



CHARTER OF THE BOARD OF DIRECTORS

Approved on July 26, 2004 and amended on August 4, 2010

PURPOSE OF THE BOARD

Elected by the shareholders of Fibrek Inc. (“Fibrek”), the Board of Directors of Fibrek (the “Board”) is responsible for overseeing management of the business and affairs of Fibrek and its subsidiaries.

Although directors may be elected by the shareholders of Fibrek to bring special expertise or a particular point of view to Board deliberations, they are not chosen to represent particular interests. The best interests of Fibrek must be paramount at all times.

POWERS

As part of its functions, the Board may:

- a) Ask management of Fibrek or outside third parties for the information it needs to fulfil its duties;
- b) Obtain, when necessary, legal or other advice from outside professionals;
- c) Determine and authorize the payment of the fees of such professionals; and
- d) Communicate directly with the in-house auditor, if applicable, and the outside auditors of Fibrek.

COMPOSITION OF THE BOARD

Selection of members

The Board, through its Human Resources and Corporate Governance Committee, is responsible for, among other things, (i) reviewing the size of the Board on an annual basis, (ii) examining the skills, qualifications and expertise of the directors on an annual basis, (iii) recruiting potential directors from time to time, taking into account their experience, employment and qualifications and making appropriate recommendations to the Board, and (iv) identifying and recommending directors to be nominated at each annual meeting of Fibrek. The Board approves the final choice of nominees standing for election by shareholders.

Size of Board

Subject to the articles of incorporation, the Board is made up of a minimum of five (5) and a maximum of 15 directors. The number of directors set from time to time must be sufficient to ensure a variety of skills and points of view, provide useful experience to the Board and sit on the various Board committees while contributing to effective decision-making.

Independent directors

Subject to the exceptions prescribed by the laws, regulations, policies, guidelines or standards of applicable securities authorities and stock exchanges on which shares of Fibrek are traded (collectively the “Applicable Standards”), the majority of Board

members must be “unrelated” and “independent” directors (as those terms are defined in the Applicable Standards for boards of directors).

Conditions for Board membership

In addition to meeting the requirements under the law and the constituting documents of Fibrek, directors of Fibrek must, overall, have the skills, qualifications and expertise determined from time to time by the Human Resources and Corporate Governance Committee, as well as an understanding of the challenges facing Fibrek.

What is expected of Board members

Board members shall:

- a) Act ethically, with integrity and in the best interests of Fibrek;
- b) Devote the necessary time to the affairs of Fibrek and act with care, diligence and skill in performing their duties as a director;
- c) Understand the role and responsibilities of the Board and its committees;
- d) Use their best efforts to be present (in person or by telephone) at all meetings of the Board and of the committees on which they sit;
- e) Read the documents provided by management in preparation for Board and committee meetings;
- f) Understand and question the affairs and strategic plans of Fibrek;
- g) Keep confidential the deliberations and decisions of the Board and committees as well as information sent to them in anticipation of Board and committee meetings, except when the information has been publicly disclosed;
- h) Comply with the share holding policy of Fibrek for directors;
- i) Immediately inform the Board if they cease to be “unrelated” and “independent”.

Chairman of the Board

The Chairman of the Board is appointed by the Board from among the “unrelated” and “independent” directors of Fibrek.

Mandate of directors

The directors are elected by shareholders at each annual meeting unless the Board appoints a director to fill a vacancy until the next annual meeting. The mandate of each director terminates at the end of the annual meeting of shareholders immediately following the meeting at which such director was elected or at the appointment of his or her successor.

BOARD MEETINGS

Agenda of Board meetings

The Chairman of the Board, in consultation with management, prepares the agenda for Board meetings. Information and documentation which is important to allow the directors to understand items on the agenda are distributed within a reasonable time prior to the meeting.

Frequency of Board meetings

The Board meets at least five (5) times a year, and other meetings may be held as needed.

Participation of management and other guests at meetings

Members of management and any other person may, upon invitation by the Chairman of the Board, participate in and make presentations at Board meetings. Persons invited to participate in Board meetings who are not Board members are not entitled to vote on decisions made.

Quorum

The quorum required for any meeting is the majority of members of the Board.

Closed sessions

All regular meetings of the Board will provide for a closed session at which no member of management is present, in order to ensure a free and open discussion between the outside directors.

DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board discharges its duty to oversee the management of Fibrek by delegating to the senior officers of Fibrek responsibility for the day-to-day management. The Board discharges its responsibilities both directly and through its committees—the Audit Committee and the Human Resources and Corporate Governance Committee. In addition to the regular committees, the Board may periodically appoint ad hoc committees to address certain issues of a more short-term or urgent nature.

When it delegates matters for which it is responsible to Board committees, the Board nonetheless maintains its oversight role and ultimate responsibility for the matters in question and any other delegated duty.

