



**INTERFOR**

Building Value™

**Notice of the Annual General and  
Special Meeting of Shareholders  
and  
Management Information Circular  
April 1, 2014**



International Forest Products Limited (“Interfor” or the “Company”) is a growth-oriented lumber company with operations in Canada and the United States. The Company has annual production capacity of 2.6 billion board feet and offers one of the most diverse lines of lumber products to customers around the world. The Company is headquartered in Vancouver, Canada. Our shares are traded on the Toronto Stock Exchange under the symbol of IFP.A.

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April 1, 2014

Dear Shareholders,

You are invited to Interfor's 2014 Annual General and Special Meeting of shareholders. This year, the Annual General and Special Meeting will be held on Tuesday, May 6, 2014 at 2:00 p.m. at the Metropolitan Hotel, 645 Howe Street, Vancouver, British Columbia.

This meeting is your opportunity to:

- Hear first-hand about our performance in 2013 and strategy for future growth
- Vote in person on the items of business brought before the meeting
- Meet our board of directors and senior management and fellow shareholders

The attached management information circular contains important information about voting, what the meeting will cover, the nominated directors, our board, our governance practices and how we compensate our directors and executives, including key decisions affecting executive compensation in 2013.

Interfor made progress on many fronts over the past year. You can read about it in our 2013 annual report. We have mailed a copy of our 2013 annual report along with this management information circular to our registered shareholders and other shareholders who asked to receive it. You can also find our disclosure documents, including our annual report, on our website ([www.interfor.com](http://www.interfor.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

Your vote and participation are important to us. If you cannot attend the meeting in person, we encourage you to vote by proxy.

We look forward to seeing you on May 6, 2014.

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence Sauder".

Lawrence Sauder  
Chairman of the Board of Directors

A handwritten signature in black ink, appearing to read "Duncan Davies".

Duncan Davies  
President & Chief Executive Officer

# NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

Notice is hereby given that the Annual General and Special Meeting of shareholders of International Forest Products Limited (the "**Company**" or "**Interfor**") will be held at the following time and place:

**DATE:** May 6, 2014

**TIME:** 2:00 p.m. (PST)

**PLACE:** Metropolitan Hotel  
645 Howe Street  
Vancouver, British Columbia

The Annual General and Special Meeting is being held for the following purposes, each as more particularly described in the accompanying management information circular:

1. To receive the Consolidated Financial Statements and Auditor's Report for the fiscal year ended December 31, 2013;
2. To increase the size of the board to ten directors;
3. To elect the directors of the Company;
4. To appoint the auditors of the Company for the ensuing year and authorize the directors to fix the remuneration to be paid to the auditors;
5. To consider and approve, on an advisory basis, Interfor's approach to executive compensation;
6. To consider and approve certain alterations to the Company's share capital (the "**Share Capital Alterations**"), namely to:
  - i) increase the number of authorized Class "A" Subordinate Voting shares from 100,000,000 to 150,000,000;
  - ii) eliminate the Class "B" Common Shares and the 7% Cumulative Redeemable Convertible Preference shares, Series 1 as authorized classes of shares; and
  - iii) re-designate the Class "A" Subordinate Voting shares as "Common Shares" in the capital of the Company;
7. To consider and approve the adoption of a new form of Articles, which such Articles are intended to:
  - i) reflect the Share Capital Alterations described above; and
  - ii) to simplify and modernize the Company's existing Articles;

8. To consider and approve a change of the Company's name from "International Forest Products Limited" to "Interfor Corporation"; and
9. To transact such other business that may properly come before the Annual General and Special Meeting.

You have the right to vote if you held shares of Interfor at the close of business on April 1, 2014. Your vote is important.

Registered shareholders who are unable to attend the Annual General and Special Meeting in person can complete the enclosed form of proxy. The completed form of proxy and, if applicable, the power of attorney or other authority (if any) under which it is signed, or a notarial certified copy of the power of attorney, should be either faxed to 1-866-249-7775 or delivered to Computershare Investor Services Inc., Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 not later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the Annual General and Special Meeting or any adjournment thereof.

Beneficial shareholders should contact their broker, trustee or other intermediary for instructions on how to exercise their right to vote.

By Order of the Board,



Marilyn Loewen Mauritz  
General Counsel & Corporate Secretary

Vancouver, British Columbia  
April 1, 2014

# MANAGEMENT INFORMATION CIRCULAR

You've received this management information circular because you owned Interfor shares on April 1, 2014, and Interfor's management and Board of Directors (the "**Board**") are asking for your vote (known as soliciting your proxy).

We're contacting shareholders by mail and we pay for the cost of soliciting your proxy.

Our Board has approved the contents of this Management Information Circular, and has authorized us to distribute it to each shareholder.

In this Management Information Circular:

- *You and your* mean Shareholders
- *We, us, our, Company* and *Interfor* mean International Forest Products Limited
- *Shares* means Interfor's Class "A" Subordinate Voting shares
- *Shareholder* means a holder of Shares
- *Information Circular* means this management information circular
- *Annual General and Special Meeting* means the 2014 annual general and special meeting
- *Record Date* means April 1, 2014

All dollar amounts are in Canadian dollars, and information is as of April 1, 2014, unless otherwise stated.

## VOTING INFORMATION

### Am I entitled to vote?

Shareholders registered as holders of Class "A" Subordinate Voting shares on the record date of April 1, 2014 are entitled to vote at the Annual General and Special Meeting.

The authorized capital of the Company consists of 106,700,000 shares without par value divided into 100,000,000 Class "A" Subordinate Voting shares, 1,700,000 Class "B" Common shares and 5,000,000 Preference shares. Each Class "A" Subordinate Voting share carries the right to one vote either on a show of hands or on a poll. There are no Class "B" Common shares nor any Preference shares issued or outstanding.

As of April 1, 2014, there were 66,730,455 Class "A" Subordinate Voting shares outstanding. As there are no Class "B" Common shares outstanding, the holders of Class "A" Subordinate Voting shares have the right to elect all of the directors of the Company.

### How can I vote my shares?

How you exercise your vote depends on whether you are a **registered** or **non-registered** shareholder.

You are a **registered shareholder** if you have a share certificate in your name. You are a **non-registered shareholder** if your shares are registered in the name of an intermediary (for example, a bank, a trustee, broker or an investment dealer) or the name of a clearing agency of which the intermediary is a participant.

If you are a **registered shareholder** of the Company you can either vote by attending and voting your shares at the Annual General and Special Meeting or, if you cannot attend the Annual General and Special Meeting, by having your shares voted by proxy. If you are unable to attend the Annual General and Special Meeting in person, complete the enclosed form of proxy and either fax it to 1-866-249-7775 or deliver it to Computershare Investor Services Inc., Attention: Proxy Department, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 not later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the Annual General and Special Meeting or any adjournment or postponement thereof.

If you are a **non-registered shareholder** of the Company and receive these materials through your broker or other intermediary, complete and return the materials in accordance with the instructions provided to you by your broker or other intermediary. **If you are a non-registered shareholder and do not complete and return the materials in accordance with the instructions provided by your broker or other intermediary, you may lose the right to vote at the Annual General and Special Meeting, either in person or by proxy.**

### **Who votes my shares?**

Two directors of the Company, Lawrence Sauder and Douglas Whitehead ("**Management Proxyholders**") have been named in the accompanying proxy to represent shareholders at the Annual General and Special Meeting.

**You can appoint someone else to represent you at the Annual General and Special Meeting; however, you must appoint that person in accordance with the instructions given on the accompanying proxy.**

For the proxy to be valid, it must be completed, dated and signed by the shareholder, or the shareholder's attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and then delivered to the Company's transfer agent, Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, fax number: 1-866-249-7775, and received no later than 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Annual General and Special Meeting or any adjournment or postponement thereof. **Proxies may only be completed and returned to the address above by registered shareholders. Non-registered shareholders must follow the instructions provided to them by their intermediary in order to ensure their shares are voted.**

### **How will my shares be voted if I return a proxy?**

By completing and returning a proxy, you are authorizing the person named in the proxy to attend the Annual General and Special Meeting and vote your shares on each item of business you are entitled to vote on according to your instructions. Securities represented by proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called for and if you specify a choice with respect to any matter to be acted upon, the securities will be voted accordingly. **If there are no instructions with respect to your proxy, your shares will be voted in favour of:**

- i) **increasing the size of the Board from eight to 10 directors;**
- ii) **electing as a director each person nominated by the Board for the ensuing year;**

- iii) **appointing KPMG LLP as auditors for the ensuing year and authorizing the directors to fix their remuneration;**
- iv) **approving, on an advisory basis, Interfor's approach to executive compensation;**
- v) **approving the proposed alteration to the Company's authorized share capital, as described herein;**
- vi) **approving the adoption, by the Company of a new form of Articles in the form attached hereto as Appendix D; and**
- vii) **approving the change of name of the Company to "Interfor Corporation".**

### **Can I revoke a proxy?**

Yes, a registered shareholder may revoke a proxy by:

- a) an instrument in writing signed by the shareholder, or by the shareholder's attorney authorized in writing, or where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, 3500-1055 Dunsmuir Street, Vancouver, BC V7X 1H7 Attention: General Counsel & Corporate Secretary, at any time up to and including the last business day preceding the day of the Annual General and Special Meeting, or any adjournment or postponement thereof, at which the proxy is to be used; or the Chairman of the Annual General and Special Meeting or any adjourned meeting at the meeting or adjourned meeting;
- b) completing, dating and signing a proxy bearing a later date and delivering it in the manner described above; or
- c) any other manner provided by law. Such revocation will have effect only in respect of those matters upon which a vote has not already been given pursuant to the authority conferred by the proxy.

### **Who has discretionary authority to vote on amendments or variations to any of the business items and on any other matter that may properly come before the meeting?**

The enclosed form of proxy confers discretionary authority upon the proxyholder named by the shareholder with respect to amendments or variations to the matters identified in the accompanying Notice of Annual General and Special Meeting and other matters which may properly come before the Annual General and Special Meeting. If any such amendments or variations are proposed to the matters described in the Notice, or if any other matters properly come before the Annual General and Special Meeting, your proxyholder may vote your shares as they consider best.



### **Is my vote by proxy confidential?**

Yes, your vote by proxy is confidential. Proxies are received, counted and tabulated by our transfer agent, Computershare Investor Services Inc., in a way that preserves the confidentiality of individual shareholders' votes. Proxies are referred to the Company only in cases where a shareholder clearly intends to communicate with management, when it is necessary to do so to meet the requirements of applicable law, or in the event of a proxy contest.

### **Who are the principal holders of Interfor shares?**

As of April 1, 2014, to the knowledge of the Company's directors and officers, there are no persons who beneficially own, or control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company.

### **What if I have a question?**

If you have any inquiries, you can contact Computershare Investor Services Inc.:

- Email: [service@computershare.com](mailto:service@computershare.com)
- Toll-free: North America 1-800-564-6253  
International 514-982-7555
- Fax: 1-866-249-7775
- Mail: Computershare Investor Services Inc.  
Attention: Proxy Department  
8<sup>th</sup> Floor, 100 University Ave.  
Toronto, Ontario, M5J 2Y1

# The Shareholder Meeting

**What you'll be voting on. The meeting will cover eight items of business, and you'll be asked to vote on at least seven of them.**

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## **1. RECEIVING THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT**

Our 2013 Audited Consolidated Financial Statements and Auditor's Report will be presented at the meeting. You'll find our Financial Statements and Management's Discussion and Analysis in our 2013 Annual Report. The 2013 Annual Report was mailed to registered shareholders of the Company and to non-registered shareholders who requested the 2013 Annual Report. If you did not request a copy, you may view the annual report online at [www.sedar.com](http://www.sedar.com) or obtain a copy by sending your request for same to the Company's Corporate Secretary at P.O. Box 49114, 3500 - 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1H7. You will have an opportunity to ask questions about them at the meeting.

## **2. SETTING THE NUMBER OF DIRECTORS**

Interfor's Articles provide that the Company must have between three and fifteen directors and within such limits the shareholders may set the number of directors on the Board. The number of directors was last set by the shareholders at eight.

As a shareholder, you have the opportunity to vote *for* or *against* the proposed increase in the size of the Board from eight to 10 directors by voting on the following resolution:

*BE IT RESOLVED THAT pursuant to Article 10.1 of the Articles of the Company, the number of directors be set at ten.*

The proposed resolution increasing the size of the Board must be approved by a majority of the votes cast in person or by proxy at the Annual General and Special Meeting.

**The Board believes the resolution described above is in the best interests of the Company and its shareholders and recommends that you vote FOR the resolution.**

## **3. ELECTING THE DIRECTORS**

The directors are elected each year at the annual general meeting of the Company and hold office until the close of the next annual general meeting or until he or she ceases to hold office, whichever is sooner.

The Corporate Governance & Nominating Committee, in conjunction with the Chairman of the Board, recommends to the Board nominees to stand for election as directors. The Board proposes the ten individuals listed below for nomination for election at the Annual General and Special Meeting.

In the event that the resolution set forth above increasing the size of the Board to 10 directors is not approved by shareholders, the size of the Board will remain at eight directors and the eight nominees receiving the most affirmative votes will be elected to the Board.

**The Board recommends that you vote FOR all the nominees standing for election to hold office until the next annual general meeting of shareholders.**

### **Our Policy on Majority Voting**

If a director receives more *withhold* than *for* votes, he or she will offer to resign after the Annual General and Special Meeting. The Corporate Governance & Nominating Committee will consider the offer of resignation and, except in special circumstances, will recommend that the Board accept the resignation. The director in question will not participate in any Board or committee deliberations on the matter. The Board will make its decision and announce it in a press release within 90 days of the meeting. If the Board accepts the resignation, it may appoint a new director to fill the seat in accordance with the Company's Articles.

This policy only applies to uncontested elections where the number of nominated directors equals the number of directors to be elected.

Interfor's Board adopted this policy in November 2012 on the recommendation of the Corporate Governance & Nominating Committee, consistent with the recommended best practices of the Canadian Coalition of Good Governance.

### **Director Nominee Profiles**

The table below tells you about the nominated directors, including their background and experience, meeting attendance, share ownership and other public company boards they sit on. Each director has provided information about the Interfor shares they own or exercise control or direction over.

<b>DUNCAN K. DAVIES</b> <b>Not Independent</b> Age 63 Vancouver, British Columbia, Canada  Director since November 1998	Mr. Davies has been the President & Chief Executive Officer (“CEO”) of the Company since 2000. From 1998 to 2000, he was the President and Chief Operating Officer of the Company. Prior to joining the Company, Mr. Davies was a Vice President of an investment banking firm specializing in forest products transactions and activities, a principal in an independent forest products company and held senior positions in two other large forest products companies. He is active in a number of industry associations. He is Chair of the BC Lumber Trade Council and First Vice-Chair of the Softwood Lumber Board. He is also a director of the Canadian Lumber Trade Alliance and the Binational Softwood Lumber Council. Mr. Davies holds a Bachelor of Arts (Economics) from the University of Victoria and a Master of Science (Forestry Economics) from the University of British Columbia.			
	<b>Areas of Experience</b>			
	Strategic Leadership		Industry Knowledge	
	Financial		Government Relations & Public Policy	
	Environment, Health & Safety		International	
	Governance		Human Resources & Compensation	
	<b>Board/Committee Memberships</b>		<b>Attendance</b>	<b>Overall Attendance</b>
Board		7 of 7	100%	
<b>Shares and Share Equivalents Held:</b>				
<b>Shares held <sup>(1)</sup></b>	<b>DSUs held <sup>(2)</sup></b>	<b>Total shares and DSUs</b>	<b>Total value of shares and DSUs <sup>(3)</sup></b>	<b>Meets share ownership guideline <sup>(4)</sup></b>
241,100	161,355	402,455	\$6,455,378	Yes

<b>PAUL HERBERT</b> <b>Independent</b> Age 64 Germantown, Tennessee, USA Director since March 2014	Mr. Herbert is a corporate director with over 47 years of experience in the pulp and paper industry. From 2007 to 2013, Mr. Herbert was the Chief Executive Officer of Ilim Group, Russia's largest forest pulp & paper company. From 2003 to 2007, he was Senior Vice President of Global Strategic Initiatives for International Paper. Prior thereto, he held various senior executive positions with International Paper, including Senior Vice President, Printing and Communications, President of International Paper Europe and Vice President Engineering & Manufacturing. He is currently a director of Ilim Timber Group in Russia. He holds a degree in Engineering from East London Polytechnic University and an Executive Master of Business Administration from Texas A&M University.				
	<b>Areas of Experience</b>				
	Strategic Leadership		International		
	Industry Knowledge		Governance		
	Financial		Government Relations & Public Policy		
	Environment Health & Safety				
	<b>Board/Committee Memberships</b>			<b>Attendance</b>	<b>Overall Attendance</b>
Board			n/a	n/a	
<b>Shares and Share Equivalents Held:</b>					
<b>Shares held <sup>(1)</sup></b>	<b>DSUs held <sup>(2)</sup></b>	<b>Total shares and DSUs</b>	<b>Total value of shares and DSUs <sup>(3)</sup></b>	<b>Meets share ownership guideline <sup>(4)</sup></b>	
-	-	-	-	No	

<b>JEANE HULL</b> <b>Independent</b> Age 59 Clayton, Missouri, USA	Ms. Hull is currently Executive Vice President and Chief of Technology at Peabody Energy Corporation, a private-sector coal company. Prior to joining Peabody, she held numerous management, engineering and operations positions with Rio Tinto and its affiliates, lastly as COO of the Kennecott Utah Copper business. Prior thereto, she spent 12 years with Mobil Mining and Minerals, and Mobil Chemical Company. She is a member of the University of Wyoming School of Energy Resources Council. She serves on the Advisory Board for South Dakota School of Mines and Technology, the Industry Advisory Board for Missouri University (Science & Technology Mining) and the Olin Business School Women's Leadership Steering Committee. She holds a Bachelor of Science (Civil Eng.) from South Dakota School of Mines & Technology and a Master of Business Administration from Nova Southeastern University.				
	<b>Areas of Experience</b>				
	Strategic Leadership		Government Relations & Public Policy		
	International		Environment Health & Safety		
	<b>Board/Committee Memberships</b>			<b>Attendance</b>	<b>Overall Attendance</b>
	Board			n/a	n/a
	<b>Shares and Share Equivalents Held:</b>				
<b>Shares held <sup>(1)</sup></b>	<b>DSUs held <sup>(2)</sup></b>	<b>Total shares and DSUs</b>	<b>Total value of shares and DSUs <sup>(3)</sup></b>	<b>Meets share ownership guideline <sup>(4)</sup></b>	
-	-	-	-	No	

<b>PETER M. LYNCH</b> <b>Independent</b> Age 63 Toronto, Ontario, Canada Director since October 2006	Mr. Lynch is currently President & CEO of Dieffenbacher USA, Inc., a manufacturer and designer of press and forming systems. Prior thereto he provided consulting services to Dieffenbacher. From 1993 to 2010, he was an Executive Vice President and director of Grant Forest Products Inc. (and its predecessor), a producer of OSB and engineered wood products. Mr. Lynch holds a LL.B from Osgoode Law School and is a member of the Law Society of Upper Canada, the Canadian Bar Association and the Ontario Bar Association.				
	<b>Areas of Experience</b>				
	Strategic Leadership Financial Government Relations & Public Policy		Industry Knowledge International Environment, Health & Safety		
	<b>Board/Committee Memberships</b>			<b>Attendance</b>	<b>Overall Attendance</b>
	Board Audit Committee Corporate Governance & Nominating Committee Environment & Safety Committee			7 of 7 4 of 4 3 of 3 4 of 4	100%
	<b>Shares and Share Equivalents Held:</b>				
	<b>Shares held <sup>(1)</sup></b>	<b>DSUs held <sup>(2)</sup></b>	<b>Total shares and DSUs</b>	<b>Total value of shares and DSUs <sup>(2)</sup></b>	<b>Meets share ownership guideline <sup>(4)</sup></b>
-	55,585	55,585	\$891,583	Yes	

<b>GORDON H. MacDOUGALL</b> <b>Independent</b> Age 68 West Vancouver, British Columbia, Canada Director since February 2007	Mr. MacDougall is a Corporate Director. Up until March 31, 2014, he was the Vice Chair of Connor, Clark & Lunn Investment Management Ltd., an asset management firm. From 1996 to 2006, he was a partner at Connor, Clark & Lunn Investment Management Partnership and Director, Head of Portfolio Strategy Team and Head of Client Solutions Team of Connor, Clark & Lunn Investment Management Ltd. Mr. MacDougall is the Chair of the Vancouver Foundation, as well as the Chair of the British Columbia Immigrant Investor Fund. He previously served as lead director for Intrawest Corporation. He holds a Bachelor of Commerce (Finance) from Sir George Williams University (now Concordia University), Chartered Financial Analyst designation from the University of Virginia and a Master of Business Administration from the University of Pittsburgh.				
	<b>Areas of Experience</b>				
	Strategic Leadership Governance		Financial Human Resources & Compensation		
	<b>Board/Committee Memberships</b>			<b>Attendance</b>	<b>Overall Attendance</b>
	Board Corporate Governance & Nominating Committee Management Resources & Compensation Committee			6 of 7 3 of 3 4 of 4	93%
	<b>Shares and Share Equivalents Held:</b>				
	<b>Shares held <sup>(1)</sup></b>	<b>DSUs held <sup>(2)</sup></b>	<b>Total shares and DSUs</b>	<b>Total value of shares and DSUs <sup>(3)</sup></b>	<b>Meets share ownership guideline <sup>(4)</sup></b>
15,000	55,585	70,585	\$1,132,183	Yes	

<p><b>J. EDDIE McMILLAN</b> <b>Independent</b> Pensacola, Florida, USA Age 68 Director since October 2006</p>	<p>Mr. McMillan is an independent business consultant. From 1998 until his retirement in 2002, he was Executive Vice President – Wood Products Group of Willamette Industries Inc., a forest products company. Prior to 1998, Mr. McMillan held various management positions with Willamette Industries Inc. Over the years, he has served as a director of Forest Express, Inc. and has been associated with numerous industry association boards, including the American Plywood Association, National Particleboard Association, Particleboard and MDF Institute, Southern Forest Products Association, Western Wood Products Association, National Association of Lumber Wholesalers and the American Forest and Paper Association. He holds a Bachelor of Science (Accounting/Business Administration) from Louisiana Tech University.</p>				
	<b>Areas of Experience</b>				
	Strategic Leadership		Industry Knowledge		
	Financial		Governance		
	Human Resources & Compensation		Environment, Health & Safety		
	<b>Board/Committee Memberships</b>			<b>Attendance</b>	<b>Overall Attendance</b>
	Board			7 of 7	100%
Corporate Governance & Nominating Committee			3 of 3		
Management Resources & Compensation Committee			4 of 4		
<b>Shares and Share Equivalents Held:</b>					
<b>Shares held <sup>(1)</sup></b>	<b>DSUs held <sup>(2)</sup></b>	<b>Total shares and DSUs</b>	<b>Total value of shares and DSUs <sup>(3)</sup></b>	<b>Meets share ownership guideline <sup>(4)</sup></b>	
-	14,623	14,623	\$234,553	Yes	

