



**West Fraser Timber Co. Ltd.**

Notice of Annual  
Meeting of Shareholders

To Be Held April 23, 2019

Information Circular

Your Participation is Important  
Please Take the Time to Vote

## WHAT'S INSIDE:

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<b>INVITATION TO SHAREHOLDERS.....</b>	<b>2</b>
<b>NOTICE OF ANNUAL MEETING OF SHAREHOLDERS.....</b>	<b>3</b>
<b>INFORMATION CIRCULAR.....</b>	<b>5</b>
DEFINITIONS.....	5
VOTING AND PROXIES: QUESTIONS AND ANSWERS.....	7
VOTING BY NON-REGISTERED SHAREHOLDERS.....	10
BUSINESS TO BE TRANSACTED AT THE MEETING.....	11
INFORMATION REGARDING NOMINEES FOR ELECTION AS DIRECTORS.....	13
BOARD RENEWAL.....	18
DIRECTOR COMPENSATION.....	20
VOTING SECURITIES, PRINCIPAL SHAREHOLDERS AND NORMAL COURSE ISSUER BID.....	23
APPOINTMENT OF THE AUDITOR.....	24
ADVISORY RESOLUTION ON THE COMPANY'S APPROACH TO EXECUTIVE COMPENSATION (SAY ON PAY).....	25
OUR CORPORATE GOVERNANCE POLICIES AND PROCEDURES.....	26
GOVERNANCE POLICY.....	26
CHAIRMAN OF THE BOARD.....	26
LEAD DIRECTOR.....	26
GOVERNANCE & NOMINATING COMMITTEE.....	27
MAJORITY VOTING POLICY.....	27
ADVANCE NOTICE POLICY.....	27
CODE OF CONDUCT.....	28
CHARTERS.....	28
MINIMUM EQUITY HOLDING.....	29
MANDATE OF THE BOARD.....	29
CORPORATE DISCLOSURE POLICY.....	30
AUDIT COMMITTEE.....	30
DECISIONS REQUIRING PRIOR APPROVAL BY THE BOARD.....	31
SHAREHOLDER FEEDBACK AND CONCERNS.....	31
EXPECTATIONS OF MANAGEMENT.....	32
COMPOSITION OF THE BOARD.....	32
DIVERSITY POLICY.....	34
SERVING ON OTHER BOARDS.....	34
COMMITTEES OF THE BOARD.....	35
ORIENTATION PROGRAM AND CONTINUING EDUCATION.....	37
PERFORMANCE REVIEWS.....	39
MEETING ATTENDANCE RECORD.....	39
EXECUTIVE COMPENSATION DISCUSSION & ANALYSIS.....	40
REPORT ON EXECUTIVE COMPENSATION.....	41
PERFORMANCE GRAPH.....	49
EXECUTIVE COMPENSATION.....	50
OPTION GRANTS.....	52
RS UNITS AND PS UNITS.....	56
PENSION PLANS.....	57
SEVERANCE AND CHANGE OF CONTROL AGREEMENTS.....	59
DIRECTORS' COMPENSATION AND HOLDINGS.....	59
INDEBTEDNESS OF DIRECTORS, OFFICERS AND EMPLOYEES.....	59
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS.....	60
ADDITIONAL INFORMATION.....	60

## INVITATION TO SHAREHOLDERS

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Dear Shareholders:

You are invited to attend the Annual Meeting of Shareholders of West Fraser Timber Co. Ltd., which will take place on April 23, 2019 at 11:30 a.m., local time, at 1250 Brownmiller Road, Quesnel, B.C.

The items of business to be considered at the Meeting are described in the accompanying Notice of Annual Meeting and Information Circular.

Your participation and views are very important to us. You are encouraged to vote, which can be done by following the instructions enclosed with these materials.

**At the Meeting, in addition to dealing with the matters described in the Notice, I will review the affairs of the Company. Also, you will have an opportunity to ask questions and to meet the Company's Directors and management representatives.**

All of our public documents, including the 2018 Annual Report and Quarterly Reports, are available on our website at [www.westfraser.com](http://www.westfraser.com). You are encouraged to access our website during the year for continuous disclosure items, including news releases and investor presentations.

I look forward to seeing you at the Meeting.

Yours sincerely,



Ted Seraphim  
Chief Executive Officer

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The annual meeting (the “Meeting”) of Shareholders of WEST FRASER TIMBER CO. LTD. (the “Company”) will be held at 1250 Brownmiller Road, Quesnel, B.C. on April 23, 2019 at 11:30 a.m., local time, for the following purposes:

1. to receive the consolidated financial statements of the Company for its fiscal year ended December 31, 2018, together with the auditor’s report on them;
2. to elect the directors of the Company to hold office until the close of the next annual general meeting;
3. to appoint an auditor of the Company to serve until the close of the next annual general meeting and to authorize the directors to fix the auditor’s remuneration;
4. to consider an advisory (non-binding) resolution on the Company’s approach to executive compensation, as more particularly set out in the section of the Information Circular entitled “Advisory Resolution on the Company’s Approach to Executive Compensation (Say on Pay)”;
5. to consider any amendment to or variation of any matter identified in this Notice; and
6. to transact such other business as may properly come before the Meeting or any adjournment of it.

A copy of the Annual Report of the Company for the year ended December 31, 2018 will accompany this Notice for those Shareholders that have requested a copy of the Annual Report. The Annual Report can be found on our website ([www.westfraser.com](http://www.westfraser.com)) and can also be found on SEDAR ([www.sedar.com](http://www.sedar.com)). The Annual Report includes the consolidated financial statements and the auditor’s report.

Shareholders registered at the close of business on March 4, 2019 will be entitled to receive this Notice and to vote at the Meeting.

<p style="text-align: center;"><b>INFORMATION ON NOTICE AND ACCESS</b> <b>(You have not been sent a physical copy of the Information Circular.)</b></p>
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### *General Information*

The Company has prepared this Notice of Meeting, the Information Circular and a form of proxy relating to the Meeting, and the Information Circular contains details of the matters to be considered at the Meeting. This Notice of Meeting has been prepared and mailed to you under the notice and access rules that came into effect on February 11, 2013 pursuant to applicable Canadian securities laws. Notice and access enables issuers to reduce the volume of materials that must be physically mailed to shareholders by posting the Information Circular and related materials on the internet. Please call AST Trust Company (Canada) toll-free at 1-800-387-0825 if you have any questions about notice and access.

### *How to Access the Information Circular and Obtain a Physical Copy*

The Information Circular and related materials are available under the Company’s profile at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.westfraser.com](http://www.westfraser.com). Shareholders are reminded to review these online materials in connection with the Meeting and before voting. Shareholders may obtain a physical copy of the Information Circular by: 1) calling the Company’s transfer agent, AST Trust

Company (Canada), toll free at 1-888-433-6443; or 2) emailing a request to AST Trust Company (Canada) at [fulfilment@astfinancial.com](mailto:fulfilment@astfinancial.com). A request for a physical copy of the Information Circular should be sent sufficiently in advance so that it is received by the Transfer Agent by April 8, 2019, in order to allow sufficient time for the Shareholder to receive the physical copy of the Information Circular and return the proxy by its due date.

***Proxies and Voting Instruction Forms (VIFs)***

Registered Shareholders have received a form of proxy with this Notice of Meeting. The deadline for submitting proxies is 11:30 a.m. (Vancouver time) on April 17, 2019. Please complete, date and sign the proxy and deliver it before that deadline in accordance with the instructions set out in the proxy and Information Circular.

Non-registered Shareholders (beneficial owners) have received a voting instructions form (“VIF”) with this Notice of Meeting. The deadline for returning VIFs is specified in the VIF itself. VIFs, whether provided by the Company or an intermediary, should be completed and returned in accordance with the specific instructions, and by the deadline specified, in the VIF. Please ensure you carefully follow the instructions set out in the VIF, including those specifying where and when the VIF is to be returned.

Please review the Information Circular before completing your proxy or VIF, as the Information Circular contains additional information about each matter to be voted on at the Meeting. The following guide will assist you in locating the relevant disclosure for each matter.

<b>For disclosure about:</b>	<b>Refer to the following section(s) in the Information Circular</b>
<ul style="list-style-type: none"><li>• the election of directors</li></ul>	“Information regarding Nominees for Election as Directors”
<ul style="list-style-type: none"><li>• the appointment of the Company’s auditor</li></ul>	“Appointment of the Auditor”
<ul style="list-style-type: none"><li>• the approval of the Company’s approach to executive compensation</li></ul>	“Advisory Resolution on the Company’s Approach to Executive Compensation (Say on Pay)”

**A Shareholder who is unable to attend the Meeting in person and who wishes to ensure that its shares are voted at the Meeting must complete, date and sign an acceptable form of proxy and deliver it by hand or by mail in accordance with the instructions set out in the enclosed form of proxy and in the Information Circular.**

**DATED** at Vancouver, B.C., March 7, 2019.

**BY ORDER OF THE BOARD**



Ted Seraphim  
Chief Executive Officer

## INFORMATION CIRCULAR

(As of February 15, 2019, except as otherwise provided)

This Circular is furnished in connection with the solicitation of proxies by the Board of Directors and management of West Fraser for use at the Annual Meeting of Shareholders to be held at 1250 Brownmiller Road, Quesnel, B.C. on April 23, 2019 (and at any adjournment thereof) for the purposes set out in the attached Notice of Annual Meeting of Shareholders.

All references to the number of West Fraser shares, share prices, earnings per share, options, and other equity-based incentives reflect the payment and adjustments resulting from the Stock Dividend applied retroactively to all comparative periods.

### DEFINITIONS

Unless stated otherwise, in this Circular

“**AST Trust**” means AST Trust Company (Canada), our transfer agent,

“**Auditor**” means our external auditor, currently PricewaterhouseCoopers LLP,

“**Board**” or “**Board of Directors**” means our board of Directors,

“**Circular**” means this information circular,

“**Director**” means a director of the Company,

“**DSU Plan**” means our Director Deferred Share Unit Plan,

“**DS Unit**” means a Deferred Share Unit granted under our DSU Plan,

“**Meeting**” means the Annual Meeting of Shareholders to be held on April 23, 2019 and any adjournment of it,

“**Notice**” means the attached Notice of Annual Meeting of Shareholders,

“**Options**” means share purchase options granted under the Stock Option Plan,

“**Phantom Share Unit Plan**” means the plan described as such on page 44 of this Circular,

“**PS Unit**” means a performance share unit granted under our Phantom Share Unit Plan,

“**ROSE**” has the meaning set out in “Executive Compensation Discussion & Analysis – Report on Executive Compensation” under the heading “Annual Incentive Bonus Plan” on page 42,

“**RS Unit**” means a restricted share unit granted under our Phantom Share Unit Plan,

“**Share**” means a Common share or a Class B Common share in the capital of West Fraser,

“**Shareholder**” means an owner of any Share,

**“Stock Dividend”** means the stock dividend of one Common share declared and issued in respect of each issued and outstanding Common share and each issued and outstanding Class B Common share in the capital of the Company and paid to Shareholders on January 13, 2014,

**“Stock Option Plan”** means our Stock Option Plan, as amended,

**“\$”** means Canadian dollars, and

**“West Fraser”, “Company”, “we”, “us” and “our”** mean West Fraser Timber Co. Ltd.

## VOTING AND PROXIES: QUESTIONS AND ANSWERS

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**Your vote is important. Good corporate governance begins with shareholder participation. If you cannot attend the Meeting or if you plan to attend but prefer the convenience of voting in advance, we encourage you to exercise your vote using either of the voting methods described below. Please read the following for answers to commonly asked questions regarding voting and proxies.**

**If your Shares are held in a street form or in a brokerage account, you may not be a registered Shareholder. Please refer to “Voting by Non-Registered Shareholders” on page 10 for a description of the procedure to be followed to vote your Shares.**

**Q. Am I entitled to vote?**

A. You are entitled to vote if you were a registered Shareholder as of the close of business on March 4, 2019. Each Share entitles the holder to one vote.

**Q. What am I voting on?**

A. The following matters:

- the election of Directors to the Board of Directors to hold office until the close of the next annual general meeting;
- the appointment of PricewaterhouseCoopers LLP as our auditor until the close of the next annual general meeting, at a remuneration to be fixed by the Directors; and
- the advisory (non-binding) resolution on the Company’s approach to executive compensation.

**Q. What if amendments are made to these matters or if other matters are brought before the Meeting?**

A. If you attend the Meeting in person and are eligible to vote, you may vote on such matters as you choose.

If you have completed and returned a proxy in the form enclosed, the persons named in it will have discretionary authority with respect to amendments or variations to matters identified in the Notice and to other matters which properly come before the Meeting. If any other matter properly comes before the Meeting, the persons so named will vote on it in accordance with their best judgment. As of the date of this Circular, our management does not know of any such amendment, variation or other matter expected to come before the Meeting.

**Q. Who is soliciting my proxy?**

A. The management of West Fraser is soliciting your proxy. Solicitation of proxies is done primarily by mail, supplemented by telephone or other contact, by Company employees, and the Company bears all associated costs.

This Circular is prepared under the notice and access rules that came into effect on February 11, 2013 pursuant to applicable Canadian securities laws. Accordingly, this Circular is being posted on the internet instead of being sent to either registered or Beneficial Shareholders. This Circular and related materials are available under the Company’s profile at [www.sedar.com](http://www.sedar.com) and on the Company’s website at



[www.westfraser.com](http://www.westfraser.com). Shareholders are reminded to review these online materials in connection with the Meeting and before voting. Shareholders may obtain a physical copy of this Circular by: 1) calling the Company's transfer agent, AST Trust Company (Canada), toll free at 1-888-433-6443; or 2) emailing a request to AST Trust Company (Canada) at [fulfilment@astfinancial.com](mailto:fulfilment@astfinancial.com). A request for a physical copy of this Circular should be sent sufficiently in advance so that it is received by the Transfer Agent by April 8, 2019, in order to allow sufficient time for the Shareholder to receive the physical copy of this Circular and return the proxy by its due date.

**Q. How do I vote?**

- A. 1) If your Shares are not registered in your name, please see "Voting by Non-Registered Shareholders" on page 10.
- 2) If you are a registered Shareholder there are two ways that you may vote your Shares:
- (a) you may vote in person at the Meeting; or
  - (b) you may complete and sign a form of proxy appointing someone to represent you and to vote your Shares at the Meeting.

If a registered Shareholder is a body corporate or association, the form of proxy must be signed by a person duly authorized by that body corporate or association.

Completing, signing and returning a form of proxy will not prevent you from attending the Meeting in person.

As the Company is relying on notice and access provisions of applicable Canadian securities law, the Notice and form of proxy is being sent to Registered Shareholders.

**Q. Must I use the enclosed form of proxy?**

- A. No. If you do not wish to use the enclosed proxy form, you may use any other form of proxy to appoint your proxyholder, although the Company's Articles require that a form of proxy be substantially in the form enclosed.

**Q. Can I appoint someone to vote my Shares other than persons named in the enclosed form of proxy?**

- A. Yes. Write the name of your chosen person, who need not be a Shareholder, in the blank space provided in the form of proxy. It is important to ensure that any other person you appoint as proxyholder will attend the Meeting, and is aware that his or her appointment has been made to vote your Shares and that he or she should present himself/herself to a representative of AST Trust.

**Q. What if my Shares are registered in more than one name or in the name of my company?**

- A. If your Shares are registered in more than one name, all those registered must sign the form of proxy. If your Shares are registered in the name of your company or any name other than yours, we may require that you provide documentation that proves you are authorized to sign the form of proxy.

**Q. What if I plan to attend the Meeting and vote in person?**

A. If you plan to attend the Meeting and wish to vote your Shares in person, you do not need to complete or return a form of proxy. Your vote will be taken and counted at the Meeting. Please register with the scrutineer when you arrive at the Meeting.

If your Shares are not registered in your name, but you wish to attend the Meeting, please see “Voting by Non-Registered Shareholders” on page 10.

**Q. What happens when I sign and return a form of proxy?**

A. You will have given authority to whoever it appoints as your proxyholder to vote your Shares at the Meeting in accordance with the voting instructions you provide.

**Q. What do I do with my completed form of proxy?**

A. Return it to our Transfer Agent, AST Trust, at the address set out below so that it arrives no later than 11:30 a.m. (Vancouver time), on April 17, 2019 or, if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the adjourned Meeting.

**Q. How will my Shares be voted if my proxy is in the enclosed form with no other person named as proxyholder?**

A. The persons named in it will vote or withhold from voting your Shares in accordance with your instructions. **In the absence of such instructions, however, your Shares will be voted FOR the election of the Directors nominated by management, FOR the appointment of the Auditor, and FOR the advisory resolution on the Company’s approach to executive compensation.**

**Q. If I change my mind, can I revoke my proxy once I have given it?**

A. Yes. If you are a registered Shareholder as of the record date you may revoke your proxy by submitting a proxy with a later date. Any new voting instructions, however, will only take effect if received by our Transfer Agent, AST Trust, at the address set out below no later than 11:30 a.m. (Vancouver time), on April 17, 2019 or, if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the adjourned Meeting. If you are a registered Shareholder as of the record date you may also revoke your proxy without providing new voting instructions by delivering a written revocation of proxy executed by you and delivered to McMillan LLP, Suite 1500, 1055 West Georgia Street, Vancouver, B.C., V6E 4N7, Attention: Mark Neighbor, no later than 5:00 p.m. (Vancouver time) on April 18, 2019 or to the individual chairing the Meeting prior to the commencement of the Meeting or any adjournment thereof.

Please note that your participation in person in a vote by ballot at the Meeting would automatically revoke any proxy you have given in respect of the item of business covered by that vote.

If you are not a registered Shareholder, see “Voting by Non-Registered Shareholders” below.

**Q. What documents are sent to Shareholders?**

A. Registered Shareholders who have provided us with the required request will receive a package of the usual annual corporate documents (our 2018 Annual Report, including the Annual Information Form,

our annual audited consolidated financial statements and auditor's report and Management's Discussion & Analysis), along with the Notice and the form of proxy.

Our Circular may be accessed under our profile at [www.sedar.com](http://www.sedar.com) or on our website at [www.westfraser.com](http://www.westfraser.com).

Copies of our Annual Report, including our audited consolidated financial statements, are filed with Canadian securities regulators and are available at [www.sedar.com](http://www.sedar.com) under the Company's profile and may also be obtained, without charge, on request from the Chief Financial Officer of West Fraser or accessed on our website at [www.westfraser.com](http://www.westfraser.com).

**Q. Who are our Principal Shareholders?**

A. The Principal Shareholders (persons or companies that beneficially own or exercise control or direction over more than 10% of a class of our outstanding Shares) are set out in this Circular under the heading "Voting Securities, Principal Shareholders and Normal Course Issuer Bid" on page 23.

**Q. What if I have other questions?**

A. If you have a question regarding the Meeting, please contact our Transfer Agent as set out below or the Chief Financial Officer of West Fraser at (604) 895-2700 or by email at [shareholder@westfraser.com](mailto:shareholder@westfraser.com).

