

Module: Introduction**Page: F0. Introduction****F0.1****Please give a general description and introduction to your organization**

Sappi is a global company with 12 000 employees focused on providing dissolving wood pulp, paper pulp and paper-based solutions to its direct and indirect customer base across more than 150 countries. Manufacturing operations are located in North America, Europe and South Africa, where the company also owns plantations. In FY2016, production included:

- * 5.4 million tons of paper per year
- * 2.3 million tons of paper pulp per year
- * 1.3 million tons of dissolving wood pulp per year

In FY2016, in terms of production of group sales, Europe accounted for 50%, North America for 27% and South Africa for 23%.

The wood and pulp needed for our products is either grown by Sappi, produced within Sappi or bought from accredited suppliers. Across the group, Sappi is close to 'pulp neutral', meaning that we sell almost as much pulp as we buy.

F0.2**Please select the stages of the value chain which best represent your organization's area of operation pertaining to forest risk commodities. If your organization is diversified or vertically integrated, please select all that apply**

Production
Processing
Trading
Manufacturing

F0.3

Are there any parts of your direct operations that are excluded from this disclosure?

No

F0.3a

Please identify the parts of your direct operations that are excluded from your disclosure

Exclusion	Description of exclusion	Potential for deforestation risk	Please explain
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F0.4

Are there any parts of your supply chain that are excluded from this disclosure?

No

F0.4a

Please identify the parts of your supply chain that are excluded from your disclosure

Exclusion	Description of exclusion	Potential for deforestation risk	Please explain
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F0.5

Do you produce or use materials that contain any of the forest risk commodities? Please complete the table

Forest risk commodity	Produce/use forest risk commodity	Explanation if not disclosing but produce/use the commodity
Timber	Yes	

Forest risk commodity	Produce/use forest risk commodity	Explanation if not disclosing but produce/use the commodity
Palm Oil	No	
Cattle Products	No	
Soy	No	
Other	No	

F0.6

Please confirm which commodities you will be disclosing on

Timber

F0.7

Please state the start and end date of the year for which you are reporting data

Reporting year
Thu 01 Oct 2015 - Fri 30 Sep 2016

Further Information

Module: Current State

Page: F1. Context

F1.1

How does your organization use your selected commodities? Please provide details on the form and source of the commodities you use or produce

Forest risk commodity	Activity	Form of commodity	Source	Country of origin	% of procurement spend	Comment
Timber	Growing/production of raw materials	Hardwood logs Softwood logs Sawn timber, veneer, chips Unprocessed wood fiber Pulp Paper Boards, plywood, engineered wood Primary packaging Cellulose-based textile fibre Wood-based bioenergy	Own concessions Smallholders Multiple contracted producers	Australia Austria Brazil Canada Chile Czech Republic Finland France Germany New Zealand Norway Poland Russian Federation South Africa Switzerland Ukraine Other: Belarus, Belgium, Bosnia and Herzegovnia, Chile, Croatia, Denmark, Estonia, Ireland, UK, Latvia, Lithuania, Netherlands, Portugal, Romania, Ukraine, Slovakia, Slovenia, Swaziland, Sweden, Spain lands, Portugal, Romania, Ukraine, Slovakia, Slovenia	21-30%	Sappi is vertically integrated into forest products, pulp and energy. In terms of bio-energy, globally in 2016 Sappi's operations generated 52.9% of renewable energy from renewable sources – mainly from black liquor (75%) but also from sludges and biomass. Black liquor, which is classified as a biofuel, is the spent cooking liquor from the pulping process which arises when pulpwood is cooked in a digester thereby removing lignin, hemicellulose and other extractives from the wood to free the cellulose fibres. The resulting black liquor is an aqueous solution of lignin residues, hemicellulose, and the inorganic chemicals used in the pulping process. Black liquor contains slightly more than half of the energy content of the wood fed into the digester.

F1.2

Please indicate the percentage of your organization's revenue that was dependent on each of your selected forest risk commodities in the reporting year

Forest risk commodity	% of revenue dependent on commodity in the reporting year	Comment
Timber	91-99%	

F1.3

Has your organization experienced impacts related to forest risk commodities that have generated a substantive change in your business operations, revenue or expenditure in the reporting year?

Yes

F1.3a

Please identify the impacts related to forest risk commodities that have generated a substantive change in your business operations, revenue or expenditure in the reporting year

Forest risk commodity	Impact driver	Impact	Description of impact	Estimated financial impact	Response strategy	Description of response strategy
Timber	Physical: Climate change	Higher operating costs Supply chain disruption	The global demand for woodfibre is expected to increase for the foreseeable future, driven partly by the demand for wood pellets rather than finite fossil fuels as a green energy source. This is expected to accelerate as more and more countries commit to mitigation actions on climate change. In 2015, global wood pulp prices climbed past the previous peak from 2011, which was the highest price point in more than 30 years. http://www.pulpapernews.com/2016/02/wood-pulp-and-paper-prices-continue-to-rise In addition, climate change has the potential to seriously impact our fibre base. In all three regions where Sappi operates, climate change could alter the frequency and intensity of forest disturbances such as insect outbreaks, invasive species, wildfires, and		Alignment of public policy positions with sustainable forest management goals Strengthening links with local community Engagement with customers Engagement with public	In Europe, we mitigate fibre supply risk through shareholdings in wood sourcing cooperatives and in this region and North America, through a combination of approaches which include both short- and long-term wood supply agreements. In North America, we recently announced a US\$25 million capital project to update Somerset Mill woodyard.

Forest risk commodity	Impact driver	Impact	Description of impact	Estimated financial impact	Response strategy	Description of response strategy
			storms. These disturbances could reduce forest productivity and change the distribution of tree species.		policy makers Engagement with other stakeholders Engagement with suppliers Supplier diversification Increased investment in new technology New product development and/or market expansion Sustainable forest management incentives	This project will allow the mill to modernise the wood debarking, chipping and chip distribution systems, thereby improving reliability, reducing white wood losses and costs while enhancing efficiency gains through the increased production of wood chips. In Southern Africa, the fact that we own and lease 388,000 hectares (ha) of plantations gives us a competitive advantage. Of this 388,000ha, 249,000ha is used to grow trees, with a further 139,000ha being used for other purposes such as conservation. We have access to wood from a further 103,000ha via contracted timber suppliers. Our aim is to produce low-cost wood with the required pulping characteristics and increase yield per hectare. We actively pursue this aim, particularly through genetic improvement of planting stock.

