Welcome to your CDP Climate Change Questionnaire 2023

C0. Introduction

C0.1

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

Domtar is a leading provider of a wide variety of fiber-based products including communication, specialty and packaging papers, market pulp and airlaid nonwovens. We have a proud history of 175 years of manufacturing; today we have approximately 6,300 employees serving more than 50 countries around the world. We are now a part of the Paper Excellence group of companies.

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 35 percent of our wood deliveries in 2022 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 2022, 70 percent of the energy for these mills came from renewable sources, and the mills generated an equivalent of 65 percent of their electricity needs.

Domtar has 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 develop a credible pathway 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 in educational, humanitarian and sustainability initiatives. 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 $4.6 billion. Domtar's principal executive office is in Fort Mill, South Carolina. To learn more, visit www.domtar.com.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1, 2022

End date

December 31, 2022

Indicate if you are providing emissions data for past reporting years

No

C0.3

(C0.3) Select the countries/areas in which you operate.

Canada
United States of America

C0.4

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

USD

C0.5

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

Financial control

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

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

	Relevance
Agriculture/Forestry	Direct operations only [Processing/manufacturing/Distribution only]
Processing/Manufacturing	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Distribution	Direct operations only [Processing/manufacturing/Distribution only]
Consumption	No

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

(C-AC0.6g/C-FB0.6g/C-PF0.6g) Why are emissions from the consumption of your products not relevant to your current CDP climate change disclosure?

Row 1

Primary reason

Other, please specify

Engagement with other stakeholders

Please explain

As a manufacturer, we support sector and local community initiatives for paper recovery and recycling as we feel it is more effective to partner with other stakeholders and advocacy groups to support responsible consumption and end-of-life management of the products Domtar and others in our industry produce.

Domtar has engaged with research institutions and trade organizations for better utilization of recovered fiber resources in a manner that is most beneficial for society and the environment. In addition, our Kingsport, TN, mill has forged partnerships with Material Recovery Facilities (MRFs) to expand access to recycled paper and paperboard sources for manufacturing 100% recycled linerboard. Domtar and other area industries are collaborating to attract and seek funding support for developing a Northeast Tennessee Regional MRF. The collection and re-use of fiber-based packaging materials and plastics (along with use of wood residuals as an energy source) could make the Tri-Cities area of Tennessee an example for how public/private partnerships can work to mitigate the issues of our filling landfills while building a truly circular economy. In May 2023, Domtar established a new corrugated recycling partnership with Food City where the mill will collect and recycle old corrugated containers from the chain's 140 stores and use them to produce 100-percent recycled linerboard and medium.

Domtar's mill in Kingsport, TN, restarted in January 2023, after undergoing a conversion to produce and market about 600,000 tons of high-quality, low-cost, recycled linerboard and corrugated medium annually, making the mill's machine the second largest recycled containerboard machine in North America.

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

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

Agricultural commodity

Timber

% of revenue dependent on this agricultural commodity

More than 80%

Produced or sourced

Both

Please explain

Wood fiber from sustainably managed and harvested forest resources is our primary raw material for our products. Our preference is to use wood fiber from third-party certified forests. To advance the sustainability of forest resources in our local wood procurement regions, we are working with small private landowners to lower the technical and financial hurdles to certify their forest resources. One of the ways we advance certification with small, private landowners is through group certification. A great success story is more than 609,484 acres (246,649 hectares) and 256 members have enrolled in the Domtar-supported Four States Timberland Owners Association group Forest Stewardship Council (FSC) certification (http://us.fsc.org/download.fsc-group-certification-handbook.361.htm), which reduces the financial and technical hurdles to forest certification for small, private landowners.

C0.8

(C0.8) 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 number	CUSIP257559AJ3

Yes, a CUSIP number	CUSIP 257559AK0
Yes, a CUSIP number	CUSIP 70478JAA2

C1. Governance

C1.1

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

No

C1.1c

(C1.1c) Why is there no board-level oversight of climate-related issues and what are your plans to change this in the future?

	Primary reason	Board-level oversight of climate-related issues will be introduced within the next two years	Please explain
Row 1	Domtar was acquired by Paper Excellence on November 30, 2021, and became a privately-owned company through this merger and Domtar's existing Board of Directors was dissolved.	Yes, we plan to do so within the next two years	Domtar's parent company (Paper Excellence) has acquired a number of new companies and facilities. The organizational structure is currently under review as the companies integrate and further review Executive management and oversight functions.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

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

Row 1	Not assessed

C1.2

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

Position or committee

Other committee, please specify

Management Committee

Climate-related responsibilities of this position

Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)

Integrating climate-related issues into the strategy

Setting climate-related corporate targets

Coverage of responsibilities

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

As important matters arise

Please explain

The CEO leads the Management Committee (MC) which consists of seven members of the Executive Management Team. The CEO and MC are the highest-level position and Committee within Domtar with responsibility for climate-related issues. The MC approves the company's ESG goals and directs short and long-term business strategies and investments in our manufacturing facilities, supply chains and people. The CEO regularly reports to Paper Excellence Group Management, which includes climate risks and opportunities. (NOTE: as of June 30, 2023,

Domtar's CEO retired and the highest-ranking officer for Domtar is now the EVP and COO, reporting into the Paper Excellence Management Board)

Position or committee

Other committee, please specify

Environmental, Social and Governance Committee (ESG)

Climate-related responsibilities of this position

Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing public policy engagement that may impact the climate
Managing value chain engagement on climate-related issues
Managing climate-related risks and opportunities
Other, please specify

Peer and value chain benchmarking on climate activities; Review of emerging decarbonization technologies

Coverage of responsibilities

Reporting line

Other, please specify

Management Committeee

Frequency of reporting to the board on climate-related issues via this reporting line

As important matters arise

Please explain

The ESG Committee is a ten-member, multi-discipline committee comprised of directors and vice presidents from governance, manufacturing, business operations, supply chain, energy services, marketing and sales, legal and sustainability. The SC looks holistically across the business to identify and assess risks and opportunities and reviews and approves climate-related goals and strategies. Two of the ESG Committee members are also members of the Management Committee.

Position or committee

Other, please specify

Greenhouse Gas Working Group

Climate-related responsibilities of this position

Developing a climate transition plan
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Other, please specify

Peer and value chain benchmarking on climate activities; Identify and evaluate emerging decarbonization technologies; Maintain and report GHG emission inventories; Track emerging climate policy, regulations and voluntary initiatives.

Coverage of responsibilities

Reporting line

Other, please specify

Environmental, Social and Governance Committee (ESG)

Frequency of reporting to the board on climate-related issues via this reporting line

Half-yearly

Please explain

The Greenhouse Gas (GHG) Working Group (WG) is a multi-disciplinary team of managers and senior leaders from supply chain, engineering, environment, manufacturing, energy procurement, government relations and sustainability from the corporate level. The GHG WG also includes the Acting Head of Carbon Strategy for the Paper Excellence Group. The GHG WG is tasked with developing short-term and long-term decarbonization strategies to meet our net zero pathway by 2050 goal. In addition, the GHG WG identifies and evaluates climate-related supply chain risks and opportunities for review and discussion at the ESG and Management committees.

Position or committee

Facility manager

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities
Other, please specify
Managing supply chain for raw materials

Coverage of responsibilities

Reporting line

Operations - COO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

As important matters arise

Please explain

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

C1.3

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

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

C2. Risks and opportunities

C2.1

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

Yes

C2.1a

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

	From (years)	To (years)	Comment

Short-term	1	2	The time horizon for assessing climate-related risks and opportunities is aligned with other business practice time horizons.
Medium-term	3	5	The time horizon for assessing climate-related risks and opportunities is aligned with other business practice time horizons.
Long-term	6	20	The time horizon for assessing climate-related risks and opportunities is aligned with other business practice time horizons. We are also looking out to 2050 with respect to our goal to develop a credible pathway to achieve net zero GHG emissions by 2050.

C2.1b

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

Domtar evaluates issues of material or substantive financial or strategic impact considering the Securities and Exchange Commission guidelines on materiality. Fundamentally, it is an area of judgement where Domtar uses both quantitative and qualitative factors appropriate to the situation being evaluated.

