



## **BOARD AND COMMITTEE CHARTERS**

**ACADIAN TIMBER CORP.**

**BOARD AND COMMITTEE**

**CHARTERS**

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## **ACADIAN TIMBER CORP.**

### ***BOARD OF DIRECTORS***

#### **TERMS OF REFERENCE**

The following terms of reference are intended to comply with National Policy 58-201 - Corporate Governance Guidelines.

#### **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.

#### **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.

## 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 Charter) 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

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

include monitoring the adequacy of materials provided to the directors, ensuring directors have adequate opportunities to meet without senior management of the Corporation being present and presiding over *in camera* meetings of the independent directors.

#### **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 Charter. 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 Charter and the position descriptions for the Chair and lead director and make such changes as it considers necessary or appropriate.

### **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.

### **INCONSISTENCIES WITH APPLICABLE LAWS**

In the event of any conflict or inconsistency between this Charter 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;

- (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>2</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>3</sup>

- (a) an individual who is, or has been within the last three years, an employee or executive officer<sup>4</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:
  - 1. is a partner<sup>5</sup> of a firm that is the Corporation’s internal or external auditor,
  - 2. is an employee of that firm, or
  - 3. 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:
  - 1. is a partner of a firm that is the Corporation’s internal or external auditor,
  - 2. 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>2</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>3</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>4</sup> An “executive officer” includes any individual who performs a policy-making function in respect of the entity.

<sup>5</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.

3. 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>6</sup> from the Corporation during any 12-month period within the last three years.<sup>7</sup>

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<sup>6</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>7</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.

## **ACADIAN TIMBER CORP.**

### ***AUDIT COMMITTEE***

#### **TERMS OF REFERENCE**

A committee of the board of directors (the “**Board**”) of Acadian Timber Corp. (the “**Corporation**”) to be known as the Audit Committee (the “**Committee**”) shall have the mandate set out below. The Board has passed a resolution as of February 9, 2010 approving this charter (the “**Charter**”) as the charter of the Committee, which was amended on March 16, 2018 and on December 4, 2019.

#### **1. PURPOSE OF THE COMMITTEE**

The Committee is established in order to assist the Board in its oversight and supervision of:

- (a) the integrity of the Corporation’s accounting and financial reporting practices and procedures;
- (b) the adequacy of the Corporation’s internal accounting controls and procedures;
- (c) the compliance by the Corporation with legal and regulatory requirements in respect of financial disclosure;
- (d) the assessment, monitoring and management of the material risks of the Corporation’s business;
- (e) the quality and integrity of the Corporation’s consolidated financial statements; and
- (f) the qualification, independence and performance of the Corporation’s independent auditor.

In addition, the Committee provides an avenue for communication between the independent auditor, the Corporation’s Chief Financial Officer and other senior management, other employees and the Board concerning accounting, auditing and risk management matters.

The Committee is directly responsible for the recommendation of the appointment and retention (and termination) and for the compensation and the oversight of the work of the independent auditor (including oversight of the resolution of any disagreements between senior management and the independent auditor regarding financial reporting) for the purpose of preparing audit reports or performing other audit, review or attest services for the Corporation.

Each member of the Committee shall be entitled to rely in “good faith” upon:

- (a) financial statements of the Corporation represented to him or her by senior management of the Corporation or in a written report of the independent auditor to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles; and
- (b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

“Good faith reliance” means that the Committee member has considered the relevant issues, questioned the information provided and assumptions used, and assessed whether the analysis provided by senior management or the expert is reasonable. Generally, good faith reliance does not require that the member question the honesty, competence and integrity of senior management or the expert unless there is a reason to doubt their honesty, competency and integrity.

The Corporation’s management is responsible for preparing the Corporation’s financial statements and, along with the internal audit function, for developing and maintaining systems of internal accounting and financial controls. The auditor will assist the Committee and the Board in fulfilling their responsibilities for review of the financial statements and internal controls, and the auditor will be responsible for the independent audit of the financial statements. The Committee expects the auditor to call to its attention any accounting, auditing, internal accounting control, regulatory or other related matters that the auditor believes warrant consideration or action. The Committee recognizes that the Corporation’s finance team, the internal audit team and the auditor have more knowledge and information about the Corporation’s financial affairs than do the Committee’s members. Accordingly, in carrying out its oversight responsibilities, the Committee does not provide any expert or special assurance as to the Corporation’s financial statements or internal controls or any professional certification as to the auditor’s work. The fundamental responsibility for the Corporation’s financial statements and disclosure rests with senior management.

