



Welcome to your CDP Climate Change Questionnaire 2020

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Domtar is a leading provider of a wide variety of fiber-based products including communication, specialty and packaging papers, market pulp and absorbent hygiene products. We have a proud history of 172 years of manufacturing.

With approximately 9,600 employees serving more than 50 countries around the world, Domtar is driven by a commitment to turn sustainable wood fiber into useful products that people rely on to make their lives better every day, from writing paper to baby diapers.

Our operations include 13 pulp and paper mills in the United States and Canada, 11 manufacturing and converting facilities in the U.S., as well as four personal care manufacturing facilities, including two in the U.S., one in Spain and one in Sweden.

Our pulp and paper mills are largely integrated, and we are a net pulp producer. In addition to making pulp for our paper manufacturing, we sell market pulp to customers in Asia, Europe and North America. Eighty-five percent of our personal care business' fluff pulp needs are supplied by our pulp mills.

We are committed to sustainability throughout our operations. Our investment in sustainability is rooted in responsibility, efficiency and engagement. We source wood responsibly, with 34 percent of our wood deliveries in 2019 coming from third-party certified forests. Working with non-governmental organizations and landowners, we have developed sustainable forestry principles to ensure the continued health of forestlands. In addition to working with landowners, we put those principles in practice on the 310,000 hectares of forest that we own and 6.6 million hectares of forest that we manage in Quebec and Ontario, Canada.



In our pulp and paper mills, we are working toward greater efficiency fueled by renewable energy. In 2019, 72 percent of the energy for these mills came from renewable sources, and the mills generated an equivalent of 67 percent of their electricity needs. We have set public goals related to our use of water, our disposal of waste to landfill and our emissions of greenhouse gases.

Innovation has been a key to our continued success in the past century and a half, and it continues to drive us forward. We are finding new ways to use the chemical building blocks of wood fiber to create bio-based alternatives to some fossil fuel-based products. This emerging area offers exciting possibilities for Domtar.

We don't go it alone. We have been part of many communities for more than a century, and we are proud of our history as a corporate citizen in towns and cities in North America and Europe. We regularly make investments in our communities to advance literacy, health and wellness and sustainability through financial and product donations and employee volunteerism. We work to deliver the highest value to our customers and investors, to empower our employees and to enrich our communities.

Domtar's annual sales are approximately \$5.2 billion, and its common stock is traded on the New York and Toronto stock exchanges. Domtar's principal executive office is in Fort Mill, South Carolina. To learn more, visit www.domtar.com.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	January 1, 2019	December 31, 2019	No

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

- Canada
- Spain
- Sweden
- United States of America



C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Financial control

C-AC0.6/C-FB0.6/C-PF0.6

(C-AC0.6/C-FB0.6/C-PF0.6) Are emissions from agricultural/forestry, processing/manufacturing, distribution activities or emissions from the consumption of your products – whether in your direct operations or in other parts of your value chain – relevant to your current CDP climate change disclosure?

	Relevance
Agriculture/Forestry	
Processing/Manufacturing	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Distribution	
Consumption	

C-AC0.7/C-FB0.7/C-PF0.7

(C-AC0.7/C-FB0.7/C-PF0.7) Which agricultural commodity(ies) that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.



Agricultural commodity

Timber

% of revenue dependent on this agricultural commodity

More than 80%

Produced or sourced

Both

Please explain

Wood fiber from sustainably managed and harvested forest resources is our primary raw material for our products. Our preference is to use wood fiber from third-party certified forests. To advance the sustainability of forest resources in our local wood procurement regions, we are working with small private landowners to lower the technical and financial hurdles to certify their forest resources. One of the ways we advance certification with small, private landowners is through group certification. A great success story is more than 632,250 acres (255,860 hectares) and 253 members have enrolled in the Domtar-supported Four States Timberland Owners Association group Forest Stewardship Council (FSC) certification (<http://us.fsc.org/download.fsc-group-certification-handbook.361.htm>), which reduces the financial and technical hurdles to forest certification for small, private landowners.

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.



Position of individual(s)	Please explain
Board-level committee	Domtar's Environmental, Health, Safety and Sustainability (EHSS) Committee has responsibility at the Board-level for climate-related issues.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	<ul style="list-style-type: none"> Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress 	<p>Domtar's Board EHSS Committee routinely reviews and guides development and execution of the company's sustainability agenda, including climate-related issues.</p> <p>The Board is very knowledgeable, active and engaged on climate issues and is aware of risks and benefits associated with climate change activities. They also monitor what is happening in other sectors and with interested stakeholders, and bring those outside perspectives to Domtar.</p>



	against goals and targets for addressing climate-related issues	
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C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other, please specify Greenhouse Gas Management Committee	Both assessing and managing climate-related risks and opportunities	Quarterly
Sustainability committee	Assessing climate-related risks and opportunities	Quarterly
Facility manager	Both assessing and managing climate-related risks and opportunities	Quarterly
Energy manager	Both assessing and managing climate-related risks and opportunities	Quarterly
Procurement manager D ¹	Both assessing and managing climate-related risks and opportunities	Quarterly
Chief Sustainability Officer (CSO)	Both assessing and managing climate-related risks and opportunities	Quarterly

D¹Energy procurement.

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).



Led by the Vice President of Corporate Services and Sustainability, Domtar's organizational governance for climate-related issues is a matrix structure and integrated within all levels of management throughout the organization.

Vice President of Corporate Services and Sustainability (Chief Sustainability Officer)

The Vice President of Corporate Services and Sustainability (VP CSS) has overall responsibility for our strategy and approach to managing climate-related issues. He/she regularly interacts with our business unit leaders, relevant corporate staff, environmental technical experts, internal and external government affairs experts, Sustainability Committee and Management Committee to keep informed of regulatory, policy, scientific and market trends as well as company business plans. He/she also utilizes these multi-disciplinary teams of senior leaders, managers and issue experts to seek input and strategize on climate-related opportunities and risks. On a quarterly basis, the VP CSS interacts with the company's Board of Directors (Environmental, Health, Safety and Sustainability Committee) to communicate and discuss climate-related performance, opportunities and risks to the business.

Greenhouse Gas Management Committee

The Greenhouse Gas (GHG) Management Committee is a multi-disciplinary team of managers and senior leaders from finance, environment and energy procurement from the facility and corporate level. The GHG Management Committee is tasked with evaluating global climate regulations and carbon pricing programs, short and long-term impacts to the business, compliance strategies and benchmarking the performance of competitors and other companies. Members of the Committee have experience in managing carbon pricing programs and trading of financial instruments.

Sustainability Committee

The Sustainability Committee (SC) is a nine-member, multi-discipline committee comprised of directors and vice presidents from governance, manufacturing, business operations (Pulp & Paper, Biomaterials and Personal Care), supply chain, sales, investor relations, corporate services and sustainability. The SC looks holistically across the business to identify and assess risks and opportunities and reviews and approves climate-related strategies.

Facility Management

Management teams from our manufacturing operations and facilities (*i.e.*, environment, energy, engineering, finance, government affairs, procurement and facility managers), collaborate and work with local, state or provincial and national governments on climate-related issues and regulatory development and implementation. They conduct emission accounting and reporting, ensure compliance reports are third-party verified as required, conduct evaluations of projects for impacts on GHG emissions, and work with corporate management for project approvals.

Energy Management



Our energy management team is comprised of experienced energy managers and engineers who are tasked with evaluating and deploying energy efficiency initiatives and identifying and implementing fuel switching opportunities to lower our environmental footprints. They also are responsible for maximizing and optimizing the use of renewable biomass fuels and co-generation (simultaneous generation of thermal and electrical energy) using primarily carbon-neutral and other low-carbon fuels.

Energy Procurement

The energy procurement team helps our facilities evaluate and negotiate energy supply contracts, facilitate energy and energy attributes sales and purchases, and evaluate and make recommendations for participation in voluntary and government energy and emission reduction incentive programs.

