grant date, the exercise price, the expected life of the options, the current price of the underlying shares and its expected volatility, expected dividends on the shares, and the risk-free interest rate over the expected life of the option. This value is also the accounting fair value and the assumptions applied in valuing these Option grants are detailed in the Corporation's consolidated financial statements for the applicable year. The stock options are only exercisable when the share price exceeds \$0.70 for 60 consecutive days on a volume weighted average price basis. The value stated does not represent the actual value which will be realized upon exercise of the stock option.

(4) Short Term Incentive Plan awards represents: AIP awards and President's awards earned in the fiscal year but paid subsequent to the end of the applicable year. The Short Term Incentive Plan award for Mr. Williams includes a President's Award of \$65,000 for 2020, for Mr. Alexander includes a President's Award of \$40,000 for 2020, for Ms. Foster includes President's Awards of \$35,000 for 2020 and \$40,000 for 2019, and for Ms. Janzen includes President's Awards of \$35,000 for 2020, \$15,000 for 2019 and \$20,000 for 2018.

(5) Pension value includes compensation relating to the Defined Contribution Plan, the Defined Benefit Pension Plans and the Supplementary Executive Retirement Plan.

(6) All other compensation includes the value of premiums for executive life insurance payable by the Corporation and additional DSUs and PSUs corresponding to dividends declared on the Shares credited under the DSU Plan and PSU Plan (for 2020: Mr. Demens: \$17,368, 7,301 DSUs, 10,710 PSUs; Mr. Williams: \$5,506, 5,051 PSUs, Mr. Alexander: \$1,882, 1,727 PSUs; Ms. Foster \$2,318, 2,127 PSUs, and Ms. Janzen: \$2,087, 1,915 PSUs). In addition, all other compensation for Mr. Alexander includes a \$333,966 one-time "make-whole" bonus paid in 2018 in lieu of compensation forfeited upon his departure from his former employer.

(7) Mr. Williams was promoted to Executive Vice President and Chief Financial Officer, effective February 15, 2018.

(8) Mr. Alexander was hired on December 15, 2018 as Senior Vice President, Sales, Marketing and Manufacturing.

(9) Ms. Foster was promoted to Senior Vice President, Human Resources and Corporate Affairs on February 16, 2020.

## Outstanding Option-based Awards and Share-based Awards

The following table sets forth Option and share-based (DSU and PSU) awards outstanding as at December 31, 2020 for each of the NEOs:

Named Executive Officer	Option-based Awards				Share-based Awards <sup>(3)</sup>		
	Number of securities underlying unexercised options <sup>(1)</sup>	Option exercise price (\$/share)	Option expiration Date	Value of unexercised in-the-money options <sup>(2)</sup>	Number of share units that have not vested	Market or payout value of share-based awards that have not vested <sup>(4)</sup>	Market or payout value of vested share-based awards not paid out or distributed
Donald Demens	465,000	\$0.77	Feb 23, 2021	\$1,512,484	823,169	\$916,538	\$537,862
	550,000	\$0.95	Feb 22, 2022				
	1,650,000	\$0.96	Jul 30, 2022				
	1,000,000	\$1.27	Feb 21, 2023				
	600,000	\$2.60	Feb 20, 2024				
	523,810	\$2.20	Mar 13, 2025				
	430,781	\$1.97	Feb 17, 2026				
	576,606	\$2.09	Feb 16, 2027				
	490,661	\$2.74	Feb 15, 2028				
	980,520	\$1.94	Feb 12, 2029				
2,416,670	\$1.05	Mar 6, 2030					
Stephen Williams	300,000	\$2.34	Oct 31, 2024	\$262,200	388,315	\$432,359	\$96,492
	266,667	\$2.20	Mar 13, 2025				
	230,272	\$1.97	Feb 17, 2026				
	259,473	\$2.09	Feb 16, 2027				
	231,456	\$2.74	Feb 15, 2028				
	462,540	\$1.94	Feb 12, 2029				
1,140,000	\$1.05	Mar 6, 2030					
Bruce Alexander	274,280	\$1.94	Feb 12, 2029	\$155,480	230,259	\$256,378	-
	676,000	\$1.05	Mar 6, 2030				
Jennifer Foster	116,000	\$2.17	Dec 7, 2025	\$131,560	183,210	\$209,068	\$40,628
	124,535	\$1.97	Feb 17, 2026				
	140,857	\$2.09	Feb 16, 2027				
	97,455	\$2.74	Feb 15, 2028				
	194,750	\$1.94	Feb 12, 2029				
572,000	\$1.05	Mar 6, 2030					
Shannon Janzen	375,000	\$2.60	Feb 20, 2024	\$104,880	155,321	\$172,936	\$33,851
	114,286	\$2.20	Mar 13, 2025				
	112,786	\$1.97	Feb 17, 2026				
	123,558	\$2.09	Feb 16, 2027				
	81,213	\$2.74	Feb 15, 2028				
	185,010	\$1.94	Feb 12, 2029				
	456,000	\$1.05	Mar 6, 2030				

- (1) All stock options were granted under the Option Plan and entitle each NEO to purchase Shares, and are exercisable only when the share price exceeds \$0.70 for a period of 60 consecutive days on a volume weighted average price basis.
- (2) Of the in-the-money Options, Mr. Demens has a number of vested options with an aggregate value totalling \$956,650 as at December 31, 2020.
- (3) Share-based awards includes DSUs and PSUs. The value of DSUs and PSUs was calculated by multiplying the number of share units granted, including dividend equivalent share units and, for PSUs, through the application of target performance multiplier, by the closing price of the Share on December 31, 2020, being \$1.28. The DSU Plan was closed to executives effective January 1, 2015 however certain executives continue to earn DSU dividend equivalents on their outstanding DSU awards.
- (4) This column represents the value of unvested PSUs where the number of PSUs eligible for vesting is based on performance and has not yet been determined, including dividend equivalent PSUs credited on such PSUs. PSUs vest on completion of a three-year period and entitle the holder, upon vesting, to a variable payout based on the value of a Share and dependent on the Corporation's performance against specific performance criteria. Market value is calculated using the closing price of \$1.28 per Share on December 31, 2020, and performance multipliers which use actual performance results to December 31, 2020 and target performance results for future years covered by the PSU performance periods. The market value presented does not reflect the actual value of the payment that may be received after the vesting of the award.

The following table sets forth the value vested or earned by the NEOs under the Corporation's Option and share-based award programs for the year ended December 31, 2020:

Named Executive Officer	Value vested during the year		Value earned during the year
	Option-based Awards <sup>(1)</sup>	Share-based Awards <sup>(2)</sup>	Non-equity incentive plan compensation <sup>(3)</sup>
Donald Demens	-	\$210,254	\$625,000
Stephen Williams	-	\$96,492	\$385,000
Bruce Alexander	-	-	\$215,000
Jennifer Foster	-	\$40,628	\$210,000
Shannon Janzen	-	\$33,851	\$185,000

- (1) Option value vested was calculated by multiplying the number of Options that vested in 2020 by the difference between the exercise price and the closing price of the Shares on the vesting date, where the result was a positive amount.
- (2) Share-based awards vested reflects DSU dividend equivalents credited in 2020 and PSUs vested at December 31, 2020. The DSU Plan was closed to executives effective January 1, 2015 however certain executives continue to earn DSU dividend equivalents, which vest immediately upon grant, on their outstanding DSU awards. Share-based awards vested was calculated by multiplying the number of share units that vested in 2020 by the closing price of the Shares on the vesting date.
- (3) Relates to AIP and President's Awards as disclosed in the "Summary Compensation Table".

