

The logo for Domtar, featuring the word "Domtar" in a white serif font. A stylized green leaf is integrated into the letter 'a', with its stem extending upwards and its tip pointing to the right.

Domtar

Paper Excellence Canada Investments Corporation 2025 Report

To the Canadian Minister of Public Safety and Emergency Preparedness
Fighting Against Forced Labour and Child Labour in Supply Chains Act
May 31, 2026



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About Paper Excellence Canada Investments Corporation (PECIC)

PECIC designs, manufactures, markets and distributes market pulp, which was sold to 17 countries in 2025. It owns and operates pulp manufacturing facilities, log handling facilities and power generation assets in Canada.

Reporting entity's legal name	Paper Excellence Canada Investments Corporation ("Paper Excellence" or "PECIC")
Financial reporting year	January 1, 2025, to December 31, 2025
Identification of a revised report	None
Identification of a joint report	This report jointly covers PECIC's primary operating subsidiaries in Canada: Howe Sound Pulp and Paper Corporation, Meadow Lake Mechanical Pulp Inc. and Bayview Fibre Corporation (collectively with PECIC referred to as "Paper Excellence").
Entity categorization according to the Act	Has a place of business in Canada, does business in Canada or has assets in Canada and, on the basis of its consolidated financial statements, meets at least two of the following conditions for at least one of its two most recent financial years: a) It has at least \$20 million in assets; b) It has generated at least \$40 million in revenue; c) It employs an average of at least 250 employees.
Sector/Industry	Pulp and wood fibre handling in Canada
Location	Paper Excellence Canada Investments Corporation is incorporated in Canada, has a corporate office in Richmond, British Columbia, and together with its primary operating subsidiaries owns and operates two manufacturing facilities in Canada and two fibre sort and chipping facilities in Canada.

Although PECIC is not a subsidiary of Domtar Corporation, the two are associated through a wider network of affiliated companies operating under the Domtar brand. Domtar's Sustainability Strategy is applied across PECIC's operations to support alignment in sustainability objectives and responsible business practices.

PECIC's commitment to reduce the risk of forced labour and child labour

This report describes the steps Paper Excellence took this year to help prevent and reduce the risk that forced labour or child labour used in its operations and supply chains, including:

1. Maintaining governance and oversight for compliance with the Act through a cross-functional task force

2. Implementing and reviewing policies and due diligence controls that set expectations for employees and suppliers regarding forced labour and child labour
3. Identifying and assessing potential forced labour and child labour risks in the supply chain, including screening and due diligence activities
4. Strengthening procurement practices and contractual requirements to support responsible sourcing
5. Requiring Code of Ethics and Business Conduct training for all employees
6. Maintaining mechanisms to raise concerns and support remediation where required
7. Monitoring and assessing the effectiveness of these measures to drive continuous improvement

PECIC's structure, activities and supply chains

PECIC is a Canadian corporation with a corporate office in Richmond, British Columbia, Canada. Through its subsidiaries, PECIC operates two pulp facilities and two fibre sort and chipping facilities in Canada.

The following is a list of PECIC's subsidiaries:

1. Howe Sound Pulp & Paper Corporation
2. Bayview Fibre Corporation
3. 0909959 B.C. Ltd.
4. 0890635 B.C. Ltd.
5. Seaside Fibre Ltd.
6. Coastal Fibre General Partner Ltd.
7. Coastal Fibre Limited Partnership

Paper Excellence has two pulp mills and two fibre management facilities, with an annual production capacity of 830,000 tonnes of pulp. The company has approximately 590 full-time employees in Canada.

Fibre: Paper Excellence's sources of wood include local producers, sawmills that supply residual wood chips and government-owned land. It uses both hardwood and softwood, including a significant amount of residual chips from sawmills.

Chemicals: Paper Excellence purchases various chemical compounds for its manufacturing operations under contracts with terms of one to five years to ensure product availability. For pulp manufacturing, it uses chemicals such as caustic soda, sodium chlorate, sulphuric acid, hydrogen peroxide and lime. Many of these products are sourced in North America from North American suppliers and involve international supply chains.

