



sappi

2024

Group
Sustainability
Report

PRO
PEL

Contents

About us

Who we are	1
Where we operate	1
Value streams	2
About this report	3
Independent Auditors Limited Assurance Report on Selected Key Performance Indicators	4

Governance

Targets

Policies and guidelines

Message from our leaders

Our key relationships

Employees	27
Unions	30
Customers	32
Communities and neighbours	35
Industry bodies and NGOs	40
Investors	44
Government and regulatory bodies	46
Suppliers	48
Media	50
Research institutes and academia	52
Our key memberships and commitments	54

Our key material issues

Principles	
Ethical behaviour and compliance	61
Responsible procurement	66
Prosperity	
Our management approach to Prosperity	71
Our 2024 performance at a glance	72
Competitive position	75
Sustainable solutions for a circular bioeconomy	83
People	
Enhancing trust to build a thriving world	92
Our 2024 performance at a glance	93
Our management approach to People	94
Health, safety and wellbeing of our employees and contractors	96
Sappi talent	104
Labour relations	112
Social impact	117
Planet	
Our management approach to Planet	127
Our 2024 performance at a glance	130
Sustainable forestry	131
Climate change	140
Water stewardship	147
Resource efficiency and reducing waste	152
Biodiversity	157
Our planet indicators	164
Glossary	176

About our theme: Momentum

In nature, momentum is a fundamental concept. Think of a river flowing downstream: the water gains momentum as it moves, carving out valleys and shaping landscapes over time. The rhythm and repetition of its progress map its course. This momentum provides the theme for this report, reflecting Sappi's ever-forward journey despite a turbulent landscape influenced by numerous global events over the past years.

Throughout this journey, our sights have been set on contributing to an environment in which we can thrive. This has meant learning to adapt, being resilient and flexible, shaping our responses consistently and measuredly, and ensuring that we build our momentum to capitalise on future economic recovery, preparing to support growing demand as market conditions improve.

When it comes to our people, we use tried-and-tested methods to build on our engagement and provide ample opportunities to thrive, both in the workplace and in the communities we call home. At the core of our operations, we embrace a safety culture, allowing us to make and execute decisions at speed to maintain or build on that momentum, without risking indiscriminate actions that could derail our efforts. By integrating sustainability into every aspect of our operations, we ensure that our momentum drives growth and fosters a positive impact on the environment.

We are deeply saddened by the untimely passing of Karen Sherlock in January 2024. We dedicate the Sappi 2024 Annual Integrated Report and Sustainability Report to the memory of Karen, whose tireless dedication and passion for excellence shaped our reporting for over two decades. Karen's steadfast commitment to transparency and sustainability has left an indelible mark on Sappi and all who worked alongside her. This report stands as a testament to her remarkable contributions and serves as a tribute to her enduring legacy.

Click on the icons to:

	Move to the contents page
	Move forward one page
	Move back one page
	Move back to the previous page you were reading

Icons

	Case study
	Related and explanatory information in this report is cross-referenced.
	See more detailed information in other published documents on www.sappi.com or other interactive reports.
	See more detailed information on third-party websites.

Thrive strategy

	Grow our business
	Sustain our financial health
	Drive operational excellence
	Enhance trust

Who we are

Sappi is a leading global provider of everyday materials made from woodfibre-based renewable resources. As a diversified, innovative and trusted leader focused on sustainable processes and products, we are building a more circular economy by making what we should, not just what we can.

Our raw material offerings (such as dissolving pulp (DP), wood pulp and biomaterials) and end-use products (packaging papers, speciality papers, graphic papers, casting and release papers, as well as forestry products) are manufactured from woodfibre sourced from sustainably managed forests and plantations, in production facilities which, in many cases, use internally generated bio-energy. Many of our operations are energy self-sufficient.

Together with our partners, we work to build a thriving world by acting boldly to support the planet, people and prosperity.

4.6 million tons

Paper production capacity per year

2.3 million tons

Paper pulp production capacity per year

1.5 million tons

Dissolving pulp production capacity per year

Globally we have

11,235 employees¹

401,000 ha

Owned and leased sustainably managed forests in South Africa

¹ Includes corporate and Sappi Trading employees.

Where we operate

Europe



Employees

4,599

Sales offices 12
Production facilities 8

North America



Employees

2,194

Sales offices 6
Production facilities 4

South Africa



Employees

5,094

Sales offices 3
Production facilities 5

Sappi Trading

Sappi Trading operates a network for the sale and distribution of our products outside our core operating regions of North America, Europe and South Africa.

Sales offices

- Hong Kong
- México City
- Johannesburg
- Sydney
- Nairobi
- Shanghai.

Value streams

Our value streams include:



Forests

Our Forest Stewardship Council™ (FSC™ N003159) and Programme for the Endorsement of Forest Certification (PEFC/01-44-43) certified tree plantations in South Africa provide a high-quality woodfibre base and enhance our competitive advantage. Our leading-edge tree improvement programmes ensure this advantage is maintained and leveraged.



Manufacturing excellence

We focus on enhancing machine efficiencies, digitising our processes to make the smart factory a reality, reducing variable costs through new practices in logistics and procurement, as well as implementing go-to-market strategies, which lower the cost of serving our customers and increase customer satisfaction.



Biomaterials

We are unlocking the chemistry of trees and aligning with the circular economy by establishing a strong position in adjacent businesses including: nanocellulose, furfural, lignosulphonates, and bio-energy. Extracting more value from each tree is at the core of our business model.



Pulp

Our dissolving pulp brand, Verve, creates renewable alternatives for raw material feedstock to textiles, pharmaceuticals, foodstuffs and more – products that meet the needs of people around the globe every day.



Speciality papers

Our customers use our speciality papers to add value to niche markets and enable product differentiation. Our focus on innovation helps our customers to meet and anticipate the challenges of changing market dynamics.



Packaging papers

Our packaging solutions offer environmentally conscious consumers an alternative to fossil fuel-based packaging.



Graphic papers

Our market-leading range of coated and uncoated graphic papers products is used in magazines, corporate reports and accounts, direct mail, high-quality brochures, catalogues, calendars and books.

About this report

Scope of this report

This report is aligned with our **Annual Integrated Report** and covers the period from the beginning of October 2023 to the end of September 2024. We report on a regional and global basis, wherever possible presenting data over five years to make the information relevant, accessible and comparable. Commentary is provided on graphs to enhance understanding and specific measurement criteria – as well as instances where these have changed – are clearly spelled out.

Reporting framework

As Sappi Limited is headquartered in South Africa and we have our primary listing on the JSE, we abide by the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)¹. Our Annual Integrated Report provides a very clear link between sustainability and strategy and sets out how we create stakeholder value in a sustainable manner.

Aligning with the GRI

This report has been prepared in line with the GRI **Global Reporting Initiative** standards in terms of the core option. The relevant indicators can be found in our interactive GRI index.

Determining materiality

We consider material matters to be those matters that could facilitate or inhibit our **Thrive** strategy and that could substantively affect – either positively or negatively – our ability to create stakeholder value over the short, medium and long term. For some time now, we have been increasingly incorporating the principle of double materiality into our reporting as set out for each material issue.

The information presented has been determined on the basis of our ongoing extensive engagement with our stakeholders and has been assessed

against the backdrop of current business operations, as well as the opportunities, challenges and prevailing trends in our industry and the global economy within the context of the global forces shaping our world. In preparing this report, we have tracked environmental findings and research, public opinion, employee views and attitudes, the interests and priorities of environmental and social groups, as well as the activities, profiles and interests of our various stakeholders.

While we do cover economic (Prosperity) issues to some extent, these are dealt with in greater detail in our Annual Integrated Report. We aim to present information that is material, accurate, comparable, relevant and complete. The information presented covers topics and indicators that reflect our significant economic, environmental and social impacts, as well as issues that would substantively influence the assessments and decisions of stakeholders.

Identifying stakeholders

We have identified the stakeholders we expect to use our report on the basis of our ongoing engagement, both formal and informal, with them. The various ways in which we engage our stakeholders are set out in **Our key relationships** . The stakeholders we expect to use this report include investors, employees, communities and all those who are affected by our activities.

Note

Our corporate citizenship report for SSA will be published on www.sappi.com in 2025.

External assurance

In 2024 we obtained external limited assurance on selected sustainability key performance indicators (KPIs) in this report (please refer to the Independent Auditors Limited Assurance Report on Selected Key Performance Indicators on pages 4 and 5).

Assured data Sappi Global

Total specific GHG emissions (Scope 1 and 2) (kg CO ₂ e/adt)	814.7 ^{LA}
Total specific solid waste to landfill (on-site and off-site) (kg/adt)	56.9 ^{LA}
Share of certified fibre (%) [*]	77 ^{LA}
Combined LTIFR (own employees and contractors)	0.20 ^{LA}
Employee (own) LTIFR (rate)	0.29 ^{LA}
Contractor LTIFR (rate)	0.14 ^{LA}

Assured data Sappi Southern Africa

Specific process water usage (m ³ /adt)	48.2 ^{LA}
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LA: Limited assurance provided by KPMG.

Restatements of information

As a result of our ongoing efforts to improve data quality by increasing accuracy we have restated some of our historical data. The following data was restated:

- A restatement of Scope 1 emissions was necessary due to the recalculation of Scope 1 landfill emissions. Scope 1 landfill emissions, previously calculated using the 2006 IPCC Landfill emissions model, were updated according to the 2019 revision. Scope 1 emissions were restated and backdated from 2023 to 2019. The update impacted SNA, SSA and Global numbers.
- A restatement of Scope 2 emissions for 2023 was necessary due to a difference in timing of the purchase and reporting of GoOs in SEU. The update impacted SEU and Global numbers.
- A restatement of Scope 1 + 2 emissions was necessary due to the restatement of Scope 1 and Scope 2 emissions. Scope 1 + 2 emissions were restated for 2019 to 2023. The update impacted SEU, SNA, SSA and Global numbers.
- A restatement of Solid Waste to landfill was necessary due to a data correction. The correction was applied to one operation, reporting solid waste to landfill on a wet basis

and not on a dry basis. The correction impacted SNA and Group numbers, restating solid waste to landfill from 2019 to 2023.

- A restatement of Scope 3 emissions was necessary based on updated information from suppliers, replacing secondary emission factors with primary emission factors. The update impacted SEU, SNA, SSA and Global numbers, restating Scope 3 emissions from 2019 to 2023.

External reviews of our sustainability performance



We report to the Carbon Disclosure Project (CDP) www.cdp.net/en under its climate, forests and water programmes.



All three regions – Sappi Europe, Sappi North America and Sappi Southern Africa – achieved a Platinum medal in FY2023/4.



Sappi is proud to have been recognised by the World Business Council for Sustainable Development (WBCSD) in their annual 'Reporting Matters' assessment. Our 2023 sustainability report was highlighted as a best practice example for Balance, reflecting our commitment to transparent, comprehensive, and candid communication of our progress, challenges, and opportunities. This acknowledgment underscores our dedication to accountability and continuous improvement as we strive to deliver sustainable solutions that create shared value for our stakeholders and the planet.

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^{*} Due to a difference in timing of data collection for Matane Mill, the 12 month reporting period for Matane Mill was changed to 01 July 2023 – 30 June 2024. All other mill data is aligned with Sappi's financial year.

Independent Auditor's Assurance Report on Selected Key Performance Indicators

To the Directors of Sappi Limited

Report on Selected Key Performance Indicators

We have undertaken a limited assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the 2024 Group Sustainability Report of Sappi Limited (Sappi) for the year ended September 2024 (the Report). This engagement was conducted by a multidisciplinary team including safety, environmental and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a limited assurance conclusion on the KPIs listed in the table below. The selected KPIs described below have been prepared in accordance with the Global Reporting Initiative ("GRI") Sustainability Reporting Standards ("GRI Standards"), supported by Sappi's internally developed guidelines (the accompanying "Sappi reporting criteria").

Limited assurance (LA) on the following KPIs (marked with an 'LA' on page 3 of the Report)

Category	Selected KPIs	Unit of measure	Scope of coverage
Environmental	• Total specific Greenhouse Gas ("GHG") emissions (Scope 1 and 2)	kg/adt	Sappi Global
	• Total specific solid waste to landfill (on-site and off-site)	kg/adt	
	• Share of certified fibre*	%	
	• Specific process water usage in Southern Africa	m ³ /adt	Sappi Southern Africa
Safety	• Employee (Own) Loss Time Injury Frequency Rate ("LTIFR")	Rate	Sappi Global
	• Contractor LTIFR	Rate	
	• Combined LTIFR (Own employees and contractors)	Rate	

* Due to a difference in timing of data collection for Matane Mill, the 12 month reporting period for Matane Mill was changed to 01 July 2023 – 30 June 2024. All other mill data is aligned with Sappi's financial year.

Directors' Responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the accompanying Sappi reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal controls relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.

Inherent Limitations

The GHG emission quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

KPMG Inc. applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express a limited assurance conclusion on the selected KPIs as set out in the Subject Matter paragraph, based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, and in respect to the greenhouse gas emissions, in accordance with the International Standard on Assurance

Independent Auditor's Assurance Report on Selected Key Performance Indicators continued

Engagements 3410 (ISAE 3410), Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. Those Standards require that we plan and perform our engagement to obtain the appropriate level of assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of Sappi's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management in our interviews;

- Tested the processes to generate, collate, aggregate, monitor and report the selected KPIs;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the selected KPIs; and
- Evaluated whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at Sappi.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Sappi's selected KPIs have been prepared, in all material respects, in accordance with the accompanying Sappi reporting criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected KPIs as set out in the Subject Matter paragraph above for the year ended September 2024 are not prepared, in all material respects, in accordance with the accompanying Sappi reporting criteria.

Other Matters

Our report includes the provision of limited assurance on Combined LTIFR (Own employees and contractors). We were previously not required to provide assurance on this selected KPI.

The maintenance and integrity of Sappi's website is the responsibility of Sappi management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of its presentation on Sappi website.

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the Directors of Sappi in accordance with the terms of our engagement, and for no other purpose. Save as set out in that agreement, our report may not be made available to any other party without our prior written consent.

KPMG Inc.

Registered Auditor

Per G Aldrighetti

Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent

85 Empire Road
Parktown, Johannesburg
2193

13 December 2024



VELO CITY

Governance

Enhancing trust

As we work to build a thriving world by unlocking the power of renewable resources to benefit people, communities, and the planet, we need to do so from a foundation of trust. This foundation is reinforced by our robust sustainability governance structure:

Sappi's Sustainability Governance Framework involves multiple governance functions, each with specific roles and responsibilities. The Social, Ethics, Transformation and Sustainability (SETS) Committee has an independent role with accountability to the board and comprises a majority of independent non-executive members, whose duties are delegated to them by the board in compliance with a board-approved terms of reference. The role of the SETS Committee is to assist the board with the oversight of sustainability matters within the company, including climate, nature and equity-related issues, and to provide guidance to management's work in respect of its duties. The SETS Committee provides oversight on the Group's sustainable development strategies, policies, objectives and targets and public disclosures. The committee addresses issues relating to environmental impact and climate change, corporate social investment, ethical conduct, diversity, transformation and empowerment and ongoing sustainability initiatives. The responsibilities include monitoring the company's environmental, social and corporate governance (ESG) activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice.

The Audit and Risk Committee provides additional oversight on sustainability-related risks as part of the group's risk management and financial reporting processes. The Remuneration and Compensation Committee ensures that incentive schemes align with sustainability strategies, tying remuneration to performance against key sustainability commitments.

Governance continued

The Executive Management Committee (EXCO), chaired by the Group CEO, is accountable for delivering the sustainability strategy and ensuring business objectives align with sustainability goals. The committee is responsible for ensuring that capital allocation is aligned with business and sustainability objectives and prioritised appropriately to ensure timely delivery against our public commitments. The EXCO regularly reviews progress against our sustainability and climate commitments and targets. In addition, sustainability matters of a strategic nature are reviewed and discussed by the EXCO prior to submission to the SETS Committee. This allows the EXCO to provide their strategic input and ensures that there is complete management alignment on sustainability matters.

The Group Sustainable Development Council (GSDC) monitors global and regional sustainability trends, advising on strategy and policy that are passed to EXCO, SETS Committee, and the board.

The Regional Sustainability Councils in Europe, North America, and South Africa implement on-the-ground sustainability strategies, overseen by the GSDC. These councils ensure that regional action plans align with global sustainability goals and commitments.

Our sustainability governance structure

Sappi board						
Committees	Social, Ethics, Transformation and Sustainability (SETS) Committee	Other board committees		Executive Management Committee (EXCO)	Group Sustainable Development Council (GSDC)	Regional Sustainability Councils
		Audit and Risk	Remuneration and Compensation			
	Chaired by an independent non-executive director (NED)	Chaired by an independent NED	Chaired by an independent NED	Chaired by the group CEO	Chaired by the Group Head: Sustainability and Investor Relations	Chaired by regional CEOs and sustainability leads
Purpose	Oversees the group's sustainability strategy, commitments, policies performance	Oversees the group's corporate financial reporting, internal control systems, risk management and relationship with the external auditor	Ensures that incentives drive the appropriate behaviours that deliver our strategy	Management responsibility for execution of sustainability strategy and policies guided by the SETS Committee	Provides expert insights and support to the business on sustainable development matters	Oversees the integration of sustainable development into the operations
Responsibility	Responsible for the governance of matters related to sustainable development including: environment, climate change, biodiversity, product stewardship, labour, human rights, diversity and transformation and ethics. Ensures alignment to best practice and disclosure standards	Oversees the group's corporate financial reporting. Oversees the risk management process including sustainability risks. Monitors effectiveness of internal control systems including hotline reporting platform	Aligns remuneration to performance against key sustainability targets and focus areas	Prioritises capital allocation and ensures business unit line management holds primary responsibility and accountability for sustainability performance	Keeps abreast of best practice and regulatory compliance requirements. Develops sustainability-related strategy and policies for the group	Develops action plans aligned with strategy and policies and monitors progress towards sustainability targets and commitments. Ensures integration of sustainability requirements into operational systems and processes
	 Oversight		 Accountable		 Advisory	 Execution



GUIDE

Performance against our global and regional targets

The United National Sustainable Development Goals (UN SDGs) inspire us all to strive for a better future, setting out a roadmap for where we collectively need to go and how to get there.

We have identified seven priority goals at global level – and a further two in South Africa – where we believe we can make the most impact and where we are concentrating our efforts.

Our performance against our global and regional targets is set out on the following pages.

Key

Performance against our 2024 targets



Satisfactory performance



Progress to be made



Unsatisfactory performance



Ensure availability and sustainable management of water and sanitation for all



Global

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Reduce specific process water use by 23% ¹ (m ³ /adt)	44.5 m ³ /adt	41.6 m ³ /adt	48.2 m ³ /adt	

¹ This target applies to mills in South Africa, as they are at risk of experiencing operational water challenges.



Performance against our global and regional targets continued



Ensure access to affordable, reliable, sustainable and modern energy for all



Global

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Increase share of renewable and clean energy by 8 percentage points	53.5%	60.5%	63.3%	
Decrease specific total energy by 5%	22.1 GJ/adt	21.3 GJ/adt	25 GJ/adt	



SNA

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Increase share of renewable and clean energy by within 5% of baseline (81.7%) or higher	81.7%	>76.7%	77.4%	
Decrease specific total energy by 5%	25.7 GJ/adt	24.6 GJ/adt	26.1 GJ/adt	



SEU

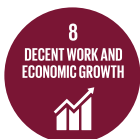
Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Increase share of renewable and clean energy by 11 percentage points	39.4%	47%	64.6%	
Decrease specific total energy by 5%	15.5 GJ/adt	14.9 GJ/adt	16.9 GJ/adt	



SSA

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Increase share of renewable and clean energy by 7 percentage points	44.1%	52.1%	52.7%	
Decrease specific total energy by 9%	30.9 GJ/adt	28.6 GJ/adt	33.4 GJ/adt	

Performance against our global and regional targets continued



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Global

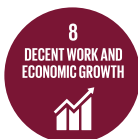
Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Combined LTIFR (own employees and contractors)	0.54	0.27	0.20	
Increase proportion of women in management roles by 3.7 percentage points	19.3%	22%	22%	
80% share of procurement spend with declared compliance with Supplier Code of Conduct	0%	80%	83.8%	
Return on capital employed to be 2 percentage points above the weighted average cost of capital (WACC)	11.5%	10%	10.9%	



SEU

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Achieve zero workplace injuries (LTIFR) own employees and contractors	0.98	0.39	0.32	
Increase proportion of women in management roles by 5.8 percentage points	13.7%	18.2%	18.2%	
80% share of procurement spend with declared compliance with Supplier Code of Conduct	0%	86%	86.6%	
Return on net operating assets to be 2 percentage points above WACC	6.0%	3.1%	2.4%	

Performance against our global and regional targets continued



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



SNA

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Achieve zero workplace injuries (LTIFR) own employees and contractors	0.27	0.31	0.09	
Increase proportion of women in management roles by 4 percentage points	19%	21%	21%	
80% share of procurement spend with declared compliance with Supplier Code of Conduct	0%	75%	84%	
Return on net operating assets to be 2 percentage points above WACC	1.8%	5.7%	7.8%	



SSA

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Achieve zero workplace injuries (LTIFR) own employees and contractors	0.45	0.23	0.19	
Increase proportion of women in management roles by 3.1 percentage points	18.9%	28%	28.6%	
80% share of procurement spend with declared compliance with Supplier Code of Conduct	0%	75%	76%	
Return on net operating assets to be 2 percentage points above WACC	14.3%	11.5%	12%	

Performance against our global and regional targets continued



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

TRADING

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Maintain a proportion of women in management roles of at least 40%	33%	40%	54.6%	👍

Performance against our global and regional targets continued



Ensure sustainable consumption and production patterns



Global

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Launch 25 products with defined sustainability benefits	0	6	5	
Reduce total specific solid waste to landfill (on-site and off-site) (kg/adt)	69.1 kg/adt	60.8 kg/adt	56.9 kg/adt	

* Restatement of 2019 data due to improved data quality.



SNA

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Launch 5 products with defined sustainability benefits	0	1	1	
Reduce specific landfilled solid waste by 10%	91.7 kg/adt	84.3 kg/adt	99.6 kg/adt	

* Restatement of 2019 data due to improved data quality.



SEU

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Launch 15 products with defined sustainability benefits	0	4	4	
Reduce specific landfilled solid waste by 5% (kg/adt)	11.8 kg/adt	11.4 kg/adt	7.0 kg/adt	



SSA

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Launch 5 products with defined sustainability benefits	0	1	0	
Reduce specific landfilled solid waste by 24%	153.1 kg/adt	123.7 kg/adt	76.9 kg/adt	
Promote sustainable growth in our plantations >4 (annual growth in million tons)	3.96	>4.0	4.27	

Performance against our global and regional targets continued



Take urgent action to combat climate change and its impacts



Global

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Total specific GHG emissions (Scope 1 and 2) (kg CO ₂ e/adt)	908.1 kg CO ₂ e/adt	777.2 kg CO ₂ e/adt	814.7 kg CO ₂ e/adt	

* Restatement of 2019 data due to improved data quality.



SNA

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Decrease specific GHG (Scope 1 and 2) emissions by 5%	481.6 kg CO ₂ e/adt	462.4 kg CO ₂ e/adt	483.9 kg CO ₂ e/adt	

* Restatement of 2019 data due to improved data quality.



SEU

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Decrease specific GHG (Scope 1 and 2) emissions by 25%	698.0 kg CO ₂ e/adt	577 kg CO ₂ e/adt	362.2 kg CO ₂ e/adt	



SSA

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Decrease specific GHG (Scope 1 and 2) emissions by 20%	1,708.5 kg CO ₂ e/adt	1,392.9 kg CO ₂ e/adt	1,638.1 kg CO ₂ e/adt	

Performance against our global and regional targets continued



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss



Global

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Share of certified fibre >75%*	75%	>75%	77%	

* Due to a difference in timing of data collection for Matane Mill, the 12 month reporting period for Matane Mill is 01 July 2023 – 30 June 2024. All other mill data is aligned with Sappi's financial year.



SEU

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Share of certified fibre >78%	78%	>78%	88%	



SNA

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Share of certified fibre >55%	55%	>55%	58%	
% certified fibre – Chain of Custody (CoC) purchased pulp	100%	100%	100%	
Share of certified fibre – wood and chips only	46%	>47%	51%	



SSA

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Share of certified fibre >82%	82%	>82%	85%	
Enhance biodiversity in conservation areas by 10%	0	8% Improvement	21% Improvement	

Performance against our global and regional targets continued

Additional priority SDGs in SSA



End poverty in all its forms everywhere



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



SSA

Thrive target	2019 base	2024 target	2024 performance	Assessment of performance
Advance broad-based black economic empowerment (BBBEE) to Level 1	Level 2	Level 1	Level 1	

Policies and guidelines

Governance		
Board oversight	Sappi Limited Board Charter	 https://www.sappi.com/files/sappi-limited-board-charterpdf
	Social, Ethics, Transformation and Sustainability Committee Terms of Reference	 https://www.sappi.com/files/sappi-sets-committee-terms-of-referencepdf
	Sappi Human Resources and Compensation Committee Terms of Reference	 https://www.sappi.com/files/sappi-human-resources-and-compensation-committee-terms-of-referencepdf
	Sappi Audit and Risk Committee Terms of Reference	 https://www.sappi.com/files/sappi-audit-and-risk-committee-terms-of-referencepdf
Sustainability charter	Group Sustainability Charter	 https://www.sappi.com/groupsustainabilitycharter

Our key material issues

Principles		
Ethical behaviour and compliance	Sappi Code of Ethics	 https://www.sappi.com/files/sappi-code-of-ethicspdf
Responsible procurement	Group Whistle-blowing Policy	 https://www.sappi.com/groupwhistleblowingpolicy
	Group Prevention of Fraud and Corruption Policy	 https://www.sappi.com/groupanticorruptionpolicy
	Group Trades in Sappi Limited Securities Policy	 https://www.sappi.com/groupinsidertradingpolicy
	Group Competition Law Policy	 https://www.sappi.com/groupcompetitionlawpolicy
	Group Sensitive Payments and Conflicts of Interest Policy	 https://www.sappi.com/groupsensitivepaymentsandconflictsofinterestpolicy
	Group Supplier Code of Conduct	 https://www.sappi.com/suppliercodeofconduct

Policies and guidelines continued

Prosperity

Competitive position	Group Intellectual Property Policy	https://www.sappi.com/groupintellectualpropertypolicy
	Group Technology and Innovation Policy	https://www.sappi.com/grouptechnologyandinnovationpolicy
Sustainable solutions for a circular bioeconomy	Group Product Safety Policy	https://www.sappi.com/groupproductsafetypolicy

People

Health, safety and wellbeing of our employees and contractors	Group Human Rights Policy	https://www.sappi.com/grouphumanrightspolicy
	Group Stakeholder Engagement Policy	https://www.sappi.com/groupstakeholderengagementpolicy
Sappi talent	Group Occupational Health and Safety Policy	https://www.sappi.com/groupsafetypolicy
Labour relations	Group Human Resources Policy	https://www.sappi.com/grouphrpolicy
Social impact	Group Anti-bullying and Psychological Harassment Policy	https://www.sappi.com/groupantibullyingpolicy
	Group Anti-retaliation Policy	https://www.sappi.com/groupantiretaliationpolicy
	Group Corporate Citizenship Policy	https://www.sappi.com/groupcsrpolicy

Planet

Sustainable forestry	Group Environmental Policy	https://www.sappi.com/groupenvironmentalpolicy
Climate change	Group Woodfibre Procurement Policy	https://www.sappi.com/groupwoodfibreprocurementpolicy
Water stewardship	Sappi Southern Africa Forests Safety, Health, Environment and Quality Policy	https://www.sappi.com/ssaforestssafetyhealthenvironmentandqualitypolicy
Biodiversity	Group Climate Change Policy	https://www.sappi.com/groupclimatechange policy
Resource efficiency and minimising waste	Group Water Stewardship Policy	https://www.sappi.com/groupwaterstewardship policy

EMBARK

Message from our leaders



Dear stakeholders

Navigating global challenges with purpose

The past year has presented a dynamic and challenging environment, with global disruptions continuing to reshape the way we live and work. Yet, amid these challenges, we remain steadfast in our commitment to a thriving world, driving sustainable, inclusive growth and creating long-term value for all our stakeholders.

In recent years, the world has faced unprecedented challenges, from the accelerating impacts of climate change to deepening social inequalities and economic uncertainties. These issues have not only disrupted ecosystems but have also underscored the critical importance of corporate stewardship in fostering a resilient and equitable society. At Sappi, we recognise our pivotal role in addressing these global challenges, and through the SETS Committee, we have intensified our efforts to create sustainable and shared value for all our stakeholders.

The SETS Committee's mandate is to ensure that Sappi upholds its role as a responsible corporate citizen, guided by ethics, social equity, and environmental stewardship. In 2024, we achieved significant milestones, including the revision and approval of key policies such as the Group Sustainability Charter, the Group Environmental, Climate Change, Water Stewardship and Woodfibre Procurement Policies and the Group Human Rights and Diversity and Inclusion Policies. These frameworks solidify our alignment with global best practices and our dedication to fostering shared value. We also introduced a new Group Anti-bullying and Psychological Harassment policy, reaffirming our commitment to a safe, inclusive, and respectful workplace.

At each of our meetings, we conducted in-depth reviews of critical topics such as biodiversity conservation in South Africa and sustainable procurement, ensuring that our strategies address key risks and opportunities

both within our own operations and that of our value chains.

Addressing global challenges

The converging crises of climate change, socioeconomic inequality, and biodiversity loss demand bold, systemic action. At Sappi, our approach is guided by our **Thrive** strategy, which integrates the United Nations Sustainable Development Goals (SDGs) into our operations. From decarbonisation and responsible forestry to enterprise development and social equity, we are driving initiatives that respond to the urgent needs of our planet and its people.

In South Africa, our Sappi Khulisa programme continues to empower small-scale forestry growers, integrating them into our supply chain and fostering sustainable livelihoods. Our active participation in the Just Transition Framework further ensures that the shift to a low-carbon economy is equitable and inclusive.

Globally, our commitment to transparency and science-based targets has driven the implementation of our decarbonisation roadmap. By aligning with the Task Force on Climate-related Financial Disclosures (TCFD) and the emerging Taskforce on Nature-related Financial Disclosures (TNFD), we are integrating climate and nature-related risks into our decision-making processes, reinforcing resilience across our operations.

Collaborating for impact

The challenges of today require collective action. At Sappi, we continue to build partnerships that advance innovation, promote responsible resource management, and create value for our stakeholders. The work of our public affairs and social impact programmes underscores the importance of collaboration in addressing systemic issues such as food security, education, and sustainable livelihoods.

Our scientists and research teams are actively developing solutions that leverage renewable resources, artificial intelligence, and cutting-edge technologies to meet our customers' needs while reducing environmental impact.

Looking ahead

As we move forward, the SETS Committee will continue to champion Sappi's sustainability agenda, ensuring that we address emerging challenges while seizing opportunities for growth. We are committed to maintaining transparency and accountability as we track progress against our **Thrive** (2025) goals.

We believe that by integrating social, ethical, and environmental considerations into our business, we can build a thriving world – one where growth, inclusion, and environmental stewardship coexist in harmony.

Mohammed Valli Moosa

Chairman

Social, Ethics, Transformation and Sustainability (SETS) Committee

Message from our leaders continued



Dear stakeholders

As we reflect on 2024, I am pleased to share the year's highlights and the progress we have made in delivering on our Sappi **Thrive** strategy. Guided by our commitment to holistic value creation across Prosperity, People, and Planet, we navigated significant challenges while achieving impactful milestones that strengthen our position as a sustainable business leader.

Driving prosperity

This year, we faced persistent global macroeconomic challenges, with consumer sentiment and spending remaining subdued, impacting demand across our value chains.

Yet, despite these headwinds, our performance exceeded expectations, underscoring the resilience of our business. The Verve dissolving pulp business played a central role, delivering an excellent performance and contributing to a record profitability in our South African region. In Europe, strategic rationalisation efforts significantly improved profitability, while our North American business delivered solid results, reflecting the strength and adaptability of our diversified operations.

Aligned with the **Thrive** strategy, we continued to grow our business through sustainable innovation. The completion of the Gratkorn Mill PM9 conversion to label papers, coupled with excellent progress on the Somerset Mill PM2 conversion to paperboard – set for commissioning in 2025 – positions us to meet growing demand for sustainable packaging and speciality papers solutions. We also advanced our efforts to maximise the utilisation of every tree, with meaningful progress in commercialising innovative biobased products such as lignin and fibrillated cellulose. These developments support not only our prosperity but also the broader shift towards a circular bioeconomy.

Empowering people

Central to the **Thrive** strategy is our focus on empowering people, fostering strong labour relationships, and creating a culture of inclusion and respect. In 2024, we were honoured to be recognised by Forbes and Time magazines as one of the World's Best Companies and Employers. Additionally, Sappi ranked seventh globally in Forbes' World's Best Companies for Women – a testament to our efforts in building a workplace where everyone can thrive.

In South Africa, we maintained our Level 1 BBBEE status, demonstrating our commitment to transformation and economic inclusion. We exceeded our targeted Enterprise and Supplier Development (ESD) spend, driving local economic growth and fostering meaningful partnerships. Our social impact extended further with recognition for our Employees Ideas That Matter programme in North America, which received the Communitas Award for Community Service and Corporate Social Responsibility. These accomplishments reflect the heart of our strategy – to support and uplift people and communities.

Protecting the planet

The **Thrive** strategy also emphasises our responsibility to protect the planet while supporting the transition to a low-carbon, circular bioeconomy. In 2024, we improved year-over-year performance across all key environmental indicators, demonstrating our commitment to mitigating climate change and enhancing nature-positive outcomes.

Production curtailments posed challenges for our energy and emission intensity targets, but our focus on renewable energy saw significant progress, with recent investments in decarbonisation delivering meaningful results. In South Africa, we actively engaged in collaborative initiatives to ensure a Just Energy Transition that balances environmental and social outcomes.

We exceeded our woodfibre certification targets, enhanced biodiversity within our forestry conservation areas, and reduced waste to landfill. These achievements underscore our dedication to balancing operational needs with

nature-positive actions that sustain ecosystems and support our commitment to the UN Sustainable Development Goals (SDGs).

Transparency and accountability

Our commitment to transparency remains integral to the **Thrive** strategy. In 2024, we were proud to have our sustainability reporting recognised by the World Business Council for Sustainable Development (WBCSD) in their annual Reporting Matters initiative. Highlighted as a best practice example for our balanced approach, our reporting reflects our determination to openly communicate risks, successes, challenges, and opportunities. This transparency is crucial in building trust and fostering accountability across all stakeholders.

A shared commitment to thriving together

The achievements of 2024 reflect our commitment to creating long-term value across prosperity, people, and the planet. As we continue to execute the **Thrive** strategy, we remain focused on driving innovation, strengthening relationships, and delivering sustainable solutions that benefit our business, our stakeholders, and future generations.

Thank you for your continued support and trust. Together, we are building a future where both Sappi and the communities and environments in which we operate can truly thrive.

Steve Binnie

*Chief Executive Officer
Sappi Limited*

FOCUS



17
PARTNERSHIPS
FOR THE GOALS



Our key relationships

Our
overarching aim
is to partner proactively with our
stakeholders
as we unlock the power of trees
and their limitless potential to
accelerate the solutions a
thriving world
requires.

Highlights in FY2024

- Sappi was recognised by Time Magazine and Statista as one of the World's Best Companies for 2024 (position 623)
- Sappi was recognised by Forbes Magazine and Statista as one of the World's Best Employers (position 483)
- Sappi was recognised by Forbes Magazine and Statista as one of the World's Top Companies for Women (position seventh)
- For the sixth consecutive year, all three operating regions achieved the highest Platinum rating from EcoVadis
- Sappi Europe established inhouse capacity to test product recyclability to meet customer requests for support in moving from plastic to fibre-based packaging solutions
- Sappi Rockwell Solutions awarded 'Design Team of the Year' at UK Packaging Awards 2024 with newly developed StarPaper product, a unique high-performance, paper lidding using proprietary heat seal coating. This is a first to market ovenable dual solution paper lidding product
- Under the auspices of Business for South Africa (B4SA), Sappi is participating in the National Logistics Crisis Committee, one of the four interventions business is undertaking in collaboration with the government of South Africa to resolve rail, road and port challenges
- Opening of Sappi Ngodwana Aquaponics and Farmstall, a joint initiative with Standard Bank Group Youth to create job opportunities and improve food security
- Sappi Ngodwana Mill was awarded the 2024 President's Award from the Kruger Lowveld Chamber of Business and Tourism in recognition of community development and regional growth
- Sappi, along with 80 companies and civil society organisations and three UN agencies, agreed to extend the term of the Business Commission to Tackle Inequality (BCTI) to accelerate the 2030 Agenda in the run-up to COP30 in Brazil
- Sappi joined 72 companies across 20 industrial sectors to present the 'Antwerp Declaration for a European Industrial Deal' to the rotating Chair of the EU as well as the President of the European Commission.

Our key relationships continued

Our stakeholder engagement is focused on building trust and delivering impact on what our stakeholders value the most. We proactively collaborate with stakeholders to better inform our decision-making amid today's dynamic external landscape.

In determining the issues most material to our stakeholders, as set out in this report, we have intensified our focus on the impact of our activities on people and the planet, in addition to enterprise value and in line with double materiality.

Our approach comprises informal and formal channels of mutual dialogue, ranging from regular employee engagement and customer surveys to community forums and Greenlight Movement community surveys in South Africa. Our stakeholder engagement is aligned to the governance framework of King IV namely performance and value creation, adequate and effective controls and trust, as well as reputation, legitimacy and ethics.

A thriving world is not possible without an ethical culture underpinning our everyday activities. Accordingly, we train our employees, customers and suppliers on our Code of Ethics and promote awareness of the Sappi Hotlines in each region which allows all stakeholders to report breaches of the Code in full confidentiality.

We regularly review our activities in terms of the OECD Anti-Bribery Convention and the Convention's 2021 Anti-Bribery Recommendation, particularly section VII of the OECD Guidelines for Multinational Enterprises dealing with Combatting Bribery, Bribe Solicitation and Extortion. No issues have been raised in Sappi with regards to compliance with the Convention and Guidelines either externally or internally. In FY2024, we also assessed the countries in which we operate according to the Corruption Perception Index 2023 which ranks 180 countries and territories by their perceived levels of public sector corruption. The index is calculated using 13 different data sources from 12 different institutions that capture perceptions of corruption within the past two years.

Our stakeholder engagement is also guided by our work towards realisation of the United Nations Sustainable Development Goals (UN SDGs), in particular our priority SDGs. We have a longstanding membership of the United Nations Global Compact (UNGC), which we joined in 2008, and which is now a global movement with over 20,000 participating companies and over 3,800 non-business participants in over 160 countries.

1. **Employees**
2. **Unions**
3. **Customers**
4. **Communities and neighbours**
5. **Industry bodies and NGOs**
6. **Investors**
7. **Government and regulatory bodies**
8. **Suppliers**
9. **Media**
10. **Research institutes and academia**

1. Employees



Self-assessment on the quality of relationships:

Satisfactory



Grow our business



Sustain our financial health



Drive operational excellence



Enhance trust

Why we engage

As we position Sappi to be future-fit, our task is to meet the changing needs of every Sappi employee within a diverse, inclusive, safe workplace where they can develop their full personal and career potential. We recognise that our wellbeing and financial prosperity are inextricably linked to our employees and the communities in which we operate.

1.

Employees

continued

Important topics for stakeholder

A safe workplace

Fair working conditions
and respect for human rights

Recognition

Inclusive culture

Open communications

Opportunities for growth,
training and development

Grievance
mechanisms

How we engage

Safety focus across company-wide campaigns, audits, personal objectives, training, annual safety month activities

Health and safety committees across all operations to enable employee consultation and union participation

Appointed safety officers in all offices

Integration with Department of Health and medical aid schemes to ensure SSA employees have access to a wide range of quality healthcare services

Employee recognition programmes and awards

Biannual employee engagement survey, central action tracker, focus groups

Regular CEO and leadership webinars and briefings, as well as targeted internal communications focused on company's strategic direction

Personal development plans

Employee newsletters

Diversity, equity and inclusion initiatives

Regional and global career newsletters

Tailored volunteering and employee-centric programmes to enable support of local community projects and priorities

Clear communications of Group Human Rights Policy and Code of Ethics and provision of relevant trainings and access to the confidential, independently operated Sappi Hotline

Confidential advisory services and support for employees experiencing psycho-social and lifestyle challenges

 Read more: Employee and contractor safety (page 96)

 Read more: Sappi talent (page 104)

1. Employees continued



Case study

Woven celebration *for* Women's Day 2024

Verve commissioned the manufacture of 1,427 viscose scarves by the Amadansana entrepreneurs, a Sappi social initiative based at the Saiccor Skills Centre, to distribute to all SSA female employees during Women's Day 2024, educating them on the value and properties of Verve in comparison to other fabrics.

Opportunities *for* value creation

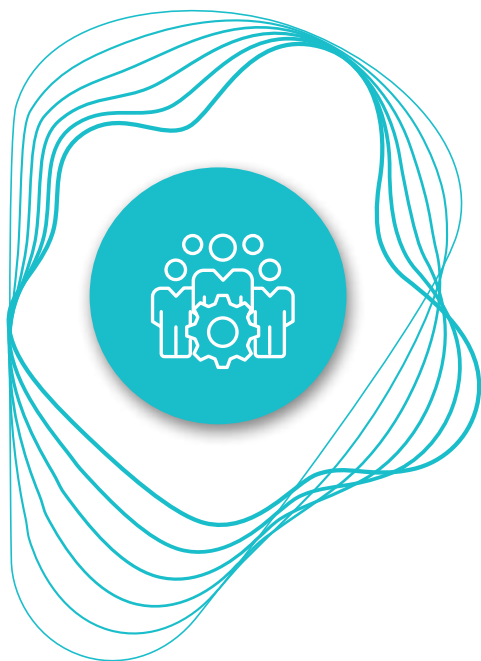
- Open, regular communications on Sappi's strategic direction enables our people to contribute more positively to the business as well as their personal and career development
- A diverse workforce enhances our ability to service global markets and promotes a culture of inclusivity
- An increased commitment to safety delivers benefits at personal, team and operational levels
- By living up to our purpose, we become a more attractive employer, particularly to Millennials and Gen-Zs
- By establishing an ethical culture in which corporate citizenship is promoted, we ensure the ongoing viability of our business, enhance reputation and become an employer of choice.

Challenges *for* value creation

- Recruitment and retention of key skills
- Reluctance of younger generations to take up employment in the industry
- Loss of institutional memory as older employees retire.



2. Unions



Self-assessment on the quality of relationships:

Satisfactory



Drive operational excellence



Enhance trust

Why we engage

A workplace where people feel they have been heard and in which they can make a meaningful contribution enhances trust, helps to drive our safety-first culture and enhances overall efficiency, productivity and stability.

Our constructive relationships with our employees and their representatives are based on mutual respect and understanding.

2. Unions continued

Important topics for stakeholder

Freedom of association,
collective bargaining and
disciplined behaviour

Safety and wellness initiatives

Remuneration, working hours
and other conditions
of employment

Grievance mechanisms

Engagement on company's
strategy and long-term growth

How we engage

Sappi endorses the principles of fair labour practice as entrenched in the **UNCG**, the **UN Guiding Principles** and the **Universal Declaration of Human Rights**. At a minimum, Sappi conforms to and often exceeds labour legislation requirements in countries of operation

Discussions, ranging from remuneration, training and development, health and safety to organisational changes

National Partnership Forum (SSA) and other structures to enhance ongoing positive engagement with union leadership on business and safety topics

Consistent mechanisms and support structures across regions focused on disciplinary procedures, grievance policies and employee guidance

Read more: Labour relations (page 112)



UNG Principle 3:

Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining.

Opportunities for value creation

- Constructive employee/management relations enable us to resolve new and difficult labour issues as they develop
- When employees understand strategic direction and operating context, they are more likely to be more engaged with Sappi, leading to positive benefits all round
- Idea generation as a collective to enhance productivity and safety performance building a sustainable and resilient organisation.