**Q. How can I contact the Transfer Agent?**

A. You can contact the Transfer Agent at:

AST Trust Company (Canada)  
1600 - 1066 West Hastings Street  
Vancouver, B.C. V6E 3X1

Telephone: (416) 682-3860  
(toll free throughout North America: 1-800-387-0825)  
Facsimile: 1-888-249-6189  
Email: [inquiries@astfinancial.com](mailto:inquiries@astfinancial.com)  
Website: [www.astfinancial.com](http://www.astfinancial.com)

**VOTING BY NON-REGISTERED SHAREHOLDERS**

**Q. If my Shares are not registered in my name, how do I vote my Shares?**

A. Our share register does not list non-registered or beneficial Shareholders. Their Shares are usually held in the name of an intermediary or a "nominee", such as a trust company, securities broker or other financial institution. If you are a non-registered Shareholder, there are two ways that you can vote your Shares:

**1) By providing voting instructions to your nominee**

Applicable securities laws require institutional nominees to seek voting instructions from you in advance of the Meeting. Accordingly, you will receive, or have already received with these materials, from your nominee either a request for voting instructions or a form of proxy for the number of Shares you hold.

Every institutional nominee has its own mailing procedures and provides its own signing and return instructions, which you should follow carefully to ensure that your Shares are voted at the Meeting.

As the Company is relying on notice and access provisions of applicable Canadian securities law, the Notice and voting instruction form are being sent to both non-registered Shareholders and beneficial Shareholders.

**2) By being appointed and attending the Meeting in person**

The Company generally does not have access to the names of its non-registered Shareholders. Therefore, if you attend the Meeting, the Company will have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as proxyholder.

If you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions or form of proxy provided by your nominee to appoint yourself as proxyholder. If you are a non-registered Shareholder and instruct your nominee to appoint yourself as proxyholder, you should present yourself to the scrutineer of the Meeting with appropriate identification.

**BUSINESS TO BE TRANSACTED AT THE MEETING**

*(See Notice of Annual Meeting of Shareholders)*

**1) Presentation of Financial Statements**

The consolidated financial statements of the Company for the year ended December 31, 2018 and the Auditor's report thereon will be submitted to Shareholders at the Meeting, but no vote with respect to them is required or proposed to be taken. The consolidated financial statements are included in our Annual Report which is being mailed with the Notice to those Shareholders who have provided us with the required request.

**2) Election of Directors**

Ted Seraphim has decided not to stand for re-election as a Director. Management is nominating the other nine current Directors as well as one new nominee, Ray Ferris, currently our President and who will be appointed our Chief Executive Officer on Mr. Seraphim's retirement as our Chief Executive Officer at the end of the second quarter of 2019.

The table of nominees on the following pages sets out the name of each person proposed to be nominated for election as a Director, as well as other relevant information. Management of the Company recommends the election of the ten nominees set out in the table of nominees to fill the ten positions as Director. The term of office of each current Director will expire at the conclusion of the Meeting. Each Director elected at the Meeting will hold office until the conclusion of the next annual general meeting of the Company at which a Director is elected, unless the Director's office is earlier vacated in accordance with the Articles of the Company or the provisions of the *Business Corporations Act* (B.C.).

The Board of Directors has adopted a majority voting policy, which is described on page 27 of this Circular, relating to the election of Directors.

On February 13, 2014, the Board adopted an advance notice policy setting out requirements for Director nominations and elections. On April 29, 2014, our Shareholders approved a special resolution to amend the Company's Articles to include this advance notice requirement, which is described on page 27 of this Circular.

The Board of Directors may fill vacancies on the Board resulting from the death, resignation or retirement of Directors. As well, the Board is authorized to appoint up to two additional Directors to hold office until not later than the next annual general meeting.

3) **Appointment of Auditor**

The Auditor is to be appointed to serve until the close of the next annual general meeting of the Company, and the Directors are to be authorized to fix the Auditor's remuneration.

The Board of Directors and management of the Company, on the advice of the Audit Committee of the Board, recommend that PricewaterhouseCoopers LLP, Vancouver, Canada, be re-appointed as Auditor, at a remuneration to be fixed by the Board of Directors.

A representative of PricewaterhouseCoopers LLP will be present at the Meeting and will have the opportunity to make a statement if the representative so desires. The representative will also be available to answer questions.

4) **Advisory Resolution on our Approach to Executive Compensation (Say on Pay)**


Our executive compensation philosophy, policies and programs are based on the fundamental principle of pay-for-performance to align the interests of our executives with those of our Shareholders. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve (on an advisory basis), by way of ordinary resolution, the Company's approach to executive compensation.



**INFORMATION REGARDING NOMINEES FOR ELECTION AS DIRECTORS**



The following table sets out the name of each person proposed to be nominated for election as a Director, as well as that person’s position in the Company, residence and principal occupation, and the date that person first became a Director. Additional information concerning compensation and security holdings of such persons is provided below the following table. All of our current Directors, other than Ted Seraphim, are standing for re-election. Ray Ferris, our current President and who will be appointed our Chief Executive Officer on Mr. Seraphim’s retirement as our Chief Executive Officer at the end of the second quarter of 2019, has been nominated to stand for election.

Unless otherwise indicated, the nominee has held the same or similar principal occupation with the organization set out below, or a predecessor of that organization, for the last five years. The information as to principal occupation and securities beneficially owned or controlled by each nominee has been furnished by the nominee and is not within the knowledge of our management.



The following table also sets out committee memberships of the proposed nominees as at February 15, 2019. We have four committees: Audit, Human Resources & Compensation, Health, Safety & Environment, and Governance & Nominating.

<p><b>HENRY H. (HANK) KETCHAM</b></p> 	<p>Director since September 16, 1985</p> <p>Age: 69</p> <p>Hank Ketcham resides in Vancouver, B.C., Canada. He is our Chairman of the Board. Mr. Ketcham was our President until April 2012 and retired from the position of Chief Executive Officer effective March 1, 2013 when his title as Chairman of our Board was redesignated as Executive Chairman. Effective April 19, 2016 he became our Chairman of the Board. He is also a director and shareholder of Ketcham Investments, Inc., which owns 5,662,718 Common shares and 1,743,228 Class B Common shares of the Company. Mr. Ketcham has been actively involved with the Company since 1973. He was formerly a director of The Toronto-Dominion Bank.</p> <p>Voting results of 2018 annual general meeting:</p> <table border="1" data-bbox="553 1249 1485 1348"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Votes for</u></th> <th style="text-align: center;"><u>Votes withheld</u></th> <th style="text-align: center;"><u>% Votes For</u></th> </tr> </thead> <tbody> <tr> <td>Number of votes</td> <td style="text-align: center;">55,591,988</td> <td style="text-align: center;">1,441,551</td> <td style="text-align: center;">97</td> </tr> </tbody> </table>		<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>	Number of votes	55,591,988	1,441,551	97
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<p><b>REID E. CARTER</b></p> 	<p>Director since April 19, 2016</p> <p>Age: 62</p> <p>Reid E. Carter resides in West Vancouver, B.C., Canada. He is a corporate director. From 2003 to the end of 2018, Mr. Carter was a Managing Partner at Brookfield Asset Management, Inc., a global asset manager, and was President of Brookfield Timberlands Management LP. In this role, Mr. Carter led the acquisition of approximately 3.5 million acres of private timberlands throughout North America and Brazil as well as the teams responsible for all growth and operations aspects of these businesses. Mr. Carter also served as President and Chief Executive Officer of Acadian Timber Corp. from 2010 to 2015 and its predecessor, Acadian Timber Income Fund, from 2006 to 2010. He served as National Bank Financial's Paper and Forest Products Analyst between 1996 and 2003. Between 1990 and 1996 he served as a resource analyst with TimberWest Forest Corp. Mr. Carter currently serves as a director of Enercare Inc. Mr. Carter holds a combined undergraduate degree in Forestry and Biology and a master's degree in Forest Soils, both from the University of British Columbia. Mr. Carter is the Chair of the Audit Committee and a member of the Governance &amp; Nominating Committee.</p> <p>Voting results of 2018 annual general meeting:</p> <table border="1"> <thead> <tr> <th></th> <th><u>Votes for</u></th> <th><u>Votes withheld</u></th> <th><u>% Votes For</u></th> </tr> </thead> <tbody> <tr> <td>Number of votes</td> <td>56,182,272</td> <td>851,267</td> <td>99</td> </tr> </tbody> </table>		<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>	Number of votes	56,182,272	851,267	99
	<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>						
Number of votes	56,182,272	851,267	99						
<p><b>RAYMOND FERRIS</b></p> 	<p>Proposed Director Nominee</p> <p>Age: 56</p> <p>Ray Ferris resides in Vancouver, B.C., Canada. Mr. Ferris holds a Bachelor of Science Degree in Engineering from the University of New Brunswick. He is our President and will be appointed our Chief Executive Officer on Ted Seraphim's retirement as our Chief Executive Officer. Before April 19, 2018, Mr. Ferris was our Executive Vice-President and Chief Operating Officer and before February 15, 2016 he was our Vice-President, Wood Products. On April 19, 2018 the Company announced a senior leadership transition plan and Mr. Ferris replaced Mr. Seraphim as President of the Company. Mr. Seraphim is expected to retire as Chief Executive Officer of the Company at the end of the second quarter of 2019 to be replaced by Mr. Ferris in that role.</p> <p>Voting results of 2018 annual general meeting:</p> <table border="1"> <thead> <tr> <th></th> <th><u>Votes for</u></th> <th><u>Votes withheld</u></th> <th><u>% Votes For</u></th> </tr> </thead> <tbody> <tr> <td>Number of votes</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>		<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>	Number of votes	N/A	N/A	N/A
	<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>						
Number of votes	N/A	N/A	N/A						

<p><b>JOHN N. FLOREN</b></p> 	<p>Director since April 19, 2016</p> <p>Age: 60</p> <p>John N. Floren resides in Eastham, Massachusetts, USA. He has been President and Chief Executive Officer of Methanex Corporation since January 2013. Prior to this appointment, Mr. Floren was Senior Vice President, Global Marketing and Logistics of Methanex from June 2005 and, prior to that, Director, Marketing and Logistics, North America from May 2002. He has been an employee of Methanex for approximately 18 years and has worked in the chemical industry for over 30 years. He currently serves as a director of Methanex whose shares are listed for trading on the Toronto Stock Exchange. Mr. Floren holds a Bachelor of Arts in Economics from the University of Manitoba. He also attended the Harvard Business School's Program for Management Development and has attended the International Executive Program at INSEAD. He also completed the Directors Education Program at the Institute of Corporate Directors. Mr. Floren is the Chair of the Health, Safety &amp; Environment Committee and a member of the Human Resources &amp; Compensation Committee and of the Governance &amp; Nominating Committee.</p> <p>Voting results of 2018 annual general meeting:</p> <table border="1"> <thead> <tr> <th></th> <th><u>Votes for</u></th> <th><u>Votes withheld</u></th> <th><u>% Votes For</u></th> </tr> </thead> <tbody> <tr> <td>Number of votes</td> <td>56,505,382</td> <td>528,157</td> <td>99</td> </tr> </tbody> </table>		<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>	Number of votes	56,505,382	528,157	99
	<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>						
Number of votes	56,505,382	528,157	99						
<p><b>BRIAN G. KENNING</b></p> 	<p>Director since April 19, 2017</p> <p>Age: 69</p> <p>Brian G. Kenning resides in Vancouver, B.C., Canada. He is a corporate director. He was a Managing Partner of Brookfield Asset Management, a company involved in the real estate, asset management and power generation sectors, from 1995 to 2005. From 1988 to 2005, Mr. Kenning was also Chairman and Managing Partner of B.C. Pacific Capital Corporation, a Brookfield affiliate active in merchant banking and investing. Over the past ten years, Mr. Kenning has served as Director of a number of public and private corporations. He currently serves as a director of the British Columbia Ferry Services Inc. and Maxar Technologies Inc. In addition, Mr. Kenning is a past Governor of the B.C. Business Council and a past Director of the B.C. chapter of the Institute of Corporate Directors. Mr. Kenning graduated from Queen's University with an MBA in 1973. Mr. Kenning is a member of the Human Resources &amp; Compensation Committee and of the Governance &amp; Nominating Committee.</p> <p>Voting results of 2018 annual general meeting:</p> <table border="1"> <thead> <tr> <th></th> <th><u>Votes for</u></th> <th><u>Votes withheld</u></th> <th><u>% Votes For</u></th> </tr> </thead> <tbody> <tr> <td>Number of votes</td> <td>56,711,111</td> <td>322,428</td> <td>99</td> </tr> </tbody> </table>		<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>	Number of votes	56,711,111	322,428	99
	<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>						
Number of votes	56,711,111	322,428	99						



<p><b>JOHN K. KETCHAM</b></p> 	<p>Director since April 28, 2015</p> <p>Age: 57</p> <p>John K. Ketcham resides in Santa Monica, California. He is a graduate of Tufts University and is currently a real estate developer in Los Angeles. Mr. Ketcham currently owns or controls a total of 991,100 of our Common shares. Previously Mr. Ketcham was a film producer (<i>The Hurricane</i>, starring Denzel Washington) and director. From 1985 to 1992 Mr. Ketcham was a television reporter in Vancouver, B.C. Mr. Ketcham is a member of the Health, Safety &amp; Environment Committee and of the Governance &amp; Nominating Committee.</p> <p>Voting results of 2018 annual general meeting:</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Votes for</u></th> <th style="text-align: center;"><u>Votes withheld</u></th> <th style="text-align: center;"><u>% Votes For</u></th> </tr> </thead> <tbody> <tr> <td>Number of votes</td> <td style="text-align: center;">50,473,508</td> <td style="text-align: center;">6,560,031</td> <td style="text-align: center;">88</td> </tr> </tbody> </table>		<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>	Number of votes	50,473,508	6,560,031	88
	<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>						
Number of votes	50,473,508	6,560,031	88						
<p><b>GERALD J. (GERRY) MILLER</b></p> 	<p>Director since April 19, 2012</p> <p>Age: 63</p> <p>Gerry Miller resides in Kelowna, B.C., Canada. He holds a Bachelor of Commerce Degree from the University of B.C. He is a Chartered Accountant who retired from West Fraser on July 31, 2011 after a 25-year career. Mr. Miller was a key member of West Fraser's senior executive team and served in a number of executive positions including as Executive Vice-President, Pulp &amp; Paper, Executive Vice-President, Operations and Executive Vice-President, Finance and Chief Financial Officer, the position that he held at the time of his retirement. Mr. Miller is also a trustee of Granite Real Estate Investment Trust. Mr. Miller is a member of the Audit Committee, the Health, Safety &amp; Environment Committee and the Governance &amp; Nominating Committee.</p> <p>Voting results of 2018 annual general meeting:</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Votes for</u></th> <th style="text-align: center;"><u>Votes withheld</u></th> <th style="text-align: center;"><u>% Votes For</u></th> </tr> </thead> <tbody> <tr> <td>Number of votes</td> <td style="text-align: center;">55,759,774</td> <td style="text-align: center;">1,273,765</td> <td style="text-align: center;">98</td> </tr> </tbody> </table>		<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>	Number of votes	55,759,774	1,273,765	98
	<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>						
Number of votes	55,759,774	1,273,765	98						

**ROBERT L. PHILLIPS**



Director since April 28, 2005

Age: 68

Robert L. Phillips resides in Anmore, B.C., Canada. Mr. Phillips holds a B.Sc. (Chemical Engineering) and an LL.B., both from the University of Alberta. Before July 2004, he was President and Chief Executive Officer of the BCR Group of Companies, which was involved in rail transportation and marine terminal operations. Before joining BCR, he was Executive Vice-President, Business Development and Strategy for MacMillan Bloedel Limited, and has held the position of President and Chief Executive Officer of the PTI Group Inc. and Dresco Energy Services Ltd. He was appointed Queen’s Counsel in Alberta in 1991. He is a director of the following public corporations: Canadian National Railway Company and Canadian Western Bank. On December 31, 2018, Mr. Phillips retired as the Chairman and a director of Maxar Technologies Ltd. (formerly known as MacDonald Dettwiler & Associates Ltd.) and, on January 1, 2019, became a director of Maxar Technologies Inc., its new U.S. parent company (see “Our Corporate Governance Policies and Procedures – Serving on Other Boards” on page 34). In February 2008 Mr. Phillips was designated by the Board to serve as Lead Director and in that capacity he serves as Chair of the Governance & Nominating Committee. Mr. Phillips is also the Chair of the Human Resources & Compensation Committee.

Voting results of 2018 annual general meeting:

	<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>
Number of votes	53,789,052	3,244,487	94

**JANICE G. RENNIE**




Director since April 28, 2004

Age: 61

Janice G. Rennie resides in Edmonton, Alberta, Canada. Ms. Rennie earned a Bachelor of Commerce Degree from the University of Alberta. She is a Fellow Chartered Accountant and a Fellow of the Institute of Corporate Directors and is currently a corporate director. From September 7, 2004 to September 9, 2005 she was the Senior Vice-President, Human Resources and Organizational Effectiveness of EPCOR Utilities Inc., a provider of energy, water and energy-related services and products that is solely owned by the City of Edmonton, on whose board she previously served for over 10 years and rejoined as a director in 2017 and currently serves as the Chair of its board. She is a director of the following public corporations: Major Drilling Group International Inc., Methanex Corporation and WestJet Airlines Ltd. (see “Our Corporate Governance Policies and Procedures – Serving on Other Boards” on page 34). Ms. Rennie was formerly a director of Teck Resources Ltd. Ms. Rennie is a member of the Audit Committee, the Human Resources & Compensation Committee and the Governance & Nominating Committee.

Voting results of 2018 annual general meeting:

	<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>
Number of votes	54,142,006	2,891,533	95

<p><b>GILLIAN D. WINCKLER</b></p> 	<p>Director since April 19, 2017</p> <p>Age: 56</p> <p>Gillian D. Winckler resides in Vancouver, B.C., Canada. Ms. Winckler is a former mining and business executive with over 25 years of diversified experience in the metals and mining industry and the financial sector. Ms. Winckler spent 16 years with BHP Billiton in London, England and Vancouver, Canada where she was involved with corporate and divisional strategy, mergers and acquisitions, divestments, exploration as well as project evaluation and development. Upon leaving the company she joined Coalspur Limited, a thermal coal development company listed in Canada and Australia, as the Chief Executive Officer and President. Ms. Winckler held this position, as well as Chief Financial Officer for a brief period, for three years until the company was acquired in June 2015. Prior to the mining industry, Ms. Winckler spent five years as a corporate financier in South Africa and London and five years in the auditing profession. Ms. Winckler is a Chartered Accountant (South Africa), with a BSc and BComm (Hons) obtained in South Africa. Ms. Winckler currently is a director of Pan American Silver Corp., whose common shares are listed for trading on the Toronto Stock Exchange and The NASDAQ Stock Market. Ms. Winckler is a member of the Audit Committee, the Health, Safety &amp; Environment Committee and the Governance &amp; Nominating Committee.</p> <p>Voting results of 2018 annual general meeting:</p> <table border="1" data-bbox="574 898 1430 989"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Votes for</u></th> <th style="text-align: center;"><u>Votes withheld</u></th> <th style="text-align: center;"><u>% Votes For</u></th> </tr> </thead> <tbody> <tr> <td>Number of votes</td> <td style="text-align: center;">56,162,174</td> <td style="text-align: center;">871,365</td> <td style="text-align: center;">98</td> </tr> </tbody> </table>		<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>	Number of votes	56,162,174	871,365	98
	<u>Votes for</u>	<u>Votes withheld</u>	<u>% Votes For</u>						
Number of votes	56,162,174	871,365	98						

Each nominee has consented to act as a Director of West Fraser if elected. We do not contemplate that any proposed nominee will be unable to serve as a Director, but if for any reason that occurs before the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion.

