



# Sappi Sustainable Finance Framework - 2024

*We're unlocking the power of renewable resources to meet the needs of the planet and people while seeding prosperity for all. Together, we're building a thriving world with a biobased, circular economy. In a warming world with increasingly scarce resources, making sustainable solutions is not just our responsibility. It's an opportunity that we're embracing with a spirit of eco-effective ingenuity that's unique to Sappi.*



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## 1. Statement of Purpose

This document outlines the framework under which the Sappi Group (“Sappi”) intends to issue sustainability-linked financing instruments (the “Framework”). This Framework will serve as the basis for future renditions, based on which sustainability linked financing may be executed. The proceeds of such instruments would be directed towards supporting and achieving the Group’s environmental and social objectives as they align with Sappi’s Group Sustainability Charter.

Sappi intends to expand the Framework with use-of-proceeds elements at a later stage. For the time being, only sustainability-linked structures are covered.

Sappi’s approach to sustainability is based on a holistic view of **Prosperity, People and Planet** and is underpinned by our value statement: *At Sappi, we do business safely with integrity and courage; making smart decisions which we execute with speed. Our values are underpinned by an unrelenting focus on and commitment to safety.*







## 2. Sustainability Commitment

For details see: <https://www.sappi.com/sustainability-and-impact>

## 2.1. **Sappi Overview**

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 bioenergy. 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.

Sappi has 12,329 employees in over 35 countries and manufacturing operations on three continents. Sappi has following production capabilities:

- 5.5m tons of paper
- 2.6m tons of paper pulp
- 1.5m tons of dissolving pulp

Sappi also owns and leases 400,000 hectares (ha) of sustainably managed forests in South Africa.

Our market-leading product range is sold and distributed to our direct and indirect customer base across more than 150 countries. These figures place Sappi amongst the world's largest producers in the pulp and paper industry.



Sappi has production facilities in North America, Europe and South Africa.



In addition, 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. Sappi Trading also coordinates our shipping and logistical functions for exports from these regions.

#### **Sales offices**

Hong Kong  
Bogotá  
Johannesburg  
México City  
Nairóbi  
São Paulo  
Shanghai  
Sydney

#### **Logistics offices**

Durban

## 2.2. Sustainability Strategy

We assume our responsibility to be a sustainability leader with pride and therefore produce our products from woodfibre sourced from sustainably managed forests and plantations.


We are thoughtfully sourcing materials, reducing material waste, abating carbon and carefully considering product end-of-life. We strictly monitor and control our use of energy, water and other raw materials and continually look to reduce our reliance on fossil fuels.

Our Thrive strategy is an iterative process seeking to implement opportunities to reduce cost and/or grow the business while sustaining a healthy balance sheet and enhancing relationships. A fine balance of continuous capital prioritisation.


Our Thrive strategy is executed by our people and therefore we are focused on growing our human potential, ensuring we have sustainably engaged people and are extending our positive influence on the communities where we operate around the world to create shared value.

Our Thrive strategy responds to various global forces and market trends. It is built on four main objectives with annual and longer-term actions and targets, some set for delivery by 2025 while others, including our Science Based Targets initiative (SBTi) commitments, are set for delivery beyond 2025.


In order to improve on our performance so far, Sappi has committed itself to new goals by 2025, under its Thrive25 business strategy, with a baseline year of FY2019:

	<b>SDG 6</b> <b>Clean water and sanitation</b>	2025			
		Global Target	South Africa	North America	Europe
	Reduce specific process water use	23%	23%	-	-


  


	<b>SDG 7</b> <b>Renewable and clean energy</b>	2025			
		Global Target	South Africa	North America	Europe
	Increase share of renewable and clean energy	8% pts	7% pts	Within 5% of baseline (81.7%) or higher	11%
	Decrease specific total energy	5%	9%	5%	5%


  

	<b>SDG 8</b> <b>Decent work and economic growth</b>	2025			
		Global Target	South Africa	North America	Europe

Achieve zero workplace injuries (LTIFR) from own employees and contractors	Zero Injuries	Zero Injuries	Zero Injuries	Zero Injuries
Increase proportion of women in management roles	3.7% pts	3.1% pts	4% pts	5.8% pts
Share of procurement spend with declared compliance with Supplier Code of Conduct	80%	80%	80%	80%
Participation in Employee Engagement Survey	>85%	>85%	>85%	>85%
Percentage of staff fully engaged with our business	>75%	>75%	>75%	>75%
Return on capital employed (ROCE)	2% Above WACC	-	-	-
<b>Return on net operating assets (RONOA)</b>	-	<b>2% Above WACC</b>	<b>2% Above WACC</b>	<b>2% Above WACC</b>



	<b>SDG 12</b>	2025			
	<b>Responsible Consumption and Production</b>	Global Target	South Africa	North America	Europe
	Launch products with defined sustainability benefits	25 products	5 products	5 products	15 products
	Reduce specific landfilled solid waste	15%	24%	10%	5%
	Promote sustainable growth in our plantations Annual growth in million tons	-	> 4	-	-

	<b>SDG 13</b>	2025			
	<b>Climate action</b>	Global Target	South Africa	North America	Europe
	Decrease specific GHG (Scope 1 + 2) emissions	18%	20%	5%	25%
	Decrease specific purchased fossil energy	-	21%	-	-

	<b>SDG 15</b>	2025			
	<b>Life on land</b>	Global Target	South Africa	North America	Europe
	Share of certified fibre	>75%	>82%	>55%	>78%
	Enhance biodiversity in conservation areas	-	10% improvement	-	-



## Additional Priority SDGs in South Africa

  <b>SDG 1 +SDG 4</b> <b>No poverty + quality education</b>	2025			
	Global Target	South Africa	North America	Europe
Advance Broad-based Black Economic Empowerment (BBBEE)	-	Level 1	-	-

As a signatory to the United Nations Global Compact, Sappi is committed to ensuring that its long-term operations align with the United Nations Sustainable Development Goals ('SDGs'). Of the 17 SDGs, Sappi identified seven where it can make the most material contributions which are depicted in the table above.

To measure Sappi's climate impact in the most effective manner, the company committed itself to setting science-based targets through the Science Based Targets initiative (SBTi) in June 2020. The SBTi is a collaboration between Carbon Disclosure Project (CDP), the United Nations Global Compact, World Resources Institute (WRI) and the World-Wide Fund for Nature (WWF). Our science-based GHG emission reduction targets were validated by the Science-Based-Target Initiative (SBTi) in June 2022.

## 2.3. Sustainability Ratings and Certifications

Being active in particularly sustainability-sensitive industries and regions, Sappi has regularly been evaluated on its impact on the environment.