<p><b>ANDREW K. MITTAG</b> <b>Independent</b> Calgary, Alberta, Canada Age 53 Director since October 2012</p>	<p>Mr. Mittag is a Corporate Director. From 2005 to 2014 he was Senior Vice President, Agrium Inc. and President, Agrium Advanced Technologies, a major retail supplier of agricultural products and services and a global wholesale producer and marketer of major agricultural nutrients and industrial products. In addition to being part of Agrium's senior leadership team, he was responsible for Agrium's enhanced efficiency fertilizer business and the development of that market internationally, especially China. Prior to joining Agrium in 2005, he was Co-founder, President and Chief Financial Officer of Rockland Capital Partners and held senior leadership roles at TXU Corp. and Koch Industries Inc. Mr. Mittag was previously a director of Hanfeng Evergreen Inc., Alida LLC and Floralla LLC. Mr. Mittag holds a Bachelor of Arts (Economics and German) from Hamilton College, a Master of Business Administration (Accounting and Finance) from Columbia University and ICD.D, a designation from the Institute of Corporate Directors.</p>				
	<b>Areas of Experience</b>				
	Strategic Leadership		Financial		
	International		Governance		
	<b>Board/Committee Memberships</b>			<b>Attendance</b>	<b>Overall Attendance</b>
	Board			7 of 7	100%
	Audit Committee			2 of 2	
Management Resources & Compensation Committee			4 of 4		
<b>Shares and Share Equivalents Held:</b>					
<b>Shares held <sup>(1)</sup></b>	<b>DSUs held <sup>(2)</sup></b>	<b>Total shares and DSUs</b>	<b>Total value of shares and DSUs <sup>(3)</sup></b>	<b>Meets share ownership guideline <sup>(4)</sup></b>	
6,000	2,000	8,000	\$128,320	No	

<b>LAWRENCE SAUDER</b> <b>Independent</b> Vancouver, British Columbia, Canada Age 61 Director since April 1984 Chairman since 2008	Mr. Sauder is the Chairman of Hardwoods Distribution Inc., a distributor of wood products, and Chairman and Chief Executive Officer of Sauder Industries Limited, a manufacturer and distributor of building products. He is a member of the World Presidents Organization and since 2011, a member of the Faculty Advisory Board at the Sauder School of Business at the University of British Columbia.				
	<b>Areas of Experience</b>				
	Strategic Leadership		Industry Knowledge		
	Financial		Governance		
	Human Resources & Compensation		Environment, Health & Safety		
	<b>Board/Committee Memberships</b>			<b>Attendance</b>	<b>Overall Attendance</b>
	Board			7 of 7	100%
	Environment & Safety Committee			4 of 4	
Management Resources & Compensation Committee			2 of 2		
<b>Shares and Share Equivalents Held:</b>					
<b>Interfor shares held <sup>(1)</sup></b>	<b>DSUs held <sup>(2)</sup></b>	<b>Total shares and DSUs</b>	<b>Total value of shares and DSUs <sup>(3)</sup></b>	<b>Meets share ownership guideline <sup>(4)</sup></b>	
345,274	32,000	377,274	\$6,051,475	Yes	

<b>L. SCOTT THOMSON</b> <b>Independent</b> Vancouver, British Columbia, Canada Age 44 Director since October 2012	Mr. Thomson is currently President and CEO of Finning International Inc., the world's largest Caterpillar equipment dealer. Previously Mr. Thomson was Chief Financial Officer of Talisman Energy Inc. Prior to joining Talisman, Mr. Thomson was Executive Vice President, Corporate Development; Vice President, Head of Mergers and Acquisitions, and Vice President, Corporate Strategy at Bell Canada Enterprises Inc. Mr. Thomson holds a Bachelor of Arts from Queen's University and a Master of Business Administration from the University of Chicago.				
	<b>Areas of Experience</b>				
	Strategic Leadership		Financial		
	International		Environment Health & Safety		
	<b>Board/Committee Memberships</b>			<b>Attendance</b>	<b>Overall Attendance</b>
	Board			5 of 7	87%
	Audit Committee			4 of 4	
	Environment & Safety Committee			4 of 4	
<b>Shares and Share Equivalents Held:</b>					
<b>Shares held <sup>(1)</sup></b>	<b>DSUs held <sup>(2)</sup></b>	<b>Total shares and DSUs</b>	<b>Total value of shares and DSUs <sup>(3)</sup></b>	<b>Meets share ownership guideline <sup>(4)</sup></b>	
40,000	5,209	45,209	\$725,152	Yes	

<b>DOUGLAS W.G. WHITEHEAD</b> <b>Independent</b> Age 67 North Vancouver, British Columbia, Canada Director since April 2007	Mr. Whitehead is a Corporate Director. From 2000 to May 2008, he was the President and Chief Executive Officer of Finning International Inc. ("Finning"). Prior to joining Finning, Mr. Whitehead held a number of senior executive positions with Fletcher Challenge Canada, including President and Chief Executive Officer, Senior Vice President and Chief Operating Officer and Vice President of the Crown Packaging Division. Mr. Whitehead is currently the director and Chair of Finning and a director of both Belcorp Industries Inc. and Kal Tire. Previously, he served as director of Inmet Mining Corporation, Ballard Power Systems Inc., Terasen Inc., Fletcher Challenge Canada, Finlay Forest Industries and Timberwest Forest Limited. He is also a member of the Board of Directors of Vancouver General Hospital and University of British Columbia Hospital Foundation. Mr. Whitehead holds a Bachelor of Applied Science (Engineering) from the University of British Columbia and a Master of Business Administration from the University of Western Ontario.			
	<b>Areas of Experience</b>			
	Strategic Leadership	Industry Knowledge		
	Financial Governance	International Government Relations & Public Policy		
	Human Resources & Compensation	Environment, Health & Safety		
<b>Board/Committee Memberships</b>			<b>Attendance</b>	<b>Overall Attendance</b>
Board			7 of 7	100%
Audit Committee			4 of 4	
Corporate Governance & Nominating Committee			3 of 3	
<b>Shares and Share Equivalents Held:</b>				
<b>Shares held <sup>(1)</sup></b>	<b>DSUs held <sup>(2)</sup></b>	<b>Total shares and DSUs</b>	<b>Total value of shares and DSUs <sup>(3)</sup></b>	<b>Meets share ownership guideline <sup>(4)</sup></b>
17,000	17,948	34,948	\$560,566	Yes

- (1) The number of Class "A" Subordinate Voting shares held include shares directly or indirectly beneficially owned or under the control or direction of such nominee.
- (2) For information on DSUs, see "Deferred Share Unit Plan" on page 36 of this Information Circular.
- (3) This value is calculated as the greater of: (i) actual cost of shares or the grant date market value of DSUs awarded; and (ii) the market value, using the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding the applicable valuation date for such shares and DSUs. The market value used for the comparison is \$16.04 per share or DSU held, being the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding April 1, 2014.
- (4) All non-executive directors, including the Chairman of the Board, are required to own a minimum value of Class "A" Subordinate Voting shares and DSUs equal to five times the current Annual Director Retainer i.e. \$200,000, within 5 years of becoming a director, or by December 31, 2015, whichever is later. The CEO, Mr. Davies, is required to hold a minimum value of Class "A" Subordinate Voting shares, or DSUs, equal in value to three times his annual base salary. In determining whether a director has met his minimum shareholding requirement, the total number of Class "A" Subordinate Voting shares and DSUs held by a director is valued at the greater of: (i) actual cost of shares or the grant date market value of DSUs awarded; and (ii) the market value, being the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding the applicable valuation date for such shares and DSUs.

## Board and Committee Meetings

Regular Board and committee meetings are set approximately two years in advance, and special meetings are scheduled as required. Directors are expected to attend all board and committee meetings. Directors are encouraged to attend meetings in person, but they may also participate by teleconference. The following table sets out a summary of the Board and committee meetings held during 2013. In addition to the meetings, the Board held a two day strategic planning session in 2013. The attendance record for each nominated director is set out in their director profile starting on page 10.

Board/Committee	Total number of regular meetings	Total number of special meetings
Board of Directors	4	3
Audit Committee	4	
Corporate Governance & Nominating Committee	3	
Management Resources & Compensation Committee	4	
Environment & Safety Committee	4	



## Board Independence

The Board requires that at least a majority of its Board be independent. The Board has determined that nine of the 10 nominated directors are independent directors within the meaning of Canadian securities law, regulation and policy and the rules of the Toronto Stock Exchange. The table below describes the independence status of each nominated director.

Name	Independent	Not Independent	Reason for Non-Independent Status
Duncan K. Davies		√	President & CEO of Interfor
Paul Herbert	√		
Jeane Hull	√		
Peter M. Lynch	√		
Gordon H. MacDougall	√		
J. Eddie McMillan	√		
Andrew K. Mittag	√		
Lawrence Sauder	√		
L. Scott Thomson	√		
Douglas W.G. Whitehead	√		

To facilitate the ability of the Board to function independently of management, the Board has put into place the structures and processes starting on page 25.

## Director Interlocks

Mr. Whitehead and Mr. Thomson serve together on the board of Finning International Inc. No other directors nominated to stand for election as directors serve together on boards of other publicly traded companies as of the date of this Information Circular.

## Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as described herein, none of the proposed director nominees (nor any personal holding company of the proposed director):

- a) is, as at the date of this Information Circular, or has been, within 10 years before the date of the Information Circular, a director, CEO or Chief Financial Officer (“CFO”) of any company (including the Company) that was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption order under securities legislation that was issued while the proposed director was acting in the capacity as director, CEO or CFO or issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while the person was acting in that capacity;
- b) except as described in this Information Circular, is, as at the date of the Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with

creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- c) has, within 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

From 1993 to 2010, Mr. Lynch was an executive officer and director of Grant Forest Products Inc. ("**Grant Forest**"). On June 25, 2009, Grant Forest and certain affiliated entities filed and obtained protection under the Companies' Creditors Arrangement Act in order to restructure its business affairs.

#### **4. APPOINTING THE AUDITORS**

The Company's Audit Committee annually reviews and recommends to the Board the appointment of the external auditors of the Company. The Board recommends the re-appointment of KPMG LLP, Chartered Accountants, Vancouver, BC as the auditors of the Company to hold office until the close of the next Annual General Meeting of the Company. KPMG LLP has served as the auditors of the Company for more than five years. It is proposed that the remuneration to be paid to the auditors be determined by the directors of the Company. Representatives of KPMG LLP will be at the meeting and can respond to any questions.

**The Board recommends that you vote FOR appointing KPMG LLP as the Auditors of the Company and authorizing the directors to fix the Auditors' remuneration.**

#### **Auditor Independence**

The independence of the auditor is essential to maintaining the integrity of our financial statements. We comply with Canadian securities laws relating to the independence of external auditors, services they can perform and fee disclosure.

The Audit Committee is responsible for overseeing the external auditor, and it meets with them every year to review their qualifications and independence. This includes reviewing formal written statements that set out any relationships with Interfor that can have an impact on their independence and objectivity.

The Audit Committee approves the terms of engagement and the auditors' fees, and pre-approves any non-audit services. Management works with the external auditor every year to develop a list of proposed non-audit services that the committee reviews and pre-approves. More information about the committee's terms of reference can be found in our Annual Information Form for the year ended December 31, 2013. It is available on our website ([www.interfor.com](http://www.interfor.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

## Audit Fees

The table below shows the fees billed to Interfor for professional services rendered by KPMG LLP during the years ended December 31, 2012 and December 31, 2013:

	2013	2012
<b>Audit fees</b> Fees billed for professional services rendered.	\$477,000	\$423,000
<b>Audit-related fees</b> Audit-related fees consist principally of fees for professional services rendered with respect to audits of a defined benefit pension plan, subsidiary companies, bought deal financing involvement and consultation related to accounting issues.	269,100	62,500
<b>Tax fees</b> Tax fees consist of fees for tax compliance services, professional services related to US cross border transfer pricing and sales tax and tax credit contingency fees which are based on percentage of recoveries.	24,376	52,837
<b>Other fees</b> Assistance with defining business requirements for a new ERP system selection, a related process re-design and certifications (2012); assistance with ERP system design and implementation; forestry certification and general IT control documentation (2013).	<u>168,978</u>	<u>174,800</u>
<b>TOTAL</b>	<b>\$939,454</b>	<b>\$713,137</b>

## 5. HAVING A "SAY ON PAY"

The Board adopted a policy to hold an advisory vote on our approach to executive compensation at every annual general meeting of shareholders. The purpose of a "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 at Interfor. To fully understand the objectives, philosophy and principles the Board has used in its approach to executive compensation decisions, we encourage you to read the executive compensation section starting on page 41. That section describes Interfor's compensation philosophy, the objectives and elements of the program and the measurement and assessment process used by Interfor.

As a shareholder, you have the opportunity to vote *for* or *against* our approach to executive compensation by voting on the following resolution:

*"BE IT RESOLVED THAT, on an advisory basis only and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in Interfor's Information Circular delivered in connection with the 2014 Annual General and Special Meeting of shareholders."*

Since this is an advisory vote, the results will not be binding on the Board or Interfor. The Board remains fully responsible for its compensation decisions and it is not relieved of its responsibilities by either a positive or 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 Interfor, together with the feedback received from shareholders in the course of regular communications.

**The Board recommends that you vote FOR the resolution.**

## 6. ALTERING THE SHARE CAPITAL

### Purpose of Share Capital Alteration

The Company is proposing the Share Capital Alteration to simplify its authorized capital structure by eliminating the dual-class structure and to create more flexibility for the Company in respect of future equity issuances.

### Details of the Share Capital Alterations

The current authorized share capital of the Company consists of 100,000,000 Class "A" Subordinate Voting shares, 1,700,000 Class "B" Common shares and 5,000,000 Preference shares, 1,455,000 of which are reserved as 7% Cumulative Redeemable Convertible Preference Shares, Series 1. The only outstanding class of shares are the Class "A" Subordinate Voting shares.

As described in greater detail below, the Company is seeking shareholder approval to alter the Company's outstanding share capital (the "**Share Capital Alterations**") to:

- i) eliminate the Class "B" Common shares and the 7% Cumulative Redeemable Convertible Preference shares, Series 1 as authorized classes of shares;
- ii) increase the number of authorized Class "A" Subordinate Voting shares from 100,000,000 to 150,000,000; and
- iii) re-designate the Class "A" Subordinate Voting shares as Common Shares in the capital of the Company.

After the proposed Share Capital Alterations the Company's authorized share capital would consist of 150,000,000 Common Shares and 5,000,000 Preference Shares.

### Elimination of Class "B" Common shares and 7% Cumulative Redeemable Convertible Preference shares, Series 1

On August 23, 2013, the Company's controlling shareholder, Sauder Industries Limited ("**SIL**") exercised its right under the Company's Articles to exchange its Class "B" Common shares for Class "A" Subordinate Voting shares on a share for share basis without any cash or non-cash consideration. As a result of the exchange by SIL, all outstanding Class "B" Common shares were automatically converted into Class "A" Subordinate Voting shares and as of the date of this Information Circular there are no Class "B" Common shares outstanding.

There have not been any 7% Cumulative Redeemable Convertible Preference shares, Series 1 outstanding since 1989.

As of the Record Date there are no Class "B" Common shares or 7% Cumulative Redeemable Convertible Preference shares, Series 1 outstanding and the Company does not intend to issue any Class "B" Common shares or 7% Cumulative Redeemable Convertible Preference shares, Series 1 in the future. In order to simplify the Company's authorized share capital the Board has proposed eliminating the aforementioned unused classes of shares.

## **Increase in Authorized Share Capital of the Class "A" Subordinate Voting shares**

The Board has proposed that the authorized share capital of the Company's Class "A" Subordinate Voting shares be increased from 100,000,000 to 150,000,000 in order to provide the Board with more flexibility in potential future equity financings.

## **Re-designation of Class "A" Subordinate Voting shares**

Under the Company's current Articles, the Class "A" Subordinate Voting shares are subordinate to the rights of the Class "B" Common shares in certain areas, such as voting, dividends and liquidation. With the elimination of the Class "B" Common shares, the Class "A" Subordinate Voting shares will no longer be subordinate to any authorized class of shares. In light of the foregoing, the Board has proposed that the Class "A" Subordinate Voting shares be renamed as Common Shares.

## **Shareholder Approval**

As a shareholder, you have the opportunity to vote *for* or *against* the proposed Share Capital Alterations by voting on the following resolution:

*"BE IT RESOLVED, as a special resolution, that:*

- a) the Company's Notice of Articles be amended to:
  - i) eliminate the Class "B" Common shares and the 7% Cumulative Redeemable Convertible Preference shares, Series 1 as outstanding classes of shares;*
  - ii) increase the number of authorized Class "A" Subordinate Voting shares from 100,000,000 to 150,000,000; and*
  - iii) re-designate the Class "A" Subordinate Voting shares as Common Shares in the capital of the Company;**
- b) any one officer or director of the Company be and is hereby authorized to execute and deliver all documents and do all things as, in the opinion of such director or officer, are necessary or desirable to implement this special resolution, including any filings with the Registrar of Companies (British Columbia) that may be necessary to give effect to this special resolution; and*
- c) the Board of Directors may make such modifications to the Company's Notice of Articles or Articles as necessary or desirable, in the discretion of the Board of Directors, to give effect to the special resolution approved hereby and the Board of Directors, may in their sole discretion and without further approval from the shareholders, revoke this special resolution or postpone the implementation of this special resolution."*

The proposed resolution regarding the Share Capital Alterations must be approved by 66 2/3% of the votes cast in person or by proxy at the Annual General and Special Meeting.

**The Board believes the proposed Share Capital Alterations described above are in the best interests of the Company and its shareholders and recommends that you vote FOR the resolution approving the Share Capital Alterations.**

## 7. ADOPTING NEW ARTICLES

The Company is seeking shareholder approval that the Articles of the Company be altered by cancelling the existing Articles and adopting a new set of Articles in the form attached hereto as Appendix D (the “**Proposed Articles**”).

The primary reason for adopting the Proposed Articles is to modernize the Company's Articles, to provide greater flexibility to the Board in carrying out the business of the Company, and to remove the share rights attached to the Class “B” Common shares and the 7% Cumulative Redeemable Convertible Preference shares, Series 1, which are proposed to be eliminated pursuant to the Share Capital Alteration described above. The Board of Directors believes that adopting the Proposed Articles will enable the Company to operate on a more efficient, flexible and cost-efficient basis and will bring the Company's charter documents in line with charter documents of other public companies.

The Company's current Articles were adopted on January 26, 2006 and have not been updated since then. The Company's current Articles reflect outdated terminology, legislative references and corporate practices. The Proposed Articles incorporate modern terminology and legislative references and adopt modern best practices and corporate governance principles.

The Board of Directors has identified a number of key differences between the Company's current Articles and the Proposed Articles, as follows:

- 1) *Alteration of Capital and Shares* – The Proposed Articles provide that significant changes to the Company's capital structure require shareholder approval, but certain less significant changes can be approved by the Board, as permitted under the *Business Corporations Act* (British Columbia). This permits the Board some flexibility in altering certain aspects of the Company's capital structure without requiring shareholders' approval, though in no event may any capital alterations that are adverse to shareholders be implemented without shareholder approval.
- 2) *Casting Vote* – In accordance with recommended best practices. The Proposed Articles do not provide the Chair of the Board with a casting vote in the event there is a tie vote at a shareholders meeting or a meeting of the Board or a committee of the Board. This is a change from the current Articles which provide the Chair with a casting vote.
- 3) *Advance Notice* - In accordance with modern corporate governance practices, the Proposed Articles require shareholders to follow a prescribed procedure, including providing advance notice to the Company, when nominating a director for election at an annual general meeting. This avoids surprise nominations and allows the Company to include information relating to all proposed nominees in the information circular sent to shareholders prior to an annual general meeting or any other meeting at which directors are to be elected, in order to ensure all shareholders have complete information when casting their vote.
- 4) *Alternate Directors* – Unlike the Company's current Articles, the Proposed Articles do not provide for alternate directors to be appointed in the event that a director is unable to attend a Board or committee meeting. This is in accordance with best and standard governance practices.
- 5) *Notice* – The Proposed Articles provide for notices to shareholders to be provided or made available by electronic means or any other method permitted by securities

laws. This allows the Company to, if it chooses, take advantage of the new “notice and access” provisions permitted by securities laws which permit companies to provide meeting materials to shareholders electronically rather than requiring that companies provide paper copies to all shareholders. This reduces printing costs and waste. The flexibility of the Proposed Articles also allows the Company to take advantage of any new advances that may be made by securities laws in the future.

- 6) *Removal of Share Rights due to Share Capital Alteration* – The Proposed Articles have been amended to remove share rights relating to the Class “B” Common Shares and the 7% Cumulative Redeemable Convertible Preference shares, Series 1, which are proposed to be eliminated in accordance with the Share Capital Alterations described above.
- 7) *Alteration of Class “A” Subordinate Voting Share Rights* – The Proposed Articles have been amended to:
  - a) replace references to “Class “A” Subordinate Voting shares” with “Common Shares”;
  - b) decrease the number of votes required to amend the share rights associated with the Class “A” Subordinate Voting shares from 75% of the votes cast by holders of the Class “A” Subordinate Voting shares in person or by proxy at a meeting called for that purpose to 66 2/3%, in accordance with the provisions of the *Business Corporations Act* (British Columbia); and
  - c) remove all references therein to Class “B” Common Shares and the rights associated therewith, as currently, the Company’s Articles subordinate the rights of the Class “A” Subordinate Voting shares in many ways, including voting, dividend and liquidation rights, to the Class “B” Common Shares.
- 8) *Amendment of Preference Share Rights* – The rights associated with the Company’s Preference shares in the Proposed Articles, have been amended to remove all references to Class “A” Subordinate Voting shares and Class “B” Common Shares which have been renamed or no longer exist. In addition the rights associated with the Company’s Preference shares have been amended to decrease the number of votes required to amend the share rights associated with the Preference shares from 75% of the votes cast by holders of all outstanding Preference shares in person or by proxy at a meeting called for that purpose to 66 2/3%, in accordance with the provisions of the *Business Corporations Act* (British Columbia).

In the event that the resolutions approving the Share Capital Alterations are not approved by the shareholders at the Annual General and Special Meeting and the resolutions approving the Proposed Articles are approved by shareholders at the Annual General and Special Meeting, the Proposed Articles may be adopted by the Company but will not include the proposed changes referred to in items 6, 7(c) & 8 above, as these changes are being proposed to reflect the Share Capital Alterations and are not needed if the resolution with respect to the Share Capital Alteration is not approved.

As a shareholder, you have the opportunity to vote *for* or *against* the adoption of the Proposed Articles by voting on the following resolution:

*“RESOLVED, as a special resolution, that:*

- a) the Articles of the Company be altered by deleting and cancelling the Company's existing Articles and adopting new Articles in the form attached as Appendix D to the Company's Management Information Circular dated April 1, 2014, subject to such modifications as are necessary or desirable to give effect to all of the special resolutions passed at this meeting;*
- b) any one officer or director of the Company be and is hereby authorized to execute and deliver all documents and do all things as, in the opinion of such director or officer, is necessary or desirable to implement this special resolution, including any filings with the Registrar of Companies (British Columbia) that may be necessary to give effect to this special resolution; and*
- c) the Board of Directors may make such modifications to the Company's Notice of Articles or Articles as necessary or desirable, in the discretion of the Board of Directors, to give effect to the special resolution approved hereby and the Board of Directors, may in their sole discretion and without further approval from the shareholders, revoke this special resolution or postpone the implementation of this special resolution.”*

The proposed resolution regarding the adoption of the Proposed Articles must be approved by 75% of the votes cast in person or by proxy at the Annual General and Special Meeting.