## PENSION PLAN BENEFITS

The Corporation has two funded defined benefit pension plans, two unfunded defined benefit pension plans, a funded defined contribution pension plan and several voluntary group retirement savings plans, all of which provide retirement benefits to substantially all of our salaried employees and certain hourly employees.

The defined benefit pension plans ("DB Plans I & II") were closed to new participants effective June 30, 2006. No further benefits accrue under these plans for years of service after December 31, 2010, and no further benefits accrue under these plans for compensation increases effective December 31, 2016. The only NEO that is a member of DB Plan I is Ms. Shannon Janzen. The following table provides information on the change in the accrued liability and the estimated annual benefit payable at the normal retirement date for each of the NEOs participating in DB Plans I & II:

Named Executive Officer	Number of Years of Credited Service	Annual Benefits Payable <sup>(1)</sup>		Opening present value of defined benefit obligation at Dec 31, 2019 <sup>(2)</sup>	Compensatory Change <sup>(3)</sup>	Non-compensatory Change <sup>(4)</sup>	Closing present value of defined benefit obligation at Dec 31, 2020 <sup>(2)</sup>
		At Dec 31, 2020	At age 65				
Shannon Janzen	7.42	\$24,100	\$24,100	\$319,000	-	\$77,000	\$396,000

- (1) Annual benefits payable are based on final average earnings at December 31, 2016 and years of service as at December 31, 2010. Effective December 31, 2010 no further benefits accrue under this plan.
- (2) The present value is the estimated value of the obligation calculated using actuarial assumptions that are consistent with those described in the Notes to the Consolidated Financial Statements of the Company.
- (3) Compensatory change represents the differences in actual compared to expected salaries.
- (4) Non-compensatory change includes items such as interest on the obligation and the impact of changes in the discount rate assumption.

With the closure of DB Plans I & II, the former members became eligible to join our existing defined contribution pension plan ("DC Plan") and substantially all salaried employees, including all NEOs, are members of our DC Plan. For all members of the DC Plan, the Corporation contributes 7% of each participant's base salary and AIP to the DC Plan, up to the maximum contribution allowed under the *Income Tax Act* (Canada) (the "ITA Limit").

The Corporation has a Supplementary Executive Retirement Plan (the “SERP”) that provides a pension supplement to executive officers who are also members of the DC Plan in order to provide total pension contributions to the level that members would receive if no ITA Limit was in place. SERP benefits are accumulated based on 7% of annual base salary and AIP, less the Corporation’s contributions to the DC Plan. Contributions under the SERP are accumulated with interest, and are payable to the executives upon retirement, death or termination of employment, other than termination with cause. Benefits are paid out in a lump sum, or over five annual installments. The SERP is funded from general operations.

The following table provides total accumulated value of the DC Plan and the SERP at the start and end of the year, as well as compensatory amounts earned during the year, for each of the NEOs:

<b>Named Executive Officer</b>	<b>Accumulated Value at January 1, 2020</b>	<b>Compensatory Change<sup>(1)</sup></b>	<b>Accumulated Value at December 31, 2020</b>
Donald Demens	\$549,310	\$50,750	\$626,687
Stephen Williams	\$303,587	\$33,250	\$360,920
Bruce Alexander	\$30,352	\$27,300	\$63,256
Jennifer Foster	\$149,335	\$22,838	\$191,601
Shannon Janzen	\$271,526	\$19,950	\$313,776

(1) Compensatory change represents the Corporation’s DC Plan and SERP contributions on behalf of the NEO.

## **TERMINATION AND CHANGE OF CONTROL BENEFITS**

The Corporation has entered into agreements with each NEO that provide notice or payment in lieu thereof on instance of termination for other than just cause, including termination involving change of control. With respect to a change of control situation, these agreements have a double-trigger requirement, meaning that two events must occur before any cash benefits are payable: a change of control and termination of employment without cause within 24 months of the change of control.

Change of control is defined as (i) the acquisition of 50% or more of the voting rights attached to all outstanding voting shares of the Corporation by a person or combination of persons, (ii) the amalgamation, consolidation or combination of the Corporation with, or merger into, any other person (unless the Corporation is the surviving person, and at least 50% of the voting rights attached to all outstanding voting shares immediately after such a transaction are held by persons who held them immediately before such a transaction), (iii) the disposition of 90% or more of the assets of the Corporation (unless the disposition is to a corporation and immediately after the disposition, at least 50% of the voting rights attached to all outstanding voting shares of such corporation are owned by the Corporation, or by persons who held the voting rights immediately before such a disposition), or, (iv) directors elected at the beginning of any one year term cease to constitute 50% of the Board during such year, other than as a result of voluntary resignation.

Pursuant to the Corporation’s LTI plans, the extent to which unvested stock options and PSUs may be forfeited, paid out (PSUs) or continue to vest following termination of employment varies depending on the circumstances giving rise to the termination. See “*Securities Authorized for Issuance Under Equity Compensation Plans*” for further information with respect to the treatment of Options under different scenarios on ceasing employment with the Corporation.

The table below outlines the Corporation's approach to compensation payable to NEOs upon retirement, termination or termination without cause within two years of a change of control:

Event	Base Salary	AIP	Option Plan	PSU Plan
Retirement	None	Prorated up to retirement	No further vesting of awards	Prorated up to retirement <sup>(3)</sup>
Termination for just cause	None	None	Immediate forfeiture	
Termination without cause <sup>(1)</sup>	18-24 months	18-24 months <sup>(2)</sup>	90 day exercise window for vested awards only	Prorated up to termination <sup>(3)</sup>
Termination without cause within 24 months of change of control	24 months	24 months <sup>(2)</sup>	Immediate vesting of all awards, 90 day exercise window	Immediate vesting of all awards <sup>(4)</sup>

- (1) Agreements provide 24 months' notice or payment in lieu thereof to the Chief Executive Officer and 18 months' notice or payment in lieu thereof to other NEOs.
- (2) Incremental payment due is calculated as the average AIP award earned in the past three years, multiplied by the number of months' notice or payment in lieu thereof due. If the NEO has worked for the Corporation for less than three years, the AIP award will be averaged over the actual period worked.
- (3) Plan participants continue to be entitled to payment, occurring at the end of each underlying three-year performance period. Incremental payment due is calculated as the final value of PSUs vested at the end of the performance period, prorated based on the number of days employed during the related performance period.
- (4) Participants will be entitled to payment on the date of termination without cause within 24 months of change of control, applying a Performance Multiplier of 100%.

