# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

**2021**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

**A** This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

**B** This return/report is:
- [ ] the first return/report
- [ ] the final return/report
- [ ] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

**C** If the plan is a collectively-bargained plan, check here. . . . . ▶ [X]

**D** Check box if filing under:
- [X] Form 5558
- [ ] automatic extension
- [ ] the DFVC program
- [ ] special extension (enter description)

**E** If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. . . . . ▶ [ ]

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
DOMTAR US HOURLY 401(K) PLAN

**1b** Three-digit plan number (PN) ▶ 008

**1c** Effective date of plan 08/04/2001

**2a** Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
DOMTAR INDUSTRIES LLC

395 DE MAISONNEUVE BLVD. WEST
MONTREAL, QC H3A 1L6 CA

**2b** Employer Identification Number (EIN)
25-1157103

**2c** Plan Sponsor's telephone number
514-848-5555

**2d** Business code (see instructions)
327400

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/14/2022 | JEAHN-GABRIEL NEVEU |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | | | |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

**3a** Plan administrator's name and address [X] Same as Plan Sponsor

**3b** Administrator's EIN

**3c** Administrator's telephone number

**4** If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report:
**a** Sponsor's name
**c** Plan Name

**4b** EIN

**4d** PN

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 3275 |
| **6** | Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**). | | |
| **a(1)** | Total number of active participants at the beginning of the plan year | **6a(1)** | 2525 |
| **a(2)** | Total number of active participants at the end of the plan year | **6a(2)** | 2367 |
| **b** | Retired or separated participants receiving benefits | **6b** | 54 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 608 |
| **d** | Subtotal. Add lines **6a(2)**, **6b**, and **6c** | **6d** | 3029 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 16 |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 3045 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 3013 |
| **h** | Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 80 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2E 2F 2G 2J 2K 2S 2T

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

**9a** Plan funding arrangement (check all that apply)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

**9b** Plan benefit arrangement (check all that apply)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

- **(1)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

**b General Schedules**

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] ___ **A** (Insurance Information)
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [X] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

## Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

**11a** If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

**11b** Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

**11c** Enter the Receipt Confirmation Code for the 2021 Form M-1 annual report. If the plan was not required to file the 2021 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

| SCHEDULE C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2021**<br>**This Form is Open to Public Inspection.** |

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

| **A** Name of plan | **B** Three-digit plan number (PN) ▶ |
|---|---|
| DOMTAR US HOURLY 401(K) PLAN | 008 |
| **C** Plan sponsor's name as shown on line 2a of Form 5500 | **D** Employer Identification Number (EIN) |
| DOMTAR INDUSTRIES LLC | 25-1157103 |

## Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

### 1 Information on Persons Receiving Only Eligible Indirect Compensation

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

THE VANGUARD GROUP, INC.

23-1945930

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 15 25 37 52 59 99 | NONE | 152649 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [ ] No [X] |

**(a)** Enter name and EIN or address (see instructions)

VANGUARD ADVISERS INC.

23-2811930

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 26 | NONE | 148327 | Yes [ ] No [X] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes [ ] No [ ] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

## Part I Service Provider Information (continued)

**3.** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

## Part II Service Providers Who Fail or Refuse to Provide Information

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **Part III** | **Termination Information on Accountants and Enrolled Actuaries (see instructions)**<br>(complete as many entries as needed) |
|---|---|

**a** Name:

**b** EIN:

**c** Position:

**d** Address:

**e** Telephone:

Explanation:

**a** Name:

**b** EIN:

**c** Position:

**d** Address:

**e** Telephone:

Explanation:

**a** Name:

**b** EIN:

**c** Position:

**d** Address:

**e** Telephone:

Explanation:

**a** Name:

**b** EIN:

**c** Position:

**d** Address:

**e** Telephone:

Explanation:

**a** Name:

**b** EIN:

**c** Position:

**d** Address:

**e** Telephone:

Explanation:

# SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

## DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2021**

**This Form is Open to Public Inspection.**

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

**A** Name of plan
DOMTAR US HOURLY 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 008

**C** Plan or DFE sponsor's name as shown on line 2a of Form 5500
DOMTAR INDUSTRIES LLC

**D** Employer Identification Number (EIN)
25-1157103

**Part I** **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

**a** Name of MTIA, CCT, PSA, or 103-12 IE: THE DOMTAR US 401(K) MASTER TRUST

**b** Name of sponsor of entity listed in (a): DOMTAR INDUSTRIES LLC

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 25-1157103-010 | M | 552361285 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**Part II** **Information on Participating Plans (to be completed by DFEs)**
(Complete as many entries as needed to report all participating plans)

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

# SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2021**

**This Form is Open to Public Inspection**

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

**A** Name of plan
DOMTAR US HOURLY 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 008

**C** Plan sponsor's name as shown on line 2a of Form 5500
DOMTAR INDUSTRIES LLC

**D** Employer Identification Number (EIN)
25-1157103

## Part I Asset and Liability Statement

**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | | |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | 528492 | 625819 |
| **(2)** Participant contributions | 1b(2) | 792961 | 783621 |
| **(3)** Other | 1b(3) | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | | |
| **(2)** U.S. Government securities | 1c(2) | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | | |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | 8278728 | 7270549 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | | |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | 519253965 | 552361285 |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | | |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | | |

| | | | **(a)** Beginning of Year | **(b)** End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | | |
| | **(2)** Employer real property | 1d(2) | | |
| **e** | Buildings and other property used in plan operation | 1e | | |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 528854146 | 561041274 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 528854146 | 561041274 |

## Part II Income and Expense Statement

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

| | **Income** | | **(a)** Amount | **(b)** Total |
|---|---|---|---|---|
| **a** | **Contributions:** | | | |
| | **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | 15548093 | |
| | **(B)** Participants | 2a(1)(B) | 23588047 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | 646354 | |
| | **(2)** Noncash contributions | 2a(2) | | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 39782494 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | | |
| | **(B)** U.S. Government securities | 2b(1)(B) | | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| | **(E)** Participant loans | 2b(1)(E) | 379141 | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 379141 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| | **(B)** Common stock | 2b(2)(B) | | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 11900919 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 11900919 |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 0 |
| | **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| | **(B)** Other | 2b(5)(B) | | |
| | **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **(6)** Net investment gain (loss) from common/collective trusts | 2b(6) | | 34307595 |
| **(7)** Net investment gain (loss) from pooled separate accounts | 2b(7) | | |
| **(8)** Net investment gain (loss) from master trust investment accounts | 2b(8) | | |
| **(9)** Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| **(10)** Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 30160681 |
| **c** Other income | 2c | | 70217 |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 116601047 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| **(1)** Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 80469038 | |
| **(2)** To insurance carriers for the provision of benefits | 2e(2) | | |
| **(3)** Other | 2e(3) | 60116 | |
| **(4)** Total benefit payments. Add lines **2e(1)** through **(3)** | 2e(4) | | 80529154 |
| **f** Corrective distributions (see instructions) | 2f | | |
| **g** Certain deemed distributions of participant loans (see instructions) | 2g | | 27368 |
| **h** Interest expense | 2h | | |
| **i** Administrative expenses: **(1)** Professional fees | 2i(1) | | |
| **(2)** Contract administrator fees | 2i(2) | | |
| **(3)** Investment advisory and management fees | 2i(3) | | |
| **(4)** Other | 2i(4) | 292336 | |
| **(5)** Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 292336 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 80848858 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line **2j** from line **2d** | 2k | | 35752189 |
| **l** Transfers of assets: | | | |
| **(1)** To this plan | 2l(1) | | 122329 |
| **(2)** From this plan | 2l(2) | | 3687390 |

## Part III Accountant's Opinion

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

**(1)** [X] Unmodified **(2)** [ ] Qualified **(3)** [ ] Disclaimer **(4)** [ ] Adverse

**b** Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

**(1)** [X] DOL Regulation 2520.103-8 **(2)** [ ] DOL Regulation 2520.103-12(d) **(3)** [ ] neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

