



ACADIAN TIMBER

ACADIAN TIMBER CORP.

*BOARD OF DIRECTORS MANDATE*

The board of directors (the “**Board**”) of Acadian Timber Corp. (the “**Corporation**”) has passed a resolution as of February 9, 2010 approving this mandate (the “**Mandate**”) as the mandate of the Board, which was amended on March 16, 2018 and on December 4, 2019.

**1. PURPOSE OF THE BOARD**

The Board is committed to fulfilling its statutory mandate to supervise the management of the business and affairs of the Corporation with the highest standards of ethical conduct and in the best interests of the Corporation and its shareholders. The Board shall oversee, directly and through its committees, the business and affairs of the Corporation and its subsidiary entities, which are conducted by the officers and employees of the Corporation and its subsidiary entities, to ensure that the best interests of the Corporation and shareholders are advanced by enhancing shareholder value in a manner that recognizes the concerns of other stakeholders in the Corporation, including its employees, suppliers, customers and the communities in which they operate.

**2. SPECIFIC AUTHORITY AND RESPONSIBILITIES**

The Board is responsible for the stewardship of the Corporation and in that regard shall be specifically responsible for:

- a) **Strategic planning** – with the assistance of senior management of the Corporation, adopting a strategic planning process, and reviewing and approving, on at least an annual basis, as well as continuously monitoring, a strategic plan for the Corporation and its subsidiaries, which takes into account, among other things, the opportunities and risks of the Corporation’s business and activities and includes fundamental financial and business strategies and objectives;
- b) **Risk management** – with the assistance of senior management of the Corporation, identifying and assessing the major risks facing the Corporation and ensuring the implementation of appropriate systems to manage those risks;
- c) **Maintaining integrity** – to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and other executive officers of the Corporation and that such officers create a culture of integrity throughout the organization;
- d) **Acquisitions and dispositions** – with the assistance of senior management of the Corporation, reviewing and evaluating potential acquisitions or dispositions recommended by senior management;
- e) **Communication policy** – adopting and periodically reviewing, through the Compensation, Nominating and Corporate Governance Committee (the “**CNCG Committee**”) of the Board, or in any manner that the Board deems appropriate, a disclosure policy for the Corporation;

- f) **Succession planning** – monitoring succession planning, through the CNCG Committee or in any manner that the Board deems appropriate, including key matters pertaining to the appointment, training, and monitoring of the Corporation’s senior officers, which may include meeting with, and discussing such matters with, senior management of the Corporation;
- g) **Corporate governance** – reviewing the reports and recommendations of the CNCG Committee regarding proposed nominees for the Board, the composition of the Board (including size and membership) and the committees of the Board, and with respect to the Corporation’s approach to governance and its corporate governance policies;
- h) **Officers and senior management** – overseeing the selection of corporate officers and the evaluation and compensation of senior management;
- i) **Internal controls** – reviewing and monitoring the controls and procedures within the Corporation to maintain its integrity and promote a culture of integrity and compliance within the Corporation. These controls and procedures include its disclosure controls and procedures, its internal controls and procedures for financial reporting, management systems and compliance with its Code of Business Conduct and its anti-bribery and corruption program. Review and monitoring of such controls and procedures may be conducted through the Board’s Audit Committee, or in any manner that the Board deems appropriate;
- j) **Feedback** – establishing measures for communicating with and receiving feedback from shareholders and other stakeholders;
- k) **Environmental, social, governance** – reviewing the Corporation’s approach to environmental, social, and governance matters within its corporate and operational activities as reported to the Board by the CNCG Committee; and
- l) **Whistleblowers** – establish whistleblower policies for the Corporation providing employees, officers, directors and other stakeholders, including the public, with the opportunity to raise, anonymously or not, questions, complaints or concerns regarding the Corporation’s practices, including fraud, policy violations, any illegal or unethical conduct, and any accounting, auditing or internal control matters. The Board or a committee thereof will provide oversight over the Corporation’s whistleblower policies and practices to ensure that any questions, complaints or concerns are adequately received, reviewed, investigated, documented and resolved.

In addition, directors are expected to carry out their duties in accordance with policies adopted by the Board from time to time, the current policy being annexed hereto as Appendix A.

