

# HUMAN RESOURCES COMMITTEE

OF THE BOARD OF DIRECTORS OF DOMTAR CORPORATION

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## CHARTER

AMENDED AND RESTATED EFFECTIVE OCTOBER 31, 2017

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### I. PURPOSE AND ROLE OF THE COMMITTEE

The purpose of the Human Resources Committee (the “Committee”) is to:

- (i) Review and approve the philosophy and design of the Corporation’s compensation programs and the compensation of the Corporation’s executives;
- (ii) Review and make recommendations to the Board of Directors with respect to incentive compensation and equity-based plans;
- (iii) Review and approve management incentive compensation and equity-based plans in light of the Corporation’s objectives;
- (iv) Monitor the financial effect of the Corporation’s compensation programs and their success in achieving the Corporation’s objectives;
- (v) Oversee the work of the Pension Administration Committee (the “PAC”), the fiduciary committee serving the defined benefit and defined contribution plans of the Corporation and its subsidiaries;
- (vi) Oversee the succession planning process for the members of the Management Committee;
- (vii) Provide oversight in respect of the Corporation’s compliance with legal and regulatory requirements in the areas of the Committee’s responsibilities and duties; and
- (viii) Review the risks associated with matters within the Committee’s responsibilities and duties.

The Committee has sole authority from the Board of Directors for the appointment, compensation and oversight of the Corporation’s independent

compensation consultant. The Committee also shall perform such other duties as assigned to it from time to time by the Board of Directors.

## **II. STRUCTURE AND OPERATIONS**

### **A. COMPOSITION AND QUALIFICATIONS**

The Committee shall be comprised of no fewer than three members of the Board of Directors, each of whom shall be “independent” under the New York Stock Exchange listing standards and all other applicable rules and regulations. Additionally, at least two members of the Committee shall satisfy the requirements of “Non-employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (“Rule 16b-3”). At least two members of the Committee shall satisfy the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations promulgated thereunder (together, the “Section 162(m) Rules”).

### **B. APPOINTMENT AND REMOVAL**

The members of the Committee shall be appointed by the Board of Directors in accordance with the Corporation’s by-laws and shall serve until such member’s successor is duly appointed or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by the Board of Directors in accordance with the Corporation’s by-laws.

### **C. CHAIR**

Unless a chairperson is elected by the Board of Directors, the members of the Committee shall designate a chairperson by the majority vote of the full Committee membership. The chairperson will chair all regular sessions of the Committee and set the agendas for Committee meetings.

### **D. SUBCOMMITTEES**

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee. If any member of the Committee shall not satisfy the requirements of a “Non-employee Director” for purposes of Rule 16b-3 or the requirements of an “outside director” for purposes of the Section 162(m) Rules, the Committee shall delegate to a subcommittee of the Committee consisting of at least two members, each of whom satisfies both the requirements of a “Non-employee Director” for purposes of Rule 16b-3 and the requirements of an “outside director” under the Section 162(m) Rules, all approvals, certifications and administrative and other determinations with respect to compensation intended to satisfy the requirements for the “qualified performance-based compensation” exception under the

Section 162(m) Rules and equity-based compensation intended to satisfy the exception provided under Rule 16b-3, and such subcommittee shall have the full authority of the Committee with respect to such matters.

#### **E. MEETINGS**

The Committee shall meet at least three times each year, or more frequently as circumstances dictate. The Chairman of the Board or the chairperson of the Committee may call meetings of the Committee. All meetings of the Committee may be held in person, telephonically or by videoconference, and the Committee may take action by written consent.

As part of its review and establishment of the performance criteria and compensation of designated key executives, the Committee should meet separately at least on an annual basis with the CEO, the Corporation's principal human resources executive, and any other corporate officers, as it deems appropriate. However, the Committee should meet regularly without such officers present, and in all cases such officers shall not be present at the portions of meetings at which their performance and compensation are being discussed and determined.

The Committee may invite to its meetings any director, member of the Corporation's management and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

### **III. RESPONSIBILITIES AND DUTIES**

The Committee has oversight authority over the human resources practices, policies, and functions of the Corporation, including without limitation, all compensatory practices and arrangements of the Corporation. Without limiting the generality of the foregoing, i) the following functions shall be the common recurring activities of the Committee in carrying out its responsibilities, and ii) these functions shall serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. While acting within the scope of its stated purpose, the Committee shall have all the authority of the Board of Directors. The Committee shall:

1. Establish and periodically review the overall compensation philosophy of the Corporation to ensure it is aligned with the Corporation's objectives, including the ability of the Corporation to attract and retain high caliber executives and senior managers necessary for the Corporation to fulfill its goals.

