

## Welcome to your CDP Forests Questionnaire 2021

### F0. Introduction

#### F0.1

**(F0.1) Give a general description of 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 airlaid nonwovens. We have a proud history of 173 years of manufacturing; today we have approximately 6,400 employees serving more than 50 countries around the world.

Our operations include 12 pulp and paper mills in the United States and Canada and nine manufacturing and converting facilities in the U.S.

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.

We are committed to sustainability throughout our operations. Our investment in sustainability is rooted in responsibility, efficiency and engagement. We source wood responsibly, with 41 percent of our wood deliveries in 2020 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 2020, 73 percent of the energy for these mills came from renewable sources, and the mills generated an equivalent of 71 percent of their electricity needs. At the end of 2020, we completed public goals related to use of water, disposal of waste to landfill and emissions of greenhouse gases, and we are currently in the process of establishing our next set of sustainability goals.

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 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. 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 \$3.7 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](http://www.domtar.com)

## F0.2

**(F0.2) State the start and end date of the year for which you are reporting data.**

	Start Date	End Date
Reporting year	January 1, 2020	December 31, 2020

## F0.3

**(F0.3) Select the currency used for all financial information disclosed throughout your response.**

USD



## F0.4

**(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization’s area of operation.**

	Commodity disclosure	Stage of the value chain
Timber products	Disclosing	Processing Trading Manufacturing Retailing
Other - Rubber	This commodity is not produced, sourced or used by our organization	

## F0.5

**(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?**

No

## F1. Current state

### F1.1

**(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?**

#### Timber products

##### Activity

Using as input into product manufacturing



**Form of commodity**

- Hardwood logs
- Softwood logs
- Sawn timber, veneer, chips
- Pulp
- Paper
- Wood-based bioenergy
- Other, please specify
  - Bio-based derivatives lignin and turpentine

**Source**

- Owned/managed land
- Smallholders
- Multiple contracted producers
- Contracted suppliers (processors)
- Contracted suppliers (manufacturers)

**Country/Area of origin**

- Brazil
- Canada
- Chile
- United States of America

**% of procurement spend**

100%

**Comment**

Domtar aims to be the preferred supplier of environmentally-sound products to our customers. We strive to leave the smallest possible footprint in the forest. For products that require virgin fiber, we strive to ensure that this fiber originates from sustainable forests. For other products, we will use as much recycled fiber as possible, depending on customer needs, technical requirements, availability and affordability. When sourcing virgin fiber from our forest activities, Domtar takes an ecologically and socially responsible approach to forest management on our forestlands



and pursue and maintain Forest Stewardship Council (FSC) certification. Through our approach to forest protection, use and renewal, we ensure that forest characteristics and values will be conserved for future generations. We continually implement best practices that are sensitive to local, social and environmental dynamics.

We also extend our forest management commitment to our supply chain when purchasing fiber from the market because the decisions we make when purchasing wood or pulp from third parties may impact forest sustainability. We conduct systematic reviews to verify that our purchased virgin fiber originates from sustainably managed and legally harvested forests.

Over 99% of our fiber procurement spend is from North American sources. Domtar does purchase a small amount of pulp from outside of North America to meet product performance specifications. Any pulp bought outside of North America is verified, third-party chain-of-custody certified.

## F1.2

**(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

	% of revenue dependent on commodity	Comment
Timber products	100%	<p>U.S. Pulp &amp; Paper Mills: The fiber used by our pulp and paper mills in the United States is softwood and hardwood, both readily available in the market from multiple third-party sources. The mills obtain fiber from a variety of sources, depending on their location. These sources include a combination of supply contracts, wood-lot management arrangements, advance stumpage purchases and spot market purchases.</p> <p>Canadian Pulp and Paper Mills: The fiber used at our Windsor pulp and paper mill is hardwood originating from a variety of sources, including purchases on the open market in Canada and the United States, contracts with Quebec wood producers’ marketing boards, public land where we have wood supply allocations and from Domtar’s private lands. The softwood and hardwood fiber for our Espanola pulp and paper mill and the softwood fiber for our Dryden pulp mill, are</p>



		<p>obtained from third parties, directly or indirectly from public lands and through designated wood supply allocations. The fiber used at our Kamloops pulp mill is all softwood, originating mostly from third-party sawmill operations in the southern-interior part of British Columbia. Cutting rights on public lands related to our pulp and paper mills in Canada represent about 1.6 million cubic meters of softwood and 0.8 million cubic meters of hardwood, for a total of 2.4 million cubic meters of wood per year. Access to harvesting of fiber on public lands in Ontario and Quebec is subject to licenses and review by the respective governmental authorities.</p>
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## F1.5

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

	Data availability/Disclosure
Timber products	Consumption and production data available, disclosing

## F1.5a

**(F1.5a) Disclose your production and/or consumption data.**

**Forest risk commodity**

Timber products

**Data type**

Consumption data

**Volume**

15,106,000

**Metric**

Other, please specify

Green Short Tons Chip Equivalents



**Data coverage**

Full commodity production/consumption

**Please explain**

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**Forest risk commodity**

Timber products

**Data type**

Production data

**Volume**

4,500,000

**Metric**

Other, please specify

Short tons salable pulp and paper

**Data coverage**

Full commodity production/consumption

**Please explain**

**F1.5b**

**(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.**

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**Forest risk commodity**

Timber products

**Country/Area of origin**

**State or equivalent jurisdiction**

**% of total production/consumption volume**

100

**Please explain**

All virgin fiber is produced in the United States and Canada, a small volume of certified purchased pulp is from South America.

**F1.6**

**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

Yes

**F1.6a**

**(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.**

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**Forest risk commodity**

Timber products





**Impact driver type**

Physical

**Primary impact driver**

Other physical driver, please specify  
Availability of certified fiber

**Primary impact**

Increased operating costs

**Description of impact**

The certification standards are highly volatile resulting in lower fiber availability from third-party vendors. Their response to the changes is outside of our control.

