
TEMBEC INC.

MANDATE OF THE BOARD OF DIRECTORS
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I. INTRODUCTION

A. Purpose and Objectives

The Board of Directors (the “**Board**”) of Tembec Inc. (the “**Corporation**”) is responsible for the overall stewardship of the Corporation and for fostering its long-term success consistent with its fiduciary responsibility to its shareholders.

B. Powers

The Board has full power and authority to manage and control the affairs and business of the Corporation, and establishes its overall policies and standards. While delegating certain of its authority and responsibilities to committees and to the management of the Corporation, it retains full effective control over the Corporation and monitors senior management.

II. COMPOSITION AND BOARD ORGANIZATION

A. Composition

1. The Board will be constituted of a majority of independent directors, as that term is defined under applicable securities legislation (“**Independent Directors**”). The Corporation expects and requires directors to be and remain free of conflictual interests or relationships and to refrain from acting in ways that are actually or potentially harmful, conflictual or detrimental to the Corporation’s best interests.
2. The membership of the Board will include a sufficient number of individuals who are financially literate and independent, as those terms are defined in applicable securities legislation, to ensure that the members of the Audit Committee fulfill the composition requirements described in the Audit Committee’s charter.

B. Meetings

1. The Board will meet at least five times per year.
2. The Board will implement structures and procedures to ensure that it functions independently of management, which will include the exclusion of management from its meetings, from time to time, as appropriate.
3. Minutes of all meetings of the Board will be maintained and approved by the Board.

C. Directors of the Board

1. The Board, with the assistance of the Corporate Governance and Human Resources Committee, is responsible for evaluating its size and determining the appropriate number of directors for the Board.

2. The Board is responsible for approving new nominees to the Board and for assessing directors based upon the recommendations of the Corporate Governance and Human Resources Committee.
3. The Corporate Governance and Human Resources Committee will annually consider the skills and competencies of the members of the Board in order to determine what additional skills and competencies would be helpful to the Board. The Corporate Governance and Human Resources Committee will convey its findings to the Board to be used to identify specific candidates.
4. The Board will ensure that there is an appropriate orientation and education program for new members of the Board and continuing education program for all Board members. It will ensure that prospective candidates for Board membership have received the appropriate information to permit them to fully understand the role of the Board and its committees, the contributions expected from individual directors, as well as a general understanding of the nature and operations of the Corporation's business.
5. The Board will annually review the assessment of the Board's performance and recommendations provided by the Corporate Governance and Human Resources Committee and evaluate its own effectiveness, the whole in accordance with the Corporation's Corporate Governance Policy. The Board will take appropriate action based upon the results of the review process.
6. The Board will consider and approve the adequacy and form of the compensation of directors, upon recommendation of the Corporate Governance and Human Resources Committee, and ensure that compensation realistically reflects the responsibilities and time involved in being an effective director.

D. Committees

1. The Board will appoint committees to assist it in performing its duties and processing the information it receives. The responsibilities of those committees will be set forth in their charters, as amended from time to time. There are currently three standing committees; namely, the Corporate Governance and Human Resources Committee, the Environment, Health and Safety Committee and the Audit Committee.
2. The Board will name members of committees after considering the recommendations of the Corporate Governance and Human Resources Committee and the Executive Chairman of the Board, as well as the skills, preferences and availability of individual Board members, all in accordance with the charters of such committees.
3. The Board will annually appoint a member of each of its committees to act as chairman of the committee.
4. The Board will receive reports from each committee as to the work undertaken by the committee and, in each case, the committee's recommendations, if any, for change with respect to its responsibilities. The Board will evaluate and approve, if appropriate, such recommendations. The Board will also receive minutes of all committee meetings.
5. The Board will annually evaluate the performance and review the work of its committees, including their respective charters and the sufficiency of such charters.

III. RESPONSIBILITIES AND DUTIES

A. General

1. The Board is responsible for:
 - (a) directing management to ensure legal requirements have been met and documents and records have been properly prepared, approved and maintained;
 - (b) approving changes in the Corporation's by-laws and articles of incorporation, matters requiring shareholder approval, and agendas for shareholder meetings; and
 - (c) performing such functions as it reserves to itself or which cannot, by law, be delegated to committees of the Board or to management.

