

Code of Conduct

Purpose: The purpose of this Code of Conduct is to define the standards and values which the General Partner of Canfor Pulp Limited Partnership expects its personnel to follow in their dealings with stakeholders. It is designed to help the General Partner's personnel make the right business decisions, consistent with the General Partner's corporate values of integrity, trust, openness and respect for people and to behave in a manner that reflects the General Partner's high ethical standards.

Application: This Code of Conduct applies to all personnel ("Canfor Pulp Personnel") of the General Partner and each of its subsidiaries, consisting of every director of the General Partner ("Directors"), every officer of the General Partner, ("Officers") and every other employee of the General Partner and Canfor Pulp Limited Partnership ("Employees").

General: This Code of Conduct is designed to:

- promote ethical and legal conduct by all Canfor Pulp Personnel
- ensure all Canfor Pulp Personnel act prudently, diligently, honestly and with integrity
- ensure compliance by all Canfor Pulp Personnel with all applicable domestic and foreign laws
- ensure conflicts arising between the personal interests or activities of Canfor Pulp Personnel and their duties to the General Partner are disclosed and acknowledged and that appropriate methods dealing with any such conflicts are provided for
- ensure Canfor Pulp Personnel use the General Partner's property and opportunities in an appropriate fashion and not for personal benefit

Obeying the Law: The General Partner operates within a complex framework of Canadian federal, provincial and municipal laws, as well as the laws and regulations of other countries in which it does

business. In addition, due to the nature of its operations, the General Partner's operations are particularly affected by environmental laws and regulations.

All Canfor Pulp Personnel are expected to comply with applicable laws and regulations of Canada and any other country where the General Partner carries on business. No Director, Officer or Employee, no matter what position or title he or she holds, is ever expected to commit or condone an illegal act, or to instruct other Canfor Pulp Personnel to do so on behalf of the General Partner.

Respecting Others: (a) Canfor Pulp Personnel

All Canfor Pulp Personnel are expected to make decisions regarding the hiring and promotion of other Canfor Pulp Personnel on the basis of merit and in accordance with applicable human rights legislation and the relevant provisions of the General Partner's collective agreements.

The General Partner believes all Canfor Pulp Personnel have the right to pursue their careers at the General Partner free from harassment and free from discrimination based on any ground prohibited by law, including race, colour, ancestry, place of origin, political belief, religion, marital status, family status, physical or mental disability, sex, sexual orientation or age. The General Partner has developed a specific Harassment and Discrimination Policy which all Canfor Pulp Personnel are expected to follow.

The General Partner believes all Canfor Pulp Personnel are entitled to a safe and healthful working environment. The General Partner has developed a specific Occupational Health and Safety Policy Statement entitled "Safety Comes First at Canfor" which all Canfor Pulp Personnel are expected to follow to ensure that a safe and healthful working environment is provided for all Canfor Pulp Personnel and all others required to provide services at the General Partner's worksites.

The General Partner has developed other specific

policies which address employee rights. Canfor Pulp Personnel should be familiar with these policies, which are available through the Human Resources Department.

(b) Customers and Suppliers

Relationships with customers and suppliers are critical to the continuing success of the General Partner. In dealings with customers and suppliers, all Canfor Pulp Personnel must conduct themselves with honesty, integrity and respect. All Canfor Pulp Personnel must ensure the confidentiality of all customer and supplier information unless disclosure is required by law or authorized by the customer or supplier.

(c) Communities

The General Partner wishes to be a valued and respected member of the communities in which it operates. In dealings with communities, including First Nations communities, or any community leaders, all Canfor Pulp Personnel must act in accordance with applicable law and in an environmentally responsible manner. The General Partner has developed a specific Environmental Policy which all Canfor Pulp Personnel are expected to follow.

Conflicts of Interest:

A conflict of interest arises when a Director, Officer or Employee must choose between the General Partner's best interests and their personal interests, including any transactions or agreements by the General Partner in which he or she has an interest (material or otherwise). Any situation where the judgment of a Director, Officer or Employee may be compromised, where he or she shows undue favouritism to any party or where he or she receives a benefit of some kind, is potentially a conflict of interest. All Canfor Pulp Personnel must strive to avoid situations that create a conflict, create the appearance of a conflict, or have the potential to create a conflict. If any of these situations occur, Canfor Pulp Personnel are responsible for disclosing and, where appropriate, taking action to remedy the conflict of interest.