**Board Renewal**

The Board recognizes the need for and benefits of introducing new and diverse characteristics and perspectives at the Board level, and it also understands the importance of having continuity of institutional and industry knowledge and experience. The Company’s Board renewal process is designed to achieve and maintain a balance between those considerations.

The Governance & Nominating Committee is responsible for identifying new candidates to stand as nominees for election or appointment as Directors to our Board. In identifying potential Director candidates, the Committee takes into account a broad variety of factors it considers appropriate, including skills, independence, financial acumen, Board dynamics and personal characteristics. In addition, the Committee considers diversity in perspective arising from personal, professional or other attributes and experiences when identifying potential director candidates. Desirable individual characteristics of nominees include integrity, credibility, the ability to generate public confidence and maintain the goodwill and confidence of our Shareholders, sound and independent business judgment, general good health and the capability and willingness to travel to, attend and contribute at Board functions on a regular basis. Background checks, as appropriate, are completed prior to nomination.

In 2015, the Committee implemented the first phase of the Company’s Board renewal process by searching for and identifying two suitable candidates for nomination as Directors. As part of this process, the Committee engaged an outside search firm and also sought input and advice from current Directors and our

executive management. The major criteria adopted by the Committee for candidates were: (a) chief executive officer experience; (b) experience in a cyclical, capital-intensive industry; (c) strong strategic thinker; and (d) representing diverse background and experience.

As a result of this process, in 2016 Reid Carter and John Floren were identified as nominees to the Board and they were elected as Directors at the 2016 annual general meeting.

In 2016, the Committee implemented the second phase of the Company's Board renewal process through continuing efforts to search for and identify additional suitable candidates. As a result, the Committee identified Brian Kenning and Gillian Winckler as important additions to the Board and they were elected as Directors at the 2017 annual general meeting. Additionally, as part of the second phase of this process, Clark Binkley, Duncan Gibson and Harald Ludwig retired and did not stand for re-election as Directors.

To enhance the Board renewal process, the Company has implemented a robust performance review process and employs a skills matrix to identify skills or experience gaps.

### ***Performance Reviews***

The Committee regularly, and not less frequently than annually, reviews the performance of the Board and its Committees. This review has been conducted by way of formal questionnaire and report and by informal interviews and discussions led by the Chairman or the Lead Director. The Board performance review also includes a "peer" or individual director review process. To date no significant problem with respect to performance of the Board, any Committee or any individual director has been identified.

### ***Skills Matrix***

The Committee uses a skills matrix to assist in the process of identifying suitable additions to the Board. The Committee reviews a matrix that sets out the various skills and experience considered to be desirable for the Board to possess in the context of the Company's strategic direction. The Committee then assesses the skills and experience of each current Board member against this matrix. When completed, the matrix helps the Committee identify any skills or experience gaps and provides the basis for a search to be conducted for new Directors to fill any gaps.

Following is a skills matrix that sets out the skills or experience that the Committee has targeted for Directors as well as the Committee's determination of the minimum number of Directors who should have such skills or experience.

<b>Skills and Experience</b>	<b>Target Number of Non-Management Directors</b>
Senior executive/Strategic leadership	4
Financial literacy	4
Forestry/Manufacturing	3
Risk management	4
Capital markets	3
Government relations	2
Executive compensation	4
Governance	4

The Board is of the view that the minimum target levels have been achieved by the current Board and will be achieved assuming all nominees described above are elected at the Meeting.

### **Board Tenure**

The Company does not have term limits for its Directors as the Board is of the view that term limits are arbitrary and can result in the removal or exclusion of valuable and experienced Directors solely because of length of service. For similar reasons, in September 2016, the Board considered the continued use of an age limitation for Directors and determined that its continuation was no longer appropriate nor in the best interests of the Company. The Board believes that arbitrary age or term limits can be detrimental to the Company by excluding experienced and valuable candidates with the accompanying loss of continuity and institutional knowledge. Such belief is consistent with the positions of a number of governance and advisory groups.

The decision to not have term limits and to eliminate the age limitation was based upon the Board's belief that Directors should be assessed on their ability to make meaningful contributions. The Company undertakes regular and rigorous reviews of Board, Committee and director performance and skills as part of evaluating the overall performance of the Board and the contributions made by each Director. The Company's annual performance review and skills assessment is a more meaningful way to evaluate and assess Director performance, and a more effective way to maintain an appropriate balance between the benefits of new and diverse characteristics and perspectives and ensuring there is continuity of institutional and industry knowledge and experience. The Board has demonstrated the effectiveness of its approach.

Over the past three years the Company identified and added four new Board members and three of its longer serving Board members retired. The Board is composed of members with an appropriate mix of Directors who are new to the Company and who bring fresh perspectives, and those with institutional knowledge and experience.

The following table shows the tenure of our current Directors standing for re-election at the meeting:

<b>Board Tenure</b>		
<b>Tenure</b>	<b>Number of Directors</b>	<b>% of Directors</b>
1 to 5 years	5	56.0%
6 to 10 years	1	11.0%
11 years and over	3	33.0%

These Directors have an average tenure of approximately 9.00 years.

### **Director Compensation**

The Human Resources & Compensation Committee regularly reviews our Director compensation policy and, following a review in December 2018 of director compensation programs of our peers, recently approved a number of changes to Director compensation, effective January 1, 2019. The Board has adopted a fixed fee Director compensation structure, which consists of the following:

Annual base retainer	\$85,000 <sup>1</sup>
Annual equity retainer	\$85,000 in DS Units
Annual Committee Chairman retainer <sup>2</sup>	\$10,000 per Committee
Lead Director annual retainer <sup>3</sup>	\$50,000
Chairman annual retainer <sup>4</sup>	\$295,000

1. Each Director may elect once each year that up to 100% of the annual base retainer and other retainers be paid in DS Units
2. For each of the Audit Committee, Health, Safety & Environment Committee and the Human Resources & Compensation Committee
3. For the Lead Director and Chairman of Governance & Nominating Committee
4. Exclusive of annual base and equity retainers

Directors are not paid separate meeting fees or fees for committee membership and are not provided a travel allowance. The Committee believes that this compensation structure is consistent with current governance best practices and emphasizes that the role of a corporate director is not confined to attendance and participation at meetings.

Under our Equity Holding Requirements Policy, the minimum shareholding requirement for each Director is a multiple of three times the aggregate of a Director's annual base retainer and annual equity retainer, as described in further detail on page 29 under "Minimum Equity Holding". If a Director's equity ownership exceeds such threshold, that Director has the right to elect to receive cash in lieu of his or her annual equity retainer payable in DS Units.

Annual non-equity retainers are paid in monthly instalments.

After April 19, 2016, when Mr. Ketcham relinquished his role as Executive Chairman, his annual compensation was established in the amount of \$295,000 for his role as Chairman of the Board, exclusive of all annual director base and equity retainers. Directors are also reimbursed for out-of-pocket expenses incurred in attending meetings of the Board or committee meetings or otherwise on Company business.

The Company has a Directors' Share Compensation Plan (the "Compensation Plan"), the purpose of which is to enable each Director to participate in our growth by receiving Common shares in lieu of cash for services performed as Directors. Under the Compensation Plan, Common shares are issued after each quarter at a price per share equal to the weighted average of the trading price for the Common shares on the Toronto Stock Exchange (the "TSX") for the last five trading days in the quarter. No Common shares were issued to Directors during 2018 under the Compensation Plan.

The Company has a DSU Plan which provides a structure for Directors to accumulate an equity-like holding in the Company. The DSU Plan allows Directors to participate in our growth by providing a deferred payment based on the value of a Common share at the time of redemption. Each Director may elect to receive up to 100% of annual retainers in DS Units and must receive DS Units in payment of the annual equity retainer unless the Director has achieved the minimum shareholding requirement (see "Minimum Equity Holding" on page 29). The DS Units are issued based on the weighted average trading price of the Common shares on the TSX during the five trading days prior to their issue. Additional DS Units are issued to take into account the value of dividends paid on Common shares from the date of issue to the date of redemption. DS Units are redeemable only after a Director retires, resigns or otherwise leaves the Board and has ceased to fulfill any other role as an officer or employee of the Company. A holder of DS Units may on redemption elect to redeem DS Units in cash or in Common shares, or a combination of cash and Common shares. The redemption value for each DS Unit a director has elected be redeemed in cash is the weighted average of the trading price on the TSX of a Common share over the last five trading days ending on the date of redemption. DS Units qualify as equity for the purposes of the minimum equity holding requirement for Directors.

**Total Director Compensation  
2018**

<b>Name</b>	<b>Fees earned<sup>1</sup> (\$)</b>	<b>Share-based awards<sup>2</sup> (\$)</b>	<b>Option-based awards (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Hank Ketcham	372,500	77,500 <sup>3</sup>	Nil	Nil	Nil	Nil	450,000
Reid E. Carter	84,472	77,500	Nil	Nil	Nil	Nil	161,972
John N. Floren	82,500	77,500	Nil	Nil	Nil	Nil	160,000
Brian Kenning	77,500	77,500	Nil	Nil	Nil	Nil	155,000
John K. Ketcham	77,500	77,500	Nil	Nil	Nil	Nil	155,000
Gerry Miller	77,500	77,500	Nil	Nil	Nil	Nil	155,000
Robert L. Phillips	132,500	77,500	Nil	Nil	Nil	Nil	210,000
Janice G. Rennie	80,528	77,500 <sup>3</sup>	Nil	Nil	Nil	Nil	158,028
Gillian Winckler	77,500	77,500	Nil	Nil	Nil	Nil	155,000

1. Represents total earned during 2018 other than the annual equity retainer which is included in the Share-based awards column of this table. These amounts were paid either in cash or DS Units as described in the following chart.
2. DS Units granted at the end of each quarter in payment of the annual equity retainer are valued based on the weighted average trading price of the Common shares on the TSX on the last five trading days of the quarter.
3. This amount was paid in cash rather than DS Units given that the individual director achieved the Minimum Equity Holding (see page 29) and elected to receive cash.

**Payment of 2018 Compensation**

<b>Name</b>	<b>Cash</b>	<b>DS Units<sup>1</sup></b>
Hank Ketcham	\$450,000	Nil <sup>2</sup>
Reid E. Carter	\$84,472	\$77,500
John N. Floren	\$82,500	\$77,500
Brian Kenning	\$77,500	\$77,500
John K. Ketcham	\$77,500	\$77,500
Gerry Miller	\$77,500	\$77,500
Robert L. Phillips	\$132,500	\$77,500
Janice G. Rennie	\$158,028	Nil <sup>2</sup>
Gillian Winckler	\$77,500	\$77,500

1. DS Units are granted quarterly based on the weighted average trading price of the Common shares on the Toronto Stock Exchange for the last five trading days of the quarter.
2. This amount was paid in cash rather than DS Units given that the individual director achieved the Minimum Equity Holding (see page 29) and elected to receive cash.

**Direct and Indirect Share and Other Holdings of Current and Proposed Directors  
(as at February 20, 2018 and February 15, 2019)**

	Shares <sup>1</sup>		Share Purchase Options		DS Units	
	2019	2018	2019	2018	2019	2018
Hank Ketcham <sup>2,3</sup>	395,896	395,896	347,755	516,255	Nil	Nil
Reid E. Carter	Nil	Nil	Nil	Nil	3,524	2,499
Ray Ferris <sup>4</sup>	19,599	10,743	119,085	105,585	Nil	Nil
John N. Floren	Nil	Nil	Nil	Nil	3,524	2,499
Brian G. Kenning	1,200	Nil	Nil	Nil	1,779	769
John K. Ketcham	991,100	991,100	Nil	Nil	4,991	3,952
Gerry Miller	8,142	8,142	Nil	Nil	10,268	9,181
Robert L. Phillips	10,000	10,000	Nil	Nil	12,334	11,229
Janice G. Rennie	1,000	1,000	Nil	Nil	19,899	19,719
Ted Seraphim <sup>5</sup>	37,484	37,484	298,490	256,365	Nil	Nil
Gillian D. Winckler	1,750	1,000	Nil	Nil	1,779	769

1. Includes Common and Class B Common shares.
2. Does not include 5,662,718 Common shares and 1,743,228 Class B Common shares held by Ketcham Investments, Inc.
3. Mr. Ketcham held nil RS Units and nil PS Units as of February 15, 2019 (508 and 508 on February 20, 2018).
4. Mr. Ferris held 5,250 RS Units and 14,420 PS Units as of February 15, 2019 (11,235 and 11,235 on February 20, 2018).
5. Mr. Seraphim held 17,095 RS Units and 25,177 PS Units as of February 15, 2019 (32,265 and 32,265 on February 20, 2018).

As at February 15, 2019, based on the closing price on the TSX (the “Closing Price”) of \$71.38, the total value of all shares, exercisable options and DS Units held by each current Director is as follows:

**Value of Shares, Exercisable Options and DS Units Held as at February 15, 2019**

Name	Shares (\$)	Exercisable Options (\$)	DS Units (\$)	Total Value (\$)
Hank Ketcham	28,259,056	16,755,001	Nil	45,014,057
Reid E. Carter	Nil	Nil	251,543	251,543
Ray Ferris <sup>1</sup>	1,398,977	1,286,649	Nil	2,685,626
John N. Floren	Nil	Nil	251,543	251,543
Brian G. Kenning	85,656	Nil	126,985	212,641
John K. Ketcham	70,744,718	Nil	356,258	71,100,976
Gerry J. Miller	581,176	Nil	732,930	1,314,106
Robert L. Phillips	713,800	Nil	880,400	1,594,200
Janice G. Rennie	71,380	Nil	1,420,391	1,491,771
Ted Seraphim <sup>2</sup>	2,675,608	3,111,089	Nil	5,786,697
Gillian D. Winckler	124,915	Nil	126,985	251,900

1. Mr. Ferris’s 5,250 RS Units and 14,420 PS Units would have a total value of \$1,404,045.
2. Mr. Seraphim’s 17,095 RS Units and 25,177 PS Units would have a total value of \$3,017,375.

**VOTING SECURITIES, PRINCIPAL SHAREHOLDERS AND NORMAL COURSE ISSUER BID**

As of February 15, 2019 a total of 67,088,683 Common shares and 2,281,478 Class B Common shares were issued, each carrying the right to one vote. Our Class B Common shares are equal in all respects to our Common shares and are exchangeable on a one for one basis for Common shares. Our Common shares are listed for trading on the TSX while our Class B Common shares are not. Certain circumstances or corporate transactions may require the approval of the holders of our Common shares and Class B Common shares on a separate class by class basis.



The Directors have fixed the close of business on March 4, 2019 as the record date for the Meeting, being the date for the determination of the registered holders of Shares entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

To the knowledge of the Directors and the Named Executive Officers (as defined in this Circular), the only persons who, as at March 1, 2019, beneficially owned or exercised control or direction over, directly or indirectly, Shares carrying more than 10% of the voting rights attached to any class of our voting securities are as follows:

<b>Name of Beneficial Holder</b>	<b>Title of Class</b>	<b>Amount Beneficially Owned or Controlled</b>	<b>% of Class</b>	<b>% of Total Votes</b>
Ketcham Investments, Inc. <sup>1</sup>	Common	5,662,718	8.4	8.2
	Class B Common	1,743,228	76.4	<u>2.5</u> 10.7
Tysa Investments, Inc. <sup>2</sup>	Class B Common	333,066	14.6	0.5
Great Pacific Capital Corp. <sup>3</sup>	Common	7,914,900	11.8	11.4

1. Ketcham Investments, Inc. is controlled by the family of Henry H. Ketcham, our Chairman.

2. Tysa Investments, Inc. is controlled by William P. Ketcham, one of our former directors. We do not have information concerning holdings of Common shares of Tysa Investments, Inc.

3. Based on public disclosure as at February 23, 2018. The Company is not aware of any changes in holdings since February 23, 2018. Great Pacific Capital Corp. is controlled by James A. Pattison.

On September 19, 2017 the Company renewed its normal course issuer bid to acquire up to 3,794,375 Common shares for cancellation, representing 5% of the then issued and outstanding Common shares until expiry of the bid on September 18, 2018. On June 11, 2018 the Company was authorized to amend this bid to purchase up to an additional 2,196,079 Common shares and, during the twelve-month period commencing September 19, 2017 and ending September 18, 2018, was authorized under this amended bid to purchase up to an aggregate of 5,990,454 Common shares of the Company representing 10% of the public float as at September 12, 2017. Under this bid, from September 19, 2017 to September 18, 2018 we repurchased 5,990,454 Common shares for cancellation at an average price of approximately \$87.79.

On September 17, 2018 the Company further renewed its normal course issuer bid to acquire up to 5,524,048 Common shares for cancellation, representing approximately 10% of the public float as at September 11, 2018 until expiry of the bid on September 18, 2019. Under this bid, from September 19, 2018 to February 15, 2019 we repurchased 2,709,936 Common shares for cancellation under this bid at an average price of approximately \$70.59. Under these bids, during the year ended December 31, 2018, we repurchased 8,135,796 Common shares for cancellation at an average price of approximately \$83.13.

Shareholders may obtain a copy of the notice filed with the TSX in relation to the normal course issuer bid, free of charge, by contacting the Chief Financial Officer of West Fraser at (604) 895-2700 or by email at [shareholder@westfraser.com](mailto:shareholder@westfraser.com).

#### **APPOINTMENT OF THE AUDITOR**

Our current Auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants, of 700 - 250 Howe Street, Vancouver, B.C. PricewaterhouseCoopers LLP has been our Auditor for more than five years.

The Auditor is appointed by the Shareholders, performs its role as the Auditor of our annual financial statements on their behalf, and reports the results of the audit to them. In order to assure the Shareholders that the audit is effective, the Auditor is required to confirm to the Audit Committee its independence from our management in connection with the audit. PricewaterhouseCoopers LLP has confirmed its

independence from our management in connection with the audit of the consolidated financial statements for the period ending December 31, 2018.

All services provided by the Auditor are subject to the pre-approval of the Audit Committee through established procedures and a written policy. Management provides regular updates to the Audit Committee of the services that the Auditor undertakes on the Company's behalf.

During 2018, the Audit Committee met with the Auditor and members of management to review the overall scope and specific plans for the audit of our consolidated financial statements. In addition, the Auditor was engaged to review our unaudited quarterly consolidated financial statements and earnings releases and discussed these with management and the Audit Committee during the relevant quarters. Representatives of the Auditor meet with the Audit Committee in the absence of management representatives as part of each regularly scheduled meeting of the Audit Committee.

