



**Mercer International Inc.**

**Amended and Restated  
Corporate Governance Guidelines**

*Adopted on February 12, 2021*

*For questions or comments concerning the Corporate Governance Guidelines, please contact the Senior Vice President Finance, Chief Financial Officer and Secretary, David K. Ure.*



## CORPORATE GOVERNANCE GUIDELINES

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## **CORPORATE GOVERNANCE GUIDELINES FOR THE BOARD OF DIRECTORS**

The Board of Directors (the "**Board**") of Mercer International Inc. (the "**Company**") is responsible for overseeing the exercise of corporate powers and ensuring that the Company's business and affairs are managed to meet its stated goals and objectives and that the long-term interests of the shareholders are served. The Board recognizes its responsibility to engage, and provide for the continuity of, executive management that possesses the character, skills and experience required to attain the Company's goals and its responsibility to select nominees for the Board of Directors who possess appropriate qualifications and reflect a reasonable diversity of backgrounds and perspectives.

### **Composition**

Pursuant to the Company's Bylaws, the Board shall be comprised of not less than three and not more than thirteen<sup>1</sup> directors with the specific number to be set by the Board. The Board shall, based on the recommendation of its Governance and Nominating Committee, periodically review the size of the Board and determine the size that is most effective in relation to future operations and strategic plans.

Currently, the Board is to be comprised of up to nine members, a majority of whom shall meet the independence requirements of the Nasdaq Stock Market then in effect. Upon receipt of the recommendation of the Governance and Nominating Committee, the Board of Directors shall appoint a new member or members in the event that there is a vacancy on the Board that reduces the number of members below the number determined by the Board as aforesaid or in the event that the Board determines that the number of members on the Board should be increased. The executive chairman is the chairman of the Board.

### **Meetings**

The Board shall meet at least four (4) times each fiscal year, and may hold additional meetings in person or telephonically as often as may be necessary or appropriate, in the discretion of the chairman of the Board, the Chief Executive Officer ("**CEO**") or the lead independent director. At least one meeting of the Board in each fiscal year shall focus primarily on strategic planning for the Company. Prior to each meeting, the chairman of the Board or the CEO will circulate the agenda for the meeting for input and management will send out appropriate preparatory materials to each member of the Board.

Members of the Board are expected to use all reasonable efforts to attend and participate in each meeting. The chairman of the Board may also request that members of management, legal counsel, or other advisors attend the meetings of the Board.

Minutes of each meeting shall be prepared under the direction of the chairman of the Board and circulated to each member of the Board for review and approval.

### **Authority and Responsibilities of the Board**

The fundamental responsibility of the Company's Board of Directors is to promote the best interests of the Company and its shareholders by overseeing the management of the Company's business and affairs. In doing so, Board members have two basic legal obligations to the Company and its shareholders: (1) the duty of care, which generally requires that Board members exercise appropriate diligence in making decisions and in

overseeing management of the Company; and (2) the duty of loyalty, which generally requires that Board members make decisions based on the best interests of the Company and its shareholders, without regard to any personal interest.

As part of its oversight of the management of the Company's business and affairs, the Board oversees risk management. The committees of the Board, which meet regularly and report back to the full Board, play significant roles in carrying out the risk oversight function. Management is charged with managing risk through robust internal processes and effective internal controls.

The Board has the authority to retain, at the Company's expense, consultants, legal counsel or other advisors to assist the Board in conducting its business and meeting its responsibilities to the Company and its shareholders, and authority to approve such advisors' fees and other retention terms.

## **Guidelines**

The Board is responsible for organizing its functions and conducting its business in the manner it deems most effective and efficient, consistent with its duties of good faith and due care. To meet that responsibility, the Board has adopted a set of flexible guidelines to guide its governance practices in the future. These guidelines, set forth below, will be regularly re-evaluated by the Governance and Nominating Committee in light of changing circumstances in order to continue serving the best interests of shareholders. Accordingly, the summary of current practices is not a fixed policy or resolution by the Board, but merely a statement of current practices that is subject to continuing assessment and change.

## **Determination of Independence of Non-Employee Directors**

No relationship between any non-employee director and the Company should be of a nature that could compromise the independence or judgment of any Board member in governing the affairs of the Company. The determination of what constitutes independence for a non-employee director in any individual situation shall be made by the Board in light of the totality of the facts and circumstances relating to such situation and in compliance with the requirements of the Nasdaq Stock Market's applicable listing standards and other applicable rules and regulations.

## **Committees**

The present standing committees of the Board are the:

- Audit Committee;
- Compensation and Human Resources Committee (the "**CHR Committee**");
- Governance and Nominating Committee; and
- Environmental, Health and Safety Committee (the "**EHS Committee**").

All members of all committees (other than the EHS Committee) shall be non-employee directors of the Company and meet the independence requirements applicable to membership on each committee of the Nasdaq Stock Market, applicable law, and the applicable rules and regulations of the Securities and Exchange Commission (including, with respect to audit committee membership, Section 1 0A(m)(3) of the Securities Exchange Act of 1934 (the "**Exchange Act**")), in each case as may be in effect from time to time. The Board considers its current committee structure to be appropriate but the number and scope of committees may be revised as appropriate to meet changing conditions and needs.

The Governance and Nominating Committee is responsible for reviewing and recommending to the Board, at least annually, the assignment of directors to various committees. The Governance and Nominating Committee will also recommend to the Board from time to time changes in committee assignments to ensure diversity of Board member experience and to vary the exposure of the members to the affairs of the Company.

The duties and responsibilities of the Board committees are set forth in their respective charters. Such charters and the authority and responsibilities of the Committees may be amended or modified by the Board from time to time.

Unless specified otherwise, the following procedural rules apply to standing committees of the Board:

- Each committee shall meet on the call of the chairman of the committee or of two members of the committee or of the chairman of the Board or the CEO;
- The quorum for the conduct of business of a committee shall be a majority of the number of its members. The committee shall have full power and authority to act notwithstanding that there may be one or more vacancies in its membership;
- The Board shall appoint the chairman of each committee, failing which the members of that committee shall elect a chairman from amongst their number;
- The chairman of a committee shall appoint a secretary to take minutes of meetings and otherwise record the proceedings of the committee. Failing such appointment, the chairman of the committee shall also act as its secretary;
- In the exercise of its absolute discretion the Board may remove or replace any member of any committee and may fill any vacancies. Any member of a committee who shall for any reason cease to be a director of the Company shall *ipso facto* cease to be a member of that committee; and
- Any committee may appoint sub-committees of one or more people, a majority of whom must be members of the committee.

The chairman of each committee shall report to the Board at its regularly scheduled meeting all deliberations and actions taken since the previous report.

The minutes of all meetings of each standing committee will be made available for review by all members of the Board unless otherwise determined by the Board.

Except as otherwise prescribed by the Board, the Articles and Bylaws of the Company applicable to the conduct and meetings of the Board shall apply *mutatis mutandis* to all committees.

### **Board Membership Criteria**

The Governance and Nominating Committee is responsible for, among other things, reviewing the appropriate skills, qualifications and other expertise required of directors in the context of prevailing business conditions and for making recommendations to the Board regarding the size and composition of the Board. The objective is a Board that brings to the

Company a variety of perspectives and skills derived from high quality business and professional experience.

### **Majority Voting**

The Company has adopted majority voting procedures for the election of directors in uncontested elections. In an uncontested election, nominees must receive more "for" than "against" votes to be elected. The term of any director who does not receive a majority of votes cast in an election held under the majority voting standard will terminate on the earliest to occur of (i) 90 days after the date election results are certified; (ii) the date the director resigns; or (iii) the date the Board fills the position.