C2.2

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

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Annually

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

Domtar actively follows current and proposed climate legislation and regulations in the various jurisdictions in which it has operations and assesses the potential risks and opportunities at both the facility and company level. The company also monitors non-regulatory trends and activities to identify potential risks and opportunities and areas for potential engagement. We regularly engage with our suppliers and customers to better understand their business and climate initiatives and look for partnership opportunities to improve our environmental footprints.

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

Both the GHG Working Group and the ESG Committee look more holistically across the business to identify, assess and review potential climate-related risks and opportunities for the business to ensure customer product and service needs are fulfilled.

On a regular basis, climate-related matters that could impact business strategies are assessed and reviewed with the Management Committee.

C2.2a

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

	Relevance & inclusion	Please explain

Current regulation	Relevant, always included	Regulatory compliance is an expectation and a risk which is routinely assessed at both the facility and company levels.
Emerging regulation	Relevant, always included	Emerging regulations are tracked and impacts to the business are assessed and communicated within the organization. Significant business risks are communicated to senior leadership.
Technology	Relevant, always included	Technology developments and advancements are routinely monitored and assessed to ensure they meet business needs, product specifications and other customer requirements. Domtar is actively involved with third-party groups to help identify low-carbon technologies for our manufacturing processes and we advocate for public-private sector funding to incentivize innovation.
Legal	Relevant, always included	Legal resources are consulted as needed. Our Legal Department "owns" the overall Enterprise Risk Management (ERM) process and is regularly informed of potential business risks. They also oversee climate-related legal matters.
Market	Relevant, always included	Potential market risks from supply disruptions and impacts to customers are continually reviewed, assessed and mitigation plans implemented. We follow development of decarbonization plans of our key customers to ensure our products remain relevant and help our customers meet their business objectives in a low-carbon economy. Our products are largely made from renewable resources and are recyclable, which supports a low-carbon, circular economy.
Reputation	Relevant, always included	We routinely engage with customers and other stakeholders on our sustainable business practices and efforts to mitigate risk. We work with our value chain to support shared decarbonization objectives. We regularly report and share our GHG emissions and product carbon-intensity with our stakeholders as well as our challenges and opportunities.
Acute physical	Relevant, always included	The impact on business disruptions from major weather events and equipment and process failures are routinely assessed. The wide distribution of our manufacturing locations and the ability to manufacture similar products at multiple locations is part of our preparedness plan to minimize business disruption. We also maintain adequate levels raw materials and product inventory for strategic customers to minimize potential supply disruptions.
Chronic physical	Relevant, always included	If major disruption events were to be reoccurring, adaptation measures would be employed to minimize the impact to our business. The wide distribution of our manufacturing locations and the ability to manufacture similar products at multiple locations is part of our preparedness plan to minimize business disruption and increase resiliency.

C2.3

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

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical

Other, please specify

Increased frequency, severity and duration of severe weather events such as heavy precipitation/flooding, wildfires, extreme heat waves, drought, extreme cold weather events, hurricanes and tornadoes.

Primary potential financial impact

Decreased revenues due to reduced production capacity

Company-specific description

Weather-related issues impacting the ability of our manufacturing facilities to operate due to damaged infrastructure and/or plant/property, lack of availability of raw materials, lack of ability for employees to get to work and lack of ability to get final products to customers.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Cost of response to risk

Description of response and explanation of cost calculation

Comment

C2.4

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

Yes

C2.4a

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

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

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

Primary potential financial impact

Other, please specify

Substitute for hydrocarbon-based products

Company-specific description

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

for use in new products.

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

One recent example is Domtar’s winning submission to the Beyond the Bag Challenge, led by the Consortium to Reinvent the Retail Bag — a collaboration convened by Closed Loop Partners with leading retailers, environmental partners, global design firm IDEO and others. Domtar's innovation is a 100 percent paper-based material that is sourced from a renewable natural resource, robust enough for limited reuse in a bag application and curbside recyclable. The product boasts the following properties not commonly associated with paper:

-Stretchable — This unique product stretches and flexes up to 40 percent.
-Strong — The durable material is stronger than conventional Kraft bag paper.
-Lightweight — Domtar’s material is up to 47 percent lighter than conventional bag paper.
-Sustainable — This paper is responsibly sourced and curbside recyclable after its intended end use.

The result is a lighter weight carrier bag material with superior qualities, reduced material content and a lower environmental impact. Domtar recently completed construction of a pilot machine at our Hawesville, KY, mill to advance the product to commercialization. More details on this innovation can be found at: https://newsroom.domtar.com/domtar-bag-challenge/.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Unknown.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

Proprietary.

Comment

Proprietary.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Other, please specify

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

Company-specific description

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Current revenue source at some pulp and paper mills.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

Proprietary.

Comment

Proprietary.

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a climate transition plan within two years

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future

Domtar has established a goal to develop a credible pathway to become a net zero emitter of Scope 1 and 2 greenhouse gas emissions by 2050; this is our long-term objective. The company is also evaluating establishing a mid-term, interim GHG emission reduction milestones to help guide our GHG emissions reduction transition towards net zero. We plan to complete a high-level screening to determine relevant Scope 3 emissions in the near future.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy
Row 1	Yes, qualitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
	Company-wide		Domtar conducts scenario planning for business disruptions including our supply chain, manufacturing facilities and outbound logistics to supply our customers. We also address impacts to our facilities resulting from availability of energy and raw materials due to weather-related events. In addition, we evaluate accessibility of forestlands for harvest operations due to weather events, fire-related events and other natural causes (e.g., insect infestations). Acute Physical: The impact on business disruptions from major weather events and equipment and process failures are routinely assessed. The wide distribution of our manufacturing locations and the ability to manufacture similar products at multiple locations is part of our preparedness plan to minimize business disruption. We also maintain adequate levels raw materials and product inventory for strategic customers to minimize potential supply disruptions. Chronic Physical: If major disruption events were to be reoccurring, adaptation measures would be employed to minimize the impact to our business. For example, we have already taken measures to install additional freeze-protection measures at our Southern US mills due to recent cold-weather events. The wide distribution of our manufacturing locations and the ability to manufacture similar

			products at multiple locations is part of our preparedness plan to minimize business disruption and increase resiliency.
	Company-wide		While many of these transitional activities have been ongoing and managed within the responsible company business functional areas, they are now becoming more of a global and focused conversation and across the organization with our respective leadership teams and executive management. Cross-functional conversations across the business are occurring to better understand the risks and opportunities associated with climate change and planning for resiliency and adaptation approaches. Current and Emerging Regulation: Compliance with existing regulatory requirements is an expectation and a risk which is routinely assessed at both the facility and company level. We also actively track emerging regulations and potential impacts to the business are assessed along with potential compliance approaches and communicated within the organization. Significant business risks are communicated to senior leadership. Technology: Technology developments and advancements to decarbonize our manufacturing processes are routinely monitored and assessed to ensure they meet business needs, product specifications and other customer requirements. Domtar is actively involved with third-party groups to identify low-carbon technologies for our manufacturing processes, and we advocate for public-private sector funding to incentivize innovation. We have identified the carbon "hotspots" within our manufacturing processes and are seeking low carbon solutions. Legal: Legal oversees climate-related legal matters and is actively involved with creating agreements and contracts with technology and other business partners. Market: Potential market risks from supply disruptions and impacts to customers are continually reviewed, assessed and mitigation plans implemented. We follow development of decarbonization plans of our key customers to ensure our products remain relevant and help our customers meet their business objectives in a low-carbon economy. We consider the renewability of our products and support recycling infrastructure and certain policies needed for a low-carbon, circular economy.

			Reputation: We routinely engage with customers and other stakeholders on our sustainable business practices and efforts to mitigate risk. We work with our value chain to support shared decarbonization objectives. These conversations provide us with valuable insights to inform our scenario planning.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

Key questions include:
1) Physical Impacts of weather-related events to our manufacturing operations.
2) Impacts of changing climate on raw material availability.
3) Shifting market demand and customer requirements for pulp and paper products.

