POLICY STATEMENT ON TRADING IN SECURITIES OF DOMTAR CORPORATION

[Amended and Restated as of August 2, 2016]

This memorandum sets forth the policy of Domtar Corporation and its subsidiaries (the "Company") with respect to trading in the Company's common stock or debt securities (such as bonds and debentures) or in any other equity securities (such as warrants, options or preferred stock) of or derivative securities relating to the Company or of its affiliates (collectively, "Company Securities"). This policy applies to all directors, officers, employees and agents of the Company and to their immediate family members and other persons living in their households and any other persons or entities those persons may contact ("Company Associates"). Sections III and IV of this memorandum include special restrictions and procedures for "Designated Insiders" and "Section 16 Insiders," as defined in those sections.

The Company's reputation for integrity and high ethical standards in the conduct of its affairs is of paramount importance. To preserve this reputation, it is essential that all transactions in Company Securities be effected in conformity with the securities laws and in a manner which avoids even the appearance of impropriety.

All Company Associates must familiarize themselves with these policies and procedures and abide by them. Violations of this Policy Statement may result in severe civil and criminal penalties under U.S. securities laws, and in disciplinary action by the Company which may include termination of employment.

The obligations of the Senior Vice-President and Chief Legal and Administrative Officer of the Company hereunder may be delegated by the Senior Vice-President and Chief Legal and Administrative Officer, with the approval of the chairperson of the Nominating and Corporate Governance Committee, to such other officers or members of the Law Department of the Company as may be designated from time to time.

I. Prohibition Against "Insider" Trading and Tipping (Applies to All Company Associates)

You may not, directly or indirectly, purchase or sell Company Securities while in possession of material non-public information concerning the Company. Similarly, you may not trade in the securities of another company if you are aware of material non-public information about that company that you obtained in the course of your employment by the Company. In addition, you may not give material non-public information to another person and you and any person to whom you provided any material non-public information would potentially be subject to severe fines and imprisonment. Insider trading and tipping are civil and criminal violations of law. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency situation) are no exceptions.

Ensuring the confidentiality of non-public information is the single most important step to minimizing the risk of illegal insider trading and tipping. All Company Associates therefore must seek to ensure the confidentiality of information to which they have access. This means that unless the information is otherwise publicly available, you must limit access to information to Company Associates having a reasonable "need to know" the information for the purpose of carrying out the assignment for which the information is furnished. Special confidentiality agreements may be required for others, including outside business associates, governmental agencies and trade associations, seeking access to material non-public information. Business conversations should be avoided in public places, such as elevators, hallways, lobbies, restrooms and public transportation facilities.

Who is an Insider?

Anyone who possesses material information about the Company that comes directly or indirectly from the Company may be considered an "insider" under the securities laws.

What is Material Non-Public Information?

Whether information is ***material*** is difficult to evaluate in the abstract and is generally assessed on the basis of hindsight. There is always information about the Company that is not generally known to the public. This information is "material" if it would be likely to affect the Company's stock price, or if it would be relevant to a reasonable investor in making a decision about whether to buy, hold or sell Company Securities. Either positive or negative information may be material. Assuming that it is not publicly known, examples of material inside information could be:

- financial results and other earnings information;
- financial forecasts and plans;
- possible acquisitions, dispositions, joint ventures and other major transactions;
- major personnel or management changes;
- information that would have an impact on earnings (such as unanticipated write-downs or gains and operating losses or gains);
- the gain or loss of a significant customer or supplier;
- a major lawsuit or governmental investigation;
- development of a significant new product or process;
- significant labor disputes;
- a change in auditor, substantial changes in accounting methodologies or auditor notification that an issuer may no longer rely on an audit report;
- a new issuance of stock or debt or other significant financing developments (*e.g.* defaults, repurchase plans, stock splits); and
- a possible change in control.