Energy: Paper Excellence's operations produce and consume substantial amounts of energy, mainly from biomass, natural gas and electricity. Most of its energy comes from renewable sources, such as bark and by-products from its manufacturing process, such as spent pulping liquor. The rest comes from electricity, natural gas and other fossil fuels. The

cogenerating assets at its Howe Sound mill produce green energy, primarily from renewable biomass, and provide most of the electricity needed for its manufacturing operations.

Leadership and Governance

Paper Excellence operations report to Domtar executives who provide oversight of the group via Domtar's Executive Committee (ExCo). Consisting of the group's most senior executive leaders, the ExCo holds collective accountability for leading the group by formulating and executing strategy, driving performance, and ensuring alignment across the enterprise. Each member retains individual accountability for performance within their respective areas of responsibility. ExCo members are:

- **Claudio Cotrim**, Chief Corporate Officer
- **Steve Henry**, President, USA & CEO, Paper and Packaging
- **Hoany Muljadi**, Deputy Chair of Advisory Board and interim Tissue CEO
- **Joe Ragan**, Chief Financial Officer
- **Sebastien Richard**, Interim Chief Human Resources Officer
- **Luc Thériault**, President, Canada & CEO, Pulp and Wood Products

PECIC operations report to the President, Canada & CEO, Pulp and Wood Products, via Richard Tremblay, Senior Vice President, Pulp Operations.

Policies and due diligence processes

Paper Excellence has adopted policies on ethics, business conduct and fundamental human including its [Code of Ethics and Business Conduct](#), [Whistleblower Complaints Policy and Procedures](#), [California Transparency in Supply Chains Act Disclosure](#), and [Human Rights Policy](#). The company's corporate governance framework provides oversight of these policies, including regular reviews. As part of its compliance program, employees receive annual online training on the *Code of Ethics and Business Conduct*. Together, these policies and controls form part of Paper Excellence's broader compliance program, which guides its actions and supports compliance with applicable laws and regulations in the jurisdictions where it operates.

Paper Excellence expects its suppliers to operate responsibly and in compliance with applicable laws and regulations, including meeting requirements related to forced labour and child labour under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and, where relevant, comparable requirements in other jurisdictions. Paper Excellence communicates these expectations through its supplier onboarding and purchasing processes, as well as contractual provisions incorporated into supplier agreements.

In particular suppliers are expected to comply with requirements to:

- Not use forced labour or any other form of compulsory labour, including human trafficking or slavery, and ensure that goods supplied to Paper Excellence are not produced using such practices
- Not use child labour, ensure that workers meet the applicable legal minimum working age, and ensure that workers under the age of 18 do not perform hazardous work that could endanger their health or safety
- Applicable minimum wage, overtime and maximum hour laws, as well as other wage and hour requirements
- Respect workers' lawful rights to freely choose whether to join, or not join, any legally sanctioned organization or association

Paper Excellence monitors adherence to these expectations through ongoing, risk-based supplier due diligence. This may include supplier self-assessments, requests for supporting documentation, and, where appropriate, independent third-party audits or other verification activities. Where potential non-compliance related to forced labour or child labour is identified, Paper Excellence expects suppliers to take timely corrective action and to cooperate with Paper Excellence in addressing the issue, consistent with contractual requirements.

Risk Management

In May 2025, Domtar released a Sustainability Strategy to guide its objectives through 2030. The Strategy is built on three pillars aligned with Domtar's Sustainability Policy: Environmental Stewardship (reducing Domtar's environmental footprint and supporting positive outcomes for nature), Our People and Communities (supporting employee wellbeing and contributing to the prosperity of operating communities), and Responsible Business (upholding ethical, transparent business practices).