Please describe why you do not know if your organization experienced any impacts related to forest risk commodities that have generated a substantive change in your business operations, revenue or expenditure in the reporting year

Primary reason for being unaware of impacts	Comment

Further Information

Module: Risk Assessment

Page: F2. Risk assessment

F2.1

Please select the option that best describes your procedures with regard to assessing deforestation risks and opportunities

Forest risk commodity	Deforestation risk assessment procedure	Operational coverage	Please explain
Timber	Integrated into a comprehensive, company-wide risk assessment process	Direct operations Supply chain	At a company (group) level, the Regional Risk Management Councils meet bi-annually to identify, assess and discuss risks. The top risks are then identified and plotted on a graph in terms of likelihood and severity. Risks, including forest risks, are monitored and publicly reported on annually. We currently have a general process for determining materiality and priorities of all Sappi's risks. Forest risks considered include regulatory, reputational, weather related (fire and pests), forest management, operational resource management (water, energy), licence to operate and customer behavioural change. At asset (regional and operating unit e.g. mills) level, risks pertaining to that specific asset are assessed and mitigation actions are managed by the management team of that specific asset. The risks to assets are reviewed on a six-monthly basis by the management team responsible for the asset and all major assets are covered by insurance. On an annual basis, the risks associated with Sappi's non-forestry assets are reviewed by external consultants. The results of these reviews are converted to mitigation action plans, if required. The results of these reviews are used together with the internal survey results of the company's forestry assets, to buy insurance to mitigate risk as required.

F2.1a

Please provide further details on your risk assessment procedures with regard to deforestation risks and opportunities

Forest risk commodity	Frequency of monitoring	To whom are results reported?	Scale of risk assessment	How far into the future are risks considered?	Please explain
Timber	Six-monthly or more frequently	Board or individual/ sub-set of the Board or committee appointed by the Board	Whole company	3-6 years	The Social, Ethics, Transformation and Sustainability (SETS) Committee, a statutory board committee, has final responsibility for climate change. The SETS committee has an independent role with accountability to the Board. The role of the SETS Committee is to assist the Board with the oversight of sustainability issues within the company and to provide guidance to management's work in respect of its duties in the fields of social, ethics, sustainability and transformation. In each region where Sappi operates, climate change and forest risks, developments and related responsibilities form part of the function of the Regional Sustainability Councils (RSC) in North America, Europe and South Africa. These RSCs feed into the Global Sustainability Council which in turn reports to the SETS Committee.

F2.1b

Please identify which of the following criteria are factored into your organization's deforestation risk assessments

Criteria	Timeframe	Relevance	Please explain
Changes in availability and quality of forest risk commodities	Current	Relevant, included	In all three regions where Sappi operates, climate change could alter the frequency and intensity of forest disturbances such as insect outbreaks, invasive species, wildfires, and storms. These disturbances could reduce forest productivity and change the distribution of tree species. Given that woodfibre is a key input to our manufacturing operations, maintaining continuity of supply and containing costs is integral to our sustainability as a business.
Impact of activity on the status of ecosystems	Current	Relevant, included	The plantation industry in South Africa faces an increasing threat from pests and diseases. Sappi Forests is a leader in R&D, continuing to mitigate these risks through improved site species matching, the

Criteria	Timeframe	Relevance	Please explain
and habitats			deployment of improved genetic planting stock and the introduction of specific hybrids from breeding programmes.
Regulation	Current	Relevant, included	South African government restrictions on new plantation cultivation: In global terms, South Africa's water resources are extremely limited and climate change is expected to impact on water availability. Even though commercial forestry accounts for slightly less than 3% of South Africa's total water usage, a general perception exists that forestry uses excessive amounts of water by reducing water runoff into rivers and streams. This is a key factor in the restriction on new plantation cultivation.
Tariffs or price increases	Current	Relevant, included	The focus on renewable energy is impacting the wood supply and costs to Sappi's mills in the Northern hemisphere, since using wood as an energy generation source is incentivised through subsidies over the use of wood to create products
Loss of markets			
Stakeholder conflicts concerning forest risk commodities	Current	Relevant, included	As the definition of "stakeholders" continues to broaden, more and more groups are becoming engaged in the conversations around forest risks, forest management issues and global change. At times, it is difficult to reach consensus with such diverse interest groups.
Brand damage related to forest risk commodities	Current	Relevant, included	Many consumers erroneously equate deforestation with pulp and paper companies like Sappi. This is mitigated by responsible sourcing activities: Globally, the percentage of certified fibre procured for Sappi's mills is 73%. The balance is procured from known and controlled sources. In South Africa and North America, Sappi works with landowners to increase certification. In South Africa, 100% of Sappi's owned and leased plantations are certified by the FSC.
Corruption			
Other			

F2.1c

Please provide any additional information about your approach to assessing deforestation risks here

F2.1d

If you have conducted a partial risk assessment, please identify any exclusions in the following table

Forest risk commodity	Exclusion	Please explain
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F2.2

Please explain why you do not have a process in place for assessing and managing deforestation risks, and whether you plan to introduce such a process in the future

Forest risk commodity	Primary reason for not having a process	Do you plan to introduce a process?	Timeframe	Comment
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Further Information

Module: Implications

Page: F3. Risks

F3.1

Have you identified any inherent risks related to producing, marketing or sourcing forest risk commodities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Please select all that apply

Forest risk commodity	Risk
Timber	Operational risks driven by changes in physical parameters Risks driven by changes in

Forest risk commodity	Risk
	regulation Reputational risks

F3.1a

For your selected forest risk commodities, please describe any inherent operational risks in your direct operations or supply chain driven by changes in physical parameters that have the potential to generate a substantive change in business operations, revenue or expenditure

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
Timber	Change in precipitation extremes and droughts	Global	There is a risk that climate change could impact ecosystems services in the forest and plantations from which Sappi sources woodfibre. Biodiversity is particularly important for Sappi as neither its own plantations in South Africa nor the managed natural forests in Europe and North America from which	Increased operational cost Reduction/ disruption in production capacity Reduction/ disruption of supply Inability to do business	3-6 years	Direct operations and supply chain	More likely than not	Medium	As ecosystem processes and services play a vital role in ensuring the health and vitality of trees in terms of decomposition, soil rejuvenation and pest control, both Sappi's own plantations and the third-party forests from which the group sources woodfibre are actively managed to enhance these beneficial biotic processes and restrict harmful processes like pests and disease.

