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## Whistleblower Policy

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### General

Mercer International Inc. ("Mercer") has established a set of procedures for the employees of Mercer and its subsidiaries (collectively, the "Corporation") and others to report on a confidential or anonymous basis their concerns or complaints about questionable accounting or auditing matters or violations of legal or regulatory requirements and for the Audit Committee to receive and respond to such concerns. Employees of the Corporation and others are encouraged to report to the Chairman of the Audit Committee all Improper Activities through our Integrity Hotline, which is independently administered by EthicsPoint. Improper Activities include, but are not limited to: (a) questionable accounting, internal accounting controls or auditing matters; (b) disclosures in documents filed or submitted by the Corporation with the Securities and Exchange Commission and other public disclosures made by the Corporation that may not be complete or accurate; (c) violations of the Corporation's Code of Business Conduct and Ethics; (d) violations of federal or state securities laws or regulations or other laws applicable to the Corporation; (e) securities fraud, wire fraud, mail fraud, bank fraud, or any other fraud against the Corporation; (f) forgery or alteration of documents; (g) misappropriation or misuse of Corporation resources, such as funds or other assets; (h) authorizing compensation for goods not received or services not performed; or (i) any other activity by an employee that is undertaken in the performance of the employee's official duties, whether or not that activity is within the scope of the employee's employment, and that is in violation of any state or federal law or regulation, or constitutes malfeasance, bribery, misuse of Corporation property, or willful omission to perform the employee's duties, or involves gross misconduct.

### Reporting Responsibility

It is the responsibility of all, directors, executive officers and employees of the Corporation to comply with this Policy.

### No Retaliation

No Corporation employee who in good faith reports an Improper Activity in accordance with this Policy shall suffer, and shall be protected from threats of, harassment, retaliation, discharge, or other types of discrimination, including, but not limited to, discrimination in compensation or other terms and conditions of employment, caused by the employee's reporting of the Improper Activity. An employee harassing, retaliating or discriminating against, or threatening to harass, retaliate or discriminate against, another Corporation employee who in good faith reports an Improper Activity



is subject to discipline, including, but not limited to, termination of employment. In addition, no employee may be adversely affected because such employee refused to carry out a directive which, in fact, either constitutes or may lead to an Improper Activity. This Policy is intended to encourage and enable employees and others to raise serious concerns within the Corporation rather than seeking resolution outside the Corporation.

Anyone reporting an Improper Activity must be acting in good faith and have reasonable grounds for believing the information disclosed constitutes an Improper Activity. Allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

### **Reporting Improper Activities**

All evidence of an Improper Activity by an employee of the Corporation or others acting on behalf of the Corporation should be reported to the reporting person's supervisor or manager. However, if the reporting person is not comfortable speaking to his or her supervisor or manager, is not satisfied with his or her supervisor's or manager's response, or prefers an anonymous method of reporting they may contact the Integrity Hotline as set out below. The external service provided will direct the matter to the Audit Committee Chair on a timely basis. The Audit Committee Chair shall ensure that there is a record of the nature and treatment of any complaints and that the Board is provided a summary of such complaints at each regularly scheduled Board meeting. Supervisors and managers are required to report suspected Improper Activity to the Chairman of the Audit Committee.

Alternatively, reports of Improper Activities may be set forth in writing and forwarded in a sealed envelope to the Chairman of the Audit Committee, in care of the Corporation's Secretary, David K. Ure, in an envelope labeled with a legend such as: "To be opened by the Audit Committee only. Being submitted pursuant to the Whistleblower Policy." If the reporting person would like to discuss any matter with the Audit Committee, the reporting person should indicate this in the report and include a telephone number at which he or she may be contacted if the Audit Committee deems it appropriate. Any such envelope received by the Corporation's Secretary shall be forwarded promptly and unopened to the Chairman of the Audit Committee.

Generally, reports of Improper Activities relating to questionable accounting or auditing matters may be submitted in an anonymous manner. However, reports of Improper Activities that are not related to questionable accounting or auditing matters should be signed by the reporting person.

The report of an Improper Activity should be factual rather than speculative, and should contain the following information to justify the commencement of an investigation: (a) the alleged event,



including the date and location of such event, or issue that is the subject of the report; (b) the name of each person involved; and (c) any additional information, documentation or other evidence available to support the report. However, reporting persons should refrain from: (a) obtaining evidence which they do not have the right to access; and (b) conducting their own investigative activities.

### **Confidentiality**

The Corporation will exercise particular care to keep confidential the identity of any person reporting an Improper Activity under this Policy until a formal investigation is launched. Thereafter, the report of an Improper Activity will be treated confidentially unless such confidentiality is incompatible with a fair investigation, unless disclosure is required or deemed advisable by the Corporation in connection with any actual or potential governmental investigation or unless advised by the Corporation's outside counsel that disclosure would be in the interest of the Corporation.

### **Handling of Reported Improper Activities**

The Audit Committee is responsible for investigating and resolving all reported complaints and allegations concerning Improper Activities and, at its discretion, may notify the President and Chief Executive Officer, the Chief Financial Officer and/or the Governance and Nominating Committee. The Chairman of the Audit Committee will notify the reporting person and acknowledge receipt of the reported Improper Activity within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation. The Audit Committee may, in its discretion, consult with any member of management who is not the subject of the allegation and who may have the appropriate expertise to assist in the investigation. The Audit Committee may engage such outside advisors or other experts to assist in the investigation and analysis of the reported Improper Activity as it may deem necessary.

The Corporation will retain records of all reported Improper Activities and investigations thereof for a period of seven years.

Contact Information:

Integrity Hotline Contacts

Mercer's Integrity Hotline can be contacted via EthicsPoint website, [www.ethicspoint.com](http://www.ethicspoint.com), or one of the toll free numbers listed below:

North America	866-816-3254
Germany	0800-1016582 (at prompt dial 866-816-3254)





## Other Mercer Contacts

Audit Committee Chairman  
William D. McCartney  
Pemcorp Group of Companies  
Suite 270, 666 Burrard Street  
Vancouver, BC V6C 2X8  
Canada



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