## **2. SPECIFIC RESPONSIBILITIES**

### ***Independent Auditor***

The Committee shall:

- (a) recommend the appointment and the compensation of; and, if appropriate, the termination of the independent auditor, subject to such Board and shareholder approval as is required under applicable legal and regulatory requirements;
- (b) obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Committee;
- (c) oversee the work of the independent auditor, including the resolution of any disagreements between senior management and the independent auditor regarding financial reporting;
- (d) pre-approve all audit and non-audit services (including any internal control-related services) provided by the independent auditor (subject to any restrictions on such non-audit services imposed by applicable legal and regulatory requirements);
- (e) adopt such policies and procedures as it determines appropriate for the pre-approval of the retention of the independent auditor by the Corporation and any of its subsidiaries or any audit or non-audit services, including procedures for the delegation of authority to provide such approval to one or more members of the Committee (and related procedures to confirm that any such delegated pre-approvals are presented by such members to the Committee at its first scheduled meeting following any such pre-approvals);
- (f) review the terms of the auditor’s engagement and the appropriateness and reasonableness of the proposed audit fees;

- (g) when a change of independent auditor is proposed, review all issues related to the change, including the information to be included in the notice of change of the independent auditor as required, and the orderly transition of such change; and
- (h) At least annually, review and evaluate the experience, qualifications, performance and independence of the independent auditor and determine whether the independent auditor should be appointed or re-appointed, and nominate the auditor for appointment or reappointment by the shareholders.

***The Audit Process, Financial Statements and Related Disclosure***

The Committee shall, as it determines to be appropriate:

- (a) meet with senior management and/or the independent auditor to review and discuss:
  - 1. the planning, staffing and budgeting of the audit by the independent auditor,
  - 2. before public disclosure, the Corporation’s annual audited financial statements and quarterly financial statements, the Corporation’s accompanying disclosure of Management’s Discussion and Analysis and earnings press releases and make recommendations to the Board as to their approval and dissemination of those statements and disclosure,
  - 3. financial information and earnings guidance provided to analysts and rating agencies (this review need not be done on a case by case basis but may be done generally, consisting of a discussion of the types of information disclosed and the types of presentations made, and need not take place in advance of the disclosure),
  - 4. any significant financial reporting issues and judgments made in connection with the preparation of the Corporation’s financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the Corporation’s financial statements,
  - 5. all critical accounting policies and practices used,
  - 6. all alternative treatments of financial information within GAAP that have been discussed with senior management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor,
  - 7. the use of “*pro forma*” or “adjusted” non-IFRS information,
  - 8. the effect of new regulatory and accounting pronouncements,
  - 9. the effect of any material off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise) on the Corporation’s financial statements,

10. any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Committee, and
  11. the adequacy of the Corporation's internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel (including any fraud involving an individual with a significant role in internal controls or management information systems) and any special steps adopted in light of any material control deficiencies;
- (b) review disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of the procedures in place relating to such review including reviewing management's discussion and analysis;
  - (c) to the extent applicable, review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former independent auditor of the Corporation; and
  - (d) review with the independent auditor,
    1. the quality, as well as the acceptability, of the accounting principles that have been applied,
    2. any problems or difficulties the independent auditor may have encountered during the provision of its audit services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with senior management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to senior management and the Corporation's response to that letter or communication, and
    3. any changes to the Corporation's significant auditing and accounting principles and practices suggested by the independent auditor or other members of senior management.

### ***Risk Management***

The Committee shall review with senior management, on at least an annual basis, the Corporation's guidelines and policies with respect to risk assessment and the Corporation's major financial risk exposures and the steps senior management has taken to monitor and control such exposures, including a review of all risk management policies and the scope of the Corporation's annual insurance coverage.