Situations that can potentially give rise to a conflict of interest are numerous.

- Canfor Pulp Personnel should not have any direct personal interest in a transaction to which the General Partner is a party, unless fully disclosed to the responsible Vice-President and the General Partner's, Chief Financial Officer and approved by the responsible Vice-President.
- Canfor Pulp Personnel should not use their position with the General Partner to solicit or conduct business for personal benefit or gain.
- Canfor Pulp Personnel should not accept gifts or benefits from customers, suppliers, business associates or companies who do or wish to do business with the General Partner, other than modest or token non-monetary gifts.
- Canfor Pulp Personnel must not inappropriately use their position for personal benefit, for the benefit of other Canfor Pulp Personnel with whom they are direct relatives or with whom they permanently reside, or to the detriment of other Canfor Pulp Personnel.

The General Partner has developed a specific Ethics and Conflict of Interest Policy which all Canfor Pulp Personnel are expected to follow.

Improper Payments:

It is strictly prohibited for the General Partner or any Canfor Pulp Personnel to make payments or to confer any other benefit on a public official in any country in order to obtain a business advantage. Such conduct is a criminal offence in Canada, the United States and certain other countries where the General Partner carries on business.

More specifically, it is strictly prohibited for the General Partner or any Canfor Pulp Personnel to give or offer a public official or candidate for public office a gift, loan, reward, advantage or benefit of any kind:

- in exchange for an act or omission by the official in connection with the performance of the official's duties

or functions; or

- to induce the official to use his or her position to influence any acts or decisions of the domestic or foreign government body for which the official performs duties or functions.

It is also strictly prohibited for the General Partner or any Canfor Pulp Personnel to condone any such giving or offering by another person who may be viewed as representing the General Partner (i.e. a business representative or agent, or a joint venture or other business partner).

If an attempt is made by a public official (or by another person on behalf of a public official) to solicit or extort a benefit of any kind, it must not be complied with and should immediately be reported in full detail to the General Partner's Chief Financial Officer.

Confidential Information:

Canfor Pulp Personnel have access to corporate information which is sensitive or confidential. Information such as personnel records, payroll records, customer information, General Partner strategies, financial and competitive information is all confidential. Release of such information is potentially harmful to the General Partner, Canfor Pulp Personnel, suppliers and customers. In some cases it is illegal. Canfor Pulp Personnel must use extreme care when dealing with confidential or sensitive information. Such information must not be released to anyone inside or outside of the General Partner who is not authorized or legally entitled to receive it.

The General Partner has developed a specific Disclosure Policy which all Canfor Pulp Personnel are expected to follow.

Insider Trading:

Trading of publicly listed securities or their derivatives on the basis of insider information is against the law and can result in significant fines and even jail sentences. The General Partner has developed a specific Unit Trading Policy which all Canfor Pulp Personnel are expected to follow.

Integrity of Records and

The integrity of the General Partner's records and financial reporting is critical to its on-going success. All assets,

Internal Controls: liabilities and transactions must be accurately and completely reported in the books and supported by necessary documentation. No asset, liability or transaction is to be concealed from management or the General Partner's auditors.

Use of the General Partner's funds or other assets for unlawful or improper purposes is prohibited. All transactions must be authorized and executed in accordance with the General Partner's policies and the instructions of management. Appropriate accounting and financial policies, procedures, controls and audit processes must be maintained.

Canfor Pulp Personnel, regardless of their position in the organization, are expected to follow internal policies and procedures designed to protect the integrity of corporate data. This includes adherence to procedures related to security of computer systems.

Financial reports which are made available to the unitholders and the public are prepared in accordance with generally accepted accounting principles as well as applicable laws and regulations.

Canfor Pulp Personnel are encouraged to question and report to the Chair of Audit Committee transactions which appear to be contrary to established policies and procedures.

Commitment: Canfor Pulp Personnel are expected to be committed to the General Partner and to dedicate all appropriate efforts to the General Partner, based on the nature of their position with the General Partner. Canfor Pulp Personnel are expected to avoid assuming additional obligations, such as taking a second job, running a business or serving as an officer or director of another organization, if those obligations would interfere with their ability to fully and effectively perform their duties with the General Partner.