Input from employees at all levels is encouraged and received through various communication channels.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From	To	Comment
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	(years)	(years)	
Short-term	1	2	The time horizon for assessing climate-related risks and opportunities is aligned with other business practice time horizons.
Medium-term	3	5	The time horizon for assessing climate-related risks and opportunities is aligned with other business practice time horizons.
Long-term	6	20	The time horizon for assessing climate-related risks and opportunities is aligned with other business practice time horizons.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

As a U.S. publicly-traded company, Domtar evaluates issues of material or substantive financial or strategic impact using the Securities and Exchange Commission guidelines on materiality. Fundamentally, it is an area of judgement where Domtar uses both quantitative and qualitative factors appropriate to the situation being evaluated.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

- Direct operations
- Upstream
- Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment



Annually

Time horizon(s) covered

Short-term

Description of process

Domtar actively follows current and proposed climate legislation and regulations in the various jurisdictions in which it has operations and assesses the potential risks and opportunities at both the facility and company level. The company also monitors non-regulatory trends and activities to identify potential risks and opportunities and areas for potential engagement. We regularly engage with our suppliers and customers to better understand their business and climate initiatives, and look for partnership opportunities to improve our environmental footprints. One of the focuses of Domtar's Biomaterials Group is to look for opportunities to replace fossil-based materials with renewable fiber-based materials.

Climate-related matters at the facility-level are periodically reviewed to assess potential operational risks that could impact operations and the business. Information from these facility-level reviews is shared for further review and consideration by the Greenhouse Gas (GHG) Management Committee and Sustainability Committees.

Both the GHG Management Committee and the Sustainability Committee look more holistically across the business to identify, assess and review potential climate-related risks for the business.

On a quarterly basis, climate-related matters that could impact business strategies are assessed and reviewed with the Board of Directors by the Vice President of Corporate Services and Sustainability.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Regulatory compliance is a risk which is routinely assessed.



Emerging regulation	Relevant, always included	Emerging regulations are tracked and impacts to the business are assessed.
Technology	Relevant, always included	Technology developments and advancements are routinely monitored and assessed to ensure they meet business needs, product specifications and other customer requirements.
Legal	Relevant, always included	Legal resources are consulted as needed.
Market	Relevant, always included	Potential market risks from supply disruptions and impacts to customers are considered.
Reputation	Relevant, always included	We routinely engage with customers and other stakeholders on our sustainable business practices and efforts to mitigate risk.
Acute physical	Relevant, always included	The impact on business disruptions from major weather events and equipment and process failures are routinely assessed, regardless if they are related to climate change.
Chronic physical	Relevant, always included	If major disruption events were to be reoccurring, mitigation and adaptation measures would be employed to prevent recurrence, regardless if they are related to climate change. The wide distribution of our manufacturing locations and the ability to manufacture similar products at multiple locations is part of our preparedness plan to minimize business disruption.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

No

C2.3b

(C2.3b) Why do you not consider your organization to be exposed to climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Primary reason	Please explain
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<p>Row 1</p>	<p>Risks exist, but none with potential to have a substantive financial or strategic impact on business</p>	<p>Potential impacts related to climate change are assessed in our annual Enterprise Risk Management (ERM) review process in relation to other identified business risks.</p> <p>In jurisdictions where we operate, climate-related issues, including carbon pricing programs, are emerging. Currently, climate change has not been identified to be a material business risk.</p> <p>Through our ERM review process, we have identified material business risks. Examples include:</p> <ul style="list-style-type: none"> -The company's Pulp and Paper Business may have difficulty obtaining wood fiber at favorable prices, or at all (e.g., impacts from environmental litigation and regulatory developments, alternative use for energy production, reduction in harvesting, response to and prevention of catastrophic wildfires, adverse weather, insect infestation, disease, flooding and other man-made causes). -An increase in the cost of the company's purchased energy and other raw materials would lead to higher manufacturing costs, thereby reducing margins. -A material disruption in the company's supply chain, manufacturing or distribution operations could prevent it from meeting customer demand, reduce its sales and/or negatively impact its results of operations (e.g., due to the effect of drought or reduced rainfall on water supplies; adverse weather, fire, floods, earthquakes, hurricanes and other catastrophes; and disruptions in transportation infrastructure, including roads, bridges, railroad tracks and tunnels). <p>These, and other material risk factors, are disclosed in Domtar Corporation's 2019 Annual Report on Form 10K.</p>
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C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Primary potential financial impact

Other, please specify

Biofuels (green energy)

Company-specific description

Domtar is building on our expertise as renewable, fiber innovators to expand into growth businesses. We are transforming to produce higher-value, biomaterial products for society by leveraging our extensive knowledge of wood fiber and the ability to extract the natural chemical building blocks of trees for use in biomaterial products.

Time horizon

Short-term

Likelihood



Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Unknown.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

Proprietary.

Comment

Proprietary.

Identifier

Opp2



Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Primary potential financial impact

Other, please specify

Substitute for hydrocarbon-based products

Company-specific description

Domtar is building on our expertise as renewable, fiber innovators to expand into growth businesses. We are transforming to produce higher-value, biomaterial products for society by leveraging our extensive knowledge of wood fiber and the ability to extract the natural chemical building blocks of trees for use in biomaterial products.

Domtar's specialty papers team is working with current and potential new customers to help them replace single-use plastic products with lower-carbon, renewable, recyclable and/or biodegradable fiber-based products.

In July 2018, Domtar acquired a majority stake in Prisma Renewable Composites (PRC), a biomaterials company. PRC and Yanfeng Automotive Interiors (YFAI) entered into an agreement in May 2019, giving YFAI exclusive use of Prisma's lignin-based material in the development of automotive interiors. Use of low-carbon, renewable, lignin-based materials have great potential in replacing some of the petroleum-based acrylonitrile butadiene styrene currently used in plastic automotive parts.

Time horizon

Short-term

Likelihood

Very likely



Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Unknown.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

Proprietary.

Comment

Proprietary.

Identifier

Opp3

Where in the value chain does the opportunity occur?



Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Other, please specify

Sale of renewable energy and renewable energy certificates (RECs).

Company-specific description

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Current revenue source at some pulp and paper mills.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

Proprietary.

Comment

Proprietary.

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?

No, but we anticipate using qualitative and/or quantitative analysis in the next two years

C3.1c

(C3.1c) Why does your organization not use climate-related scenario analysis to inform its strategy?



Domtar has begun to assess the various scenario planning tools available to identify the ones most suitable and applicable for our business.

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>Domtar is building on our expertise as renewable fiber innovators to expand into growth businesses. We are transforming to produce higher-value, biomaterial products (biofuels and hydrocarbon-based product substitutions) for society by leveraging our extensive knowledge of wood fiber and the ability to extract the natural chemical building blocks of trees for use in biomaterial products.</p> <p>Domtar's heavy reliance on biomass fuels and extensive co-generation systems allows us to generate renewable energy certificates (RECs) that can be purchased by others to meet their business requirements.</p>
Supply chain and/or value chain	Yes	<p>We continue to assess and evaluate through partnership opportunities with suppliers and customers.</p> <p>Domtar actively participates in sustainable forest management and harvesting practices. Our demand for locally sourced wood resources creates economic incentives for landowners to continue to maintain sustainably managed forests which provide society with recreational benefits, enhanced biodiversity and other ecological benefits such as carbon sequestration.</p> <p>In February 2020, Domtar joined the American Forest Foundation and its partner, The Nature Conservancy, in supporting the newly-created Family Forest Carbon Program (FFCP) to enhance carbon sequestration in family-owned forest land across the United States. The FFCP represents a new approach to climate change mitigation that taps into the carbon storage potential of family-owned forestland while creating a new market and source of income for the families that dedicate time and effort to their forest management. Families own 290 million acres of America's forests, more than state or federal governments and the forest</p>



		industry, and many face cost as a barrier in managing their forestland. Domtar’s support of the FFCP will expedite family forest owner outreach and will initially enable family forest owners to take action on their land in Pennsylvania where the program is being pilot tested. For more information about the program, please go to: https://www.forestfoundation.org/carbon .
Investment in R&D	Yes	Domtar is building on our expertise as renewable, fiber innovators to expand into growth businesses. We are transforming to produce higher-value, biomaterial products (biofuels and hydrocarbon-based product substitutions) for society by leveraging our extensive knowledge of wood fiber and the ability to extract the natural chemical building blocks of trees for use in biomaterial products.
Operations	Yes	Domtar can produce similar products at multiple locations, which minimizes business disruption to our customers. Domtar contracts with multiple suppliers of raw materials and transport to minimize inbound and outbound supply risks to our operations.