### **Procedure for Selecting New Director Candidates**

The Board is responsible for recommending the candidates to stand for election at the annual meeting of shareholders. The Board has delegated the screening and nomination process to the Governance and Nominating Committee. The Governance and Nominating Committee is expected to work closely with the chairman of the Board and the CEO in determining the qualifications desired in new Board members and to select or recommend candidates to the full Board, including any candidate recommended by the Board to stand for election at the annual meeting of shareholders.

### **Extending the Invitation to a Potential New Director to Join the Board**

Upon concurrence of the members of the Board, invitations to join the Board will generally be extended on behalf of the Board by the chairman of the Board or the chair of the Governance and Nominating Committee. Other Board members may participate as appropriate.

### **Board Member Orientation and Continuing Education**

The Governance and Nominating Committee (along with senior management including the CEO), shall maintain and oversee an orientation process to acquaint new directors with the business, history, current circumstances, key issues and top managers of the Company. Such process shall include visits to the Company's key operating facilities.

Directors are also encouraged to participate in external continuing education programs, as they or the Board determine is desirable or appropriate from time to time.

### **Selection of Agenda Items for Board Meetings**

The chairman of the Board together with the CEO shall develop the agenda for each Board meeting. The agenda is circulated in advance to the lead independent director and Board members may suggest additional or alternative items for consideration.

### **Board Materials Distributed in Advance**

As much information and data as practical relating to the meeting agenda items and the Company's financial performance shall be sent to Board members sufficiently in advance of meetings to permit the directors to review the materials and prepare for meetings.

## **Executive Sessions of Independent Directors**

Each Board meeting will include time for an executive session with only independent directors present.

## **Selection of the Chairman of the Board**

The Board appoints the chairman of the Board in the manner and based on the criteria that it deems appropriate and in the best interests of the Company given the circumstances at the time of such appointment. The executive chairman is the chairman of the Board.

## **Role of Lead Independent Director**

Upon the recommendation of the Governance and Nominating Committee, the independent members of the Board shall<sup>2</sup> select a lead independent director for a term of three years. The lead independent director shall serve in that capacity for not more than two consecutive three-year terms or until such person's successor shall have been duly selected by the independent members of the Board.

The duties of the lead independent director are set out in its respective charter.

## **Qualifications of Lead Independent Director**

In order to serve as lead independent director, a director must meet the independence standards of the Nasdaq Stock Market. Additionally, a director must, (1) be available to work closely with and act as an advisor to the chairman of the Board and the president and chief executive officer, (2) be available to effectively discuss with other directors concerns about the Company or the Board and relay those concerns, where appropriate, to the chairman of the Board, the president and chief executive officer or other members of the Board, (3) ensure the effectiveness of the Board of Directors and that it maintains its independence from management, and (4) be familiar with corporate governance best practices.

## **Board Access to Senior Management**

All Board members have access to senior management, with the expectation that such contact will be minimally disruptive to the business operations of the Company. Such contact, if in writing, should generally be copied to the CEO. The chairman of the Board and the CEO are encouraged to invite senior managers who can provide additional insight into business matters being discussed and those with high future potential who should be given personal exposure to members of the Board to the meetings,

## **Stock Ownership**

While the Board believes that it is important that each non-employee director owns shares of the Company's stock, the Board also believes the stock ownership requirement should not adversely affect the Board's ability to attract diverse candidates. Directors should become stockholders of the Company within sixty days after their election to the Board. Non-employee directors generally receive common stock when they are re-elected. Non-employee directors are also able to defer Board compensation pursuant to a plan in which they receive common stock. These plans and incentives help align non-employee directors' interests with shareholders' interests. The Board believes that the number of shares of the

Company's common stock owned by each director is a personal decision. The Board maintains a target share ownership guideline for non-employee directors equal to three times the amount of cash retainer for Board service, with three years as expected time to achieve the target.

### **Recovery of Incentive Compensation**

Pursuant to the Company's Clawback Policy, the Company may seek reimbursement with respect to incentive compensation paid or awarded to executive officers (as designated by the Board) where such payment or award was predicated upon the achievement of financial results, which financial results were the product of fraudulent activity or that were subsequently the subject of a material negative restatement.

### **Assessing the Board's Performance**

The Board, with the assistance of the lead independent director and the Governance and Nominating Committee, will conduct an annual evaluation of its overall effectiveness and the effectiveness of each of its committees, including the performance of the Board's and of each committee's governance responsibilities.

### **Directors Who Change Their Job Responsibilities**

A Board member who ceases to be actively employed in his or her principal business or profession, or experiences other changed circumstances, is expected to offer his or her resignation in writing to the chairman of the Board, with a copy to the chairman of the Governance and Nominating Committee. The Governance and Nominating Committee shall consider such changed circumstances in evaluating the appropriate mix of skills and experience necessary for the Board to perform its duties effectively and shall make a recommendation to the Board, which will decide the action, if any, to be taken with respect to the resignation.

### **Outside Board Members Serving on Additional Boards**

Board members who are full-time employees of a publicly traded company may serve on no more than one publicly-traded company's board in addition to the Company's Board and his or her own company board when applicable. Non-employee directors who are not full-time employees of a publicly traded company may serve on no more than four publicly-traded companies' boards in addition to the Company's board.

Board members wishing to join the board of another publicly traded company shall first notify the chair of the Governance and Nominating Committee and the chairman of the Board prior to joining the board. The chair of the Governance and Nominating Committee shall review the proposed board membership to ensure compliance with applicable laws and policies including potential conflicts of interest.

### **Term Limits**

There are no term limits for service on the Board of Directors. The absence of term limits allows the Company to retain Board members who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

## **Age Limits**

There is no mandatory retirement age for service on the Board of Directors. The Governance and Nominating Committee may in the future recommend establishing a mandatory retirement age it deems appropriate and in the best interests of the Company and its shareholders.

## **Resignation, Retirement or Intent not to Stand for Re-election.**

If a Board member wishes to resign, retire or not to stand for re-election at the end of his or her current term, the Board member shall notify the chairman of the Board in writing, with a copy to the chairman of the Governance and Nominating Committee. The Governance and Nominating Committee shall evaluate such resignations and shall make a recommendation to the Board, which will decide the action, if any, to be taken with respect to the resignation.

## **Evaluation of Executive Chairman and the President and Chief Executive Officer**

Each year the chair of the Governance and Nominating Committee and the chair of the CHR Committee (based upon discussions with the independent directors of the Board) will conduct a formal evaluation of the performance of the executive chairman and the president and /chief executive officer based on appropriate quantitative and qualitative criteria, and meet with such officers to share the findings of such review. The Board believes that the compensation packages for the executive chairman and the president and chief executive officer should reflect a strong pay-for-performance objective by aligning their compensation with the achievement of both short-term and long-term financial objectives that build shareholder value. The independent members of the Board approve the compensation packages of the executive chairman and the president and chief executive officer.

## **Succession Planning**

The chair of the CHR Committee, together with the chairman of the Board and the president and chief executive officer, will annually review succession planning with the Board, and provide the Board with a recommendation as to succession in the event of each senior officer's termination of employment with the Company for any reason (including death or disability).

## **Board Interaction with Institutional Investors, the Media and Customers**

The Board believes that the primary responsibility lies with management for communications and relationships on behalf of the Company with institutional investors, the media, and customers. Therefore, the Board may, through the lead independent director, participate occasionally in such interaction, but will generally do so only at the request of or after providing notice thereof to management.

The Board believes ongoing dialogue with shareholders is important. The Company communicates with shareholders through various means, including our annual report, proxy circular, quarterly reports, news releases, investor conferences and other meetings. In addition, earnings calls are open to all and there is a question and answer period. Shareholders may also communicate with the Board as set out below and/or as provided in our proxy circular.