Challenges for value creation

- Multi-union landscapes add to complexities in the labour environment
- Lack of employee understanding relative to appropriate practices regarding wage and benefits
- Lack of real-time visibility or performance against key performance indicators.

3. Customers



Self-assessment on the quality of relationships:

Satisfactory



Grow our business



Sustain our financial health



Drive operational excellence



Enhance trust

Why we engage

The more closely we engage and collaborate with our customers, the more likely we are to understand and respond to their evolving needs by offering relevant solutions in the form of sustainable and practical products and services. This partnership approach builds the loyalty and long-term relationships that enable us to thrive.

3. Customers continued

Important topics for stakeholder

Product quality, quality consistency, high runnability for maximised productivity, affordability while maintaining other necessary qualities

Environmental certification, compliance, sustainable wood sourcing and responsible, ethical suppliers

Carbon footprint

Relevant proactive communications and updates (eg via supplier newsletters, websites, trade magazines)

Competent service and support, including responsiveness, proper consideration of customer concerns, access to direct contact person

Flexibility in operations to quickly adapt to and anticipate customer needs

Sustainable products that meet changing consumer and regulatory demands (including avoidance of harmful chemicals, responsible management of mills, renewable energy, waste reduction, recycling promotion)

Product innovation tailored to customer requirements

Open, two-way dialogue with customers

How we engage

- Ongoing engagement through platforms including Net Promoter Score (SEU), Salesforce (SEU, SNA), as well as online knowledge sharing communities and platforms (eg PaperPack community and sappi-psp.com in SEU, etc)
- Timely communications and customer newsletters, including technical brochures and guidance
- Regular interactions with Sappi's sales, marketing and sustainability teams (one on one, webinars, events, etc)
- Targeted surveys and independent market studies (eg Opticom International Research conducted market study on wet-glue label papers in June 2024)
- Customer-oriented visits to mills, plantations, tree nurseries and R&D centres (eg Dissolving pulp's Learning Journey in South Africa)
- Sappi's EcoVadis participation demonstrates its laser-focus on priority SDGs and sustainable progress, in line with customer and market requirements. It again achieved the highest sustainability level across all three regions, Platinum in 2024, for the sixth consecutive year
- Given customers' requests for support on their shift away from plastic and towards fibre-based packaging solutions, SEU established inhouse capacity to test product recyclability
- Given global concerns on deforestation, Sappi engages with customers and investors to explain how we strive to maintain deforestation-free operations and supply chains, for example on recognising that only 5% of textile brand owners could trace raw materials to origin, Sappi's dissolving pulp brand partnered with a key customer on 'Green Track' blockchain technology to provide forest-to-garment traceability solution
- Forest certification is used to validate our forest management practices and those of our suppliers for our customers' benefit. We require all suppliers to provide evidence that woodfibre is at a minimum from controlled and non-controversial sources

3. Customers continued



Opportunities *for* value creation

- There is upward momentum and significant opportunities for value creation in the dissolving pulp value chain. Suppliers and brand owners are open to new solutions to improve traceability, to design for circularity and to collaborate more closely together
- AI and state-of-the-art technologies continue to play an increasingly important role in delivering data-driven customer centricity, driving positive sustainable outcomes, and enabling Sappi to minimise its environmental impact in areas where it matters most.

Challenges *for* value creation

- Fluctuating consumer sentiment and legislative changes continue to impact the production and market dynamics of packaging and speciality papers, as well as structural shifts in demand for graphic papers.

4. Communities and neighbours



Self-assessment on the quality of relationships:

Satisfactory



Enhance trust

Why we engage

Recognising that we are part of the communities beyond our fence lines and that their prosperity and wellbeing are linked to our own, we strive to make a purpose-driven, meaningful contribution towards the wellbeing and development of our neighbouring communities. We work to create positive social impact by jointly identifying and leveraging opportunities, thereby demonstrating our commitment to transparency and collaboration.

Community engagement meetings take various formats in our mills in the regions where they are situated. These range from broad liaison forums for business, local government and communities to legally mandated environmental forums that form part of the licensing conditions of mills. In South Africa, there are local farmer and community forums related to our forestry communities.

4. Communities and neighbours continued

Important topics for stakeholder

Addressing fundamental community needs in SA, eg literacy, numeracy, digital skills for individuals' future competitiveness

Practical solutions that address socioeconomic issues while being environmentally sustainable

Sound and air emissions management around mills

Job creation, skills and enterprise development (especially in South Africa)

Environmental and climate protection, so communities can continue enjoying nature

How we engage

Project financing of non-profit and charitable organisations

Programmes that support local mill communities, including SNA's Community Connection which donated over US\$2 million to date and supported over 3,700 initiatives

Mill employees collaborated to conduct campaigns (eg United Way donation campaign in Minnesota)

SNA's Employee Ideas that Matter programme has contributed to over 80 non-profits and US\$189,000 in grants since inception

SSA's enterprise development programmes help build SME capacity in rural areas (surrounding Sappi's plantations) with high levels of unemployment and potential risks posed by disaffection

SSA's climate transition plan involves close collaboration with stakeholders to achieve transition goals and ensure a just energy transition, particularly given the social impacts of moving away from coal in South Africa

Through SSA's fire risk management processes, Sappi proactively minimises fire risks in its plantations and reduces impact in event of a wildfire. Besides comprehensive insurance coverage and an integrated Fire Risk Management System, significant investment has improved fire detection, fire crew training and improved equipment has vastly accelerated response times to fires. SSA staff play key roles in provincial and local fire protection associations, ensuring optimal risk management and sharing of technical knowledge, resources and skills. Sappi also undertakes specific action, eg using mulchers as costlier but lower-risk alternative to burning of harvest residue and camera systems, etc

SSA's water management plans, across its operations, focus on implementing water efficiency, implementing closed loop and water recycling initiatives to reduce the operations' water intensity. Sappi engages local authorities, other industrial users and local communities within critical water basins to identify solutions and enhance water stewardship (eg Water Stewardship project in Umkomazi catchment area in partnership with WWF-SA to address water security for Sappi's Saiccor Mill)

SSA continues supporting early child development by practitioner training and development opportunities. This year's training included NQF Level 4, coding, robotics training, mentorship and coaching. Extra trainings were added as a response to gaps identified after learners completed an Early Learning Outcome Measurement assessment

4. Communities and neighbours continued

Important topics for stakeholder

Long-term, holistic,
locally driven growth of communities

Fostering diversity, inclusion and women
empowerment across communities

How we engage

Other SSA programmes focused on digital literacy and skills include Magabheni Computers4Kids and Sappi Top Learner Recognition Programme. SSA also donated over 690 durable, eco-friendly shoes made from repurposed plastic and medical waste

SSA continues to support the annual Karkloof Classic Trail Festival; this year, 10 participants were offered internships (of which seven secured full-time and extended contracts)

In 2024, 150 beekeepers in Sappi's African Beekeeping Solutions programme produced and sold 2,500 tonnes of honey. It provides forest growers of the Khulisa programme with extra income while waiting for timber harvests and sales.

SSA undertakes a variety of donations (eg groundnut seeds) to help different communities sustain their livelihoods in agroforestry

SSA invests in providing Asset-Based Community Development training to community members, focusing on local ownership and empowerment and building community resilience and collaboration

Co-funding, donations, learner stipends focused on skills development and unlocking opportunities in specific solar, electrical and mechanical career paths (SSA)

SSA offers a range of women empowerment community development programmes, including educational talks, trainings

Fifty youth from SSA's surrounding communities attended Abashintshi Youth Leadership Development Camp, focused on unlocking youth potential at grassroots level

Over 1,330 employees participated in SSA's employee volunteer programme, Show Your Heart, positively impacting seven different sectors and engaging over 9,900 beneficiaries. Volunteering projects included community charity fundraisers, school refurbishments, career guidance and sharing

SSA's EcoStudy programme aims at enhancing environmental education, promoting sustainable development in schools, and enabling students to engage with the most future-relevant environmental topics. The programme benefited almost 3,000 learners across 28 different schools

Read more about our social impact in each region on pages 117 to 125

4. Communities and neighbours continued

Opportunities *for* value creation

- Strengthen collaboration with authorities' local development plans to tackle most pressing community needs (including job creation and income generation that fosters local economic development in South Africa)
- Scale up and broaden impact of projects, and continue to enhance the tracking and feedback mechanisms
- Empower communities and employees to capitalise on opportunities that ensure the long-term growth and resilience of local communities
- 61% of South Africans believe partnerships between business and government can lead to more trustworthy management of technology-led changes, ultimately propelling South Africa's progress and growth
- Active participation in industry bodies and communities helps strengthen delivery of Forestry Sector Master Plan and collaboration with SA government in the Public Private Growth Initiative
- SSA's enterprise and supplier development programme already demonstrated impact on-the-ground and can be a springboard for stronger strategic partnerships with diverse stakeholders who provide financial and non-financial support to SMEs.

Challenges *for* value creation

- Economic pressures on business investments
- Dynamic geopolitical external risks can be destabilising to communities and shift focus away from environmental and climate change projects.



Case study

Sappi set up implementation structures *to drive community support in South Africa*

SSA set up two implementation structures to drive community support and engagement in South Africa: Community Management Committee (CMC) and Integrated Community Structure (ICF). The CMC aims at fostering internal alignment and collaboration relating to business opportunities, skills development, recruitment, and socioeconomic development. The ICF is focused on the broader local community; it acts as the connecting bridge between Sappi and other leadership structures embedded in the community (including the Traditional Council, Councillors, etc).

Communities and neighbours continued



Case study

Sappi Karkloof Festival as a staple *in eco-focused community engagement*

The Sappi Karkloof Classic Trails Festival, held annually in May, has been a staple event on the mountain biking calendar for over 30 years. Sappi has invested in this event since 2013, providing access to the land for most race routes. Despite a reduced format during Covid-19, the festival attracted 1,560 participants in 2023 and 1,722 in 2024. It is a key event for serious competitors, including those who participated in the 2024 85km South African MTB Marathon Championships, and will again serve as the official South African Marathon Championships from 2025 to 2027. The festival also offers numerous options for trail runners and riders over its two-day duration.

From a local tourism perspective, Sappi's investment in the event and its agreement with the club to provide year-long access for recreational use enables the Karkloof Club to channel significant funds into trail development and socially impactful community projects. The ongoing investment in trails has bolstered the Karkloof Club, now enjoyed by over 900 members and attracting over 13,000 visitors annually, twice earning it the Number One network ranking in South Africa by TREAD Magazine.

A 2022 Business Impact Study by the Sappi Trails Programme and uMngeni Tourism revealed that the Sappi Karkloof Trails support 503 jobs directly and 3,080 indirectly in the uMngeni municipal area. KZN tourism earlier estimated that visitors to the Karkloof Trails generate an impressive ZAR231 million per year in economic impact.

5. Industry bodies and NGOs



Self-assessment on the quality of relationships:

Satisfactory



Drive operational excellence



Enhance trust

Why we engage

We partner with industry and business bodies to provide input on issues and regulations that affect and are relevant to our businesses and industries. We also support and partner with industry initiatives aimed at promoting the use of our products and the overall sustainability of our industry.

An important element of our strategy for achieving our business objectives is to enhance and support collaboration across the forest-based sector to enhance responsible forestry and promote forest certification. Our aim is to be present in multi-stakeholder conversations, support effective advocacy with policymakers and government leaders, and support supply chain initiatives. Close engagement is maintained through the industry organisations Confederation of European Paper Industries (Cepi) American Forest and Paper Association (AF&PA), Paper Manufacturers Association of South Africa (PAMSA) and Forestry South Africa.

5. Industry bodies and NGOs continued

Important topics for stakeholder

Accountability
and governance

Decarbonisation
and net zero

Tangible progress and
funding for biodiversity
conservation and regeneration

Open dialogue, knowledge sharing and
collaboration with public and private sector
for nature-positive outcomes

Legislative and regulatory certainty

Robust forestry management
that improves long-term resilience
of trees amid climate change

How we engage

Sappi's seven proclaimed nature reserves are part of South Africa's Biodiversity Stewardship Programme managed by the South African National Biodiversity Institute and based on partnerships between landowners, provincial conservation authorities and NGOs to secure biodiversity. Progress is being made on declaration of an eighth nature reserve to protect critically endangered Karkloof Blue Butterfly

Due to the high-potential impact of climate change on its forestry assets, Sappi conducts various climate scenarios for its South African plantation assets. Risks due to transitional factors, eg regulatory changes (which may impact access to woodfibre and/or certain markets) are also considered. To stay ahead of regulation and reduce associated risks, Sappi engages with sector associations and NGOs; eg EUDR-related implementation work coordinated by Cepi

Membership of organisations with depth or breadth of influence across industry, eg WBCSD, Cepi, etc

Engagement through Marco Eikelenboom (SEU's CEO) as Cepi Chair, Sarah Price (SEU's Sustainability Director) as 4evergreen's Chair, Mike Haws (SNA's CEO) and Alex Thiel (SSA CEO) as Chair of PAMSA and Duane Roothman (VP Forestry SSA) as Executive Committee member of Forestry South Africa as AF&PA board member and Rebecca Barnard, SNA's Forestry Certification Manager, as President of Society of American Foresters

Collaboration, engagement, support across diverse bodies (eg Business for Nature)

SSA actively involved in structures of the Forestry Sector Master Plan and Public Private Growth Initiative. Represented on the National Logistics Crisis Committee to guide regulation and action plans to improve logistics constraints on rail, road and port efficiency

SEU supported PEFC in launching study to assess impact of PEFC certification in Europe. Project undertaken by European Forest Institute aims to measure sustainability outcomes of PEFC-certified forests, including developing a Sustainability Impact Assessment methodology using indicators relevant to European forestry

5. Industry bodies and NGOs continued

Important topics for stakeholder

Critical cross-industry action on
deforestation and water management

Data-driven evidence on the
benefits and risks of shifting from
fossil-based materials to alternative solutions

Trade-offs in shifting to
a circular bioeconomy

How we engage

Under the Forest Solutions Group of the WBCSD, key areas of focus in FY2024 included:

- Developing a set of shared metrics to better measure and disclose the nature-related impacts of sustainable forest management (SFM) practices
- Exploring the forest sector contribution to social equity and enabling a just transition, across the full value chain
- Working towards a forest sector deep dive on avoided emissions based on WBCSD guidance

Sappi contributed to the ongoing work of The Forests Dialogue (TFD) through its involvement in the Steering Group. In FY2024, TFD was actively convening dialogues on landscape restoration and bio-energy from forests. Through deploying multi-stakeholder dialogue processes among key stakeholders, TFD helps to overcome conflict and spur collaborative action on the highest priority issues facing the world's forests

In addition to the memberships described on page 54 and 55, Sappi Limited is an active participant in the National Economic Development and Labour Council (Nedlac) Companies Amendment Bill Task Team where representatives of labour, government and business meet to discuss and seek consensus on the major amendments proposed to the current Companies Act 71 of 2008 (as amended) of South Africa (Companies Act) and governance codes as well as changes related to social and ethics board committees

5. Industry bodies and NGOs continued

Collaborating towards a more accountable just transition to a net-zero economy

In April 2024, Steve Binnie and 80 Chief Executives from leading companies and civil society organisations, and three UN agencies (UN Global Compact, UNICEF, UNHCR) united in their support of a two-year extension of the Business Commission to Tackle Inequality (BCTI). Sappi recognises the need to collaborate as broadly as possible to deepen corporate accountability for inclusive, equitable markets and deliver a just transition. BCTI is designed to accelerate the 2030 Agenda in the run-up to COP30 in Brazil. With 55 corporate and 28 non-private sector leaders as members, BCTI will focus on transforming their own organisations and value chains and address market-level roadblocks. Priority, WBCSD-led action areas include social performance and accountability, human rights due diligence, DE&I, living wages and realising the just transition to a net-zero, nature-positive economy.

Champions for a more competitive EU bioeconomy

In February 2024, Sappi joined 72 other industry leaders across almost 20 industrial sectors to present the 'Antwerp Declaration for a European Industrial Deal' to Belgian Prime Minister Alexander De Croo and European Commission President Ursula von der Leyen. It strongly advocated for urgent action to restore the business case for investments in Europe, particularly emphasising innovation funding, raw materials security and boosting demand for net-zero, low carbon, circular products.

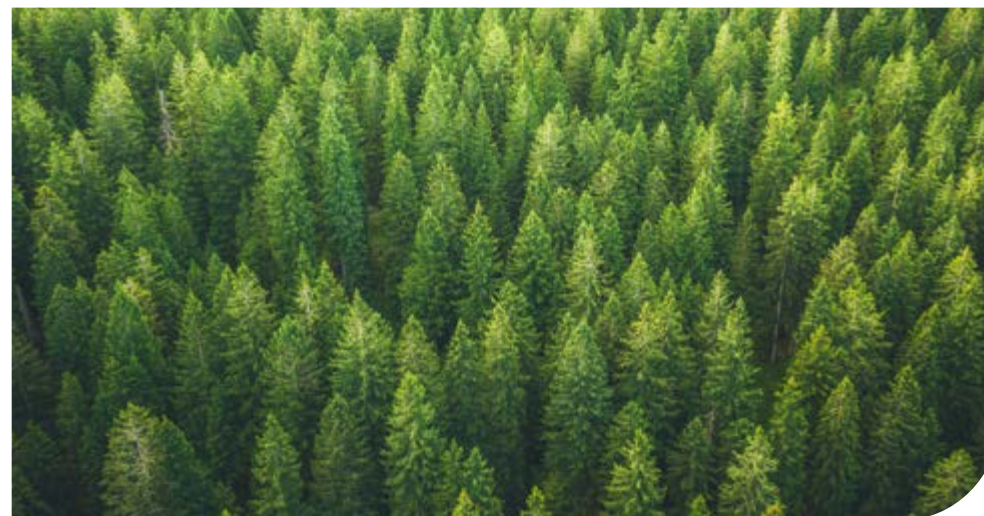
Since then, the EU has recognised the need to restore the competitiveness, talent and innovation potential of its manufacturing base in its journey towards sustainable transformation. This was additionally demonstrated by the Draghi Report (September 2024). Key Sappi spokespeople including Marco Eikelenboom, who is also Cepi Chair, and Sarah Price, Co-Chair of 4evergreen, are continuing to advocate for Europe's paper and pulp industry across a range of events, panels and opportunities.

Opportunities for value creation

- There is ample opportunity for Sappi to continue strengthening its voice and demonstrating its sustainable leadership, particularly with the change in the European Commission and upcoming priorities by the South African government. The EU's Clean Industrial Deal aims to support companies in transitioning to a climate-neutral economy, while the new European Competitiveness Fund will invest in strategic technologies, including clean tech and biotech.

Challenges for value creation

- It is important to foster robust platforms for nuanced, transparent discussions to encourage value-driven collaboration and innovation across business and NGO communities towards unified, nature-positive goals.



6. Investors



Self-assessment on the quality of relationships:

Satisfactory



Grow our business



Sustain our financial health



Enhance trust

Why we engage

Our aim is to provide investors (shareholders and bondholders) and analysts with transparent, timely, relevant communication that provides them with an understanding of our industry and our performance, as well as our plans to achieve our growth ambitions, thereby facilitating informed decisions.

6. Investors continued

Important topics for stakeholder

Strategy, vision, financial performance and measures to address future market dynamics

Governance, remuneration

ESG disclosure

Financial impact of pertinent risks and opportunities

Anti-corruption and ethical business conduct

Future-oriented measures, investments, innovations in response to changing market demands and regulations

Measures to strengthen diversity and inclusion

How we engage

Given global concerns on deforestation, Sappi engages with customers and investors to allow them to voice their expectations and concerns and to share Sappi's action plans to prevent deforestation for example on recognising that only 5% of textile brand owners could trace raw materials to origin, Sappi's dissolving pulp brand partnered with a key customer on 'Green Track' blockchain technology to provide forest-to-garment traceability solution

Ongoing updates and engagement on relevant issues, as well as ad hoc mill visits and road shows. Announcements issued through Johannesburg Stock Exchange, Stock Exchange News Services, in the press and on our website (see www.sappi.com/SENS)

We publish our 2024 Sappi Annual Integrated Report (see www.sappi.com/annual-reports) and sustainability reports (see www.sappi.com/sustainability) on the group website. Shareholders can attend and participate in the annual general meeting (AGM) as well as the four quarterly financial results' briefings

We engage with various ratings agencies, particularly in terms of ESG performance

We participate in CDP Climate, Forests and Water disclosure projects annually; our submissions are publicly available

Our Chief Financial Officer and Head of Treasury engage with bondholders, banks and rating agencies continually on Sappi's performance

We report on climate-related risks and opportunities and financial impacts according to the TCFD framework

See 2024 Sappi Annual Integrated Report www.sappi.com/annual-reports.

Opportunities for value creation

- Understanding of and commitment to our strategic direction
- Enhanced reputation
- Greater investment confidence
- Easier financing.

Challenges for value creation

- Uncertainties stemming from legislative and regulatory ambiguity.

7. Government and regulatory bodies



Self-assessment on the quality of relationships:

Progress to be made



Grow our business



Enhance trust

Why we engage

Dialogue with members of governments and regulatory authorities is an opportunity for all stakeholders involved to better understand all aspects of the issue at hand. We work to ensure that our position on a broad range of priority issues is understood by politicians, decision-makers, opinion formers and other roleplayers in the regions where we operate. This approach supports a policy and legislative environment that helps us achieve our business objectives, as well as enhance our reputation and brand. In addition to direct contact, we also work through a variety of industry groups and associations as described on page 54.

7. Government and regulatory bodies continued

Important topics for stakeholder

Climate Change Act was endorsed by South African President to ensure country's transition to low-carbon, climate-resilient economy and society, including reducing risk of job losses, promoting opportunities for new job opportunities in emerging green economy

How we engage

We meet for bilateral discussions at national, provincial/state and local government levels with elected representatives and senior officials

We engage with governments through structured and organised business forums

Opportunities *for* value creation

- Active participation in oversight committees help build structures that assist in delivery of Sector plans and helps focus governance structures to hold parties accountable for delivery.

Challenges *for* value creation

- Policies which take neither our high use of biobased energy into account nor recognise the important carbon sequestration role played by the sustainably managed forests and plantations from which we source woodfibre
- Uncertainty about certain regulatory developments like carbon tax (global) and dams (South Africa)
- Administrative and licensing delays.

8. Suppliers



Self-assessment on the quality of relationships:

Satisfactory



Grow our business



Enhance trust

Why we engage

Our suppliers are a core aspect of our business. We aim to establish mutually respectful, value-based relationships with them and encourage them to share our approach to investing in and searching for innovative ways to leave the planet better than we found it and making a purpose-driven and meaningful contribution towards the wellbeing and development of employees and our communities.

8. Suppliers continued

Important topics for stakeholder

Efficient, transparent
tender process

Flexible support of small and
medium local enterprises

Local procurement

Secure, long-term
contracts

Supplier diversity

Capacity building and
resource support

How we engage

Training, support and best practices offered to help suppliers mitigate environmental impact, measure GHG emissions, etc

Questionnaires and annual data and targets collection

Financial incentives provided, as linked to environmental commitments, forest certification and to encourage collaborative work in landscapes or jurisdictions

Suppliers requested to conduct self-assessment of compliance of Sappi's Supplier Code of Conduct

Benchmarking and assessing suppliers' sustainability practices, in partnership with EcoVadis (since 2021)

Sappi Maine Forestry Programme and Sappi Lake States Private Forestry Programme offer various landowner services, eg contracting with experienced loggers, providing plans to enhance wildlife habitat and forest health. SNA Stumpage Programme helps landowners develop harvest plans and timber stand improvement projects, equipping them with appropriate silvicultural techniques to ensure prompt post-harvest regeneration. SNA stumpage foresters conduct inspections on all jobs to ensure compliance with laws, policies, best practices to conserve soil and water quality and protect biodiversity, etc

Advice and practical assistance offered to growers in Sappi's Khulisa programme, South Africa. Training and development through the Ulwazi training initiative facilitated by the Forestry Skills Centre

See page 122 for further details

Engagement through group certification scheme and Sustainable African Forestry Assurance Scheme, which we helped develop

Opportunities for value creation

- To support local economic development initiatives and emerging contractor development, SSA continues to leverage the enterprise and supplier development programme by focusing on local supplier development via direct/indirect contracting. To ensure programmes' success, local procurement and recruitment is built into the businesses' policies and incorporated into the procurement contracting processes.

Challenges for value creation

- For our engagement with enterprises and suppliers, it is critical to ensure local SMEs can overcome regulatory and operational challenges, so that they can continue to grow and scale up.



9. Media



Self-assessment on the quality of relationships:

Progress to be made



Enhance trust

Why we engage

We maintain an open relationship with the media.

We continue to update the media on our belief that it is our responsibility to use the full potential of each tree we harvest. We engage with civil society organisations on issues of mutual interest and belong to key organisations relevant to our operations. We engage with various civil society groups on our societal and development impact.

9.

Media continued

Important topics for stakeholder

Understanding of how Sappi's strategy and key initiatives contribute to its target stakeholders and communities

Direct engagement with Sappi's leaders on their vision and perspectives on external developments

How we engage

Engaged global media monitoring platform and independent partner to identify the most important topics that target readers are most interested in

Ongoing engagement and two-way communications through interaction at events, mill or plantation visits, Sappi's social media channels, press briefings, content, releases, etc

Participation of Sappi spokespersons at panel discussions

Opportunities *for* value creation

- Deepen media relations and educate stakeholders on data-driven nuances behind complex topics
- More productive collaboration on advancing the debate on important topics, activating wide variety of policy and industry-focused voices.

Challenges *for* value creation

- Misconceptions on the industry's sustainability progress, occasionally based on isolated cases, can detract from the willingness to better understand the support that Sappi and other companies need to continue investing and innovating towards more positive, sustainable outcomes.

10. Research institutes and academia



Self-assessment on the quality of relationships:

Satisfactory



Grow our business



Enhance trust

Why we engage

Collaborating and engaging with research institutes and academia enables Sappi to contribute to broader scientific advancement, the industry's ability to drive future-oriented net positive sustainable outcomes, and Sappi's own innovative process as it continues exploring long-term and emerging opportunities.

10. Research institutes and academia continued

Important topics for stakeholder

Ongoing funding and support
for research projects and programmes

Enhanced visibility on how scientific,
data-driven research drives
positive business, socioeconomic
and environmental outcomes

Partnerships and
best practices sharing

How we engage

Engagement with the Africa Forest Forum (AFF) based in Kenya to promote engagement and awareness of the role and benefits of commercial forestry in Africa

Partnerships to conduct joint product and process development projects and exchange of expertise, access to specialised testing equipment

Collaboration with start-ups via Sappi's corporate venture hub initiative

Collaboration and support on forestry research (eg ICFR, FABI; WITS, University of Pretoria, NC State University, Stellenbosch University, University of KwaZulu-Natal). Sappi Forests and Stellenbosch University are involved in directing research in harvesting, transport and enabling technologies to drive operational efficiency and cost-saving initiatives. This platform also builds capacity by supporting postgraduate students with bursaries for industry relevant research projects. In addition to this platform, Sappi Forests' staff conduct guest lectures for the forestry department at Stellenbosch University annually to provide an industry perspective on the curriculum. We continued our work on a project with other industry members and the WITS GCI in South Africa, which began in 2020. Various industry workshops and training sessions were held to determine priority for summarising and providing relevant climate data to the forest industry through an access-controlled platform. Dr Yolandi Ernst, a post-doc employed by the Sappi Chair in Climate Change and Plantation Sustainability at WITS has been instrumental in this work

Opportunities *for* value creation

- Many topics of interest to Sappi are available for programmes; ensure that our industry and relevant topics are included in the programmes and focus areas of credible research institutions.

Challenges *for* value creation

- Budget constraints to fund programmes to be able to direct the work; expert capacity to provide oversight.

Our key memberships and commitments



Sappi Limited

Name of organisation	Focus
African Business Leaders Coalition	In the build-up to COP27 in Egypt, the UNGC launched the African Business Leaders Coalition, to advance Africa’s sustainable growth, prosperity and development by mobilising a coalition of Africa’s business leaders to engage on the continent’s most pressing issues as an organised, innovative, forward-looking principles based and unified voice. In May 2024 Sappi joined other African companies in signing the ABLC Gender Statement to demonstrate the collective strength of the African private sector and its commitment to women’s economic participation.
Business for Nature #MakeitMandatory	We signed up to this campaign, which calls on all large businesses and financial institutions to assess and disclose their impacts and dependencies on biodiversity.
Business Leadership South Africa (BLSA)	BLSA promotes engagement between South Africa’s business leaders and key players in South African society, including government, civil society and labour, to exchange ideas in our national interest and to create effective dialogue.
EcoVadis	We assess the sustainability performance of our suppliers through proactive ratings and evaluations using EcoVadis methodology – under the EcoVadis banner, we have been submitting our own sustainability performance to our customers for many years now. In FY2024, we held a platinum rating (the highest level) for all three regions.
Ethics Institute of SA	As we are headquartered and listed in SA, we belong to this institute.
FSC International	Both SNA and SSA belong to this international, non-governmental organisation dedicated to promoting responsible management of the world’s forests.
National Economic Development and Labour Council (Nedlac)	Sappi is an active participant in the Nedlac Companies Amendment Bill Task Team where representatives of labour, Government and business meet to discuss and seek consensus on the major amendments proposed to the current South African Companies Act and governance codes as well as changes related to social and ethics board committees.

Our key memberships and commitments continued



Sappi Limited

Name of organisation	Focus
Paris Pledge for Action	We signed this pledge in 2015 to add our voice to global calls to limit global temperature rise to well below 2°C – and pursue efforts to limit the increase to 1.5°C.
PEFC – International Stakeholder Member	PEFC is an independent, non-profit, non-governmental organisation, which promotes sustainably managed forests through independent third-party certification.
Cascale (formerly Sustainable Apparel Coalition)	A global, non-profit alliance of 300 leading consumer goods brands, retailers, manufacturers, sourcing agents, service providers, trade associations, NGOs and academic institutions. Our members represent every link of the global value chain for apparel, footwear, and textiles; home furnishings; sporting and outdoor goods; bags and luggage. We use their sustainability measurement suite of tools, the Higg Index, to evaluate materials, products, facilities, and processes based on environmental performance, social labour practices, and product design choices.
Technical Association of the Pulp and Paper Industry	An international NGO of about 14,000 member engineers, scientists, managers, academics and others involved in the areas of pulp and paper.
The Textile Exchange (TE) and TE man-made cellulosic fibre roundtable and climate sub-committee	The TE launched their Climate+ Strategy in 2019, with a goal to reduce GHG emissions in the textile value chain by 45% by 2030, while addressing other climate-related impact areas, like water, biodiversity and soil health. Sappi was an advisory partner in the development of the TE's biodiversity benchmarking module and participated in the pilot launch of the tool. We also participate in the cellulosic roundtable and climate sub-committee.
WBCSD	The organisation has three imperatives with climate being a primary focus, in addition to nature and equity. The Forest Solutions Group (FSG) is a sector-specific working group under the WBCSD umbrella. Sappi is an active participant in the FSG, has contributed to the development of the net-zero and nature-positive roadmaps for the forest sector and is one of the co-leads for the equity roadmap which is in progress.

Our key memberships and commitments continued



Sappi Europe

Name of organisation	Focus
Biobased Industries Consortium	Covers the entire biobased ecosystem and brings together players from different industrial sectors and disciplines. One of the consortium's aims is to improve access to finance and the investment climate in Europe.
CELAB (Circular Economy for Labels) coalition	Aims to create a sustainable circular economy for self-adhesive labels throughout the entire supply chain. The initiative aims to develop a sustainable and circular business model for more than 75% of the matrices and release liners used in Europe by 2025.
Confederation of European Paper Industries (Cepi)	The European association representing the pulp and paper industry.
4evergreen Alliance	See page 85.
Intergraf	A trade association promoting and protecting the interests of the graphic industry at European level.
Ligninclub	The EU co-funds lignin industry's expansion to create a green industry to replace fossil-based plastics.
The Alliance of Energy Intensive Industries	Represents a broad grouping of industries who participate in policy discussions such as the EU Green Deal.
The Forests Dialogue	See pages 42.

Other memberships include BioChem Europe, Eurograph, European Joint Undertaking on Biobased Industries and Print Power.

Our key memberships and commitments continued



Sappi North
America

Name of organisation	Focus
Alliance for Pulp and Paper Technology Innovation (APPTI)	APPTI is an industry-led consortium that promotes development of advanced manufacturing technologies for the pulp and paper industry.
American Forests and Paper Association (AF&PA)	The national trade association of the paper and wood products industry.
Federal Forest Resource Coalition	Comprises companies and regional trade associations whose members harvest and manufacture wood products, paper and renewable energy from federal timber resources.
Sustainable Forestry Initiative® (SFI®) Implementation Committees (Maine, Minnesota, Wisconsin and Michigan)	Committees work with local, forestry, and professional associations, universities, government agencies, landowner groups, conservation groups and many others to promote SFI standards to broaden the practice of responsible forestry and achieve on-the-ground progress.
Minnesota Forest Resources Council	Develops policy recommendations and encourages the adoption of sustainable forest management policies and practices. Council members represent a wide range of forest resource interests and hold public meetings every second month to discuss key issues.
University of Maine Pulp and Paper Foundation	Active internship programme and industry advocacy.
University of Minnesota Sustainable Forests Education Cooperative	A forestry education cooperative offering continuing education opportunities for natural resource professionals.

Other memberships include American BioFuels Association, American Forest Foundation, Biorenewable Deployment Consortium, Forest Products Working Group, Forest Resources Association, Forest Stewardship Council (FSC), Great Lakes Timber Professionals Association, Maine Forest Products Council, Maine Tree Foundation, Michigan Forest Products Council, Minnesota Forest Industries, Minnesota Timber Producers Association, NH Timberland Owners Association, Paper and Paper Packing Board, Paperboard Packaging Council, Pulp and Paper Products Council, Sustainable Packaging Coalition, the Recycling Partnership and University of Maine Paper Surface Science Consortia.

Our key memberships and commitments continued



Sappi Southern Africa

Name of organisation

Business for South Africa (B4SA)

Business Unity South Africa (BUSA)

Forestry South Africa

National Business Initiative

Paper Manufacturers Association of South Africa (PAMSA)

South African National Biodiversity Institute (SANBI)

Shared Value Africa Initiative

World Wide Fund for Nature (WWF-SA)

Focus

B4SA is an alliance of business leaders working with the SA government and other social partners focused on mobilising business resources and capacity to work alongside and in support of government to address bottlenecks impacting the country socioeconomic development.

BUSA structures its work through two policy committees – a Social Policy Committee and an Economic and Trade Policy Committee. All deliberation on policy is considered through the policy committees. Sappi contributes through various committees influencing government policymaking.

Forestry South Africa represents 11 corporate forestry companies, approximately 1,100 commercial timber farmers and some 20,000 small-scale growers. Collectively, these growers own or control no less than 93% of the country's total plantation area of 1.2 million hectares.

An independent, business movement of nearly 100 South African and multinational companies committed to the vision of a thriving society and working with members to build their capacity for change and to create investment opportunity for them.

Responsible for the pre-competitive legislative, education, environment, research and recycling interests of the pulp, paper, board and tissue sector in South Africa.

Tasked with research and dissemination of information on biodiversity, and legally mandated to contribute to the management of SA's biodiversity resources.

Enables businesses to collaborate and form partnerships across border lines to drive collective social impact at scale.

Works with business to generate collective action, stimulate innovation and mobilise resources for shared value and systems change (see page [149](#) for details of our Water Stewardship partnership with WWF-SA).

Other memberships include Birdlife SA, Fibre Circle, Fibre Processing and Manufacturing Skills Education and Training Authority, FSC, Manufacturing Circle, Packaging SA, Recycle Paper ZA, South African Chamber of Commerce and Industry and local chambers of commerce and industry.

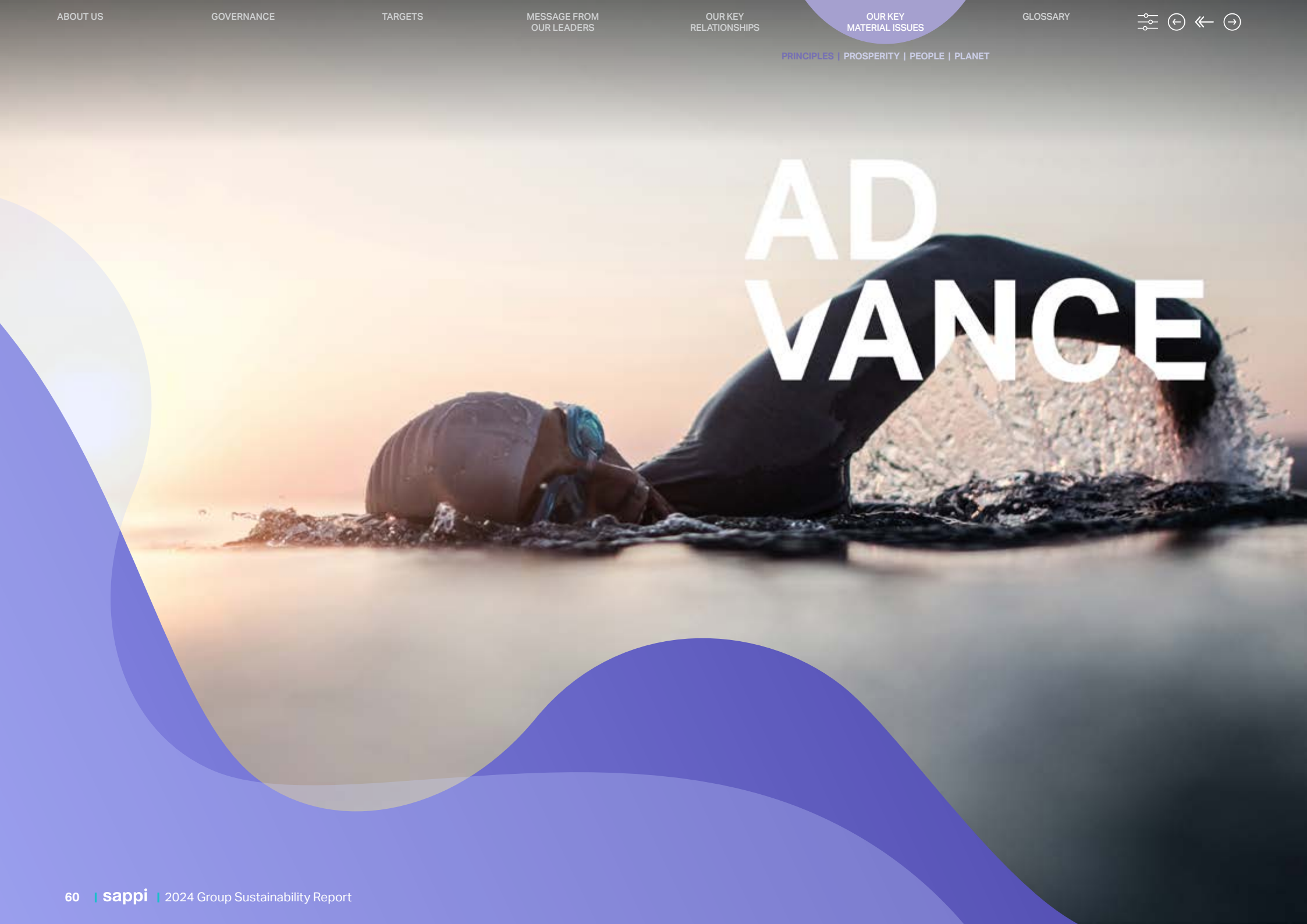
Our key memberships and commitments continued



Sappi Forests

Sappi Forests' memberships are focused on mitigating pests and disease and promoting sustainability of our plantations:

- Forestry and Agricultural Biotechnology Institute (FABI)
- The Tree Protection Co-operative Programme (TPCP) – founding member
- Eucalypt Pest and Pathogen Working Group (EPPWG)
- Biological Control of Eucalypt Pests (BiCEP)
- Forest Molecular Genetic Programme
- Institute for Commercial Forestry Research (ICFR)
- South African Institute of Forestry (SAIF)
- CAMCORE
- Seedling Growers Association of South Africa (SGASA).



ADVANCE

Principles

Ethical behaviour and compliance

Financial materiality

Our strong ethical culture underpins our reputation, built up over many years. However, just one breach of ethics could destroy our reputation, jeopardise our licence to operate and negatively erode stakeholder value. Accordingly, we place a high premium on adherence to ethical behaviour as encapsulated in our Code of Ethics.

Impact materiality

As an organisation with a large manufacturing and forestry footprint, our potential impact on the environment and communities surrounding our operations is material. Sappi's objective is to be a 'trusted partner to all our stakeholders'. We cannot achieve this unless we all 'live' our values of integrity and courage and act when these values are threatened. In doing so, we protect the viability of our business and the interest of all our stakeholders.

The global forces shaping our Thrive strategy

Rapid pace of technological innovation and threats, including cyber threats

Changing consumer and employee behaviour

Growing populations with increasing rates of urbanisation

Sanctions and modern slavery

Our top 10 risks

4

Sustainability expectations

6

Evolving technologies and consumer preferences

5

Supply chain disruption

8

Uncertain and evolving regulatory landscape

How this issue links to other aspects of our business

Our global priority SDGs



Our strategic fundamentals



Grow our business



Sustain our financial health



Drive operational excellence



Enhance trust

Our highlights

Comprehensive ethics training

Launched global social media best practices training

Launched awareness campaign for our updated Group Whistle-blowing Policy



Ethical behaviour and compliance continued

Background

Our Code of Ethics (the Code) is a practical tool to guide our directors, management, employees and other stakeholders about what constitutes ethical behaviour in the workplace while complying with the various laws, regulations and policies applicable to the Sappi group. The Code is fully aligned with our value statement – ‘As OneSappi, we do business safely, with integrity and courage, making smart decisions that we execute with speed’, and includes relevant scenarios and examples and places emphasis on safety in line with our safety-first culture and prioritisation of the wellbeing of our employees and stakeholders.

The Code references several group policies, where heightened levels of awareness and compliance are required. In familiarising themselves with the Code, employees are encouraged to read these policies. Story pictures are used to assist in the messaging, which is displayed on media screens, lift lobbies and Sappi desk calendars. Online ethics training has been revamped with new scenarios and relevant examples.

We have been a member of the Ethics Institute since 2018 and have benefited from the institute’s activities and materials provided to members to advance ethical behaviour. In this capacity, we have also signed the Business Leadership South Africa Integrity Pledge, making a commitment to actively combat corrupt practices wherever encountered, preventing anti-competitive behaviour, adopting a zero-tolerance approach to corrupt behaviour and protecting whistle-blowers.

As OneSappi we do business
safely, with integrity and courage, making
smart decisions
that we execute with speed



Case study

In the case of ethical breaches, the Internal Audit (IA) Department is responsible for performing or assisting with forensic investigations. During forensic investigations, particular attention is paid to the circumstances contributing to the incident and management’s tone in responding to these incidents.

IA also reviews the ethics management arrangements and ethics controls for particular units and processes during certain audits. Audit steps include confirming the status of our Code of Ethics and hotline communication, completion of ethics training by employees and reviewing processes for employees to disclose potential conflicts of interest.

All forensic investigations are undertaken with oversight from the Legal Department, human resources (HR) and executive management. Detailed formal reports are prepared for each incident and distributed to line and HR management. The Audit and Risk Committee and supporting committees receive and review reporting on all forensic activity. In addition to the detailed scrutiny of all ethics incidents, various KPIs are used to monitor forensic and ethics management for SSA. The most important analyses relate to the numbers, classification and outcome of incidents, as well as the timely resolution of hotline calls.

Ethical behaviour and compliance continued

Key developments in FY2024

Convercent is our global **ethics hotline service provider**. In 2024, we continued our campaign to encourage users to use the website as a reporting channel rather than the phone line, without removing the phone option from communications. Website reporting has increased as a result, enabling us to more efficiently document and respond to incidents.

