

**BOWATER INCORPORATED
CODE OF BUSINESS CONDUCT**

November 11, 2004

To Fellow Employees:

Bowater's reputation for integrity and ethical conduct – for honesty, fair dealing and mutual respect in all business dealings – has always been a hallmark of our Company. That reputation is an irreplaceable asset. To preserve it, we must communicate and review our ethical values to make sure everyone understands them and knows what kind of behavior is expected at Bowater.

At Bowater, compliance with law is a given, but that is not enough. We will always strive to comply with the highest ethical and legal standards. If faced with a choice between compliance and profits, there is no choice – we will comply.

This booklet summarizes our existing policies and standards of business conduct. It is designed to provide guidance to us all in making the day-to-day decisions that determine our business conduct and the reputation of our Company. We are all expected to understand and comply with these policies and standards.

I have asked Jim Wright as Senior Vice President-Human Resources, to take charge of our Code of Business Conduct program. If you have questions about the policies described in this booklet and how to apply them in a particular situation or if you ever suspect that the Company is not complying with these policies, you should communicate your question or concern through one of the methods described in this booklet.

Arnold M. Nemirow
Chairman, President
and Chief Executive Officer

Revised 11/11/2004

BOWATER INCORPORATED CODE OF BUSINESS CONDUCT

INTRODUCTION

At Bowater Incorporated, we value our relationships with our customers, suppliers, shareholders and fellow employees. To maintain these relationships, it is imperative that all of our business be conducted with absolute integrity in an atmosphere of candor and good faith. Compliance with the law is a given. Our aims are considerably higher.

Code of Business Conduct

This Code of Business Conduct is a guide for all employees of Bowater Incorporated, its divisions and subsidiaries. It establishes certain fundamental principles that are to be applied by employees to all business activities. Every situation we encounter in our business activities cannot be addressed in this booklet. This Code should, however, provide a common understanding of the ethical values Bowater employees are expected to demonstrate in their work.

This booklet summarizes many of the policies and procedures set forth in the Corporate Policy Manual and the Company's Handbooks. This summary is intended to generally describe the terms of the policies and procedures, not supersede them. The terms of the actual policies and procedures will control if there is a conflict between such terms and the information contained in this booklet. (Similarly, this booklet is not intended to supersede the terms of any collective bargaining agreements.) The Company may change or revise the policies and procedures at any time. If you want to know more about a particular policy or procedure, copies of the Manual and applicable Handbooks are available at each location in the Human Resources Department. At most locations the Manual, any applicable Handbook and this booklet are available on the Company's electronic communication system.

Managers and supervisors must insure the employees for whom they are responsible receive sufficient training to understand and follow Bowater's Code of Business Conduct. Compliance with the Code will be taken into account in reviewing the performance of all employees. Violations of the Code may result in disciplinary action, including termination of employment.

This booklet does not constitute a contract of employment between you and the Company. Your receipt of this booklet does not confer any right to continued employment with the Company.

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If you have any questions or need further clarification of an issue in this booklet, communicate your question or concern through one of the methods described below. For most items, either your immediate manager or your local Human Resources Department will be your best resource. The following corporate resources are also available to address your questions and concerns:

Compliance Officer

James T. Wright

Bowater Incorporated

P.O. Box 1028

55 East Camperdown Way

Greenville, SC 29602

Phone: (864) 282-9483

Fax: (864) 282-9594

E-Mail: wrightjt@bowater.com

ethicsconcerns@bowater.com (for concerns related to business conduct and ethics)

General Counsel

Ronald T. Lindsay

Bowater Incorporated

P.O. Box 1028

55 East Camperdown Way

Greenville, SC 29602

Phone: (864) 282-9352

Fax: (864) 282-9573

E-Mail: lindsayrt@bowater.com

accountingconcerns@bowater.com (for concerns regarding accounting or auditing matters)

Bowater HelpLine

(864) 282-9537

The Bowater HelpLine is a voice mail system that will record your message. Your message will be reviewed on a confidential basis, as discussed in the following paragraph, by either the Compliance Officer or the General Counsel. Your question or concern will then be addressed under the direction of the Compliance Officer or the General Counsel. In order to ensure that we are able to answer your question or act on your concern, please provide a means by which we may contact you.