## **Code of Business Conduct and Ethics and other Policies**

The Board has previously adopted a Code of Business Conduct and Ethics that is applicable to all employees, officers and directors, along with a Securities Law Policy, a Hedging Transaction Policy, a Whistleblower Policy and an Anti-Corruption Policy. The Board shall periodically evaluate and review such code and policies (and such additional policies as may be advisable) to ensure that they conform to applicable laws and best practices.

## **Board Attendance at Annual Shareholder Meetings**

The Company's policy requires the attendance of all directors at the Annual Meeting of Shareholders, except for absences due to causes beyond the reasonable control of the director.

## **Shareholder Communication with the Board**

Shareholders who wish to communicate with the Board (other than with respect to a complaint or concern regarding accounting, internal accounting controls or auditing matters which must be directed to the Audit Committee) should send written correspondence to the Board in the care of the Secretary, Mercer International Inc., Suite 1120, 700 West Pender Street, Vancouver, B.C., Canada V6C 1G8. The correspondence should indicate that the person sending the correspondence is a shareholder and set out the purpose of such communication. The Secretary will: (i) forward the correspondence to the director to whom it is addressed or, in the case of correspondence addressed to the Board generally, to the lead independent director; (ii) attempt to handle the inquiry directly where it is a request for information about the Company; or (iii) not forward the correspondence if it is primarily commercial in nature or if it relates to an improper topic. All such correspondence will be summarized for the Board periodically, and each such correspondence will be made available to any director upon request.

**These Corporate Governance Guidelines are intended to provide a set of flexible guidelines for the effective functioning of the Board of Directors. The Board shall review these guidelines as required and at least annually and may modify or amend these Corporate Governance Guidelines and the authority and responsibilities of the Board set forth herein at any time.**

## AUDIT COMMITTEE CHARTER

### Purpose

The primary purpose of the Audit Committee (the "**Committee**") is to oversee the accounting and financial reporting processes of Mercer International Inc. (the "**Company**") and the external audit processes. The Committee also assists the Board of Directors of the Company in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to shareholders and others, the systems of internal control which management and the Board of Directors have established, the Company's risk management practices, compliance with the Company's Code of Business Conduct and Ethics and the review and approval of related-person transactions required to be disclosed in Proxy Statements.

In fulfilling its purpose, it is the responsibility of the Committee to provide an open avenue of communication between the Board of Directors, management and the independent auditors. The Committee is an agent of the Board in ensuring the integrity of management and the adequacy of disclosure to shareholders. The opportunity for the independent auditors to meet with the entire Board of Directors as needed is not to be restricted, however. The independent auditors are ultimately accountable to the Committee, as representatives of the Company's shareholders; the Committee has the sole authority to determine funding for, select, evaluate, and, where appropriate, replace the independent auditors. The Committee oversees the independent auditors, including their independence and objectivity.

The Committee members are not acting as professional accountants or auditors, and their functions are not intended to duplicate or substitute for the activities of management and the independent auditors, nor can the Committee certify that the independent auditors are "independent" under applicable rules. The Committee serves a Board-level oversight role in which it provides advice, counsel and direction to management and the independent auditors on the basis of information it receives, discussions with the independent auditors and the experience of the Committee's members in business, financial and accounting matters.

The Committee relies on: (i) management for the preparation and accuracy of the Company's financial statements and establishing effective internal controls and procedures to ensure the Company's compliance with accounting standards, financial reporting procedures and applicable laws; and (ii) the Company's independent auditors for an unbiased, diligent audit or review, as applicable, of the Company's financial statements and the effectiveness of the Company's internal controls.

### Composition

The Committee is appointed by the Board of Directors and its members may be replaced or removed with or without cause by the Board of Directors. The Committee shall be comprised of at least three (3) members, all of whom shall meet the independence requirements of the Nasdaq Stock Market LLC, applicable laws, and rules and regulations of the Securities and Exchange Commission. The members of the Committee shall also meet all financial knowledge and experience qualifications required under rules promulgated by the Nasdaq Stock Market LLC, the Securities and Exchange Commission or other governing body, as may be in effect from time to time. In addition, at least one member of the Committee shall be an "audit committee financial expert" as that term is defined in

applicable rules. Members and a Chair of the Committee shall be recommended by the Governance and Nominating Committee and appointed by the full Board of Directors.

## **Meetings**

The Committee shall meet at least four times per year (in person or telephonically) and may hold additional meetings as often as may be necessary or appropriate in the discretion of the Chair of the Committee. Prior to each meeting, the Chair of the Committee may communicate with the independent auditors to review the agenda and solicit input on any additional topics that should be covered. There will be an executive session at each meeting.

Members of the Committee are expected to use all reasonable efforts to attend each meeting. As necessary or desirable, the Chair may request that members of management, other directors, legal counsel, other advisors and representatives of the independent auditors be present at meetings of the Committee.

Minutes of each meeting shall be prepared under the direction of the Chair of the Committee and circulated to Committee members for review and approval.

## **Committee Authority and Responsibilities**

The Committee has the authority necessary to discharge its duties and responsibilities, including to investigate any activity of the Company within its scope of responsibilities, and shall have unrestricted access to members of management and all information relevant to its responsibilities. All employees are directed to cooperate as requested by members of the Committee and the Committee shall have access to the Company's books, records and facilities. The Committee is empowered to retain independent legal counsel and other advisors as it deems necessary or appropriate to assist the Committee in fulfilling its responsibilities. The Committee is empowered to approve the fees and other retention terms of such advisors and the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The specific responsibilities of the Committee shall include:

### *Independent Auditors, Audit and Financial Reporting*

- The sole authority to appoint and approve the independent auditor, all audit engagement terms and fees to be paid to the independent auditor, oversee and, if the Committee determines necessary or appropriate, replace the independent auditors. This oversight includes:
  - Taking appropriate action to oversee the independence of the independent auditors. Actively engaging in dialogue with them regarding the impact of any disclosed relationships or services to the Company. Annually, receiving from the independent auditors a formal written statement delineating all relationships between the auditors and the Company, consistent with applicable requirements of the Public Company Accounting Oversight Board.
  - Reviewing a written report from the independent auditors describing (a) the firm's internal quality control procedures, (b) any material issues raised by the internal quality control review, peer review, the Public Company Accounting Oversight Board review of the firm or by any other inquiry or

investigation by governmental or professional authorities regarding audits carried out by the firm and any steps taken to deal with any such issues and (c) all relationships between the firm and the Company or any of its subsidiaries; and discussing with the independent auditors such report and any relationships or services that may impact the objectivity and independence of the auditors.

- Review and discuss with the external auditors the scope and timing of the annual audit examination, including the overall audit strategy and their engagement letter prior to the annual audit. Approve in advance the engagement of the independent auditor and their fees for audit services.
- Review the experience and qualifications of the senior members of the independent auditor team, the quality control procedures of the independent auditor and the rotation of the lead partner and reviewing partner of the independent auditor.
- Evaluate the performance of the independent auditor and whether it is appropriate to adopt a policy of rotating independent auditors on a regular basis.
- Pre-approve the retention of the independent auditor for all audit and any permitted non-audit services to be provided by any independent public accountants, including tax services, and the fees for such non-audit services. Adopt specific policies and procedures for such pre-approval, ensuring that they provide sufficient detail so that the Committee's responsibilities are not delegated to management. These policies and procedures may delegate authority to one or more members of the Committee to grant pre-approval, provided that the decision is presented to the Committee at its next scheduled meeting.
- Receive periodic reports from the independent auditor regarding the auditor's independence, discuss such reports with the auditor, consider whether the provision of non-audit services is compatible with maintaining the auditor's independence and, if so determined by the Audit Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the auditor.
- Review and discuss with the independent auditor any other matters required to be discussed by applicable auditing standards.
- Review and pre-approve any hiring by the Company of employees of the independent auditor who were engaged on the Company's account.
- Communicate directly with the independent auditors at any time. Instruct the independent auditors to report directly to the Committee, including with respect to any material difficulties or disputes with management, and ensure they are appropriately resolved.
- Review the audit process with management and the independent auditors, upon completion of their annual audit, to evaluate:
  - The cooperation received by the independent auditors, including access to all requested information and any difficulties encountered during their audit.
  - Any instances where management has obtained "second opinions" from other external auditors.

