WORKING Smart...
FOR THE LONG TERM
In preparing this report, I was reminded that Domtar’s owners, by and large, are ultimately people who have invested to meet long-term goals. Whether they own a share of Domtar stock directly, or do so through a professionally managed mutual or index fund, it is our privilege to help them achieve their goals by managing our business well, and for the long term. It is this shared interest in the long term that is at the root of our commitment to sustainability.

It is why our investors care about how efficiently we use natural resources in our manufacturing, how we support our communities, how we have reduced greenhouse gas emissions, and how we develop our employees and keep them safe. They believe, as do we, that caring about our environment, our communities and our people helps us better meet our business objectives and deliver returns for the long term.

Of course, a long-term approach to investing should not be confused with an infinitely patient one. That is why we are expanding beyond our core communications paper business, where demand is declining. Domtar has positioned itself as a supplier of choice in three markets with growing demand—personal care, pulp and specialty papers.

Indeed, I believe Domtar’s commitment to sustainability helps to keep us from being swept up in what one of our investors describes as the “tide of short-termism afflicting our society.” Examples of our commitment include our growing investment in research and innovation, and our expansion of programs to provide our employees with continuous learning to gain new, relevant skills. It also includes our efforts to more fully realize the benefits of diversity. In particular, I am pleased with the progress we are making in filling more of our independent board positions with women.

This report covers a wide array of issues and the content may seem disparate at first glance. However, on closer inspection, I hope you will agree that what ties these many items together is not an externally imposed “litmus test” or reporting checklist. Rather, this report reflects our internal endeavor to preserve and create long-term value for our shareholders, customers, employees and communities by being mindful of how our operations and products are interconnected with emerging opportunities and risks in the world around us.

We make a point of reviewing our sustainability priorities, challenges and progress in direct conversations with our investors, with our customers, and with leading universities that are advancing sustainability as a serious academic pursuit. We also listen—to nongovernmental advocacy organizations, to the consumers of our products through facilitated focus groups, and—perhaps most importantly—to our employees, who apply continuous improvement strategies to find more efficient ways to procure, process and deliver the materials that we handle every day.
We have also invested in building the analytical tools needed to move beyond simply tracking performance to finding smarter approaches to improve our efficiency. We now have a data management system that helps us better balance our renewable energy generation and consumption. We are building a model to improve our understanding of the full cost of using water. And, I am particularly pleased with the early results of our collaboration with the Massachusetts Institute of Technology in creating the first ever system dynamics model for paper fiber through the economy.

These efforts are made more meaningful when we can understand and share context. That is why, whenever possible, we benchmark our performance against credible, publicly available data. For example, Domtar’s leadership in reducing greenhouse gas emissions and reducing waste sent to landfills becomes even more apparent when compared with industry averages.

We DO NOT WANT SUSTAINABILITY TO BE AN “ANNEX”—WE WANT IT TO BE INTEGRATED INTO OUR EVERYDAY MANAGEMENT. AT DOMTAR, EVERYONE HAS A ROLE IN SUSTAINABILITY.

In fact, the interdisciplinary group of managers that oversees our sustainability programs is currently chaired by our Pulp and Paper division’s vice president of finance.

Finally, we remain mindful that sustainability should be more than incidental special projects. Rather, it should be at the core of defining the company’s future. At Domtar this includes our decisions to refuel carbon-intensive operations, to partner with companies in other industries to explore new applications for advanced biomaterials, to incentivize family-owned tree farms to certify their sustainable forest management, and to make our leadership in environmental and social issues a centerpiece of our strategy for recruiting our next generation of employees.

Thank you for taking time to read our report. I would appreciate learning your thoughts on our sustainability journey. Please send your comments to sustainability@domtar.com. I look forward to reading them.

John D. Williams
President and Chief Executive Officer

SUSTAINABILITY AT DOMTAR

Our Board of Directors has made sustainability a central component of our corporate governance through our standing Environmental, Health, Safety and Sustainability (EHSS) Committee. The EHSS Committee meets quarterly to review sustainability trends and the company’s performance in these areas to guide the development and execution of our sustainability agenda.

Our sustainability efforts are also guided by our multi-disciplinary Sustainability Committee, which includes leaders from across the corporation and is currently chaired by the vice president of finance of our Pulp and Paper division. Members rotate on and off of the committee, helping further embed sustainability throughout the organization and ensure our strategy is informed by diverse perspectives.

WHY DOES DOMTAR INVEST IN SUSTAINABILITY?

“Sustainability improves our productivity, reliability and efficiency; reduces liability; and enhances our ability to recruit and retain an effective workforce. It also improves the marketability of our brands and strengthens the financial performance and continuity of our business.”

Michael Fagan
President, Personal Care division
WHAT WE MAKE

At Domtar, we turn sustainable wood fiber into useful products that people rely on every day.

Our papers are put to countless uses, from photocopies to books and brochures, hamburger wrappers to sugar pouches and popcorn bags, lottery tickets to surgical gowns.

We sell papergrade pulp to customers who make facial and bathroom tissue, paper towels, and even building products. Our fluff pulp is a key component in personal care and specialty products.

Experts in absorbent hygiene products, we design and manufacture protective underwear, briefs, underpads and washcloths for adults, as well as diapers and training pants for infants.

As fiber innovators, we also work to unlock and recombine the chemical building blocks of trees in new and interesting ways to make advanced, sustainable biomaterials.

SUSTAINABILITY AT DOMTAR
## TRACKING OUR GOALS

### OUR SUSTAINABILITY GOALS

<table>
<thead>
<tr>
<th>Objective</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliver between $300 million and $500 million of annual EBITDA* from fiber-based businesses for which there is growing market demand.</td>
<td>Growth and expansion in Personal Care and our fluff pulp conversion project at Ashdown, Arkansas, give us the capacity to reach close to the half-way point of our target.</td>
</tr>
<tr>
<td>Reduce our recordable safety incident rate to 0.50 by 2020.</td>
<td>Finished 2016 with a recordable safety incident rate of 0.82, a 53 percent reduction since 2008. We continue to focus on leading safety activities that help us identify and fix potential hazards before they result in injuries.</td>
</tr>
<tr>
<td>Establish EarthChoice Ambassador Teams in all our facilities by 2020, engaging our employees in our commitment to sustainability.</td>
<td>Expanded our EarthChoice Ambassador program to 23 facilities. Nearly 70 percent of our facilities now have teams in place.</td>
</tr>
<tr>
<td>Increase the level of Forest Stewardship Council® (FSC®) certified fiber procured for our pulp and paper mills to 20 percent of total fiber used by 2020. Longer-term, procure 100 percent of the fiber for our pulp and paper mills from sources that are certified to the FSC standard.</td>
<td>Maintained an FSC-certified fiber level of 19 percent during a time when overall FSC acres declined in the U.S. This was accomplished through collaboration with our partners to lower the financial and technical hurdles to certification, which helped increase FSC-certified lands in two of our southern U.S. procurement regions by more than 600,000 acres since 2012.</td>
</tr>
<tr>
<td>Reduce total direct and indirect greenhouse gas emissions from purchased energy at pulp and paper mills 15 percent by 2020 from 2010 levels.</td>
<td>Reduced overall greenhouse gas emissions 13 percent since 2010. Direct emissions are down 25 percent, primarily due to the conversion of six coal-fired power boilers to natural gas, while indirect emissions from purchased energy are up 11 percent, mainly due to selling renewable energy credits from internal electricity generation.</td>
</tr>
<tr>
<td>Reduce total waste to landfill from pulp and paper mills 40 percent by 2020 from 2013 levels.</td>
<td>Reduced the amount of waste sent to landfills 31 percent since 2013 through source reduction and beneficial re-use programs.</td>
</tr>
<tr>
<td>Develop a model for our pulp and paper mills to measure and more strategically manage the full cost of using water.</td>
<td>Conducted pilot studies at three mills in 2016 to determine the appropriate cost elements, flows and methods needed in our model to better understand the full cost of using water.</td>
</tr>
</tbody>
</table>

* The term “EBITDA” is a non-GAAP financial measure. Please see “Reconciliation of non-GAAP financial measures” in Domtar’s 2016 Annual Report.
DEVELOPING OUR TALENT

A diverse and skilled workforce is critical to meeting the ever-changing expectations of our customers. A significant portion of our colleagues are, or soon will be, eligible for retirement, an issue many manufacturers face as baby boomers get older. It is sometimes called the “silver tsunami.” We are equipping the next generation of our workforce with the skills and experience needed to succeed.

We provide our employees pathways for professional growth and offer them resources to expand and enhance their skills, knowledge and management capabilities.

Our Associate Engineers program provides new hires with a variety of manufacturing experiences, a dedicated mentor and opportunities to learn skills that will enhance their careers for a lifetime.

We have built partnerships with technical and trade schools to introduce students to advanced manufacturing technology and processes. These partnerships promote manufacturing as a career option, while allowing our employees to enhance their own skills.

We are enhancing the diversity of our workforce by hiring talented people who have experience in different industries and who come from different backgrounds. Given the fast pace of change in our businesses, this diversity helps us advance our culture of innovation.

3.9%
VOLUNTARY TURNOVER RATE IN 2016 COMPARED TO A 10.1% VOLUNTARY TURNOVER RATE FOR THE U.S. MANUFACTURING AND DISTRIBUTION INDUSTRY*

PRIORITIES
Recruiting and retaining the best employees who share our values of agility, caring and innovation.

Equipping our employees with the skills to succeed by transferring practical manufacturing knowledge from seasoned employees to the next generation.

Engaging and empowering our employees to ensure we are building a company that meets both business and personal goals.

CHALLENGES
Remaining ahead of the curve in managing the generational transition in our workforce.