### ***Compliance***

The Committee shall, as it determines to be appropriate:

- (a) obtain reports from senior management that the Corporation and its subsidiaries are in compliance with applicable legal requirements and the Corporation's Code of Business Conduct;
- (b) review with senior management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Corporation's financial statements or accounting policies;
- (c) review senior management's written representations to the independent auditor;
- (d) establish procedures for,
  1. the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and
  2. the confidential, anonymous submission by employees of the Corporation with concerns regarding any accounting or auditing matters.

### ***Communications with Independent Auditor***

Notwithstanding anything set out in this Charter to the contrary, the Committee may meet privately with the independent auditor as frequently as the Committee deems appropriate for the Committee to fulfill its responsibilities and to discuss any concerns of the Committee or the independent auditor in relation to the matters covered by this Charter, including the effectiveness of the Corporation's financial recording procedures and systems and senior management's cooperation and responsiveness to matters arising from the audit and non-audit services performed by the independent auditor.

## **3. MEMBERSHIP AND ORGANIZATION**

- (a) Following each annual meeting of the Corporation's shareholders, the Board shall appoint from its number at least three (3) directors to serve on the Committee (the "**Members**") until the close of the next annual meeting of shareholders of the Corporation (provided that if such appointment is not made, the Member shall continue as a member of the Committee until his or her successor is appointed) or until the Member ceases to be a director, resigns or is replaced, whichever first occurs. Any Member may be removed from office or replaced at any time by the Board.
- (b) Subject to applicable securities law exemptions, each of the Members of the Committee shall be "independent" as set out in the mandate of the Board and within the meaning of applicable securities laws, the applicable policies adopted by securities regulatory authorities and the applicable rules of any stock exchange upon which the Corporation's securities are listed.

- (c) A Member who sits on the board of directors of an affiliated entity is exempt from the requirement that he or she be independent if that person, except for being a director (or member of a Board committee) of the Corporation and the affiliated entity, is otherwise independent of the Corporation and the affiliated entity, provided that the Board has determined that appointing such Member to the Committee will not materially adversely affect the ability of the Committee to act independently.
- (d) No director who receives any compensation from the Corporation or its affiliates, other than director's fees, shall be eligible for membership on the Committee. Disallowed compensation for a Committee member includes fees paid directly or indirectly for services as a consultant or a legal or financial advisor, regardless of the amount. Disallowed compensation also includes compensation paid to such director's firm for such consulting or advisory services, even if the director is not the actual service provider.
- (e) Each Member shall, in the judgment of the board, be "financially literate" as defined in National Instrument 52-110 – *Audit Committees*. In addition, at least one Member shall, in the judgment of the Board, have accounting or related financial management expertise.
- (f) The Board shall appoint one of the Members as the chairperson of the Committee (the "Chair"). If the Chair is absent from a meeting, the Members shall select an acting chairperson from those in attendance to act as chairperson of the meeting. The Chair's responsibilities have been determined and approved by the Board and have been set out in a written position description.
- (g) The compensation of Members shall be as determined by the Board.
- (h) Each Member of the Committee will have knowledge of Canadian corporate governance standards and familiarity with Canadian securities regulations related to continuous disclosure.

#### 4. PROCEDURES AND ADMINISTRATION

- (a) **Meetings** – Meetings of the Committee may be called by the Chair or any other Member, the chairperson of the Board or the independent auditor of the Corporation. Meetings will be called not less than once annually and at such additional times as is necessary for the Committee to fulfill its responsibilities. Notice of each meeting shall be given to each Member, to the Chair and to the independent auditor of the Corporation, verbally or by letter, e-mail, telephone facsimile transmission or telephone not less than 24 hours before the time fixed for the meeting. Members may waive notice of any meeting. The notice need not state the purpose or purposes for which the meeting is being held. The Committee shall appoint a secretary to be the secretary of each meeting of the Committee and to maintain minutes of the meeting and deliberations of the Committee.
- (b) **Subcommittees** – The Committee may form subcommittees for any purpose and may delegate to a subcommittee such of the Committee's powers and authorities as the Committee deems appropriate.

- (c) **Quorum and voting** – The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than a majority of the Members from time to time. Subject to the foregoing, and the constating documents under which the Corporation was created, and unless otherwise determined by the Board, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.
- (d) **Investigations** – In discharging its duties, the Committee shall have full access to all corporate books, records, facilities, personnel and outside professionals. The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee.
- (e) **Independent Advisors** – The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent consultants and independent legal, accounting or other advisors, who may be regular advisors to the Corporation. The Corporation shall provide such funding as the Committee determines is appropriate in connection with the retention of such advisors.
- (f) **Reports to the Board** – The Committee shall report to the board on its proceedings, reviews undertaken and any associated recommendations.