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Acquisitions and divestments Assets	<p>Domtar actively forecasts, budgets and manages carbon-related costs and emissions in the jurisdictions with carbon-pricing programs (i.e., Canada).</p> <p>Domtar sells renewable energy and renewable energy certificates from hydropower generation and cogeneration assets largely fueled by renewable biomass fuels.</p> <p>Our Biomaterials business is under development and material financial benefits have yet to be realized. In July 2018, Domtar acquired a majority stake in Prisma Renewable Composites, a biomaterials company based in Knoxville, Tennessee, that uses technology to reduce cost to the customer, improve their carbon footprint, decrease global dependence on oil, and improve the economy in rural communities.</p>



		Domtar is regularly looking for opportunities to partner with other entities on research and product development for a low-carbon economy.
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C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

Domtar has been managing climate-related issues for nearly three decades. Led by the Vice President of Corporate Services and Sustainability, climate-related issues are identified, assessed, discussed and managed at both the facility and corporate levels using multi-disciplined teams (Greenhouse Gas Management Committee, Sustainability Committee, Energy Management Team and Energy Procurement Team). On a quarterly basis, climate-related issues are reported and discussed with the company's Board of Directors (primarily Environmental, Health, Safety and Sustainability Committee) as we continue to prepare the business for risks and opportunities in a low-carbon economy.

Key components of Domtar's integrated climate-management strategy include:

- **Greenhouse Gas Reduction Goal:** Domtar has a goal to reduce total Scope 1 and 2 greenhouse emissions at our pulp and paper mills 15% by the end of 2020 relative to our 2010 baseline. In 2019, Domtar's mills achieved this goal for a third consecutive year by reducing total Scope 1 and 2 greenhouse gas emissions 19% since 2010.
- **Sustainable Forest Management:** Domtar is recognized as a leader in practicing and supporting sustainable forest management. Forests play a key role in climate regulation, by sequestering carbon. Forests also play a key role in water cycling and conserving biodiversity. We have a goal to increase the level of Forest Stewardship Council (FSC) certified fiber procured for our pulp and paper mills to 20% of total fiber use by the end of 2020. In 2019, we procured 18% of total fiber used from FSC-certified sources. In February 2020, Domtar joined the American Forest Foundation and its partner, The Nature Conservancy, in supporting the newly-created Family Forest Carbon Program (FFCP) to enhance carbon sequestration in family-owned forest land across the United States. The FFCP represents a new approach to climate change mitigation that taps into the carbon storage potential of family-owned forestland while creating a new market and source of income for the families that dedicate time and effort to their forest management.
- **Renewable Energy:** 72% of energy used in our pulp and paper mills comes from carbon-neutral, renewable energy sources - primarily from manufacturing byproducts and residuals. We continue to look for opportunities to maximize and optimize our generation and use of renewable energy.



- **Fuel Switching:** Domtar has converted six power boilers from coal to natural gas since 2014. Natural gas has a 40% lower carbon footprint than coal per unit energy. We continue to look for technically viable and commercially available alternatives to our remaining use of fossil fuels (primarily natural gas).
- **Co-generation (combined heat and power):** We efficiently co-generate steam and electricity for use in our operations and for sale to the grid. In 2019, our mills self-generated the equivalent of 67% of their electricity requirements.
- **Energy Efficiency:** Comprehensive energy efficiency reviews have been conducted at all of our pulp and paper mills. We continue to execute energy efficiency opportunities identified from these audits.
- **Beneficial Use of Manufacturing Residuals:** In 2019, Domtar's mills beneficially used 67% of the byproducts generated in our pulp and paper manufacturing processes. Through our efforts to reduce "waste" from our manufacturing processes and find new beneficial uses for our byproducts, Domtar has reduced the amount of material we landfill 14% since 2013, relative to our target of 40% reduction by the end of 2020.
- **Reduction in Water Use by Understanding Full Cost of Water:** Domtar has developed and is deploying a model to provide our manufacturing managers better understanding of the full cost-of-water utilization in our mills in order to improve our efficiency of water, energy and chemical use. Total water use at our pulp and paper mills decreased 10% in 2019 relative to 2015.
- **Sustainable by Design:** The primary ingredient of paper products is renewable wood fiber. Paper products sequester carbon during their useful life, and are highly recyclable.
- **Paper recovery and recycling:** In 2019, 66% of paper in the U.S. was recovered for recycling, making paper one of the most recycled materials. Domtar supports actions to help the American Forest & Paper Association (AF&PA) achieve its 2020 paper recovery goal of 70%.
- **Using Valuable Recovered Fiber Resources more Efficiently:** As a sustainability thought leader, Domtar brought together the Massachusetts Institute of Technology and AF&PA, to develop a simulation model that takes a system dynamics approach to advance the sustainability of paper recycling for the long term.
- **New Lower Carbon Products:** Domtar continues to research and explore opportunities to create new value-added products from biomaterials, by leveraging our expertise in fiber sourcing and processing. Bio-based products have the potential to replace numerous fossil fuel-based products society uses today with renewable, lower-carbon alternatives.
- **Sustainable Logistics:** Domtar has been a U.S. Environmental Protection Agency (EPA) SmartWay Transport Partner since 2015, covering of our pulp, paper and personal care products shipped in North America. The program is designed to improve fuel efficiency and reduce the environmental impacts from freight transport.
- **Stakeholder Engagement:** We regularly engage with suppliers, customers, investors, communities, non-governmental organizations, governmental organizations and other thought leaders to educate them about Domtar's climate-related performance and actions, and to identify opportunities for partnership in a low-carbon economy.



C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2014

Target coverage

Business division

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2010

Covered emissions in base year (metric tons CO₂e)

3,608,685



Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

98

Target year

2020

Targeted reduction from base year (%)

15

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

3,067,382.25

Covered emissions in reporting year (metric tons CO₂e)

2,933,983

% of target achieved [auto-calculated]

124.6441108973

Target status in reporting year

Achieved

Is this a science-based target?

No, and we do not anticipate setting one in the next 2 years

Please explain (including target coverage)

In 2019, Domtar's pulp and paper mills reduced total direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions from purchased energy 19% from 2010 levels, achieving our goal of a 15% reduction from 2010 levels by the end of 2020 for a third consecutive year.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2014

Target coverage

Business division

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Waste management

metric tons of waste diverted from landfill

Target denominator (intensity targets only)

Base year

2013

Figure or percentage in base year

177,967

Target year

2020



Figure or percentage in target year

106,780

Figure or percentage in reporting year

153,522

% of target achieved [auto-calculated]

34.3391349544

Target status in reporting year

Underway

Is this target part of an emissions target?

Domtar's waste to landfill reduction target provides GHG benefits from improved carbon sequestration in soils and plants (through land application of mill residuals on forests and agricultural lands) and avoided emissions of methane that can be generated in landfills from the decomposition of organic-based manufacturing byproducts. While this target is not in the scope of the company's current greenhouse gas emissions reduction target, it is part of our low-carbon transition plan that supports our long-term business strategy.

Is this target part of an overarching initiative?

Other, please specify

Sustainability improvement target

Please explain (including target coverage)

In 2014, Domtar established a target to reduce total waste to landfill from pulp and paper mills 40% by the end of 2020 from a 2013 baseline. This target was established to: improve the efficiency of raw material usage during the pulp and paper manufacturing process, increase the amount manufacturing byproducts recycled or beneficially used, keep valuable materials circulating in the economy and out of landfills, lower our costs and improve our overall environmental footprint.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.



Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation		
To be implemented*	1	48,000
Implementation commenced*		
Implemented*	1	147,000
Not to be implemented		

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in production processes
 Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

48,000

Scope(s)

Scope 1

Voluntary/Mandatory



Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

Estimated lifetime of the initiative

Comment

Our mill in Espanola, Ontario, is planning for an investment in 2021 to modernize the mill's energy platform and upgrade the efficiency of the lime kilns. These projects will improve the energy and operational efficiency of the mill and allow the mill to burn more carbon-neutral, biomass fuels and decrease natural gas use.

Initiative category & Initiative type

Energy efficiency in production processes
Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

147,000

Scope(s)

Scope 1

Voluntary/Mandatory



Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

Estimated lifetime of the initiative

Comment

Domtar invested capital in our fluff pulp mill in Plymouth, North Carolina, to further optimize its manufacturing processes and assets. The smaller of the mill's two fluff pulp machines was permanently shut down in 2018, and the mill embarked on a multi-year investment program, beginning with several energy and environmental sustainability initiatives. The overall objective was to reduce the mill's total energy footprint and thereby lower its costs, resource use, and environmental footprint.

Capital projects completed at Plymouth in 2018 and 2019 included:

- › Reducing steam use through several energy efficiency projects in the pulp manufacturing process.
- › Reducing fuel use by improving the efficiency of one of the mill's power boilers.
- › Reducing fuel use to make steam by installing a condensing cooling tower and heat exchanger to eliminate 11 million gallons per day of single-pass non-contact cooling water and recover heat from the process.
- › Installing a thermal oxidizer to provide a back-up air emission control device when the power boiler is not available to incinerate gases produced in the chemical pulp manufacturing process.
- › Reducing particulate matter emissions from one of the mill's power boilers by installing a new electrostatic precipitator.

The estimated annual greenhouse gas savings of 147,000 metric tons of CO₂e include both fossil and biogenic combustion sources for all of the projects listed above. The benefits are expected to be fully realized in 2020.



C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	
Partnering with governments on technology development	
Employee engagement	Domtar's EarthChoice Ambassador Program offers employees opportunities to engage and provide input on sustainability improvements in our facilities and our communities.
Internal price on carbon	
Other Investments in forest carbon sequestration	In February 2020, Domtar joined the American Forest Foundation and its partner, The Nature Conservancy, in supporting the newly-created Family Forest Carbon Program (FFCP) to enhance carbon sequestration in family-owned forest land across the United States. The FFCP represents a new approach to climate change mitigation that taps into the carbon storage potential of family-owned forestland while creating a new market and source of income for the families that dedicate time and effort to their forest management. For more details, please go to: https://forestfoundation.org/carbon .

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.



Level of aggregation

Product

Description of product/Group of products

Generation and sale of renewable energy certificates (RECs) and renewable energy from hydropower and co-generation of carbon-neutral, biomass fuels.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

As defined by various renewable energy markets through which Domtar sells renewable electricity and renewable energy certificates (e.g., state renewable portfolio standards, Green-e, etc.).

% revenue from low carbon product(s) in the reporting year

Comment

Before Domtar would be willing to publicly report this type of information, more work would be required to define "low-carbon" products to allow for comparable and consistent reporting across the global economy.

Level of aggregation

Group of products

Description of product/Group of products



Domtar continues to research and explore opportunities to create new, value-added products from biomaterials by leveraging our expertise in fiber sourcing and processing. Bio-based products have the potential to replace numerous fossil fuel-based products society uses today with renewable, lower-carbon alternatives.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify
Product substitutions

% revenue from low carbon product(s) in the reporting year

Comment

These products and markets are currently emerging. Before Domtar would be able to publicly report this type of information, more work would be required to define "low-carbon" products to allow for comparable and consistent reporting across the global economy.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1, 2010

Base year end

December 31, 2010



Base year emissions (metric tons CO2e)

2,459,887

Comment

The 2010 baseline includes greenhouse gas emissions from pulp and paper mills only. Domtar did not own personal care manufacturing facilities in 2010. Domtar began quantifying greenhouse gas emissions from stand-alone paper converting facilities in 2012 so 2010 data is currently not available; however, these facilities use very little energy relative to our pulp and paper mills and would have represented less than 0.1% of the company's total Scope 1 emissions in 2010.

Scope 2 (location-based)

Base year start

January 1, 2010

Base year end

December 31, 2010

Base year emissions (metric tons CO2e)

634,276

Comment

The 2010 baseline includes greenhouse gas emissions from pulp and paper mills only. Domtar did not own personal care manufacturing facilities in 2010. Domtar began quantifying greenhouse gas emissions from stand-alone paper converting facilities in 2012 so 2010 data is currently not available; however, these facilities use little purchased electricity relative to our pulp and paper mills and would have represented about 5% of the company's Scope 2 location-based emissions in 2010.

Scope 2 (market-based)

Base year start

January 1, 2010

Base year end



December 31, 2010

Base year emissions (metric tons CO2e)

1,148,798

Comment

The 2010 baseline includes greenhouse gas emissions from pulp and paper mills only. Domtar did not own personal care manufacturing facilities in 2010. Domtar began quantifying greenhouse gas emissions from stand-alone paper converting facilities in 2012 so 2010 data is currently not available; however, these facilities use little purchased electricity relative to pulp and paper mills and would have represented about 3% of the company's Scope 2 market-based emissions in 2010.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

1,845,519

Comment

Includes Scope 1 emissions from stationary combustion and company-owned transportation vehicles/mobile equipment sources at 13 pulp and paper mills, 11 manufacturing and converting facilities and four personal care facilities.



C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

Purchased electricity, steam and heat emission factors are updated annually using the latest available factors.

Emission factors for purchased electricity are sourced from the U.S. EPA eGRID for U.S. facilities (eGRID subregion-specific factors are used based on facility location), National Inventory Reports submitted to the UN Framework Convention on Climate Change by the Canadian government for Canadian facilities (provincial-specific factors used) and utility providers for our European facilities.

Scope 2 emissions from purchased steam at Domtar's mill in Rothschild, Wisconsin (USA), are based on supplier-specific greenhouse gas emission factors. Scope 2 emissions from purchased heat at Domtar's personal care facility in Aneby, Sweden, are based on supplier-specific emission factors from the local biomass-fueled district heating system.

Domtar's market-based Scope 2 emissions reflect the sale of renewable energy certificates (RECs) and/or renewable energy into various renewable energy marketplaces from the company's pulp and paper mills. They also reflect purchases of renewable energy. In the U.S., the Dubois, Pennsylvania, converting facility began sourcing 100% wind energy through the purchase of renewable energy certificates to cover 100% of the plant's electricity requirements. In Europe, Domtar's Toledo, Spain, personal care manufacturing facility purchases 100% zero-carbon, renewable energy (mixed sources) to meet 100% of the plant's electricity requirements and our Aneby, Sweden, personal care facility purchases climate-neutral hydropower from its electricity supplier to cover 100% of its electricity requirements.



C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

705,576

Scope 2, market-based (if applicable)

1,150,163

Comment

Purchased electricity, steam and heat emission factors are updated annually using the latest available factors.

Emission factors for purchased electricity are sourced from the U.S. EPA eGRID for U.S. facilities (eGRID subregion-specific factors are used based on facility location), National Inventory Reports submitted to the UN Framework Convention on Climate Change by the Canadian government for Canadian facilities (provincial-specific factors used) and utility providers for our European facilities.

Scope 2 emissions from purchased steam at Domtar's mill in Rothschild, Wisconsin (USA), are based on supplier-specific greenhouse gas emission factors. Scope 2 emissions from purchased heat at Domtar's personal care facility in Aneby, Sweden, are based on supplier-specific emission factors from the local biomass-fueled district heating system.

Domtar's market-based Scope 2 emissions reflect the sale of renewable energy certificates (RECs) and/or renewable energy into various renewable energy marketplaces from the company's pulp and paper mills. They also reflect purchases of renewable energy. In the U.S., the Dubois, Pennsylvania, converting facility began sourcing 100% wind energy through the purchase of renewable energy certificates to cover 100% of the plant's electricity requirements. In Europe, Domtar's Toledo, Spain, personal care manufacturing facility purchases 100% zero-carbon, renewable energy (wind and solar) to meet 100% of the plant's electricity requirements and our Aneby, Sweden, personal care facility purchases climate-neutral hydropower from its electricity supplier to cover 100% of its electricity requirements.