Each of the above resources is available to assist you in reporting suspected violations of law or Company policy, answer your questions about the Code of Business Conduct, or provide advice when you are in doubt about the propriety of some action. Your communications with these resources can generally be treated on a confidential basis. However, in some instances, your identity may be required by applicable law or where such information is relevant to judicial or administrative proceedings involving the Company.

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Organization

This booklet has three parts.

Corporate Ethics - Company practices for promoting an ethical business environment for our employees, customers, suppliers, shareholders and the communities in which we do business.

Observance of Laws - Primary statutes and regulations imposing legal duties on Bowater and its employees.

Compliance Procedures - Internal company-wide mechanisms for implementing this program and monitoring its effectiveness and the processes in place for obtaining additional information about the requirements contained in statutes, regulations, the Corporate Policy Manual, applicable Handbooks or the Code of Business Conduct, and for reporting violations of law or Bowater policy to senior management.

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CORPORATE ETHICS

As Bowater employees, we are expected to maintain the highest standards of ethical conduct in our work. We must use good judgment and follow Bowater's Code of Business Conduct and other policies applicable to our job activities. Remember, the ethical performance of Bowater is the sum of the actions taken by each of us.

We believe ethical conduct in business activities, rather than mere compliance with law or policy, creates a more positive business environment for those who work for, invest in or do business with Bowater. This section reviews several basic business activities in which this higher standard is expected.

Fair Dealing and Relationships with Customers and Suppliers

It is important that you endeavor to deal fairly with the Company's customers, suppliers and competitors, and with each other, and that you do not take unfair advantage of anyone through manipulation, concealment, misrepresentation of material facts, or any other unfair-dealing practice. In addition to conducting our business affairs within legal bounds, we are firmly committed to treating our customers and suppliers fairly and appropriately.

Specifically, every customer is entitled to:

- Products of consistently high quality and on-time deliveries,
- Prompt, accurate and courteous responses to requests and inquiries and
- Accurate information regarding the quality and utility of our products.

Business relationships with suppliers are based on:

- A legitimate need by Bowater for a product or service,
- The quality, value and availability of the product or service and
- A business environment free of gifts or favors to individuals as part of the terms of the transaction.

This policy is not intended to prevent an employee from accepting gifts of nominal value or casual entertainment, such as luncheons or dinners arising from dealings on behalf of Bowater. For example, gifts having a company's logo or other advertising markings are normally considered of nominal value.

A more detailed discussion of these policies can be found in Corporate Policies GN-2 "General Conduct of Employees" and GN-4 "Conflict of Interest" and in the Company's Handbooks.

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Company Assets

Bowater property, in all its forms, is to be handled responsibly and used for its intended business purpose. Bowater employees are expected to demonstrate honesty and good judgment in dealing with all Company property.

Some guidelines are:

- Company money, facilities, supplies and equipment are to be used only for legitimate Company purposes.
- You are accountable for Company property placed in your custody. It should be properly safeguarded against loss or damage.
- Work hours should be devoted to activities directly related to Bowater business.
- Work for other organizations should not be performed during regular business hours without the approval of the Human Resources department, nor should business or funds be solicited for other organizations at Company locations without the approval of the Human Resources department.

See Corporate Policy GN-2 “General Conduct of Employees” and the Company’s Handbooks.

Proprietary Information

Proprietary information, a form of Company property, must be protected. Unauthorized disclosure of it could destroy its value to the Company and give unfair advantage to others. It should be handled with as much care as more tangible assets and should not be disclosed except when such disclosure is legally mandated or specifically authorized by the Company.

Proprietary information takes many forms. Some examples include financial data, employee information, customer lists and other customer information, marketing data, supplier lists, process details, equipment specifications and details about negotiated agreements. Generally, it is any information that is directly related to Bowater's interests and not intended for the general public. Information developed solely by you, as well as information developed by others, can be considered proprietary information and, therefore, owned by the Company.

Information belonging to another company may also be considered proprietary. Specifically, Bowater may be required to enter into confidentiality agreements as a condition of plant visits or business venture negotiations.