In line with our emphasis on ethical behaviour, we conducted **training** on the following topics:

1	Anti-fraud and corruption online training (relevant new employees in all regions)
2	Code of Ethics online training (relevant new employees in all regions)
3	Environmental law training (relevant new employees in all regions)
4	Competition law online training (relevant new employees in all regions)
5	Occupational health and safety compliance (relevant new employees in all regions)
6	Avoiding conflicts of Interest in the workplace (SNA, SEU, and relevant new employees in South Africa)
7	Data governance including regional laws like the Protection of Personal Information Act and the GDPR (relevant new employees in all regions)
8	Intellectual property principles (relevant new employees in all regions)
9	Maintaining confidentiality online training (relevant employees in all regions)
10	Social media online training (all regions)

Training incorporates relevant and practical examples, avoiding a 'tick-box' approach. Reinforcing these trainings, we continued to participate in **significant international events**, including Global Ethics Day, International Fraud Awareness Week and World Whistle-blower Day.

The Sappi Limited **Legal Compliance Programme** is used to enhance our commitment to ethics and compliance. It requires Sappi employees who have been allocated responsibility for certain operational matters within the group to confirm compliance with these topics and underlying Sappi policies on a biannual basis. These responsibilities include environment, health and safety, anti-trust, anti-corruption, code of ethics, and certain corporate topics including compliance with the JSE Listings Requirements.

To promote human rights and ethical behaviour, Sappi does not do any business with Sanctions Targets. The Sanctions Screening software programme available on SAP enables each region to screen potential business partners against listed sanctioned parties.

Below are the results from our last **Employee Engagement Survey** in 2023, including ethical considerations in the workplace under the drivers of inclusion and general working environment. In 2024, we engaged with various internal working groups to address ethics issues identified during the 2023 survey. Our next survey will be completed in 2025.



Ethical behaviour and compliance continued

Ethical issues covered in the FY2023 employee engagement survey

Survey questions (drivers: working environment and inclusion)	Comparison with previous survey	2023 survey	2021 survey	Benchmark (if available)
I understand the safety and other risks related with my job.	↑	94%	92%	—
I am able to control safety and other risks related to my job.	↑	84%	82%	—
I am physically safe while at work.	↑	76%	75%	87%
I have not felt pressured to do something unethical at work.	↓	75%	76%	—
The organisation takes action to maintain the health and safety of employees.	n/a	73%	—	75%
I am aware of Sappi's hotline and how to access it.	↑	71%	64%	—
The organisation acts against employees who do not adhere to the Code of Ethics.	↑	67%	65%	—
Employees report accurate and complete information.	↓	66%	69%	—
The physical workspace is conducive to working effectively.	n/a	60%	—	67%
I have not been discriminated against at this organisation based on age, gender, identity, sexual orientation, race, religion or colour.	↑	80%	77%	86%
I am not emotionally harassed at work.	↑	76%	70%	84%
I am comfortable being myself at this organisation.	n/a	72%	—	79%
This organisation supports an inclusive environment where individual differences are celebrated and encouraged.	n/a	63%	—	73%

Ethical behaviour and compliance continued



Opportunities *for* value creation

We constantly strive to enhance all our policies, including those relevant to our ethical standards. In 2024, we launched awareness campaigns for our updated Group Whistle-blowing Policy that was carefully reviewed to align with the latest global standards and best practices. The campaign included communication for a separate SEU Whistle-blower Policy that was adopted in line with the requirements of the EU Whistle-Blower Directive. In addition, we created awareness for a new Group Anti-Retaliation Policy that complements and enhances our ethical standards.

To commemorate Global Ethics Day in 2024, all employees and board members were invited to sign a pledge to reinforce their loyalty to Sappi's Code of Ethics. During this period, our activities emphasised the value of integrity and making smart decisions. By watching the video 'Moment of truth', for example, employees learned how to make the right ethical decisions in a dilemma.

Responsible procurement

Financial materiality

With over 20,000 suppliers, maintaining a well-organised supply chain is integral to our business and key to meeting our strategic pillars which include growing our business, sustaining our financial health and driving operational excellence. It also underpins our licence to operate.

Impact materiality

In today's environmentally and socially conscious world, ethical supply chains are a key concern. We are enhancing trust – the fourth pillar of our strategy – and working towards our vision of a thriving world by avoiding negative sourcing impacts, giving our customers and consumers transparent insight into our supply chain and collaborating with our suppliers to promote responsible business.

The global forces shaping our Thrive strategy

Changing consumer and employee behaviour

Persistent supply chain challenges

Resource scarcity and growing concern for natural capital

Rising social inequality and growing social activism with increased expectations for business

Move towards the circular economy

Our top 10 risks

4

Sustainability expectations

6

Evolving technologies and consumer preferences

5

Supply chain disruption

How this issue links to other aspects of our business

Our global priority SDGs



Our strategic fundamentals



Grow our business



Drive operational excellence



Enhance trust

Our highlights

84% of our global eligible¹ spend with declared compliance to our Supplier Code of Conduct

59% of our global eligible² spend is with suppliers that disclose and have a Corporate Social Responsibility (CSR) performance rating with EcoVadis

25% of our global eligible² spend is with suppliers that commit to science-based emissions reduction targets

Initiated a process to collect primary emission factors from Tier 1 to enhance our Scope 3 reporting

¹ Eligible spend excludes internal spend categories, taxes, rebates and in North America purchases from private wood landowners and payments to union pension funds.

² Eligible spend excludes internal spend categories, taxes, rebates and in North America purchases from private wood landowners and payments to union pension funds, as well as spend with government organisations and enterprise and supplier development (ESD) suppliers in South Africa.

Responsible procurement continued

Background

Working together in partnership with suppliers enables us to actively identify risk, assess social and environmental performance, as well as encourage commitment to sustainable choices and the UN SDGs. Our Group Supplier Code of Conduct outlines the minimum expectations for doing business with Sappi and is further underpinned by our Code of Ethics, Human Rights and Whistle-blowing Policies. To ensure our suppliers understand these minimum expectations, we request they sign self-declarations of compliance or integrate the Code of Conduct within contracts. In FY2024 we continued to expand our share of spend with suppliers with this declared compliance.

We work with EcoVadis to enable us to further mitigate risk and gain more insights into our supplier corporate social responsibility (CSR) performance. EcoVadis questionnaires are sector specific and uploading evidence documentation is mandatory. EcoVadis provides the platform, scoring methodology and in-house analysts who review the information and documentation submitted. EcoVadis scorecards enable us to efficiently gain insights into supplier performance to inform our business decisions. They also help to identify risk and prioritise areas where further improvements are needed. In 2024 we continued to promote the use of EcoVadis to our suppliers and regularly reviewed scores and requested corrective actions where needed.

In line with our Science Based Targets initiative (SBTi) endorsed commitment that 44% of our suppliers (by spend) have science-based targets by 2026, we have now included a focus on climate action in our engagement with suppliers. In 2024 we focused our engagement with priority Tier 1 raw material suppliers by sending out questionnaires to collect primary Scope 3 emissions.

Additionally, we requested information about our suppliers' reporting of greenhouse gas (GHG) emissions and corporate targets as well as their commitments to reduce emissions. This engagement helps to inform suppliers of the importance of mitigating climate change, reducing environmental impact and the need for high-quality data to guide our collective progress.

Key developments in FY2024

In terms of performance, our **Thrive** (2025) target is that 80% of procurement spend has declared compliance with the **Supplier Code of Conduct** (the Code). In SEU, 87% of eligible spend was covered by signed declarations or agreements where the provisions of the Code are embedded. In SNA, eligible spend under these conditions amounts to 84%. In SSA, it is 76%. Globally, this translates to 84% of global eligible procurement spend, which is above our target.

The share of spend covered by our suppliers disclosing on **EcoVadis** was 59% of global eligible procurement spend, comprising 72% in SEU, 45% in SNA and 52% in SSA. In terms of number of suppliers, 1,404 entities shared their EcoVadis scorecards with us by the end of FY2024, an increase of 43% from FY2023. An additional 431 entities are currently in the process of completing the assessment. Since individual scorecards can be submitted by a parent company on behalf of subsidiaries, the actual number of individual Sappi suppliers covered by the 1,404 EcoVadis scorecards is 2,422.

Our average supplier score of completed scorecards in FY2024 on EcoVadis was 60.4, which is 13.4 points above the platform's benchmark. Our suppliers completed 47 corrective actions on EcoVadis in FY2024. In terms of suppliers and their CSR performance, some key achievements include: 86.8% of our suppliers disclosing on EcoVadis are acting on energy consumption and GHG emissions, 70.9% use renewable energy, 64.2% report on carbon emissions, 49.3% report Scope 3 emissions, 71% audit or assess suppliers on CSR issues and 88.4% have a policy on corruption.

Towards our **SBTi-endorsed supplier engagement target**, 25% of our global eligible spend by end FY2024 was with suppliers committed to science-based emissions reduction targets. By region, the performance was 28% SEU, 22% SNA and 25% SSA.

During 2024 we further developed our approach to managing Scope 3 emissions, including developing a questionnaire and an annual data collection process to collect primary emissions factors from our suppliers and other information about their decarbonisation efforts. This new supplier engagement campaign started in early 2024.

We reached out to all our raw material suppliers where we had an active business relationship. We learned that many suppliers do not yet track their Scope 3 emissions and could only provide Scope 1 and 2 data. We reached a 16% share of primary emissions, which covers 47% of our raw material spend. This engagement underscores the importance of working together across the value chain to mitigate climate change.

Responsible procurement continued



Case study

Electric truck pilot project launched in Germany

In September 2024 we launched an e-truck pilot programme after purchasing an 80-kilowatt charger to supply delivery trucks with electrical power. The project involves four of our existing customers – two in the Netherlands and two in Germany – that are within a 120-kilometre radius of our logistics base in Voerde, Germany.

We began researching our e-truck programme in 2022. In collaboration with the National Technical University of Athens, the initiative evaluated the potential carbon savings of replacing diesel-powered distribution vehicles with electric alternatives.

The project aligns with Sappi's commitments to climate action and helps to mitigate the growing greenhouse gas emissions from the transportation sector. Whereas other industries such as agriculture, buildings and electricity generation have been reducing their emissions, those from the European transport sector have been growing. Currently, 27% of road transport emissions in the EU are produced by heavy-duty trucks.

The programme, which continues through 2028, is supported by Seifert, an e-truck logistics specialist and long-term Sappi partner that is experienced with our German distribution routes.



Responsible procurement continued

Human rights *in our* value chain

As a responsible business required to comply with all applicable laws and to respect human rights, we continually assess and prevent human rights and environmental violations within our own enterprise and associated value chain.

Responding to the upcoming EU Corporate Sustainability Due Diligence Directive and the German Act on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains, more commonly known as the German Supply Chain Act (GSCA), Sappi Europe began implementing a Supplier Due Diligence procedure and related supplier risk assessment process during FY2024. Over 9,000 suppliers were assessed for risk, based on a combination of criteria. The assessment enabled identification of potential 'risk' suppliers, which were then reviewed and prioritised for engagement based on spend/impact.

Overall, we were able to transfer 2,534 suppliers from a potential risk category to negligible risk, resulting in 95% SEU spend with suppliers categorised as negligible risk, 5% potential risk, and 0% high risk suppliers. Assessment remains a continuous process, and for Sappi's operations in Germany will involve publishing an annual report in compliance with legislative requirements for GSCA.

See **Labour relations** section on page 112 for more information about our approach to human rights.

Opportunities *for* value creation

Scope 3 emissions, the indirect emissions across a company's value chain, pose a global challenge due to the accounting complexity and the need for accurate exchange of product level primary emissions data between a wide array of stakeholders. At Sappi, engaging with Tier 1 raw material suppliers on greenhouse gas (GHG) emissions is a critical step towards not only quantifying these emissions but also gaining a deeper understanding of the overall carbon footprint of our products. This collaboration goes beyond accounting; it has provided an opportunity for us to exchange with our suppliers about climate action and decarbonisation progress. It supports our ability to identify where hard-to-abate emissions lie and uncover opportunities for value chain abatement. By working together with our suppliers, we learn about their product and process innovations that can support the CO₂ reduction of our products and sector more broadly. Working across our value chain ensures that we address immediate and long-term sustainability challenges, identify opportunities, and create a resilient and sustainable value chain.



PLUNGE

Prosperity

Our management approach to prosperity

What does our vision to ‘build a thriving world’ mean in practice? It is about connecting to the needs of our people and planet and achieving prosperity in ways that make us all proud.

To realise this vision, we have transformed during the last six years to become a more diversified group with investments in growing markets.

Among other things, we are investing in market segments with strong growth; strengthening our competitive position in mature markets; continuing our commitment to innovation; adapting to market supply and evaluating our product mix to align with evolving needs and demand.

Our overarching aim is to take advantage of our existing strengths and grow in high-impact and high-value areas. All while unlocking value for people and creating solutions from sustainable woodfibre.

We continue to identify and invest in product lines with the best returns and longevity, as well as scan for and review potential investment opportunities. Our Brand Council drives a coordinated global programme to increase the visibility and value of the corporate brand and secure market preference through our portfolio of branded products and services. We engage on an ongoing basis with customers and end-users to identify their needs and expectations. We also prioritise collaboration with customers, suppliers, converters and other parties in the value chain to unlock value and opportunities.



Prosperity continued

Key developments in FY2024

Profitability improved steadily through the year as the challenging destocking cycle of 2023 reversed and performance exceeded our expectations. Boosted by a strong fourth quarter performance, the group delivered an Adjusted EBITDA of US\$684 million for FY2024. This was against the backdrop of a subdued macroeconomic environment, ongoing low consumer confidence and persistent geopolitical uncertainty.

A key highlight was the pulp segment's exceptional performance, fuelled by strong demand for our Verve dissolving pulp products, which led to record profitability in the South African region. However, paper markets remained subdued, with the expected recovery in demand after the prolonged destocking phase of 2023 unfolding more slowly than anticipated. Sales volumes steadily improved in the second half of the year but remained below the previous year. Proactive management of capacity utilisation to align with demand, along with inventory optimisation to maintain working capital, positively impacted earnings. Additionally, significant year-on-year fixed costs savings were achieved through our strategic rationalisation actions.

Graphic papers sales volumes were up 2% from the previous year but the pace of recovery slowed as the year progressed, which suggests a likely permanent structural shift in demand from the highs of 2022. Globally graphic papers capacity exceeds demand and the industry continued to be faced with significant overcapacity. In response, we proactively undertook a strategic rationalisation of our European business, removing

approximately 30% of our graphic papers capacity through the closures of the Stockstadt and Lanaken Mills. We successfully transferred the sales from these two operations to our remaining graphic papers assets, which allowed us to maximise our capacity utilisation, reduce the fixed-cost position and improve profitability of our European business.

The principles of our **Thrive** strategy remained a priority with our focus on sustaining our financial health, enhancing trust and driving operational excellence. In addition, we made good progress during the year towards our objective of growing the business by converting and expanding Somerset Mill PM2 from graphic papers to paperboard. The project is progressing on schedule towards commissioning in the third quarter of FY2025.

Cash generated by our operations was healthy, but was negatively impacted by the closure of the two European paper mills and the increased strategic capital expenditure associated with the Somerset Mill PM2 project. Both these initiatives will yield substantial benefits in coming years.

Amid the persistently volatile and challenging macroeconomic environment, we demonstrated agility and resilience. Under the overarching umbrella of our focus on sustainability, our FY2024 performance aligns with the strategic fundamentals of our **Thrive** strategy as we aim to be a trusted, transparent, and innovative partner in advancing a biobased circular economy.

Our 2024 performance at a glance

Profit for the year

**US\$33
million**

(FY2023: US\$259 million)

Adjusted earnings per share

41 US cents

(FY2023: 52 US cents)

Adjusted EBITDA¹

**US\$684
million**

(FY2023: US\$731 million)

Dividend

**14 US cents
per share**

(FY2023: 15 US cents per share)

Net debt

**US\$1,422
million**

(FY2023: US\$1,085 million)

¹ Adjusted EBITDA is EBITDA excluding special items and plantation fair value price adjustment.



Further information about our financial performance can be viewed under the investors tab at www.sappi.com/investors

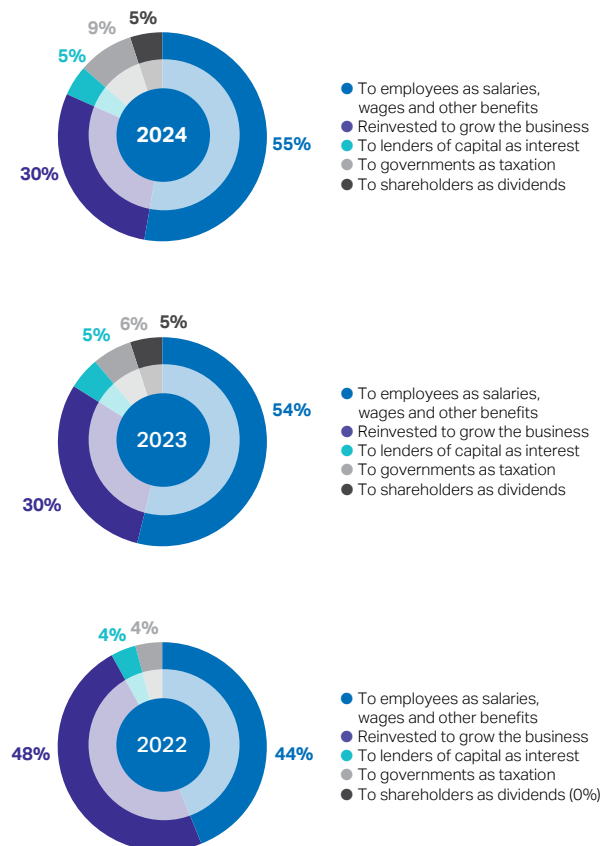
Prosperity continued

Adding value to daily life

With a burgeoning and increasingly urbanised global population, and with climate change and resource scarcity top of mind for many consumers, the world's demand for sustainable products based on renewable resources like woodfibre is set to grow. Our focus is on creating responsibly sourced and sustainable solutions as viable alternatives to fossil-based products that add value to the everyday lives of people around the world. We play an important role in society, offering efficiently manufactured products, made from renewable raw materials. Many of our products are recyclable and compostable.

- Our **Verve** dissolving pulp is increasingly positioned as the Fibre of Choice and is used worldwide by converters to create viscose and lyocell fibres for fashionable clothing and textiles. In addition, Verve forms a key component in pharmaceutical products as well as a wide range of consumer and household products. Dissolving pulp (DP) is a highly purified form of cellulose extracted from trees using unique cellulose chemistry technology. Sappi is one of the largest manufacturers of DP with a capacity of 1.5 million tons per annum and a 15% share of the global market
- Our quality **speciality papers** include label papers and self-adhesives; casting and release papers used by suppliers to the fashion, textile, automotive and laminate industries; dye-sublimation papers, digital imaging papers and tissue paper
- **Packaging papers** include flexible packaging, containerboard and paperboard. Sappi's packaging papers are sustainably sourced from responsibly managed forests, ensuring renewable and biodegradable solutions that reduce reliance on fossil-based materials. Their innovative designs enable recyclability and lightweighting, minimising environmental impact while maintaining high-functional performance
- Our **biomaterials** offer a viable alternative to fossil fuel-based products and align with our approach by making the most out of every tree harvested. We have established a strong position in adjacent businesses including: nanocellulose, furfural, lignosulphonates and bio-energy
- Our market-leading range of **graphic papers** products are used by printers to produce books, brochures, magazines, catalogues, direct mail and many other print applications.

Value added over the last three years



We contribute to society
through payments to
**governments,
suppliers and
employees,**
as well as returns
to shareholders.

Prosperity continued

Facilitating economic wellbeing

Direct impact

We facilitate social and economic wellbeing by using labour from local communities in every region in which we operate, as well as the services of small and medium enterprises in areas around our plantations in South Africa and the forests where we source sustainable woodfibre in other regions, together with areas around our production facilities globally.

Indirect impact

The indirect economic benefits of our operations impact on sectors including technical, construction and engineering services that are outsourced to a variety of contractors. The chemicals industry is, in particular, one of our major suppliers. In addition, the provision of services including collection of wastepaper for the industry and outsourcing non-core activities such as maintenance, medical services, transportation, cleaning and security creates opportunities for small, medium and micro enterprises.

In FY2024, we added value to the prosperity of the regions where we operate by providing work opportunities for 9,561 in forestry with 839 direct employees and 8,722 employed by contractors working for Sappi Forests in South Africa in addition to our own employees. We also contributed to domestic growth and the balance of payments in each region where we operate by exporting products to over 150 countries around the world.

Playing a strategic role

The pulp and paper and forestry industries are strategic economic sectors and make a significant contribution to economic growth and job creation, particularly in rural areas where employment and income generation opportunities are more limited than in cities.

	EU	USA	Canada	SA
Employment (pulp and paper industry)	175,000 direct jobs	925,800 direct jobs	212,660 direct jobs	149,100 direct and indirect jobs supporting 505,000 dependants
Value added to the economy	€20 billion added to EU GDP	US\$353 billion value of locally manufactured forest products	CAD33.4 billion added to Canada GDP	ZAR38.4 billion added to SA GDP

Sources:

- www.cepi.org/wp-content/uploads/2024/09/Key-Statistics-2023-FINAL-2.pdf
- www.afandpa.org/statistics-resources
- cfs.nrcan.gc.ca/statsprofile/employment/CA
- [www.natural-resources.canada.ca/sites/nrcan/files/forest/sof2023/NRCAN_SofForest_Annual_2023_EN_accessible-vf\(1\).pdf](http://www.natural-resources.canada.ca/sites/nrcan/files/forest/sof2023/NRCAN_SofForest_Annual_2023_EN_accessible-vf(1).pdf)
- www.forestrysouthafrica.co.za/economic/
- www.forestrysouthafrica.co.za/employment/

Competitive position

Financial materiality

Amid ongoing uncertainties and challenges in the macroeconomic and market environment for the paper and pulp industry, technological investments, R&D and innovation, agility and operational efficiency are key enablers to Sappi's competitiveness and ability to drive positive sustainable outcomes for customers and downstream sectors.

Operational efficiency minimises waste and optimises resource use, leading to improved productivity and lower costs – critical for sustaining our competitive cost position. Meanwhile, continuous innovation enables Sappi to respond to changing consumer preferences, develop new products, enter emerging markets and create additional revenue streams. Together, operational efficiency and innovation strengthen Sappi's ability to adapt to market dynamics, ensuring sustainable growth and profitability in both the short and long term.

Impact materiality

Improving operational efficiencies and driving innovation in circular products delivers environmental, social and economic benefits. Reducing energy consumption, increasing renewable energy use, and minimising waste not only lower carbon footprints but also support ecosystem health and resource conservation. Circular innovations, such as biobased products, extend product lifecycles, enhance recyclability and reduce reliance on fossil fuels. These efforts align with consumer demand for sustainable solutions, foster industry collaboration, and promote a resilient, low-carbon economy while creating shared value for society and the environment.

www.straitsresearch.com/report/sustainable-packaging-market

The global forces shaping our Thrive strategy

Changing consumer and employee behaviour	Move towards a circular economy
Rapid pace of technological innovation and threat, including cyber security	Climate change and climate transition
Persistent supply chain challenges	Resource scarcity and growing concern for natural capital

Our top 10 risks

- 4 Sustainability expectations
- 7 Climate change
- 6 Evolving technologies and consumer preferences
- 5 Supply chain disruption
- 10 Liquidity

How this issue links to other aspects of our business

Our global priority SDGs



Our strategic fundamentals



Grow our business



Sustain our financial health



Drive operational excellence

Our highlights

US\$104 million from our strategic procurement savings project vs a target of US\$58 million

R&D spend for FY2024 of US\$42 million

Released five new products with sustainability benefits, including new packaging and speciality papers as well as biomaterial products

Competitive position continued

Background

Operational efficiency, agility, and innovative research and development (R&D) are crucial drivers of competitive advantage for Sappi. By streamlining processes and optimising resource utilisation, we enhance productivity and reduce costs, enabling us to deliver superior value to our customers. Our agility allows us to respond swiftly to changing market conditions and customer demands, ensuring we remain relevant and competitive.

Our commitment to innovation through R&D fosters the development of new products and sustainable solutions to meet evolving market needs. Raw material shortages and the urgent need to develop viable alternatives are supported by our R&D investments. The combination of efficiency, responsiveness and innovation not only strengthens our market position but also supports our strategic ambitions in the circular bioeconomy, ultimately driving long-term growth and success.

As we transition from mature paper markets to growth opportunities, we are developing the innovative solutions needed to convert machines and reconfigure assets in alignment with our business strategies. This is supported by incremental innovation and continuous improvement in our operations to achieve best-in-class efficiencies and reduce costs. Additionally, we prioritise sharing institutional knowledge through global collaboration and investing in the training and

development of our people, which builds a robust bench of engineers, scientists, technicians and technologists equipped to meet future challenges.

Our innovation approach leverages our technical competencies and strengths, particularly in transferring technologies into Sappi and scaling up processes within our operations. For example, we are actively reviewing opportunities to reduce carbon emissions and integrate sustainable technologies across our operations. When we encounter areas where we lack expertise, we adopt a collaborative strategy.

We have established a technology scouting function and corporate venture hub to advance R&D projects with start-ups. Specific challenges are defined, and solution providers are identified via global scouting. Selected start-ups participate in pilot projects to evaluate their solutions, potentially leading to long-term collaboration and co-creation. Our approach allows us to succeed swiftly or 'fail fast', a strategy that is far more advantageous than failing slowly in isolation, ultimately driving our commitment to innovation and sustainability.

Together, these initiatives position Sappi to both navigate current market challenges and thrive in the future. By fostering a culture of efficiency, collaboration, and innovation, we are well equipped to adapt to an ever-changing landscape and seize new growth opportunities.

In line with our **Thrive** strategic pillar of operational excellence, by streamlining processes and optimising resource utilisation, we enhance productivity and reduce costs, enabling us to deliver superior value to our customers.



Case study

TIME Magazine ranks Sappi as one of the *World's Best Companies* (2024)



Our commitment to our **Thrive** strategy and delivering value to our stakeholders drives us forward. It is thus heartening when our efforts are recognised externally. Sappi's inclusion in the World's Best Companies (2024) is based on information including employee-satisfaction surveys, revenue growth and environmental, social and corporate governance data.

Read the story: www.time.com/collection/worlds-best-companies-2024/

Competitive position continued

Key developments in FY2024

Tracking overall machine efficiency

Globally, to ensure and enhance operational efficiency, we track the overall machine efficiency of every single paper machine in all three regions and compare this against 'best own practice' and 'best realisable'. World-class benchmarks are considered for the different types of paper machines and product portfolios. Every year, the team challenges the new 'best realisable' figure during the budgeting process against new benchmarks, own improvements and records achieved. In FY2024 the efficiency performance of our paper machines was influenced by production curtailments due to the challenging paper market situation. In addition, efficiencies in Europe were negatively impacted by the carouselling of paper grades across our paper machines due to the closure of the Lanaken and Stockstadt Mills and the strategic transfer of sales across our graphic papers assets. Globally nine paper/packaging assets improved their performance in comparison to FY2023 and four paper machines achieved new efficiency records. We have seen significant improvements in the second half of the year as capacity utilisation increased and our machines have once again stabilised operations with the more complex product mix per paper machine. We continue to monitor performance to enhance understanding of grade changes, quality issues, sheet-breaks and mix impacts to ensure continuous improvement.

Operational efficiency and flexibility creates competitive advantage

In Europe, Phase 3 of the modernisation project for PM11 at Gratkorn Mill is set for

completion in 2025, marking the final step to this significant upgrade of the machine to best-available technology. The project has progressed well through its extensive phased upgrades, which include advanced automation and electrical improvements, such as upgraded drives, control systems, quality and inspection technologies, and a refined coating profile, among other areas.

Final adjustments are planned in Phase 3 to ensure optimal performance. This project will enhance operational efficiency, boost machine reliability, and increase uptime by reducing electrical failures, all of which are essential to maintaining our competitive advantage. This investment reaffirms our commitment to the commercial print sector, where we see continued opportunity. As the largest coated woodfree paper machine in Europe, Gratkorn Mill's PM11 modernisation is pivotal to sustaining a competitive cost position in our graphic papers strategy, ensuring that we can continue to profitably serve the commercial print market.

At end FY2024, we successfully completed the conversion of the PM9 machine at Gratkorn Mill to produce high-quality label paper, expanding the production capabilities of the machine so that it can now produce a comprehensive range of high-quality label papers including self-adhesive and wet strength labels in addition to traditional coated woodfree graphic papers grades.

The investment introduces advanced technological innovations, such as a new embossing calendar and updated water and

material cycles, that are critical to produce durable wet-glue label papers suited for returnable beer bottles. This strategic conversion aligns with Sappi's commitment to advance sustainable solutions within a circular bioeconomy. It also significantly strengthens the mill's competitive position as the enhanced technical capabilities of the machine broaden the product portfolio, providing greater flexibility to optimise the product mix and effectively offset the gradual decline in graphic papers volumes.

At Ehingen Mill, the installation of a new slitter winder added valuable versatility to production, enabling the mill to respond swiftly to changing product demands. This upgrade was a critical component of the successful strategic carouselling initiative following the closure of Stockstadt and Lanaken Mills, allowing Ehingen Mill to expand its portfolio to include Stockstadt Mill's uncoated woodfree grades and to enhance operational flexibility. Similarly, a new reel packaging machine at Gratkorn Mill now provides the capability to produce reels with variable widths and weights, further supporting product adaptability.

Together, these enhancements strengthen the flexibility, efficiency, and competitive edge of Sappi Europe's operations, ensuring we can meet evolving market needs with agility and reliability. These investments were essential to maintaining our sales momentum and maximising market share as we transitioned production from the closed Stockstadt and Lanaken Mills.



Key developments continued

Sappi Europe's decarbonisation projects are not only reducing our carbon footprint but also driving operational efficiencies and cost savings across our mills. At Kirkniemi and Gratkorn Mills, the integration of flexible fuel options in our multi-fuel boilers allows for the use of biomass, a more affordable and renewable alternative to fossil fuels. This switch brings both environmental benefits and significant cost savings. Additionally, the installation of an e-boiler at Maastricht Mill, combined with our on-site combined heat and power (CHP) plant, provides operational agility by allowing us to maximise renewable energy when it is plentiful and cost-effective from the grid.

When renewable energy sources are limited, our CHP plant ensures consistent power. In times of surplus energy generation, it enables us to sell power back to the grid and generate revenue. These large-scale projects are part of SEU's broader decarbonisation roadmap that is enhancing both our climate resilience and operational efficiency. The success of these projects demonstrates the significant value that decarbonisation investments can return to our business over and above carbon abatement from variable cost savings, efficiency gains and even revenue opportunities.

In North America our primary focus in FY2024 was on our major capital project to convert and expand Somerset Mill PM2 from graphic papers to solid bleached sulphate (SBS)

paperboard. This project is not only aligned with our **Thrive** strategic ambitions to expand in markets offering solutions for a circular bioeconomy but also significantly enhances our competitive position in SBS markets.

With the conversion of PM2, along with our existing PM1 paperboard machine, we will boast the most modern and technologically advanced paperboard machines in North America with the capability to produce a wide range of paperboard grades to meet the needs of our diverse customer base. Our best-available technological advantage combined with our high level of pulp integration gives us significant competitive advantage.

Furthermore, the hybrid capability of our PM1 machine that can make coated graphic papers provides us the flexibility to produce products for both graphic papers and packaging markets. This allows us to shift our product portfolio and adapt our production to meet changing market demands, mitigating financial risks and maintaining overall profitability.

Backed by strong advanced analytics and our Lean Six Sigma programme, we continue to make strides in finding opportunities to optimise our processes, improve our energy efficiency and product output. In FY2024 we undertook more than 22 projects with savings in energy, chemical use and fibre optimisation resulting in annual savings of over US\$16 million.

Key developments continued

Enhancing chip pile volume measurement at Saiccor Mill

Collaboration across business units fosters innovation by bringing diverse expertise and perspectives to solve complex challenges. For example, when Sappi's precision forestry team collaborated with the Saiccor Mill operations team, they combined advanced data-driven forestry insights with operational expertise to address a specific mill problem. This synergy allowed for a tailored solution that showcases how interdisciplinary teamwork can drive impactful innovation and operational improvements.

Saiccor Mill faced challenges in accurately measuring the volume of its chip piles. The existing system relied heavily on operator experience and manual adjustments, often resulting in estimates that exceeded the 15,000 m³ capacity of chip piles. This highlighted the need for an objective, consistent and reliable measurement method. As an interim solution, airborne drone technology was temporarily used to improve measurement accuracy. However, this method has limitations, such as dependency on weather conditions and the need for manual drone operation.

In response, the precision forestry team designed and implemented a system using terrestrial LiDAR scanners. Initially, two scanners were installed on either side of Chip Pile One as proof of concept. The LiDAR system's results were cross-referenced with monthly drone flights and in-house drone surveys to verify volume measurements and calibrate the methodology.

Following successful initial trials, four additional scanners (two per side) were installed for Chip Pile Two. This expanded system allows for on-demand measurements, regardless of weather conditions or time of day, providing consistent and reliable data. The new LiDAR-based system offers significant improvements over previous methods, providing an objective measure of chip pile volumes, enhancing consistency and reliability. The use of terrestrial LiDAR technology at Saiccor Mill addressed the challenges of accurately measuring chip pile volumes, ensuring operational excellence and efficiency while optimising stock management processes.

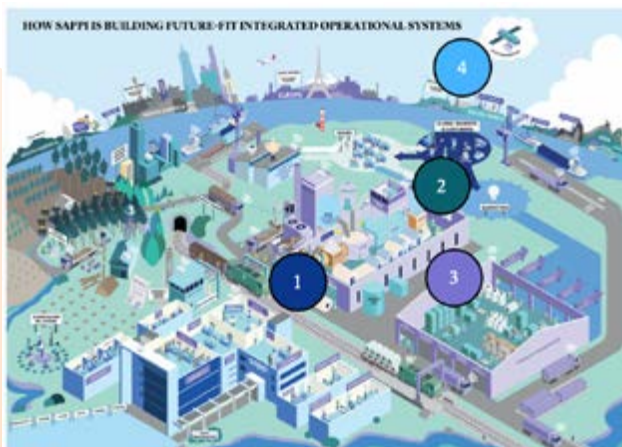


Chip pile ton measurements used for quality control with the newly developed Livox LiDAR system.

Key developments continued

Progressing our Thrive global harmonisation projects

Global harmonisation of systems and processes is essential for operational efficiency and maintaining competitive advantage. It enables a unified approach across Sappi's global operations. Our four cornerstone projects Pelati, Synergy, Simunye and Digital are strategically designed to enhance our manufacturing excellence, logistics integration and data-driven capabilities. By implementing standardised practices, leveraging advanced analytical tools, and ensuring real-time coordination, Sappi can respond more effectively to market demands, reduce operational costs, and ultimately strengthen our position in the industry. This cohesive strategy not only enhances productivity but also drives innovation and agility, which is essential to navigating the dynamic landscape of the pulp, paper and packaging markets.



Name of project	Project Pelati	Project Synergy	Project Simunye	Project Digital
Objective	Optimising global business processes across sales, supply chain and finance	Driving manufacturing efficiencies at scale for all mills across the group	A global roadmap for one logistics system for all Sappi businesses	A global digital roadmap for one digital platform for all Sappi businesses
Benefits	• Harness our global expertise • Improve efficiencies • Best practices at scale • Focus on value-adding work.	• Improve efficiencies • Data analytics/best practices at scale • Enhanced long-term solution.	• Better integration and coordination across multiple functions and regions.	• Deliver a targeted EBITDA improvement of US\$40 million over five years by implementing the business driven, digital roadmap.

Project Synergy: As part of our **Thrive** strategy to maximise manufacturing excellence, we have partnered with ABB to co-develop a global standard Manufacturing Execution System (MES). After an extended development phase, Project Synergy launched at Ehingen Mill in Germany in November 2024. Ngodwana Mill will follow in June 2025, ultimately leading to a worldwide rollout. This project will enable all mills to leverage advanced capabilities for efficient end-to-end operations.

Project Pelati: This year marked the successful implementation of our global price strategy and price maintenance tool. A decision to move from a cost month-end to a calendar month-end in FY2025 required comprehensive changes to production, sales and financial reporting. These modifications were completed in time for the 2025 budget in 2024. A major focus moving forward will be integrating the sales, purchasing and supply chain systems in support of the upcoming Synergy project at our Ehingen and Ngodwana Mills in FY2025.

Project Simunye: This initiative is working towards a unified logistics system that synchronises end-to-end business processes across all Sappi regions, enhancing real-time visibility and coordination among various functions. Following the successful implementation of a new transportation management system in South Africa, efforts are ongoing to replace outdated systems and integrate transportation data across all regions. Additionally, we have achieved port-to-port container visibility under our global track and trace system, with plans to extend this to comprehensive road visibility and global freight cost analytics for continuous improvement.

Project Digital: This team is focused on enhancing Sappi's capabilities as a data-driven enterprise. Leveraging Google's data platform, we are aligning our analytics tools and Generative AI capabilities at scale. The Digital team also refined existing solutions, including data science, image analytics and predictive simulations, to drive operational efficiencies across various functions such as energy management, sales forecasting, manufacturing, transportation, finance and sustainability. With these digital fundamentals in place, our focus for FY2025 will be on maximising value across business divisions and enhancing service and product differentiation to meet evolving customer needs.

Key developments continued

Research and development (R&D)

Sappi manages R&D projects through a structured Stage-Gate process to develop technologies, deliver products to market and implement process improvements in our mills, ensuring positive financial contributions or cost savings. The platform incorporates financial forecasts and utilises the net present value metric for every project, assessing viability through a stepwise process involving a cross-functional team. This approach is designed to fail fast in the early stages, improving the success rate of projects that deliver financial value while shortening time to market. A standard set of in-house questions ensures that only projects aligned with Sappi's growth strategy, environmental performance goals and customer needs progress to launch. Additionally, project risks are evaluated across multiple dimensions, resulting in a project scorecard that informs effective decision making.

In FY2024 we spent US\$42 million on R&D. Our in-house R&D focuses on a wide range of areas, including forest research in tree breeding, optimisation of pulping and bleaching processes, paper making, coating formulation and application, microfibrillated-cellulose production, biorefinery techniques and the customisation of dissolving pulp. Our technology centres are equipped with state-of-the-art laboratory facilities for bench-top evaluations, as well as large-scale pilot facilities for pulping, paper making and coating processes. Additionally, Sappi's R&D centres collaborate with universities, research institutes, inventors and customers to engage in joint product and process development

projects. This collaborative approach allows us to leverage the specialised expertise of partners and gain access to advanced testing equipment that can enhance our innovation capabilities and accelerate progress.

Product innovation

In FY2024, we made significant strides in product innovation, positioning ourselves as a leader in sustainable solutions across our value streams. One highlight is the advancement of recyclable paper substrates with barrier functionality with several products now in the upscaling phase. Notably, **Guard MH** has emerged as a key offering, designed for both food and non-food applications. This barrier paper serves as a competitive, renewable and recyclable alternative to non-recyclable fossil-based packaging, enabling consumers to dispose of packaging products through standard paper waste recycling streams.

Another noteworthy development is **Silco Star**, a glassine paper featuring a new coating formulation that incorporates clay. This innovative pigment is inert and non-polluting, providing a more sustainable option compared to traditional pure-PVOH coatings. The formulation also reduces the amount of silicone required during the conversion process, enhancing the sustainability of the final release liner products.

In the realm of biomaterials, Sappi has introduced exciting new products that expand its portfolio and drive growth in adjacent markets. Three notable innovations currently in the upscaling phase include a **Valida** fibrillated cellulose product for the cosmetics and



Key developments continued

homecare sector, which uses 60% less energy compared to existing processes, ensuring scalability and sustainability. Additionally, we have launched a new transparent rheology modifier Valida grade that caters to consumer demand for eco-friendly solutions. Valida T is a naturally derived, biodegradable rheology modifier, providing an effective alternative to microplastics and synthetic polymers like carbomer. This product is particularly relevant following the European Commission's recent restrictions on intentionally added microplastics under the EU chemical legislation REACH, making Valida T a valuable contribution to the EU's green transition.

Lastly, we have developed a Valida grade specifically tailored for the agricultural sector, enabling microplastic-free formulations for crop protection, controlled-release fertilisers and seed coatings. This biobased, biodegradable rheology modifier and film former enhances the efficacy of agrochemical applications while also achieving a 30% reduction in energy consumption through an innovative manufacturing process. With its biodegradability and lower carbon footprint, Valida is well positioned to compete in the agrochemical market against traditional synthetic polymers. These new developments reflect Sappi's commitment to sustainability and innovation, driving our vision of a thriving world for people, planet and prosperity.



Case study

Sappi's 2023 Technical Innovation Awards (TIA)

This year, all TIA project nominations embraced the theme of 'Think, Enable, Shape' to showcase how combining our natural, sustainable raw material with multi-functional teams creates value for customers, shareholders and broader society. The winner was the **combined e-boiler and gas turbine project at Maastricht Mill**. It now switches between renewable energy sources and natural gas based on grid dynamics to produce steam. Value is also derived from acting as a baseload energy consumer in the grid when needed. The North American and South African finalists were Cloquet Mill, which developed an innovative method of cleaning the pulp dryer using water instead of air. This change enables a level of cleanliness that reduces moisture variability to customers, increases production and improves safety. Saiccor Mill was also a finalist for its cooking acid optimisation project which addressed a key production constraint.

For more info, see page 110.

Opportunities *for* value creation

Using AI to help demystify PPWR

Sappi drives innovation across the value chain by identifying and addressing challenges collaboratively, delivering solutions that create shared value for the company and its partners. This approach fosters deeper partnerships, promotes mutual growth, and contributes to a more sustainable future.

Sappi Europe's customer experience team developed a chatbot to assist users in navigating the complexities of the EU's Packaging and Packaging Waste Regulation (PPWR). The tool is built on advanced GenAI technology with input from Sappi experts. It significantly reduces the time users spend searching for information in lengthy documents. Over the coming months, the chatbot will undergo further enhancements to ensure it becomes accessible to external users and can be expanded to include additional legislation, such as the European Deforestation Regulation (EUDR).

Sustainable solutions for a circular bioeconomy

Financial materiality

Aligned with our **Thrive** strategy, we design product solutions based on circular principles that reduce environmental impact while meeting evolving consumer preferences and regulatory requirements for eco-friendly alternatives. As sustainability becomes a greater priority across our value chains, the demand for renewable, recyclable and biodegradable products continues to grow. This shift generates sustainable revenue opportunities while mitigating risks linked to regulatory compliance and resource scarcity. Moreover, circular bioeconomy solutions strengthen brand value and customer loyalty, positioning Sappi for long-term growth and driving operational efficiencies through circular practices.

Impact materiality

By offering sustainable circular solutions that harness the value of renewable woodfibre, we support society's broader shift toward realising key circular economy principles. Our products enable value chains to reduce reliance on fossil-based materials, lower carbon footprints, and improve recyclability or biodegradability. Through integration into circular systems, we help minimise waste, promote a healthier planet, and regenerate natural systems in a financially sustainable way, while also meeting the needs of environmentally conscious consumers.

The global forces shaping our Thrive strategy

Changing consumer and employee behaviour

Move towards a circular economy

Climate change and climate transition

Resource scarcity and growing concern for natural capital

Growing populations with increasing rates of urbanisation

Our top 10 risks

- 2 Cyclical macroeconomic factors
- 4 Sustainability expectations
- 7 Climate change
- 6 Evolving technologies and consumer preferences
- 10 Liquidity

How this issue links to other aspects of our business

Our global priority SDGs



Our strategic fundamentals



Grow our business



Sustain our financial health



Drive operational excellence

Our highlights

Significantly reduced the carbon footprint of our Galerie graphic paper

Leveraged collaborative partnerships to create enabling tools to drive circularity in packaging and specialty papers

Completed the conversion of Gratkorn Mill PM9 to expand portfolio of specialty label papers

Progressed our value chain partnerships with three South African retailers, Mr Price, The Foschini Group (TFG), and Woolworths, to develop use of deforestation-free fabrics made from Verve and recycled cotton

Verified our Higg FEM score for Verve from Cloquet Mill

Commercial sales of Viscowell, Pelletin and Permagro, our functionalised lignosulphonate-based products used in oil-well drilling, animal feeds and agriculture

Launch of Validat T, transparent fibrillated cellulose for personal care products

Successful piloting of the Sappi Furfural manufacturing process and advanced plans and engineering for a commercial furfural plant at Saiccor Mill

SNA announced collaboration with Biophilica, the company behind Treekind® in March 2024. Treekind is one of the only plastic free leather alternatives that is 100% biobased, home compostable, non-toxic and PETA vegan certified

Sustainable solutions for a circular bioeconomy continued

Background

By harnessing renewable woodfibre and integrating sustainable practices throughout our operations, Sappi is dedicated to advancing the circular bioeconomy. We emphasise the holistic use of the entire tree, ensuring that every component is maximised, including residues and byproducts, which are transformed into innovative value-added products. Our diverse offerings – including paper and packaging solutions, Verve dissolving pulp, and biomaterials – reflect our commitment to sustainability. By collaborating with value chain partners and embedding circular principles into our processes, we play a crucial role in propelling the transition toward a more sustainable and regenerative economy, ultimately fostering a healthier planet for future generations.