- Any disagreements with management that, if not satisfactorily resolved, would have caused them to modify their report on the financial statements.
  - Management's comments regarding the audit.
  - The results of the audit, including any significant findings.
- Review the Company's quarterly and annual financial results with management and the independent auditors. This review includes:
    - The financial statements and disclosures to be included in the Company's Annual Report to Shareholders, the Annual Report on Form 10-K, the Quarterly Reports on Form 10-Q, or similar publicly filed documents, including the notes thereto and the form of audit opinion, as applicable.
    - Information to be discussed in the Company's quarterly earnings announcements.
    - Significant transactions not a normal part of the Company's operations.
    - Any off-balance sheet structures.
    - The Company's critical accounting policies and the disclosure of them in "Management's Discussion and Analysis".
    - The CEO and CFO disclosure and certifications under Sections 302 and 906 of the Sarbanes Oxley Act.
    - Significant management judgments and accounting estimates.
    - Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's accounting policies or their application, or alternative GAAP treatments discussed with the independent auditor.
    - Adjustments proposed by the independent auditors.
    - The independent auditors' audit opinion, their judgment on the quality of the Company's accounting policies and financial reporting, and other matters they are required to communicate to the Committee under applicable professional standards.
    - Other material written communications between the independent auditors and management.
  - Based upon the review and discussion of the quarterly and annual financial statements with management and the independent auditors, recommend to the Board that the quarterly and annual financial statements be included in the Company's Annual Report on Forms 10-Q and 10-K.
  - Report to shareholders in the Company's annual proxy statement on those matters required by the Securities and Exchange Commission.

*Internal Controls, Accounting Personnel and New Policies*

- Review management's assessment of the effectiveness of the Company's internal controls over financial reporting (including any significant deficiencies or material weaknesses in the design or operation thereof) and the independent auditor's related

attestation. Consider with management and the independent auditors whether any changes to such internal controls are appropriate.

- Review the appointment and replacement of the senior accounting and financial executives.
- Review periodically, with the independent auditors, the adequacy of the Company's accounting and financial personnel and any relevant recommendations concerning internal controls, accounting principles, and accounting/reporting systems.
- Review the effect of any important new pronouncements of the accounting profession and other regulatory bodies on the Company's accounting and reporting policies.

#### *Regulatory Accounting Inquiries*

- Review any inquiries related to accounting or financial reporting matters received from the Securities and Exchange Commission or other agencies, and management's response thereto. Ensure that any complaints received by the Company regarding its accounting, internal control, or auditing matters are addressed.

#### *Related-Party Transactions*

- Review and approve or ratify all related party transactions and potential conflict of interest situations that are required to be disclosed in the Company's annual proxy statement pursuant to SEC Regulation S-K, Item 404 or that are otherwise submitted to the Committee for review, approval or ratification.
- Keep the Company's independent auditor informed of the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company and discuss with the independent auditors their evaluation of the Company's identification of, and accounting for, transactions with related parties.

#### *Risk Assessment and Risk Management Policies*

- Review periodically and discuss with management the Company's major risk exposures, including financial, operational, privacy, security, cyber-security, climate change, business continuity and legal and regulatory risks, the steps the Company has taken to monitor and control such exposures, and the Company's risk assessment and risk management policies; and regularly report to the Board the substance of such reviews and discussions.
- Review periodically matters pertaining to the Company's:
  - market risk including counterparty risk.
  - capital structure including rating agency metrics.
  - liquidity and cash shock analysis.
  - distributions, dividend and share repurchase authorizations.
  - debt profile.
  - insurance summary.

- significant tax developments.
- Review management dividend and shareholder distribution recommendations and recommend to the Board for approval.
- Review actual performance of Board approved capital projects and acquisitions as compared with projected performance including synergies.
- Assist the Board with overseeing the Company's policies and procedures regarding compliance with applicable laws and regulations and to review the Company's Code of Business Conduct and Ethics and other policies to monitor compliance with such code and policies. The Committee shall report as required, but no less than annually, to the Board with respect to such oversight review. The Audit Committee shall receive any corporate attorney's reports of evidence of a material violation of securities laws or breaches of fiduciary duty by the Company.
- Review periodically with management and the Board any legal and regulatory matters that may have a material impact on the Company's financial statements, compliance policies and compliance programs.

#### *Complaints/Whistleblower*

- Establish procedures for: (i) the receipt, retention, processing, treatment and resolution of complaints regarding accounting, internal controls or auditing matters; and (ii) the confidential, anonymous submission by the Company's employees of concerns regarding auditing or accounting matters.

#### *Charter/Self-Evaluation*

- Review and reassess the adequacy of this Charter annually and recommend any changes to the Board for approval.
- Conduct annual self-evaluations of the Committee's performance and take steps to improve the effectiveness of the Committee in meeting its responsibilities under this Charter.

## GOVERNANCE AND NOMINATING COMMITTEE CHARTER

### Purpose

The Governance and Nominating Committee (the "**Committee**") is responsible for providing leadership with respect to the corporate governance of Mercer International Inc. (the "**Company**"), advising and making recommendations to the Board of Directors regarding candidates for election as directors of the Company and any other matters required by applicable securities laws.

### Composition

The Committee shall be comprised of at least three (3) members, each of whom shall meet the independence requirements of the Nasdaq Stock Market LLC and other applicable laws. Members of the Committee and a Chair of the Committee shall be appointed and may be removed, with or without cause, by the Board of Directors. The Board of Directors shall appoint a new member or members in the event that there is a vacancy on the Committee that reduces the number of members below three (3), or in the event that the Board determines that the number of members on the Committee should be increased.

### Meetings

The Committee shall meet at least four times each fiscal year, and may hold additional meetings in person or telephonically as often as may be necessary or appropriate, in the discretion of the Chair of the Committee. As appropriate, the Chair of the Committee will circulate or discuss the agenda for the meeting with each member of the Committee.

Members of the Committee are expected to use all reasonable efforts to attend each meeting. The Committee may meet in separate executive sessions as it determines appropriate. The Chair of the Committee may also request that members of management, other directors, legal counsel, or other advisors attend the meetings of the Committee.

Minutes of each meeting shall be prepared under the direction of the Chair of the Committee and circulated to each member of the Committee for review and approval.

### Committee Authority and Responsibilities

The Committee has the authority necessary to discharge its responsibilities. The Committee is empowered to retain, at the Company's expense, and terminate any search firm or firms to be used to identify director candidates and sole authority to approve any such firm's fees and other retention terms. The Committee may also retain, at the Company's expense, legal counsel, accounting or other advisors as appropriate to assist in the performance of its duties hereunder, and approve the fees and other retention terms of such advisors.