Finding employees with the necessary advanced manufacturing skill sets.

Equipping our leaders to proactively coach their employees to meet both business and personal goals.

PROGRESS
Established a Diversity and Inclusion Committee that reports to our CEO to capture additional benefits from a diverse and inclusive workforce.

Provided all entry-level engineers with mentors, educational resources, networking opportunities and diverse experiences across different areas in our mills.

Expanded our online university to over 15,000 professional resources, including more than 2,500 internally developed courses designed to support the transfer of manufacturing knowledge and skills.

Maintained a low voluntary employee turnover rate of 3.9 percent, well below the U.S. manufacturing and distribution industry average of 10.1 percent.*

A SMART APPROACH TO GETTING SMARTER

We believe that investing in the training and development of our employees drives long-term success—especially as advanced manufacturing becomes ever more technically complex.

We also find that creative partnerships are a smart way to make this education more affordable and more available to a community’s workforce.

Consider the example of Spencer Greer, who was among several Personal Care employees who took advantage of courses designed by Texas State Technical College (TSTC) to be compatible with Domtar’s specific manufacturing equipment.

“I took an advanced Programmable Logic Controller (PLC) course,” Spencer said, referring to the complex system that runs the plant’s machines. “They covered Siemens and Allen Bradley PLCs, which are the two major manufacturers of PLCs in the world.” He said the classes, 14 in all, have helped him diagnose problems more quickly and troubleshoot issues when they arise. “It was a great thing for me to do,” he said. “I’m glad I attended.”

TSTC, in Waco, Texas, received a grant of over $260,000 administered by the Texas Workforce Commission to provide training for Domtar and another nearby manufacturing company. The funding comes from the state’s employer payroll taxes, and is used to provide the workforce training needed by local employers.

This public-private partnership recognizes that by developing the technical skills of current employees and students, we are expanding our pool of talent and encouraging young people to pursue advanced manufacturing careers.

DOMTAR’S WACO FACILITY, WITH 170 EMPLOYEES, WAS RECOGNIZED IN 2016 AS AN EMPLOYER OF EXCELLENCE BY WORKFORCE SOLUTIONS FOR THE HEART OF TEXAS.
DEVELOPING OUR TALENT

Domtar intentionally promotes an organizational culture that reinforces our company’s three core values: Agility, Caring and Innovation. These values—widely recognized across the organization—define the behavioral attributes in the talent we seek to recruit and retain.

It is not a coincidence that these core values are aligned with our Diversity and Inclusion Committee.

We believe that our agility improves when we have a wider set of skills; that our caring deepens when we have a broader understanding of the world around us; and that innovation quickens when different ideas and imaginations meet.

Our goal of bringing together people who have a broad range of cultures, experiences, knowledge and perspectives begins at the top. Domtar has been recognized by organizations promoting the goal of increasing the number of women on the boards of public companies. Currently 33 percent of Domtar’s Board of Directors are women.

Our commitment to diversity and inclusion is also revealed in our support for organizations that encourage students from under-represented backgrounds to pursue education and careers in science, technology, engineering and math. Skills in these areas are critical to our long-term sustainability.

BRINGING DECISION SCIENCE TO SUSTAINABILITY

Domtar’s pulp mills are, in essence, biorefineries designed to separate and extract the natural chemical building blocks of wood. Cellulose is used to make paper, but the other biochemicals from wood are also valuable as feedstocks for products ranging from fuels to flavors and fragrances.

Domtar now has more than a hundred different options for supplementing and enhancing our current pulp and paper product portfolio with different biomaterials. This requires establishing an approach to decision making that is both agile and objective. The task becomes even more complicated when one recognizes that every one of our pulp mills is configured differently and operates in a different environment using different wood feedstocks.

That is why our interest in the science of decision making is heightened, and why we recruited Dr. Shabnam Sanaei to bring new thinking to complex decision making.

Before moving to Canada in 2008, Shabnam earned a master’s degree in chemical engineering in Iran, where she studied under professors working in the oil and gas field. She was eager to pair her learning in that field with her interest in environmental sustainability and biorefining.

She enrolled at Ecole Polytechnique de Montreal for doctoral studies where her research centered on sustainability assessments and multi-criteria decision making. This included developing a model for deciding how to best supplement our current product portfolio at each of our facilities.

“We need to diversify our product portfolio beyond our core pulp and paper business,” she said. “But how do we choose from the thousands of things that can be made from wood? Which pathway should we follow? We are already a biorefinery business. How do we maximize its potential moving forward?”

Shabnam’s work is an example of Domtar’s approach to sustainability: Working smart, for the long term.

“HELPING TO FIND A FUTURE THAT IS SUSTAINABLE AND PROFITABLE—that’s what is exciting to me about my work.”

DIVERSITY ENHANCES OUR AGILITY, CARING AND INNOVATION

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The safety and health of our colleagues is of primary importance. Keeping our people safe and healthy enables them to be productive members of their families, communities and our company. While we are proud to have reduced recordable workplace injuries by 53 percent since 2008, our ultimate goal is to have zero injuries. As we work continually to reach our goal, our priority is to first eliminate life-altering injuries and the potential for serious injury. We do this by eliminating hazards and minimizing risk of injury through a culture of proactive engagement with all who work at and visit our facilities. We empower our employees, contractors and visitors to intervene in operations to assure a safe outcome. We have recently reinforced this right and expectation through our Right and Responsibility to Act policy. We are looking beyond traditional safety metrics such as recordable injury rates, which only reveal what has already happened. We are encouraging leading safety activities that help identify potential hazards before injuries occur. Examples include reporting “near hits” and conducting pre-task risk assessments. Data and experience tell us that far more people suffer because of poor health than from injuries suffered in workplace incidents.

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HOW WORK ACTUALLY GETS DONE

To make our facilities safer, we must understand how our employees actually do their work, not just how our written procedures state they should do their work.

Rather than treating our procedures as gospel, Domtar is using a new approach to understanding how specific tasks actually get done to ensure our employees can work safely. By asking employees to “show me” the way they complete certain tasks, we can see where our procedures, and sometimes our equipment, need to be adjusted to make our facilities safer.

Pioneered in our mill in Plymouth, North Carolina, show-me audits bring employees together on the production floor for in-depth, hands-on discussions about training, safety equipment, key steps in performing a task, how those steps are actually performed by employees on various shifts, and potential safety concerns if something goes wrong during a step.

Allan Bohn, general manager of the Plymouth Mill, has seen the power of show-me audits first-hand. “By understanding how employees truly perform work—not how management thinks work is accomplished—we can make real safety progress.”

IT’S A SIMPLE BUT SMART IDEA TO GO TO THE PEOPLE WHO KNOW THE MOST ABOUT HOW TO DO SOMETHING SAFELY—OUR EMPLOYEES WHO ACTUALLY DO THE WORK IN OUR FACILITIES. THIS IS THE NEXT STEP ON OUR SAFETY JOURNEY.

PARTNERING FOR SAFETY

Employee engagement is crucial to promoting safe behavior. And what better partner to advance our shared objectives than the United Steelworkers (USW), which represents the majority of Domtar’s unionized employees?

Domtar and the USW have built a very collaborative relationship over the years, based on our mutual interest in protecting our employees. This has helped us be more proactive regarding safety, while accelerating our journey toward a “just culture.”

An example of this is Domtar’s Right and Responsibility to Act policy, which allows and expects our employees to step in and intervene if they judge work to be unsafe. We acted quickly to increase awareness of the policy when informed by USW representatives at one of our regular safety conferences that the policy could be better known and more consistently applied across the company.

Domtar’s swift response was appreciated by our union partners. “At our last annual safety conference, the issue of having a policy and a concrete process for employees to bring forward safety ideas and issues was raised,” said Leeann Foster, assistant to the international president of the United Steelworkers. “We were very pleased with how quickly Domtar took action to reinforce the policy across the company and to build processes at each location. We very much appreciate Domtar’s commitment to safety and engagement of their employees.”

EMPOWERING OUR EMPLOYEES TO WORK SAFELY ISN’T JUST THE RIGHT THING TO DO—IT’S THE SMART THING TO DO.
DRIVING FORWARD
USING THE REAR-VIEW MIRROR

You wouldn’t drive forward using only your rear-view mirror. Yet for years that is how many companies, including Domtar, managed safety—using only indicators of past performance to chart a future course.

Today, we have begun steering to improved safety performance using forward-looking safety techniques—addressing potential safety hazards before they result in an injury.

RESEARCH BY THE DEPARTMENT OF ENERGY (DOE) IS INSTRUCTIVE. ACCORDING TO DOE, THE AVERAGE PERSON MAKES FIVE ERRORS PER HOUR.

Simply put, an “error” is something we did not intend to do. Recognizing this reality has helped Domtar fundamentally shift our thinking about how to reduce the frequency and consequences of making an error and ultimately prevent injuries.

In 2016, we logged more than 290,000 leading safety activities across the company. These activities include things like: reporting potential unsafe acts or “near hits,” conducting pre-task risk assessments to evaluate potential hazards before we perform them; observing how our colleagues actually perform work versus how we believe work is performed; and conducting inspections, audits and behavior observations. By empowering employees to take ownership of safety, we encourage them to intervene when they experience or witness unsafe acts.

We believe this approach helps to reinforce a culture of employee engagement and offers a smarter approach to reducing the number and severity of injuries for the long term.

PERSONAL CARING AT DOMTAR PERSONAL CARE

Gwendolyn McNuckles volunteered to serve as a “Wellness Champion” out of concern for her health and that of her colleagues at Domtar’s personal care manufacturing facility in Waco, Texas. “My co-workers were suffering bouts of diabetes, high blood pressure, asthma and other ailments,” said Gwendolyn. “Many were severely overweight, including myself. Something had to be done.”

