

DOMTAR CORPORATION
CORPORATE GOVERNANCE GUIDELINES

(Amended and Restated FEBRUARY 20, 2013)

Role of the Board of Directors

The Board of Directors (the “Board”) is responsible for the overall stewardship of the Company and each director will act in the best interests of the Company and its stockholders. The Board appoints, advises and monitors the performance of the senior management team, which is charged with the conduct of the Company’s business.

In addition to its general oversight of management and the Company’s business affairs, the Board performs a number of specific functions, including, without limitation:

- 1) working with management to determine the Company’s mission and long-term strategy;
- 2) performing the annual evaluation of the Company’s Chief Executive Officer and overseeing CEO succession planning;
- 3) reviewing, monitoring and, where appropriate, approving fundamental financial and business strategies and material corporate actions;
- 4) providing oversight of the Company’s policies and processes to maintain the integrity of the Company, including the integrity of the financial statements, compliance with law and ethics, and relationships with third parties including customers, suppliers, creditors, stockholders and regulators; and
- 5) assessing risks facing the Company and reviewing strategies for risk mitigation.

Each director, will, in the performance of such director’s duties, be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any of the Company’s officers or employees, or committees of the Board, or by any other person as to matters such director reasonably believes are within such other person’s professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

Composition of the Board of Directors

1. Director Qualification Standards

A majority of the members of the Board will satisfy the independence requirements of the New York Stock Exchange relating to directors. A director is independent if the Board has made an affirmative determination that such director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

2. Size of the Board

Our certificate of incorporation provides that, subject to the rights of holders of our preferred stock, the number of directors is to be determined by the Board (but may be no less than three) and that each director will serve for a term of office expiring at the next succeeding annual meeting of stockholders after his or her election. The Board has determined that, in order that there be the appropriate mix of experience and skills for the stewardship of the Company, the Board should be comprised of between 9 and 15 directors.

3. Office of Chairman

A Chairman of the Board will be elected by the Board from among its members to preside at all meetings of the Board. The Chairman of the Board shall not serve as an officer of the Company. The primary responsibility of the Chairman of the Board is to organize the Board so that it can fulfill its responsibilities and function independently of management and to set the tone for the Board and its

members so as to foster ethical and responsible decision-making, appropriate oversight of management, and sound practices in corporate governance.

4. Board Membership Criteria

The Nominating and Corporate Governance Committee will recommend to the Board criteria for the selection of directors and will periodically review the criteria adopted by the Board. The Board seeks membership candidates from diverse backgrounds who can contribute to the work of the Board by reason of their demonstrated integrity, independence, experience, leadership and ability to exercise sound judgment. Directors should plan to make a significant time commitment to the Company to fulfill their responsibilities.

5. Selection of New Director Candidates

The Board will select new director candidates based on the recommendations of the Nominating and Corporate Governance Committee.

6. Term Limits

There are no established term limits for service on the Board.

7. Retirement Age

The Board will generally not nominate a director to serve an additional term as a director of the Company beyond the term in which such director attains the age of 75 or more. The Board recognizes that there may be circumstances in which the interests of the Company will be best served by waiving the retirement age and requesting a director to remain on the Board beyond the age of 75.

8. Policy for the Contingent, Irrevocable Resignation of Directors in Connection With the Failure to Receive a Majority Vote in Subsequent Uncontested Elections

In order to stand for re-election to the Board, each prospective director nominee must submit, in writing, to the chairperson of the Nominating and Corporate Governance Committee (or, if the nominee serves as the chairperson of the Nominating and Corporate Governance Committee, to the chairperson of the Human Resources Committee), an irrevocable, contingent resignation. Such resignation shall only become effective upon (i) the nominee's failure to receive more votes cast "for" than votes cast "against" his or her election to the Board, excluding abstentions, as certified by the inspector of election in an uncontested election of directors at any meeting of stockholders of the Company duly called for that purpose, and (ii) the Board's acceptance of such resignation. For purposes of this policy, "uncontested" shall mean any election of directors in which the number of director nominees equals the number of directors to be elected.

The Nominating and Corporate Governance Committee, or any other committee of the Board comprised of at least three persons and comprised solely of non-management directors, shall, in the event of an incumbent nominee's failure to receive a majority vote, promptly review and consider any resignations tendered pursuant to this policy and shall recommend to the Board whether the Board should accept or reject such resignation.

Any director who tenders his or her resignation pursuant to this policy shall not participate in any deliberations or votes undertaken by the Board and/or any committee of the Board regarding such resignation.