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
			the group sources woodfibre would be productive without biotic processes taking place						For example, Sappi Europe Sappi sources its pulp from mills in Latin America, where the suppliers own and manage large eucalyptus and pine plantations. The land is divided into sections of intensively managed plantation areas and indigenous forest that is fostered to recover and achieve a higher level of biodiversity. The natural ecosystem that is maintained in turn protects the forest stands.

F3.1b

For your selected forest risk commodities, please describe any inherent risks in your direct operations or supply chain driven by changes in regulation that have the potential to generate a substantive change in business operations, revenue or expenditure

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
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Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
Timber	National legislation	Global	The global demand for woodfibre is expected to increase for the foreseeable future, driven partly by the trend to use renewable resources like woodfibre, rather than for energy generation.	Reduction/ disruption in production capacity Reduction/ disruption of supply Inability to do business	3-6 years	Direct operations and supply chain	Likely		Sappi is lobbying through the industry bodies in each region. A study shows that the wealth creation in the pulp and paper industry value chain is mainly market driven and five times that of the energy alternative (and provides seven times more jobs. In Europe, SEU mitigates fibre supply risk through shareholdings in wood sourcing cooperatives and SNA does so through a combination of approaches which include both short and long-term wood supply agreements.
Timber	National legislation	Country	Maintaining continuity of supply from plantations owned by land reform beneficiaries in South Africa is a challenge. Poor post-settlement support is one of the key reasons cited by experts.	Reduction/ disruption of supply	1-3 years	Supply chain	About as likely as not	Low-medium	We are also active in land reform. As at the end of September 2016, Sappi was involved in 51 land reform projects with the average farm size of 218ha to the largest project of approximately 6,900ha belonging to the Somhlolo Community Trust. Many of these properties previously belonged to commercial farmers who had supply agreements with Sappi.

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
									<p>To ensure sustainable production from these properties, we have entered into supply agreements with the new beneficiaries and have also provided assistance. This depends on the requirements of the project, but ranges from a pure supply agreement to a comprehensive Forestry Enterprise Development Agreement (FEDA). The latter is a supply agreement but also incorporates development objectives whereby Sappi provides technical and business training as well as administrative support. In addition, To further assist with the development of small growers and other forestry value chain participants, we have established a training centre at Richmond in KZN. The training centre has Khulisa Ulwazi ('Growing Knowledge') as its slogan and will be providing training to small growers, land reform beneficiaries and small-scale</p>

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/supply chain	Likelihood	Magnitude of impact	Management methods
									contractors in the technical and business aspects of forestry and small business management.

F3.1c

For your selected forest risk commodities, please describe any inherent reputational risks in your direct operations or supply chain that have the potential to generate a substantive change in business operations, revenue or expenditure

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/supply chain	Likelihood	Magnitude of impact	Management methods
Timber	Negative media coverage	Global	Statements like "using less paper saves trees" are harmful to our industry. Consumers cannot "save" trees. We plant trees which, like any other crop, are harvested when ready. You might as well say that by not eating a tomato you save the tomato. We plant more trees than we harvest.	Reduced demand for goods/service	Up to 1 year	Direct operations	Virtually certain	Medium	In each region where we operate we participate in and promote industry campaigns like the TwoSides initiative to promote greater understanding of our industry.

F3.2

If you indicated in question F3.1 that you do not consider your organization to be exposed to operational risks related to producing, marketing or sourcing any of your selected commodities, please explain why in the table below

Forest risk commodity	Primary reason for not identifying risks	Please explain
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F3.3

If you indicated in question F3.1 that you do not consider your organization to be exposed to risks related to producing, marketing or sourcing any of your selected commodities driven by changes in regulation, please explain why in the table below

Forest risk commodity	Primary reason for not identifying risks	Please explain
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F3.4

If you indicated in question F3.1 that you do not consider your organization to be exposed to reputational risks related to producing, marketing or sourcing any of your selected commodities, please explain why in the table below

Forest risk commodity	Primary reason for not identifying risks	Please explain
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Further Information

F4.1

Have you identified any opportunities related to producing, marketing or sourcing these commodities sustainably that have the potential to benefit your organization?

Forest risk commodity	Opportunities?
Timber	Yes

F4.1a

Please describe the opportunities related to producing, marketing or sourcing these commodities sustainably, and your organization’s strategy to capitalize on them

Forest risk commodity	Opportunity	Scale of opportunity	Strategy to realize opportunity	Timeframe	Comment
Timber	Increased shareholder value	A recent report, World Packaged Food – Market Opportunities and Forecasts, 2014–2020, indicates that by 2020, the packaged food market is expected to bring in revenue of US\$3.03 trillion, registering a compound annual growth rate (CAGR) of 4.5% from 2015 to 2020. [http://www.foodprocessing.com/industrynews/2015/global-packaged-food-market-by-2020-will-be-a-3-03-trillion-industry/]	Our target earnings from our packaging division is 25% of EBITDA by 2020. Our expertise in the food packaging market gives us a competitive edge, as does the growing demand for environmentally sound packaging.	Within the last year	
Timber	Increased shareholder value	The market demand for the use of cellulosic fibres like dissolving wood pulp (DWP) is increasing across a wide spectrum of applications and sustained growth is expected for cellulose fibres in the industrial application over the next five years. The popularity of cellulosic-based fibres is based on their high levels of absorbency, breathability and softness, as well as wash and wear characteristics. Their environmental credentials, when compared with petroleum-based fibres, also contribute to their growing popularity. A potential shortage of cotton supply is expected to accelerate demand for DWP.	Textiles are the primary market for our DWP, which is sold globally for use in viscose staple fibre (rayon) and solvent spun fibres (lyocell), and we continue to supply smaller quantities into the other DWP market segments. Sappi is the world’s biggest producer of DWP and we see global demand for textiles continuing to grow, particularly in markets	Within the last year	