Within the Responsible Business pillar, Domtar set an objective to safeguard people connected to its operations and value chain by respecting human rights and labour standards, supporting safe working conditions, and prohibiting abuse of any kind, including child labour and forced labour. Domtar's targets are to develop a global human rights policy aligned with international standards by 2026 and to conduct comprehensive human rights risk assessments across the value chain by 2030, implementing measures to mitigate identified risks.

The oversight and identification of forced labour and child labour risks is supported by Paper Excellence's established governance and control frameworks. The ExCo hold ultimate accountability for the oversight of these risks. Additionally, the ExCo delegates its

oversight to the Global Sustainability Steering Committee, an executive-level governance body with representation from both ExCo members and other Paper Excellence senior leaders. Management-level responsibility for these risks is held with the company's Sustainability Committee, a cross-functional committee composed of senior managers and subject matter experts from across the organization.

As part of its sustainability governance and risk-informed decision-making, Domtar completed a double materiality assessment in 2025. The company identified key sustainability-related impacts, risks and opportunities across its value chain through the lens of both impact materiality (how Domtar affects people and the environment) and financial materiality (how sustainability matters affect Domtar). This process supported the assessment of a wide range of environmental, social and governance topics and helped confirm Domtar's material sustainability topics. While social topics such as worker safety and community impact were identified as material, human rights did not emerge as a significant risk area. Domtar's existing policies, governance frameworks and responsible business practices help mitigate human rights-related risks, reaffirming alignment with ethical and regulatory standards. The outcomes of this double materiality assessment are applied across PECIC's operations through the implementation of Domtar's 2030 sustainability strategy, enterprise risk management and responsible business practices.

2025 Supply-Chain Risk Assessment of Slavery, Child and Forced Labour, and Exposure to Human Trafficking

In 2025, Paper Excellence undertook a targeted supply-chain risk assessment focused on its global enzyme suppliers, building on assessments conducted in the prior year that focused on chemical and industrial fabric suppliers. The 2025 assessment did not identify any findings related to forced labour or child labour. Enzyme suppliers, along with chemical and industrial fabric suppliers previously assessed, continue to be subject to Paper Excellence's ongoing, risk-based supplier screening and monitoring processes. Energy and fibre suppliers were excluded from these assessments due to their sourcing profile and existing controls. Paper Excellence's energy supply is sourced locally from low-risk regions in Canada and the United States, while 100% of Paper Excellence's fibre supply is sourced in accordance with one or more of the following third-party certification requirements: the Sustainable Forestry Initiative's fibre-sourcing requirements; the Programme for the Endorsement of Forest Certification's chain-of-custody (CoC) due-diligence requirements; and the Forest Stewardship Council's Controlled Wood Standard. Furthermore, all of Paper Excellence's mills and wood product facilities have CoC systems that are third-party certified according to one or more of the following internationally recognized CoC standards:

- Sustainable Forestry Initiative® (SFI®)
- Programme for the Endorsement of Forest Certification (PEFC)

- Forest Stewardship Council® (FSC®)

CoC standards require rigorous due-diligence processes, including labour-related requirements, which Paper Excellence considers to be a strong mitigating control for forced labour and child labour risks within its fibre supply.

Paper Excellence monitors its suppliers and applies a continuous, ongoing risk based vetting process supported by screening tools, including the Descartes Screening platform. Suppliers may be screened when they are onboarded and when updates occur, with ongoing monitoring supported by automated alerts when potential risk indicators are identified. These alerts are reviewed by responsible personnel to assess their relevance and determine whether any follow-up action is required, ensuring consistent and proactive oversight of supplier risk. Descartes Screening automates screening of suppliers and other business partners against global sanctions and restricted-party lists, uses configurable risk scoring and approximate name-matching to identify potential matches, and maintains an auditable record of screening results and follow-up decisions. Descartes Screening is updated continuously as lists change and can rescreen existing suppliers when new restrictions are issued.

