



Western Forest Products Inc.  
DEFINING A HIGHER STANDARD™

**WESTERN FOREST PRODUCTS INC.**  
**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**MAY 5, 2022**

**INFORMATION CIRCULAR**

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## LETTER FROM THE CHAIR

March 21, 2022

Fellow Shareholders:

Western Forest Products Inc.'s 2022 Annual Meeting of Shareholders (the "Meeting") will be held at **Suite 2800, 666 Burrard Street, Vancouver, British Columbia on May 5, 2022 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, appoint auditors for the coming year and consider an advisory vote on our approach to executive compensation.

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 review 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>). Given uncertainty around the public health restrictions and recommendations which may be in effect at the time of the Meeting, 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, 2022 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. Regardless of your physical attendance at the Meeting, we encourage you to vote in advance of the Meeting following the instructions in the enclosed materials.

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 MEETING

**NOTICE IS HEREBY GIVEN** that the Annual 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 5, 2022 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, 2021;
- 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 a non-binding advisory resolution on our approach to executive compensation; and
- 6) 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 21, 2022, as the record date for determining the common shareholders entitled to receive notice of and vote at the Meeting or any adjournment or postponement 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 21, 2022.

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 3, 2022. 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 21, 2022, 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 Meeting of Shareholders (the “Meeting”) referred to in the accompanying Notice of Meeting (the “Notice”). As at March 21, 2022, a total of 325,510,128 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 21, 2022, 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 Investor Services Inc. (“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.

	<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 no later than 9:00 am Pacific Daylight Time on May 3, 2022. 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.

Name of Beneficial Holder	Number of Shares	Percentage Ownership
Letko, Brosseau & Associates Inc.	50,158,584	15.4%

# 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, 2021, which are included in the Corporation's 2021 Annual Report, will be placed before the shareholders at the Meeting. The Corporation's 2021 Annual Report is being mailed with this Circular to all holders of Shares who elected to receive it. Alternatively, the 2021 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. Ms. Bird, who had served as director of the Corporation since 2015, will not stand for re-election at the Meeting and, as a result, her term will end effective as of the conclusion of the Meeting. See "*About our Board of Directors*", beginning at page 10, 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 16, 2022, 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 28, 2021. As a result of such assessment, the Audit Committee recommended the continued engagement of 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, 2021 by KPMG LLP amounted to \$681,074. 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:

Services	Fees Paid	
	2021	2020
Audit	\$626,394	\$601,700
Audit-related	26,250	27,285
Taxation - compliance	2,791	3,118
Taxation - advisory	25,639	27,421
<b>Total for all services</b>	<b>\$681,074</b>	<b>\$659,524</b>

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. 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 21, 2022.”

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.

## 6. 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 their best judgement.

## BOARD AND GOVERNANCE HIGHLIGHTS

<b>Board Structure</b>	▪ Number of directors <sup>(1)</sup>	Eight
	▪ Non-executive independent directors <sup>(1)</sup>	100%
	▪ Independent directors <sup>(1)</sup> (only the President and Chief Executive Officer is not independent)	88%
	▪ Independent Board Chair	✓
	▪ Separate Board Chair and President and Chief Executive Officer role	✓
	▪ Number of Board Committees	Four
	▪ Independent Board Committees	100%

<b>Board Composition</b>	▪ Average director tenure <sup>(1)</sup>	4.1 years
	▪ Average director age <sup>(1)</sup>	62 years
	▪ Women directors <sup>(1)</sup>	38%
	▪ Board Committees chaired by women <sup>(2)</sup>	50%
	▪ New directors since 2019 <sup>(1)</sup>	Five or 63%

<b>Governance and Policies</b>	▪ Annual election of directors	✓
	▪ Directors elected individually and not by slate	✓
	▪ Independent director meetings without any management present at every Board meeting (in-camera meetings)	✓
	▪ One Share equals one vote (no dual class share structure)	✓
	▪ Director orientation and continuing education program	✓
	▪ Annual Board evaluations	✓
	▪ Equity ownership requirements for directors and NEOs	✓
	▪ Director over-boarding policy	✓
	▪ Majority voting policy	✓
	▪ Code of Business Conduct and Ethics policy	✓
	▪ Anti-Bribery and Anti-Corruption policy	✓
	▪ Whistleblower hotline	✓
	▪ Diversity, equity, and inclusion policy	✓
	▪ Anti-hedging and clawback policy	✓
	▪ Annual vote on executive compensation ('Say on Pay')	✓

(1) Based on Directors standing for re-election


(2) As at March 21, 2022

## ABOUT OUR BOARD OF DIRECTORS


On recommendation of the NCGC there will be eight directors proposed for election at the Meeting. Ms. Bird has confirmed that she will not stand for re-election at the Meeting but will continue to act as director until the termination of the Meeting. Therefore, information pertaining to Ms. Bird will appear throughout the Circular as it related to her duties as an existing director 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 24 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 15 and in the section titled “*Statement of Corporate Governance Practices*” starting on page 24.

	<p>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 Shawcor’s Audit Committee. 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.</p>				
<p><b>LAURA A. CILLIS</b>  <b>Independent</b>                  Nelson, BC, Canada                  Director since: March 2019                  Age: 63</p>	<b>Public Directorships</b>			<b>Interlocks</b>	
	Crescent Point Energy Corp Shawcor Ltd.			None	
	<b>2021 AGM Voting Results</b>				
	<b>Votes For</b>			<b>Votes Withheld</b>	
	227,226,276	99.47%		1,214,549	0.53%
<b>2021 Membership<sup>(5)</sup></b>		<b>2021 Attendance<sup>(5)</sup></b>		<b>2021 Percentage Attended<sup>(5)</sup></b>	
Board		5 of 5		100%	
Audit (Chair)		5 of 5		100%	
NCGC		4 of 4		100%	
<b>Securities Held as at December 31, 2021 and 2020</b>					
<b>Year</b>	<b>Shares<sup>(1)</sup></b>	<b>DSUs<sup>(2)</sup></b>	<b>Value<sup>(3)</sup></b>	<b>Meets requirement<sup>(4)</sup></b>	<b>Total compensation<sup>(6)</sup></b>
2021	245,000	40,923	\$603,384	Yes / 5.5x	\$119,766
2020	199,700	24,920	\$376,373	Yes / 3.4x	\$110,000

- (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 their own shareholdings.
- (2) Deferred Share Units, hereinafter referred to as “DSUs”, are defined further on page 17.
- (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, 2021 and 2020 was \$2.11 and \$1.28 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 five 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 19.

	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.			
<b>DONALD DEMENS</b> <b>Non-Independent</b> Vancouver, BC, Canada Director since: February 2013 Age: 60	<b>Public Directorships</b>		<b>Interlocks</b>	
	None		None	
	<b>2021 AGM Voting Results</b>			
	<b>Votes For</b>		<b>Votes Withheld</b>	
	226,991,344	99.37%	1,449,481	0.63%
<b>2021 Membership<sup>(5)</sup></b>	<b>2021 Attendance<sup>(5)</sup></b>		<b>2021 Percentage Attended<sup>(5)</sup></b>	
Board	5 of 5		100%	
<b>Securities Held as at December 31, 2021 and 2020</b>				
Refer to Executive Compensation section, beginning on page 35.				

As previously announced, the Corporation’s President & CEO, Mr. Demens, will be retiring by March 31, 2023. Mr. Demens will continue in his role as President & CEO until his replacement has been found to ensure a smooth transition and minimal disruption to the Corporation’s business during this time. Mr. Demens will also remain a member of the Board until such time as the transition to his successor occurs.

	Mr. Krotowski is an independent consultant, specializing in digital strategy development, 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.				
<b>RANDY KROTOWSKI</b> <b>Independent</b> Florence, MA, USA Director since: March 2021 Age: 62	<b>Public Directorships</b>		<b>Interlocks</b>		
	None		None		
	<b>2021 AGM Voting Results</b>				
	<b>Votes For</b>		<b>Votes Withheld</b>		
	227,378,097	99.53%	1,062,728	0.47%	
<b>2021 Membership<sup>(5)</sup></b>	<b>2021 Attendance<sup>(5)</sup></b>		<b>2021 Percentage Attended<sup>(5)</sup></b>		
Board	4 of 4		100%		
Audit	3 of 3		100%		
EH&S (Chair)	2 of 2		100%		
<b>Securities Held as at December 31, 2021 and 2020</b>					
<b>Year</b>	<b>Shares<sup>(1)</sup></b>	<b>DSUs<sup>(2)</sup></b>	<b>Value<sup>(3)</sup></b>	<b>Meets requirement<sup>(4)</sup></b>	<b>Total compensation<sup>(6)</sup></b>
2021	Nil	Nil	Nil	N/A / 0.0x	\$94,922
2020	Nil	Nil	Nil	N/A	N/A



Ms. Macfarlane is the former Managing Partner, British Columbia and Canada's Chief Inclusiveness Officer at EY (Ernst & Young) and also led the EY Canada Tax practice and served as COO of the Americas' Tax practice. Ms. Macfarlane currently sits on the board of HSBC Bank Canada, Borden Mining Ltd. and Inuvialuit Regional Corporation and previously acted as a director of the Aboriginal Business Investment Council and the International Women's Forum, Canada; was the Chair of the Employee Relations Committee of the Executive and Board of Governors of the University of British Columbia; was on the Executive and Board of Governors of the BC Business Council; and a member of the BC Ministry of Finance's Expert Panel on Business Taxation. Ms. Macfarlane was named one of Women of Influence's Canadian Diversity Champions and was inducted into the WXN Canada's Most Powerful Women Hall of Fame. Ms. Macfarlane holds the ICD.D designation granted by the Institute of Corporate Directors and is on the executive of the British Columbia Chapter. For her contributions to the CPA profession, she was awarded an honorary CPA, CA. Ms. Macfarlane holds a Bachelor of Laws and Bachelor of Commerce from the University of Cape Town and a Master of Laws from Cambridge University.