The specific responsibilities of the Committee shall include, but are not limited to, the following:

#### *Nomination*

- Determine the skills, qualifications and other expertise required of directors and develop criteria to be considered in selecting potential candidates for Board

membership. In establishing such criteria, the Committee may consider such factors as it deems appropriate including, among others:

- ***Best Interests of All Shareholders.*** Each candidate must be prepared to represent the best interests of all shareholders and not just one particular constituency;
  - ***Integrity.*** Each candidate shall be an individual who has demonstrated integrity and ethics in his or her personal and professional life and has established a record of professional accomplishment in his or her chosen field;
  - ***Independence.*** No candidate, or family member (as defined in Nasdaq rules) or affiliate or associate (as defined in federal securities laws) of a candidate, shall have any material personal, financial or professional interest in any present or potential competitor of the Company;
  - ***Experience.*** Each candidate should possess professional and personal experiences and expertise relevant to our goals of being one of the world's leading northern bleached softwood kraft pulp producers and a significant producer of dimensional lumber, "green" energy, chemical extractives and by-products and plantation harvesting. Other relevant experience is capital markets and financial experience and international business experience;
  - ***Active Participation.*** Each candidate must be prepared to participate fully in Board activities, including active membership on at least one Board committee and attendance at, and active participation in, meetings of the Board and the committee(s) of which he or she is a member, and not have other personal or professional commitments that would, in the Governance and Nominating Committee's sole judgment, interfere with or limit his or her ability to do so;
  - ***Collegiality.*** Each candidate should contribute positively to the existing chemistry and collegial culture among Board members;
  - ***Diversity.*** Each candidate should contribute to the Board's overall diversity – diversity being broadly construed to mean a variety of viewpoints, perspectives, personal and professional experiences and backgrounds, such as nationality, gender and ethnicity differences;
  - ***Senior leadership experience.*** Each candidate should have served in senior leadership roles at other organizations;
  - ***ESG experience.*** Each candidate should possess an understanding of important ESG dimensions such as climate change, social issues and material sustainability topics;
  - ***Public company board experience.*** Candidates who have served on other public company boards can offer advice and perspective with respect to board dynamics and operations, oversight and leadership, the relationship between the board and management and other matters;
- Identify and screen candidates for future Board membership. Such screening shall include such permissible inquiries into the background and qualification of candidates.
  - Annually evaluate candidates to be nominated to serve on the Board of Directors and recommend the slate of nominees to stand for election at the annual meeting of shareholders. In addition, the Committee shall recommend candidates to fill

vacancies or new positions on the Board of Directors, as necessary or advisable. The full Board of Directors shall approve nominees to stand for election at the annual meeting of shareholders and all new members of the Board of Directors; provided, that all such nominees and new members must be selected or recommended by the Committee. Invitations to join the Board of Directors shall be extended by the Chairman of the Board and/or the Chair of the Committee.

- Consider any nominations of director candidates validly made by the shareholders in accordance with applicable law, rule or regulation.
- Review and make recommendations to the Board of Directors with respect to proposals properly presented by shareholders for inclusion in the Company's annual proxy statement. The Committee may, as appropriate in light of the proposal's subject matter, refer any proposal to any other committee of the Board for purposes of review and recommendations.

### *Governance*

- Develop and monitor the Company's overall approach to corporate governance issues (including reviewing corporate governance trends and the Company's shareholder protections) and, subject to approval by the Board, implement and administer this process.
- Advise the Board or any of the committees of the Board of any corporate governance issues which the Committee determines ought to be considered by the Board or any such committees.
- Review with the Board, on a regular basis, the methods and processes by which the Board fulfils its duties and responsibilities, including without limitation:
  - the size and composition of the Board;
  - the number and content of meetings;
  - the annual schedule of issues to be presented to the Board at its meetings or those of its committees;
  - material which is to be provided to the directors generally and with respect to meetings of the Board or its committees;
  - resources available to the directors;
  - the communication process between the Board and management; and
  - annually review and set the Board Forward Agenda.
- Annually recommend to the Board for approval the appointment of directors to Board committees and the selection of a chairperson for each Board committee. In addition, the Committee shall recommend to the Board candidates to fill vacancies or new positions on the Board committees, as necessary or advisable. Review and make recommendations to the Board concerning any removal of committee members.
- As required recommend to the other independent directors for their selection the lead independent director who will preside at all meetings of the independent directors for the next three years and until his or her successor is duly selected. In

addition, the Committee shall recommend to the other independent directors for their selection candidates to fill a vacancy in the role of lead independent director.

- Annually evaluate the overall effectiveness of the Board (including the effectiveness of the committees) and the Board's (and committees') performance of its governance responsibilities and report such findings to the full Board of Directors.
- Adopt and implement a policy or policies, as appropriate, governing service on the Board of Directors of other companies, charities and institutions applicable to members of the Board of Directors and officers of the Company holding a position of senior vice president or above.
- Oversee and develop the Company's orientation program for new directors.
- Annually review the Company's corporate political contributions and expenditures to ensure alignment with Company policies and values.
- Based upon discussions with the independent directors of the Board, the Chair of the Committee, together with the Chair of the Compensation and Human Resources Committee, shall annually review the performance of the executive chairman and the president and chief executive officer and meet with such officer to share the findings of such review.

#### *Guidelines and Charter/Self Assessment*

- Annually review the Company's Corporate Governance Guidelines (including all Committee Charters) in light of changing conditions and shareholders' interests and make recommendations to the Board regarding appropriate modifications. Monitor compliance with the Corporate Governance Guidelines.
- Annually evaluate and take steps to improve the effectiveness of the Committee in meeting its responsibilities under this Charter.

## COMPENSATION AND HUMAN RESOURCES COMMITTEE CHARTER

### Purpose

The Compensation and Human Resources Committee (the "**Committee**") is responsible for overseeing appropriate compensation practices for Mercer International Inc. (the "**Company**") and determining the compensation and other benefits for Officers of the Company. This includes periodically reviewing and advising the Board of Directors of the Company's overall compensation philosophy and plans and assessing the competitiveness and adequacy of the Company's compensation programs. In addition, the Committee is responsible for overseeing the development and implementation of management development plans and succession planning practices to foster sufficient management depth at the Company to support its continued growth and the talent needed to execute long-term strategies.

### Composition

The Committee shall be comprised of at least three members of the Company's Board of Directors (the "Board of Directors"), each of whom (1) meet the independence requirements of The Nasdaq Stock Market, LLC and applicable law, (2) qualify as an "outside director" under Section 162(m) of the Internal Revenue Code of 1986 ("**Section 162(m)**"), and (3) qualify as a "non-employee director" under Rule 16b-3 promulgated under the Exchange Act. A subsequent determination that any member of the Committee does not qualify as independent, or as a "non-employee director" will not invalidate any previous actions by the Committee except to the extent required by law or determined appropriate by the Committee.

Members of the Committee and a Chair shall be appointed, and may be removed, with or without cause, by the Board of Directors on the recommendation of the Governance and Nominating Committee, The Board of Directors, on the recommendation of the Governance and Nominating Committee, shall appoint a new member or members in the event that there is a vacancy on the Committee that reduces the number of members below three (3), or in the event that the Board of Directors determines that the number of members on the Committee should be increased.

### Meetings

The Committee shall meet at least four times each fiscal year, and may hold additional meetings in person or telephonically as often as may be necessary or appropriate, at the discretion of the Chair of the Committee, Prior to each meeting, the Chair of the Committee will circulate or discuss the agenda for the meeting with each member of the Committee. The Committee may meet in separate executive sessions as it determines appropriate with its advisors, management, counsel and the independent auditor to discuss matters that the Committee or the Board determine warrant Committee attention.

Members of the Committee are expected to use all reasonable efforts to attend each meeting. The Chair of the Committee may also request that members of management, other directors, legal counsel, or other advisors attend the meetings of the Committee.

Minutes of each meeting shall be prepared under the direction of the Chair of the Committee and circulated to each member of the Committee for review and approval.

## Committee Authority and Responsibilities

The specific authority and responsibilities of the Committee shall include, but are not limited to, the following:

### *Consultants and Advisors*

- Authority to retain, terminate and obtain the advice of, at the Company's expense, a compensation consultant, legal counsel or any other advisor to assist the Committee in the performance of its duties, but only after taking into consideration factors relevant to the advisor's independence from management specified in NASDAQ Listing Rule 5605(d)(3). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any advisor retained by the Committee, and shall have authority to approve the advisor's fees and the other terms and conditions of the advisor's retention.