**Primary response**

Engagement with customers

**Total financial impact**

**Description of response**

Domtar continues working with the Rainforest Alliance (RA) on an initiative to strengthen sustainable forest management with small landowners in the Southeast region of the United States, via the Appalachian Woodlands Alliance. The program is funded by a combined investment from four major forestry and paper-goods companies including Avery Dennison, Columbia Forest Products, Domtar and Staples, Inc. The alliance works closely with local groups, landowner associations, consulting foresters, and other stakeholders to increase sustainable forest management of family forest owners in a 67,000-square-mile area of Georgia, Kentucky, North Carolina, South Carolina, Tennessee, Virginia and West Virginia. In some of the areas where Domtar sources its fiber, we are becoming directly involved in initiatives to ensure we meet future demand. Examples include WWF's Global Forest and Trade Network, Carbon Canopy, and the Nature Conservancy's Working Woodlands program. Additionally, Domtar is working on expansion efforts of the Four States Timberland Owners Association (FSTOA) model, a FSC Group Certificate for landowners at Domtar's Ashdown mill, and replicating it throughout the Domtar system, especially in the Southeastern U.S. where a high percentage of small privately held parcels often makes FSC certification a challenge.

## F2. Procedures

### F2.1

**(F2.1) Does your organization undertake a forests-related risk assessment?**

Yes, forests-related risks are assessed

### F2.1a

**(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**

#### Timber products

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##### Value chain stage

Direct operations  
Supply chain

##### Coverage

Full

##### Risk assessment procedure

Assessed as part of other company-wide risk assessment system

##### Frequency of assessment

Annually

##### How far into the future are risks considered?

> 6 years

##### Tools and methods used

Internal company methods



National specific tools and databases

Other, please specify

Domtar Due Diligence System, European Union Timber Regulation (EUTR) Due Diligence Program, Lacey Act Due Care Program

**Please explain**

At a minimum, all of Domtar's sourced virgin fiber meets the requirements of the SFI Certified Sourcing Standard or the FSC Controlled Wood standard. Domtar utilizes a fiber Due Diligence System that includes third-party audited compliance with the FSC Controlled Wood Standard, and PEFC non-controversial sources. Domtar strives for leadership in forest management by adhering to sustainable forest principles on all lands owned by or licensed to us and by preferring suppliers with like principles. Domtar is committed to renewing the forest by promptly regenerating forest lands in accordance with recognized standards and taking corrective action when necessary to prevent forest degradation.

Domtar is compliant with the sourcing requirements in the FSC US and Canadian risk assessments as well as the requirements of the PEFC due diligence system. Domtar maintains a comprehensive timber regulation program via our EUTR Due Diligence Program and our Lacey Act Due Care Program. It is Domtar's position that the Lacey Act is one of several components of a transparent, legal and sustainable supply chain. While Domtar supports the intent of the Lacey Act, which focuses on the compliance of sourcing of plants and plant products with laws of their originating jurisdictions, we believe it is our obligation and the obligation of all forest products companies to provide not only legal, but also environmentally and socially appropriate practices that yield forest products. The objective of Domtar's Due Care Program is to enable and support our customers in the exercise of their "due care" obligation under the Lacey Act and to provide them with the tools to verify our existing processes in respect of the pulp and paper products they purchase from us. Similarly, the objective of Domtar's Due Diligence Program is to enable and support our EU customers in the exercise of their "due diligence" obligation under the EU Timber Regulations. It provides evidence of our existing processes in respect of the pulp and paper products they purchase from us.

**F2.1b**

**(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?**

**Availability of forest risk commodities**

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**Relevance & inclusion**

Relevant, not included



**Please explain**

Domtar's due diligence system for risk evaluation utilizes the criteria of the FSC Controlled Wood Standard as the framework, which includes five categories of unacceptable material: Illegally harvested wood, wood harvested in violation of traditional and civil rights, wood harvested from forests in which high conservation values are threatened by management activities, wood from forests being converted to plantations and non-forest use, and wood from forests in which genetically modified trees are planted.

While availability of forest risk commodities is not explicitly stated within our company-based risk assessment, it does factor substantially into our operations. Locally-sourced wood is the lifeblood of our pulp and paper mills. We have an economic interest in keeping the forests near our mills as forests and promoting sustainable forestry practices – everywhere we operate.

Our mills purchased 15.1 million green short tons of wood chips in 2020, the majority from small landowners and local suppliers, especially for our mills in the southern U.S.

While it is widely recognized that our wood suppliers are responsible forest stewards, some customers seek documentation of sustainable practices. In some cases, this may include certification from recognized organizations such as the Forest Stewardship Council® (FSC®).

Our challenge is getting small landowners to see the value in certifying their forest lands when they feel they are already managing their land well. As certification requires technical and financial resources, landowners need to be convinced these additional resources are worth the investment.

That is why Domtar has supported more forest landowners in certifying their operations. Domtar is a founder and supporter of the Appalachian Woodlands Alliance, a multi-party effort led by the Rainforest Alliance in a 67,000-square-mile area of Georgia, Kentucky, North Carolina, South Carolina, Tennessee, Virginia and West Virginia. We are also the driving force behind the Four States Timberland Owners Association, in Ashdown, Arkansas, which provides small landowners with simple, useful tools for achieving FSC certification.

Furthermore, Domtar is currently engaged with the American Forest Foundation in Pennsylvania to demonstrate a new methodology for measuring the carbon sequestered by family forests from any type of forestry practice.

**Quality of forest risk commodities**

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**Relevance & inclusion**

Relevant, not included

**Please explain**

Similar to Domtar's concern regarding the availability of our sustainable and responsibly sourced fiber, Domtar is very keen on ensuring the quality of the fiber in which we source. Domtar ensures quality by working with hundreds of individual suppliers to ensure that quality specifications are met for the raw material fiber provided for each mill.

**Impact of activity on the status of ecosystems and habitats**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Domtar is committed to maintaining the state and productivity of ecosystems by using procedures and materials designed to protect soil, water, air, wildlife, and landscape values. Additionally, Domtar is committed to conserving biodiversity of ecosystems by maintaining genetic, species, and ecosystem diversity for a healthy forest environment. With Domtar's company due diligence system framework following the required criteria of the FSC Controlled Wood Standard, impact of activity on the status of ecosystems and habitats is believed to be minimal. Furthermore, all company owned and managed lands are certified to at least one internationally recognized forest certification scheme that helps ensure proper ecosystem maintenance.

**Regulation**

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**Relevance & inclusion**

Relevant, not included

**Please explain**

Domtar monitors this through our EUTR Due Diligence Program and our Lacey Act Due Care Program. Additionally, Domtar does not include the aspect of regulation within our company risk assessment as approximately 99% of our fiber sourcing operations occur in North America, specifically the United States and Canada. Both the US and Canada maintain robust local and federal laws and regulations that would supersede any regulations put forth and enacted by a company-based risk assessment.