The Auditor, the Audit Committee and management maintain regular and open communications regarding the audit of our financial statements. No disagreement arose among the Auditor, the Audit Committee and our management on any matter affecting the audit of our financial statements.

For additional information concerning the Audit Committee and its members see "Audit Committee" in the Company's Annual Information Form for the year ended December 31, 2018 which forms part of our 2018 Annual Report and is available at [www.sedar.com](http://www.sedar.com) under the Company's profile.

#### **ADVISORY RESOLUTION ON THE COMPANY'S APPROACH TO EXECUTIVE COMPENSATION (SAY ON PAY)**

Our executive compensation philosophy, policies and programs are based on the fundamental principle of pay-for-performance to align the interests of our executives with those of our Shareholders. This compensation approach allows us to attract and retain high-performing executives who will be strongly incentivized to create value for our Shareholders on a sustainable basis. As a Shareholder you are asked to consider and approve the following resolution:

Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the Shareholders accept the approach to executive compensation disclosed in the Company's information circular delivered in advance of the 2019 annual meeting of Shareholders of the Company.

Because your Say on Pay vote is advisory, it will not be binding upon the Board. However, the Human Resources & Compensation Committee of the Board will review and analyze the results of the vote and take into consideration such results when reviewing executive compensation philosophy, policies and programs. The Board confirms that the Company's current practices achieve substantially the same results as the Canadian Coalition for Good Governance's (CCGG) "Say on Pay" Policy for Boards of Directors released in September 2010.

The management proxyholders intend to vote FOR the approval of the advisory resolution on executive compensation, except in relation to Shares held by a Shareholder who instructs otherwise.

## **OUR CORPORATE GOVERNANCE POLICIES AND PROCEDURES**

### **Governance Policy**

Our Board of Directors believes that sound governance practices are essential to the effective and efficient operation of the Company and to the enhancement of Shareholder value. We established a corporate governance policy (the “Governance Policy”) in 2002 which was updated and re-approved by our Board in 2007. The full text of the Governance Policy may be reviewed on our website at [www.westfraser.com](http://www.westfraser.com).

The following disclosure has been prepared under the direction of our Governance & Nominating Committee and has been approved by the Board.

### **Chairman of the Board**

Hank Ketcham retired from his role as our Executive Chairman effective April 19, 2016 and assumed the position of Chairman of the Board. Hank Ketcham was appointed our Chief Executive Officer and President in 1985 and assumed the role of Chairman of the Board in 1996. In 2012 he relinquished the title of President and on March 1, 2013 Mr. Ketcham retired as our Chief Executive Officer and was designated as our Executive Chairman of the Board. Ted Seraphim was appointed our President on April 19, 2012 and also became our Chief Executive Officer on March 1, 2013. As part of our senior leadership transition plan, on April 19, 2018 Ray Ferris replaced Mr. Seraphim as our President and will replace Mr. Seraphim as our Chief Executive Officer on his retirement from that role at the end of the second quarter of 2019.

For his duties as Chairman of the Board, the Board has approved, on the advice of the Human Resources & Compensation Committee, Hank Ketcham’s compensation in the aggregate amount of \$295,000 per annum, exclusive of annual director base and equity retainers. As of May 1, 2016, Mr. Ketcham was permitted to elect to receive all or a portion of his compensation in DS Units. Mr. Ketcham ceased to participate in our annual incentive bonus plan after 2014 and ceased to participate in our long-term incentive plans as of January 1, 2016.

The Board has considered the issue of the Chairman’s relationship with management in the context of the need to ensure the Board’s independence from management and has determined that the Chairman is sufficiently aligned with Shareholder interests to ensure Board independence from management. The Chairman is a director and shareholder, and is related to the other directors and shareholders, of Ketcham Investments, Inc., whose shareholdings are described under “Voting Securities, Principal Shareholders and Normal Course Issuer Bid” on page 23. The Board considers that these relationships assure that the interests of the Chairman are closely aligned with Shareholder interests. However, the Board has established the position of Lead Director to ensure that the Board’s independence from management is clear in appearance as well as in fact. The Board has indicated its intention to continue the appointment of a Lead Director until such time as Mr. Ketcham is considered “independent” of management as contemplated under National Instrument 52-110 (see “Composition of the Board – Independence” on page 32).

### **Lead Director**

Bob Phillips has been our Board’s Lead Director since February 2008. Our Board has stipulated that if, and as long as, the Chairman of the Board is not “independent” of management (as contemplated under National Instrument 52-110), the Board will ensure that one of its independent Directors is appointed as Lead Director. The Lead Director’s role is to focus on enhancing the effectiveness of the Board and to help ensure that it functions in an independent and cohesive fashion. In addition, the Lead Director participates in setting agendas for Board meetings, chairs meetings of the Governance & Nominating Committee of the

Board, acts as a liaison between members of the Board and management when necessary, and ensures that the Board has the resources necessary to effectively carry out its functions.

### **Governance & Nominating Committee**

The Board has established a Governance & Nominating Committee comprised entirely of independent Directors. The mandate of the Committee is summarized later in this Circular under “Committees of the Board” on page 35. The Board, through the Committee, monitors changes to the regulatory, business and investment environments with respect to governance practices and regularly reviews governance issues with a view to ensuring that both our Governance Policy and our actual practice continue to serve the best interests of our Shareholders, employees and other stakeholders. The Committee also focuses on the performance of the President and Chief Executive Officer and on management succession.

### **Majority Voting Policy**

In February 2011, the Board reviewed and adopted a majority voting policy on the recommendation of the Governance & Nominating Committee. The majority voting policy was updated and re-approved by the Board in February 2018 and again in February 2019 also on the recommendation of the Governance & Nominating Committee. Under this policy, a Director who is elected in an uncontested election with more votes withheld than cast in favour of his or her election will be required to tender his or her resignation to the Chairman of the Board. If such a director refuses to tender his or her resignation, such director will not be nominated for election the following year. The resignation will be effective when accepted by the Board, and any director who tenders his or her resignation may not participate in the deliberations of either the Committee or the Board which relate to such director’s resignation. This policy does not apply to an election that involves a proxy contest.

The Governance & Nominating Committee will convene a meeting and will consider the offer of resignation and make its recommendation to the Board on whether the resignation should be accepted. The Governance & Nominating Committee will generally be expected to recommend to the Board that it accept the resignation, except in exceptional circumstances. The Board expects that resignations will be accepted unless there are exceptional circumstances that warrant a contrary decision. The Board will announce its decision (including the reasons for not accepting any resignation) by way of a news release within 90 days of the date of the shareholders’ meeting at which the election occurred, and a copy of the news release will be provided to the TSX. Management will not re-nominate for re-election any Director who fails to comply with this policy.

In addition, subject to the requirements of the Company’s articles and the *Business Corporations Act* (British Columbia), in the event a majority of the members of the Governance & Nominating Committee receive a greater number of votes withheld than votes for at their election, the other directors will appoint a Board committee consisting only of those other directors and solely for the purpose of considering the tendered resignations and such committee will convene a meeting and recommend to the Board whether or not to accept these resignations.

### **Advance Notice Policy**

Pursuant to the advance notice policy adopted by the Board on February 13, 2014 and subsequently incorporated as an amendment to our Articles following approval by Shareholders on April 29, 2014, any additional Director nominations for the Meeting must have been received by the Company no later than the close of business on March 22, 2019. No such nominations have been received as of the date of this Circular. If no such nominations are received by the Company prior to such date, management’s nominees for election as Directors set forth above will be the only nominees eligible to stand for election at the

Meeting. The advance notice provisions provide Shareholders, Directors and management of the Company with a clear framework for nominating Directors. See our Articles on SEDAR at [www.sedar.com](http://www.sedar.com) for the terms of our advance notice provisions.

### **Code of Conduct**

In 2004 the Board approved a Code of Conduct for the Company and its Directors, officers and employees. The Code sets out expectations for compliance with laws, safety and health, environmental stewardship, discrimination and harassment, conflicts of interest, ethical conduct, fair dealing and other areas.

The Code also establishes a “whistle-blower” procedure for the reporting of potential breaches of the Code. On February 13, 2014 the Board approved amendments to the Code which included provisions prohibiting certain insiders who are subject to minimum shareholding requirements from purchasing financial instruments designed to hedge or offset any decrease in the market value of our Shares, Options or units, and on February 18, 2015 the Board approved amendments, which included additional provisions related to the Company’s commitment to human rights and compliance with anti-bribery laws.

On December 11, 2018 the Board approved further amendments to the Code to: (a) provide that the Code applies to West Fraser’s contractors, consultants, agents and representatives when acting on behalf of West Fraser; (b) emphasize and expand West Fraser’s commitment to environmental stewardship and supporting the communities in which West Fraser operates; (c) bolster our anti-discrimination and anti-harassment policies in order to ensure a work environment free from discrimination and harassment, in particular sexual harassment; (d) expand the anti-bribery and anti-corruption policy both in terms of persons covered and the activities prohibited; and (e) more clearly articulate provisions relating to substance abuse.

The Code includes an acknowledgement with respect to compliance to be confirmed by each Director and each member of management. All Directors, members of management and substantially all salaried employees periodically confirm compliance with the Code of Conduct and any instances of non-compliance are reported to the Board. In 2018, no waivers of the application of the Code of Conduct were requested of, or granted by, the Board. The full text of the Code of Conduct may be viewed on our website at [www.westfraser.com](http://www.westfraser.com).

### **Charters**

The Board has developed and approved formal charters for each of the Audit, Human Resources & Compensation, Governance & Nominating and Health, Safety & Environment Committees as well as formal position descriptions for each of the positions of Chairman of the Board, Lead Director and Chief Executive Officer. The charters and position descriptions were reviewed and revised by the Board in 2010 and the charters for the Audit Committee and the Human Resources & Compensation Committee were subsequently reviewed and revised by the Board in 2017. On December 11, 2018 the Board approved amendments to the position descriptions of Chairman of the Board, Lead Director and Chief Executive Officer. The Chairman of the Board’s general mandate is to ensure the effective and independent conduct of the Board. The Lead Director’s general mandate is to plan and chair meetings of the Governance & Nominating Committee, and the Chief Executive Officer’s general mandate is to implement the Company’s strategic and operating plans and enhance Shareholder value. These materials may be viewed on our website at [www.westfraser.com](http://www.westfraser.com).

## Minimum Equity Holding

Under our Equity Holding Requirements Policy, the minimum equity holding requirement for Directors is a number of Shares or DS Units having a value of not less than three times a Director's total annual base and equity retainers. Based on the current retainer amounts this would total \$510,000.

Shares and DS Units held by a Director are eligible to be included in determining whether the minimum equity holding requirement has been met (but stock options and PS Units are not eligible). For the purposes of such calculation, Shares and DS Units held by a Director will be valued based on the greater of (1) their original cost or grant date value and (2) the closing price of the Company's Common shares on the TSX on the date of the information included in the Company's annual information circular. The Policy requires that all Directors meet the minimum equity holding requirement within five years of election or appointment and, if after any annual valuation of a Director's equity holdings the value of the Director's holdings fall below the requirement, the Director will have one year to regain compliance.

If a Director exceeds the minimum equity holding requirement, the Director may elect to receive, in lieu of DS Units, all or a designated portion of his or her annual equity retainer in cash.

For a description of the holdings of the Directors see the chart on page 23. The equity holding requirements for senior executives are described under "Executive Compensation Discussion and Analysis – Report on Executive Compensation – Executive Equity Holding Requirements" on page 46.

### Director Equity Holdings (as at February 15, 2019)

Name	Shares	DS Units	Total	Value <sup>1</sup> (\$)	Meets Requirement?
Hank Ketcham	395,896	Nil	395,896	28,259,056	Yes
Reid E. Carter	Nil	3,524	3,524	251,543	No <sup>2</sup>
Ray Ferris	19,599	Nil	19,599	1,398,977	Yes <sup>3</sup>
John N. Floren	Nil	3,524	3,524	251,453	No <sup>2</sup>
Brian Kenning	1,200	1,779	2,979	212,641	No <sup>4</sup>
John K. Ketcham	991,100	4,991	996,091	71,100,976	Yes
Gerry Miller	8,142	10,268	18,410	1,314,106	Yes
Robert L. Phillips	10,000	12,334	22,334	1,594,201	Yes
Janice G. Rennie	1,000	19,899	20,899	1,491,771	Yes
Ted Seraphim	37,484	Nil	37,484	2,675,608	Yes <sup>5</sup>
Gillian Winckler	1,750	1,779	3,529	251,900	No <sup>4</sup>

1. Based on the closing price on February 15, 2019 of \$71.38.

2. Mr. Carter and Mr. Floren became Directors in 2016 and are permitted to meet the minimum shareholding requirement within five years of their appointment.

3. Mr. Ferris also held 5,250 RS Units as of February 15, 2019 with a value of \$374,745 based on the closing price on February 15, 2019 of \$71.38.

4. Mr. Kenning and Ms. Winckler became Directors in 2017 and are permitted to meet the minimum shareholding requirement within five years of their appointment.

5. Mr. Seraphim also held 17,095 RS Units as of February 15, 2019 with a value of \$1,220,241 based on a closing price on February 15, 2019 of \$71.38.

## Mandate of the Board

Our Board has expressly assumed overall responsibility for the stewardship of the Company, including responsibility for (i) adoption of a strategic planning process and approval of a strategic plan,

(ii) identification of the principal risks to our business and implementation of appropriate systems to manage these risks, (iii) succession planning, including appointment, training and monitoring of our senior management, (iv) implementation of a communication policy regarding our disclosure of corporate information, and (v) ensuring the integrity of our internal controls and management information systems including accounting systems.

The Board met five times in 2018, all of which were regularly scheduled meetings. During the regularly scheduled meetings the Board received, reviewed and contributed to management's strategic planning and operating and capital plans, taking into account identified business opportunities and business risks. In conjunction with the ongoing planning process, the Board regularly reviews, with management, the strategic environment, the emergence of new opportunities and risks, and the implications for our strategic direction.

The Board has, with the advice of management, identified the principal risks to our business and has overseen management's establishment of systems and procedures to ensure that these risks are monitored. These systems and procedures provide for the effective management of our manufacturing assets, forest resources and financial resources, and compliance with all regulatory obligations. At each regularly scheduled Board meeting management submits a matrix identifying key short-term and long-term risks together with an analysis of each risk and management's mitigation strategy. The matrix is regularly reviewed by the Board and consideration is given to any changes in circumstances that could either heighten or diminish the nature of a particular risk. The Board understands that our major risks are associated with safety, the environment, access to raw materials and our product end markets.

The Board receives and reviews regular reports on our operations, including reports dealing with safety and environmental issues.

The Board is responsible for the supervision of our senior management to ensure that our operations are conducted in accordance with objectives set by the Board. All appointments of senior management are approved by the Board. As part of our planning process, succession planning for senior management positions is regularly reviewed and discussed.

### **Corporate Disclosure Policy**

The Board has, as part of our Governance Policy, approved a Corporate Disclosure Policy, which was updated on June 11, 2018, that is intended to ensure that all material information relating to the Company is communicated appropriately to our Shareholders and the public. The Policy also applies to the dissemination of annual and quarterly reports, news releases and environmental reports. The Corporate Disclosure Policy may be viewed on our website at [www.westfraser.com](http://www.westfraser.com). In addition to annual general meetings, meetings are held from time to time each year between management representatives and various investors, investment analysts, credit rating agencies and financial institutions, all of which are governed by the Corporate Disclosure Policy.

### **Audit Committee**

The Board, through the Audit Committee, is responsible for overseeing the Company's financial reporting and audit process and requiring that management has designed and implemented and maintains an effective system of internal controls and management information systems. The Audit Committee generally meets twice annually with the Auditor to discuss the annual audit. These meetings are in addition to regular meetings, in which the Auditor participates, during which the Audit Committee reviews and approves certain of our quarterly reports. At regular meetings, the Audit Committee also meets separately and *in*

*camera* with the Auditor without Management and separately and *in camera* with Management without the Auditor. The Audit Committee has complete and unrestricted access to the Auditor.

In 2018 the Audit Committee focused on these key areas:

- reviewing significant accounting and financing reporting issues and assessing the appropriateness of the Company's financial reports;
- overseeing and assessing the adequacy and effectiveness of the Company's internal control procedures over annual and interim financial reporting;
- managing the Company's relationship with the Auditor, through, among other things, a formal review of the performance of the Auditor;
- reviewing with management the adequacy and effectiveness of the Company's systems for monitoring compliance with financial reporting and disclosure laws, including disclosure controls and procedures; and
- oversight of compliance with the Company's Code of Conduct and the process through which complaints are received and dealt with, including confidential and anonymous submissions and those that are of a sensitive or "whistleblower" nature.

In order to provide reasonable assurance that the Company's financial reporting is complete, fairly presented and employs appropriate accounting principles, the Audit Committee reviews the following documents with management and the Auditor and recommends them to the Board for approval:

- annual financial statements and interim financial reports; and
- the related Management's discussion and analysis of financial performance.

The Audit Committee reviews with Management and the Auditor relevant and applicable legal and regulatory developments and the adoption and disclosure of new accounting standards. It also assesses the potential impacts of choosing between accounting alternatives.

### **Decisions Requiring Prior Approval by the Board**

The Board has overall responsibility for the stewardship of the Company. Any responsibility that is not delegated to management or to a committee of the Board remains with the full Board. We maintain policies with respect to matters requiring prior approval of the Board. These policies, and understandings between management and the Board through previous Board practice and accepted legal practice, require that our annual operating and capital plans, significant capital expenditures and all transactions or other matters of a material nature involving the Company or any of its Subsidiaries must be presented by management for approval by the Board.

### **Shareholder Feedback and Concerns**

In addition to the information provided to Shareholders in connection with the annual general meetings of Shareholders and the continuous disclosure requirements of the TSX and securities regulatory authorities, we maintain a policy of ongoing communication with investors and with representatives of the investment community. This process consists of periodic meetings with investment fund managers and investment analysts as well as individual investors and Shareholders, although always in circumstances that assure full



compliance with disclosure requirements. All news releases issued by us are available for viewing on our website at [www.westfraser.com](http://www.westfraser.com). Inquiries by Shareholders are directed to, and dealt with by, members of senior management. Shareholders and potential investors are encouraged to communicate on any issues, including those relating to executive and Director compensation, directly with members of our senior management. All communications are subject to our Corporate Disclosure Policy.

### **Expectations of Management**

The Board has determined its expectations of management, which include provision of information and implementation of processes that enable the Board to identify risks and opportunities for the Company, the identification of appropriate comparisons and benchmarks against which our performance may be measured, and the provision of data that permits the Board to monitor ongoing operations, and management understands these expectations. As part of the ongoing process of monitoring the performance of management, at each Board meeting the Board receives operational updates on each of our business units. These updates compare actual performance to our annual plan and historical results and include a discussion of all significant variances.

As part of the monitoring process, the Chief Executive Officer submits to the Board at the beginning of each year a written report setting out goals, expectations and priorities for the year. These are reviewed by the Board and may be varied based on the Board's comments. At the end of the year, a report is submitted to the Board by the Chief Executive Officer that sets out achievements relative to the original goals and expectations. Both the Board and the Chief Executive Officer expect that the level of those achievements will be taken into account when establishing the Chief Executive Officer's compensation for the following year.