She remembers participating in “Step Into Spring,” a Domtar health challenge for employees, and how she and her colleagues lost dozens of pounds simply by walking more each day. Many of them continued their healthy habit and participated in subsequent walking challenges.

Company wellness programs offer opportunities, but it is the caring of our employees who add a personal touch to these efforts that makes them effective. Gwendolyn and many of her co-workers went on to take advantage of Domtar’s Healthy Lifestyle Reimbursement program to join a local gym or pool, or to get personal fitness training.

“I see many of my colleagues blooming in good health and better mental attitudes,” Gwendolyn said. “The program has spread to families who are taking better care of themselves. The work we have done has made health a priority.”

The company also benefits from a healthy workforce through higher productivity, fewer injuries, and lower healthcare costs, which also reduces employees’ individual premiums.

DOMTAR NOW OFFERS COMPREHENSIVE HEALTH AND WELLNESS SUPPORT, INCLUDING WEIGHT AND STRESS MANAGEMENT, HEALTH SCREENINGS AND COACHING, AS WELL AS DAILY EXERCISE TRACKING.
Domtar has been a centerpiece in some of our communities for more than a century. We depend on them, and they depend on us. For every 100 jobs in our facilities, an additional 325 jobs are created.* We have focused on repurposing our assets and executing our growth strategy to keep our facilities viable for the long term. Shared infrastructure, such as roads, dams, water services and volunteer fire departments, are physical reminders of how our connection goes beyond that of simply being a principal employer. We are actively involved with our local communities to ensure these infrastructure and service needs are being met today and tomorrow.

Inviting and thriving communities help us recruit and retain the skilled employees we need. In turn, many of our employees participate in local initiatives and groups, such as school boards, economic development councils and community events, and Domtar supports their efforts.

**CREATING VALUE FOR OUR COMMUNITIES**


**COMMUNITY INVESTMENTS WERE ABOUT 1.4% OF OUR 2016 PRE-TAX EARNINGS, COMPARED TO AN AVERAGE OF 1.1% FOR U.S. CORPORATIONS OVER THE PAST FOUR DECADES**

Direct Economic Value Created by Domtar’s Operations

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Economic Value Generated</th>
<th>2012</th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Sales</td>
<td>5,462</td>
<td>5,632</td>
<td>5,098</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Materials and Services Purchased</td>
<td>3,650</td>
<td>3,699</td>
<td>3,415</td>
</tr>
<tr>
<td></td>
<td>Capital Investments in our Facilities</td>
<td>236</td>
<td>236</td>
<td>387</td>
</tr>
<tr>
<td></td>
<td>Research and Development</td>
<td>140</td>
<td>127</td>
<td>129</td>
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<tr>
<td>Employees</td>
<td>Salaries, Wages and Benefits Paid</td>
<td>924</td>
<td>985</td>
<td>994</td>
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<tr>
<td>Shareholders</td>
<td>Return to Shareholders</td>
<td>275</td>
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<tr>
<td>Capital Providers</td>
<td>Interest Paid to Distributors</td>
<td>115</td>
<td>92</td>
<td>84</td>
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<tr>
<td>Communities</td>
<td>Taxes Paid</td>
<td>76</td>
<td>18</td>
<td>40</td>
</tr>
</tbody>
</table>

墙办公室的经济价值创造

- 市场经济价值：5,563、5,098
- 供应商：3,699、3,415
- 资本投入：236、387
- 研发：140、129
- 员工：985、994
- 股东：275、192
- 资本提供者：115、84
- 社区：76、18

**PRIORITY**

- Contributing to making our local communities great places to live and work.
- Aligning our community investments with Domtar’s products and business priorities by focusing on health and wellness, literacy, and sustainability.

**CHALLENGE**

- Declining demand for our communication papers is leading to overcapacity and restructuring.
- Improving performance measures of our community investment initiatives to ensure we are delivering lasting benefits.

**PROGRESS**

- More thoroughly captured and quantified the breadth of community investments across the company.
- Established Domtar’s Community Investment Program to help alleviate financial and emotional stress on families and individuals by providing much-needed products to diaper banks and care facilities.
- Established 10 new Ben Carson Reading Rooms in elementary schools in communities where we operate in partnership with some of our suppliers and the Carson Scholars Fund.

Domtar believes that our community investments are more genuine and meaningful when there is a connection between our charitable giving and the broader social benefits that are provided by the products we make. That is why our community investment decisions give preference for programs that promote health and wellness, literacy and sustainability.

4,000+ HOURS CONTRIBUTED BY OUR EMPLOYEES AT DOMTAR-SPONSORED EVENTS IN OUR COMMUNITIES

$1.2 MILLION CORPORATE COMMUNITY INVESTMENTS TO NON-PROFIT ORGANIZATIONS

$1.0 MILLION COMMUNITY INVESTMENTS AND PRODUCT DONATIONS BY OUR LOCAL MANUFACTURING FACILITIES AND SALES OFFICES

$2.2 MILLION TOTAL VALUE OF COMMUNITY INVESTMENTS COMPANY-WIDE IN 2016

SUSTAINABILITY AT DOMTAR
Books hold a special place in our hearts, in our business and, we believe, in children’s hands. That is why Domtar created its Powerful Pages program—to promote literacy by providing books to children who may not otherwise have access to a rich library of stories.

This takes many forms, usually through partnerships with other nonprofits that are widely recognized for their dedication to literacy. Also in 2016, many of our Pulp and Paper division vendors joined us in a special initiative focused on elementary schools. Together we are providing thousands of children the opportunity to learn new things, travel to new places, and meet new people through the pages of a book.

Domtar colleagues have been visiting local schools every year since 2012 to read with students and distribute free books through our partnership with First Book. In that time, Domtar’s financial donations have helped to provide over 200,000 brand-new books to children from low-income families in schools in Domtar communities.

With our vendor partners and the Carson Scholars Fund, we established 10 new Ben Carson Reading Rooms in elementary schools in communities where we operate.

At each school, Domtar colleagues worked on the rooms, building shelves, painting walls, sorting books and more.

At one reading room grand opening, at Old Pointe Elementary in Rock Hill, South Carolina, students and teachers marveled when they saw the bright blue walls with an ocean theme and shelves filled with new books. Inspirational posters offered encouragement, and small sofas and bean-bag chairs invited kids to sit for a story.

“This offers students a relaxing, enjoyable place for independent reading,” said Sherry Moore, a literacy coach at the school. “They read during the school day, but often it’s not what they choose. Here they can pick their own story and dive in.”

In addition to books and reading, we also put paper in their classrooms and other supplies in their backpacks throughout the year—directly through employee efforts and through donations to the Office Depot Foundation Backpack Program.

CREATING VALUE FOR OUR COMMUNITIES

POWERFUL PAGES PUTS BOOKS IN THE HANDS OF CHILDREN

Among the many everyday products Domtar makes, none may be more essential than our infant diapers and adult incontinence products.

While essential, these products can be unaffordable for some families. And, in the midst of a natural disaster, even unavailable.

Domtar’s Comfort and Care program, launched in 2016, strives to help alleviate financial and emotional stress on families and individuals by providing diaper donations to diaper banks and care facilities.

In one of our first efforts in this new program, Domtar stepped in to help in the wake of Hurricane Matthew, which devastated some communities near the southeastern U.S. coastline in 2016. Domtar directly donated 100,000 diapers to the North Carolina Diaper Bank, $100,000 to the American Red Cross, and our employees volunteered many hours to assist affected families.

We also established a partnership with Good360, an innovative leader in the distribution of donated goods in disaster recovery. By leveraging Good360’s technology and expertise, Domtar was able to send an additional 2,800 cases of diapers (both infant and adult) to Robeson County, North Carolina, where many families were displaced by Hurricane Matthew’s destruction.

“EVERYONE DESERVES PERSONAL CARE, AND OUR COMFORT AND CARE PROGRAM ALLOWS US TO BRING OUR MISSION AND DOMTAR’S VALUES TO LIFE.”

—BRAD GOODWIN

PRESIDENT OF PERSONAL CARE, NORTH AMERICA
While some jaded readers may view claims about sustaining communities as a bunch of corporate fluff, in Domtar’s case it is, literally. Domtar’s mills in Plymouth, North Carolina, and Ashdown, Arkansas, have decades of papermaking history and an experienced workforce. They are essential pillars of their local economies. And, like many mills across North America, their long-term future was directly affected by declining paper demand in the markets they served.

But after significant investments by Domtar, our Plymouth and Ashdown mills are now repositioned as manufacturers of fluff pulp, the absorbent material used to make infant diapers and incontinence products.

This journey began several years ago when production at the Plymouth Mill was converted to fluff pulp. Plymouth established Domtar’s reputation for quality and reliability, and built a national and global customer base.

This strategy was replicated with the Ashdown Mill’s largest paper machine. Commissioned at the end of 2016, Ashdown’s fluff pulp line is one of the largest and most advanced in the world. The project was the largest capital investment in Domtar’s recent history and involved work from teams across the company.

Domtar is now positioned as the world’s third-largest manufacturer of fluff pulp, a growing market with domestic and international customers. And our locations in Plymouth and Ashdown give us the strategic advantage of geographic diversity.

Repurposing manufacturing assets often leads to workforce reductions, as it did in Plymouth and Ashdown, but hundreds of manufacturing jobs have been secured for the long term as a result of converting these mills to fluff pulp production. Fluff is helping to keep the economies of these communities sustainable.