The following table sets out the estimated payments which would have resulted from termination without cause or a change of control, assuming the event occurred on December 31, 2020:

		Estimated Payments in Respect of:					
Named Executive Officer	Type of Event	Base Salary	AIP	Unvested PSUs <sup>(2)</sup>	Pension	Other <sup>(3)</sup>	Total
Donald Demens	Term. without cause	\$1,450,000	\$813,333	\$374,863	\$158,433	-	\$2,796,629
	Change of control <sup>(1)</sup>	\$1,450,000	\$813,333	\$1,053,656	\$158,433	\$58,180	\$3,533,602
Stephen Williams	Term. without cause	\$712,500	\$360,000	\$176,835	\$75,075	-	\$1,324,410
	Change of control <sup>(1)</sup>	\$950,000	\$480,000	\$497,043	\$100,100	\$52,180	\$2,079,323
Bruce Alexander	Term. without cause	\$585,000	\$128,263	\$104,858	\$49,928	-	\$868,049
	Change of control <sup>(1)</sup>	\$780,000	\$171,017	\$294,732	\$66,571	\$50,140	\$1,362,460
Jennifer Foster	Term. without cause	\$495,000	\$182,500	\$83,480	\$47,425	-	\$808,405
	Change of control <sup>(1)</sup>	\$660,000	\$243,333	\$234,509	\$63,233	\$46,000	\$1,247,075
Shannon Janzen	Term. without cause	\$427,500	\$160,000	\$70,732	\$41,125	-	\$699,357
	Change of control <sup>(1)</sup>	\$570,000	\$213,333	\$198,811	\$54,833	\$20,484	\$1,057,461

- (1) Change of control assumes termination without cause on December 31, 2020, within 24 months of a previously occurring change of control of the Corporation.
- (2) Unvested PSUs are valued at \$1.28, the closing price of Shares on December 31, 2020.
- (3) Other includes the equivalent value of 18 to 24 months of payments for benefits such as life insurance, medical and dental benefits, and car allowance.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As at December 31, 2020	Number of Securities to be issued upon exercise of outstanding Options	Weighted-average exercise price of outstanding Options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by shareholders	18,259,924	\$1.58	5,206,850
Equity compensation plans not approved by shareholders	-	-	-
Total	18,259,924	\$1.58	5,206,850

Our Option Plan was adopted in 2004 and amended on May 10, 2007, May 8, 2008, June 3, 2011, May 8, 2013, March 13, 2015, February 17, 2016, February 16, 2017 and March 7, 2018. The Option Plan is administered by the Board with the assistance of the MRCC in accordance with our compensation policies and the policies of the TSX.

Our Option Plan currently permits the granting of Options in accordance with the terms of the Option Plan to eligible participants to purchase up to a maximum of 30,000,000 Shares (representing approximately 8.0% of the issued and outstanding Shares as of the date hereof). No further Options have been granted since December 31, 2020, and 512,620 Options were exercised on March 17, 2021. Hence, as of the date hereof, there are Options to purchase 17,747,304 Shares (representing approximately 4.7% of the issued and outstanding Shares as of the date hereof) that have been granted to eligible participants and are outstanding, 6,767,181 Shares that have been issued pursuant to the exercise of Options (representing approximately 1.8% of the issued and outstanding Shares as of the date hereof), and a total of 5,206,850 Shares that will remain available under the Option Plan (representing approximately 1.4% of the issued and outstanding Shares as of the date hereof). Options which have expired, were cancelled or otherwise terminated without having been exercised are available for subsequent grants under the Option Plan. The annual burn rate of the Option Plan for the last three years has been: 2020 – 1.40%; 2019 – 0.66% and 2018 – 0.31%.

The Option Plan provides that the Board may from time to time grant Options to acquire Shares to any participant who is an employee, officer or director of Western or its affiliates or a consultant to the Corporation or its affiliates. The Options are non-assignable and non-transferable otherwise than by will or by the laws governing the devolution of property in the event of death. Each Option entitles the holder to acquire one Share, subject to certain adjustments. The exercise price for Options granted pursuant to the Option Plan will be determined by the Board on the date of the grant, which price may not be less than the market value on that date. “Market value” is defined under the Option Plan as the closing price of our Shares on the TSX on the trading day immediately preceding the grant day and if there is no closing price, the last sale prior thereto. The term of the Options granted is determined by the Board, which term may not exceed a maximum of ten years from the date of the grant. Pursuant to the Option Plan, additional terms and conditions, including vesting requirements, may be imposed by the Board on Options granted. The Option Plan does not contemplate that the Corporation will provide financial assistance to any optionee in connection with the exercise of the Option.

The maximum number of Shares that may be issued to the Corporation’s insiders and their associates pursuant to Options granted under the Option Plan within any one-year period, when taken together with the number of Shares issued to such insiders and their associates under our other previously established or proposed share compensation arrangements, may not exceed 10% of the issued and outstanding Shares on a non-diluted basis at the end of such period and, in the case of any one insider and his or her associates, may not exceed 5% of such issued and outstanding Shares.

The maximum number of Shares that may be reserved for issuance under Options granted to insiders and their associates under the Option Plan together with the number of Shares reserved for issuance to such insiders and their associates under other previously established or proposed share compensation arrangements may not exceed 10% of the issued and outstanding Shares on a non-diluted basis at the grant date of the Options.

Unless otherwise determined by the Board, if the holder of the Option ceases to be an eligible participant under the Option Plan:

- (a) for any reason other than death, retirement, early retirement, sickness or disability, the Options held by the participant cease to be exercisable;
- (b) as a result of retirement (other than early retirement), Options that are held by the participant that have vested continue in force;
- (c) by reason only of early retirement as permitted under the provisions of our pension plan, Options that are held by the participant that have vested continue in force; and
- (d) as a result of death, the legal representatives of the participant may exercise the Options that are held by the participant within six months after the date of the participant's death to the extent such Options were by their terms vested and exercisable as of the date of the participant's death or within the period of six months following the participant's death.

For greater clarity, no Option shall be exercisable after the expiry of the option period applicable thereto.

The Option Plan also provides that if an Option expires:

- (a) within a self-imposed black-out period, the expiry date will be a date which is ten business days after expiry of the black-out period; or
- (b) within nine business days after the end of a self-imposed black-out period. The expiry date will be a date which is ten business days after expiry of the black-out period less the number of business days between the date of expiry of the Option and the date on which the black-out period ends.

The expiry dates for black-out periods are fixed under the Option Plan and are not subject to the discretion of the Board.

The Board may, subject to securities regulators' and/or TSX and security holder approval requirements, from time to time amend, suspend or terminate the Option Plan in whole or in part. The directors also have the right, in their absolute discretion, to amend the Option Plan or any Option without shareholder approval to make the following changes:

- (a) amending the time or times that the Shares subject to each Option will become purchasable by an optionee, including accelerating the vesting terms, if any, applicable to an Option;
- (b) amending the process by which an optionee who wishes to exercise his or her Option can do so, including the required form of payment for the Shares being purchased, the form of exercise notice and the place where such payments and notices must be delivered;
- (c) amending the terms of the Option Plan relating to the effect of termination, cessation or death of an optionee on the right to exercise Options (including Options held by an insider of the Corporation);
- (d) making any amendments of a typographical, grammatical or clerical nature; and
- (e) making any amendments necessary to bring the Option Plan into compliance with applicable securities and corporate laws and the rules and policies of the TSX.

Shareholder approval is required for amendments that:

- (a) remove or exceed the insider participation limits;
- (b) removes or increases non-employee director participation limits;
- (c) increase the fixed maximum number of Shares issuable under the Option Plan;
- (d) extends the term of any Option;
- (e) permits Options to be transferable or assignable, other than for normal estate settlement purposes;  
or
- (f) changes the amendment provisions of the Option Plan, other than where the changes are typographical, grammatical, clerical, or necessary to comply with securities and corporate laws and the rules and policies of the TSX.