## 5. ANNUAL EVALUATION

At least annually, the Committee shall, in a manner it determines to be appropriate:

- (a) perform a review and evaluation of the performance of the Committee and its Members, including the compliance of the Committee with this Charter; and
- (b) review and assess the adequacy of this Charter and the position description for the committee chair and recommend to the Board any improvements that the Committee believes to be appropriate.

## **ACADIAN TIMBER CORP.**

### ***COMPENSATION, NOMINATING AND CORPORATE GOVERNANCE COMMITTEE***

#### **TERMS OF REFERENCE**

A committee of the board of directors of the Corporation known as the Compensation, Nominating and Corporate Governance Committee (the “**Committee**”) shall have the following terms of reference set out below. The Board has passed a resolution as of February 9, 2010 approving this mandate (the “**Mandate**”) as the mandate of the Committee, which was amended on December 18, 2013, on March 16, 2018, and on December 4, 2019.

The following terms of reference are intended to comply with National Policy 58-201 - Corporate Governance Guidelines.

#### **1. PURPOSE OF THE COMMITTEE**

The Committee is established by the Board to assist in fulfilling its stewardship role and to discharge the Board’s responsibilities relating to:

##### ***Compensation***

- (a) recruitment, development and retention of senior management;
- (b) appointment, performance evaluation and compensation of senior management, including the compensation of the Chief Executive Officer (the “**CEO**”), Chief Financial Officer (the “**CFO**”) and Chief Operating Officer (“**COO**”);
- (c) succession planning systems and processes relating to senior management;
- (d) remuneration of directors;
- (e) administering and making recommendations regarding the operation of any long-term incentive plan and any other employee incentive plans, seeking to ensure that the compensation and benefits reflect the responsibilities and risks involved in being a director or senior officer of the Corporation and aligning the interests of the directors with the best interests of the shareholders;

##### ***Nominating and Corporate Governance***

- (a) development of the criteria for selecting new directors;
- (b) identification of individuals qualified to become members of the Board;
- (c) development of the Corporation’s approach to governance issues and appropriate corporate governance principles;
- (d) review of the effectiveness of the directors and the contribution of individual directors, including an annual evaluation of the effectiveness of the Board as a whole, the committees of the Board, the written mandates of the Board and its committees, and the contributions of individual directors;

- (e) periodic review and updating of the Corporation’s written disclosure policy; and
- (f) such other initiatives as may be necessary or desirable to enable the Board to provide effective corporate governance.

## 2. SPECIFIC RESPONSIBILITIES

Although the Board may consider other duties from time to time, the Committee, to the extent it deems necessary or appropriate, will have the following specific responsibilities in light of the Committee’s purpose as set out above:

### *Compensation Responsibilities*

- (a) at least annually, review with the CEO of the Corporation the long term goals and objectives of the Corporation that are relevant to the CEO’s compensation to be paid by the Corporation and the CEO’s performance in light of those goals and objectives, with a view to maintaining a compensation program for the CEO at a fair and competitive level, consistent with the best interests of the Corporation;
- (b) at least annually, in consultation with the CEO, review and make recommendations to the Board with respect to the compensation of all members of senior management of the Corporation including the CEO, CFO and COO (including incentive compensation plans, equity-based plans, the terms of employment arrangements, severance arrangements, change in control arrangements and any special or supplemental benefits), with a view to maintaining a compensation program for senior management at a fair and competitive level, consistent with the best interests of the Corporation;
- (c) at least annually, review and make recommendations to the Board with respect to the compensation of directors, the chair of the Board and those acting as committee chairs to, among other things, ensure their compensation appropriately reflects the responsibilities they are assuming;
- (d) exercise the authority of the Board with respect to the administration of the Corporation’s existing deferred unit plan, and any other incentive stock option plans or other equity-based and employee benefit plans in place from time to time, in accordance with the terms and provisions of such plans, with authority to grant or to approve or disapprove participation of individual employees in those plans;
- (e) make recommendations to the Board with respect to senior officer development and corporate succession plans for the CEO and other members of senior management;
- (f) review and discuss with management the Corporation’s executive compensation disclosure to be included in the Corporation’s management information circular and any other disclosure with respect to executive compensation to be included in any other public disclosure documents of the Corporation.