In addition to the duties prescribed by law, the primary role of the Board is to oversee the activities of Fibrek and to ensure the quality, thoroughness and continuity of its management in order to reach the strategic goals of Fibrek. The Board also has the following duties:

- a) The Board is responsible for choosing the Chairman of the Board.

- b) The Board is responsible for reviewing and ratifying the recommendations issued by the Human Resources and Corporate Governance Committee with respect to its composition and size, candidates proposed for election to the Board, committee and committee chair appointments, committee charters and director compensation.
- c) The Board is responsible, through the Human Resources and Corporate Governance Committee, for evaluating on an annual basis the performance of the Board and its Chairman as well as the performance of Board committees and their chairs.
- d) The Board is responsible, through the Human Resources and Corporate Governance Committee, for supervising the training and development of the directors.
- e) The Board is responsible for ensuring that the appropriate structures and procedures are in place in order to allow the Board and its committees to operate independently of management of Fibrek.
- f) The Board is responsible for approving the appointment of senior officers, including the President and Chief Executive Officer, and approving their remuneration based on recommendations made by the Human Resources and Corporate Governance Committee.
- g) The Board is responsible, through the Human Resources and Corporate Governance Committee, for overseeing the succession planning programs, including training and development programs for senior officers.
- h) The Board is responsible for approving and, as needed, reviewing the description of the duties of the President and Chief Executive Officer developed by the Human Resources and Corporate Governance Committee.
- i) The Board is responsible for approving, upon the recommendation of the Human Resources and Corporate Governance Committee, the goals of the President and Chief Executive Officer.
- j) The Board is responsible for reviewing the evaluation of the performance of the President and Chief Executive Officer and of the other senior officers made by the Human Resources and Corporate Governance Committee and reviewing and ratifying the recommendations of the committee with respect to their compensation.
- k) The Board is responsible for ensuring that its expectations of management are well understood by management.
- l) The Board is responsible for adopting a strategic planning process as well as for reviewing and, on an annual basis, approving the strategic plan (including business opportunities and risks) of Fibrek developed by management.

- m) The Board is responsible for considering alternate strategies in response to possible change of control transactions or take-over bids with a view to maximizing value for shareholders.
- n) The Board is responsible for enhancing congruence between shareholder expectations, Fibrek plans and management performance.
- o) The Board is responsible for approving, on an annual basis, the operating budget and the capital expenditure budget of Fibrek developed by management.
- p) The Board is responsible for supervising, through the Audit Committee, the quality and integrity of the accounting systems, controls and procedures for disclosing information as well as the internal control and information management systems of Fibrek.
- q) The Board is responsible for overseeing, through the Audit Committee, the integrity and quality of the financial statements and other financial information of Fibrek.
- r) The Board is responsible for approving, upon the recommendation of the Audit Committee, the audited financial statements, interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements, the annual report, annual information form, information circular, press releases and any other financial document which Fibrek is required to publish or file.
- s) The Board is responsible for ensuring, through the Audit Committee, that the outside auditors are independent and competent.
- t) The Board is responsible for overseeing, through the Audit Committee, the management, investment policies and solvency of the pension plans of Fibrek.
- u) The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the constituting documents of Fibrek, including the payment of dividends, acquisitions and dispositions of material capital assets and major capital expenditures.
- v) The Board is responsible for identifying the principal risks of Fibrek's business and ensuring the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of Fibrek and achieving a proper balance between the risks incurred and the potential return to shareholders of Fibrek.
- w) The Board is responsible for reviewing and approving the key policies developed by management respecting various matters such as ethics, disclosure, insider trading, cash flow management, the environment and human resources.

- x) The Board is responsible for approving and reviewing, as needed, a communication plan to address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the community and the media.
- y) The Board is responsible for taking steps to enhance the timely disclosure of any development that has a material impact on Fibrek.
- z) The Board is responsible for overseeing the implementation of systems which accommodate feedback from shareholders.
- aa) The Board is responsible, through the Human Resources and Corporate Governance Committee, for developing and, as needed, reviewing the appropriate corporate governance structures and procedures.
- bb) The Board is responsible for (i) ensuring the integrity of the President and Chief Executive Officer and the other senior officers and ensuring that such persons maintain a culture of integrity within the company, (ii) upon the recommendation of the Human Resources and Corporate Governance Committee, adopting a code of ethics (including a disclosure regime for financial and accounting issues) and reviewing it as needed, (iii) through the Human Resources and Corporate Governance Committee, monitoring compliance with the code of ethics, and (iv) upon the recommendation of the Committee, granting exemptions from the code of ethics.

CHARTER

This charter will be revised annually (or as needed) by the Board through its Human Resources and Corporate Governance Committee. The committee will recommend to the Board of Directors the changes to be made to the charter, where applicable. The performance of the Board will be evaluated on the basis of this charter.

The Human Resources and Corporate Governance Committee will ensure that the wording of the charter (or a summary thereof) is published as required by the Applicable Standards.