## Climate change

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### Relevance & inclusion

Relevant, always included

### Please explain

Potential climate and forest-related risks are considered as part of Domtar's annual Enterprise Risk Management process.

In Domtar's 2020 Annual Report on Form 10K, the following risk factor has been identified:

The Company may have difficulty obtaining wood fiber at favorable prices, or at all. Wood fiber is the principal raw material used by the Company's Pulp and Paper business, comprising approximately 24% of the cost of sales in 2020. Wood fiber is a commodity, and prices historically have been impacted by a variety of factors. The primary source for wood fiber is timber. Environmental litigation and regulatory developments, alternative use for energy production and reduction in harvesting related to the housing market, have caused, and may cause in the future, significant reductions in the amount of timber available for commercial harvest in the U.S. and Canada. In addition, future domestic or foreign legislation and litigation concerning the use of timberlands, the protection of endangered species, the promotion of forest health and the response to and prevention of catastrophic wildfires could also affect timber supplies. Availability of harvested timber may be further limited by adverse weather, fire, insect infestation, disease, ice storms, windstorms, flooding and other natural and man-made causes, thereby reducing supply and increasing prices. Wood fiber pricing is subject to regional market influences, and the Company's cost of wood fiber may increase in particular regions due to market shifts in those regions. Any sustained increase in wood fiber prices would increase the Company's operating costs, and the Company may be unable to increase prices for its products in response to increased wood fiber costs due to additional factors affecting the demand or supply of these products.

The Company currently meets its wood fiber requirements by purchasing wood fiber from third parties and by harvesting timber pursuant to its forest licenses and forest management agreements. If the Company's cutting rights, pursuant to its forest licenses or forest management agreements are reduced, or any third-party supplier of wood fiber stops selling or is unable to sell wood fiber to the Company, its financial condition or results of operations could be materially and adversely affected.

## Impact on water security

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**Relevance & inclusion**

Relevant, not included

**Please explain**

Domtar is committed to maintaining water security in our fiber basins through legal compliance, harvesting best management practices and third-party certifications. Forests play an important role in cycling and storing valuable water resources in watersheds around our mills and in our wood procurement regions.

**Tariffs or price increases**

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**Relevance & inclusion**

Relevant, not included

**Please explain**

Based upon the policies and regulations in North America, where Domtar primarily sources wood fiber, tariffs and price increases do not play a direct role.

**Loss of markets**

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**Relevance & inclusion**

Relevant, not included

**Please explain**

Based upon the policies and regulations in North America, where Domtar primarily sources wood fiber, loss of markets is highly relevant but not within the direct scope of our operational control and not included within our risk assessment.

**Leakage markets**

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**Relevance & inclusion**

**Please explain**

## **Brand damage related to forest risk commodities**

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### **Relevance & inclusion**

Relevant, always included

### **Please explain**

Our Due Diligence Systems monitor compliance with international law, forest management certifications and chain-of-custody certifications to minimize the risk of brand damage from commodity purchasing. There is additional risk due to interpretations of newly changed standards, particularly in Canada.

## **Corruption**

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### **Relevance & inclusion**

Relevant, not included

### **Please explain**

Our Due Diligence Systems monitor compliance with international law, forest management certifications and chain-of-custody certifications to minimize the risk of corruption from commodity purchasing.

## **Social impacts**

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### **Relevance & inclusion**

Relevant, always included

### **Please explain**

As part of Domtar's Forest Policy, we are committed to listening to our communities, maintaining open dialogue with the public and encouraging their input, and communicating with our shareholders, customers, employees and other interested parties to ensure that they understand our commitment to our forest policy.



**Other, please specify**

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**Relevance & inclusion**

**Please explain**

**F2.1c**

**(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?**

**Customers**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Customers are at the forefront of what guide's Domtar's decision-making process when it comes to our responsible and sustainable fiber sourcing. Understanding the needs, limitations and goals of our customers helps Domtar to properly align our business activities strategically to the needs of our customers. All of Domtar's Due Diligence Systems have a stakeholder complaint mechanism integrated within to ensure Domtar addresses stakeholder complaints and concerns in a timely manner.

**Employees**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Domtar works to continuously engage employees in our operations and development opportunities. Focusing on education and sustainability, Domtar's EarthChoice Ambassador program focuses on providing opportunities for employees at each of our Domtar facilities to learn about



and get involved with localized sustainability initiatives that are related to our operations. All of Domtar's Due Diligence Systems have a stakeholder complaint mechanism integrated within to ensure Domtar addresses stakeholder complaints and concerns in a timely manner.

## Investors

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### Relevance & inclusion

Relevant, always included

### Please explain

Although not explicitly listed in our companywide risk assessment, Domtar does cite our ability to get favorably priced wood, or wood at all, as a risk in the 2020 Domtar Annual Report on Form 10K. All of Domtar's Due Diligence Systems have a stakeholder complaint mechanism integrated within to ensure Domtar addresses stakeholder complaints and concerns in a timely manner.

## Local communities

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### Relevance & inclusion

Relevant, always included

### Please explain

Domtar includes the considerations of local communities in our company-based risk assessment and in our Fiber Use and Sourcing Policy. Domtar continually encourages our employees and suppliers to develop and maintain working relationships with First Nations and other local communities by addressing their interests and concerns and undertaking efforts to ensure benefits flow to the communities in which we operate. All of Domtar's Due Diligence Systems have a stakeholder complaint mechanism integrated within to ensure Domtar addresses stakeholder complaints and concerns in a timely manner.

## NGOs

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### Relevance & inclusion

Relevant, always included

### Please explain



Domtar works with key partners such as WWF, Rainforest Alliance (RA), Forest Stewardship Council (FSC), The Nature Conservancy and others to ensure transparency and continued commitment to sustainability. All of Domtar's Due Diligence Systems have a stakeholder complaint mechanism integrated within to ensure Domtar addresses stakeholder complaints and concerns in a timely manner.

### **Other forest risk commodity users/producers at a local level**

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#### **Relevance & inclusion**

Relevant, always included

#### **Please explain**

Domtar continually engages with other forest risk commodity users and producers at a local level where our pulp and paper mills operate and throughout the respective wood fiber basins in the surrounding area. Domtar believes that continually engaging with these relevant stakeholders ensures mutually beneficial partnerships amongst organizations, as well as ensures the long-term health and sustainable harvests of our forest resources that we are dependent on. All of Domtar's Due Diligence Systems have a stakeholder complaint mechanism integrated within to ensure Domtar addresses stakeholder complaints and concerns in a timely manner.