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Proprietary information must be:

- Reasonably protected from persons without a legitimate business need to know,
- Used only for purposes of the Bowater organization and
- Kept confidential even after you leave the Company.

Should you terminate your employment at Bowater, you must return all Company documents and records. In addition, you will be obligated to maintain the confidentiality of any proprietary information that you may have.

If you believe you may have disclosed information inappropriately, inform your manager, higher management or the Legal Department. In such a situation, disciplinary action is not automatic. Your voluntary, forthright cooperation is encouraged and will be taken into consideration.

For further information about the Company's policy on proprietary information, see Corporate Policy GN-2 "General Conduct of Employees."

Employee Privacy

Just as employees are expected to respect and protect confidential information, our employees' rights of privacy are respected. Employment and medical records are maintained by the Company according to applicable laws. All employees have the right to examine their own records by appointment at reasonable times. These records and other information concerning the personal affairs of any Bowater employee are considered confidential and will not be disclosed to anyone without the written consent of the employee concerned, except in these circumstances:

- With the approval of the local Human Resources manager or legal counsel, designated Bowater employees with a need to know may review confidential records.
- In the event of legal proceedings, employee records may be subject to investigation or subpoena by third parties.
- Simple verification of employment, job title and date of hire is authorized.

For further information about the Company's policy on employee privacy, see Corporate Policy HR-5 "Employee Records."

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Conflict of Interest

It is every employee's responsibility to act in the best interests of the Company and advance the Company's legitimate interests. If a situation arises in which your personal interests could conflict with or appear to conflict with Company interests, the existence or potential existence of the conflict must be brought to the attention of management as soon as it is identified. It is important to understand that a conflict of interest does not automatically indicate wrongdoing on the part of an employee. When the employee is open and honest about the potential for a conflict of interest, it is often possible to resolve the conflict to the satisfaction of all parties.

It is impossible to identify all situations in which a conflict of interest could arise. The following are examples of activities you should avoid:

- Accepting gifts, services, trips or entertainment of more than nominal value from business associates, suppliers, consultants, etc.,
- Using your position, Company property, or confidential Company information for your own purposes,
- Taking for yourself personally any opportunities that are discovered through the use of Bowater property;
- Competing against Bowater,
- Investing in (at a significant level) or taking a job with or performing consulting services for an organization doing business with or competing against Bowater and
- Sharing in the proceeds from any business transaction in which Bowater is involved.

These restrictions apply not only to each Bowater employee personally but also to his or her close relatives.

If at any time you think your personal interests may not be compatible with Company interests in violation of the Conflict of Interest Policy, you should discuss the matter with your immediate supervisor or higher management, or use one of the corporate resources, to help you determine if a conflict exists and how to eliminate it.

See Corporate Policy GN-4 "Conflict of Interest" for further information.

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Drugs and Alcohol

A “drug-free” environment is a prerequisite to a positive business reputation. The inappropriate actions of one individual can do irreparable harm to an entire organization. Therefore, as a matter of policy:

- Employees suffering diminished capacity as a result of drug or alcohol use are not allowed to represent the Company, perform their routine duties or be present on Company sites.
- Activities involving drugs or alcohol that are expressly illegal or that violate policy at any Bowater location will not be tolerated.
- Employees violating laws or Company policies concerning drugs and alcohol will face disciplinary action up to and including termination of employment.

Books and Records

While certain types of information require special handling, all Bowater records should be properly maintained, stored and, when appropriate, destroyed.

Company records should be:

- Maintained, stored and destroyed in compliance with applicable laws and Corporate policies and procedures,
- Kept accurate and current and
- Reasonably secured against misappropriation.

See Corporate Policy GN-6 “Records Retention” and Corporate Procedure GN-600 “Records Retention Procedures.”

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OBSERVANCE OF LAWS

Bowater conducts business around the world. Of course, we must comply with applicable legal requirements wherever we conduct business. These requirements may be quite different from state to state, province to province and country to country.

