

## WHISTLEBLOWER POLICY

### General

Mercer International Inc. (the "**Corporation**") has adopted a Code of Business Conduct and Ethics (the "**Code**") which establishes the fundamental ethical values and standards of behaviour that we are expected to demonstrate in our work and business activities. The Code was implemented in conjunction with other policies and procedures. This whistleblower policy (the "**Policy**") is intended to further complement our Code and promote our ongoing commitment to ethics and integrity.

The employees of the Corporation and its subsidiaries (collectively, "**Mercer**") and others have a duty to report questions, complaints and concerns relating to the potential breach of laws, the Code, this Policy or other Mercer policies and procedures dealing with ethics and compliance.

In the context of this Policy, an "**employee**" refers to directors, executive officers and employees of Mercer whether on a full-time, part-time, contractual, seasonal, temporary, consulting or other basis.

This Policy incorporates measures to ensure that employees are afforded multiple avenues to communicate, and/or report concerns and complaints, **including on an anonymous or confidential basis, while being protected from retaliation**. Anonymous reports of **Improper Activities** (as defined below) can be made by employees through our **Integrity Hotline**, which is independently administered by EthicsPoint. See "Reporting Contact Information" below.

Mercer may adopt additional policies and procedures to implement the guidelines in this Policy. Mercer may change or revise the Policy and its other policies and procedures at any time. The Policy is not intended to alter, amend or supersede any applicable collective bargaining agreements.

This Policy and the Code are available on Mercer's website at [www.mercerint.com](http://www.mercerint.com).

### Responsibilities

All of our employees are responsible for their own behaviour and upholding Mercer's commitment to ethical values, appropriate standards of behaviour and compliance. It is the responsibility of all employees of Mercer to understand and comply with the Code and this Policy.

## What to Report

Each employee has a duty to raise and report concerns regarding "Improper Activities", which include, but are not limited to:

- violations of the Code or other Mercer policies, including harassment or unacceptable conduct or behaviour;
- violations of federal or state securities laws or regulations or other laws applicable to Mercer;
- securities fraud, wire fraud, mail fraud, bank fraud, or any other fraud against Mercer;
- forgery or alteration of documents;
- misappropriation or misuse of Mercer's resources, such as funds or other assets;
- questionable accounting, internal accounting controls or auditing matters;
- disclosures in documents filed or submitted by Mercer with the Securities and Exchange Commission and other public disclosures made by Mercer that may not be complete or accurate; or
- 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 Mercer's property, or willful omission to perform the employee's duties, or involves gross misconduct.

You should exercise your own common sense and judgment to determine whether you have noticed something unethical, improper or illegal.

## Reporting Improper Activities


All evidence of an Improper Activity by an employee of Mercer or others acting on behalf of Mercer 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 he or she may:

- Contact the **Integrity Hotline** as set out below (the external service administered by **EthicsPoint** will direct the matter to the Audit Committee Chair on a timely basis); or
- Alternatively, reports of Improper Activities may be set forth in writing and forwarded in a sealed envelope to the Chair of the Audit Committee, in care of Mercer's Secretary at the address below in an envelope labeled: "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 Mercer's Secretary shall be forwarded promptly and unopened to the Chair of the Audit Committee; or
- Further alternatively, contact the Policy's Administrative Officer directly as set out below.







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 Chair of the Audit Committee.

Reports of Improper Activities relating to an executive officer of Mercer should be made to the Audit Committee Chair, either through the Integrity Hotline or directly.

### **What to Include in a Report**

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. Reporting persons should refrain from: (a) obtaining evidence which they do not have the right to access; and (b) conducting their own investigative activities.

### **What to Report**

Concerns about, or reports of, Improper Activities should be made as soon as practicable. The earlier a report is made, the sooner Mercer can take action to eliminate, prevent or minimize any resulting damage.

### **No Retaliation**

No employee who has a reasonable ground for doing so and 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 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 Mercer rather than seeking resolution outside Mercer.

### **Report in Good Faith**

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.



## **Confidentiality and Anonymity**

Mercer 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. This will typically involve disclosure on only a need-to-know basis. Thereafter, the report of an Improper Activity will be treated confidentially except in limited circumstances. The identity of any person making a report will not be disclosed unless (a) the person making the report consents to such disclosure; (b) the disclosure is required by law; (c) it is necessary to address a direct and serious threat to a person's health or safety; (d) it is necessary to protect or enforce Mercer's legal rights or interests, or to defend it against any claims; or (e) it is advised by Mercer's outside counsel that disclosure would be in the best interest of Mercer. While Mercer takes confidentiality and anonymity very seriously, it cannot be guaranteed in all circumstances.

## **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 or other officer and/or the Board or one of its other committees. The Chair of the Audit Committee will notify the reporting person and acknowledge receipt of the reported Improper Activity generally 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.

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

## **Reporting Contact Information**

### **Integrity Hotline Contacts**

Mercer's Integrity Hotline can be contacted via the 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)

Australia 1-800-763-214

### **Other Mercer Contacts**

Audit Committee Chair

Alan C. Wallace

[alan.wallace@mercerint.com](mailto:alan.wallace@mercerint.com)





Mercer Secretary  
Suite 1120, 700 West Pender Street  
Vancouver, BC, Canada, V6C 1G8

Policy Administrative Officer  
Richard Short  
richard.short@mercerint.com

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