Key developments in FY2024

Throughout the year, Sappi made steady progress across all product segments, advancing our commitment to create sustainable solutions that support and drive a circular bioeconomy.

Graphic papers

Decarbonisation plays a crucial role in supporting a circular bioeconomy by reducing greenhouse gas emissions associated with production and consumption processes, which aligns with the principles of sustainability and resource efficiency. By shifting to renewable energy sources and optimising production processes, we reduce our reliance on fossil fuels and lower the carbon footprint of our paper products.

This transition not only helps mitigate climate change but also enhances the value of renewable resources – such as biomass and sustainable forestry products – that are central to a circular bioeconomy. In a circular bioeconomy, where materials are designed to be reused, recycled, or returned to nature safely, decarbonisation further enables this circular approach by ensuring that energy and resource inputs are as low-impact as possible.

As a step towards providing paper solutions for a circular bioeconomy, we achieved an impressive **55% reduction in the carbon footprint of our Galerie coated publication papers** in 2024, with projections indicating a potential 70% reduction by year-end. This milestone was made possible by a comprehensive decarbonisation project at Kirkniemi Mill in Finland, where Galerie papers are produced.

At the end of 2023, Kirkniemi Mill transitioned from fossil fuels to renewable biomass energy. This shift, combined with subsequent upgrades to the mill's energy systems, ensures it is now powered entirely by clean electricity, effectively eliminating Scope 2 (indirect) emissions. As a result, the mill achieved a 91% reduction in greenhouse gas (GHG) emissions intensity over a five-year period. These sustainability advancements also benefit Galerie customers, significantly reducing their Scope 3 emissions – those linked to the purchase of goods and services – helping them meet their own environmental goals.

We achieved a
55%
reduction in the carbon footprint
of our Galerie coated publication
papers in 2024.

Sustainable solutions for a circular bioeconomy *continued*

Packaging and speciality papers

Packaging and speciality papers hold immense potential in the circular bioeconomy, offering renewable, recyclable alternatives to traditional fossil-based materials. With rising demand for sustainable packaging, Sappi is well positioned to lead in developing innovative, high-performance paper solutions that reduce environmental impact and enhance circularity. This aligns seamlessly with our **Thrive** strategy, which emphasises driving positive outcomes across people, planet and prosperity. By advancing recyclable, biodegradable and responsibly sourced packaging, Sappi supports high-quality recycling systems and waste reduction.

Through value chain partnerships, we are fostering collaboration that accelerates the shift to a sustainable packaging landscape, reinforcing our commitment to the circular bioeconomy and our leadership in sustainable innovation.

At the end of the financial year, we successfully completed the conversion of the **PM9** at **Gratkorn Mill** to produce high-quality label paper, expanding the production capabilities of the machine so that it can now produce a comprehensive range of high-quality label papers including self-adhesive and wet strength label papers in addition to traditional coated woodfree graphic papers grades. The investment introduces advanced technological

innovations, such as a new embossing calendar and updated water and material cycles, critical for producing durable wet-glue label papers suited for returnable beer bottles. Paper-based label papers play a crucial role in advancing a circular bioeconomy by being renewable, recyclable and biodegradable. Sourced from responsibly managed forests, they reduce reliance on fossil-based materials while offering high-performance solutions for labelling needs that align with circular economy principles.



In FY2024, we launched **PaperPack**, a pioneering online platform and community created to support brands to transition from non-recyclable, fossil-based packaging to fully recyclable, fibre-based alternatives. This platform fosters collaboration by connecting industry experts from across the value chain, including brand owners, start-ups, packaging engineers and academics. Since its pilot launch, PaperPack has grown to 200 members, providing a wealth of science-based resources, networking events and insights that accelerate the shift toward sustainable, circular packaging solutions. PaperPack exemplifies how innovation and collaboration can lead to scalable, eco-friendly packaging that drives the circular bioeconomy forward.

Sappi's participation in the **4evergreen alliance**, a cross-industry association of over 100 members, further supports our ambitions for sustainable packaging solutions. Together, we are working to achieve a 90% recycling rate for fibre-based packaging in Europe by 2030. Sappi remains an active member with representatives in most workstreams, including the role of Chair of the alliance in 2024.



Sustainable solutions for a circular bioeconomy *continued*

Shortly after the close of the business year, a new version of Circularity by Design Guideline (v3) was published, and the Guidance on the Improved Collection and Sorting of Fibre-based Packaging for Recycling (v3) was finalised for release in November. Following the European Parliament's provisional agreement on the revised Packaging and Packaging Waste Regulation (PPWR) in March 2024, 4evergreen hosted discussions and developed materials to help members make sense of the proposed new requirements, as well as orienting the community and its deliverables to prepare for future secondary legislation linked to PPWR.

Verve dissolving pulp

As global textile demand grows, driven by population growth, fashion and rising wealth in developing economies, the need to develop more climate-friendly solutions, derived from renewable materials is increasing. In 2024, overall textile market growth was modest; nevertheless, wood-based cellulose continued to expand their market share. These fibres are increasingly attractive across the supply chain, from yarn spinners to garment manufacturers, due to their lower environmental impact, cost effectiveness, stable supply and consistent quality. As one of the world's largest producers of dissolving pulp (branded as Verve), Sappi has a capacity of 1.5 million tpa, 15% of the global market and accounts for over 50% of global dissolving pulp supplied to the lyocell staple fibre sector.

The **Higg Index**, developed by Cascale, supports the textile circular bioeconomy by

providing tools that enable companies to measure and manage their environmental impacts throughout the textile value chain. This measurement framework helps create feedback loops for organisations to understand the sustainability footprint of materials, products, and facilities, improve strategies and performance, and accelerate the shift toward circular practices. As a member of Cascale, we have adopted the use of the Higg facility tools to verify the environmental and social performance of our global dissolving pulp operations against a standard set of criteria. In 2024, to support the fashion sectors' monitoring of progress against decarbonisation goals, we verified our Higg Facility Environmental Management (FEM) scores for Cloquet Mill through an external audit, using the latest standard that is aligned with other industry standards, including the GHG Protocol, Zero Discharge of Hazardous Chemicals and the Science Based Targets initiative. Cloquet Mill was also featured as a case study by Cascale on their website to highlight how Sappi harnesses the use of data and innovation to pave the way towards a sustainable future and to set new industry benchmarks.

The adoption of traceable, sustainable and circular fabrics is a key priority for the fashion value chain and for our brand and retail partners. In 2024, we continued to engage with South African and international brands and retailers. In a first for South Africa, Sappi and one of our **key** customers, Birla Cellulosics, partnered with local retailers The Foschini Group, Mr Price, and Woolworths to **enable the**

use of sustainable viscose fabrics made from Verve and cotton waste. This innovative journey to pilot a recycled viscose blend fabric made from FSC-certified forests and cotton waste is advancing our retailers' understanding of circularity and sustainable textile solutions. Many barriers remain to mainstream textile-to-textile chemical recycling. Supporting the need for more education and awareness around recycling, Sappi joined Accelerating Circularity and other industry players to **establish the Alliance of Chemical Textile Recycling (ACTR)**. In 2023, the alliance developed a dictionary of common terms to educate the industry on chemical recycling of textiles. Building on this comprehensive dictionary, ACTR introduced a Frequently Asked Questions (FAQ) to deepen the understanding of the wood-based recycling process.

Biomaterials

Under our **Thrive** strategy, Sappi is committed to fostering circular ecosystems and economies by maximising the use of each tree harvested. Our innovative technology enables us to extract valuable biochemicals and biomaterials from tree components not used in pulp and papermaking, such as wood acids, sugars and lignin. This approach not only enhances our revenue streams by creating high-value products from every part of the tree but also strengthens our impact on environmental sustainability. By harnessing these natural wood compounds, we develop renewable, biobased products that contribute to a low-carbon economy. This holistic use supports Sappi's vision of a circular bioeconomy that benefits both people and the planet.

Valida fibrillated cellulose is a versatile renewable material – natural cellulose – the most abundant organic material on earth. Valida offers a natural, biodegradable alternative to synthetic ingredients in a wide range of applications. Valida is increasingly incorporated into haircare products, skincare products and cosmetics where the natural origin is complemented by its strong rheological performance and pleasing skin feel. Valida is also gaining traction in homecare detergents, specialised concrete formulations and decorative paints. The ability of Valida to significantly reduce frost and sun damage in fruit and vegetables has been successfully demonstrated and larger scale testing is ongoing.

In response to the European Commission adopting measures to restrict microplastics intentionally added to products under the EU chemical legislation REACH, brand owners are accelerating their use of renewable alternatives. Our Valida range of products has been able to deliver the required functionality in a range of products such as cosmetics, detergents, fabric softeners, fertilisers, plant protection products and coatings among others. Valida has a growing track record as a natural, biodegradable alternative. The use of Valida to enhance the functionality and performance of Sappi paper and tissue products continues to increase and an additional manufacturing plant has been installed at one of our packaging producing mills. Progress was made in developing and scaling up Valida Dry in 2024, with Valida Transparent products launched this year.

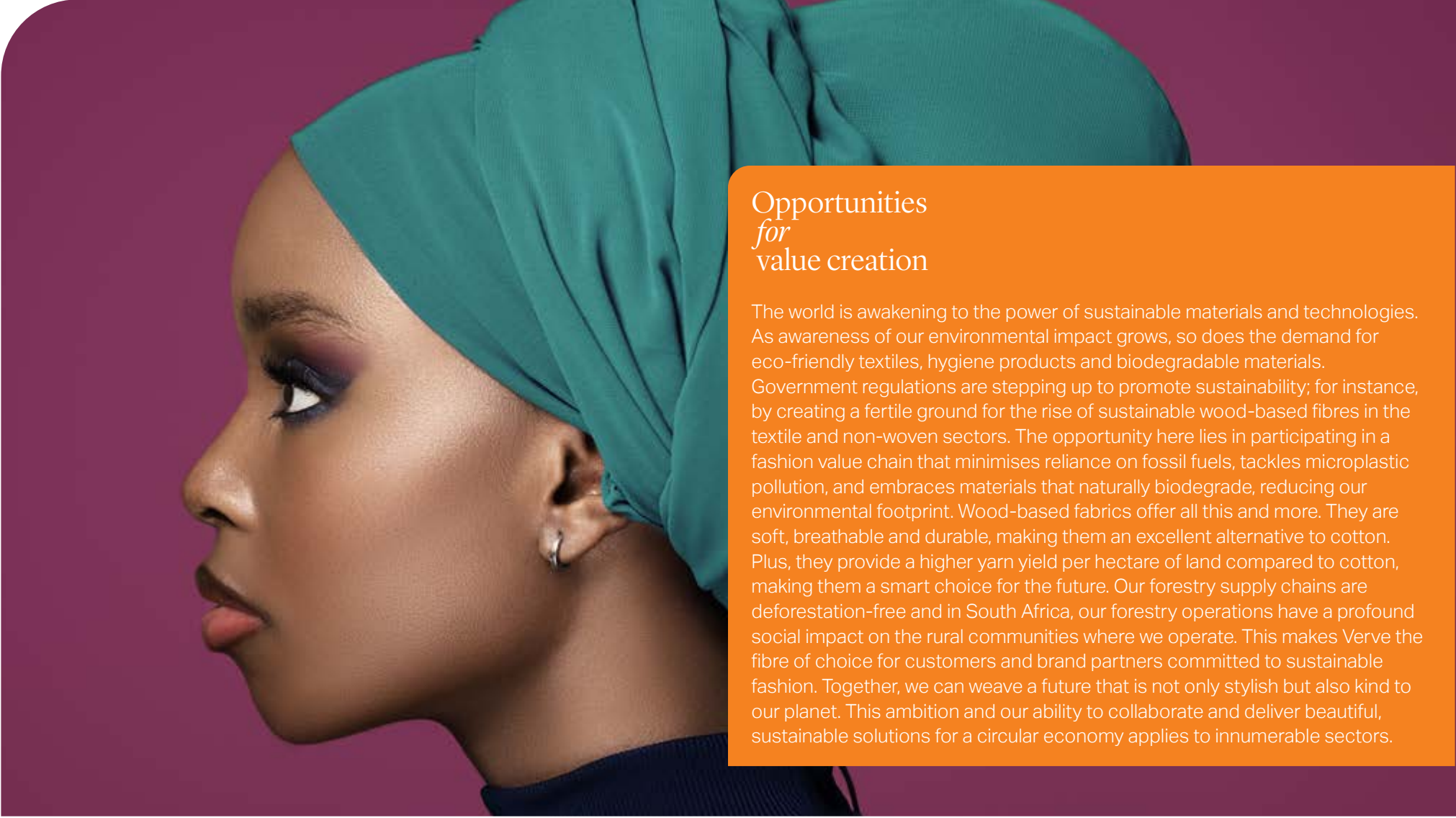
Sustainable solutions for a circular bioeconomy continued

Opportunities *for* value creation

Sappi's work with the chemical industry on product safety highlights our commitment to a transparent and sustainable supply chain. In collaboration with the Confederation of European Paper Industries (Cepi) and chemical industry partners, we helped the Pulp and Paper Value Chain Information System (P&P VIS) develop a Harmonised Questionnaire to facilitate seamless information exchange between chemical suppliers and pulp and paper manufacturers. The questionnaire, available on the Cepi website, covers topics such as food contact status, ecolabel status and the presence of certain chemicals of concern. It ensures a common understanding of the legislative impact for both suppliers and manufacturers. By ensuring compliance with critical safety and sustainability standards, this initiative reinforces Sappi's commitment to sustainable packaging and further supports our vision of a circular bioeconomy driven by innovation, collaboration and regulatory alignment.

Our state-of-the-art recyclability testing laboratory, a central component of our R&D, plays a critical role in ensuring Sappi's packaging innovations are designed for circularity and comply with all recyclability regulations. The lab conducted 152 tests and hosted three workshops in 2024. Testing supports our work to create new circular packaging and speciality papers solutions while increasing the reuse of fibre in our manufacturing processes. By conducting tests and running workshops, the lab promotes sustainability and guides our product development to meet recyclability standards throughout the product life cycle. The lab also offers testing services to customers and other value chain partners, providing improvement recommendations that can advance their sustainability and circularity. As consumer preferences shift from plastic towards fibre-based packaging solutions, our lab ensures Sappi's packaging papers development process aligns with our vision for a circular bioeconomy.

Sustainable solutions for a circular bioeconomy continued



Opportunities *for* value creation

The world is awakening to the power of sustainable materials and technologies. As awareness of our environmental impact grows, so does the demand for eco-friendly textiles, hygiene products and biodegradable materials. Government regulations are stepping up to promote sustainability; for instance, by creating a fertile ground for the rise of sustainable wood-based fibres in the textile and non-woven sectors. The opportunity here lies in participating in a fashion value chain that minimises reliance on fossil fuels, tackles microplastic pollution, and embraces materials that naturally biodegrade, reducing our environmental footprint. Wood-based fabrics offer all this and more. They are soft, breathable and durable, making them an excellent alternative to cotton. Plus, they provide a higher yarn yield per hectare of land compared to cotton, making them a smart choice for the future. Our forestry supply chains are deforestation-free and in South Africa, our forestry operations have a profound social impact on the rural communities where we operate. This makes Verve the fibre of choice for customers and brand partners committed to sustainable fashion. Together, we can weave a future that is not only stylish but also kind to our planet. This ambition and our ability to collaborate and deliver beautiful, sustainable solutions for a circular economy applies to innumerable sectors.

Sustainable solutions for a circular bioeconomy continued

The value of our **Lignin** business continues to grow with another strong performance in 2024. Viscowell, our environmentally desirable lignosulphonate-based product used in oil-well drilling for mud thinning, fluid loss and as a retarder for well cementing was commercialised this year. Pelletin, our GMP+ certified natural pelletising agent, is gaining traction in animal feed and Permagro assists in the granulation of fertilisers and improving the soil. Sappi SA achieved GMP+ Feed Safety Assurance 2020 certification for Pelletin in the 'Trade in Feed' and 'Production of Feed Additives' categories during 2024, making it only the second organisation in Africa to attain this prestigious certification. GMP+ is the world's largest and most rigorous animal feed certification scheme, focused on enabling companies to contribute to safe animal feed throughout the entire production chain, with an emphasis on the need for quality assurance and risk management in the production and trade of animal feed.

During 2024, we further validated and optimised **Furfural technology** at Saiccor Mill. The pilot plant successfully demonstrated that Sappi's technology produces high quality furfural from hemicellulose sugars present in spent sulphite cooking liquor. Market tests showed that the furfural produced met even the most stringent requirements. We will complete the engineering design and costing of our proposed commercial furfural plant in the first half of 2025 and will then make an investment decision which could position Sappi as one of the largest producers of furfural globally with further expansion potential.

We continue to explore partnership opportunities with a range of industry start-ups and technology companies to develop and commercialise biobased products derived from wood sugars and acids.



Sustainable solutions for a circular bioeconomy *continued*

Opportunities *for* value creation

Furfural is produced from C5 sugars (sugar derived from non-food biomass) in hemicellulose through hydrolysis and dehydration. Essentially, it is a platform chemical to produce numerous biochemicals. Its uses range from adhesives, antacids, fertilisers, flavouring compounds, inks and plastics, to solvents for the refining of lubricating oils. It can also be used as a fungicide, nematicide and weed killer. A large component of the world's furfural production is converted to furfural alcohol for furan resins.

Sappi's development of furfural from the Saiccor Mill pulping process potentially provides a steady, consistent supply of this versatile chemical, addressing the limitations of traditional sources like corn, which are subject to seasonal variability. By integrating furfural production into our existing operations, we can potentially leverage a sustainable, year-round feedstock, ensuring reliable supply at scale for industries that rely on this key ingredient for applications ranging from biofuels to resins. This innovation supports stability in supply chains while advancing the use of renewable resources.

LAUNCH

People

Enhancing trust to build a thriving world

Our management approach to people is based on our strategic driver to 'enhance trust'. This means strengthening our understanding of – and proactively partnering with – customers and communities, driving sustainability solutions and meeting the changing needs of every employee at Sappi.

It takes great people to make great products. Our employees are diverse, but they share unique problem-solving abilities, resilience in challenging the status quo and a collaborative spirit. These qualities underpin our focus on developing breakthroughs that enable lasting, positive outcomes for our stakeholders and a lighter footprint on the world. Together, we are unlocking value for our colleagues and our communities, meeting the needs of a growing, evolving society and using our expertise to create a sustainable future.



United Nations Global Compact (UNGC)

Principle 1: Business should support and respect the protection of internationally proclaimed human rights

UNGC **Principle 2:** Make sure their own corporations are not complicit in human rights abuses

UNGC **Principle 3:** Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining

UNGC **Principle 4:** The elimination of all forms of forced and compulsory labour

UNGC **Principle 5:** The effective abolition of child labour

UNGC **Principle 6:** The elimination of discrimination in respect of employment and occupation



Our 2024 performance at a glance

Our people¹



Per region:

SEU:

4,599



SNA:

2,194²



SSA:

5,094

Approximately

9,561

people are employed by Sappi
Forests' contractors

Our people per gender:

Women:

2,658

Men:

9,313

Per age (Sappi Limited):

15.37%

below 30

49.62%

between 30 and 50

25.16%

between 50 and 60

9.85%

over 60

55.02 hours
of training³

per employee (global average, of
which 86.14% allocated to **skills
training** and 13.86% allocated to
compliance training⁴)

US\$752.91

average training spend⁵
per employee

¹ The people numbers given here differ from those supplied in the 2024 Sappi Annual Integrated Report as the numbers in the latter are supplied by Finance which calculates numbers differently from Human Resources (HR). Those given here are supplied by HR.

² Gender of eight employees has not been disclosed.

³ Weighted average.

⁴ Compliance training is defined as mandatory training such as Code of Ethics, anti-trust, intellectual property, or anti-bribery training. Compliance covers regulatory and legal matters that employees need to be aware of, but that will not necessarily make them more effective at their work. Skills improvement is training that is designed to improve employee effectiveness.

⁵ Weighted average.

Our management approach to People

Promoting diversity and inclusion

Our collaborative culture invites diverse perspectives, inspires new ways of thinking and unleashes organisational creativity. We celebrate our differences and strive to create a workplace free from discrimination and harassment, acknowledging and accepting differences among our people in age, nationality, class, ethnicity, gender, physical ability, race, sexual orientation and spiritual practice.

Our diverse workplace benefits different skill sets and backgrounds, as well as unique ways of doing things and divergent ways of thinking innovatively. For Sappi, diversity is a key driver that enhances our competitiveness and viability as a business and contributes to a thriving world. These in turn enhance our ability to service diverse, rapidly evolving global markets.

Accordingly, we have set 2025 global and regional targets to promote gender diversity at a senior level. In addition, under our SSA 2025 targets we are striving to enhance our BBBE-related performance, which includes goals for racial diversity.

Gender split per region (senior management – percentage)

	Female	Male
SEU	18.13%	81.88%
SNA	20.90%	79.10%
SSA	28.34%	71.66%
Trading	54.55%	45.45%
Group total	23.58%	76.42%

Unlocking value for others

Giving back to our communities makes us stronger. We work to unlock value not only for our own people, but also those in neighbouring communities through targeted social investment, social impact and shared value programmes. We also unlock value for our customers by offering a wide range of products based on natural, renewable resources.

Read more: Creating a positive social impact in our communities

Monitoring turnover and new hires

Staff turnover is the result of retirements, resignations or changed business requirements. This brings new people with new skills into the business to drive innovation and a fresh approach while maintaining a certain level of continuity. However, there are costs to constant turnover, and employees who grow with Sappi add value based on their institutional knowledge and their understanding of our culture, customers and products. Accordingly, we monitor turnover very carefully. Our global voluntary and involuntary (total) turnover rate for FY2024 was 17% (FY2023: 9.18%). Total turnover was impacted by the closure of the Stockstadt and Lanaken Mills in Europe. Globally, voluntary turnover reduced to 3.97%, lower than the 6.15% recorded in 2023.

We also monitor voluntary turnover by gender to act as an early warning indicator for engagement issues or career opportunities for women. Female turnover is only marginally higher than male turnover and has reduced from 6.38% in FY2023 to 4.29% in 2024.

Voluntary turnover by gender (as a percentage of the number of employees per gender)

	Male turnover	Female turnover
SEU	5.20%	7.56%
SNA	4.12%	4.99%
SSA	2.33%	2.60%
Trading	3.57%	4.69%
Group total	3.89%	4.29%

Compensating fairly and rewarding high performance

Our labour standards ensure that Sappi's remuneration practices are fair, with compensation levels set to reflect competitive market practices and internal equity as well as company and individual performance. In all three regions, labour is sourced on the open market. We ensure we pay market-related wages in line with or above local legislation.

Our **recognition programmes** are discussed in Our key relationships.

Income differentials between genders

The data used in the comparison is the comparison ratio against the midpoint of the person's salary scale. This is only measured for permanent employees as fixed-term contractors are generally not linked to specific grade-based salary scales. Employees who are not graded, or not linked to salary scales, are not included. In total, 3,612 employees have this metric for 2024.

	Female	Male	Unspecified	Number of employees included	All employees' average
2024					
SEU	106.33%	108.00%	–	942	107.38%
SNA	106.07%	109.30%	106.36%	758	108.36%
SSA	98.30%	101.28%	–	1,837	100.38%
Trading	116.96%	102.18%	–	75	112.42%
Grand total	102.98%	104.69%	106.36%	3,612	104.13%

Our management approach to People continued

Ensuring disciplined behaviour

Disciplined behaviour is essential not only for individual wellbeing, but also to ensure our group goals and objectives. In each region, disciplinary codes ensure disciplinary procedures, while grievance policies entrench the rights of employees, including the right to raise a grievance without fear of victimisation, the right to seek guidance and assistance from a member of the Human Resources (HR) Department, or their representative, at any time and the right to appeal to a higher body, without prejudice.

Read more:  [Group Human Resources Policy](#)

 [Group Human Rights Policy](#)

Please refer to Our 2024 People indicators for tables detailing

- Total workforce by level and gender
- Gender split per region
- Workforce profile by gender and nature of employment
- Workforce by minority group (numbers)
- Gender and age split at executive level
- New hires (internal and external) by age group, gender and region
- New external hires: gender percentages
- All exits: voluntary and involuntary
- Voluntary exits as a percentage of permanent employees (voluntary turnover)
- Voluntary exits only (resignations)
- Absenteeism rate by gender and overall
- Total turnover rate (voluntary and involuntary)
- Voluntary turnover by gender – voluntary exits as a percentage of the number of employees per gender
- Voluntary and involuntary exits by gender, age category and region.

Health, safety and wellbeing of our employees and contractors

Financial materiality

Entrenching a strong safety culture is the moral responsibility of every employer. It also just makes good financial sense. If a worker is injured on the job, it costs the company in terms of lost working hours, increased insurance costs, worker compensation premiums and legal costs.

Impact materiality

Productivity and morale suffer when workplaces are unsafe. When a workplace is safe, employees feel more engaged and connected with the company. We strive to ensure that all our people have a 24/7 safety mindset, inculcating this through various initiatives and leading by example.

The global forces shaping our Thrive strategy

Rising social inequality and growing social activism with increased expectations of business

Changing consumer and employee behaviour

Growing populations with increasing rates of urbanisation

Our top 10 risks

1

Safety

9

Employee relations

How this issue links to other aspects of our business

Our strategic fundamentals



Grow our business



Drive operational excellence



Enhance trust

Our highlights

Continuous improvement in the lost-time injury frequency rate (LTIFR) across all regions

Safety recognition awards launched in SNA and SEU

The annual safety and environmental awards in SSA have grown to become an inspiring platform

Global safety workgroup – alignment and collaboration of regional safety manager clusters and platforms across all regions

Regions are aligning towards a globally harmonised safety management system



Health, safety and wellbeing of our employees and contractors continued

Definition of key metrics

LTI	is a lost-time injury
NLTI	is a non-lost-time injury
LTIFR	is the lost-time injury frequency rate, and is calculated by dividing the number of lost-time injuries and a group-wide standard for man hours by the unit's man hours, ie $LTIFR = \frac{LTI \times 200,000}{\text{unit's actual man hours}}$
LTISR	is the lost-time injury severity rating and in a similar manner to the frequency rate, is calculated by dividing the product of the number of days lost to the injury and the group-wide standard hours by the unit's man hours, ie $LTISR = \frac{\text{Number of days lost} \times 200,000}{\text{actual man hours}}$
II	the Injury Index is a product of the LTIFR and the LTISR and provides an overall sense of safety within the measured unit, ie $II = LTIFR \times LTISR$
AIFR	is the All-Injury Frequency Rate which is calculated by adding $(LTI + NLTI) \times 200,000 / \text{actual man hours}$
OIR	OSHA Incidence Rate is applicable only to SNA and is arrived at by taking the number of recordable incidents $\times 200,000 / \text{actual man hours}$. A recordable incident is any report to a medical practitioner

Background

The safety of our employees and stakeholders is a key value defined in our values statement:

*As OneSappi, we do business **safely**, with integrity and courage, making smart decisions that we execute with speed.*

By involving all personnel (own employees and contractor employees), sharing information and managing risk in accordance with accepted best practice, we aim to drive down the severity of accidents and of near misses towards our target of zero.

All three regions within the group have safety programmes and processes with the objective of creating an environment where no person will suffer permanent disability or loss of life. We do not accept that injuries and accidents are inevitable and remain committed to 'Safety Starts with Me' with the continuance of improved personal behaviour. We strive to make safe choices underpinned by risk assessments and share across the group all incidents and root cause investigations. We are committed to enforcing compliance and ensuring leaders engage with all our people.

Key developments in FY2024

While we unfortunately had one fatality in 2024 (a contractor in our forestry operation in South Africa), all regions showed continuous improvement in LTIFR. The group combined LTIFR was 0.20 compared to 0.25 in FY2023. However, there was an increase in severity as measured by the LTISR (FY2024: 31.01) with more workdays lost from injury than the previous year (FY2023: 11.85).

We saw continued positive improvement on LTIFR with each region achieving their best ever performance. SEU's LTIFR for 2024 was 0.32 (FY2023: 0.40), while SNA's was 0.09 (FY2023: 0.18) and SSA's was 0.19 (FY2023: 0.22).



Health, safety and wellbeing of our employees and contractors continued

The **Annual Global Safety Awareness Month** in June 2024 included various face-to-face engagement sessions which were well supported. The theme for this year emphasised personal commitment to safety with theme 'Safety Starts with Me'.

Safety recognition continued to gain traction across all three regions.

A regional safety award programme was implemented for SEU. The programme aims to value outstanding behaviour concerning safety and to inspire employees independent of rank and task to make a difference. Awards were based on Behaviour Based Safety Audits of departments that worked 20 years without incidents. The first ceremony was held in Ehingen in June 2024 with 15 participants from all mills.

SNA recognised employees and teams that submitted projects for the Safety Impact Awards. All who submitted projects were thanked with commemorative shirts and encouraged to keep finding and implementing ideas and projects to make their jobs and work areas safer. The top honour was awarded to a cross-functional operations and maintenance team from the recovery boiler area in Cloquet Mill. They designed and fabricated a lightweight portable enclosure to protect from smelt spatter.

SNA safety performance is especially noteworthy due to the increased

number of contractors and high-risk activities related to our project to convert and expand Somerset Mill PM2 to paperboard – Sappi's largest ever capital investment. During the project, Somerset Mill has, on average, twice as many contractors working at the facility on tasks like high voltage electrical work and ironwork. These non-routine tasks make workers vulnerable to injuries but with increased focus and commitment to safety, SNA has achieved a record-breaking year with the lowest ever LTIFR rate.

SSA hosted their annual Safety and Environment Awards shortly after year-end to celebrate individuals and teams who made it their mission to help Sappi thrive, safely and sustainably. The recently added environmental component of the awards recognises those who take Sappi beyond compliance towards a deeper commitment to the natural state of the environment. Award categories included an SSA safety champion of the year as well as safest mill and forestry unit, among others. Employees, contractors and contractor employees were recognised across various categories.

At Sappi, the safety and wellbeing of our employees and contractors remain our top priority, and we are committed to maintaining the highest standards of health and safety across all operations. It is with deep regret that we

acknowledge the tragic loss of a contractor in our forestry operations.

On 25 March 2024 a contractor fatality occurred in our forestry operation in Mpumalanga (South Africa). A skyline operation* was in progress at the time of the incident. The operator was in the line of fire when the skyline cable was tightened and was fatally injured as the cable whiplashed after becoming caught on an obstruction. A second person (contractor supervisor) was also in the line of fire and was discharged after receiving medical treatment. We view any fatality as a devastating tragedy, and we extend our heartfelt condolences to the family, friends and colleagues affected by the loss. This incident underscore the critical importance of continuous vigilance and improvement in our safety practices, and we remain steadfast in our efforts to prevent such tragedies in future.

In July, devastating wildfires ravaged rural KwaZulu-Natal, South Africa, fuelled by extremely dry conditions and high winds. Tragically, seven firefighters from one of our forestry contractors, Farmusa Agric and Forestry Proprietary Limited, lost their lives while aiding a farmer in battling a fire on his property. We extend our sincerest condolences to the families and friends of these brave individuals.

* A skyline operation is a specialised logging technique used in forestry, especially on steep or challenging terrain where conventional ground-based harvesting is difficult. It involves using a cable system (the 'skyline') suspended between two points, typically anchored between a higher and lower elevation to transport logs to the collection site.

sappi | safety

Safety starts with me

Global Safety Awareness Month

Now accepting submissions!
Sappi North America's Safety Impact Awards (SIAs)

Safety is a core value and a cornerstone of Sappi's workplace culture as we continue to foster an environment that helps us all thrive. It takes all of us to build a safer Sappi, which is why we're calling for entries to the SNA Safety Impact Awards.

Let's learn from one another by sharing the ideas that make our sites safer. The new Safety Impact Award (SIA) program provides an opportunity to highlight a team safety project that can help reduce or prevent injuries at Sappi.

Submit in five easy steps

1. **Identify a project** that improves workplace safety or gets Sappi employees more engaged with safety.
2. **Fill out a form** with your team to get approval to implement your project.
3. Once approved, **implement your project** and gather data to show its impact.
4. Your site's SIA committee will **review submissions** and select finalists.
5. The overall winning team will be announced in March 2024 and site winners will be recognized during Global Safety Awareness Week 2024.

SUBMISSION DEADLINE:
September 29, 2023

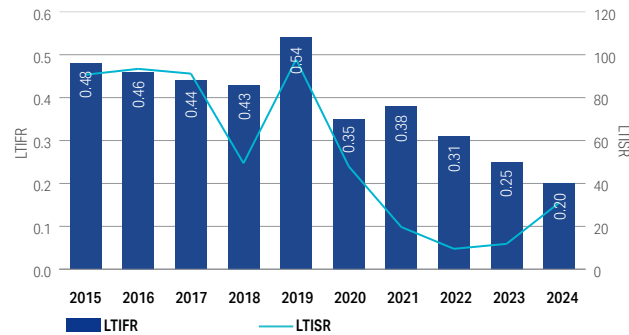
PROGRAM DETAILS:
Scan the QR code to access the online submission form.

ADDITIONAL QUESTIONS?
Contact your site safety leadership team, mill leadership team or site safety team.

sappi

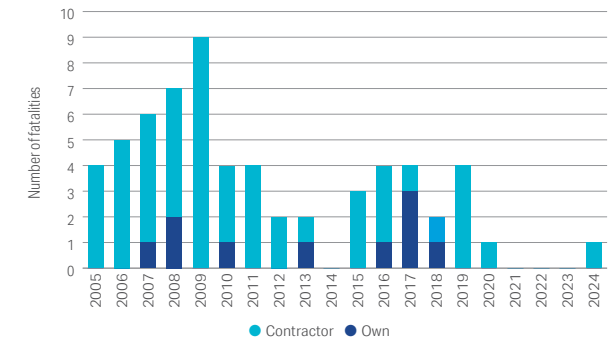
Health, safety and wellbeing of our employees and contractors continued

Sappi group – LTIFR and LTISR combined

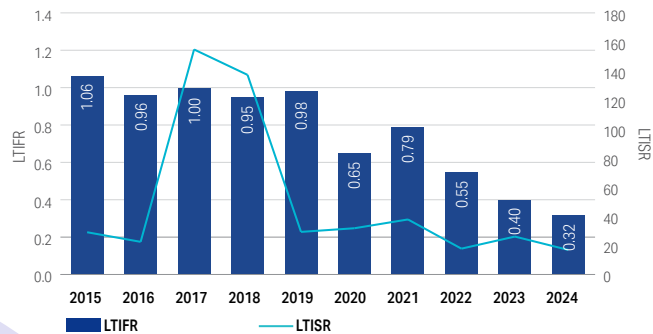


Note: We calculate LTIFR by dividing the product of lost-time injuries and a group-wide standard for work hours by the unit's work hours, ie $LTIFR = LTI \times 200,000 / \text{units actual work hours}$. LTISR is the lost-time injury severity rating and in a similar manner to the frequency rate, is calculated by dividing the product of the number of days lost to the injury and the group-wide standard hours by the unit's man hours, ie $LTISR = \text{Number of days lost} \times 200,000 / \text{actual man hours}$.

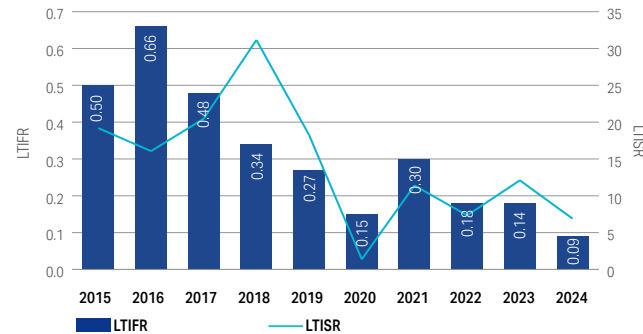
Sappi group – Combined fatalities



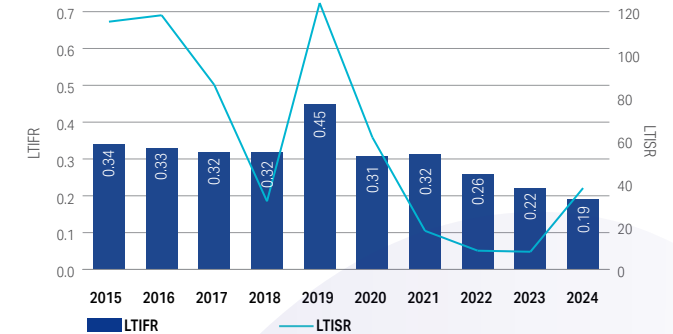
Sappi Europe – LTIFR and LTISR combined



Sappi North America – LTIFR and LTISR combined



Sappi South Africa – LTIFR and LTISR combined



Health, safety and wellbeing of our employees and contractors continued

Regional safety milestones achieved to date



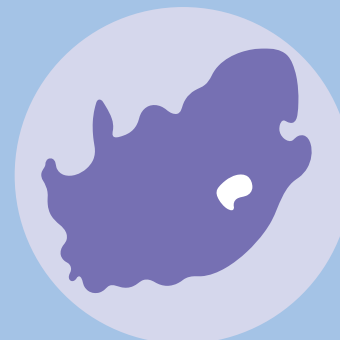
SEU

- Ehingen Mill: First in SEU to reach 3 million work hours without an LTI; new regional record surpassing 3.5 million
- Maastricht Mill: 2 million work hours without an LTI
- Alfeld Mill: 2 million work hours without an LTI
- Gratkorn Mill: 1 million work hours without an LTI.



SNA

- SNA: Eight months and 3.8 million work hours without an LTI
- Allentown: Over eight years and 600,000 work hours without an LTI
- Technical Centre: Over 18 years and 2.3 million work hours without an LTI
- CTRR (Cloquet Terminal Railroad): Over 2.5 years for a second time without an LTI
- Cloquet Mill: Over 1.6 years, nearing 3 million work hours without an LTI
- Matane Mill: Over 7.1 years without an LTI
- Westbrook Mill: Over 2.6 years and 1 million work hours for the second time without an LTI.



SSA

Achievements included:

- SSA: Achieved a combined 6.4 million work hours without an LTI
- SSA Manufacturing: Achieved a combined 2.6 million work hours without an LTI
- SSA Manufacturing contractors: Achieved 13 months and 7.8 million lost-time injury free man hours
- Ngodwana Mill: Achieved combined achieved 1.9 million work hours without an LTI
- Lomati Mill: Achieved a combined 3.3 million and 1,047 days work hours without an LTI
- Saiccor Mill: Achieved a combined 1.0 million lost-time injury free manhours
- Stanger Mill: Achieved a combined 1.0 million lost-time injury free manhours
- SSA Forestry: Achieved a combined 2.0 million work hours without an LTI
- Forestry KZN Operations: Achieved a combined 1.1 million work hours without an LTI
- Forestry KZN Zululand Coastal: Achieved 9.0 million work hours without an LTI
- Forestry MPU Highveld: Achieved 5.4 million work hours without an LTI.



Health, safety and wellbeing of our employees and contractors continued

Looking forward



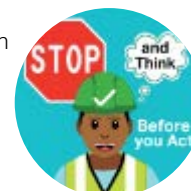
SEU's future focus areas include:

- Continued improvement to the quality of incident investigation and behaviour-based safety audits. The benefits can be seen in the improved safety performance. Focus will remain on further developing maturity and quality aligned with the Safety Handbook protocols across all operating units
- Rolling out new safety software and ensuring its widespread use
- Enhancing safety-related communications, including promotion of safety awards programme.



SNA's future focus areas include:

- Build on momentum gained again towards zero incidents and reduced severity when incidents occur
- Formalise the identification and resolution of incidents with potential for serious life-changing injuries or fatality
- Scale across all sites the incident reporting system piloted by Cloquet Mill
- Sustain progress and further embed in our culture progress on near miss identification and the use of leading indicators to prevent incidents
- Ensure closer collaboration with contractors to reduce injuries for all workers at sites.



SSA's future focus areas include:

- Optimise processes to conduct thorough investigations for safety and non-safety incidents
- Continued focus on issue-based and pre-task risk assessments (JSA) – enhance the 60 seconds risk assessment with JSA principles
- Critical review of top 10 business and operational risks for further enhancement and continuous improvement
- HIRA training for key production and engineering personnel – shift to proactive risk management processes
- Ensure 'Stop and Think Before I Act' and 'Safety Starts with Me' campaigns effectively reinforce principles
- Review past incidents for learning opportunities and leading indicators. Assess effectiveness of corrective actions and share learnings to avoid reoccurrence
- Continue with drive and action plans to close previous audit findings.

Group Safety Cluster future focus areas include:

- Selection of global safety system provider
- Further develop the Business Continuity Plan Policy and guidelines for sites
- Policy development for non-safety-related incidents
- Review current enterprise risk assessment process at site level.



Safety starts with me.

sappi | safety

Health, safety and wellbeing of our employees and contractors continued

Promoting wellness and wellbeing

We educate and empower our people to take ownership of their wellbeing, providing support in various ways.

SEU

- Each mill, together with mill lead teams, decides on their priorities for the year
- Programmes include preventive medical healthcare check-ups, flu vaccinations and immunisations
- Support for employee sports and social activities among others.

SNA

- All salaried and hourly employees (and their spouses) who participate in one of Sappi's medical plans are encouraged to complete a health risk assessment questionnaire
- Sappi provides a comprehensive employee assistance programme for all employees, which includes access to mental health, work/life balance support, online training and crisis response
- Sappi sponsors wellness events, flu vaccination clinics and wellness webinars at all sites, gym and other exercise subsidies.

SSA

- Each operating unit has an elected Employee Wellbeing Committee to represent staff working in the field of employee wellbeing, including health workers, line management responsible for health, human resources staff, trade unions and peer educators
- Committees assist in rolling out employee wellbeing programmes
- Programmes include awareness and education for substance abuse (alcohol and drugs); basic counselling for referrals to external providers; financial wellness; trauma counselling; change management issues as well as employee wellbeing and relationship issues.



Health, safety and wellbeing of our employees and contractors continued

Opportunities *for* value creation

Following the tragic fatality in our forestry operations during the year, we have engaged Wiremu Lee Edmonds to assist Sappi Southern Africa and our contractors in further embedding a safety culture in our operations. Along with his wife Marcella, he led a session for leadership teams entitled 'Standing in the Gap'. This initiative emerged from the profound loss of their 23-year-old son, Robert, a fifth-generation forester, who tragically died in a logging incident.

The session focused on instilling values, principles and behaviours among supervisors and leadership to combat the tendency for people to take shortcuts and engage in risky practices. Wiremu and Marcella also presented at the SSA Safety Awards in 2024 and facilitated a series of small group sessions with operational leaders, contract owners, managers and supervisors involved in high-risk operations such as chainsaw felling and yarding. This effort complements our 'Stop and Think Before You Act' programme, which was developed to address the ten reasons why people take risks.



Sappi talent

Financial materiality

Companies that are diverse, equitable and inclusive can better respond to challenges, win top talent, and meet the needs of different customer bases. Accordingly, we strive to create a diverse, inclusive working environment that establishes a sense of belonging and a shared sense of purpose among employees.

In addition, we encourage and support our people to upgrade their job-related skills and knowledge to improve their job performance and abilities for future career growth. Our approach is an expression of our strategic pillar of 'enhancing trust' and leads to greater levels of retention, connection and productivity that translates directly into improved performance and stronger business results.