**The Board believes that the adoption of the Proposed Articles is in the best interests of the Company and its shareholders and recommends that you vote FOR the resolution.**

## **8. CHANGING THE COMPANY NAME**

The Company proposes to change its name from “International Forest Products Limited” to “Interfor Corporation”. The name change will result in a direct link with the Company's traditional trade name, i.e. “Interfor”, and will build on the successful branding efforts undertaken in recent years using the Interfor name and logo. It will also be consistent with the formal names of our U.S. subsidiaries which now account for more than 50 per cent of our production.

In connection with the change of name of the Company and the re-designation of Class A Shares as “common shares”, the Company will be applying for a new CUSIP number for the Class A Shares. There is no need for registered shareholders to submit their share certificates for replacement. If, and when, a registered shareholder decides to transfer their Class A Shares, delivery of their existing share certificate indicating the current name of the Company, the current designation of the shares as Class A Shares and the current CUSIP number will be considered good delivery and a new share certificate evidencing the new name of the Company, the designation of the shares as “common shares” and the new CUSIP number of such shares will be issued to the transferee.



As a shareholder, you have the opportunity to vote *for* or *against* the change of the Company's name by voting on the following resolution:

*"RESOLVED, as a special resolution, that:*

- a) the change of name of the Company from "International Forest Products Limited" to "Interfor Corporation" be and is hereby approved;*
- b) any one officer or director of the Company be and is hereby authorized to execute and deliver all documents and do all things as, in the opinion of such director or officer, are necessary or desirable to implement this special resolution, including any filings with the Registrar of Companies (British Columbia) that may be necessary to give effect to this special resolution; and*
- c) the Board of Directors may make such modifications to the Company's Notice of Articles or Articles as necessary or desirable, in the discretion of the Board of Directors, to give effect to the special resolution approved hereby and the Board of Directors, may in their sole discretion and without further approval from the shareholders, revoke this special resolution or postpone the implementation of this special resolution."*

The proposed resolution with respect to the change of the Company's name from International Forest Products Limited to Interfor Corporation must be approved by 66 2/3% of the votes cast in person or by proxy at the Annual General and Special Meeting.

**The Board believes that the Name Change is in the best interests of the Company and its shareholders and recommends that you vote FOR the resolution.**

## **9. OTHER BUSINESS**

If there are changes to these items of business or other items that properly come before the meeting, you can vote on them as you see fit. As of the date of this circular, we are not aware of any other business that may come before the meeting.

# GOVERNANCE

We believe that strong governance improves corporate performance and benefits all stakeholders. Honesty and integrity are vital to ensuring good corporate governance.

This section discusses our governance policies and practices, and the role and functioning of our Board.

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## Our Governance Practices

Interfor is a public company with its Class "A" Subordinate Voting shares listed on the Toronto Stock Exchange ("**TSX**"). We comply with corporate governance guidelines that apply to Canadian companies listed on the TSX.

Our corporate governance practices also meet or exceed the guidelines adopted by the Canadian Securities Administrators set out under:

- National Instrument 52-110 – *Audit Committees*;
- National Instrument 58-101 – *Disclosure of Corporate Governance Practices*; and
- National Instrument 58-201 – *Corporate Governance Guidelines*.

(collectively, the "**Governance Disclosure Rules**").

We monitor regulatory developments and governance best practices as they evolve. We adopt regulatory changes which apply to us and incorporate best practices in governance which are appropriate to our circumstances.

## BOARD CHARACTERISTICS

### Operating Independently

Having an independent Board is critical to effective oversight and good governance. The Board requires that at least a majority of its directors be independent of the Company, the Chairman of the Board and any significant shareholders.

Our Corporate Governance & Nominating Committee is responsible for reviewing the independence of every Board member and nominated director. It uses the independence test set out in the Governance Disclosure Rules. Directors are asked annually to complete an independence questionnaire about their business and any other relationships they have with us (and our affiliates) and senior management (and their affiliates).

The Corporate Governance & Nominating Committee has determined that nine of the 10 nominated directors are independent directors. Lawrence Sauder, Chairman of the Board is independent of management, and the Board has determined that in 2014 he is independent pursuant to the Governance Disclosure Rules. The Company had previously designated Lawrence Sauder as non-independent due to his affiliation with Sauder Industries Limited the Company's former controlling shareholder. Duncan Davies, as President & CEO of Interfor, is an executive officer of the Company and as such, is not an independent director pursuant to the Governance Disclosure Rules.

To facilitate the ability of the Board to function independently of management, the following structures and processes are in place:

- the role of Chairman of the Board is separate from the role of CEO;
- there are no members of management on the Board, other than the President & CEO;
- non-executive directors hold “non-executive” sessions where members of management, including the President & CEO, are not present for the discussion and determination of certain matters at meetings of the Board;
- independent directors hold “independent director” sessions after each regularly scheduled Board meeting;
- the President & CEO’s compensation is considered in his absence by the Management Compensation & Resources Committee and by the independent members of the Board at least once a year; and
- in addition to the standing committees of the Board, independent committees are appointed from time-to-time, when appropriate.

### Chairman of the Board

The Chairman of Interfor’s Board is Mr. Sauder. The Board has determined that Mr. Sauder is independent as described above.

The Board has developed a written position description for the Chairman of the Board. The Chairman’s duties include leading the Board in its management and supervision of the business and affairs of the Company, including ensuring that all matters relating to the Mandate of the Board are completely disclosed and discussed with the Board. The Chairman also leads the Board in its oversight of management.

### Independent Director Sessions

At each regularly scheduled Board and committee meeting, the directors meet “in-camera” without management other than the CEO present, followed immediately by a “non-executive” session without the CEO or any other member of management present. Immediately thereafter, the independent directors meet in-camera. The table below sets out the number of independent director sessions held in 2013.

<b>Board/Committee</b>	<b>Total number of regularly scheduled meetings</b>	<b>Independent Director In-camera Sessions Held</b>
Board of Directors	4	4
Audit Committee	4	4
Corporate Governance & Nominating Committee	3	3
Management Resources & Compensation Committee	4	4
Environment & Safety Committee	4	4

### Independent Advice

The Board and each of its four standing committees can retain independent advisors to assist them in carrying out their duties and responsibilities.

## **Serving on other Boards**

We do not have a specific policy limiting the number of other public company boards our directors can sit on. We discuss the time commitment and duties and responsibilities with every director candidate so they have a full understanding of the role and our expectations of directors. The Corporate Governance & Nominating Committee monitors director relationships to ensure their business associations do not hinder their role as a director of Interfor or Board performance overall. The director profiles starting on page 10 tell you about the other public company boards the nominated directors serve on and their attendance record on Interfor's Board.

## **Share Ownership**

We have share ownership requirements for our directors to align their interests with those of our shareholders. Ownership levels are significant, and directors must meet the requirements within five years of becoming a director, or by December 31, 2015, whichever is later. See page 36 for more information about the director's share ownership guidelines.

## **Skills and Experience**

Directors are nominated if they have an appropriate mix of skills and experience to provide effective oversight and support our future growth. The Corporate Governance & Nominating Committee uses a skills matrix to assess the composition of the Board and for recruiting new director candidates based on our current and future needs including strategic leadership, industry knowledge, financial acumen, international, environment, health & safety, governance, and human resources & compensation experience.

## **ETHICAL BUSINESS CONDUCT**

### **Code of Conduct**

We have a written Code of Conduct (the "**Code**"), which incorporates the Whistleblower Policy of the Company. The Code applies to all of Interfor's directors, officers and employees. The Code is distributed to all directors, officers and employees and is available on the Company's intranet site. Compliance with the Code is a condition of employment, or term of office in the case of directors. The Code and the Whistleblower Policy are set forth in Appendix B and C, respectively, to this Information Circular. The Code is also available on SEDAR at ([www.sedar.com](http://www.sedar.com)) and on our website ([www.interfor.com](http://www.interfor.com)).

Pursuant to the Code and the Whistleblower Policy, employees must promptly report any conduct or proposed conduct that they reasonably believe to be a violation of the Code. An employee may directly report a violation or suspected violation to: (i) his or her supervisor; (ii) his or her Divisional Manager; (iii) General Counsel; (iv) CEO; (v) Chair of the Audit Committee regarding questionable accounting or auditing matters; or (vi) Chair of the Corporate Governance & Nominating Committee regarding all non-accounting and auditing concerns. All reports will be promptly investigated and appropriate disciplinary actions will be taken if warranted by the investigation. The person receiving the report must inform the CEO of the report. The CEO will summarize the violations and their resolutions and report same to the Chair of the Audit Committee in the case of accounting and auditing complaints/concerns, and the Chair of the Corporate Governance & Nominating Committee in all other cases, on a quarterly basis or sooner if the situation so warrants. Only in extraordinary circumstances and where it is clearly in the best interests of Interfor, the CEO or the Board may waive specific provisions of the Code. Any waiver of the Code for directors or officers of Interfor may only be granted by the Board, and will promptly be disclosed as required by law or stock exchange regulation.

Each year, all salaried employees are asked to acknowledge that they have read and understand the Corporate Policy Manual including Code of Conduct and Whistleblower Policy and undertake to abide by all of the requirements of such policies. In January 2014, 100% of the Company's directors and salaried employees provided their acknowledgement and agreement to abide by the policies.

### **Disclosure Policy**

We issue timely, fair and accurate disclosure of all material information relating to Interfor to keep shareholders and the public informed about our affairs. Respecting our Disclosure Policy is critical to maintaining our integrity, and each director, executive officer and employee has an obligation to make sure we conduct ourselves according to the policy and its objectives.

### **Insider Trading Policy**

We maintain an insider trading policy that:

- regulates insider trading;
- has established a regular black-out calendar;
- communicates clearly that short-term, speculative or hedging transactions involving Interfor shares are prohibited; and
- fulfills our obligations to stock exchanges, regulators and investors.

You can find our current policies on our website ([www.interfor.com](http://www.interfor.com)).

### **Conflicts of Interest**

Under the *Business Corporations Act* (British Columbia), the Company's Articles and the Board Terms of Reference, any director or executive officer who holds any office or possesses any property, right or interest that could result in the creation of a duty or interest that materially conflicts with the individual's duty or interest as a director or executive officer of the Company, must promptly disclose the nature and extent of that conflict. A director who holds a disclosable interest in a transaction or contract into which the Company has entered or proposes to enter may not vote on any directors' resolution to approve that contract or transaction.

## **DIRECTOR ORIENTATION, EDUCATION AND DEVELOPMENT**

We believe that director education helps directors maintain skills, gain insights and increase their understanding of our operations and current and emerging issues that affect our business and governance practices. As part of on-going education, directors receive updates on industry developments, forest policy changes and legal, accounting and regulatory changes pertaining to public companies. Mill tours are provided from time-to-time with a focus on capital expenditures, safety and the environment. The Board also participates annually in extensive strategic planning sessions. To enable directors to deepen their familiarity with different areas of the Company, the Board rotates individual directors from time-to-time onto different committees of the Board.

Our orientation program helps familiarize new directors with our Company, the forestry industry and our expectations of directors. All new directors receive a handbook that contains the governance practices of the Company including the Terms of Reference and Policies for Directors. New directors also receive an overview of the Company's business, management, financial reporting and accounting policies and procedures, strategic plan, risk management plan, financial position and other topics. The orientation program may also involve a tour of the Company's manufacturing and forestry operations.

Directors are encouraged and authorized to participate in continuing education relevant to their roles and responsibilities on the Board and its committees. The Company will pay for the costs of continuing education relevant to the directors' roles on the Board and its committees. Costs of more than \$500 require prior approval of the Chairman of the Board.

## **ROLES AND RESPONSIBILITIES OF THE BOARD**

The Board is responsible for the stewardship of the Company on behalf of the shareholders. The Board's stewardship responsibilities are set out in the Mandate of the Board attached as Appendix A to this Information Circular. It discharges its responsibilities, in some cases with the assistance of the standing committees of the Board.

The objective of the Board is to ensure that the business and affairs of the Company are conducted in the best interests of the Company and in conformity with law. Acting in the "best interests" of the Company involves a consideration of the long term best interests of the Company, while also giving consideration to the interests of the various stakeholders of the Company. Its general duty is to promote a strong, viable and competitive company operating with honesty and integrity and to supervise the Company's management in the conduct of the affairs and business of the Company.

The Board has delegated the day-to-day management responsibilities to the Company's management and expects them to fulfill this responsibility in a manner consistent with achieving the Board's objective.

### **Overseeing the CEO**

The CEO is appointed by the Board and is responsible for managing the Company's affairs. The Board has developed a written position description for the CEO. It is available on our website ([www.interfor.com](http://www.interfor.com)). His key responsibilities involve working with the Board to determine the strategic direction of the Company and its annual goals and objectives, and providing leadership to management in achieving those goals and objectives.

The Management Resources & Compensation Committee ("**MRCC**") annually reviews and, if appropriate, recommends to the Board approval of the CEO's goals and objectives and his position description and ensures that they are aligned with the Mandate of the Board. The Board approves the CEO's goals and objectives. The MRCC is also responsible for monitoring the performance of the CEO against his annual goals and objectives and reports its conclusions back to the Board.

### **Strategic Planning**

We have a multi-year strategic plan that balances risk and reward. Management is responsible for developing our strategic plan, and holds an intensive strategic planning session with the Board every year. At the meeting, management provides an annual review and update of the prior year plan, revises our future multi-year strategic plan based on our progress and establishes annual corporate objectives and goals. At the 2013 strategic planning session a number of speakers attended to provide insights into the global economic outlook, prospects for the US housing and lumber markets, the political and economic situation in China, and other topics relevant to our business. After significant discussion and input from the Board, and possible revisions, management presents the multi-year strategic plan to the Board at the next Board meeting for their review and approval. Management also presents strategic issues to the Board at quarterly Board meetings and as needed throughout the year.

## Risk oversight

We face a variety of risks as part of our business activities including operating risk, financial risk, governance risk, health and safety risk, environmental risk, compensation risk, strategic risk and reputational risk.

The Board has overall responsibility for risk oversight and retains oversight for risks not assigned to a specific Board committee. Each committee is responsible for monitoring risks in a specific area.

Committee	Risk Responsibilities
Audit	Monitors certain financial risks
Management Resources & Compensation	Oversees compensation and succession risk
Corporate Governance & Nominating	Reviews overall governance
Environment & Safety	Reviews environment, health and safety risks

### *Internal controls*

The Board and Board committees are responsible for monitoring the integrity of our internal controls and management information systems.

The Audit Committee is responsible for overseeing the internal controls, including controls over accounting and financial reporting systems. Management gives quarterly reports to the Audit Committee, and presents our financial results and forecasts to the Audit Committee and the Board quarterly.

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. This provides reasonable assurance that public reporting of our financial information is reliable and accurate, our transactions are appropriately accounted for and our assets are adequately safeguarded. KPMG provided an unqualified opinion on our consolidated financial statements for the year ended December 31, 2013.

### *Compensation risk*

The Management Resources & Compensation Committee is responsible for overseeing compensation risk and mitigating risk as much as possible. In 2013, the Management Resources & Compensation Committee considered the implications of the risks associated with the Company's compensation policies and practices. See page 42 for more information about how the committee manages compensation risk.

## Succession Planning

The Management Resources & Compensation Committee reviews and approves on an annual basis the succession planning for management.

## Assessing the Board and its Committees

The Board carries out a comprehensive assessment of the Board and its committees every second year. By way of a questionnaire, directors, other than the Chairman and the CEO, are asked to rate the effectiveness of the Board and each committee ("**Board Effectiveness Assessment**"). In the following year, directors are asked to complete a mini questionnaire. As an alternative to the mini questionnaire, the Corporate Governance & Nominating Committee may ask management to prepare a report setting out how it has addressed certain areas of concern identified in the Board Effectiveness Assessment.

The Board Effectiveness Assessment is conducted confidentially. The Chair of the Corporate Governance & Nominating Committee reviews the individual assessments and discusses any low rankings given by a director with the applicable director. The Corporate Governance & Nominating Committee discusses the collated results of the Board Effectiveness Assessment and reports same to the Board.

The Chairman of the Board annually evaluates the effectiveness of individual directors through discussions with each director.

### **Board Renewal**

The term of each director expires at the end of each annual general meeting of shareholders, or when their successor is elected or appointed to the Board. We do not have a mandatory retirement policy.

In conjunction with the Chairman of the Board, the Corporate Governance & Nominating Committee is responsible for identifying, recruiting, nominating and appointing new directors. It is also responsible for recommending to the Board for approval directors to be elected at the Annual General and Special Meeting. The Chair of the Corporate Governance & Nominating Committee aims to identify impending vacancies on the Interfor Board as far in advance as possible to allow sufficient time for identification and recruitment of new directors.

The Corporate Governance & Nominating Committee uses a skills matrix to assess the composition of the Board and for recruiting new director candidates based on our current and future needs including strategic leadership, industry knowledge, financial acumen and international, environment health & safety, governance and human resources & compensation experience.

### **Access to Management**

The Board encourages the executive leadership team to include key managers in Board meetings so they can share their expertise on specific matters. This gives the Board an opportunity to meet individuals who have the potential to assume more senior positions in the future, and for these individuals to gain exposure with the Board.

### **Communicating with the Board**

We're committed to shareholder engagement and communicating with our shareholders. Shareholders and other interested parties can communicate with members of the Board, including the Chair and other non-management directors.

Shareholders can contact the Board, the Chairman of the Board or any of the directors by writing to:

International Forest Products Limited  
P.O. Box 49114, 3500-1055 Dunsmuir Street  
Vancouver, BC, Canada  
V7X 1H7

Or email: [corporatesecretary@interfor.com](mailto:corporatesecretary@interfor.com)



## COMMITTEES OF THE BOARD

The Board has established four standing committees to help it carry out its responsibilities more effectively:

- Corporate Governance & Nominating Committee;
- Audit Committee;
- Environment & Safety Committee; and
- Management Resources & Compensation Committee.

The Board may also create special ad hoc committees from time-to-time to deal with other important matters.

Each Board committee must consist entirely of independent directors, except the Management Resources & Compensation Committee and the Environment & Safety Committee, which may have a majority of independent directors. Each committee has the authority, at Interfor's expense, to engage any external advisors it deems necessary to carry out their respective duties and responsibilities.

Each committee operates in accordance with Board-approved terms of reference. A written position description is in place for the Committee Chairman. At least once a year, each committee reviews its terms of reference, and recommends any changes to the Corporate Governance & Nominating Committee and the Board. You can find the position description for the Committee Chairman and each committee's terms of reference on our website ([www.interfor.com](http://www.interfor.com)).

Committee members are appointed annually following the Company's annual general meeting. The Corporate Governance & Nominating Committee, in conjunction with the Chairman of the Board, recommends appointments to each of the committees.

All meetings have scheduled in-camera sessions when members can discuss the committee operations and responsibilities without management present.

Information about each committee, as of the date of this Information Circular, is set forth below. The committees will be reconstituted after the Annual General and Special Meeting.

### Corporate Governance & Nominating Committee

<b>Members</b>	J. E. McMillan (Chair) Peter M. Lynch Gordon H. MacDougall Douglas W.G. Whitehead
<b>Meetings in 2013</b>	3 regularly scheduled meetings. All meetings included in-camera sessions without management present.
<b>Independent</b>	4 members, 100% independent.

The Corporate Governance & Nominating Committee is responsible for assisting the Board in fulfilling its oversight responsibilities to ensure that the Company has an effective corporate governance regime, monitoring the size, composition, independence and effectiveness of the Board, its members and committees. The committee annually reviews and recommends for approval to the Board, director compensation. It ensures there is an orientation process for new directors and an ongoing education program to increase the directors' awareness of the Company's business and the issues it faces. The committee reviews the nomination of new director candidates in consultation with the Chairman of the Board.

## Audit Committee

<b>Members</b>	Douglas W.G. Whitehead (Chair) Peter M. Lynch Andrew K. Mittag L. Scott Thomson
<b>Meetings in 2013</b>	4 regularly scheduled meetings. All meetings included in-camera sessions without management present. The committee also met independently with each of management and the Company's auditors at every meeting which they attended.
<b>Independent</b>	4 members, 100% independent and financially literate to meet the regulatory requirements of National Instrument 52-110 - <i>Audit Committees</i> .

The Audit Committee supports the Board in fulfilling its oversight responsibilities regarding the integrity of the Company's accounting and financial reporting, internal controls, legal and regulatory compliance, independence and performance of the Company's external auditors and the management of the Company's risks, creditworthiness and treasury plans. The Audit Committee recommends the appointment of the external auditor and approves their compensation and any non-audit services provided by the Company's auditors. Additional information relating to the Audit Committee is contained in the Company's Annual Information Form, which can be found at ([www.sedar.com](http://www.sedar.com)).

## Environment & Safety ("E&S") Committee

<b>Members</b>	Peter M. Lynch (Chair) Lawrence Sauder L. Scott Thomson
<b>Meetings in 2013</b>	4 regularly scheduled meetings. All meetings included in-camera sessions without management present.
<b>Majority Independent</b>	3 members, 100% independent.

The E&S Committee is mandated to monitor the Company's ongoing commitment to its principles, values and policies regarding environment and safety matters. The E&S Committee reviews the information systems, assessment procedures and, if necessary, remedial procedures to ensure the Company's operations are in compliance with environmental, health and safety laws and regulations and there is a pattern of continuous improvement in minimizing any adverse environmental, health and safety impacts.

## Management Resources & Compensation Committee

<b>Members</b>	Gordon H. MacDougall (Chair) J. Eddie McMillan Andrew K. Mittag Lawrence Sauder
<b>Meetings in 2013</b>	4 regularly scheduled meetings. All meetings included in-camera sessions without management present.
<b>Independent</b>	4 members, 100% independent.

The MRCC is responsible for developing the compensation philosophy and guidelines on executive compensation, overseeing succession planning for the management team, determining CEO goals and objectives relative to compensation and evaluating CEO performance. The MRCC reviews and approves overall compensation, including short-term and long-term incentives, at the executive level (except in the case of the CEO, it reviews and recommends for approval by the Board), and monitors the competitiveness of compensation at all levels of management. This process is described starting on page 41 of this Information Circular.

The MRCC is also responsible for ensuring the goals and objectives and position description of the CEO are in alignment with the Mandate of the Board (a copy of the Mandate of the Board can be found in Appendix A to this Information Circular). The MRCC monitors the objectives, form and performance of the Company's pension plans.

# COMPENSATION

This section discusses compensation governance, our director and executive compensation programs, and the decisions affecting executive pay for 2013.

