

Welcome to your CDP Forests Questionnaire 2022

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

Sappi Limited is a leading global provider of pulp, paper and biotech solutions manufactured 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, wood pulp, biomaterials and timber) and end-use products (packaging and speciality papers, graphic papers, casting and release papers and forestry products) are manufactured from woodfibre sourced from sustainably managed forests and plantations, in production facilities powered, in many cases, with bio-energy from steam and existing waste streams. Headquartered in Johannesburg, South Africa, we are powered by the expertise of 12,500 people worldwide. We have manufacturing facilities on three continents in ten countries, as well as customers in over 150 countries worldwide. By continent, production facilities are as follows: ten in Europe, four in North America and five in South Africa.

Sappi drives product innovation and the development of new uses for woodfibre, as well as residues and by-products from our production processes. One such area is in the field of biomaterials (cellulose composites, nanocellulose and lignins), biochemicals including hemi-cellulose sugars and bio-energy forest products materials which Sappi believes will play a key role in its future range of products, both as commercial products and for applications within Sappi. Value for Sappi is not only about delivering returns to our shareholders but also about maximising the value of every resource along our value chain to ensure those returns are sustainable. Through this lifecycle approach that harnesses the power of the circular bio-economy, we strive to minimise our negative impacts and increase our positive impacts on people and the planet while securing sustainable profit margins. All woodfibre used at the Sappi mills is either certified (77% in FY2021) or sourced from controlled, non-controversial sources in accordance with the certified FSC™ [FSC™ N003159] and PEFC [PEFC/01-44-43] (incl. SFI®) Chain of Custody systems.

Assets total USD6.1 billion and in FY2021, sales amounted to USD5,265 million. Sappi has a primary listing on the JSE Limited and a Level 1 ADR programme that trades in the over-the-counter market in the United States. At the end of FY2021 Sappi had 9,675 public shareholders. Annual production capacity is: 5.5 million tons of paper; 2.5 million tons of paper pulp; 1.4 million tons of dissolving pulp.

Sappi's value streams include:

- Pulp: Our dissolving (DP) brand, Verve, creates renewable alternatives for raw material feedstock to textiles, pharmaceuticals, foodstuffs, and more. 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 1.4 million tons per annum and a 17% share of the global market.
- Packaging and specialty papers: We offer a broad range of paper-based sustainable solutions as an alternative to fossil fuel-based, non-renewable packaging in many of our product segments. Applications include: flexible packaging, containerboard and paperboard. The applications for our speciality papers include: label papers and self-adhesives, casting and release papers, dye sublimation papers, digital imaging papers and tissue paper. Sappi casting and release papers serve as moulds to impart textures on other surfaces, ranging from decorative laminates and synthetic leather to engineered films and rubber.
- Graphic papers: The group's market-leading range of coated and uncoated graphic paper products are used in magazines, corporate reports and accounts, direct mail, high-quality brochures, catalogues, calendars and books.
- Bioproducts: We are unlocking the chemistry of trees and meeting the challenges of a carbon-constrained world by establishing a strong position in adjacent businesses including: nanocellulose, sugars and furfural, lignosulphonates, biocomposites and bio-energy. Extracting more value from each tree is at the core of our core business model.
- Timber: Sappi's FSC- and PEFC-certified tree plantations in South Africa give the company a high-quality woodfibre base. We own and lease approximately 394,000 hectares of which 136,000 hectares that include seven private nature reserves are maintained by Sappi Forests to conserve the natural habitat and biodiversity found there. Sappi supports more than 4000 micro and small timber growers with technical and extension services to promote sustainable forestry practices.

(F0.2) State the start and end date of the year for which you are reporting data.

Change from last year

No change

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	October 1, 2020	September 30, 2021

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

USD

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured

goods); and for each select the stages of the supply chain that best represents your organization’s area of operation.

	Commodity disclosure	Stage of the value chain
Timber products	Disclosing	Production Processing Trading Manufacturing
Other - Rubber	This commodity is not produced, sourced or used by our organization	

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F0.6

(F0.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	ZA E000006284

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

- Growing/production of raw materials
- Harvesting
- Exporting/trading
- Using as input into manufacturing process for power generation
- Using as input into product manufacturing
- Buying manufactured products
- Other, please specify
 - Pine and eucalyptus seed, seedlings and cuttings from our seed orchards and nurseries in South Africa.