Forest risk commodity	Opportunity	Scale of opportunity	Strategy to realize opportunity	Timeframe	Comment
			<p>such as China, India and Indonesia, due to increasing population growth and affluence in these regions. Forecasts by Oxford Economics put Asia's share of world GDP in real US Dollar purchasing power parity at nearly 45% by 2025, up from 23.2% in 1990. Against this backdrop, we will be expanding our DWP capacity (current global capacity 1.3at Ngodwana and Saiccor Mills by up to 50,000tpa at each mill, beginning in FY2017.</p>		
Timber	Increased shareholder value	<p>The raw material for nanocellulose, woodfibre, is abundant. Furthermore, nanocellulose is not only lightweight, it has very high tensile strength (eight times that of steel), the crystalline form is transparent, gas impermeable and it is highly absorbent when used as a basis for aerogels or foams. The nanocellulose market is projected to register a market size in terms of value of US\$250 million by 2019, signifying an annualised compound annual growth rate of 19% between 2014 and 2019. Demand and value are forecasted on the basis of various key applications of nanocellulose, such as composites and packaging, paper and paper board, biomedicine, and other applications, including as a viable alternative to expensive high-tech materials such as carbon fibres and carbon nanotubes.</p>	<p>In 2015, we announced our development of a patented, low-cost nanocellulose process in conjunction with Edinburgh Napier University. This process uses unique chemistry whereby wood pulp fibres can be easily broken down into nanocellulose without producing the large volumes of effluent associated with existing techniques using high amounts of energy. In addition, the chemicals used in the process can easily be recycled and reused without generating large amounts of effluent. In the same year, we also announced that we would be developing this energy-saving process in a pilot-scale plant at</p>	Within the last year	

Forest risk commodity	Opportunity	Scale of opportunity	Strategy to realize opportunity	Timeframe	Comment
			Brightlands Chemelot Campus in Maastricht, The Netherlands. We commissioned phase I of the pilot plant in March 2016. This allowed the team to manufacture microcellulose (CMF) of excellent quality when compared to our competitors.		
Timber	Increased shareholder value	The key components of woodfibre include cellulose, hemicellulose, lignin and extractives. Both cellulose and hemicellulose are polysaccharides containing many different sugar monomers which can be extracted from pulping streams. This offers opportunities with strong, growing market demand for renewable biochemicals from non-food sources as companies intensify their search for 'green' products that offer enhanced sustainability and also offer product value chains with a lower carbon footprint.	One of the pillars of our strategy is to move into new adjacent business fields based on renewable raw materials, ie biomaterials and bio-energy to extract more value from the production processes. In July 2016, we established a new business unit, Sappi Biotech, to take global responsibility for the commercialisation of new products. For example, we are looking into ways to use the sugars (as well as lignin and organic acids) extracted from the wood during the pulping process, including entering into partnerships to modify these extracts into higher value products for use in a wide variety of applications. The construction of a second generation sugar extraction demonstration plant at Ngodwana Mill in South Africa will begin in 2017, with the feedstock supplied from the	1-3 years	

Forest risk commodity	Opportunity	Scale of opportunity	Strategy to realize opportunity	Timeframe	Comment
			DWP line.		

F4.2

Please explain why you do not consider there to be any opportunities for your organization associated with producing, marketing or sourcing these commodities sustainably

Forest risk commodity	Primary reason for not identifying opportunities	Please explain

F4.3

Please explain why you don't know if there are any opportunities for your organization associated with producing, marketing or sourcing these commodities sustainably

Forest risk commodity	Primary reason for not knowing if there are opportunities	Please explain

Further Information

Module: Measure & Monitor

Page: F5. Measurement

F5.1

Do you own or manage land used for the production of any of your selected commodities? Please complete the table

Forest risk commodity	Own and/or manage land?	Size (Hectares)	Type of control	System in place to monitor deforestation?	Recent infractions?	Please explain
Timber	Own and manage land	450,000-500,000	Operational	Yes	Not applicable	Plantations cover approximately 1% of South Africa's land area and plantation forestry is a priority area for the government, as it drives development in rural areas. Historically, plantation forests have replaced grassland, rather than natural forests. In the other areas where Sappi has manufacturing operations, ie Europe and North America, forests are growing. Europe's net forest area is currently increasing at a rate of approximately 1.6 million hectares per annum. [Source: Confederation of European Paper Industries] In the United States, more trees are grown than harvested. The country continues to benefit from a large and diverse forest inventory distributed across about one-third of total land area. Over the last six decades, the total net United States forest area has increased by over 3%. [http://www.za.twosides.info/US/Thirty-Leading-North-American-Companies-Remove-Go-Paperless--Save-Trees-Claims]

F5.2

Does your organization collect production and/or consumption data for your selected commodities?

Forest risk commodity	Production and/or consumption data available?
Timber	Production data available, disclosing

F5.2a

Please disclose your production and/or consumption data using the table below

Forest risk commodity	Production/ consumption data	Volume	Metric	Full/Partial data?	If partial data, please explain
Timber	Production data	6144392	Air dry metric tons	Full commodity production/consumption	

F5.3

Please explain why your organization is not disclosing production and/or consumption data for your selected commodities

Forest risk commodity	Primary reason for not disclosing production/consumption data	Please explain

F5.4

Please explain why production and/or consumption data is not available for your selected commodities

Forest risk commodity	Primary reason for not having production/consumption data	Please explain

Further Information

Page: F6. Traceability

F6.1

Do you have a system in place to track and monitor the origin of raw materials for your selected commodities?

Forest risk commodity	System to track and monitor origin of raw materials?
Timber	Yes

F6.1a

Please describe the system you have in place to track and monitor the origin of raw materials for your selected commodities

Forest risk commodity	System	System coverage	If partial, % of total production/consumption tracked/monitored	Please explain
	Timber Control System	Full		Sappi North America (SNA) records the town and state or province of origin of each load of wood received at the mills. Representative samples of the deliveries to the mills are subsequently traced backward to confirm the accuracy of the information provided. Through a separate effort, the State of Maine requires that all timber harvests must be registered with the Maine Forest Service, which periodically inspects the operation for environmental compliance. The State of Maine also requires the use of a "trip ticket" to accompany any wood transported to market. The trip ticket identifies the owner, the place of origin and the destination of the wood. A trip ticket system is also utilized in Minnesota, supported by a random sampling process which is incorporated into SNA's certified sourcing procedures. In SA and EU, Sappi uses a system called Timber Control System which identifies aspects such as location of origin, age and species etc. and operates according to (FSC®), SFI®, PEFC chain of custody requirements which stipulate reporting on species and countries forest origin

F6.2

Please explain why you do not have a system in place to track and monitor the origin of raw materials for your selected commodities

Forest risk commodity	Primary reason for not having a system in place	Please explain

F6.3

Please provide details on the level of traceability your organization has for your selected commodities

Forest risk commodity	% of total production/ consumption traceable	Traceability system	Point to which traceable	Exclusions	Exclusion description, if applicable	Comment
Timber	100%	For NA operations, the origin of the fibre is recorded at the time of receipt. A portion of this supply is subsequently inspected at the source, as selected by sampling design procedures, for compliance with rules, regulations and accepted good forestry practices. In SA Sappi uses FSC chain of custody certification – traceability managed through the company’s Timber Control System and bar code labels on the timber. EU: Depends on the type of wood source. For round wood sourced directly Sappi can identify the stand from which the material originates. If sourced via traders or wood chips from saw mills the regions from which the material originates are also known.	Country	Not applicable		All Sappi’s products are sold with a Chain of Custody claim, which includes an assurance of sourcing from well-managed forests and/or plantations.