Arkansas officials agree. Little River County Judge Mike Cranford said, “In this extremely tough economic climate, it is refreshing to see companies who can reposition themselves for longevity in the marketplace.”
DOMTAR’s three-part approach to improving the sustainability of our energy consumption is yielding results.

We have converted most of our carbon-intensive coal power boilers to cleaner burning and less carbon-intensive natural gas.

We are optimizing our self-generation of electric power, which is typically cleaner and more efficient than what can be purchased over the public power grid.

As a result, we have lowered our costs and enjoy a substantial environmental edge. Our direct greenhouse gas emissions are about two-thirds lower than the average pulp and paper producer in the Asia Pacific region.

We are executing efficiency improvements identified by independent experts across our mill system.

Today, 75 percent of the energy we use in our mills comes from renewable biomass, mostly generated from our wood processing and pulping byproducts. In addition, our conversion of aging coal systems to cleaner-burning natural gas has resulted in other measurable clean air benefits.

Domtar supports government policies that recognize the carbon neutrality of sustainably harvested biomass fuel and that recognize the longer-term value of maintaining the viability of pulp mills as future biorefineries for affordable, sustainable fuels.

Making further emission reductions when we are already using mostly carbon-neutral and low-carbon fossil fuels.

Finding commercially-available and cost-effective technologies to meet increasingly stringent environmental requirements.

Competing with overseas manufacturers in regions that do not have equally stringent air-quality performance standards.

13% REDUCTION IN GREENHOUSE GAS EMISSIONS AT PULP AND PAPER MILLS SINCE 2010
Managing Our Energy and Emissions

At our personal care facility in Jesup, Georgia, colleagues are seeing their work in a different light. The facility upgraded to light-emitting diode (LED) bulbs and can now turn on all of the lights at the same time. The previous metal halide lighting gave off so much heat that only half the fixtures could be on at any given time.

“It’s a lot brighter and cooler, which is impressive considering we added a production line that generates a good deal of heat,” said Kim Sumner, the facility’s director of operations and development. “The new LED lights also come on much more quickly than the metal halides after a power outage, resulting in less downtime on our equipment and improved safety for our employees.”

The facility is also looking forward to a reduced environmental footprint and electricity bill, especially during the hot Georgia summers.

<table>
<thead>
<tr>
<th>Year</th>
<th>Pulp and Paper Mills</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>13,794</td>
</tr>
<tr>
<td>2014</td>
<td>13,652</td>
</tr>
<tr>
<td>2016</td>
<td>12,038</td>
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</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Pulp and Paper Mills</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3,228</td>
</tr>
<tr>
<td>2014</td>
<td>3,826</td>
</tr>
<tr>
<td>2016</td>
<td>3,158</td>
</tr>
</tbody>
</table>
In addition to lower emissions and currently lower fuel costs compared to coal, gas-fired boilers generally require less expensive maintenance, so these conversions will reduce our ongoing operating costs.

But that is not all. By phasing out coal, Domtar has substantially reduced the amount of boiler ash that is generated. This has allowed us to accelerate progress toward our goal of reducing the amount of waste we send to landfills.

We like these results. So do our neighbors. Because gas is delivered via pipeline, there are no more trucks or trains making coal deliveries to these mills, reducing local traffic.

And our customers who care about the integrity of their supply chains also appreciate Domtar’s leadership. Domtar generates some of the lowest greenhouse gas emissions per unit of production compared to the average emissions of our competitors’ mills in North America and Europe.

Our advantage is even greater when our performance is compared to the average emissions of our competitors in the Asia Pacific region. According to Fisher International’s FisherSolve™ database, the intensity of Domtar’s direct greenhouse gas emissions from fossil fuels is about two-thirds less than that of pulp and paper producers operating in the Asia Pacific region. We believe that responsible pulp and paper buyers will care about this sustainability performance gap.

We think that it was smart to get ahead of the curve in managing these emissions, and that our customers, our investors and our communities will realize the benefits for the long term.

Since 2014, Domtar has invested about $20 million to stop burning coal in six power boilers—two in Johnsonburg, Pennsylvania, one in Port Huron, Michigan, and three in Nekoosa, Wisconsin. Once fully realized in 2017, these actions will significantly reduce annual air emissions by:

- **Greenhouse gases**: 325,000 metric tons
- **Sulfur dioxide**: 4,100 metric tons
- **Nitrogen oxides**: 1,500 metric tons
- **Total particulate matter**: 45 metric tons


domtar is a case study of how supply and demand has accelerated sustainability—in particular, how the growing supply of natural gas has accelerated the reduction of coal burning in our power boilers. Over the past few years, energy economics and the drive for competitive advantage through improved efficiency have reduced air pollution and carbon dioxide emissions further and faster than what would have occurred under any likely scenario involving additional government regulation.

**SUSTAINABILITY ECONOMICS**

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**DOMTAR HAS INVESTED ABOUT $20 MILLION TO STOP BURNING COAL IN SIX POWER BOILERS**

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**“GREENING” OUR ENERGY SOURCES**

Pulp and Paper Mills (Percentage of Total Energy Use)

<table>
<thead>
<tr>
<th>Year</th>
<th>Natural Gas</th>
<th>Coal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8.4%</td>
<td>15.0%</td>
</tr>
<tr>
<td>2012</td>
<td>7.5%</td>
<td>6.6%</td>
</tr>
<tr>
<td>2014</td>
<td>4.4%</td>
<td>5.6%</td>
</tr>
<tr>
<td>2016</td>
<td>4.4%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

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**AVERAGE GREENHOUSE GAS EMISSIONS FROM FOSSIL FUEL COMBUSTION**

<table>
<thead>
<tr>
<th>Region</th>
<th>Metric Tons CO₂/Finished Metric Ton Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domtar</td>
<td>912</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>1,058</td>
</tr>
<tr>
<td>Europe</td>
<td>1,029</td>
</tr>
<tr>
<td>Latin America</td>
<td>1,053</td>
</tr>
<tr>
<td>North America</td>
<td>1,059</td>
</tr>
</tbody>
</table>


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66% LOWER THAN ASIA PACIFIC

38% LOWER THAN NORTH AMERICA

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**OUR AVERAGE GHG EMISSIONS VS. OTHER REGIONS:**

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MANAGING OUR ENERGY AND EMISSIONS
How do you heat more with less?
Reuse the heat you have.
That is what our Rothschild, Wisconsin, mill did by installing a heat exchanger to warm incoming process water with outgoing process water. The idea is simple. Instead of being lost to the wastewater treatment plant, some of the heat from the outgoing water is captured and sent back into the mill.

THE HEAT EXCHANGER HAS REDUCED THE MILL’S STEAM DEMAND BY A WHOPPING 10 PERCENT DURING THE WINTER MONTHS. Considering Wisconsin winters extend from October to April, that is a lot of steam! In fact, the mill no longer needs a supplemental boiler to operate in the winter.

This project is also expected to stimulate the local forestry sector by increasing the Windsor Mill’s purchases of renewable biomass. Demonstrating its caring for the local community, the mill will implement measures to mitigate related noise and truck traffic issues ahead of the commissioning of the new turbine.

By using energy efficient co-generation technologies to produce additional carbon-neutral electricity from renewable biomass, the Windsor Mill is taking another step in building its long-term future.

THROUGH A $27 MILLION CAPITAL PROJECT, THE MILL WILL INSTALL AN ADDITIONAL 18 MW OF GENERATION CAPACITY; THIS WILL BRING TOTAL CAPACITY TO 50 MW, THE EQUIVALENT ENERGY TO MEET THE ANNUAL ELECTRICITY CONSUMPTION OF 12,800 SINGLE-FAMILY HOMES.

The electricity from the new turbine will be sold into the provincial grid, providing an additional revenue stream for the mill. The mill will also gain efficiencies from the fuller utilization of its biomass boiler.

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WATER, A SHARED RESOURCE

Because water is a local resource, it is best managed at the facility level using site-specific strategies. Understanding the unique environmental and socio-economic characteristics of each of the watersheds where we operate enables us to be better stewards of water resources.

Pulp and paper manufacturing requires a lot of water. Fortunately, all of our mills are located in watersheds with ample water supplies. We treat and return about 90 percent of the water we use to the watersheds where we operate. The remainder returns to the atmosphere through evaporation, and a small amount remains in the products we manufacture.

Given our access to abundant, inexpensive water supplies, we do not want to fall into the trap of taking the resource for granted. That is why we are developing models that our mills can use to better understand the full cost of using water in their operations. This will enable our mills to make smarter decisions to lower our manufacturing costs and water access risks.

MANAGING OUR WATER USE IN A WAY THAT HELPS MAINTAIN THE QUANTITY, QUALITY, TIMING AND DISTRIBUTION OF LOCAL WATER RESOURCES.

Understanding the full cost of using water to empower local facility managers to use it more efficiently.

Sharing best practices for improving the efficiency and effectiveness of our wastewater treatment systems.

PRIORITIES

Managing our water use in a way that helps maintain the quantity, quality, timing and distribution of local water resources.

Understanding the full cost of using water to help more integrated and equitable approach to improving and protecting water quality at the watershed level.

Understanding water flows within our older mills where water meters are more limited and not ideally located.

Maintaining performance given aging equipment and capacity constraints in several of our wastewater treatment systems.

CHALLENGES

Conducted pilot studies at three mills to determine the appropriate cost elements, flows and methods needed to build a model to better understand the full cost of using water.

Decreased total water use in our pulp and paper mills 5 percent, and decreased discharges of AOX 11 percent, BOD 2 percent and TSS 10 percent since 2012.