### **Composition of the Board**

#### ***Independence***

We are required to disclose which of our Directors are, or are not, "independent" of management as that term is used in National Instrument 52-110. Eight of our ten current Directors are independent. One of our non-independent directors (Ted Seraphim) has decided not to stand for re-election as our Director. Our new nominee (Ray Ferris who is currently our President and will be appointed our Chief Executive Officer on Mr. Seraphim's retirement as our Chief Executive Officer at the end of the second quarter of 2019) is also not independent. Below is a summary of the basis of our determinations:

<b>Name</b>	<b>Determination and Basis</b>
Hank Ketcham	Non-independent Basis for Determination: Former member of management (President, Chief Executive Officer and Executive Chairman)
Reid E. Carter	Independent
Ray Ferris	Non-independent (new nominee) Basis for Determination: Currently our President and will be appointed our Chief Executive Officer on Mr. Seraphim's retirement as our Chief Executive Officer at the end of the second quarter of 2019
John N. Floren	Independent
Brian G. Kenning	Independent
John K. Ketcham	Independent (see commentary below)
Gerry Miller	Independent (see commentary below)
Robert L. Phillips	Independent
Janice G. Rennie	Independent

Name	Determination and Basis
Ted Seraphim	Non-independent (not standing for re-election) Basis for Determination: Currently our Chief Executive Officer
Gillian D. Winckler	Independent

John Ketcham is the cousin of Hank Ketcham, the Company's current Chairman and former member of our management. The Board has considered this relationship and interest, including the shareholding interests of John Ketcham and those of Hank Ketcham and the fact that neither John Ketcham nor Hank Ketcham are executives or employees of the Company and do not have any other material financial, familial or other relationship with the Company or its executives, and has determined that John Ketcham is sufficiently independent of our management and has interests aligned with Shareholders to the extent that such independence qualifies him to be a member of the Governance & Nominating Committee and make a valuable contribution in that role.

Where an individual is, or has been within the last three years, an employee or executive officer of an issuer, National Instrument 52-110 provides that such individual is deemed to have a material relationship with the issuer and thus would be considered non-independent of the issuer. Gerry Miller retired as an employee and senior officer of the Company on July 31, 2011. As the third anniversary of his retirement has passed, he may be considered independent if the Board determines that he is otherwise sufficiently independent of management. The Board has considered Mr. Miller's prior employment with the Company, and the Board has determined that, given the passage of time and other factors including Mr. Miller's active participation as a director since 2012 and his experience as a director of another Canadian public company, Mr. Miller is sufficiently independent of our management.

The Governance & Nominating Committee, which is comprised of all Directors other than Hank Ketcham, our Chairman, and Ted Seraphim, our Chief Executive Officer, meets without any members of management present as part of each regularly scheduled meeting of the Board. There were five such meetings during 2018.

#### ***Gender Diversity – Board and Executive Officers***

The Company is committed to providing equal opportunities for individuals who have the necessary qualifications for employment and advancement within the Company. The Company's objectives, as outlined in its Code of Conduct, include providing a work environment that is free of discrimination and harassment, including based on gender. The Company believes that supporting a diverse workplace is a business imperative that helps the Company and its Board attract and retain the brightest and most talented individuals.

Two out of our current ten Directors (20%) are women. Two out of eight of the independent Directors (25%) are women. If all of management's nominees are elected, two of the ten Directors (20%) will be women.

The Company and its major subsidiaries have in the aggregate eleven executive officers, none of whom are women.

The Company does consider diversity to be important and believes that its current framework for evaluating Board and executive officer candidates takes into account diversity along with a broad variety of factors the Company considers appropriate. The Company also encourages female and minority candidates to apply for vacant positions, and the Company is an equal opportunity employer. However, the priority of the Company in advancing or recruiting new candidates is ensuring individuals bring value to the Company and its shareholders by possessing a suitable mix of qualifications, experience, skills and expertise and it is

ultimately the skills, experience, characteristics and qualifications of the individual that are most important in assessing the value the individual could bring to the Company.

### **Diversity Policy**

The Company recognizes the benefits of inclusion and diversity in its broadest sense and considers inclusion and diversity at the Board level to be an essential element of Board effectiveness. The Company views inclusion and diversity on the Board as leading to a better understanding of opportunities, issues and risks; enabling stronger decision-making; and ultimately improving our performance and ability to provide strategic oversight and maximize shareholder value. In furtherance of this goal, in February 2019, the Board adopted a formal, written policy relating to diversity including gender diversity (the “Diversity Policy”). The purpose of the Diversity Policy is to promote an environment within the Company which will attract and advance those with the widest range of knowledge, skills and experience. While all director appointments are based on merit, the Board expects that when selecting and presenting candidates to the Board for appointment, the Governance & Nominating Committee will consider not only the skills, experience and expertise of a candidate, but also other factors, including gender, race, ethnicity, age and geography to ensure that the Board has a diverse membership. Moreover, the Board recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role that women with the relevant skills and experience can play in contributing to a diversity of perspective on the Board.

While the Board does not support fixed percentages or quotas for achieving diversity, in recruiting candidates for nomination, the Board and the Governance & Nominating Committee considers a variety of factors including decision-making ability, skill, geography, experience with businesses of a comparable size, diversity of backgrounds and perspectives, gender, race, ethnicity, age, the interplay of a candidate’s skills and experience with the skills and experience of other Board members, and the extent to which a candidate would be a desirable addition to the Board.

The Governance & Nominating Committee may from time to time consider adopting measurable objectives for achieving diversity on the Board, including gender and minority diversity, and recommend such objectives to the Board for adoption.

The Diversity Policy requires the Governance & Nominating Committee to review and monitor the implementation of the policy on an annual basis to ensure its effectiveness and report the results of its review to the Board. The Board currently has two female directors. A copy of the Diversity Policy is available on the Company’s website at [www.westfraser.com](http://www.westfraser.com).

In addition to the Diversity Policy, the charter of the Governance & Nominating Committee provides that the Committee will review and make recommendations to the Board on the composition of the Board in order to ensure that the Board has the requisite expertise and that its membership consists of persons with sufficiently diverse and independent backgrounds, with a view to facilitating effective decision-making. Similarly, in the process of identifying candidates for executive officer appointments, the Company considers whether our senior executive group consists of persons with sufficiently diverse and independent backgrounds.

### **Serving on Other Boards**

Each of Bob Phillips and Janice Rennie is an active corporate director serving on several corporate boards. The Board and the Governance & Nominating Committee have reviewed each of their board memberships and determined that they have demonstrated that they devote the required time and attention to discharge their duties as members of our Board. Mr. Phillips and Ms. Rennie have each demonstrated a strong understanding of West Fraser’s business, have been well prepared for all Board and committee proceedings

and make consistent and valuable contributions to those proceedings. In 2018, Mr. Phillips and Ms. Rennie maintained a 100% attendance record at Board and committee meetings. They also made themselves available to meet with management and fellow Directors and attend tours of the Company's facilities on an ad hoc basis whenever required to do so.

The disclosure under "Information regarding Nominees for Election as Directors" beginning on page 13 lists the other public company directorships held by our Directors. West Fraser does not limit the number of outside directorships. The Governance & Nominating Committee discusses our Director expectations with potential candidates to ensure the candidates understand the time commitments and expectations before agreeing to be nominated as a Director of the Company.

Both Mr. Floren and Ms. Rennie are directors of both West Fraser and Methanex Corporation and both Mr. Phillips and Mr. Kenning are directors of Maxar Technologies Inc. The Board has considered these common directorships and has determined that they should not impair the ability of these individuals to exercise independent judgment as members of our Board.

### **Committees of the Board**

The Board has concluded that, because of its relatively small size, committees of the Board should be kept to a minimum so that all members of the Board are able to participate in discussions on significant issues. Matters that are outside of management's authority are reported to and approved by the Board.

Committees of the Board may engage outside advisors at the expense of the Company. Under the Governance Policy an individual Director may, with the approval of the Board, retain an outside advisor at our expense.

The Board has appointed the following four committees of the Board, each of which is comprised entirely of Directors who are not members of our management: Audit, Human Resources & Compensation, Health, Safety & Environment, and Governance & Nominating.

#### ***Audit Committee***

Chair: Reid E. Carter

Other Members: Janice G. Rennie  
Gerry Miller  
Gillian D. Winckler

The full text of the Audit Committee Charter, which forms part of our Annual Information Form which is included in our Annual Report, is available for viewing on our website at [www.westfraser.com](http://www.westfraser.com). The Audit Committee Charter was reviewed and revised by the Board in 2017. The Audit Committee is responsible for reviewing our annual financial statements and making recommendations as to the approval of the annual financial statements by the Board. Material issues related to the audit of our internal control and management information systems are discussed by management representatives and the Committee as they arise. The Committee has typically been delegated the authority to approve certain of our quarterly financial statements and quarterly earnings announcements before publication. The Audit Committee has direct access to the Auditor and is responsible for approving the nomination, and establishing the independence, of the Auditor. The role of the Committee has been discussed at various times with our Auditor.

Under NI 52-110 the Audit Committee must be comprised of independent directors. An "independent director" is a director that has no direct or indirect material relationship with the Company, including not

being affiliated with management or the Company in terms of specific family or commercial relationships. In addition to being independent, each member of our Audit Committee is considered “financially literate” as that term is used in NI 52-110.

Additional disclosure concerning the Audit Committee is contained in our Annual Information Form, which is included in our Annual Report, under the heading “Audit Committee”.

### ***Human Resources & Compensation Committee***

Chair: Robert L. Phillips

Other Members: John N. Floren  
Brian G. Kenning  
Janice G. Rennie

The Human Resources & Compensation Committee is responsible for reviewing and making recommendations to the Board with respect to the remuneration of our executive management and the remuneration of each Director, and has the authority to grant Options to officers and employees under our Stock Option Plan, although in practice the Board gives final approval of all Option grants. This Committee reviews the remuneration of Directors and executive management each year.

In 2017, the Committee reviewed the Human Resources & Compensation Committee Charter and made recommendations to update it in accordance with best practices and to supplement the Committee’s responsibilities to oversee the Company’s pension plans and executive management succession planning. These recommendations were approved by the Board on December 12, 2017. The Human Resources & Compensation Committee Charter may be viewed on our website at [www.westfraser.com](http://www.westfraser.com).

### ***Health, Safety & Environment Committee***

Chair: John N. Floren

Other Members: John K. Ketcham  
Gerry Miller  
Gillian D. Winckler

The Health, Safety & Environment Committee is responsible for monitoring our health, safety and environmental performance. The Committee conducts an ongoing review of our health, safety and environment-related policies and performance, including compliance with applicable laws and regulations. The Committee also reviews the suitability and effectiveness of safety and environment management systems and environment sustainability certification programs to which we subscribe. The Health, Safety & Environment Committee Charter was reviewed and revised by the Board in 2018. The Charter of the Health, Safety & Environment Committee may be viewed on our website at [www.westfraser.com](http://www.westfraser.com). Additional information about our environmental, social and governance policies and practices can be found on the Responsibility section of our website and in our Responsibility Report on our website, as well as in our Annual Information Form which is part of our Annual Report that can be found on our website and also on SEDAR ([www.sedar.com](http://www.sedar.com)).

### ***Governance & Nominating Committee***

Chair: Robert L. Phillips

Other Members: Reid E. Carter  
John N. Floren  
Brian G. Kenning  
John K. Ketcham  
Gerry Miller  
Janice G. Rennie  
Gillian D. Winckler

The Governance & Nominating Committee is comprised of each Director who is “independent” of management as that term is used in National Instrument 52-110. The Committee is responsible for providing support for the governance role of the Board and, as part of that support, reviews and makes recommendations on the composition of the Board, periodically assesses the function of the Board and its Committees, and monitors developments in corporate governance. In addition, this Committee is responsible for establishing criteria and procedures for identifying candidates for election to the Board, engaging search firms, where necessary, and recommending to the Board nominees to stand for election as Directors. The Committee also regularly assesses the performance of the Chief Executive Officer and reviews and assesses succession plans for management submitted to it on a regular basis. The Committee regularly reviews succession alternatives and planning for the Chief Executive Officer position. The Committee, together with the Chief Executive Officer, manages an ongoing formal process to assess the abilities, readiness and interests of members of the current executive group and oversees appropriate skills development. The Governance & Nominating Committee Charter was reviewed and re-approved by the Board in 2018. The Governance & Nominating Committee Charter may be viewed on our website at [www.westfraser.com](http://www.westfraser.com).

### **Orientation Program and Continuing Education**

New Directors receive a broad range of materials that provide both historical and forward-looking information concerning West Fraser, its operations, senior management and the Board, and its strategic objectives. As part of our orientation program, new Directors have an opportunity to meet with senior management to discuss our business, receive historical and current operating and financial information and are encouraged to tour our facilities.

We do not have a formal continuing education program for our Directors. Each of our Directors has had, or currently has, executive or board of director responsibilities and there is a regular sharing of those experiences which assists our Board in identifying and adopting, on a continuing basis, best corporate governance practices. Board proceedings include regular review of risk factors including detailed reviews of focus risks, periodic presentations by management and outside industry experts on important and evolving issues and Directors will visit and tour certain facilities on a regular basis which contributes to a more complete understanding of our business.

Individual Directors attended and, in some cases, were participants or presenters at, third-party conferences, seminars, webinars and presentations on a broad range of topics in 2016, 2017 and 2018, including the following:

<b>Topic</b>	<b>Presented By</b>
2017 Proxy Season Review	Agenda Webinar
Accounting and Regulatory Updates	E&Y - Canadian Directors Network
Accounting for Cryptocurrencies under IFRS	CPA Canada
Accounting Standards Implementation (IFRS 9, 15, 16)	E&Y - Canadian Directors Network
Audit Quality Symposium	CPAB
Audit Trends	Institute of Corporate Directors (“ICD”) Webinar
Board and Public Policy	ICD
Board as a Strategic Asset	KPMG/National Association of Corporate Directors Quarterly Audit Committee Webinar
Board Culture and Maximizing Board Effectiveness	Institute of Corporate Directors
Board Evaluation Process	ICD Webinar
Board Evaluations	NACD
Board’s Role in Corporate Strategy	ICD Chair’s Committee
Budget	Ernst & Young Webinar
Capital Market Update	Credit Suisse
Challenges for the Board and Audit Committee	Deloitte
Chemical Conglomerates and Demand Driven Supply Chains	KPMG
Chairing the Board - Episode 1	ICD Video Learning Series
Chemical Industry	KPMG Webinar
Climate Change: Implications for Corporate Oversight	CPA Canada
Company Reporting Update	CPA Canada
Conducting Board Evaluations	NACD
Current Issues in Canadian Corporate Governance	ICD
Cyber Security	ICD Forum
Cyber Security	KPMG/NACD Webinar
Cyber-Security	Michael Doucet (former head of CSIS)
D&O Insurance	ICD Webinar
Data Analytics	Andrew Bentley SAS
Digital Disruption and Board Oversight of Big Data	E&Y - Canadian Directors Network
Disruption and the Board	E&Y - Canadian Directors Network Meeting
Disruption Part 1	ICD Forum
Disruption Part 2	ICD Forum
Drug and Alcohol Testing Employment Law	Dentons
Economic Outlook	CIBC
Economic Outlook	KPMG Webinar
Emerging Ethical Challenges for CPAs	CPABC
Enterprise Risk Management	Promontory Advisors
Enterprise Security Management presentation	Michael Doucet (former CSIS)
Executive Compensation	ICD Hugesson Webinar
Executive Education	Harvard Business School
Exposure Draft for Changes regarding Auditors	IESBA – Alberta CPA roundtable
Long Association Rules	
Future Outlook for Oil and Gas	Conoco Phillips
Government Relations and Political Advocacy	E&Y - Canadian Directors Network Meeting

<b>Topic</b>	<b>Presented By</b>
Human Resources Committee Year End Readiness	ICD Webinar
ICD National Conference	ICD
Identifying and Assessing Risks of Material Misstatement	CPA Canada
Industry Expertise on Corporate Boards	Korn Ferry Seminar
Insider Threats – Challenges and Evolving Strategies	KPMG
Institutional Shareholder Perspectives	Lazard
Leading through Change	ICD Forum
Legal Responsibilities of Officers and Directors	CPABC
Lessons for Massive Board Transformations	ICD Forum
Market Update	Wells Fargo
Panelist – Chair/COO Relationship	ICD
Panelist – Executive Education	Hugesson/ICD Webinar
Panelist – Women on Boards	Blakes LLP
Powering Forward to Low Carbon Future	Capital Power
Principles of Shareholder Engagement	ICD Chair’s Committee
Public Company Audit Update	CPABC
SEC Registration and Rules (in house counsel)	Legal Briefing
Towers Watson Proxy	Season Webinar
U.S. Election: What does it mean for Canada?	E&Y - Canadian Directors Network
Workforce Planning	Ted Talk

A key part of each regularly scheduled Board meeting is a business overview provided by the Chief Executive Officer. This overview includes an operational and financial review but also provides perspectives on growth strategies, human resources, political, legal and regulatory issues and material changes in our risk environment. These discussions help our Directors to understand the full scope of our underlying business environment when making decisions that affect our future.

### **Performance Reviews**

The Governance & Nominating Committee regularly and, not less frequently than annually, reviews the performance of the Board and its Committees. This review has been conducted both by way of a formal questionnaire and report and by informal interviews and discussions led by the Chairman or the Lead Director. The Board performance review also includes a “peer” or individual Director review process. To date no significant problem with respect to performance of the Board, any Committee or any individual Director has been identified.

### **Meeting Attendance Record**

In 2018 the attendance record for Board meetings was 99%. The following chart sets out meeting attendance records of each of the current Directors during 2018, including each Committee of which the Director is currently a member.



Director	Committees				
	Board Meetings	Audit	Human Resources & Compensation	Health, Safety & Environment	Governance & Nominating
H.H. Ketcham	5 of 5	Nil	Nil	Nil	Nil
R.E. Carter	5 of 5	4 of 4	Nil	Nil	5 of 5
J.N. Floren	4 of 5	Nil	4 of 4	2 of 2	4 of 5
B.G. Kenning	5 of 5	Nil	4 of 4	Nil	5 of 5
J.K. Ketcham	5 of 5	Nil	Nil	2 of 2	5 of 5
G.J. Miller	5 of 5	4 of 4	Nil	2 of 2	5 of 5
R.L. Phillips	5 of 5	Nil	4 of 4	Nil	5 of 5
J.G. Rennie	5 of 5	4 of 4	4 of 4	Nil	5 of 5
E.R. Seraphim	5 of 5	Nil	Nil	Nil	Nil
G.D. Winckler	5 of 5	4 of 4	Nil	2 of 2	5 of 5

## EXECUTIVE COMPENSATION DISCUSSION & ANALYSIS

### *Human Resources & Compensation Committee Responsibility*

The Human Resources & Compensation Committee (the “HR&C Committee”) is responsible for recommending to the Board the level and nature of compensation for executive officers and Directors and may grant Options to officers and employees under the Stock Option Plan although in practice the Board provides final approval of all compensation matters for Directors and executive officers including Option grants. In making its determinations, the HR&C Committee has access to comparative data and, if considered appropriate, receives advice from selected independent consultants.