Bowater employees are responsible for using the resources of the Company, as well as outside resources, to develop a working knowledge of the laws and regulations affecting their work responsibilities. Employees are expected to review carefully all information describing or updating their obligations that is circulated or posted from time to time.

In addition to the legal requirements, all Bowater employees are to be familiar with Corporate policies which are designed to assist with legal compliance. These policies are contained in the Corporate Policy Manual and the Company Handbooks and are available to employees for review. All employees must work to create an environment in which compliance with Company policies and applicable laws is expected and encouraged. There should be no suggestion that violations might benefit an employee's career. The opposite is true.

This section of the guide will address some of the laws that affect the conduct of our business. For further information, consult the Corporate Policy Manual, the Company Handbooks, your immediate supervisor, your local Human Resources Department or one of the corporate resources described in the introduction to this booklet.

Health and Safety

At Bowater, the health and safety of our employees is our first concern and responsibility. In addition to complying with applicable legal requirements, we are committed to providing a safe and healthy working environment. Using good judgment and common sense and following Company safety regulations prevents accidents. All employees are responsible for compliance with Company policies regarding safety and health and with applicable laws regarding the health and safety of the workplace. Employees who endanger themselves or others through non-compliance with these laws and policies will face disciplinary action. If you are aware of any instance in which a Bowater work area may not be safe or not in compliance with legal requirements or Company policy, contact your manager, the local safety representative, your Human Resources manager or the Legal Department.

See Corporate Policy HR-2 "Occupational Safety and Health."

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Equal Employment Opportunity

At Bowater, we are committed to providing equal employment opportunities to all qualified persons without regard to race, color, religion, national origin, disability, sex, age or marital status and without distinction on any other basis prohibited by law. This principle applies to all employees at all locations. It is also the policy of Bowater Incorporated to take affirmative action in employment as required by all applicable laws.

All personnel decisions, including recruiting, hiring, compensation, promotion, transfer, termination, recall, and selection for training, are to be made solely on the basis of job-related criteria and, when applicable, in accordance with collective bargaining agreements.

For further discussion of Bowater's policy on equal opportunity in employment, see Bowater's Corporate Policy HR-3 entitled "Equal Employment Opportunity/Affirmative Action."

Complaints regarding equal opportunity in employment may be made to your manager, your Human Resources manager or the Legal Department. Questions or concerns may also be communicated through one of the corporate resources described in the introduction to this booklet.

Harassment Prevention

It is Bowater's policy to maintain a professional working environment for all employees, free of any form of unlawful discrimination or harassment. Harassment based on an individual's race, color, religion, creed, gender, national origin, age, disability, marital status, sexual orientation, veteran status or protected activity under antidiscrimination laws will not be tolerated either against an employee or by an employee while engaged in Company business.

This policy against harassment is set forth in Corporate Policy HR-4 entitled "Harassment Prevention Policy," and the procedure for handling a complaint of harassment is set forth in Corporate Procedure HR-400.

No employee who complains in good faith will suffer an adverse employment action as a result, even if the investigation produces insufficient evidence to support the complaint. Similarly, there will be no retaliation against any other individual who participates in good faith in the investigation of a complaint.

If you have reason to believe Bowater's policy against harassment is being violated, you should bring the matter to the attention of your immediate supervisor or any other person in higher management with whom you feel more comfortable. Questions or concerns may also be communicated through one of the corporate resources described in the introduction to this booklet.

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Environmental Protection and Forest Management

At Bowater, we recognize that air, land and water are finite resources and must be protected and used wisely in order to assure their availability for future generations. To that end, the Company is committed to observing sound environmental management practices including responsible forest management.

Employees are expected to understand and act in accordance with their job-related obligations under air, water, land use, hazardous waste and other environmental laws. Employees are expected to report suspected violations of these laws to Bowater's designated environmental and forest management personnel. It is the obligation of responsible employees to ensure that a timely and effective remedial response is taken with regard to every confirmed report of an environmental violation.

The Company's environmental obligations include, but are not limited to:

- Obtaining, maintaining and complying with all environmental permits and approvals required for the conduct of our operations,
- Proper handling, storage and disposal of regulated materials, including hazardous waste and
- Timely and accurate submission to the proper government agencies required reports concerning environmental monitoring, spills and violations.