**c** Enter the name and EIN of the accountant (or accounting firm) below:

**(1)** Name: GRANT THORNTON **(2)** EIN: 36-6055558

**d** The opinion of an independent qualified public accountant is **not attached** because:

**(1)** [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

## Part IV Compliance Questions

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

| | | Yes | No | Amount |
|---|---|---|---|---|
| **a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) | 4a | | X | |

| | | | Yes | No | Amount |
|---|---|---|---|---|---|
| b | Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) | 4b | | X | |
| c | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| d | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| e | Was this plan covered by a fidelity bond? | 4e | X | | 25000000 |
| f | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| g | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| h | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| i | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| j | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.) | 4j | | X | |
| k | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| l | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| m | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| n | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3 | 4n | | | |

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No

If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

| **5b(1)** Name of plan(s) | **5b(2)** EIN(s) | **5b(3)** PN(s) |
|---|---|---|
| DOMTAR US SALARIED 401(K) PLAN | 25-1157103 | 009 |
| | | |
| | | |
| | | |

**5c** Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

# SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2021**

**This Form is Open to Public Inspection.**

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

**A** Name of plan
DOMTAR US HOURLY 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 008

**C** Plan sponsor's name as shown on line 2a of Form 5500
DOMTAR INDUSTRIES LLC

**D** Employer Identification Number (EIN)
25-1157103

## Part I Distributions

**All references to distributions relate only to payments of benefits during the plan year.**

**1** Total value of distributions paid in property other than in cash or the forms of property specified in the instructions ..... | **1** |

**2** Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 23-2186884

**Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.**

**3** Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year ..... | **3** |

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

**4** Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**If the plan is a defined benefit plan, go to line 8.**

**5** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

**6** **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) ..... | **6a** |

**b** Enter the amount contributed by the employer to the plan for this plan year ..... | **6b** |

**c** Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... | **6c** |

**If you completed line 6c, skip lines 8 and 9.**

**7** Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**8** If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

## Part III Amendments

**9** If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

## Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

**10** Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

**11** **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

**b** If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

**12** Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

## Part V Additional Information for Multiemployer Defined Benefit Pension Plans

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

**14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

| | | |
|---|---|---|
| **a** The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment) | **14a** | |
| **b** The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment) | **14b** | |
| **c** The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment) | **14c** | |

**15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

| | | |
|---|---|---|
| **a** The corresponding number for the plan year immediately preceding the current plan year | **15a** | |
| **b** The corresponding number for the second preceding plan year | **15b** | |

**16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

| | | |
|---|---|---|
| **a** Enter the number of employers who withdrew during the preceding plan year | **16a** | |
| **b** If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers | **16b** | |

**17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

## Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

**18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

**19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

**a** Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

**b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

**20** **PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

**a** Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

**b** If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

# Financial Statements and Report of Independent Certified Public Accountants

## Domtar US Hourly 401(k) Plan

December 31, 2021 and 2020

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GRANT THORNTON LLP
27777 Franklin Road, Suite 800
Southfield, Michigan 48034

D +1 248 262 1950
F +1 248 350 3581

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Pension Administrative Committee and
Participants of the Domtar US Hourly 401(k) Plan

**Scope and nature of the ERISA Section 103(a)(3)(C) audit for the 2021 financial statements**

We have performed an audit of the financial statements of Domtar US Hourly 401(k) Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements ("2021 financial statements").

Management, having determined it is permissible in the circumstances, has elected to have the audit of the Plan's 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note C to the financial statements, is complete and accurate.

**Opinion on the 2021 financial statements**

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section

- The amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- The information in the accompanying 2021 financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).



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**Basis for opinion on the 2021 financial statements**
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

**Responsibilities of management for the 2021 financial statements**
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

**Auditor’s responsibilities for the audit of the 2021 financial statements**
Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other matters**

*2021 supplemental schedules required by ERISA*

The supplemental schedule H, part IV, line 4i – schedule of assets (held at end of year) as of December 31, 2021 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the 2021 supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to the auditing procedures applied in the audit of the 2021 financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 financial statements or to the 2021 financial statements themselves, and other additional procedures in accordance with US GAAS. For information included in the 2021 supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the 2021 supplemental schedule, we evaluated whether the 2021 supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion

- The form and content of the 2021 supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the 2021 supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

*Auditor's report on the 2020 financial statements*
We were engaged to audit the 2020 financial statements of the Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated October 1, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Grant Thornton LLP

Southfield, Michigan
October 14, 2022

**Domtar US Hourly 401(k) Plan**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

**As of December 31,**

| | 2021 | 2020 |
|---|---|---|
| **Assets:** | | |
| Investments, at fair value: | | |
| Plan interest in Domtar US 401(k) Master Trust | $ 552,361,285 | $ 519,253,965 |
| Receivables: | | |
| Company contributions | 625,819 | 528,492 |
| Participant contributions | 783,621 | 792,961 |
| Notes receivable from participants | 7,270,549 | 8,278,728 |
| Total receivables | 8,679,989 | 9,600,181 |
| Net assets available for benefits | $ 561,041,274 | $ 528,854,146 |

The accompanying notes are an integral part of these financial statements.

**Domtar US Hourly 401(k) Plan**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**For the year ended December 31,**

| | 2021 |
|---|---|
| **Additions:** | |
| Plan interest in Domtar US 401(k) Master Trust investment income | $ 76,369,195 |
| Interest income on notes receivable from participants | 379,141 |
| Other income | 70,217 |
| Contributions: | |
| Company | 15,548,093 |
| Participants | 23,588,047 |
| Rollovers | 646,354 |
| Total contributions | 39,782,494 |
| Total additions | 116,601,047 |
| **Deductions:** | |
| Benefits paid directly to participants and beneficiaries | (80,556,522) |
| Administrative expenses and other deductions | (292,336) |
| Total deductions | (80,848,858) |
| **Net increase** | 35,752,189 |
| Transfers out to Domtar US Salaried 401(k) Plan, net | (3,565,061) |
| **Net assets available for benefits** | |
| Beginning of year | 528,854,146 |
| End of year | $ 561,041,274 |

The accompanying notes are an integral part of this financial statement.

## NOTE A - DESCRIPTION OF PLAN

The following description of the Domtar US Hourly 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

### *General*

The Plan was established on August 4, 2001 pursuant to an agreement between Georgia-Pacific Corporation and Domtar Industries LLC (the "Company" and "Plan Sponsor") to purchase four paper mills. Accordingly, assets were transferred to the Plan from the Georgia-Pacific Corporation Hourly 401(k) Plan (the "Georgia-Pacific Plan") on behalf of participants previously covered by such plan. Any employee who was a participant in the Georgia-Pacific Plan as of August 3, 2001, was automatically eligible to be a participant in the Plan.

Employees of the Company and affiliates who are on an hourly basis (including those employees who are covered under a collective bargaining agreement) are eligible to participate in the Plan as of their date of hire. Employees who are eligible to participate in the Domtar US Salaried 401(k) Plan are excluded from participation in the Plan.

As of December 31, 2012[1][2], participants of the Domtar US Hourly Pension Plan, the Nekoosa Papers Pension Plan, and the E.B. Eddy Paper, Inc. Hourly Employees' Pension Plan, Port Huron Mill were designated as "Grandfathered" if on that date: they were actively accruing benefits in the applicable defined benefit pension plan, had attained age 55 or a combination of years of age and service that together equal at least 70, and did not elect to waive their grandfathered status. All other employees, whether hired before, on, or since December 31, 2012[1][2], are considered "Non-Grandfathered."

Since January 1, 2013[3], Non-Grandfathered employees are automatically enrolled in the Plan at a 5% contribution rate (3% for Owensboro employees and 6% for non-union hourly), increasing 1% per year until it reaches 60%, unless the employee affirmatively elects otherwise.

As of April 27, 2020, West Carrollton hourly employees are covered under the Plan. West Carrollton employees are Non-Grandfathered and are automatically enrolled in the Plan at a 4% contribution rate, increasing by 1% per year until it reaches 10%, unless the employee affirmatively elects otherwise. An amendment to certain provisions impacting the West Carrollton hourly employees became effective January 1, 2022, but is not reflected in Note A as it's not applicable to the 2021 plan year.