## OTHER INFORMATION

### PERFORMANCE AND NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS MEASURES

We use a number of non-IFRS measures to measure overall performance and to assess each of our business. Non-IFRS measures are not defined terms under IFRS and, therefore, are unlikely to be comparable to similar terms used by other issuers. Therefore, they should not be considered in isolation or as a substitute for any other financial information prepared in accordance with IFRS.

ROCE is a non-GAAP measure and does not have a standardized meaning under IFRS. ROCE is used by Western to measure its return on capital employed and is defined as the earnings of Western before interest charges, taxes, depreciation and amortization (“adjusted EBITDA”), divided by capital employed (defined as net working capital, property, plant and equipment, intangible assets, biological assets and other assets).

For a discussion of adjusted EBITDA and how it relates to our reported net income, see our most recent Management’s Discussion and Analysis which is available on the Corporation’s website at [www.westernforest.com](http://www.westernforest.com).

### SHAREHOLDER PROPOSALS FOR NEXT YEAR’S ANNUAL MEETING

The *Canada Business Corporations Act* permits certain eligible shareholders of the Corporation to submit shareholder proposals to the Corporation, which proposals may be included in a management information circular relating to an Annual Meeting of shareholders. Any notice of a shareholder proposal intended to be raised at next year’s Annual Meeting of our shareholders must be in compliance with section 137 of the *Canada Business Corporations Act* and submitted to us at our registered office, to the attention of the Corporate Secretary, on or before December 21, 2021, to be considered for inclusion in the management information circular for the Annual Meeting of our shareholders in 2022.

### AVAILABILITY OF DISCLOSURE DOCUMENTS

Financial information is provided in our comparative annual financial statements and management’s discussion and analysis of financial condition and results of operations for the financial year ended December 31, 2020.

We will provide any person or company, upon request to the Corporate Secretary of the Corporation, with a copy of this Circular and: (i) the most recent Annual Information Form of the Corporation, together with a copy of any document, or pertinent pages of any document, incorporated therein by reference; (ii) the comparative financial statements of the Corporation for the fiscal year ended December 31, 2020, together with the report of the auditors thereon; (iii) the most recent annual report of the Corporation, which includes management’s discussion and analysis of financial condition and results of operations; and (iv) the interim financial statements of the Corporation for the periods subsequent to the end of its fiscal year. This information, along with other information relating to the Corporation, is also available on the Corporation’s web site at [www.westernforest.com](http://www.westernforest.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### DIRECTORS’ APPROVAL

The contents and sending of the Circular have been approved by the directors of the Corporation.

By Order of the Board of Directors

**“Michael T. Waites”**

Michael T. Waites  
Chair, Board of Directors  
Western Forest Products Inc.

# APPENDIX A: BYLAW NO. 1

## WESTERN FOREST PRODUCTS INC. (THE “CORPORATION”)

### BYLAW NO. 1

#### A BYLAW RELATING GENERALLY TO THE CONDUCT OF THE AFFAIRS OF THE CORPORATION

##### PART 1 INTERPRETATION

###### 1.1 Definitions

In this bylaw and all other bylaws of the Corporation, unless the context otherwise specifies or requires:

- (a) “Act” means the Canada Business Corporations Act, RSC 1985, c. C-44 and the regulations enacted pursuant to it in each case, as amended from time to time and every statute or regulation that may be substituted therefore and, in the case of such substitution, any references in the bylaws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefor in the next statute or regulation as the case may be;
- (b) “articles” means the articles, as that term is defined in the Act, of the Corporation, as amended or restated from time to time;
- (c) “auditor” means the auditor of the Corporation;
- (d) “board” or “board of directors” means the board of directors of the Corporation; “bylaw” means any bylaw of the Corporation from time to time in force and effect;
- (e) “Corporation” means Western Forest Products Inc.;
- (f) “director” means a director of the Corporation;
- (g) “electronic document” means, except in the case of a statutory declaration or affidavit required under the Act, any form of representation of information or of concepts fixed in any medium or by electronic, optical or other similar means and that can be read or perceived by a person or by any means;
- (h) “officer” has the meaning set forth in the Act but reference to any specific officer is to the individual holding that office of the Corporation;
- (i) “proxyholder” means a person holding a valid proxy for a shareholder; “shareholder” means a shareholder of the Corporation; and
- (j) “voting person” means, in respect of a meeting of shareholders, a shareholder entitled to vote at that meeting, a duly authorized representative of a shareholder entitled to vote at that meeting or a duly authorized proxyholder of a shareholder entitled to vote at that meeting.

Unless otherwise defined herein, all terms that are contained in the bylaws and that are defined in the Act, shall have the meanings given to such terms in the Act.

## **1.2 Number, Gender and Headings**

Words importing the singular number only shall include the plural and vice-versa and words importing a specific gender shall include the other gender. The insertion of headings in the bylaws and the division into Parts, Sections and other subdivisions are for convenience of reference only, and shall not affect the interpretation thereof.

## **1.3 Bylaws Subordinate to Other Documents**

The bylaws are subordinate to, and should be read in conjunction with, the Act, the articles and any unanimous shareholder agreement of the Corporation.

## **1.4 Computation of time**

The computation of Time and any period of days shall be determined in accordance with the Act and the provisions of the Interpretation Act (Canada) and any statute that may be substituted for it, as amended from time to time.

## **PART 2 DIRECTORS**

### **2.1 Notice of Meeting**

Any director may call a meeting of the board by giving notice stating the time and place of the meeting to each of the directors. Except as otherwise required by the Act, such notice need not specify the purpose of or the business to be transacted at the meeting. Notices of board meetings shall be given in accordance with Section 7.1 no less than 24 hours before the time of the meeting, except that notices sent by mail shall be sent no less than 5 days before the day of the meeting.

### **2.2 Meetings Without Notice**

A meeting of the board may be held without notice immediately following the first or any annual meeting of shareholders.

### **2.3 Place of Meeting**

A meeting of the board may be held at any place within or outside Canada. If all directors consent, meetings of the board or of any committees of the board may be held by means of telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. Participation by a director or a member of a committee in a meeting under this Section 2.3 shall constitute presence in person at such meeting.

### **2.4 Quorum for Board Meetings**

At any meeting of the board, a quorum for the transaction of business shall be a majority of the number of directors in office from time to time.

The board shall not transact business at a meeting of directors unless the minimum number of resident Canadian directors required by the Act is present.

### **2.5 Chair of Board Meetings**

The chair of the board shall preside as chair of all meetings of the board. If there is no chair of the board or if the chair is not present or is unwilling to act as chair of a board meeting, then the chair of the Nominating and Corporate Governance Committee of the Corporation, if present, a director and willing to act, shall preside as chair of the board meeting. In any other case, the directors present at the meeting shall choose a director to preside as chair of the meeting.

## **2.6 Votes at Board Meetings**

Questions arising at a meeting of the board shall be decided by a majority of the votes. In the case of an equality of votes, the chair of the meeting shall not have a second or casting vote.