B. Management of the Corporation

1. The Board will appoint and determine the remuneration of the Chief Executive Officer (the "CEO") and other Senior Executives of the Corporation, upon recommendation of the Corporate Governance and Human Resources Committee. For the purposes hereof, Senior Executives means the senior executives of the Corporation; namely, the CEO, the Chief Financial Officer the Executive Vice Presidents and other direct reports to the CEO.
2. The Board will, together with the CEO, and with the assistance of the Corporate Governance and Human Resources Committee, develop or update from time to time a position description for the CEO, for the Executive Chair of the Board and for the Chair of each committee of the Board. The Board will review and approve the objectives developed for the CEO by the Corporate Governance and Human Resources Committee and review the assessment of the CEO's performance in relation to such objectives made by the Corporate Governance and Human Resources Committee.
3. The Board will, to the extent feasible, satisfy itself as to the integrity of the CEO and other Senior Executives and ensure that the CEO and other Senior Executives create a culture of integrity throughout the Corporation.
4. The Board will annually receive and consider a report from its Corporate Governance and Human Resources Committee on succession planning, including appointing, training and monitoring of senior management and the CEO.
5. As part of the responsibility of the Board to oversee management of the Corporation, the Board will engage in active monitoring of the Corporation and its affairs in its stewardship capacity.
6. The Board will oversee the management of the Corporation through an ongoing review process and, in doing so, the Board will establish an effective working relationship with the CEO and other Senior Executives.

C. Strategy and Planning

1. The Board will oversee the formulation of long-term strategic, financial and organizational goals for the Corporation on a regular basis, taking into account, among other things, the opportunities and risks of the business.
2. The Senior Executives, headed by the CEO, will be responsible for general day to day management of the Corporation and for making recommendations to the Board with respect to long term strategic, financial, organization and related objectives.
3. The Board will oversee an annual strategic planning process within the Corporation and will approve the Corporation's strategic plan. This plan will take into account the opportunities and risks of the Corporation's business. The Board will also, from time to time, approve annual business plans and multi-year business plans for the Corporation and its businesses.
4. The Board will engage in a review of short and long-term performance of the Corporation in accordance with approved plans.

D. Financial and Corporate Issues

1. The Board will annually review the significant risks and opportunities affecting the Corporation and its businesses, and the systems and controls in place to manage and monitor risks and opportunities. The Board may impose such limits as may be in the interests of the Corporation and its shareholders.
2. The Board will adopt prudent financial standards with respect to the businesses of the Corporation and prudent levels of debt in relation to the Corporation's consolidated capitalization.
3. The Board will approve capital expenditures and non-budgeted financial commitments in excess of \$2,500,000.
4. The Board will consider and approve:
 - (a) transactions out of the ordinary course of business;
 - (b) special employment contracts, upon recommendation of the Corporate Governance and Human Resources Committee;
 - (c) all matters that would be expected to have a major impact on shareholders;
 - (d) the appointment of any person to any position that would qualify such person as an officer of the Corporation; and
 - (e) any amendments to the Corporation's pension plans relating to governance structure and design of benefits where Board approval for such amendments is required by the terms of said pension plans.
5. The Board will also receive reports and consider:

- (a) The quality of relationships between the Corporation and its key stakeholders;
 - (b) Changes in the shareholder base of the Corporation from time to time and relationships between the Corporation and its significant shareholders;
 - (c) Periodic reports from Board committees with respect to matters considered by such committees; and
 - (d) Environment, health and safety matters as they affect the Corporation and its business.
6. The Board will consider and approve such other matters as the Board may, from time to time, determine.

E. Policies and Procedures

1. The Board will, through its Audit Committee, oversee the integrity of the Corporation's internal control and management information systems.
2. The Board will monitor compliance with the ethics policies or codes of the Corporation and will be responsible for granting any waivers from compliance with such policies or codes for directors and officers.
3. The Board will, through its Audit Committee ensure that the Corporation adopt suitable policies regulating disclosure to and communication with shareholders, the investment community, members of the media, governments and organizations, employees and the greater public. These policies will be reviewed annually or when necessary.
4. The Board has the responsibility for monitoring compliance by the Corporation with the corporate governance requirements of applicable securities regulators and stock exchanges.

F. Compliance Reporting and Corporate Communications

1. The Board will oversee how the Corporation communicates its goals and objectives to its shareholders and other relevant constituencies, including the approval of policies relating to:
 - (a) how the Corporation interacts with analysts, investors, other key stakeholders and the public; and
 - (b) continuous disclosure obligations and selective disclosure.
2. The Board will approve the disclosure of:
 - (a) the Corporation's system of governance; and
 - (b) the operation of its system of governance prepared or approved by the Corporate Governance and Human Resources Committee.
3. The Board will review and approve the Corporation's management proxy circular and annual information form following review by its Corporate Governance and Human Resources Committee and, as regards the annual information form, by its Audit Committee as well.

4. The Board will review and approve annual audited financial statements, quarterly financial statements and related management discussion and analysis disclosure and press releases in connection therewith following review and recommendation by the Audit Committee.
5. The Board will consider and review the means by which shareholders can communicate with the Corporation and the Board, including the opportunity to do so at the annual meeting, communications interfaces through the Corporation's website and the adequacy of resources available within the Corporation to respond to shareholders through the office of the Secretary and otherwise.