In considering any resignation tendered pursuant to this policy, each of the Board, the Nominating and Corporate Governance Committee and any other committee of the Board appointed to consider such resignations shall consider any such factors and information that it determines to be relevant and appropriate.

The Board shall vote and act on any resignations tendered pursuant to this policy no later than 90 days following the stockholder meeting at which the director failed to be elected by a majority of the votes cast. The Company shall then promptly disclose publicly the Board's determination.

9. Director Resignation In Certain Other Circumstances

A director who experiences a significant change in job responsibilities or assignment, is the subject of media attention that reflects unfavorably on his or her continued service on the Board, or has an unresolved conflict of interest with the Company, will be requested to submit a resignation to the Board. The remaining directors, upon recommendation of the Nominating and Corporate Governance Committee, will then determine the appropriateness of continued Board membership.

10. Limitation on Number of Boards a Director may Serve

No director will serve on more than 4 other unaffiliated public company boards, without the approval of the Nominating and Corporate Governance Committee. A director will advise the Chairman of the Board and the chairperson of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another public company board. This will provide an opportunity to ensure that such additional responsibilities would not compromise the director's availability and capacity to fulfill his or her commitment to the Board and to confirm that no real or apparent conflict of interest would result.

11. Conflicts of Interest

Each director will avoid taking actions or having interests that might result in a conflict of interest, that is, a situation where a director's personal interest is adverse to—or may appear to be adverse to—the interests of the Company. Each director will ethically handle all actual or apparent conflicts of interest between personal and professional relationships, including promptly informing the chairperson of the Nominating and Corporate Governance Committee if such a conflict arises and recusing himself/herself from any discussion or decision affecting his/her personal interests. The Board will resolve any conflict of interest question.

Meeting Procedures

12. Number of Meetings; Attendance of Directors at Board Meetings

The Board will hold a minimum of 6 meetings per year and will hold such additional meetings as it deems appropriate to effectively fulfill its responsibilities. Directors are expected regularly to attend meetings of the Board and the committees of which they are members, and to spend the time needed to properly discharge their responsibilities.

13. Selection of Agenda Items for Board Meeting

The Chairman will establish the agenda for each Board meeting in consultation with the Chief Executive Officer. Individual Board members may suggest agenda items. The Board will conduct an in-depth review of the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

14. Board Materials Distributed in Advance

The Corporate Secretary will, to the extent practicable, distribute materials pertaining to Board and committee meetings a sufficient time in advance of those meetings to provide Board members with a reasonable opportunity to prepare for meetings. A director is expected to review all distributed materials prior to any Board or committee meeting that such director attends.

15. Executive Sessions of Non-Management Directors The non-management directors will meet in executive session without management in connection with each regularly scheduled meeting of the Board. The independent directors (if a different subset of the Board than the non-management directors) will meet at least once a year in an executive session without management. At least once a year, the directors will meet with the Chief Executive Officer without the other executive officers who are not directors being present. The Chairman of the Board (or, in his or her absence, a presiding

director determined by a majority vote of the independent directors attending such meeting) will preside at each such executive session or meeting.

Committee Matters

16. Committees of the Board

There are currently 5 Board committees: Audit, Nominating and Corporate Governance, Human Resources, Environmental, Health and Safety, and Finance. The Board may from time to time establish an Executive Committee or other committees, including standing or special committees, subject to the Company's by-laws and Delaware General Corporation Law. The Board may, by resolution, at any time deemed desirable, discontinue any standing or special committee, subject to the requirements of the by-laws, applicable law and stock exchange requirements.

17. Assignment of Committee Members

Committee assignments will be made by the Board based upon recommendations of the Nominating and Corporate Governance Committee, subject to the by-laws.

18. Frequency of Committee Meetings

Each committee will establish its own rules or procedures, which will be consistent with the provisions of the Delaware General Corporation Law, the by-laws and any resolutions of the Board governing such committee.

19. Committee Agenda

The chairperson of each committee will determine the committee's agenda prior to a meeting, giving consideration to management recommendations and the suggestions of Committee members.

20. Audit Committee

The Committee's duties and responsibilities are set forth in the Audit Committee Charter and include all of the responsibilities of an audit committee under the New York Stock Exchange and Securities and Exchange Commission rules and such other matters as may from time to time be delegated to the Committee by the Board. Each member of the Audit Committee will satisfy the independence requirements of the New York Stock Exchange and the Securities and Exchange Commission relating to directors and audit committee members.

21. Human Resources Committee

The Committee's duties and responsibilities are set forth in the Human Resources Committee Charter and include all of the responsibilities of a compensation committee under the New York Stock Exchange rules and such other matters as may from time to time be delegated to the Committee by the Board. At least two members of the Committee shall satisfy the requirements of a "Non-employee Director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. In addition, at least two members of the Committee shall satisfy the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder.