### **3. COMPOSITION AND PROCEDURES**

- a) **Size of the Board and selection process** – The directors of the Corporation are elected each year by the shareholders at the annual meeting of shareholders. Any shareholder may propose a nominee for election to the Board at the annual meeting. The Board also recommends the number of directors on the Board to shareholders for approval, based on the recommendations of the CNCG Committee. Between annual meetings, the Board may appoint directors to fill vacancies until the next annual meeting.
- b) **Qualifications** – Directors should have the highest personal and professional ethics and values and be committed to advancing the best interests of the shareholders of the Corporation. They should

possess skills and competencies in areas that are relevant to the Corporation's, and its subsidiaries', activities. A majority of the directors should qualify as "independent" as defined in National Instrument 52-110 – *Audit Committees*.<sup>1</sup>

- c) **Director education and orientation** – The Corporation's management team is responsible for providing an orientation program for new directors in respect of the Corporation and the role and responsibilities of directors. In addition, directors will, as required, receive continuing education about the Corporation to maintain a current understanding of the Corporation's business and operations.
- d) **Meetings** – The Board shall hold at least four scheduled meetings each year. Senior management of the Corporation shall be responsible for presenting an agenda to the directors for consideration prior to each Board meeting. Materials for each meeting will be distributed to the directors in advance of the meetings. Directors are expected to have read and considered the materials sent to them in advance of the meetings and be prepared to discuss the matters contained in such materials at the meeting.
- e) The independent directors will hold regular meetings at which the non-independent directors and members of the Corporation's senior management are not in attendance.
- f) **Committees** – The Board has established the following standing committees to assist the Board in discharging its responsibilities: an Audit Committee and the CNCG Committee. Special committees may be established from time to time to assist the Board in connection with specific matters. The chair of each committee reports to the Board following meetings of the committee. The mandate of each standing committee will be reviewed annually by the Board (through the CNCG Committee or in any manner that the Board deems appropriate).
- g) **Access to independent advisors** – In discharging its mandate, the Board and any committee may, at any time, retain outside financial, legal or other advisors at the expense of the Corporation.
- h) **Compensation** – Compensation of directors shall be at a level that will attract and motivate professional and competent Board members, based on the recommendations, from time to time, of the CNCG Committee.
- i) **Chairperson of the Board** – The Board will elect, by majority vote, a chairperson (the "**Chair**") from its membership each year at the first meeting of the Board after a meeting of the shareholders of the Corporation at which the directors are elected, provided that if such election is not made, the director who is then serving as Chair shall continue as Chair until his or her successor is elected. The Chair's responsibilities have been determined and approved by the Board and have been set out in a written position description. The Chair shall be an independent director (determined in accordance with this Mandate) unless the Board determines otherwise.
- j) **Lead Director** – If the Chair is not an independent director, the Board shall elect, by majority vote, a "lead director" to act as a liaison between the Board and senior management of the Corporation. The lead director's responsibilities have been determined and approved by the Board and have been set out in a written position description, which include monitoring the adequacy of materials provided to the directors, ensuring directors have adequate opportunities to meet without senior

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<sup>1</sup> See Appendix B.

management of the Corporation being present and presiding over *in camera* meetings of the independent directors.

#### **4. ANNUAL EVALUATION**

At least annually, the Board shall, through the CNCG Committee, or in any manner it determines to be appropriate:

- a) conduct a review and evaluation of the performance of the Board and its members and committees, including compliance by the Board with this Mandate. This evaluation shall focus on the contribution of the Board to the Corporation and its subsidiaries and specifically focus on areas in which the directors and senior management believe that the contribution of the Board could be improved; and
- b) review and assess the adequacy of this Mandate and the position descriptions for the Chair and lead director and make such changes as it considers necessary or appropriate.

#### **5. MEASURES FOR RECEIVING FEEDBACK**

Representatives from the Board will be present at all shareholders' meetings to respond to shareholder questions relating to the Board's activities, duties and obligations. Specific procedures for permitting shareholder and other stakeholder feedback and communication with the Board will be prescribed by the Corporation's Corporate Disclosure Policy approved by the Board.

#### **6. INCONSISTENCIES WITH APPLICABLE LAWS**

In the event of any conflict or inconsistency between this Mandate and the provisions of the *Canada Business Corporations Act* (the "CBCA") or other applicable laws, in each case as amended, restated or amended and restated from time to time, the provisions hereof shall be ineffective and shall be superseded by the provisions of the CBCA or such other applicable laws to the extent necessary to resolve such conflict or inconsistency.

## APPENDIX A

### *POLICY FOR PRACTICES FOR DIRECTORS*

#### **1. Attendance at Meetings**

Each director is expected to have a very high record of attendance at meetings of the Board, and at meetings of each Board committee on which the director sits. A director is expected to:

- a) advise the Chair as to planned attendance at Board and Board committee meetings shortly after meeting schedules have been distributed;
- b) advise the Chair as soon as possible after becoming aware that he or she will not be able to attend a meeting; and
- c) attend a meeting by telephone or video conference if unable to attend in person.