## **2.7 Committees**

Subject to the provisions of the Act and unless otherwise determined by the board, each committee of the board shall have power to fix its quorum at not less than the majority of its members and to regulate its procedures.

## **2.8 Officers**

The Board may appoint such officers of the Corporation as they deem appropriate from time to time. Any officer may, however, resign at any time by giving notice to the Corporation.

# **PART 3 MEETING OF SHAREHOLDERS**

## **3.1 Notice of Shareholders' Meetings**

The board may call a meeting of shareholders by causing notice of the time, place, if any, means of remote communication, if any and, when required by the Act, purposes of the meeting to be given to

- (a) each shareholder entitled to vote at the meeting and registered on the records of the Corporation on the record date,
- (b) each director; and
- (c) the auditor.

Without limiting the manner by which notice otherwise may be given effectively to shareholders, notice of meeting may be given to shareholders by means of electronic transmission in accordance with applicable law.

## **3.2 Quorum at Meetings of Shareholders**

The quorum for transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 25% of the issued shares entitled to be voted at the meeting.

## **3.3 Chair of Shareholder Meetings**

The chair of the board shall preside as chair of all meetings of shareholders. If there is no chair of the board or the chair of the board is not present or is unwilling to act as chair of a shareholder meeting, then the president of the Corporation, if present and willing to act, shall preside as chair of the shareholder meeting. In any other case, the directors present shall choose one of their number to be the chair of the meeting.

## **3.4 Voting**

Unless the chair of a meeting of shareholders directs a ballot or a voting person demands one, each motion shall be voted upon by a show of hands. Each voting person has one vote in a vote by show of hands. A ballot may be directed or demanded either before or after a vote by show of hands. If a ballot is taken, a prior vote by show of hands has no effect. A ballot so directed or demanded shall be taken in such manner as the chair of the meeting shall direct. If a ballot is taken, each voting person shall be entitled with respect to each share which he is entitled to vote at the meeting upon the motion, to one vote or such other number of votes as may be provided by the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said motion.

Subject to compliance with the Act, any vote at a meeting of shareholders may be taken in whole or in part by means of a telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

Unless a ballot is directed or demanded, an entry in the minutes of a meeting to the effect that the chair of the meeting declared a resolution to be carried or defeated is, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

### **3.5 Scrutineers**

The chair of a meeting of shareholders may appoint for that meeting one or more scrutineers, who need not be voting persons.

### **3.6 Meeting by Electronic Means**

The directors may determine that a meeting of shareholders shall be held entirely by means of telephonic, electronic or other communication facilities that permit all participants to communicate adequately with each other during the meeting. A meeting of shareholders may also be held at which some, but not necessarily all, persons entitled to attend may participate by means of such communication facilities, if the directors determine to make them available. The board may establish, in connection with any meeting of shareholders, procedures regarding voting at the meeting by way of telephonic, electronic or other communication facilities consistent with those procedures.

### **3.7 Meeting Attendance**

The only persons entitled to attend a meeting of shareholders are voting persons, the directors, the auditor and the president, if any, as well as others permitted by the chair of the meeting.

Any person entitled to attend a meeting of shareholders may participate in the meeting by means of a telephonic, electronic or other communication facility provided that the chair of the board is satisfied that all participants will be able to communicate adequately with each other during such meeting and the Corporation makes such a communication facility available. Any person participating in a meeting by telephonic, electronic or other communication facility shall be deemed to be present at the meeting for all purposes.

### **3.8 Adjournments**

The chair of the meeting may and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place but no business shall be transacted at the adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

## **PART 4 SECURITY CERTIFICATES, PAYMENTS**

### **4.1 Certificates**

Security certificates shall be in such form as the board may approve. The president or the board or a transfer agent or branch transfer agent of the Corporation authorized to do so by the president or the board may order the cancellation of any security certificate that has become defaced and the issuance of a replacement certificate for it when the defaced certificate is delivered to the Corporation or to a transfer agent or branch transfer agent of the Corporation.

### **4.2 Cheques**

Any amount payable in cash to shareholders (including dividends payable in cash) may be paid by cheque drawn on any of the Corporation's bankers to the order of each registered holder of shares of the class or series in respect of which such amount is to be paid. Cheques may be sent by ordinary mail, postage

prepaid, to each such registered holder at that holder's address as shown in the records of the Corporation, unless that holder otherwise directs in writing. The mailing of a cheque as aforesaid shall satisfy and discharge all liability for the applicable dividend or other payment to the extent of the sum represented by such cheque plus the amount of any tax which the Corporation is required to and does withhold, unless such cheque is not paid on due presentation.

#### **4.3 Cheques to Joint Shareholders**

Cheques payable to joint shareholders shall be made payable to the order of all such joint shareholders unless such joint shareholders direct otherwise. Such cheques may be sent to the joint shareholders at the address appearing on the records of the Corporation in respect of that joint holding, to the first address so appearing if there is more than one, or to such other address as those joint shareholders direct in writing.

#### **4.4 Non-Receipt of Cheques**

The Corporation shall issue a replacement cheque in the same amount to any person who does not receive a cheque sent as provided in this bylaw, if that person has satisfied the conditions regarding indemnity, evidence of non-receipt and title set by the board from time to time, either generally or for that particular case.

#### **4.5 Currency of Dividends**

Dividends or other distributions payable in cash may be paid to some shareholders in Canadian currency and to other shareholders in equivalent amounts of a currency or currencies other than Canadian currency. The board may declare dividends or other distributions in any currency or in alternative currencies and make such provisions as it deems advisable for the payment of such dividends or other distributions.

#### **4.6 Interest; Fractions**

No dividend or other distribution shall bear interest against the Corporation. Where the dividend or other distribution to which a shareholder is entitled includes a fraction of a cent, such fraction shall be disregarded and such payment shall be deemed payment in full.

#### **4.7 Fractional Security or Property**

If any dividend or other distribution results in any shareholder being entitled to a fractional part of a security or property, the Corporation may pay such shareholder in place of that fractional part the cash equivalent thereof as determined by the board or may carry out the distribution and adjust the rights of the shareholders on any basis the board considers appropriate.

### **PART 5 SIGNATORIES, INFORMATION**

#### **5.1 Signatories**

Except for documents executed in the usual and ordinary course of the Corporation's business, which may be signed by any officer or employee of the Corporation acting within the scope of his or her authority, the following are the only persons authorized to sign any document on behalf of the Corporation:

- (a) any individual appointed by resolution of the board to sign the specific document, that type of document or documents generally on behalf of the Corporation; or
- (b) any director or any officer appointed to office by the board,

and when so signed such document shall be binding upon the Corporation without further act or formality. Except as otherwise provided herein, the signature of any individual authorized to sign on behalf of the Corporation may, if authorized by resolution of the board or permitted herein, be written, printed, or otherwise mechanically or electronically reproduced as contemplated by the Act. Anything so signed shall

be as valid as if it had been signed manually, even if that individual has ceased to hold office when anything so signed is issued or delivered, until revoked by resolution of the board.

The corporate seal of the Corporation, if any, may be affixed to contracts, documents and instruments in writing signed as aforesaid or by any officer or officers, person or persons, appointed as aforesaid by the board of directors but any such contract, document or instrument is not invalid merely because the corporate seal, if any, is not affixed thereto.