### *Compensation of Executive Officers and Performance Review*

- Conduct an annual review of and recommend the Company's compensation package for both the Executive Chairman and the President and Chief Executive Officer. Without limiting the foregoing, the Committee shall review and recommend (a) the annual base salary level, (b) the annual cash bonus opportunity level under the applicable annual incentive bonus plan, and (c) the long-term incentive opportunity level for the Executive Chairman and the President & Chief Executive Officer. The Committee's recommendations shall be reviewed and approved by a panel consisting solely of the independent directors of the Board (and with respect to any performance-based compensation, such approval shall be by a panel consisting solely of two or more independent directors that are also "outside directors" under Section 162(m)). Directors who do not meet all of the applicable independence requirements may participate in such panel discussions (other than the Executive Chairman and the President and Chief Executive Officer), but shall not vote on whether to approve the Committee's recommendations. Neither the Executive Chairman nor the President and Chief Executive Officer may be present during any Committee deliberations or voting with respect to their compensation.
- Based upon such discussions with the panel of independent directors of the Board, the Chair of the Committee, together with the Chair of the Governance and Nominating Committee, shall annually review the performance of the Executive Chairman, the President and Chief Executive Officer and the Chief Financial Officer and meet with such Officers to share the findings of such review.
- Conduct an annual review of and approve the Company's compensation packages for Officers of the Company (other than the Executive Chairman and the President and Chief Executive Officer). Without limiting the foregoing, the Committee shall review and approve (a) the annual base salary level, (b) the annual cash bonus opportunity level under the applicable annual incentive bonus plan, and (c) the long-term incentive opportunity level for each Officer (other than the Executive Chairman and the President and Chief Executive Officer).
- Annually review and approve the objective performance measures, the performance targets and goals for Officers participating in the Company's annual incentive bonus plans and long-term incentive plans and determine the performance results under such measures and targets.

- Annually review and approve the peer group companies used for purposes of assessing Officers' compensation and review market data.

#### *Incentive Plans/Benefits*

- The Committee shall periodically review and make recommendations to the Board with respect to incentive compensation plans and equity-based plans including any recommended amendments, modifications or replacements. The Committee shall review and approve: (a) all tax-qualified, non-discriminatory employee benefit plans; and (b) all parallel non-qualified plans pursuant to which (in the case of plans referred to in each of clauses (a) and (b)) restricted or deferred units, options or stock may be acquired by Officers, directors, employees or consultants of the Company.
- The Committee shall exercise all rights, authority and functions delegated to it under all of the Company's stock option, stock incentive, employee stock purchase and other equity-based plans (including the Company's long-term incentive plan, as amended, restated or replaced from time to time (the "LTIP")) or by the Board, including, without limitation, the authority to interpret the terms thereof, to grant options thereunder, to make stock awards thereunder and to determine the vesting of all awards; provided, however, that, except as otherwise expressly authorized to do so by a plan or resolution of the Board, the Committee shall not be authorized to amend any such plan. The Committee shall also review, at least annually, projected pro forma vesting and awards under the LTIP and the Company's policies and practices for accounting for such awards.
- Periodically review other human resources policies for benefits, perquisites, programs and initiatives, including healthcare and other benefits.

#### *Employment Contracts and Arrangements*

- Review and approve employment terms and any agreements or arrangements for new Officers, any severance arrangements for Officers (other than the Executive Chairman and the President and Chief Executive Officer), and any change of control, indemnification, or other employment or compensation-related agreements or arrangements to be entered into with or provided to Officers, provided that in each case, with respect to any such agreements or arrangements with or for the Executive Chairman and the President and Chief Executive Officer the Committee shall recommend such for review and approval by the panel of independent directors of the Board.

#### *Board Compensation*

- The Committee shall periodically review and make recommendations to the Board with respect to director compensation (including compensation for members of committees of the Board).

#### *Say-on-Pay, CD&A and Annual Proxy Statement*

- Review and consider the results of any advisory vote on executive compensation and otherwise oversee the Company's engagement with shareholders on the subject of executive compensation.

- Provide recommendations to the Board of Directors on compensation-related proposals to be considered at the Company's annual meeting, including the frequency of advisory votes on executive compensation.
- Review the Company's Compensation Discussion and Analysis ("**CD&A**") and related disclosures, recommend to the Board of Directors based on this review and these discussions whether the CD&A should be included in the Company's annual report and proxy statement, and approve the compensation committee report that is also required to be included in the annual report and proxy statement.

#### *Equity Guidelines*

- The Committee may, from time to time, establish equity ownership commitments guidelines in order to align the long-term interests of employees/directors with those of shareholders.

#### *Talent Management and Succession Planning*

- The Committee will review and approve management's succession plans for all key executives and managers of the Company. While succession planning is viewed as an ongoing process, the Committee will review this area two times a year.
- Annually review and discuss with the independent directors of the Board the performance of the Officers and the succession plans for each such Officer's position including recommendations and evaluations of potential successors to fill these positions provided that, in the case of the Executive Chairman and the President and Chief Executive Officer, such review and discussion shall be done in conjunction with the chair of the Governance and Nominating Committee.
- Conduct an annual review of and approve the Company's management development and succession planning practices and strategies.
- The Committee, as part of succession planning, will review individual specific training requirements, including timing, for key executives and managers of the Company.

#### *Compensation Practices and Potential Risks*

- Annually review and assess potential material risks, if any, created by the Company's compensation policies and practices (including compensation policies and practices for non-Officers), oversee the management of any such potential risks, and report to the Board on the results of its review and evaluation. Such review shall include obtaining such reports or analyses from management or other advisors as the Committee determines would be of assistance.

#### *Board Reports*

- Make regular reports to the full Board of Directors on the Committee's activities and such other topics related to compensation elements, programs and practices, management development and succession as the Committee determines appropriate.

#### *Charter and Self Assessment*

- Review and assess the adequacy of this Charter annually, or more often as circumstances dictate, and recommend any changes to the Board for approval.
- Periodically evaluate, and as appropriate take steps to address, the performance and effectiveness of the Committee in meeting its responsibilities under this Charter.

## **ENVIRONMENTAL, HEALTH AND SAFETY COMMITTEE**

### **Purpose**

The purpose of the Environmental, Health and Safety Committee is to review on behalf of the Board the policies and processes implemented by management, and the resulting impact and assessments of all health, safety, environmental and climate changerelated activities of the Company.

More specifically the Environmental, Health and Safety Committee is to:

- review and approve, and if necessary revise, the environmental, health and safety policies and environmental compliance programs of the Company;
- monitor the Company's environmental, health and safety management systems including internal and external audit results and reporting; and
- provide direction to management on the frequency and focus of external independent environmental, health and safety audits.

### **Composition**

The Committee shall be comprised of not less than three directors, of which one shall be the Chief Executive Officer. Members of the Committee and the chair of the Committee shall be appointed and may be removed, with or without cause, by the Board of Directors. The Board of Directors shall appoint a new member or members in the event that there is a vacancy on the Committee that reduces the number of members below three (3) or in the event that the Boar determines that the number of members on the Committee should be increased.

### **Meetings**

The Committee shall meet at least four times per year. Additional meetings may be held as deemed necessary by the Committee Chair or as requested by any member. Environmental, health and safety on-site reviews, when appropriate, will be included in the regular Board tours of Company operations.

Members of the Committee are expected to use all reasonable efforts to attend each meeting. The Committee is authorized to request the presence at any meeting, a representative from the external advisors, senior management, legal counsel or anyone else it considers to be able contribute substantively to the subject of the meeting, including directors, officers and employees of the Company.

Minutes of each meeting shall be prepared under the direction of the Chair of the Committee and circulated to Committee members for review and approval.