<b>FIONA MACFARLANE</b> <b>Independent</b> West Vancouver, BC, Canada Director since: March 2022 Age: 62		<b>Public Directorships</b>		<b>Interlocks</b>	
		HSBC Bank Canada		None	
		<b>2021 AGM Voting Results</b>			
		<b>Votes For</b>		<b>Votes Withheld</b>	
		n/a	n/a	n/a	n/a
<b>2021 Membership<sup>(5)</sup></b>		<b>2021 Attendance<sup>(5)</sup></b>		<b>2021 Percentage Attended<sup>(5)</sup></b>	
Board		n/a		n/a	
<b>Securities Held as at December 31, 2021 and 2020</b>					
<b>Year</b>	<b>Shares<sup>(1)</sup></b>	<b>DSUs<sup>(2)</sup></b>	<b>Value<sup>(3)</sup></b>	<b>Meets requirement<sup>(4)</sup></b>	<b>Total compensation<sup>(6)</sup></b>
2021	Nil	Nil	Nil	N/A	N/A
2020	Nil	Nil	Nil	N/A	N/A



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.

<b>DANIEL NOCENTE</b> <b>Independent</b> Vancouver, BC, Canada Director since: May 2014 Age: 67		<b>Public Directorships</b>		<b>Interlocks</b>	
		None		None	
		<b>2021 AGM Voting Results</b>			
		<b>Votes For</b>		<b>Votes Withheld</b>	
		222,613,904	97.45%	5,826,921	2.55%
<b>2021 Membership<sup>(5)</sup></b>		<b>2021 Attendance<sup>(5)</sup></b>		<b>2021 Percentage Attended<sup>(5)</sup></b>	
Board		5 of 5		100%	
Audit		5 of 5		100%	
MRCC (Chair)		4 of 4		100%	
NCGC		2 of 2		100%	
<b>Securities Held as at December 31, 2021 and 2020</b>					
<b>Year</b>	<b>Shares<sup>(1)</sup></b>	<b>DSUs<sup>(2)</sup></b>	<b>Value<sup>(3)</sup></b>	<b>Meets requirement<sup>(4)</sup></b>	<b>Total compensation<sup>(6)</sup></b>
2021	281,762	265,605	\$1,184,497	Yes / 10.8x	\$120,234
2020	281,762	260,100	\$972,388	Yes / 8.8x	\$130,000





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, where she serves as a Trustee. Ms. Phyfer also serves on the University Hospital CMC board and the Rock & Roll Hall of Fame board.

<b>CHERI PHYFER</b> <b>Independent</b> Bay Village, OH, USA Director since: March 2019 Age: 50		<b>Public Directorships</b>		<b>Interlocks</b>	
		None		None	
		<b>2021 AGM Voting Results</b>			
		<b>Votes For</b>		<b>Votes Withheld</b>	
226,631,876		99.21%		1,808,949	
				0.79%	
<b>2021 Membership<sup>(5)</sup></b>		<b>2021 Attendance<sup>(5)</sup></b>		<b>2021 Percentage Attended<sup>(5)</sup></b>	
Board		5 of 5		100%	
EH&S		4 of 4		100%	
MRCC		4 of 4		100%	
<b>Securities Held as at December 31, 2021 and 2020</b>					
<b>Year</b>	<b>Shares<sup>(1)</sup></b>	<b>DSUs<sup>(2)</sup></b>	<b>Value<sup>(3)</sup></b>	<b>Meets requirement<sup>(4)</sup></b>	<b>Total compensation<sup>(6)</sup></b>
2021	Nil	181,250	\$382,696	Yes / 3.5x	\$110,000
2020	Nil	124,598	\$159,486	N/A / 1.4x	\$110,000



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.

<b>MICHAEL T. WAITES</b> <b>Independent</b> Vancouver, BC, Canada Director since: November 2014 Chair since: February 2019 Age: 68		<b>Public Directorships</b>		<b>Interlocks</b>	
		None		None	
		<b>2021 AGM Voting Results</b>			
		<b>Votes For</b>		<b>Votes Withheld</b>	
227,031,750		99.38%		1,409,075	
				0.62%	
<b>2021 Membership<sup>(5)</sup></b>		<b>2021 Attendance<sup>(5)</sup></b>		<b>2021 Percentage Attended<sup>(5)</sup></b>	
Board (Chair)		5 of 5		100%	
<b>Securities Held as at December 31, 2021 and 2020</b>					
<b>Year</b>	<b>Shares<sup>(1)</sup></b>	<b>DSUs<sup>(2)</sup></b>	<b>Value<sup>(3)</sup></b>	<b>Meets requirement<sup>(4)</sup></b>	<b>Total compensation<sup>(6)</sup></b>
2021	275,000	675,579	\$2,049,387	Yes / 10.8x	\$190,000
2020	275,000	570,213	\$1,392,366	Yes / 7.3x	\$190,000



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.

<b>JOHN WILLIAMSON</b> <b>Independent</b> San Juan Island, WA, USA Director since: March 2021 Age: 61		<b>Public Directorships</b>		<b>Interlocks</b>	
		None		None	
		<b>2021 AGM Voting Results</b>			
		<b>Votes For</b>		<b>Votes Withheld</b>	
227,107,536		99.42%		1,333,289	
				0.58%	
<b>2021 Membership<sup>(5)</sup></b>		<b>2021 Attendance<sup>(5)</sup></b>		<b>2021 Percentage Attended<sup>(5)</sup></b>	
Board		4 of 4		100%	
EH&S		2 of 2		100%	
MRCC		2 of 2		100%	
<b>Securities Held as at December 31, 2021 and 2020</b>					
<b>Year</b>	<b>Shares<sup>(1)</sup></b>	<b>DSUs<sup>(2)</sup></b>	<b>Value<sup>(3)</sup></b>	<b>Meets requirement<sup>(4)</sup></b>	<b>Total compensation<sup>(6)</sup></b>
2021	34,000	Nil	\$77,077	N/A / 0.7x	\$91,667
2020	Nil	Nil	Nil	N/A	N/A



## 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 they contribute. 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	Cillis	Krotowski	Macfarlane	Nocente	Phyfer	Waites	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 they are 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 them 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 2021:

Director <sup>(1)(2)</sup>	Board of Directors Meetings	Audit Meetings	EH&S Meetings	MRCC Meetings	NGGC Meetings
Jane Bird	5 of 5	-	-	4 of 4	4 of 4
Laura A. Cillis	5 of 5	5 of 5	-	-	4 of 4
Donald Demens	5 of 5	-	-	-	-
Randy Krotowski	4 of 4	3 of 3	2 of 2	-	-
Daniel Nocente	5 of 5	5 of 5	-	4 of 4	2 of 2
Cheri Phyfer	5 of 5	-	4 of 4	4 of 4	-
Michael T. Waites	5 of 5	-	-	-	-
John Williamson	4 of 4	-	2 of 2	2 of 2	-

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

(2) Ms. Macfarlane was appointed to the Board March 1, 2022 and thus not presented above.

During 2021, the Board held five meetings and its standing committees held four or five meetings. Committee meetings included five meetings of the Audit Committee, four meetings of the EH&S Committee, four meetings of the MRCC and four meetings of the NCGC.

In addition, there were five 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 \$96 million and \$13.2 billion and market capitalization between \$91 million and \$12.9 billion<sup>(1)</sup>.

(1) Annual revenue and market capitalization of comparator group provided as at December 31, 2021.

## 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.

In early 2022, the NCGC completed a review of the Corporation's total director compensation and Chair's compensation. The review resulted in small increases to certain retainers for 2022 to continue to position the Corporation's total direct compensation and Chair's compensation within the 25<sup>th</sup> and 50<sup>th</sup> percentile of the comparator group.

## Directors' Fees and Retainers

The following table presents the retainers for 2022 and 2021:

Role	2022	2021
Annual Base Retainer	\$120,000	\$110,000
Annual Chair Base Retainer	\$80,000	\$80,000
Annual Chair Retainer – Audit Committee	\$20,000	\$15,000
Annual Chair Retainer – EH&S	\$10,000	\$5,000
Annual Chair Retainer – NCGC	\$10,000	\$5,000
Annual Chair Retainer – MRCC	\$10,000	\$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 their annual base retainer in the form of DSUs, commencing in the year after their appointment, 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*" 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, 2021 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
Jane Bird	-	-	\$717,136
Laura A. Cillis	-	-	\$86,347
Randy Krotowski	-	-	-
Daniel Nocente	-	-	\$560,426
Cheri Phyfer	-	-	\$382,438
Michael T. Waites	-	-	\$1,425,472
John Williamson	-	-	-

(1) Ms. Macfarlane was appointed to the Board on March 1, 2022 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, 2021, 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 their 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 their 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, 2021:

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
Jane Bird	18,300	339,875	358,175	\$779,906	\$330,000	Feb. 17, 2021
Laura A. Cillis	245,000	40,923	285,923	\$603,384	\$330,000	Mar. 1, 2024
Randy Krotowski	-	-	-	-	\$330,000	Mar. 5, 2026
Daniel Nocente	281,762	265,605	547,367	\$1,184,497	\$330,000	Feb. 17, 2021
Cheri Phyfer	-	181,250	181,250	\$382,696	\$330,000	Mar. 1, 2024
Michael T. Waites <sup>(3)</sup>	275,000	675,579	950,579	\$2,049,387	\$570,000	Feb. 11, 2024
John Williamson	34,000	-	34,000	\$77,077	\$330,000	Mar. 5, 2026

(1) Ms. Macfarlane was appointed to the Board March 1, 2022 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, 2021 was \$2.11 per Share or DSU held, which was the closing price of Shares on December 31, 2021.