### **Regulators**

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#### **Relevance & inclusion**

Relevant, always included

#### **Please explain**

Domtar continually engages with regulators on relevant matters regarding the sustainability of our forest resources. Ensuring that Domtar's voice is heard in regulatory matters, as well as Domtar ensuring our understanding of all relevant regulations and policies to our operations is crucial to our long-term success and viability in the marketplace. All of Domtar's Due Diligence Systems have a stakeholder complaint mechanism integrated within to ensure Domtar addresses stakeholder complaints and concerns in a timely manner.

### **Suppliers**

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#### **Relevance & inclusion**

Relevant, always included



**Please explain**

Domtar continually encourages our employees and suppliers to develop and maintain working relationships with First Nations and other local communities by addressing their interests and concerns and undertaking efforts to ensure benefits flow to the communities in which we operate. All of Domtar's Due Diligence Systems have a stakeholder complaint mechanism integrated within to ensure Domtar addresses stakeholder complaints and concerns in a timely manner.

**Other stakeholders, please specify**

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**Relevance & inclusion**

Relevant, not included

**Please explain**

## F3. Risks and opportunities

### F3.1

**(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?**

	Risk identified?
Timber products	Yes

### F3.1a

**(F3.1a) How does your organization define substantive financial or strategic impact on your business?**

Domtar defines substantive impact on our business as: operational risks driven by changes in physical parameters, risks driven by changes in regulation, and reputational risks.

## F3.1b

**(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

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**Forest risk commodity**

Timber products

**Type of risk**

Physical

**Geographical scale**

Country

**Where in your value chain does the risk driver occur?**

Direct operation

Supply chain

**Primary risk driver**

Other physical driver, please specify

Availability of certified virgin fiber

**Primary potential impact**

Supply chain disruption

**Company-specific description**

Uncertainty around upcoming changes in FSC standards limit fiber availability and increase costs significantly to Domtar's operations. Availability of certified virgin fiber in North America (USA and Canada) could have the potential to generate substantive change in business operations, revenue and expenditure for Domtar. Potential impacts to Domtar include: increased operational cost, reduction/disruption in production capacity, reduction/disruption of supply, inability to do business, and wider social disadvantage.



**Timeframe**

1-3 years

**Magnitude of potential impact**

Medium-high

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

**Potential financial impact (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial**

**Primary response to risk**

**Description of response**

Domtar continues to be engaged with the managers of the certification schemes to recognize the issues that are prohibiting new certification. Domtar is directly involved in standard development efforts. Domtar remains actively engaged in all applicable FSC-standard revisions to help monitor and mitigate industry-wide impacts.

**Cost of response**

## **Explanation of cost of response**

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### **Forest risk commodity**

Timber products

### **Type of risk**

Physical

### **Geographical scale**

### **Where in your value chain does the risk driver occur?**

Direct operation

### **Primary risk driver**

Changes in precipitation patterns

### **Primary potential impact**

Supply chain disruption

### **Company-specific description**

Changes in precipitation patterns could have potential to generate substantive change in business operations, revenue and expenditure for Domtar. Potential impacts to Domtar include: increased operational cost, reduction/disruption in production capacity, reduction/disruption of supply, inability to do business, and wider social disadvantage.

### **Timeframe**

Unknown



**Magnitude of potential impact**

Medium-high

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

**Potential financial impact (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial**

**Primary response to risk**

**Description of response**

Domtar utilizes a robust budgeting and inventory planning strategy to ensure the implementation of environmental best practices in our direct operations. Domtar ensures such best practices through our Fiber Use and Sourcing Policy, Forest Policy, and our Timber Regulation Due Diligence program (i.e., EUTR, Lacey Act). Additionally, Domtar's utilization of independent, third-party certification schemes and their comprehensive framework for sustainable and responsible best practices in forest management add additional layers of assurance for Domtar that implementation of environmental best practices in our direct operations is occurring. Our broad mill network offers the opportunity to source from alternate fiber basins in the event of sustained, inclement weather. This helps to assure that we do not encourage poor environmental practices in regional fiber basins.



**Cost of response**

**Explanation of cost of response**

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**Forest risk commodity**

Timber products

**Type of risk**

Physical

**Geographical scale**

**Where in your value chain does the risk driver occur?**

Direct operation

Supply chain

**Primary risk driver**

Forest fires

**Primary potential impact**

Supply chain disruption

**Company-specific description**

Catastrophic weather-related events (e.g., forest fires, tropical storms, widespread regional flooding, etc.) could have potential to generate substantive change in business operations, revenue and expenditure for Domtar. Potential impacts to Domtar include: increased operational cost, reduction/disruption in production capacity, reduction/disruption of supply, inability to do business, and wider social disadvantage.

**Timeframe**



Unknown

**Magnitude of potential impact**

Medium-high

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

**Potential financial impact (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial**

**Primary response to risk**

**Description of response**

Through our production planning and budgeting, we build alternative sourcing scenarios as a response to potential disruption. Our network of mills has demonstrated several times in recent years the ability to assist each other with fiber supply.

**Cost of response**

## **Explanation of cost of response**

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### **Forest risk commodity**

Timber products

### **Type of risk**

Regulatory

### **Geographical scale**

Country

### **Where in your value chain does the risk driver occur?**

Direct operation

Supply chain

### **Primary risk driver**

Changes in land tenure regulations

### **Primary potential impact**

Supply chain disruption

### **Company-specific description**

Changes in land tenure regulations could have potential to generate substantive change in business operations, revenue and expenditure for Domtar. Potential impacts to Domtar include: increased operational cost, reduction/disruption in production capacity, reduction/disruption of supply, inability to do business, and wider social disadvantage. Furthermore, land tenure regulations and land ownership changes will also have potential to impact Domtar's supply chain.

### **Timeframe**

1-3 years



**Magnitude of potential impact**

Medium-high

**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

**Potential financial impact (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial**

**Primary response to risk**

**Description of response**

Domtar collaborates with landowners and other partners to promote the benefits of sustainable forest management and third-party certification, which provides an additional level of assurance of responsible forest management. Beyond fiber, we have strategic partnerships with recognized suppliers of key raw materials. Our suppliers help us improve our manufacturing efficiencies, use fewer materials and produce better quality products at a lower cost.