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[1] December 31, 2013 for non-union hourly participants

[2] December 31, 2013 for participants represented by the Office and Professional Employees International Union ("OPEIU") and December 31, 2014 for participants represented by the International Association of Machinists and Aerospace Workers ("IAM") and the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada ("UAJ&AP&PI")

[3] January 1, 2014 for non-union hourly participants and participants represented by the OPEIU union and January 1, 2015 for participants represented by the IAM and the UAJ&AP&PI unions

## NOTE A - DESCRIPTION OF PLAN (CONTINUED)

### *Asset Transfers In/Out*

During 2021, transfers out to the Domtar US Salaried 401(k) Plan were $3,687,390 and transfers in were $122,329. These represent the transfer of participant account balances for participants whose status changed during the year.

### *Contributions*

The Plan has a voluntary deferral 401(k) feature in which participants may elect to contribute from 1% to 60% (in 0.5% increments) of their eligible compensation, as defined in the Plan document, to their elective contribution account in the Plan, subject to certain limitations. Participants may also contribute amounts representing distributions from other qualified plans.

Participants who have attained age 50 before the close of the Plan year shall be eligible to make catch up contributions in accordance with, and subject to, the limitations of the Internal Revenue Code (the "IRC").

### *Grandfathered Employees*

All eligible Grandfathered employees, other than non-union hourly employees, receive a matching Company contribution of 50% of the employee contribution, up to a maximum of 4% of eligible compensation (up to 5% of eligible compensation for Plymouth and Rothschild), for a total maximum matching contribution of 2% of eligible compensation (2.5% for Plymouth and Rothschild). Non-union hourly employees receive a matching Company contribution of 100% of the employee contribution, up to 2% of eligible compensation and of 50% of the employee contribution in excess of 2%, up to an additional 4% of eligible compensation, for a total maximum matching contribution of 4% of eligible compensation.

### *Non-Grandfathered Employees*

Since January 1, 2013[1], all Non-Grandfathered employees receive from the Company an automatic contribution equal to 2.5% of compensation if the combination of age and service, calculated as of the end of the year, is less than 40, 3.5% if between 40 and 50, 4.5% if between 50 and 60, 5.5% if between 60 and 70, and 6.5% if 70 or more. Non-Grandfathered Owensboro and non-union hourly employees receive an additional automatic contribution of 1% of compensation for all brackets. West Carrollton employees who are at least age 50, with more than 15 years of service, receive an additional automatic contribution of 3%.

Since January 1, 2013[1], all eligible Non-Grandfathered employees, other than the Owensboro employees, receive a matching Company contribution of 100% of the employee contribution up to 3% of eligible compensation (2% for the non-union hourly) and 50% of the employee contribution in excess of 3% (2% for the non-union hourly), up to a maximum of 5% (6% for the non-union hourly), for a total matching contribution of 4%. Owensboro employees receive a matching Company contribution of 100% of the employee contribution, up to a maximum of 3% of eligible compensation, for a total matching contribution of 3%.

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[1] January 1, 2014 for non-union hourly participants and participants represented by the OPEIU union and January 1, 2015 for participants represented by the IAM and the UAJ&AP&PI unions

## NOTE A - DESCRIPTION OF PLAN (CONTINUED)

### *All Employees*

Employees are permitted to request loans and hardship withdrawals from amounts in their before-tax employee accounts. Loans and hardship withdrawals are not permitted from matching contribution accounts or automatic contribution accounts.

In 2021, the Plan Sponsor made an automatic contribution of $2,500 to employees at the Plymouth, North Carolina location that met certain requirements.

### *Participant Accounts*

Each participant's account is credited with the participant's contributions and allocations of the Company's contribution and Plan earnings and losses, and may be charged with an allocation of administrative expenses. Allocations of expenses are based on the account balances in each participant's account and the expense ratio applicable to the chosen fund(s). The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

### *Vesting*

Employee and matching Company contributions (except for West Carrollton employees), if any, that are credited to a participant's account, are considered fully vested. The automatic Company contributions vest after three years of service or at age 65, whichever occurs first, unless they are deemed fully vested at the time they are granted. For West Carrollton employees, Company automatic and matching contributions gradually vest over three years of service.

### *Payment of Benefits*

Upon termination of employment, death or disability, a lump sum in cash or a rollover distribution are permitted. If a participant's account balance is less than $5,000 upon termination of employment, and that the participant does not elect to receive or rollover the balance of his or her account, it will be paid in cash if the amount does not exceed $1,000 or rolled over to an IRA if the amount exceeds $1,000 but not $5,000. If a participant reaches age 59.5, the Plan allows withdrawals of all or a portion of the account. Upon reaching age 72, participants will need to begin taking a portion of their balance out of the Plan each year. The Plan also provides for hardship withdrawals for specific hardship situations and are subject to certain restrictions.

### *Notes Receivable from Participants*

Participants may borrow up to one half of their vested interest or $50,000, whichever is lower, with a minimum loan amount of $1,000. The loans are secured by the vested balance in the participant's account. Interest on the loan is set at one point above the prime rate effective at the origination date of the loan (interest rates ranging from 4.25% to 6.50% at December 31, 2021). Principal and interest is paid ratably primarily through payroll deductions. Loan repayment periods are no longer than five years for general purpose loans and no more than 15 years for primary residence loans. No more than one loan from the Plan and all other Company employee benefit plans may be outstanding at any one time. The participant is charged a loan initiation fee that is deducted from the loan proceeds at the time that funds are disbursed. In addition, an annual loan maintenance fee is deducted from the participant's account each year after the first year of the loan.

## NOTE A - DESCRIPTION OF PLAN (CONTINUED)

### *Investment Options*

Upon enrollment in the Plan, a participant may direct contributions in 1% increments. The Plan currently offers twenty-five funds, which include twelve target date funds, five US equity funds, three international equity funds, three bond funds, one money market fund, and one balanced fund. Participants may change their investment elections on a daily basis.

The Pension Administration Committee determines the appropriateness of the Plan's investment offerings and monitors investment performance.

## NOTE B - SUMMARY OF ACCOUNTING POLICIES

The following accounting policies, which conform with accounting principles generally accepted in the United States of America ("US GAAP"), have been used consistently in the preparation of the Plan's financial statements.

### *Basis of Accounting*

The financial statements of the Plan are prepared using the accrual basis of accounting.

### *Use of Estimates*

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

### *Risks and Uncertainties*

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

### *Investment Valuation and Income Recognition*

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of the Plan's interest in the Domtar US 401(k) Master Trust ("Master Trust") is based on the specific interest that it has in the underlying participant-directed investments. Refer to Note E - Fair Value Measurements for valuation details of investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Net appreciation includes gains and losses on investments bought and sold as well as held during the year. Net investment income is allocated to the Plan based on the Plan's interest in the net assets of the Master Trust.

## NOTE B - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### *Notes Receivable from Participants*

Notes receivable from participants are measured at their unpaid balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. If a participant ceases to make loan repayments and the Plan administrator deems the participant loan to be in default, the participant loan balance is reduced, and a benefit payment is recorded. No allowance for credit losses has been recorded as of December 31, 2021 or 2020.

### *Payment of Benefits*

Benefits are recorded when paid.

### *Administrative Expenses*

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expense. Investment related expenses are included in net appreciation in fair value of investments.

## NOTE C - INFORMATION CERTIFIED BY THE VANGUARD FIDUCIARY TRUST COMPANY

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the following information was derived from reports which the Vanguard Fiduciary Trust Company ("VFTC" or "Trustee") has certified as being complete and accurate.

- Plan interest in the Master Trust and notes receivable from participants included in the Statements of Net Assets Available for Benefits as of December 31, 2021 and 2020.
- Plan interest in the Master Trust investment income and interest income on notes receivable from participants included in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2021.
- Total investments, at fair value and total investment income in the Master Trust included in Note D.
- Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2021.

The Plan's independent accountants did not perform auditing procedures with respect to this information, except for comparing such data included in the financial statements to the certified information.

## NOTE D - INTEREST IN THE MASTER TRUST

The Master Trust was established effective August 4, 2001, for the investment of assets of the Plan and other Company affiliated retirement plans. The assets of the Master Trust are held by the VFTC. Use of the Master Trust permits the commingling of assets for the participating plans. Although the assets are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans. Investment income (loss) and administrative expenses relating to the Master Trust are allocated to the individual plans based upon the balances of participant accounts in each plan.