#### **2. Preparation for Meetings**

Directors are expected to carefully review and consider the materials distributed in advance of a Board or Board committee meeting. Directors are also encouraged to contact the Chair, the lead director, the Chief Executive Officer and any other appropriate senior officers to ask questions and discuss agenda items prior to meetings.

#### **3. Conduct at Meetings**

Directors are expected to ask questions and participate in discussions at meetings, and to contribute relevant insights and experience. In discussions at meetings, a director should:

- a) be candid and forthright;
- b) not be reluctant to express views contrary to those of the majority;
- c) be concise and, in most circumstances, respect the time constraints of a meeting; and
- d) be courteous to and respectful of other directors and guests in attendance.

#### **4. Knowledge of the Corporation's Business**

Directors are expected to be knowledgeable with respect to the various fields and divisions of business of the Corporation. Although the senior officers of the Corporation, individually and as a group, have a duty to keep the directors informed about developments in the Corporation's business, directors have a primary duty of care and diligence, which includes a duty of inquiry. Directors should:

- a) ask questions of the officers and other directors, at meetings and otherwise, to increase their knowledge of the business of the Corporation;
- b) familiarize themselves with the risks and challenges facing the business of the Corporation;
- c) read all internal memoranda and other documents circulated to the directors, and all reports and other documents issued by the Corporation for external purposes;

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- d) insist on receiving adequate information from the officers of the Corporation with respect to a proposal before Board approval is requested;
- e) familiarize themselves with the Corporation's competitors by, among other things, reading relevant news, magazine and trade journal articles; and
- f) familiarize themselves with the legal and regulatory framework within which the Corporation carries on its business.

### **5. Personal Conduct**

Directors are expected to:

- a) exhibit high standards of personal integrity, honesty and loyalty to the Corporation;
- b) project a positive image of the Corporation to news media, the financial community, governments and their agencies, shareholders and employees;
- c) be willing to contribute extra efforts, from time to time as may be necessary including, among other things, being willing to serve on committees of the Board; and
- d) disclose any potential conflict of interest that may arise with the business or affairs of the Corporation and, generally, avoid entering into situations where such conflicts could arise or could reasonably be perceived to arise.

## APPENDIX B

### DEFINITIONS

“**independent director**” means a director who has no direct or indirect material relationship with the Corporation.<sup>1</sup>

“**material relationship**” means a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s independent judgement. Without limiting the generality of the foregoing, the following individuals are considered to have a material relationship with the Corporation:<sup>2</sup>

- (a) an individual who is, or has been within the last three years, an employee or executive officer<sup>3</sup> of the Corporation;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Corporation;
- (c) an individual who:
  - (i) is a partner<sup>4</sup> of a firm that is the Corporation’s internal or external auditor,
  - (ii) is an employee of that firm, or
  - (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
  - (i) is a partner of a firm that is the Corporation’s internal or external auditor,
  - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

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<sup>1</sup> For the purpose of the definitions of “independent director” and “material relationship” in this Appendix, “Corporation” includes a subsidiary entity of the Corporation and a parent of the Corporation, as applicable.

<sup>2</sup> An individual will not be considered to have a material relationship with the Corporation solely because he or she had a relationship identified in this definition if that relationship ended before March 30, 2004 or, if such relationship was with a subsidiary entity of the Corporation or a parent of the Corporation, that relationship ended before June 30, 2005. An individual will not be considered to have a material relationship with the Corporation solely because the individual or his or her immediate family member has previously acted as an interim chief executive officer of the Corporation or acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the Corporation on a part-time basis.

<sup>3</sup> An “executive officer” includes any individual who performs a policy-making function in respect of the entity.

<sup>4</sup> A partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

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- (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation's audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Corporation's current executive officers serves or served at that same time on the entity's compensation committee; and
- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than \$75,000 in direct compensation<sup>5</sup> from the Corporation during any 12-month period within the last three years.<sup>6</sup>

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<sup>5</sup> Direct compensation does not include: (a) remuneration for acting as a member of the board of directors or of any board committee of the Corporation; and (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.

<sup>6</sup> An individual who: (a) has a relationship with the Corporation pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or (b) is an affiliated entity of the Corporation or any of its subsidiary entities, is considered to have a material relationship with the Corporation. The indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by: (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary entity of the Corporation. Compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.