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## DIRECTOR COMPENSATION

Director compensation includes annual retainers, meeting fees and equity-based compensation in the form of DSUs. The compensation is intended to provide an appropriate level of remuneration considering the responsibilities, time requirements and accountability of directors' roles on the Board. The Corporate Governance & Nominating Committee annually reviews and recommends to the Board the compensation for all Board members. As in the case with its executive compensation program, the Company does not target director compensation pay levels at a specific market percentile. Using informed and independent judgment, the Company seeks to provide broadly competitive compensation arrangements that attract and retain qualified and experienced directors. The Corporate Governance & Nominating Committee uses comparative information to ensure that the compensation is competitive.

### Annual Retainers and Meeting Fees

In 2013, the Corporate Governance & Nominating Committee considered the compensation levels of directors. Having reviewed the compensation levels of directors of TSX traded forest products and other TSX traded companies, the Corporate Governance & Nominating Committee recommended no changes be made to director compensation. The following table shows the annual retainers, meeting fees and other compensation paid to directors since July 1, 2012.

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Annual Chairman Retainer <sup>(1)</sup>	\$125,000
Annual Director Retainer, except CEO	\$ 40,000
Annual Lead Director Retainer (in addition to Annual Director Retainer)	\$ 10,000
Board Meeting Attendance Fee per meeting	\$1,500
Board Teleconferencing Fee (less than 1 hr) per teleconference	\$500
Annual Committee Member Retainer (except Audit Committee members)	\$3,000
Annual Audit Committee Member Retainer	\$4,000
Annual Committee Chair Retainer, excluding Chair of the Audit Committee	\$6,000
Annual Audit Committee Chair Retainer	\$11,000
Committee Meeting Attendance Fee per meeting	\$1,500
Committee Teleconferencing Fee (less than 1 hr) per teleconference	\$500
Per Diem – for Company business, tours or strategy sessions on days other than meeting days	\$ 1,000
Travel Time (if more than ½ day is required)	\$ 1,000
Travel Fees and Other Significant Expenses	Actual

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(1) The Annual Chairman Retainer is inclusive of all retainers, travel, meeting attendance and teleconferencing fees.

## Deferred Share Unit Plan

In addition to annual retainers and meeting fees, the Board, upon the recommendation of the Corporate Governance & Nominating Committee, approved, in its discretion, an annual grant of DSUs to each non-executive director pursuant to the Company's Deferred Share Unit Plan ("**DSU Plan**"). DSUs awarded represent a notional number of Class "A" Subordinate Voting shares of the Company which the Board wishes to award to the directors to promote a greater alignment of interest between the directors and the shareholders of the Company and assist the directors in achieving their minimum share ownership requirement. DSUs are granted annually to the directors following the election of directors to the Board at the Company's annual general meeting and vest immediately. The following table shows the number of DSUs granted to non-executive directors in 2013.

Position	Number of DSUs Granted in 2013 <sup>(2)</sup>
Chairman	4,000
Other non-executive directors <sup>(1)</sup>	2,000

(1) The CEO does not receive a grant of DSUs.

(2) Granted on May 28, 2013. The grant date fair value of \$10.12 per DSU is included in the Director's Total Compensation Table on page 50.

DSUs granted can only be redeemed when a triggering event has occurred. If the triggering event is death, disability or retirement, DSUs may be exercised until December 31 of the year following the year of the triggering event. If the triggering event is resignation or termination, the exercise period extends for only 30 days after the triggering event. DSUs can be exercised for a cash payment equal to the weighted average trading price of the Class "A" Subordinate Voting shares of the Company on the TSX for the five consecutive trading days ended on the trading day immediately prior to the exercise date.

When cash dividends are paid on Class "A" Subordinate Voting shares, dividend equivalent DSUs are credited under the DSU Plan. No dividends have been paid by the Company since the DSU Plan was established in 2004.

In addition, Interfor's non-executive directors have the option to elect to receive all or a portion of their Annual Director Retainer in the form of DSUs, at the prior election of the director. The actual number of DSUs granted to a director is calculated by dividing the dollar amount of the retainer elected to be paid in DSUs by the weighted average trading price of the Class "A" Subordinate Voting shares of the Company on the TSX for the five consecutive trading days ended on the trading day immediately prior to the end of each calendar quarter. DSUs vest immediately. DSUs count towards the achievement of a director's minimum share ownership requirement.

### Directors' Share Ownership Requirement

The Company has in place a share ownership requirement for directors to align the interests of directors with those of shareholders. All non-executive directors, including the Chairman of the Board, are required to own a minimum value of Class "A" Subordinate Voting shares and DSUs equal to five times the current Annual Director Retainer within five years of becoming a director, or by December 31, 2015, whichever is later. The share ownership requirement is currently \$200,000. See page 48 for the share ownership requirement of the CEO.

The following table shows the actual and required Class "A" Subordinate Voting shares and DSUs holdings as of December 31, 2013 for the directors, except the CEO.

	Number of Class "A" Subordinate Voting Shares ("Shares") Held	Number of Deferred Share Units Held	Total Shares and Deferred Share Units Held	Value of Shares and Deferred Share Units Held <sup>(1)</sup>	Value of Holdings Required	Date Required
<b>Peter M. Lynch</b>	-	54,962	54,962	\$740,888	\$200,000	Dec. 31, 2015
<b>Gordon H. MacDougall</b>	15,000	54,962	69,962	\$943,088	\$200,000	Dec. 31, 2015
<b>J. Eddie McMillan</b>	-	14,000	14,000	\$188,720	\$200,000	Dec. 31, 2015
<b>Andrew K. Mittag</b>	6,000	2,000	8,000	\$107,840	\$200,000	Oct. 31, 2017
<b>Lawrence Sauder</b>	345,274	32,000	377,274	\$5,085,654	\$200,000	Dec. 31, 2015
<b>L. Scott Thomson</b>	40,000	4,586	44,586	\$601,019	\$200,000	Oct. 31, 2017
<b>Douglas W.G. Whitehead</b>	17,000	17,948	34,948	\$471,099	\$200,000	Dec. 31, 2015

(1) In determining whether a non-executive director has met his minimum shareholding requirements, the total number of Class "A" Subordinate Voting shares and DSUs held by a non-executive director will be valued at the greater of: (i) actual cost of shares or the grant date market value of DSUs awarded; and (ii) the market value, using the weighted average trading price of the Class "A" Subordinate Voting Shares on the TSX for the five trading days preceding the applicable valuation date for such shares and DSUs. The market value used for the comparison is \$13.48 per share or DSU held, being the weighted average trading price of the Class "A" Subordinate Voting shares on the TSX for the five trading days preceding December 31, 2013.

## Director's Total Compensation

The following table sets out the total director compensation for the year ended December 31, 2013.

Name <sup>(1)</sup>	Share-based Awards <sup>(3)</sup>						All Other Compensation <sup>(5)</sup>	Total
	Fees Earned <sup>(2)</sup>	DSUs Received in lieu of Annual Director Retainer <sup>(4)</sup>	DSU Plan Awards	Option-based Awards	Non-Equity Incentive Plan Compensation	Pension Value		
	\$	\$	\$					
<b>Harold C. Kalke<sup>(6)</sup></b>	12,500	20,000	-	-	-	-	-	32,500
<b>Peter M. Lynch</b>	37,000	40,000	20,240	-	-	-	9,000	106,240
<b>Gordon H. MacDougall</b>	29,500	40,000	20,240	-	-	-	1,000	90,740
<b>J. Eddie McMillan</b>	70,000	-	20,240	-	-	-	16,500	106,740
<b>Andrew K. Mittag</b>	66,000	-	20,240	-	-	-	3,000	89,240
<b>Lawrence Sauder</b>	125,000	-	40,480	-	-	-	-	165,480
<b>John P. Sullivan<sup>(6)</sup></b>	35,500	-	-	-	-	-	-	35,500
<b>L. Scott Thomson</b>	35,500	30,000	20,240	-	-	-	3,000	88,740
<b>Douglas W.G. Whitehead</b>	76,000	10,000	20,240	-	-	-	1,000	107,240

(1) Duncan Davies' total compensation is set out in the Summary Compensation Table on page 50.

(2) Fees earned consist of annual retainer, committee, chair and meeting fees.

(3) The DSU Plan provides that DSUs awarded under the DSU Plan shall be awarded at a value equal to the weighted average trading price of the Class "A" Subordinate Voting shares on the TSX for the five trading days prior to the date of the grant. The amount reflected in the table represents the value which the Board has determined is the grant date fair value of such DSUs and which is also the accounting fair value.

(4) Messrs. Kalke, Lynch, MacDougall, Thomson and Whitehead elected to receive all or a portion of their Annual Director Retainer for 2013 in DSUs.

(5) All Other Compensation consists of per diem rates and travel time.

(6) Messrs. Kalke and Sullivan did not stand for re-election at the 2013 Annual General Meeting.

## Outstanding Share-Based Awards and Option-Based Awards

The following table sets out for each director (except the CEO) all outstanding option-based and share-based awards outstanding as at December 31, 2013.

Name	Option-based Awards				Share-based Awards <sup>(1)</sup>		
	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date <sup>(4)</sup>	Value of Unexercised In-the-money Options	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-based Awards that have not Vested	Market or Payout Value of vested Share-based Awards not paid out or distributed
	#	\$		\$	#	\$	\$
<b>Peter M. Lynch</b>							
DSUs					-	-	740,888
<b>Gordon H. MacDougall</b>							
DSUs					-	-	740,888
<b>J. Eddie McMillan</b>							
DSUs					-	-	188,720
<b>Andrew K. Mittag</b>							
DSUs					-	-	26,960
<b>Lawrence Sauder</b>							
DSUs					-	-	431,360
<b>John P. Sullivan</b>							
DSUs					-	-	242,640
<b>L. Scott Thomson</b>							
DSUs					-	-	61,819
<b>Douglas W.G. Whitehead</b>							
DSUs					-	-	241,939

(1) DSUs vest immediately upon grant. The number of DSUs currently held by directors is shown on page 37 of this Information Circular.



## Director Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out incentive plan awards for each of the directors for the fiscal year ended December 31, 2013. The only share-based awards received by directors are DSUs, which vest immediately upon grant.

Name <sup>(1)</sup>	Option Awards – Value Vested during the year	Share-based Awards – Value Vested during the year <sup>(2)</sup>		Non-equity Incentive Plan Compensation – Value Earned during the year
		DSUs Received in lieu of Annual Director Retainer <sup>(3)</sup>	DSU Plan Awards <sup>(4)</sup>	
	\$	\$	\$	\$
Harold C. Kalke	-	20,000	-	-
Peter M. Lynch	-	40,000	20,240	-
Gordon H. MacDougall	-	40,000	20,240	-
J. Eddie McMillan	-	-	20,240	-
Andrew K. Mittag	-	-	20,240	-
Lawrence Sauder	-	-	40,480	-
John P. Sullivan	-	-	-	-
L. Scott Thomson	-	30,000	20,240	-
Douglas W.G. Whitehead	-	10,000	20,240	-

(1) Information regarding incentive plan awards vested or earned during the year by the CEO of the Company is set out in the table on page 52.

(2) DSUs vest immediately upon grant but can only be redeemed when a triggering event has occurred.

(3) This column reflects the value of DSUs received by directors in lieu of their Annual Director Retainer in 2013. These amounts are included in the Director's Total Compensation Table on page 38. The number of DSUs received was equal to the dollar value of the retainer paid in DSUs divided by the weighted average trading price of the Class "A" Subordinate Voting shares on the TSX during the last five trading days preceding the end of each calendar quarter.

(4) This column reflects the value of DSUs awarded to directors in 2013. The value shown is the grant date fair value which is calculated at a value equal to the weighted average trading price of the Class "A" Subordinate Voting shares on the TSX for the five trading days prior to the date of the grant. These amounts are included in the Director's Total Compensation Table on page 38.

# EXECUTIVE COMPENSATION

## COMPENSATION DISCUSSION AND ANALYSIS

### Compensation Objectives and Strategy

The MRCC is responsible for reviewing and approving the compensation arrangements of the Company's executive officers, other than the CEO. The MRCC reviews and recommends to the Board for approval the compensation arrangement for the CEO. A key mandate of the MRCC is to maintain an executive compensation program that achieves two objectives: to advance the business strategy of the Company, and to attract and retain key talent necessary to achieve the business objectives of the Company. The Company also believes in the importance of encouraging executives to own Company shares to more fully align management with the interests of shareholders.

The Company creates a direct linkage between compensation and the achievement of business objectives in the short and long-term by providing an appropriate mix of fixed versus at-risk compensation. An executive's personal performance, together with corporate performance, and competitive market compensation data, are used to determine his/her actual compensation. The Company does not target total compensation (base salary and all at-risk compensation) at a specific market percentile of a select comparator group. Rather, the Company takes into consideration compensation practices and pay levels of companies in its industry and from other industry sectors where it competes for executive talent with consideration for the relative complexity and autonomous characteristics of the Company.

The Company puts the greatest emphasis on financial performance by placing a significant proportion of total compensation at-risk based on the Company's financial results. In the years of strongest financial performance more than half of the total compensation earned by the CEO, CFO, and the three other highest paid executive officers (collectively the "**Named Executive Officers**") would be expected to come from performance-related incentive compensation. In 2013, the Company's Named Executive Officers were Duncan K. Davies, John A. Horning, Joseph A. Rodgers, J. Steven Hofer and Ian M. Fillinger.

### Benchmarking

The MRCC periodically reviews the total compensation arrangements for executive officers. To ensure that the Company provides competitive compensation, the MRCC considers benchmark data showing each component of compensation and total compensation levels benchmarked against the compensation of executive officers in the selected comparator group. In 2013, the Company used the following Western Canadian and US based forest companies as its comparator group.

Comparator Companies	Criteria for Selection
Canfor Corporation Catalyst Paper Corporation West Fraser Timber Co. Ltd. Western Forest Products Inc.	<ul style="list-style-type: none"><li>• 4 largest BC based forestry companies</li><li>• geographical competitors for executive talent</li><li>• traded on TSX; access to executive compensation information</li></ul>
Louisiana-Pacific Corporation Plum Creek Timber Potlatch Corporation Weyerhaeuser Company	<ul style="list-style-type: none"><li>• Pacific-Northwest based forestry companies</li><li>• geographical competitors for executive talent</li><li>• traded on NYSE; access to executive compensation information</li></ul>

In addition to considering benchmarking data, the MRCC considers other factors, including the advice and recommendations provided by the CEO, individual performance and the compensation practices of regional and local companies from other industry sectors who may compete with the Company for executive talent.

From time-to-time, the MRCC uses an independent consultant to provide expert, objective advice on executive compensation matters. In April 2010, Towers Watson (formerly Towers Perrin) was engaged as the MRCC's independent compensation advisor to assist the Company in developing its variable compensation strategy and in particular to redesign the Company's Total Shareholder Return Plan ("**TSR Plan**"). The Company paid Towers Watson approximately \$32,000, \$31,000 and \$27,357 for its services in 2011, 2012 and 2013, respectively. Towers Watson did not perform any other work for the Company in 2011 and 2013. In 2012, Towers Watson was also retained for non-executive compensation initiatives which amounted to approximately \$20,000.

### **Risk Management**

The MRCC has considered the implications of the risks associated with the Company's compensation policies and practices. The MRCC considered the balance between long-term objectives and short-term financial goals incorporated into the Company's executive compensation program and whether or not Named Executive Officers are potentially encouraged to expose the Company to inappropriate or excessive risks. Risks, if any, may be identified and mitigated through regular meetings of the MRCC and the Board. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

### **Hedging**

The Company has a policy which prohibits executive officers or directors from purchasing financial instruments for the purpose of hedging or offsetting a decrease in market value of the Company's equity securities. Specifically, executive officers or directors are prohibited from engaging in the following transactions with respect to the Company's shares: short sales, monetization of equity-based awards (stock options, performance share units, deferred share units) before vesting, transactions in derivatives on Company 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 Company's shares are changed such as collars or forward sale contracts.

To the knowledge of the Company, none of the Named Executive Officers or directors has ever purchased any such instruments for such purpose.

### **ELEMENTS OF TOTAL COMPENSATION**

The elements of the Company's total compensation program consist of annual base salary, annual cash incentive plans, and equity-based incentives. The Named Executive Officers also receive indirect compensation benefits. The Company's executive compensation plan is designed to provide broadly competitive pay. The following chart depicts the components of total compensation, as well as the desired mix assuming at-target performance by an executive officer.

<b>Fixed Compensation</b>	40-60%
<b>At-risk compensation</b>	40-60%
<i>Short-term incentives</i>	
• Discretionary Short-term Incentive Plan	
• President's Award	
• Other Discretionary Bonuses	
<i>Long-term incentives</i>	
• TSR Plan	
• SAR Plan	

## Annual Base Salary

The MRCC reviews the base salaries of executive officers and from time-to-time makes adjustments that it considers appropriate to recognize compensation paid by companies in the selected comparator group, compensation practices of regional and local companies from other industry sectors who may compete for executive talent, varying levels of responsibilities of the executive officer, individual performance and the complexity and autonomous characteristics of the Company. The MRCC approves the annual base salary of the executive officers other than the CEO. The Board approves the CEO's base salary based on the MRCC's recommendation.

Effective March 16, 2014, upon approval of the MRCC, Mr. Horning's, Mr. Hofer's, Mr. Rodgers and Mr. Fillinger's annual base salary increased to \$500,000, US\$350,000, US\$350,000 and \$325,000, respectively. The Board, upon recommendation of the MRCC, approved an increase to the CEO's annual base salary to \$750,000 effective March 16, 2014.

## Non-Equity Incentives

Short and long-term incentive compensation primarily comes in the form of awards under the Company's non-equity incentive compensation plans which include Discretionary Short-term Incentive Plan Awards, discretionary "President's Awards" and other discretionary bonuses and awards under the TSR Plan.

### a) Discretionary Short-term Incentive Plan Awards

The Company operates in a cyclical commodity industry, which poses budgeting challenges, and its ability to pay incentive awards is driven by its ability to generate positive earnings and cash flow. During 2013, a new Short Term Incentive Plan (STIP) was adopted for salaried employees, including the NEOs. Each NEO was assigned a Target bonus based on competitive benchmarking from the comparator group of companies. Before any payment triggers under the STIP (i) the Company must first achieve a level of financial performance that exceeds a Threshold level and (ii) the individual employee must perform at a satisfactory level. Financial performance under the STIP is measured by the Adjusted EBITDA of the Company for the fiscal year. At the beginning of the year, the MRCC establishes an Adjusted EBITDA target that is expected to generate a 7.5% pre-tax return on assets. At the end of the year actual Adjusted EBITDA results are compared to the Target Adjusted EBITDA and the STIP funds according to the following table:

	Below Threshold	Threshold	Target	Maximum
<b>Actual Adjusted EBITDA compared to Target</b>	< 70%	70%	100%	> 150%
<b>Bonus as a percentage of Target Bonus</b>	0%	50%	100%	200%

**Note:** Results are interpolated when the actual Adjusted EBITDA results fall between: Threshold, Target and Maximum.

If the STIP triggers based on Interfor's financial performance are reached then between 0% and 120% of that amount can be awarded based on the individual's personal performance. The maximum overall payout an individual could receive under the STIP is 240% of their target bonus (200% financial result x 120% personal result).

In 2013, the Company's Adjusted EBITDA for the STIP exceeded Target Adjusted EBITDA, resulting in a base calculation for STIP of 121.6% of target. This base is then adjusted based on the individual's personal performance.

## b) President's Awards and Other Discretionary Bonuses

The President's Award, a short-term incentive plan, is a discretionary plan designed to reward employees who have made a noteworthy contribution to the Company during the prior year. Nominations for a President's Award are made by the CEO and approved by the MRCC, in its discretion.

In 2013, the MRCC authorized the Company to accrue \$30,000 per month for potential President's Awards. In respect of 2013, President's Awards in the aggregate amount of \$216,000 were awarded to 21 employees.

The Board may from time-to-time grant discretionary short-term incentive bonuses to the CEO and other executive officers or employees to reward them for significant contributions during the year. No discretionary bonuses were awarded in 2013.

## Total Shareholder Return Plan

Awards under the TSR Plan represent long-term incentive compensation designed to reinforce the connection between remuneration and interests of the shareholders by motivating and rewarding participants for improving the long-term value of the Company. In any year, a Named Executive Officer may receive a grant under the TSR Plan or the SAR Plan, but not both. In 2013, all of the Named Executive Officers participated in the TSR Plan.

Under the terms of the TSR Plan, at the beginning of each performance period, a participant will receive a target number of performance share units ("PSUs"). The number of PSUs received is determined by multiplying the participant's target award as indicated in the table on page 45 by the participant's annual base salary and then dividing same by the price of the Company's Class "A" Subordinate Voting shares at the beginning of the performance period. For example, a \$650,000 target award value for the CEO (100% times his annual base salary) divided by a \$13.00 share price would result in 50,000 PSUs being granted to the CEO (\$650,000/\$13.00). At the end of the performance period, the Company's total shareholder return would be evaluated against minimum, target and maximum compound annual growth rates. The number of PSUs earned would be based on actual results compared to such minimum, target and maximum growth rates using the following pay-performance scale.

Pay-Performance Level	Performance Goal (TSR Growth over 3 years)	Payout <sup>(1)</sup> (% of Target PSUs earned)
Maximum	≥15.0% CAGR	150%
Target	7.5% CAGR	100%
Minimum	≤5.0 %CAGR	50%

(1) Payouts for performance between minimum and target, or target and maximum, will be interpolated on a straight line basis.

The value a participant ultimately receives would be determined by the number of PSUs earned, multiplied by the share price at the end of the performance period. For example, if the Company's Class "A" Subordinate Voting share price increased from \$13.00 to \$19.77 over the performance period, resulting in 15% annual TSR growth, the value the CEO would earn is \$1,482,750 (50,000 PSUs x 150% (for maximum performance) x \$19.77).

If, however, the Subordinate Class "A" Voting share price declined to \$10.00, resulting in negative TSR (or growth below the 5% annual minimum), the value the CEO would earn is \$250,000 (50,000 PSUs x 50% (the minimum percentage) x \$10.00).

The number of PSUs awarded annually will be based on the participant's target award. The MRCC annually, in its discretion, approves the target award for each eligible Named Executive Officer, (except in the case of the CEO) based on its assessment of the market competitiveness of the eligible Named Executive Officer's total compensation arrangements. As part of that review, the MRCC may consider previous awards under the TSR Plan and the value of actual payouts received in relation to prior awards. The MRCC reviews and recommends to the Board for approval the target award for the CEO. The target award is expressed as a percentage of the annual base salary in effect at the beginning of a three year performance period.

The following table sets out the target awards approved by the MRCC or the Board, as the case may be, for the performance periods indicated.

Participant	Performance Period	Target Award (Expressed as a Percentage of Annual Base Salary)
<b>Duncan K. Davies</b>	3 Years ending Dec. 31, 2013	100%
	3 Years ending Dec. 31, 2014	100%
	3 Years ending Dec. 31, 2015	100%
	3 Years ending Dec. 31, 2016	100%
<b>John A. Horning</b>	3 Years ending Dec. 31, 2013	90%
	3 Years ending Dec. 31, 2014	90%
	3 Years ending Dec. 31, 2015	90%
	3 Years ending Dec. 31, 2016	90%
<b>J. Steven Hofer<sup>(1)</sup></b>	3 Years ending Dec. 31, 2013	50%
	3 Years ending Dec. 31, 2014	50%
	3 Years ending Dec. 31, 2015	50%
	3 Years ending Dec. 31, 2016	60%
<b>Joseph A. Rodgers<sup>(1)</sup></b>	2.5 Years ending Dec. 31, 2015	50%
	3 Years ending Dec. 31, 2016	60%
<b>Ian M. Fillinger<sup>(1)</sup></b>	3 Years ending Dec. 31, 2015	25%
	2.5 Years ending Dec. 31, 2015	25%
	3 Years ending Dec. 31, 2016	60%

(1) Mr. Hofer became eligible to participate in the TSR Plan as of January 1, 2011. Mr. Rodgers and Mr. Fillinger became eligible to participate in the TSR Plan as of July 7, 2013 and January 1, 2013, respectively.