F6.3a

Please describe your organization’s approach to establishing traceability

In each region, Sappi is certified by internationally recognised, independently verified certification systems including the Forest Stewardship Council® (FSC®), the Programme for the Endorsement of Forest Certification (PEFCTM) and the Sustainable Forestry Initiative (SFI®) for woodfibre. In North America, 100% of wood and pulp is purchased in accordance with both the FSC Controlled Wood standard and the SFI Certified Sourcing standard. These standards are a critical element of Sappi’s due diligence for the Lacey Act compliance. In North America, Sappi includes fibre sourced from Certified Logging Professional and the Maine Master Logger programmes.

Sappi is also working to promote the certification of small growers.

Further Information

Module: Response

Page: F7. Governance and strategy

F7.1

Please indicate where the highest level of direct responsibility for deforestation risk lies within your organization and detail the frequency and nature of engagement on the issue

Highest level of responsibility	Name/position of individual or name of committee	Frequency of briefing	Nature of engagement
Board or individual/sub-set of the Board or committee appointed by the Board	Social, Ethics, Transformation and Sustainability (SETS) committee	Quarterly	The Social, Ethics, Transformation and Sustainability (SETS) Committee, a statutory board committee, has final responsibility for timber-related issues. The SETS committee has an independent role with accountability to the Board. The role of the SETS Committee is to assist the Board with the oversight of sustainability issues within the company and to provide guidance to management's work in respect of its duties in the fields of social, ethics, sustainability and transformation. In each region where Sappi operates, woodfibre issues form part of the function of the Regional Sustainability Councils (RSC) in North America, Europe and South Africa. These RSCs feed into the Global Sustainability Council which in turn reports to the SETS Committee.

F7.2

Have you evaluated how the availability or quality of forest risk commodities could affect your organization's growth strategy?

Yes, evaluated over the next 5 years

F7.2a

Please explain how you evaluated the effects of the availability or quality of forest risk commodities on the success (viability, constraints) of your organization’s growth strategy

Sappi’s business strategy is encapsulated in its publicly stated 2020Vision: “Within the next five years, we want to maximize the returns from our mature businesses, expand our existing high-growth businesses and enter new businesses in adjacent fields as we unlock and commercialise the potential of plantation and forest-derived bio-products. The fact that we operate in a carbon-constrained world as a natural resource company has opened up many exciting opportunities to expand and diversity. Our business is based on woodfibre derived from trees – and it is in these fibres that we have found the key to unlock our sustainable future in a fast-changing world”.

Against this backdrop, woodfibre, is of particular strategic importance to Sappi. Sappi’s plantation assets are a growth pillar of the company’s strategy. Research is being conducted into species improvement in order to maximise yield under different climatic and pulping conditions.

F7.3

Please explain why you have not evaluated how the availability or quality of forest risk commodities could affect the success (viability, constraints) of your organization’s growth strategy

Primary reason for not evaluating potential impact on growth strategy	Please explain

Further Information

Page: F8. Policies

F8.1

Does your organization have a policy that recognizes the role of reducing deforestation for climate change mitigation and sets out clear goals and guidelines for action?

Policy	Please explain
Yes, a publicly available company-wide	Sappi’s Group Climate Change Policy states: “As reducing deforestation of the world’s endangered and tropical forests can help to reduce global warming, we commit to: • Utilising wood fibre from 100% sustainably managed forests and plantations in accordance with our Group Wood Procurement Policy – healthy productive forests absorb carbon dioxide, thereby helping to mitigate global warming • Collaborating in

Policy	Please explain
policy	research and development programmes to address the challenges of climate change • Improving our forestry operations through tree breeding that allows for greater yields per hectare, reduces the risks from pests and diseases, and improves drought tolerance • Promoting the recycling of paper and paper packaging products.” The policy is available at: http://www.sappi.com/group/Sustainability/Sappi%20Climate%20Change%20Policy_Web.pdf

F8.2

Has your organization made a commitment to reduce or remove deforestation and forest degradation from your direct operations and/or supply chain?

Yes

F8.2a

Please identify which of the following criteria are specifically stated in your organization’s commitment to reduce or remove deforestation and forest degradation from your direct operations and/or supply chain

Criteria	Commodity coverage	Operational coverage	% of total production/ consumption covered by commitment	Commitment timeframe	Please explain
Zero deforestation and forest degradation High Conservation Value (HCV) management Legality Certification	Timber	Direct operations and supply chain	100%	No timeframe	The Group Wood Procurement Policy states As stakeholders in managed forests, we have a responsibility to ensure the sustainability of the world’s forest resources through our procurement practices, Sappi will only source woodfibre that: • Comes from forests where the customary, traditional or civil rights of any people are upheld • Is not sourced from any indigenous forest or woodland or any other area that has high conservation values which are threatened by forestry activities • Does not come from plantations which have been converted from natural forests We: • Require all wood and pulp suppliers to provide evidence of third party certification and chain of custody or attest to the fact that their fibre qualifies as a Controlled Wood source • Promote biodiversity conservation within our owned and leased plantations • Help to promote credible certification within our supply chain.

Criteria	Commodity coverage	Operational coverage	% of total production/ consumption covered by commitment	Commitment timeframe	Please explain
					http://www.sappi.com/group/Sustainability/Policies/Sappi-Group-Wood-and-Fibre-Procurement-Policy.pdf The Group Sustainability Charter sets Sappi's commitment to "promoting sustainable forestry through internationally accredited independent environmental management and forest certification systems". http://www.sappi.com/group/Sustainability/Policies/Sappi-Group-Sustainability-Charter.pdf

F8.3

Please explain why your organization has not made a commitment to reduce or remove deforestation and forest degradation from your direct operations and/or supply chain, and whether you plan to do this in the future

Primary reason for not having made a commitment	Do you plan to introduce a commitment?	Please explain

F8.4

Do you have commodity specific sustainability policies?