If you are aware of any situation in which the Company may not be complying with the applicable environmental or land use requirements, contact your manager, your local environmental or forest management personnel, or your Human Resources manager. Questions or concerns may also be communicated through one of the corporate resources described in the introduction to this booklet.

See Corporate Policies GN-10 entitled "Environmental Protection Policy" and GN-11 entitled "Forest Management Policy."

Antitrust

Fair competition is fundamental to our free enterprise system. The basic purpose of the antitrust laws is to protect and provide an open economic environment for independent businesses to compete in markets free from collusive or exclusionary behavior. When this objective is frustrated by collusion or abuse of market position, the antitrust laws are violated, and our free market system is threatened. It is the long-standing policy of Bowater to observe and comply strictly with both the spirit and letter of the antitrust laws – both domestic and foreign.

Penalties for violating the antitrust laws are severe. Any individual who authorizes or participates in conduct found to violate these laws may be fined a six-figure dollar amount for each violation and be required to serve a substantial prison term.

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It is impossible to list all possible violations of antitrust legislation. Therefore, it is impossible to provide full guidance to employees in this booklet. Corporate Policy GN-3, “Antitrust Guidelines,” has been issued to help employees become better informed about antitrust laws.

This Corporate Policy sets forth specific procedures to be followed in areas where there are serious antitrust concerns, such as trade association attendance, labor negotiations and new sales or distribution agreements. As discussed in greater detail in the Corporate Policy, there are ten basic “don’ts” of antitrust. They are:

- Don’t discuss prices or the terms of sale (including discounts, promotions, freight terms or agents’ commissions) with competitors.
- Don’t discuss market developments, including market conditions or activities, market prices or trends, with competitors.
- Don’t discuss revenues, costs or profits with competitors.
- Don’t discuss planned mill or plant shutdowns or expansions, downtime or inventory levels with competitors. Never agree to restrict or increase levels of output.
- Don’t divide customers, markets or territories with competitors.
- Don’t require a customer to buy products only from Bowater without consulting with the Legal Department.
- Don’t agree to boycott suppliers or customers.
- Don’t offer a customer prices or terms more favorable than those offered competing customers unless justified by cost savings, the need to meet competition or changed market conditions.
- Don’t use one product as leverage to force or induce a customer to purchase another product.
- Don’t prepare documents or make presentations without considering the antitrust implications.

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Remember, the United States antitrust laws apply to Bowater's overseas activities wherever they originate if they affect United States commerce. Canadian antitrust laws are similar in many respects to those of the United States and apply to commerce in Canada.

The foregoing restrictions apply to every product we sell. They apply to information about our products and about our competitors' products. They apply as forcefully during casual conversation and at social gatherings. Therefore, personnel should generally avoid contact with competitors.

Not all conduct that might give rise to a charge of antitrust violation is readily identifiable. Therefore, it is important for all employees to develop a sensitivity to antitrust issues. The Legal Department is the best resource to consult whenever the propriety of an act or practice under the antitrust laws is not clear.

Political Contributions and Political Activities

Bowater generally does not make political contributions to candidates running for public office, incumbent office holders or political parties. In addition to cash payments, contributions include indirect payments such as the loan of Company personnel during working hours, the purchase of tickets to fund-raising events and payment for advertisements, printing and other campaign expenses.

See Corporate Policy GN-2 entitled "General Conduct of Employees."

Individual employees may make political contributions from their own resources and are encouraged to participate actively in political campaigns in support of the candidates and issues of their own choice during their own time.

Periodically, the cooperation and support of employees may be sought for various Company undertakings involving local, state, provincial or federal governments. Employee participation is strictly voluntary.

See Corporate Procedure GN-1200 entitled "Grassroots Initiative."

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Foreign Corrupt Practices Act

Bowater expects all employees, including those located outside of the United States, to comply with the Foreign Corrupt Practices Act. In general, this U.S. law prohibits giving, paying or offering anything of value to foreign officials, political parties or candidates for foreign political office in order to secure their influence to obtain or retain business. Basically, any attempt at improper influence of foreign officials is prohibited. Any bribes or similar payments made indirectly, or through a conduit, are also illegal. The Legal Department is the best resource to consult whenever you are faced with a situation involving any gift or payment to a foreign official.

