

CODE OF BUSINESS CONDUCT AND ETHICS OF STELLA-JONES INC.

Introduction

This Code of Business Conduct and Ethics (the “Code”) provides various rules and guidelines for ethical business practices and procedures. It sets out basic principles to govern the manner in which all employees of Stella-Jones and its subsidiaries shall conduct business and maintain relationships with employees, customers, competitors, business partners and regulatory authorities in all regions in which Stella-Jones operates.

1. Definitions

- 1.1 “**Company**” used in this Code means and includes Stella-Jones Inc., all of its subsidiaries and their successors and assigns;
- 1.2 “**Confidential Information**” means all of the knowledge or information of a confidential or secret nature, including, without restriction, the knowledge or information related to the skills, technical demonstrations, computer programs, formulas, processes, compositions, methods, devices, computer-based tools, accessories, experimental and research work, inventions, models, instructions, contracts, agreements, software, algorithms, nomenclatures, computer codes and diagrams, databases and plans, graphics, studies, notes, memorandums, practices, books, client lists, price lists, personnel files and any other technical, financial, commercial and scientific matter related to the Company;
- 1.3 “**Employee**” means every person that is employed on a part-time, permanent or contractual basis by the Company;
- 1.4 “**Insiders**” means the Company, its subsidiaries, and their respective directors and officers;
- 1.5 “**Person Having a Special Relationship with the Company**” means every person who, through its relationship with the Company, holds Confidential Information and/or Privileged Information, including:
 - 1.5.1 every person who has acquired privileged information in the course of his or her dealings with or of working for the Company, as a result of that person's functions or of his or her engaging in business and professional activities;
 - 1.5.2 every person having privileged information that, to his or her knowledge, was disclosed by an Insider or a person subject to this restriction; and
 - 1.5.3 every person who has acquired privileged information that he or she knows to be such concerning the Company;
- 1.6 “**Privileged Information**” means any information that has not been disclosed to the public and that is likely to have an influence on the Company’s share price or that is likely to be considered important by a reasonable investor in determining whether to buy, sell or otherwise trade in the Company’s securities (e.g. annual and quarterly financial results, major management changes, substantial acquisitions).

2. Compliance with Laws, Rules and Regulations

- 2.1 Employees must conduct Company business in compliance with all applicable laws, rules and regulations of the municipalities, provinces, states and countries in which the Company operates;
- 2.2 The Company seeks to compete fairly and ethically within the framework of applicable competition laws. Employees must abide by competition laws intended to ensure and maintain competition in the market place and deal with prohibited trade practices;
- 2.3 The Company seeks to outperform its competition fairly, ethically and honestly. The Company seeks competitive advantages through superior performance, never through unethical or illegal business practices;
- 2.4 Employees shall not directly or indirectly take any action to fraudulently influence, coerce, manipulate or mislead the Company's independent public auditors for the purposes of rendering the financial statements of the Company misleading or untrue.

3. Conflicts of Interest

- 3.1 Employees and insiders shall not get involved in a conflict of interest that could interfere with his or her objectivity or the exercise of his or her independent judgment for fulfilling his or her duties for the Company, or affect his or her commitment to act in the best interests of the Company;
- 3.2 Employees shall refrain from having professional interests outside their work that could keep them from performing their job at the Company fully and completely, or from having direct or indirect interests that could interfere with their objectivity or the exercise of their independent judgment;
- 3.3 Employees shall refrain from giving or receiving gifts (other than gifts or mementos of nominal value that are customary or business related) that could compromise or appear to compromise the judgment of the receiver in connection with fulfilling his or her duties. Accepting gifts having a monetary value (for example, gift certificates, cash, services, discounts or loans) is prohibited;
- 3.4 In any dealings with a Person Having a Special Relationship with the Company, the Company shall apply the principles of the present Code, and, where applicable, shall ensure that such person acts in a manner not inconsistent herewith;
- 3.5 Employees are free to participate in the political process, provided that their involvement is kept separate from their role and responsibilities as a Company Employee and that statements made in their political activities are clearly delivered as personal opinion and are not able to be construed as the Company's position.

4. Confidential Information

- 4.1 The confidentiality of information provided by the Company or its business partners must be maintained, except when disclosure is authorized or legally mandated. All non-public information relating to the Company should automatically be considered to be confidential. Confidential Information should not be used for personal advantage nor be shared with fellow Employees or anyone outside the Company, unless there is a legitimate need to know.