Following the end of a performance period, the award, if any, would be paid in cash, or at the prior election of the participant, subject to the overriding discretion of the Board described in b) below, in DSUs. In the event of death, disability, retirement or involuntary termination, the award would be determined at the end of the performance period as if employment had continued and then pro-rated for the period of actual employment.

The following table sets out the number of PSUs that a Named Executive Officer may earn under the terms of the TSR Plan.

Name	Performance Period Until Payout	Estimated Future PSU Awards - TSR Plan		
		Minimum	Target	Maximum
<b>Duncan K. Davies</b>	3 Years ending Dec. 31, 2014	77,381	154,762	232,143
	3 Years ending Dec. 31, 2015	40,173	80,346	120,519
	3 Years ending Dec. 31, 2016	27,819	55,638	83,457
<b>John A. Horning</b>	3 Years ending Dec. 31, 2014	48,215	96,429	144,644
	3 Years ending Dec. 31, 2015	25,031	50,062	75,093
	3 Years ending Dec. 31, 2016	16,692	33,383	50,075
<b>J. Steven Hofer</b>	3 Years ending Dec. 31, 2014	14,881	29,762	44,643
	3 Years ending Dec. 31, 2015	9,271	18,541	27,812
	3 Years ending Dec. 31, 2016	7,790	15,579	23,369
<b>Joseph A. Rodgers</b>	2.5 Years ending Dec. 31, 2015 <sup>(1)</sup>	7,001	14,002	21,003
	3 Years ending Dec. 31, 2016	7,790	15,579	23,369
<b>Ian M. Fillinger</b>	3 Years ending Dec. 31, 2014	3,863	7,726	11,589
	2.5 Years ending Dec. 31, 2015 <sup>(1)</sup>	3,014	6,027	9,041
	3 Years ending Dec. 31, 2016	7,233	14,466	21,699

(1) The performance period for both Mr. Rodgers's and Mr. Fillinger's award is July 8, 2013 to Dec. 31, 2015.

The following table shows a history of payouts under the TSR Plan. For the 2011 – 2013 performance cycle, the Company achieved a compound annual growth rate of 37.1%, which resulted in the maximum number of PSUs being awarded. See page 52 for incumbent specific details.

Performance Period	Payout
3 years ended 2013	\$5,612,487

Participants in the TSR Plan may elect in advance to have payment of all or a portion of their TSR award in respect of a performance period paid in the form of DSUs under the DSU Plan. The Board, however, has the discretion to override such an election and require that all or any portion of a TSR award which a participant has elected to receive in DSUs be credited to an interest bearing cash account under the DSU Plan.

DSUs count toward the achievement of a Named Executive Officer's minimum share ownership requirement. DSUs received in lieu of a cash payment vest immediately. The number of DSUs received is determined by dividing the amount of the award by the weighted average trading price of the Class "A" Subordinate Voting shares of the Company on the TSX for the five consecutive trading days ended on the trading day immediately prior to the end of the three year performance period.

### Other Equity Incentives

Other equity incentive plan compensation may take the form of DSUs, SARs and share options. Share options have not been granted by the Company since 2001. Since 2012, none of the Named Executive Officers have received SARs.

**a) Share Appreciation Rights Plan (“SAR Plan”)**

The SAR Plan is a long-term incentive plan which is option-based. SARs are awarded to eligible Named Executive Officers to provide additional long-term incentives and reinforce the connection between remuneration and growth in shareholder value. In any year, a Named Executive Officer may receive a grant under the SAR Plan or the TSR Plan, but not both. Currently, all Named Executive Officers participate in the TSR Plan.

Under the SAR Plan, SARs can be exercised for a cash payment equal to the number of rights exercised multiplied by the increase in market value of the Company’s Class “A” Subordinate Voting shares between the time of the grant and the time of exercise. The market value of a SAR is the weighted average closing price of the shares on the TSX for the five consecutive trading days ended on the trading day immediately prior to the date of the grant or exercise, as the case may be. The SAR grant expires on the earlier of 10 years after the date of the grant, 30 days after termination other than retirement, or one year after death. SARs may be exercised, subject to the following vesting provisions.

Time from Date of SAR Grant	% Exercisable
2 years	40%
3 years	60%
4 years	80%
5 years	100%

At the beginning of each year, the MRCC approves the number of SARs to be granted to eligible participants in the SAR Plan. In determining the number of SARs to be granted, the MRCC considers the recommendation of the CEO, the employee’s position and base salary, the value of the underlying Class “A” Subordinate Voting shares, the number of SARs issued in previous years, both specifically for that employee as well as in aggregate under the SAR Plan, and the expected short-term incentive bonuses for that year. The number of SARs to be awarded is based on the number of underlying Class “A” Subordinate Voting shares of the Company to which the SARs relate, rather than on a dollar value that the Company intends to award as compensation.

In February 2013, the MRCC approved a grant of 255,000 SARs, none of which were granted to the Named Executive Officers.

As of December 31, 2013 SARs granted that had not expired or been cancelled totaled 2,744,700, of which 1,333,850 had been exercised. At December 31, 2013, 124,500 of the outstanding SARs were held by the Named Executive Officers.

**b) Deferred Share Unit Plan**

The DSU Plan, described on page 36 above, is intended to enhance the Company’s ability to attract and retain high quality individuals to serve as directors and executive officers and to promote a greater alignment of interests between participants and the shareholders of the Company. Under the DSU Plan, the Board may directly grant DSUs to directors, officers or employees of the Company and its subsidiaries. The terms of such direct grants are determined by the MRCC. In July 2013, the MRCC approved a direct grant to Joseph Rodgers of 33,095 DSUs as part of his employment agreement in consideration of compensation he forfeited when he resigned from his former employer.



### c) Share Option Plan

The Share Option Plan, a long-term incentive plan, is intended to enhance the Company's ability to attract and retain high quality employees and to promote a greater alignment of interests between participants and the shareholders of the Company. Under the Share Option Plan, the Board may grant options ("**Options**") to purchase Class "A" Subordinate Voting shares of the Company to directors, officers, employees and service providers of the Company or its subsidiaries. The terms of any such Option are determined by the Board but within the limitations set out in the Share Option Plan. The exercise price is determined by the Board provided it is not less than the closing price of the Class "A" Subordinate Voting shares of the Company on the last trading day preceding the date on which the Option is granted. Options are not assignable. The Board has not granted any Options under this Plan since 2001.

All Options granted under this Plan were granted at fair market value on the date of the grant, and may be exercised for a term of up to 10 years from the date they were granted. Options are subject to the following vesting requirements.

Time from Date of Grant	% Exercisable
2 years	40%
3 years	60%
4 years	80%
5 years	100%

Under this Plan, 3,000,000 Class "A" Subordinate Voting shares were reserved on April 21, 1999 and, with the approval of the TSX on April 6, 2001, an additional 250,000 shares were reserved to facilitate the acquisition of Primex Forest Products Ltd. in 2001. As of December 31, 2013, there are no Options outstanding. As of the date of this Information Circular, a total of 1,631,740 Class "A" Subordinate Voting shares, representing approximately 2.45% of the Company's outstanding Class "A" Subordinate Voting shares, remain reserved for possible issuances under the Share Option Plan.

### INDIRECT COMPENSATION BENEFITS

Indirect compensation includes participation in the retirement plans described more fully on page 54, as well as benefits available to all salaried employees of the Company such as extended health and dental care, life insurance and disability benefits.

### EXECUTIVE SHAREHOLDING OWNERSHIP REQUIREMENTS

The Company's share ownership requirement was introduced for certain executive officers to provide a further link between the interests of executive officers and shareholders, thereby demonstrating the ongoing alignment of their interests with the interests of shareholders. The following table shows the actual and required Class "A" Subordinate Voting shares and DSU holdings as of December 31, 2013 for Named Executive Officers. Value for this purpose is the higher of i) actual cost of shares or the grant date market value of DSUs awarded; and ii) market value, being the weighted average trading price of the Class "A" Subordinate Voting shares on the TSX for the five trading days preceding the applicable valuation date for such shares or DSUs received in payment of TSR Plan awards.

	Minimum Ownership Requirement (as a multiple of base salary) <sup>(1)</sup>	Number of Class "A" Subordinate Voting Shares ("Shares") Held	Number of Deferred Share Units Held	Total Shares and Deferred Share Units Held	Value of Shares and Deferred Share Units Held <sup>(2)</sup>	Value of Holdings Required	Date Required
<b>Duncan K. Davies</b>	3 times	241,100	161,355	402,455	5,425,093	\$1,950,000	Dec. 31, 2011
<b>John A. Horning</b>	2 times	174,600	80,000	254,600	3,432,008	\$900,000	Dec. 31, 2011
<b>J. Steven Hofer</b>	1 time	1,220	-	1,220	16,446	\$250,000	Dec. 31, 2016
<b>Joseph A. Rodgers</b>	1 time	-	33,095	33,095	446,121	\$292,490	July 31, 2018
<b>Ian M. Fillinger</b>	1 time	-	-	-	-	\$250,000	July 31, 2018

(1) Based upon the indicated multiple of annual base salary in effect as of January 1, 2007 in the case of Mr. Davies and Mr. Horning, as of January 1, 2011 in the case of Mr. Hofer, and as of July 31, 2013 in the case of Mr. Rodgers and Mr. Fillinger.

(2) Value determined as the higher of: (i) actual cost of shares or the grant date market value of DSUs awarded, and (ii) \$13.48 per share or DSU held, which is the weighted average trading price of the Class "A" Subordinate Voting shares on the TSX for the five trading days preceding December 31, 2013.

## SUMMARY COMPENSATION TABLE

The following table shows the total realized and target compensation awarded to the Company's Named Executive Officers for the fiscal years ended December 31, 2011, December 31, 2012 and December 31, 2013.

It should be noted that the Share Based Awards for 2011 and 2012 relate to awards of PSUs under the TSR Plan for the performance periods which end December 31, 2013 and 2014. The amounts shown represent the fair value of the awards at the grant dates and do not provide the actual value of the payout to be received after the maturity dates of the awards. Conversely, the Non-Equity Incentive Plan Compensation for 2011 and 2012 under Long-term Incentive Plans is the actual amount earned under the TSR Plan grants made in 2009 and 2010 which matured December 31, 2011 and 2012. The change from a cash plan to a plan that incorporates PSUs tied directly to the Company's share price means that for 2011 and 2012, the table below shows both the cash payments associated with the 2009-2011 and 2010-2012 TSR awards and the theoretical grant values of the 2011-2013 and 2012-2014 PSU awards. Using the CEO as an example, the \$1,300,000 value for 2012 under the Long-term Incentive Plans column is the value earned based on achieving a compound annual growth rate exceeding 15% during the 2010-2012 period, while the \$492,425 value under the Share Based Awards column represents the theoretical grant value for the PSU grant made in 2012 and is subject to performance and share price risk until December 31, 2014.

Name and Principal Position	Year	Salary	Share Based Awards <sup>(2)</sup>	Option Based Awards <sup>(10)</sup>	Non-Equity Incentive Plan Compensation		Pension Value <sup>(5)</sup>	All Other Compensation <sup>(6)</sup>	Total Compensation <sup>(7)</sup>
					Annual Incentive Plans <sup>(3)</sup>	Long-term Incentive Plans <sup>(4)</sup>			
		\$	\$	\$	\$	\$	\$	\$	\$
Duncan K. Davies President & CEO	2013	650,000	564,659	-	663,936	-	65,925	25,726	1,970,246
	2012	653,000 <sup>(1)</sup>	492,425	-	-	1,300,000	66,255	25,726	2,537,406
	2011	656,000	550,495	-	-	1,300,000	66,775	15,877	2,589,147
John A. Horning Executive Vice President & CFO	2013	450,000	351,828	-	274,500	-	41,925	15,760	1,134,013
	2012	450,000	306,819	-	-	810,000	42,255	15,760	1,624,834
	2011	450,000	343,001	-	-	810,000	42,775	10,554	1,656,330
J. Steven Hofer Senior Vice President, Sales & Marketing	2013	291,667	130,303	-	139,431	-	27,855	-	589,256
	2012	250,000	94,697	-	25,000	-	22,391	-	392,088
	2011	247,151	105,865	-	20,000	-	21,779	-	394,795
Joseph A. Rodgers Senior Vice President, US Operations	2013	138,147 <sup>(8)</sup>	498,706 <sup>(9)</sup>	-	89,162	-	11,052	333,840 <sup>(9)</sup>	1,070,906
	2012	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-
Ian M. Fillinger Senior Vice President, Canadian Operations	2013	247,500	108,468	-	142,000	-	20,025	-	517,993
	2012	205,000	-	47,200	20,000	-	13,455	-	285,655
	2011	190,000	-	64,200	5,000	-	13,375	-	272,575

- (1) In addition to his annual base salary, Mr. Davies received a CEO - Total Director Compensation in the amount of \$6,000 annually until June 30, 2012. Effective July 1, 2012, the Corporate Governance & Nominating Committee recommended to the Board, and the Board approved, the elimination of the annual Total Director Compensation to the CEO.
- (2) Share Based Awards consist of PSU awards made under the TSR Plan and DSU awards made under the DSU Plan. The amount shown for PSU awards represents the fair value of the award at the grant date measured using a combination of call options which are valued using a Black-Scholes pricing model. The Black-Scholes pricing model was used as it is an established pricing methodology widely used by the financial industry and by public companies for securities valuations and is supported as an appropriate methodology under International Financial Reporting Standard 2, Share-based Payment (IFRS2). This is also the accounting fair value. The pricing model includes assumptions on expected volatility, expected life, expected termination rate, expected dividend yield and risk-free interest rate. **This value does not represent the actual value of the payout which will be received after the maturity date of the award.** The amount shown for Joe Rodgers includes a direct grant of DSUs. See note (9) below.
- (3) Annual Incentive Plans reflect STIP awards and President's Awards made to the Named Executive Officers.
- (4) Long-term Incentive Plans represent amounts earned under the Company's Pre-2011 TSR Plan in the year.
- (5) Pension Value amounts include Company contributions to the Deferred Profit Sharing Plan for Canadian-based Named Executive Officers, Company contributions to the 401(k) Plan for US resident Named Executive Officers, plus Company notional contributions to the Supplementary Pension Plan.
- (6) All Other Compensation includes perquisites and other personal benefits provided to a Named Executive Officer that are not generally available to all employees. Amounts shown in All Other Compensation column for Duncan Davies and John Horning represent premiums paid on top-up life insurance and long-term disability plans. The amount shown for Joe Rodgers was a cash payment. See note (9) below.
- (7) Total Compensation represents the sum of the amounts in the other columns. It includes the valuation of Share Based and Option Based Awards which may or may not be realized over the life of the awards.
- (8) Mr. Rodgers was hired July 7, 2013 with an annual salary of US\$275,000. The amount reflects what he received in 2013.
- (9) As part of Mr. Rodgers employment agreement, he received US\$650,000 in consideration of compensation forfeited when he resigned from his prior employer. Mr. Rodgers received US\$325,000 of this amount in cash on July 31, 2013 and US\$325,000 was credited to his DSU account.
- (10) Option-Based Awards include awards made under the SAR Plan. Mr. Fillinger participated in the SAR Plan in 2011 and 2012. Effective January 1, 2013, Mr. Fillinger no longer participated in the SAR Plan as he became eligible to participate in the TSR Plan. The number of SARs to be awarded is based on the number of underlying Class "A" Subordinate Voting shares of the Company to which the SARs relate, rather than on a dollar value that the Company intends to award as compensation. The value of the awards has been calculated using a Black-Scholes model. The Black-Scholes model was used as it is an established pricing methodology widely used by the financial industry and by public companies for securities valuations and is supported as an appropriate methodology under International Financial Reporting Standard 2, Share-based Payment (IFRS2). This is also the accounting fair value. The pricing model includes assumptions on expected volatility, expected life, expected termination rate, expected dividend yield and risk-free interest rate. **This value does not represent the actual value of the payout which will be received upon the exercise of the award.**

## INCENTIVE PLAN AWARDS

### Outstanding Share-Based and Option-Based Awards

The following table sets out for each Named Executive Officer all option-based and share-based awards outstanding as at December 31, 2013.

Name	Option-based Awards <sup>(1)</sup>				Share-based Awards		
	Number of Securities Underlying Unexercised Options	Option Exercise Price <sup>(2)</sup>	Option Expiration Date	Value of Unexercised In-the-money Options	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-based Awards that have not Vested <sup>(5)</sup>	Market or Payout Value of vested Share-based Awards not paid out or distributed
	#	\$		\$	#	\$	\$
<b>Duncan K. Davies</b>							
PSUs					235,108	1,584,628	2,513,002 <sup>(3)</sup>
DSUs					-	-	2,175,065 <sup>(4)</sup>
<b>John A. Horning</b>							
PSUs					146,491	987,349	1,565,796 <sup>(3)</sup>
DSUs					-	-	1,078,400 <sup>(4)</sup>
<b>J. Steven Hofer</b>							
PSUs					48,303	325,562	483,278 <sup>(3)</sup>
SARs	20,000	1.38	24-Feb-2019	241,622			
SARs	20,000	4.77	23-Feb-2020	173,728			
<b>Joseph A. Rodgers</b>							
PSUs					14,103	95,054	-
DSUs					-	-	446,121 <sup>(4)</sup>
<b>Ian M. Fillinger</b>							
PSUs					13,753	92,695	-
SARs	5,000	7.30	1-Mar-2015	30,781			
SARs	5,000	7.03	6-Feb-2016	32,160			
SARs	7,500	8.02	19-Feb-2017	40,835			
SARs	6,000	5.21	19-Feb-2018	49,479			
SARs	6,000	1.38	24-Feb-2019	72,487			
SARs	15,000	4.77	23-Feb-2020	130,296			
SARs	20,000	6.01	18-Feb-2021	148,962			
SARs	20,000	4.64	28-Feb-2022	176,400			

(1) In 2002 and 2003 executive officers participated in the SAR Plan. Commencing in 2004, a Named Executive Officer either received a grant under the SAR Plan or the TSR Plan, but not both. Mr. Hofer and Mr. Fillinger became participants in the TSR Plan effective January 1, 2011 and January 1, 2013 respectively. Prior to becoming participants in the TSR Plan, they participated in the SAR Plan.

(2) Option Exercise Price for SARs represents the base price of the SARs.

(3) These values represent amounts vested in 2013 under the TSR Plan.

(4) These values reflect the value of DSUs held by the executive officers at December 31, 2013, calculated by multiplying the number of DSUs held by \$13.48, being the weighted average trading price of the Class "A" Subordinate Voting shares on the TSX for the five trading days preceding December 31, 2013. DSUs vest immediately upon grant. The number of DSUs held by the Named Executive Officers at December 31, 2013 is shown on page 49 of this Information Circular.

(5) This value does not represent the actual value of the payout which will be received after the maturity date of the award.

## Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the incentive plan awards for each Named Executive Officer for the fiscal year ended December 31, 2013.

Name	Option Awards – Value Vested During the Year	Share Based Awards – Value Vested During the Year	Non-Equity Incentive Plan Compensation - Value Earned During the Year
	\$	\$	\$
<b>Duncan K. Davies</b>	-	2,513,002 <sup>(1)</sup>	663,936
<b>John A. Horning</b>	-	1,565,796 <sup>(1)</sup>	274,500
<b>J. Steven Hofer</b>	65,776	483,278 <sup>(1)</sup>	139,431
<b>Joseph A. Rodgers</b>	-	376,290 <sup>(2)</sup>	89,162
<b>Ian M. Fillinger</b>	75,557	-	142,000

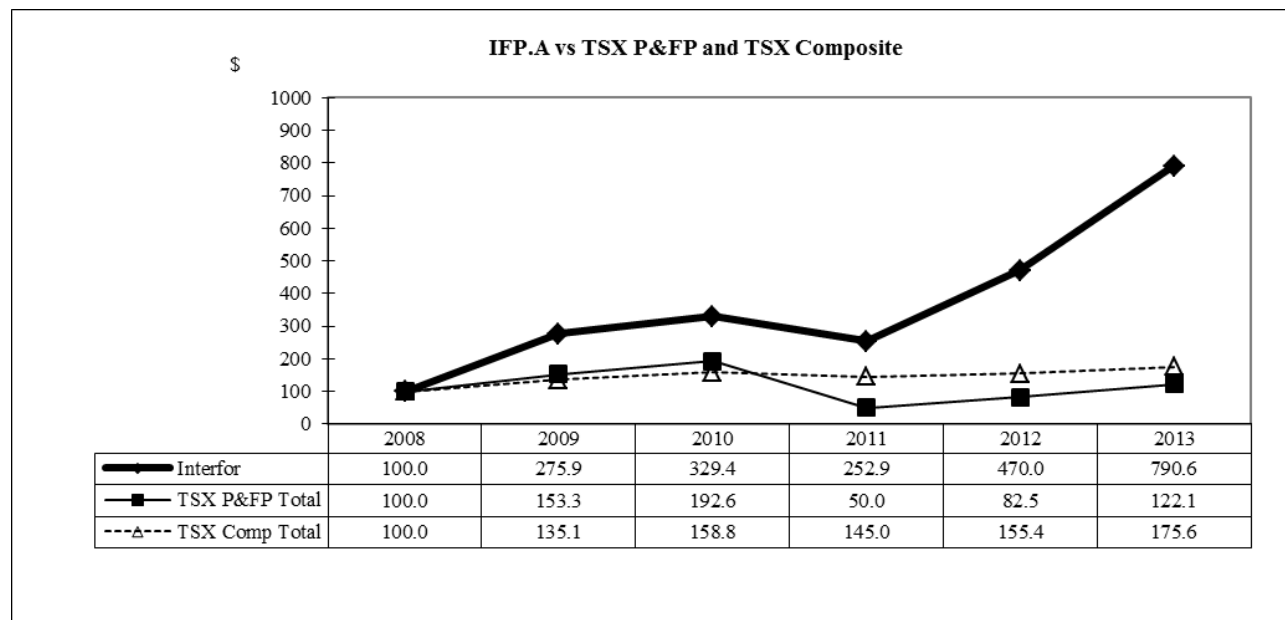
(1) TSR award for the 2011-2013 performance cycle.

(2) DSU award.

## TOTAL SHAREHOLDER RETURN COMPARISON

The following graph compares the cumulative changes over the last five years in the value of \$100 invested in shares of the Company with \$100 invested in the S&P/TSX Composite Total Return Index and \$100 invested in the TSX Paper and Forest Products Total Return Index.