See also Corporate Policy GN-2 “General Conduct of Employees.”

Public Statements

The term “public statements” refers to internal Company information made available to the public. Bowater’s public statements should be truthful, understandable, well-written and persuasive. There are laws, which apply both to Bowater and the individual, prohibiting the spreading of false or misleading information. Therefore, extra care must be taken to ensure all public statements are full, fair, timely, accurate and complete. In this sensitive area, even an unintentional mistake may jeopardize a relationship with a customer or a government agency or create suspicion about the integrity of Bowater.

If you are asked a question by someone outside Bowater and must give an unprepared answer, be sure what you say is correct and you are authorized to say it. If you have doubts about either, refer the person to the Director of Government Affairs or the Vice President-General Counsel especially if the question should come from a member of the press or a government official. Any requests from an attorney representing a private party should be referred to the Legal Department.

If you expect to release prepared information to the public in the form of a speech, article, paper, news release, advertisement or employee communication, you are required to seek appropriate authorization first.

See Corporate Policies GN-5 “Public Statements,” GN-500 “Approvals of Information for Release to the Public,” GN-12 “Government Relations Policy” and Procedure GN-1200 “Grassroots Initiative” for a description of the approval process. See also Corporate Policy FN-1 “Investor Relations and Disclosure of Business and Financial Information” and the Company’s Handbooks.

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Insider Trading

Bowater's policy prohibits employees from trading in Company securities when they possess "inside information." Inside information is information about a company that has not been released to the public and that only an insider, such as an employee, could know. Inside information that might cause the Company's stock price to rise or fall must be treated in a confidential manner.

Because possession of inside information could create an unfair advantage for insiders, employees are prohibited by law from buying or selling stock in their company while they have access to that information. Additionally, inside information may not be passed on to others (this is called "tipping"), including family members, friends and brokers.

You may not trade in Bowater securities while having inside information until an appropriate period of time after the information has been made public. This restriction applies to all transactions in Bowater stock, including purchases and sales made through the Company savings plans, stock option exercises and sales of Bowater stock acquired upon exercise of a stock option, the exercise of equity participation rights and open market purchases or sales. This restriction also applies to trading in the securities of any other company about which you have obtained inside information as a result of your employment with Bowater.

Here are some examples of how you can avoid insider trading. If you know Bowater is about to make an announcement – such as a quarterly or year-end earnings report – that could affect the price of Bowater stock, you may not buy or sell Bowater stock until after the announcement has been made and absorbed by the marketplace. If you know that Bowater is considering the purchase of another company, you may not buy the stock of Bowater or of that company.

If you have any questions about the legality of trading Bowater securities or the securities of another company about which you have inside information as a result of your work or someone else's work for Bowater, Corporate Policy GN-8 "Insider Trading" and the Legal Department are your best sources of information. Additionally, certain specified employees are subject to the Company's "blackout" policy set forth in Corporate Procedure GN-800 "Insider Trading." It is far better to err on the side of caution than to risk fines, criminal sanctions and the possible loss of your position.

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Copyright/License Agreements

Compliance with license agreements and copyright laws governing written publications, films, software and other materials protected by law is required.

Much of the software used at Bowater was created and copyrighted by other companies, and most are subject to license nondisclosure restrictions. Reproducing software and related materials without authorization may violate license agreements or copyright laws and be subject to legal sanctions. Do not copy, transfer or resell the software and related materials created by another company, unless it is expressly authorized in the applicable license agreement. See Corporate Policy IS-6 "Office Automation."

Office Automation and Internet Use

Office automation tools, including computers and computer software, facsimile machines and telephones, are provided by the Company to enhance productivity and should be used solely for business purposes and with good judgment. With the exception of telephone conversations, the Company reserves the right to monitor the use of office automation tools and to monitor and access all information created, accessed, transmitted or stored on such tools. You should not consider e-mail communications, Internet usage or any information appearing on Bowater resources to be private.