The company's screening methodology combines (i) supplier location and country/region risk indicators, (ii) sector and product-category considerations (including chemicals and industrial fabrics), and (iii) screening results returned by Descartes Screening (e.g., sanctions-related flags and other restricted-party indicators). Potential matches are routed through an internal case review process to distinguish false positives from elevated-risk findings and to document decisions. Where screening results and risk indicators meet internal escalation thresholds, Paper Excellence may initiate additional due diligence actions, such as issuing a supplier due diligence questionnaire focused on forced labour and child labour, requesting supporting documentation, developing a corrective action plan with time-bound actions, or engaging an independent third-party audit where appropriate.

In addition to the risk assessment and due diligence described above, Paper Excellence continues to strengthen its procurement processes to reinforce expectations related to forced labour and child labour. This includes updating procurement policy and supplier contracting and purchase-order terms and conditions to require suppliers to comply with applicable forced- and child-labour legislation, including the Fighting Against Forced Labour and Child Labour in Supply Chains Act. Paper Excellence also intends to continue using Descartes Screening to support ongoing supplier screening and rescreening and, where warranted, to trigger additional supplier due diligence activities.

Forced labour and child labour risks

Paper Excellence assesses and manages potential forced labour and child labour risks in its supply chain using a risk-based due diligence approach that combines supplier screening, targeted follow-up and ongoing monitoring. In 2025, Paper Excellence's

activities did not identify any material forced labour or child labour concerns within its supply chain.

Remediation measures

Paper Excellence's *Code of Ethics and Business Conduct*, together with its *Whistleblower Complaints Policy* and hotline, provides a channel for employees and suppliers to report ethical, legal or other concerns. Paper Excellence reports no material findings of forced labour or child labour in 2025; accordingly, no remediation actions were required during the year. Consistent with the intent of the Act and evolving guidance, Paper Excellence looks to strengthen its readiness to respond if concerns are identified, including by considering a range of potential remedies and the factors relevant to whether and how Paper Excellence would responsibly disengage from a supplier.

Remediation of loss of income

In 2025, Paper Excellence's risk assessment and due diligence activities identified no material forced labour or child labour risks in its supply chain; therefore, no actions were required to remediate loss of income arising from such risks.

Training

In March 2024, Paper Excellence held a mandatory training session on modern slavery for 50 procurement leaders, delivered in English and French. The training covered the risks of forced labour and child labour and relevant warning signs for the forest products sector, as well as key reporting standards and laws, including Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and similar requirements in other jurisdictions.

Additionally, between 2023 and 2024, Paper Excellence provided sustainability training to approximately 280 executives, directors and managers. This training included an overview of sustainability best practices related to risk management, governance and reporting on high-impact material issues, including modern slavery and human rights.

The recorded 2024 training session remains available to all employees. Paper Excellence continues to consider how training may be incorporated or enhanced over time as its approach to this disclosure and human rights risk management continues to mature. Paper Excellence also expects to continue improving the tools and information provided to suppliers through its procurement processes to help reinforce these expectations.

Assessing Effectiveness

Paper Excellence assesses the effectiveness of its forced labour and child-labour due diligence by monitoring key measures and using results from this process to inform

continuous improvement in procurement controls, supplier oversight and training.

Examples of measures Paper Excellence may track include:

- Supplier screening process, including coverage and results
- Enhanced due diligence activity including questionnaires and document reviews
- Corrective action plans initiated and the time taken to close actions
- Contractual controls, including supplier contracts or purchase terms that cover forced- and child-labour requirements
- Grievance and reporting mechanisms, such as ethics or whistleblower channels
- Year-over-year trends that indicate reduced exposure to higher-risk suppliers or categories

Approval

This report was approved by Domtar's Executive Committee at the time of its signature.

Attestation

In accordance with the requirements of the Act, in particular section 11 thereof, I attest that I have reviewed the information contained in the report for Paper Excellence. On the basis of my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Name: Claudio Cotrim

Title: Chief Corporate Officer and member of the Executive Committee

Date: May 17, 2026

Signature: 

I have the authority to bind Paper Excellence Canada Investment Corporation (PECIC).