Form of commodity

Hardwood logs
Softwood logs
Sawn timber, veneer, chips
Unprocessed wood fiber
Pulp
Paper
Wood-based bioenergy

Source

Owned/managed land
Smallholders
Single contracted producer
Multiple contracted producers
Trader/broker/commodity market
Contracted suppliers (processors)
Contracted suppliers (manufacturers)

Country/Area of origin

Argentina
Austria
Belgium
Bosnia & Herzegovina
Brazil
Canada
Chile
Croatia
Czechia
Denmark
Estonia
Eswatini
Finland
France
Germany
Hungary
Latvia
Lithuania
Luxembourg
Mozambique
Namibia
Netherlands
Norway
Paraguay
Poland
Russian Federation
Slovakia
Slovenia

South Africa
 Spain
 Sweden
 Switzerland
 Ukraine
 United Kingdom of Great Britain and Northern Ireland
 United States of America
 Uruguay
 Zimbabwe

% of procurement spend

41-50%

Comment

Woodfibre costs (including harvesting costs) represented approximately 42% of Sappi's total procurement costs which were USD 3,238 million in FY2021. In South Africa, where we own and lease 394,368 ha of tree plantations, we are 67% (in 2021) self-sufficient in round wood. Our nurseries supplied over 55 million seedlings in FY2021. Here and in other countries where Sappi has production sites using forest-based raw materials (Austria, Belgium, Finland, Germany, Italy, the Netherlands, United Kingdom, United States of America, Canada) we procure round wood and chips, market pulp, paper, recovered paper, and/or bagasse (Stanger Mill) from external suppliers.

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products	91-99%	Sappi's business is almost entirely dependent on woodfibre based raw materials with some exceptions: 1) Some revenue is derived from energy sales, but this energy derives from the pulping of woodfibre; 2) Sappi Rockwell Solutions uses PET and aluminium along with paper for their specialised packaging applications (e.g. peelable, high barrier and anti-fog lidding films); 3) At Sappi's Stanger Mill in South Africa, we use bagasse (sugar cane waste residue) as an input raw material in addition to purchased pulp, but this amount is comparatively small in the overall scheme of things.

F1.3

(F1.3) Provide details on the land area you control and/or manage that is used for the production of your disclosed commodity(ies).

Forest risk commodity

Timber products

Type of control

Own land

Country/Area

South Africa

Land type

Tree plantations

Area (Hectares)

250,468

% Area certified

100

Certification scheme

FSC Forest Management certification

PEFC Sustainable Forest Management certification

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

We have monitored conversion of natural ecosystems since specified cutoff date, please specify year

2003

We have monitored conversion of natural ecosystems during the last 5 years

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

0

Area of natural ecosystems converted during the last 5 years (hectares)

0

Please explain

Sappi owns 382,734 ha of land in South Africa of which 250,468 ha is planted and all of which is both FSC (SA-FM/COC-001230) - and PEFC (SA-PEFC-FM-001230)-certified. These tree plantations are managed for a sustainable supply of timber, hence there is no impact on natural forest or woodland. In South Africa, a comprehensive Environmental Impact Assessment (EIA) is needed to unlock the required water use licence that must be obtained before planting can take place. The management practices of the planted areas include explicit management of the 132,265 ha of natural vegetation for conservation. Our own and leased plantations are FSC-certified since 2003, and PEFC-certified since 2021. By being FSC and PEFC certified, we are committed to preventing the conversion of natural ecosystem and deforestation. Our

plantations were established in areas that were previously grassland and thus have not impacted natural forest. All plantations have integrated management plans that cover harvesting and reestablishment and weeding plans. The weeding plans cover maintenance of planted areas, pre canopy closure, post canopy closure as well as weed control in the natural areas in the adjacent biodiversity corridors. Integrated Fire Risk Management plans inform fire advocacy, fire readiness, fire detection, fire incident response and rehabilitation. Forestry staff are all trained to the international Incident Command System (ICS) protocols for the management of fire and disaster incidents. All plantations and adjacent land buffer zones are covered by state-of-the-art electronic fire detection camera systems, with control rooms that are manned 24/7/365. Crop rotations are 10-20 years depending on genus and long-term plans stretch over 40 years to balance demand and supply and ensure sustainable forestry practice and fibre supply. An intensive forestry R&D facility supports science-based developments in tree breeding, pest and disease management, land management, climate change and precision forestry research. These inform and tweak standard operating practices and best operating practices for operational deployment.