Results of the climate-related scenario analysis with respect to the focal questions

Actions Domtar has taken to address focal questions related to climate-related scenario analysis include: Improved inventory management, redundancy in ability to produce products in our manufacturing network, maintaining diversified suppliers, and engagement with customers to understand and meet shifting product and business requirements.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence

Products and services	Yes	Domtar is utilizing our expertise as renewable, fiber innovators to expand into growth businesses. We are transforming to produce higher-value, products for society by leveraging our extensive knowledge of wood fiber and the ability to extract the natural chemical building blocks of trees for use in new products. Domtar's specialty and packaging papers teams are working with current and potential new customers to help them replace single-use plastic products with lower-carbon, renewable, recyclable and/or biodegradable fiber-based products. As described in section C2.4a (Beyond the Bag Challenge), Domtar is working on innovations to replace plastic bags with ones made from 100 percent paper-based material that is sourced from a sustainably managed, renewable natural resource, and is robust enough for limited reuse in a bag application and curbside recyclable. We have completed installation of a pilot machine at our Hawesville, KY, mill to support commercialization of this product. Domtar's heavy reliance on biomass fuels and extensive co-generation systems allows us to generate renewable energy certificates (RECs) that can be purchased by others to meet their business requirements.
Supply chain and/or value chain	Yes	We continue to assess and evaluate decarbonization opportunities through partnerships with suppliers, customers and other business ventures. Domtar actively participates in sustainable forest management and harvesting practices. Our demand for locally sourced wood resources creates economic incentives for landowners to continue to maintain sustainably managed forests which provide society with recreational benefits, enhanced biodiversity and other ecological benefits such as carbon sequestration. Domtar, the American Forest Foundation and its partner, The Nature Conservancy, are supporting the Family Forest Carbon Program (FFCP) to enhance carbon sequestration in family-owned forest land across the United States. The FFCP represents a newer approach to climate change mitigation that taps into the carbon storage potential of family-owned forestland while creating a new market and source of income for the families that dedicate time and effort to their forest management. Families own 290 million acres of

		America's forests, more than state or federal governments and the forest industry, and many face costs as a barrier in managing their forestland. Domtar's support of the FFCP will expedite family forest owner outreach and will initially enable family forest owners to take action on their land in Pennsylvania where the program is being pilot tested. For more information about the program, please go to: https://www.forestfoundation.org/carbon. We are also engaging our suppliers and potential suppliers of raw materials and equipment to improve the cost and efficiency of our manufacturing processes and beginning to to work with the value chain on decarbonization.
Investment in R&D	Yes	Domtar is utilizing our expertise as renewable, fiber innovators to expand into growth businesses. We are transforming to produce higher-value, products for society by leveraging our extensive knowledge of wood fiber and the ability to extract the natural chemical building blocks of trees for use in new products. Domtar is actively involved with third-party groups to help identify low-carbon technologies for our manufacturing processes, and we advocate for public-private sector funding to incentivize innovation.
Operations	Yes	Domtar can produce similar products at multiple locations, which minimizes business disruption to our customers. Domtar contracts with multiple suppliers of raw materials and transport to minimize inbound and outbound supply risks to our operations.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs	Domtar actively forecasts, budgets and manages carbon-related costs and emissions in the jurisdictions with carbon-pricing programs (i.e., Canada). We have developed an internal price on carbon and are working on an implementation approach for projects in jurisdictions that currently do not have regulatory carbon-pricing programs (i.e., United States).

	Capital expenditures Acquisitions and divestments Access to capital Assets	Domtar plans to utilize an internal price on carbon to inform project planning and capital allocation for future operating scenarios. Domtar is developing carbon reduction roadmaps for Scope 1 and 2 GHG emissions for its manufacturing facilities as we transition the business to achieving our long-term, net zero by 2050 goal. Domtar sells renewable energy and renewable energy certificates from cogeneration assets largely fueled by renewable, biomass fuels. Domtar is regularly looking for opportunities to partner with other entities on research and product development for a low-carbon economy.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition
Row 1	No, but we plan to in the next two years

C4. Targets and performance

C4.1

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

No target

C4.1c

(C4.1c) Explain why you did not have an emissions target, and forecast how your emissions will change over the next five years.

	Primary reason	Five-year forecast	Please explain
Row 1	We are planning to introduce a target in the next two years		Domtar has a target to develop a credible pathway to become a net-zero emitter of greenhouse gas emissions by 2050. Domtar's pulp and paper mills have reduced absolute Scope 1 and 2 (market-based) greenhouse gas emissions 30% since 2010.

C4.2

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

No other climate-related targets

C4.3

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

Yes

C4.3a

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	3	62,000

To be implemented*		
Implementation commenced*		
Implemented*		
Not to be implemented		

C4.3b

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

Initiative category & Initiative type

Energy efficiency in production processes

Waste heat recovery

Estimated annual CO2e savings (metric tonnes CO2e)

7,000

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

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

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

Payback period

Estimated lifetime of the initiative

Comment

Two projects to reduce primary boiler steam use (and respective natural gas fuel use) by reusing lower temperature and pressure "waste" heat in other process applications have been identified and are currently going through Domtar's capital allocation process.

Initiative category & Initiative type

Estimated annual CO2e savings (metric tonnes CO2e)

55,000

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

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

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

Payback period

Estimated lifetime of the initiative

Comment

Fuel switching through conversion of coal to natural gas in a power boiler.

C4.3c

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

Method	Comment
Compliance with regulatory requirements/standards	In Canada, where our mills are subject to regulatory-driven, carbon pricing programs, the mills have a heightened focus on identifying and implementing projects that improve energy efficiency and reduce fossil fuel use. We are developing more consistent reporting and forecasting tools to create additional visibility across the organization of current and future carbon costs to drive further emission reduction activities.
Partnering with governments on technology development	Domtar is a member of the Alliance for Pulp & Paper Technology Innovation (APPTI). In 2021, APPTI formed a Net Zero Pathfinding Team focused on identifying platform technologies for the U.S. pulp & paper industry to achieve net zero greenhouse gas emissions by 2050. Domtar is actively participating in this work, which includes identifying opportunities to work with government on technology development.
Employee engagement	Domtar's EarthChoice Ambassador Program offers employees opportunities to engage and provide input on sustainability improvements in our facilities and our communities.
Internal price on carbon	We have developed an internal price on carbon and are working on an implementation approach for projects in jurisdictions that currently do not have regulatory carbon-pricing programs (i.e., United States). Domtar plans to utilize an internal price on carbon to inform project planning and capital allocation for future operating scenarios.
Other Investments in forest carbon sequestration	Domtar, the American Forest Foundation and its partner, The Nature Conservancy, are supporting the Family Forest Carbon Program (FFCP) to enhance carbon sequestration in family-owned forest land across the United States. The FFCP represents a newer approach to climate change mitigation that taps into the carbon storage potential of family-owned forestland while creating a new market and source of income for the families that dedicate time and effort to their forest management. For more details, please go to: https://forestfoundation.org/carbon.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation

Product or service

Taxonomy used to classify product(s) or service(s) as low-carbon

Other, please specify

Generation and sale of renewable energy certificates (RECs) and renewable energy from hydropower and cogeneration of carbon-neutral biomass fuels

Type of product(s) or service(s)

Description of product(s) or service(s)

Renewable energy sales and/or renewable energy attributes (i.e., RECs).

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

Yes

Methodology used to calculate avoided emissions

Other, please specify

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

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Gate-to-gate

Functional unit used

Metric ton CO2 equivalents

Reference product/service or baseline scenario used

Carbon intensity of purchased electricity from electrical grid from within the region the REC is generated.

Life cycle stage(s) covered for the reference product/service or baseline scenario

Gate-to-gate

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario

Explain your calculation of avoided emissions, including any assumptions

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

Yes, an acquisition

Name of organization(s) acquired, divested from, or merged with

Acquired the West Carrollton, OH, thermal paper coating business in the United States in April 2020 from Appvion Operations, Inc.

Details of structural change(s), including completion dates

Domtar acquired the West Carrollton, OH, thermal paper coating business in the United States in April 2020 from Appvion Operations Inc. The company has quantified Scope 1 and 2 GHG emissions back to 2018 and is including this operation in our CDP reporting for the first time.