Sappi has obtained the following certifications:



Sappi Forests: 100% FSC certified

Sappi Forests: 100% PEFC certified



Awarded Platinum Level in sustainability performance by independent rating agency EcoVadis (2023)



Rated 'Prime' by Oekom Research, B- score



Report to the CDP ([www.cdp.net/en](http://www.cdp.net/en)) under its *climate change* (2023 A-), *forest* (2023 A-) and *water* (2023 B-) programmes, making our responses publicly available.



Validated Science Based GHG reduction target.



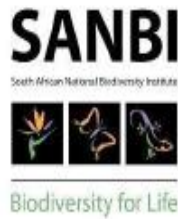
MSCI rating improved to A (May 2022)



Sappi Southern Africa is a Level 1 Broad-Based Black Economic Empowerment contributor.



Sappi also builds and activates mutual beneficial partnerships, amongst others:



The seven proclaimed nature reserves on our land in South Africa, which total 6,350ha, fall under, or are part of, South Africa's Biodiversity Stewardship Programme managed by the South African National Biodiversity Institute.



Partnering with forestry sector peers to define a roadmap to net zero for the sector.



We assess the sustainability performance of our suppliers through proactive ratings and evaluations using EcoVadis methodology – under the EcoVadis banner.



Partnering with WWF South Africa in a water stewardship project in the uMkhomazi catchment area.



Joined the Circular Bioeconomy Alliance.

Aims to accelerate the transition to a circular bioeconomy that is climate neutral, inclusive and prospers in harmony with nature.



In addition, Sappi has obtained the following certifications:

- **ISO 9001:2015** - Quality management
- **ISO 14001:2015** - Environmental management
- **ISO 22000:2005** - Food safety management
- **ISO 45001:2018** - Occupational health and safety management
- **ISO 50001:2011/2018** - Energy management (SEU and SSA)
- **EN 15593:2008** - Management of hygiene in the production of packaging for foodstuffs

## 2.4. Governance and Sustainability

Sappi has taken extensive measures to ensure the continued incorporation of its sustainability strategy into its corporate managerial- and executive-level decision-making processes. This approach is reflected on multiple governance levels. Through the incorporation of Sappi's Regional Sustainable Councils (RSCs) across Europe, North America and South Africa, our company is able to streamline decision-making processes and translate macro-level sustainable strategy into material solutions customized to local needs. Having all regions individually contribute to the discussion on Sappi's sustainability strategy allows for the consideration of a greater variety of perspectives, which helps the company identify its most crucial targets.

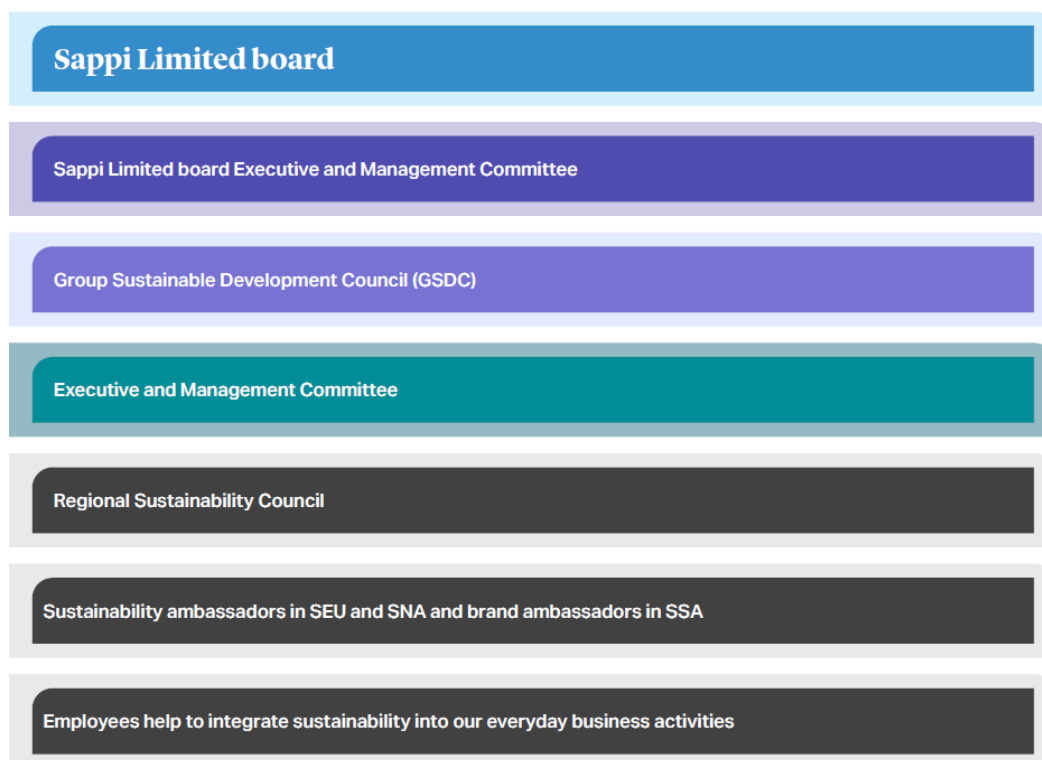
Regional Sustainable Councils (RSCs), in Europe, North America and South Africa, are responsible for establishing and implementing our on-the-ground sustainability strategy. Their work is overseen and reviewed by the Group Sustainable Development Council (GSDC). The GSDC reviews key trends and developments together with strategy and implementation and makes recommendations that are fed through to the Social, Ethics, Transformation and Sustainability (SETS) Committee and ultimately, to the Sappi Limited board. The SETS Committee relies on international best practice as well as the laws and regulations under which Sappi's businesses operate to ensure that the group not only complies with, but also fully implements, all requirements. The committee addresses issues relating to corporate social investment, ethical conduct, diversity, transformation and empowerment initiatives and targets and ongoing sustainability practices. The responsibilities include monitoring the company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice.

The SETS Committee has an independent role with accountability to the board and is comprised of a majority of independent non-executive members, whose duties are delegated to them by the board of directors in compliance with a board-approved terms of reference. The role of the SETS Committee, together with the Audit and Risk Committee, is to assist the board with the oversight of sustainability issues within the company and to provide guidance to management's work in respect of its duties.

The Chairman of the SETS Committee has served as the President of the International Union for the Conservation of Nature; Chairman of the UN Commission for Sustainable Development; Chairman of WWF(SA) and currently serves as the deputy chair of the South African President's Climate Change Commission.



Sappi's Sustainability governance structure:



Sappi has also established the Sappi Sustainable Financing Committee (“SSFC”) which will hold ultimate responsibility and accountability for this Framework including compliance throughout the life of all Sappi sustainable debt issuances. The committee meets when projects are approved that require financing with sustainability KPIs and whenever any changes to the sustainability targets are being contemplated. The SSFC will manage any future updates to this Framework, including the list of Eligible Categories for use of proceeds financing, and oversee its implementation.

The SSFC includes representatives from Sappi’s Sustainability, Treasury, Compliance and Finance departments. Treasury will chair the committee meetings and is responsible for updating this document.