## NOTE D - INTEREST IN THE MASTER TRUST (CONTINUED)

The following table presents the investments and any other assets or liabilities of the Master Trust as of December 31, 2021 and 2020:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Master Trust Balances | Plan's Interest in Master Trust Balances | Master Trust Balances | Plan's Interest in Master Trust Balances |
| Registered investment companies | $ 641,477,588 | $ 291,601,271 | $ 712,460,391 | $ 317,790,469 |
| Collective trusts | 576,356,222 | 260,760,014 | 495,888,500 | 201,463,496 |
| Total investments, at fair value | $ 1,217,833,810 | $ 552,361,285 | $ 1,208,348,891 | $ 519,253,965 |

The following are net appreciation in fair value of investments and investment income for the Master Trust for the year ended December 31, 2021:

| | |
|---|---|
| Net appreciation in fair value of investments | $ 140,397,990 |
| Interest and dividend income | 27,523,014 |
| Total investment income | $ 167,921,004 |

## NOTE E - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

## NOTE E - FAIR VALUE MEASUREMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

*Registered investment companies*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded. These investments are classified within Level 1 of the valuation hierarchy.

*Collective trusts*: Valued at the NAV of units of a collective trust. The NAV is used as a practical expedient to estimate fair value and is based on the fair value of the underlying investments held by the fund less its liabilities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Plan's investments consist of their share of investments in the Master Trust. Refer to Note D for details of the fair value of all assets within the Master Trust.

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2021:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Registered investment companies | $ 641,477,588 | $ - | $ - | $ 641,477,588 |
| Total assets in fair value hierarchy | $ 641,477,588 | $ - | $ - | 641,477,588 |
| Investments measured at NAV: | | | | |
| Collective trusts | | | | 576,356,222 |
| Total investments, at fair value | | | | $ 1,217,833,810 |

## NOTE E - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2020:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Registered investment companies | $ 712,460,391 | $ - | $ - | $ 712,460,391 |
| Total assets in fair value hierarchy | $ 712,460,391 | $ - | $ - | 712,460,391 |
| Investments measured at NAV: | | | | |
| Collective trusts | | | | 495,888,500 |
| Total investments, at fair value | | | | $ 1,208,348,891 |

The table below presents additional information for the Master Trust's investments, whose fair value is estimated using the practical expedient of reported NAV for the year ended December 31, 2021:

| | Fair Value | Unfunded Commitments | Expected Liquidation Term | Redemption Terms | Redemption Restrictions |
|---|---|---|---|---|---|
| Collective trusts | $ 576,356,222 | - | - | Immediate | None |

The table below presents additional information for the Master Trust's investments, whose fair value is estimated using the practical expedient of reported NAV for the year ended December 31, 2020:

| | Fair Value | Unfunded Commitments | Expected Liquidation Term | Redemption Terms | Redemption Restrictions |
|---|---|---|---|---|---|
| Collective trusts | $ 495,888,500 | - | - | Immediate | None |

## NOTE F - PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in Company contributions.

## NOTE G - RELATED-PARTY TRANSACTIONS AND PARTY-IN-INTEREST TRANSACTIONS

The majority of the Master Trust's investments are managed by an affiliate of VFTC. VFTC acts as trustee for all investments as defined by the Plan. Transactions in such investments qualify as party-in-interest transactions which are exempt from the prohibited transaction rules. Participant loans also qualify as exempt party-in-interest transactions.

## NOTE H - TAX STATUS

The Internal Revenue Service (“IRS”) has determined and informed the Company by a letter dated October 17, 2014, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC") and are exempt from federal income tax. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

US GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management is not aware of any uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress.

## NOTE I - SUBSEQUENT EVENTS

The Plan administrator evaluated subsequent events for the Plan through October 14, 2022, the date the financial statements were available to be issued and determined no subsequent events have occurred requiring adjustments to the financial statements or disclosures.

SUPPLEMENTAL INFORMATION

**Domtar US Hourly 401(k) Plan**

**SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)**

**As of December 31, 2021**

| (a) | (b) Identity of Issuer, Borrower, Lessor, or Similar Party | (c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value | (d) Cost | (e) Current Value |
|---|---|---|---|---|
| | *Participant Loans | Notes receivable from participants maturing 2022 to 2035 bearing interest at rates ranging from 4.25 to 6.50 percent | ** | $ 7,270,549 |

* Represents a party-in-interest
** Cost information omitted as plan is participant-directed

# Financial Statements and Report of Independent Certified Public Accountants

## Domtar US Hourly 401(k) Plan

December 31, 2021 and 2020

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GRANT THORNTON LLP
27777 Franklin Road, Suite 800
Southfield, Michigan 48034

D +1 248 262 1950
F +1 248 350 3581

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Pension Administrative Committee and
Participants of the Domtar US Hourly 401(k) Plan

**Scope and nature of the ERISA Section 103(a)(3)(C) audit for the 2021 financial statements**

We have performed an audit of the financial statements of Domtar US Hourly 401(k) Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements ("2021 financial statements").

Management, having determined it is permissible in the circumstances, has elected to have the audit of the Plan's 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note C to the financial statements, is complete and accurate.

**Opinion on the 2021 financial statements**

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section

- The amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- The information in the accompanying 2021 financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).



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**Basis for opinion on the 2021 financial statements**
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

**Responsibilities of management for the 2021 financial statements**
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

**Auditor’s responsibilities for the audit of the 2021 financial statements**
Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other matters**

*2021 supplemental schedules required by ERISA*

The supplemental schedule H, part IV, line 4i – schedule of assets (held at end of year) as of December 31, 2021 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the 2021 supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to the auditing procedures applied in the audit of the 2021 financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 financial statements or to the 2021 financial statements themselves, and other additional procedures in accordance with US GAAS. For information included in the 2021 supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the 2021 supplemental schedule, we evaluated whether the 2021 supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion

- The form and content of the 2021 supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the 2021 supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

*Auditor's report on the 2020 financial statements*
We were engaged to audit the 2020 financial statements of the Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated October 1, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Grant Thornton LLP

Southfield, Michigan
October 14, 2022

**Domtar US Hourly 401(k) Plan**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

**As of December 31,**

| | 2021 | 2020 |
|---|---|---|
| **Assets:** | | |
| Investments, at fair value: | | |
| Plan interest in Domtar US 401(k) Master Trust | $ 552,361,285 | $ 519,253,965 |
| Receivables: | | |
| Company contributions | 625,819 | 528,492 |
| Participant contributions | 783,621 | 792,961 |
| Notes receivable from participants | 7,270,549 | 8,278,728 |
| Total receivables | 8,679,989 | 9,600,181 |
| Net assets available for benefits | $ 561,041,274 | $ 528,854,146 |

The accompanying notes are an integral part of these financial statements.

**Domtar US Hourly 401(k) Plan**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**For the year ended December 31,**

| | 2021 |
|---|---|
| **Additions:** | |
| Plan interest in Domtar US 401(k) Master Trust investment income | $ 76,369,195 |
| Interest income on notes receivable from participants | 379,141 |
| Other income | 70,217 |
| Contributions: | |
| Company | 15,548,093 |
| Participants | 23,588,047 |
| Rollovers | 646,354 |
| Total contributions | 39,782,494 |
| Total additions | 116,601,047 |
| **Deductions:** | |
| Benefits paid directly to participants and beneficiaries | (80,556,522) |
| Administrative expenses and other deductions | (292,336) |
| Total deductions | (80,848,858) |
| **Net increase** | 35,752,189 |
| Transfers out to Domtar US Salaried 401(k) Plan, net | (3,565,061) |
| **Net assets available for benefits** | |
| Beginning of year | 528,854,146 |
| End of year | $ 561,041,274 |

The accompanying notes are an integral part of this financial statement.

## NOTE A - DESCRIPTION OF PLAN

The following description of the Domtar US Hourly 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

### *General*

The Plan was established on August 4, 2001 pursuant to an agreement between Georgia-Pacific Corporation and Domtar Industries LLC (the "Company" and "Plan Sponsor") to purchase four paper mills. Accordingly, assets were transferred to the Plan from the Georgia-Pacific Corporation Hourly 401(k) Plan (the "Georgia-Pacific Plan") on behalf of participants previously covered by such plan. Any employee who was a participant in the Georgia-Pacific Plan as of August 3, 2001, was automatically eligible to be a participant in the Plan.