### **Committee Authority and Responsibilities**

Specific authority and responsibilities of the Committee shall include, but are not limited to, satisfying itself:

- The Company has implemented appropriate environmental, health and safety policies and compliance systems and provide guidance to management with respect to the policies and systems;

- The Company carries out appropriate internal environmental, health and safety audits and, as required, external environmental, health and safety audits;
  - The Company has a policy for reporting findings to the Board;
  - The Company's environmental, health and safety policies are current and operations are in compliance;
  - Management is taking appropriate steps to ensure compliance with regulatory standards;
  - The Company's environmental, health and safety management system is meeting the needs of environmental, health and safety stewardship;
  - The principle areas of environmental, climate change, health and safety risk and impacts are identified and that sufficient resources are allocated to address these;
  - A plan is prepared each year which identifies the environmental, climate change, health and safety areas that the Committee expects to focus on;
  - Overall company environmental, climate change, health and safety strategy is reviewed and approved; and
  - Regularly report to the Board on the foregoing matters.
- The Committee shall also review periodically and discuss with management the Company's major risks for environmental, climate change, health and safety matters, the steps the Company is taking and its risk management policies therefor and report to the Board thereon.

*Charter and Self Assessment*

- Annually review and assess this Charter and recommend any changes to the Board for approval.
- Annually evaluate and take steps to improve the effectiveness of the Committee in meeting its responsibilities under this Charter.

## TERMS OF REFERENCE FOR THE EXECUTIVE CHAIRMAN OF THE BOARD

### Purpose

The Executive Chairman of the Board is responsible for developing the overall corporate strategy, providing leadership and building consensus in conjunction with the chief executive officer of the Company ("CEO"), in the development of the Company's overall strategic plan, capital markets activities and corporate development initiatives within the context of the corporate strategy. The Executive Chairman will primarily act as a key driver of the development of the strategy and the CEO will be primarily responsible for the execution of the strategy.

Additionally, the Executive Chairman has the following duties and responsibilities:

### *Strategic Matters*

- to work with the CEO to build a strong senior management group to ensure that the objectives, policies and procedures of the Company, as agreed to by the Board, are fully, promptly and properly carried out;
- to ensure that the Company's management strategies and business plans are founded on the creation of shareholder value;
- to work with the CEO to develop management strategies and business plans, provide guidance to, and act as a 'sounding board' for, the CEO with respect to the implementation of such strategies and plans and in cooperation with the CEO, ensure that such strategies and plans are appropriately represented to the Board;
- to work with the CEO and other senior management of the Company to oversee and monitor the progress of the implementation of the Company's management strategies and business plans;
- to work with the Board to ensure that appropriate objectives and goals are established for the CEO and senior management and monitor and evaluate the performance of the CEO and senior management against these objectives; and
- to hold the CEO to account for executive actions and performance and ensure the Board is kept informed as required.

### *Relations with Shareholders, Stakeholders and the Public*

- to chair, when present, all meetings of the shareholders;
- to be a spokesman for the Company with respect to shareholders, investors, analysts, public, government and industry regarding the Company's assets, operations, strategic goals and initiatives;
- to ensure that the views of major shareholders are communicated to the Board and that the Board develops an understanding of those views;
- to work with the CEO to develop and implement effective communication strategies with shareholders, investors, analysts, public, government and industry regarding the Company's assets, operations, strategic goals and initiatives; and

- to assist the CEO and other senior management, if requested by the CEO or the Board, in representing the Company in its dealings with all other interested parties.

### *Managing the Board*

- to chair, when present, all meetings of the Board except as otherwise provided herein;
- to be the senior spokesman for the Board in conjunction with the Lead Director and maintain its relations with senior management and to communicate with the CEO information and feedback by the Board;
- to assist the Board in the discharge of its duties and responsibilities relating to the review and approval of the following:
  - corporate goals and policies of the Board;
  - strategies and business plans developed by management;
  - management, capital and operating plans, financial statements and management reports;
  - the declaration and payment of distributions/dividends;
  - mergers, acquisitions, new projects, diversifications and expansions;
  - the allocation of resources;
  - equity and debt financing; and
  - the assessment of the performance of senior officers of the Company;
- to keep himself or herself informed about the business and affairs and short and long range plans of the Company and the industrial, political and financial trends and activities in the United States, Germany, Canada and elsewhere which affect the Company;
- to direct the administrative functions which are necessary for the due and efficient performance and discharge by the Board of its duties and responsibilities;
- to review all information and material prepared by management for submission to the Board and to supervise the procedure whereby it is distributed in time for due consideration;
- to circulate to all directors, subject to reasonable safeguards, the minutes and proceedings of the Board;
- to work in close cooperation with the senior management of the Company and the Lead Director so that the policies, goals, decisions and directives of the Board are fully understood and implemented by the Company;
- to ensure senior management succession and development plans are presented to the Board annually;
- to foster a harmonious and constructive relationship between management and the Board;
- to communicate with the Board to keep it up-to-date on all major developments;
- to develop, with input from the Lead Director, Board agendas and timetables for future meetings;

- to ensure, in conjunction with the Lead Director, that the Committees are working effectively; and
- to assume such other duties and responsibilities as may be assigned to him or her from time to time by the Board.

## TERMS OF REFERENCE FOR THE LEAD DIRECTOR

The Lead Director's role is to provide leadership to the non-management directors of the Board, ensure that the Board can operate independently of management, that directors have an independent leadership contact, assist in enhancing the Board's effectiveness and managing the Board and to liaise with management, the Board and other stakeholders as required. In addition, the Lead Director shall also be the Deputy Chairman of the Board. The responsibilities of the Lead Director include:

### Enhancing Board Effectiveness

- Ensuring the Board has adequate resources, especially by way of full, timely and relevant information to support its decision-making requirements;
- Establishing, in consultation with the Chairman and Chief Executive Officer and any governance or other committee designated by the Board, procedures to govern the Board's work, ensuring that the Board is appropriately approving strategy and supervising management's progress against that strategy;
- Providing input and help to develop with the Chairman, Board agendas and timetables for Board meetings and committee meetings;
- Ensuring, in conjunction with the Chairman, that the committees are working effectively; and
- In conjunction with the Governance and Nominating Committee, annually reviewing the Board's and the committees' effectiveness;
- Leading and assisting the Board in the discharge of its duties and responsibilities relating to the review and approval of the following:
  - corporate goals and policies of the Board;
  - governance matters;
  - strategies and business plan presented by the Chief Executive Officer and senior management of the Company; and
  - the allocation of resources.

### Managing the Board

- Ensuring that independent Directors have adequate opportunities to meet to discuss issues without management present;
- Chairing meetings of the Board when the Chairman is not in attendance, including executive sessions of the independent directors and meetings of the Board relating to governance and executive management compensation matters;
- Consulting with the Chairman and Chief Executive Officer and the Board on the effectiveness of Board committees;
- Serving as a liaison between the Chairman and the independent directors;
- Ensuring delegated committee functions are carried out and reported to the Board;

- Being the senior spokesman for the Board on governance matters and executive management compensation matters; and
- Ensuring that the Board is alert to its obligations to the Company, shareholders, management and other stakeholders;
- Ensuring the coordination of the agenda, information package and related events for Board meetings in conjunction with the Chairman and Chief Executive Officer;
- Ensuring that the Board receives adequate and regular updates from the Chief Executive Officer on all issues important to the welfare and future of the Company;
- In collaboration with the Chief Executive Officer, ensuring data requested by the directors or the committees of the Board is provided and meets their needs;
- Communicating with all directors and committee chairs to coordinate input from directors and optimize the effectiveness of the Board and its committees.