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in boundary	Scope 1 and 2 GHG emissions from the West Carrollton, OH, thermal paper coating facility have been quantified and included in our inventory. This facility was acquired in April 2020.

C5.1c

(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

	Base year recalculation	Scope(s) recalculated	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Row 1	Yes	Scope 1 Scope 2, location-based Scope 2, market-based	Domtar changed the base year reported in our current CDP report to 2018. In previous CDP reports, a 2010 baseline was used; however, the company only had data on our pulp and paper mills back to 2010. The 2018 baseline allows our stand-alone paper converting facilities, paper coating facility and airlaid products manufacturing facility to be compared to current year reported emissions. Domtar is including GHG emissions data from our West Carrollton, OH, thermal paper coating facility for the first time in this CDP report.	Yes

C5.2

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

Scope 1

Base year start

January 1, 2018

Base year end

December 31, 2018

Base year emissions (metric tons CO2e)

1,845,024

Comment

The 2018 baseline includes greenhouse gas emissions from all manufacturing facilities (pulp and paper mills, paper converting, thermal paper coating and airlaid products).

Scope 2 (location-based)

Base year start

January 1, 2018

Base year end

December 31, 2018

Base year emissions (metric tons CO2e)

559,685

Comment

The 2018 baseline includes greenhouse gas emissions from all manufacturing facilities (pulp and paper mills, paper converting, thermal paper coating and airlaid products).

Scope 2 (market-based)

Base year start

January 1, 2018

Base year end

December 31, 2018

Base year emissions (metric tons CO2e)

1,175,457

Comment

The 2018 baseline includes greenhouse gas emissions from all manufacturing facilities (pulp and paper mills, paper converting, thermal paper coating and airlaid products).

Scope 3 category 1: Purchased goods and services

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 2: Capital goods

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 4: Upstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 5: Waste generated in operations

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 6: Business travel

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 7: Employee commuting

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Scope 2 Guidance
The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

C6. Emissions data

C6.1

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

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

1,697,347

Comment

C6.2

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

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

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

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

Scope 2 emissions from purchased steam at Domtar's mill in Rothschild, Wisconsin (USA), are based on supplier-specific greenhouse gas emission factors.

Domtar's market-based Scope 2 emissions reflect the sale of renewable energy certificates (RECs) and/or renewable energy into various renewable energy marketplaces from the company's pulp and paper mills. They also reflect purchases of renewable energy. In the U.S., the Dubois, Pennsylvania, converting facility sources 100% wind energy through the purchase of renewable energy certificates to cover 100% of the plant's electricity requirements.

C6.3

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

Reporting year

Scope 2, location-based

455,632

Scope 2, market-based (if applicable)

789,278

Comment

Domtar's market-based Scope 2 emissions are greater than location-based emissions due to Scope 2 emissions inventory adjustments from the sale of renewable energy and renewable energy certificates (RECs).

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

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

Purchased goods and services

Evaluation status

Not evaluated

Please explain

Capital goods

Evaluation status

Not evaluated

Please explain

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

Evaluation status

Not evaluated

Please explain

Upstream transportation and distribution

Evaluation status

Not evaluated

Please explain

Waste generated in operations

Evaluation status

Not evaluated

Please explain

Business travel

Evaluation status

Not evaluated

Please explain

Employee commuting

Evaluation status

Not evaluated

Please explain

Upstream leased assets

Evaluation status

Not evaluated

Please explain

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

243,800

Emissions calculation methodology

Distance-based method

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

Please explain

Indirect emissions from the transport of pulp and paper products to customers for calendar year 2022 were estimated based on 2019 actual calculated emissions and changes in the volume of products shipped in 2022 relative to 2019 (i.e., less paper and pulp shipments). Emission estimates are based on the number of trips, distance, and mode of transport using emission factors from the U.S. EPA SmartWay Transport Partner Program and other public sources.

Processing of sold products

Evaluation status

Not evaluated

Please explain

Use of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Pulp and paper products sequester carbon in the "use phase." Paper also has a high rate of recovery for recycling (68% in 2021) which keeps the majority of our products out of landfills where they have the potential to generate methane under anaerobic conditions.

End of life treatment of sold products

Evaluation status

Not evaluated

Please explain

Downstream leased assets

Evaluation status

Not evaluated

Please explain

Franchises

Evaluation status

Not evaluated

Please explain

Investments

Evaluation status

Not evaluated

Please explain

Other (upstream)

Evaluation status

Not evaluated

Please explain

Other (downstream)

Evaluation status

Not evaluated

Please explain

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

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

Yes

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

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

CO2 emissions from biofuel combustion (processing/manufacturing machinery)

Emissions (metric tons CO2)

8,731,323

Methodology

Default emissions factors

Please explain

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

CO2 emissions from biofuel combustion (other)

Emissions (metric tons CO2)

Methodology

Please explain

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

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

Agricultural commodities

Timber

Do you collect or calculate GHG emissions for this commodity?

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

Reporting emissions by

Emissions (metric tons CO2e)

Denominator: unit of production

Change from last reporting year

Please explain

Explain why you do not calculate GHG emission for this commodity and your plans to do so in the future

Domtar has not estimated greenhouse gas emissions associated with the wood we purchase and harvest from company-owned lands. Our focus is on efforts to improve the sustainability and health of the forests from which we source wood. One of the ways we do this is by working on innovative solutions to lower the technical and financial hurdles to third-party certifying additional forests to one or more credible forest management standards. In 2022, 35% of the wood used in Domtar's pulp and paper manufacturing came from certified forests. Given that sustainable forest management practices enhance a forests' ability to provide ecosystem services, such as carbon sequestration over the long term in areas where forest growth exceeds harvest, Domtar has not dedicated limited resources to quantify emissions from forest management and harvest activities thus far. Our current efforts are focused on reducing Scope 1 and 2 greenhouse emissions that are more directly related to our manufacturing operations. Silvicultural and harvesting activities (and associated fuel use) for pulpwood and timber production on company-owned forest lands are performed by third-party contractors and therefore are not a Scope 1 emission. We plan to estimate emissions from wood silvicultural and harvesting practices and purchases in the next two years.

C6.10

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

Intensity figure

0.000543

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

2,486,625

Metric denominator

unit total revenue

Metric denominator: Unit total

4,577,000,000

Scope 2 figure used

Market-based

% change from previous year

17

Direction of change

Decreased

Reason(s) for change

Other, please specify

Mainly due to increased sales revenue due to increased demand and prices for pulp and paper products.

Please explain

Total Scope 1 and Scope 2 (market-based) GHG emissions increased by about 3% which was offset by revenue increases of about 25%.

Intensity figure

396

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

2,486,625

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

6,275

Scope 2 figure used

Market-based

% change from previous year

0

Direction of change

No change

Reason(s) for change

Other, please specify

Not applicable - no change from previous year

Please explain

Total Scope 1 and Scope 2 (market-based) GHG emissions increased by about 3% and the number of Full Time Equivalent employees also increased by about 3%.

C7. Emissions breakdowns

C7.1

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

Yes

C7.1a

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

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference

C7.2

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

Country/area/region	Scope 1 emissions (metric tons CO2e)
United States of America	1,289,221
Canada	408,126

C7.3

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

By business division

C7.3a

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

Business division	Scope 1 emissions (metric ton CO2e)
Pulp and Paper	1,697,347

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

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

Yes

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

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

Activity

Processing/Manufacturing

Emissions (metric tons CO2e)

1,697,347

Methodology

Default emissions factor

Please explain

Includes Scope 1 emissions from stationary combustion and company-owned transportation vehicles/mobile equipment sources at 11 pulp and paper mills and 10 paper manufacturing and converting facilities. Silvicultural and harvesting activities (and associated fuel use) for pulpwood and timber production on company-owned forestlands are performed by third-party contractors, and therefore, are not a Scope 1 emission.

C7.5

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

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
United States of America [1]	451,604	781,831
Canada [2]	4,028	7,447

[1] Domtar's U.S. mills sold 929,363 MWh of renewable energy certificates (RECs) in 2022; therefore, the company's market-based Scope 2 emissions are higher than location-based Scope 2 emissions.

[2] Domtar's Canadian mills sold 390,015 MWh of renewable energy and associated Renewable Energy Certificates (RECs) in 2022; therefore, the company's market-based Scope 2 emissions are higher than location-based Scope 2 emissions.