Subject to the foregoing, Canfor Pulp Personnel may serve as a director of another significant organization, such as a public company or widely recognized non-profit organization, if:

- such service is consistent with, and does not interfere with, their duties to the General Partner

- such service does not give rise to a conflict of interest
- in the case of Directors, such directorship or other relationship has been reported to the Chairman of the Board
- in the case of Officers, such directorship or other relationship has been disclosed to, and approved by, the Chief Executive Officer and the Chief Executive Officer shall advise the Board of such approvals.
- in the case of the Chief Executive Officer, such directorship or other relationship has been disclosed to the Chairman and approved by the Board.

Preferential Treatment:

Canfor Pulp Personnel must not act in their official role to assist organizations or persons in their dealings with the General Partner if that may result in preferential treatment to that organization or person.

Public Comment:

Canfor Pulp Personnel should not engage in activity or speak publicly on matters where this could be perceived as an official act or representation of the General Partner, unless the act or representation is authorized in accordance with the General Partner's Disclosure Policy. All Canfor Pulp Personnel are expected to follow this Policy, which deals with public comment in greater detail.

Political Activities:

Canfor Pulp Personnel are free to participate in political activities. Political activities, however, must be clearly separated from activities related to employment or appointment. Canfor Pulp Personnel must not engage in political activities during working hours or use corporate facilities, equipment, supplies or resources in support of these activities.

Canfor Pulp Personnel holding public office are expected to comply with all generally applicable laws relating to the avoidance of any conflict of interest.

Fraudulent Conduct:

Any act, omission or behaviour on the part of a Director, Officer or Employee undertaken with the intent to defraud, or mislead the General Partner, whether financially or otherwise, will be grounds for disciplinary action, which may include

retention of amounts due, dismissal and prosecution. The General Partner has developed a specific policy entitled "Steps to be Taken When Theft or Fraud are Suspected" which all Canfor Pulp Personnel are expected to follow.

Compliance:

It is critical to the General Partner's success that Canfor Pulp Personnel conduct themselves ethically and legally in every aspect of their business activities. All Canfor Pulp Personnel are required to comply with this Code of Conduct. Directors, Officers and Employees in supervisory positions must assume a responsibility for the actions and conduct of other Employees who report to them. Canfor Pulp Personnel can fulfill this responsibility through prudent management practices such as:

- leading by example and exhibiting high standards of ethical behaviour;
- ensuring this Code of Conduct is clearly communicated to all Canfor Pulp Personnel on a regular basis;
- appropriately investigating situations which may indicate a breach of this Code of Conduct; and
- dealing with known breaches of this Code of Conduct in an appropriate manner.

Violations of this Code of Conduct will result in the General Partner taking appropriate action, including possible discharge from employment. Canfor Pulp Personnel should also be aware that potential personal liability does not end with the General Partner. Depending on the circumstances, an individual may also face civil or criminal charges and penalties.

Reporting:

Any Director, Officer or Employee who believes a violation of this policy has occurred has an obligation to report the violation to an appropriate General Partner official. Possible violations should be reported to an appropriate supervisor in an Employee's work area. However, where an Employee is uncertain as to how a violation of this policy should be reported, or is not comfortable going to his or her supervisor, the Employee should consult, in confidence, with the General

Partner's Chief Financial Officer, Chair of the Audit Committee or any Vice-President.

The General Partner will not take or allow any reprisal against an employee who, in good faith, reports a suspected violation of this policy. Any such reprisal will in itself be considered a very serious breach of this policy and subject to disciplinary action.

All reported violations will be investigated. Where an investigation determines that a violation has occurred, appropriate action will be taken.

Officers must report all breaches of this policy, including incidents of theft or fraud, to the Chief Executive Officer, the Chief Financial Officer and the Chair of the Audit Committee.

Policy clarifications should be directed to the General Partner's Chief Financial Officer.

Conclusion:

All Canfor Pulp Personnel are bound by this Code of Conduct. The General Partner reserves the right to modify or amend this Code of Conduct, which shall become binding on all Canfor Pulp Personnel when communicated. This Code of Conduct does not constitute an exhaustive statement and is to be interpreted as a general guideline to give Canfor Pulp Personnel the basis of conduct considered by the General Partner to be unacceptable on the one hand, and reasonable, lawful and acceptable on the other hand, and to permit Canfor Pulp Personnel to advise those outside the General Partner of its official policy.