5. Safeguarding the Company's Assets

- 5.1 Safeguarding the Company's assets is crucial to maintaining the trust and confidence of shareholders, as well as others who have a stake in the Company;
- 5.2 Employees are accountable for the protection of the Company's assets in their care, both physical, (material, buildings, equipment, property, information, revenues) and logical (information systems, intellectual property). Access and use of these assets must be authorized, adequately controlled and based on business needs;
- 5.3 With respect to Company funds, the Company's cash, cheques, postage etc. are to be properly used and protected. All expense vouchers, benefit claims and invoices must be accurate and properly authorized;
- 5.4 With respect to the Company's books and records, all documents, reports and records must be accurate and complete. All contracts, agreements and transactions must be reviewed by appropriate departments and properly authorized.

6. Proprietary Information

- 6.1 Many Company documents and information (including Confidential Information) are proprietary – that is, they contain highly sensitive information critical to the conduct of the Company's business (e.g., marketing strategies, bids and proposals, training material, computer software programs, engineering ideas, designs, databases and unpublished financial data and reports) and sensitive human resources information. Information of this kind must be protected against unauthorized disclosure, distribution or misuse by, among others:
- making sure all proprietary information, whether stored on paper, on computer or in other electronic form, is kept secure
 - avoiding unauthorized disclosure of proprietary information; for example, checking that computer terminals and telephones used to send and receive information are secure
 - avoiding the discussion of such information in public places, (including taxis, trains and airplanes) with family members or friends who might pass the information on to others deliberately or unintentionally, or with business colleagues when the conversations might be overheard

- returning all proprietary information and documents provided by the Company, including all third party information entrusted to the Company, upon termination of employment or contract, or reassignment.

7. Protecting the Environment

7.1 Environmental protection is an integral part of doing business and the Company is committed to minimizing, through a continuous improvement process, the impact that its activities may have on the environment. The Company is committed to sustainable development that requires the protection of human health and the natural environment with the need for economic growth. The Company recognizes the environmental implication of its activities as well as its responsibility to take all reasonable measures in order to conserve and protect the environment, including air, water, land and other natural resources. To implement this policy, the Company is committed:

- to constructing and operating its facilities in compliance with all applicable legislation, providing for the protection of the environment, Employees and the public
- to working pro-actively in training management and its Employees to anticipate problems
- to applying cost-effective best-management practices to advance environmental protection
- to ensuring every Employee is properly trained and responsible and accountable within their sector of activity for conducting operations in compliance with the Company's environmental policy
- to responding to legitimate concerns made known to it and to participating actively with interested parties in the understanding of environmental issues and in the development of rational and effective environmental solutions
- to encouraging research to expand knowledge of the environmental impact of the industry's activities to improve treatment technologies
- to reporting regularly to the Board of Directors with respect to the execution of this policy, including a review of the Company's operations and facilities to ensure compliance

8. Privileged Information and Trading the Securities of the Company on the Stock Market

8.1 The laws that govern the Company as a public company restrict the use of Privileged Information. These restrictions apply not only to insiders, as defined in securities legislation, but to any Person Having a Special Relationship with the Company, as defined in section 1.5 hereof;

- 8.2 The restrictions in the legislation can be summarized as follows:
- 8.2.1 No person or company who is an insider of the Company or Person Having a Special Relationship with the Company may, while having knowledge of Privileged Information, buy, sell or otherwise negotiate securities of the Company, or any other company's securities whose price or value could fluctuate according to the price or value of the securities of the Company, the whole as long as this information has not been made public;
 - 8.2.2 Neither the Company, an insider of the Company or any Person Having a Special Relationship with the Company may communicate Privileged Information to another person (including spouses, family members, friends and business associates) or company, or benefit in any other way from this Privileged Information;
- 8.3 The penalties for any breach of the above are criminal penalties (fines and/or imprisonment) and civil penalties (payment of damages and assignment of the benefits resulting from the forbidden transaction in favour of the Company);
- 8.4 Any person charged with using the Privileged Information in an unlawful manner is personally liable;
- 8.5 The same rules apply to the Insiders of the Company and to the Person Having a Special Relationship with the Company that hold Privileged Information about the companies doing business with the Company or who obtained Privileged Information through their business relationship with these companies;
- 8.6 The Company is not opposed to having its Employees or service providers hold shares or other securities issued by the Company since it is an entirely personal and voluntary decision on their part;
- 8.7 In order to preserve the integrity of capital markets and to protect the reputation of the Company as a responsible issuer and, if possible, to protect its Employees, the Company has deemed necessary to establish certain rules of conduct. Consequently, the following rules of conduct shall be adhered to by all Insiders of the Company and of its subsidiaries, and by any Person Having a Special Relationship with the Company.
- 8.7.1 As a general rule, if an Insider or a Person Having a Special Relationship with the Company becomes aware of Privileged Information, he or she shall not buy or sell securities until the information within his or her knowledge becomes known to the public. If this information is distributed in a period during which this Insider or person is allowed to perform transactions (as stated in sub-section 8.7.2), he or she will then be free to transact between the third (3rd) business day following the distribution of the press release mentioning this Privileged Information and the end of the period otherwise stated in these rules of conduct. In addition, the Insiders or the Persons Having a Special Relationship with the Company shall not communicate to anybody the Privileged Information of which they may become aware;