C7.6

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

By business division

C7.6a

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

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Pulp and Paper	455,632	789,278

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Not relevant as we do not have any subsidiaries

C7.9

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

Increased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation

Change in renewable energy consumption	6,200	Increased	0.3	Slight reduction in amount of renewable, carbon neutral biomass available offset by slight increases in use of fossil fuels (natural gas, coal, #2 fuel oil and pet coke).
Other emissions reduction activities				
Divestment				
Acquisitions				
Mergers				
Change in output	42,200	Increased	1.8	2% increase in overall saleable pulp and paper production due to increasing demand.
Change in methodology				
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other	35,700	Increased	1.4	Combination of lower onsite cogeneration of electricity, increased electricity purchases from the grid and an increase in eGRID emission factors associated with grid-purchased electricity at US facilities.

C7.9b

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

Market-based

C8. Energy

C8.1

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

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

C8.2

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

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

C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	25,875,250	8,415,768	34,291,018

Consumption of purchased or acquired electricity		5,493	1,497,001	1,502,494
Consumption of purchased or acquired steam		309,086	37,302	346,388
Consumption of self-generated non-fuel renewable energy		159,073		159,073
Total energy consumption		26,348,903	9,950,071	36,298,974

C8.2b

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

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

C8.2c

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

Sustainable biomass

Heating value

HHV

Total fuel MWh consumed by the organization

25,875,250

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self- cogeneration or self-trigeneration

25,875,250

Comment

Includes black liquor, self-generated and purchased biomass, wastewater treatment residuals, lignin and tall oil/soap.

Other biomass

Heating value

HHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Comment

All biomass classified as sustainable as the material is originally sourced from forests using sustainable forest management practices.

Other renewable fuels (e.g. renewable hydrogen)

Heating value

HHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Comment

Renewable fuels Domtar uses are all biomass-derived.

Coal

Heating value

HHV

Total fuel MWh consumed by the organization

425,378

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self- cogeneration or self-trigeneration

425,378

Comment

Bituminous coal.

Oil

Heating value

HHV

Total fuel MWh consumed by the organization

83,448

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self- cogeneration or self-trigeneration

83,448

Comment

#2 fuel oil.

Gas

Heating value

HHV

Total fuel MWh consumed by the organization

7,737,349

MWh fuel consumed for self-generation of heat

1,745,496

MWh fuel consumed for self-generation of steam

360,738

MWh fuel consumed for self- cogeneration or self-trigeneration

5,631,115

Comment

Natural gas.

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value

HHV

Total fuel MWh consumed by the organization

169,592

MWh fuel consumed for self-generation of heat

108,650

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self- cogeneration or self-trigeneration

60,943

Comment

Pet coke, tire-derived fuel, propane, diesel and gasoline.

Total fuel

Heating value

HHV

Total fuel MWh consumed by the organization

34,291,018

MWh fuel consumed for self-generation of heat

1,854,146

MWh fuel consumed for self-generation of steam

360,738

MWh fuel consumed for self- cogeneration or self-trigeneration

32,076,134

Comment

C8.2d

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

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	2,642,324	1,976,034	2,144,614	1,322,946
Heat				
Steam				
Cooling				

C8.2e

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

Country/area of low-carbon energy consumption

United States of America

Sourcing method

Default delivered electricity from the grid (e.g. standard product offering by an energy supplier), supported by energy attribute certificates

Energy carrier

Electricity

Low-carbon technology type

Wind

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

5,493

Tracking instrument used

Contract

Country/area of origin (generation) of the low-carbon energy or energy attribute

United States of America

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Contract in place for Dubois, PA, paper converting facility for 100% of the facility's purchased electricity to be supplied with 100% renewable energy from wind renewable energy attribute certificates (expired December 4, 2022).

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

Canada

Consumption of purchased electricity (MWh)

500,055

Consumption of self-generated electricity (MWh)

696,675

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

1,196,730

Country/area

United States of America

Consumption of purchased electricity (MWh)

1,002,439

Consumption of self-generated electricity (MWh)

1,945,649

Consumption of purchased heat, steam, and cooling (MWh)

346,389

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

3,294,477

C9. Additional metrics

C9.1

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

Description

Waste

Scope includes pulp and paper mills only which generate the majority of the company's manufacturing residuals.

Metric value

66,083

Metric numerator

Dry metric tons waste to landfill from P&P mills

Metric denominator (intensity metric only)

% change from previous year

24

Direction of change

Increased

Please explain

Domtar's waste to landfill reduction efforts support our low-carbon transition plan and long-term business strategy by improving the efficiency of raw material usage during pulp and paper manufacturing, increasing the amount manufacturing byproducts recycled or beneficially used, keeping valuable materials circulating in the economy and out of landfills, lowering our costs and improving our overall environmental footprint. More specifically, these initiatives provide GHG benefits from improved carbon sequestration in soils and plants (through land application of mill residuals on forests, agricultural lands and mines) and avoided emissions of methane that can be generated in landfills from the decomposition of organic-based manufacturing byproducts.

The "Metric Value" reported in this section includes pulp and paper mills only (excludes stand-alone paper converting and other manufacturing facilities). Our pulp and paper mills generate the majority of the materials the company discards of in landfills.

Domtar's pulp and paper mills have reduced the total amount materials landfilled 49% since 2013, and currently beneficially use and/or recycle 81% of the manufacturing byproducts they generate.

The increase in year-over-year waste to landfill in 2022 was mostly due to dredging of solids from wastewater settling ponds and aerated stabilization basin at one of our mills.

Description

Other, please specify

Water Use

Metric value

86.2

Metric numerator

Cubic meters of final effluent discharged

Metric denominator (intensity metric only)

Metric tons salable pulp and paper produced

% change from previous year

2

Direction of change

Decreased

Please explain

Domtar's water use reduction efforts support our low-carbon transition plan and long-term business strategy by improving the efficiency of energy and chemical usage during pulp and paper manufacturing, thereby our carbon footprint. To support this effort, Domtar has set a goal to reduce water use from pulp and paper mills 20% per unit of product by the end of 2030 from 2019 levels.

The "Metric Value" reported in this section includes pulp and paper mills only (excludes stand-alone paper converting and other manufacturing facilities) and includes non-contact cooling water discharged. Our pulp and paper mills use 99%+ of the water in the company's manufacturing processes.

C10. Verification

C10.1

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

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

C10.1a

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

Verification or assurance cycle in place

Annual process

Status in the current reporting year

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

Type of verification or assurance

Third party verification/assurance underway

Attach the statement

11218263-LTR-12-Domtar Espanola-2021 GHG Verification Report.pdf

G1678 Domtar Dryden Mill 2021 OReg GHG Verification Report and Statement - Final.pdf

Rapport de vérification de la déclaration des GES 2021 - Domtar usine de Windsor_Summary.pdf

Page/ section reference

As of this CDP submission, verification is not yet complete from Domtar's three Canadian facilities. Verification statements from previous year's emissions (2021) are attached.

Dryden, ON = Page 10
Espanola, ON = Page 9
Windsor, QC = Page 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

23

C10.2

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

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

C11. Carbon pricing

C11.1

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

Yes

C11.1a

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

Ontario EPS - ETS

Québec CaT - ETS

C11.1b

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

Ontario EPS - ETS

% of Scope 1 emissions covered by the ETS

16

% of Scope 2 emissions covered by the ETS

Period start date

January 1, 2022

Period end date

December 31, 2022

Allowances allocated

Allowances purchased

Verified Scope 1 emissions in metric tons CO2e

267,192

Verified Scope 2 emissions in metric tons CO2e

Details of ownership

Facilities we own and operate

Comment

Since verification of 2022 emissions is still ongoing at the time of this CDP submission, verified emissions reported are those reported to Environment and Climate Change Canada (ECCC) through the Greenhouse Gas Reporting Program (GHGRP). Reported verified Scope 1 emissions above includes combustion emissions only and excludes CO2 from biomass, landfill emissions and fugitive emissions from wastewater treatment.