Impact materiality

Developing potential in a diverse, inclusive working environment is important for business performance and individual wellbeing. A workplace that encourages people to reach their full potential is more productive and ensures that employees remain engaged and fulfilled in the long term.

The global forces shaping our Thrive strategy

Deglobalisation, polarisation and increased geopolitical tensions

Rising social inequality and growing social activism with increased expectations of business

Changing consumer and employee behaviour

Growing populations with increasing rates of urbanisation

Our top 10 risks

9

Employee relations

How this issue links to other aspects of our business

Our global priority SDG



Our additional SSA priority SDG



Our strategic fundamentals



Grow our business



Drive operational excellence



Enhance trust

Our highlights

Sappi ranked seventh globally in Forbes World's Best Companies for Women¹

Sappi ranked 623rd globally in Time's World's Best Companies²

Sappi ranked 473rd globally in Forbes World's Best Employers³

Good progress on our HR Beyond strategy

All Global Leadership programmes revised and implemented

Good execution on our succession and retirement planning

Comprehensive talent reviews implemented in all business units

Overall good shareholder support for our 2023 Remuneration Report

Inclusion of sustainability as a long-term measure in our remuneration incentives

Achieved the proportion of women in management roles target for FY2024

¹ www.social-www.forbes.com/lists/top-companies-women/

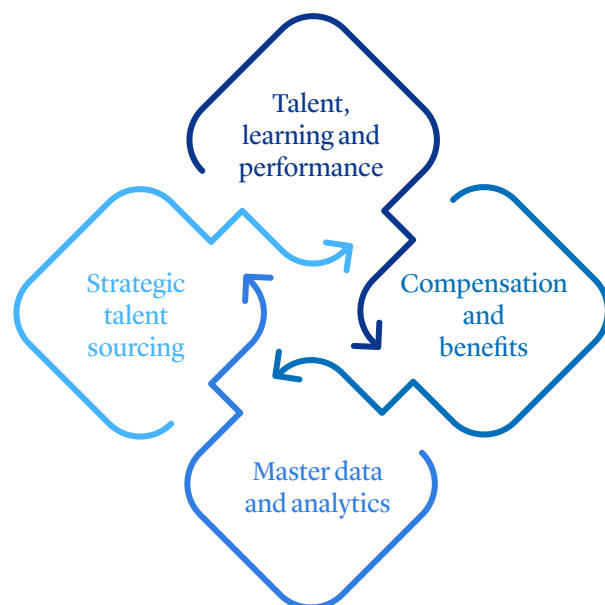
² www.time.com/collection/worlds-best-companies-2024/

³ www.forbes.com/lists/worlds-best-employers/

Sappi talent continued

Background

Our global HR team strives to identify processes, systems and priorities to enhance business support and the overall value offering to employees. Our strategy called 'HR Beyond' aims to enhance delivery on Sappi's **Thrive** business strategy as well as our regional and segment business strategies. HR Beyond has prioritised the four global processes below:



As in other years, we conducted talent reviews in 2024 for all operations and key functions, identified key roles and implemented capacity building initiatives with a specific focus on technical and leadership/management development. To determine the training agenda in 2024, we conducted a rigorous needs analysis underpinned by a performance management process.

Key developments in FY2024

We provide innovative training and development opportunities and give performance feedback to establish strong skills and build leadership capability at all levels.

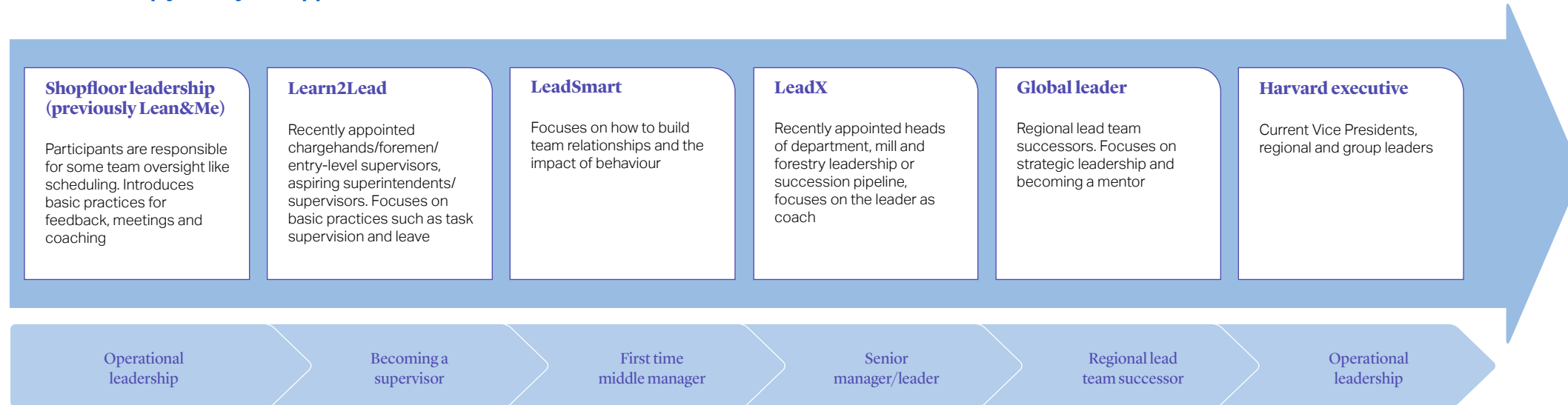
The Sappi Advance online learning platform that enables performance feedback has now been deployed in all regions. In SEU and Sappi Trading all employees participate in the process, and in SSA and SNA non-unionised employees are included.

The focus of training and development is to invest in current and future talent and to grow our people's leadership, behavioural and technical competencies. Based on feedback from the business, we refreshed and globalised our various leadership programmes.

LeadSmart targets the relationship aspects of leadership – developing and cultivating trust, showing appreciation, recognising employees, providing proactive feedback and managing conflict. The programme was designed to address the Manager Relationship improvement area identified in the 2023 engagement survey. Three pilot cohorts were completed – in SNA at the Westbrook Mill and in Southern Maine and one multi-regional cohort with participants from SSA and SEU.

Sappi talent continued

The leadership journey in Sappi



In **SEU**, the transition to the 'OneSappi' HR leadership development framework and its various programmes is well under way, with launches for LeadSmart and LeadX scheduled for 2025.

Other leadership programmes completed in 2024 in SEU include Dynamo (an equivalent of Learn2Lead) for first-level line managers (40 participants) and Situational Leadership II for line managers with people responsibility (30 participants).

The Engineering Graduate Programme was adapted from the SSA programme and began in November 2024 with one trainee from each

of our German-speaking mills. The structured programme spans two years for disciplines including process, chemical, paper, mechanical and electrical with senior engineers as mentors.

In 2024, SEU had 143 apprentices in various stages of a four-year vocational training programme. The programme is offered in Germany, Austria, Finland and Italy. The goal is to build a technical talent pool to replace retiring staff.



In **SNA**, we focused in 2024 on developing key leadership skills by facilitating three LeadSmart cohorts.

In addition, six SNA employees are participating in the LeadX programme.

We continue to encourage employees to take full advantage of the Sappi Advance training library, with monthly promotional campaigns highlighting business relevant topics. SNA launched a SharePoint resource centre for employees to assist with finding tools, resources and programmes to support their growth journey. SNA's Career Lunch and Learn series continued, featuring interviews with Sappi leaders from Sales and Legal who shared their career journey and advice for success.

SNA relaunched its Sales Apprenticeship Training programme with four participants in 2024.

The seven- to nine-month programme is designed to provide comprehensive sales training specifically tailored to the unique needs of the paper and packaging industry.

The region continued to gain traction from its co-op (a paid position for a certain period) and internship programmes, with 57 participants in 2024 (2023: 46 participants). These programmes take place across various departments, including manufacturing, R&D, finance, human resources, information technology, marketing and R&D. Co-op programmes at mills have become a particularly effective tool for recruiting top entry-level engineering talent.

Sappi talent continued



SSA collaborated with the Austrian industry paper college, ABZ, to enable six process specialists to complete the Craftsman Paper

Technology training. All six successfully passed their Austrian Chamber of Commerce trade tests.

Use of Sappi's online training options continued to grow. Udemy, the platform that provides more generic content, saw 1,013 active users complete 8,156 hours of training. The most frequently used courses include:

- Microsoft Excel
- Conflict Resolution
- Occupational Health and Safety
- Communication and Social Skills
- Supervisor Leadership Skills for a Safe Workplace.

Vector Solutions, the content that is specific to pulp, paper and industrial maintenance, also had very high use. In SSA, 1,295 employees made use of content in 2024, completing 6,832 hours of technical and safety training. Of the 937 different courses, the most frequently used were 5S (Housekeeping), Behaviour Based Safety, Ergonomics for Industrial Environments, Hand and Power Tools and Night Shift Safety.

Technical classroom training (not compliance-related) received renewed focus, with 2,872 employees attending face-to-face skills training during the year. This amounted to 366,144 training hours, equivalent to 45,768 working days.

SSA continues to focus on developing young talent with 364 trainees, of whom 160 are women, in programmes ranging from business internships to technical apprenticeships.

Regional highlights: Sappi Trading

Sappi Trading employees in different sales offices completed online training courses on:

- Sappi Code of Ethics
- Occupational health and safety training
- China's Personal Information Protection Law.

Sappi Trading continues to prioritise product and sustainability training for employees.



Engineers and foresters in training during 2024 forestry week

Average training hours per employee per year

	FY2024	FY2023
SEU	15.48 hours	30 hours
SNA	54.47 hours	75 hours
SSA	71.63 hours	64 hours
Trading	44.92 hours	15 hours
Sappi group (weighted average)	46.73 hours	50.39 hours

Average spend per employee per year

	FY2024	FY2023
SEU	€800	€696
SNA	US\$582	US\$445
SSA	ZAR13,545	ZAR10,175
Trading	US\$240	US\$240
Sappi group (weighted average)	US\$753	US\$624

Sappi talent continued

Promoting diversity and inclusion

We recognise that equity and connection lie at the heart of diversity and inclusion. Our policies and programmes are intended to support and connect with all people, including those from different backgrounds, races, ethnicities, religions, abilities, genders and sexual orientations among others.

Under *SDG 8: Decent Work and Economic Growth*, our **Thrive** (2025) target is to increase the proportion of women in management roles by 3.7 percentage points. This is reinforced by gender equity targets specific to each region. We made satisfactory progress against our gender targets in 2024 with the group. All three regions achieved their targets for the year.

In **SSA**, we surpassed our original 2025 diversity target of 22% women in senior positions, reaching 28.6% in 2024. SSA has since raised its ambition to 30% by 2025. Since SEU achieved 18% of its 20% target for women in senior management positions in 2024. SNA is well on track to its 2025 target of 23% for women in senior management positions, having achieved 21% in 2024.

Our global project to improve gender diversity across Sappi at all levels began in 2024. Six key areas are in scope:

- 1. **Organisational culture** with a focus on policies and practices that should be amended to enhance diversity.
- 2. **Facilities**, hygiene and wellness standards to make operations more suitable for women.
- 3. **Recruiting practices** including branding, interview panels and shortlisting.
- 4. **Equitable access** to leadership positions, decision making bodies and technical jobs.
- 5. **Targets and recommendations** for inclusion in management incentive schemes for business year 2026.
- 6. **Monitoring and reporting** to prepare Sappi for inclusion in the Bloomberg Gender Equality Index.

HR formed workstreams for all these areas and completed a barrier survey in September. The next phase in 2025 will include targeted interviews to further explore the survey results and develop recommendations for the HR Beyond Steering Committee to implement.

SSA also continued to make considerable progress towards our 2025 Employment Equity plan, leading to the implementation of revised stretch targets. Regarding BBBEE compliance and rating, we expect to retain a Level 1 status following the annual empowerment audit.

Case study

Forbes ranks Sappi as a top company for women in 2024

Sappi works to uplift women in both our workplaces and communities. Our remarkable progress was recognised in 2024 when Forbes recognised Sappi as a top global company for women. In seventh place, Sappi is now firmly among the likes of the most progressive Fortune 100 companies in the world. Rankings are based on employee surveys with a combination of brand, public opinion and leadership scores.

We are incredibly proud of this recognition which stands as a powerful testament to our commitment to foster an inclusive workplace where women can thrive and succeed. It validates our efforts to recognise the critical role that women play in our industry, retain and attract the best talent, implement our **Thrive** strategy, and continuously enhance our gender, diversity and inclusion performance.

[Read the story](#)

Rank	Name	Industries	Country/Territory	Employees
1	Hilton worldwide Holdings	Hotels	United States	45,000
2	MAIF	Insurance	France	8,000
3	Douglas	Retail and wholesale	Germany	18,000
4	Virgin Group	Business services and supplies	United Kingdom	60,000
5	Netflix	Media and advertising	United States	13,000
6	Rio Tinto	Construction, chemicals, raw materials	United Kingdom	15,000
7	Sappi	Construction, chemicals, raw materials	South Africa	11,600
8	Microsoft	IT software and services	United States	221,000
9	Generali Group	Insurance	Italy	82,000
10	Deloitte	Professional services	United Kingdom	457,000

Sappi talent continued

Assessing employee engagement levels

Employee engagement considers the motivation, commitment and connection employees have to their role and to Sappi. Engaged employees have a positive attitude towards the organisation and play a significant role in overall employee satisfaction and retention.

We hold an employee engagement survey every second year to gauge our people’s attitudes towards Sappi and to adapt our human resource strategy when issues are identified. The last survey was in 2023, including 10,890 employees with a global response rate of 94%. This exceeded our global target of 85%. The next survey is planned for February to April 2025.

Employee engagement levels by region, 2021, 2023 comparison and benchmark comparison

A centralised action tracker that lists the status of action items identified in the survey is actively maintained.

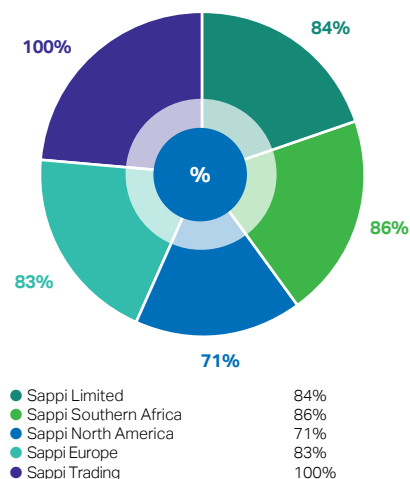
				Sappi Trading
Participation rate 2023	98% ↑	91% ↑	92% ↑	100% ➡
Participation rate 2021	96%	81%	66%	100%
Benchmark participation rate	75%	75%	75%	75%
Overall engagement 2023	83.4% ↑	79.9% ↑	71.7% ↑	93.4% ↑
Overall engagement 2021	81.5%	79.4%	71.0%	84.7%

Comprehensive business unit-level reporting takes place quarterly, and a summary of the themes and progress is provided to the senior leadership team twice a year. In addition, the close-out of engagement action items is included in the performance objectives of regional CEOs, lead teams and line managers across the business.

All regions continued their focus on closing out engagement action items in anticipation of the 2025 global engagement survey. By September 2024, all regions had made great strides with impressive action completion rates.

Sappi talent continued

Close out of engagement actions (%)



Recognising our people

Reward and recognition are vital to Sappi as they play a key role in fostering employee engagement and driving a high-performance culture. By acknowledging and celebrating employees' contributions, Sappi reinforces its commitment to valuing its workforce, which is integral to achieving business objectives. Recognised employees feel appreciated, motivated, and aligned with the company's purpose, enhancing retention, morale, and productivity. This approach not only cultivates a positive work environment but also supports Sappi's broader mission of innovation and sustainability by empowering employees to excel and contribute meaningfully.

We have a number of global awards recognising the contribution of our employees.

Global TIA awards

Our 2023 TIA project nominations all embraced the theme of Think, Enable, Shape to showcase how combining our natural and sustainable raw material with the intellectual capacity of our OneSappi multi-functional teams creates value for Sappi, our customers, our shareholders and society at large.

As we continue to drive our **Thrive** strategy and reposition the company to higher growth segments for long-term profitability, it is clear that our external environment shapes what we need to do to succeed and how we should do it. Importantly though, we are not powerless. We are empowered to shape our own destiny through the decisions we make, the actions we take, the opportunities we identify and the commitment we make to OneSappi.

See more on the TIA project nominations and winning project on page [82](#).



Sappi Europe regional and global TIA award winners



Sappi North American regional TIA winners



Sappi Southern Africa regional winners

Sappi talent continued

Engaged²
Thrive

2023 Sappi Employee Engagement Survey

Opportunities for value creation

After analysing our engagement survey 2023 results, all Sappi leadership programmes were refreshed in 2024 to focus more on improving management's ability to build productive relationships in teams. We are now encouraging leaders at all levels to:

- Be proactive
- Challenge the status quo
- Encourage innovation
- Collaborate
- Be active in society
- Accelerate sustainability actions
- Unlock value for staff and communities.

To enable direct communication with shopfloor employees, Sappi partnered with Staffbase, an application that specialises in communication with non-email workers. The app, branded SappiConnect, was launched to 5,012 employees in 11 locations so far. Of this group, 2,527 employees have registered as users and more than 1,100 are actively using the app every week. In 2025, we aspire to reach 80% participation.

Labour relations

Financial materiality

Sound labour relations based on trust – one of our strategic fundamentals – are important to maintaining the smooth running of our operations and reputation, as well as enhancing productivity. These factors, in turn, drive financial value.

Impact materiality

Effective communication underpins sound labour relations. Understanding of Sappi's strategic direction and purpose helps to elevate engagement, while transparent, constructive discussions related to issues, opportunities and challenges reduce the possibility of conflict and help create a positive working environment.

The global forces shaping our Thrive strategy

Rising social inequality and growing social activism with increased expectations of business

Changing consumer and employee behaviour

Growing populations with increasing rates of urbanisation

Our top 10 risks

- 1 Safety
- 2 Cyclical macroeconomic factors
- 9 Employee relations

How this issue links to other aspects of our business

Our global priority SDGs



Our strategic fundamentals



Drive operational excellence



Enhance trust

Our highlights

Good labour relations in all regions

Labour relations continued

Background

Sappi continues to maintain strong and positive industrial relations with trade unions across all its manufacturing sites and forest plantations.

The group continues to endorse the principles of fair labour practice as expressed in the United Nations Global Compact and the Universal Declaration of Human Rights. At a minimum, Sappi conforms to and often exceeds the labour legislation requirements in countries where we operate. Sappi promotes freedom of association and engages extensively with representative trade unions. Globally, approximately 60% of our workforce is unionised.

Key developments in FY2024

Across the group, the FY2024 collective bargaining process was stable.



In **SEU**, approximately 57% of employees are members of a union and approximately 88%¹ fall within a bargaining unit. We work with various unions across Europe, including one in Germany, two in Austria, three each in Finland, Italy and the Netherlands. Collective labour agreements are in place at each mill until 2025. New agreements are negotiated as and when they expire.



During FY2024, **SNA** negotiated contracts with both the production workers and skilled trade workers at Cloquet Mill in Minnesota. Approximately 64% of SNA employees are members of a union. The region has 12 collective bargaining agreements with hourly employees, representing 64% of the total workforce.



Overall union representation in **SSA** continued to decline. Current membership is 43%, down from 48% in FY2023, with bargaining unit membership standing at 55.27%. Sappi recognises two unions – the Chemical, Energy, Paper, Printing, Wood and Allied Workers Union (CEPPWAWU), which is by far the largest, and the United Association of South Africa.

However, engagement with other non-recognised trade unions continues, especially with the Association of Mining and Construction Union (AMCU), which currently enjoys 3% representation and is the third largest in SSA by membership.

In the Pulp and Paper Industry Chamber, a successful decentralised company-level bargaining process took place. In the sawmilling sector, a centralised wage negotiation process was followed and successfully concluded, while in the forestry sector, a wage agreement over two years at company level was reached.

¹ Based on manual estimates provided by SEU as there is no disclosed due to local privacy regulatory.

Labour relations continued

Communicating operational changes

One of Sappi's strategic fundamentals is to enhance trust. That is why we believe it is important for all our people to understand and trust our processes to communicate change concerning our operations because it impacts all employees, particularly those represented by trade unions or bargaining units.

In terms of career endings, access to retirement planning services is provided on a regional basis and, in some instances, is supported by financial wellbeing programmes. To the extent that there are employee lay-offs, we provide severance pay to all employees and, in some instances, outplacement assistance. Overall, we aim for timely and transparent communication.

Across all countries, information about significant operational change is provided when we can be specific and concrete about the impact on employees, but still early enough to enable proper consultation.



In **SEU**, information about significant operational changes is only communicated when these are specific enough to enable proper consultation and where the process follows a set timeline.



In **SNA**, the notice period in terms of federal law is 60 days. Details on operational changes are not specified in collective bargaining agreements.



In **SSA** (including Sappi Limited), the implementation of significant operational changes is governed in terms of section 197 and section 189 of the Labour Relations Act 66 of 1995. The act does not prescribe a specific notice period. However, the standard practice is a minimum of 30 days, and a maximum of 60 days' notice for consultation of a large-scale restructuring process. The recognition agreement concluded with the majority union, the Chemical, Energy, Paper, Printing, Wood and Allied Workers Union (CEPPWAWU) recognises the provision of the act in this regard. SSA is party to the bargaining council for the wood and paper sector as well as forestry in South Africa.

In the case of sawmilling, pulp and paper, collective bargaining is conducted at industry level under the auspices of the bargaining council. The constitution specifies when parties should submit issues of bargaining for the particular year and when negotiations must commence. Forestry conditions of employment are implemented on 01 April every year and regulated by ministerial sectoral determination. The normal notice period applies.

Most of the countries in which **Sappi Trading** is located are not covered by collective agreements except for Austria, Brazil and South Africa. In Austria, the notice period follows labour law and individual employment agreements. In the case of senior and general staff, notice periods of four and three months respectively are required. Based on local legislation, these notice periods increase according to years of service. A notice period is not set up in collective labour agreements. In Brazil, a minimum notice period on operational changes is required for large companies, but there is no particular need to communicate to unions in advance.

Labour relations continued

Human rights



UNGC Principle 1: Business should support and respect the protection of internationally proclaimed human rights.

As a responsible business required to comply with all applicable laws and to respect human rights, we continually assess and prevent human rights and environmental violations within our own enterprise and associated value chain. In FY2024 we updated and revised our **Group Human Rights Policy**. Reflecting our adherence to the UN Guiding Principles on Business and Human Rights and role of responsible business to tackle inequality, we took the opportunity to further articulate our commitments on human rights and the actions we take in our daily interactions to reinforce these principles with employees, communities in and around our operations and suppliers in our value chain.

Across the Sappi group, we have identified no operations or suppliers where the right to exercise freedom of association and collective bargaining has been violated or is at significant risk, nor have we identified operations and significant suppliers as having any significant risk for incidents of child labour. Similarly, we have identified no operations and suppliers as having significant risk for incidents of forced or compulsory labour, and have measures in place to contribute to the elimination of all forms of forced or compulsory labour.

Read more:

Statement on modern slavery

Monitoring the risks where we operate

We benchmark the human rights performance of countries where we have manufacturing and major trading operations against the World Justice Project Rule of Law Index®. The Index measures rule-of-law adherence in 142 countries and jurisdictions worldwide based on eight factors: constraints on government powers, absence of corruption, open government, fundamental rights, order and security, regulatory enforcement, civil justice and criminal justice.

The fourth factor, fundamental rights, encompasses adherence to the following: effective enforcement of laws that ensure equal protection, the right to life and security of the person, due process of law and the rights of the accused, freedom of opinion and expression, freedom of belief and religion, the right to privacy, freedom of assembly and association, and fundamental labour rights, including the right to collective bargaining, prohibition of forced and child labour and elimination of discrimination.

Under this index, the table below shows how the countries where we have manufacturing and major trading operations are classified. This confirms our understanding that human rights violations in these countries are limited. Scores range from zero to one, with one indicating the strongest adherence to the rule of law.

Country	Overall index score	Global rankings (out of 142 countries)
Austria	0.80	12
Belgium	0.78	15
Canada	0.80	13
Finland	0.87	3
Germany	0.83	5
Hong Kong	0.73	22
Italy	0.67	32
Netherlands	0.83	7
South Africa	0.57	56
United Kingdom	0.78	17
United States of America	0.70	26

Labour relations continued

Opportunities *for* value creation

Sappi's commitment to workers' rights and fostering strong labour relationships creates a supportive, equitable workplace where employees feel valued and respected. This focus not only enhances job satisfaction and productivity but also strengthens Sappi's reputation as an employer of choice. By prioritising fair treatment, open communication and professional growth opportunities, Sappi attracts top talent and ensures long-term employee retention, contributing to a stable and engaged workforce that drives business success.



Social impact

Financial materiality

Our focus on profit with purpose is aligned with our vision of a thriving world. It drives us in our creation of economic value for Sappi and value for society.

Impact materiality

By investing in communities, we promote socioeconomic growth and establish mutually beneficial relationships.

The global forces shaping our Thrive strategy

Deglobalisation, polarisation and increased geopolitical tensions

Rising social inequality and growing social activism with increased expectations of business

Changing consumer and employee behaviour

Growing populations with increasing rates of urbanisation

Our top 10 risks

2

Cyclical macroeconomic factors

9

Employee relations

How this issue links to other aspects of our business

Our global priority SDGs



Our additional SSA priority SDGs



Our strategic fundamentals



Grow our business



Drive operational excellence



Enhance trust

Our highlights

Exceeded our enterprise and supplier development (ESD) spend target in SSA sustaining 1,502 jobs

Enterprise and digital skills development for all ages in SSA

Support for educational initiatives and Ukrainian refugees in SEU

Focus on 'Employee Ideas that Matter' in SNA



Social impact continued

Background

Recognising that we are part of the communities beyond our fence lines and that their prosperity and wellbeing are linked to ours, we strive to make a purpose-driven, meaningful contribution towards the wellbeing and development of our neighbouring communities. We work to create positive social impact by jointly identifying and leveraging opportunities, aligning with and supporting business priorities and needs, and considering feedback from our stakeholders.

We identify and support programmes that promote and build the Prosperity, People and Planet commitments embodied in our  Group Sustainability Charter. While each region has its own programmes, they conform to common themes. These include community welfare, education, environmental protection and conservation. In addition, support for activities associated with forestry continues to grow.

The underlying goals of our social impact programme are to create a stronger social licence to operate while enhancing customer loyalty, attracting talent and advancing our priority United Nations Sustainability Development Goals (seven globally and two in South Africa).

The fact that Sappi is headquartered and listed in South Africa, coupled with the significant development needs of the country, dictates a higher focus on social impact activities in our country of origin.

We support appeals when global disasters occur, reviewing these on a case-by-case basis. Where appropriate, we extend these appeals to staff and match their donations while encouraging our business partners to make donations as well.

Key developments in FY2024

Social impact in South Africa

In **South Africa**, issues of poverty, unemployment and social disaffection have meant that business is expected to play a bigger role in society with high expectations to facilitate and resolve social challenges. Our response has been to focus on shared value and social impact. By building trust and legitimacy, we are reducing the risk of disruption to our operations, establishing healthy community relationships, ensuring ease of doing business and enhancing our licence to operate.

The underlying goals
of our social impact
programme
are to create a stronger
social licence to operate



Social impact continued

Our focus is on shared value and social impact

Education

- Early Childhood Development
- Closing the digital divide projects
- MyWalk shoe donations.



Youth and skills development

- Sappi Skills Centres
- Career Pathways Development for Employment Programme (CPD4E)
- Bursaries and internal training programmes (see Sappi talent section of this report on page 104).



Environment

- EcoStudy Programme
- Sappi Trails Programme
- Nature reserves (see Biodiversity section of this report on page 162)
- Sappi Rare, Threatened and Endangered Species Stewardship Programme (see Biodiversity section of this report on page 160)
- Water stewardship (see discussion of Verve on page 147).



Community development

- Abashintshi.



Enterprise development

- Enterprise and supplier development
- Sappi Khulisa.



Enhance trust

Social impact continued

Our social impact initiatives

Early Childhood Development (ECD)

Our ECD programme supports the education and development of early childhood practitioners to provide quality education in Mpumalanga and KwaZulu-Natal (KZN) provinces. Its success is highlighted by the fact that 90% of practitioners who have completed training have demonstrated improvements in their teaching approaches. In 2024, trainings focused on digital skills including coding that can enhance cognitive development in children and robotics for fine motor skill development.

In 2024, we focused on closing the digital divide among young people from disadvantaged communities. By donating laptops to top-achieving Grade 12 learners who are heading to university, we eased the financial burden on these students as well as equipped them with tools to excel in their studies, stay competitive and ultimately, contribute meaningfully to the country. As part of this effort, we also supported Magabheni Computers4Kids, a programme to address digital literacy among primary school learners. Access to Wi-Fi in schools is no longer a luxury – it is a necessity for ensuring that every child, regardless of their location, can participate in the digital age. To meet this need, a Wi-Fi project was launched that connected six area schools to the internet, positively impacting over 5,000 students and 170 educators. Nearly 40 Sappi employees also volunteered at these schools, sharing insights from their careers and opening students to a world of digital opportunities.

An estimated 7 million children in South Africa go to school without shoes each year. In response to this need, we sought a solution that both supports education and aligns with our environmental goals. **By partnering with MyWalk, we provided 691 students with shoes made from waste** that would otherwise go to landfill. These eco-shoes represent the circularity at the heart of our business as well as our commitment to inspire young people with the exciting possibilities of green innovation.

Youth and skills development

The overarching aim of the Sappi Skills Centres at Ngodwana and Saiccor Mills is to develop a learning campus that enriches the lives of current and future Sappi employees by providing and elevating technical vocational skills. We hope to empower employees to improve their performance at work while enabling trainees to create sustainable service businesses or seek meaningful employment.

A highlight of these investments in 2024 was our participation in the **Career Pathways Development for Employment Programme (CPD4E)** in partnership with the National Business Initiative (NBI) and the German development agency, GIZ. We supported 30 learner stipends to unlock opportunities in solar, mechanical and electrical trades.

Environment

EcoStudy is an initiative Sappi is proud to continue supporting in communities near our mills to enhance environmental education and promote sustainable development.

The project focuses on improving how important environmental topics are taught in the classroom, ensuring students receive meaningful education on sustainability. One of the key objectives is to illustrate the importance of biodiversity conservation in direct relation to the children's own lives, encouraging learners to take practical responsibility for rehabilitating their own environment within school grounds and their community. With Sappi's support, 30 schools and nearly 3,000 students benefited from EcoStudy activities in 2024.

The Sappi Trails Programme was established in 2011 to formalise the relationship between Sappi and stakeholders who were using Sappi land for activities like mountain biking, walking, and running. This initiative was developed in partnership with trail custodians, which are clubs responsible for building and maintaining the trails on Sappi land and who work closely with Sappi to ensure the trails are safe, enjoyable and sustainable.

Developing and improving these trails for the public to enjoy while also stimulating jobs in related tourism was our focus in 2024. By supporting a Basic Trail Building and Apprenticeship Programme, we enabled 23 young people from the KZN Midlands and Zululand to gain skills in trail building and maintenance. The programme complements our work to enhance biodiversity which we achieve by leaving 30% of our landholdings unplanted, managing seven nature reserves and 160 important conservation areas on Sappi land.

Community development

Long-lasting change comes from within individuals and communities. With this understanding, we launched the Abashintshi ('Changers' in isiZulu) programme in 2015 to plant seeds of opportunity for positive change across KZN and Mpumalanga. Together with partners, we train youth to mobilise their communities to develop themselves in line with the asset-based community development model. Abashintshi are selected based on successful completion of high school studies and their leadership potential. They then embark on a series of regular training courses over a period of a year focused on life skills and self-development. Upon completion, Abashintshi return home and apply their new skills and passions in their communities.

The programme highlight in 2024 was the Abashintshi Youth Leadership Development Camp that brought together 50 youth from surrounding communities. With structured coaching and training, the camp offered a pathway to hope, purpose and agency. Abashintshi then hosted 50 holiday programmes in their respective communities during the year.

Social impact continued

Enterprise and supplier development (ESD)

Small business is the backbone of South Africa’s economy, fuelling growth, sustaining workers in meaningful employment and providing vital services. As such, the government has made empowering small business a critical part of its 2030 National Development Plan. To support this effort, we developed an enterprise and supplier development (ESD) strategy to ensure a structured approach to the development of small- and medium-sized enterprises (SMEs).

In practical terms, we are achieving this with a dedicated ESD department to identify procurement opportunities for SMEs and provide capacity building programmes to enhance their competitiveness. The SME hub we launched at Saiccor Mill has been especially effective at supporting the development needs of local SMEs to do business with our largest operation in the region.

In terms of procurement spend and job creation in FY2024, we spent just over ZAR372 million with SMEs, exceeding our annual target by ZAR250 million. In the process, 1,502 jobs were sustained. Over and above the ZAR372 million procurement spend by Sappi with SMEs, a total of ZAR57 million was spent with SMEs by contractors through a sub-contracting arrangement and further ZAR900,000 invested in SME training and development interventions.

Corporate social investment spend	FY2024	FY2023
SEU	€100,000	€100,000
SNA*	US\$152,459	US\$417,500
SSA	ZAR71 million	ZAR54 million

* The SNA decrease in spend in FY2024 is due to the pause of the Ideas that Matter Programme in the region.



Social impact continued

Sappi Khulisa: Celebrating 40 years of success

Our Sappi Khulisa tree-farming scheme, initiated in 1983, is an inspiring example of positive social impact and shared value in South Africa. It is an integral part of our woodfibre supply chain, enhancing security of fibre supply, while uplifting rural communities by equipping them to become sustainable participants in the forestry value chain.

Initially, the programme focused on supporting subsistence farmers with access to 1 hectare (ha) to 20 ha of land to grow trees. It was first known as Project Grow, starting with only three beneficiaries in the Zululand, South area. In 2013, Sappi Khulisa expanded to include community forestry projects and forestry projects handed to land-reform beneficiaries. Today the project stretches from the far north of the KwaZulu-Natal (KZN) province to the far south and into Mpumalanga and the Eastern Cape, and the total area managed is 37,269 ha.

In 2024, under this programme, 318,116 tons of timber worth some ZAR332.6 million was delivered to our operations. Since 1995, a total volume of 5,187 906 tons to the value of ZAR3.334 billion has been purchased from small growers under this programme. In 2013, Sappi Khulisa expanded to include community forestry projects and forestry projects handed to land-reform beneficiaries. Currently, the programme involves 4,143 growers and approximately 942 small, medium and micro enterprises who are involved in silviculture, harvesting, loading, short and long-haul activities. We offer training at two Sappi Forests Skills centres, based at Illovo Neck and KwaMbonambi in KZN, to all value chain participants, including land-reform beneficiaries. In 2024, we trained 550 Khulisa growers in 22 different courses, including on core operational skills in forestry as well as safety, legal compliance and business management.



Social impact continued

Social engagement in Europe

Creating paper adventures for children in Austria

In 2024, Sappi was a proud supporter of the Graz Children's Museum, known as FRida & freD. With the museum's focus on paper this year, Sappi was the natural choice to become the main sponsor for their paper exhibition. Children became part of a brilliant adventure with Sappi, exploring stories where paper played the main role.

Prioritising youth in Finland

At Kirkniemi Mill, our staff continues to come together every year to donate EUR10,000 to local charities. The funds were raised when staff pledged their own rewards generated through continuous improvement savings at the mill. Through this collective effort, the mill provided equal sponsorship to five local charities which all prioritise youth. Employees have donated a total of EUR102,500 since 2016 to organisations ranging from local sports clubs to a school for children with special needs.

Doing good in Germany

At Alfeld Mill, we welcomed visitors from a school for people with disabilities to learn about papermaking and donated pulp to the school for a fun learning activity. Ehingen Mill once again participated in the STADTRADELN initiative with 41 cyclists who logged a total of 9,972 kilometres during the three-week competition. Sappi cyclists significantly contributed to the city's total reduction of 13 tons of carbon during the period.

Making sport more inclusive in Italy

Using our innovative dye sublimation papers, Carmignano Mill created running and cycling outfits for employees. But with a twist. Recipients donated a portion of the cost of production to 6 Cesti, a local sports association that plays 'Baskin' – a game inspired by basketball that includes people with and without disabilities of all ages and genders. Staff also warmly welcomed the 6 Cesti team to the mill to learn about our operations and R&D.

Supporting people in need in Poland

We continued our support to Ukrainian refugees in 2024, collecting gifts during the Christmas season for the AGAPE Foundation that provides support for Ukrainians transiting through the country. This added to our continued support for the ASPIRE Education, which uplifts Ukrainian teenagers in Krakow displaced by the war. When severe flooding impacted south-western Poland, we also collected donations for victims. Finally, Sappi teams participating in the country's Business Run Relay collected funds to benefit people with disabilities.



Social impact continued

Driving positive impact in North America

The Community Connection programme has been supporting our local mill communities in North America since 1998, addressing community needs in education, the environment, the arts, health and more. Through the programme, we have provided direct funding to 3,700+ initiatives led by local non-profits or organisations with over US\$2 million donated to date.

While we paused our SNA 'Employee Ideas that Matter' (EITM) programme – that makes grants to projects with a positive impact in communities – in 2024, we focused on our EITM programme. It operates in a similar way, except EITM supports nonprofit and charitable organisations selected by employees instead of in a competitive grant making process.

As of 2024, EITM has funded over 80 projects for community needs ranging from support for food banks and children's education to local health initiatives. In recognition of our positive impact, the Communitas Awards selected Sappi as a winner in the category of Community Service and Corporate Social Responsibility.



Impact from Employee Ideas That Matter

+US\$254k
grant funds

To date, the amount of dollars awarded

100+
projects

Received direct funding to local non-profits or organisations

8+
years strong

The programme was launched in 2016

200%
growth

Since its launch, EITM has doubled the amount of grants awarded

+US\$48k

Total contribution to United Way to support community action via Sappi and employees across our four mills

S-Lab: Solving sustainability challenges with MIT students

SNA participated in MIT's Sustainable Business Lab (S-Lab) in 2024 to provide students at the Sloan School of Management with a real-world sustainability problem to solve. We challenged them to explore the impact of adding post-consumer recycled pulp (PCR) to virgin fibre pulp in the production of Sappi paper products. Students worked with sustainability, procurement, marketing, R&D and manufacturing teams at SNA, travelling to mills and learning about SNA's paper making process first hand. Students also worked with a supplier to gather meaningful data about post-consumer recycled fibre. S-lab students then shared their findings with SNA and provided a roadmap for post-consumer recycled fibre that could balance the impact of a higher carbon footprint among other factors.

Supporting the United Way

From strengthening local resilience to advancing health, youth opportunity, and financial security, the United Way supports communities in ways that align with Sappi's purpose. That is why they have been a longstanding recipient of SNA's corporate giving and 2024 was no exception.

Social impact continued

Opportunities *for* value creation

Our sustainable procurement actions through our dedicated ESD programme look to teach and support suppliers to understand what sustainability is, what actions they can take and how we can work together to make a difference. One powerful example of this partnership is our work with the Ngodwana Nursery, which supplies more than 17 million seedlings and cuttings to Sappi Forests in South Africa and other customers annually. The nursery was strategically chosen as the location for an innovative aquaponics project that is bridging the youth unemployment gap and providing food security in the area. The project shows what is possible when we work together across the value chain, including with suppliers, to create shared value for communities.

A photograph of a flock of flamingos in a shallow, red-tinted body of water. The flamingos are captured in various stages of flight, with their long legs trailing behind them and wings spread. The water is a deep, vibrant red, and the sky is a soft, hazy pink. The overall scene conveys a sense of movement and grace. The word 'FLIGHT' is written in large, bold, white capital letters across the center of the image, with the 'i' in 'FLIGHT' having a small dot that looks like a flamingo's head.

FLIGHT

Our management approach to Planet

We are bold in our role as a natural resource company, providing solutions from renewable woodfibre which are viable alternatives to fossil-based products. Our longstanding approach to treading more lightly on the planet is based on leading by example. We do so by extracting the full potential of trees and woodfibre in line with our commitment to circular ecosystems and economies.

As stated in our Group Sustainability Charter and Group Environmental Policy, we acknowledge that we do have an environmental footprint, but are committed to managing and mitigating the environmental, climate and biodiversity impacts of our operations. This precautionary approach places the onus on Sappi to anticipate harm before it occurs and to take active steps to prevent any harm from occurring.

We achieve this by:

- Minimising the environmental impact of our operations in terms of raw materials and energy use
- Developing new production methods and products, and finding innovative ways of benefiting waste
- Saving water and energy at every stage in production processes
- Ongoing investment in research and development
- Ensuring legal compliance at each mill, by constantly assessing our performance in terms of energy dashboards, integrated water and waste management plans, air emissions and effluent
- Implementing transparent practices by using internationally recognised, independently verified certification systems including the Forest Stewardship Council™ (FSC™ N003159); Programme for the Endorsement of Forest Certification (PEFC/01-44-43) and the Sustainable Forestry Initiative® (SFI®), as well as ISO 9001, ISO 14001, and in Europe the Eco Management and Audit System (EMAS) and ISO 50001 in Europe and South Africa. Our 400,000 hectares of owned and leased plantations in South Africa are both FSC and PEFC certified
- Having quantitative and timebound environmental targets in place in each region and at global level. Progress towards targets is reported to management teams in each region regularly, quarterly to the Global Sustainable Development Council (GSDC) and to the Social, Ethics, Transformation and Sustainability (SETS) Committee three times a year.

Our management approach to Planet continued

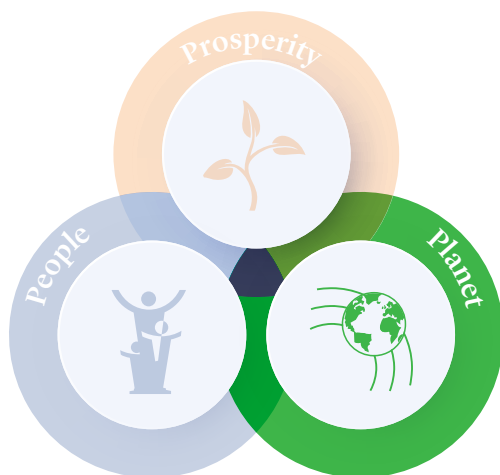
Our third-party certifications

Business unit/Mill		FSC™ CoC	PEFC CoC	SFI® Certified Sourcing	SFI® CoC	ISO 9001	ISO 14001	ISO 22000	ISO 50001	EMAS	ISO 45001	BBBEE	EN 15593
Sappi Europe	Alfeld Mill	✓	✓			✓	✓	✓	✓	✓	✓		✓
	Carmignano Mill	✓	✓			✓	✓		✓		✓		✓
	Condino Mill	✓	✓			✓	✓		✓		✓		✓
	Ehingen Mill	✓	✓			✓	✓		✓	✓	✓		
	Gratkorn Mill	✓	✓			✓	✓		✓	✓	✓		
	Kirkniemi Mill	✓	✓			✓	✓		✓	✓	✓		
	Maastricht Mill	✓	✓			✓	✓	✓	✓		✓		✓
	Rockwell Solutions	✓	✓										
Sappi North America	Cloquet Mill	✓	✓	✓	✓	✓	✓				✓		
	Matane Mill	✓	✓			✓							
	Somerset Mill	✓	✓	✓	✓	✓	✓	✓			✓		
	Westbrook Mill	✓	✓		✓	✓	✓				✓		
Sappi Southern Africa	Sappi Forests	✓	✓									✓	
	Ngodwana Mill	✓	✓			✓	✓		✓		✓	✓	
	Saiccor Mill	✓	✓			✓	✓		✓		✓	✓	
	Stanger Mill	✓				✓	✓		✓		✓	✓	
	Tugela Mill	✓	✓			✓	✓		✓		✓	✓	
	Lomati Sawmill	✓				✓						✓	

✓ ISO 45001 ✓ EN 15593 ✓ Certified ✓ Multi-site certificate ✓ Forest management

Learn more about Sappi's certifications: <https://www.sappi.com/files/sappi-faqs-our-certificationspdf>

Our management approach to Planet continued



United Nations Global Compact (UNGC) Principle 7: Businesses should support a precautionary approach to environmental challenges.