Employees of the Company and affiliates who are on an hourly basis (including those employees who are covered under a collective bargaining agreement) are eligible to participate in the Plan as of their date of hire. Employees who are eligible to participate in the Domtar US Salaried 401(k) Plan are excluded from participation in the Plan.

As of December 31, 2012[1][2], participants of the Domtar US Hourly Pension Plan, the Nekoosa Papers Pension Plan, and the E.B. Eddy Paper, Inc. Hourly Employees' Pension Plan, Port Huron Mill were designated as "Grandfathered" if on that date: they were actively accruing benefits in the applicable defined benefit pension plan, had attained age 55 or a combination of years of age and service that together equal at least 70, and did not elect to waive their grandfathered status. All other employees, whether hired before, on, or since December 31, 2012[1][2], are considered "Non-Grandfathered."

Since January 1, 2013[3], Non-Grandfathered employees are automatically enrolled in the Plan at a 5% contribution rate (3% for Owensboro employees and 6% for non-union hourly), increasing 1% per year until it reaches 60%, unless the employee affirmatively elects otherwise.

As of April 27, 2020, West Carrollton hourly employees are covered under the Plan. West Carrollton employees are Non-Grandfathered and are automatically enrolled in the Plan at a 4% contribution rate, increasing by 1% per year until it reaches 10%, unless the employee affirmatively elects otherwise. An amendment to certain provisions impacting the West Carrollton hourly employees became effective January 1, 2022, but is not reflected in Note A as it's not applicable to the 2021 plan year.

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[1] December 31, 2013 for non-union hourly participants

[2] December 31, 2013 for participants represented by the Office and Professional Employees International Union ("OPEIU") and December 31, 2014 for participants represented by the International Association of Machinists and Aerospace Workers ("IAM") and the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada ("UAJ&AP&PI")

[3] January 1, 2014 for non-union hourly participants and participants represented by the OPEIU union and January 1, 2015 for participants represented by the IAM and the UAJ&AP&PI unions

## NOTE A - DESCRIPTION OF PLAN (CONTINUED)

### *Asset Transfers In/Out*

During 2021, transfers out to the Domtar US Salaried 401(k) Plan were $3,687,390 and transfers in were $122,329. These represent the transfer of participant account balances for participants whose status changed during the year.

### *Contributions*

The Plan has a voluntary deferral 401(k) feature in which participants may elect to contribute from 1% to 60% (in 0.5% increments) of their eligible compensation, as defined in the Plan document, to their elective contribution account in the Plan, subject to certain limitations. Participants may also contribute amounts representing distributions from other qualified plans.

Participants who have attained age 50 before the close of the Plan year shall be eligible to make catch up contributions in accordance with, and subject to, the limitations of the Internal Revenue Code (the "IRC").

### *Grandfathered Employees*

All eligible Grandfathered employees, other than non-union hourly employees, receive a matching Company contribution of 50% of the employee contribution, up to a maximum of 4% of eligible compensation (up to 5% of eligible compensation for Plymouth and Rothschild), for a total maximum matching contribution of 2% of eligible compensation (2.5% for Plymouth and Rothschild). Non-union hourly employees receive a matching Company contribution of 100% of the employee contribution, up to 2% of eligible compensation and of 50% of the employee contribution in excess of 2%, up to an additional 4% of eligible compensation, for a total maximum matching contribution of 4% of eligible compensation.

### *Non-Grandfathered Employees*

Since January 1, 2013[1], all Non-Grandfathered employees receive from the Company an automatic contribution equal to 2.5% of compensation if the combination of age and service, calculated as of the end of the year, is less than 40, 3.5% if between 40 and 50, 4.5% if between 50 and 60, 5.5% if between 60 and 70, and 6.5% if 70 or more. Non-Grandfathered Owensboro and non-union hourly employees receive an additional automatic contribution of 1% of compensation for all brackets. West Carrollton employees who are at least age 50, with more than 15 years of service, receive an additional automatic contribution of 3%.

Since January 1, 2013[1], all eligible Non-Grandfathered employees, other than the Owensboro employees, receive a matching Company contribution of 100% of the employee contribution up to 3% of eligible compensation (2% for the non-union hourly) and 50% of the employee contribution in excess of 3% (2% for the non-union hourly), up to a maximum of 5% (6% for the non-union hourly), for a total matching contribution of 4%. Owensboro employees receive a matching Company contribution of 100% of the employee contribution, up to a maximum of 3% of eligible compensation, for a total matching contribution of 3%.

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[1] January 1, 2014 for non-union hourly participants and participants represented by the OPEIU union and January 1, 2015 for participants represented by the IAM and the UAJ&AP&PI unions

## NOTE A - DESCRIPTION OF PLAN (CONTINUED)

### *All Employees*

Employees are permitted to request loans and hardship withdrawals from amounts in their before-tax employee accounts. Loans and hardship withdrawals are not permitted from matching contribution accounts or automatic contribution accounts.

In 2021, the Plan Sponsor made an automatic contribution of $2,500 to employees at the Plymouth, North Carolina location that met certain requirements.

### *Participant Accounts*

Each participant's account is credited with the participant's contributions and allocations of the Company's contribution and Plan earnings and losses, and may be charged with an allocation of administrative expenses. Allocations of expenses are based on the account balances in each participant's account and the expense ratio applicable to the chosen fund(s). The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

### *Vesting*

Employee and matching Company contributions (except for West Carrollton employees), if any, that are credited to a participant's account, are considered fully vested. The automatic Company contributions vest after three years of service or at age 65, whichever occurs first, unless they are deemed fully vested at the time they are granted. For West Carrollton employees, Company automatic and matching contributions gradually vest over three years of service.

### *Payment of Benefits*

Upon termination of employment, death or disability, a lump sum in cash or a rollover distribution are permitted. If a participant's account balance is less than $5,000 upon termination of employment, and that the participant does not elect to receive or rollover the balance of his or her account, it will be paid in cash if the amount does not exceed $1,000 or rolled over to an IRA if the amount exceeds $1,000 but not $5,000. If a participant reaches age 59.5, the Plan allows withdrawals of all or a portion of the account. Upon reaching age 72, participants will need to begin taking a portion of their balance out of the Plan each year. The Plan also provides for hardship withdrawals for specific hardship situations and are subject to certain restrictions.

### *Notes Receivable from Participants*

Participants may borrow up to one half of their vested interest or $50,000, whichever is lower, with a minimum loan amount of $1,000. The loans are secured by the vested balance in the participant's account. Interest on the loan is set at one point above the prime rate effective at the origination date of the loan (interest rates ranging from 4.25% to 6.50% at December 31, 2021). Principal and interest is paid ratably primarily through payroll deductions. Loan repayment periods are no longer than five years for general purpose loans and no more than 15 years for primary residence loans. No more than one loan from the Plan and all other Company employee benefit plans may be outstanding at any one time. The participant is charged a loan initiation fee that is deducted from the loan proceeds at the time that funds are disbursed. In addition, an annual loan maintenance fee is deducted from the participant's account each year after the first year of the loan.

## NOTE A - DESCRIPTION OF PLAN (CONTINUED)

### *Investment Options*

Upon enrollment in the Plan, a participant may direct contributions in 1% increments. The Plan currently offers twenty-five funds, which include twelve target date funds, five US equity funds, three international equity funds, three bond funds, one money market fund, and one balanced fund. Participants may change their investment elections on a daily basis.

The Pension Administration Committee determines the appropriateness of the Plan's investment offerings and monitors investment performance.

## NOTE B - SUMMARY OF ACCOUNTING POLICIES

The following accounting policies, which conform with accounting principles generally accepted in the United States of America ("US GAAP"), have been used consistently in the preparation of the Plan's financial statements.

### *Basis of Accounting*

The financial statements of the Plan are prepared using the accrual basis of accounting.