Treasury in collaboration with Sustainability will assess all financing structures from the perspective of use-of-proceeds and decide whether the facility will be a “Green”, “Social” or “Sustainability-linked” facility.





### 3. Sappi Sustainable Finance Framework



### 3.1. Sustainability-Linked Financing

Sustainability-linked financing solutions serve the purpose of creating a bridge between Sappi's funding and sustainability strategies. Through this Framework, Sappi prescribes the methodology and associated procedures to be applied in determining the sustainability-related characteristics of Sappi's forthcoming financing solutions, covering both loan and bond instruments.

### 3.2. Sustainability-Linked Financing Instruments

#### 3.2.1. Sustainability-Linked Bonds

Sappi's Sustainable Finance Framework has been created in accordance with the Sustainability-Linked Bond Principles 2023 ("SLBP"), a voluntary process guideline drafted by the International Capital Market Association ("ICMA"). The purpose of sustainability-linked bonds is to encourage companies to utilize capital markets as a means to further their efforts to create a more sustainable business. These principles provide guidelines on structuring, disclosure practices and reporting mechanisms. Our framework is in alignment with the five core components of the "SLBP":


- I. Selection of Sustainability Performance Targets (SPTs)
- II. Calibration of Sustainability Performance Targets (SPTs)
- III. Bond characteristics
- IV. Reporting
- V. Verification

#### 3.2.2. Sustainability-Linked Loans

Similar to its sustainability-linked bond instruments, Sappi is committed to align this Framework with the Sustainability-Linked Loan Principles 2021 ("SLLP"), a set of voluntary guidelines drafted by the Loan Market Association ("LMA"). The purpose of the guidelines is the promotion of the development and the preservation of the integrity of sustainability-linked loan instruments. The Principles are designed to be applied by market participants on a deal-by-deal basis, allowing for a greater degree of flexibility to suit the underlying characteristics of a given transaction. The core components outlined under the "SLLP" are substantially similar to the ones of the "SLBP".

### 3.3. Selection of Key Performance Indicators (KPIs)

KPIs should be relevant to the company's overall business strategy, quantifiable, verifiable and benchmarked. Sappi has selected KPIs that are measurable or quantifiable on a consistent methodological basis, externally verifiable, and that are able to be benchmarked to a certain extent with peers in the sector. These KPIs can be used individually or in combination on a deal-by-deal basis. The KPIs relevant to each instrument will be specified in the final terms of each financing transaction.

KPI #1	Decrease specific GHG (Scope 1 + 2) emissions			
Definition	Reduce ratio of absolute Scope 1 + 2 GHG emissions (kg of CO2e) divided by saleable production (adt) by 18% by 2025 and by 41.5% by 2030 with a baseline of 2019.			
Scope	Sappi Group			
Rationale	Taking urgent and appropriate actions to combat climate change impacts is a shared responsibility. We are focused on the continued reduction of Sappi's greenhouse gas emissions.			
Reporting Periodicity and Review	Annually, KPI performance will be included in the Sappi Group Sustainability report. Sappi's external auditor will provide a limited assurance report regarding such KPI performance information.			
Historical Data	Sappi Group Scope 1 + 2 emissions (tons CO2 e/adt <sup>1</sup> ):			
		Absolute GHG emissions t CO2 e	Saleable production adt	Emissions t CO2 e /adt
	2019	5,973.9	6,687,047	0.89
	2020	5,285	5,776,650	0.91
	2021	5,429.3	6,297,483	0.86
	2022	5,411.4	6,654,215	0.81
	2023	4,709	4,988,309	0.94
	Global GHG Emissions Summary Table:			
		Scope 1 (%)	Scope 2 (%)	
	2019	74%	26%	
	2020	77%	23%	
	2021	79%	21%	
2022	75%	25%		
2023	74%	26%		
2024	71%	29%		
Contribution to SDG				


<sup>1</sup> air dry tons (ADT) – Meaning dry solids content of 90% and moisture content of 10%


For now, the above KPI and the science-based target is focused on Scope 1 and 2. Scope 3 emissions are defined as indirect emissions not included in Scope 2, occurring from sources that we do not own or control and covering emissions along the value chain. Our Scope 3 carbon footprint is based on guidelines provided by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (also referred to as the Scope 3 Standard). Sappi is committed to acting responsibly throughout its entire value chain. Calculating Scope 3 emissions allows us to make decisions based on both price and the environmental performance of suppliers and service providers. Integrated and non-integrated mills are more comparable when the total Scope 1 + 2 + 3 emissions are considered. The GHG Protocol divides Scope 3 emissions into 15 categories. Sappi reports upstream emissions (Categories 1 to 7 comprising emissions from purchased goods and services, capital goods, fuel and energy related activities, upstream transportation and distribution, waste generated, business travel and employee commuting). Downstream emissions in Categories 8, 9 and 11 are not applicable to Sappi. We do not include Categories 10 and 12 downstream emissions as we are unable to reasonably estimate emissions associated with the various end uses of our products. We do not have line of sight to what the end product and end of life of our products will be.

While our science-based targets are focused on Scope 1 and 2 for now we are working on establishing Scope 3 targets in due course. This requires intensive work and research and once we set a target, we need to ensure that the target is ambitious and achievable. Scope 3 targets will be included in this KPI once set and verified.


<b>KPI #2</b>	<b>Sourcing of certified fibre</b>
Definition	Increase the proportion of certified fibre supplied to our mills annually to above 75%
Scope	Sappi Group
Rationale	With Sappi's excellence in sustainable forest management and commitment to stewardship, we aim to continue to increase our positive contribution to healthy landscapes. We practise sustainable forestry because it provides clean air and water, protects biodiversity and defends against climate change, among many other critical benefits. Forest certification validates our forest management practices and those of our suppliers in the well-managed forests and plantations from which we source wood fibre. We strive to increase the share of certified wood fibre supplied to our mills.
Reporting Periodicity and Review	Annually, KPI performance will be included in the Sappi Group Sustainability report. Sappi's external auditor will provide a



	limited assurance report regarding such KPI performance information.
Historical Data	Proportion of certified fibre supplied to our mills: 2019: 75% 2020: 73% 2021: 77% 2022: 77% 2023: 75%
Contribution to SDG	

<b>KPI #3</b>	<b>Reduce landfill waste by 15%</b>
Definition	Reduction of landfill solid waste disposal by 15% in 2025 with 2019 as base year.
Scope	Sappi Group
Rationale	Circular thinking, as practised by Sappi, goes beyond mere waste beneficiation. We approach our environmental impact from a holistic perspective grounded in life cycle thinking, from procurement of raw materials and energy through to manufacturing, design and the next life of our products. The benefits of this approach align with our purpose of contributing to a thriving world, one with less waste, lower costs and reduced environmental impact.
Reporting Periodicity and Review	Annually, KPI performance will be included in the Sappi Group Sustainability report. Sappi's external auditor will provide a limited assurance report regarding such KPI performance information.
Historical Data	Sappi Group Landfill waste: 2019: 0.066 t/adt 2020: 0.061 t/adt 2021: 0.053 t/adt 2022: 0.052 t/adt 2023: 0.074 t/adt
Contribution to SDG	