#### **Liaising Between Board and Management**

- Ensuring that the Chief Executive Officer is aware of the concerns of the Board, shareholders, other stakeholders and the public;
- Communicating to management, as appropriate, the results of private discussions among the outside Directors and acting as a liaison between the Board and the Chief Executive Officer;
- Working in close cooperation with senior management of the Company and the Chairman so that the policies, goals, decisions and directives of the Board are fully understood and implemented by the Company; and
- Ensuring senior management succession and development plans are presented to the Board annually.
- Acting as the principal sounding board and confidante of the Chief Executive Officer including helping to review strategies, define issues, maintain accountability and build relationships;
- At the request of the Chief Executive Officer, providing advice to him or her on major policy issues; and
- At the request of the Chief Executive Officer, assisting in representing the Company in a general industry and community context.

#### **Liaising with Shareholders**

- If requested by major shareholders or the Board, ensuring that he or she is available for consultation and direct communication with major shareholders;
- Being available for communication and questions with shareholders at all shareholder meetings; and
- In conjunction with the Chief Executive Officer, ensuring the Company's management and, where applicable, the Board are appropriately represented at official functions and meeting with major shareholder and other stakeholder groups.

## Other

- Keeping himself or herself informed about the business and affairs and short and long range plans of the Company and the industrial, political and financial trends which affect the Company;
- Carrying out such other duties as may be requested by the Board;
- The Lead Director shall be authorized to retain such counsel as he may require from time to time to assist him with his duties and responsibilities hereunder, the cost of which shall be borne by the Company.

## TERMS OF REFERENCE FOR THE CHIEF EXECUTIVE OFFICER

Subject to the overall control, direction and policies of the Board, the chief executive officer ("CEO") is responsible for the general supervision, management, organization, administration and operation of the Company and its subsidiaries in the ordinary course of business, and, subject to anything to the contrary herein, has all powers necessary to carry out his or her responsibilities. The CEO will work cooperatively with the Executive Chairman to develop and implement the strategic goals of the Company. The Executive Chairman will primarily act as a key driver of the development of the strategy and the CEO will be primarily responsible for the execution of the strategy.

Specifically, the CEO shall have the following duties, powers and authorities:

- to make changes in the management organization of the Company as he or she shall consider appropriate and as shall be consistent with the policies established from time to time by the Board;
- to prescribe the duties and responsibilities of all officers and employees of the Company, other than the Executive Chairman and the Lead Director;
- to employ and discharge employees of the Company other than those whose appointments are made or confirmed by the Board;
- to recommend to the Board the employment or dismissal or change in office of any officer of the Company whose appointments are made or confirmed by the Board;
- to suspend from duty an officer of the Company other than the Executive Chairman and to report to the Board on any such suspension;
- to delegate to the vice-presidents and department heads such power and authority to carry out their duties as he or she considers necessary or desirable;
- to submit to the Board:
  - annual capital and operating plans of the Company;
  - longer term capital and operating plans of the Company;
  - proposals for commitments, capital expenditures, mergers and acquisitions, disposition of assets and financing in excess of the limits of his or her authority;
  - information involving major policy in respect of labor relations, major changes in pricing policies for the Company's products and the openings or closing of any major facility; and
  - such other information and materials as the Board may require from time to time;
  - to assist and work with the Executive Chairman to develop management strategies and business plans and ensure that such strategies and plans are appropriately represented to the Board;
  - to assist and work with the Executive Chairman and other senior management of the Company to oversee and monitor the progress of the implementation of the Company's management strategies and business plans;

- to provide the Executive Chairman, the Lead Director and the Board with such information respecting the Company and its business and affairs as they may require for the due performance of their duties and functions;
- to plan and provide for management development and succession within the Company and to report at least annually thereon to the Board;
- to play an active role in marketing and obtaining new shareholders and maintaining and managing relations with current shareholders;
- to act as a spokesman for the Company and work cooperatively with the Executive Chairman to maintain the Company's relations with the security holders, investment analysts, public, government and industry and arrange for the Company to be appropriately represented in its relations with other companies and individuals with which it is associated in joint ventures or by way of investment;
- to ensure the Company is operating in the parameters of the law and appropriate ethical and moral standards;
- to ensure that the principal risks of the Company have been identified and systems have been put in place to manage these risks and to report to the Executive Chairman and the Board regarding the same;
- to ensure the suitability and integrity of the Company's internal control systems; and
- to establish, in consultation with the Executive Chairman, the Board and/or appropriate Board committees, such policies and practice statements as may be necessary or desirable to facilitate the Company's business.

These powers and authorities are subject to:

- any requirement of law or the by-laws of the Company that any action must be taken by the Board of directors or by the security holders: and
- any specific limitation by the Board.
- the limitations in the following schedule:

<b>Authority</b>	<b>Amount</b>
<b><i>Capital Expenditures and Leases:</i></b>	
In an approved plan	Full
Not planned	\$10,000,000
Special Maintenance	\$10,000,000
Property Purchases and Leases	\$10,000,000
Acquisitions and Dispositions	\$10,000,000
<b><i>Hedging and Derivatives:</i></b>	
In an approved plan	Full
Not planned	\$7,500,000
Operating Contracts and Supply Agreements	Full
Product Sales Agreements	Full

Consulting Services

Full

The CEO is authorized to delegate such of his powers and authorities as he sees fit, together with power to authorize sub-delegation.

The CEO shall devote his full time, effort and energies to the business and affairs of the Company and shall not without the prior approval of the Board act as a director of, or consultant or advisor to, any other firm or corporation (other than existing non-executive directorships at the date hereof and personal and familial investment and holding companies or firms), unless the same is affiliated or associated with the Company or unless the Company has a substantial interest therein.

**APPENDIX "A"**  
**List of Directors and Officers**

(As of May 28, 2021)

**Mercer International Inc.**

Jimmy S.H. Lee	Executive Chairman of the Board
David M. Gandossi	Chief Executive Officer, President and Director
William D. McCartney	Lead Director
R. Keith Purchase	Director
James Shepherd	Director
Alan C. Wallace	Director
Linda J. Welty	Director
Rainer Rettig	Director
Alice Laberge	Director
Janine North	Director
David K. Ure	Senior Vice President Finance, Chief Financial Officer and Secretary
Adolf Koppensteiner	Chief Operating Officer
Leonhard Nossol	Group Controller for Europe
Eric X. Heine	Vice President Sales, Marketing and Logistics for North America and Asia
Wolfram Ridder	Vice President of Business Development
Brian Merwin	Vice President of Corporate Development
Richard Short	Vice President, Controller
Bill Adams	Vice President, Sustainability & Innovation
Christoph Grewe-Franze	Chief Information Officer
Genevieve Stannus	Vice President, Treasurer
Joerg Goetsch	Director of Strategic Initiatives, Western Canada

**Zellstoff Stendal GmbH**

André Listemann	Managing Director
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**ZPR GmbH**

Leonard Nossol	Managing Director
Christian Sörgel	Managing Director

**Zellstoff Celgar Limited**

Bill MacPherson	Managing Director
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**Mercer Timber Products GmbH**

Carsten Merforth	Managing Director
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**Mercer Peace River Pulp**

Shawn Elliott	Mill Manager
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**APPENDIX "B"**  
**Committees of Board of Directors**

(As of May 28, 2021)

<b>Committees</b>	<b>Members</b>
Audit	Alan C. Wallace (Chairperson) William D. McCartney Alice Laberge Janine North
Governance and Nominating	William D. McCartney (Chairperson) R. Keith Purchase Linda J. Welty Janine North
Compensation and Human Resources	R. Keith Purchase (Chairperson) James Shepherd Rainer Rettig Alan C. Wallace Alice Laberge
Environmental, Health and Safety	James Shepherd (Chairperson) Linda J. Welty Rainer Rettig Jimmy S.H. Lee David M. Gandossi