

Welcome to your CDP Forests Questionnaire 2022

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 174 years of manufacturing; today we have approximately 6,100 employees serving more than 50 countries around the world.

Our operations include 11 pulp, paper and packaging mills in the United States and Canada and 9 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 40 percent of our wood deliveries in 2021 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 165,000 hectares of forest that we own and 6.6 million hectares of forest that we manage in Quebec and Ontario, Canada.

In our pulp, paper and packaging mills, we are working toward greater efficiency fueled by renewable energy. In 2021, 70 percent of the energy for these mills came from renewable sources, and the mills generated an equivalent of 68 percent of their electricity needs.

In March 2022, Domtar announced six sustainability focus areas for 2030 and beyond: verified fiber sourcing, greenhouse gas emissions, water stewardship, employee safety, community engagement and diversity and inclusion. More specifically, our goal is to become a net zero emitter of greenhouse gases by 2050.

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, to empower our employees and to enrich our communities.

Domtar's annual sales are approximately \$3.7 billion. Domtar's principal executive office is in Fort Mill, South Carolina. To learn more, visit 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, 2021	December 31, 2021

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	Production Processing Manufacturing
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

F0.6

(F0.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a CUSIP code	CUSIP257559AJ3
Yes, a CUSIP code	CUSIP 257559AK0
Yes, a CUSIP code	CUSIP 70478JAA2

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

Canada

Chile

Italy

United States of America

% of procurement spend

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 & 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,</p>

		<p>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 obtained from third parties, directly or indirectly from public lands and through designated wood supply allocations. The fiber used at our Kamloops pulp mill (sold May 12, 2022, to Kruger Specialty Papers Holding L.P.) 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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F1.3

(F1.3) Provide details on the land area you control and/or manage that is used for the production of your disclosed commodity(ies).

Forest risk commodity

Timber products

Type of control

Own land

Country/Area

Canada

Land type

Managed natural forests

Area (Hectares)

165,000

% Area certified

100

Certification scheme

FSC Forest Management certification

SFI Forest Management Standard certification

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

Area of natural ecosystems converted during the last 5 years (hectares)

Please explain

Forest risk commodity

Timber products

Type of control

Concession/lease

Country/Area

Canada

Land type

Managed natural forests

Area (Hectares)

6,600,000

% Area certified

100

Certification scheme

FSC Forest Management certification

SFI Forest Management Standard certification

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

Area of natural ecosystems converted during the last 5 years (hectares)

Please explain

F1.4

(F1.4) Provide details on the land you control and/or manage that was not used for the production of your disclosed commodity(ies) in the reporting year.

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 figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

15,800,000

Metric for commodity production/ consumption volume

Other, please specify

Green Short Tons Chip Equivalent

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

% of reported volume verified as deforestation- and/or conversion-free

Please explain

Forest risk commodity

Timber products

Data type

Production data

Commodity production/ consumption volume

4,400,000

Metric for commodity production/ consumption volume

Other, please specify

Short tons salable pulp and paper

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

% of reported volume verified as deforestation- and/or conversion-free

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.

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 and Italy.

F1.6

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

No

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

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

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



Issues considered

Stakeholders considered

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.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

	Value chain mapping
Timber products	Yes, we have partially mapped the value chain

F2.2a

(F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).



Forest risk commodity

Timber products

Scope of value chain mapping

Tier 1 suppliers

% of total suppliers covered within selected tier(s)

0

Description of mapping process and coverage

Domtar wood procurement tracks all virgin wood fiber to the state and county level
All non-Domtar pulp is brought in as certified.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

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.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Other reputational and market 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?

No, we do not have this 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

Forest risk commodity

Timber products

Type of risk

Acute physical

Geographical scale

State or equivalent

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Primary potential impact

Supply chain disruption

Company-specific description

Wood fiber is a commodity, prices and availability 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.

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

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.

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 the Four States Timberland Owners Association (FSTOA) group forest certification model at our mill in Ashdown, Arkansas. This example 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?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

2,000,000

Potential financial impact figure – maximum (currency)

6,000,000

Explanation of financial impact figure

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 the Four States Timberland Owners Association (FSTOA) group forest certification model at our mill in Ashdown, Arkansas. This 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?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

2,000,000

Potential financial impact figure – maximum (currency)

6,000,000

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
Other, please specify VP Sustainability	Domtar's VP Sustainability 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	Monitoring implementation and performance	Domtar's 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

	Overseeing acquisitions and divestiture Overseeing major capital expenditures Reviewing and guiding annual budgets Reviewing and guiding business plans 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	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.
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F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Not assessed

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	Please explain
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		forests-related issues	
Chief Executive Officer (CEO)	Both assessing and managing forests-related risks and opportunities	Quarterly	<p>Domtar executes our commitment to sustainability at every level and every location across the company. 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 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>

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	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.