<b>KPI #4</b>	<b>Zero workplace injuries LTIFR: own employees and contractors</b>
Definition	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 worked, by the unit's man hours, i.e., $LTIFR = LTI * 200\,000 / \text{unit's actual man hours}$
Scope	Sappi Group
Rationale	We aim to provide a safe working environment in which our employees can reach their full potential. Safety is not only a moral imperative, but also an issue that affects productivity and hence, value add to all our stakeholders. Our approach to safety, a core value, is based on the principles of Project Zero – zero fatalities and zero injuries. In addition to addressing hazards in the workplace by means of the and ISO 45001 related systems in place at all our pulp and paper mills, we also address 'at risk behaviour' of our employees through a behaviour-based safety (BBS) system.
Reporting Periodicity and Review	Annually, KPI performance will be included in the Sappi Group Sustainability report. Sappi's external auditor will provide a limited assurance report regarding such KPI performance information.
Historical Data	Sappi Group LTIFR: 2019: 0.54 2020: 0.35 2021: 0.38 2022: 0.31 2023: 0.24
Contribution to SDG	



### 3.3.1. Sappi Southern Africa Key Performance Indicators Sustainability–Linked Revolving Credit Facilities


As a multinational corporate, Sappi recognises that sustainability focus areas and challenges may differ across our regions. Sappi Southern Africa is an integral part of the global business that raises funding in local currency for the local South African business. Material sustainability objectives in the region include water stewardship, clean energy, responsible waste management, and responsible consumption and production. To ensure meaningful contribution to the SDGs in the region, Sappi has selected the following KPI's for Sappi Southern Africa's Sustainability-linked Revolving Credit Facilities:

- KPI #1 (Group target): Decrease specific GHG (Scope 1 + 2) emissions
- KPI #3 (Group target): Reduce landfill waste
- KPI #5 (SSA target): Reduce specific process water usage in South Africa
- KPI #6 (SSA target): Sourcing of certified fibre in South Africa


KPI #1 is material in the region as South Africa is a significant contributor to our overall emissions. Reducing waste to landfill is imperative in the region, as availability of landfill sites is diminishing (KPI #3). KPI #5, water management, is a material initiative in the region, as it is classified as water scarce and KPI #6 is of great importance as healthy, resilient and sustainable forests are the foundation of our business.

<b>KPI #5 (SSA)</b>	<b>Reduce specific process water usage in South Africa by 2025</b>
Definition	Reduce specific <b>process water usage in South Africa (m3/adt)</b> by 23% in 2025 with 2019 as the base year.
Scope	Sappi Southern Africa (SSA)
Rationale	Water is essential for the health of the forests and plantations from which we source wood fibre. In addition, pulp and paper operations are highly dependent on the use and responsible management of water resources. Water is used in all major process stages of our production, as well as in the processes



	<p>of cooling, materials transport, equipment cleaning, and various other purposes.</p> <p>South Africa is classified as a water-stressed country with uneven distribution of rainfall across the country. This creates varying challenges around access to clean water and sanitation for all and it is against this backdrop that responsible water stewardship is essential for Sappi and for a thriving world.</p>												
Reporting Periodicity and Review	Annually, KPI performance will be included in the Sappi Group Sustainability report. Sappi's external auditor will provide a limited assurance regarding such KPI performance information.												
Historical Data	<p>Sappi Specific Purchased Water Consumption (million m<sup>3</sup>/adt):</p> <table> <tr> <th>Year</th><th>SSA</th></tr> <tr> <td>2019</td><td>44.9</td></tr> <tr> <td>2020</td><td>45.5</td></tr> <tr> <td>2021</td><td>46.6</td></tr> <tr> <td>2022</td><td>48.6</td></tr> <tr> <td>2023</td><td>48.4</td></tr> </table>	Year	SSA	2019	44.9	2020	45.5	2021	46.6	2022	48.6	2023	48.4
Year	SSA												
2019	44.9												
2020	45.5												
2021	46.6												
2022	48.6												
2023	48.4												
Contribution to SDG													

<b>KPI #6 (SSA)</b>	<b>Sourcing of certified fibre ≥82%</b>
Definition	Increase the proportion of certified fibre supplied to our mills annually to 82% or above
Scope	Sappi Southern Africa (SSA)
Rationale	<p>With Sappi's excellence in sustainable forest management and commitment to stewardship, we aim to continue to increase our positive contribution to healthy landscapes.</p> <p>In South Africa Sappi owns 400,000 ha of land, which traditionally accounts for 67% of the wood requirements for the mills.</p> <p>Ensuring certified fibre is used means we:</p> <ul style="list-style-type: none"> <li>i) make sure our own plantations are managed responsibly and 100% certified;</li> <li>ii) assist suppliers in getting certification to ensure that responsible practices are maintained in our value chain.</li> </ul> <p>Our FSC certification scheme not only delivers on environmental value but also supports socio-economic development for smaller landowners.</p> <p>In early 2021, Sappi was awarded the first ever PEFC forest management certificate in South Africa. This achievement validates that Sappi's forest management practices in South Africa meet the requirements for sustainable forest management set out in the PEFC-endorsed standard for the region – Sustainable African Forestry Assurance Scheme (SAFAS).</p> <p>The certification will enable Sappi to offer PEFC certified wood from our plantations in South Africa, giving further assurance to Sappi's local and global customers that the wood raw material originates from responsibly managed forests.</p>

Reporting Periodicity and Review	Annually, KPI performance will be included in the Sappi Sustainability report. Sappi's external auditor will provide a limited assurance report regarding such KPI performance information.
Historical Data	Proportion of certified fibre supplied to our mills: 2019: 82% 2020: 83% 2021: 85% 2022: 85% 2023: 83%
Contribution to SDG	

### 3.3.2. Sappi Southern Africa Sustainability-linked Bonds.

To continue our meaningful contribution to the SDGs in the region, Sappi has selected the following KPI's for Sappi Southern Africa's Sustainability-linked bonds:

- KPI #1 (Group target): Decrease specific GHG (Scope 1 + 2) emissions
- KPI #6 (SSA target): Sourcing of certified fibre in South Africa

These are material and core to the business: KPI#1 is material as climate change is the defining challenge of our times, while KPI#6, certified fibre, is a critical pillar of our sustainability approach as the biggest private landowner and material producer of pulp and paper products in South Africa.