Forest risk commodity

Timber products

Type of control

Concession/lease

Country/Area

South Africa

Land type

Tree plantations

Area (Hectares)

7,757

% Area certified

100

Certification scheme

FSC Forest Management certification

PEFC Sustainable Forest Management certification

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

We have monitored conversion of natural ecosystems since specified cutoff date, please specify year

2003

We have monitored conversion of natural ecosystems during the last 5 years

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

0

Area of natural ecosystems converted during the last 5 years (hectares)

0

Please explain

Sappi leases 11,633 ha of land of which 7,757 ha is planted and all of which is FSC (SA-FM/COC-001230) - and PEFC (SA-PEFC-FM-001230) -certified. The remaining 3,876 ha (also certified), is managed for biodiversity conservation. Our own and leased plantations are FSC-certified since 2003, and PEFC-certified since 2021. By being FSC and PEFC certified, we are committed to preventing the conversion of natural ecosystem and deforestation. The plantations are established in areas that were previously grassland and thus have not impacted natural forest. Both Sappi's own and leased areas are managed in exactly the same way (ref. own land).

Forest risk commodity

Timber products

Type of control

Outgrowers

Country/Area

South Africa

Land type

Tree plantations

Area (Hectares)

75,986

% Area certified

54

Certification scheme

FSC Forest Management certification

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

We have monitored conversion of natural ecosystems since specified cutoff date, please specify year

2004

We have monitored conversion of natural ecosystems during the last 5 years

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

0

Area of natural ecosystems converted during the last 5 years (hectares)

0

Please explain

Sappi's outgrower initiatives in South Africa encompass Sappi Khulisa, as well as the FSC Group certification (SA-FM/COC-001363) scheme. The Sappi FSC Group scheme (42 growers, 41,000 hectares) exists since 2004 and encourages long-term contracted timber suppliers to manage their plantations to FSC certification. Sappi Khulisa, which is our main enterprise and supplier development initiative, aims to incorporate small growers into the forestry value chain. In 2021, the total area currently managed under this programme, which encompasses individual and community tree farming, is 34,986 hectares. The programme is structured as follows: Growers make their land available for planting eucalyptus trees. We provide growers with: 1) Sponsored seedlings 2) Technical advice and training 3) Guaranteed access to market 4) Loans. All seedlings supplied are grown by our own nurseries to ensure that the growers plant only the best available quality genetic material. We employ qualified extension officers, training facilitators and managers who assist the growers in selecting the most appropriate areas for planting trees. The extension officers also offer advice and assist in preparing, fertilising and planting. They visit the growers frequently, after the trees have been established, to provide assistance with weed control and the preparation of fire breaks. Our extension officers work with growers to ensure that their plantings do not impact negatively on environmentally sensitive areas and that planted areas are economically sustainable. Note that there is no conversion involved. As Sappi Khulisa labour is characterised by poor efficiencies and a large turnover, we have established Khulisa Ulwazi (meaning "Growing Knowledge") training centres and developed training material in conjunction with the Institute of Natural Resources, to address this need. The objective of training is to develop growers' and contractors' skills so that they can conduct silviculture operations economically and to a good standard. Training is offered to all value chain participants and covers all aspects of forestry. Sappi is involved in two pilot projects to test PEFC and FSC group scheme platforms for micro growers which will be concluded by the end of FY2022.

F1.4

(F1.4) Provide details on the land you control and/or manage that was not used for the production of your disclosed commodity(ies) in the reporting year.

Forest risk commodity

Timber products

Country/Area

South Africa

Type of control

Own land

Land type

Set-aside land

Area (hectares)

132,265

% covered by natural forests

7

Please explain

Sappi owns 382,733 ha of land in South Africa (all of which is FSC (SA-FM/COC-001230) - and PEFC (SA-PEFC-FM-001230) -certified), of which 132,265 ha are maintained by Sappi Forests to conserve the natural habitat and biodiversity found there. These sites are managed and maintained using best practices for the management of fauna and flora. Approximately 98% of the forest types originally identified on Sappi land still exist in their original form; cover about 9,500 hectares (7% of total set-aside own land) and include Drakensberg Montane Forests, Swamp Forests, Foothills Mistbelt Forest and Lydenburg Kloof Forest, among others. Natural forest has been successfully protected in South Africa since the early 1900s, so there has been no forest conversion in South Africa for the last 100 years. The areas covered by natural vegetation are managed according to best practice with respect to fire management, weed control, poaching and grazing by livestock in order to maintain healthy natural habitats for biodiversity conservation. This land consists of a network of riparian zones, wetlands, mountain tops, rocky areas, steep slopes and some areas especially set aside for the protection of critically endangered species. Sappi owns seven proclaimed nature reserves (6,320 ha) and about 156 other sites that are recognised and managed for the important conservation values they contain.

Forest risk commodity

Timber products

Country/Area

South Africa

Type of control

Concession/lease

Land type

Set-aside land

Area (hectares)

3,876

% covered by natural forests

1

Please explain

Sappi leases 11,633 ha of land of which 7,757 ha is planted and all of which is FSC (SA-FM/COC-001230) - and PEFC (SA-PEFC-FM-001230) -certified. The remaining 3,876 ha (also FSC- and PEFC-certified), is managed for biodiversity conservation. In terms of % of area covered by natural forests, the forests are fragmented, and it is not possible to give an accurate assessment but, the area's very small. It is estimated that it is less than one percent.