UNGC Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

UNGC Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Adopting environmentally friendly technologies

We view conducting an environmentally sustainable business as integral to our licence to operate on an individual, community, country and global level. It also makes sound business sense, given that we depend on natural resources such as water and woodfibre for our ongoing viability as a business. It is clearly in our interest to use these resources as responsibly as possible. We also invest in innovative technology and upgrade mill processes as these become feasible to enhance our operational excellence and reduce environmental impact.

Unlocking the power of renewable resources

At the heart of our business is a renewable, recyclable natural resource – woodfibre. We use this to create pulp, paper, dissolving pulp and biomaterials solutions that enhance the lives of consumers around the world. We take a comprehensive approach to protecting the environment, beginning with the responsible procurement of wood that is grown and harvested sustainably and sourced only from well-managed forests and plantations.

Tracking key metrics and benchmarking performance

Our E4 Cluster tracks key metrics in the following areas of mill operations: energy, effluent, emissions, solid waste and general environmental issues. To map the environmental impacts of our mills, the Cluster produces and distributes a questionnaire addressing over 80 parameters on environmental performance to all our operating units.

Sappi's mills are required to complete quarterly E4 questionnaires, and to report information relating to energy, emissions, effluent and solid waste. The data is compiled in a database and provides a clear picture of the environmental performance of each mill in the group since 2000. Using the information, comparisons can be made between processes across the group and within the industry. The benchmarking allows the cluster to support management in exploring the reasons for unsatisfactory performance as we transfer the attributes of efficient processes to the less efficient ones.

At the request of management, internal audit reviews the reported E4 Cluster data for Sappi Limited for each fiscal year.

In 2020, in line with our **Thrive** strategy, we established **Thrive** (2025) global goals in addition to regional goals to deal with specific issues. We began tracking and reporting on progress against these goals in FY2021. View **Our performance** in FY2024 (pages 72 – 74 and 93 – 95).

Leading by example

Land, air and water are shared resources. By motivating and encouraging people – particularly those close to our operations – to share our commitment to a thriving world by treading more lightly on the planet, our aim is to enhance the sustainability of the natural resources and ecosystems on which our business depends.

We extract the full potential of
trees and woodfibre
 in line with our commitment to
circular ecosystems and economies.

Our management approach to Planet continued

Our 2024 performance at a glance

Year-on-year

Many of our
products are:



Recyclable



Biodegradable

Specific Scope 1
and 2 GHG
emissions
decreased by
12.8%

Specific process
water extracted
decreased by
9.7%

Specific COD
remained stable
and TSS in effluent
decreased by
33.8%

Specific particulate
matter emissions
decreased by
38.2%

Specific SOx
emissions
decreased by
44.5%

Specific NOx
emissions
decreased by
23.4%

Specific solid
waste sent to
landfill
decreased by
27.7%

Sustainable forestry

Financial materiality

Securing a dependable supply of sustainably sourced woodfibre is core to our operations and our business strategy. We are committed to providing global customers with products free from the risk of deforestation or forest degradation. Furthermore, the pulp and paper industry incentivises long-term forest management by providing markets for responsibly grown wood.

Impact materiality

We manage our forests and plantations sustainably with robust certification standards and a focus on traceability. Our actions help mitigate climate change, safeguard biodiversity and bolster other ecosystem services that support economic, social and environmental wellbeing.

The global forces shaping our Thrive strategy

Climate change and climate transition

Resource scarcity and growing concern for natural capital

Move towards a circular economy

Persistent supply chain challenges

Our top 10 risks

4

Sustainability expectations

5

Climate change

7

Supply chain disruption

How this issue links to other aspects of our business

Our global priority SDGs



Our strategic fundamentals



Grow our business



Drive operational excellence



Enhance trust

Our highlights

High level of self-sufficiency (63% in FY2024) in South Africa from our own plantations in South Africa

Progressing PEFC-endorsed South African Forestry Assurance Scheme forest certification in South Africa

Exceeding our performance against our regional and global certified fibre targets

Excellent progress preparing our systems to comply with EU Deforestation Regulation (EUDR)

Sustainable forestry continued

Background

Sustainably managed forests and plantations play a vital role in mitigating climate change and safeguarding biodiversity, two of the biggest challenges of our time. We promote the increased use of certified woodfibre throughout our supply and value chains, and work with credible, internationally recognised, robust certification systems, which give assurance of the origin of woodfibre and responsible forest management practices.

In FY2024, 77% (FY2023: 75%) of all the wood-based raw material supplied to Sappi's mills originated from FSC or PEFC (including SFI) certified forests. In each of our three regions the share of certified woodfibre supplied in FY2024 was respectively: SEU 88% (FY2023: 86%), SNA 58% (FY2023: 55%) and SSA 85% (FY2023: 83%).

Traceability is paramount

Knowing the origin of woodfibre is essential for responsible sourcing. Sappi's mills have been FSC Chain of Custody (CoC) certified since 2008, and all mills (except Stanger Mill and Lomati Sawmill) are also PEFC CoC certified, including SFI in the USA. This ensures 100% traceability of woodfibre to its origin. Each delivery is verified to originate from controlled, non-controversial sources per FSC and

PEFC standards. Our suppliers report at least annually on the country of harvest and tree species. Third-party certification bodies perform annual surveillance audits, while Sappi's internal audit programmes cover all mills. Any detected non-conformities or improvement points are addressed with action plans to ensure continuous improvement of procurement systems.

Procurement teams in the US, Canada, South Africa and Europe (proNARO, Papierholz Austria, Metsä) exercise due diligence to avoid controversial sources, follow rigorous supplier qualification processes, and know the origin of all woodfibre. Furthermore, in North America, we collaborate with local landowners through the Maine and Lake States Forestry Programmes to source sustainable timber for Somerset and Cloquet Mills. These programmes support woodlot owners in Maine, Minnesota, Wisconsin and Michigan's Upper Peninsula, ensuring high-quality timber while promoting healthier ecosystems and thriving communities. SNA provides fair compensation and expert forestry management services, enhancing forest health and productivity. Sappi conducts supplier site inspections on all stumpage sales in the US and sample inspections on open market/gate wood purchases.

FSC and PEFC certified forests

Sappi Forests in South Africa manage over 400,000 hectares of land, certified by the Forest Stewardship Council™ (FSC™ C012316) and the Programme for the Endorsement of Forest Certification (SA-PEFC-FM-001230). This includes 139,000 hectares of unplanted natural areas for biodiversity conservation. Sappi has held FSC certification for over two decades and was the first to receive the PEFC Forest Management certificate in South Africa in 2021.

The tree plantations were established on former grasslands, avoiding impact on South Africa's natural forests. Comprehensive Environmental Impact Assessments (EIAs) are required to obtain the necessary water use licence before tree planting can commence.

In addition to our own high level of self-sufficiency (63% in FY2024) generated by our own plantations, our Sappi Khulisa enterprise and supplier development (ESD) programme and our work with land-reform beneficiaries also help enhance the security of fibre supply.

Sappi is committed to promoting the certification of small and medium-sized growers in South Africa, offering two group certification schemes to make forest certification more accessible. Many of our timber suppliers are in remote rural communities with limited employment opportunities and a need for infrastructure development. By increasing small grower certification, Sappi drives positive socioeconomic impacts throughout the timber value chain. Certification enhances market access, credibility and trust in forest management practices, ensuring responsible environmental management and business sustainability.

Sustainable forestry continued

Key developments in FY2024

Expanding certification

In 2024, five small timber growers from KwaZulu-Natal achieved a historic milestone by becoming the first participants in the Sappi Khulisa programme to receive forest certification through the Programme for the Endorsement of Forest Certification (PEFC) within the Sappi group scheme for small growers. Together, these growers manage 8,143 hectares of certified timber and include the iMfume Emerging Timber Growers Association, representing 27 small growers from the Mfume district, as well as Sobengwe Trading, MG Farming, Mclean M and Braecroft Timbers Proprietary Limited.

This achievement follows years of dedicated efforts by Sappi and industry partners to overcome certification barriers for small growers, nearly doubling the size of the PEFC group scheme in its first year to include nine growers with a total of 16,019 hectares.

Certification offers critical assurance to our value chain partners that the timber is sourced sustainably, while also improving market access for small and medium growers by enhancing trust in their forest management practices. By supporting biodiversity and responsible environmental stewardship, this initiative strengthens local communities and aligns with global efforts to promote sustainable forestry, underscoring the power of strategic support and collaboration to drive positive change in the forestry sector.

Addressing deforestation

For Sappi, ensuring zero deforestation is fundamental to protecting ecosystems, maintaining biodiversity and supporting a stable climate. As a responsible player in the forest-based sector, Sappi collaborates broadly to promote sustainable forestry and forest certification, fostering transparency and accountability across its operations and supply chains.

In 2024, we took significant steps to align with the European Union Deforestation Regulation (EUDR), an initiative designed to prevent deforestation-linked products from entering EU markets. Sappi actively participated in the Confederation of European Paper Industries (Cepi) and various national trade associations to stay ahead of EUDR compliance requirements. We extended our expertise beyond Europe, providing guidance in South Africa and the US through partnerships with organisations like PAMSA and AF&PA. These collaborative efforts underscore Sappi's commitment to expanding sustainable forestry practices and achieving zero deforestation, thereby contributing to a more sustainable future across all the markets we serve.

Sappi's leadership in sustainable forestry recognised

Sappi North America was honoured with the 2024 SEAL Business Sustainability Awards' Environmental Initiative Award, recognising its proactive work with the Sustainable Forestry Initiative (SFI) to advance standards in sustainable forestry. This collaboration has strengthened SFI's Forest Management and Fibre Sourcing Standards, addressing critical areas like climate-smart forestry, fire resilience, logger training, due diligence and the conservation of high-value forests. Sappi was recognised for our dedication to innovative biodiversity conservation initiatives, including landscape-scale assessments, educational resources for landowners and loggers, and community engagement through the SFI Implementation Committees (SICs).

As one of the world's prominent sustainable forestry organisations, SFI works alongside Sappi and others in the industry to deliver sustainable solutions and to drive environmental responsibility at all levels. This partnership supports our mission to advance sustainable practices, promote biodiversity, and tackle challenges like climate change and wildfire risks, with local and regional SICs playing a key role in outreach, training and conservation.

Opportunities for value creation

Sappi, alongside several other PEFC International Stakeholder Members, has supported PEFC International in launching a study to assess the impact of PEFC sustainable forest management certification in Europe. The project aims to produce scientific evidence of the impact of PEFC sustainable forest management (SFM) certification compared to non-certified forests. The European Forest Institute (EFI) has been appointed to undertake the project. The project has two stages: a desk study and a field verification.

In 2024, the desk study screened existing impact assessment studies, with the findings showing that most European studies linked to SFM impact focused on the economic impact rather than the ecological or social impact. Based on that information, the Sustainability Impact Assessment methodology was developed, selecting relevant indicators that would be applicable and representative of European forestry. The field verification stage, currently ongoing, will use these indicators to assess the impact of PEFC SFM certification. The study's results are expected in 2025.

Sustainable forestry continued

Preparing for the European Union Deforestation Regulation (EUDR)

Sappi has proactively prepared to ensure full compliance with the EUDR. This regulation aims to ensure that products made from commodities like cattle, cocoa, coffee, oil palm, rubber, soya and wood, when sold within or traded with the EU, do not contribute to deforestation or forest degradation and that they align with the production legislation of the country of origin, supported by a due diligence statement.

To meet EUDR requirements, Sappi has updated its IT systems to manage and process relevant compliance data effectively, incorporating reference numbers tied to due diligence statements for traceability and integrating geolocation data. We have also enhanced data flows and system interoperability with suppliers to support seamless compliance. This preparation is underpinned by Sappi's commitment to transparency with its customers, allowing them to demonstrate compliance confidently. Sappi already relies on robust certification systems, including the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC), which involve a third-party certified chain of custody that tracks wood from certified forests to final products. These systems have also developed auxiliary tools to assist in EUDR compliance.

With the European Commission publishing long-awaited guidelines and a delay to the EUDR's application to December 2025, Sappi will continue to finalise our approach to meet the new requirements. These proactive efforts reflect Sappi's dedication to sustainability and regulatory excellence, reinforcing our commitment to responsible forest management and product integrity.



Sustainable forestry continued

Sappi Forests at a glance

2024:
9,561 people (839 direct),
115 entrepreneurial businesses



Landholding

261,580 ha
plantable

139,505 ha
natural

401,085 ha
total owned and leased

129,685 ha
of land belonging to
external suppliers dedicated
to the supply of wood
to our mills



Seedlings

51.97 million

35.56 million
saplings provided
to own plantations

16.42 million
saplings provided
to projects/farmers



Planting

18,620 ha



Harvesting and extraction

3.86 million tons

20.1 million trees



Delivery

5.16 million tons
delivered to Sappi's mills,
including purchased
wood



40.7 million tons
CO₂e sequestered

Sustainable forestry continued

Sappi Forests' overarching objective is efficient, sustainable supply of fit-for-purpose fibre into our mills. We achieve this by:

Growing our own seedlings

Under Sappi's advanced tree improvement programmes, we have developed high-genetic-gain material genomic selection tools to significantly enhance forest productivity, ensuring a steady supply of high-quality seedlings from our nurseries to our plantations. In FY2024, we produced 35.6 million seedlings, with an additional 16.4 million seedlings sold to external growers, bolstering productivity across the industry.

Planned upgrades for our Richmond Nursery in FY2023 were extended to include Clan, Escarpment, and Ngodwana Nurseries, with all but Richmond completed by end-FY2024. Richmond's refurbishments are 65% complete and are expected to finish by Q1 FY2025. These improvements target a 7% to 8% increase in efficiency through lean principles, improved hygiene, ergonomic designs and expanded solar PV capacity.

Clan Nursery has also enhanced sustainability by increasing use of biodegradable Ellepot trays for hardwood cuttings, now at 87% (70% for FY2023) of production, reducing plastic use, minimising root damage and speeding up transplanting. Additionally, upgraded greenhouses offer better climate control, allowing us to create environments favourable to plants but inhospitable to pests and pathogens. In turn, this reduces pesticide reliance as part of our integrated pest management strategy. These developments reflect Sappi's ongoing commitment to operational sustainability and efficiency.

Optimal utilisation of landholding production capacity Reducing temporarily

unplanted (TUP) land and enhancing soil fertility

In FY2024, we achieved a milestone in reducing 12-month average **temporarily unplanted (TUP) land** – areas awaiting re-establishment post-harvest – bringing it down to 3.04%, significantly below the global benchmark of 4%. This achievement adds over 45,000 additional tons per year to our sustainable harvest capacity, while enhancing carbon sequestration and storage. To support long-term soil fertility and productivity, we are shifting from pre-rotation burning to mulching. Though more costly, mulching preserves soil moisture, boosts soil organic carbon, and mitigates erosion and compaction.

Our research shows a 29% increase in white wet tons (wwt) at harvest with mulching. In FY2024, we expanded mulched areas by 1.83%, covering 11.68% of our landholdings. We rigorously monitor tree health using metrics like growth rate, age and utilisation efficiency, complemented by an annual pre-harvest measurement programme that assesses 20,000 hectares. In addition, biennial airborne laser scans of our plantations track trends, ensuring that our practices enhance yields and sustainability across our operations.

Ensuring the right species mix

Given the diverse climatic zones across Sappi's landholdings, our tree breeding objective is to develop both **hybrid varieties and pure species alternatives** tailored to each site. Our breeding initiatives primarily focus on Eucalyptus and pine. For Eucalyptus and pure pine species, we aim to enhance commercial pure species and hybrids, develop pure species that can serve as partners for hybrids, maintain genetic diversity to address future challenges, and introduce new species with potential for growth. Our Eucalyptus hybrid breeding programme emphasises the rapid development of commercial hybrid varieties, ensuring a continuous pipeline of future options while testing new hybrid combinations to adapt to changing environmental conditions.

Hybrid breeding enables us to combine desirable traits that are often not found in a single species, enhancing plant adaptability. This is particularly crucial as hybrids can thrive in conditions where pure species may struggle. We have made significant advancements in creating three-way and four-way hybrids, as well as backcrosses, to ensure resilience and productivity across our plantations. This comprehensive strategy not only enhances forest productivity but also strengthens our capacity to adapt to environmental changes.

Breeding for water use efficiency and superior genotypes

Available water is the main driver of tree growth in South African plantations. Our climate change modelling shows a high-drought risk and changing precipitation patterns that threaten future growth rates. In response, our tree breeders are developing genotypes that produce more wood with less water. Current Eucalyptus genotypes, such as *E. dunnii* and various hybrids (*E. grandis* x *E. nitens* hybrids and *E. grandis* x *E. urophylla*), have better water use efficiency than the previously planted pure *E. grandis*. Ongoing genetic improvements from breeding initiatives are integrated into planting programmes. We research and develop vegetative propagation protocols to enhance the production of superior genotypes and maintain plant quality. These breeding efforts are supported by the latest molecular genetics techniques in collaboration with the Forest Molecular Genetics Programme at the University of Pretoria and through tissue culture propagation methods.

Sustainable forestry continued

Breeding for pest and disease tolerance

Trees, like all crops, are vulnerable to pests and diseases. Increased global trade has brought more non-native insect pests to South Africa. Our climate models predict a 3°C to 7°C rise in mean annual temperatures, which will likely boost pest reproduction, survival and geographic spread, increasing infestation risks. To combat this, we breed trees resistant to pests and diseases, and resilient to frost and drought. Our research teams specialising in land management and pest and disease programmes focus extensively on stress detection, climate change predictions, site classification and optimisation, risk mapping, and biological control measures.

Further detail on Sappi Forests' response to climate change is discussed on page [145](#) of this report.

As members of the South African Institute for Commercial Forestry Research, we are also a founding member of the Tree Protection Co-operative Programme (TPCP) at the Forestry and Bio-technical Institute, University of Pretoria. Through the TPCP, we support and fund the international Biological Control of Eucalyptus Pests programme. Additionally, we are involved with and support the Forest Molecular Genetics Programme at the University of Pretoria, Camcore – an international non-profit focused on subtropical and tropical tree species conservation and utilisation; the Eucalypt Pest and Pathogen Working Group, and the South African Institute of Forestry.

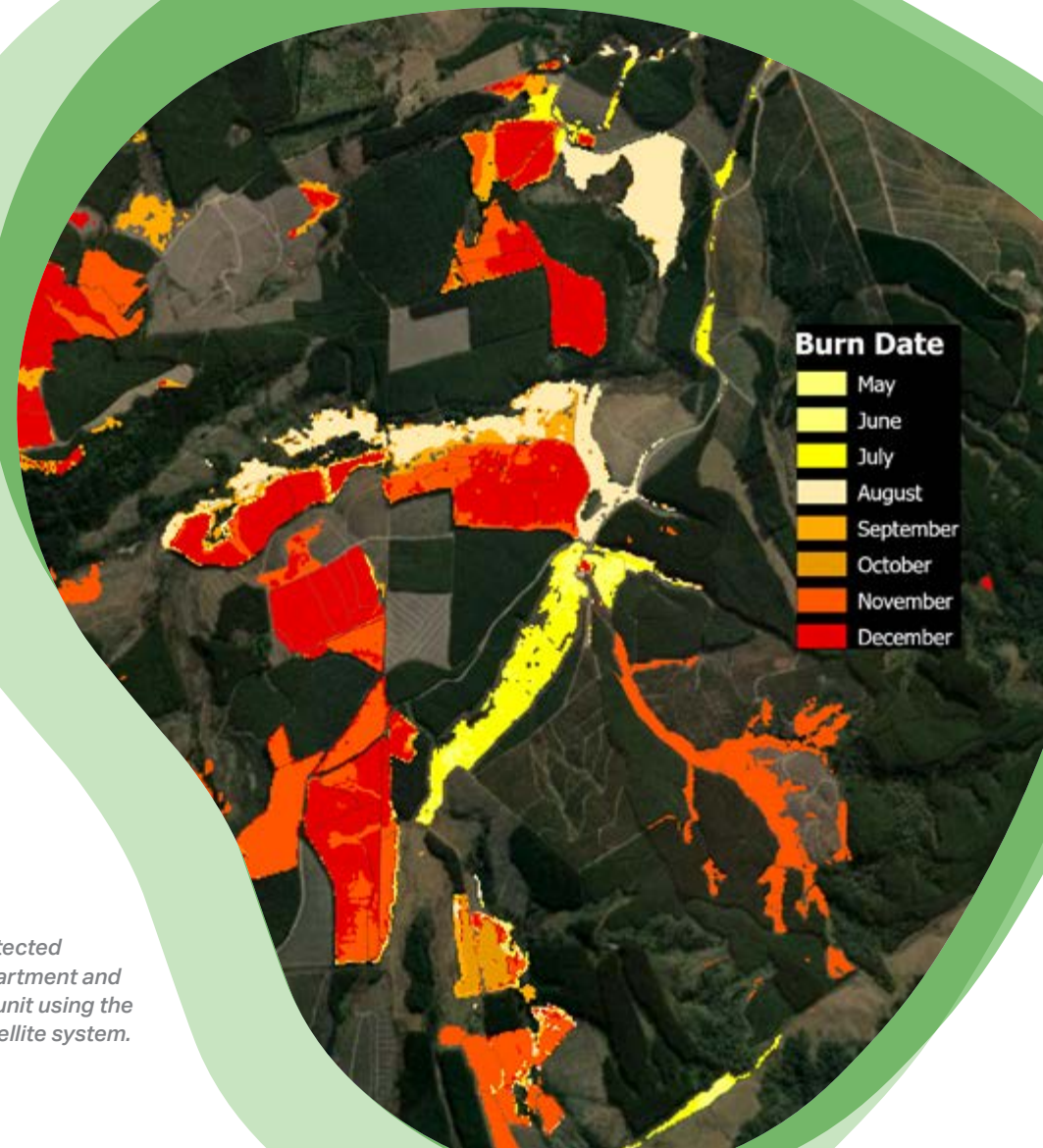
Precision forestry enhancing operational excellence

Sappi's precision forestry team has developed several tools to drive operational excellence in our forestry operations and mills.

Satellite burn scar detection for firebreak conformance and monitoring

This initiative has developed a methodology for repeated burn scar monitoring to improve fire break conformance and reporting efficiencies. It will enhance area calculations for carbon tax reporting and inspections or clean-ups to reduce fire resurgence. Using Sentinel-2 satellite imagery (10 m resolution), indices are automatically calculated and categorised to map effective burned areas within compartments (slash burn) and conservation units. Tests showed this in-house product was more accurate in detecting burns than previous commercial products. Future work includes monitoring areas outside Sappi boundaries to improve fire suppression strategies and fire prevention on Sappi land, aligning data on fire preparations, and providing an actual versus planned progress report for the 2025 season. The method has also been customised to quantify post-fire damage and determine salvageable timber suitable for specific markets.

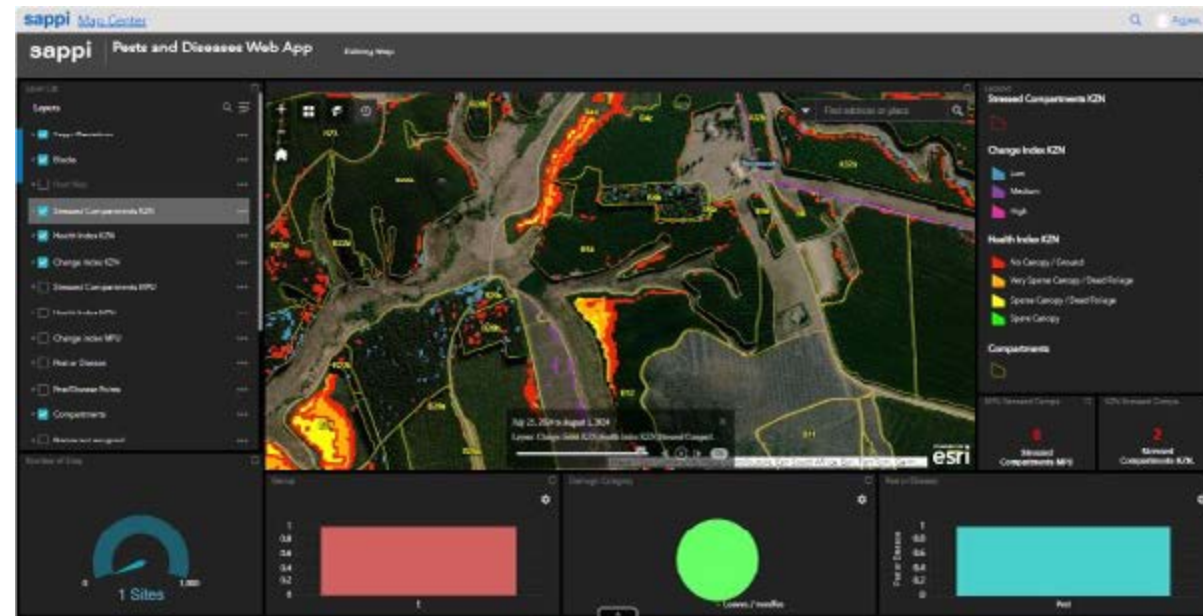
Burn scars detected within a compartment and conservation unit using the Sentinel-2 satellite system.



Sustainable forestry continued

Plantation Health Monitoring (PHM)

An invaluable plantation monitoring system that can identify and flag stressed tree compartments monthly, where each compartment is automatically compared to its best performance month through the year, with changes highlighted in a GIS dashboard. This system successfully identifies regions affected by frost, drought, wind and fire damage, while also capturing seasonal changes. Foresters and plantation managers now have access to a digital tool providing near-real-time visual data on crop health. Future efforts will focus on identifying weedy compartments for early detection and prioritisation, enhancing forest planning and operations.



Plant Health Monitoring (PHM) tool available on the GIS map centre for up-to-date information related to the current growing stock condition throughout the year.

Sustainable forestry continued

Sniffer 4D fugitive gas module for drones

By collaborating with mill operations, Sappi's precision forestry team leverages advanced data insights to enhance operational efficiency and reduce environmental impacts. The precision forestry team integrated the Sniffer 4D sensor with their DJI M350 drone surveys at Saiccor Mill. The sniffer can detect multiple air pollutants (CH_4 , H_2S , HCl , SO_2) as well as measure temperature and humidity, streaming data in real-time for analytics. Monitoring SO_2 levels is particularly crucial at the mill, both on the ground and around the perimeter. The sniffer sensor complements the strategically located ground monitoring stations and focuses on infrastructure near MgO1, supporting ongoing maintenance plans and improving the identification of fugitive gas emissions.

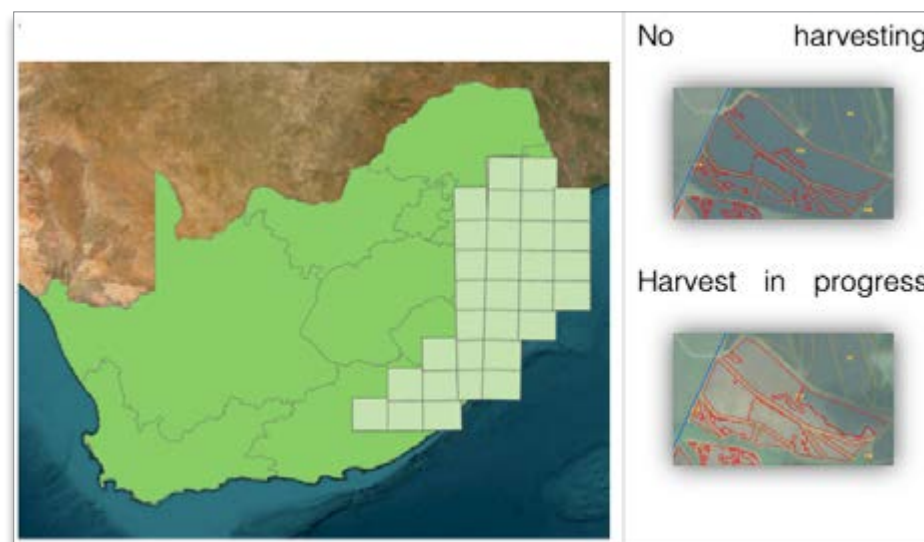
Collaboration with tertiary institutions Forest operations platform at the University of Stellenbosch

Sappi Forests, in collaboration with other industry stakeholders in South Africa, directs research in harvesting, transportation and enabling technologies to enhance operational efficiency and reduce costs. This initiative also provides bursaries for postgraduate students conducting industry-relevant research. Furthermore, Sappi Forests' staff contribute to the academic community by delivering guest lectures at Stellenbosch University each year, offering valuable industry insights to enrich the forestry curriculum.

Opportunities *for* value creation

Automated Remote Harvest Monitoring (Auto-RHM) System

This system tracks and monitors harvest operations in South Africa using Sentinel-2 satellite images, detecting freshly harvested areas every five to seven days. Customised to include the monitoring of external resources such as Khulisa projects and purchased timber, it aligns and adheres with the EUDR framework. It enhances Sappi's sustainable sourcing practices and traceability measures, ensuring that our supply chains do not contribute to deforestation.



The area of interest indicated by the array of Sentinel-2 satellite tiles that will be used for verifying harvesting of timber on Sappi's own forest land and external forest land, including Khulisa and purchased timber.

Climate change

Financial materiality

We recognise that climate change is financially material to our operations and our value chains. The effects of climate change, including extreme weather events and shifting climatic conditions, can significantly impact the health and availability of the forests that provide our raw materials. This not only affects our supply chain but also increases operational costs as we adapt to these changes. Additionally, as stakeholders increasingly demand sustainable practices, our ability to maintain market access and uphold our brand reputation relies on our commitment to climate action and environmental stewardship.

We are also aware that evolving regulatory frameworks aimed at combating climate change will impose new compliance costs and operational requirements. The transition towards a low-carbon future necessitates the availability of advanced technology, renewable energy sources and significant investment. Furthermore, we understand that the financial impact of climate change on our business, stemming from physical and transitional risks, must be continually assessed, mitigated and adapted to. Therefore, proactively addressing climate change is essential to ensuring our long-term financial stability and resilience, allowing us to continue delivering value to our customers, shareholders and communities.

Impact materiality

As identified by the United Nations, fossil fuels are the largest contributor to global climate change, responsible for over 75% of global greenhouse gas (GHG) emissions and 90% of carbon dioxide emissions. In response, Sappi is dedicated to reducing our reliance on fossil fuels and lowering the emission intensity of our products. By actively contributing to climate change mitigation, we aim to alleviate the negative impacts on ecosystems, water resources, biodiversity and human health.

Failure to take decisive action could have profound environmental and social repercussions, including the degradation of vital ecosystems, loss of biodiversity and increased frequency of extreme weather events. These changes not only threaten the health of our planet but also endanger the livelihoods of communities that depend on natural resources. The ramifications of inaction could lead to heightened resource scarcity, social inequality and increased health risks for vulnerable populations, underscoring the urgent need for Sappi to play its part in climate action.

The global forces shaping our Thrive strategy

Climate change and climate transition

Resource scarcity and growing concern for natural capital

Changing consumer and employee behaviour

Rising social inequality and growing social activism with increased expectations of business

Move towards a circular economy

Our top 10 risks

4

Sustainability expectations

6

Evolving technologies and consumer preferences

7

Supply chain disruption

How this issue links to other aspects of our business

Our global priority SDGs



Our strategic fundamentals



Grow our business



Drive operational excellence



Enhance trust

Our highlights

SEU increased its share of renewable energy by 15 percentage points compared to last year. This significant increase is mainly due to Kirkniemi Mill eliminating coal as fuel source in their multi-fuel boiler, switching to biomass residues such as bark, sawdust and wood chips

The closure of our Stockstadt and Lanaken Mills contributed positively to a reduction in Scope 1 emissions as these mills relied heavily on fossil fuel sources

SNA continues to operate at a high level of renewable energy of 77% in FY2024

In SSA, Saiccor Mill increased its renewable energy consumption by adding purchased biofuel, Mkomazi alien fuels, as fuel source into its biomass bark boiler

Promoted Verve and the importance of working forests to transition to a low carbon economy with value chain partners through keynote addresses, organised learning journeys and participation in industry panels

Climate change continued

Background

Compared to our 2019 baseline, Sappi's absolute GHG emissions have decreased by over 30%. The increased use of renewable energy, more efficient self-generation of electricity and efficient energy management all contributed significantly to the decrease in GHG emissions.

In FY2024, our Scope 1 and 2 GHG emission intensity in all three regions decreased compared to the previous year. The significant decrease of 33.5% in SEU compared to last year is due to ongoing decarbonisation and renewable energy projects, including the boiler fuel switch at Kirkniemi Mill and closure of Stockstadt and Lanaken Mills. SNA and SSA

also contributed positively with decreases of 5.2% and 5%, respectively, to the overall decrease in GHG Scope 1 and 2 intensity of 13%.

The improvement in production and decrease in market-related production curtailments in FY2024 improved operational efficiencies, contributing to the decrease in Scope 1 and 2 GHG emissions intensity compared to last year.

Sappi is committed to addressing climate change through a comprehensive climate strategy that aligns with climate science and supports a just energy transition. To this end, we have set a validated science-based emission reduction target for 2030 and

estimate a capital investment of US\$60 million to US\$70 million per annum to achieve our decarbonisation efforts.

Our approach embeds carbon impacts into our capital allocation processes, using an internal carbon price to guide decision-making. We employ physical and transitional scenario modelling to assess climate risks and opportunities, informing our mitigation and adaptation strategies. We continuously monitor and transparently report on our climate KPIs, and we have integrated our science-based targets into long-term remuneration awards. In South Africa, we acknowledge the challenges posed by reliance on coal and the social implications

of decarbonisation, which drives us to engage with regulators and stakeholders to advocate for a just transition that ensures no one is left behind.

Our TCFD Report which provides comprehensive disclosures on our climate governance, strategy, risks and opportunities and our transition plan can be found here www.sappi.com/files/2024-sappi-tcf-reportpdf 

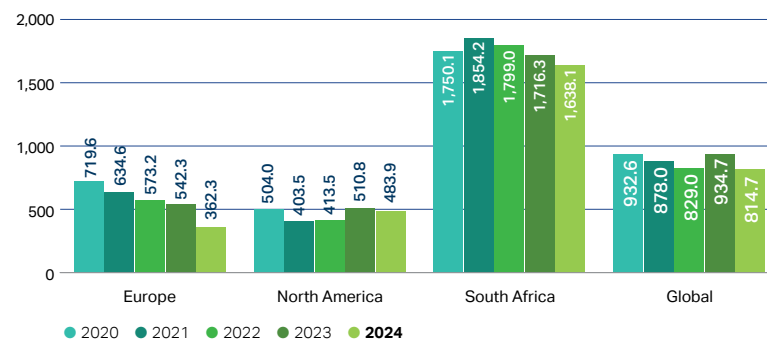
Climate change continued

We have committed to reducing Scope 1 and 2 GHG emissions by **41.5%** per ton of product by 2030 from 2019 base year. We have also committed that **44%** of our suppliers (by spend) will have science-based targets by 2026.

Please refer to Our 2024 Planet indicators on www.sappi.com/2024GSDR-Planet-indicators for the graphs in this section together with other graphs detailing: 

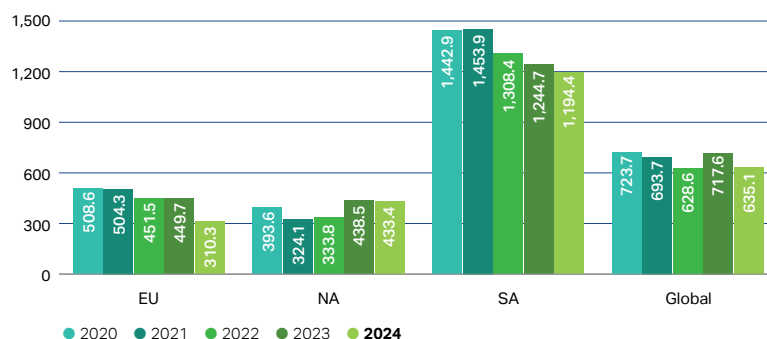
- Specific NO_x emissions
- Specific SO_x emissions
- Specific particulate matter emissions
- Absolute emissions related to the above.

Specific GHG emissions (Scope 1 and 2) (kg CO₂e/adt)



* Restatement of 2020 to 2023 due to improved data quality.

Direct emissions (Scope 1) (kg CO₂e/adt)



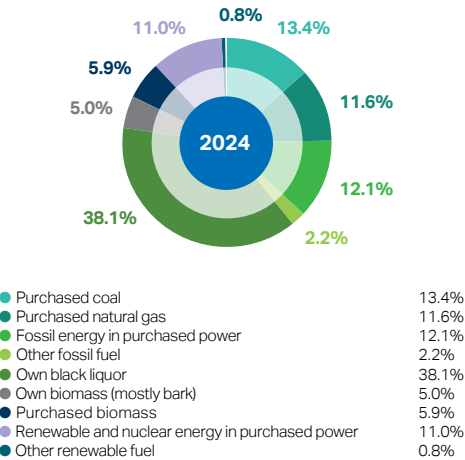
* Restatement of 2020 to 2023 due to improved data quality for SNA, SSA and Global.

A **global decrease** in Scope 1 direct emissions was observed, driven by various region-specific initiatives and improvements aimed at reducing fossil fuel consumption and enhancing energy efficiency. In **SEU**, the **decrease** was primarily attributed to Kirkniemi Mill's transition to biomass as a fuel source. This shift not only reduced reliance on fossil fuels but also significantly improved the facility's overall emissions performance. The closure of Lanaken and Stockstadt Mills further contributed to the reduction, as both mills had historically relied heavily on fossil fuels, and their closure eliminated the associated emissions. In **SNA**, there was a **slight decrease** due to improved operational efficiencies across several mills. At Cloquet, Matane, and Westbrook Mills, reductions in specific emissions were largely driven by decreased market downtime, which allowed for more stable operations and enhanced process efficiencies. Cloquet Mill, in particular, achieved a reduction in absolute Scope 1 emissions due to a shift from natural gas to increased biomass usage in the boilers.

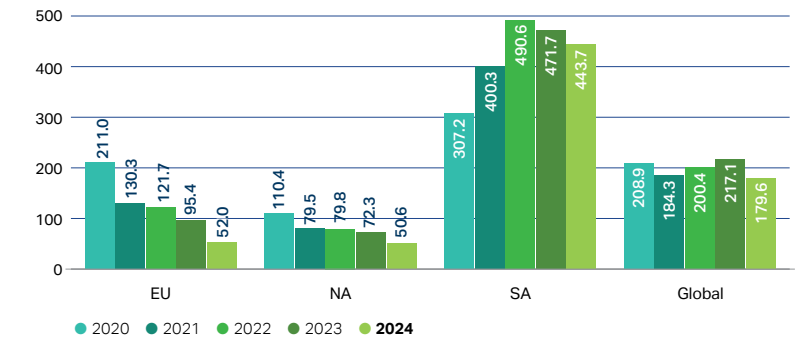
At Somerset Mill, however, Scope 1 emissions increased slightly due to higher natural gas consumption during a cold mill outage and other process disruptions. Despite this, improvements at other facilities helped mitigate the overall impact, leading to a net reduction in the region's Scope 1 emissions. In **SSA**, there was a **slight decrease**. Saiccor Mill consumed less coal and heavy fuel oil due to better boiler availability and increased use of renewable energy sources (black liquor and alternative biomass). Stanger Mill experienced a reduction in steam demand, which led to lower coal usage, primarily due to an extended off-crop bagasse season. Lomati Sawmill consumed less diesel for on-site transportation, contributing to overall emissions reductions. Tugela Mill's improved efficiency was evident through a better steam-to-coal ratio in high-pressure boilers and reduced gas usage in low-pressure boilers, thanks to less downtime on the high-pressure boilers.

Climate change continued

Fuel sources (%)



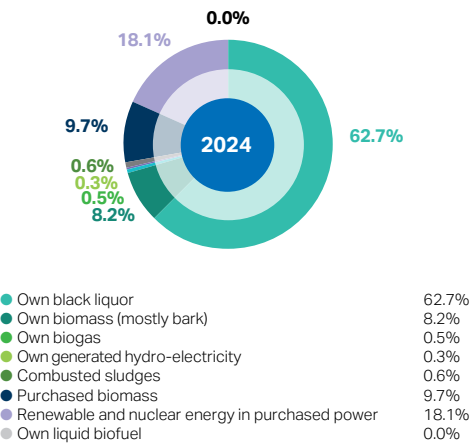
Indirect emissions (Scope 2) (kg CO₂e/adt)



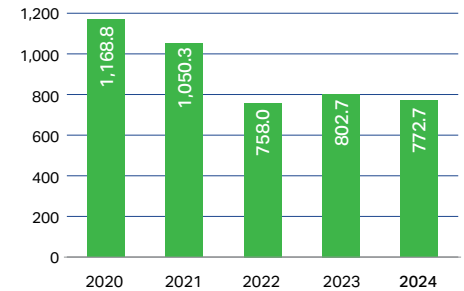
* Restatement of 2023 due to improved data quality for SEU and Global.

Globally there was a **decrease** in Scope 2 indirect emissions, reflecting significant steps taken across regions to reduce reliance on purchased power and increase renewable and self-generated energy sources. In **SEU**, the **decrease** was largely driven by Kirkniemi Mill's switch to cleaner, purchased power, which significantly lowered Scope 2 emissions. In **SNA**, **improvements** in Scope 2 emissions were achieved through a combination of reduced purchased power at Cloquet Mill and the increased purchase of Renewable Energy Certificates (RECs) at Somerset Mill. In **SSA**, a **decrease** was observed across several facilities. Ngodwana Mill's decision to discontinue sale of RECs allowed the facility to use more of its internally produced renewable energy, thereby decreasing reliance on purchased power. Tugela Mill enhanced its power self-sufficiency, further reducing its dependence on purchased electricity. Additionally, Saiccor Mill's higher production levels increased availability of black liquor, a renewable fuel used for internal power generation, which reduced the need for externally sourced power.

Renewable and clean energy breakdown (%)



Specific GHG (Scope 1 and Scope 2) emissions per revenue (t CO₂e/US\$ million)



* Restatement of 2020 to 2023 due to improved data quality.

Climate change continued

Key developments in FY2024

Each of our three regions have crafted a comprehensive decarbonisation roadmap that aligns with our science-based targets. We adopt a holistic strategic approach to carbon abatement, assessing projects globally to ensure cost-effective decarbonisation. This methodology optimises our efforts and helps future-proof our strategic assets in expanding markets.

Decarbonising our mill operations Decarbonisation in Europe

Leveraging fuel switching to renewables

In Europe, we have successfully leveraged fuel switching in our boilers to drive decarbonisation efforts. In 2022, we modernised Boiler 11 at Gratkorn Mill, enabling a transition from coal to a fuel mix of biomass and natural gas, which resulted in an impressive 30% reduction in the mill's carbon footprint. The second phase of this initiative, known as Project BioFit, began in 2023 and has been making steady progress throughout 2024. This project is focused on enhancing the mill's biomass handling capacity by establishing essential storage and handling systems. A key milestone was achieved in September 2024 with the commissioning of a conveyor system that transports biomass from the wood yard to the newly installed storage silos, paving the way for subsequent project phases in 2025 that will facilitate a complete conversion to biomass. Despite the current limitations in biomass capacity, the mill increased its renewable energy use to over 56% in 2024, reflecting a 16-percentage point improvement from pre-project levels.

This percentage is expected to rise further with completion of the biomass handling infrastructure.

Successful completion of the boiler fuel switching project at Kirknemi Mill in FY2023 marked a significant advancement in our commitment to sustainability by enabling a complete transition from coal to biomass. This shift to clean and renewable energy sources, alongside necessary infrastructure modifications, resulted in substantial performance improvements in 2024. Notably, the mill achieved an impressive emissions intensity reduction of over 90% compared to pre-project levels, while its share of clean and renewable energy soared to 95% in the current reporting year. This transformation enhances our environmental footprint and positions Kirknemi Mill as an industry leader in sustainable energy practices.