As a diversified, innovative and trusted leader focused on sustainable processes and products, we believe it is prudent to align all contemporary issuances with long terms targets appropriate for the relevant issuance. Thus, we have extended our Sustainability Performance Targets (SPTs) time horizon for KPI #6 selected for the South African Sustainability-linked Bond. Details are included in section 3.4 (Sustainability Performance Targets)





### 3.4. Calibration of Sustainability Performance Targets (SPTs)

<b>SPT #1</b>	<b>Decrease specific GHG (Scope 1 + 2) emissions by 18% by 2025 and 41.5% by 2030</b>
Benchmark	In June 2022 the SBT Initiative (SBTi) validated Sappi's 2030 reduction targets for Scope 1 and Scope 2 as consistent with a well below 2°C scenario. The SBTi certification is attached to the appendix.
Target Year	2025 / 2030
Baseline Year	2019
Baseline Figure	883.4 kg CO <sub>2</sub> e/adt
Action Plan	<p>Sappi prioritizes the reduction of greenhouse gas (GHG) emissions due to its central role in combatting climate change. To ensure inclusion of long-term targets in contemporary issuances, we have extended the timeline horizon of KPI1's Sustainability Performance, in-line with our SBTi validated long-term target and renewable energy integration plans.</p> <p>We continue to develop our climate strategy and have made significant progress in developing our near-term plans to mitigate our greenhouse gas emissions with the identification of key projects that will decarbonise our operational impact over the next five years.</p> <p>Those projects include, amongst others:</p> <ul style="list-style-type: none"> <li>• Following on from the modernisation of a boiler at Gratkorn Mill in Austria in 2022, the transition towards more renewable energy evolved throughout 2023. The mill's share of renewable energy rose from 41% in 2022 to 56% in 2023. To continue the transition, phase 2 of the project was approved and initiated in 2023 that will further grow the mill's capacity to receive, handle and store biomass.</li> <li>• In August 2023, our Kirkniemi Mill in Finland converted to renewable energy, inaugurating its new facilities for the use of biofuels made up of biomass residues such as bark, sawdust and wood chips, mostly sourced locally. This will reduce by 90% direct fossil greenhouse gas emissions produced by the mill – the equivalent of 230,000 tons of carbon dioxide every year.</li> <li>• While Sappi has a relatively high level of renewable energy integration within the South African region due to our black liquor and biomass fuel sources, we are not fully self-reliant. We therefore need to purchase energy from the national utility provider, Eskom, which is predominantly</li> </ul>

	<p>based on coal. Given that there is currently very little renewable energy available for purchase within the country, our decarbonisation roadmap for the region assumes that we will have to invest in our own renewable energy assets. Accordingly, we are actively exploring opportunities to enter into Private Partnership Agreements (PPA) with independent renewable energy providers who have been granted licences under the Renewable Independent Power Producer Programme (REIPPP) in order to materially improve the use of renewable energy in the region.</p>
Calculation Methodology	<p>Sappi Group Scope 1 emission calculations based on the GHG Protocol, using IPCC emission factors (Chapter 2, Table 2.2, 2006<sup>2</sup>) and 5th Assessment GWP factors.</p> <p>Sappi Group Scope 2 emissions calculated based on the market-based method as defined by the GHG Protocol.</p>

<b>SPT #2</b>	<b>Sourcing of certified fibre</b>
Benchmark	Robust, internationally recognised and third-party verified forest certification systems are effective tools for promoting sustainable consumption and production, as well as combating deforestation and illegal logging through proof of legality and responsible practices. Accordingly, we strive to increase the amount of certified fibre supplied to our mills and prioritise responsible management on our plantations in South Africa.
Target Year	Annual
Baseline Year	2019
Baseline Figure	75% for every year
Action Plan	<p>All Sappi's mills in Europe, United States, and Canada are both Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC), and in the United States also Sustainable Forestry Initiative (SFI) Chain of Custody (CoC) certified.</p> <p>Sappi's own tree plantations in South Africa are both PEFC and FSC-certified. The mills in South Africa are FSC CoC-certified and will achieve PEFC CoC certification soon. This approach enables us to offer a wide product portfolio of certified products and gives us full traceability of purchased wood-based raw material. In so doing, we hope to drive responsible production and consumption patterns and demand for wood-based products originating from certified forests.</p> <p>In 2023, 75% (2022: 77%) of all the wood-based raw material supplied to Sappi's mills originated from FSC or PEFC (incl. SFI) certified forests. In Europe, North America and South Africa, the share of certified wood fibre supplied in 2023 was respectively: 86% (2022: 87%), 55% (2022: 59%), and 83% (2022: 85%). Much of the wood fibre we use is dual certified.</p> <p>Actions undertaken to meet the target:</p> <p>We continue to participate in efforts to expand sustainable forestry practices and certification: SNA works closely with a variety of programmes dedicated to providing logger education, including SFI Implementation Committees, Maine</p>



	<p>Forest Products Council, Maine Tree Foundation, Minnesota Logger Education Programme, Minnesota Forest Industries and numerous academic programmes where we provide financial and in-kind support..</p> <p>In South Africa, we continue to promote the SAFAS (Sustainable African Forestry Assurance Scheme), which is endorsed by the Programme for the Endorsement of Forest Certification (PEFC) and which we helped to develop. SAFAS, incorporates a Value Based Platform (VBP) approach to make forest certification more accessible especially to small landowners by assessing integrated risks across landscapes. Using the VBP approach, Sappi has assessed eight grower groups (including a cluster group of 38 individual small growers) representing 8,930 hectares for certification readiness. We also promote certification through our group FSC scheme for small and medium-sized growers in South Africa. In FY2023, the scheme had 40 members representing a planted area of 44,300 hectares and 384,300 tons delivered to Sappi's mills. Members of the scheme are paid a premium for certified fibre.</p>
Calculation Methodology	Annual confirmation and verification by KPMG of fibre sourcing.

<b>SPT #3</b>	<b>Reduce landfill waste by 15%</b>
Target Year	2025
Baseline Year	2019
Baseline Figure	65.9 kg/adt
Action Plan	<p>Projects to reduce landfill waste:</p> <ul style="list-style-type: none"> <li>• We have established a joint venture known as uMkhomazi Fuels at Saiccor Mill incorporating a ZAR80 million cycle plant generating steam from pellets made from wood shavings and other wood waste left over from the mill's manufacturing processes. These would normally be sent to landfill. Under the joint venture, climate mitigation actions include the avoidance of 57,000 tons of annual landfill waste, resulting in savings of approximately ZAR15 million per annum. In addition, 322,000 tons of CO2 emissions will be averted over a 10-year period by diverting landfill organic waste and 62,457 tons of CO2 emissions annually through fossil fuel substitution. It is also estimated that 68 full-time and 49 part-time jobs will be created from the local communities.</li> <li>• Sappi is one of the world's largest producers of dissolving pulp (branded as Verve), with capacity of 1.5 million tpa and app. 15% share of the global market. Our leading position was consolidated in FY2022 when we expanded capacity at Saiccor Mill by 110,000 tpa. The significant environmental benefits of the ZAR7.7 billion upgrade include reduced fossil fuel carbon emissions, reduced sulphur dioxide emissions, improved specific water use efficiency and reduced water consumption, and a reduction in solid waste to landfill from coal ash.</li> <li>• Sappi Southern Africa mills are actively pursuing beneficiation opportunities specifically for ash, fibre sludge and biomass with a beneficiation increase of 5% in FY2023, year-on-year, and reduction of specific waste to landfill of 12%.</li> </ul>
Calculation Methodology	Specific Landfilled solid waste (tons/adt) refers to the tons of waste sent to landfill onsite and off-site per adt of saleable production. Waste quantities are input in tons, with moisture content included (as is). In the case of landfilling, "on site" refers to a Sappi owned site whereas "off-site" refers to a non-Sappi owned site. The amount of waste being sent to landfill