***Nominating Responsibilities***

- (a) at least annually, and in any event prior to making a recommendation for the nomination of directors at the Corporation's annual meeting of shareholders:
  - 1. review the competencies, skills and personal qualities required of Board members in light of relevant factors, including: the objective of adding value to the Corporation in light of the opportunities and risks facing the Corporation and the Corporation's proposed strategies, the need to ensure, to the greatest extent possible, that a majority of the Board is comprised of individuals who meet the independence requirements of the applicable securities legislation or other guidelines, and the policies of the Board with respect to board member tenure, retirement and succession and director commitments;
  - 2. review the competencies and skills that each existing director possesses;
  - 3. consider how each director's personality and other qualities affect boardroom dynamics; and
  - 4. consider the appropriate size of the Board for facilitating effective decision making;
- (b) in co-operation with the Corporation's senior management, oversee an appropriate orientation and education program for new directors in order to familiarize them with the Corporation, the role of the Board and its committees and the nature and operation of the Corporation's business (including the Corporation's reporting structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, senior management and the independent auditor, as well as the time and resource contributions that individual directors are expected to make to the Board);
- (c) actively seek individuals qualified (in context of the Corporation's needs and any formal criteria established by the Board) to become directors for recommendation to the Board. In making its recommendations for nominees, the Committee should consider:
  - 1. the competencies and skills that the Board as a whole should possess;
  - 2. the competencies and skills of each existing director;
  - 3. the competencies and skills of each new nominee;
  - 4. whether the new nominee can devote sufficient time and resources to his or her duties as a director; and
  - 5. the diversity of the board composition, including gender considerations;
- (d) review and recommend to the Board the membership and allocation of directors to the various committees of the Board, and the chairs thereof;

- (e) establish procedures for the receipt of comments from all directors to be included in an annual assessment of the Board's performance;
- (f) review any director resignation letter tendered and evaluate and recommend to the Board whether such resignation should be accepted in accordance with the Corporation's majority voting policy;

***Governance Responsibilities***

- (a) review from time to time the size of the Board and number of directors who are independent for the purpose of applicable securities law, stock exchange and other regulatory requirements;
- (b) oversee the Corporation's approach to environmental, social, and governance matters within its corporate and operational activities;
- (c) monitor legislation, regulatory policies and industry best practices dealing with corporate governance;
- (d) consider policies relating to meetings of the Board and separate meetings of independent directors;
- (e) from time to time, consider the adequacy of the Articles of the Corporation and recommend to the Board, as conditions dictate, amendments to the Articles;
- (f) at least annually, review the mandates and performance of the Board and its committees and, if appropriate, make recommendations to the Board in respect thereof;
- (g) at least annually, review the practices of the Board (including the holding of separate meetings of non-management and independent directors) to ensure compliance with the Board's mandate and the Corporation's internal governance guidelines and policies;
- (h) at least annually, review the relationship between senior management and the Board and, if appropriate, make recommendations to the Board with a view to ensuring that the Board is able to function independently of senior management and conflicts of interest;
- (i) at least annually, review the adequacy of the Corporation's Code of Business Conduct and recommend any proposed changes to the Board;
- (j) be responsible for granting any waivers from the application of the Corporation's Code of Business Conduct and review senior management's monitoring of compliance with that Code;
- (k) review, as requested by the Board, the Corporation's Anti-Bribery and Corruption program and recommend any proposed changes to the Board;

- (l) review, as requested by the Board, the Corporation’s Corporate Disclosure Policy and recommend any proposed changes to the Board;
- (m) review, as requested by the Board, the adequacy of position descriptions for the Corporation’s CEO, chairman of the Board and chairpersons of the committees of the Board; and
- (n) assess the need, and to coordinate a program, for continuing education for members of the Board.