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

As of December 31, 2021, all non-executive directors, with the exception of Mr. Krotowski and Mr. Williamson, met the Minimum Shareholding Requirement. Both Mr. Krotowski and Mr. Williamson elected to take a minimum of 50% of their annual base retainer in DSUs commencing in 2022.

### 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, 2021:

Director <sup>(1)</sup>	Fees Earned	Share-based Awards	All Other Compensation <sup>(2)</sup>	Total Compensation
Jane Bird	\$23,000	\$92,000	\$12,328	\$127,328
Laura Cillis	\$88,000	\$31,766	\$1,209	\$120,975
Randy Krotowski	\$94,922	-	-	\$94,922
Daniel Nocente	\$120,234	-	\$10,490	\$130,724
Cheri Phyfer	-	\$110,000	\$5,849	\$115,849
Michael T. Waites	-	\$190,000	\$24,420	\$214,420
John Williamson	\$91,667	-	-	\$91,667

(1) Ms. Macfarlane was appointed to the Board March 1, 2022 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 2021: Ms. Bird: \$12,328, 6,453 DSUs; Ms. Cillis: \$1,209, 630 DSUs; Mr. Nocente: \$10,490, 5,505 DSUs; Ms. Phyfer: \$5,849, 3,050 DSUs; and Mr. Waites: \$24,420, 12,781 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. 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 several 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
<b>Independence of the Board and Committees</b>	<p>In February 2019, Mr. Waites, an independent director, was appointed as Chair of the Board.</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>On March 1, 2022 one new independent director was 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 without management present.</p>
<b>Diversity, Equity and Inclusion</b>	<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, Ms. Cillis and Ms. Phyfer in 2019, and Ms. Macfarlane in 2022 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 expanded upon its diversity and inclusion commitments in its Human Rights Policy and implemented a company wide Diversity, Equity 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> <p>In 2022, the Board updated its Diversity and Inclusion Policy to a Diversity, Equity and Inclusion Policy to confirm consideration of equity as part of its continued commitment to establishing and maintaining a diverse and inclusive Board and senior leadership.</p>
<b>Sustainability Commitment and Reporting</b>	<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 Audit Committee and NCGC provide oversight and direction on our sustainability strategy and annually review and report 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 2021, Western released its 2020 Sustainability Report, which confirmed the Corporation's net positive climate impact. The entire report can be found on our website at <a href="http://www.westernforest.com">www.westernforest.com</a>.</p> <p>The Corporation intends to continue to provide stakeholders with a comprehensive report of its annual sustainability performance.</p>
<b>Director Compensation Benchmarking</b>	<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 within the 25<sup>th</sup> to 50<sup>th</sup> 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
<b>Director Compensation Benchmarking (continued)</b>	In 2020, Willis Towers Watson was engaged to provide a comprehensive review of director compensation and provide expert, objective advice on the Corporation's director compensation arrangements relative to its peers and in light of the COVID-19 pandemic. Total director compensation and Chair's compensation continue to be positioned within the 25 <sup>th</sup> and 50 <sup>th</sup> percentile of the comparator group.
<b>Board Renewal</b>	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. Since 2019, five new independent directors have joined the Board. The average tenure of the directors standing for election at the Meeting is 4.1 years.
<b>Board Evaluation Policy</b>	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.
<b>Equity Ownership Guidelines</b>	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 their tenure. In addition, we require certain of our executive officers to hold a specified equity ownership level within a specified time frame.
<b>Director Over-boarding Policy</b>	Evaluation metrics for potential director candidates includes an assessment of their time available to effectively represent shareholders' interests, consistent with the Corporation's policy limiting the number of public company directorships that may be held by each director.
<b>Advisory Vote on Executive Compensation: 'Say on Pay'</b>	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.
<b>Majority Voting Policy</b>	The Corporation has 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.
<b>Code of Business Conduct and Ethics</b>	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.
<b>Prohibiting Option Repricing</b>	The Corporation has never repriced its outstanding Options and the Option Plan explicitly prohibiting the repricing of Options.
<b>Quorum Minimum Representation</b>	The Corporation's minimum quorum at shareholder meetings is two persons holding, or representing by proxy, at least 25% of the issued voting shares of the Corporation.
<b>Advance Notice By-law</b>	In November 2020, the Corporation adopted an advance notice by-law which creates procedures for giving advance notice to the Board in circumstances where nominations of persons for election as directors of the Corporation are made by shareholders.

## 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 A 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 CEO, the Chief Financial Officer, the Chief Operating Officer, executive vice presidents, senior vice presidents and any other executive officers (as defined by applicable securities laws) (the "Executive Officers") and reviewing succession planning; assessing Executive Officers performance against approved business plans; reviewing and approving the Executive Officers compensation in light of performance with respect to the corporate goals and objectives, 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 ("ERM") program. 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, 2021.

## MEETINGS OF THE BOARD

The Board meets at least once each quarter, with additional meetings held when appropriate. During 2021, there were four regularly scheduled meetings, and an annual strategic planning session. Four regular meetings and an annual strategic planning session are scheduled for 2022. 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. In January 2022, the Board met to review a specific matter related to the planned retirement of the President & CEO.

## SIZE, COMPOSITION AND INDEPENDENCE OF THE BOARD

The Board currently consists of nine 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 21, 2022, the majority of the directors are independent within the meaning of NI 58-101, being Ms. Cillis, Mr. Krotowski, Ms. Macfarlane, Mr. Nocente, Ms. Phyfer, Mr. Waites and Mr. Williamson. Ms. Bird, who will not be standing for re-election at the Meeting, was also determined to be an independent director.

## 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 five times during 2021. 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 <sup>(1)</sup>	Status of Director Nominee		Reason for Non-Independent Status
	Independent	Not Independent	
Laura A. Cillis	✓		
Donald Demens		✓	President and CEO
Randy Krotowski	✓		
Fiona Macfarlane	✓		
Daniel Nocente	✓		
Cheri Phyfer	✓		
Michael T. Waites	✓		
John Williamson	✓		

(1) Ms. Bird will not be standing for re-election at the Meeting and thus not presented above, but was also determined to be an independent director.

In reaching this conclusion, the Board considers that Mr. Demens is not independent due to his position as President & 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. No executives of the Corporation are members of any of the Board committees. During 2021, as part of best corporate governance practices and in conjunction with the addition of new directors in 2021, the Board reconstituted the members of certain Board Committees. The Board currently has four standing committees, the membership of which is summarized below, as at the date hereof:

Director	Audit Committee	EH&S Committee	MRCC	NCGC
Jane Bird	-	-	✓	Chair
Laura A. Cillis	Chair	-	-	✓
Randy Krotowski	✓	Chair	-	-
Fiona Macfarlane <sup>(1)</sup>	-	-	-	-
Daniel Nocente	✓	-	Chair	✓
Cheri Phyfer	-	✓	✓	-
Michael T. Waites	-	-	-	-
John Williamson	-	✓	✓	-

(1) Ms. Macfarlane was appointed to the Board March 1, 2022. Committee appointments for 2022 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 are encouraged to attend all committee meetings.

### Audit Committee

<b>Members</b>	Laura A. Cillis (Chair); Randy Krotowski; Daniel Nocente
<b>Meetings in 2021</b>	Four regularly scheduled meetings and one meeting to review specific matters. All meetings included in-camera sessions without management present. The committee also met independently with the Corporation's external auditor and the Corporation's director of internal controls at every regularly scheduled meeting.
<b>Independence</b>	Three members, 100% independent and financially literate under the requirements of National Instrument 52-110 - Audit Committees.

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 regularly scheduled meeting of the Audit Committee includes a session with only the Corporation's director of internal controls and the committee members, and a session with only the external auditors and the committee members.

The Audit Committee is responsible for monitoring the Corporation's policies and procedures in relation to information management and electronic data control and cyber security. Executive officers and salaried employees of the Corporation receive regular information security awareness training. At each quarterly meeting of the Audit Committee, management reports on the Corporation'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 Corporation maintains an information security risk insurance policy and there have been no material information security breaches in the last three years.

The Audit Committee is responsible for overseeing the Corporation’s reporting standards in relation to Environmental, Social and Governance (“ESG”), including sustainability. Management reports on the Corporation’s ESG and sustainability matters regularly to the Audit Committee. The Audit Committee reviews and makes recommendations to the Board on the Corporation’s annual sustainability report and reviews and assess the Corporation’s communications in respect to policies and practices in the area of ESG and sustainability.

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

<b>Members</b>	Randy Krotowski (Chair); Cheri Phyfer; John Williamson
<b>Meetings in 2021</b>	Four regularly scheduled meetings. 2021 meetings included in-camera sessions with select members of management present at the Chair’s request.
<b>Independence</b>	Three members, 100% independent.

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

<b>Members</b>	Daniel Nocente (Chair); Jane Bird; Cheri Phyfer; John Williamson
<b>Meetings in 2021</b>	Four regularly scheduled meetings. All meetings included in-camera sessions without management present.
<b>Independence</b>	Four members, 100% independent.