### Performance Graph



In the years 2009 and 2010, the substantial decrease in the Company's share price from 2006 and 2007 levels directly impacted executive compensation. As a result, total compensation of the Named Executive Officers fell due to non-payment of the at-risk components of their compensation. Specifically, the decline of the Company's share price from 2006 and 2007 levels resulted in no awards under the TSR Plan in 2009 and 2010 and the financial performance of the Company during 2009 and 2010 resulted in no short-term incentive bonuses to the CEO and CFO for those years. In 2011 and 2012, Named Executive Officers pay increased due to a maximum payout under the TSR Plan for the 2009-2011 and 2010-2012 performance cycles based on compound annual shareholder returns of 44% and 18% respectively over the performance periods. Similarly, in 2013, the maximum payout under the TSR plan for the 2011 to 2013 performance cycle was achieved based on compounded annual shareholder return of 37% over the performance period. In addition, the Company's Adjusted EBITDA met the requirements for the payment of STIP awards resulting in increases to Named Executive Officers compensation.

## EQUITY COMPENSATION PLAN INFORMATION

As at December 31, 2013, the Company has reserved the following Class "A" Subordinate Voting shares for possible issuance under its Share Option Plan. No Options have been issued by the Company since 2001. There are no Options currently outstanding.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity Compensation Plans Approved by Securityholders	-	-	1,631,740

(1) Securities reflected in the table are options to acquire Class "A" Subordinate Voting shares of the Company.

## RETIREMENT PLANS

The Company sponsors a group Registered Retirement Savings Plan and a group Deferred Profit Sharing Plan for all of its Canadian salaried employees. The Plan provides such employees with an opportunity to make voluntary contributions to a group Registered Retirement Savings Plan ("**RRSP**"), which can include a spousal plan, of up to 6% of the employee's base salary and bonuses, up to a maximum of \$12,075 in respect of 2013. The Company matches employee contributions up to 6% with contributions to the Deferred Profit Sharing Plan ("**DPSP**"). In Canada, the RRSP/DPSP combined limit in respect of 2013 was \$24,150. All Named Executive Officers except Mr. Hofer and Mr. Rodgers are or were eligible to participate in the RRSP/DPSP. All Company contributions to the DPSP vest immediately. If the employee terminates employment he or she can transfer the accumulated contributions and investment income to another registered plan, take as taxable cash, or purchase an annuity or retirement income fund. If the employee dies while employed, the funds will be payable to his or her named beneficiary.

All eligible US employees, including Mr. Hofer and Mr. Rodgers, were entitled to make voluntary contributions to the Company's 401(k) Plan up to a total maximum of \$17,500 in respect of 2013. Employees 50 and over may contribute a "catch-up" amount of \$5,500 per year for a maximum deferral of \$23,000 in respect of 2013. The Company makes a matching contribution to participant accounts of up to 4% of an employee's compensation with a maximum match of \$10,200 in respect of 2013. All Company contributions to the 401(k) Plan vest immediately. If the employee terminates employment with an accrued benefit, the participant is entitled to a distribution of the non-forfeitable accrued benefit. The participant may defer payment until the mandatory benefit starting date. No tax consequences result with a direct rollover into a qualified plan. An employee who requests a lump sum withdrawal will be taxed and may incur an early withdrawal penalty. If an employee dies while employed, the funds will be payable to his or her named beneficiary.

No Named Executive Officers are members of a defined benefit retirement plan.

Named Executive Officers participate in a supplemental retirement plan ("**SERP Plan**"). There is a SERP Plan in Canada for the Canadian-resident Named Executive Officers, and a SERP Plan in the US for US resident Named Executive Officers. The SERP Plans were designed in light of the legislated limits on contributions to the RRSP/DPSP and 401(k) Plans which result in a portion of the Named Executive Officer's salary being excluded each year from contributions to these Plans. The SERP Plans assist the Company in attracting and retaining key employees by providing such employees with supplemental retirement benefits.

The SERP Plans are administered as unfunded plans, and “notional contributions” vest immediately. The Board may amend or terminate the SERP Plans at any time, and designate the eligible employees to participate in a SERP Plan for that year. For the Canadian SERP, the contribution is in the form of a notional contribution equal to six percent of the Named Executive Officer’s compensation to the extent that it exceeds *Income Tax Act* limits for years up to and including 2001 and twelve percent thereafter. The accumulated value of the Canadian SERP is secured by bank letters of credit. For the US SERP, the contribution is equal to twelve percent of the Named Executive Officer’s compensation reduced by the Named Executive Officer’s personal and employer contribution to the 401(k) Plan for the year.

Benefits from the SERP Plans are paid on the first day of the calendar month that starts after the latter of the participant’s 60th birthday or termination of employment, in one or a combination of: (i) equal monthly or annual installments; or (ii) in a single lump sum. If the Named Executive Officer terminates employment with the Company before age 60, he or she will forfeit the entire value of their account if, before attaining age 60, they engage in competitive employment as determined in good faith.

For the Canadian SERP Plan, the rate of return is set by application of the 10-year median return achieved by Canadian Balanced Funds, as measured by the AON Hewitt Survey on Canadian Pension Plans’ Investment Managers. For 2013, the resulting rate was 6.7%. The US SERP Plan participants may select from five reference investment funds on an annual basis. The reference investment fund choices mirror actual fund choices in the Company’s 401(k) Plan. In 2013, the rate ranged from 17.9% to 29.9% depending on the fund(s) selected by the participant.

The following table sets out information regarding the SERP Plans.

Name	Accumulated Value at Start of Year	Compensatory	Accumulated Value at End of Year
	\$	\$	\$
<b>Duncan K. Davies</b>	1,263,946	53,850	1,404,284
<b>John A. Horning</b>	604,871	29,850	676,247
<b>J. Steven Hofer</b>	67,775 <sup>(1)</sup>	17,351 <sup>(2)</sup>	115,034 <sup>(3)</sup>
<b>Joseph A. Rodgers</b>	-	11,052 <sup>(2)</sup>	12,432 <sup>(3)</sup>
<b>Ian M. Fillinger</b>	48,204	7,950	59,650

(1) Mr. Hofer’s amount has been converted to Canadian dollars using the Bank of Canada closing rate on December 31, 2012.

(2) Mr. Hofer’s amount has been converted to Canadian dollars using the average foreign exchange rate for 2013. Mr. Rodgers’ amount has been converted to Canadian dollars using the average foreign exchange rate for the period he was employed in 2013.

(3) Mr. Hofer and Mr. Rodgers’ amount has been converted to Canadian dollars using the Bank of Canada closing rate on December 31, 2013.



## CHANGE OF CONTROL AGREEMENTS

The Company has entered into agreements with each of the Named Executive Officers that provide them with certain rights in the event of an involuntary termination of employment after a Change of Control of the Company. “**Change of Control**” occurs when:

- An acquisition of more than 50% of the voting shares or control over more than 50% of the voting shares by a person or group of persons, other than the Controlling Shareholder Group, in one transaction or a series of transactions;
- An acquisition of more than 50% of the Class “B” Common shares or control over more than 50% of the Class “B” Common shares by a person or group of persons, other than the Controlling Shareholder Group, in one transaction or a series of transactions;
- More than one half of the slate of persons proposed by the Board to the Company’s shareholders for election as directors of the Company is comprised of persons nominated by a holder of voting shares other than a member of the Controlling Shareholder Group, or by any group of holders of voting shares acting jointly or in concert, or more than one half of the directors elected as directors at a meeting of the Company’s shareholders is comprised of persons who were not included in the slate for election as directors proposed by the Board;
- 50% or more of the net book value of the assets of the Company are sold by the Company; or
- A majority of directors determines that a change in control has occurred.

For the purposes of the above, “**Controlling Shareholder Group**” means any of William L. Sauder (deceased), members of his immediate family, their descendants, and any companies controlled by them.

If, on the date of or within 24 months after any Change of Control, the Named Executive Officer’s employment with the Company is terminated, the Named Executive Officer is entitled to the following:

- a) a lump sum cash amount equal to the aggregate of the following:
  - i) a severance amount determined by multiplying the Annual Compensation (defined below) by the applicable severance period in years (see table below for the severance period applicable to each of the Named Executive Officers);
  - ii) any unpaid annual base salary up to and including the date of termination;
  - iii) an amount in lieu of bonus for the calendar year in which the date of termination occurs, determined by pro-rating the amount in item (ii) of the definition of Annual Compensation over the portion of the calendar year to and including the date of termination;
  - iv) in full satisfaction of the Company’s obligations to the Named Executive Officer under the Company’s SERP, an amount which, if there were deducted from the amount of income tax payable thereon calculated at the highest personal marginal rates for federal and provincial income taxes applicable to the Named Executive Officer, would equal the required amount that would have been applicable as at the end of the specified severance period if the Named Executive

Officer's employment with the Company had continued to the end of the severance period; and

- v) any other amounts the Named Executive Officer is entitled at law or under any other terms and conditions of the Named Executive Officer's employment with the Company;

less required statutory deductions and remittances;

- b) Continuation of all benefits and perquisites until the end of the specified severance period, unless otherwise agreed to in writing between the Named Executive Officer and the Company;
- c) All rights or options to purchase shares under the Company's Share Option Plan at the date of termination of employment will: i) immediately vest; and ii) immediately become exercisable to the extent they had not already become exercisable; and continue to be held, notwithstanding the terms of the Share Option Plan, on the same terms and conditions as if the Named Executive Officer continued to be employed by the Company, except that the rights or options shall be exercisable immediately; and
- d) Career counseling and relocation support comparable to senior executives of similar status.

The Named Executive Officer would also be entitled to such payments and benefits if their employment was terminated without cause in the case of a Change of Control of the Company if, prior to the termination, substantive discussions had commenced, or an agreement had been entered into that led to the Change of Control. In the event that a Named Executive Officer's employment is terminated for cause, no notice or pay in lieu of notice will be provided. Further, in the event that the Named Executive Officer retires or resigns, no payment will be provided.

For the purposes of the Change of Control agreements, "**Annual Compensation**" is defined as the aggregate sum of i) annual base salary (defined as annual salary payable to the executive by the Company but excludes any bonuses and directors' fees paid to the Named Executive Officer by the Company) as at the end of the month immediately preceding the month of termination of employment with the Company; ii) an amount determined by multiplying the annual base salary by the average percentage bonus for the three calendar years immediately preceding the calendar year in which termination of employment with the Company occurs, or for such fewer number of calendar years immediately preceding such calendar year that the Named Executive Officer was employed by the Company; iii) the annual amount of cash contributions payable by the Company to the Company's DPSP or to the Named Executive Officer's 401(k) Plan for the benefit of the Named Executive Officer based on the annual base salary; and (iv) the annual value of any car allowance to which the Named Executive Officer is entitled as a term of employment, as at the end of the month immediately preceding the month in which termination of the Named Executive Officer's employment with the Company occurs.

Under the SAR Plan, if i) an offer made by a third party to purchase more than 50% of the outstanding Company's shares are taken up and paid for under the offer; or ii) a corporate reorganization in which the holders of SARs do not otherwise participate as holders of SARs which, in the opinion of the Board results in an illiquid market for the Class "A" Subordinate Voting shares, is effected (each, a "**Takeover**"), each of the Named Executive Officers shall for a period of 30 days after the Takeover have the right to exercise that percentage of the

outstanding Class "A" Subordinate Voting shares taken up and paid for under the offer (or such greater percentage as may be determined by the Board) or, in the case of a reorganization referred to in ii), all SARs held by that executive, notwithstanding that under the terms a SAR does not become exercisable until a later date.

The value of unvested in-the-money SARs held by Mr. Hofer and Mr. Fillinger as at December 31, 2013 which would have become exercisable if a Takeover (which would have resulted in all unvested SARs becoming exercisable) had been completed on such date, valuing the Class "A" Subordinate Voting shares at the closing market price of such shares on such date, is shown in the following table for each of Mr. Hofer and Mr. Fillinger. The value has, in part, been reported under "Option Based Awards" in the Summary Compensation Table (based on the grant date fair value of the SARs awarded) on page 50. This does not represent the value of any SARs that vested before December 31, 2013 in accordance with the terms of the SAR Plan, or any value for SARs that were not in-the-money as at December 31, 2013. No value has been ascribed to the acceleration of the payment of the benefit as the net present value of the accelerated benefit could potentially be offset by future increases in the value of the Class "A" Subordinate Voting shares. For more information on the SAR Plan, please see page 47.

Named Executive Officer	Payment in Respect of SAR Awards (\$)	Amounts Reported in the Summary Compensation Table (\$)	Incremental SAR Award Payments (\$)
J. Steven Hofer	117,816	20,681	97,134
Ian M. Fillinger	354,139	85,720	268,419

Under the TSR Plan, if employment of a Named Executive Officer with Interfor or an affiliate is terminated following a Change of Control, and not for cause, the TSR award (if any) relating to any performance period during which such cessation of employment occurs shall be accelerated and paid on or about 60 days following the date of termination of employment based on the total shareholder return performance and compound annual growth rate measured over each such performance period and determined as if the applicable performance periods ended on the date of the Change of Control and then prorated to reflect the actual period(s) between the commencement of the performance period and the date of the Named Executive Officer's termination of employment not for cause. The incremental amount that would have been payable to any Named Executive Officer under the TSR Plan in relation to any TSR awards under the TSR Plan following or in connection with any termination of employment not for cause, resignation, retirement or Change of Control or change in a Named Executive Officer's responsibilities, assuming the triggering event took place on December 31, 2013, would have been as shown in the following table. The value has, in part, been reported under "Share Based Awards" in the Summary Compensation Table (based on the grant date for value of the PSUs awarded under the TSR Plan) on page 50 and, as a result, only part would reflect any incremental payment. No value has been ascribed to the acceleration of the payment of the benefit as the net present value of the accelerated benefit could potentially be offset by future increases in the value of the Class "A" Subordinate Voting shares. For more information on the TSR Plan, please see page 44.

Named Executive Officer	Payment in Respect of TSR Awards (\$) <sup>(1)</sup>	Amounts Reported in the Summary Compensation Table (\$)	Incremental TSR Award Payments (\$)
Duncan K. Davies	2,628,676	1,057,084	1,594,718
John A. Horning	1,637,874	658,647	993,637
J. Steven Hofer	526,341	225,000	306,678
Joseph A. Rodgers	38,170	122,416	-
Ian F. Fillinger	68,385	108,468	-

(1) The number of PSUs which would have been earned is based on the weighted average trading price of the Class "A" Subordinate Voting shares on the TSX for the five trading days preceding December 31, 2013. The value calculated has been prorated to reflect the actual period(s) between the commencement of the performance period and December 31, 2013.

As disclosed in the table on page 49, three of the Named Executive Officers hold DSUs. Such DSUs were received either through elections by the Named Executive Officer to receive payments in DSUs under the TSR Plan or by direct grant of DSUs under the DSU Plan. DSUs vest either immediately or over such term as determined by the MRCC. The table on page 49 sets out the market value of such DSUs as at December 31, 2013. The Named Executive Officers holding such DSUs, are entitled to payment under the DSU Plan in respect of such DSUs following termination of employment, regardless of the reason for termination. No incremental payments will be made under the DSU Plan in the event of termination of employment, resignation, retirement, Change of Control or change in a Named Executive Officer's responsibilities. For more information regarding the DSU Plan and the ability of participants in the TSR Plan to elect to have payment of TSR awards paid in the form of DSUs, please see pages 46 and 47.

The following table sets out the severance period specified in each of the Named Executive Officer's change of control agreement and the estimated payments that would have resulted if there had been a change of control as of December 31, 2013.

Named Executive Officer	Severance Period (Months)	Annual Base Salary (\$)	Payment in Respect of Salary, Bonuses and Benefits (\$)	Payment in Respect of Supplementary Pension (\$)	Total Change of Control Payments (\$) <sup>(1)</sup>
Duncan K. Davies	24	650,000	1,881,252	514,605	2,395,857
John A. Horning	24	450,000	1,197,407	262,198	1,459,606
J. Steven Hofer	24	300,000	816,731	66,565	883,296
Joseph A. Rodgers	24	292,490	1,034,428	77,012	1,111,440
Ian M. Fillinger	24	250,000	693,137	13,544	706,681

(1) Based on trigger event having occurred December 31, 2013.

## OTHER INFORMATION

### AGGREGATE INDEBTEDNESS

The following table sets out the aggregate indebtedness outstanding as of March 31, 2014 entered into in connection with a purchase of securities of the Company or any other indebtedness of all executive officers, directors, employees and former executive officers, directors and employees of the Company and any of its subsidiaries:

Purpose	AGGREGATE INDEBTEDNESS (\$)	
	To the Company or its Subsidiaries	To Another Entity
Share purchases	-	-
Other	236,489	-

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as disclosed in the following table, no director or officer of the Company, no proposed nominee for election as a director of the Company, and no associate of any such director, officer or proposed nominee, is or at any time during the most recently completed financial year has been, indebted to the Company or any of its subsidiaries or had indebtedness to another entity which is, or has been, the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries.

#### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS

Name and Principal Position	Involvement of Company or Subsidiary	Largest Amount Outstanding During the year ended December 31, 2013 (\$)	Amount Outstanding as at date within 30 days (\$)	Financially Assisted Securities Purchases During the year ended December 31, 2013 (#)	Security for Indebtedness	Amount Forgiven During the year ended December 31, 2013 (\$)
<b>Securities Purchase Programs</b>						
		-	•	-	-	-
<b>Other Programs</b>						
Jan Fillinger <sup>(1)</sup> Senior Vice President, Canadian Operations	International Forest Products Limited	13,660	-	-	none	-

(1) On December 27, 2007, the Company entered into a loan agreement with Jan Fillinger in the amount of \$18,435. The loan was to assist Mr. Fillinger to purchase a home upon relocation, was interest free and was not secured. The balance outstanding at December 31, 2013 was repaid in full in March 2014.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the directors or executive officers of the Company, no proposed nominee for election as director of the Company, no person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company (a "10% Holder"), no person who is a director or executive officer of a 10% Holder or subsidiary of the Company and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed fiscal year or in any proposed transaction which has or would materially affect the Company or any of its subsidiaries.

## INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than through the beneficial ownership of securities of the Company as described herein, none of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company at any time since the beginning of the Company's last financial year and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any matter to be acted upon at the Annual General and Special Meeting other than the election of directors or the appointment of auditors.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's comparative financial statements and Management Discussion and Analysis for its most recently completed financial year. The Company will provide to any person, upon request to the Corporate Secretary of the Company a copy of its Annual Information Form, its annual and interim financial statements and the Management Discussion and Analysis related thereto, and this Information Circular. Request can be made as follows:

By mail: International Forest Products Limited  
P.O. Box 49114, 3500-1055 Dunsmuir Street  
Vancouver, BC, Canada, V7X 1H7  
Attn: Corporate Secretary

Or by email: [corporatesecretary@interfor.com](mailto:corporatesecretary@interfor.com)

The contents and the sending of this Information Circular have been approved by the Board of the Company.

Dated at Vancouver, British Columbia, this 1st day of April, 2014.



MARILYN LOEWEN MAURITZ  
General Counsel & Corporate  
Secretary

# APPENDIX A: MANDATE OF THE BOARD

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## MANDATE OF THE BOARD OF DIRECTORS (the “Board”) OF INTERNATIONAL FOREST PRODUCTS LIMITED (the “Company”)

### **Objective of the Board**

To ensure that the business and affairs of the Company are conducted in the best interests of the Company and in conformity with the law.

### **General Duty of the Board**

To promote a strong, viable and competitive company operating with honesty and integrity and to supervise the Company's management (“**Management**”) in the conduct of the affairs and business of the Company.

The Board delegates the responsibility for the day-to-day conduct of business to the Management of the Company.

### **Stewardship Responsibilities of the Board**

- 1) To establish an effective process of corporate governance, including principles and guidelines specific to the Company.
- 2) To ensure the Company has a strategic planning process in place and approve the strategies that evolve from this process.
- 3) To identify the principal risks facing the Company and ensure that systems are in place to manage these risks.
- 4) To appoint, assess and compensate officers, in particular the Chief Executive Officer (“**CEO**”), and to approve a plan for succession and training of Management.
- 5) To ensure the Company has an effective two-way communication policy with shareholders, other stakeholders and the public.
- 6) To ensure effective internal controls and information systems exist to provide reliable historical and forward-looking information with respect to financial matters, environmental matters and other regulatory compliance.
- 7) To ensure the integrity of the Company's reporting of its financial performance.
- 8) To satisfy itself of the integrity of the CEO and Management and to ensure that a culture of integrity exists throughout the Company.
- 9) To ensure that the Company complies with all health, safety and environmental legislation in all areas in which the Company operates.

The Board may establish committees of the Board (“**Committees**”) and delegate certain of the Board's responsibilities to such Committees. The Board is responsible for appointing the Chair and members of each Committee in accordance with the Terms of Reference for each Committee.

## APPENDIX B: CODE OF CONDUCT

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Business ethics and corporate social responsibility are issues that are extremely important to the ongoing success of any company. International Forest Products Limited's goal is to be a company that conducts itself to the highest standards. The reputation of International Forest Products Limited, including its subsidiaries, (collectively "Interfor") will be determined by the conduct of our employees. Therefore, Interfor has developed a Code of Conduct, including a set of Core Values and Guiding Principles (the "Code") to clearly lay out the standard of conduct expected of all directors, officers and employees of Interfor (collectively referred to as "We" or "Us").

### CORE VALUES

- We conduct ourselves with honesty and integrity.
- We respect, value and engage our employees.
- We embrace world-leading safety and environmental standards.
- We are strategic, fact-based and proactive.
- We strive for excellence in everything we do.

**We Are Responsible For Our Own Success.**

### GUIDING PRINCIPLES

While it is not possible to have a policy for everything We say or do, Interfor has adopted the following set of guiding principles and has outlined specific examples of how these principles are to be applied.

- 1. We will maintain a high level of ethical and lawful conduct in everything We do**
  - We are expected to follow appropriate ethical and lawful behavior pertaining to our roles and responsibilities.
  - We will not act unethically or unlawfully, or knowingly help another person act in this manner, in the conduct of their affairs.
  - We will obey all laws (e.g. environmental, labour, forestry, taxation, securities) that apply to Interfor and our operations.
  - We will be committed to honesty and forthrightness in all our communications, including those with shareholders, customers, suppliers, media, regulatory bodies, government and the public.
  - We will ensure that all people We deal with in carrying out our day-to-day roles and responsibilities are treated fairly, professionally and with respect.



- We will ensure that our accounting records, systems and practices, and financial communications are accurate, complete and conform to International Financial Reporting Standards, as well as applicable laws and regulations. No asset, liability or transaction is to be concealed from management or Interfor's internal or external auditors.
- We will ensure that controls exist to protect Interfor's assets from fraud, theft or other losses.
- Information We receive in the conduct of our employment or responsibilities is deemed to be the exclusive property of Interfor and will be held in the strictest confidence.
- Interfor's Board of Directors (the "**Board**") has endorsed a Financial Reporting Policy, as contained in the Corporate Policy Manual, with which all employees are expected to comply.
- The Board has endorsed a Disclosure Policy for all employees, as contained in the Corporate Policy Manual, with which all employees are expected to comply.