(on- and off site) is then calculated and reported with the following equation:

$$\text{Specific landfilled solid waste (on\&off site)} \left( \frac{t}{adt} \right) = \frac{\left( \text{Landfilled on site} \left( \frac{t}{a} \right) \right) + \left( \text{Landfilled off site} \left( \frac{t}{a} \right) \right)}{\text{Saleable Production} \left( \frac{adt}{a} \right)}$$

With the amount of waste then being landfilled calculated with:

$$\begin{aligned} &\text{Landfilled on site} \left( \frac{t}{a} \right) \\ &= \left( 1. \text{Bark from own operation landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 2. \text{Primary sludge from pulp and paper mill landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 3. \text{Secondary sludge from biological treatment landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 4. \text{Wood waste, sawdust, slivers landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 5. \text{Paper, board, packaging waste landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 6. \text{Other combustible waste landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 7. \text{Sodium sulphate rejects landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 8. \text{Slaker rejects landfilled on site} \left( \frac{t}{a} \right) \right) + \left( 9. \text{Lime mud landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 10. \text{Wires\&felts landfilled on site} \left( \frac{t}{a} \right) \right) + \left( 11. \text{Domestic waste landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 12. \text{Plastics\&Polystyrene landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 13. \text{Boiler ashes landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 14. \text{Hazardous waste landfilled on site} \left( \frac{t}{a} \right) \right) + \left( 15. \text{Used oil landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 16. \text{Other metals, iron, cans landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 17. \text{Oil contaminated waste landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 18. \text{All other waste, rolls, small chemicals landfilled on site} \left( \frac{t}{a} \right) \right) \\ &+ \left( 19. \text{Other waste, specify} \left( \frac{t}{a} \right) \right) + \left( 20. \text{Other waste, specify} \left( \frac{t}{a} \right) \right) \\ &- \left( \text{Waste reclaimed from landfill for beneficiation} \left( \frac{t}{a} \right) \right) \\ &- \left( \text{Waste used for capping purposes} \left( \frac{t}{a} \right) \right) \end{aligned}$$

$$\text{Landfilled off site} \left( \frac{t}{a} \right)$$

= same calculation as Landfilled on site, but all parameters just change to OFF site



<b>SPT #4</b>	<b>Zero workplace injuries LTIFR: own employees and contractors</b>
Target Year	2025
Baseline Year	2019
Baseline Figure	LTIFR of 0.54
Action Plan	<p>Consistent messaging around Project Zero and the 'I Value Life' safety campaign, including the maturing Stop, Think before you Act journey in Sappi Forests. Continuous sharing of incidents, near misses and best practices across the group. 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 Project Zero with the continuance of improved personal behaviour and making safe choices underpinned by risk assessments, group sharing of all incidents and root cause investigations, enforcement of compliance and leadership engagement with our people.</p> <p>Examples of regional initiatives taken to meet our safety goals:</p> <ul style="list-style-type: none"> <li>• Safety recognition gained further traction with the launch of the Sappi North America Safety Impact Awards, which were rolled out in 2023 and which aim to identify successful safety projects that have the greatest potential to reduce or prevent injuries at our sites in the region. Sappi South Africa (SSA) also hosted their safety and environment awards shortly after year-end to celebrate individuals and teams who have made it their mission to help Sappi thrive, safely and sustainably. This year, for the first time, a new environmental component was added to the awards, to recognise those who take Sappi beyond compliance towards a deeper commitment to the natural state of the environment. Categories included an SSA safety champion of the year, as well as safest mill and forestry unit of the year, among others. Own employees, contractors and contractor employees.</li> <li>• Developing further maturity and quality of the roll-out of incident investigations and behaviour-based safety (BBS) audits aligned with the Safety Handbook protocols across all operating units.</li> </ul>

	<ul style="list-style-type: none"> <li>• Introducing a new recognition initiative – ‘Safety Star of the Week’</li> <li>• Sharing of Lesson Learnt High (Potential Near Misses) Near misses are logged and captured on the deviation system.</li> <li>• Engaging regularly with employees, labour unions, contractors and communities and joint Safety Leadership Councils.</li> <li>• Reinforce safety behaviour and culture through the Lean on Me programme (primarily targeted at supervisors and supervisors in the manufacturing business) and Visible Felt Leadership.</li> </ul> <p>Highlights in 2023:</p> <ul style="list-style-type: none"> <li>• Zero fatalities.</li> <li>• Continuous improvement in the lost-time injury frequency rate (LTIFR) across all regions.</li> <li>• Safety recognition awards launched in Sappi North America.</li> <li>• The safety awards in Sappi South Africa have been extended to include environmental awards.</li> </ul>
Calculation Methodology	Annual confirmation and verification by KPMG.

<b>SPT #5 (SSA)</b>	<b>Reduce Specific process water usage in South Africa (m3/adt) by 23%</b>
Target Year	2025
Baseline Year	2019
Baseline Figure	44.51m <sup>3</sup> /adt
Action Plan	<p>Our decision to establish water related Thrive25 targets in South Africa was based on stakeholders' general perception that the country is facing high levels of water stress. This is based on devastating droughts in recent years and on the fact that South Africa's average rainfall, at 490 mm per year, is half the world average.</p> <p>Examples of initiatives taken to meet our water use goals:</p> <ul style="list-style-type: none"> <li>• Sappi Forests in South Africa announced collaboration in an innovative project to test the simulation of reduced rainfall on various genotypes, together with a tree physiology and genomic study to investigate how these aspects interact with drought tolerance and recovery. This project at the Shaw Research Centre, was approved by Forestry South Africa for Sector Innovation Funding – to be matched 50% by industry funding. The first phase of the project involves using eight genotypes with controlled irrigation within a nursery tunnel structure.</li> <li>• The 110,000 tpa capacity expansion project at Saiccor Mill was commissioned in FY2022. New technology employed at the mill incorporates improved washing technology to optimise water and energy efficiency.</li> <li>• We have finalised a Water Stewardship agreement with the World Wide Fund for Nature South Africa (WWF-SA), aimed at improving water security in the uMkhomazi catchment area.</li> <li>• Furthermore, we have various smaller capital projects at each of our manufacturing sites to reduce steam usage and improve water efficiency.</li> </ul>
Calculation Methodology	Total water withdrawal includes water drawn for all purposes including water to process, water to communities and cooling water. Sources of withdrawn water includes rivers, own storage dams, ground water from boreholes and potable water.