The MRCC assists the Board with respect to Executive Officers 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 CEO against agreed-upon targets and recommends his compensation to the Board; reviews the Executive Officers succession planning; approves the compensation levels for 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 and 401k 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

<b>Members</b>	Jane Bird (Chair); Laura A. Cillis; Daniel Nocente
<b>Meetings in 2021</b>	Four regularly scheduled meetings. All meetings had the opportunity for in-camera sessions without management present.
<b>Independence</b>	Three members, 100% independent.

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 monitors the development of ESG best practices and emerging ESG topics and trends, and reports and makes recommendations to the Board on ESG topics that may affect the business, operations, performance or public image of the Corporation. The NCGC 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 A. Cillis	Crescent Point Energy Corp. Shawcor Ltd.
Fiona Macfarlane	HSBC Bank Canada

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 CEO: the CEO is limited in the number of boards of directors on which they serve 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 their 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. In 2022, as part of our ongoing Board succession planning and on recommendation of the NCGC, Ms. Macfarlane was appointed to the Board effective March 1, 2022. With the appointment of Ms. Macfarlane, five new directors will have joined the Board since 2019.

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 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 2022, as part of our ongoing Board succession planning and on recommendation of the NCGC, Ms. Macfarlane was appointed to the Board effective March 1, 2022.

## **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, equity 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. The D&I Policy was updated to include equity in 2022 and renamed the Diversity, Equity and Inclusion Policy (“DE&I Policy”).

Key provisions of the DE&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.

Based on self-identification, designated groups are currently represented as follows amongst the Board and executive officers:

	Board of Directors <sup>(1)</sup>		Executive Officers	
	Number	%	Number	%
Women	3	38%	3	33%
Aboriginal Peoples	-	-	-	-
Peoples with Disabilities	-	-	-	-
Members of Visible Minorities	-	-	2	22%

(1) Based on Directors standing for re-election

The DE&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 DE&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 DE&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, equity and diversity at all levels of the Corporation, including through its Human Rights Policy. In 2021, the Corporation expanded upon its diversity, equity and inclusion commitments in its Human Rights Policy and implemented a company wide Diversity, Equity 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 women 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 with senior management for briefings 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. Public health restrictions due to the COVID-19 pandemic have resulted in limiting operational tours over the last two years.

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 their 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 CEO have developed a written position description for the CEO. The duties and responsibilities of the Chair, each committee chair and the CEO 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 CEO is responsible for meeting.

Effective February 21, 2013, the positions of Chair and CEO 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*").

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 CEO to facilitate evaluation of the CEO's performance.
- Working with the CEO to engage external stakeholders, including shareholders.
- Monitoring progress on corporate governance, corporate performance and to represent the Corporation to external stakeholders.

The CEO 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 CEO 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 are accountable to the Board. At its meetings, the Board regularly engages in a private session with the CEO 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 financial and capital expenditure 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**

The Corporation's Code of Business Conduct and Ethics (the "Code") 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 "Ethics Point".

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 themselves 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 CEO and reviews and approves the compensation of Executive Officers, including the Chief Financial Officer and the next three most highly compensated Executive Officers included in the Summary Compensation Table on page 52 (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, Ms. Phyfer and Mr. Williamson. 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 10.

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 ‘Say on Pay’ advisory vote, diversity, equity and inclusion 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 had four regularly scheduled meetings during 2021, but also had other working group sessions with the Board as part of executive compensation, retention and retirement related discussions.

Our President & CEO 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 executives.

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

The Board has implemented a non-binding 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 2020 annual general meeting the Corporation’s approach to executive compensation was approved with 92.45% 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, 2020 Management Information Circular and the 2019 Management Information

Circular. The Corporation's approach to executive compensation, and its improved corporate governance policies, reflect a commitment to best practices.

## 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. In 2015, following a review of our compensation programs and on recommendation from the MRCC, the Board approved changes to executive officer compensation programs effective in 2015, including: (i) rebalancing compensation to improve competitiveness relative to the Corporation's comparator group, while retaining strong emphasis on long-term performance and shareholder value creation; (ii) 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; (iii) establishing a supplemental retirement program to more closely align with the retirement programs available among the comparator group; and (iv) 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.

In 2019, following a market assessment and on recommendation from the MRCC, the Board approved the introduction of a restricted share unit ("RSU") program to the LTI Plan effective January 1, 2020. The purpose of introducing a RSU program was in anticipation of broader participation in the LTI Plan by the Corporation's employees and to align a broader group of management to the performance of the Corporation's share price.

During 2020, with the Corporation exiting a lengthy strike by the United Steelworkers Local 1-1937 (the "Strike") at the beginning of the year, followed by the onset of the COVID-19 pandemic and continued changes to forestry policy that challenged investment in BC, the Corporation started to see a shift in our ability to recruit and retain employees with specialized and highly desirable skill sets throughout the organization. While succession planning was always part of regular and frequent discussions of the MRCC since 2016, the shift in the recruitment landscape resulted in a heightened awareness by the MRCC around executive succession planning and the Corporation's compensation structure. As a result, in 2020, the MRCC commenced a review of the continued effectiveness of the Corporation's compensation structure, 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. As a result of the review, in 2021, the MRCC implemented recommendations from this review, which included, as a first step, amending the LTI Plan grants to consist of 40% RSUs and 60% PSUs for all executives to support retention of executives and limit shareholding dilution. Previously, LTI Plan grants consisted of 40% Options and 60% PSUs for certain executives (see "*Long-Term Incentive Plans*").

During 2021, the Corporation continued to see further shifts in the North American employment and talent market for employees with highly sought-after experience and transferable skill sets. The COVID-19 pandemic has vastly changed the employment landscape, including how and where employees are able to work, as well as accelerating retirements. The ability for employees to have flexible work arrangements, including working from home or remotely, has resulted in access to broader job opportunities and greater competition for talent. At the same time, accelerated retirements and increases in people leaving the workforce has further exacerbated the competition for people with specialized and highly transferable skill sets at all levels within organizations. The legacy of the lengthy Strike, continued forestry policy changes that have challenged investment in BC, and the high cost of living including real estate prices, also continued to create challenges for attracting and retaining people with highly transferable skills sets. As a result, the Corporation and the MRCC undertook a review of the Corporation's compensation plans and recruitment and retention strategy for both executives and salaried employees. In the review, the Corporation and the



MRCC considered all aspects of the Corporation's compensation plans, recruitment strategy and workplace environment, with a focus on the attractiveness, competitiveness and retentive nature of our compensation plans. The review resulted in proactive efforts to mitigate attraction and retention risk, which included:

- Broadening our recruiting strategy.
- Completing an inaugural employee engagement survey, the results of which will drive continuous improvement and enhancements to our workplace and employee experience.
- Implementing a flexible work arrangement model, providing the flexibility for office employees to work-from-home, work-from-office or a combination of both.
- Strengthening engagement initiatives to advance the Corporation's reputation.
- Conducting additional compensation benchmarking to inform adjustments for skilled trades and critical roles within the Corporation, resulting in adjustments to base salaries and STI Plan targets for certain key employees.
- Increasing President's Awards and special recognition awards for employees.
- Recognizing non-executive employees with COVID-related safety bonuses to show our appreciation for their commitment and dedication during the pandemic.
- Recognizing unionized and non-union hourly employees with a special year-end performance bonus to show our appreciation for their contributions towards financial performance in a record year.
- Adjusting the Corporation's DC Plan for market competitiveness, retention and attraction purposes (see "*Pension Plan Benefits*").
- Granting additional RSUs and awards to certain key employees of the Corporation for retention and market competitiveness purposes (see "*2021 Long-term Incentive Awards*" and "*Summary Compensation Table*").

In determining the awards to employees for retention and market competitiveness purposes, the MRCC utilized industry benchmarking and independent third-party expertise from Dentons Canada LLP and Willis Towers Watson. The MRCC also considered the Corporation's retirement age of 65, with early retirement available as early as age 55, in determining the type of awards granted to employees.

In early 2021, considering significant shifts in the recruitment landscape, as noted above, the MRCC retained Korn Ferry to provide expertise and support as part of normal executive succession planning. In February 2022, the Corporation announced the intention of the Corporation's President & CEO, Mr. Demens, to retire by March 31, 2023 (see "*President & CEO Planned Retirement*"). The Board has commenced a search for a new President & CEO with the assistance of Korn Ferry.

There continues to be significant competition for top talent and the market for people with attractive and transferable skill sets remains very strongly employee-driven. In 2022, the Corporation and MRCC intend to commence a further review of the effectiveness of the compensation structure for salaried employees, with a focus on Short-Term Incentive Plans, LTI Plan and Pension Plan Benefits, and the attractiveness, competitiveness and retentive nature of such plans. In February 2022, on recommendation from the MRCC, the Board approved the incremental broadening of LTI Plan awards to certain non-executive employees, providing further alignment of long-term compensation to the performance of the Corporation's share price, as well as helping support attraction, retention and the competitiveness of the Corporation's compensation plan.

## 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 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.

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 \$96 million and \$13.2 billion and market capitalization between \$91 million and \$12.9 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 <sup>(3)</sup>		

(1) Annual revenue and market capitalization of comparator group provided as at December 31, 2021.

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

(3) The Paper Excellence Group acquired all of the issued and outstanding shares of Domtar Corporation on November 30, 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.

In 2022, given the significant changes in the North American employment and talent market (see "*Compensation Discussion and Analysis*"), the MRCC intends to complete a comprehensive review of executive compensation with the assistance of a third party, independent consultant.