## **5.2 Restriction on Information Disclosed**

Except as required by the Act or authorized by the board, no shareholder is entitled by virtue of being a shareholder to disclosure of any information, document or records respecting the Corporation or its business.

## **PART 6 PROTECTION AND INDEMNITY**

### **6.1 Transactions with the Corporation**

No director or officer shall be disqualified by reason of being a director or officer of the Corporation from, or be required to vacate his position as a director or officer by reason of, holding any other office, employment or other position with or having any pecuniary interest with respect to the Corporation or any other body corporate or contracting with or being otherwise in any way directly or indirectly interested in or concerned with any contract, transaction or arrangement made or proposed to be made with the Corporation or being a director or officer or acting in a similar capacity of, or having any interest in, another party to such contract, transaction or arrangement. No such contract, transaction or arrangement shall be void or voidable for any such reason and no director or officer shall be liable to account to the Corporation or others for any profit arising from any such office, employment or other position or pecuniary interest or realized in respect of any such contract, transaction or arrangement, except in all cases as otherwise provided in the Act.

### **6.2 Limitation of Liability**

Subject to any applicable statutory provisions, no director or officer and no other individual who acts at the Corporation's request as a director or officer, or in a similar capacity, of another entity, shall be liable for:

- (a) the acts, receipts, neglects or defaults of any other person;
- (b) joining in any receipt or other act for conformity;
- (c) any loss, damage or expense to the Corporation or other entity arising from the insufficiency or deficiency of title to any property acquired by or on behalf of the Corporation or other entity;
- (d) the insufficiency or deficiency of any security in or upon which any monies of the Corporation or other entity are invested;
- (e) any loss, damage or expense arising from the bankruptcy, insolvency, act or omission of any person with whom any monies, securities or other property of the Corporation or other entity are lodged or deposited;
- (f) any loss, damage or expense occasioned by any error of judgment or oversight; or
- (g) any other loss, damage or expense related to the performance or non-performance of the duties of that individual's office.

### **6.3 Contracts on Behalf of the Corporation**

Subject to the Act, any contract entered into, or action taken or omitted, by or on behalf of the Corporation shall, if duly approved by a resolution of the shareholders, be deemed for all purposes to have had the prior authorization of the shareholders.

### **6.4 Indemnity of Directors and Officers**

Subject to the limitations contained in the Act, but without limiting the right of the Corporation to indemnify any individual under the Act or otherwise to the full extent permitted by law, the Corporation:

- (a) shall indemnify each director or officer or former director or officer and each other individual who acts or has acted at the Corporation's request as a director or officer, or in a similar capacity, of another entity (and each such individual's respective heirs and personal representatives), against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity, provided:
  - (i) the individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as a director or officer or in a similar capacity at the Corporation's request; and
  - (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful; and
- (b) shall advance monies to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in Section 6.4(a) in accordance with the Act.

Notwithstanding the foregoing, any such indemnity or advance of monies in respect of an action referred to in Section 6.4(a) by or on behalf of the Corporation or other entity in respect of which an individual has acted as director or officer or in a similar capacity at the request of the Corporation to procure judgment in its favour (i.e. a derivative action) shall be subject to approval of a court.

### **6.5 Indemnities Not Limiting**

The provisions of this Article 6 shall be in addition to and not in substitution for or limitation of any rights, immunities and protections to which a person is otherwise entitled.

## **PART 7 NOTICES**

### **7.1 Procedure for Giving Notices**

Any notice (which term includes any communication or document) to be given pursuant to the Act, the articles, the bylaws or otherwise to a shareholder or other securityholder of the Corporation, director, officer or auditor shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person's address as shown in the records of the Corporation or mailed to the person at such address by ordinary mail, postage prepaid, or, if the person consents, provided by electronic document in accordance with the Act. Notice shall not be sent by mail if there is any general interruption of postal services in the municipality in which or to which it is mailed. Any notice delivered shall be deemed to have been received when it is delivered personally or at the address as aforesaid. Except as otherwise specified by law or where permitted by contract any such notice mailed or provided by electronic document as aforesaid shall be deemed to have been received at the time specified in the Act.



## **7.2 Notices to Successors in Title**

Notice to a shareholder or other securityholder as aforesaid is sufficient notice to each successor in title to that shareholder or other securityholder until the name and address of that successor have been entered on the records of the Corporation.

## **7.3 Notice to Joint Securityholders**

Notice to one joint securityholder is sufficient notice to all of them. Such notice shall be addressed to all such joint securityholders and sent to the address for them shown in the records of the Corporation, or to the first such address if there is more than one.

## **7.4 Facsimile Signatures on Notices**

The signature on any notice or other communication or document to be sent by the Corporation may be written, printed, stamped, engraved, lithographed or otherwise mechanically reproduced.

## **7.5 Omission of Notice Does Not Invalidate Actions**

All actions taken at a meeting in respect of which a notice has been given shall be valid even if:

- (a) by accident, notice was not given to any person;
- (b) notice was not received by any person; or
- (c) there was an error in a notice that did not affect the substance of the notice.

## **7.6 Waiver of Notice**

Any person entitled to notice under the Act, the articles or the bylaws may waive that notice. Waiver, either before or after the event referred to in the notice, shall cure any defect in giving that notice to such person.

# **PART 8 BORROWING POWERS**

## **8.1 Power to Borrow**

In addition to, and without limiting such other powers which the Corporation may by law possess, the directors of the Corporation may without authorization of the shareholders:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell, pledge or hypothecate debt obligations of the Corporation;
- (c) give a guarantee or indemnity on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

The words "debt obligation" as used in this paragraph mean a bond, debenture, note or other evidence of indebtedness or guarantee of the Corporation, whether secured or unsecured.

## **8.2 Delegation**

The directors may from time to time by resolution delegate the powers conferred on them by paragraph 8.1 to a director, a committee of directors or an officer of the Corporation.

## **8.3 Powers not in Substitution**

The powers hereby conferred shall be deemed to be in supplement of and not in substitution for any powers to borrow money for the purposes of the Corporation possessed by its directors or officers independently of a borrowing bylaw.

## **PART 9 MAKE, AMEND OR REPEAL OF BYLAWS**

### **9.1 Make, Amend or Repeal Bylaws**

Subject to compliance with the Act, the board may make, amend or repeal one or more bylaws.

### **9.2 Effect of Amendment or Repeal of Bylaws**

The amendment or repeal of any bylaw in whole or part shall not in any way affect the validity of any act done or right, privilege, obligation or liability acquired or incurred thereunder prior to such amendment or repeal. All directors, officers and other persons acting under any bylaw amended or repealed in whole or part shall continue to act as if elected or appointed under the provisions of this bylaw.

MADE by the Board of Directors as of the 5th day of November, 2020.