PROGRESS

11% REDUCTION IN AOX DISCHARGES AT PULP AND PAPER MILLS SINCE 2012

2% REDUCTION IN BOD DISCHARGES AT PULP AND PAPER MILLS SINCE 2012

10% REDUCTION IN TSS DISCHARGES AT PULP AND PAPER MILLS SINCE 2012

* Measured as final effluent plus non-contact cooling water volume discharged.
A catch phrase often associated with the political intrigue of Watergate is “follow the money.” However, at Domtar, “following the money” is our way of unlocking the gate to improved water management.

Domtar is in the favorable position of having all of its mills located in areas with abundant water resources. While the company works diligently to maintain and improve the quality of the water in the rivers on which we depend, reducing our use of water has not historically been a high priority. This should not be surprising since 90 percent of the water we use is returned to the watershed, and most of the remainder returns to the atmosphere through evaporation. Moreover, the water that we borrow from nature is used about 10 times in our mills before being returned, in other words, although our water utilization is high, our water consumption is not.

Given this reality, maintaining a focus on water efficiency was an organizational challenge. Yet we knew that, thinking longer term, it was a smart idea to make water efficiency a more important part of Domtar’s sustainability agenda. To get started, we decided to focus on something that we have historically tracked more carefully than water: money.

We brought together cost accountants, water treatment system operators, engineers and other colleagues to begin the process of unravelling complex data to gain a better understanding of the full cost of our water utilization. Although the water itself is essentially “free,” it quickly became apparent that our pumping, filtering, demineralizing, heating, treating, reusing, cleaning and returning of water is anything but.

The problem we faced is that the factors that influence water utilization costs—including electrical power, chemical supplies, permit compliance costs and maintenance—were inconsistently tracked across our mills and our three water categories (process water, boiler feed water and effluent). By following the money, we are now establishing a better line of sight into the true costs of using water. This, in turn, has enabled us to begin building a model that will provide our managers not just a truer picture of their water costs, but more precisely where they should focus their water efficiency improvement projects for the greatest benefit. This model is now being tested in some of our mills and will be improved as we learn more.

Absent any scandal or intrigue, we nonetheless found that following the money unlocks important secrets to advancing sustainability.
THE MEASURE OF A RIVER

"If you can’t measure it, you can’t improve it" may be one of the most oft-quoted mantras in business. Of course, the advice is just as important for governments, just ask the U.S. Geological Survey (USGS), which is responsible for monitoring the health of the nation’s rivers and streams.

It is an ongoing challenge for this federal agency to secure the money required to maintain real-time monitoring stations across the country. Moreover, if the USGS stops executing this mission, the benefit of long-term water monitoring data is lost.

Enter Domtar. We understand the importance of real-time water quality and stream flow data. In fact, our Plymouth Mill tracks data from the downstream USGS monitoring station as an early warning to avoid saltwater intrusion, a catastrophic event for our manufacturing operations. The mill voluntarily sends the necessary funds annually to the USGS to keep the station operating.

As Sean Egen, U.S. Geological Survey, Raleigh, North Carolina, puts it, “Domtar, along with other private, local, state, and federal partners, has been an integral partner in collecting timely and pertinent water quality data on the Roanoke River.

"DOMTAR’S ASSISTANCE HELPS KEEP COSTS DOWN WHILE ALLOWING US TO MAINTAIN HIGH-QUALITY DATA COLLECTION STANDARDS."

In addition to the data collection effort, Domtar also provides field assistance and boat transportation to our gauge on the Roanoke River near Westover.

Our Marlboro Mill also voluntarily supports the maintenance of the USGS monitoring station located at the mill’s water intake point. The mill’s management team uses the data to optimize its removal and return of water to the Great Pee Dee River.

Of course, in addition to our mills, state and federal agencies use the information from these stations for public purposes, including flood monitoring, boating advisories and water quality management.

In addition to helping fund the data collection effort, Domtar provides field assistance and boat transportation to our gauge on the Roanoke River near Westover. We think it is smart to maintain the collection and sharing of information about the health of these rivers for the long term, and Domtar is pleased to help fill the gap.

A 10,000 TAIL FISH TALE

Domtar uses water for more than making paper. In our mill in Johnsonburg, Pennsylvania, we also raise and rear fish—thousands of brook, brown and rainbow trout every year.

About 25-30 volunteers feed the fish twice a day and keep an eye on their health. Some are current mill employees; others are retirees who enjoy coming back to lend a hand.

When the trout reach an appropriate size, they are released into area streams. About 10,000 are released each year.

“Our fish are talked about all over the region,” said Rick Zelehoski, who is retiring from the mill’s maintenance department in 2017 and plans to volunteer in the hatchery when he is no longer working. “Our fish are bigger. People know they came from our nursery.” The nursery has received awards from the state for its success.

It was Rick who got the idea for the hatchery in the first place. Twenty-five years ago, he asked his boss if a century-old filtration building no longer in use could be turned into a fish nursery. And it came to be.

Numerous building renovations have been made over the years, including the addition of two raceways—all feet long and 4 feet wide—that sit above the floor, where the young trout flip and flop and swim. More recently, the hatchery was upgraded to facilitate visits by students from area schools.

For some children, a Domtar trout may be the first fish they catch. In each of the past several years, the fish nursery has hosted a family day and spring fishing event for children of employees.

Charles DeWitt, technical manager for converting and technical papers, said the nursery is a highlight when groups visit the mill for tours, and it opens the door to conversations about Domtar’s commitment to sustainability and to communities.

“People take great pride in it,” he said. “Everyone enjoys seeing it, and it can help them see our mill and our industry in a different light.”
MANAGING OUR BYPRODUCTS

Our manufacturing processes generate byproducts that were historically viewed as “waste” and sent to landfills. We are increasingly monetizing the value in these byproducts and envision a future with virtually zero waste going to landfills. The benefits are both environmental and economic.

Our first step is to not generate “waste” to begin with. Through our continuous improvement initiatives and engineering innovations, we are turning more of the materials we handle into saleable products.

Our progress in diverting materials from landfills has accelerated in the past few years, driven by a more consistent, disciplined, company-wide approach to defining, measuring and reporting byproduct streams.

We are intent on promoting a culture of sharing and replicating best practices across our manufacturing facilities to build on our success.

33% REDUCTION IN WASTE TO LANDFILL AT PULP AND PAPER MILLS SINCE 2013

PRIORITIES

- Improving resource efficiency in our manufacturing processes to minimize waste.
- Minimizing the amount of waste we send to landfills.
- Finding higher value uses for our manufacturing byproducts.

CHALLENGES

- Finding economically viable markets for our byproducts that are close enough where transportation costs are lower than the cost to landfill these materials.
- Getting people to view “waste” materials as valuable byproducts.
- Maintaining consistent quality of our byproducts, as we do for our core products.

PROGRESS

- Beneficially reused 73 percent of the manufacturing byproducts generated by our pulp and paper mills in 2016, up from 58 percent in 2013.
- Reduced the amount of waste sent to landfills from our pulp and paper mills 33 percent since 2013 through source reduction and beneficial re-use programs.
- Continued to recycle more than 80 percent of the manufacturing byproducts generated at our personal care facilities since 2012.
INDUSTRIAL ECOLOGY MADE REAL

A long-time ideal of sustainability has been the concept of industrial ecology—the notion that industrial processes would benefit from mimicking the closed-loop efficiency of a natural ecosystem. Unlike conventional industrial processes, an ecosystem is not a process with a beginning and an end. An ecosystem is a continuous cycle through which materials flow.

Domtar’s mill in Windsor, Quebec, has brought this vision closer to reality. The mill, which relies on nearby Domtar-owned forestlands for its wood supply, is now returning materials from the mill’s manufacturing process back to these same forests.

Early results are promising. The application of a stabilized mixture of potassium-rich wood ash, acid-balancing lime and other effective soil amendments from the mill is improving tree growth in the Domtar forest.

And there is more to love. This innovative capturing and recycling of nutrients and other materials between man-made and natural systems is helping the Windsor Mill become free of the need to dispose of byproducts in its landfill.

More than 90 percent of what was previously considered waste is now being beneficially reused.

Given the substantial forestlands in the region held by other owners, and expected further improvements to the mill’s techniques for mixing and producing well-balanced soil amendments, this beneficial re-use program will likely be viable for many years to come. This program is expected to extend the life of the Windsor Mill’s landfill by about 40 years.

The Windsor Mill’s success in closing the loop back to the forests upon which it depends was inspired by the experience of Domtar’s mills in North and South Carolina at developing nutrient-balanced fertilizers for agricultural crops. We think it is smart to connect our industrial processes back to the natural environments on which they depend.
Putting construction and demolition waste—concrete, brick, tile and stone—to beneficial use is a winning strategy for our mill in Nekoosa, Wisconsin. During construction or demolition work at the mill, these materials are kept aside instead of going to a landfill. When sufficient material is accumulated over a number of years, the recycling work begins.

The mill brings in a contractor to break up concrete, remove residual rebar steel and crush the rubble into fine gravel. The steel is recovered and sold to a scrap metal dealer, while the gravel is stockpiled for use on various road maintenance projects on mill property.

In 2016, the pile was converted into about 8,000 tons of reusable gravel, allowing the mill to reap a double benefit. Construction and demolition waste was diverted from its landfill and the mill gained a supply of recycled aggregate at roughly one-half the cost of purchasing new gravel from a commercial quarry.

**WASTE NOT, WANT NOT**

8,000 TÓNS OF REUSABLE GRAVEL
RESPONSIBLE SOURCING AND LOGISTICS

SOURCING RAW MATERIALS

Each year, about two-thirds of our revenue is spent on materials and services needed to make our products.

Whenever possible, we source from local suppliers near our facilities. This helps us shorten our supply chain and reduce risk. Proximity allows us to know our suppliers and ensure they produce our materials and render services responsibly, in addition to strengthening the local economy.