## Role of Compensation Consultant

From time to time, the MRCC uses an independent consultant to provide expert, objective advice on compensation matters. In 2020 and 2021, the MRCC retained consultant Willis Towers Watson and engaged Dentons Canada LLP 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 2021 and Dentons Canada LLP in 2021 are as follows:

	2021	2020
Executive Compensation-Related Fees	\$30,855	\$30,276
All Other Fees	Nil	Nil

## 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 practices 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 has historically used three LTI instruments (RSUs, PSUs and Options) to reward for share price and corporate performance over the mid- to long-term (i.e. three to a maximum 10 years). Commencing in 2021, Options were replaced with RSUs for LTI Plan grants for all executives (see "Long-Term Incentive Plans"). 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 certain executive officers of the Corporation 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 (i) September 13, 2020, or (ii) 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 3.00 times for the CEO, 1.25 times for the Chief Financial Officer, and 1.00 times 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, 2021:

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	265,903	1,110,903	\$2,369,542	\$2,250,000	Sep 13, 2020
Stephen Williams	1.25x	370,000	-	370,000	\$782,390	\$618,750	Sep 13, 2020
Bruce Alexander	1.00x	47,620	-	47,620	\$100,478	\$405,000	Dec 15, 2023
Jennifer Foster <sup>(3),(4)</sup>	1.00x	124,000	-	124,000	\$262,330	\$345,000	Feb 16, 2025
Shannon Janzen <sup>(3)</sup>	1.00x	161,243	-	161,243	\$340,223	\$295,000	Sep 13, 2022

- (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, 2021 was \$2.11 per Share or DSU held, which was the closing price of Shares on December 31, 2021.
- (3) In 2021, the Board granted 12-month extensions to Ms. Foster and Ms. Janzen to December 7, 2022 and September 13, 2022, respectively, to meet their shareholding requirements.
- (4) 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, 2022 and incremental \$45,000 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 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 Corporation has an incentive compensation clawback policy that allows the Corporation to require its executive officers to reimburse the Corporation 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
<b>Base salary</b>		Compensation for experience and expertise	<ul style="list-style-type: none"> <li>▪ Paid in cash</li> <li>▪ Assessed annually</li> </ul>
<b>Short-term incentive plan awards</b>	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 predetermined goals and objectives</li> </ul>
<b>Long-term incentive plan awards</b>	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 <sup>(1)</sup>	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>
<b>Retirement program</b>		Provide executives with income in retirement	<ul style="list-style-type: none"> <li>▪ Defined contribution program and Supplementary Executive Retirement Plan</li> </ul>
<b>Other benefits</b>		Offer market competitive benefits and awards to recruit, attract and retain key executives	<ul style="list-style-type: none"> <li>▪ Medical, dental and insurance benefits</li> <li>▪ Car allowance</li> <li>▪ Recruitment and retention awards</li> </ul>

(1) Commencing in 2021, Options were replaced with RSUs for LTI Plan grants for all executives (see "Long-Term Incentive Plans").

## 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 2021 target pay mix of the CEO includes at risk components, which comprise approximately 67% of total target direct compensation, and, for each of the remaining NEOs, more than 50% of total target direct compensation is at-risk, as summarized below.

Named Executive Officer	As a Percentage of Target Direct Compensation			
	Base Salary	At Risk – STI	At Risk – LTI	At Risk – Total
Donald Demens	33%	25%	42%	67%
Stephen Williams	38%	27%	35%	62%
Bruce Alexander	45%	25%	30%	55%
Jennifer Foster	45%	25%	30%	55%
Shannon Janzen	47%	26%	27%	53%

## 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	2020 <sup>(1)</sup>	2021 <sup>(1)</sup>	2022 <sup>(1)</sup>
Donald Demens	\$725,000	\$750,000	\$772,500
Stephen Williams	\$475,000	\$495,000	\$510,000
Bruce Alexander	\$390,000	\$405,000	\$410,000
Jennifer Foster <sup>(2)</sup>	\$330,000	\$345,000	\$355,000
Shannon Janzen	\$285,000	\$295,000	\$307,500

(1) In 2020, executive salary increases were effective February 16, 2020. In 2021, executive salary increases were effective February 18, 2021. In 2022, executive salary increased were effective February 16, 2022.

(2) 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.

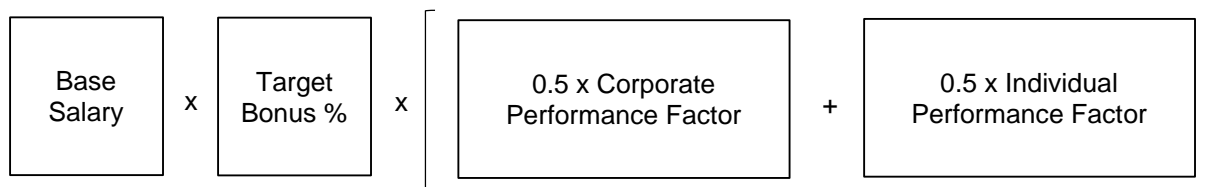
## Annual Incentive Plan

All salaried employees, including NEOs, 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 NEOs. Target awards for NEOs ranged from 55% to 75% of base salary for 2021 and the range will remain unchanged in 2022, reflecting competitive practices in the market for similar positions.

Named Executive Officer	Target AIP Award as a % of Base Salary	Target 2021 AIP Award	Range of AIP Opportunity as a % of Base Salary
Donald Demens	75%	\$562,500	0% to 150%
Stephen Williams	70%	\$346,500	0% to 140%
Bruce Alexander	55%	\$222,750	0% to 110%
Jennifer Foster	55%	\$189,750	0% to 110%
Shannon Janzen	55%	\$162,250	0% to 110%

AIP awards are based on a combination of corporate and individual performance utilizing the following formula, where the potential range for the Corporate Performance Factor is between 0.0 to 2.0 and the potential range for the Individual Performance Factor is between 0.0 to 2.0.



Corporate performance is calculated using the Corporation’s Return on Capital Employed (“ROCE”). ROCE is a non-GAAP measure. For a calculation of ROCE please see “Non-GAAP Financial Measures” in our Management Discussion and Analysis for the year ended December 31, 2021 which is available on the Corporation’s website at [www.westernforest.com](http://www.westernforest.com). Individual performance is evaluated based on achievement of individual goals for each NEO.

For the CEO 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. 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 CEO, in consultation with the MRCC, to ensure they are aligned with overall corporate objectives.

Under the Corporation’s AIP program, the CEO’s and NEOs’ individual goals include and relate to (i) the Corporation’s financial performance, (ii) the Corporation’s operating metrics and growth, (iii) maintaining a strong balance sheet to support the Corporation’s strategic priorities, (iv) supporting a balanced approach to capital allocation, (v) health and safety and environmental compliance, (vi) advancing the Corporation’s ESG commitment, (vii) advancing Indigenous relationships and reconciliation, and (viii) supporting our people and communities and advancing the Corporation’s culture.

The Corporate Performance Factor and Individual Performance Factor, respectively, are determined based on the following table:

	Corporate Performance		Individual Performance	
	ROCE	Corporate Performance Factor		Individual Performance Factor
Below Threshold	< 6%	0.0	Below Threshold	< 0.5
Maximum	≥ 30%	2.0	Maximum	2.0

For an employee to be eligible for an AIP award, both the Corporate and Individual Performance Factors must achieve a performance threshold set at a ROCE of 6% and an Individual Performance Factor of 0.5 or higher. For reference, an employee who delivers on target performance would achieve an Individual Performance Factor of 1.0. Based on the formula above, the maximum combined sum of the corporate performance component and individual performance component is 2.0, resulting in a maximum AIP award of 200% of the target bonus percentage. The MRCC reviews our financial performance and strategic objectives as part of the award setting process.

For 2021, the Corporation achieved a record ROCE of 44.9%. In assessing individual performance, the Board considered the significant achievements of the NEOs in advancing our financial and strategic goals (as summarized on page 49 under the “2021 Performance Summary”). In 2021, the Corporation had a record financial year, achieving results which were well above target goals and historical levels. The NEOs were also instrumental in significantly advancing many of the Corporation’s goals, despite external challenges such as COVID-19 and BC government forestry policy initiatives. As a result, actual 2021 AIP awards for NEOs are as follows:

Named Executive Officer	2021 AIP Award as a % of Base Salary	Actual 2021 AIP Award
Donald Demens	150%	\$1,125,000
Stephen Williams	140%	\$693,000
Bruce Alexander	102%	\$415,000
Jennifer Foster	110%	\$379,500
Shannon Janzen	110%	\$324,500

### 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 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 CEO, and approved by the MRCC, in its discretion. Awards are discretionary and assessed annually based on merit.

In 2021, no President’s Awards were awarded to NEOs.

### Long-Term Incentive Plans

We believe it is important that the interests of executives be aligned with the interests of shareholders. The Corporation has historically used three LTI instruments (RSUs, PSUs and Options) to reward for share price and corporate performance over the mid- to long-term (i.e. three to a maximum 10 years). Commencing in 2021, Options were replaced with RSUs for LTI Plan grants for all executives. LTI Plans reward management based on increases in the value of the Corporation’s Shares and also the achievement of key corporate performance objectives.

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.
- Attracting executives by remaining competitive in terms of total compensation arrangements.

Target LTI awards, as a percentage of base salary, for the NEOs and the resulting 2021 grant date values are as follows:

Named Executive Officer	LTI Target Award As a % of Base Salary	2021 Grant Date Value
Donald Demens	125%	\$937,500
Stephen Williams	90%	\$445,500
Bruce Alexander	65%	\$263,250
Jennifer Foster	65%	\$224,250
Shannon Janzen	60%	\$177,000

In 2021, the MRCC finalized their review of the effectiveness of the Corporation's compensation structure, including consideration of the 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. The MRCC implemented recommendations from such review, which included, in part, amending the LTI Plan grants to consist of 40% RSUs and 60% PSUs for all executives to support retention of executives and limit shareholding dilution. Previously, LTI Plan grants consisted of 40% Options and 60% PSUs for certain executives.