Forest risk commodity	Commodity specific sustainability policies?	Criteria	Cut-off date, if applicable	Please explain
Timber	Yes	Zero	Not	The Group Wood Procurement Policy states • As stakeholders in managed forests, we have a

Forest risk commodity	Commodity specific sustainability policies?	Criteria	Cut-off date, if applicable	Please explain
		deforestation and forest degradation High Conservation Value (HCV) management Legality Certification	applicable	responsibility to ensure the sustainability of the world's forest resources through our procurement practices We will only source woodfibre that: <ul style="list-style-type: none"> • Comes from forests where the customary, traditional or civil rights of any people are upheld • Is not sourced from any indigenous forest or woodland or any other area that has high conservation values which are threatened by forestry activities • Does not come from plantations which have been converted from natural forests http://www.sappi.com/group/Sustainability/Policies/Sappi-Group-Wood-and-Fibre-Procurement-Policy.pdf

Further Information

Page: F9. Standards and targets

F9.1

Do you have any environmental standards for the production of raw materials for your selected commodities, other than third party certification schemes?

Forest risk commodity	Production standards in place?	Please describe your production standards	Comment
Timber	Yes	Uncertified fibre (wood and pulp) is sourced from known and trusted suppliers close to each mill, regularly visited by	The Group Wood Procurement Policy stipulates that Sappi monitors the origin of wood fibre and pulp and is available under the sustainability tab at www.sappi.com http://www.sappi.com/regions/sa/Sustainability/Documents/Sappi%20Group%20Supplier%20Policy.pdf The Group Supplier Policy highlights the fact that Sappi prefers to work with suppliers who share the group's commitment to sustainable development

Forest risk commodity	Production standards in place?	Please describe your production standards	Comment
		<p>our buyers. FSC®-controlled wood and PEFC™ Due Diligence Systems (DDS) requirements are incorporated into Sappi's purchasing specifications and contracts which align with the group's purchasing policy. In North America, when a supplier provides non-certified but Controlled Wood, internal procedures are used to verify the status of the wood. This process is reviewed annually by third party auditors who provide the necessary verification.</p>	

F9.2

Does your organization enforce any procurement standards that impact your sourcing of forest risk commodities?

Forest risk commodity	Procurement standards in place?	Monitor compliance?	Impact on sourcing activities	Please explain
Timber	Yes	Yes	Factored into supplier selection process Impact on supplier engagement strategy	In addition to Sappi's internal woodfibre certification efforts, the group promotes certification amongst its suppliers and outside its own operations. Sappi North America was the first pulp and paper company in North America to be granted a group forest management certificate by the FSC®. Through this certificate, small landowners who agree to enter as a member of Sappi's forest management group have their land certified in accordance to the FSC® standard. Sappi's ongoing forest management services and supplier outreach programmes help to increase certified lands in the areas that supply fibre to our mills. In North America, Sappi's Sustainable Forestry Programme assists woodlot owners in the State of Maine to develop plans for managing and harvesting woodlands. In South Africa, Sappi has established a group scheme for small and medium growers. There are currently over 205 members in the scheme with plantations ranging from a few hundred hectares to well over 103,000 hectares in size. FSC® certification is not yet available to micro growers, largely because of financial constraints. Through the auspices of Forestry South Africa, in South Africa Sappi is currently researching ways of overcoming these barriers, but this will take another two years to be established. Currently timber from micro growers is recognised as "controlled wood" and can thus be used to produce FSC® products labelled as "Mixed Sources". To promote and incentivise certification throughout South Africa, SSA currently pays a premium for FSC®-certified timber.

F9.3

Are you involved in any multi-partnership or stakeholder initiatives relating to the sustainability of these commodities? Please describe your role

Forest risk commodity	Involved in initiatives?	Initiatives	Please explain
Timber	Yes	FSC PEFC UN Global Compact Sustainable Packaging	In Europe and North America, close engagement is maintained directly and through the respective industry bodies CEPI and AF&PA with the FSC® and WWF International. In Europe, also with the Programme for the Endorsement of Forest Certification (PEFC™). In North America, Sappi is a member of the economic chamber of both FSC US and SFI® and actively engages with these organisations through a variety of working groups and committee activities. In South Africa, Sappi is a member of the local WWF organisation as well as FSC. Sappi has been a signatory to the UN Global Compact since 2008. Sappi's commitment to Principle 7: Support

Forest risk commodity	Involved in initiatives?	Initiatives	Please explain
		Coalition (SPC)	a precautionary approach to environmental challenges and Principle 8: Undertake initiatives to promote greater environmental responsibility are detailed in Sappi's 2015 Group Sustainability Report, pages 119 – 120 Sappi is a member of CAMCORE, an international, non-profit organisation dedicated to the conservation and utilisation of subtropical and tropical tree species. Several of these conservation parks are conserving species/populations (ex situ) that are threatened or severely endangered within their native habitat. Sappi is a member of EUCAGEN which aims to facilitate the development of genomic resources for Eucalyptus tree species. The sequencing of the genome was completed at the end of 2009 and the first assembly (alignment of the genome) and annotation (attaching biological information to the sequences) of all the genes for the Eucalyptus grandis genome has been completed and released.