Total group water withdrawal and process water (included in the total) in (million m<sup>3</sup>/annum):

Year	Total Water	Process Water
2019	300.3	231.9
2020	277.7	215.4
2021	287.8	220.7
2022	304.9	229.4
2023	279.6	219.9

Specific process water extracted relates directly to our manufacturing activities and the process to produce our products. It is therefore measured against the saleable production manufactured (adt). Process water drawn by Sappi South Africa measured in m<sup>3</sup>/adt since 2018 is as follows:

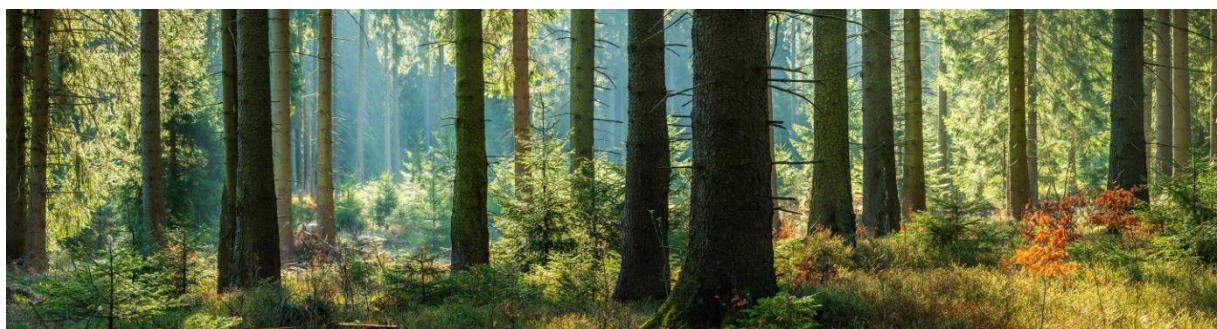
Year	<b>SSA Process Water (m<sup>3</sup>/adt)</b>
2019	44.9
2020	45.5
2021	46.6
2022	48.6
2023	48.4

Important to note is that 97% of extracted water is returned to the source after the manufacturing process.

Annual external assurance report by KPMG.

<b>SPT #6 (SSA)</b>	<b>Sourcing of certified fibre ≥82%</b>
Target Year 1	2025
Target Year 2	2030 (The 2030 targets will be set in 2025 in line with Sappi's updated 2030 strategy and targets. The target will be at least as ambitious as the current 2025 target.)
Baseline Year	2019
Baseline Figure	81.9%
Action Plan	<p>Sappi places a strategic emphasis on sourcing certified fibre, a fundamental element in its sustainability approach. Extending the timeline horizon for this SPT acknowledges the ongoing efforts and investments required for responsible land use practices, factoring in on-going land acquisition, support for growers in the Sappi Khulisa scheme, and maintaining FSC and PEFC certification standards.</p> <p>Sappi Southern Africa's own tree plantations are both PEFC and FSC-certified. The mills in South Africa are also FSC CoC-certified. This approach enables us to offer a wide product portfolio of certified products and gives us full traceability of purchased wood-based raw material. In so doing, we hope to drive responsible production and consumption patterns and demand for wood-based products originating from certified forests.</p> <p>Sappi's own forest plantation are not totally sufficient to meet the demand of Sappi South Africa's operations. While there is a high level of vertical integration a portion of the annual wood requirements has to be purchased from third parties. Certified wood sources are a priority and are purchased whenever possible.</p> <p>In 2023, 83% (2022: 85%) of all the wood-based raw material supplied to Sappi's mills originated from FSC or PEFC (incl. SFI) certified forests. Much of the wood fibre we use is dual certified. With the continued expansion of our mills and subsequent growth of our business, there will be an increased demand for wood fibre in our supply chain. As a result, to maintain this target, deliberate effort will be required from us.</p> <p>Actions undertaken to meet the target:</p> <ul style="list-style-type: none"> <li>• In South Africa, we operate a FSC group scheme, which offers FSC certification for 40 private members with 44,300 ha of land as at the end of FY2023. We</li> </ul>

	<p>offer growers in this scheme a premium for certified timber, thereby encouraging them to invest in sustainable management practices.</p> <p>Continuing to promote the SAFAS (Sustainable African Forestry Assurance Scheme) in South Africa, which is endorsed by the Programme for the Endorsement of Forest Certification (PEFC) and which we helped to develop. SAFAS, incorporates a Value Based Platform (VBP) approach to make forest certification more accessible especially to small landowners by assessing integrated risks across landscapes. Using the VBP approach, Sappi has assessed eight grower groups (including a cluster group of 38 individual small growers) representing 8,930 hectares for certification readiness.</p>
Calculation Methodology	Annual external assurance report by KPMG.





### **3.5. Characteristics of Financial Instruments**

Sappi intends to issue sustainability-linked instruments for general corporate purpose incorporating one or multiple KPIs defined in the section “Selection of Key Performance Indicators (KPIs)”. The financial and/or structural characteristics may vary depending on the Sustainability-linked Financing Instrument as defined in section 3.2. The final terms of the instruments may include coupon step-ups, coupon step-downs and/or higher repayment amounts. The frequency of SPTs measurement will depend on the Sustainability-linked Financing Instrument, but will be conducted at least once a year.

### **3.6. Reporting**

Sappi has been publishing its annual sustainability report for over 12 years, the contents of which are aligned with the company’s annual integrated reports. Non-financial disclosures are published on Sappi’s website. These documents are prepared in line with the Global Reporting Initiative’s (GRI) standards. In its 2023 Group Sustainability Report, Sappi commissioned KPMG South Africa to undertake a limited assurance engagement with regards to Sappi’s performance on the following SPTs: Direct emissions (Scope 1) tCO<sub>2</sub>e; Indirect emissions (Scope 2) tCO<sub>2</sub>e; Employee (Own) LTIFR (rate); and Contractor LTIFR (rate); solid waste to landfill; share of certified fibre and specific process water usage in South Africa.

Sappi remains committed to the principle of transparency and the monitoring of the performance of the Framework’s appointed SPTs. Annually, and/or in case for any date/period relevant for assessing the trigger of the SPT performance leading to a potential financial adjustment, Sappi will publish and keep available on its official website a Sustainability-Linked Finance update within the annual Group Sustainability Report and/or a separate report.