C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Not evaluated

Please explain

Capital goods

Evaluation status

Not evaluated

Please explain

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not evaluated

Please explain



Upstream transportation and distribution

Evaluation status

Not evaluated

Please explain

Waste generated in operations

Evaluation status

Not evaluated

Please explain

Business travel

Evaluation status

Not evaluated

Please explain

Employee commuting

Evaluation status

Not evaluated

Please explain



Upstream leased assets

Evaluation status

Not evaluated

Please explain

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

298,000

Emissions calculation methodology

Indirect emissions from the transport of pulp and paper products to customers for calendar year 2019 were estimated to be 298,000 metric tons of CO₂e. Emission estimates are based on the number of trips, distance, and mode of transport using emission factors from the U.S. EPA SmartWay Transport Partner Program and other public sources.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Used mode-specific emission and fuel efficiency factors from the U.S. EPA SmartWay database and other public sources.

Processing of sold products

Evaluation status

Not evaluated

Please explain



Use of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Pulp and paper products sequester carbon in the "use phase." Paper also has a high rate of recovery for recycling (66% in 2019) which keeps the majority of our products out of landfills where they have the potential to generate methane under anaerobic conditions.

End of life treatment of sold products

Evaluation status

Not evaluated

Please explain

Downstream leased assets

Evaluation status

Not evaluated

Please explain

Franchises

Evaluation status

Not relevant, explanation provided

Please explain



Franchises are not relevant to Domtar's business.

Investments

Evaluation status

Not evaluated

Please explain

Other (upstream)

Evaluation status

Not evaluated

Please explain

Other (downstream)

Evaluation status

Not evaluated

Please explain

C-AC6.6/C-FB6.6/C-PF6.6

(C-AC6.6/C-FB6.6/C-PF6.6) Can you break down your Scope 3 emissions by relevant business activity area?

No



C-AC6.6b/C-FB6.6b/C-PF6.6b

(C-AC6.6b/C-FB6.6b/C-PF6.6b) Why can you not report your Scope 3 emissions by business activity area?

Row 1

Primary reason

Not an immediate business priority

Please explain

For Scope 3 emissions, Domtar has only estimated downstream transportation of pulp and paper products, so all of our Scope 3 emissions for which we have estimated thus far can be assigned to our Pulp and Paper business area.

C-AC6.8/C-FB6.8/C-PF6.8

(C-AC6.8/C-FB6.8/C-PF6.8) Is biogenic carbon pertaining to your direct operations relevant to your current CDP climate change disclosure?

Yes

C-AC6.8a/C-FB6.8a/C-PF6.8a

(C-AC6.8a/C-FB6.8a/C-PF6.8a) Account for biogenic carbon data pertaining to your direct operations and identify any exclusions.

CO2 emissions from biofuel combustion (processing/manufacturing machinery)

Emissions (metric tons CO2)

11,095,282

Methodology

Default emissions factors

Please explain



Includes biogenic carbon dioxide emissions from stationary combustion of black liquor, self-generated and purchased wood residuals (hog fuel), wastewater treatment residuals, lignin, crude tall oil/soap and turpentine. Default emission factor source: IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan. The public weblink for the 2006 IPCC Guidelines is: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/> The volume that contains emission factors is Volume 2 Energy and the weblink for that volume is: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf.

C-AC6.9/C-FB6.9/C-PF6.9

(C-AC6.9/C-FB6.9/C-PF6.9) Do you collect or calculate greenhouse gas emissions for each commodity reported as significant to your business in C-AC0.7/FB0.7/PF0.7?

Agricultural commodities

Timber

Do you collect or calculate GHG emissions for this commodity?

No, not currently but intend to collect or calculate this data within the next two years

Please explain

Domtar has not estimated greenhouse gas emissions associated with the wood we purchase and harvest from company-owned lands. Our focus is on efforts to improve the sustainability and health of the forests from which we source wood. One of the ways we do this is by working on innovative solutions to lower the technical and financial hurdles to third-party certifying additional forests to one or more credible forest management standards. In 2019, 34% of the wood used in Domtar's pulp and paper manufacturing came from certified forests. Given that sustainable forest management practices enhance a forests' ability to provide ecosystem services, such as carbon sequestration over the long term in areas where forest growth exceeds harvest, Domtar has not dedicated limited resources to quantify emissions from forest management and harvest activities thus far. Our current efforts are focused on reducing Scope 1 and 2 greenhouse emissions that are more directly related to our manufacturing operations. Silvicultural and harvesting activities (and associated fuel use) for pulpwood and timber production on company-owned forest lands are performed by third-party contractors and therefore are not a Scope 1 emission. We plan to estimate emissions from wood silvicultural and harvesting practices and purchases in the next two years.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000574

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

3,145,117

Metric denominator

unit total revenue

Metric denominator: Unit total

5,220,000,000

Scope 2 figure used

Market-based

% change from previous year

0

Direction of change

No change

Reason for change

Total emissions decreased 5% while revenue decreased 4%. Paper and market pulp production decreased as a result of market-related down time, permanent closure of assets and down time to make capital investments at several facilities. Combined heat and power production also decreased from 72% of our mill electricity requirements in 2018 to 67% in 2019 due to maintenance and repair of several turbine generators



across the company, resulting in increased electricity purchases from the grid (generally more carbon-intensive than our own co-generation) and lower renewable energy and renewable energy certificate sales.

Intensity figure

311

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

3,145,117

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

9,623

Scope 2 figure used

Market-based

% change from previous year

3

Direction of change

Decreased

Reason for change

Total emissions decreased 5% while the number of full time equivalent employees decreased 2%. Paper and market pulp production decreased as a result of market-related down time, permanent closure of assets and down time to make capital investments at several facilities. Combined heat and power production also decreased from 72% of our mill electricity requirements in 2018 to 67% in 2019 due to maintenance and repair of several turbine generators across the company, resulting in increased electricity purchases from the grid (generally more carbon-intensive than our own co-generation) and lower renewable energy and renewable energy certificate sales.



C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO ₂ e)	GWP Reference
CO ₂	1,738,435	IPCC Fourth Assessment Report (AR4 - 100 year)
CH ₄	15,002	IPCC Fourth Assessment Report (AR4 - 100 year)
N ₂ O	92,082	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO ₂ e)
United States of America	1,341,864
Canada	503,280
Spain	358
Sweden	16



C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Pulp and Paper	1,844,407
Personal Care	1,112

C-AC7.4/C-FB7.4/C-PF7.4

(C-AC7.4/C-FB7.4/C-PF7.4) Do you include emissions pertaining to your business activity(ies) in your direct operations as part of your global gross Scope 1 figure?

Yes

C-AC7.4b/C-FB7.4b/C-PF7.4b

(C-AC7.4b/C-FB7.4b/C-PF7.4b) Report the Scope 1 emissions pertaining to your business activity(ies) and explain any exclusions. If applicable, disaggregate your agricultural/forestry by GHG emissions category.

Activity

Processing/Manufacturing

Emissions (metric tons CO2e)

1,845,519



Methodology

Default emissions factor

Please explain

Includes Scope 1 emissions from stationary combustion and company-owned transportation vehicles/mobile equipment sources at 13 pulp and paper mills, 11 paper manufacturing and converting facilities and four personal care manufacturing facilities. Silvicultural and harvesting activities (and associated fuel use) for pulpwood and timber production on company-owned forestlands are performed by third-party contractors, and therefore, are not a Scope 1 emission.