F9.4

Do you specify any third party certification schemes for your selected commodities? Please indicate the percentage of total production and/or consumption currently certified

Forest Risk Commodity	Specify third party certification schemes?	% of total production/ consumption certified	Certification scheme breakdown	Please explain
Timber	FSC PEFC SFI American Forest Foundation Tree Farm System	71-80%	FSC Forest Management certification FSC Chain of Custody FSC Controlled Wood FSC Group certification PEFC Sustainable Forest Management certification PEFC Chain of	Globally, 73% of fibre supplied to Sappi's mills is certified. In North America, Europe and South Africa, the percentage of certified fibre is respectively: 55% (2015:58%), 75.2% (2015: 78%) and 82% (2015: 83%). The reasons for the decline in percentages in each region are as follows: In North America, the decline was driven primarily by a change in production strategy at Cloquet Mill which involved a change from buying 100% certified market pulp to making our own pulp as we were limited to the amount of certified fibre available in the local wood basket. In Europe, there is push back against certification by sawmills, who are finding certification requirements increasingly onerous. In Southern Africa, the decline was the result of using less of our own woodfibre because of the drought and having to buy timber in. Sappi's plantations in South Africa are 100% FSC-certified. In North America, 100% of wood and pulp is purchased in accordance with both the FSC® Controlled Wood standard and the SFI® Certified Sourcing standard. These standards are a critical element of

Forest Risk Commodity	Specify third party certification schemes?	% of total production/ consumption certified	Certification scheme breakdown	Please explain
			Custody PEFC Group certification SFI Forest Management certification	Sappi's due diligence for Lacey Act compliance. In North America, Sappi includes fibre sourced from Certified Logging Professional and the Maine Master Logger programmes. Cloquet, Westbrook and Somerset Mills are FSC, SFI and PEFC certified. In Europe, all mills are FSC and PEFC certified. In South Africa, 100% of Sappi's owned and managed plantations are FSC-CoC certified, while Ngodwana, Saiccor, Stanger and Tugela Mills and Lomati Sawmill are FSC CoC certified.

F9.5

Do you have any quantified targets for third party certified materials in your direct operations and/or supply chains?

Forest risk commodity	Quantified targets for third party certification?	Certification scheme breakdown	Baseline year	Target year	Coverage	% of materials third party certified in target year	Please explain
Timber	FSC PEFC SFI American Forest Foundation Tree Farm System	FSC Forest Management certification FSC Controlled Wood FSC Group certification PEFC Chain of Custody PEFC Project Chain of Custody	2014	2020	Direct operations and supply chain	71-80%	In 2015 Sappi established global 2020 sustainability targets. The base year is 2014, with five year targets from 2016-2020. Regional targets are aligned to these targets. In terms of certified fibre, the global 2014 base was 79%, which was not maintained in 2016, with the global average at 73%. Going forward, the goal is to improve on the 79% target. The regional 2020 targets are as follows: Sappi Europe: Total certified fibre to be more than 70% Sappi North America: Total certified fibre content to be 60% Sappi Southern Africa: 70% certified fibre and pulp These targets are reported on publicly on an annual basis in the regional sustainability reports as well as the group

Forest risk commodity	Quantified targets for third party certification?	Certification scheme breakdown	Baseline year	Target year	Coverage	% of materials third party certified in target year	Please explain
		PEFC Group certification SFI Forest Management certification SFI Fiber Sourcing certification					sustainability report

F9.6

Do you have any quantified targets for sustainable production and/or procurement, other than third party certification?

Forest risk commodity	Quantified targets for sustainable production/ procurement?	Type of target	Baseline year	Target year	Coverage	% of materials to meet requirements in target year	Please explain
Timber	Yes	Sustainable production	2014	2020	Direct operations	Not applicable	At a global level, Sappi has a specific thermal energy (STE) goal to achieve a 5% improvement by 2020. The 2014 STE base is 21.05 GJ/adt. Regional targets in Europe include: * Reduction of specific direct fossil CO2 emissions including purchased power emissions (calculated at 400g/KWh) by 5% by 2017 (base year 2012, saleable production) * Reduction of specific water use (m ³ /ton manufactured pulp and saleable paper) by 5% by 2017 (base year is 2012, saleable production). Sappi North America's targets

Forest risk commodity	Quantified targets for sustainable production/ procurement?	Type of target	Baseline year	Target year	Coverage	% of materials to meet requirements in target year	Please explain
							include: * Reduce the amount of total energy expended in making each ton of product by 5% by 2020 * Reduce paper mill raw material waste by 5% by 2020 * Reduce pulp mill raw material waste by 10% by 2020. Sappi Southern Africa's targets include: * Achieve 10% reduction in specific purchased fossil energy by 2020 with 2014 as the base year * Achieve a 10% reduction in total specific fresh water usage by 2020 with 2014 as a base year * Achieve a 10% reduction in specific solid waste landfilled by 2020 using 2014 as a base year

Further Information

Page: F10. Engagement

F10.1

Have you identified sufficient sources of sustainable materials to meet your operational needs? Please explain what you are doing to ensure security/continuity of supply

Forest risk commodity	Current demand	Future demand	Actions to ensure security/ continuity of supply	Please explain
Timber	Yes	Yes	Supplier improvement plans to increase capacity of supply Engaging in capacity building activities in	In addition to Sappi's internal woodfibre certification efforts, we promote certification among our suppliers and outside our own operations. SNA's ongoing forest management services and supplier outreach programmes help to increase certified lands in areas that supply fibre to its mills. SNA was the first pulp and paper company in North America to be granted a group forest management certificate by the FSC. Small landowners who agree to become a member of SNA's forest

Forest risk commodity	Current demand	Future demand	Actions to ensure security/ continuity of supply	Please explain
			the value chain	management group have their land certified in accordance with the FSC standard under this certificate. SNA's Sustainable Forestry Programme assists woodlot owners in the state of Maine to develop plans for managing and harvesting woodlands. Launched in 1983, Project Grow (Khulisa Umnotho), a tree-farming scheme that gives subsistence farmers the opportunity to participate in the forestry industry, creating sustainable livelihoods in rural areas, fostering economic growth and entrepreneurship. These growers range from small individual growers to larger community projects. Sappi has now expanded Khulisa Umnotho to the northern part of the Eastern Cape.

F10.2

Are you working with smallholders to encourage and support sustainable forest management practices?

Forest risk commodity	Working with smallholders?	Please explain
Timber	Working with smallholders	In terms of Sappi's enterprise development scheme in South Africa, Khulisa Umnotho, Sappi provides growers with technical advice through the 21 qualified extension officers and two managers employed by Sappi. The extension officers assist growers in selecting the most appropriate areas to plant, and in avoiding environmentally sensitive areas. They also offer ongoing growing advice and practical assistance. If requested, Sappi participates in growers' negotiations with contractors (especially harvesting and long-haul transport contractors) to ensure they are treated fairly. In North America, Individual and family-owned land accounts for more than one-third of all land across the United States. These lands are owned by more than 22 million individual owners and the U.S. Forest Service estimates that more half of the wood harvested for the wood products industry originates in family owned forests. While these landowners may have management plans in place, in most cases there is no formal chain of custody certification to offer brand owners the supply chain assurances they seek. Therefore, through a partnership with the American Forest Foundation and the Sustainable Packaging Coalition, stakeholders across the supply chain have come together to understand challenges, and identify new methods to evaluate sustainable forest management on family-owned land. Development of a new data driven assurance model will demonstrate how the practices and actions of landowners on individual parcels of land aggregate into a healthy forested landscape or regional ecosystem. The model could also be used to identify potential landscape-wide gaps and opportunities to enhance forest sustainability, and find practical ways for the supply chain to address them at a meaningful scale. This project is chaired by Sappi North America's Director of Sustainability.