Leveraging electrification

This year, we received approval and began construction on a second electric boiler at Maastricht Mill, a project aimed at further reducing our CO₂ emissions. This initiative builds on the success of the plant's first 20-megawatt electric steam boiler, which was commissioned in 2021. The electric boilers convert electrical power into steam to operate the plant, strategically coordinating peak electricity consumption with times of maximum renewable energy input to the grid, thus contributing to the stability of the national grid. As a result, we expect direct GHG emissions to decrease by 14% by 2026 and by 30% by 2030, compared to 2019 levels.

Like its predecessor, the new electric boiler will primarily use power sourced from renewable energy, such as solar and wind.

Energy study concluded

Throughout 2024, we conducted a feasibility study to explore options for steam and power production at Alfeld, Condino and Ehingen Mills. The goal was to enhance the share of renewable and clean energy in line with our decarbonisation strategy while ensuring that mills maintain their production capacity. The study identified five potential strategies to achieve each mill's targets, evaluating options based on technical and economic viability. The final selected approach underwent further financial analysis and was assessed for related business opportunities connected to the mills' energy supply. With this comprehensive analysis now complete, we are better equipped to consider alternative energy systems at these mills. In future, we can leverage these findings to guide our decisions, support conceptual design, and ultimately execute decarbonisation projects effectively.

Decarbonisation in North America

In this region, we operate with an impressive 77.4% renewable energy, achieving best-in-class emissions performance in both the packaging and graphic papers sectors. As the states in which we operate have mandated an increase in the percentage of renewable power in their grids, our mills are positioned to benefit from this shift, extending our advantages into Scope 2 emissions. In 2020, we launched Lean Six Sigma projects focused on operational efficiency to ensure we continue to advance our renewable

energy initiatives and optimise our fuel mix for the best possible emissions outcomes.

However, challenging market conditions and operational shutdowns affected our fuel choices in FY2024, leading to an increased reliance on fossil fuels. Despite this, our performance remains exemplary at 77.4% renewable energy, and we are committed to further increase our use of renewables and reduce our dependence on fossil fuels. Notably, four Lean Six Sigma projects aimed at steam and boiler optimisation have resulted in a reduction of approximately 10,000 tons of GHG emissions at Somerset Mill.

Decarbonisation in South Africa

Decarbonising our South African assets presents more challenges compared to other operating regions. Although we have achieved a relatively high level of renewable energy integration compared to other South African companies – thanks to our use of our own black liquor and biomass fuel sources (53% of our energy is derived from renewable sources) – SSA is not fully self-sufficient and relies on purchasing energy from the national utility provider, Eskom, which predominantly generates power from coal. With the slow pace of renewable energy development in the country, our decarbonisation roadmap assumes that we may need to invest in our own renewable energy assets to abate our Scope 2 emissions, but this is not our preferred strategy.

Climate change continued

Climate action through sustainable procurement

In May 2024, we achieved a significant milestone by signing a 175 GWh per annum renewable energy Power Purchase Agreement (PPA) with Enpower Trading, one of the pioneer private electricity trading companies licensed by NERSA (National Energy Regulator of South Africa). This renewable energy initiative will enable SSA to reduce emissions by 6%. The power supplied to Sappi will come from SolarAfrica Energy's Sun Central PV project, one of South Africa's largest solar farms, located southeast of De Aar in the Northern Cape with a capacity of 1 GW. Power delivery is scheduled to start end December 2025. This agreement marks a groundbreaking first-of-its-kind PPA, allowing Enpower Trading to provide Sappi with a utility-scale renewable power solution over the next five years.

The joint venture **Mkomazi Alien Fuels** at Saiccor Mill incorporates an ZAR80 million biomass pellet manufacturing plant which uses wood shavings and other wood waste left over from the mill's manufacturing processes. It aims to avoid 57,000 tons of annual landfill waste, averting 322,000 tons of CO₂ emissions over a 10-year period. It will also avert 62,457 tons of CO₂ emissions annually through fossil

fuel substitution. The project will create 68 full-time and 49 part-time jobs in local communities.

Leveraging climate action through our value chains

Our Verve dissolving pulp team actively engages through the textile value chain to drive climate action and advocate for the positive role of forests and wood-based products to mitigate climate change.

To support a low carbon circular textile bioeconomy, we actively promoted Verve and the role of working forests to advance a low-carbon economy through keynote addresses and organised learning journeys, industry panels and targeted marketing communication. The Verve team hosted its second learning journey in South Africa in 2024, welcoming local and international stakeholders to see firsthand how Sappi invests in climate resilience and decarbonisation. Participants learned about our advanced R&D initiatives aimed at breeding trees resilient to future climate change and saw how Sappi creates shared value through impactful community programmes within its forestry operations.

With the textile value chain struggling to meet its 2030 decarbonisation goals and adaptation to extreme weather becoming a priority, Sappi Verve was invited to join a panel discussion at Cascale's annual membership meeting with leading fashion brands and manufacturers. The panel explored climate action and how to overcome barriers to accelerate progress. We shared learnings from our engagement with governments on the just transition and our approach in creating community-driven shared value. Sappi also participated in the Challenge the Fabric event in Milan where brands, designers and producers discussed the future of wood-based cellulosic fibres. This event was an opportunity for Sappi to reinforce its sustainability leadership and promote principles of inclusive sustainability.

Responding to climate change on Sappi's plantations

Sappi Research, Planning and Nurseries maintain a strong focus on mitigating the effects of climate change and water stress through tree breeding and enhanced silvicultural practices. Our tree breeding and tree biotechnology research programmes aim to develop trees that are resistant to biotic and abiotic threats, including frost, drought,

pests and diseases, which are expected to increase in frequency due to climate change. Additionally, Sappi's land management and pest and disease programmes conduct research on stress detection, climate change predictions, site classification for improved site-genotype matching, risk mapping, nutritional studies, site resilience, and biological control measures along with a national pest and disease survey.

Sappi is also participating in a collaborative project to simulate reduced rainfall on various genotypes while conducting a tree physiology study to explore the interaction between drought tolerance and recovery. Approved by Forestry South Africa in 2023, this project receives partial funding from the Department of Science and Innovation through the Sector Innovation Fund. The first phase will involve eight genotypes grown under controlled irrigation conditions within a nursery tunnel structure. Through these extensive R&D efforts, we are adapting our plantations to the realities of climate change, ensuring their future resilience.

Climate change continued

Sappi Chair in Climate Change and Plantation Sustainability at the University of the Witwatersrand (Wits) in Johannesburg

Professor Mary Scholes, an internationally recognised authority on tree physiology and climate change affiliated with the Wits School of Animal, Plants and Environmental Sciences, serves as the Research Chair. Her primary aim is to identify critical research needs and outputs related to climate change. In addition to mentoring young academics, she funds a post-doctoral fellow and provides bursaries for Master's and Honours students. Professor Scholes also works to enhance the capacity to interpret climate modelling data, addressing the global demand for accurate GHG emissions accounting from forests, land, and agriculture. Sappi's initial sponsorship extends until 2026. Since 2020, Wits, in collaboration with the Wits Global Change Institute, has focused on developing more accurate climate models and methodologies to inform resource management and investment decisions for forestry as a long-term crop.

University of the Witwatersrand (Wits) Global Change Institute (GCI) climate change project

Since 2020, Sappi has collaborated with industry partners and the Wits Global Change Institute (GCI) to address climate data relevant to the forestry sector. This partnership has included workshops and training sessions that have identified key priorities, with Dr Yolandi Ernst playing a pivotal role in the initiatives. Critical climatic data derived from six downscaled CMIP 5 Global Climate Models is currently being uploaded to the University of Pretoria Information Hub for testing purposes. As part of this effort, a PhD candidate was selected to study the impact of climate change on fire behaviour, while a post-doctoral researcher is focusing on interpreting climate modelling data specifically for the forest industry. Sappi employees actively participate in these projects to ensure that the research remains operationally applicable.

Opportunities *for* value creation

In April 2024, Steve Binnie and 80 chief executives from leading companies and civil society organisations and three UN agencies, united in their support of a two-year extension of the Business Commission to Tackle Inequality (BCTI). Sappi recognises the need to collaborate as broadly as possible to deepen corporate accountability for inclusive, equitable markets and deliver a just transition to a net-zero, nature-positive economy. BCTI is designed to accelerate the 2030 Agenda in the run-up to COP30 in Brazil. With 55 corporate and 28 non-private sector leaders as members, BCTI will focus on transforming organisations and value chains while addressing market-level roadblocks.

Water stewardship

Financial materiality

Water is essential to all life, and it is equally crucial to our business. It nourishes trees, aids in pulp and paper production and generates steam power in our mills. Recognising that water stewardship is not just an operational necessity but integral to our long-term strategic objectives, all our mills use and treat water according to comprehensive environmental permits, essential for growing our business and sustaining our financial health. We embed operational excellence in our environmental water management plans for our manufacturing business and for our plantation forestry and nurseries. We incorporate internal and external water-related risks, along with climate change trends, into our operational and capital expenditure plans to ensure sustainable practices, which are reviewed and updated annually.

Impact materiality

Currently, roughly half of the world's population experiences severe water scarcity for at least part of the year, as climate change continues to disrupt natural rain cycles through rising global temperatures. Water-related hazards such as droughts and floods impact socioeconomic growth, food security and public health, highlighting the urgent need for sustainable water management. Recognising water as a finite and essential resource for our operations, we are committed to conserving water and enhancing the efficiency of our pulp and papermaking processes. This involves extensive recycling within these processes and improving the quality of the wastewater we discharge.

The global forces shaping our Thrive strategy

Climate change and climate transition

Resource scarcity and growing concern for natural capital

Changing consumer and employee behaviour

Our top 10 risks

4

Sustainability expectations

6

Evolving technologies and consumer preferences

7

Supply chain disruption

How this issue links to other aspects of our business

Our global priority SDGs



Our strategic fundamentals



Grow our business



Sustain our financial health



Drive operational excellence



Enhance trust

Our highlights

Total water withdrawal decreased by 3.1% year-on-year in FY2024 and by 2.3% over the last five years

Specific process water decreased by 9.7% with all regions recording year-on-year improvements

Sappi Verve joined the Zero Discharge of Hazardous Chemicals Foundation in a pre-competitive initiative to set best practice air and wastewater emissions standards for the dissolving pulp industry

Continued to progress our nature-positive efforts through our WWF Water Stewardship partnership and began discussions with brand owners in the fashion sector interested in investing in this initiative



Water stewardship continued

Background

Our Water Stewardship Policy  <https://www.sappi.com/groupwaterstewardshippolicy> outlines our commitment to building long-term water resilience. This policy emphasises regular reporting on water metrics, continuous exploration of new water-related technologies and active stakeholder engagement. Our goal is to ensure that water management practices are seamlessly integrated throughout our entire production and supply chain.

Our total water withdrawal includes sourcing from rivers, storage dams, boreholes and potable water supplies. Water usage is generally lower in Europe due to a lower level of pulp production compared to North America

and South Africa. Pulp production is generally more water-intensive than paper production.

In FY2024, global total water withdrawal decreased by 3.1%, a notable achievement given that production increased compared to last year, highlighting improvements in water efficiency across all regions. In North America, production curtailments reduced substantially from last year which allowed the mills to increase capacity utilisation, thereby driving gains in water efficiency. Similarly, in Europe, the closure of the Stockstadt and Lanaken Mills, coupled with the strategic transfer of sales volumes to other European graphic papers assets, greatly improved regional capacity use, leading to substantial enhancements in water efficiency.

Most of our mills are located near rivers, from which they draw water subject to local licensing conditions. Water management is integral to our operational environmental plans, reviewed and updated annually. At our mills, water is recycled and reused up to 10 times, undergoing various levels of treatment as needed. Effluent is treated to remove pollutants, and the resultant sludge is often used as a renewable fuel source. In FY2024, we successfully returned 91% of our water intake to its original sources.

In South Africa, a semi-arid region with high precipitation variability, we aim to reduce specific process water use by 23% by 2025, compared to 2019 baseline. We work with external consultants to conduct climate

change scenarios for our mills, using water stress as a key climate hazard indicator. These scenarios, aligned with our strategic decarbonisation goals, project conditions to 2030 and 2050.

We have also conducted extensive scenario analysis for our plantations in South Africa. Our scenario analysis has highlighted higher levels of water stress than previously anticipated, underscoring the need for long-term planning. Given the lengthy rotation periods for forestry crops – 10 years for Eucalyptus and 20 years for pines – our strategy increasingly focuses on tree improvement research. We aim to breed drought-resistant trees and match species to site-specific water qualities, ensuring resilience and sustainability in our operations.

Water stewardship continued

Key developments in FY2024

Assessing water risk

With water security highlighted as a potential risk to our operations, we conduct annual water risk assessments using the WWF Water Risk Tool to determine if our mills are located in areas classified as water stressed. In 2024 our analysis using the recently updated WWF water risk tool indicated that none of our operations fall into high-risk¹ categories.

Water stewardship within our mill operations

We continue to make strides in water stewardship through targeted projects that optimise water use and improve water quality across our operations.

In **Sappi Europe**, Carmignano Mill launched a project in April 2024 to refine the water circuit of the PM6 pulper. The aim was to reduce freshwater consumption, balance water use during fibrillated cellulose (MFC) preparation, stabilise the PM6 process and minimise waste. Previously, the pulper relied on two 25 m² tanks filled to accommodate peak demand, which led to inefficient and irregular water demand patterns, excess freshwater usage, variable process water quality and challenges with pulp discharge.

By redesigning the water management system – repositioning valves, installing flow meters and updating distributed control systems (DCS) – the project treats the two tanks as one unit, ensuring consistent water flow and reducing

demand peaks. This adjustment has not only optimised dilution for different paper grades but also enhanced pulp discharge control and refining consistency. In 2024, this project led to some water savings at the mill, with an estimated annual reduction potential of nearly 100,000 cubic metres. Additional benefits include improved operational management, process stability, reduced fibre and pigment loss, and consistent cellulose discharge.

At Alfeld Mill, water treatment was further enhanced in 2024 by adding advanced flotation units to the wastewater treatment process. These units, installed after the aerobic stage, have significantly improved the separation of activated sludge from treated wastewater, resulting in fewer solid particles and phosphorus pollutants discharged into the river Leine. The flotation units act as a pre-final filtration step, refining the water quality before it undergoes final treatment with the mill's sand filters. This installation is a major milestone in Alfeld Mill's ongoing efforts to reduce phosphorus concentration in its wastewater. Since 2009, the mill has progressively reduced phosphorus levels and separated biomass from the effluent in multiple stages, with the new flotation units contributing an additional 20% reduction in phosphorus and suspended solids.

In **Sappi North America**, a dedicated team at Cloquet Mill identified an opportunity to increase productivity of the foul condensate stripper system. Increasing throughput offers significant environmental benefits, including reduced sewered fibre line and evaporator foul condensates, as well as decreased overflow in the stripper feed tank. These improvements

contribute to lower mill effluent BOD (biological oxygen demand), reduced methanol discharge and less reliance on natural gas for the NCG (non-condensable gas) incinerator.

To achieve this, the team implemented strategic enhancements, such as eliminating electrical trips in the stripped condensate pump, hydro-blasting the stripper preheater and adding ramp-up/ramp-down flow controls. In 2023, these efforts had increased the stripper's maximum rate, and new first-out tags were introduced in the data monitoring system for improved troubleshooting and monitoring. This allowed the team to set a new minimum flow rate for foul condensate, fully aligning with both throughput goals and environmental objectives.

In 2024, these initiatives resulted in a 19.4% throughput increase, along with an 18.5% reduction in BOD and a 50% decrease in methanol in the mill effluent. Additionally, natural gas usage was cut by 9,400 MMBTUs annually. This project not only met but exceeded its objectives, reinforcing Sappi North America's commitment to sustainability and operational excellence.

In **Sappi Southern Africa** at Tugela Mill, a newly commissioned disc filter for PM2 has achieved a remarkable reduction in freshwater use by over two megalitres per day by filtering and reusing whitewater. This advanced technology replaces an older system that could not handle the necessary volume and effectively recovers fibre while producing various filtrates, which significantly decreases the need for freshwater. While the primary

benefit is water and fibre-saving benefits, this project also delivers secondary advantages, such as energy and chemical savings and lower effluent treatment costs. An additional initiative aims to further cut freshwater consumption by an extra one megalitre per day by rerouting excess super clear filtrate to current freshwater users.

At Ngodwana Mill, the team focused on improving the efficiency of high-pressure cleaning showers on paper machines, which are essential for operation but historically high in water use and maintenance. The previous oscillating-type showers were replaced with traversing-type showers on PM1. This upgrade was completed in 2023 and has resulted in a 17% decrease in freshwater use and a 10% reduction in effluent in 2024. With the success of this project, approval has been granted to install the new showers on PM2 after the March 2025 annual shutdown, with expected freshwater and effluent savings of approximately 0.7 ML/d.

After the recent Saiccor Mill expansion project, the mill faced challenges with high water consumption, leading to plant instability and increased specific water use. To address this issue, a dedicated working group was formed to focus on water management and identify water-saving initiatives. One of the primary objectives was to balance the mill's hot and warm water circuits. The cooling systems produced warm water, which restricted its use in other applications and resulted in overflow that contributed to effluent. To address these challenges, an integrated control system was developed to manage the hot and warm water

¹ The risk classification is based on the WWF thresholds where a water scarcity rating of 3.4 to 4.2 is classified as high risk and 4.2 to 5 as very high risk.

Water stewardship continued

supply holistically. Key changes included repositioning valves, replacing pumps, adding flow meters and updating control systems. This allowed for the redirection of excess warm water that could reduce the need for freshwater make-up in various tanks. As a result, the mill achieved significant water savings, reducing freshwater use and lowering effluent discharge. Additionally, smaller projects contributed to further savings of approximately 80 m³/h, leading to total water savings of about 280 m³/h.

As Saiccor Mill is ramping up production, there is an increasing demand on the mill's reservoir which has a limited capacity of 3,780 m³. With production growth, efficient water management is essential to remain within the permitted volumes of the water use licence. To address this, several water-saving initiatives were implemented in 2024. One key initiative involves recovering and reusing 250 m³/h of evaporator and hot acid condensates for brownstock washing, which could save up to 4,800 m³ of fresh water daily and reduce energy consumption. Additionally, a mill-wide project targets a 60 m³/h water consumption reduction per section by improving the recovery and reuse of wastewater from cooling equipment and sealing pumps. A new 3,000 m³ buffer tank will also be installed next to the reservoir to absorb peak water demands,

increasing storage capacity and preventing production slowdowns.

There continues to be an intentional focus to improve the Verve product water footprint at Saiccor Mill balancing the demanding quality requirements. In partnership with a local water consultancy firm Talbot, the Verve team secured funding from the German investment bank DEG Impulse to enable Saiccor Mill to update its financial water risk model factoring of external factors like climate change as well as operational control.

Our WWF Water Stewardship partnership in the uMkhomazi catchment area in KwaZulu-Natal – where Saiccor Mill is the anchor partner – has supported clearing 130 ha of alien invasive vegetation and improved rangeland management across 2,323 ha in the upper catchment, creating 40 jobs and upskilling 82 people. Through Sappi's funding support, WWF has led the development of the uMkhomazi Catchment Working Group, a collaborative platform for convening diverse multisectoral stakeholders to engage on water stewardship and to coordinate projects in the catchment. Given emerging interest by Verve brand and retailer partners to scale nature investments in key sourcing regions, the team worked with an external consultancy to review

project outcomes and identify opportunities to enable credible nature-based claims.

These initiatives underscore Sappi's commitment to advancing water stewardship and fostering sustainable practices within our mills and in catchments that support our operations.

Water stewardship in our forestry operations

Water stewardship within the landscape is crucial to ensuring water security as it promotes sustainable management and conservation of freshwater resources. By integrating responsible water use practices into land management, we can enhance the resilience of ecosystems, maintain water quality, and safeguard against pollution and over-extraction. Effective water stewardship also fosters collaboration among stakeholders – such as governments, businesses and local communities – ensuring that water resources are shared equitably and efficiently. This holistic approach not only supports the health of natural habitats and biodiversity but also protects the availability of clean water for agriculture, industry and domestic use, ultimately contributing to long-term economic stability and environmental sustainability.

Sappi Forests prioritises water conservation by managing invasive weeds, which threaten the health of our waterways by reducing streamflow. In South Africa, over 350 species are classified as invasive alien plants, and their diversity and spread make them difficult to control. In 2024, we treated approximately 74,113 ha of our permanently unplanted areas to minimise the spread of these invasive plants. Our valley clearing projects in the Ixopo, Mooiplaas and uMvoti North districts remove large, overgrown invasive trees from riparian areas, enhancing water flow, restoring natural vegetation, stabilising riverbanks and revitalising landscapes. Our weeding initiatives not only protect water resources but also create employment opportunities, resulting in 158,000 person-days of work in clearing invasive alien plants in our permanently unplanted areas this year.

Water stewardship continued

Opportunities *for* value creation

Wetlands Offset Initiative

Sappi's Comrie Dam, near Bulwer in KwaZulu-Natal, was upgraded to boost storage capacity and ensure water security for Saiccor Mill during dry seasons. This upgrade caused the inundation of upstream wetlands, requiring off-site mitigation to ensure there is no net loss of functional wetland habitat. To address this, suitable wetland sites within Sappi's landholdings were identified for restoration.

The completed Comrie Dam expansion resulted in the loss of 29.4 hectare-equivalents of functional wetland. To offset this impact, we set a target to restore 29.4 hectare-equivalents of wetland functionality and 117.0 hectare-equivalents of ecosystem conservation. Wetlands on the Clan and Shafton plantations were selected to meet these restoration goals. Detailed restoration plans were developed and are being implemented in phases, starting with the Lion's River and Shafton wetlands, to restore ecological and hydrological functions and enhance ecosystem services. By slowing down and redistributing the flow of water, this intervention helps to maintain the ecological balance but also enhances the ecosystem's overall health, providing critical habitat for various species and improving water quality. The phased restoration approach ensures that we can monitor and adapt our strategies to maximise these benefits.

Resource efficiency and reducing waste

Financial materiality

By adopting a more resource-efficient, responsible consumption and production model we can keep raw materials in production cycles for longer and reduce waste. Our strategic focus on minimising waste lowers disposal costs and creates opportunities for value-added beneficiation of waste byproducts. The economic benefits of this approach are clear: resource efficiency and waste reduction decreases operational costs, extends product lifecycles, and strengthens resilience against supply chain volatility – all while supporting environmental goals.

Impact materiality

Minimising waste and promoting sustainable use of resources through smarter production processes and innovative waste reduction strategies can drive significant positive impacts on both environment and society. By reducing waste, we cut down emissions and lower pressures on ecosystems, actively addressing urgent challenges like climate change and biodiversity loss. Moreover, when waste is transformed through beneficiation, it creates shared value by generating new economic opportunities, supporting local communities and fostering inclusive job creation. This approach benefits not only the planet but also people, empowering sustainable development that serves environmental health and social wellbeing.

The global forces shaping our Thrive strategy

Move towards a circular economy

Climate change and climate transition

Resource scarcity and growing concern for natural capital

Our top 10 risks

4

Sustainability expectations

6

Evolving technologies and consumer preferences

7

Climate change

How this issue links to other aspects of our business

Our global priority SDGs



Our strategic fundamentals



Grow our business



Drive operational excellence



Enhance trust

Our highlights

Globally we have substantially exceeded our 2025 waste to landfill reduction



Resource efficiency and reducing waste continued

Background

Sappi's commitment to resource efficiency and responsible production practices plays a critical role in minimising waste and our environmental impact. By focusing on reducing waste and exploring opportunities for waste beneficiation, we contribute to a sustainable production model that lessens our environmental footprint and generates social value. Through innovative approaches to waste management, we strive to extend material lifecycles, ensuring that waste generated from our processes is minimised and, where possible, transformed into valuable resources. This approach preserves natural ecosystems and reduces demand for new resources, while supporting development of local communities by creating opportunities for job creation and shared value.

In alignment with our broader strategic goal to fully maximise the potential of trees and woodfibre, we operate according to circular economy principles. We focus on efficient resource use across the entire product lifecycle, from reducing waste in manufacturing to designing for recyclability at the end-of-life. This approach underscores our commitment to sustainability and positions us as leaders in using renewable resources responsibly while enhancing our positive impact on the environment and society.

In South Africa, Sappi plays an active role in collecting and recycling paper waste. By sourcing and processing post-consumer paper waste, Sappi helps close the recycling loop in paper production. This involvement not only supports waste reduction but also helps

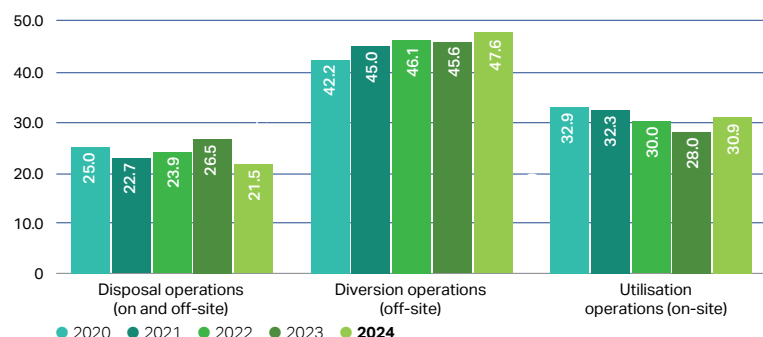
create a reliable supply chain for recycled paper, encouraging more sustainable consumption practices within the paper industry. Sappi collaborates with local waste collectors, recycling facilities and communities to increase the availability of recovered paper in the South African region which is then integrated into paper manufacturing processes. By reintroducing used paper into production, we reduce landfill waste and promote energy-efficient recycling processes, which help lower GHG emissions. This effort is part of Sappi's broader sustainability strategy to maximise resource efficiency, generate social impact and contribute to a cleaner, circular production model that benefits both the environment and local economies.

A **global decrease** in disposal operations has been observed. Disposal operations include incineration (without energy), landfilling (on and off-site) and other disposal operations. In **SEU**, the **decrease** is attributed to closure of Stockstadt and Lanaken Mills, resulting in less waste to landfill. Conversely, increased production at other mills led to higher volumes of landfilled waste. In **SNA**, there was a **decrease** due to significant improvements at Matane Mill, particularly in reducing wastewater treatment sludge. In **SSA**, the **decrease** was due to mills actively seeking beneficial uses for ash, fibre, sludge and biomass to divert them from landfills.

Globally, there was a **slight decrease** in diversion operations. In **SEU** region, this **decrease** was attributed to closures of Stockstadt and Lanaken Mills. At Gratkorn Mill, some of the ash from biomass Boiler 11 was successfully sold for use in the cement industry. In **SNA**, the **decrease** in diversion operations resulted from a one-time event in FY2023, where Cloquet Mill sold surplus biomass, which has now normalised across all mills compared to the previous reporting year before FY2023. Conversely, in **SSA**, there was an **increase** in diversion operations as mills actively pursued more beneficiation activities.

Globally, utilisation operations experienced a **slight uptick**. In **SEU**, there was also a **slight increase** in utilisation. In **SNA**, the **increase** was attributed to Somerset Mill increasing its on-site bark-burning activities. Conversely, in **SSA**, utilisation operations **declined** as Ngodwana Mill decreased on-site consumption of bark as this was diverted to an off-site user.

Breakdown of solid waste by operational method (%)

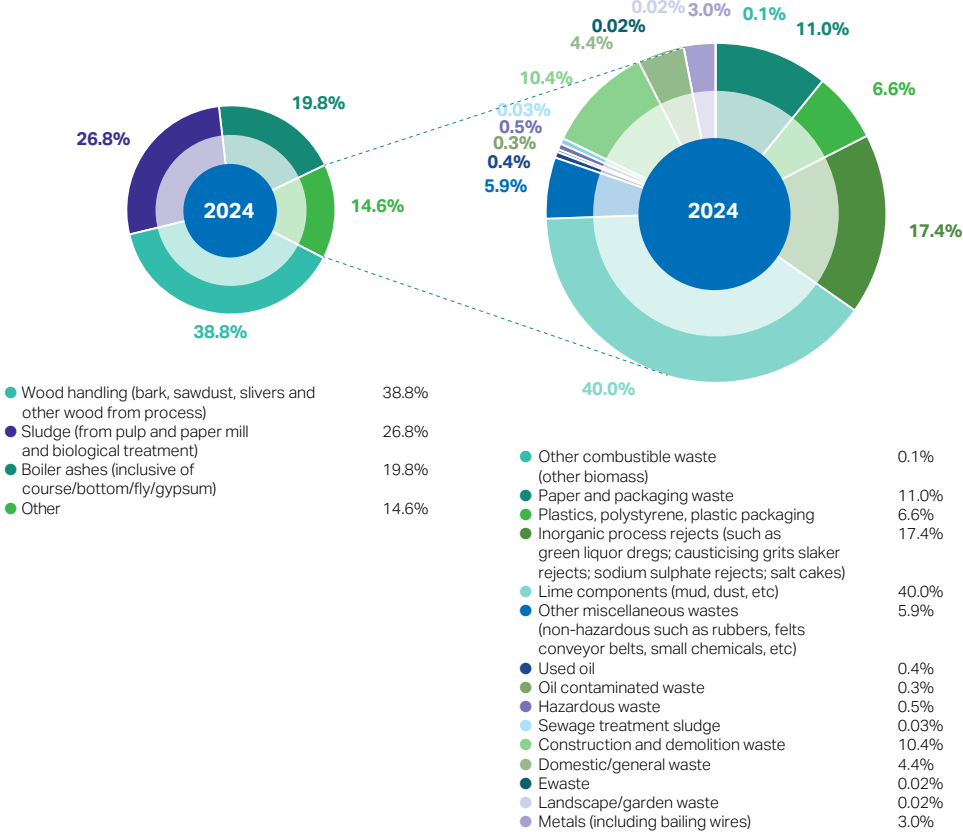


Please refer to our 2024 Planet indicators on www.sappi.com/2024GSDR-Planet-indicators for these and other graphs detailing:

- Specific landfilled solid waste
- Breakdown of solid waste by operational method (disposal, diversion and utilisation operations).

Resource efficiency and reducing waste continued

Global breakdown of solid waste types in Sappi (%)



Key developments in FY2024
Reducing waste to landfill in North America
In North America two projects were undertaken in 2024 to reduce waste to landfill.

At Somerset Mill, we launched a low-ash sludge burn optimisation project to reduce the volume of sludge sent to landfill. Lowering the amount achieves two key benefits: reducing overall GHG emissions and improving landfill cell quality. In the mill's waste treatment process, solids from the waste streams settle and are pressed into 'sludge', categorised as either high or low ash. Low-ash sludge can be burned in the HOG fuel boilers, reducing its volume by roughly 90% and thereby extending the lifespan of landfill cells.

Our target was to burn 80% of the low-ash sludge. Since low-ash sludge has a low British thermal unit and does not burn easily, a Lean Six Sigma team undertook this project to increase the burn rate from 63% to 80%. The team identified several optimisation opportunities: the manual nature of sludge loading led to

inconsistent quantities, and 'pancaking' within the boilers caused uneven sludge burning. To address these issues, the team developed automated controls and established a new standard operating procedure. As a result, the project surpassed its target, achieving a 90% burn rate. This improvement will save 20 tons of waste ash from going to landfill each year, a significant advancement towards our waste reduction goals.

At Matane Mill, a new landfill tax will take effect in 2025 with the rate set to increase every two years. In line with Quebec's goal to reduce landfill by 60% by 2030, Matane Mill launched a capital project to lower its landfill rates. To support this, the mill has acquired a third Fournier press, which, combined with the two existing presses, will enhance sludge dryness and reduce the volume of wet tons sent to landfill. Additionally, a new impregnation filtrate bypass line diverts water from the sludge mixture, improving dewatering efficiency in the presses. This third press is projected to reduce Matane's total landfill volume by 7%.

Resource efficiency and reducing waste continued

Reducing waste to landfill and benefiting waste in South Africa

Several of Sappi's South African mills have made transformative strides in waste management, aligning closely with the goals of responsible consumption, production and waste beneficiation, all while generating social impact. Recognising the untapped value in waste materials once discarded, these mills have shifted focus from expanding landfill sites to strengthening sustainable practices and optimising resource use. This shift not only reduces environmental impact but also creates value-added opportunities that contribute to local communities and industries.

For instance, Tugela Mill has begun selling wood fines, previously destined for landfills, to an external biomass boiler entity. Ngodwana Mill is also exploring ways to pelletise these wood fines to further optimise biomass

combustion. Additionally, ash from Tugela and Stanger Mills is now being repurposed in brickmaking, while Ngodwana Mill sells most of its fly ash to cement manufacturers, minimising landfill waste. Trials are also underway at Ngodwana to use fly ash as a co-disposal agent in partnership with third parties. Various initiatives aim to use wet and coarse ash in road construction and maintenance. Beyond these projects, Sappi's South African mills are exploring other forms of waste beneficiation, including innovative uses for lignin, clarifier sludge and wood slivers.

Sappi's commitment to resource efficiency and responsible consumption is further exemplified through its innovative use of paper waste and agricultural byproducts, such as bagasse from the sugar industry. In South Africa, Ngodwana and Tugela Mills used 15.2% recovered waste board and paper in their

packaging papers grades in 2024, supplementing virgin fibre to create high-quality products. This recovered material is largely supplied by Sappi ReFibre, the secondary fibre division of Sappi Southern Africa, which sources used paper products from an extensive network of agents across the region, as well as directly from waste producers. By integrating post-consumer paper waste into production, Sappi actively promotes a circular economy, reducing dependency on new raw materials and decreasing waste to landfill.

Furthering its dedication to sustainable practices, Stanger Mill incorporates bagasse – a byproduct of the sugar industry – into paper manufacturing, leveraging agricultural waste to create new value. In 2024, Stanger Mill consumed 60,000 BDT of bagasse. This use of bagasse has now expanded to produce

moulded fibre products, opening additional avenues for resource efficiency and creating a symbiotic relationship between paper and sugar industries. These initiatives support Sappi's focus on waste beneficiation, ensuring that byproducts are transformed into useful materials that benefit both the environment and society.

Together, these resource-efficient practices – whether recycling paper waste or repurposing bagasse – are core to Sappi's sustainability strategy. They reinforce Sappi's role as a leader in responsible production, supporting regional recycling networks, reducing environmental impact and contributing to local economies by creating valuable end-products from waste. Through these initiatives, Sappi advances its vision of sustainable production, drives positive social impact and showcases the power of circular economy principles.

Resource efficiency and reducing waste continued

Evaluating the impact of post-consumer recycled pulp

In FY2024, Sappi North America participated in conjunction with MIT's Sustainable Business Lab (S-Lab) to understand the impact of adding post-consumer recycled pulp (PCR) to our virgin fibre pulp for the production of paper products.

Opportunities *for* value creation

Sappi's collaboration with Stellenbosch University (SU), the Paper Manufacturers Association of South Africa (PAMSA), and Mpact (one of the largest paper recycling companies in South Africa) represents a breakthrough opportunity for value creation by converting cellulose fibre-rich waste from pulp and paper mill operations into ethanol through a specialised fermentation process. This innovative approach transforms paper sludge – a high-moisture byproduct collected from paper mill wastewater systems – into bioethanol, a versatile substance used in producing industrial chemicals, biobased plastics and sustainable aviation fuel. A demonstration plant has been commissioned at Sappi's Tugela Mill to provide proof of concept and develop the business case. The project, which was showcased to government officials, media and industry partners at Sappi's Tugela Mill on 24 April 2024, not only advances Sappi's waste beneficiation efforts but also has the potential to add significant value to both the company and the broader economy.

This solution is uniquely resource-efficient, as SU research confirms that paper sludge, food and textile waste require no pre-treatment before fermentation. By converting these waste streams into bioethanol, this technology has the potential to reduce waste-to-landfill, decrease GHG emissions and enhance water reclamation for reuse, further aligning with circular economy principles and advancing industrial decarbonisation. The bioethanol produced through this process can potentially command premium prices in global markets, reflecting its sustainability credentials and economic promise. Beyond revenue generation, the project also offers future sustainable employment, regional economic growth, and upskilling opportunities for the surrounding communities, cementing Sappi's role as a leader in sustainable development.

This initiative also highlights the impact of partnerships and pioneering technologies in driving economic reconstruction through circular economy practices and modernising manufacturing. Globally, waste-derived bioethanol is celebrated for its environmental benefits, including attractive GHG reduction credits from avoided landfill emissions and the displacement of fossil fuels. With this demonstration plant in operation for a nine-month period at Tugela Mill, Sappi underscores the power of innovation to unlock economic, environmental and social value through sustainable production.

Biodiversity

Financial materiality

Given our dependence on wood, a naturally occurring resource influenced by ecosystem health, it follows that maintaining healthy ecosystems will cushion us from financial risks. We consider this a strategic risk management priority and believe that with the right focus and emphasis in our business, it offers us a competitive and commercial advantage.

Impact materiality

Worldwide, people rely heavily on nature's ecosystem services. From pollination, crucial for crop production; carbon sequestration, mitigating climate change; erosion control, preventing soil degradation; flood and storm protection; disease control; and maintaining soil quality for sustainable agriculture, ecosystem services are vital for human health and survival, providing essential resources such as freshwater, food and fuel. Maintaining and protecting these services is not only an environmental priority but a socioeconomic necessity.

The global forces shaping our Thrive strategy

Move towards a circular economy

Climate change and climate transition

Resource scarcity and growing concern for natural capital

Our top 10 risks

4

Sustainability expectations

7

Climate change

How this issue links to other aspects of our business

Our global priority SDGs



Our strategic fundamentals



Grow our business



Enhance trust

Our highlights

Exceeded our **Thrive** biodiversity improvement target within our forestry landholdings

Over 200 species recorded across KwaZulu-Natal (KZN) and Mpumalanga, including the first discovery of the endangered long-toed tree frog in a wetland at our Pinewoods plantation in KZN

Expanding the Sappi Rare, Threatened and Endangered Species Stewardship Programme

Integrating the mitigation hierarchy in readiness for GRI 101



Biodiversity continued

Background

As a renewable resource company, biodiversity is at the heart of our operations. We are dedicated to fostering healthy ecosystems in the forests and plantations where we source our woodfibre. Our commitment to biodiversity is reflected in the internationally recognised, independent forest certification systems we adhere to, ensuring sustainable practices and the preservation of natural habitats.

Ecosystem services are essential for the environment and human wellbeing, providing benefits that sustain life and economies. These natural processes, such as pollination, water purification, soil fertility and carbon sequestration, rely on healthy ecosystems and intact biodiversity. Forests, wetlands and oceans filter air and water, maintain clean water supplies, reduce pollution and absorb carbon dioxide to mitigate climate change. They also act as natural buffers, protecting communities from floods, storms and soil erosion. Beyond these tangible benefits, ecosystems offer cultural and recreational opportunities, fostering a deeper connection with nature. Protecting and maintaining healthy ecosystems is crucial for the environment and the long-term sustainability of human societies and economies.

Key developments in FY2024

Improving biodiversity within our forestry landholdings

Our **Thrive** (2025) target is to enhance biodiversity in important conservation areas (ICAs) on our plantations by 10% by 2025. Sappi manages approximately 156 ICAs covering about 38,320 ha. These sites include diverse habitats such as grasslands, wetlands, riverine areas, and natural forest patches. ICAs are locally significant areas classified through systematic conservation planning, which include criteria like the presence of red data species, the threat status of the ecosystem, the size, connectedness, condition and aesthetic and recreational value of the area.

We have assessed the baseline and are implementing management plans to prioritise safeguarding the least protected and most important vegetation types. To measure progress, we developed an ICA project template. Improvement actions include increased weed control, better stream flow, reduced sedimentation, and preventing overgrazing and frequent burning. Our target translates to improving 1,038 condition-adjusted hectares from a 2020 baseline of 10,387 hectares. In 2024, we achieved a 13% improvement (7% in 2023), equivalent to 1,368 condition-adjusted hectares, already exceeding our 2025 target.

Threatened rare and endangered species and ecosystems

Sappi has a programme to monitor and evaluate its most threatened, rare and endangered species and ecosystems, providing clear recommendations to improve management practices. Recently, Sappi's expanded monitoring programme identified 44 threatened species on our plantations, including three amphibians, 18 birds, three fish, two insects, eight mammals, six plants and four reptiles. In 2024, the programme recorded over 200 species across KZN and Mpumalanga, including the first discovery of the long-toed tree frog in a wetland at our Pinewoods plantation in KZN.

Sappi's **Rare, Threatened, and Endangered Species Programme**, initiated in 2014 in collaboration with the Agricultural Research Council, the South African National Biodiversity Institute (SANBI), and South African National Parks (SANParks), focuses on cultivating rare indigenous plant species. The programme began with the Pepper-bark tree (*Warburgia salutaris*), classified as endangered in 1996 due to overharvesting for medicinal use, low seed production and heavy parasitism. Since 2014, Sappi has supplied approximately 15,000 cultivated plants annually to local communities, encouraging traditional healers to use cultivated sources instead of wild harvesting. With the FY2024 rooting percentage of the *Warburgia salutaris* now at 75% (Sappi

Research Centre), the tree has successfully been reclassified as vulnerable, thanks to the collaborative efforts of cultivation and distribution of plants and education of communities.

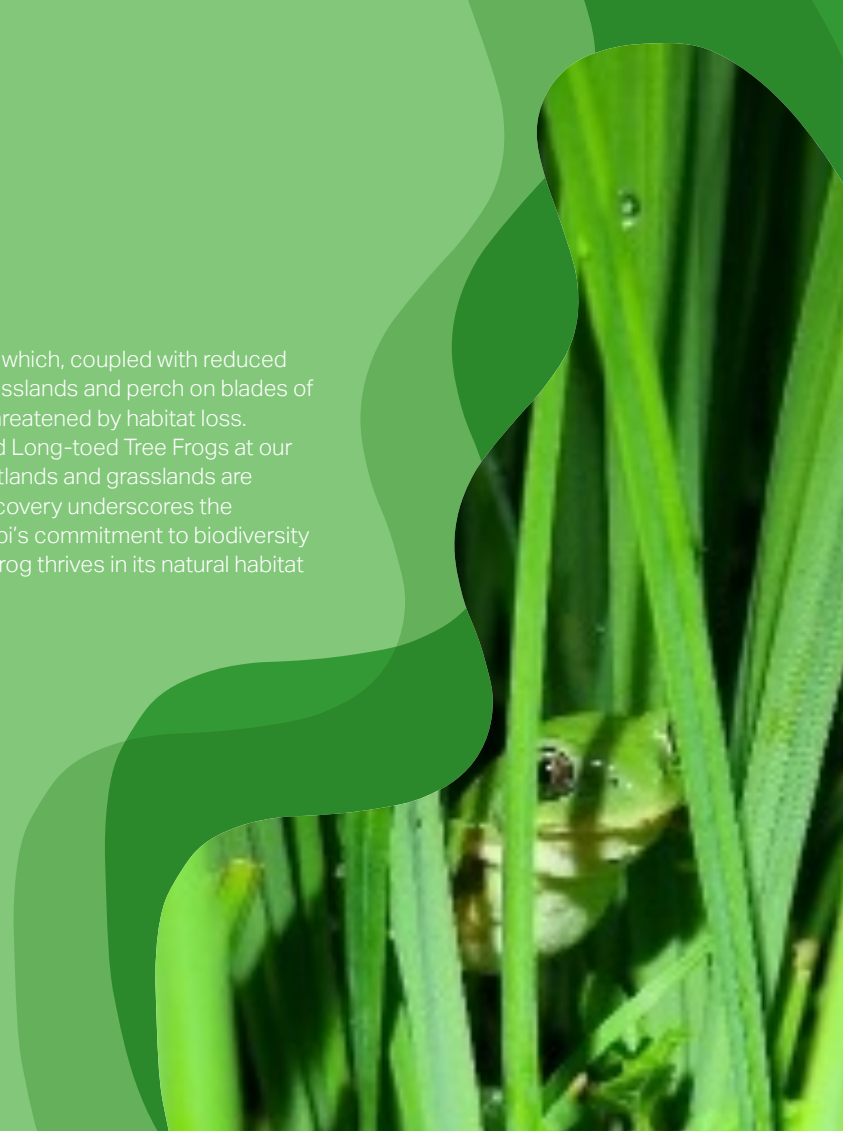
In 2021, the project expanded to include black stinkwood (*Ocotea bullata* – endangered), red stinkwood (*Prunus africana* – vulnerable), assegai (*Curtisia dentata* – threatened), and climbing onion (*Bowiea volubilis* – vulnerable). These species face extinction risks due to illegal harvesting, habitat loss and other factors. Presently, the Sappi Shaw Research Centre is busy developing vegetative propagation protocols for the black stinkwood, red stinkwood and assegai, bulking up cuttings in the nursery to plant up sand beds to test these species as mini-hedges (*Curtisia*: 76 hedges; *Prunus*: 146 hedges; *Ocotea*: 31 hedges), while tissue cultures are being developed to propagate the climbing onion. There are no rooting percentages available yet for these species, as we are still in the early stages of bulking. The long-term goal is to establish grafted seed orchards to preserve wild genetics and provide a sustainable seed source for future reintroduction initiatives.