### *Use of Estimates*

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

### *Risks and Uncertainties*

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

### *Investment Valuation and Income Recognition*

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of the Plan's interest in the Domtar US 401(k) Master Trust ("Master Trust") is based on the specific interest that it has in the underlying participant-directed investments. Refer to Note E - Fair Value Measurements for valuation details of investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Net appreciation includes gains and losses on investments bought and sold as well as held during the year. Net investment income is allocated to the Plan based on the Plan's interest in the net assets of the Master Trust.

## NOTE B - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### *Notes Receivable from Participants*

Notes receivable from participants are measured at their unpaid balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. If a participant ceases to make loan repayments and the Plan administrator deems the participant loan to be in default, the participant loan balance is reduced, and a benefit payment is recorded. No allowance for credit losses has been recorded as of December 31, 2021 or 2020.

### *Payment of Benefits*

Benefits are recorded when paid.

### *Administrative Expenses*

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expense. Investment related expenses are included in net appreciation in fair value of investments.

## NOTE C - INFORMATION CERTIFIED BY THE VANGUARD FIDUCIARY TRUST COMPANY

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the following information was derived from reports which the Vanguard Fiduciary Trust Company ("VFTC" or "Trustee") has certified as being complete and accurate.

- Plan interest in the Master Trust and notes receivable from participants included in the Statements of Net Assets Available for Benefits as of December 31, 2021 and 2020.
- Plan interest in the Master Trust investment income and interest income on notes receivable from participants included in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2021.
- Total investments, at fair value and total investment income in the Master Trust included in Note D.
- Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2021.

The Plan's independent accountants did not perform auditing procedures with respect to this information, except for comparing such data included in the financial statements to the certified information.

## NOTE D - INTEREST IN THE MASTER TRUST

The Master Trust was established effective August 4, 2001, for the investment of assets of the Plan and other Company affiliated retirement plans. The assets of the Master Trust are held by the VFTC. Use of the Master Trust permits the commingling of assets for the participating plans. Although the assets are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans. Investment income (loss) and administrative expenses relating to the Master Trust are allocated to the individual plans based upon the balances of participant accounts in each plan.

## NOTE D - INTEREST IN THE MASTER TRUST (CONTINUED)

The following table presents the investments and any other assets or liabilities of the Master Trust as of December 31, 2021 and 2020:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Master Trust Balances | Plan's Interest in Master Trust Balances | Master Trust Balances | Plan's Interest in Master Trust Balances |
| Registered investment companies | $ 641,477,588 | $ 291,601,271 | $ 712,460,391 | $ 317,790,469 |
| Collective trusts | 576,356,222 | 260,760,014 | 495,888,500 | 201,463,496 |
| Total investments, at fair value | $ 1,217,833,810 | $ 552,361,285 | $ 1,208,348,891 | $ 519,253,965 |

The following are net appreciation in fair value of investments and investment income for the Master Trust for the year ended December 31, 2021:

| | |
|---|---|
| Net appreciation in fair value of investments | $ 140,397,990 |
| Interest and dividend income | 27,523,014 |
| Total investment income | $ 167,921,004 |

## NOTE E - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

## NOTE E - FAIR VALUE MEASUREMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

*Registered investment companies*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded. These investments are classified within Level 1 of the valuation hierarchy.

*Collective trusts*: Valued at the NAV of units of a collective trust. The NAV is used as a practical expedient to estimate fair value and is based on the fair value of the underlying investments held by the fund less its liabilities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Plan's investments consist of their share of investments in the Master Trust. Refer to Note D for details of the fair value of all assets within the Master Trust.

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2021:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Registered investment companies | $ 641,477,588 | $ - | $ - | $ 641,477,588 |
| Total assets in fair value hierarchy | $ 641,477,588 | $ - | $ - | 641,477,588 |
| Investments measured at NAV: | | | | |
| Collective trusts | | | | 576,356,222 |
| Total investments, at fair value | | | | $ 1,217,833,810 |

## NOTE E - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2020:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Registered investment companies | $ 712,460,391 | $ - | $ - | $ 712,460,391 |
| Total assets in fair value hierarchy | $ 712,460,391 | $ - | $ - | 712,460,391 |
| Investments measured at NAV: | | | | |
| Collective trusts | | | | 495,888,500 |
| Total investments, at fair value | | | | $ 1,208,348,891 |

The table below presents additional information for the Master Trust's investments, whose fair value is estimated using the practical expedient of reported NAV for the year ended December 31, 2021:

| | Fair Value | Unfunded Commitments | Expected Liquidation Term | Redemption Terms | Redemption Restrictions |
|---|---|---|---|---|---|
| Collective trusts | $ 576,356,222 | - | - | Immediate | None |

The table below presents additional information for the Master Trust's investments, whose fair value is estimated using the practical expedient of reported NAV for the year ended December 31, 2020:

| | Fair Value | Unfunded Commitments | Expected Liquidation Term | Redemption Terms | Redemption Restrictions |
|---|---|---|---|---|---|
| Collective trusts | $ 495,888,500 | - | - | Immediate | None |

## NOTE F - PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in Company contributions.

## NOTE G - RELATED-PARTY TRANSACTIONS AND PARTY-IN-INTEREST TRANSACTIONS

The majority of the Master Trust's investments are managed by an affiliate of VFTC. VFTC acts as trustee for all investments as defined by the Plan. Transactions in such investments qualify as party-in-interest transactions which are exempt from the prohibited transaction rules. Participant loans also qualify as exempt party-in-interest transactions.

## NOTE H - TAX STATUS

The Internal Revenue Service (“IRS”) has determined and informed the Company by a letter dated October 17, 2014, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC") and are exempt from federal income tax. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

US GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management is not aware of any uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress.

## NOTE I - SUBSEQUENT EVENTS

The Plan administrator evaluated subsequent events for the Plan through October 14, 2022, the date the financial statements were available to be issued and determined no subsequent events have occurred requiring adjustments to the financial statements or disclosures.

SUPPLEMENTAL INFORMATION

**Domtar US Hourly 401(k) Plan**

**SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)**

**As of December 31, 2021**

| (a) | (b) Identity of Issuer, Borrower, Lessor, or Similar Party | (c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value | (d) Cost | (e) Current Value |
|---|---|---|---|---|
| | *Participant Loans | Notes receivable from participants maturing 2022 to 2035 bearing interest at rates ranging from 4.25 to 6.50 percent | ** | $ 7,270,549 |

* Represents a party-in-interest
** Cost information omitted as plan is participant-directed

# Financial Statements and Report of Independent Certified Public Accountants

## Domtar US Hourly 401(k) Plan

December 31, 2021 and 2020

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GRANT THORNTON LLP
27777 Franklin Road, Suite 800
Southfield, Michigan 48034

D +1 248 262 1950
F +1 248 350 3581

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Pension Administrative Committee and
Participants of the Domtar US Hourly 401(k) Plan

**Scope and nature of the ERISA Section 103(a)(3)(C) audit for the 2021 financial statements**

We have performed an audit of the financial statements of Domtar US Hourly 401(k) Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements ("2021 financial statements").

Management, having determined it is permissible in the circumstances, has elected to have the audit of the Plan's 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note C to the financial statements, is complete and accurate.

**Opinion on the 2021 financial statements**

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section

- The amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- The information in the accompanying 2021 financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).



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**Basis for opinion on the 2021 financial statements**
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

**Responsibilities of management for the 2021 financial statements**
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

**Auditor’s responsibilities for the audit of the 2021 financial statements**
Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other matters**

*2021 supplemental schedules required by ERISA*

The supplemental schedule H, part IV, line 4i – schedule of assets (held at end of year) as of December 31, 2021 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the 2021 supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to the auditing procedures applied in the audit of the 2021 financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 financial statements or to the 2021 financial statements themselves, and other additional procedures in accordance with US GAAS. For information included in the 2021 supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the 2021 supplemental schedule, we evaluated whether the 2021 supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion

- The form and content of the 2021 supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the 2021 supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

*Auditor's report on the 2020 financial statements*
We were engaged to audit the 2020 financial statements of the Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated October 1, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Grant Thornton LLP

Southfield, Michigan
October 14, 2022

**Domtar US Hourly 401(k) Plan**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

**As of December 31,**

| | 2021 | 2020 |
|---|---|---|
| **Assets:** | | |
| Investments, at fair value: | | |
| Plan interest in Domtar US 401(k) Master Trust | $ 552,361,285 | $ 519,253,965 |
| Receivables: | | |
| Company contributions | 625,819 | 528,492 |
| Participant contributions | 783,621 | 792,961 |
| Notes receivable from participants | 7,270,549 | 8,278,728 |
| Total receivables | 8,679,989 | 9,600,181 |
| Net assets available for benefits | $ 561,041,274 | $ 528,854,146 |

The accompanying notes are an integral part of these financial statements.