Québec CaT - ETS

% of Scope 1 emissions covered by the ETS

7

% of Scope 2 emissions covered by the ETS

Period start date

January 1, 2022

Period end date

December 31, 2022

Allowances allocated

Allowances purchased

Verified Scope 1 emissions in metric tons CO2e

116,452

Verified Scope 2 emissions in metric tons CO2e

Details of ownership

Facilities we own and operate

Comment

Since verification of 2022 emissions is still ongoing at the time of this CDP submission, verified emissions reported are those reported to Environment and Climate Change Canada (ECCC) through the Greenhouse Gas Reporting Program (GHGRP). Reported verified Scope 1 emissions above excludes CO2 emissions from biomass combustion.

C11.1d

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

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

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

Domtar is focused on energy efficiency projects to reduce natural gas use (primary source of GHG emissions) and uses available carbon markets to meet future compliance obligations.

The Greenhouse Gas Working Group meets regularly, and the scope of this Group's work includes working with our facilities to assess emerging climate and carbon pricing initiatives and regulatory requirements for their potential impact on our strategies and business operations. In early 2022, Domtar established a goal to develop a credible pathway to become a net zero emitter of GHG emissions by 2050 and our GHG Working Group is leading efforts to identify pathways and researching emerging technologies needed for a transformational change.

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

No

C11.3

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

Yes

C11.3a

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

Type of internal carbon price

Shadow price

How the price is determined

Alignment with the price of allowances under an Emissions Trading Scheme
Social cost of carbon

Objective(s) for implementing this internal carbon price

Change internal behavior
Drive energy efficiency
Drive low-carbon investment
Identify and seize low-carbon opportunities
Navigate GHG regulations
Stakeholder expectations
Stress test investments

Reduce supply chain emissions

Scope(s) covered

Scope 1
Scope 2

Pricing approach used – spatial variance

Differentiated

Pricing approach used – temporal variance

Evolutionary

Indicate how you expect the price to change over time

In Quebec, we use the latest California-Quebec auction price ($30.33 USD/metric ton in May 2023).

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

In the US, there currently is no Federal regulatory price on carbon. For these facilities we follow the interim social cost of carbon (currently ~$50 USD/metric ton).

Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e)

50

Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e)

Business decision-making processes this internal carbon price is applied to

Capital expenditure
Operations
Product and R&D
Risk management
Opportunity management

Mandatory enforcement of this internal carbon price within these business decision-making processes

Yes, for some decision-making processes, please specify

Large capital projects that involve changes in fossil fuel use

Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan

Carbon pricing is utilized in implementing our organization's climate commitment by increasing awareness of the short and long-term financial and environmental impacts and risks of our business decisions. In jurisdictions where we have carbon pricing programs, we also use for budgeting and forecasting purposes. We also use this information in our engagements with stakeholders and policy advocacy.

C12. Engagement

C12.1

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

Yes, our suppliers

Yes, our customers/clients

Yes, other partners in the value chain

C12.1a

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

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

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

Collaborate with suppliers on innovative business models to source renewable energy
Other, please specify
Raw material substitution and utilization

% of suppliers by number

% total procurement spend (direct and indirect)

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

Rationale for the coverage of your engagement

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

-Providing financial and technical support to help small, private landowners certify their forests to recognized sustainable forest management standards.

-Engaging in conversations and meetings with our suppliers to identify ways our manufacturing facilities can use raw materials more efficiently, minimize their use and substitute raw materials for alternatives with improved environmental profiles. Our suppliers also support engineering evaluations for new projects, products and services.

- Engaging with energy providers to assess both renewable energy purchases and opportunities for them to utilize our energy resources.

-Collaborating with suppliers where we have shared interests in meeting both our business and sustainability objectives (e.g., decarbonization and reduced water use).

Impact of engagement, including measures of success

Several recent successes from these efforts include:

- Enrolling 609,484 acres (246,649 hectares) and 256 members in the Domtar-supported Four States Timberland Owners Association Group FSC certification, which reduces the financial and technical hurdles to forest certification for small, private landowners.

- Implemented collaboration with equipment supplier to evaluate electrification of thermal processes and other industrial decarbonization needs.

Comment

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Other, please specify

Starting to collect GHG emission data from strategic suppliers of equipment that supports our GHG and water reduction objectives.

% of suppliers by number

% total procurement spend (direct and indirect)

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

Rationale for the coverage of your engagement

Domtar works with suppliers to identify cost-effective technologies to accelerate our decarbonization ambitions in alignment with our long-term business objectives. This work requires access to supplier information that supports decision-making and performance evaluations of alternative materials and processes.

Impact of engagement, including measures of success

We are still in the early stages of collaboration and performance measures and metrics are still under review.

Comment

C12.1b

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

Type of engagement & Details of engagement

Education/information sharing

Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number

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

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

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

Impact of engagement, including measures of success

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

C12.1d

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

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

- Optimizing available transport modes to most efficiently move our products.
- Optimizing product packaging to reduce product damage and dematerialize.
- Continuing to be a member of the U.S. EPA SmartWay Transport Partner program designed to improve fuel efficiency and reduce the environmental impacts from freight transport.
- Working with regional forestry partners to promote sustainable forest management to small landowners closer to the mill to reduce the amount of transport required for our wood resources.

Domtar is also active in working with several non-governmental organization partners, including The Nature Conservancy, the American Forest Foundation and the Nature Conservancy of Canada to advance sustainable forestry in our wood procurement regions and to support research and conservation efforts. Several of these initiatives include:

- Supporting research in Canada with the National Council for Air and Stream Improvement (NCASI) to increase understanding of caribou nutritional and survival needs and integrate into forest management practices.
- Helping local landowners enroll in The Nature Conservancy's Working Woodlands Program, which provides landowners with a forest management plan and group Forest Stewardship Council certification.
- Being a founding member with the American Forest Foundation and its partner, The Nature Conservancy, in supporting the recently-created Family Forest Carbon Program (FFCP) to enhance carbon sequestration in family-owned forest land across the United States. The FFCP represents a new approach to climate change mitigation that taps into the carbon storage potential of family-owned forestland while creating a new market and source of income for the families that dedicate time and effort to their forest management.
- Entering into a long-term partnership with the Nature Conservancy of Canada (NCC) alongside the execution of the largest private land conservation agreement in Canadian history. The tract of private land in Ontario, spanning 1,450 square kilometers of boreal forest, previously managed as a wood supply to Domtar's pulp and paper mills, will now be managed for research and conservation by the Nature Conservancy of Canada (NCC). The area, formerly known as the Hearst Forest, is recognized for its extraordinary ecosystem and abundant wildlife. Domtar transferred ownership of the land to NCC for $7 million below its appraised value as a part of this partnership. More information on this partnership can be found at: https://www.natureconservancy.ca/en/where-we-work/ontario/news/big-bold-and-boreal.html. In addition, please find the link to a recording of the press conference made by NPR Canada at: https://www.dropbox.com/s/1n79jqcjusdrb7f/20220422%20NCC%20Edit.mp4?dl=0.

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

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

No, and we do not plan to introduce climate-related requirements within the next two years

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

In 2022, Domtar publicly announced our goal to develop a credible pathway to become a net zero emitter of greenhouse gas emissions by 2050. This is in support of the Paris Commitment to achieve a climate-neutral world by mid-century.

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

We prepare internal assessments, develop advocacy discussion points and have regular discussions with management and senior leadership. We also have regular meetings with our Greenhouse Gas Working Group; Environmental, Social and Governance Committee and Management Committee to develop alignment and strategy as we develop our roadmap and business plans to meet our net zero by 2050 goal.

We engage directly with governments on climate-related matters. We also help shape the approach to climate change policy with trade organizations.

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Emerging policies and regulations and review of existing carbon tax and pricing programs in the jurisdictions of importance to our business.