We have strategic partnerships with recognized suppliers of key commodities. We leverage our size and volumes to get a fair price for consistent quality materials with exceptional service. Our suppliers help us improve our manufacturing efficiencies, use fewer materials and produce better quality products at a lower cost.

As a manufacturer of fiber-based products, we are committed to sourcing wood from responsibly managed forests. We strive to safeguard endangered forests and wildlife, respect the culture and rights of indigenous peoples and conserve natural forests and biodiversity.

Our demand for locally sourced wood creates incentives for landowners to keep forests as forests. We collaborate with landowners and other partners to promote the benefits of sustainable forest management and third-party certification, which provides an additional level of assurance of responsible forest management.

Sourcing from responsible companies that have an outstanding environmental, sustainability and safety record.

Favoring local suppliers as much as possible when purchasing the materials and services we need to make our products.

Managing the procurement of major inputs centrally to leverage volumes, improve service and risk profiles, and build strategic partnerships.

Promoting the value of sustainable forest management and forest certification to small, private landowners.

Finding more sustainable raw materials that meet performance and cost requirements.

Balancing differing customer objectives and policies that can limit sourcing flexibility.

Optimizing the environmental benefits from using recycled fiber given growing competition for this finite resource.

**PRIORITIES**

**CHALLENGES**

**PROGRESS**

Consolidated our supply base in Personal Care as a result of growing global business presence.

Continued to meet 34 percent of our fiber needs with certified wood, including 19 percent from FSC-certified sources during a time when overall FSC acres declined in the U.S.

Reduced bleaching chemical use 3 percent per unit of bleached pulp production in 2016 compared to the previous three-year average.

Increased FSC-certified lands by more than 600,000 acres since 2012 in two of our southern U.S. procurement regions through several small landowner group certification projects.

Formed a new multi-discipline Purchasing Council in our Pulp and Paper business, including representatives from our mills, to ensure we are using a consistent approach and focused on the highest priorities across the business.

$3.4 BILLION SPENT ON MATERIALS AND SERVICES IN 2016
Most everyone recognizes that recycling paper is a simple but effective step to support sustainability. In fact, paper is one of the most recycled materials in the world. What is less understood is that there is a finite supply of paper to recycle, and how we choose to recycle it can lead to very different environmental results.

That is why Domtar initiated a partnership between our industry and a leading university to create a system dynamics model to better understand how our paper recycling choices can help, or harm, the environment.

The first step in this collaboration between the Massachusetts Institute of Technology (MIT) and the American Forest & Paper Association was to understand how much paper is available for recycling. This required recognizing that some paper is out-of-bounds for recycling. Library books, photographs and archival documents, for example, do not belong in the recycling bin. Nor does paper we use for sanitary hygiene and some food packaging—think toilet tissue and greasy food boxes.

The other practical limitation we face in paper recycling is that, because paper is biodegradable, it can only be used a limited number of times before it naturally breaks down and decomposes. At best, paper can be recycled five to seven times before it becomes too weak to make new paper.

This leaves us with the challenge of figuring out how to gain the greatest environmental benefit possible from the paper that is suitable for recycling. This challenge lies in the fact that the energy, chemicals and water required to collect and recycle paper are not insignificant.

Recycling strategies that reduce requirements for energy, chemicals and water result in greater environmental benefits. On the other hand, arbitrary mandates for recycled content that pay no regard to these inputs can reduce or even reverse the environmental benefits of paper recycling—no matter how well-intentioned the recycled content mandate may be.

Gaining the ability to systemically and objectively understand the flows of recycled paper through our economy helps to reveal how the environmental benefits of paper recycling can be optimized—and how counterintuitive and counterproductive results can be avoided. The first phase of building this sophisticated model has been completed, and we are now working with our industry association and MIT to introduce this systemic, dynamic approach to advancing the sustainability of paper recycling for the long term.

To learn more about this pioneering sustainability innovation, please visit www.afandpa.org.
Domtar engages in a wide variety of initiatives to ensure we leave the forests that we depend on, and the communities we are a part of, better off for the long term. This is how we bring Domtar’s Sustainable Forestry Principles to life across the unique ecosystems and communities that surround our pulp and paper mills.

**BRINGING OUR SUSTAINABLE FORESTRY PRINCIPLES TO LIFE**

- **80% OF THE MILL’S WOOD FIBER COMES FROM SAWMILL RESIDUALS, MAXIMIZING THE USE OF HARVESTED TIMBER AND PREVENTING THE RESIDUALS FROM BECOMING WASTE.**
  - Utilizes load-scanning technology to minimize the time it takes to process wood deliveries, cutting truck idling times and emissions.
  - Provides training on sustainable forest management and harvesting to local loggers in partnership with the Forest Industry Safety and Training Alliance.
  - Works with the Menominee Indian Tribe of Wisconsin to increase the sustainable management of the region’s forests to source sustainably harvested wood for the mill.
  - Provides its expertise in sustainable forestry and is represented on the board of directors for several nearby forest tenures in Ontario.
  - Assesses forest growth and health with drones enables us to more efficiently and precisely apply appropriate forest management practices.
  - Continues to benefit from building a mile-long conveyor to bring wood chips to the mill via a river barge, which has eliminated 54,000 truck trips and 110,000 gallons of fuel annually.
  - Partners with University of Kentucky’s Center for Forest Certification to help several suppliers overcome resource constraints and achieve third-party certification of their forests.
  - Creates a wildlife management plan to protect and conserve the Bald Eagle and endangered Karner Blue Butterfly populations along the Wisconsin River near the mill.

- **THE MILL OWNS AND MANAGES 400,000 ACRES OF FORESTLAND THAT IS CERTIFIED AS SUSTAINABLY MANAGED, ALLOWING FOR CONTINUED INNOVATION OF SUSTAINABLE FOREST MANAGEMENT PRACTICES AND TOOLS.**
  - Several of the mill’s manufacturing residuals are blended and spread as a fertilizer and soil amendment on the mill’s forestland, enhancing tree growth and embodying the concept of industrial ecology.
  - Provides funding and expertise to the local Bald Eagle Area School District to develop a forest management plan and certify the district’s 400 acres of forestland to the FSC standard.
  - Helps local landowners enroll in The Nature Conservancy’s Working Woodlands Program, which provides landowners with a forest management plan and group FSC certification.

- **500,000+ ACRES AND 500 LANDOWNERS HAVE ENROLLED IN THE DOMTAR-SUPPORTED FOUR STATES TIMBERLAND OWNERS ASSOCIATION GROUP FSC CERTIFICATION, WHICH REDUCES THE FINANCIAL AND TECHNICAL Hurdles TO FOREST CERTIFICATION FOR SMALL, PRIVATE LANDOWNERS.**
  - Domtar supports forest certification programs to help small, private landowners achieve FSC certification.

- **500,000+ ACRES AND 300 LANDOWNERS HAVE ENROLLED IN THE DOMTAR-SUPPORTED FOUR STATES TIMBERLAND OWNERS ASSOCIATION GROUP FSC CERTIFICATION, WHICH REDUCES THE FINANCIAL AND TECHNICAL Hurdles TO FOREST CERTIFICATION FOR SMALL, PRIVATE LANDOWNERS.**
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- **FOR OVER 60 YEARS, LOCAL HIGH SCHOOL STUDENTS HAVE LEARNED ABOUT SUSTAINABLE FOREST MANAGEMENT THROUGH THE MILL’S ANNUAL CONSERVATION CAMP, EDUCATING GENERATIONS OF FORESTERS.**

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- **WITH SUPPORT FROM DOMTAR, 124,000+ ACRES OWNED BY SMALL, PRIVATE LANDOWNERS HAVE BEEN CERTIFIED BY MILLIKEN FORESTRY COMPANY AND GREENLINK FOREST RESOURCES.**
  - Developed a wildlife management plan for the mill’s 1,400-acre property to increase the diversity of plant species and improve habitat quality for wild turkeys, whitetail deer and wood ducks.
  - Supports Minority Landowner Outreach Workshops through Fayetteville State University to share expertise on sustainable forest management with small, private landowners.
  - Provides funding and expertise to the local Bald Eagle Area School District to develop a forest management plan and certify the district’s 400 acres of forestland to the FSC standard.
  - Helps local landowners enroll in The Nature Conservancy’s Working Woodlands Program, which provides landowners with a forest management plan and group FSC certification.
  - With support from Domtar, 124,000+ acres owned by small, private landowners have been certified by Milliken Forestry Company and Greenlink Forest Resources.

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THINKING, AND ADVOCATING, GLOBALLY

Today’s consumers are more aware than ever before of the social and environmental issues related to their purchasing decisions. The rise of “green” brands and certification programs across a wide range of product categories are evidence of this growing awareness. However, truly understanding what goes into making products that people use every day is not always obvious or easy. This is especially true for basic materials that are shipped and traded around the world before being re-processed into finished products. Pulp made from wood fiber, used to make facial tissue, paper towels, paper, packaging and a variety of other products, is a classic example of a material that people use every day with little if any knowledge of the consequences of their purchasing decisions.

This is not an abstract problem. Consider Indonesia, a country identified by several environmental organizations as a hotspot for deforestation related to the pulp and paper sector. Over the past few years, fires in this region destroyed hundreds of square miles of forests, burning carbon-rich peat soils that continue to smolder long after the trees are burned. The persistent, choking smoke from these fires prompted the government in Indonesia to declare a state of emergency, deploy 22,000 troops, and establish watchtowers to evacuate victims. A government spokesperson described the situation as a “crime against humanity of extraordinary proportions.” It has been widely reported that as the thick haze spread into the neighboring countries of Malaysia and Thailand, more than 500,000 people were treated in hospitals for breathing problems and there were thousands of premature deaths.*

According to an analysis of data from the World Resources Institute’s Global Forest Watch partnership**, more than one-third of fires in Sumatra in 2015 occurred on pulpwood concessions. As pulp and paper products from these areas are sold to unsuspecting or unaware buyers, they displace products from more sustainably managed forests. That is why internationally respected environmental organizations, including World Wildlife Fund (WWF), have expressed caution regarding pulp and paper products sourced from this region.