**Domtar US Hourly 401(k) Plan**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**For the year ended December 31,**

| | 2021 |
|---|---|
| **Additions:** | |
| Plan interest in Domtar US 401(k) Master Trust investment income | $ 76,369,195 |
| Interest income on notes receivable from participants | 379,141 |
| Other income | 70,217 |
| Contributions: | |
| Company | 15,548,093 |
| Participants | 23,588,047 |
| Rollovers | 646,354 |
| Total contributions | 39,782,494 |
| Total additions | 116,601,047 |
| **Deductions:** | |
| Benefits paid directly to participants and beneficiaries | (80,556,522) |
| Administrative expenses and other deductions | (292,336) |
| Total deductions | (80,848,858) |
| **Net increase** | 35,752,189 |
| Transfers out to Domtar US Salaried 401(k) Plan, net | (3,565,061) |
| **Net assets available for benefits** | |
| Beginning of year | 528,854,146 |
| End of year | $ 561,041,274 |

The accompanying notes are an integral part of this financial statement.

## NOTE A - DESCRIPTION OF PLAN

The following description of the Domtar US Hourly 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

### *General*

The Plan was established on August 4, 2001 pursuant to an agreement between Georgia-Pacific Corporation and Domtar Industries LLC (the "Company" and "Plan Sponsor") to purchase four paper mills. Accordingly, assets were transferred to the Plan from the Georgia-Pacific Corporation Hourly 401(k) Plan (the "Georgia-Pacific Plan") on behalf of participants previously covered by such plan. Any employee who was a participant in the Georgia-Pacific Plan as of August 3, 2001, was automatically eligible to be a participant in the Plan.

Employees of the Company and affiliates who are on an hourly basis (including those employees who are covered under a collective bargaining agreement) are eligible to participate in the Plan as of their date of hire. Employees who are eligible to participate in the Domtar US Salaried 401(k) Plan are excluded from participation in the Plan.

As of December 31, 2012[1][2], participants of the Domtar US Hourly Pension Plan, the Nekoosa Papers Pension Plan, and the E.B. Eddy Paper, Inc. Hourly Employees' Pension Plan, Port Huron Mill were designated as "Grandfathered" if on that date: they were actively accruing benefits in the applicable defined benefit pension plan, had attained age 55 or a combination of years of age and service that together equal at least 70, and did not elect to waive their grandfathered status. All other employees, whether hired before, on, or since December 31, 2012[1][2], are considered "Non-Grandfathered."

Since January 1, 2013[3], Non-Grandfathered employees are automatically enrolled in the Plan at a 5% contribution rate (3% for Owensboro employees and 6% for non-union hourly), increasing 1% per year until it reaches 60%, unless the employee affirmatively elects otherwise.

As of April 27, 2020, West Carrollton hourly employees are covered under the Plan. West Carrollton employees are Non-Grandfathered and are automatically enrolled in the Plan at a 4% contribution rate, increasing by 1% per year until it reaches 10%, unless the employee affirmatively elects otherwise. An amendment to certain provisions impacting the West Carrollton hourly employees became effective January 1, 2022, but is not reflected in Note A as it's not applicable to the 2021 plan year.

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[1] December 31, 2013 for non-union hourly participants

[2] December 31, 2013 for participants represented by the Office and Professional Employees International Union ("OPEIU") and December 31, 2014 for participants represented by the International Association of Machinists and Aerospace Workers ("IAM") and the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada ("UAJ&AP&PI")

[3] January 1, 2014 for non-union hourly participants and participants represented by the OPEIU union and January 1, 2015 for participants represented by the IAM and the UAJ&AP&PI unions

## NOTE A - DESCRIPTION OF PLAN (CONTINUED)

### *Asset Transfers In/Out*

During 2021, transfers out to the Domtar US Salaried 401(k) Plan were $3,687,390 and transfers in were $122,329. These represent the transfer of participant account balances for participants whose status changed during the year.

### *Contributions*

The Plan has a voluntary deferral 401(k) feature in which participants may elect to contribute from 1% to 60% (in 0.5% increments) of their eligible compensation, as defined in the Plan document, to their elective contribution account in the Plan, subject to certain limitations. Participants may also contribute amounts representing distributions from other qualified plans.

Participants who have attained age 50 before the close of the Plan year shall be eligible to make catch up contributions in accordance with, and subject to, the limitations of the Internal Revenue Code (the "IRC").

### *Grandfathered Employees*

All eligible Grandfathered employees, other than non-union hourly employees, receive a matching Company contribution of 50% of the employee contribution, up to a maximum of 4% of eligible compensation (up to 5% of eligible compensation for Plymouth and Rothschild), for a total maximum matching contribution of 2% of eligible compensation (2.5% for Plymouth and Rothschild). Non-union hourly employees receive a matching Company contribution of 100% of the employee contribution, up to 2% of eligible compensation and of 50% of the employee contribution in excess of 2%, up to an additional 4% of eligible compensation, for a total maximum matching contribution of 4% of eligible compensation.

### *Non-Grandfathered Employees*

Since January 1, 2013[1], all Non-Grandfathered employees receive from the Company an automatic contribution equal to 2.5% of compensation if the combination of age and service, calculated as of the end of the year, is less than 40, 3.5% if between 40 and 50, 4.5% if between 50 and 60, 5.5% if between 60 and 70, and 6.5% if 70 or more. Non-Grandfathered Owensboro and non-union hourly employees receive an additional automatic contribution of 1% of compensation for all brackets. West Carrollton employees who are at least age 50, with more than 15 years of service, receive an additional automatic contribution of 3%.

Since January 1, 2013[1], all eligible Non-Grandfathered employees, other than the Owensboro employees, receive a matching Company contribution of 100% of the employee contribution up to 3% of eligible compensation (2% for the non-union hourly) and 50% of the employee contribution in excess of 3% (2% for the non-union hourly), up to a maximum of 5% (6% for the non-union hourly), for a total matching contribution of 4%. Owensboro employees receive a matching Company contribution of 100% of the employee contribution, up to a maximum of 3% of eligible compensation, for a total matching contribution of 3%.

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[1] January 1, 2014 for non-union hourly participants and participants represented by the OPEIU union and January 1, 2015 for participants represented by the IAM and the UAJ&AP&PI unions

## NOTE A - DESCRIPTION OF PLAN (CONTINUED)

### *All Employees*

Employees are permitted to request loans and hardship withdrawals from amounts in their before-tax employee accounts. Loans and hardship withdrawals are not permitted from matching contribution accounts or automatic contribution accounts.

In 2021, the Plan Sponsor made an automatic contribution of $2,500 to employees at the Plymouth, North Carolina location that met certain requirements.

### *Participant Accounts*

Each participant's account is credited with the participant's contributions and allocations of the Company's contribution and Plan earnings and losses, and may be charged with an allocation of administrative expenses. Allocations of expenses are based on the account balances in each participant's account and the expense ratio applicable to the chosen fund(s). The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

### *Vesting*

Employee and matching Company contributions (except for West Carrollton employees), if any, that are credited to a participant's account, are considered fully vested. The automatic Company contributions vest after three years of service or at age 65, whichever occurs first, unless they are deemed fully vested at the time they are granted. For West Carrollton employees, Company automatic and matching contributions gradually vest over three years of service.

### *Payment of Benefits*

Upon termination of employment, death or disability, a lump sum in cash or a rollover distribution are permitted. If a participant's account balance is less than $5,000 upon termination of employment, and that the participant does not elect to receive or rollover the balance of his or her account, it will be paid in cash if the amount does not exceed $1,000 or rolled over to an IRA if the amount exceeds $1,000 but not $5,000. If a participant reaches age 59.5, the Plan allows withdrawals of all or a portion of the account. Upon reaching age 72, participants will need to begin taking a portion of their balance out of the Plan each year. The Plan also provides for hardship withdrawals for specific hardship situations and are subject to certain restrictions.