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Don Demens, Director & Chief Executive Officer

## APPENDIX B: BYLAW NO. 2

### WESTERN FOREST PRODUCTS INC. (THE “CORPORATION”)

#### BYLAW NO. 2

#### PART 1 INTERPRETATION

##### 1.1 Definitions

- (a) “**Act**” means the *Canada Business Corporations Act*, RSC 1985, c. C-44 and the regulations enacted pursuant to it in each case, as amended from time to time and every statute or regulation that may be substituted therefore and, in the case of such substitution, any references in the bylaws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefor in the next statute or regulation as the case may be;
- (b) “**Affiliate**”, when used to indicate a relationship with a specific person, shall mean a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such specified person;
- (c) “**Applicable Securities Laws**” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such legislation and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each province and territory of Canada;
- (d) “**Associate**” has the meaning given to it in the Act;
- (e) “**Bylaws**” means this Bylaw and any other bylaws of the Corporation as amended and which are, from time to time, in force and effect;
- (f) “**Board**” means the board of directors of the Corporation;
- (g) “**Close of Business**” means 5:00 p.m. (Vancouver time) on a business day in that city;
- (h) “**Corporation**” means Western Forest Products Inc.;
- (i) “**Director Nomination**” means the nomination of one or more individuals for the election of directors to the Board made (a) by or at the direction of the Board in a notice of meeting or any supplement thereto; (b) before the meeting by or at the direction of the Board; or (c) by a shareholder of the Corporation in accordance with Sections 2.1(b) to 2.1(e);
- (j) “**meeting**” means an annual meeting, an annual and special meeting or a special meeting (that is not an annual and special meeting) called for the purpose of electing directors by the Corporation’s shareholders entitled to vote on such matters;
- (k) “**Meeting Notice Date**” means the date on which the first notice to the shareholders or first Public Announcement of the date of the meeting was issued by the Corporation;
- (l) “**NI 51-102**” means National Instrument 51-102 (Continuous Disclosure Obligations);
- (m) “**Nominating Shareholder**” has the meaning given to it in Section 2.1(b);
- (n) “**Nomination Notice**” has the meaning given to it in Section 2.1(b);

- (o) **“Public Announcement”** means disclosure in (a) a press release reported in a national news service in Canada or (b) a document publicly filed by the Corporation or its transfer agent and registrar under the Corporation's profile on SEDAR; and
- (p) **“SEDAR”** means the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

## PART 2 MEETINGS OF SHAREHOLDERS

### 2.1 Advance Notice of Nomination of Directors

- (a) **Nomination Requirements.** Subject to the Act, Applicable Securities Laws and the articles of the Corporation, only those individuals named in the Director Nominations will be eligible for the election of directors to the Board.
- (b) **Timely Notice.** A shareholder (the “Nominating Shareholder”) must give written notice of its Director Nominations, the contents of such notice are set out in Sections 2.1(d) and 2.1(e) (such notice, a “Nomination Notice”), to the secretary of the Corporation even if such matter is already the subject of a notice to the shareholders or a Public Announcement. The Nomination Notice must be received by the Corporation:
  - (i) in the case of an annual meeting (including an annual and special meeting), not less than 30 days before the date of such meeting (except that, if the meeting is to be held on a date that is less than 50 days after the Meeting Notice Date, notice by the Nominating Shareholder shall be made not later than the Close of Business on the 10th day after the Meeting Notice Date; and
  - (ii) in the case of a special meeting (which is not also an annual meeting) called for the purpose of electing directors (whether or not also called for the purpose of conducting other business) not later than the Close of Business on the 15th day after the Meeting Notice Date.
- (c) **Delivery of Notice.** Notwithstanding any other provision of this Bylaw, a Nominating Shareholder shall deliver the Nomination Notice to the Corporation's registered office. A Nomination Notice shall be delivered by personal delivery or nationally recognized overnight courier (with all fees prepaid).
- (d) **Nomination Notice Information.** A Nomination Notice must include the following information respecting each of the Nominating Shareholder's nominees:
  - (i) each nominee's name, age, province or state and country of residence;
  - (ii) a statement indicating whether each nominee is a “resident Canadian” as defined in the Act and the regulations made under the Act;
  - (iii) each nominee's principal occupation, business or employment, both at present and within the five years preceding the notice;
  - (iv) the number of securities of each class of voting securities of the Corporation (or any of its subsidiaries) beneficially owned, or controlled or directed, directly or indirectly, by each nominee, as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such Nomination Notice;
  - (v) a description of any relationship, agreement, arrangement or understanding between the Nominating Shareholder and each nominee, or any Affiliates or Associates of, or any person acting jointly or in concert with the Nominating Shareholder or each nominee, in any respect relating to each nominee's Director Nomination;

- (vi) whether each nominee is a party to any existing or proposed relationship, agreement, arrangement or understanding with any competitor, supplier, officer, employee or other person having or involved in any contractual or fiduciary relationship with the Corporation or any Affiliate thereof or any other third party which may give rise to an actual or perceived conflict of interest between the interest of the nominee and the interests of the Corporation or any Affiliate thereof;
  - (vii) any other information concerning each nominee as would be required to be disclosed in a dissident proxy circular in connection with solicitations of proxies for the election of directors pursuant to the Act and Applicable Securities Laws;
  - (viii) a written consent duly signed by each nominee to being named as a nominee for election to the Board and to serve as a director of the Corporation, if elected; and
  - (ix) any such other information as the Corporation may reasonably require to determine the eligibility of each nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of each nominee in accordance with the Act, Applicable Securities Laws or any stock exchange rules that may be applicable to the Corporation.
- (e) **Additional Nomination Notice Information.** A Nomination Notice must include, with respect to the Nominating Shareholder, information with respect to any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has any rights or obligations relating to the voting of any securities of the Corporation any other information relating to such Nominating Shareholder that would be required to be disclosed in a dissident proxy circular in connection with solicitations of proxies for the election of directors pursuant to the Act and Applicable Securities Laws.
- (f) **Effect of Non-Compliance.** Notwithstanding anything in this Bylaw to the contrary: (i) no Director Nominations shall be made at any meeting except in accordance with the procedures set forth in this Section 2.1. The requirements of this Section 2.1 shall apply to any Director Nominations to be brought before a meeting by a shareholder whether such Director Nominations are to be included in the Corporation's management information circular under the Act and Applicable Securities Laws or presented to shareholders by means of an independently financed proxy solicitation, provided that nothing herein shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the Act. The chair of the meeting of shareholders shall have the power to determine whether a nomination was made in accordance with the procedures set for in this Bylaw. The requirements of this Section 2.1 are included to provide the Corporation notice of a shareholder's intention to bring one or more Director Nominations before a meeting and shall in no event be construed as imposing upon any shareholder the requirement to seek approval from the Corporation as a condition precedent to make such Director Nominations before a meeting.

### **PART 3 WAIVER**

**3.1 Waiver.** The Board may, in its sole discretion, waive any requirement in this Bylaw.

MADE by the Board of Directors as of the 5th day of November, 2020.

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Don Demens, Director & Chief Executive Officer

## **APPENDIX C: MANDATE OF THE BOARD OF DIRECTORS OF WESTERN FOREST PRODUCTS INC.**

### **1. Purpose**

The Board of Directors (the “**Board**”) of Western Forest Products Inc. (the “**Corporation**”) directly and through its committees, is responsible for the overall stewardship of the Corporation and is elected by the shareholders to represent and serve the interests of all shareholders of the Corporation while considering the interests of the Corporation’s various stakeholders.