Forest risk commodity	Working with smallholders?	Please explain
		The Confederation of European Paper Industries (CEPI), of which Sappi Europe is a member, participates in actions supporting and promoting the development of sustainable forestry management tools – including forest certification – all over the world, particularly in less developed countries

F10.3

Are you working with your direct suppliers to support and improve their capacity to supply sustainable materials?

Forest risk commodity	Working with direct suppliers?	Supplier engagement strategy	Please explain
Timber		Encouraging certification Workshops and training	In South Africa, Sappi has established a group certification scheme for small and medium growers. There are currently over 40 members in the scheme with plantations ranging from a few hundred hectares to 4,391 hectares in size. FSC certification is not yet available to micro growers. Sappi is currently working with other industry players to overcome this. Currently timber from micro growers is recognised as 'controlled wood' and can thus be used to produce FSC products labelled as 'Mixed Sources'. Sappi is active in land reform. As at the end of September 2016, Sappi was involved in 51 land reform projects with the average farm size of 218ha to the largest project of approximately 6,900ha belonging to the Somhlolo Community Trust. Many of these properties previously belonged to commercial farmers who had supply agreements with Sappi. To ensure sustainable production from these properties, we have entered into supply agreements with the new beneficiaries and have also provided assistance. This depends on the requirements of the project, but ranges from a pure supply agreement to a comprehensive Forestry Enterprise Development Agreement (FEDA). The latter is a supply agreement but also incorporates development objectives whereby Sappi provides technical and business training as well as administrative support. To further assist with the development of small growers and other forestry value chain participants, we have established a training centre at Richmond in KZN. The training centre has Khulisa Ulwazi ('Growing Knowledge') as its slogan and will be providing training to small growers, land reform beneficiaries and small-scale contractors in the technical and business aspects of forestry and small business management.

F10.4

Are you working beyond the first tier of your supply chain to manage and mitigate risk?

Forest risk commodity	Work beyond first tier of supply chain?	Please explain
Timber	Yes	<p>Following a series of fires on our plantations, in 2014 we launched the Abashintshi (the 'changers' in Zulu) training programme in KwaZulu-Natal. The aim of the programme is twofold: to reduce fires and uplift communities. The project involves using young people from the rural communities living in and around our operations across KwaZulu-Natal to mobilise their communities to take charge of their own futures instead of waiting for work or development to arrive from outside, in line with the asset-based community development (ABCD) model. The programme began with 18 young volunteer men and women in 2015 and has now been expanded to include 36 people. Over the last two years, these 36 change agents have reached more than 18,500 people in their respective communities. Overall, almost 330 people have been taught some basic business skills which has resulted in more than 120 microenterprises either starting up/or being rejuvenated. The Abashintshi have also mobilised communities to become involved in fire prevention with significant results – the average number of fires in 2016 is the lowest in six years. In the case of secondary purchases through brokers or suppliers, the point of origin of the fibre (landowner) is generally, but not always, identified. A process to substantiate these claims is in place. In terms of non-certified fibre, wood/pulp is sourced from known and trusted suppliers close to each mill, regularly risk assessed by competent experts. FSC®-controlled wood and PEFC Due Diligence Systems (DDS) requirements are incorporated into our purchasing specifications and contracts. Environmental- and forestry-related information (including wood sources) is obtained from every pulp supplier on a regular basis and this data is then evaluated by a team of experts. In North America, in cases where a supplier is providing non-certified but Controlled Wood, internal procedures are used to verify the status of the wood. This process is annually reviewed by third party auditors who provide the necessary verification.</p>

F10.5

Do you engage in activities that could either directly or indirectly influence the market for sustainable forest risk commodities?

Activity	Please explain
Increasing awareness of sustainable materials	<p>In all regions, Sappi participates in initiatives such as TwoSides which highlight the message that Sappi's products are reusable, recyclable, and come from trees that are sustainably harvested. We raise awareness of sustainable materials through marketing material and through brochures and a series of FAQs published on the website www.sappi.com. Through the industry groups to which Sappi belongs, CEPI, AF & PA and PAMSA, the company lobbies on various issues. SNA's Sustainability Customer Council is</p>

Activity	Please explain
	composed of Sappi customers who represent key segments from the coated and release papers business units. As part of Sappi's commitment to engaging with and understanding a variety of environmental and business perspectives, the Council meets semi-annually to discuss emerging industry issues and customer needs that impact Sappi North America's sustainability strategy.

Further Information

Attachments

[https://www.cdp.net/sites/2017/90/16290/Forests 2017/Shared Documents/Attachments/Forests2017/F10.Engagement/UNGC principles 7 and 8.docx](https://www.cdp.net/sites/2017/90/16290/Forests%202017/Shared%20Documents/Attachments/Forests2017/F10.Engagement/UNGC%20principles%207%20and%208.docx)

Module: Challenges

Page: F11. Barriers and challenges

F11.1

Please describe any key barriers or challenges to achieving deforestation free direct operations and supply chains

Sappi's own internal controls, together with the externally verified, internationally recognised certification systems used by the group give Sappi a high level of confidence that the group has a 100% deforestation free sourcing practice in place.

F11.2

Please describe any measures that would improve your organization's ability to manage deforestation risk

GMOs might help Sappi to manage deforestation risk. Sappi has taken the decision to understand the challenges and risks of GMO tree crops as the group's competitors in the wood fibre space have started utilising the technology. While Sappi sees potential environmental, social and reputational risks with GMOs, the

group also sees GMOs as a potential method to adapt its plantations to a potentially rapidly changing climate and as a renewable source of chemicals, energy and fibre.

Further Information

Module: Sign Off

Page: F12. Sign off

F12.1

Please provide the following information for the person that has signed off (approved) your CDP forests response

Name	Job title	Corresponding job category
Graeme Wild	Group Head: Investor Relations and Sustainability, Sappi Limited	Business unit manager

Further Information

CDP