Examples of Domtar's engagement in multi-stakeholder initiatives include: World Wildlife Fund's Global Forest and Trade Network, Rainforest



Alliance's Appalachian Woodlands Alliance program, Four States Timberland Owners Association, Carbon Canopy, The Nature Conservancy's Working Woodlands program and the American Forest Foundation's Family Forest Carbon Program.

**Cost of response**

**Explanation of cost of response**

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**Forest risk commodity**

Timber products

**Type of risk**

Reputational and markets

**Geographical scale**

Global

**Where in your value chain does the risk driver occur?**

Direct operation

Supply chain

**Primary risk driver**

Other reputational and market driver, please specify

Consumer response/backlash

**Primary potential impact**

Reduced demand for products and services

**Company-specific description**

Consumer and NGO response and/or backlash to new/revised standards put into place by forest management certification schemes could cause market disruption and in turn less demand for the products Domtar manufactures.

**Timeframe**

1-3 years

**Magnitude of potential impact**

Medium-high

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

**Potential financial impact (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial**

**Primary response to risk**

**Description of response**

Domtar will continue to evaluate the value of all certification and sustainability verifiers in the event of the failure of one system. Additionally, Domtar collaborates with landowners and other partners to promote the benefits of sustainable forest management, particularly on private lands



which we believe are key to meaningful improvement. Beyond fiber, we have strategic partnerships with recognized suppliers of key raw materials. Our suppliers help us improve our manufacturing efficiencies, use fewer materials and produce better quality products at a lower cost.

**Cost of response**

**Explanation of cost of response**

**F3.2**

**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber products	Yes

**F3.2a**

**(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.**

**Forest risk commodity**

Timber products

**Type of opportunity**

Markets

**Where in your value chain does the opportunity occur?**

Direct operation

Supply chain

**Primary forests-related opportunity**

**Company-specific description & strategy to realize opportunity**

The strategy to realize the opportunity is working with landowners, partners and non-governmental organizations (NGOs). Domtar contributes to efforts such as Rainforest Alliance's Appalachian Woodland Alliance project focusing on sustainable forestry in the Southeastern U.S., and the Four States Timberland Owners Association (FSTOA) group forest certification model at our mill in Ashdown, Arkansas. These examples and more help encourage land certification through demonstrating its benefits. Additionally, Domtar's continued commitment to bringing certified pulp and paper products to the market helps raise customer awareness and drive demand for responsibly produced and sourced pulp and paper.

**Estimated timeframe for realization**

>6 years

**Magnitude of potential impact**

Unknown

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**



## **Explanation of financial impact figure**

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### **Forest risk commodity**

Timber products

### **Type of opportunity**

Products & services

### **Where in your value chain does the opportunity occur?**

Direct operation

Supply chain

Other parts of the value chain

### **Primary forests-related opportunity**

Increased brand value

### **Company-specific description & strategy to realize opportunity**

The strategy to realize the opportunity is working with landowners, partners and NGOs. Domtar contributes to efforts such as Rainforest Alliance's Appalachian Woodland Alliance project focusing on sustainable forestry in the Southeastern U.S., and the Four States Timberland Owners Association (FSTOA) group forest certification model at our mill in Ashdown, Arkansas. These examples and more help encourage land certification through demonstrating its benefits. Additionally, Domtar's continued commitment to bringing certified pulp and paper products to the market helps raise customer awareness and drive demand for responsibly produced and sourced pulp and paper.

Even as Domtar strives to increase its FSC-certified product offerings, the company faces the reality of a shortage of certified fiber available in the market, mainly due to landowners who find certification prohibitive due to the financial and technical requirements associated with it.

### **Estimated timeframe for realization**

>6 years



**Magnitude of potential impact**

Unknown

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

## **F4. Governance**

### **F4.1**

**(F4.1) Is there board-level oversight of forests-related issues within your organization?**

Yes

## F4.1a

**(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.**

Position of individual	Please explain
Board-level committee	Domtar's Board-level Environmental, Health, Safety and Sustainability (EHSS) Committee routinely reviews and guides the development and execution of the company's sustainability agenda which includes forest-related issues.

## F4.1b

**(F4.1b) Provide further details on the board's oversight of forests-related issues.**

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	<ul style="list-style-type: none"> <li>Monitoring implementation and performance</li> <li>Overseeing acquisitions and divestiture</li> <li>Overseeing major capital expenditures</li> <li>Reviewing and guiding annual budgets</li> <li>Reviewing and guiding business plans</li> </ul>	Domtar's Board-level EHSS Committee is kept up to date and briefed on forest-related issues. Sustainability and availability of the forest-based resources that Domtar relies on are factored into all business decisions. Because forest-based raw materials are at the heart of our products, Domtar's EHSS Committee is briefed and advised on all relevant forest-related issues at each meeting.

		Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	
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## F4.2

**(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Both assessing and managing forests-related risks and opportunities	Quarterly	Domtar executes our commitment to sustainability at every level and every location across the company. With the support of the Board of Directors, our Management Committee empowers senior managers from manufacturing, technology, finance, sales and marketing and corporate staff functions to regularly come together and establish key sustainability performance metrics, and to routinely assess and report on progress. We have a vice president position to help lead this effort, allowing the



			<p>company's organizational structure to better reflect the priority the company places on sustainable performance.</p> <p>We believe that weaving sustainability into our business, including forest resources and products, better positions Domtar for the future.</p>
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### F4.3

**(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	

### F4.3a

**(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?**

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Corporate executive team Chief Executive Officer (CEO) Other, please specify Salaried employees	Achievement of commitments and targets	<p>Domtar utilizes incentive plans for salaried employees as well as a long-term incentive plan that is designed to enable executives to drive the long-term growth and financial success of the corporation, of which responsible and sustainable management of forest resources is inherently a part of.</p> <p>The company's cost and productivity goals for pulp and paper are influenced by the quality, quantity, timing and sustainability of wood resources, and the efficiency with which we use them.</p>



Non-monetary reward			
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### F4.4

**(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?**

Yes (you may attach the report – this is optional)

### F4.5

**(F4.5) Does your organization have a policy that includes forests-related issues?**

Yes, we have a documented forests policy that is publicly available

### F4.5a

**(F4.5a) Select the options to describe the scope and content of your policy.**

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate deforestation Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement	In implementing Domtar's Forest Policy and Fiber Use and Sourcing Policy, Domtar will comply with all applicable laws, regulations and company policies. In addition, we will ensure the continual improvement of our performance. Domtar will monitor and adapt our forest management practices and fiber procurement practices to validate them against recognized standards through independent, third-party certification.