The HR&C Committee is also responsible for reviewing and recommending to the Board the approval of our compensation and benefits (including retirement and pension) philosophy and policies and any incentive-compensation plans and equity-based plans. In reviewing such policies, the HR&C Committee may consider the recruitment, development, promotion, retention and compensation of executive management and other employees and any other factors that it deems appropriate.

The HR&C Committee also assesses on an ongoing basis whether such compensation and benefits policies are consistent with the sustainable achievement of our business objectives, the prudent management of our operations and risks, and the promotion of adherence to our Code of Conduct, its policies concerning safety and environmental stewardship and other material policies, procedures and controls. The HR&C Committee also ensures that such compensation and benefit policies do not encourage unwarranted risk taking and will undertake annual risk assessments of these policies. When it reviews and recommends compensation for the Chief Executive Officer (the “CEO”) and executive management, the HR&C Committee assesses the appropriateness of compensation relative to business risks undertaken by considering, among other things, adherence to our Code of Conduct and its other material policies, procedures and controls, as well as any other factors it considers appropriate.

The HR&C Committee is also responsible for overseeing the financial position, governance, administration and compliance with statutory and regulatory requirements of the Company’s pension plans and reporting to the Board annually on these plans. The HR&C Committee also oversees talent development and succession planning for our executive management and annually reports to the Board on such planning.

### *Composition of the Human Resources & Compensation Committee*

The HR&C Committee currently consists of four independent Directors each of whom has held senior executive roles which have included involvement in executive compensation issues. The HR&C

Committee met four times in 2018 to review matters relating to the compensation of Directors and executive officers. In addition to meetings, members of the HR&C Committee regularly receive reports and advice from independent consultants and members of executive management on executive compensation issues. None of the members of the HR&C Committee is indebted to the Company.

See also “Our Corporate Governance Policies and Procedures – Committees of the Board – Human Resources & Compensation Committee” on page 36.

### **Report on Executive Compensation**

The policy of the HR&C Committee and the Board with respect to executive compensation is to provide compensation to each executive officer in the form of a base salary, employment benefits, performance-related bonus, equity-based long-term incentives and post-retirement pension benefits in order to attract and retain a highly-motivated, cohesive and results-oriented management team. Total compensation for each executive officer is designed to be competitive with that provided by comparable companies in Canada to executive officers in similar positions as well as to align the interests of executive officers with those of our Shareholders and not encourage excessive risk taking. Each of the components of total compensation is established based on the following criteria:

Base Salary	– to be below the median base salaries for comparable positions
Annual Incentive Bonus	– based on our financial performance above a minimum return on shareholders’ equity, and targeted to be below the median for comparable positions
Long-Term Incentive	– to be above the median on long-term incentives for comparable positions

Overall, the compensation package is designed to compensate executive officers for above-average, long-term, sustainable financial results, and is designed to be competitive at the 50% percentile for overall compensation for comparable positions.

In order to establish compensation for executive officers other than the CEO, the HR&C Committee receives recommendations with supporting documentation, including data on comparable compensation levels, from the CEO. The HR&C Committee considers the recommendations and comparative data and makes its recommendation to the Board. In respect of compensation for the CEO, the HR&C Committee bases its recommendation to the Board on its review of comparable compensation data for chief executive officer positions. In 2018 as part of its review the HR&C Committee considered a survey and report prepared by Willis Towers Watson (“Towers Watson”), a professional services firm, of our executive compensation program relative to those of different peer groups, which included a review of the compensation for the CEO and our other executive officers and comparable compensation data for CEO and other executive officers positions of those peers.

In determining the comparability of similar positions in other companies the HR&C Committee considers responsibility levels as well as industry similarity, annual revenues and cash flows, total assets, market capitalization and number of employees of the selected companies. For positions where compensation data is not comparable, internal guidelines and data are used.

The Company uses, and periodically participates in, broad-based compensation surveys prepared by independent consulting firms. As well, from time to time the Company and the HR&C Committee may obtain specific benchmarking data prepared by independent consulting firms. This information, along with Company-specific data, is considered when establishing compensation for executive officers.

In connection with the survey and report prepared in 2018 by Towers Watson of our executive compensation program relative to those of different peer groups and on the recommendation of Towers Watson, the peer group for the compensation benchmarking study was updated in 2018 and is comprised of the following publicly-traded, Canadian and U.S. companies:

**Paper and Forest Products**

Resolute Forest Products Inc.  
Canfor Corporation  
Cascades, Inc.  
CCL Industries Inc.  
Domtar Corporation  
Interfor Corporation  
KapStone Paper and Packaging Corp.  
Norbord Inc.

**Capital-Intensive**

Finning International Inc.  
Gibson Energy Inc.  
Keyera Corp.  
Louisiana-Pacific Corporation  
Lundin Mining Corporation  
Methanex Corporation  
Parkland Fuel Corporation  
WSP Global Inc.

***Base Salaries***

The HR&C Committee reviews executive management base salaries periodically and considers annual adjustments to be effective in October of each year. The most recent review of base salaries was conducted in September 2018.

In determining its September 2018 recommendation for the base salary of each executive officer, the HR&C Committee considered the comparative data for the peer group.

***Annual Incentive Bonus Plan***

The annual incentive bonus plan (the “Bonus Plan”) covers our CEO and our Vice-Presidents. The Bonus Plan is the variable compensation component of total executive compensation designed to compensate these officers annually based on the achievement of our objective annual financial return targets.

The annual bonus is calculated as a percentage of current salary, with the percentage based on the total cumulative annual return (adjusted by excluding equity-based compensation expense or recovery and any accrual for bonuses to our senior executives) on average Common Shareholders’ equity (“ROSE”) above a minimum threshold return as set out in the Bonus Plan. Under the Bonus Plan, the annual ROSE is expressed as a percentage of ROSE to a Shareholder, including all dividends paid, over the applicable fiscal year. If the annual ROSE is below 5% for the applicable year, bonuses are not payable under the Bonus Plan. At the 5% ROSE level, bonuses for the Vice-Presidents are 17.5% of base salary. The bonus percentage increases as the ROSE increases and the bonus percentage will reach 100% of base salary at a 15% ROSE level, which is the maximum bonus percentage payable. In any year, the bonus percentage for the CEO is equal to 125% of the bonus percentage for other officers covered by the Bonus Plan.

The Board may, in its discretion, also consider other issues, including safety and environmental performance, when determining the amount, if any, of bonuses earned under the Bonus Plan that will be paid.

In 2018 on an adjusted basis (adjusted by excluding equity-based compensation expense or recovery and any accrual for bonuses to our senior executives) our earnings were \$816 million which resulted in an annual ROSE of 28% for 2018. This exceeded the bonus threshold under the Bonus Plan and annual incentive bonuses of a maximum of 100% of base salary were awarded to each of the qualifying senior executives in accordance with the Bonus Plan (with the bonus percentage for the CEO equal to 125% of

such bonus percentage) and were paid in 2019. In 2017 and 2016 the annual ROSE was 26% and 15%, respectively, and also exceeded the bonus threshold and annual incentive bonuses of a maximum of 100% of base salary were awarded in each of those years to each of the qualifying senior executives in accordance with the Bonus Plan (with the bonus percentage for the CEO equal to 125% of such bonus percentage) and were paid in 2018 and 2017, respectively. See also “Clawback Policy” on page 46 which applies to the Bonus Plan.

### ***Long-Term Incentive Component***

The long-term incentive component of compensation is comprised of Options and phantom share units (which are either RS Units or PS Units) that are intended to directly align the long-term interests of our senior management with those of our Shareholders. The proportion of Options and phantom share units included in a long-term incentive grant will vary from time to time at the discretion of the Board. In 2019 the Board, on the recommendation of the HR&C Committee, changed the mix of the long-term incentive components of executive compensation to eliminate grants of RS Units and grant in their place additional PS Units in order to increase the award of performance-conditioned equity incentive components of executive compensation. As a result, approximately 50% of the value of the long-term incentives granted in 2019 to executive officers (which consisted of only Options and PS Units) are performance-conditioned.

### **Stock Option Plan**

The Board established the Stock Option Plan on February 24, 1994 as a means of recognizing contributions to the Company made by Directors, officers and employees and to provide a long-term incentive for their continuing relationship with the Company and its subsidiaries. Directors ceased to participate under the Stock Option Plan in 2004. The Stock Option Plan has been amended from time to time (most recently in April of 2016) to increase the number of Common shares that may be issued in respect of Options granted under it, to impose certain limits on the number of Options that may be issued to our insiders, to establish certain restrictions on amendments to the Stock Option Plan without Shareholder approval, to provide for certain automatic extensions for Options expiring during or within five business days of a blackout period under the Company’s Securities Trading Policy, and to address certain incidental housekeeping changes. See also “Option Grants” on page 52.

### **Outstanding and Authorized Options**

<b>Year</b>	<b>Outstanding</b>	<b>Weighted Average Price</b>	<b>Remaining Authorized</b>	<b>Total</b>	<b>% of Outstanding Common Shares</b>
2019 <sup>1</sup>	1,351,253	\$40.03	334,900	1,686,153	2.4
2018 <sup>1</sup>	1,536,391	\$40.79	474,806	2,011,197	2.6
2017 <sup>1</sup>	2,266,117	\$31.83	595,791	2,861,908	3.7

1. As at February 15, 2019, February 20, 2018 and February 21, 2017, respectively.

### **Annual Burn Rate**

The following table summarizes the burn rate during the last three fiscal years. Burn rate is defined as the total number of Options granted during the applicable fiscal year divided by the weighted average number of Common shares and Class B Common shares outstanding for the applicable fiscal year.

	<b>Options Granted in Year</b>	<b>Weighted average number of securities outstanding</b>	<b>Annual Burn Rate</b>
2018	112,715	74,451,215	0.2%
2017	192,255	78,096,613	0.2%
2016	246,285	80,236,226	0.3%

Since the introduction in 2003 of the right of a holder to surrender an Option for a cash payment (the “Cash Value Alternative”) under the Stock Option Plan, as at February 15, 2019 151,006 Options have been exercised for Common shares, resulting in a 0.2% dilution to Common shareholders. During the year ended December 31, 2018 no Options were exercised for Common shares. See “Option Grants” on page 52. Of the 1,351,253 outstanding Options, 863,741 are exercisable and, of the outstanding Options, 1,066,688 Options were held by insiders representing 1.5% of the total number of issued and outstanding Common shares and Class B Common shares, in each case as of February 15, 2019. A total of 112,715 Options were granted to officers or employees in 2018 and a total of 148,805 Options were granted to officers or employees in February 2019, representing less than 0.1% and less than 0.2% of the total number of issued and outstanding Common shares and Class B Common shares as at the end of 2017 and 2018, respectively.

Our Board has adopted a policy to manage the Stock Option Plan with a goal of limiting the potential dilution of outstanding and remaining authorized Options to 5% or less of the number of our outstanding Shares. The aggregate potential dilution of all issued and authorized Options under our Stock Option Plan was 1.9% at February 15, 2019.

#### Phantom Share Unit Plan

In 2010 the Board approved the Phantom Share Unit Plan which is intended to supplement or, in whole or in part, replace, the granting of Options as long-term incentives for officers and employees. This plan provides contingent future compensation based on Common share price performance, but is payable only in cash and represents no potential for Shareholder dilution. The HR&C Committee and the Board believe that this plan, combined with other components of compensation, provides a broader range of alternatives in developing retention and performance incentives for officers and employees that more directly align their interests with those of current and future Shareholders.

The plan permits the Board to grant, as it determines appropriate, two types of units which vest on the third anniversary of the grant date. A vested RS Unit must be redeemed by us by payment to the holder of an amount equal to the volume weighted average trading price of a Common share over the 20 trading days immediately preceding its vesting date (the “vesting date value”). A vested PS Unit must be redeemed by us by payment to the holder of an amount, determined by the Board, that is equal to or between nil and twice its vesting date value based on two performance criteria measuring our performance relative to the performance of a peer group of companies over the three-year performance period. At the end of such period, in order to determine the amount to be paid on vested PS Units the Company’s performance is measured by reference to (i) the Company’s total cumulative shareholder return relative to the total Shareholder return (the “TSR”) of the peer group and (ii) the average of the Company’s annual total cumulative return on capital employed relative to the return on capital of the peer group. The amount paid, if any, on such PS Units is based on an equal weighting of these two performance measurements although if the return on capital employed is negative for the period the weighting for that factor is capped at one-half its potential maximum, regardless of relative performance. The peer group used for the purposes of the Phantom Share Unit Plan currently consists of Canfor Corporation, Interfor Corporation, Western Forest Products Inc. and Weyerhaeuser Company, all of which are North American publicly-traded forest products companies. On the recommendation of the HR&C Committee, this peer group may be reviewed and changed by the Board, from time to time, as it deems appropriate. The Board also has discretion to vary

the payout calculation as it considers appropriate to take into account factors which may have a significant or extraordinary effect on relative performance.

Officers and employees granted units under the Phantom Share Unit Plan are also entitled to additional units to reflect cash dividends paid on Common shares from the applicable grant date until payout. The final amount to be paid, in cash, to each officer or employee on RS Units and PS Units is based on the type and number of vested units she or he holds multiplied by the applicable payout value. Other than officers or employees who retire, become totally disabled or die, units will be automatically cancelled, without payout, on termination of employment or resignation. In the event of retirement, total disability or death of a holder of RS Units or PS Units granted after 2012, the number of units held will be reduced based on the proportion of the three-year period that the holder was not an officer or employee.

In each of February 2017 and 2018, the Board granted units under the Phantom Share Unit Plan to officers and employees and, in the case of executive officers, the proportions of the grants for each of the RS Units and the PS Units to executive officers were equal. In 2019, the Board granted units under the Phantom Share Unit Plan to officers and employees and, in the case of executive officers, granted only PS Units and no RS Units were granted to executive officers. The change in the mix of units granted in 2019 was made to increase the award of performance-conditioned long-term incentives granted to executive officers and reduce the award of time-conditioned incentives. As a result approximately 50% of the value of the long-term incentives granted in 2019 to executive officers (which consisted of only Options and PS Units) are performance-conditioned. See also “Clawback Policy” on page 46 which applies to the Phantom Share Unit Plan.

For PS Units which vested in February of 2019, the relative performance multiplier was 1.92. The calculation is set out below.

*PS Unit Relative Performance Multiplier*

First Comparison (out of a maximum of 1) – Return on Capital Employed

2016	0.75	(exceeded three of four in peer group)
2017	1.00	(exceeded four of four in peer group)
2018	1.00	(exceeded four of four in peer group)
Average	0.92	

Second Comparison (out of a maximum of 1) – Total cumulative shareholder return over entire period February 15, 2016 to January 31, 2019

	<u>1.00</u>	(exceeded four of four in peer group)
<u>Total</u>	1.92	

Previous PS Unit Relative Performance Multipliers were as follows:

<u>For PS Units Vesting in February of:</u>	<u>Multiplier</u>
2014	1.0
2015	1.47
2016	1.27
2017	1.27
2018	1.92

### ***Post-Retirement Pension Benefit***

Executive officers, including the CEO, are members of our non-contributory defined benefit pension plans for salaried employees. The pension benefit provided under these pension plans is described starting at page 57 of this Circular. The Company does not provide any additional post-retirement benefits, such as medical or dental insurance, to the executive officers.

### ***Clawback Policy***

We have recognized a trend in recent years towards the adoption of recoupment and “clawback” policies, particularly among large public companies. As a prudent aspect of risk management and our commitment to operate consistently with good governance practices, the Board in 2013 approved amendments to the Phantom Share Unit Plan and the Bonus Plan to incorporate payment adjustment provisions. These Plans now both contain financial restatement triggers permitting West Fraser to recoup the amount of the incentive awards that have been paid in excess of the amount that would have been payable under the restated financial statements or deduct such excess amount from future payments to be made under such Plans. These payment adjustment provisions also allow the Company to adjust incentive awards upwards to reflect restated financial statements that are more favourable than the original financial statements. The payment adjustment provisions have a three-year look-back period.

### ***CEO's Compensation***

In recommending compensation for the CEO, the HR&C Committee follows similar principles to those applied for all of our other executive officers. The HR&C Committee considers market competitive-salary information for chief executive officer positions in similar-sized companies in Canada and the U.S. This includes manufacturing companies in other sectors as well as in the forest products sector. The Company periodically participates in broad-based compensation surveys and also periodically seeks the advice of independent compensation consultants engaged to review the executive compensation program. In 2016 Towers Watson conducted a survey on our behalf concerning executive compensation and in 2018 Towers Watson conducted a survey and review of our executive compensation program relative to those of different peer groups. The survey and review results, along with Company-specific data, are used to determine the competitiveness of the CEO's compensation and its alignment with the interests of Shareholders. The CEO establishes, with guidance and direction from the Board, annual goals and reports to the Board at the end of each year on his performance against those goals. The HR&C Committee considers this performance when considering its recommendation of compensation of the CEO.

Details of our CEO's compensation are described in the table titled “Summary Compensation Table”.

### ***Executive Equity Holding Requirements***

In February 2013 our Board approved the adoption of minimum equity holding requirements, that were amended in September 2013. The minimum equity holding requirements are reviewed from time to time to align with what the Board considers best governance practices. In February 2019, on the recommendation of the HR&C Committee, the Board adopted a new Equity Holding Requirements Policy to take into account changes to the Company's equity compensation practices which eliminated grants of RS Units and replaced them with grants of additional PS Units (which do not qualify as eligible equity under the Policy) to increase the award of performance-conditioned equity incentive components of executive compensation. As a result of these changes, approximately 50% of the value of the long-term incentives granted in 2019 to executive officers (which consisted of only Options and PS Units) are performance-conditioned.

Under the Equity Holding Requirements Policy, each executive officer is required to hold Shares and RS Units having a value of not less than the executive's base salary in the case of a Vice-President and not less than three times the executive's base salary in the case of the CEO. Shares and RS Units held by an executive officer will be valued based on the greater of (1) their original cost or grant date value and (2) the closing price of the Company's Common shares on the TSX on the date of the information included in the Company's annual information circular.

Initially, executive officers had until January 1, 2018, or if appointed after 2013, five years from the date of their appointment to meet the minimum equity holding requirements. In connection with changes to the long-term incentive components of executive compensation to reduce the award of time-conditioned incentives by eliminating grants of RS Units and to increase the award of performance-conditioned incentives with grants of additional PS Units (which do not qualify as eligible equity under the Policy), executive officers will now have five years from the date of adoption of the Policy in February 2019 to meet the minimum equity holding requirements, provided that officers who did not meet the requirements in February 2019 must acquire not less than a pro-rata amount of equity each year to achieve full compliance by the end of such five year period.

For the purposes of the following disclosure, the following officers are each a "Named Executive Officer" of the Company:

Ted Seraphim, Chief Executive Officer,  
 Ray Ferris, President and Chief Operating Officer,  
 Chris Virostek, Vice-President, Finance and Chief Financial Officer,  
 Chris McIver, Vice-President, Sales and Marketing, and  
 Sean McLaren, Vice-President, U.S. Lumber.