### *Notes Receivable from Participants*

Participants may borrow up to one half of their vested interest or $50,000, whichever is lower, with a minimum loan amount of $1,000. The loans are secured by the vested balance in the participant's account. Interest on the loan is set at one point above the prime rate effective at the origination date of the loan (interest rates ranging from 4.25% to 6.50% at December 31, 2021). Principal and interest is paid ratably primarily through payroll deductions. Loan repayment periods are no longer than five years for general purpose loans and no more than 15 years for primary residence loans. No more than one loan from the Plan and all other Company employee benefit plans may be outstanding at any one time. The participant is charged a loan initiation fee that is deducted from the loan proceeds at the time that funds are disbursed. In addition, an annual loan maintenance fee is deducted from the participant's account each year after the first year of the loan.

## NOTE A - DESCRIPTION OF PLAN (CONTINUED)

### *Investment Options*

Upon enrollment in the Plan, a participant may direct contributions in 1% increments. The Plan currently offers twenty-five funds, which include twelve target date funds, five US equity funds, three international equity funds, three bond funds, one money market fund, and one balanced fund. Participants may change their investment elections on a daily basis.

The Pension Administration Committee determines the appropriateness of the Plan's investment offerings and monitors investment performance.

## NOTE B - SUMMARY OF ACCOUNTING POLICIES

The following accounting policies, which conform with accounting principles generally accepted in the United States of America ("US GAAP"), have been used consistently in the preparation of the Plan's financial statements.

### *Basis of Accounting*

The financial statements of the Plan are prepared using the accrual basis of accounting.

### *Use of Estimates*

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

### *Risks and Uncertainties*

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

### *Investment Valuation and Income Recognition*

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of the Plan's interest in the Domtar US 401(k) Master Trust ("Master Trust") is based on the specific interest that it has in the underlying participant-directed investments. Refer to Note E - Fair Value Measurements for valuation details of investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Net appreciation includes gains and losses on investments bought and sold as well as held during the year. Net investment income is allocated to the Plan based on the Plan's interest in the net assets of the Master Trust.

## NOTE B - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### *Notes Receivable from Participants*

Notes receivable from participants are measured at their unpaid balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. If a participant ceases to make loan repayments and the Plan administrator deems the participant loan to be in default, the participant loan balance is reduced, and a benefit payment is recorded. No allowance for credit losses has been recorded as of December 31, 2021 or 2020.

### *Payment of Benefits*

Benefits are recorded when paid.

### *Administrative Expenses*

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expense. Investment related expenses are included in net appreciation in fair value of investments.

## NOTE C - INFORMATION CERTIFIED BY THE VANGUARD FIDUCIARY TRUST COMPANY

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the following information was derived from reports which the Vanguard Fiduciary Trust Company ("VFTC" or "Trustee") has certified as being complete and accurate.

- Plan interest in the Master Trust and notes receivable from participants included in the Statements of Net Assets Available for Benefits as of December 31, 2021 and 2020.
- Plan interest in the Master Trust investment income and interest income on notes receivable from participants included in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2021.
- Total investments, at fair value and total investment income in the Master Trust included in Note D.
- Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2021.

The Plan's independent accountants did not perform auditing procedures with respect to this information, except for comparing such data included in the financial statements to the certified information.

## NOTE D - INTEREST IN THE MASTER TRUST

The Master Trust was established effective August 4, 2001, for the investment of assets of the Plan and other Company affiliated retirement plans. The assets of the Master Trust are held by the VFTC. Use of the Master Trust permits the commingling of assets for the participating plans. Although the assets are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans. Investment income (loss) and administrative expenses relating to the Master Trust are allocated to the individual plans based upon the balances of participant accounts in each plan.

## NOTE D - INTEREST IN THE MASTER TRUST (CONTINUED)

The following table presents the investments and any other assets or liabilities of the Master Trust as of December 31, 2021 and 2020:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Master Trust Balances | Plan's Interest in Master Trust Balances | Master Trust Balances | Plan's Interest in Master Trust Balances |
| Registered investment companies | $ 641,477,588 | $ 291,601,271 | $ 712,460,391 | $ 317,790,469 |
| Collective trusts | 576,356,222 | 260,760,014 | 495,888,500 | 201,463,496 |
| Total investments, at fair value | $ 1,217,833,810 | $ 552,361,285 | $ 1,208,348,891 | $ 519,253,965 |

The following are net appreciation in fair value of investments and investment income for the Master Trust for the year ended December 31, 2021:

| | |
|---|---|
| Net appreciation in fair value of investments | $ 140,397,990 |
| Interest and dividend income | 27,523,014 |
| Total investment income | $ 167,921,004 |

## NOTE E - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

## NOTE E - FAIR VALUE MEASUREMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

*Registered investment companies*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded. These investments are classified within Level 1 of the valuation hierarchy.

*Collective trusts*: Valued at the NAV of units of a collective trust. The NAV is used as a practical expedient to estimate fair value and is based on the fair value of the underlying investments held by the fund less its liabilities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Plan's investments consist of their share of investments in the Master Trust. Refer to Note D for details of the fair value of all assets within the Master Trust.

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2021:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Registered investment companies | $ 641,477,588 | $ - | $ - | $ 641,477,588 |
| Total assets in fair value hierarchy | $ 641,477,588 | $ - | $ - | 641,477,588 |
| Investments measured at NAV: | | | | |
| Collective trusts | | | | 576,356,222 |
| Total investments, at fair value | | | | $ 1,217,833,810 |

## NOTE E - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2020:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Registered investment companies | $ 712,460,391 | $ - | $ - | $ 712,460,391 |
| Total assets in fair value hierarchy | $ 712,460,391 | $ - | $ - | 712,460,391 |
| Investments measured at NAV: | | | | |
| Collective trusts | | | | 495,888,500 |
| Total investments, at fair value | | | | $ 1,208,348,891 |

The table below presents additional information for the Master Trust's investments, whose fair value is estimated using the practical expedient of reported NAV for the year ended December 31, 2021:

| | Fair Value | Unfunded Commitments | Expected Liquidation Term | Redemption Terms | Redemption Restrictions |
|---|---|---|---|---|---|
| Collective trusts | $ 576,356,222 | - | - | Immediate | None |

The table below presents additional information for the Master Trust's investments, whose fair value is estimated using the practical expedient of reported NAV for the year ended December 31, 2020:

| | Fair Value | Unfunded Commitments | Expected Liquidation Term | Redemption Terms | Redemption Restrictions |
|---|---|---|---|---|---|
| Collective trusts | $ 495,888,500 | - | - | Immediate | None |

## NOTE F - PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in Company contributions.

## NOTE G - RELATED-PARTY TRANSACTIONS AND PARTY-IN-INTEREST TRANSACTIONS

The majority of the Master Trust's investments are managed by an affiliate of VFTC. VFTC acts as trustee for all investments as defined by the Plan. Transactions in such investments qualify as party-in-interest transactions which are exempt from the prohibited transaction rules. Participant loans also qualify as exempt party-in-interest transactions.

## NOTE H - TAX STATUS

The Internal Revenue Service (“IRS”) has determined and informed the Company by a letter dated October 17, 2014, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC") and are exempt from federal income tax. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

US GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management is not aware of any uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress.

## NOTE I - SUBSEQUENT EVENTS

The Plan administrator evaluated subsequent events for the Plan through October 14, 2022, the date the financial statements were available to be issued and determined no subsequent events have occurred requiring adjustments to the financial statements or disclosures.

SUPPLEMENTAL INFORMATION

**Domtar US Hourly 401(k) Plan**

**SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)**

**As of December 31, 2021**

| (a) | (b) Identity of Issuer, Borrower, Lessor, or Similar Party | (c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value | (d) Cost | (e) Current Value |
|---|---|---|---|---|
| | *Participant Loans | Notes receivable from participants maturing 2022 to 2035 bearing interest at rates ranging from 4.25 to 6.50 percent | ** | $ 7,270,549 |

* Represents a party-in-interest
** Cost information omitted as plan is participant-directed