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
United States of America ☞ ¹	691,274	1,145,258	1,767,812	364
Canada ☞ ²	2,474	4,757	471,109	
Spain	11,373	0	37,912	37,912
Sweden	455	148	43,155	34,072

☞¹Domtar's U.S. mills sold 1,081,080 MWh of renewable energy certificates (RECs) in 2019; therefore, our market-based Scope 2 emissions are higher than location-based Scope 2 emissions. It does not appear the CDP reporting protocol was designed for companies to report renewable energy and/or REC sales associated with market-based Scope 2 emissions; therefore, Domtar did not report these amounts in column 5 (Purchased and consumed low carbon electricity, heat, steam or cooling (MWh)) at this time as column 5 asks for "purchased and consumed" energy rather than renewable energy and



REC sales. The 364 MWh reported in column 5 for U.S. operations reflects 100% wind energy purchases as of December 2019 at one of our paper converting facilities.

Domtar's Canadian mills sold 387,051 MWh of renewable energy and associated Renewable Energy Certificates (RECs) in 2019; therefore, our market-based Scope 2 emissions are higher than location-based Scope 2 emissions. It does not appear the CDP reporting protocol was designed for companies to report renewable energy and/or REC sales associated with market-based Scope 2 emissions; therefore, Domtar left column 5 (Purchased and consumed low carbon electricity, heat, steam or cooling (MWh)) blank at this time as column 5 asks for "purchased and consumed" energy rather than renewable energy and REC sales.

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Pulp and Paper	654,035	1,110,302
Personal Care	51,541	39,861

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	65,000	Increased	2.1	Decreased biomass/increased natural gas used to generate steam.
Other emissions reduction activities	113,000	Decreased	3.6	Decreased sale of Renewable Energy Certificates (RECs) from internal renewable energy generation; "greening" of grid-purchased electricity, steam and heat; and purchases of renewable electricity at one paper converting facility and two personal care facilities.
Divestment				
Acquisitions				
Mergers				
Change in output	72,000	Decreased	2.3	Decreased pulp and paper production.
Change in methodology				
Change in boundary				
Change in physical operating conditions	15,000	Decreased	0.5	Shutdown of Waco, TX, personal care facility in 1st Half 2019 and shut down of two paper machines in Q4 2019 (1 at Ashdown, AR, and 1 at Port Huron, MI).
Unidentified	14,000	Decreased	0.5	
Other				



C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	32,760,685	9,116,271	41,876,956
Consumption of purchased or acquired electricity		72,348	1,759,334	1,831,682
Consumption of purchased or acquired heat		9,083	0	9,083
Consumption of purchased or acquired steam		268,984	41,618	310,602
Consumption of self-generated non-fuel renewable energy		144,189		144,189
Total energy consumption		33,255,289	10,917,223	44,172,512

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Bituminous Coal

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

447,894

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-cogeneration or self-trigeneration

Emission factor

0.09262

Unit

metric tons CO2 per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan. The public weblink for the 2006



IPCC Guidelines is: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/> The volume that contains emission factors is Volume 2 Energy and the weblink for that volume is: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Comment

Fuels (excluding feedstocks)

Petroleum Coke

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

22,255

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-cogeneration or self-trigeneration

Emission factor

0.09287

Unit

metric tons CO2e per GJ

Emissions factor source



IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan. The public weblink for the 2006 IPCC Guidelines is: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/> The volume that contains emission factors is Volume 2 Energy and the weblink for that volume is: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Comment

Fuels (excluding feedstocks)

Waste Tires

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

54,126

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-cogeneration or self-trigeneration

Emission factor

0.08149

Unit

metric tons CO2e per GJ



Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan. The public weblink for the 2006 IPCC Guidelines is: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/> The volume that contains emission factors is Volume 2 Energy and the weblink for that volume is: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Comment

Fuels (excluding feedstocks)

Fuel Oil Number 1

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

241

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-cogeneration or self-trigeneration

Emission factor

0.07053

Unit

metric tons CO₂e per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan. The public weblink for the 2006 IPCC Guidelines is: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/> The volume that contains emission factors is Volume 2 Energy and the weblink for that volume is: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Comment

Fuels (excluding feedstocks)

Fuel Oil Number 2

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

42,336

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-cogeneration or self-trigeneration

Emission factor

0.07053



Unit

metric tons CO2e per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan. The public weblink for the 2006 IPCC Guidelines is: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/> The volume that contains emission factors is Volume 2 Energy and the weblink for that volume is: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Comment

Fuels (excluding feedstocks)

Waste Oils

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

463

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-cogeneration or self-trigeneration

Emission factor

0.07148

Unit

metric tons CO2e per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan. The public weblink for the 2006 IPCC Guidelines is: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/> The volume that contains emission factors is Volume 2 Energy and the weblink for that volume is: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Comment

Fuels (excluding feedstocks)

Propane Liquid

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

20,534

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-cogeneration or self-trigeneration



Emission factor

0.0611

Unit

metric tons CO2e per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan. The public weblink for the 2006 IPCC Guidelines is: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/> The volume that contains emission factors is Volume 2 Energy and the weblink for that volume is: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Comment

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

8,460,813

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-cogeneration or self-trigeneration



Emission factor

0.05069

Unit

metric tons CO2e per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan. The public weblink for the 2006 IPCC Guidelines is: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/> The volume that contains emission factors is Volume 2 Energy and the weblink for that volume is: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Comment

Fuels (excluding feedstocks)

Black Liquor

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

25,423,692

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam



MWh fuel consumed for self-cogeneration or self-trigeneration

Emission factor

0.00063

Unit

metric tons CO2 per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan. The public weblink for the 2006 IPCC Guidelines is: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/> The volume that contains emission factors is Volume 2 Energy and the weblink for that volume is: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Comment

Fuels (excluding feedstocks)

Wood Waste

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

7,336,993

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam



MWh fuel consumed for self-cogeneration or self-trigeneration

Emission factor

0.00142

Unit

metric tons CO2e per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan. The public weblink for the 2006 IPCC Guidelines is: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/> The volume that contains emission factors is Volume 2 Energy and the weblink for that volume is: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Comment

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

58,307

MWh fuel consumed for self-generation of heat



MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-cogeneration or self-trigeneration

Emission factor

0.07859

Unit

metric tons CO2e per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan. The public weblink for the 2006 IPCC Guidelines is: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/> The volume that contains emission factors is Volume 2 Energy and the weblink for that volume is: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Comment

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

9,302

MWh fuel consumed for self-generation of heat



MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-cogeneration or self-trigeneration

Emission factor

0.06759

Unit

metric tons CO2e per GJ

Emissions factor source

IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan. The public weblink for the 2006 IPCC Guidelines is: <https://www.ipcc-nggip.iges.or.jp/public/2006gl/> The volume that contains emission factors is Volume 2 Energy and the weblink for that volume is: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

Comment

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	3,333,377	2,142,778	2,796,656	1,865,246
Heat				



Steam				
Cooling				

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

United States of America

MWh consumed accounted for at a zero emission factor

364

Comment

Green-e certified wind renewable energy certificates.

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Low-carbon energy mix



Country/region of consumption of low-carbon electricity, heat, steam or cooling

Spain

MWh consumed accounted for at a zero emission factor

37,912

Comment

100% renewable energy from Acciona Green Energy Developments, S.L.U. This company works exclusively on renewable energies to provide clean and sustainable energy throughout the world. It has a prominent presence in more than 20 countries on the five continents and its activities are focused on the main renewable technologies: wind, solar photovoltaic, thermosolar, hydraulic and biomass.

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Hydropower

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Sweden

MWh consumed accounted for at a zero emission factor

34,072

Comment

Climate neutral hydro power purchased with EPD® from Vattenfall AB. Climate neutral means that the life-cycle greenhouse gas emissions of the electricity are compensated, with Gold Standard emission reductions (CER –Certified Emission Reduction or VER – Voluntary Emission Reduction) that were issued for renewable electricity projects.

EPD® (Environmental Product Declaration) is an independently verified and registered document with quality assured information on resource use, emissions, waste, recycling etc.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Waste

Scope includes pulp and paper mills and personal care manufacturing facilities.

Metric value

157,236

Metric numerator

Dry metric tons of waste to landfill.