## **2. Workplace safety is the uncompromised right and responsibility of all employees**

- The safety of all employees, contractors and others who work for, or provide services to, Interfor is a core value of Interfor.
- Interfor is committed to providing a safe workplace and will follow operating practices that protect people from hazardous and unhealthy conditions.
- Employees will be committed to carrying out their day-to-day roles and responsibilities with safety as their overriding priority.
- Employees will avoid situations or conduct which jeopardize their safety or the safety of others.
- The Environment & Safety Committee of the Board regularly reviews safety incidents and issues, and holds Management accountable for providing and enforcing safe work practices.
- The Board has endorsed a Health and Safety Policy for all employees and contractors, as contained in the Corporate Policy Manual, with which all employees and contractors are expected to comply.

## **3. Responsible stewardship of the environment is the duty of all employees**

- Meeting high standards of environmental responsibility is a core value of Interfor.
- Interfor and its employees will be committed to operating in compliance with all applicable environmental laws and regulations in carrying out their business activities.
- The Environment & Safety Committee of the Board regularly reviews environmental incidents and issues, and holds Management accountable for providing and enforcing sound environmental work practices.

- The Board has endorsed an Environment Policy for all employees and contractors, as contained in the Corporate Policy Manual, with which all employees and contractors are expected to comply.

#### **4. We are committed to a workplace free from harassment and discrimination**

- Offensive, demeaning or harassing communication or behavior is unacceptable and will not be tolerated.
- We will not permit discrimination against anyone based on race, religion, gender, marital status, language, age, disability or any grounds prohibited by law.
- The Board has endorsed a Human Rights Policy for all employees, as contained in the Corporate Policy Manual with which all employees and contractors are expected to comply.

#### **5. Interfor is committed to being a good community partner**

- Interfor will support civic, educational, cultural, charitable and political organizations and events in the communities where We operate.
- Levels of support will be approved by the applicable divisional manager and Vice President.
- Political donations will be pre-approved by the President & CEO.
- Employees are encouraged to participate in activities that support their communities, however, activities that may conflict with day-to-day business responsibilities must be approved by the applicable Divisional Manager and/or Vice President.

#### **Applying the Principles Generally**

- Employees must read and comply with the Code.
- Interfor expects its executives, managers and supervisors to lead by example.

#### **Applying the Principles to Specific Situations**

##### **1. Conflicts of Interest**

- Any activity, investment, interest or association that interferes, or could be perceived to interfere, with our independent judgment or objectivity in performing our jobs is considered a conflict of interest.
- A conflict of interest most often occurs when an employee or immediate family members are in a position to obtain a personal benefit at the expense of Interfor.
- We are expected to avoid such conflicts of interest or even the appearance of such a conflict of interest.
- Where a situation arises where a conflict of interest exists or may exist, We will disclose the conflict of interest to our Supervisor and ensure that any decisions in this regard are made by others not in a position of conflict of interest.

## **2. Insider Information**

- Employees are not to trade in securities of Interfor if they are in possession of material information that has not been generally disclosed to the marketplace. The Board has endorsed an Insider Trading Policy, as contained in the Corporate Policy Manual, with which all employees are expected to comply.

## **3. Giving and receiving gifts or entertainment**

- Exchanges of nominal gifts and hospitality are generally an acceptable part of doing business.
- Nominal value generally means gifts that are relatively inexpensive, do not involve cash or negotiable instruments and that are unlikely to be perceived as unduly influencing the recipient.
- Employees and immediate family members must not accept any gift or entertainment greater than nominal value from any Interfor supplier, contractor, customer or competitor unless:
  - The exchange is consistent with accepted local business practices (such as foreign cultures);
  - A clear business purpose has been identified for the exchange; and
  - Prior approval has been obtained from Senior Management
- This guideline also applies to the giving of gifts or entertainment to suppliers, contractors, customers or competitors.

## **4. Abuse of Position**

- Employees will not use their position to inappropriately influence or obtain a benefit from suppliers or customers of Interfor.
- Employees will not use their position to inappropriately influence or obtain a benefit from other employees.
- Employees will not override internal controls, Interfor policies or procedures and an employee must report any attempt by a Manager or Supervisor to do so, in line with the Whistleblower Policy, as contained the Corporate Policy Manual.

## **5. Protection of Interfor Assets**

- Employees will not misappropriate Interfor assets for personal use.
- Employees will safeguard all assets and resources of Interfor.
- Employees will operate computer equipment and software applications in accordance with the standards outlined in the Information Technology Use Policy contained in the Corporate Policy Manual.

## 6. Improper Payments/Corrupt Practices

- Employees are not to participate in or in any way be involved in corrupt practices including receiving or paying kickbacks or bribes or corrupting domestic or foreign public officials.

## 7. Alcohol and Drugs

- Any misuse of alcohol or prescription drugs, or the use of any illegal drugs, will jeopardize job safety and performance, and is not allowed in the Interfor workplace. Employees must not enter the workplace under the influence of alcohol or prescription drugs that impair safety and performance or illegal drugs.

### Criteria for Individual Judgment

If you have questions about the implications of an intended action pertaining to any of the guidelines listed in the Code, ask yourself:

- Is anyone's life, health or safety endangered by this action (including your own)?
- Is the action legal? If legal, is it also the "right thing to do?"
- Does the action comply with Interfor policies and approved practices?
- Do I feel uncomfortable about doing this?
- Should I ask my Supervisor or Manager about this before I act?
- Would I, Interfor, or any other employee be compromised if this action was known by my Supervisor, Manager, Senior Management, co-workers, subordinates, customers, shareholders or regulatory authorities?
- Can I defend this action before my Supervisor, Manager and Senior Management?
- Is this action consistent with Interfor's stated Core Values?
- How would this action or situation appear to others if it were reported in the media or posted on an external website?

### REPORTING CODE VIOLATIONS

Employees must promptly report any conduct or proposed conduct that they reasonably believe to be a violation of this Code in accordance with the Whistleblower Policy.

### WAIVER OF CODE

In extraordinary circumstances and where it is clearly in the best interests of Interfor, the CEO or the Board may waive specific provisions of this Code. Any waiver of the Code for Directors or Officers of Interfor may only be granted by the Board, and will be promptly disclosed as required by law or stock exchange regulation.

## **APPENDIX C: WHISTLEBLOWER POLICY**

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### **SCOPE AND PURPOSE**

Interfor's Code of Conduct ("**Code**") requires directors, officers and employees to observe high standards of business ethics and to comply with all applicable laws and regulations and the Company's policies in the conduct of their duties and responsibilities.

This Whistleblower Policy is intended to encourage and enable employees and others to raise concerns regarding violations or suspected violations of the Code within the Company rather than seeking resolution outside the Company, without fear of retaliation.

### **NO RETALIATION**

No director, officer or employee who in good faith reports a violation or suspected violation of the Code shall suffer harassment, retaliation or adverse employment consequence. Anyone who retaliates against an individual who has reported a violation or suspected violation of the Code is subject to disciplinary action up to and including termination of employment.

### **CONFIDENTIALITY**

Violations or suspected violations of the Code may be submitted on a confidential basis or may be submitted anonymously. The Company will treat all communications under this Whistleblower Policy in a confidential manner, except to the extent necessary to conduct a complete and fair investigation.

### **REPORTING VIOLATIONS**

It is the responsibility of all directors, officers and employees to report violations or suspected violations of the Code in accordance with this Whistleblower Policy.

#### **Reporting Violations Generally**

If an employee reasonably believes that a violation of the Code has occurred or may occur, the employee is encouraged to speak to his or her supervisor or Divisional Manager. The person accepting the report will promptly contact Interfor's General Counsel who will assist in investigating the concern. If the employee is uncomfortable in talking to his or her supervisor or Divisional Manager or feels that a reported violation or suspected violation of the Code has not been properly acted upon, the employee may directly contact Interfor's CEO, General Counsel, or the Chair of the Corporate Governance & Nominating Committee.

#### **Reporting Accounting and Auditing Complaints/Concerns**

An employee with concerns about questionable accounting or auditing matters may report such concerns to the General Counsel or the Chair of the Audit Committee. The General Counsel will forward all complaints to the Chair of the Audit Committee. Following a review of the complaint or concern, the Audit Committee Chair, where appropriate, will take steps to have the matter investigated and, if warranted, will request that the Board and management implement disciplinary action.

## **HANDLING OF REPORTED VIOLATIONS**

Anyone submitting a report of a violation or suspected violation of the Code will receive acknowledgement of their report on a timely basis. All reports will be promptly investigated and appropriate disciplinary action will be taken if warranted by the investigation.

Supervisors, Divisional Managers and the General Counsel have an obligation to inform the CEO of any reported Code violations or suspected violations on a timely basis. These violations and their resolutions will be collated, summarized and reported to the Chair of the Audit Committee in the case of accounting and auditing complaints/concerns, and the Chair of the Corporate Governance & Nominating Committee in all other cases, on a quarterly basis or if circumstances warrant, at the time the CEO becomes aware of the situation.

## **ACTING IN GOOD FAITH**

Anyone filing a report concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations which prove to have been made maliciously or knowingly to be false may result in disciplinary action.

## **DISCIPLINARY ACTION**

If it is determined that an employee has violated the Code, disciplinary action will be taken against the employee, and depending on the nature and severity of the violation, such action may include termination of employment. Certain violations may also require Interfor to refer the matter to criminal or civil authorities for investigation or prosecution.

Any supervisor, who directs or approves of conduct in violation of the Code, or who has knowledge of such conduct and does not promptly report it, is also subject to disciplinary action, up to and including employment termination.

In the case of an alleged violation by an executive officer or director, the Chair of the Board and the Board of Directors are responsible for determining whether a violation has occurred and, if so, what disciplinary measures are appropriate in the circumstances.

## APPENDIX D: PROPOSED ARTICLES

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### ARTICLES

Company Name: International Forest Products Limited  
Incorporation Number: 200146

### PART 1 INTERPRETATION

#### Definitions

1.1 In these Articles, unless the context otherwise requires:

- (a) “applicable securities law” means the applicable securities legislation of each relevant province and territory of Canada in which the Company is a reporting issuer, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each such province and territory of Canada.
- (b) “these Articles” means the articles of the Company from time to time and all amendments thereto, and the words “herein”, “hereto”, “hereby”, “hereunder”, “hereof” and similar words refer to these Articles as so defined and not to any particular Part, article or other subdivision of these Articles;
- (c) “board” and “directors” mean the directors or sole director, as the case may be, of the Company for the time being;
- (d) “Business Corporations Act” means the *Business Corporations Act* (British Columbia) from time to time in force and includes amendments thereto, and all regulations made pursuant thereto;
- (e) “Interpretation Act” means the *Interpretation Act* (British Columbia) from time to time in force and includes amendments thereto, and all regulations made pursuant thereto;
- (f) “president” means the president of the Company or any person acting in a similar capacity;
- (g) “shareholder” means a shareholder of the Company; and
- (h) “trustee”, in relation to a shareholder, means the personal or other legal representative of the shareholder, and includes a trustee in bankruptcy of the shareholder.

#### Application of Business Corporations Act Definitions

1.2 The definitions in the Business Corporations Act apply to these Articles.

### **Application of Interpretation Act**

- 1.3 The Interpretation Act applies to the interpretation of these Articles as if these Articles were an enactment.

### **Conflict**

- 1.4 If there is a conflict between a definition or rule in the Business Corporations Act and a definition or rule in the Interpretation Act relating to a term used in these Articles, the definition or rule in the Business Corporations Act will prevail.

### **Severability of Invalid Provisions**

- 1.5 The invalidity or unenforceability of any provision of these Articles will not affect the validity or enforceability of the remaining provisions of these Articles.

### **Effect of Omissions and Errors in Notices**

- 1.6 The accidental omission to send notice of any meeting of shareholders or directors (including any committee of directors) to any person entitled to notice or the non-receipt of any notice by any of the persons entitled to notice or any error in any notice not affecting its substance will not invalidate any action or proceeding taken at that meeting or otherwise founded on the notice.

### **Signing**

- 1.7 Expressions referring to signing shall be construed as including facsimile signatures and the receipt of messages by telecopy or electronic mail or any other method of transmitting writing and indicating thereon that the requisite instrument is signed, notwithstanding that no actual original or copy of an original signature appears thereon.

## **PART 2 ALTERATIONS**

### **Change in Authorized Share Structure by Shareholders**

- 2.1 Subject to the special rights and restrictions attached to any class or series of shares from time to time, the shareholders may from time to time, by ordinary resolution, authorize the Company to effect a change to the authorized share structure of the Company and to the Notice of Articles and these Articles where applicable, to:
- (a) create one or more classes of shares;
  - (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares;
  - (c) if the Company is authorized to issue shares of a class of shares with par value,
    - (i) subject to section 74 of the Business Corporations Act, decrease the par value of those shares, or



- (ii) increase the par value of those shares if none of the shares of that class of shares are allotted or issued; or
- (d) otherwise alter its authorized share structure when required or permitted to do so by the Business Corporations Act.

### **Change in Authorized Share Structure by Directors**

- 2.2 The directors may from time to time, by resolution, authorize the Company to effect a change to the authorized share structure of the Company and to the Notice of Articles and these Articles where applicable, to:
- (a) create one or more series of shares and if no such shares of such a series are issued, to also attach special rights and restrictions to such series or to alter any such special rights and restrictions;
  - (b) establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
  - (c) subdivide all or any of its unissued, or fully paid issued, shares with par value into shares of smaller par value;
  - (d) subdivide all or any of its unissued, or fully paid issued, shares without par value;
  - (e) consolidate all or any of its unissued, or fully paid issued, shares with par value into shares of larger par value;
  - (f) consolidate all or any of its unissued, or fully paid issued, shares without par value;
  - (g) eliminate any class or series of shares if none of the shares of that class or series of shares are allotted or issued;
  - (h) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value;
  - (i) change all or any of its unissued shares without par value into shares with par value; or
  - (j) alter the identifying name of any of its shares.

### **Special Rights or Restrictions**

- 2.3 Subject to Article 2.4, the shareholders may from time to time, by ordinary resolution, authorize the Company to effect a change to these Articles to:
- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
  - (b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

### **No Interference with Class or Series Rights without Consent**

- 2.4 A right or special right attached to issued shares must not be prejudiced or interfered with under the Business Corporations Act or under the Notice of Articles or these Articles unless the shareholders holding shares of the class or series of shares to which the right or special right is attached consent by a special separate resolution of those shareholders.

### **Other Alterations**

- 2.5 Unless otherwise provided in these Articles, the shareholders may from time to time, by ordinary resolution, make any alteration to the Notice of Articles and these Articles as permitted by the Business Corporations Act.

## **PART 3 SHARES AND SHARE CERTIFICATES**

### **Sending of Share Certificate**

- 3.1 Any share certificate which a shareholder is entitled to receive may be sent to the shareholder by mail and neither the Company nor any agent of the Company is liable for any loss to the shareholder arising as a result of the accidental omission to send any share certificate or non-receipt of any share certificate so sent.

### **Joint Ownership**

- 3.2 Where a share is registered in the names of two or more persons, unless the registration on the share certificate specifies otherwise, the share shall, for the purposes of these Articles, be considered to be jointly held by such persons and such persons shall, for the purposes of these Articles, be considered joint holders of such share.

### **Limit on Registration of Joint Holders**

- 3.3 Except in the case of the trustees of a shareholder, the directors may refuse to register in the central securities register more than three persons as the joint holders of a share.

### **Delivery of Jointly Held Certificate**

- 3.4 A share certificate for a share registered in the names of two or more persons shall be delivered to that one of them whose name appears first on the central securities register in respect of the share.

### **Unregistered Interests**

- 3.5 Except as required by law or these Articles, the Company need not recognize or provide for any person's interests in or rights to a share unless that person is registered as the holder.

## **PART 4 SHARE TRANSFERS**

### **Form of Instrument of Transfer**

- 4.1 The instrument of transfer in respect of any share of the Company will be either in the form on the back of the certificate representing such share or in such other form as may be approved by the directors or the agent appointed by the Company to maintain the central securities register of the Company, from time to time.

### **Effect of Signed Instrument of Transfer**

- 4.2 If a shareholder, or the duly authorized attorney of that shareholder, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer, or, if no number is specified, all the shares represented by share certificates deposited with the instrument of transfer,
- (a) in the name of the person named as transferee in that instrument of transfer; or
  - (b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the share certificate is deposited for the purpose of having the transfer registered.

## **PART 5 PURCHASE OF SHARES**

### **Authority to Purchase Shares**

- 5.1 Subject to the special rights and restrictions attached to any class or series of shares, the Company may purchase or otherwise acquire any of its shares if authorized to do so by resolution of the directors.

## **PART 6 BORROWING POWERS**

### **Powers of Directors**

- 6.1 The directors may from time to time at their discretion on behalf of the Company:
- (a) borrow money for the purposes of the Company in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
  - (b) raise or secure the repayment of any borrowed money, including by the issuance of bonds, perpetual or redeemable, debentures or debenture stock and other debt obligations either outright or as security for any liability or obligation of the Company or any other person;
  - (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; or

- (d) mortgage or charge, whether by way of specific or floating charge, grant a security interest or give other security on the whole or any part of the present and future property and undertaking of the Company, including uncalled capital.

### **Terms of Debt and Security Instruments**

- 6.2 Any debentures, debenture stock, bonds, mortgages, security interests and other securities may be issued at a discount, premium or otherwise, and with special or other rights or privileges as to redemption, surrender, drawings, allotment of or conversion into shares, attending and voting at a general meeting of the Company, appointment of directors and otherwise as the directors may determine at or prior to the time of issuance.

## **PART 7 SHAREHOLDER MEETINGS**

### **Calling of Shareholder Meetings**

- 7.1 Meetings of shareholders of the Company shall be held at such time or times as the directors from time to time determine, and at such location or locations as the board, by resolution, may approve.

### **Notice**

- 7.2 Subject to the special rights and restrictions attached to any class or series of shares from time to time and to the provisions of the Business Corporations Act regarding requisitions for general meetings and waiver of notice, the Company will send notice, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by directors' resolution, of the date, time and location of a meeting of shareholders to each shareholder entitled to vote at the meeting, to each director and to the auditor of the Company at least the following number of days before the meeting:
  - (a) if and for so long as the Company is a public company, 21 days;
  - (b) otherwise, 10 days.

### **Special Business**

- 7.3 If a general meeting is to consider special business within the meaning of Article 8.1, the notice of meeting delivered to shareholders will, or, to the extent permitted by applicable securities law, the shareholder will be provided with instructions to access or request to receive a copy of the notice of meeting that will:
  - (a) state the general nature of the special business; and
  - (b) if the special business includes presenting, considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it, or be accompanied by, a copy of the document or state that a copy of the document will be available for inspection by shareholders:

- (i) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified by the notice; and
- (ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

## **PART 8 PROCEEDINGS AT SHAREHOLDER MEETINGS**

### **Special Business**

- 8.1 At a meeting of shareholders, the following business is special business:
- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of, or voting at, the meeting; and
  - (b) at an annual general meeting, all business is special business except for the following:
    - (i) business relating to the conduct of, or voting at, the meeting;
    - (ii) consideration of any financial statements of the Company presented to the meeting;
    - (iii) consideration of any reports of the directors or auditor;
    - (iv) the setting or changing of the number of directors;
    - (v) the election or appointment of directors;
    - (vi) the appointment of an auditor;
    - (vii) business arising out of a report of the directors or management not requiring the approval of a special resolution or an exceptional resolution, including, but not limited to, non-binding advisory votes;
    - (viii) any matter which the Company is required by applicable securities law or stock exchange requirements to place before shareholders on an annual basis.

### **Quorum**

- 8.2 Subject to Article 8.3 and the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is 2 persons present in person or by proxy who, in the aggregate, hold or represent by proxy not less than 10% of the votes entitled to be cast at the meeting.

### **Sole Shareholder**

- 8.3 If there is only one shareholder entitled to vote at a meeting of shareholders:

- (a) the quorum is one person who is, or who represents by proxy, that shareholder; and
- (b) that shareholder, present in person or by proxy, may constitute the meeting.

#### **Lack of Quorum**

- 8.4 If, within 1/2 hour from the time set for the holding of a meeting of shareholders, a quorum is not present:
- (a) in the case of a general meeting convened by requisition of shareholders, the meeting is dissolved; and
  - (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place, unless those shareholders present determine otherwise.

#### **Quorum at Succeeding Meeting**

- 8.5 If a meeting referred to in Article 8.4 was adjourned and if a quorum as provided in Article 8.2 is not present within 1/2 hour from the time set for the holding of the adjourned meeting, the persons present and being, or representing by proxy, shareholders entitled to attend and vote at the meeting constitute a quorum.

#### **Chair**

- 8.6 The following individual is entitled to preside as chair at a meeting of shareholders:
- (a) the chair of the board, if any; and
  - (b) if there is no chair of the board or if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

#### **Alternate Chair**

- 8.7 If, at any meeting of shareholders:
- (a) there is no chair of the board or president present within 15 minutes after the time set for holding the meeting;
  - (b) the chair of the board and the president are unwilling to act as chair of the meeting; or
  - (c) the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting;

the directors present may choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders present in person or by proxy may choose any person present at the meeting to chair the meeting.

### **Postponement or Cancellation of Meetings**

- 8.8 A meeting of shareholders may be postponed or cancelled by the Company at any time prior to the holding of the meeting upon such notice or communication to shareholders, if any, as the board may determine, and, if postponed, the postponed meeting may be held at such time or times, and at such location or locations, as the board, by resolution, may approve.

### **Procedure at Meetings**

- 8.9 The board may determine the procedures to be followed at any meeting of shareholders including, without limitation, the rules of order. Subject to the foregoing, the chair of a meeting may determine the procedures of the meeting in all respects.

### **Casting Vote**

- 8.10 In case of an equality of votes cast at a meeting of shareholders, the chair does not have a casting or second vote.

## **PART 9 SHAREHOLDERS VOTES**

### **Joint Shareholders**

- 9.1 If there are joint shareholders registered in respect of any share:
- (a) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
  - (b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, the joint shareholder present whose name stands first on the central securities register in respect of the share is alone entitled to vote in respect of that share.

### **Trustees**

- 9.2 Two or more trustees of a shareholder in whose name any share is registered are, for the purposes of Article 9.1, deemed to be joint shareholders.

### **Representative of Corporate Shareholder**

- 9.3 If a corporation that is not a subsidiary of the Company is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:
- (a) for that purpose, the instrument appointing a representative must:
    - (i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least 1 business day before the day set for the holding of the meeting; or

- (ii) be provided, at the meeting, to the chair of the meeting; and
- (b) if a representative is appointed under this Article 9.3:
  - (i) the representative is entitled to exercise in respect of and at that meeting the same rights that the appointing corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - (ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

#### **Application of Proxy Provisions**

- 9.4 Articles 9.5 to 9.12 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company.

#### **Appointment of Proxy Holder**

- 9.5 Each shareholder, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more individuals (who need not be shareholders) as such shareholder's nominee to attend, speak, act and vote for and on behalf of such shareholder at the meeting in the manner, to the extent and with the power conferred by the proxy.

#### **Execution of Proxy**

- 9.6 A shareholder's proxy will be in writing, dated the date on which it is executed (or if not dated, will be deemed to be dated the date on which it is received by the Company), and will be executed by such shareholder or such shareholder's attorney authorized in writing, or if the shareholder is a corporation, by a duly authorized officer or attorney.