	<p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	
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### F4.5b

**(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.**

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	<p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitment to transparency</p>	<p>In implementing Domtar's Forest Policy and Fiber Use and Sourcing Policy, Domtar will comply with all applicable laws, regulations and company policies. In addition, we will ensure the continual improvement of our performance. Domtar will monitor and adapt our forest management practices and fiber procurement practices to validate them against recognized standards through independent, third-party certification.</p>



			Commitment to stakeholder awareness and engagement Recognition of the overall importance of forests and other natural ecosystems	
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**F4.6**

**(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

Yes

**F4.6a**

**(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?**

Other, please specify

Public article, Forest Policy, Adherence to FSC Controlled Wood and SFI Certified Sourcing Policies throughout direct operations.

**F4.6b**

**(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.**

**Forest risk commodity**

Timber products

**Criteria**





Avoidance of negative impacts on threatened and protected species and habitats  
No trade of CITES listed species  
No conversion of High Conservation Value areas  
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities  
Resolution of complaints and conflicts through an open, transparent and consultative process  
Facilitate the inclusion of smallholders into the supply chain  
No sourcing of illegally produced and/or traded forest risk commodities  
No sourcing of forest risk commodities from unknown/controversial sources

**Operational coverage**

Direct operations and supply chain

**% of total production/ consumption covered by commitment**

100%

**Cutoff date**

**Commitment target date**

2020

**Please explain**

Domtar recently published a white paper on the importance of forest carbon as a buffer to climate change, our commitment to expanding FSC forest certification and FSC chain-of-custody certified products to highlight the importance of sustainable forest management that provides critical ecosystem and societal benefits such as mitigating climate change.

Additionally, Domtar has also recently published a resource document for the public that discusses our strategy for managing our forests and energy sources and uses. In this document, we discuss our approach to mitigating climate change by reducing our greenhouse gas emissions, making appropriate fuel selections, expanding energy efficiency efforts, and optimizing combined heat and power (CHP) production.

We continue to review research on carbon storage in forests and products, and are realizing benefits from our efforts to increase paper



recovery, thereby reducing the amount of used paper destined for landfills where it can generate methane, a potent greenhouse gas.

Lastly, Domtar sources nearly all of its wood from North American forests, and in the regions where we operate, forest growth exceeds harvest, maintaining the balance of the natural carbon cycle. Domtar also sources a minute portion of market pulp for specialty grade applications, all meeting the FSC Controlled Wood procurement standard at a minimum. 100% of the fiber Domtar purchases is in compliance with Domtar's fiber Due Diligence System, which avoids fiber produced from sources that are considered to be socially and environmentally damaging. Domtar has conducted a comprehensive FSC Controlled Wood Risk Assessment of the fiber sourcing practices for our pulp and paper mills, which is publicly available at [www.info.fsc.org](http://www.info.fsc.org).

On a broad level, the regions from which we source virgin fiber are evaluated for legality of harvesting, high conservation forests, and the risk of illegally harvested material entering the supply chain. All Domtar fiber goes through the risk assessment for conversion, though Domtar's fiber procurement policy allows for the purchase of legal conversion and its mills may purchase fiber from legally converted sources, but no fiber is purchased from conversion of HCVF.

## F5. Business strategy

### F5.1

**(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	5-10	Wood fiber is the principal raw material used by the Company's Pulp and Paper business, comprising approximately 20% of the consolidated cost of sales in 2020. Wood fiber is a commodity, and prices historically have been impacted by a variety of factors. The primary source for wood fiber is timber. Environmental litigation and regulatory developments, alternative use for energy production and reduction in harvesting related to the housing market, have caused, and may cause in the future, significant reductions in the amount of timber available for commercial harvest in the United States



			<p>and Canada. In addition, future domestic or foreign legislation and litigation concerning the use of timberlands, the protection of endangered species, the promotion of forest health and the response to and prevention of catastrophic wildfires could also affect timber supplies. Availability of harvested timber may be further limited by adverse weather, fire, insect infestation, disease, ice storms, wind storms, flooding and other natural and man-made causes, thereby reducing supply and increasing prices. Wood fiber pricing is subject to regional market influences, and the Company's cost of wood fiber may increase in particular regions due to market shifts in those regions. Any sustained increase in wood fiber prices would increase the Company's operating costs, and the Company may be unable to increase prices for its products in response to increased wood fiber costs due to additional factors affecting the demand or supply of these products.</p> <p>The Company currently meets its wood fiber requirements by purchasing wood fiber from third parties and by harvesting timber pursuant to its forest licenses and forest management agreements. If the Company's cutting rights, pursuant to its forest licenses or forest management agreements are reduced, or any third-party supplier of wood fiber stops selling or is unable to sell wood fiber to the Company, its financial condition or results of operations could be materially and adversely affected.</p>
<p>Strategy for long-term objectives</p>	<p>Yes, forests-related issues are integrated</p>	<p>5-10</p>	<p>Wood fiber is the principal raw material used by the Company's Pulp and Paper business, comprising approximately 20% of the consolidated cost of sales in 2020. Wood fiber is a commodity, and prices historically have been impacted by a variety of factors. The primary source for wood fiber is timber. Environmental litigation and regulatory developments, alternative use for energy production and reduction in harvesting related to the housing market, have caused, and may cause in the future, significant reductions in the amount of timber available for commercial harvest in the United States and Canada. In addition, future domestic or foreign legislation and litigation concerning the use of timberlands, the protection of endangered species, the promotion of forest health and the response to and prevention of catastrophic wildfires could also affect timber supplies. Availability of harvested timber may be further limited by adverse weather, fire, insect infestation, disease, ice storms, wind storms, flooding and other natural and man-made causes, thereby reducing supply and increasing prices. Wood fiber pricing is subject to regional market influences, and the Company's cost of wood fiber may increase in particular regions due to market shifts in those regions. Any sustained increase</p>