Metric denominator (intensity metric only)

% change from previous year

7

Direction of change

Increased

Please explain

In 2014, Domtar established a target to reduce total waste to landfill from pulp and paper mills 40% by the end of 2020 from a 2013 baseline. Our pulp and paper mills currently generate more than 95% of the materials the company discards of in landfills so this target was established to: improve the efficiency of raw material usage during pulp and paper manufacturing, increase the amount manufacturing byproducts recycled



or beneficially used, keep valuable materials circulating in the economy and out of landfills, lower our costs and improve our overall environmental footprint.

Domtar's waste to landfill reduction efforts are part of our low-carbon transition plan that supports our long-term business strategy. These initiatives provide GHG benefits from improved carbon sequestration in soils and plants (through land application of mill residuals on forests and agricultural lands) and avoided emissions of methane that can be generated in landfills from the decomposition of organic-based manufacturing byproducts. The "Metric Value" reported in this section includes pulp and paper mills and personal care manufacturing facilities.

Our pulp and paper mills have reduced the amount of waste sent to landfills 14 percent since 2013 through source reduction and beneficial-use programs. After several years of good progress, the amount of materials landfilled increased in 2018 and 2019 due to increased generation of byproducts and reduced beneficial use opportunities at a few mills. Domtar remains committed to reducing the amount of materials disposed of in landfills.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	No third-party verification or assurance
Scope 3	No third-party verification or assurance

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.



Verification or assurance cycle in place

Annual process


Status in the current reporting year

Complete

Type of verification or assurance

Third party verification/assurance underway

Attach the statement

 Domtar Kamloops Mill 2019 GHG Verification Report.pdf

 Rapport de vérification de la déclaration des GES 2019-Domtar usine de Windsor_Summary.pdf

Page/ section reference

Kamloops, British Columbia: See page 10 for overview of verification process and page 13 for verified emissions.

Windsor, Quebec: See page 2 for verification criteria and page 3 for verified emissions.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

13

Verification or assurance cycle in place

Annual process



Status in the current reporting year

Underway but not complete for reporting year – previous statement of process attached

Type of verification or assurance

Third party verification/assurance underway

Attach the statement

 Domtar Dryden_GHG-VER-RPT_Summary_Final_2018.pdf

 Domtar Espanola_GHG-VER-RPT_Summary_Final_2018.pdf

Page/ section reference

Dryden, Ontario: See page 3 for 2018 verified emissions.

Espanola, Ontario: See page 3 for 2018 verified emissions

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

14

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, we do not verify any other climate-related information reported in our CDP disclosure



C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

BC carbon tax

Canada federal Output Based Pricing System (OBPS) - ETS

Québec CaT - ETS

C11.1b

(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.

Canada federal OBPS - ETS

% of Scope 1 emissions covered by the ETS

14

% of Scope 2 emissions covered by the ETS

0

Period start date

January 1, 2019

Period end date

December 31, 2019



Allowances allocated

Allowances purchased

Verified Scope 1 emissions in metric tons CO2e

Verified Scope 2 emissions in metric tons CO2e

Details of ownership

Facilities we own and operate

Comment

Verification of 2019 emissions has not yet been completed due to COVID-19 restrictions.

Québec CaT

% of Scope 1 emissions covered by the ETS

7

% of Scope 2 emissions covered by the ETS

0

Period start date

January 1, 2019

Period end date

December 31, 2019

Allowances allocated



Allowances purchased

Verified Scope 1 emissions in metric tons CO2e

121,306

Verified Scope 2 emissions in metric tons CO2e

Details of ownership

Facilities we own and operate

Comment

C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

BC carbon tax

Period start date

January 1, 2019

Period end date

December 31, 2019

% of total Scope 1 emissions covered by tax

6

Total cost of tax paid

3,300,000

Comment

The reported carbon tax is estimated based on actual mill fuel purchases in 2019.

The BC carbon tax is paid indirectly in the form of higher fossil fuel prices and fuel surcharges from raw material transporters. In 2019, the BC carbon tax was \$40/tonne CO₂e.

The BC government has implemented a Clean Growth Program for Industry which is funded by the incremental carbon tax above \$30 per tonne as paid by industry. The program allows for a partial return of carbon taxes paid above \$30/tonne for facilities that meet an emissions benchmark standard and/or are successful in applications for partial funding for GHG reduction projects.

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

Domtar's strategy to meet the requirements of the various regulatory carbon pricing program varies by jurisdiction.

Across the company, Domtar continues to assess our asset base and identify opportunities for capital expenditures for asset modernization, including installation of new technological advancements. We continue to focus on energy efficiency initiatives that reduce our energy use and carbon footprint. Through our biomaterials work, we continue to research and trial technologies that are suitable to displace most of the remaining fossil fuels combusted in our processes.

In Quebec, Canada, Domtar has accumulated banked allocations that can be applied to any future compliance obligations along with purchases from the market.

In British Columbia, Canada, the company is subject to the provincial carbon tax in the form of higher fossil fuel prices and fuel surcharges from raw material transporters. We continue to look for opportunities to reduce the use of fossil fuels in our own operations. We also look for opportunities to partner with our suppliers on projects to reduce fossil fuel use and improve efficiencies. The provincial government has announced the carbon tax trajectory through 2021.



Currently Ontario facilities are subject to the Canadian Federal Carbon Pricing Program that commenced on January 1, 2019. Discussions continue between Ontario and the Federal government on approval of a made-in-Ontario program to replace the federal program. The Canadian Federal Carbon Pricing Program is currently scheduled to go through 2022.

The Greenhouse Gas Management Committee meets periodically to assess emerging climate and carbon pricing initiatives and regulatory requirements for their potential impact on our strategies and business operations.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Navigate GHG regulations

GHG Scope

Scope 1

Scope 2

Scope 3



Application

Actual price(s) used (Currency /metric ton)

17

Variance of price(s) used

In Quebec and any assessments we would conduct in the U.S., we currently use \$16-\$18 USD/metric ton, which is based on the California market.

In British Columbia, we follow the carbon trajectory the province is on.

In Ontario, we follow the carbon trajectory for the Canadian Federal Carbon Pricing Program.

Type of internal carbon price

Shadow price

Impact & implication

We use this internal shadow price to assess large capital projects.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain



C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

Run a campaign to encourage innovation to reduce climate impacts on products and services

Other, please specify

Raw material supply and utilization

% of suppliers by number

% total procurement spend (direct and indirect)

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

Domtar works with suppliers to improve the environmental profile of the raw materials we purchase (especially wood), our manufacturing processes, our products and transport of these products to our customers. Some of these initiatives include:

- Providing financial and technical support to help small, private landowners certify their forests to recognized sustainable forest management standards.
- Engaging in conversations and meetings with our suppliers to identify ways our manufacturing facilities can use raw materials more efficiently and substitute raw materials for alternatives with improved environmental profiles. Our suppliers also support engineering evaluations for new projects, products and services.



- Advocating through a national campaign to optimize logistics for improved efficiency by: increasing truck weight limits without creating additional safety and infrastructure issues, expanding intermodal options and ports, and optimizing product packaging and stacking arrangements to maximize truck volumes, especially for bulkier, lighter-weight personal care products.

Impact of engagement, including measures of success

Several recent successes from these efforts include:

- Enrolling more than 632,250 acres and more than 253 members 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.
- Reducing pulp bleaching chemical use at Domtar's pulp mills by over 8% per unit pulp production since 2016. Part of the success in achieving these results was working with our major pulping chemical suppliers to conduct surveys at our pulp mills to identify opportunities to reduce chemical use.
- Developing and implementing innovative ways to get more personal care products on each truck, reducing the number of trips by: hand-stacking cases to fill the empty space between the last two rows of pallets, working with customers to accept taller pallet loads, utilizing new product stacking arrangements to get 17-20% more product on each truck, and utilizing an award-winning, high compression packaging system for incontinence products that reduces packaging volume by 30%.
- Engaging with 14 regional forestry partners near our mill in Windsor, Quebec, to promote sustainable forest management practices to small landowners, and to train loggers on harvesting methods that increase productivity and quality. Three years into this initiative, the fiber supply from forests located close to the mill has increased by 30 percent. The Windsor Mill also completed a wood yard modernization project that will improve productivity and chip quality, while reducing fiber loss and processing costs. As fiber yield from each unit of wood brought to the mill is increased, the number of wood deliveries required for each product will continue to decline.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.