### **2. Authority and Organization**

The Board retains authority over the administration of its own affairs, including:

- selecting the Chair of the Board;
- forming the following committees of the Board (and such other committees as it may appoint from time to time):
  - the Audit Committee,
  - the Management Resources and Compensation Committee (the “**MRCC**”),
  - the Nominating and Corporate Governance Committee (the “**NCGC**”); and
  - the Environmental, Health and Safety Committee (each a “**Committee**” and collectively the “**Committees**”); and
- delegating powers to Committees.

The Board will appoint a competent executive management team to run the day-to-day operations of the Corporation and will oversee and supervise the management of the business of the Corporation by that team. The Board will also review the Corporation’s systems of corporate governance and financial reporting and controls with the objective that the Corporation reports accurate and complete financial information to shareholders and engages in ethical and legal corporate conduct.

### **3. Members**

The number of directors comprising the Board is determined from time to time by the Corporation’s shareholders. A majority of the directors on the Board must be independent in accordance with applicable law.

The Corporation’s shareholders elect directors annually to the Board. Elections are conducted in accordance with the applicable legislation and the Corporation’s constating documents, including its articles and bylaws.

### **4. Meetings**

The Board may hold such meetings as are necessary or appropriate in order for the Board to fulfill its responsibilities and the Chair should establish a meeting calendar annually. The Chair will set the agenda and may seek input from Board members and the Corporation’s management in setting the agenda. The agenda and information concerning the business to be conducted at each Board meeting will be distributed

to the members of the Board in advance of each meeting to permit meaningful review.

All directors are expected to attend and participate in meetings, including reviewing all meeting materials before every Board meeting.

The independent directors will meet separately after every regularly scheduled Board meeting without non-independent directors and members of management in attendance. The independent directors may also hold other meetings at such times and with such frequency as the independent directors consider necessary.

## **5. Quorum**

A majority of members of the Board, present in person, by teleconference, or by videoconference will constitute a quorum.

## **6. Duties**

The Board will:

- (a) *Appointment, Supervision and Compensation of Management*
  - (i) *Appointments.* Appoint the Executive Officers and corporate officers of the Corporation. The term “**Executive Officer**” refers to the President and CEO (“**CEO**”), the Chief Financial Officer, the Chief Operating Officer, executive vice presidents, senior vice presidents and any other executive officer (as defined by applicable securities laws).
  - (ii) *CEO Position Description.* Together with the CEO, develop a clear CEO position description (including delineating management responsibilities).
  - (iii) *CEO Goals.* Review and approve the corporate goals and objectives that the CEO is responsible for meeting.
  - (iv) *CEO and Executive Officer Compensation.* Review and approve CEO and other Executive Officer compensation in light of performance with respect to the corporate goals and objectives.
  - (v) *Pension, Benefit and Incentive Pension Plans.* Review and approve pension, benefit, compensation, incentive and equity-based plans or policies and the designation of and grants to participants under such pension, benefit, compensation, incentive and equity-based plans or policies, as may be required by the respective plan or policy.
  - (vi) *Executive Officer Share Ownership Guidelines.* Review and approve share ownership guidelines applicable to Executive Officers.
  - (vii) *Integrity.* To the extent feasible, satisfy itself as to the integrity of the CEO and the Corporation’s management team, and encourage the CEO and the management team to create a culture of integrity throughout the organization.
  - (viii) *Succession Planning.* Review matters relating to Executive Officer succession.

(b) *Risk Management*

- (i) *Risk Identification.* Oversee identification of the principal risks of the Corporation's business, annually review the principal risks of the Corporation's business and ensure that appropriate procedures and systems are in place to manage, monitor and mitigate such risks.
- (ii) *Internal Controls.* Review and assess the adequacy and effectiveness of the Corporation's internal control and management information systems.
- (iii) *Delegation of Authority.* Develop and review delegation of authority guidelines to distinguish between areas of Board authority and those delegated to the CEO and management. The guidelines will set out matters to be presented to the Board for review.
- (iv) *Compliance.* Confirm that management processes are in place to address and comply with applicable regulatory, corporate, securities and other compliance matters.

(c) *Strategic Planning*

- (i) *Strategic Planning Process.* Adopt a strategic planning process and annually review and approve a corporate strategic plan that takes into account, among other things, the opportunities and risks of the business on a long-term and short-term basis.
- (ii) *Annual Budget.* Review and approve the Corporation's annual budget.
- (iii) *Operational Plans.* Review management's annual operational plans.
- (iv) *Performance.* Monitor performance against both short-term and long-term strategic plans, budgets, operational plans and annual performance objectives.

(d) *Shareholder Communication and Disclosure*

- (i) *Management Systems.* Confirm that management has established a system for effective corporate communications, including processes for consistent, transparent regular and timely public disclosure.
- (ii) *Disclosure Policy.* Review and approve the adoption of a disclosure policy relating to, among other matters, the confidentiality of the Corporation's business information.
- (iii) *Disclosure.* Review and approve the Corporation's financial statements, management's discussion and analysis, annual information form, information circular and other public disclosure documents.
- (iv) *Financial Reporting.* Oversee the Corporation's compliance with applicable audit, accounting and financial reporting requirements.
- (v) *Shareholder Reporting.* Report annually to shareholders on the Board's stewardship for the previous year.
- (vi) *Shareholder Feedback.* Determine appropriate criteria against which to evaluate corporate performance against shareholder expectations and confirm that the Corporation has a system in place to receive feedback from shareholders.



- (e) *Nomination, Composition and Operation of the Board and Governance Processes*
- (i) *Policies and Processes.* Review and approve the Corporation's corporate governance practices, policies and procedures including a majority voting policy, a policy relating to the number of outside boards on which any one director can sit, and a policy regarding share ownership requirements.
  - (ii) *Nominations.* Review and approve the constitution of the Board and the appointment of Board member candidates with regard to the approved criteria for selection of Board members.
  - (iii) *Position Descriptions.* Review and approve position descriptions for the Chair of the Board, the Lead Independent Director, if any, and the Chair of each Committee.
  - (iv) *Board Committee Charters.* Annually review the adequacy of and approve changes to the Charters of each Committee.
  - (v) *Independence.* Approve the independence of each Board member on an annual basis.
  - (vi) *Director Compensation.* Review and approve director compensation (including benefits).
  - (vii) *Assessment.* Review the annual assessment of the effectiveness of the Board, its committees and its members.
  - (viii) *Code of Conduct.*
    - Review and approve a Code of Business Conduct and Ethics (the "**Code**").
    - Review and approve officer or director waivers to the Code.
    - Where a waiver has been granted, determine whether disclosure of the waiver is necessary in accordance with applicable legislative or regulatory requirements.
  - (f) *Environmental, Health and Safety.* Monitor and review, as appropriate, the Corporation's policies and practices relating to environmental, health and safety issues.

## **7. Adequacy of Charter**

The Board will review this Charter at least annually.

## **8. Experts and Advisors**

The Board may, in its sole discretion, retain and obtain the advice and assistance of independent outside counsel and such other advisors as it deems necessary to fulfil its duties and responsibilities under this Charter. The Board will set the compensation and oversee the work of any outside counsel and other advisors to be paid by the Corporation.

## **9. Secretary and Minutes**

The Chair shall appoint a secretary for each meeting to keep minutes of such meeting. The minutes of the Board will be in writing and duly entered into the books of the Corporation. The minutes of the Board will be circulated to all members of the Board.

Dated as of May 6, 2020.