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We believe that being a sustainability leader requires more than advancing the sustainable forest management practiced in North America. It also requires working to reveal and address performance failures across our entire industry, regardless of where the operations are occurring. Domtar was the first North American pulp and paper company to join WWF’s Global Forest & Trade Network. This network is the world’s longest-running program for combatting illegal logging and driving improvements in forest management, with operations in 24 countries.

Our commitment does not and there. Domtar employees now serve in the governance of the Forest Stewardship Council (FSC) – one of the world’s leading standards for responsible forest management. Our own Andrew Tremblay is the current chairman of the board for FSC Canada, while Luke Dillinger serves on the governing board of FSC United States. Their work includes advocating that FSC maintains its high standards as the organization seeks to expand its reach into other parts of the world.

At Domtar, sustainability is about working smart—for the long term. When necessary, it also includes working on issues that are long distance.

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SOURCING
RAW MATERIALS

ENSURING TOP QUALITY FROM PULP TO END PRODUCT

People may look at our products and wonder what baby diapers and copy paper have in common.

The answer is the core of our business—sustainably sourced wood fiber. It is at the heart of our paper products, and in the case of our personal care products, it literally makes up the absorbent core.

Wood fiber, in the form of fluff pulp, provides space for and quickly absorbs liquid, helping prevent leaks while keeping users dry.

It begins with loblolly pines, which are grown in abundance around our mills in Ashdown, Arkansas, and Plymouth, North Carolina. The loblolly pine’s unique fiber qualities—unmatched wet strength, absorbency and wicking—make it the most desirable wood fiber in the world for manufacturing fluff pulp.

This fiber, and the fluff pulp Domtar makes from it, connects our two business divisions. It also ensures top-quality, sustainably sourced pulp for all of our customers and enables Domtar to innovate products at a fast pace.

With Personal Care as their first customer, our pulp mills receive immediate feedback on the fluff pulp being produced. And our research and development teams can move new absorbent fiber ideas rapidly into production.

As customers are seeking thinner products, our facility in Jesup, Georgia, responds by using Domtar’s pulp to make innovative cores that are thin, yet highly absorbent.

Through collaboration and innovation, Domtar continues to lead the way in creating products that enhance dignity, health and comfort.

Our use of bleaching chemicals decreased 3% per unit of bleached pulp production in 2016 compared to the previous three-year average.

Furthermore, our employees now have the tools and the initiative to make smarter use of bleaching chemicals to lower our costs, balance pulp yield and quality, and improve our environmental footprint.

Our use of bleaching chemicals decreased 3% per unit of bleached pulp production in 2016 compared to the previous three-year average.

Getting your supplier to help you use less of their product may seem counterintuitive, but that is exactly what Domtar’s procurement team did with our pulp bleaching chemical supplier. And thanks to the strategic partnership we have built with them, they agreed to help us.

By leveraging our supplier’s chemical expertise and our process knowledge, we identified opportunities to improve chemical efficiency through audits at all of our mills with bleach plants.

Our Continuous Improvement team used these bleaching chemical efficiency opportunities to introduce new tools for our mills to use in managing projects. Our approach to continuous improvement has been well received by our mills, who have started using the approach to manage their own projects. This self-sustaining momentum is further empowering our employees to make positive changes in their facilities.

While more work remains to make progress at all of our mills, early signs indicate that the bleaching chemical efficiency efforts are paying off. Our use of bleaching chemicals decreased 3 percent per unit of bleached pulp production in 2016 compared to the previous three-year average. And the good news is this progress was realized without compromising pulp brightness and quality.

90% of the pulp used by our personal care division is made by Domtar.

JUST AS BRIGHT, WITH LESS BLEACH

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TRANSPORTATION AND LOGISTICS

We operate a sophisticated, efficient distribution network to move pulp, paper and personal care products using third-party truck, rail, intermodal and ocean vessel transport providers. This focus on efficiency, combined with the geographic diversity of our principal manufacturing and distribution locations, allows us to attract new global customers while managing costs and reducing environmental emissions.

Domtar supports expansion of ports and intermodal terminals to increase the availability of these more efficient modes of transportation.

We also support public policies that would improve truck efficiency by utilizing safer trucks with greater payloads. By equipping trucks with improved braking capacity and weight distribution that comes from installing an additional axle, truck operators would be able to utilize existing space in their trailers that they are currently required to leave empty.

For bulkier, lighter weight personal care products, we tend to reach truck volume capacity before weight capacity. For these products, we are focused on developing innovative packaging and loading patterns to get more products on a truck, improving our economics and environmental footprint.

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PRIORITIES

- Optimizing available transportation modes to most efficiently move our products.
- Optimizing product packaging to maximize truck volumes, especially for lighter and bulkier personal care products.

CHALLENGES

- Educating policymakers on how transportation efficiency can be improved by increasing truck weight limits without creating additional safety and infrastructure issues.
- Getting railroads and trucking companies to collaborate on developing more intermodal opportunities.

PROGRESS

- Calculated the carbon footprint of our outbound pulp and paper product shipments for the first time, providing us additional insight to make smarter logistical decisions.
- Became a U.S. EPA SmartWay® Transport Partner to improve fuel efficiency and reduce air and greenhouse gas emissions.
- Partnered with the City of Ashdown, Arkansas, and Little River County to study the feasibility of constructing an intermodal facility near our mill in Ashdown to increase efficient shipping options.

For the first time, Domtar’s Transportation and Logistics team estimated the greenhouse gas emissions from shipping pulp and paper products to our customers. The results: an estimated 349,000 metric tons of carbon dioxide (CO₂) emissions in 2016.

We noted that while our pulp products traveled about 1.7 times more total miles than our paper products to reach our customers, the carbon footprint for pulp was approximately 43 percent less than for our paper products.

This is due to the logistical efficiencies of shipping our pulp products predominantly by rail and ocean vessels vs. shipping our paper products primarily by truck. This carbon footprint analysis is yet another tool we now have in our toolbox as we continuously strive to make smarter logistical decisions.

We plan to undertake a similar study for our Personal Care business in the next year.

GREENHOUSE GAS (CO₂) EMISSIONS FROM PULP AND PAPER PRODUCT TRANSPORT - 2016 (Thousand Metric Tons)

<table>
<thead>
<tr>
<th>Category</th>
<th>Emissions (Metric Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulp</td>
<td>85.2</td>
</tr>
<tr>
<td>Paper</td>
<td>29.2</td>
</tr>
<tr>
<td>Ocean Vessel</td>
<td>4.8</td>
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<tr>
<td>Rail</td>
<td>30.7</td>
</tr>
<tr>
<td>Intermodal</td>
<td>9.4</td>
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</tbody>
</table>

85% of our paper customers can be served next day due to our strategically located distribution centers.

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* Based on metric tons of product shipped.
TRANSPORTATION AND LOGISTICS

TRUCKS, TRAINS, AND SHIPS—MOVING PRODUCTS TO CUSTOMERS MORE EFFICIENTLY

How do you move your products directly to customers with trucks while using as little fuel as trains? Use both by shipping your products in an intermodal container, which can be moved by both trucks and trains.

Our Marlboro Mill in Bennettsville, South Carolina, and our paper converting plant in the neighboring town of Tatum are looking forward to using the new intermodal facility under construction by the South Carolina Port Authority in nearby Dillon, South Carolina. This will allow us to more efficiently move pulp and paper to ports, including the port of Charleston.

Currently, trucks take our products over 170 miles directly from our facilities to the port, mostly along busy Interstate 95. After the intermodal facility is completed, our products can be loaded in an intermodal container and trucked fewer than 40 miles to Dillon. There, the containers will be lifted onto a train and brought directly to the port in Charleston.

This will greatly reduce the number of truck trips taken from our facilities, down I-95, and through Charleston to the port. This means fewer emissions, less congestion, and less wear on the roads.

Because we are always looking to improve transportation efficiencies, Domtar is supporting a study by the City of Ashdown and Little River County to determine the feasibility of constructing an intermodal facility near our mill in Ashdown, Arkansas. As the mill ramps up pulp production, having an intermodal facility nearby would greatly increase the efficiency of the number of options for moving pulp to our customers around the globe.

Similarly, our facility in Aneby, Sweden, has made arrangements with some customers to send them extra tall pallet loads. By sending pallet loads that are 250 cm tall rather than the typical 200 cm, we are able to more fully utilize the space on trucks, which can be up to 300 cm tall.

The result: more efficient transportation, lower fuel costs and reduced truck emissions.

Our colleagues in Toledo, Spain, create space by reducing package size for an equivalent product count. Their award-winning, high-compression packaging system for incontinence products reduces packaging volume by 30 percent.

The result: lower consumption of plastics and corrugated packaging, fewer pallets, reduced number of truck trips for the same volume of delivered product, and lower greenhouse gas emissions.