			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.
Non-monetary reward			

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 Recognition of the overall importance of forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy Description of forests-related performance	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.

		standards for direct operations Description of forests-related standards for procurement	
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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	Commitment to protect rights and livelihoods of local communities Commitment to stakeholder awareness and engagement Recognition of the overall importance of forests and other natural ecosystems	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.

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

No target date

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.

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 23% of the consolidated cost of sales in 2021. 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

			<p>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>
Strategy for long-term objectives	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 23% of the consolidated cost of sales in 2021. 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</p>

			<p>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>
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 23% of the consolidated cost of sales in 2021. 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</p>

			<p>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>
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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?

No

F6.1b

(F6.1b) Why do you not have target(s) for increasing sustainable production and/or consumption of your disclosed commodity(ies) and what are your plans to develop these in the future?

	Primary reason	Please explain
Timber products	Other, please specify Supply Chain	Domtar continuously strives to improve our amount of certified wood fiber by working with landowners and our certification partners. Due to Domtar's limited land ownership, we are heavily reliant on our supply chain and have limited ability to dictate the amount of certified fiber in our procurement areas.

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

15,800,000

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 2021, 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

13

Form of commodity

Hardwood logs

Softwood logs

Sawn timber, veneer, chips

Volume of production/ consumption certified

2,050,000

Metric for volume

Other, please specify

Green metric tons of chip equivalent

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 2021, 13% 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).

Forest risk commodity

Timber products

Third-party certification scheme

SFI Chain of Custody

Chain-of-custody model used

% of total production/consumption volume certified

27

Form of commodity

- Hardwood logs
- Softwood logs
- Sawn timber, veneer, chips

Volume of production/ consumption certified

4,300,000

Metric for volume

- Other, please specify
- Green metric tons of chip equivalent

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.

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

F6.7

(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 15.8 million green short tons of wood chips in 2021, the majority from small landowners and local suppliers, 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</p>

					<p>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>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. Created in 2012 under the leadership of our Ashdown, Arkansas, mill, FSTOA has grown steadily to reach over 260 members with a total of 610,353 acres of FSC-certified woodland. With industry partners, Domtar has helped fund the certification process and make it more manageable for small landowners.</p>
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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.
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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 engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

	Do you engage in landscape/jurisdictional approaches?
Row 1	

F6.11

(F6.11) Do you participate in any other 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

Country/Area

Subnational area

Initiatives

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.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Subnational area

Initiatives

Forest Stewardship Council (FSC)

Programme for the Endorsement of Forest Certification (PEFC)

Sustainable Forestry Initiative (SFI)

Other, please specify

FSTOA

Please explain

Domtar is working with landowners, partners and NGOs. Domtar contributes to efforts such as the Four States Timberland Owners Association (FSTOA) group forest certification model at our mill in Ashdown, Arkansas. This example 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.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Engaging with non-governmental organizations

Country/Area

Subnational area

Initiatives

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.

F6.12

(F6.12) 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

Value 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.

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.

	Job Title	Corresponding job category
Row 1	VP Wood Fiber Procurement	Chief Procurement Officer (CPO)

SF. Supply chain module

SF0.1

(SF0.1) What is your organization’s annual revenue for the reporting period?

	Annual revenue
Row 1	3,668,000,000

SF1.1

(SF1.1) In F6.3 you were asked “Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption”. Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?

No

SF1.1b

(SF1.1b) Why can you not indicate the percentage of certified volume sold to each of your requesting CDP supply chain members? Describe any future plans for adopting and communicating levels of certification to requesting members.



Requesting member

Forest risk commodity

Primary reason

Please explain

SF2.1

(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.

SF2.2

(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?

No

SF3.1

(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?

Timber products

Estimate GHG emissions and removals from land use and land use change

No, but plan to do so in the next two years

Please explain

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public



Please confirm below

I have read and accept the applicable Terms