Category of policy, law, or regulation that may impact the climate

Carbon pricing, taxes, and subsidies

Focus area of policy, law, or regulation that may impact the climate

Carbon taxes
Emissions trading schemes
Carbon offsets
Subsidies for renewable energy projects
Taxes on products or services

Policy, law, or regulation geographic coverage

Regional

Country/area/region the policy, law, or regulation applies to

Canada
United States of America

Your organization's position on the policy, law, or regulation

Support with minor exceptions

Description of engagement with policy makers

We engage with the US Federal government, Canadian Federal government and the provincial government of Ontario to share our key criteria for inclusion in carbon tax and other carbon pricing programs. These engagements are conducted through webinars, conference calls and written comments, and are further supported by consultants, lobbyists and trade associations advocating on our behalf and for others in our sector.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Our key criteria for effective and competitive climate pricing programs include:

-Recognition of our early actions to reduce greenhouse gas emissions,
-Heavy reliance on carbon-neutral biomass fuels,
-Use of co-generation systems using mainly biomass fuels,
-Remaining competitive in global markets,
-Provisions to prevent leakage of emissions, jobs and investments to other jurisdictions with no or less restrictive carbon pricing programs,
- Avoiding double regulation with provincial and federal government initiatives,
-Limited opportunities for additional, significant emission reductions without the development and deployment of commercially available technology solutions that are compatible with our processes and product quality and performance requirements, and
-Reinvesting proceeds collected from carbon pricing programs proportionally back into the industry sectors.

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

No, we have not evaluated

Specify the policy, law, or regulation on which your organization is engaging with policy makers

New infrastructure or infrastructure upgrades for community paper recovery and recycling programs are needed in regions that are important to our business. The growth of single stream recovery systems and the lack of new technologies at some Material Recovery Facilities (MRFs)

have led to decreased quality and cleanliness of the materials that is produced for a circular economy. If the quality of recovered material is too poor, this runs the risk of increasing the amount of recovered material being disposed of in landfills or incinerators.

Category of policy, law, or regulation that may impact the climate

Low-carbon products and services

Focus area of policy, law, or regulation that may impact the climate

Circular economy
Extended Producer Responsibility (EPR)

Policy, law, or regulation geographic coverage

Regional

Country/area/region the policy, law, or regulation applies to

Canada
United States of America

Your organization's position on the policy, law, or regulation

Support with minor exceptions

Description of engagement with policy makers

We are working with local communities, regional governments and other stakeholders to direct investments to the needed material collection and recovery infrastructure for paper and paperboard products (e.g., boxes and other fiber-based packaging). We are also working with Federal governments to support funding initiatives for new or upgraded infrastructure.

This is also a climate mitigation strategy. Producing clean, high-quality recycled materials from the MRFs will increase the ability to reuse and keep cycling in the economy rather than be prematurely disposed of in a landfill, thereby generating methane emissions.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Paper already has a high recycling rate and EPR programs and associated higher fees should not negatively impact paper recycling.

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

No, we have not evaluated

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Continue to maintain access to electricity markets through our connection to the grid to purchase and sell renewable energy (biomass-based co-generation) and continue to support the Public Utility Regulatory Policies Act (PURPA).

Category of policy, law, or regulation that may impact the climate

Low-carbon products and services

Focus area of policy, law, or regulation that may impact the climate

Electricity grid access for renewables

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

United States of America

Your organization's position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

Testifying to State and Federal legislatures and regulatory bodies to support our policy positions on grid access and recognition of renewable biomass as a carbon-neutral energy source.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

No, we have not evaluated

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Ensure emerging EPR programs do not interfere with the current high level of paper and paperboard recovery programs (68% in 2021) by degrading the quality of recovered materials, raising the cost and/or by subsidizing the recycling of other competing materials (e.g., plastics).

Category of policy, law, or regulation that may impact the climate

Low-carbon products and services

Focus area of policy, law, or regulation that may impact the climate

Extended Producer Responsibility (EPR)

Policy, law, or regulation geographic coverage

Sub-national

Country/area/region the policy, law, or regulation applies to

Canada
United States of America

Your organization's position on the policy, law, or regulation

Support with major exceptions

Description of engagement with policy makers

Engage with elected officials and State governments to demonstrate the value and importance of recognizing the success of existing, voluntary paper and paperboard recovery programs and concerns the quality of materials and recovery rate could degrade and costs increase with mandated EPR programs.

EPR programs can be an effective policy tool for products that are difficult to process, have low recycling rates or where healthy end markets do

not exist and support creating circular economies. We strongly believe paper should not be subsidizing other harder to recycle materials such as plastics. We encourage and support responsible end-of-life recycling programs.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Paper and paperboard packaging should be excluded from EPR programs if the current recovery programs meet reasonable thresholds.

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

No, we have not evaluated

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Electricity and energy attributes generated from renewable biomass (solid and liquid) are recognized or continue to be recognized as a qualifying energy source for meeting renewable energy goals in some jurisdictions.

Category of policy, law, or regulation that may impact the climate

Low-carbon products and services

Focus area of policy, law, or regulation that may impact the climate

Energy attribute certificate systems

Policy, law, or regulation geographic coverage

Sub-national

Country/area/region the policy, law, or regulation applies to

United States of America

Your organization's position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

Engage with State governments, regulatory commissions and elected officials and publicly testify to demonstrate the value and importance of recognizing biomass as a qualifying energy source for renewable energy programs.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

No, we have not evaluated

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

National Association of Manufacturers

Is your organization's position on climate change policy consistent with theirs?

Mixed

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

NAM's membership is very diverse with differing climate policy needs. Currently NAM is not publicly providing detailed positions on climate. For example, Domtar's primary climate-related policy issue is to maintain recognition of biomass carbon neutrality, which only affects a small percentage of NAM membership.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

Describe the aim of your organization's funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

No, we have not evaluated

Trade association

Other, please specify

American Forest & Paper Association (AF&PA)

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

Domtar supports the American Forest & Paper Association's climate-related policy positions, including:
-Maintaining carbon neutrality of biomass residuals generated from our manufacturing processes and used for energy generation.
-Advocating for biomass carbon capture, utilization and storage.
-Supporting research for emerging decarbonization technologies for the industry.
-Supporting environmental permitting reforms for accelerating equipment replacement for transitioning to a low-carbon economy.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

Describe the aim of your organization's funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

No, we have not evaluated

Trade association

Other, please specify

Forest Products Association of Canada (FPAC)

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

Keeping the Canadian forest products industry globally competitive is the primary focus of FPAC's advocacy for climate-related activities. This includes maintaining our industry recognition as EITE (Energy Intense and Trade Exposed) and obtaining relief from carbon pricing programs to remain competitive in the global marketplace as much of Canadian forest products are commodity products which are exported globally. FPAC's policies are also focused on ensuring carbon leakage to jurisdictions with higher carbon emissions does not occur.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

Describe the aim of your organization's funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

No, we have not evaluated

Trade association

Other, please specify

Industrial Energy Consumers of America (IECA)

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

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

IECA's primary focuses regarding climate change include: protecting the competitiveness of member companies and ensuring proper treatment to protect against industrial greenhouse gas emission leakage to regions of the world with higher greenhouse gas emission profiles and lower. In addition, IECA is focused on securing government funding and R&D for technology advancements to decarbonize. The heavy industrial sector (e.g., cement, steel, pulp and paper) will be the most challenging to decarbonize due to its high energy and temperature demands for their manufacturing processes.