At Domtar, we are working smart to max our weight!
These efforts included:

- informing our sustainability reporting.
- In 2016, we broadened our guide our sustainability reporting.
- insights we gained continue to make our sustainability reporting more interesting and useful. The extensive discussions with stakeholders to gain a diverse set of perspectives on how we can better engage customers with the “core option” of the Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines. This framework encourages companies to thoughtfully focus their sustainability reports on the issues that matter most to their customers, employees, shareholders and other stakeholders. For Domtar, these include:
  - Air and Greenhouse Gas Emissions
  - Biodiversity
  - Compliance
  - Diversity and Equal Opportunity
  - Economic Performance
  - Employment
  - Energy
  - Fiber Procurement
  - Forest Management
  - Local Communities
  - Occupational Health and Safety
  - Training and Education
  - Transportation
  - Waste Management
  - Water and Effluents

Domtar considers stakeholder engagement to be a two-way street. We benefit from regular conversations with customers, employees, communities, shareholders and advocacy organizations, gaining diverse perspectives on emerging trends and opportunities. We hope they feel the same way about the perspectives we share with them.

Prior to our last report, we had extensive discussions with stakeholders to gain a diverse set of perspectives on how we can make our sustainability reporting more interesting and useful. The insights we gained continue to guide our sustainability reporting.

In 2016, we broadened our stakeholder engagement to further inform our sustainability reporting. These efforts included:

- Convening a multi-disciplinary group of 35 leaders from across Domtar in a day-long exploration of what sustainability means for the company. The discussion was facilitated by the Center for Sustainable Business at New York University’s Stern School of Business. Interviews conducted by participants with other Domtar employees before the event informed much of the conversation that day, and feedback from the event is informing Domtar’s approach to sustainability going forward.

- Conducting several public focus groups to better understand consumer perceptions and priorities related to the sustainability of our pulp and paper products. The results are informing the way we communicate about the work we do to promote responsible forest management and manufacture our products efficiently.

- Surveying our sales teams in both business divisions regarding their customers’ interests in sustainability and our sustainability reporting materials. Results indicate changes we recently made to our sustainability reporting help them better engage customers on sustainability.

- Discussing sustainability issues with our investors. These conversations have reinforced that Domtar’s approach to sustainability and sustainability reporting are aligned with their long-term investment goals.

We believe these perspectives have helped make this a more relevant and useful report.

As a publicly traded U.S. company, issues deemed material are already included in our reports to the U.S. Securities and Exchange Commission. Issues deemed important in the context of sustainability reporting should not be inadvertently confused with materiality in the context of a regulatory reporting standard. Voluntary sustainability reporting is an opportunity to go beyond the materiality tests of a regulatory report and present a more holistic perspective of our priorities, challenges, and opportunities.

This report was prepared in accordance with the “core option” of the Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines. This framework encourages companies to thoughtfully focus their sustainability reports on the issues that matter most to their customers, employees, shareholders and other stakeholders. For Domtar, these include:

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- Water and Effluents

Domtar routinely shares information about our sustainability efforts and performance at: www.domtar.com/sustainability. We also publish printed reports on a biennial basis to effectively expand our audience and share more details about our work. Domtar’s last report was published in 2015.

The data contained in this report covers all of our operations and includes the most current annual data available. Baseline years for presenting historical data and trends have been selected to account for changing regulatory definitions and reporting methods to provide the most holistic perspective on our performance. To improve readability and highlight longer-term trends, this report generally includes data from every other year.

Some of the data contained in this report may be slightly different than what has been previously reported. This is due to adjustments resulting from additional data verification, ongoing efforts to standardize and improve performance indicators across the company, and changes to reporting methods (e.g., adjustments for the sale of renewable energy credits to other electricity users).

The data contained in this report has gone through a rigorous internal audit process. Given the nature and purpose of this voluntary report, we do not engage an external auditor.

For additional facility-specific environmental, social and economic information about our pulp and paper mills, please visit Domtar’s web-based, interactive transparency tool, The Paper Trail at: www.domtarpapertrail.com.

The GRI content index can be found on our website at: www.domtar.com/sustainability.

For more information about this report or to share your comments, please contact Brian Kozloduy, senior manager for sustainability performance optimization, at: sustainability@domtar.com, or call us at: 803-802-8001.
## Sustainability Performance Indicators

### Direct Economic Value Created by Domtar’s Operations

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### Wood Certification (as of December 31 each year)

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<td>14%</td>
<td>11%</td>
<td>15%</td>
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</table>

### Number of Employees as of December 31 each year

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<thead>
<tr>
<th></th>
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<th>2015</th>
<th>2016*</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Domtar Offices and Manufacturing Facilities</td>
<td>9,759</td>
<td>9,792</td>
<td>9,983</td>
</tr>
</tbody>
</table>

### By Region

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>2015</th>
<th>2016*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>North America</td>
<td>89%</td>
<td>89%</td>
<td>89%</td>
</tr>
</tbody>
</table>

### By Gender

<table>
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<tr>
<th>Gender</th>
<th>2014</th>
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<th>2016*</th>
</tr>
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<tbody>
<tr>
<td>Female</td>
<td>21%</td>
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<td>22%</td>
</tr>
<tr>
<td>Male</td>
<td>79%</td>
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<td>78%</td>
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### By Age

<table>
<thead>
<tr>
<th>Age</th>
<th>2014</th>
<th>2015</th>
<th>2016*</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-29</td>
<td>8%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>30-39</td>
<td>16%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>40-49</td>
<td>27%</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td>50-59</td>
<td>36%</td>
<td>35%</td>
<td>34%</td>
</tr>
<tr>
<td>60-69</td>
<td>13%</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>≥70</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

### By Employment Type

<table>
<thead>
<tr>
<th>Employment Type</th>
<th>2014</th>
<th>2015</th>
<th>2016*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union</td>
<td>47%</td>
<td>47%</td>
<td>46%</td>
</tr>
<tr>
<td>Non-Union</td>
<td>53%</td>
<td>53%</td>
<td>52%</td>
</tr>
</tbody>
</table>

### Energy Use

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biomass (black liquor, bark, wood residuals and biofuels)</td>
<td>171.35</td>
<td>172.77</td>
<td>165.54</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>21.59</td>
<td>25.15</td>
<td>25.66</td>
</tr>
<tr>
<td>Oil</td>
<td>9.62</td>
<td>0.20</td>
<td>0.14</td>
</tr>
<tr>
<td>Utility Steam (net)</td>
<td>1.23</td>
<td>1.14</td>
<td>0.90</td>
</tr>
<tr>
<td>Other (biopower, oil, pet coke, propane, tire derived fuel)</td>
<td>1.65</td>
<td>1.31</td>
<td>1.24</td>
</tr>
</tbody>
</table>

### Total Manufacturing

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
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<td>1.65</td>
<td>1.31</td>
<td>1.24</td>
</tr>
</tbody>
</table>

### Total Transportation and Mobile Equipment

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Transportation</td>
<td>0.35</td>
<td>0.35</td>
<td>0.34</td>
</tr>
<tr>
<td>Diesel</td>
<td>0.22</td>
<td>0.22</td>
<td>0.23</td>
</tr>
<tr>
<td>Propane</td>
<td>0.10</td>
<td>0.09</td>
<td>0.08</td>
</tr>
</tbody>
</table>

### Greenhouse Gas Emissions

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Emissions (Scope 1)</td>
<td>5.53</td>
<td>5.38</td>
<td>5.27</td>
</tr>
<tr>
<td>Electricity Emissions (Scope 2)</td>
<td>3.19</td>
<td>2.93</td>
<td>1.80</td>
</tr>
<tr>
<td>Total Greenhouse Gas Emissions</td>
<td>8.72</td>
<td>8.31</td>
<td>7.07</td>
</tr>
</tbody>
</table>

### Air Emissions

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Particulate Matter (PM)</td>
<td>3.22</td>
<td>3.22</td>
<td>3.22</td>
</tr>
<tr>
<td>Nitrogen Oxides (NOx)</td>
<td>13,652</td>
<td>12,776</td>
<td>12,038</td>
</tr>
<tr>
<td>Sulfur Dioxide (SO2)</td>
<td>5,883</td>
<td>3,617</td>
<td>3,150</td>
</tr>
</tbody>
</table>

### Water Use and Discharges

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Water Use***</td>
<td>416.0</td>
<td>405.9</td>
<td>405.4</td>
</tr>
<tr>
<td>Process Water Use</td>
<td>361.8</td>
<td>363.4</td>
<td>358.0</td>
</tr>
<tr>
<td>Non-contact Cooling Water Use</td>
<td>54.2</td>
<td>42.5</td>
<td>47.4</td>
</tr>
</tbody>
</table>

### Management of Byproducts

<table>
<thead>
<tr>
<th></th>
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<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Landfill</td>
<td>333,251</td>
<td>356,131</td>
<td>358,030</td>
</tr>
<tr>
<td>To Beneficial Reuse or Recycling</td>
<td>90,387</td>
<td>108,457</td>
<td>119,981</td>
</tr>
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### Safety Incidents

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Frequency Rate (TFR)</td>
<td>0.86</td>
<td>0.89</td>
<td>0.83</td>
</tr>
<tr>
<td>Lost Time Frequency Rate (LTFR)</td>
<td>0.36</td>
<td>0.40</td>
<td>0.34</td>
</tr>
<tr>
<td>Fatality (number)</td>
<td>0</td>
<td>1</td>
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### Wood Certification (as of December 31 each year)

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<th>Country</th>
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** Includes acquisition of Home Delivery Incontinent Supplies Co. (HDIS).

** Includes fiber inputs from the ATFS, CSA and SFI. PEFC endorses these and other national forest certification standards.

*** Measured as water volume discharged.

** Domtar is pleased to make an annual contribution of $426,000 to WWF from the sale of FSC®-Certified EarthChoice® products.

Applies to products listed on the DOMTAR® Sustainable Products page at domtarpapertrail.com.

* Indicates data from Domtar’s FY 2015 Sustainability Report.