2. Review and approve corporate and divisional goals, and personal objectives relevant to compensation of the CEO and the members of the Management Committee, including annual performance objectives. Evaluate the performance of the CEO and the members of the Management Committee in light of these criteria and, based on such evaluation, review and approve the annual salary, cash incentive compensation, equity-based compensation and other benefits, direct and indirect, of the CEO and the members of the Management Committee.
3. In connection with executive compensation programs:
  - (a) Review and recommend to the Board of Directors, or approve, new executive compensation programs;
  - (b) Review and approve the Corporation's peer companies for purposes of evaluating the Corporation's compensation competitiveness, and establishing the appropriate competitive positioning of the levels and mix of compensation elements;
  - (c) Review on a periodic basis the operations of the Corporation's executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose(s);
  - (d) Establish and periodically review policies for the administration of executive compensation programs; and
  - (e) Take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance;
  - (f) Review and assess on a periodic basis the risks which may be associated with the design and implementation of the Corporation's compensation programs, policies and practices, as well as hiring and succession planning, and determine whether such programs, policies, practices and activities create a risk of material adverse effect on the Corporation.
4. Review and make recommendations to the Board of Directors, or approve, any contracts or other transactions with current or former executive officers of the Corporation, including consulting arrangements, employment contracts, severance or termination arrangements. Establish and periodically review policies in the area of executive and senior management perquisites.

5. Review and make recommendations to the Board of Directors with respect to the Corporation's incentive-compensation plans and equity-based plans.
6. Review and approve all equity compensation plans of the Corporation that are not otherwise subject to the approval of the Corporation's shareholders.
7. Approve grants of all awards of equity-based compensation, including stock, stock options, stock appreciation rights, restricted stock units and performance shares, pursuant to the Corporation's equity-based plans.
8. Monitor compliance by executives with the rules and guidelines of the Corporation's equity-based plans.
9. Oversee the administration of all of the Corporation's incentive and equity-based compensation plans and other executive benefit plans of the Corporation as provided for in such plans.
10. Review and monitor employee benefit plans, including retirement plans, with respect to governance matters; consider periodically the adequacy and reasonableness of such plans, and the desirability of material amendments to their provisions.
11. Review and approve the establishment of, design changes in, and amendments to, employee benefit plans, including retirement plans as well as, without limitation, the termination of any of such plans; *provided, however,* the authority to review and approve the establishment of, design changes in, and to amend or to terminate, such plans of general applicability to employees or to a class of non-executive employees may be delegated to the members of the Management Committee, from time to time, by resolution of the Human Resources Committee.
12. In connection with the defined benefit and defined contribution retirement plans:
  - (a) Adopt and amend the charter of the PAC that serves as the fiduciary to the defined benefit and defined contribution plans of the Corporation and its subsidiaries;
  - (b) Oversee the performance of the PAC including the appointment of committee members, review the PAC membership annually, and review the PAC's annual report.

13. Review and monitor the financial effect on the Corporation of its compensation plans.
14. In its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel or other adviser.

The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other adviser retained by the Committee.

The Corporation must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel or any other adviser retained by the Committee.

The Committee may select a compensation consultant, legal counsel or other adviser to the Committee only after taking into consideration all factors relevant to that person's independence from management, including those established from time to time by the listing standards of the NYSE.

15. Review and discuss with management the Corporation's annual Compensation Discussion and Analysis of executive compensation and recommend to the Board of Directors whether, based on such review and discussion, the Compensation Discussion and Analysis should be included in the Corporation's proxy statement for its annual meeting of shareholders and incorporated by reference into the Corporation's Annual Report on Form 10-K.
16. Prepare the compensation committee report on executive compensation to be included in the Corporation's annual proxy statement.
17. In connection with executive talent programs:
  - (a) Oversee the succession planning process for the members of the Management Committee;
  - (b) The Committee shall work in coordination with the Nominating and Corporate Governance Committee to make recommendations to the Board of Directors with respect to the selection of an individual to serve as CEO.

- (c) After receiving the advice of the CEO, recommend to the Board of Directors the slate of officers to be elected by the Board of Directors.
  - (d) Oversee the Corporation's talent acquisition and management processes to ensure a diverse and inclusive workforce.
18. Oversee the process pertaining to complaints of a human resources nature made pursuant to the Corporation's Whistleblower Protection Policy.
19. Report regularly to the Board of Directors with respect to (a) such matters as are relevant to the Committee's discharge of its responsibilities and (b) such recommendations as the Committee may deem appropriate.
- The report to the Board of Directors may take the form of an oral report by the chairperson or any other member of the Committee designated by the Committee to make such report.
20. Maintain minutes or other records of meetings and activities of the Committee.

#### IV. **ANNUAL PERFORMANCE EVALUATION**

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including by reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.