Biodiversity continued

Long-Toed Tree Frog conservation at Pinewoods plantation

KwaZulu-Natal is home to a diverse range of species, including the Long-toed Tree Frog (*Leptopelis xenodactylus*), listed as endangered by the International Union for Conservation of Nature (IUCN).

The frog – known for its distinctive long toes which, coupled with reduced webbing, allows it to effortlessly navigate grasslands and perch on blades of grass – resides in the KZN Midlands and is threatened by habitat loss. Recently, our environmental team discovered Long-toed Tree Frogs at our Pinewoods plantation, indicating that our wetlands and grasslands are healthy and supporting biodiversity. This discovery underscores the importance of conservation efforts and Sappi's commitment to biodiversity and ecosystem management, ensuring the frog thrives in its natural habitat and contributes to environmental health.



Biodiversity continued



Case study

Threatened and endangered tree species in South Africa

Ocotea bullata: Black Stinkwood; Swartstinkhout; uMnukani; uMhlungulu; uMnimbithi.

A tall evergreen tree endemic to South Africa, is highly valued in traditional African medicine and the timber industry but faces threats from overharvesting for its medicinal bark.

Warburgia salutaris: Pepper-bark tree; Peperbasboom; isiBhaha, amaZwecehlabayo; Manaka; Shibaha.

A medicinal tree with a peppery bark used for treating colds, chest complaints, and malaria, but faces overharvesting due to high demand, with an estimated trade volume of 17 tons of bark per annum.

Prunus Africana: Red Stinkwood; African Almond; African Cherry Rooistinkhout; umDumezulu; iNkokhokho

A monoecious tree native to 21 countries in sub-Saharan Africa, extensively used in traditional medicine, but faces extinction due to overharvesting for its bark, which is in high demand for treating various ailments, including prostate cancer.

Curtisia dentata: Assegai; Assegaai; umLahleni; uSirayi; umGxina

A medium-sized evergreen tree growing up to 20 m in height, found in South Africa and Swaziland. It has been heavily exploited for its bark, used in traditional medicine and leather tanning, leading to a 20% population decline over the last 120 years, with further decline anticipated.

Protecting precious wildlife and ecosystems in North America

Nearly 40% of Minnesota's forested land is owned by private landowners. As a member of Minnesota's SFI® State Implementation Committee, Sappi donated SFI®-certified paper and contributed to printing of the 2024 edition of the Sustainable Forestry Management Guide for Private Forest Landowners. This guide educates landowners on effective forestland management to meet personal goals, preserve wildlife habitats, protect rare and endangered species, and maintain forest health.

Among the rare and endangered species we aim to protect through responsible forestry practices are the Bald Eagle, Northern Long-eared Bat, Gray Wolf and Wood Turtle. These species are crucial to maintaining biodiversity and ecosystem balance. By supporting landowners with information on sustainable forestry practices, we help ensure survival of these species and our forests' health.

As a paper company with a vested interest in protecting biodiversity, donating paper for this important project is just one meaningful way we educate and empower landowners to preserve precious ecosystems.

Biodiversity continued

Bulwer Muthi Plants Initiative

Sappi's Rare, Threatened, and Endangered Species Stewardship Programme has expanded with the Bulwer Muthi (traditional medicine) Plants Initiative. Sappi Forests plantations in Bulwer face significant illegal harvesting of indigenous medicinal plants. This illicit collection, driven by illegal traders supplying the Durban Muthi market, threatens biodiversity.

Despite strict prohibitions, illegal harvesting persists, undermining conservation efforts. In response, the Bulwer Muthi Plants Initiative, led by South African broadcaster and conservationist Tim Neary, collaborates with local authorities to address this issue. Key objectives include raising awareness, highlighting the success of the Pepper bark tree propagation initiative and establishing a propagation programme for endangered plants with traditional healers and plant collectors.

This initiative aims to involve traditional healers in monitoring and reporting illegal harvesting while providing them with a sustainable supply of medicinal plants. This will help recover wild plant populations and promote long-term conservation.

Opportunities *for* value creation

The Global Reporting Initiative (GRI) introduced the Biodiversity Reporting Standard (GRI 101), effective from January 2026, to help organisations voluntarily disclose their biodiversity-related impacts and management approaches. In preparation for the new disclosures, Sappi has integrated the mitigation hierarchy into our impact assessments, emphasising avoidance, minimisation, restoration and offsetting of environmental impacts, weaving these principles into all aspects of our work, including introducing transformative measures.

Biodiversity continued

Avoidance: Sappi prevents impacts by carefully planning infrastructure placement, particularly in high conservation value areas and riparian buffer zones. We use a systematic conservation approach, supported by national legislation (National Water Act, National Environmental Management Act) and certification requirements (FSC and PEFC), to protect areas based on their conservation value. Sappi designates its land into three conservation categories: Open Areas, Important Conservation Areas (ICAs), and Nature Reserves. Open Areas are for general conservation with some sustainable use allowed. ICAs hold significant ecological value, such as habitats for threatened species or ecosystems providing essential services and are more strictly managed. Nature Reserves are the highest level of conservation, formally protected by South Africa's legal framework, and home to highly sensitive or rare ecosystems and species critical to biodiversity.

Minimisation: We reduce the duration, intensity and extent of unavoidable impacts through detailed impact assessments and adaptive practices. These assessments evaluate the potential effects of forestry activities, such as planting, harvesting and road construction, on the environment, biodiversity, water resources and surrounding communities. Early risk identification allows us to adapt practices to mitigate negative outcomes and comply with environmental regulations and certification standards. For example, we plan harvesting activities to minimise soil erosion and use mulching to preserve soil health, reduce fuel loads, regulate soil temperature and conserve moisture conservation.

Restoration: Sappi rehabilitates degraded ecosystems and restores cleared areas. Our efforts include increasing weed control, improving stream flow and preventing overgrazing. In 2024, we achieved a 13% improvement in biodiversity, equivalent to 1,368 condition-adjusted hectares.

Offsetting: When on-site mitigation is not possible, we compensate for impacts by restoring or conserving habitats elsewhere. For instance, the Comrie Dam upgrade led to the restoration of 29.4 hectares of wetlands on our plantations. (See box on page 151.)

Transformative actions: Transformative actions include addressing the drivers of biodiversity loss through technological, economic, institutional and social factors, emphasising the importance of underlying values and behavioural changes. Sappi supports sustainable forestry practices through the certification of community growers under FSC and PEFC standards. (See box on page 132.) Through Sappi Khulisa over 37,000 hectares have been transformed into sustainably managed plantations, enhancing biodiversity and responsible land use.

Sappi's comprehensive approach to biodiversity management underscores our commitment to environmental stewardship and sustainable growth.



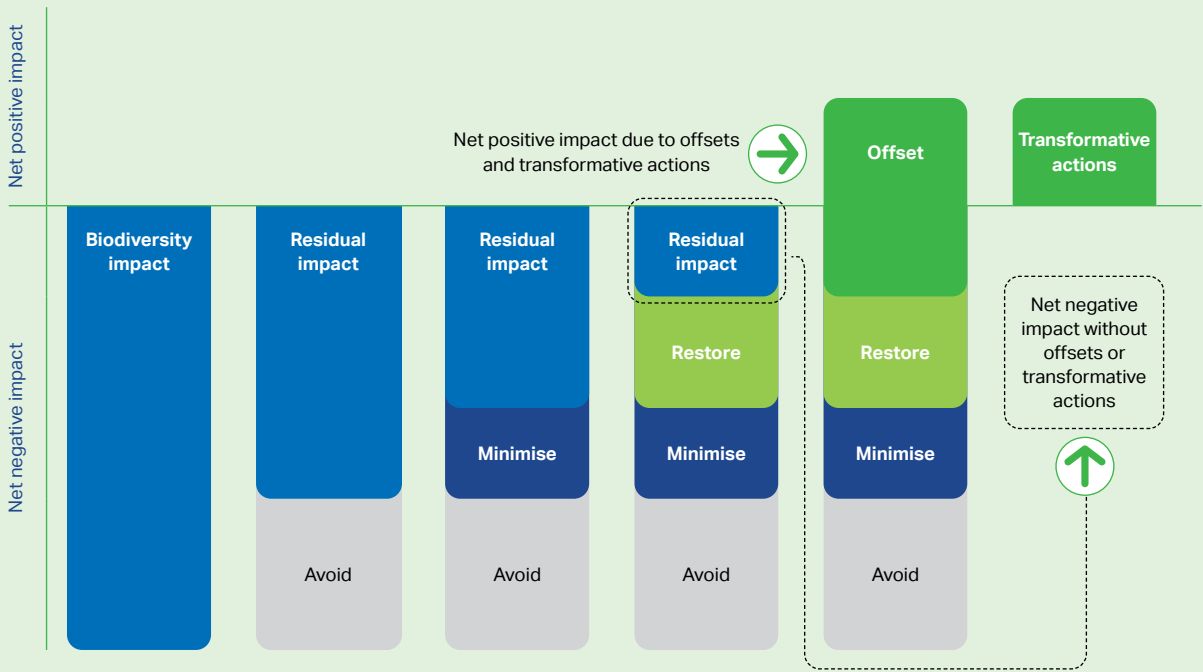
Case study

Ecological corridors

While plantations might act as a barrier to movement for some species, the preservation of open areas, important conservation areas (ICAs) and nature reserves creates a large network of ecological corridors joining critical habitat and ecosystems. These ecological corridors are important as they act as conduits through which genes can flow, enabling healthy populations and preventing human-wildlife conflict. Wildlife has many reasons to travel across landscapes and between large, protected areas. Daily movements, seasonal migrations, shifting habitats, escaping natural ecosystem disturbances or the need to adapt to climate change are all possible. In essence, these corridors are the lifelines of biodiversity. A healthy ecosystem is a resilient ecosystem.

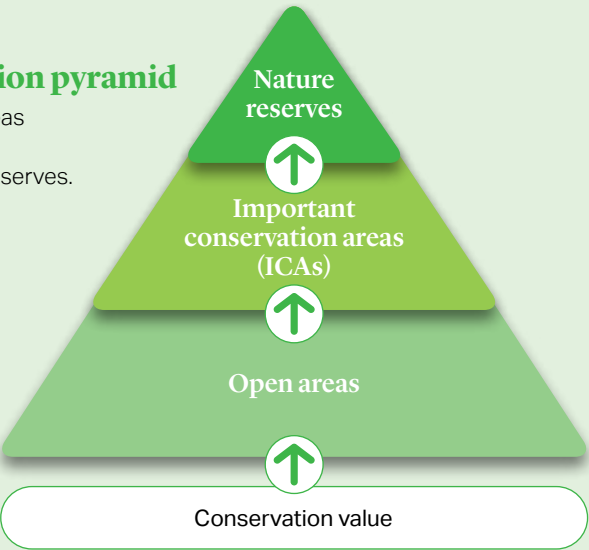
Biodiversity continued

Mitigation hierarchy



Protection pyramid

- Open areas
- ICAs
- Nature reserves.



Our planet indicators

Saleable production

	GRI reference	Unit	2020	2021	2022	2023	2024
Total saleable production	Own measure	adt	5,776,650	6,297,483	6,654,215	4,988,289	5,176,946

Air emissions

	GRI reference	Unit	2020	2021	2022	2023	2024
NO _x	305-7	kg/annum	10,045,094	10,206,784	10,632,675	12,156,225	9,664,937
		kg/adt	1.7	1.6	1.6	2.5	1.9
SO _x		kg/annum	10,858,503	13,591,003	13,004,256	15,199,981	8,755,542
		kg/adt	1.9	2.2	2.0	3.1	1.7
Particulate matter		kg/annum	6,190,461	3,327,250	5,482,422	3,518,628	2,256,187
		kg/adt	1.1	0.5	0.8	0.7	0.4

Our planet indicators continued

GHG emissions

	GRI reference	Unit	2020	2021	2022	2023	2024
Scope 1	305-1a	t CO ₂ e/annum	4,180,457	4,368,657	4,182,739	3,579,471	3,287,876
	305-4	kg CO ₂ e/adt	723.7	693.7	628.6	717.6	635.1
Scope 1 emissions from	305-1b						
CO ₂		t CO ₂ e/annum	3,762,801	3,960,852	3,774,529	3,171,556	2,871,056
CH ₄		t CO ₂ e/annum	363,439	354,323	354,772	355,536	363,280
N ₂ O		t CO ₂ e/annum	54,216	53,482	53,438	52,379	53,540
Biogenic emissions	305-1c	t CO ₂ e/annum	6,803,390	6,621,873	6,877,140	6,728,999	6,845,659
Scope 2	305-2	t CO ₂ e/annum	1,206,691	1,160,564	1,333,439	1,082,972	929,692
	305-4	kg CO ₂ e/adt	208.9	184.3	200.4	217.1	179.6
Scope 3	305-3a	t CO ₂ e/annum	3,330,897	3,476,733	3,750,363	3,445,407	3,741,168
	305-4	kg CO ₂ e/adt	576.6	552.1	563.6	690.7	722.7
Scope 3 emissions from	305-3d						
Purchased goods		t CO ₂ e/annum	1,404,442	1,491,076	1,674,616	1,554,398	1,573,435
Capital goods		t CO ₂ e/annum	–	–	–	–	–
Fuel and energy-related activities		t CO ₂ e/annum	820,958	986,831	988,945	846,646	796,891
Upstream transport		t CO ₂ e/annum	1,047,640	953,300	1,040,879	996,006	1,321,786
Waste		t CO ₂ e/annum	42,955	32,940	32,138	31,008	30,093
Business travel		t CO ₂ e/annum	2,703	638	2,573	6,706	6,570
Employee commuting		t CO ₂ e/annum	12,199	11,947	11,213	10,643	12,393
Scope 1 and Scope 2 GHG emissions	305-4	t CO ₂ e/annum	5,387,148	5,529,222	5,516,178	4,662,444	4,217,568
		kg CO ₂ e/adt	932.6	878.0	829.0	934.7	814.7
		t CO ₂ e/US\$ million	1,168.8	1,050.3	756.0	802.7	772.7

* GHG emissions were restated due to improved data quality, Scope 1 and 3 from 2020 to 2023, and Scope 2 for 2023.

Our planet indicators continued

Water and effluents

	GRI reference	Unit	2020	2021	2022	2023	2024
Process water extracted ¹	Own measure	m ³ /annum	218,989,842	224,489,671	233,335,602	223,813,544	209,723,240
		m ³ /adt	37.9	35.6	35.1	44.9	40.5
Water withdrawal by source	303-3a						
Surface water		m ³ /annum	251,095,899	256,342,905	275,055,284	252,848,609	244,773,152
Ground water		m ³ /annum	17,625,043	18,651,590	18,942,446	17,082,980	16,512,117
Third party		m ³ /annum	12,602,513	16,635,673	14,903,148	13,498,576	13,443,570
Total water withdrawal	303-a	m ³ /annum	281,323,456	291,630,168	308,900,878	283,430,165	274,728,838
		m ³ /adt	48.7	46.3	46.4	56.8	53.1
Water withdrawal by source from water-stressed areas ²	303-3b						
Surface water		m ³ /annum	–	–	56,277,224	46,342,044	–
Ground water		m ³ /annum	–	–	413,931	387,251	–
Third party		m ³ /annum	–	–	–	–	–
Total water withdrawal from water-stressed areas ²	303-3b	m ³ /annum	–	–	56,691,155	46,729,295	–
	Own measure	m ³ /adt	–	–	8.5	9.4	–
	Own measure	%	–	–	18.4	16.5	0.0
Water discharge by destination	303-4a						
Seawater		m ³ /annum	38,938,588	45,926,521	48,720,138	48,838,544	49,479,112
Surface water		m ³ /annum	193,204,557	199,844,189	214,905,615	186,943,894	176,065,324
Third-party water		m ³ /annum	22,675,103	24,017,649	24,834,269	23,521,537	23,761,759
Groundwater		m ³ /annum	–	–	–	–	–
Total water discharge	303-4a	m ³ /annum	254,818,248	269,788 359	288,460,022	259,303,975	249,306,194
		m ³ /adt	44.1	42.8	43.3	52.0	48.2

Our planet indicators continued

Water and effluents continued

	GRI reference	Unit	2020	2021	2022	2023	2024
Water discharge by destination in water-stressed areas²							
Seawater	303-4c	m ³ /annum	–	–	–	–	–
Surface water		m ³ /annum	–	–	49,288,436	39,108,843	–
Third-party water		m ³ /annum	–	–	–	–	–
Groundwater		m ³ /annum	–	–	–	–	–
	303-4c	m ³ /annum	–	–	49,288,436	39,108,843	–
Total water discharge in water-stressed areas²	Own measure	m ³ /adt	–	–	7.4	7.8	–
	Own measure	%	–	–	17.1	15.1	0.0
Water discharge by level of treatment							
Discharge to a third party without treatment	GRI clause 2.4.2	m ³ /annum	24,280	27,875	28,760	26,459	31,659
Primary treatment		m ³ /annum	56,252,506	67,395,510	72,863,518	69,081,013	67,524,442
Secondary treatment		m ³ /annum	178,602,866	179,352,223	189,431,971	169,652,824	157,472,842
Tertiary treatment		m ³ /annum	19,938,596	23,012,751	26,135,773	20,543,680	24,277,253
		m ³ /annum	26,505,207	21,841,809	20,440,856	24,126,190	25,422,644
Total water consumption³	303-5a	m ³ /adt	4.6	3.5	3.1	4.8	4.9
		%	9.4	7.5	6.6	8.5	9.3%
	303-5b	m ³ /annum	–	–	7,402,720	7,620,452	–
Total consumption³ in water-stressed areas²	Own measure	m ³ /adt	–	–	1.1	1.5	–
	Own measure	%	–	–	2.4	2.7	0.0

Notes

¹ Process water refers to water used for the manufacturing process only. Process water excludes non-contact cooling water (SEU and SNA), water to the community, irrigation water, unused water back to the source, water for mill domestic use, and water sold to municipalities and third parties.

² The water risk status of associated basins is based on the WWF Water Risk Filter for physical risk(s). Physical risk(s) comprises water availability, drought, flooding, water quality and ecosystem status. Reported figures for water stress allocation are based on four different aspects integrated within the water availability risk category (Water availability (SBTN), Baseline water stress, Blue water scarcity, Groundwater). The risk classification adheres to the guidance of WWF thresholds where a water availability rating of 3.4 – 4.2 is classified as high risk and 4.2 – 5 as very high risk.

³ The term 'Water consumption' refers to the withdrawal portions that are no longer available for use by the ecosystem or local community due to incorporation into products, generated into waste or due to release into the atmosphere through evaporation, and is therefore not returned back to surface water, groundwater, seawater or a third party over the course of the reporting period. Water consumption percentage is calculated as the volume consumed divided by the total water withdrawn.

Our planet indicators continued

Effluent quality

	GRI reference	Unit	2020	2021	2022	2023	2024
COD ¹	303-2	kg/annum	59,898,151	61,223,134	69,363,206	52,413,453	54,735,647
		kg/adt	11.7	10.9	11.7	12.5	12.6
TSS		kg/annum	17,083,861	26,407,830	42,247,577	29,961,381	20,574,947
		kg/adt	3.0	4.2	6.4	6.1	4.0
Total nitrogen		kg/annum	601,309	421,968	587,829	574,734	863,765
		kg/adt	0.10	0.07	0.09	0.12	0.17
Total phosphorus		kg/annum	151,535	279,795	327,377	285,975	364,618
		kg/adt	0.03	0.04	0.05	0.06	0.07

Note

¹ Saiccor Mill has been excluded from this parameter as it is the only mill in the group to use the sulphite pulping process in the production of dissolving pulp. (Both Ngodwana and Cloquet Mills use the prehydrolysis kraft pulping process.)

Utilisation, diversion and disposal operations¹

	GRI reference	Unit	2020	2021	2022	2023	2024
Total waste generated²	306-3a	t/annum	1,507,761	1,586,625	1,556,487	1,490,716	1,383,186
Non-hazardous ³	Own measure	t/annum	1,505,038	1,584,776	1,555,285	1,489,926	1,382,131
Hazardous ⁴	Own measure	t/annum	2,723	1,849	1,201	790	1,055
	Own measure	%	0.18	0.12	0.08	0.05	0.08
Total waste diverted from disposal⁵	306-4a	t/annum	1,131,524	1,226,634	1,184,434	1,096,320	1,086,332
	Own measure	%	75	77	76	74	79
Non-hazardous ³	306-4c	t/annum	1,131,434	1,226,295	1,184,250	1,096,271	1,086,121
Hazardous ⁴	306-4b	t/annum	90	340	184	49	212

Our planet indicators continued

Utilisation, diversion and disposal operations¹ continued

	GRI reference	Unit	2020	2021	2022	2023	2024
Breakdown of diverted waste by recovery operations⁵							
Non-hazardous ³	306-4c	t/annum	1,131,434	1,226,295	1,184,250	1,096,271	1,086,121
Reuse ⁶		t/annum	438	300	549	751	692
Recycling ⁷		t/annum	1,085,947	1,185,200	1,141,081	1,075,334	1,076,493
Other recovery operations		t/annum	45,050	40,794	42,620	20,186	8,935
Hazardous ⁴	306-4b	t/annum	90	340	184	49	212
Reuse ⁶		t/annum	25	38	37	18	25
Recycling ⁷		t/annum	65	302	147	31	187
Other recovery operations		t/annum	–	–	–	–	–
Breakdown of diverted waste by boundary⁵	306-4d						
Non-hazardous ³		t/annum	1,131,434	1,226,295	1,184,250	1,096,271	1,086,121
On-site ⁸		t/annum	495,780	512,009	466,847	417,243	427,513
Off-site ⁹		t/annum	635,654	714,286	717,403	679,028	658,608
Hazardous ⁴		t/annum	90	340	184	49	212
On-site ⁸		t/annum	–	–	–	–	–
Off-site ⁹		t/annum	90	340	184	49	212
Total waste directed to disposal	306-5a	t/annum	376,237	359,991	372,052	394,396	296,854
Non-hazardous ³		t/annum	373,603	358,481	371,035	393,655	296,010
Hazardous ⁴		t/annum	2,633	1,509	1,017	741	844

Our planet indicators continued

Utilisation, diversion and disposal operations¹ continued

	GRI reference	Unit	2020	2021	2022	2023	2024
Breakdown of waste by disposal operations							
Non-hazardous ³	306-5c	t/annum	373,603	358,481	371,035	393,655	296,010
Incinerated		t/annum	1,582	669	1,165	493	1,146
Landfilled		t/annum	370,744	356,552	368,891	392,225	294,035
Other disposal operations		t/annum	1,278	1,260	980	937	830
Hazardous ⁴	306-5b	t/annum	2,633	1,509	1,017	741	844
Incinerated		t/annum	481	224	370	540	518
Landfilled		t/annum	2,107	1,257	611	164	277
Other disposal operations		t/annum	46	29	35	38	49
Breakdown of landfilling of waste by boundary	306-4d						
Non-hazardous ³		t/annum	370,744	356,552	368,891	392,225	294,035
On-site ⁸		t/annum	294,566	308,912	325,095	345,811	249,472
Off-site ⁹		t/annum	76,177	47,640	43,796	46,414	44,563
Hazardous ⁴		t/annum	2,107	1,257	611	164	277
On-site ⁸		t/annum	55	34	50	34	39
Off-site ⁹		t/annum	2,052	1,223	561	130	238
Waste to landfill	Own measure	t/annum	372,850	357,809	369,502	392,389	294,312
		kg/adt	64.5	56.8	55.5	78.7	56.9

* Restatement of 2020 to 2023 due to improved data quality.

Notes

¹ The headings within this table are based on the GRI heading guidance for 'waste'. It should be noted that within Sappi any items not deemed as a main product (for example residuals) can be classified under our utilisation, diversion and disposal operations and not necessarily referred to as 'waste' within internal reporting.

² The total of all category types within the utilisation, diversion and disposal operations.

³ The term non-hazardous in the reporting table refers to all items not deemed as hazardous.

⁴ The term hazardous waste is reported based on country-specific definitions applied in national regulations or according to internal regional practice.

⁵ These are the quantities reported internally under utilisation operations (on-site) and diversion operations (off-site).

⁶ Recycling is deemed as the reprocessing of products or components of products, which would have been sent to disposal, into new materials or new usage purposes. Internally this term refers to the following categories 'energy generation (biofuels for heat or power); recycled materials (take-back programmes); waste used for landfill capping purposes; agricultural and silvicultural soil improvement (mulch/soil ameliorants); use for soil/compost/fertilisers; wood products (MDF, chipboard, packaging, pulp and other); mine and land reclamation and subgrade filling; construction materials, brick and cement manufacturing; chemical extraction processing'.

⁷ Reuse is deemed as the checking, cleaning, or repairing operations, by which products or components of products that have become waste are prepared to be put to use for the same purpose for which they were conceived. Internally this refers to the 'reuse refinement practices' category.

⁸ On-site is deemed as the physical boundary or administrative control by Sappi.

⁹ Off-site means outside the physical boundary or administrative control of Sappi.

Our planet indicators continued

Energy

	GRI reference	Unit	2020	2021	2022	2023	2024
Total energy consumption within organisation^{1,4}	Own measure	GJ/annum	136,801,840	140,630,797	147,218,302	130,808,980	129,222,423
		MWh/annum	38,000,511	39,064,110	40,893,973	36,335,828	35,895,117
Energy intensity²	Own measure	GJ/adt	23.7	22.3	22.1	26.2	25.0
Renewable and clean energy³	Own measure	%	54.8	54.9	55.0	58.0	63.3
Breakdown of energy consumption within organisation⁵							
Purchased fossil fuels	302-1a	GJ/annum	48,197,364	50,578,703	49,298,148	40,585,011	37,354,727
Purchased renewable fuels	302-1b	GJ/annum	5,425,584	4,727,212	4,804,701	7,598,652	8,134,389
Own renewable fuels	302-1b	GJ/annum	62,292,505	61,002,814	63,726,975	59,356,116	60,065,023
Purchased power consumption	302-1c	GJ/annum	10,376,515	10,941,866	12,070,060	9,791,924	9,939,886
Purchased steam consumption	302-1c	GJ/annum	511,673	525,749	800,549	614,351	412,577
Own renewable power (hydro)	302-1b	GJ/annum	277,064	251,322	191,488	159,467	218,496
Reduction of specific energy consumption⁶	302-4	GJ/adt	1.6	(1.4)	(0.2)	4.1	(1.3)

Notes

¹ Reporting of the total energy consumption is a Sappi-defined parameter. This parameter includes electricity, heating, cooling, and steam (both purchased and sold), which are all reported on a fuel basis (indirect energy). This is energy usage from cradle to gate.

² The types of energy included in the intensity ratio includes all absolute energy consumption metrics mentioned in (1) based on fuel basis with the chosen denominator as saleable tons product in air dry tons.

³ This parameter is calculated by defining the numerator as the total of owned and purchased renewable fuel and the portion of nuclear and renewable purchased power (fuel basis) with the total energy consumption as denominator.

⁴ Fuels are reported according to their lower heating value (LHV).

⁵ Figures were not converted to a fuel basis. For example, electricity consumption in MWh converted to GJ only based on unit conversions.

⁶ Based on change of energy intensity (own measure). Negative values denote an decrease in specific figures and positive values denote an increase in specific figures compared to the previous reporting period.

Our planet indicators continued

Forestry¹ continued

	GRI reference	Unit	2020	2021	2022	2023	2024
Global share of FSC-certified fibre^{2,3}		%	73	77	78	75	77
SEU share of FSC-certified fibre		%	81	87	87	86	88
SNA share of FSC-certified fibre ³		%	52	58	60	57	58
SSA share of FSC-certified fibre		%	83	85	85	83	85
Saplings and planting initiatives							
Total saplings		million saplings/annum	56.7	55.3	56.8	57.5	52.0
Provided to own plantations		million saplings/annum	40.7	43.6	43.7	43.0	35.6
Provided to projects/farmers		million saplings/annum	16.0	11.7	13.1	14.5	16.4
Planting area		hectares	19,274	21,838	22,954	21,574	18,620
Harvesting and extraction							
Sustainable harvest threshold (sustainable cut) (MAI x area)		million wwt/annum	3.98	4.06	4.14	4.25	4.27
Actual harvesting/sales (actual cut)		million wwt/annum	3.73	3.94	4.03	4.21	3.9
Actual harvested trees (actual cut in trees)		million trees/annum	19.4	20.5	21.0	21.9	20.1
Wood delivery and utilisation							
Delivered to Sappi's mills, including purchased wood		million t/annum	4.6	4.8	5.0	5.4	5.2
Share of own timber that went to own mills (self-sufficiency)		%	61	58	59	60	60
Road information							
Road length of directly managed land		km	28,781	28,789	28,808	29,239	29,281
Road density	Own measure	hectares plantable/km	9.0	9.0	9.1	8.9	8.9

Our planet indicators continued

Forestry¹ continued

	GRI reference	Unit	2020	2021	2022	2023	2024
Carbon and emissions management							
CO ₂ e in living biomass pool (owned and lease)		million t CO ₂ /annum	38.3	38.2	39.1	40.1	40.7
Scope 1							
Emissions/removals from land use management (biogenic) ⁴		t CO ₂ /annum	243,966	(33,390)	(316,152)	(1,054,169)	(590,707)
Forestry workforce and business composition							
Total people in forestry		personnel/annum				10,000	10,400
Direct employees in forestry		personnel/annum				950	839
Contractor employees		personnel/annum				10,000	9,561
Contractor businesses		businesses/annum					115
Total number of smallholders reached through support programmes		smallholders/annum	3,644	3,725	3,741	3,947	4,004
Landholdings and classification							
Plantable		hectares	258,630	258,226	261,604	261,210	261,580
Natural		hectares	135,378	136,141	138,390	138,784	139,505
Infrastructure (roads, houses, airstrips, depots, soccer fields, etc not land under powerline. Where an animal cannot run around)		hectares				13,934	14,059
Conservation (natural forest)		hectares				19,882	19,890
Conservation (maintained)		hectares				73,819	74,330
Conservation (managed)		hectares				31,150	31,226
Total owned and leased		hectares	394,008	394,368	399,995	399,996	401,085
Contracted		hectares	140,247	138,749	136,519	132,751	129,685

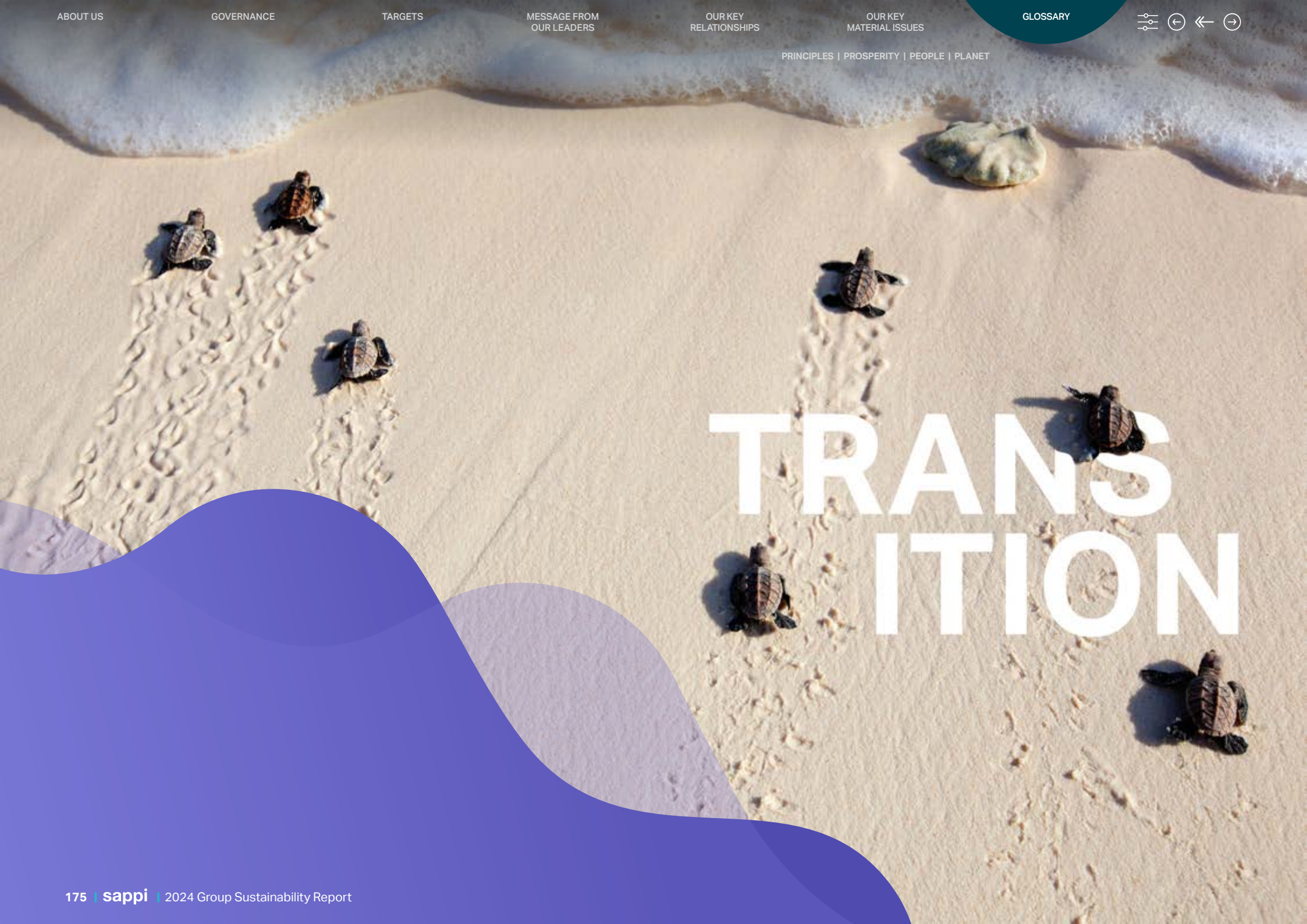
Our planet indicators continued

Forestry¹ continued

	GRI reference	Unit	2020	2021	2022	2023	2024
Certification and compliance							
All owned, leased and managed forests certified		%	100	100	100	100	100
Conservation and restoration							
Total area of land owned, leased or managed that is designated for restoration or conservation (percentage of area owned and leased not used directly for wood production)		%	34	35	35	35	35

Notes

- ¹ The information presented in the table pertains exclusively to Sappi Forests unless denoted by (2).
- ² Information denoted is not specific to SSA only.
- ³ Due to a difference in timing of data collection for Matane Mill, the 12-month reporting period for Matane Mill was changed to 01 July 2023 – 30 June 2024. All other mill data is aligned with Sappi's financial year.
- ⁴ Negative denotes removal.



TRANS ITION

Glossary

AF&PA – American Forest and Paper Association.

AGM – Annual general meeting.

Air dry tons (ADT) – Meaning dry solids content of 90% and moisture content of 10%.

Biochemicals – Enzymes, hormones, pheromones etc, which either occur naturally or are manufactured to be identical to naturally occurring substances. Biochemicals have many environment-friendly applications, such as natural pesticides that work in non-lethal ways as repellents or by disrupting the mating patterns of the pests.

Biofuels – Organic material such as wood, waste and alcohol fuels, as well as gaseous and liquid fuels produced from these feedstocks.

Biomaterials – New developments in wood processing support the move to a biobased economy that utilises materials that are renewable and biodegradable and in the case of wood feedstocks do not compete with food sources.

Black liquor – The spent cooking liquor from the pulping process which arises when pulpwood is cooked in a digester thereby removing lignin, and other extractives from the wood to free the cellulose fibres. The resulting black liquor is an aqueous solution of lignin residues 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.

Casting and release paper – Embossed paper used to impart texture in polyurethane or polyvinyl chloride plastic films for the production of synthetic leather and other textured surfaces.

Cepi – Confederation of European Paper Industries.

Chemical oxygen demand (COD) – The amount of oxygen required to break down the organic compounds in effluent.

Chemical pulp – A generic term for pulp made from woodfibre that has been produced in a chemical process.

CHP – Combined heat and power.

CoC – Chain of Custody.

COP16 – The 16th meeting of the Conference of the Parties to the Convention on Biological Diversity in Cali (Colombia), from 21 October to 01 November 2024.

COP29 – The 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29) that took place in Baku (Azerbaijan) from 11 November to 22 November 2024.

COP30 – The 30th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP30) that takes place in Belém (Brazil) from 10 November to 21 November 2025.

Dissolving pulp (DP) – Highly purified chemical pulp derived primarily from wood and in some instances cotton linters, intended primarily for conversion into chemical derivatives of cellulose and used mainly in the manufacture of viscose staple fibre, solvent spun fibre and filament.

EBITDA excluding special items (EBITDA) – Earnings before interest (net finance costs), taxation, depreciation, amortisation and special items.

Energy – Is present in many forms such as solar, mechanical, thermal, electrical and chemical. Any source of energy can be tapped to perform work. In power plants, coal is burned and its

chemical energy is converted into electrical energy. To generate steam, coal and other fossil fuels are burned, thus converting stored chemical energy into thermal energy.

ESD – Enterprise and supplier development.

ESG – Environmental, social and corporate governance.

Eskom – Eskom is the South African national electricity public utility.

EXCO – Executive Management Committee

Fibre – Fibre is generally referred to as pulp in the paper industry. Wood is treated chemically or mechanically to separate the fibres during the pulping process.

Forest Stewardship Council™ (FSC™) – A global, not-for-profit organisation dedicated to the promotion of responsible forest management worldwide. (FSC™ N003159) www.fsc.org

Graphic papers – A generic term for a group of papers intended for commercial printing use such as coated woodfree, coated mechanical, uncoated woodfree and newsprint.

Greenhouse gases (GHG) – The GHGs included in the Kyoto Protocol are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

GRI – Global Reporting Initiative.

Group – The group comprises Sappi Limited, its subsidiaries and its interest in joint ventures and associates.

Glossary continued

GSDC – Group Sustainability Development Council.

Hemicellulose sugars – The biorefinery process for second-generation hemicellulose sugars involves recovering them from the prehydrolysate liquor, and then separating them mostly from lignin.

ISO – The International Organization for Standardization.

JSE Limited – The main securities exchange in South Africa.

KPI – Key performance indicator.

Environmental

- Share of certified fibre
- Specific process water usage in Southern Africa
- Total specific greenhouse gas (GHG) emissions (Scope 1 and 2)
- Total specific solid waste to landfill (on-site and off-site)

Safety

- Combined LTIFR (Own employees and contractors)
- Contractor LTIFR
- Employee (Own) lost-time injury frequency rate (LTIFR)

Lignosulphonate – Lignosulphonate is a highly soluble lignin derivative and a product of the sulphite pulping process.

Liquor – White liquor is the aqueous solution of sodium hydroxide and sodium sulphide used to extract lignin during kraft pulping. Black liquor is the resultant combination of lignin, water and chemicals.

Lost-time injury frequency rate (LTIFR) – Number of lost-time injuries x 200,000 divided by man hours.

Lost-time injury severity rating (LTISR) – Number of days lost x 200,000 divided by actual man hours.

Mechanical pulp – Pulp produced by means of the mechanical grinding or refining of wood or wood chips.

Nanocellulose – Cellulose is the main component of plant stems, leaves and roots. Traditionally, its main commercial use was in producing paper and textiles. Nanocellulose is derived from further processing cellulose to a smaller size fraction or nano scale. These engineered celluloses open up opportunities for advanced, planet-friendly solutions in place of environmentally harmful products.

NGO – Non-governmental organisation.

NPO – Non-profit organisation.

Packaging and speciality papers – A generic term for a group of papers intended for commercial and industrial use such as flexible packaging, label papers, functional papers, containerboard, paperboard, silicone-base papers, casting and release papers, dye sublimation papers, inkjet papers and tissue paper.

PAMSA – Paper Manufacturers' Association of South Africa.

Plantation – Large scale planted forests, intensively managed, highly productive and grown primarily for wood and fibre production.

Power – The rate at which energy is used or produced.

Programme for the Endorsement of Forest Certification (PEFC) – An international non-profit, NGO dedicated to promoting sustainable forest management (SFM) through independent third-party certification. PEFC works by endorsing national forest certification systems and is represented in 49 countries through national organisations such as SFI® in North America. www.pefc.org

R&D – Research and development.

RONOA – Return on net operating assets.

Sappi Europe (SEU) – The business unit within Sappi which oversees operations in the European region.

Sappi North America (SNA) – The business unit within Sappi which oversees operations in the North American region.

Sappi Pulp – The business unit within Sappi which oversees the production and marketing of DP.

Sappi Southern Africa (SSA) – The business unit within Sappi which oversees operations in the Southern Africa region.

SBS – Solid bleached sulphate board.

SBTi – The Science Based Targets initiative (SBTi) is a partnership between Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), World Resources Institute and the World Wide Fund for Nature (WWF). The objective of SBTi is to drive ambitious climate action in the private sector by enabling companies to set science-based GHG emissions reduction targets. SBTi provides technical assistance and expert resources to companies who set science-based targets in line with the latest climate science and provides companies with independent assessment and validation of decarbonisation targets.

Glossary continued

Scope 1, 2 and 3 GHG emissions – The Greenhouse Gas Protocol defines Scope 1 (direct), Scope 2 (indirect) and Scope 3 emissions as follows:

- Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity
- Indirect GHG emissions are emissions from purchased electricity, steam, heat or cooling
- Scope 3 refers to all other indirect emissions that occur in the upstream and downstream activities of an organisation, such as purchased goods and services, business travel, employee commuting, waste disposal, use of sold products, and transportation.

SDGs – See UN SDGs.

SETS – Social, ethics, transformation and sustainability.

Solid waste – Dry organic and inorganic waste materials.

Special items – Special items cover those items which management believe are material by nature or amount to the operating results and require separate disclosure. Such items would generally include profit or loss on disposal of property, investments and businesses, asset impairments, restructuring charges, non-recurring integration costs related to acquisitions, financial impacts of natural disasters, non-cash gains or losses on the price fair value adjustment of plantations and alternative fuel tax credits receivable in cash.

Specific – When data is expressed in specific form, this means that the actual quantity consumed during the year indicated, whether energy, water, emissions or solid waste, is expressed in terms of a production parameter. For Sappi, as with other pulp and paper companies, this parameter is air dry tons of saleable product.

Specific total energy (STE) – The energy intensity ratio defined by the total energy consumption in the context of the saleable production.

Sustainable Forestry Initiative® (SFI®) – Is a solutions-oriented sustainability organisation that collaborates on forest-based conservation and community initiatives. The SFI forest management standard is the largest forestry certification standard within the PEFC programme. www.forests.org

TCFD – Task Force on Climate-related Financial Disclosures.

TNFD – Taskforce on Nature-related Financial Disclosures.

Ton – Metric ton of 1,000 kg.

Tons per annum (tpa) – Term used in this report to denote tons per annum (tons a year). Capacity figures in this report denote tons per annum at maximum continuous run rate.

Transnet – Transnet is the state-owned South African rail, port and pipeline company.

United Nations Global Compact (UNGC) – A principle-based framework for businesses, stating 10 principles in the areas of human rights, labour, environment and anti-corruption.

UN SDGs – United Nations Sustainable Development Goals.

Verve – Brand name for Sappi dissolving pulp.

WBCSD – World Business Council For Sustainable Development.

Woodfree paper – Paper made from chemical pulp.

World Wildlife Fund (WWF) – The world's largest conservation organisation, focused on supporting biological diversity.