			<p>in wood fiber prices would increase the Company’s operating costs, and the Company may be unable to increase prices for its products in response to increased wood fiber costs due to additional factors affecting the demand or supply of these products.</p> <p>The Company currently meets its wood fiber requirements by purchasing wood fiber from third parties and by harvesting timber pursuant to its forest licenses and forest management agreements. If the Company’s cutting rights, pursuant to its forest licenses or forest management agreements are reduced, or any third-party supplier of wood fiber stops selling or is unable to sell wood fiber to the Company, its financial condition or results of operations could be materially and adversely affected.</p>
Financial planning	Yes, forests-related issues are integrated	5-10	<p>Wood fiber is the principal raw material used by the Company’s Pulp and Paper business, comprising approximately 20% of the consolidated cost of sales in 2020. Wood fiber is a commodity, and prices historically have been impacted by a variety of factors. The primary source for wood fiber is timber. Environmental litigation and regulatory developments, alternative use for energy production and reduction in harvesting related to the housing market, have caused, and may cause in the future, significant reductions in the amount of timber available for commercial harvest in the United States and Canada. In addition, future domestic or foreign legislation and litigation concerning the use of timberlands, the protection of endangered species, the promotion of forest health and the response to and prevention of catastrophic wildfires could also affect timber supplies. Availability of harvested timber may be further limited by adverse weather, fire, insect infestation, disease, ice storms, wind storms, flooding and other natural and man-made causes, thereby reducing supply and increasing prices. Wood fiber pricing is subject to regional market influences, and the Company’s cost of wood fiber may increase in particular regions due to market shifts in those regions. Any sustained increase in wood fiber prices would increase the Company’s operating costs, and the Company may be unable to increase prices for its products in response to increased wood fiber costs due to additional factors affecting the demand or supply of these products.</p> <p>The Company currently meets its wood fiber requirements by purchasing wood fiber from third parties and by harvesting timber pursuant to its forest licenses and forest management agreements. If the Company’s cutting rights, pursuant to its forest licenses or forest management agreements are</p>

			reduced, or any third-party supplier of wood fiber stops selling or is unable to sell wood fiber to the Company, its financial condition or results of operations could be materially and adversely affected.
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## F6. Implementation

### F6.1

**(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?**

Yes

### F6.1a

**(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.**

---

**Target reference number**

Target 1

**Forest risk commodity**

Timber products

**Type of target**

Third-party certification

**Description of target**

**Linked commitment**



**Traceability point**

**Third-party certification scheme**

FSC Forest Management certification  
FSC Chain of Custody

**Start year**

2010

**Target year**

2020

**Quantitative metric**

**Target (number)**

**Target (%)**

20

**% of target achieved**

95

**Please explain**

Domtar has a goal to increase the level of Forest Stewardship Council® (FSC®) certified fiber procured for our pulp and paper mills to 20 percent of total fiber used by the end of 2020.



In 2020, we procured 19 percent of total fiber used from FSC-certified sources. This declined after meeting our goal the two previous years. This is a slight increase from 2019.

## F6.2

**(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?**

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes			

### F6.2a

**(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).**

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	Municipality or equivalent	100

## F6.3

**(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?**

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	100

### F6.3a

**(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.**

---

**Forest risk commodity**

Timber products

**Third-party certification scheme**

SFI Fiber Sourcing certification

**Chain-of-custody model used**

**% of total production/consumption volume certified**

100

**Form of commodity**

Hardwood logs

Softwood logs

Sawn timber, veneer, chips

**Volume of production/ consumption certified**

15,106,000

**Metric for volume**

Other, please specify

Green metric tons of chip equivalent

**Is this certified by more than one scheme?**

**Please explain**

Domtar is committed to the sourcing of virgin fiber from credible, third-party verified certification systems. In 2020, all of our virgin fiber requirements met SFI Fiber Sourcing standards.

---

**Forest risk commodity**

Timber products



**Third-party certification scheme**

FSC Chain of Custody

**Chain-of-custody model used**

**% of total production/consumption volume certified**

100

**Form of commodity**

Hardwood logs

Softwood logs

Sawn timber, veneer, chips

**Volume of production/ consumption certified**

2,823,000

**Metric for volume**

Other, please specify

Green short ton chip equivalents

**Is this certified by more than one scheme?**

No

**Please explain**

Domtar has a preference for third-party certified fiber with FSC being the primary goal in our fiber procurement. In 2020, 19% of the wood fiber Domtar purchased for our pulp and paper mills came from FSC-certified forests, tracked through our FSC chain-of-custody (CoC) system. Domtar has a multi-site FSC CoC certificate that covers 100% of our pulp and paper manufacturing and converting facilities. 100% of the fiber Domtar procures meets the FSC Controlled Wood Standard for exclusion of unacceptable material (i.e., wood harvested illegally, wood harvested in violation of traditional and civil rights, wood harvested from forests with a high conservation value that is threatened by management activities, wood harvested from forests being converted to plantations or non-forest use and wood from forests in which genetically modified trees are planted).

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**Forest risk commodity**

Timber products

**Third-party certification scheme**

SFI Chain of Custody

**Chain-of-custody model used**

**% of total production/consumption volume certified**

22

**Form of commodity**

Hardwood logs

Softwood logs

Sawn timber, veneer, chips

**Volume of production/ consumption certified**

3,406,000

**Metric for volume**

Other, please specify

Green short ton chip equivalents

**Is this certified by more than one scheme?**

**Please explain**

This volume is purchased with SFI certification or certified under the Canadian Standards Association as an eligible SFI input. This is roughly a 6.5% increase over 2019 volumes.



## F6.4

**(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

	A system to control, monitor or verify compliance
Timber products	Yes, we have a system in place, but for other commitments

## F6.5

**(F6.5) For your disclosed commodity(ies), indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code.**

	Do you collect data regarding compliance with the Brazilian Forest Code?	Please explain
Timber products	No, we do not collect data	Not relevant for our fiber sourcing basin. The small amount of pulp purchased from Brazil is FSC COC certified.

## F6.6

**(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.**

	Assess legal compliance with forest regulations
Timber products	Yes, from owned and/or managed land

## F6.6a

**(F6.6a) For you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.**



**Timber products**

**Procedure to ensure legal compliance**

100% of owned and managed lands are certified to at least one third-party scheme. Compliance with all applicable laws and regulations is assessed as part of these audits. There is no history of non-conformance. Imported fiber is certified to an FSC Chain of Custody.

**Country/Area of origin**

Brazil

**Law and/or mandatory standard(s)**

**Comment**

We rely on the accuracy of the FSC certificate to ascertain compliance with the laws in the relevant jurisdiction.