The following table shows the total holdings of Shares and RS Units held by each Named Executive Officer as at February 15, 2019 valued based on the closing price on the TSX on February 15, 2019 of \$71.38.

**Named Executive Officer Share and Unit Holdings  
 (February 15, 2019)**

Named Executive Officer	Shareholdings	RS Unit holdings	Value of total holdings <sup>1</sup> (\$)	Total as multiple of 2018 salary
<b>Ted Seraphim</b> <sup>2</sup> Chief Executive Officer	37,484	17,095	3,895,849	4.8
<b>Ray Ferris</b> <sup>2</sup> President and Chief Operating Officer	19,599	5,250	1,773,722	3.1
<b>Chris Virostek</b> <sup>2</sup> Vice President, Finance and Chief Financial Officer	5,559	3,640	656,625	1.6
<b>Chris McIver</b> <sup>2</sup> Vice-President, Sales and Marketing	4,836	3,635	604,660	1.7
<b>Sean McLaren</b> <sup>2</sup> Vice-President, U.S. Lumber	6,500	2,880	669,544	1.5

1. Based on the closing price on February 15, 2019 of \$71.38.

2. Named Executive Officers also hold PS Units as follows: T. Seraphim – 25,177; R. Ferris – 14,420; C. Virostek – 7,365; C. McIver – 7,060; S. McLaren – 5,620.



On February 13, 2014 the Board approved amendments to our Code of Conduct which included provisions prohibiting insiders from purchasing financial instruments designed to hedge or offset any decrease in the market value of our Shares, Options or units.

### ***Independent Consultant***

#### Compensation Advice

Towers Watson has provided consulting services to us for several years with respect to executive and non-executive compensation. In 2012 the HR&C Committee adopted a protocol under which all consulting services provided by Towers Watson related to executive compensation must be retained and authorized by the HR&C Committee. Towers Watson reports to the HR&C Committee as outside compensation consultant to advise on compensation policies including providing information on comparative levels of compensation for our senior executives and Directors. In 2014, in addition to a survey concerning CEO and Executive Chairman compensation, the HR&C Committee also received advice from Towers Watson on various executive compensation issues. In 2016 Towers Watson conducted a survey for the Company concerning executive compensation. In addition, in 2018 Towers Watson conducted a survey and review of our executive compensation program relative to those of different peer groups. In 2015, 2016, 2017 and 2018 Towers Watson provided advice on executive compensation.

#### Compensation Risk Assessment Advice

The Company engaged Towers Watson in 2017 and 2019 to conduct independent reviews of material compensation related risks. In 2017, the HR&C Committee received advice and a compensation risk assessment report from Towers Watson which concluded that there did not appear to be significant risks arising from the Company's compensation policies and practices that were likely to have a material adverse effect on the Company. In its assessment, Towers Watson took into account the limited compensation-related risks within the Company, the involvement and authority of the Board in both compensation and risk management oversight, the greater emphasis on at-risk and variable compensation, and the presence of effective risk mitigating practices in the design of the Company's compensation programs. In 2019, the HR&C Committee again received advice and an updated compensation risk assessment report from Towers Watson which also concluded that there did not appear to be significant risks arising from the Company's compensation policies and practices that were likely to have a material adverse affect on the Company. In its updated assessment and report, Towers Watson also took into account and considered the limited compensation-related risks within the Company, the involvement and authority of the Board in both compensation and risk management oversight, the presence of effective risk mitigating practices in the design of compensation programs, and the changes to the long-term executive incentive compensation mix that place a greater emphasis on performance-conditioned long-term incentive grants.

#### Fees

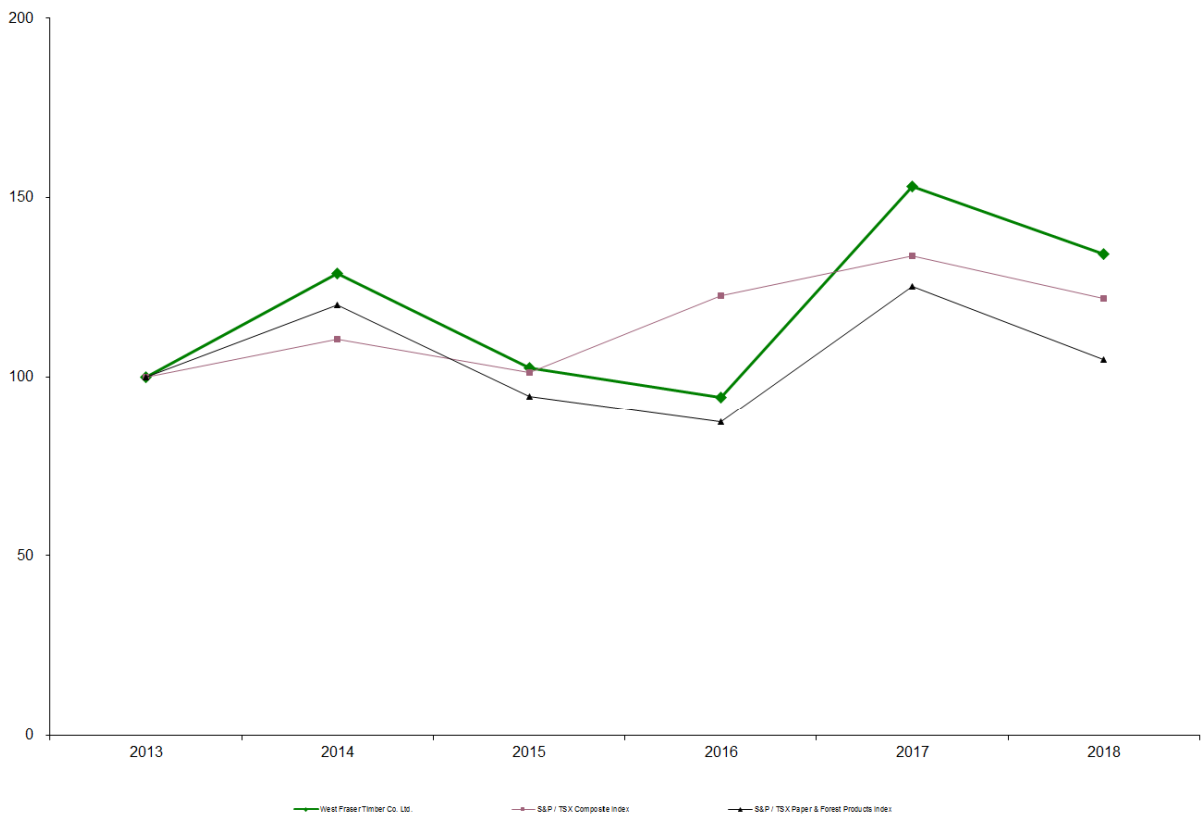
The following table shows the fees paid to Towers Watson for services provided in the last two fiscal years:

<b>Type of Work</b>	<b>2018</b>	<b>2017</b>
Executive Compensation-Related Fees	\$91,020	\$1,531
All Other Fees	\$0	\$2,940

Submitted by the HR&C Committee:  
 Robert L. Phillips (Chair)  
 John N. Floren  
 Brian G. Kenning  
 Janice G. Rennie

**Performance Graph**

The following graph and table compares the total cumulative return to a Shareholder who invested \$100 in our Common shares on December 31, 2013 with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Paper & Forest Products Index for the same period.



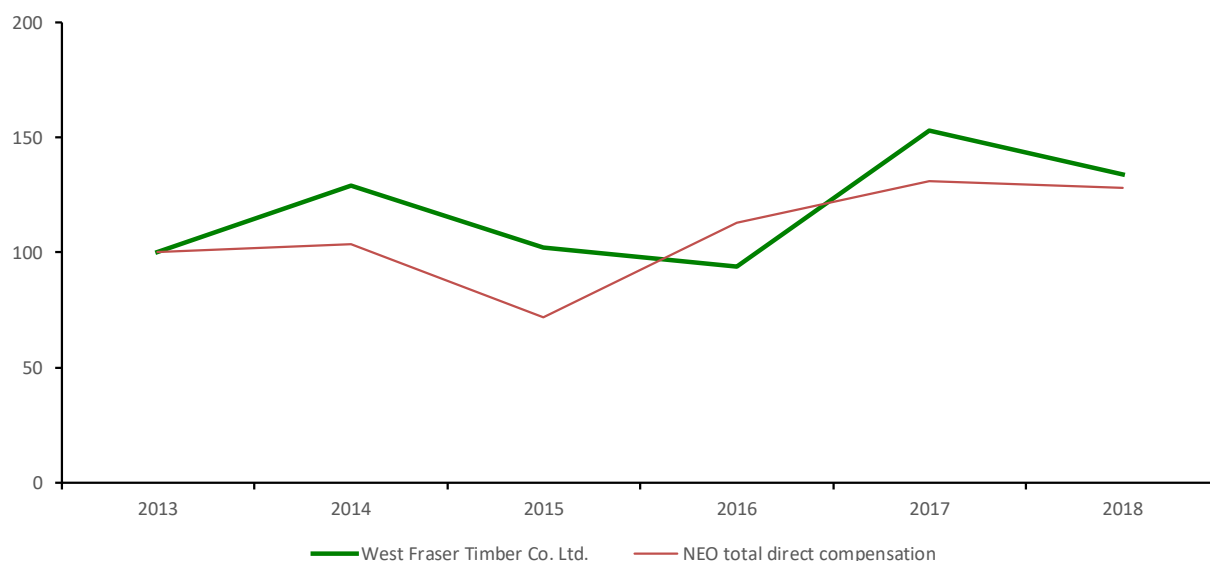
	2013	2014	2015	2016	2017	2018
West Fraser Timber Co. Ltd.	100	129	102	94	153	134
S&P/TSX Composite Index	100	111	101	123	134	122
S&P/TSX Paper & Forest Products Index	100	120	94	87	125	105

Notes:

1. All returns are expressed on a total return basis (all cash and stock dividends reinvested in the index or security).
2. All information per Bloomberg.

We consider the S&P/TSX Paper & Forest Products Index to be an appropriate comparative measure. This is a capitalization-weighted index of leading forest products companies and includes Canfor Corporation, Interfor Corporation, Norbord Inc., Stella-Jones Inc., Western Forest Products Inc., and West Fraser Timber Co. Ltd.

The following graph and table illustrates the relationship between the indexed TSR of our Common Shares on the TSX from December 31, 2013 to the period ending December 31, 2018 considering a \$100 investment versus total indexed direct compensation for the Company’s Named Executive Officers (2013 equals \$100). For four of the last five years, the growth in the indexed value of the TSR of our Common shares exceeded the growth in the indexed value of the total compensation of our Named Executive Officers.



	2013	2014	2015	2016	2017	2018
West Fraser Timber Co. Ltd. <sup>1</sup>	100	129	102	94	153	134
NEO total direct compensation <sup>2</sup>	100	103	72	113	131	128

Notes:

1. All returns are expressed on a total return basis (all cash and stock dividends reinvested in the index or security). All information per Bloomberg.
2. Named Executive Officer direct compensation includes base salary, annual incentive (bonus) plan payments, share-based and option based awards measured using the Binomial valuation method.

## Executive Compensation

Total compensation for Named Executive Officers, as described in the Summary Compensation Table set out below, reflects a gradual recovery from the significant downturn in the forest products industry which began in 2006. Annual incentive bonuses for Named Executive Officers were not earned or paid for 2007, 2008, 2009 and 2011. In 2010, 2012, 2013 and 2014 the Company achieved a ROSE in excess of the minimum threshold and annual incentive bonuses were earned, with payment occurring in the following year. The minimum ROSE threshold was not met in 2015 and no annual incentive bonuses were earned by the senior executives, including the Named Executive Officers. In 2016, 2017 and 2018 the minimum ROSE threshold was exceeded and annual incentive bonuses were earned, which were paid out in 2017, 2018 and 2019 respectively. See also “Annual Incentive Bonus Plan” on page 42.

The compensation of each of our Named Executive Officers for our three most recently-completed financial years is set out below:

### Summary Compensation Table

Name and principal position	Year	Salary (\$)	Share-based awards <sup>1</sup> (\$)	Option-based awards <sup>2</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value <sup>4</sup> (\$)	All other compensation <sup>5</sup> (\$)	Total compensation (\$)
					Annual incentive plans <sup>3</sup>	Long-term incentive plans			
<b>Ted Seraphim</b> <sup>6</sup> Chief Executive Officer	2018	820,095	978,275	977,640	1,044,250	Nil	832,700	Nil	4,652,960
	2017	797,750	950,360	950,390	1,018,750	Nil	635,200	Nil	4,352,450
	2016	719,440	695,170	695,300	990,000	Nil	624,800	Nil	3,724,710
<b>Ray Ferris</b> <sup>7</sup> President and Chief Operating Officer	2018	579,165	299,650	300,235	650,000	Nil	1,143,200	Nil	2,972,250
	2017	490,155	292,350	291,860	500,000	Nil	260,500	Nil	1,834,865
	2016	471,645	285,045	284,940	486,875	Nil	374,800	Nil	1,903,305
<b>Chris Virostek</b> <sup>8</sup> Vice President, Finance and Chief Financial Officer	2018	405,000	220,330	219,660	420,000	Nil	0	Nil	1,264,990
	2017	295,000	194,900	195,025	300,000	Nil	0	Nil	984,925
<b>Chris McIver</b> Vice-President, Sales and Marketing	2018	347,625	207,115	207,460	354,000	Nil	252,700	Nil	1,368,900
	2017	339,650	202,640	202,565	345,500	Nil	186,700	Nil	1,277,055
	2016	331,555	197,665	197,685	337,700	Nil	49,700	Nil	1,114,305
<b>Sean McLaren</b> <sup>9</sup> Vice-President, U.S. Lumber	2018	432,278	165,985	165,505	440,538	Nil	134,200	Nil	1,338,506
	2017	418,019	159,380	159,275	430,486	Nil	159,800	Nil	1,326,960
	2016	414,933	155,385	155,455	422,692	Nil	73,000	Nil	1,221,465

1. For a description of the units see “Phantom Share Unit Plan” on page 44. Units are valued at the date of grant using the Towers Watson Binomial method which was the method used by the Human Resources & Compensation Committee when granting the units. This method was applied consistently in its competitive market analysis.

2. Options have a term of ten years and vest as to 20% on each of the first through fifth anniversary dates of the grant date. Each Option was valued using the Towers Watson Binomial method for the same reason as described in footnote 1. Whether the executive will receive value under these Options will depend on the future market price of Common shares. A description of the current value of all Options held by each Named Executive Officer is set out in the charts at pages 54 – 57.

3. Annual incentive (bonus) plan payments are included in the year earned and are paid in the following year.

4. Pension value represents the change in the pension liability related to the annual service cost, actual and assumed future compensation changes and the impact of plan changes, if any.

5. Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of total compensation for any of our Named Executive Officers.

6. The long-term incentive component of Mr. Seraphim’s compensation was based on a target multiplier of 240% of his base salary at the time of grant.

7. Mr. Ferris was appointed President and Chief Operating Officer effective April 19, 2018, prior to which he was the Company’s Executive Vice-President and Chief Operating Officer effective March 31, 2017. Mr. Ferris is expected to become our Chief Executive Officer on the retirement of Ted Seraphim from that role at the end of the second quarter of 2019.

8. Mr. Virostek was appointed Vice-President, Finance and Chief Financial Officer effective March 31, 2017.

9. Over the three-year period reported in the table above, Mr. McLaren’s salary and annual incentive compensation was awarded in U.S. dollars. The exchange rate used to convert this U.S. dollar compensation was the Bank of Canada’s average US/CDN exchange rate for the fiscal year (2018 = 1.2957; 2017 = 1.2986; 2016 = 1.3263).

## Option Grants

Under the Stock Option Plan, the exercise price of an Option per Common share will not be less than the closing price of the Common shares on the TSX on the last trading day before the Option is granted. The length of the term of Options will be fixed by the Board or the HR&C Committee at not more than ten years and, unless otherwise determined by the Board or the HR&C Committee, Options vest at the rate of 20% per year over the first five years of the term.

Under the Stock Option Plan, Options may not be exercised after a holder ceases to be an eligible participant except that (a) an Option held on the death of an Option holder may be exercised by the personal representative of the holder during the period ending on the earlier of its expiry date and two years after the date of death, (b) an Option held on the retirement or total disability of an Option holder may be exercised during the period ending on the earlier of its expiry date and five years after the date of retirement or disability, and (c) a vested Option held in any other case, may be exercised no later than the earlier of its expiry date and 30 days after the date the holder ceases to be an eligible participant. Options are not assignable, other than those that may be exercised by the personal representative of a deceased holder. We do not provide any financial assistance to holders of Options in connection with the exercise of Options.

The number of Common shares subject to an Option, the exercise price per Common share and the total number of Common shares that may be made subject to Options under the Stock Option Plan will be adjusted proportionately in the event of any subdivision or consolidation of Common shares or any dividend payable in Common shares and will be adjusted as determined by the Board in the event of certain other reorganizations or other events affecting the Common shares. Under the Stock Option Plan, Options granted which have not vested do not automatically vest on a change of control.

The Stock Option Plan permits outstanding vested Options to be surrendered by the holder to the Company in return for a cash payment under the Cash Value Alternative. The cash payment for a surrendered Option is equal to the amount by which the weighted average price per share at which the Common shares were traded on the TSX on the last trading day exceeds the exercise price per Common share applicable to the Option multiplied by the number of Common shares underlying the Option and the amount determined by the HR&C Committee as representative of the estimated costs avoided by the Option holder (such as trading commissions) by virtue of electing the Cash Value Alternative. Since implementation of the Cash Value Alternative in 2003 only 151,006 Common shares have been issued on the exercise of outstanding Options. Our management believes that the Stock Option Plan, with the Cash Value Alternative, operates in a manner similar to the types of long-term incentive plans currently recommended by major institutional shareholder groups for public companies in North America.

The Stock Option Plan restricts the Option holdings of insiders. It provides that: (a) annual grants of Options to insiders may not be for a number of Common shares that exceeds 1% of the total number of our outstanding voting securities (the "Issued Shares"); (b) no single insider may hold, at any time, Options to acquire a number of Common shares that, together with all other Common shares issuable to the insider under any other equity compensation arrangements then in place ("Other Arrangements"), would exceed 5% of the Issued Shares; (c) the total number of Options held, at any time, by insiders cannot allow them to acquire a number of Common shares that, together with all other Common shares issuable to insiders under any Other Arrangements, would exceed 10% of the Issued Shares; and (d) the number of Common shares that may be acquired by all insiders during any 12 month period by exercising Options, together with all other Common shares issuable to insiders under any Other Arrangements, may not exceed 10% of the Issued Shares.