IECA is also focusing on domestic and global carbon border adjustment mechanisms (CBAM) to ensure US industrial competitiveness is not disadvantaged. In particular, IECA is focusing on a consistent approach to determining and reporting carbon intensity used for implementing CBAM.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

Describe the aim of your organization's funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

No, we have not evaluated

C12.4

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

Publication

In voluntary sustainability report

Status

Underway – previous year attached

Attach the document

Domtar_SGR2021_ENG.pdf

Page/Section reference

Pages 30-31

Content elements

Governance

Strategy

Emissions figures
Emission targets
Other metrics

Comment

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment
Row 1	We are not a signatory/member of any collaborative framework, initiative and/or commitment related to environmental issues

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity
Row 1	Yes, executive management-level responsibility	Biodiversity assures forests now and for future generations and is therefore integrated into the decision-making of Domtar's Executive Management Committee and our executive-level ESG Committee. In addition, daily oversight of our operational sustainability, wood procurement and forestry practices, all of which incorporate biodiversity factors, is conducted at the vice-president level, and supported by wood

		procurement and environmental teams at each of our mills. A) The majority of forestland in the United States is privately owned by small, private landowners. Domtar has worked with these small landowners to broaden acceptance of sustainable forest practices. Strong markets for forest products, like the pulp and paper products made by Domtar, provide economic return that allow landowners to keep their forestlands as forests, which ensures abundant, working forests that serve as a prerequisite for biodiversity. B) Domtar is a partner of the American Forest Foundation (AFF). We actively support biodiversity conservation initiatives that are helping to protect at-risk or endangered wildlife and provide biodiversity education to local communities, particularly in southeastern U.S. In addition, Domtar works with AFF in its collaboration with U.S. Fish and Wildlife Service (USFWS) and other partners to provide financial incentives and technical assistance on privately owned forestlands to support biodiversity conservation efforts, covering 13,325 forested acres and home to more than 800 plant and animal species. C) In 2022, Domtar made history by entering a long-term partnership with Nature Conservancy Canada (NCC), which includes the largest private conservation agreement in Canada's history. A large private tract in Ontario spanning 1,450 square kilometers of Boreal Forest, that was managed as a wood supply to Domtar's pulp and paper mills, is now being managed for research and conservation by the NCC. The area is recognized for its extraordinary ecosystem and abundant wildlife. Domtar agreed to transfer ownership of the land to NCC for $7 million below its appraised value as a part of this partnership. D) Domtar is a significant partner with The Nature Conservancy (TNC) in the conservation and restoration of Pennsylvania's forests. Domtar's financial support of TNC and their forestry programs will further our crucial work to increase the climate change adaptation and mitigation capacity of these forests.

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Commitment to respect legally designated protected areas Commitment to avoidance of negative impacts on threatened and protected species Commitment to no conversion of High Conservation Value areas Commitment to secure Free, Prior and Informed Consent (FPIC) of Indigenous Peoples Commitment to no trade of CITES listed species Other, please specify Domtar is a partner of the American Forest Foundation, The Nature Conservancy and Ruffed Grouse Society/American Woodcock Society, which are engaged in multiple biodiversity conservation programs in North America,	Other, please specify The objective of the Domtar-NCC partnership is to promote the benefits of science-based biodiversity conservation and achieve durable outcomes. For more information go to: https://www.dropbox.com/s/1n79jqcjusdrb7f/20220422%20NCC%20Edit.mp4?dl=0

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Direct operations
Upstream

Tools and methods to assess impacts and/or dependencies on biodiversity

Biodiversity indicators for site-based impacts

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

We have acquired and maintain third-party forest management certifications (SFI, and FSC) for company-owned and managed forest land. These standards require that maintenance and/or enhancement of biodiversity is a primary consideration of all land management activities on an ongoing basis.

Domtar annually supports the Forest Stewards Guild and their development and distribution of conservation and management information for private landowners in multiple critical biodiversity areas throughout multiple Appalachian biodiversity regions. Additionally, Domtar supports the Cape Fear Arch Collaborative and the Longleaf Pine Alliance with education and outreach geared towards private landowners.

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Direct operations

Upstream

Tools and methods to assess impacts and/or dependencies on biodiversity

Biodiversity indicators for site-based impacts

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

Pulp and paper manufacturing is highly dependent on sustainable forests and ample supplies of water (mainly from rivers). We continually manage and assess these resources for minimal disruptions to these natural ecosystems. We also partner with organizations that support research on biodiversity of forests and waterways in our key procurement and manufacturing regions (e.g., National Council for Air and Stream Improvement and Sustainable Forest Initiative).

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?

Yes

C15.4a

(C15.4a) Provide details of your organization's activities in the reporting year located in or near to biodiversity -sensitive areas.

Classification of biodiversity -sensitive area

Other biodiversity sensitive area, please specify

WWF Ecoregion Assessments

Country/area

United States of America

Name of the biodiversity-sensitive area

FSC US consulted and approved all the following conservation resources for compliance with the controlled measures in the US National Risk Assessment. The Forest Stewards Guild is approved as a resource for education and outreach for the Central Appalachian CBA, the

Mesophytic Cove Sites CBA, the Southern Appalachian CBA, and forest conversion. We partner with the Long Leaf Pine Alliance in the relevant geographies in our fiber basins and have also joined the Cape Fear Arch collaborative.

Proximity

Overlap

Briefly describe your organization's activities in the reporting year located in or near to the selected area

Domtar purchases wood fiber from third parties that originates in these ecoregions in conformance with our Sustainable Forestry Principles and our Fiber Use and Sourcing Policy.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

Site selection
Scheduling
Physical controls

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

The cumulative impact of our fiber procurement activities could have long-term negative impacts on regional biodiversity. We mitigate this primarily through private landowner education and outreach, research support and conformance with third-party certification schemes that require the avoidance of fiber that negatively impact these attributes.

Classification of biodiversity -sensitive area

Other biodiversity sensitive area, please specify

See below

Country/area

Canada

Name of the biodiversity-sensitive area

Espanola, Ontario: The ecoregions Southern Great Lakes Forest, Eastern Great Lakes lowland forests, and the Eastern Forest Boreal transition.

Dryden, Ontario: Midwestern Canadian Shield, Central Canadian Shield, Western Great Lakes.

Windsor, Quebec: The ecoregions are the Eastern Great Lakes lowland forest, the Eastern forest-boreal transition, and the New England Acadian Forest.

Proximity

Overlap

Briefly describe your organization's activities in the reporting year located in or near to the selected area

Domtar purchases wood fiber from third parties that originates in these ecoregions in conformance with our Sustainable Forestry Principles and our Fiber Use and Sourcing Policy.

Domtar oversees management of forest tenures and company-owned lands.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

Site selection
Project design
Scheduling
Physical controls
Operational controls

Abatement controls
Restoration

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

The cumulative impact of our fiber procurement activities could have long-term negative impacts on regional biodiversity. We mitigate this primarily through private landowner education and outreach, research support and conformance with third-party certification schemes that require the avoidance of fiber that negatively impact these attributes.

For owned and managed forests, we manage to globally accepted principles of third-party forest certification systems that include biodiversity requirements.

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Land/water protection Land/water management Species management Education & awareness Law & policy Livelihood, economic & other incentives

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance

Row 1	Yes, we use indicators	State and benefit indicators Pressure indicators Response indicators

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Impacts on biodiversity Risks and opportunities Biodiversity strategy	Domtar's "Sustainability Priorities: 2030 and Beyond Report", pages 26-27. Link: https://www.domtar.com/en/how-we-work/sustainability-domtar. 1
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Governance Impacts on biodiversity	Domtar's Due Care Program under the Lacey Act, which includes a biodiversity component (Page 7) 2
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Governance Impacts on biodiversity	Domtar's Due Diligence Program under the EU Timber Regulation 995/2010 which includes a biodiversity component (page 7) 3
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Governance Impacts on biodiversity	Domtar's Sustainable Forestry Principles (pages 1,2) 4

In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Governance Impacts on biodiversity	Domtar's Forest Policy (page 1) 5
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Governance Impacts on biodiversity Details on biodiversity indicators Risks and opportunities Biodiversity strategy	Dryden Mill Biodiversity Poster, which shows multiple aspects of biodiversity being managed as part of the upcoming Trout Lake FSC certification process. 6
Other, please specify	Content of biodiversity-related policies or commitments Governance Impacts on biodiversity Details on biodiversity indicators Risks and opportunities Biodiversity strategy	Links to the following websites: Dryden, ON mill's forestry progress and updates: www.domtardrydenforestry.ca Windsor, OC mill's forest management policies and activities documents, including biodiversity: https://mirador.domtar.com/app/ressource

[1]Domtar_SGR2021_ENG.pdf

[2]Lacey_Act_Due_Care_Program_091515.pdf

[3]EUTR_Regulation_En.pdf

[4]Domtar-Pulp-Paper-Sustainable-Forestry-Principles_0.pdf

[5]Domtar's Forest Policy.pdf

6HCV_Poster_12_03_2021.pdf

C16. Signoff

C-FI

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

Scope 1 and 2 GHG emissions from Domtar's thermal paper coating facility in West Carrollton, OH, have been quantified back to 2018 and reported in this submission for the first time. Domtar acquired this facility in April 2020.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Vice President, Sustainability	Chief Sustainability Officer (CSO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I 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.