- 8.7.2 For their own protection, Insiders of the Company and any Person Having a Special Relationship with the Company may not buy or sell any securities of the Company nor suggest that anybody buy or sell these securities during the “blackout period” which commences one month prior to the issuance of a news release disclosing quarterly or year end results and ends three days following such issuance, provided, however, that during the non-blackout period there shall have occurred no event that this person may have become aware of and would be considered Privileged Information;
- 8.7.3 Insiders shall also, at their discretion, abstain from making frequent market transactions that would be perceived as speculative activities and lead to believe that they are unduly capitalizing on occasional market fluctuations. In the same context, the directors and officers shall abstain from selling short the securities of the Company;
- 8.7.4 As for the exercise of share purchase options granted to certain Insiders of the Company, the exercise of these options shall not occur during the blackout period stated in sub-section 8.7.2.

9. Insider Report

- 9.1 To the extent that an Employee is also an insider, as defined in securities legislation, he or she must report any purchase or sale of securities within five (5) calendar days.

10. Communicating with Others

- 10.1 The Company strives to achieve clear, complete, accurate, and timely communications with all of its stakeholders and the public at large. When communicating on matters that involve the Company business, any Person Having a Special Relationship with the Company should not speak on behalf of the Company unless he has been expressly authorized to do so. Everyone in this position should refer to the Company’s communication policy for guidance relating to proper procedure and protocol when communicating with the media, general public, investors, analysts and other parties. A copy of this policy may be available upon request to the Company’s Vice-President, General Counsel and Secretary.

11. Applicability to the Board of Directors

- 11.1 The Board of Directors, in their supervision of the management of the business and affairs of the Company, shall abide by the principles reflected in this Code as they may be reasonably applicable in the circumstances.

12. Information and Breach of Code

- 12.1 Compliance with this Code is an essential condition for the employment of each person working for the Company;
- 12.2 Any Employee uncertain about the scope of an action he or she is about to take or who would like more information on how to interpret this Code may contact the Vice-President, General Counsel and Secretary of the Company;
- 12.3 Any Employee who notes a violation of any provision hereof that is prejudicial to the Company must notify his immediate superior or communicate with the Vice-President General Counsel and Secretary of the Company;
- 12.4 All steps taken by an Employee and all such communications relating thereto will remain confidential;
- 12.5 The Company will make sure that any notice of violation is carefully examined in order to determine its merits and to take appropriate remedial action;
- 12.6 Any violation of this Code is subject to disciplinary sanctions that may include dismissal;
- 12.7 The Vice-President, General Counsel and Secretary may be contacted by mail, electronic mail, telephone or telecopier as follows:

Ms. Marla Eichenbaum
Vice-President, General Counsel and Secretary
Stella-Jones Inc.
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St-Laurent, Québec
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Telephone: (514) 934-8666 Ext. 2119
Telecopier: (514) 934-5327
E-mail: meichenbaum@stella-jones.com

13. Distribution and Application of the Code

- 13.1 The Board of Directors and officers of the Company will be responsible for the distribution of this Code to the relevant parties;
- 13.2 The Board of Directors of the Company shall be responsible for the administration of this Code and shall have the sole authority to amend this Code or grant waivers of its provisions. Waivers will be disclosed as may be required by applicable securities legislation and rules;
- 13.3 Whenever necessary, this document will be periodically updated to reflect changes that may have been made to the policies, guidelines and programs of the Company as well as the laws and regulations in effect in the communities in which it operates.

Montreal, December 10, 2010.

APPROVED BY THE BOARD OF DIRECTORS