The following information will be disclosed in the report:

- up-to-date information on SPT performance, including the baseline (where relevant) and the performance against the SPT,
- any relevant information enabling investors to monitor the progress of each SPT towards the SPT(s)
- limited assurance statement by Sappi’s auditor or an independent qualified external reviewer, such as an environmental consultant or independent rating agency

If appropriate, reported information may also include:

- qualitative and/or quantitative explanation of the contribution of the main factors driving the evolution of the SPT on an annual basis;
- re-assessments of SPTs, restatement of the SPT and/or pro-forma adjustments of baselines or SPT scope;

Sappi will seek to align its reports with the latest standards and practices, as prescribed by ICMA and LMA. Where appropriate, the report will detail its methodology, baselines, and assumptions.

### **3.7. Verification Assurance**

#### **3.7.1. Ex-ante external review**

Sappi commissioned ISS Corporate to prepare the Second Party Opinion report. The Report assessed the contents of this Framework and its alignment with the Sustainability Linked Bond Principles 2020 and Sustainability Linked Loan Principles 2021. This document is published on Sappi's official website.

#### **3.7.2. Ex-post verification**

Within the context of its current non-financial disclosure practices, Sappi already employs measures to obtain independent ex-post verification of its published information.

For its 2023 Sappi Group Sustainability Report, KPMG South Africa has provided external limited assurance on nominated sustainability SPTs. Relevant sustainability information is also verified by Sappi's internal audit team. This process involves the reviewing of procedures applied for collecting and/or measuring, calculating, and validating non-financial data and evaluating reported information and supporting documentation.

All SPTs are covered in the limited assurance performed for Sappi's non-financial disclosure and these published values will be reviewed at least once a year and when SPT performance may lead to a potential financial adjustment of a given financial instrument.



## 4. Appendix



## 4.1. Disclaimer

This document is intended to provide non-exhaustive, general information. This document may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Sappi and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Sappi as to the fairness, accuracy, reasonableness or completeness of such information.

Certain statements in this release that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. The words “believe”, “anticipate”, “expect”, “intend”, “estimate”, “plan”, “assume”, “positioned”, “will”, “may”, “should”, “risk” and other similar expressions, which are predictions of or indicate future events and future trends and which do not relate to historical matters, may be used to identify forward-looking statements. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to:

- the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicity, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing);
- the Covid-19 pandemic;
- the impact on our business of adverse changes in global economic conditions;
- unanticipated production disruptions (including as a result of planned or unexpected power outages);
- changes in environmental, tax and other laws and regulations;
- adverse changes in the markets for our products;
- the emergence of new technologies and changes in consumer trends including increased preferences for digital media;
- the consequences of our leverage, including as a result of adverse changes in credit markets that affect our ability to raise capital when needed;
- adverse changes in the political situation and economy in the countries in which we operate or the effect of governmental efforts to address present or future economic or social problems;
- the impact of restructurings, investments, acquisitions, dispositions and other strategic initiatives (including related financing), any delays, unexpected costs or other problems experienced in connection with dispositions or with integrating acquisitions or implementing restructuring and other strategic initiatives and achieving expected savings and synergies; and
- currency fluctuations.

We undertake no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or circumstances or otherwise.

This document is not intended to be and should not be construed as providing legal or financial advice. It does not constitute an offer or invitation to sell or any solicitation of any offer to subscribe for or purchase or a recommendation regarding any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever and it has not been approved by any security regulatory authority.

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The addressee is solely liable for any use of the information contained herein and Sappi shall not be held responsible for any damages, direct, indirect or otherwise, arising from the use of this document by the addressee.



## 4.2. Thrive25 Strategy



### Grow our business

#### What this means

- Grow DP capacity, matching market demand
- Continue to expand and grow packaging and specialty papers in all regions
- Commence commercialisation of biomaterials opportunities
- Optimise graphic papers segment ensuring we balance supply and demand.

#### How we performed in 2023

- Continued successful ramp up of DP expansion project at Salcoor Mill
- Packaging and specialty papers constitute 26% of group sales volume (excluding forestry)
- Packaging and specialty papers contribute 29% of group EBITDA\*
- Initiated the expansion and conversion of Somerset PM2 from graphic paper to packaging and specialty paper
- Initiated the process for the further reduction of graphic paper capacity in Europe by the closure of Stockstadt Mill and potential closure of Lanaken Mill
- Strong growth in Ilnir sales and favourable advancement of other biomaterials opportunities.



### Sustain our financial health

#### What this means

- Target net debt at approximately US\$1 billion and sustain net debt/EBITDA at 1.5x through the cycle
- Optimise capital management
- Maximise return on capital employed (ROCE)
- Review pricing strategies to secure optimal value creation.

#### How we performed in 2023

- Reduced net debt to US\$1,065 million
- Generated US\$210 million cash
- Focused capex on essential projects aligned to the strategy
- Sustained our contributions on graphic paper notwithstanding weak demand
- Declared a dividend of 15US cents
- Repurchased a portion of 2026 bond with a cash settlement of US\$206 million thereby reducing interest cost
- Signed the sale agreement to sell the Stockstadt Mill property.



### Drive operational excellence

#### What this means

- Drive our safety first culture
- Continuously improve our cost position
- Continue to maximise the benefits of our global footprint
- Best-in-class production efficiencies to secure increased volumes.

#### How we performed in 2023

- Record safety performance
- Group efficiency, procurement and continuous improvement savings > US\$115 million
- Maximised the benefits of OneSapli to achieve cost advantages
- Challenging macroenvironment resulting in weak trading conditions in the paper business and thus significant machine downtime
- Ramped up Salcoor Mill production.



### Enhance trust

#### What this means

- Improve our understanding of – and proactively partnering with – all stakeholders
- Drive sustainability solutions. Meet the changing needs of every Sapli employee.

#### How we performed in 2023

- Performance against our science-based carbon emission reduction target was severely impacted by production curtailments
- Actively supported local communities through community forums
- Improved 2023 Employee Engagement Survey compared to 2021
- Expanded Supplier Code of Conduct compliance and EcoVadis supplier assessments
- Sustained Level 1 BBBEE in South Africa
- Actively promoting gender diversity.

#### 4.3. Sustainability Strategy (reference from page 6.)



#### 4.4. SBTi Verification Certificate



info@sciencebasedtargets.org  
www.sciencebasedtargets.org



### Approved science-based target

The Science Based Targets initiative has validated that the corporate greenhouse gas emissions reduction target(s) submitted by

#### Sappi Limited

have been deemed to be in conformance with the SBTi Criteria and Recommendations (version 4.2). The SBTi's Target Validation Team has classified your company's scope 1 and 2 target ambition and has determined that it is in line with a well-below 2°C trajectory.

The official target wording is:

*Sappi Limited commits to reduce scope 1 and scope 2 GHG emissions 41.5% per ton of product by 2030 from a 2019 base year\*. Sappi Limited also commits that 44% of its suppliers by spend will have science-based targets by 2026.*

*\*The target boundary includes biogenic emissions and removals from bioenergy feedstocks.*

Date of issue: Jun, 2022

Certificate Number: SAPP-SOU-002-OFF

An initiative by