### ***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 executives 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.

In 2021, no Options were issued to any NEOs or employees of the Corporation. As noted above, in 2021 LTI Plan grants were amended to consist of 40% RSUs and 60% PSUs for all executives to support retention of executives and limit shareholding dilution. Previously, LTI Plan grants consisted of 40% Options and 60% PSUs for certain executives.

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

The Restricted Share Unit Plan ("RSU Plan") was introduced on January 1, 2020. Pursuant to the RSU Plan, the Board may, from time to time, grant Restricted Share Units ("RSUs") to eligible participants under the RSU Plan, being such employees or officers of the Corporation or a related entity of the Corporation (as defined in section 2.22 of National Instrument 45-106, *Prospectus and Registration Exemptions*) as the MRCC may designate from time to time as eligible to participate in the RSU Plan. 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. Pursuant to the PSU Plan, the Board may, from time to time, grant Performance Share Units ("PSUs") to eligible participants under the PSU Plan, being such employees or officers of the Corporation or a related entity of the Corporation as the Board may designate from time to time as eligible to participate in the PSU Plan. 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:

$$\left[ \begin{array}{|c|} \hline \text{Number} \\ \text{of PSUs} \\ \text{at grant} \\ \hline \end{array} \right] + \left[ \begin{array}{|c|} \hline \text{Additional PSUs equal to} \\ \text{the value of accrued} \\ \text{notional dividends} \\ \hline \end{array} \right] \times \left[ \begin{array}{|c|} \hline \text{Performance} \\ \text{multiplier} \\ \text{(0\% to 200\%)} \\ \hline \end{array} \right] \times \left[ \begin{array}{|c|} \hline \text{Closing Share} \\ \text{price at end of} \\ \text{performance period} \\ \hline \end{array} \right]$$

The performance multiplier for the 2019, 2020 and 2021 PSU awards is based on ROCE over a three-year period as follows:

	ROCE	Performance Multiplier
Below Threshold	< 10%	0%
Threshold	10%	50%
Target	15%	100%
Maximum	≥ 20%	200%

For performance between threshold and maximum, the performance multiplier is determined by straight line interpolation. The Corporation's ROCE for the years ended December 31<sup>st</sup> of the last three years are summarized in the table below. The Corporation's 3-year average ROCE for the period ended December 31, 2021 was 20.5%. The average ROCE over this period was negatively impacted due to the Strike during 2019 and 2020 and the onset of the COVID-19 pandemic during 2019 and 2020. In 2021, the Corporation achieved a record ROCE of 44.9%. For a calculation of ROCE, please see "Non-GAAP Financial Measures" in our Management Discussion and Analysis for the year ended December 31, 2021 which is available on the Corporation's website at [www.westernforest.com](http://www.westernforest.com).

Year Ended December 31	2019	2020	2021
ROCE	(0.2%)	16.7%	44.9%

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.

## 2021 LONG-TERM INCENTIVE AWARDS

The Corporation's 2021 LTI target awards to NEOs were as follows:

Named Executive Officer	PSUs <sup>(1)</sup>		RSUs <sup>(1)</sup>		Total Grant Value
	Number	Grant Value	Number	Grant Value	
Donald Demens	362,903	\$562,500	241,935	\$375,000	\$937,500
Stephen Williams	172,452	\$267,300	114,968	\$178,200	\$445,500
Bruce Alexander	101,903	\$157,950	67,935	\$105,300	\$263,250
Jennifer Foster	86,806	\$134,550	57,871	\$89,700	\$224,250
Shannon Janzen	68,516	\$106,200	45,677	\$70,800	\$177,000

(1) RSU and PSU grant date value was \$1.55 per unit, reflecting the closing price of Shares on February 17, 2021, the day prior to the Grant.

In 2021, as part of the review of the Corporation's compensation plans (refer to the section "*Compensation Discussion and Analysis*"), the MRCC granted additional RSUs to certain employees of the Corporation for retention and market competitiveness purposes. A total of 1,009,066 additional RSUs were granted, of which 543,549 RSUs were issued to NEOs as summarized in the table below. These additional RSUs have similar terms and conditions to other RSUs granted by the Corporation and require employment to be maintained at the Corporation on the vesting date, which is three years from the grant date, to be eligible for payment. The additional RSUs are not eligible for proration if an employee retires before the vesting date.

Named Executive Officer	RSUs <sup>(1)</sup>	
	Number	Grant Value
Bruce Alexander	130,645	\$202,500
Jennifer Foster	222,581	\$345,000
Shannon Janzen	190,323	\$295,000

(1) RSU grant date value was \$1.55 per unit, reflecting the closing price of Shares on February 17, 2021, 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 2021, the one NEO who participated in the DSU Plan prior to January 1, 2016, received 5,511 DSUs to reflect cash dividends declared.

Refer to "*Deferred Share Unit Plan for Non-Executive Directors*" on page 17 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*” for more information. The Corporation’s normal retirement age is 65 years old, with certain provisions allowing for early retirement starting as early as age 55 years old.

### **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.

## 2021 PERFORMANCE SUMMARY

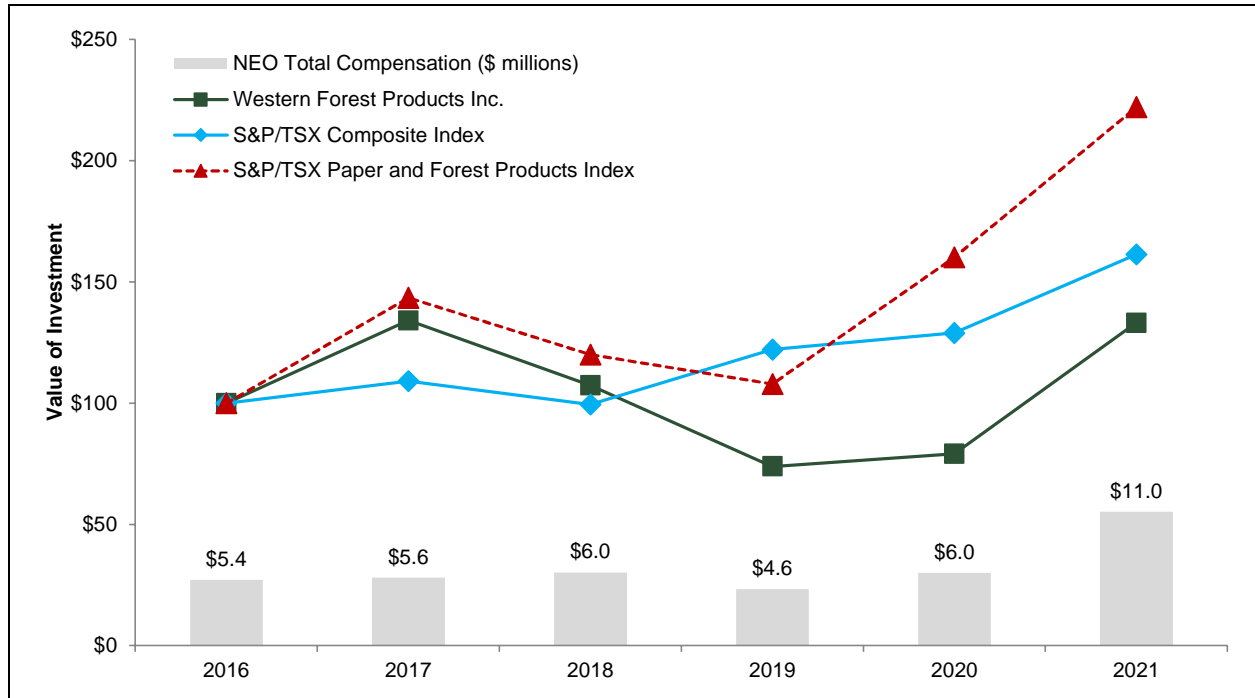
The following table outlines highlights of our financial and operating results and the progress the Corporation has made in advancing its strategic priorities under the direction of the CEO and NEOs during 2021.