***Other responsibilities***

- (a) consider and make recommendations to the Board with respect to proposals and recommendations from management concerning the selection of individuals to occupy senior executive positions; and
- (b) report to the Board any concerns or issues that might indicate that organizational strengths are not sufficient for the requirements of long-range goals of the Corporation.

Perform any other duties, responsibilities and activities consistent with this Charter and the Corporation’s Articles as this Committee, the Board, the Chair of the Board or the Lead Director of the Board deem necessary or appropriate.

**3. MEMBERSHIP AND ORGANIZATION**

- (a) Following each annual meeting of the Corporation’s shareholders, the Board shall appoint from its members at least three (3) directors to serve on the Committee (the “**Members**”) until the close of the next annual meeting of shareholders of the Corporation (provided that if such appointment is not made, the Member shall continue as a member of the Committee until his or her successor is appointed) or until the Member ceases to be a director, resigns or is replaced, whichever first occurs. In addition to possessing the qualities required of a Director, each Member shall have, or commit to develop in a timely manner, an understanding of compensation and corporate governance principles and practices.
- (b) Each of the Members of the Committee shall be “independent” as set out in the mandate of the Board and within the meaning of applicable securities laws, the applicable policies adopted by securities regulatory authorities and the applicable rules of any stock exchange upon which the Corporation’s securities are listed.
- (c) The Board shall appoint one of the Members as the chairperson of the Committee (the “**Chair**”). If the Chair is absent from a meeting, the Members shall select an acting chairperson from those in attendance to act as chairperson of the meeting. The Chair’s responsibilities have been determined and approved by the Board and have been set out in a written position description.
- (d) The compensation of Members shall be as determined by the Board.

#### 4. PROCEDURES AND ADMINISTRATION

- (a) **Meetings** – Meetings of the Committee may be called by the Chair or the chairperson of the Board. Meetings will be called not less than once annually and at such additional times as is necessary for the Committee to fulfill its responsibilities. Notice of each meeting shall be given to each Member and to the Chairman verbally or by letter, e-mail, telephone facsimile transmission or telephone not less than 24 hours before the time fixed for the meeting. Members may waive notice of any meeting. The notice need not state the purpose or purposes for which the meeting is being held. The Committee shall appoint a secretary to be the secretary of each meeting of the Committee and to maintain minutes of the meeting and deliberations of the Committee.
- (b) **Delegation- The Committee may delegate authority to any individual member or subcommittee when, and in the manner and extent, deemed appropriate by it.**
- (c) **Quorum and voting** – The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than a majority of the Members from time to time. Subject to the foregoing, and the constating documents under which the Corporation was created, and unless otherwise determined by the Board, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.
- (d) **Investigations** – In discharging its duties, the Committee shall have full access to all corporate books, records, facilities, personnel and outside professionals. The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee.
- (e) **Independent Advisors** – The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent consultants and independent legal, accounting or other advisors, who may be regular advisors to the Corporation. The Corporation shall provide such funding as the Committee determines is appropriate in connection with the retention of such advisors.
- (f) **Reports to the Board** – The Committee shall report to the board on its proceedings, reviews undertaken and any associated recommendations following each meeting of the Committee.

#### 5. LIMITATIONS ON COMMITTEE'S DUTIES

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee will be obliged to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of

care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (a) the integrity of the persons and organizations from whom they receive information, (b) the accuracy and completeness of the information provided, (c) representations and reports made by management of the Corporation and (d) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

## **6. ANNUAL EVALUATION**

At least annually, the Committee shall, in a manner it determines to be appropriate:

- (a) perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Charter; and
- (b) review and assess the adequacy of this Charter and the position description for the committee chair and recommend to the Board any improvements that the Committee believes to be appropriate.

## **7. DIRECTOR COMMITMENTS AND INTERLOCKS**

The Committee, in its annual evaluation of each director's outside commitments and independence, shall evaluate all public company board and other commitments of each director and all Board Interlocks and Committee Interlocks. All Board Interlocks and Committee Interlocks between the Corporation and another company must be disclosed in the annual Management Information Circular. The Committee shall also disclose its judgment on: (i) whether any director has excessive outside commitments that would be expected to preclude the director from discharging his or her duties as a board member; and (ii) whether any Board Interlocks or Committee Interlocks exist which could impact the ability of those directors to act independently from each other and to act in the best interests of the Corporation.