**F6.7**

**(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?**

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Yes, working with smallholders				<p>Locally-sourced wood is the lifeblood of our pulp and paper mills. We have an economic interest in keeping the forests near our mills as forests and promoting sustainable forestry practices – everywhere we operate.</p> <p>Our mills purchased 15.1 million green short tons of wood chips in 2020, the majority from small landowners and local suppliers,</p>



				<p>especially for our mills in the southern U.S.</p> <p>While it is widely recognized that our wood suppliers are responsible forest stewards, some customers seek documentation of sustainable practices. In some cases, this may include certification from recognized organizations such as the Forest Stewardship Council® (FSC®).</p> <p>Our challenge is getting small landowners to see the value in certifying their forest lands when they feel they are already managing their land well. As certification requires technical and financial resources, landowners need to be convinced these additional resources are worth the investment. That is why Domtar has supported more forest landowners in certifying their operations.</p> <p>Domtar is a founder and supporter of the Appalachian Woodlands Alliance (AWA), a multi-party effort led by the Rainforest Alliance in a 67,000-square-mile area of Georgia, Kentucky, North Carolina, South Carolina, Tennessee, Virginia and West Virginia. The AWA is piloting a Smallholder Access Program designed to develop new and more efficient tools that provide the benefits of FSC certification to small landowners through existing procurement efforts.</p> <p>We are also the driving force behind the Four States Timberland Owners Association (FSTOA) in Ashdown, Arkansas, which provides small landowners with simple, useful tools for achieving FSC certification.</p> <p>Created in 2012 under the leadership of our Ashdown, Arkansas, mill, FSTOA has grown steadily to reach over 258 members with a</p>
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					total of 632,606 acres of FSC-certified woodland. With industry partners, Domtar has helped fund the certification process and make it more manageable for small landowners.
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### F6.8

**(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?**

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Financial and commercial incentives			We support the several landowner certification initiatives that have been mentioned. We also pay several million dollars per year to suppliers in premiums for certified fiber.

### F6.9

**(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?**

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Yes, working beyond first tier	Other		We are supporting the Forest Stewards Guild (FSG) efforts to provide information to landowners in fiber basins that have been identified by FSC to have higher conservation values. FSG already has a much more effective outreach network than Domtar could develop and we are fortunate to be able to leverage their expertise in this area.

## **F6.10**

**(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**

---

### **Forest risk commodity**

Timber products

### **Do you participate in activities/initiatives?**

Yes

### **Activities**

Engaging with communities

### **Initiatives**

### **Jurisdictional approaches**

### **Please explain**

The Wabigoon and Trout Lake Forests are managed by Domtar on behalf of the Province of Ontario under the Crown Forest Sustainability Act. Within this context, we work with nine adjacent First Nation communities to build mutually beneficial relationships, recognizing that each community is unique in its geography, leadership and interests.

We believe that developing and maintaining effective working relationships with First Nation communities in the region is the right thing to do. It is a requirement of independent, third-party forest certification; however, we believe it cannot be genuinely pursued strictly for certification purposes. We believe this work holds a deeper value for our company and we therefore continue our long-standing efforts to build and maintain effective relationships with First Nation communities. First Nations hold many of their values and business dealings in confidence. We deeply

respect these wishes of the First Nations, and we strive to work with them with the utmost of integrity.

Given the diversity and uniqueness of each community, we strive to customize our approach with each community through respectful dialogue in an effort to engage in a meaningful way - building relationships, community support, and managing the lands we share.

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### **Forest risk commodity**

Timber products

### **Do you participate in activities/initiatives?**

Yes

### **Activities**

Involved in multi-partnership or stakeholder initiatives

### **Initiatives**

Forest Stewardship Council (FSC)

Programme for the Endorsement of Forest Certification (PEFC)

Sustainable Forestry Initiative (SFI)

Other, please specify

FSTOA, AWA

### **Jurisdictional approaches**

### **Please explain**

Domtar is working with landowners, partners and NGOs. Domtar contributes to efforts such as Rainforest Alliance's Appalachian Woodland Alliance project focusing on sustainable forestry in the Southeastern U.S., and the Four States Timberland Owners Association (FSTOA) group forest certification model at our mill in Ashdown, Arkansas. These examples and more help encourage land certification through demonstrating





its benefits. Additionally, Domtar's continued commitment to bringing certified pulp and paper products to the market helps raise customer awareness and drive demand for responsibly produced and sourced pulp and paper.

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**Forest risk commodity**

Timber products

**Do you participate in activities/initiatives?**

Yes

**Activities**

Engaging with non-governmental organizations

**Initiatives**

**Jurisdictional approaches**

**Please explain**

Domtar utilizes a fiber Due Diligence System that includes third-party audited compliance with the FSC Controlled Wood Standard and PEFC non-controversial sources. Domtar strives for leadership in forest management by adhering to sustainable forest principles on all lands owned by or licensed to us and by preferring suppliers with like principles. Domtar is committed to renewing the forest by promptly regenerating forests in accordance with recognized standards and taking corrective action when necessary to prevent forest degradation.

In addition to engaging with independent, third-party forestry certification organizations, Domtar also works to engage with organizations such as Rainforest Alliance, and WWF to grow and support sustainable forestry in areas where we rely on and operate. Initiatives include: WWF Global Forest and Trade Network in North America, and Rainforest Alliance Appalachian Woodlands Alliance, both of which focus on and promote sustainable forestry practices in North America.

## F6.11

**(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?**

No

## F7. Verification

### F7.1

**(F7.1) Do you verify any forests information reported in your CDP disclosure?**

No, we are waiting for more mature verification standards/processes

## F8. Barriers and challenges

### F8.1

**(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.**

---

**Forest risk commodity**

Timber products

**Coverage**

Supply chain

**Primary barrier/challenge type**

Supply chain complexity

**Comment**

With the complexity of the fiber supply chain in North America it is not possible to eliminate small volumes of fiber that results in legal conversion from the supply chain. We do not accept fiber from conversion of high conservation value forest or from areas/projects with a high level of local social resistance to the legal conversion.

**F8.2**

**(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.**

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**Forest risk commodity**

Timber products

**Coverage**

Supply chain

**Main measure**

**Comment**

Better market incentives for landowners to keep land forested.

**F17 Signoff**

**F-FI**

**(F-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.**



## F17.1

**(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

	<b>Job Title</b>	<b>Corresponding job category</b>
Row 1	VP Fiber Procurement	Chief Procurement Officer (CPO)

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	<b>I am submitting to</b>	<b>Public or Non-Public Submission</b>
I am submitting my response	Investors	Public

**Please confirm below**

I have read and accept the applicable Terms