Material information about the Company should be considered to be *non-public* unless there is a certainty that it is publicly available. For example, Company Associates should assume that the information is not public unless the information has been disclosed in a press release, in a public filing made with the U.S. Securities and Exchange Commission (the "SEC") (such as a report filed on Form 10-K, Form 10-Q or Form 8-K) or in materials sent to shareholders (such as an annual report, investor letter, prospectus or proxy statement) or is available through a news wire service or daily newspaper of wide circulation, **and** a sufficient amount of time has passed (*i.e.*, at least two full business days) so that the information has had an opportunity to be digested by the marketplace.

If you wish further clarification about whether particular information is publicly available, you should contact the Senior Vice-President and Chief Legal and Administrative Officer of the Company.

Does the Policy Cover Trading in Company Securities Only?

No, the prohibition on insider trading in this policy is not limited to trading in Company Securities. It is a violation of company policy to trade in the securities of other companies if you are aware of material non-public information about that company that you obtained in the course of your employment by the Company. It is important to recognize that you may come into possession of non-public information concerning other companies in the ordinary course of your employment responsibilities, such as dealings with major customers, suppliers or other parties to business transactions (*e.g.*, acquisitions, investments or sales). Remember that information that is not material to the Company may nevertheless be material to one of those other companies, and it is not appropriate for you to make personal use of information gained in the course of your employment.

Does the Policy Cover the Exercise of Employee Stock Options?

Except with respect to the mandatory pre-clearance procedure stated in section III page 6, The Company's insider trading policy does not apply to the exercise of an employee stock option, or to the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares subject to an option to satisfy tax withholding requirements. This policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

II. Additional Prohibited Transactions (Applicable to All Company Associates)

The Company considers it improper and inappropriate for any director, officer or other employee of the Company to engage in short-term or speculative transactions in Company Securities. It therefore is the Company's policy that Company Associates may not engage in any of the following transactions:

Short Sales

Short sales of Company Securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. **For these reasons, short sales of Company Securities are prohibited by this Policy Statement.** Moreover, Section 16(c) of the Securities Exchange Act of 1934 prohibits officers and directors from engaging in short sales.

Publicly Traded Options

A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that the Company Associate is trading based on inside information. Transactions in options also may focus the Company Associate's attention on short-term performance at the expense of the Company's long-term objectives. **Accordingly, transactions in puts, calls or other derivative securities, on an exchange or in any other organized market are prohibited by this Policy Statement.** (Option positions arising from certain types of hedging transactions are governed by the section below captioned "Hedging Transactions.")

Hedging Transactions

Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow a person to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the person to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the person may no longer have the same objectives as the Company's other shareholders. **Accordingly, the Company prohibits hedging transactions involving Company Securities.**

Pledging

To the extent that Company Securities are used as collateral to obtain a loan or other form of secured debt financing, these securities may be subject to risks or contingencies that do not apply to other securities that a person may beneficially own. **Accordingly, the Company prohibits pledging of Company Securities for any reason or holding Company Securities in a margin account.**

III. Special Trading Restrictions on Designated Insiders

Trading Blackout Periods

All Company Associates must limit transactions in Company Securities to periods when they can reasonably be satisfied that there are no non-public material pending developments which might have a bearing on the market price of Company Securities. In addition to this general prohibition applying to all Company Associates, there are further additional trading restrictions on certain Company officers, directors and employees who

routinely have access to material non-public information, specifically including (1) all directors of the Company, (2) the CEO and all persons reporting directly to him, (3) the CFO and all persons in the finance organization of the Company having access to the consolidated financial results or projections of the Company, and (4) any member of the extended executive management team having access to the Company's financial results and projections (collectively, "Designated Insiders"). A list of current Designated Insiders is attached as Exhibit A to this Policy Statement and the Senior Vice-President and Chief Legal and Administrative Officer of the Company will update that list from time to time.

Purchases and sales of Company Securities by Designated Insiders, their immediate family members and any other persons living in their household and any entities these persons may control, will not be permitted at the following times when material non-public information may exist:

1. During the period commencing on the 10th calendar day prior to the end of each fiscal quarter and ending two full trading days after the release of the Company's quarterly or annual results.