The Board has the power, without Shareholder approval, to amend, suspend, terminate or discontinue the Stock Option Plan provided that doing so will not adversely alter or impair any Option without the written

consent of the holder. This power includes the right to make appropriate adjustments to outstanding Options in the event of certain corporate transactions, to add provisions requiring forfeiture of Options in certain circumstances, to specify practices with respect to applicable tax withholdings, and to enhance clarity or correct ambiguous provisions in the Stock Option Plan. Notwithstanding this power, the Stock Option Plan provides that the Board may not, without Shareholder approval, amend the Stock Option Plan or an Option to: (i) increase the number of Common shares that may be issued; (ii) reduce the subscription price of an outstanding Option; (iii) extend the term of any Option beyond its expiry date or allow for an expiry date to be greater than ten years; (iv) allow non-permitted assignments or exercises of Options; (v) expand the persons entitled to participate in the Stock Option Plan; (vi) or provide for other types of equity-based compensation.

In 2007 we obtained the approval of our Shareholders to make certain amendments to the Stock Option Plan which included, amending the amendment provision to specify the circumstances in which Shareholder approval is or is not required for an amendment to the Stock Option Plan. In 2008 and 2010 our Board made housekeeping amendments to the Stock Option Plan to (i) clarify provisions related to retirement, disability or death, and (ii) clarify provisions related to withholding taxes, respectively.

In 2016 we obtained approval of our Shareholders to amend the Stock Option Plan to increase by 750,000 the number of Common shares that may be issued under Options and to restrict other forms of amendment without Shareholder approval.

A total of 112,715 Options were granted pursuant to the Stock Option Plan during the year ended December 31, 2018 and no Options were exercised during the year. An additional 148,805 Options were granted pursuant to the Stock Option Plan in February of 2019.

The Options granted to each of the Named Executive Officers during the financial year ended December 31, 2018 pursuant to the Stock Option Plan were as follows:

#### Option Grants During 2018

<b>Name</b>	<b>Securities Under Options Granted (#)</b>	<b>% of Total Options Granted to Employees in Financial Year</b>	<b>Exercise or Base Price (\$/Security)</b>	<b>Market Value of Securities Underlying Options on the Date of Grant (\$/Security)</b>	<b>Expiration Date</b>
Ted Seraphim	33,670	30	85.40	2,875,418	February 16, 2028
Ray Ferris	10,340	9	85.40	883,036	February 16, 2028
Chris Virostek	7,565	7	85.40	646,051	February 16, 2028
Chris McIver	7,145	6	85.40	610,183	February 16, 2028
Sean McLaren	5,700	5	85.40	486,780	February 16, 2028

The outstanding Options held by each Named Executive Officer that vested during the financial year ended December 31, 2018 were as follows:

### Options Vested During 2018

Name	Number of Options	Value (\$)¹
Ted Seraphim	44,539	1,588,821
Ray Ferris	16,969	615,668
Chris Virostek	2,300	74,359
Chris McIver	12,555	453,115
Sean McLaren	9,864	356,206

1. Based on the Closing Price as at the date of vesting. No value is attributed to options that have an exercise price greater than the Closing Price at date of vesting.

During 2018 the Named Executive Officers surrendered outstanding Options for cash as follows:

### Options Surrendered for Cash During 2018

Name	Number of Options	Value (\$)
Ted Seraphim	Nil	Nil
Ray Ferris	10,400	663,647
Chris Virostek	Nil	Nil
Chris McIver	Nil	Nil
Sean McLaren	15,200	1,061,051

The following tables provide particulars of Options held by each of the Named Executive Officers as of February 15, 2019 with current value based on the Closing Price of \$71.38:

#### Ted Seraphim

Option Grant Date	Exercisable	Non-Exercisable	Exercise Price (\$)	Current Value of Exercisable Options (\$)	Current Value of Non-Exercisable Options (\$)	Expiry Date
February 15, 2013	41,500	Nil	40.82	1,268,240	Nil	February 15, 2023
February 17, 2014	36,580	Nil	53.96	637,224	Nil	February 17, 2024
February 23, 2015	20,268	13,512	73.99	Nil	Nil	February 23, 2025
February 15, 2016	32,847	21,898	40.97	998,877	665,918	February 15, 2026
February 20, 2017	11,218	44,872	52.95	206,748	826,991	February 20, 2027
February 16, 2018	Nil	33,670	85.40	Nil	Nil	February 16, 2028
February 15, 2019	Nil	42,125	72.11	Nil	Nil	February 15, 2029
<b>Totals</b>	<b>142,413</b>	<b>156,077</b>		<b>3,111,089</b>	<b>1,492,909</b>	

Ray Ferris

<b>Option Grant Date</b>	<b>Exercisable</b>	<b>Non-Exercisable</b>	<b>Exercise Price (\$)</b>	<b>Current Value of Exercisable Options (\$)</b>	<b>Current Value of Non-Exercisable Options (\$)</b>	<b>Expiry Date</b>
February 15, 2013	18,450	Nil	40.82	563,832	Nil	February 15, 2023
February 17, 2014	14,350	Nil	53.96	249,977	Nil	February 17, 2024
February 23, 2015	7,431	4,954	73.99	Nil	Nil	February 23, 2025
February 15, 2016	13,461	8,974	40.97	409,349	272,899	February 15, 2026
February 20, 2017	3,445	13,780	52.95	63,491	253,965	February 20, 2027
February 16, 2018	Nil	10,340	85.40	Nil	Nil	February 16, 2028
February 15, 2019	Nil	23,900	72.11	Nil	Nil	February 15, 2029
<b>Totals</b>	<b>57,137</b>	<b>61,948</b>		<b>1,286,649</b>	<b>526,864</b>	

Chris Virostek

<b>Option Grant Date</b>	<b>Exercisable</b>	<b>Non-Exercisable</b>	<b>Exercise Price (\$)</b>	<b>Current Value of Exercisable Options (\$)</b>	<b>Current Value of Non-Exercisable Options (\$)</b>	<b>Expiry Date</b>
April 3, 2017	2,300	9,200	55.62	36,225	144,992	April 3, 2027
February 16, 2018	Nil	7,565	85.40	Nil	Nil	February 16, 2028
February 15, 2019	Nil	9,705	72.11	Nil	Nil	February 15, 2029
<b>Totals</b>	<b>2,300</b>	<b>26,470</b>		<b>36,225</b>	<b>144,992</b>	

Chris McIver

<b>Option Grant Date</b>	<b>Exercisable</b>	<b>Non-Exercisable</b>	<b>Exercise Price (\$)</b>	<b>Current Value of Exercisable Options (\$)</b>	<b>Current Value of Non-Exercisable Options (\$)</b>	<b>Expiry Date</b>
February 15, 2013	14,400	Nil	40.82	440,064	Nil	February 15, 2023
February 17, 2014	11,200	Nil	53.96	195,104	Nil	February 17, 2024
February 23, 2015	5,793	3,862	73.99	Nil	Nil	February 23, 2025
February 15, 2016	9,339	6,226	40.97	283,999	189,333	February 15, 2026
February 20, 2017	2,391	9,564	52.95	44,066	176,265	February 20, 2027
February 16, 2018	Nil	7,145	85.40	Nil	Nil	February 16, 2028
February 15, 2019	Nil	8,925	72.11	Nil	Nil	February 15, 2029
<b>Totals</b>	<b>43,123</b>	<b>35,722</b>		<b>963,233</b>	<b>365,598</b>	



Sean McLaren

Option Grant Date	Exercisable	Non-Exercisable	Exercise Price (\$)	Current Value of Exercisable Options (\$)	Current Value of Non-Exercisable Options (\$)	Expiry Date
February 15, 2013	11,350	Nil	40.82	346,856	Nil	February 15, 2023
February 17, 2014	8,775	Nil	53.96	152,861	Nil	February 17, 2024
February 23, 2015	4,533	3,022	73.99	Nil	Nil	February 23, 2025
February 15, 2016	7,344	4,896	40.97	223,331	148,887	February 15, 2026
February 20, 2017	1,880	7,520	52.95	34,648	138,594	February 20, 2027
February 16, 2018	Nil	5,700	85.40	Nil	Nil	February 16, 2028
February 15, 2019	Nil	7,145	72.11	Nil	Nil	February 15, 2019
<b>Totals</b>	<b>33,882</b>	<b>28,283</b>		<b>757,696</b>	<b>287,481</b>	

**RS Units and PS Units**

Beginning in 2010 our Board of Directors has approved annual grants of RS Units and PS Units (collectively, “Units”) to Named Executive Officers and other employees pursuant to the Phantom Share Unit Plan. The plan and Units are described in the Report on Executive Compensation under the heading “Phantom Share Unit Plan” on page 44.

The Units granted to each of the Named Executive Officers during the year ended December 31, 2018 were as follows:

**Equity-Based Grants During 2018**

Name	Number of Units Granted		% of Total Units Granted to Employees in the Current Year		Aggregate Market Value of Units on Date of Grant (\$)		Aggregate Market Value of Units at February 15, 2019 (\$)	
	RSUs <sup>1</sup>	PSUs <sup>2</sup>	RSUs	PSUs	RSUs <sup>3</sup>	PSUs <sup>3</sup>	RSUs <sup>4</sup>	PSUs <sup>4</sup>
Ted Seraphim	6,660	6,660	25	37	568,764	568,764	475,391	475,391
Ray Ferris	2,040	2,040	8	11	174,216	174,216	145,615	145,615
Chris Virostek	1,500	1,500	6	8	128,100	128,100	107,070	107,070
Chris McIver	1,410	1,410	5	8	120,414	120,414	100,646	100,646
Sean McLaren	1,130	1,130	4	6	96,502	96,502	80,659	80,659

1. RS Units.
2. PS Units.
3. Based on the Closing Price of \$85.40.
4. Based on the Closing Price of \$71.38.

### Units Held by Year of Vesting

Name	Vesting 2020		Vesting 2021		Vesting 2022	Value as at February 15, 2019 <sup>1</sup> (\$)	
	RSUs	PSUs	RSUs	PSUs	PSUs	RSUs	PSUs
Ted Seraphim	10,435	10,435	6,660	6,660	8,082	1,220,241	1,797,134
Ray Ferris	3,210	3,210	2,040	2,040	9,170	374,745	1,029,300
Chris Virostek	2,140	2,140	1,500	1,500	3,725	259,823	525,714
Chris McIver	2,225	2,225	1,410	1,410	3,425	259,466	503,943
Sean McLaren	1,750	1,750	1,130	1,130	2,740	205,574	401,156

1. Based on the Closing Price of \$71.38.

The Units held by each of the Named Executive Officers that vested during the year ended December 31, 2018 were as follows:

### Equity-Based Awards Vested During 2018

Name	Number of units vested		Value paid at February 23, 2018(\$)	
	RSUs <sup>1</sup>	PSUs <sup>1</sup>	RSUs <sup>2</sup>	PSUs <sup>2</sup>
Ted Seraphim	5,395	5,395	460,899	645,258
Ray Ferris	1,973	1,973	168,547	235,966
Chris Virostek	Nil	Nil	Nil	Nil
Chris McIver	1,541	1,541	131,623	184,273
Sean McLaren	1,205	1,205	102,953	144,134

1. RS Units and PS Units granted during 2015 plus additional units credited under the Phantom Share Unit Plan as a result of dividends on the Common shares.

2. Based on 20-day volume weighted average trading price for the period immediately preceding February 23, 2018 of \$85.435 per unit for RS Units and \$85.435 per unit for PS Units and a performance multiplier of 1.40 for PS Units.

### Pension Plans

The majority of our full-time salaried employees are covered by non-contributory defined benefit pension plans.

For those salaried employees whose employment began before 2016, the plans provide a pension equal to 2% of the highest average compensation (which includes base salary and bonuses) of the employee for any consecutive 60-month period in that employee's final 10 years with us multiplied by the number of years of credited service with us. Normal retirement is at age 65. In accordance with applicable tax legislation, these plans allow for additional years of credited service until a continuing employee reaches age 71. Each of these pension plans allows for early retirement at age 55 with a minimum service requirement of two years. Benefits provided for early retirement are reduced by 4% per year for retirement between the ages of 55 and 57 and by 3% per year for retirement between the ages of 58 and 59. No reduction is made for retirement between the ages of 60 and 64.

On January 1, 2016 we introduced a new non-contributory defined benefit pension plan for salaried employees whose employment begins on or after that date. Changes from the existing plans include a pension based on the employee's average annual salary over the final 10 years with us as well as the elimination of early retirement benefits so that full pension benefits are only achieved on retirement at age 65 or over. In accordance with applicable tax legislation, this new plan also allows for additional years of credited service until a continuing employee reaches age 71.

The estimated annual pension payable upon retirement, assuming employment began before 2016, no reduction for early retirement and based on the standard form life annuity for a minimum of 60 months with no joint survivor pension, is as follows:

**Estimated Annual Benefits Payable Upon Retirement**

Annual Compensation	Years of Service			
	15 Years	20 Years	25 Years	30 Years
\$400,000	\$120,000	\$160,000	\$200,000	\$240,000
\$500,000	\$150,000	\$200,000	\$250,000	\$300,000
\$600,000	\$180,000	\$240,000	\$300,000	\$360,000
\$700,000	\$210,000	\$280,000	\$350,000	\$420,000
\$800,000	\$240,000	\$320,000	\$400,000	\$480,000
\$900,000	\$270,000	\$360,000	\$450,000	\$540,000
\$1,000,000	\$300,000	\$400,000	\$500,000	\$600,000
\$1,100,000	\$330,000	\$440,000	\$550,000	\$660,000
\$1,200,000	\$360,000	\$480,000	\$600,000	\$720,000
\$1,300,000	\$390,000	\$520,000	\$650,000	\$780,000
\$1,400,000	\$420,000	\$560,000	\$700,000	\$840,000
\$1,500,000	\$450,000	\$600,000	\$750,000	\$900,000

Compensation for the purposes of the pension plans, based on employment beginning before 2016, is defined as the average annual compensation, including salary and bonus, of the highest consecutive 60-month period in the last 10 years' service with the Company.

The benefits listed in the table are not subject to any deduction for Canada Pension Plan or other offset amounts.

The table below sets forth the accumulated pension benefits for each of the Named Executive Officers as at December 31, 2018:

Name	Number of years credited service (#)	Annual benefits payable <sup>1</sup> (\$)		Opening present value of defined benefit obligation <sup>2</sup> (\$)	Compensatory change (\$) <sup>3</sup>	Non-compensatory change <sup>4</sup> (\$)	Closing present value of defined benefit obligation <sup>2</sup> (\$)
		At year end	At age 65				
Ted Seraphim	21.3	626,300	800,500	8,408,100	832,700	(46,800)	9,194,000
Ray Ferris	17.3	286,900	426,900	3,685,600	1,143,200	(28,200)	4,800,600
Chris Virostek <sup>5</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Chris McIver	27.7	329,100	439,000	4,224,300	252,700	(60,000)	4,417,000
Sean McLaren	30.5	337,000	503,100	4,239,700	134,200	(82,300)	4,291,600

1. Represents the estimated annual pension, excluding any employee-paid ancillary benefits, where applicable, that would be received by the Named Executive Officer upon retirement at age 65 based on actual pensionable earnings at December 31, 2018. The annual pension payable at year end is based on actual credited service at December 31, 2018. The annual pension at age 65 is based on credited service projected to age 65. In accordance with applicable tax legislation, our pension plans allow for additional years of credited service until a continuing employee reaches age 71.

2. The present value is the estimated value of the pension obligation to the date indicated using the actuarial assumptions and methods that are consistent with those used in determining pension liabilities as disclosed in the consolidated financial statements.

3. Compensatory change represents the change in the pension liability related to the annual service cost, actual and assumed future compensation changes and the impact of plan changes, if any.

4. Non-compensatory change includes items such as interest on the obligation and the impact of changes in the discount rate assumption.

5. The Company's pension plan has a 2-year wait period for enrolment. These years of service are credited to the employee after the wait period has passed.

The estimated years of credited service under the pension plans at the normal retirement age of 65 for each Named Executive Officer is set out below. We have not granted on a discretionary basis any additional years of credited service to our Named Executive Officers in excess of their actual years of service.

Ted Seraphim	27 years
Ray Ferris	26 years
Chris Virostek	21 years
Chris McIver	37 years
Sean McLaren	45 years

### Severance and Change of Control Agreements

Other than pension and retirement benefits described above and the CEO retirement arrangement described below, the Company has not entered into any agreements with its Named Executive Officers that provide for payments following or in connection with any termination (whether voluntary, involuntary or constructive) or a change in control of the Company.

The Company entered into a CEO retirement arrangement with Mr. Seraphim in connection with his retirement as CEO on June 30, 2019. Under this arrangement, Mr. Seraphim will continue as an employee until December 31, 2019 at his current base salary and benefits (other than long-term disability and vacation benefits) and will be available to consult and advise the Company as needed. In connection with this arrangement, for his service as CEO Mr. Seraphim was granted 42,125 Options and 8,082 PS Units as part of the 2019 annual long-term incentive grants to our executive officers and will be entitled to a pro-rated bonus in respect of his service as CEO to June 30, 2019 (should bonuses be payable under the terms of our Bonus Plan). As part of this arrangement, the Board also determined that it would be appropriate that, following his retirement on December 31, 2019, Mr. Seraphim would be entitled to retain all his granted and unvested PS Units and RS Units without any pro-rata reduction on account of his retirement.

### Directors' Compensation and Holdings

For a description of retainers and fees payable to Directors, actual compensation paid during 2018 and securities held by Directors, see "Information regarding Nominees for Election as Directors - Director Compensation" beginning on page 20.

### Indebtedness of Directors, Officers and Employees

The following table sets out the aggregate indebtedness outstanding to us from our employees and former employees as at February 15, 2019. We do not grant loans to our Directors or officers. None of our current or proposed Directors, officers, or any former Director or officer, or any associate of any of the foregoing, is, or has been at any time during 2018, indebted to us or our subsidiaries, either in connection with the purchase of our securities or otherwise.

AGGREGATE INDEBTEDNESS		
Purpose	To the Company or its Subsidiaries	To Another Entity
Share purchases	Nil	Nil
Employee loans	\$ 1,228,098	Nil

## Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information with respect to securities authorized for issuance by us under equity compensation plans that permit issuance from treasury as at December 31, 2018.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by Shareholders	1,204,448	44.93	483,705
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A
<b>Total</b>	<b>1,204,448</b>	<b>44.93</b>	<b>483,705</b>

### ADDITIONAL INFORMATION

Additional information (including financial information) relating to us can be found in our Annual Report for the year ended December 31, 2018, which includes our Annual Information Form and our audited financial statements for the years ended December 31, 2018 and 2017 and the accompanying audit report and management's discussion and analysis. The Annual Report is on our website ([www.westfraser.com](http://www.westfraser.com)) and can also be found on SEDAR ([www.sedar.com](http://www.sedar.com)). Copies of the Annual Report and the relevant portion of any documents incorporated by reference in the Annual Report, as well as additional copies of this Circular, may be obtained upon request to our Chief Financial Officer, Suite 501 – 858 Beatty Street, Vancouver, B.C., V6B 1C1 or by emailing to [shareholder@westfraser.com](mailto:shareholder@westfraser.com).

DATED at Vancouver, B.C., March 7, 2019.

**BY ORDER OF THE BOARD**



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Ted Seraphim  
Chief Executive Officer