Category	2021 Results
<b>Financial Performance</b>	<ul style="list-style-type: none"> <li>Record revenue of \$1.4 billion, an increase of 47% compared to 2020</li> <li>Record adjusted EBITDA of \$302.1 million, an increase of 159% compared to 2020</li> <li>Record EBITDA margin of 21%, compared to 12% in 2020</li> <li>Record ROCE of 44.9%, compared to 16.7% in 2020</li> <li>Total shareholder return of 68.3% in 2021, compared to 25.2% for the S&amp;P/TSX Composite Index and 38.7% for the S&amp;P/TSX Paper and Forest Products Index</li> </ul>
<b>Operational Excellence and Growth</b>	<ul style="list-style-type: none"> <li>Lumber shipments of 782 million board feet, an increase of 34% compared to 2020</li> <li>Lumber production of 760 million board feet, an increase of 32% compared to 2020</li> <li>Achieved a record weighted average lumber price of \$1,531 per thousand board feet by leveraging our flexibility operating platform and capitalizing on strong, yet volatile, lumber markets</li> <li>Grew wholesale lumber shipments by 20% compared to 2020</li> </ul>
<b>Balance Sheet Strength</b>	<ul style="list-style-type: none"> <li>Generated significant cash flow, allowing the Corporation to increase our net cash balance to \$130.0 million at the end of 2021, compared to a net debt balance of \$69.2 million at the end of 2020</li> <li>Repositioned our balance sheet to support our strategic growth priorities ending 2021 with available liquidity of \$371.4 million, compared to \$178.3 million at the end of 2020</li> <li>Monetized significant non-core assets for net proceeds of \$52.0 million</li> <li>Extended the maturity of our \$250 million credit facility to July 2025 and transitioned to a Sustainability-Linked Credit Facility</li> </ul>
<b>Balanced Approach to Capital Allocation</b>	<ul style="list-style-type: none"> <li>Strong operating results and execution of our business plan allowed for the reinstatement of a quarterly dividend in 2021</li> <li>Returned \$111.2 million to shareholders via dividends and share repurchases</li> <li>Invested \$31.9 million in our business and also initiated the implementation of \$10 million in strategic capital projects to reduce costs and improve efficiency in our operations</li> </ul>
<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>Our strict and robust health and safety COVID-19 protocols resulted in no material downtime or workplace COVID-19 outbreaks in our operations</li> <li>Achieved a Corporation Medical Incidence Rate of 3.08</li> <li>Achieved a severity rate decline of 24%, ahead of the 10% target goal</li> <li>Multiple operations of the Corporation had a Medical Incident Rate of zero in 2021</li> </ul>
<b>ESG Commitment</b>	<ul style="list-style-type: none"> <li>Confirmed the Corporation's net positive climate impact the release of our latest Sustainability Report</li> <li>During 2021, we did not have any incidents that had, or are expected to have, a material impact on the environment, the Corporation or our operations</li> <li>Became the first North American public forestry company to transition to a Sustainability-Linked Credit facility, linking our borrowing cost to the achievement of certain sustainability goals</li> <li>Participated on a panel at a global ESG conference, focused on Nature-based and First Nations-based solutions</li> <li>Further highlights of our sustainability initiatives can be found in our Sustainability Report, which is available on our website at <a href="https://www.westernforest.com/">https://www.westernforest.com/</a></li> </ul>

Category	2021 Results
<b>Advance Indigenous Relationships and Reconciliation</b>	<ul style="list-style-type: none"> <li>▪ Completed the sale of an incremental beneficial ownership interest in Tsawak-qin Forestry Limited Partnership (formerly TFL 44 Limited Partnership) to a limited partnership beneficially owned by Huu-ay-aht First Nations, for \$22.4 million and began the co-development of an Integrated Resource Management Plan with Huu-ay-aht First Nations</li> <li>▪ Completed the sale of our interests in timber licenses and jointly held forest licenses to third parties, including the Lil'wat Nation and Inailawatash Limited Partnership, a Tseil-Waututh Nation business</li> <li>▪ Launched a TFL 37 Forest Landscape Plan Pilot with 'Namgis First Nation to guide collaborative decision-making and for the joint development of an innovative and progressive plan to sustainably manage TFL 37</li> <li>▪ Announced a Renewal Agreement and the planned development of a collaborative Integrated Resource Management Plan with Tla'amin Nation</li> <li>▪ Completed the sale of private land on northern Vancouver Island to a wholly owned limited partnership of the Quatsino First Nation, which will be used for community housing and a Big House</li> <li>▪ Completed a letter of understanding to develop a joint planning and reconciliation protocol agreement that will guide the co-development of an Integrated Resource Management Plan with Nanwakolas Council</li> <li>▪ Implemented a name change of TFL 44 Limited Partnership to Tsawak-qin Forestry Limited Partnership on November 15, 2021, which is intended to better reflect the shared values of the partnership, with Tsawak-qin meaning 'we are one' in Nuu-chah-nulth language</li> </ul>
<b>Support People and Communities</b>	<ul style="list-style-type: none"> <li>▪ Reached a new 8-year collective agreement with the Public and Private Workers of Canada, Local 8 for our Value Added Division</li> <li>▪ Reached a new 8-year collective agreement with the Public and Private Workers of Canada, Local 8 for our Ladysmith Sawmill</li> <li>▪ Completed an inaugural employee engagement survey, the results of which will drive continuous improvement and enhancements to our workplace and employee experience</li> <li>▪ Implemented a flexible work arrangement model, providing the flexibility for office employees to work-from-home, work-from-office or a combination of both</li> <li>▪ Recognized non-executive employees with COVID-related safety bonuses to show our appreciation for their commitment and dedication during the pandemic</li> <li>▪ Donated land for the proposed Community Unity Trail, a multi-use 25-kilometer public trail to connect the communities of Zeballos and Tahsis on Vancouver Island</li> <li>▪ Increased community donations in conjunction with our strong results, helping support the people and communities in which we operate</li> <li>▪ Recognized hourly employees with a special year-end performance bonus to show our appreciation for their contributions towards financial performance in a record year</li> </ul>

## PERFORMANCE GRAPH

The following graph and table 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, 2016 and that all dividends are reinvested. Also presented in the graph is total NEO compensation.



Total Shareholder Return	2016	2017	2018	2019	2020	2021
Western Forest Products Inc	\$100	\$134	\$107	\$74	\$79	\$133
S&P/TSX Composite Index	\$100	\$109	\$99	\$122	\$129	\$161
S&P/TSX Composite Paper & Forest Products Index	\$100	\$143	\$120	\$108	\$160	\$222

In 2021, the TSR for the Corporation was 68.3%, significantly exceeding the S&P/TSX Composite Index of 25.2% and the S&P/TSX Paper and Forest Products Index of 38.7%. For the five-year period ended in 2021, 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 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 and 2021, the Corporation achieved its minimum annual ROCE threshold and AIP awards were earned by NEOs, with payments made in 2021 and 2022, respectively. The Corporation achieved a record ROCE of 44.9% 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	2021	\$746,506	\$937,500	-	\$1,125,000	-	\$792,011	\$971,320	\$4,572,337
	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
<b>Stephen Williams</b> Executive Vice President, & Chief Financial Officer	2021	\$492,205	\$445,500	-	\$693,000	-	\$413,709	\$472,990	\$2,517,404
	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
<b>Bruce Alexander</b> Senior Vice President, Sales, Marketing and Manufacturing	2021	\$402,904	\$465,750	-	\$415,000	-	\$80,907	\$24,645	\$1,389,206
	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
<b>Jennifer Foster</b> Senior Vice President, Human Resources and Corporate Affairs <sup>(7)</sup>	2021	\$342,904	\$569,250	-	\$379,500	-	\$72,507	\$24,039	\$1,388,200
	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
<b>Shannon Janzen</b> Vice President, Partnerships & Sustainability and Chief Forester	2021	\$293,603	\$472,000	-	\$324,500	-	\$62,104	\$20,117	\$1,172,324
	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

- (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 and RSU awards made under the respective plans. The value of PSUs and RSUs 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 or RSU.
- (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. In 2021, no President's Awards were awarded to NEOs.
- (5) Pension value includes compensation relating to the Defined Contribution Plan, the Defined Benefit Pension Plans and the Supplementary Executive Retirement Plan. See "*Pension Plan Benefits*" for details on changes made to the Defined Contribution Plan during 2021.
- (6) All other compensation includes the value of premiums for executive life insurance payable by the Corporation and additional DSUs, RSUs, and PSUs corresponding to dividends declared on the Shares credited under the DSU Plan, RSU Plan, and PSU Plan (for 2021: Mr. Demens: \$68,051, 5,511 DSUs, 5,041 RSUs, 24,711 PSUs; Mr. Williams: \$27,221, 2,393 RSUs, 11,680 PSUs; Mr. Alexander: \$21,376, 4,134 RSUs, 6,917 PSUs; Ms. Foster: \$22,169, 5,841 RSUs, 5,620 PSUs; and Ms. Janzen: \$18,515, 4,913 RSUs, 4,659 PSUs). All other compensation also includes awards for retention and market competitiveness purposes in 2021 of \$900,000 for Mr. Demens and \$442,500 for Mr. Williams, which were earned in 2021 but not payable until the earlier of December 31, 2024 or 30 days after retirement (see the section "*Compensation Discussion and Analysis*" for further discussion). Mr. Demens will retire by March 31, 2023.
- (7) 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, PSU and RSU) awards outstanding as at December 31, 2021 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	1,000,000	\$1.27	Feb 21, 2023	\$3,640,200	1,146,090	\$2,182,094	\$1,858,885
	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	\$1,324,459	542,784	\$1,031,764	\$612,227
	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	\$712,710	454,616	\$704,931	\$363,016
	676,000	\$1.05	Mar 6, 2030				
Jennifer Foster	116,000	\$2.17	Dec 7, 2025	\$659,680	500,027	\$678,017	\$257,768
	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	\$533,073	410,599	\$548,440	\$244,892
	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, Mr. Williams, Mr. Alexander, Ms. Foster and Ms. Janzen have a number of vested options with an aggregate value totaling \$2,190,768 as at December 31, 2021.
- (3) Share-based awards includes DSUs, RSUs and PSUs. The value of DSUs, RSUs 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, 2021, being \$2.11. 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 RSUs and PSUs where the number of RSUs and PSUs eligible for vesting has not yet been determined, and for PSUs is based on performance, including dividend equivalent RSUs and PSUs credited on such RSUs and PSUs. RSUs 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. Market value for RSUs is calculated using the closing price of \$2.11 per Share on December 31, 2021. 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 for RSUs is calculated using the closing price of \$2.11 per Share on December 31, 2021, and performance multipliers which use actual performance results to December 31, 2021 and target performance results for future years covered by the PSU performance periods. The market values presented do not reflect the actual value of the payments that may be received after the vesting of the awards.