#### **Continuing Proxy**

- 9.7 A shareholder may appoint one or more individuals (who need not be shareholders) as such shareholder's nominee to attend, speak, act and vote for and on behalf of such shareholder at every general meeting of the Company or at one or more general meetings which are held within such period of time as the proxy specifies.



### **Form of Proxy**

- 9.8 A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

(Name of Company)

The undersigned, being a shareholder of the above named Company, hereby appoints \_\_\_\_\_, or, failing that person, \_\_\_\_\_, as proxy holder for the undersigned to attend, speak, act and vote for and on behalf of the undersigned at the meeting of shareholders to be held on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ and at any adjournment of that meeting.

Signed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Signature of shareholder

### **Delivery of Proxy**

- 9.9 Unless the board determines otherwise, a proxy for a meeting of shareholders must:
- (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, 1 business day, before the day set for the holding of the meeting; or
  - (b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting.

### **Revocation of Proxy**

- 9.10 A shareholder's proxy will, to the extent that it is inconsistent with a proxy of prior date, be deemed to revoke such prior proxy. Subject to Article 9.11, every proxy may be revoked by an instrument in writing that is:
- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
  - (b) provided at the meeting to the chair of the meeting.

### **Signing of Revocation of Proxy**

- 9.11 An instrument referred to in Article 9.10 must be signed as follows:
- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or the trustee of the shareholder; and
  - (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 9.3.

### Validity of Proxy Votes

- 9.12 A vote given in accordance with the terms of a proxy is valid despite the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:
- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
  - (b) by the chair of the meeting, before the vote is taken.

### Authority to Vote

- 9.13 The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

## **PART 10 NOMINATION OF DIRECTORS**

### Nomination of Directors

- 10.1 Only individuals who are qualified to act as a director under these Articles and the Business Corporations Act and who are nominated in accordance with this Part 10 of these Articles will be eligible to stand for election as directors of the Company under Articles 11.2 or 11.3. Subject to the special rights and restrictions attached to any class or series of shares from time to time, nominations of individuals for election to the board of directors of the Company may be made at any annual general meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors and such nomination or proposed nomination is made:
- (a) by or at the direction of the board, including pursuant to a notice of meeting;
  - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the Business Corporations Act, or a requisition of the shareholders made in accordance with the provisions of the Business Corporations Act; or
  - (c) by any person (a "**Nominating Shareholder**"): (A) who, at the close of business on the date upon which the Nominating Shareholder gives notice of the proposed nominee in accordance with this Part 10 and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Company as a holder of one or more shares carrying the right to elect one or more directors at such meeting or who beneficially owns shares carrying the right to elect one or more directors at such meeting; and (B) who complies with the notice procedures set forth below in this Article 10.2.

In addition to any other requirements under applicable securities laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice

thereof that is both timely (in accordance with Article 10.2) and in proper written form (in accordance with Article 10.3) to the Secretary of the Company at the registered offices of the Company.

10.2 To be timely, a Nominating Shareholder's notice to the Secretary of the Company must be made:

- (a) in the case of an annual general meeting of shareholders, not less than 30 days nor more than 65 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual general meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual general meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth day following the Notice Date; and
- (b) in the case of a special meeting (which is not also an annual general meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The time periods for the giving of a Nominating Shareholder's notice set forth above shall in all cases be determined based on the original date of the applicable annual meeting or special meeting of shareholders, and in no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of such notice.

10.3 To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Company must set forth:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person, and the principal occupation or employment of the person for the past 5 years; (C) the citizenship of such person; (D) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Business Corporations Act and applicable securities law; and
- (b) as to the Nominating Shareholder giving the notice, full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Business Corporations Act and applicable securities law.

The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

- 10.4 No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Part 10; provided, however, that nothing in this Part 10 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Business Corporations Act or the discretion of the Chairman. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- 10.5 For purposes of this Part:
- "public announcement"** shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by or on behalf of the Company under its profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
- 10.6 Notwithstanding any other provision of this Part and these Articles, notice given to the Secretary of the Company pursuant to this Part may only be given by personal delivery, facsimile transmission or, if an email address is stipulated by the Secretary of the Company for purposes of this notice, by email and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary of the Company at the principal executive offices of the Company, email (if applicable, at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (PST) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
- 10.7 Notwithstanding the foregoing, all nominations must be made in accordance with the special rights and restrictions attached to any class or series of shares from time to time.
- 10.8 Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Part 10.

## PART 11 ELECTION AND REMOVAL OF DIRECTORS

### **Number of Directors**

- 11.1 The Company will have a board of directors consisting of not less than three members and not more than fifteen members and within such limits the number of directors shall be set by ordinary resolution of the shareholders from time to time.

### **Change in Number of Directors**

11.2 If the number of directors is changed pursuant to Article 11.1, the holders of the class of shares entitled to elect additional directors may elect, or appoint by ordinary resolution, the directors needed to fill any vacancies in the board of directors that result from that change.

### **Election of Directors**

11.3 At every annual general meeting:

- (a) subject to the special rights and restrictions attached to any class or series of shares from time to time, the shareholders entitled to vote at the annual general meeting for the election or appointment of directors will elect a board of directors consisting of the number of directors for the time being required under these Articles; and
- (b) subject to Article 11.7, all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or reappointment.

11.4 At a special meeting of shareholders where one of the purposes for which the special meeting was called is the election of directors, subject to the special rights and restrictions attached to any class or series of shares from time to time, the shareholders entitled to vote at the special meeting for the election or appointment of directors may elect the number of directors as noted for election in the notice of meeting sent to shareholders with respect to such special meeting.

### **Failure to Elect or Appoint Directors**

11.5 If the Company fails to hold an annual general meeting in accordance with the Business Corporations Act or fails, at an annual general meeting, to elect or appoint any directors, the directors then in office continue to hold office until the earlier of:

- (a) the date on which the failure is remedied; and
- (b) the date on which they otherwise cease to hold office under the Business Corporations Act or these Articles.

### **Additional Directors**

11.6 Notwithstanding Articles 10.1, 11.1 and 11.2 of these Articles, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 11.6 will not at any time exceed:

- (a) 1/3 of the number of first directors if, at the time of the appointment, one or more of the first directors have not yet completed their first term of office; or
- (b) in any other case, 1/3 of the number of the current directors who were elected or appointed as directors other than under this Article 11.6.

### **Removal of Director**

11.7 The shareholders entitled to vote in respect of the election of a director may, by ordinary resolution, remove any such director from office at any time.

**PART 12**  
**PROCEEDINGS OF DIRECTORS**

**Timing of Meetings**

12.1 Meetings of the board will be held on such day and at such time and place as the president or secretary of the Company or any two directors may determine.

**Chair**

12.2 Meetings of directors are to be chaired by:

- (a) the chair of the board, if any,
- (b) in the absence of the chair of the board, the president, if any, if the president is a director, or
- (c) any other director chosen by the directors if:
  - (i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting,
  - (ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting, or
  - (iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

**Voting**

12.3 At all meetings of directors every question will be decided by a majority of votes cast on the question and, in the case of an equality of votes, the chair of the meeting will not be entitled to a second or casting vote.

**Notice**

12.4 Subject to Articles 1.6 and 12.5, if a meeting of the board is called under Article 12.1 notice of that meeting will be given to each director not less than 24 hours before the time when the meeting is to be held, specifying the place, date and time of that meeting:

- (a) by mail addressed to the director's address as it appears on the books of the Company or to any other address provided to the Company by the director for this purpose;
- (b) by leaving it at the director's prescribed address or at any other address provided to the Company by the director for this purpose;
- (c) orally, including, by telephone, voice mail or on other recorded media;
- (d) by e-mail, fax or any other method of reliably transmitting messages; or
- (e) by any other method permitted by applicable law.

### **Notice not Required**

- 12.5 It is not necessary to give notice of a meeting of the directors to a director if:
- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed or is the meeting of the directors at which that director is appointed; or
  - (b) the director has filed a waiver under Article 12.6.

### **Waiver of Notice**

- 12.6 Any director may file with the Company a document signed by the director waiving notice of any past, present or future meeting of the directors and may, at any time, withdraw the waiver by instrument in writing delivered to the registered office of the Company, and until the waiver is withdrawn, no notice of meetings of the directors shall be given to that director; and any and all meetings of the directors, notice of which has not been given to such director, shall, provided a quorum of the directors is present, be valid and effective.

### **Quorum**

- 12.7 The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is a majority of the directors, or if the number of directors is fixed at one, shall be one director and any alternate director shall be counted in a quorum at a meeting at which such alternate's appointer is absent. A director holding a disclosable interest in a contract or transaction to be considered at a meeting is to be counted in a quorum notwithstanding such director's interest.

### **Resolutions in Writing**

- 12.8 A resolution in writing signed by each director, or if there is only one director by that one director, shall be as valid and effectual as if it had been passed at a meeting of the board duly convened and held.

### **Counterparts**

- 12.9 A resolution in writing may be in one or more counterparts, each of which may be signed by one or more directors or one or more committee members, and which together shall be deemed to constitute a resolution in writing.

### **Remuneration of Directors**

- 12.10 Unless the shareholders by ordinary resolution otherwise resolve, the directors may fix the remuneration of the directors and officers of the Company.

**PART 13**  
**COMMITTEES OF DIRECTORS**

**Appointment**

13.1 The directors may, by resolution:

- (a) appoint one or more committees consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:
  - (i) the power to fill vacancies in the board;
  - (ii) the power to change the membership of, or fill vacancies in, any committee of the board; and
  - (iii) the power to appoint or remove officers appointed by the board; and
- (c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution.

**Duties**

13.2 Any committee formed under Article 13.1, in the exercise of the powers delegated to it, shall:

- (a) conform to any rules that may from time to time be imposed on it by the directors; and
- (b) report every act or thing done in exercise of those powers to the earliest meeting of the directors to be held after the act or thing has been done.

**Powers of Board**

13.3 The board may, at any time:

- (a) revoke the authority given to a committee, or override a decision made by a committee, except as to acts done before such revocation or overriding;
- (b) terminate the appointment of, or change the membership of, a committee; and
- (c) fill vacancies in a committee.

**Meetings**

13.4 Subject to Article 13.2(a):

- (a) the members of a directors' committee may meet and adjourn as they think proper;
- (b) a directors' committee may elect a chair of its meetings but, if no chair of the meeting is elected, or if at any meeting the chair of the meeting is not



present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

- (c) a majority of the members of a directors' committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of a directors' committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting has no second or casting vote.

## **PART 14 OFFICERS**

### **Functions, Duties and Powers**

- 14.1 The board shall from time to time appoint a President and a Secretary of the Company and may appoint a Chairman of the Board, a Vice-Chairman and, on the recommendation of the President, such other officers of the Company as in its discretion seems expedient from time to time. None of the said officers needs be a director of the Company other than the President, who shall be a director.
- 14.2 The board may, for each officer:
  - (a) determine the functions and duties the officer is to perform;
  - (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit;
  - (c) from time to time revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer; and
  - (d) may terminate such officer's appointment at any time.

## **PART 15 DISCLOSURE OF INTEREST OF DIRECTORS**

### **Other Office**

- 15.1 A director may hold any office or position of profit with the Company (other than the office of auditor of the Company) in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

### **No Disqualification**

- 15.2 No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise.

### **Professional Services**

- 15.3 Subject to compliance with the provisions of the Business Corporations Act, a director or officer of the Company, or any corporation or firm in which that individual has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such corporation or firm is entitled to remuneration for professional services as if that individual were not a director or officer.

### **Accountability**

- 15.4 A director or officer may be or become a director, officer or employee of, or may otherwise be or become interested in, any corporation, firm or entity in which the Company may be interested as a shareholder or otherwise, and, subject to compliance with the provisions of the Business Corporations Act, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other corporation, firm or entity.

## **PART 16 INDEMNIFICATION**

### **Mandatory Indemnification**

- 16.1 The Company will indemnify a director or officer of the Company, a former director or officer of the Company or another individual who acts or acted at the Company's request as a director or officer, or in a similar capacity, of another entity, and such person's heirs and legal representatives to the extent permitted by the Business Corporations Act.

### **Deemed Contract**

- 16.2 Each director is deemed to have contracted with the Company on the terms of the indemnity referred to in this Part.

### **Optional Indemnification**

- 16.3 Except as otherwise required by the Business Corporations Act and subject to Article 16.1, the Company may from time to time indemnify and save harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that he or she is or was an employee or agent of the Company, or is or was serving at the request of the Company as an employee, agent of or participant in another entity against expenses (including legal fees), judgments, fines and any amount actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted honestly and in good faith with a view to the best interests of the Company or, as the case may be, to the best interests of the other entity for which he or she served at the Company's request and, with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his or her conduct was lawful. The termination of any action, suit or proceeding by judgment, order, settlement or conviction will not, of itself, create a presumption that the

person did not act honestly and in good faith with a view to the best interests of the Company or other entity and, with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had no reasonable grounds for believing that his or her conduct was lawful.

### **Right of Indemnity not Exclusive**

- 16.4 The provisions for indemnification contained in these Articles will not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors or otherwise, both as to action in his or her official capacity and as to action in another capacity, and will continue as to a person who has ceased to be a director, officer, employee or agent and will inure to the benefit of that person's heirs and legal representatives.

### **Limit on Liability**

- 16.5 To the extent permitted by law, no director or officer for the time being of the Company will be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by the Company or for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Company will be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or body corporate with whom or which any moneys, securities or other assets belonging to the Company will be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Company or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his or her respective office or trust or in relation thereto unless the same will happen by or through his or her failure to act honestly and in good faith with a view to the best interests of the Company and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. If any director or officer of the Company is employed by or performs services for the Company otherwise than as a director or officer or is a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Company, the fact that the person is a director or officer of the Company will not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

## **PART 17 DIVIDENDS**

### **Declaration**

- 17.1 Subject to the Business Corporations Act and any special rights or restrictions attached to any class or series of shares from time to time as to dividends, the directors may from time to time by resolution declare and authorize payment of any dividends the directors consider appropriate out of profits, capital or otherwise, including, without limitation, retained earnings, other income, contributed surplus, capital surplus, any share premium account or appraisal surplus or any other unrealized appreciation in the value of the assets of the Company, if any.

### **No Notice**

17.2 Subject to applicable securities laws and stock exchange requirements, the directors need not give notice to any shareholder of any declaration under Article 17.1.

### **Timing of Payment**

17.3 Any dividend declared by the directors may be made payable on such date as is fixed by the directors.

### **Dividends Proportionate to Number of Shares**

17.4 Subject to any special rights or restrictions attached to any class or series of shares from time to time as to dividends, all dividends on shares of any class or series of shares will be declared and paid according to the number of such shares held.

### **Manner of Payment**

17.5 The Company may pay any dividend wholly or partly by issuing shares or warrants or by the distribution of property, bonds, debentures or other debt obligations of the Company, or in any one or more of those ways, and, if any difficulty arises in regard to the distribution, the directors may settle the difficulty as they consider expedient, and, in particular, may set the value for distribution of specific property.

### **Rounding**

17.6 If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

### **Method of Payment**

17.7 Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed:

- (a) subject to paragraphs (b) and (c), to the address of the shareholder;
- (b) subject to paragraph (c), in the case of joint shareholders, to the address of the joint shareholder whose name stands first on the central securities register in respect of the shares; or
- (c) to the person and to the address as the shareholder or joint shareholders may direct in writing.

### **Joint Shareholders**

17.8 If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

## **PART 18 AUDITOR**

### **Remuneration**

18.1 The directors may set the remuneration of any auditor of the Company.

## **PART 19 EXECUTION OF INSTRUMENTS**

### **Seal**

19.1 The Company's seal, if any, shall not be impressed on any record except when that impression is attested by the signature or signatures of:

- (a) the Chairman of the Board, the President and the Secretary or any two of them;
- (b) any two directors; or
- (c) such director or directors or officer or officers or other person(s) as are prescribed by resolution of the board.

### **Certified Copies**

19.2 For the purpose of certifying under seal a true copy of any resolution or other document, the seal shall be impressed on that copy and, notwithstanding Article 19.1, may be attested by the signature of any director or officer.

## **PART 20 NOTICES**

### **Notice to Shareholders**

20.1 A notice required to be given to shareholders including, but not limited to, a notice of a shareholders' meeting, may be given by the Company to any shareholder:

- (a) by delivering it to such shareholder in person;
- (b) by sending it by mail or courier at such shareholder's address as it appears on the books of the Company or to any other address provided to the Company by the shareholder for this purpose;
- (c) by making the document available or by transmitting it by electronic means (including facsimile and email or otherwise) in accordance with such directions as may be given by such shareholder to the Company for such purpose; or
- (d) by making the document available to such shareholder electronically or by any other method permitted by applicable securities law.

### **Notice to Joint Shareholders**

20.2 A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder whose name stands first on the central securities register in respect of the share.

### **Trustees**

20.3 If a person becomes entitled to a share as a result of the death, bankruptcy or incapacity of a shareholder, the Company may provide a notice, statement, report or other record to that person by:

- (a) mailing the record, addressed to that person:
  - (i) by name, by the title of representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (ii) at the address, if any, supplied to the Company for that purpose by the person claiming to be so entitled; or
- (b) if an address referred to in paragraph (a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

## **PART 21 COMMON SHARES**

- 21.1 The Common Shares Without Par Value (the “Common Shares”) have attached to them the special rights and restrictions set out in this Part 21.
- 21.2 Except as otherwise provided in these Articles, each holder of a Common Share is entitled, as such, to receive, on the date fixed for payment thereof, and the Company will pay thereon, such dividends as the directors may in their sole and absolute discretion declare from time to time out of the money or other property of the Company properly applicable to the payment of dividends.
- 21.3 No holder of a Common Share will be entitled, as such, to any dividend other than or in excess of the dividends, if any, declared pursuant to Article 21.2.
- 21.4 The directors may, in their sole and absolute discretion, declare and pay or set apart for payment dividends on the Common Shares independently of any dividend on, and without also declaring or paying or setting apart for payment any dividend (whether or not of a similar amount) on, any one or more other classes of shares in the Company and may, in their sole and absolute discretion, declare and pay or set apart for payment dividends on shares of any one or more classes of shares in the Company other than the Common Shares independently of any dividend on, and without also declaring or paying or setting apart for payment any dividend (whether or not of a similar amount) on, the Common Shares.

### Winding Up

- 21.5 In the event of the liquidation, dissolution or winding-up of the Company or other distribution of property or assets of the Company among its shareholders for the purpose of winding up its affairs, no amount will be paid and no property or asset of the Company will be distributed to the holders of the Common Shares, as such, until the holders of the Preferred Shares and any other class or series of shares entitled to receive assets of the Company upon such a distribution in priority to the holders of the Common Shares, as such, have first received from the property and assets of the Company the amount to which they are entitled pursuant to these Articles, but thereafter, the holders of the Common Shares will be entitled to all remaining property and assets of the Company on a share for share basis.

### Votes

- 21.6 Each holder of a Common Share, as such, is entitled to receive notice of and to attend and vote in person or by proxy at all meetings of the shareholders of the Company and is entitled to one vote for each such share held.

## **PART 22 PREFERENCE SHARES**

- 22.1 The Preference Shares Without Par Value (the “Preference Shares”) have attached to them, as a class, the special rights and restrictions set out in this Part 22.
- 22.2 The Preference Shares may be issued at any time or times in one or more series, and the directors may by resolution alter the Notice of Articles to fix the number of Preference Shares in each series and to determine the designation of the Preference

Shares of each series and alter the Articles to create, define and attach special rights and restrictions to the Preference Shares of each series subject to the special rights and restrictions attached to the Preference Shares by this Part 22. A resolution under this Part 22 may only be passed prior to the issue of shares of the series to which the resolution relates.

- 22.3 The Preference Shares shall be entitled to preference over the Common Shares and any other shares ranking junior to the Preference Shares with respect to the payment of dividends and the distribution of assets of the Company in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of property, assets and profits of the Company among its shareholders for the purpose of winding up its affairs; and the Preference Shares of each series may be given such other preferences not inconsistent with this Part 22 over the Common Shares and any other shares ranking junior to the Preference Shares as may be determined in the case of each series authorized to be issued.
- 22.4 Where cumulative dividends with respect to a series of Preference Shares are not paid in full, the shares of all series of Preference Shares shall participate rateably with respect to accumulated dividends in accordance with the amounts that would be payable on those shares if all the accumulated dividends were paid in full.
- 22.5 Where amounts payable on a winding-up, or on the occurrence of any other event as a result of which the holders of the shares of all series of Preference Shares are then entitled to a return of capital, are not paid in full, the shares of all series of Preference Shares shall participate rateably in a return of capital in respect of the Preference Shares as a class in accordance with the amounts that would be payable on the return of capital if all amounts so payable were paid in full.
- 22.6 The registered holders of the Preference Shares shall not be entitled as such to subscribe for, purchase or receive any part of any issue of shares, bonds, debentures or other securities of the Company now or hereafter authorized, or any rights to acquire the same, otherwise than in accordance with the special rights and restrictions, if any, which may from time to time be attached to any series of the Preference Shares.
- 22.7 So long as any Preference Shares are outstanding, the Company shall not at any time without, in addition to any approval that may then be prescribed by applicable law, the approval of the registered holders of the Preference Shares given in writing by the registered holders of 2/3 of the Preference Shares or given by a resolution passed at a meeting called and conducted in accordance with the second sentence of Article 22.11 and carried by the affirmative vote of not less than 2/3 of the votes cast at such meeting, create or issue any shares ranking prior to the Preference Shares with respect to the payment of dividends or the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of property, assets and profits of the Company among its shareholders for the purpose of winding-up its affairs.
- 22.8 The Company may at any time or from time to time without the approval of the registered holders of the Preference Shares increase the number of authorized Preference Shares.



- 22.9 Except as otherwise provided in Articles 22.7 and 22.10 and except as otherwise required by law, the registered holders of the Preference Shares shall not be entitled as a class to receive notice of or to attend or to vote at any meeting of shareholders of the Company.
- 22.10 The special rights and restrictions attached to the Preference Shares as a class may be varied or abrogated at any time or from time to time with, in addition to any approval that may then be prescribed by applicable law, the approval of the registered holders of the Preference Shares given in writing by the registered holders of 2/3 of the Preference Shares or given by a resolution passed at a meeting called and conducted in accordance with the second sentence of Article 22.11 and carried by the affirmative vote of not less than 2/3 of the votes cast at such meeting.
- 22.11 Except as otherwise provided with respect to any particular series of Preference Shares and except as otherwise required by law, on any poll taken at any meeting of the registered holders of the Preference Shares as a class or at any meeting of the registered holders of any one or more series of the Preference Shares each registered holder of Preference Shares entitled to vote shall be entitled, with respect to his shares of each series, to one vote in respect of each dollar, excluding any fraction of a dollar, of the product resulting from multiplying (i) the number of shares of such series held by such registered holder, by (ii) the issue price per share of such series. The formalities to be observed with respect to the giving of notice of and voting at any such meeting (including without in any way limiting the generality of the foregoing, the record dates for the giving of notice and the entitlement to vote), the quorum therefor and the conduct thereof shall, with the necessary changes and so far as applicable be those from time to time prescribed by these Articles with respect to meetings of shareholders.