22. Nominating and Corporate Governance Committee

The Committee's duties and responsibilities are set forth in the Nominating and Corporate Governance Committee Charter and include all of the responsibilities of a nominating and corporate governance committee under the New York Stock Exchange rules and such other matters as may from time to time be delegated to the Committee by the Board. Each member of the Nominating and Corporate Governance Committee will satisfy the independence requirements of the New York Stock Exchange relating to directors.

23. Environmental, Health, Safety and Sustainability Committee

The Committee's duties and responsibilities are set forth in the Environmental, Health, Safety and Sustainability Committee Charter and will include such other matters as may from time to time be delegated to the Committee by the Board.

24. Finance Committee

The Committee's duties and responsibilities are set forth in the Finance Committee Charter and will include such other matters as may from time to time be delegated to the Committee by the Board.

Other Board Matters

25. Board Access to Management and Employees

Directors will have complete access to management and employees of the Company; however, independent directors are expected to keep the Chief Executive Officer informed of such contacts. The Board encourages the attendance of officers in addition to executive officers at Board meetings when matters within their areas of responsibility are discussed.

26. Board Access to Independent Advisors

Directors will have complete access to the Company's outside advisors as they deem necessary and appropriate. The Board and each Committee may, whenever in their sole judgment it is appropriate, retain independent legal, financial or other advisors at the Company's expense.

27. Director Compensation

All directors of the Company who are not simultaneously employed as officers by the Company will be properly compensated and reimbursed for their services as a director. Any employee of the Company who is elected a director of the Company will not receive any compensation other than expense reimbursement for his or her services as a director of the Company.

The Board will be responsible for setting director compensation. The Nominating and Corporate Governance Committee will periodically review the compensation of the Company's directors and make recommendations to the Board with respect thereto. Directors' fees and emoluments should (a) fairly compensate directors for the work and responsibilities entailed in serving as a director for a company of the size and stature of the Company, and (b) align directors' interests with the long-term interests of stockholders.

28. Stock Ownership Guidelines

The Board believes that personal ownership by directors of the Company's equity securities is in the interests of the Company and consistent with good governance practices. Prior to the fifth anniversary of the date on which he or she was first elected a director of the Company, each non-employee director (including the Chairman) is required to own equity securities in the Company in an aggregate amount equal in value to at least US\$425,000, valued at the greater of cost or market value. Shares of restricted stock and restricted stock units (whether vested or unvested) will be included in calculating the value of ownership to determine whether this minimum ownership requirement has been met.

29. Director Orientation and Continuing Education

All new directors will participate in an orientation program shortly after they are elected to the Board. Orientation will include presentations by senior management to familiarize the directors with the Company's business and operations, its financial condition, its policies and procedures, its principal officers, internal and independent auditors, and the duties and responsibilities of its directors.

Management will make presentations from time to time as necessary to ensure that the Board is aware of all business, legal and other developments relating to such matters. Directors will also visit facilities of the Company to gain a better understanding of the Company's operations.

In addition, newly elected and existing directors are strongly encouraged to attend continuing education programs sponsored by third parties to better understand their responsibilities and duties.

30. Succession Planning

The Board's work in respect of succession planning is an important part of its responsibilities. To ensure this work is effectively performed, the Chief Executive Officer will provide a detailed report to the Board on succession planning annually and will also work closely with both the Human Resources Committee and the Nominating and Corporate Governance Committee on that subject. The Board and the Human Resources Committee will establish policies and principles for chief executive officer selection and performance review, as well as policies regarding succession in the case of an emergency or the retirement of the Chief Executive Officer.

31. Assessing the Board's Performance

The Board will conduct an annual self-evaluation in order to determine whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee will oversee the Board's annual self-evaluation.

32. Board Interaction with Shareholders, the Press, Customers, Etc.

The Chief Executive Officer and, as appropriate, designated members of senior management speak for the Company. Individual directors may, on occasion and with the knowledge of senior management, meet or otherwise communicate with interested parties. Absent unusual circumstances or as contemplated by the Committee charters, such communications will be made only at the request of the Chief Executive Officer or the Board and all such communications will be made only in accordance with Company disclosure and communication policies and United States and Canadian securities laws.

The Board has established communications policies pursuant to which security holders or other interested parties may communicate with the Chairman of the Board, the audit committee and non-management directors as a group. In addition, the Company has a comprehensive whistleblower policy for confidential and anonymous employee communications.