2. Such other periods as to which Designated Insiders will be specifically advised.

Rule 10b5-1 Plans

A Designated Insider may be able to trade in Company Securities during the restricted periods set forth above, if the Designated Insider has entered into a so-called Rule 10b5-1 plan. Rule 10b5-1 plans allow corporate insiders to establish a defense to insider trading allegations by effecting transactions pursuant to a pre-established, written plan that specifies (by formula, actual dates, etc.) when trades are to be made. Basically, this plan can be designed to allow purchases and sales even when the Designated Insider would be blocked by a blackout period or the possession of material inside information. A Designated Insider may wish to work with his/her broker to set up such a plan. Any Designated Insider's Rule 10b5-1 plan must (1) be in writing and in a form acceptable to the Company; (2) be acknowledged in writing by the Senior Vice-President and Chief Legal and Administrative Officer of the Company prior to the plan becoming effective; (3) contain certain terms and conditions as may be required by Rule 10b5-1; and (4) not be entered into during a blackout period or when the Designated Insider is in possession of material inside public information.

Mandatory Pre-clearance Procedure

Designated Insiders, together with their immediate family members and other persons living in their household and entities those persons may control, may not engage in any transaction involving Company Securities including gifts of stock and option grants, without first obtaining pre-clearance of the transaction from the Senior Vice-President and Chief Legal and Administrative Officer of the Company. A request for pre-clearance should be submitted to the Senior Vice-President and Chief Legal and

Administrative Officer of the Company at the latest on the business day prior to the proposed transaction. The Senior Vice-President and Chief Legal and Administrative Officer of the Company will then determine whether the transaction may proceed and, if so, assist in complying with the SEC's reporting requirements. Once approved, the transaction must be effected no later than one (1) business day after the specified date. In the event an approved transaction is not consummated, it must be re-approved before it may be consummated at a later date.

Transactions effected pursuant to Company approved Rule 10b5-1 plans will not require further pre-clearance at the time of the transaction if the plan specifies the dates, prices and amounts of the contemplated trades or establishes a formula for determining the dates, prices and amounts. Any Designated Insider, immediate family member of a Designated Insider or other person living in a Designated Insider's household or any entity such person controls who effects a transaction pursuant to such a plan (or his or her broker) must, however, report the specific transaction to the Senior Vice-President and Chief Legal and Administrative Officer of the Company no later than the day on which the trade's amount, date and price become known (reliance on the terms of the plan will not constitute sufficient "notice").

Confirmation

All Designated Insiders subject to the procedures set forth in this memorandum must confirm their understanding of, and intent to comply with, the procedures set forth in this memorandum annually. The confirmation is accomplished through completion of the Global Insider Trading online mandatory training.

IV. Section 16 Insiders

The required reporting of transactions in Company equity securities by officers, directors and 10% stockholders of the Company ("Section 16 Insiders") requires timely communication between the director and the Company. **Each Section 16 Insider must notify the Senior Vice-President and Chief Legal and Administrative Officer on the day on which such insider completes a transaction in Company equity securities.**

A list of current Section 16 Insiders is attached as Exhibit A to this Policy Statement and the Senior Vice-President and Chief Legal and Administrative Officer of the Company will update that list from time to time**.** Because the risk of inadvertent Form 4 filing violations is so high and because public scrutiny has been heightened, we will be sending to Section 16 Insiders periodic preventive Reminders and Alerts during the course of the year.

In order to enable the Company to prepare and file Forms 4 on a timely basis, it is imperative that Section 16 Insiders sign and return a power of attorney, a copy of which will be distributed to each Section 16 Insider.

V. Post-Termination Transactions

This Policy Statement continues to apply to your transactions in Company Securities even after you have terminated employment. If you are in possession of material nonpublic information when your employment terminates, you may not trade in Company Securities until that information has become public or is no longer material.

VI. Assistance with Compliance

The ultimate responsibility for adhering to this Policy Statement and avoiding improper securities transactions rests with each Company Associate.

Any Company Associate who has any questions regarding the policy or who is unsure whether information relating to the Company or any other publicly-traded company is "material," or whether it has been disclosed to the public, should contact the Senior Vice-President and Chief Legal and Administrative Officer of the Company before taking any action.