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, 2021:

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	\$285,167	\$1,308,331	\$1,125,000
Stephen Williams	\$134,520	\$612,227	\$693,000
Bruce Alexander	\$79,768	\$363,016	\$415,000
Jennifer Foster	\$67,496	\$257,768	\$379,500
Shannon Janzen	\$53,808	\$244,892	\$324,500

- (1) Option value vested was calculated by multiplying the number of Options that vested in 2021 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 2021 and PSUs vested at December 31, 2021. 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 2021 by the closing price of the Shares on the vesting date. No RSUs held by NEOs vested in 2021.
- (3) Relates to AIP and President's Awards as disclosed in the "Summary Compensation Table".

## PENSION PLAN BENEFITS

The Corporation has several funded and 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 Corporation's pension plans are designed to provide a suitable level of income replacement at retirement.

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, 2020 <sup>(2)</sup>	Compensatory Change <sup>(3)</sup>	Non-compensatory Change <sup>(4)</sup>	Closing present value of defined benefit obligation at Dec 31, 2021 <sup>(2)</sup>
		At Dec 31, 2021	At age 65				
Shannon Janzen	7.42	\$25,400	\$25,400	\$396,000	-	(\$42,000)	\$354,000

- (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 Corporation.
- (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 non-executive 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").

In 2021, the MRCC completed a review and benchmarking of its DC Plan for executive members with the assistance of independent third-party expertise from Dentons Canada LLP. Under the then current DC Plan, the Corporation contributed 7% of each executive participant's base salary and AIP to the DC Plan, up to the maximum allowed under the ITA Limit. Only 58% of the CEO's target compensation is deemed pensionable income, while for the other NEOs, between 65% to 73% of their target compensation is deemed pensionable income. Based on the review, it was determined that the Corporation's then current DC Plan was both presently and historically well below market for executive members. In addition, in reviewing the Corporation's comparator group, it was determined that many of those companies provided more beneficial pension plans for executives. As a result of the review, as well as for market competitiveness, retention and attraction purposes, for executive members of the DC Plan, effective January 1, 2021, the Corporation contributes 14% of each executive participant's base salary and AIP to the DC Plan, up to the maximum contribution allowed under the ITA Limit. To rectify previous deficiencies of the DC Plan for executive members, in 2021, the Corporation made incremental contributions to certain active executives. The incremental contributions for NEOs are included in the "Compensatory Change" column in the table below. In 2022, the Corporation plans to complete a comprehensive review of the DC Plan for all non-executive members.

The Corporation has a Supplementary Executive Retirement Plan (the "SERP") that provides a pension supplement to executives 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 14% 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>DC Plan Member Since</b>	<b>Accumulated Value at January 1, 2021</b>	<b>Compensatory Change<sup>(1)</sup></b>	<b>Accumulated Value at December 31, 2021</b>
Donald Demens	2009	\$626,687	\$792,011	\$1,459,502
Stephen Williams	2014	\$360,920	\$413,709	\$849,385
Bruce Alexander	2018	\$63,256	\$80,907	\$163,808
Jennifer Foster	2015	\$191,601	\$72,507	\$306,939
Shannon Janzen	2007	\$313,776	\$62,104	\$431,088

(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, PSUs and RSUs may be forfeited, paid out (PSUs, RSUs) 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	RSU Plan
Retirement	None	Prorated up to retirement	No further vesting of awards	Prorated up to retirement <sup>(3)</sup>	Prorated up to retirement <sup>(5)</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>	Prorated up to termination
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>	Immediate vesting of all awards

- (1) Agreements provide 24 months' notice or payment in lieu thereof to the CEO 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%.
- (5) Not applicable to the 1,009,066 additional RSUs which were granted in 2021. These additional RSUs are not eligible for proration if an employee retires before the vesting date (see "*2021 Long-term Incentive Awards*").

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, 2021:

Named Executive Officer	Type of Event	Estimated Payments in Respect of:						
		Base Salary	AIP	Unvested PSUs <sup>(2)</sup>	Unvested RSUs <sup>(2)</sup>	Pension	Other <sup>(3)</sup>	Total
Donald Demens	Term. without cause	\$1,500,000	\$1,166,666	\$2,008,388	\$173,706	\$373,333	-	\$5,222,093
	Change of control <sup>(1)</sup>	\$1,500,000	\$1,166,666	\$1,897,131	\$521,119	\$373,333	\$61,462	\$5,519,711
Stephen Williams	Term. without cause	\$742,500	\$506,501	\$949,220	\$82,544	\$174,860	-	\$2,455,625
	Change of control <sup>(1)</sup>	\$990,000	\$675,334	\$897,643	\$247,632	\$233,147	\$55,362	\$3,099,118
Bruce Alexander	Term. without cause	\$607,500	\$295,001	\$562,356	\$142,576	\$126,350	-	\$1,733,783
	Change of control <sup>(1)</sup>	\$810,000	\$393,334	\$531,513	\$427,727	\$168,467	\$53,222	\$2,384,263
Jennifer Foster	Term. without cause	\$517,500	\$277,250	\$476,657	\$201,359	\$111,265	-	\$1,584,031
	Change of control <sup>(1)</sup>	\$690,000	\$369,666	\$450,979	\$604,078	\$148,353	\$48,826	\$2,311,902
Shannon Janzen	Term. without cause	\$442,500	\$237,251	\$378,998	\$169,442	\$95,165	-	\$1,323,356
	Change of control <sup>(1)</sup>	\$590,000	\$316,334	\$358,037	\$508,326	\$126,887	\$22,947	\$1,922,531

(1) Change of control assumes termination without cause on December 31, 2021, within 24 months of a previously occurring change of control of the Corporation.

(2) Unvested PSUs and RSUs are valued at \$2.11, the closing price of Shares on December 31, 2021.

(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.

## President & CEO Planned Retirement

As previously announced, the Corporation's President & CEO, Mr. Demens will retire by March 31, 2023. By mutual agreement with the Board, Mr. Demens will continue in his role as President & CEO until his replacement has been found to ensure a smooth transition and minimal disruption to the Corporation's business during this time. Mr. Demens will also remain a member of the Board until such time as the transition to his successor occurs.

To recognize Mr. Demens' leadership and role in supporting a seamless transition to his successor, the Board has approved an award of \$1,500,000 (the "Retirement Award") for Mr. Demens. The Retirement Award is not payable until after Mr. Demens' planned retirement date of March 31, 2023, includes recognition of the Board's ability to request an earlier retirement date from Mr. Demens without triggering the termination without cause provisions of his employment agreement or the termination provisions in his change of control agreement and is subject to the covenants noted below. It is anticipated that the Retirement Award will be paid in six quarterly payments, each of \$250,000, commencing three months following the date of Mr. Demens' retirement. Payment of the Retirement Award is subject to Mr. Demens' adherence with certain covenants related to non-competition, non-solicitation and confidentiality in favour of the Corporation for 18 months after his retirement until September 30, 2024.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As at December 31, 2021	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	15,247,304	\$1.71	5,206,850
Equity compensation plans not approved by shareholders	-	-	-
Total	15,247,304	\$1.71	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 9.2% of the issued and outstanding Shares as of the date hereof). No Options were granted in 2021, none have been granted since December 31, 2021, and 250,000 Options were exercised on February 22, 2022. Hence, as of the date hereof, there are Options to purchase 14,997,304 Shares (representing approximately 4.6% of the issued and outstanding Shares as of the date hereof) that have been granted to eligible participants and are outstanding, 9,654,431 Shares that have been issued pursuant to the exercise of Options (representing approximately 3.0% 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 1.6% 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: 2021 – nil; 2020 – 1.40% and 2019 – 0.66%.

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 their 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 their 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-GAAP measures to measure overall performance and to assess our business. Non-GAAP 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.

Adjusted EBITDA and ROCE are non-GAAP measures and do not have a standardized meaning under IFRS. For a discussion and calculation of adjusted EBITDA and ROCE, and how it relates to our reported net income, please see “*Non-GAAP Financial Measures*” in our Management Discussion and Analysis for the year ended December 31, 2021 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. Amendments to the *Canada Business Corporations Act* and the *Canada Business Corporations Regulations* related to the deadline to make shareholder proposals will come into effect on August 31, 2022. Once the amendments are in effect, 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 between December 6, 2022 and February 4, 2023, to be considered for inclusion in the management information circular for the Annual Meeting of our shareholders in 2023.

### 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, 2021.

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, 2021, 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: 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.

The Board is responsible for approving the Corporation's significant operating policies and procedures, including reviewing and approving material changes to existing policies. The Board is also responsible for monitoring the Corporation's compliance with these policies.

## 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 by-laws.

## 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.* Oversee, review and approve the succession planning program and process for the CEO. Annually review Executive Officers succession planning.
- (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 systems and management information systems and security.
  - (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, sustainability report and other public disclosure documents.
  - (iv) *Financial and Environmental, Social and Corporate Governance ("ESG") Reporting.* Oversee the Corporation's compliance with applicable audit, accounting, financial and other reporting requirements and standards adopted by the Corporation.
  - (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.
  - (ix) *Environmental, Social and Corporate Governance (“ESG”) Matters.* Approve the Corporation’s overall general strategy with respect to ESG and monitor, review and approve, as appropriate, the Corporation’s policies and practices relating to ESG matters and risks.
- (f) *Environmental, Health and Safety.* Monitor and review, as appropriate, the Corporation’s policies, operational controls and practices relating to environmental, health and safety issues and risks.

## **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 5, 2021.