See all Corporate Policies listed under Information Services.

Government Investigations

It is Bowater's policy to cooperate with government investigations of possible unlawful conduct and it is important we handle such inquiry in a sound and efficient manner. Therefore, it is the responsibility of management at each location immediately upon notification of an investigation to contact the Legal Department and forward pertinent information or documents.

In connection with an investigation, employees of the Company should consult with the Legal Department prior to furnishing any information, written or oral, or any documents to government representatives. The term "investigations" is not intended to cover routine government reports or questionnaires required by law to be submitted.

Any employee who obstructs or impedes a government investigation will be subject to disciplinary action, including dismissal, and may face criminal penalties.

See Corporate Policy GN-7 "Government Investigations and Lawsuits."

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COMPLIANCE PROCEDURES

Our compliance procedures are internal mechanisms for implementing the Code of Business Conduct, monitoring its effectiveness and reporting violations of law and Bowater policy to senior management.

Monitoring, Auditing and Effectiveness

While United States Federal law encourages companies like Bowater to implement an effective program to prevent and detect violations of law such as those set forth in this booklet, our goal includes creating and maintaining the right atmosphere in which to do business – an atmosphere in which we demonstrate our commitment to the well-being of our customers, suppliers, shareholders and fellow employees.

Management at each Bowater location must maintain procedures for preventing and detecting violations of law and Company policy. At each location, the Human Resources manager is responsible for overseeing compliance with these procedures. The Senior Vice President-Human Resources has overall responsibility for overseeing compliance with Bowater's Code of Business Conduct, including the assessment of Bowater's compliance risks, the monitoring of Bowater's compliance program, and the assessment of the program's effectiveness. Periodically, the internal audit department will review and report on the compliance procedures, or such other compliance matters as the Board or the Senior Vice President-Human Resources may request, to assure senior management and the Board of Directors that such procedures are adequate to prevent or detect wrongdoing. The Senior Vice President-Human Resources will provide Bowater's other senior managers and the Board of Directors through its Nominating and Governance Committee with periodic reports about the content, operation and effectiveness of Bowater's Code of Business Conduct and related compliance efforts.

Promotion Decisions

Every Bowater manager and supervisor is required to take any violation of Bowater's Code of Business Conduct, corporate and local policies and procedures or applicable laws into account when making promotion and other employment decisions.

Inquiries and Reports Regarding Business Conduct

It is every employee's responsibility to report any activity or action that the employee, in good faith, believes is a violation of the policies or principles described in this booklet or of the laws that apply to Bowater. The initial channel for seeking guidance regarding compliance and ethics matters, or for reporting suspected violations, is through your manager or your Human Resources manager. We encourage all employees to utilize this procedure to raise their questions and concerns.

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It is our desire and intent to establish confidence and trust in Bowater's established procedures. Most, if not all, issues may be handled in the most efficient and effective manner at the local level. However, if that line of communication is impractical in a particular circumstance, questions or suspected violations may be discussed directly with the Senior Vice President-Human Resources, the General Counsel, or by using the Bowater HelpLine.

No employee who reports, in good faith, any activity or action that the employee reasonably believes is a violation of the laws, policies or principles described in this booklet will suffer an adverse employment action as a result, even if the investigation produces insufficient evidence to support the report. Similarly, there will be no retaliation against an employee for seeking guidance regarding compliance, ethics or legal matters or against any other individual who participates in good faith in the investigation of a report.

Waivers

Waivers of the Code of Business Conduct should be made only under extraordinary circumstances. Any waiver of the Code of Business Conduct as applied to an executive officer of Bowater may be made only by the Nominating and Governance Committee of the Board of Directors and must be disclosed promptly to Bowater's shareholders. Any waiver of the Code of Business Conduct as applied to any other employee may be made only with the concurrence of Bowater's Chief Executive Officer.

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**CROSS-REFERENCE INDEX
TO
CORPORATE POLICIES AND PROCEDURES**

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Office Automation and Internet Use	Policies listed under Information Services
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The above topics are also discussed in many of the Company's Handbooks, which vary by location. Contact your Human resources department for a copy of any Handbook applicable to you.