Type of engagement

Education/information sharing

Details of engagement

% of customers by number

% of customer - related Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement

Climate-related issues are part of some customer business meetings. We discuss areas where our companies can work together on mutually beneficial projects and initiatives. Domtar also participates in customer life cycle assessment (LCA) studies to better understand the environmental and climate impacts and opportunities from producing, using and end-of-life management of their final products. We also complete hundreds of customer information requests every year, some of which include information on climate-related emissions, performance and strategies.

Impact of engagement, including measures of success

These types of engagements with customers build awareness and trust, and uncover opportunities for strategic partnerships to develop more sustainable manufacturing processes, products, logistical systems and other services.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Domtar is active in initiatives with value chain partners to improve the environmental profile and logistical efficiency of moving raw materials and products, including:

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



- Working with policymakers and local governments to educate them on how transportation efficiency can be improved by increasing truck weight limits without creating additional safety and infrastructure issues.
- Partnering 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.
- Continuing to be a member of the U.S. EPA SmartWay Transport Partner program designed to improve fuel efficiency and reduce the environmental impacts from freight transport.
- Working with regional forestry partners to promote sustainable forest management to small landowners closer to the mill to reduce the amount of transport required for our wood resources.

Domtar is also active in working with several non-governmental organization partners, including Rain Forest Alliance, the World Wildlife Fund and the American Forest Foundation to advance sustainable forestry in our fiber procurement regions and to support global conservation efforts. Several of these initiatives include:

- Providing the World Wildlife Fund (WWF) nearly \$4.4 million to support conservation programs around the world since 2008.
- Supporting research in Canada with the National Council for Air and Stream Improvement (NCASI) to increase understanding of caribou nutritional and survival needs and integrate into forest management practices.
- Being a founding member of the Appalachian Woodlands Alliance to provide sustainable forest management tools to small, private landowners to increase the amount of sustainably managed forests.
- Helping local landowners enroll in The Nature Conservancy's Working Woodlands Program, which provides landowners with a forest management plan and group Forest Stewardship Council certification.
- Being a founding member with the American Forest Foundation and its partner, The Nature Conservancy, in supporting the newly-created Family Forest Carbon Program (FFCP) to enhance carbon sequestration in family-owned forest land across the United States. The FFCP represents a new approach to climate change mitigation that taps into the carbon storage potential of family-owned forestland while creating a new market and source of income for the families that dedicate time and effort to their forest management.

These initiatives have positive sustainability benefits, including keeping forests as forests and reducing climate-related impacts.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations



Funding research organizations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Cap and trade	Support with minor exceptions	We engage with the Canadian Federal government and the provincial governments in Ontario and Quebec to share our key criteria for inclusion in cap and trade and other carbon pricing programs. These engagements are conducted through in-person meetings, webinars, conference calls and written comments, and are further supported by consultants, lobbyists and trade associations advocating on our behalf and for others in our sector.	<p>Our key criteria for effective and competitive climate pricing programs include:</p> <ul style="list-style-type: none"> -Recognition of our early actions to reduce greenhouse gas emissions, - Heavy reliance on carbon-neutral biomass fuels, -Use of co-generation systems using mainly biomass fuels, -Remaining competitive in global markets, -Provisions to prevent leakage of emissions, jobs and investments to other jurisdictions with no or less restrictive carbon pricing programs, - Avoiding double regulation with provincial and federal government initiatives, -Limited opportunities for additional, significant emission reductions without the development and



			<p>deployment of commercially available technology solutions that are compatible with our processes and product quality and performance requirements, and</p> <p>-Reinvesting proceeds collected from carbon pricing programs proportionally back into the industry sectors.</p>
Carbon tax	Support with minor exceptions	<p>We engage with the Canadian Federal government and the provincial government in British Columbia to share our key criteria for inclusion in carbon tax and other carbon pricing programs. These engagements are conducted through in-person meetings, webinars, conference calls and written comments, and are further supported by consultants, lobbyists and trade associations advocating on our behalf and for others in our sector.</p>	<p>Our key criteria for effective and competitive climate pricing programs include:</p> <ul style="list-style-type: none"> -Recognition of our early actions to reduce greenhouse gas emissions, - Heavy reliance on carbon-neutral biomass fuels, -Use of co-generation systems using mainly biomass fuels, -Remaining competitive in global markets, -Provisions to prevent leakage of emissions, jobs and investments to other jurisdictions with no or less restrictive carbon pricing programs, - Avoiding double regulation with provincial and federal government initiatives, -Limited opportunities for additional, significant emission reductions without the development and



			<p>deployment of commercially available technology solutions that are compatible with our processes and product quality and performance requirements, and</p> <p>-Reinvesting proceeds collected from carbon pricing programs proportionally back into the industry sectors.</p>
<p>Other, please specify</p> <p>Maintain biomass carbon neutrality</p>	Support	<p>We engage with the governments in the United States and Canada to advocate for continuing to maintain carbon neutrality of biomass fuels. These engagements are conducted through in-person meetings, webinars, conference calls and written comments, and are further supported by consultants, lobbyists and trade associations advocating on our behalf and for others in our sector.</p>	

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

American Forest & Paper Association

Is your position on climate change consistent with theirs?



Consistent

Please explain the trade association's position

Domtar supports the American Forest & Paper Association's climate-related policy positions, including:

-Maintaining carbon neutrality of biomass combustion.

-Advocating for the appropriate inclusion of combined heat and power utilization in industrial applications for the development of climate policies.

How have you influenced, or are you attempting to influence their position?

Domtar holds governance roles and participates on several American Forest & Paper Association committees and task forces to shape and develop climate-related policy positions supported by science and sustainable economics, including the Environmental Policy Committee, Energy Policy Committee, Biomass Task Force, Air Quality Subcommittee, and Government Affairs Coordinating Committee.

Trade association

Industrial Energy Consumers of America (IECA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

All IECA members that are major energy users have a seat on the Board of Directors so we are a member of the IECA Board.

IECA's primary focuses regarding climate change include: protecting the competitiveness of member companies and ensuring proper treatment to protect against industrial greenhouse gas emission leakage to regions of the world with higher greenhouse gas emission profiles and lower production costs.

How have you influenced, or are you attempting to influence their position?

We hold a governance position and participate on the Environment Committee and participate on the Climate Committee.

Trade association

Forest Products Association of Canada

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Keeping the Canadian forest products industry globally competitive is the primary focus of FPAC's advocacy for climate-related activities. This includes getting our industry recognized as EITE (Energy Intense and Trade Exposed) and obtaining relief from carbon pricing programs to remain competitive in the global market place as much of Canadian forest products are commodity products which are exported globally.

How have you influenced, or are you attempting to influence their position?

Domtar holds governance roles and participates on FPAC committees to shape and develop climate-related policy positions supported by science and sustainable economics. Domtar also conducts our own advocacy to support FPAC positions.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

We have prepared internal position papers and have regular discussions with appropriate corporate staff. We also provide briefings to senior leaders and company officers and have regular meetings with our Greenhouse Gas Management Committee, Sustainability Committee and Board EHSS Committee. We also help shape the approach to climate change policy for relevant trade organizations of which we are a part through regular issue-specific meetings and comments.

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In voluntary sustainability report

Status

Underway – previous year attached

Attach the document

 Domtar_Sustainability Report 2019_ENG.pdf

Page/Section reference

Energy and climate-related information can be found on pages 44-47 and 61 in this document.

Additional information on our approach to managing energy and greenhouse gas emissions can be found on our website at:
<https://www.domtar.com/en/how-we-work/sustainability-domtar/energy-and-emissions>

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics



Comment

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Vice President Corporate Services and Sustainability	Chief Sustainability Officer (CSO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Investors Customers	Public	



Please confirm below

I have read and accept the applicable Terms