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	Consumption and production data available, disclosing

F1.5a

(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Timber products

Data type

Production data

Commodity production/ consumption volume

1,236,000

Metric for commodity production/ consumption volume

Other, please specify

Metric tons – Dissolving and paper pulps

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

Dissolving and paper pulps are produced in mills which are both FSC and PEFC (incl. SFI) Chain of Custody (CoC) certified; the scope of the certification comprises the entire value chain from the purchase, handling, and processing of the forest-based raw materials to the production, sale, and delivery of the products. Each mills' compliance to

the standards are third-party audited annually. Sappi's main method to ascertain deforestation- and conversion-free supply chains is knowing the origin of the woodfibre and to maintain 100% coverage of certified CoC systems across its manufacturing sites that purchase and process woodfibre and sell forest-based products. We require that all forest-based raw materials must meet the requirements of the FSC Controlled Wood standard to prohibit illegally harvested wood, wood harvested in violation of traditional and human rights, wood from forests with threatened high conservation values, wood from forests with genetically modified trees and wood from forests converted to plantations or non-forest uses. The requirements entail the FSC Principles and Criteria, which states that plantations that were established on areas converted from natural forest after the cutoff year 1994 shall not qualify for certification. Our mills are FSC CoC certified since at least 2008. Sappi, and its suppliers, implement rigorous due diligence systems as required by the standards to avoid or mitigate risk of controversial sources. The Group Woodfibre Procurement Policy is provided to all procurement staff and suppliers and outlines minimum requirements, including the strict adherence to forest certification standards regarding the avoidance of forest conversion. As outlined in the PEFC CoC 2020 standard, Sappi and our suppliers ensure that all sources originate from activities that comply with applicable laws, avoid negative impacts on ecologically important areas or significant cultural values, and support long-term conservation, economic or social benefits. We publish on sappi.com Wood Origin Reports that disclose the species used, countries of harvest and statements around legal compliance and avoidance of controversial sources. In the USA and Canada, where risk of conversion sources is identified, Sappi procurement staff require suppliers to sign self-declarations affirming their commitment to avoid controversial sources.

Forest risk commodity

Timber products

Data type

Production data

Commodity production/ consumption volume

1,464,000

Metric for commodity production/ consumption volume

Other, please specify

Metric tons – Packaging and speciality papers

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

Packaging and speciality papers are produced in mills which are FSC and (apart from Stanger mill) PEFC (incl. SFI) Chain of Custody (CoC) certified; the scope of the certification comprises the entire value chain from the purchase, handling, and processing of the forest-based raw materials to the production, sale, and delivery of the products. Each mills' compliance to the standards are third-party audited annually. Sappi's main method to ascertain deforestation- and conversion-free supply chains is knowing the origin of the woodfibre and to maintain 100% coverage of certified CoC systems across its manufacturing sites that purchase and process woodfibre and sell forest-based products. We require that all forest-based raw materials must meet the requirements of the FSC Controlled Wood standard to prohibit illegally harvested wood, wood harvested in violation of traditional and human rights, wood from forests with threatened high conservation values, wood from forests with genetically modified trees and wood from forests converted to plantations or non-forest uses. The requirements entail the FSC Principles and Criteria, which states that plantations that were established on areas converted from natural forest after the cutoff year 1994 shall not qualify for certification. Our mills are FSC CoC certified since at least 2008. Sappi, and its suppliers, implement rigorous due diligence systems to avoid or mitigate risk of controversial sources. The Group Woodfibre Procurement Policy is provided to all procurement staff and suppliers and outlines minimum requirements, including the strict adherence to forest certification standards regarding the avoidance of forest conversion. As outlined in the PEFC CoC 2020 standard, Sappi and our suppliers ensure that any sources originate from activities that comply with applicable laws, avoid negative impacts on ecologically important areas or significant cultural values, and support long-term conservation, economic or social benefits. We publish on sappi.com Wood Origin Reports that disclose the species used, countries of harvest and statements around legal compliance and avoidance of controversial sources. In the USA and Canada, where risk of conversion sources is identified, Sappi procurement staff require suppliers to sign self-declarations affirming their commitment to avoid controversial sources.

Forest risk commodity

Timber products

Data type

Production data

Commodity production/ consumption volume

3,200,000

Metric for commodity production/ consumption volume

Other, please specify

Metric tons – Graphic papers

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

Graphic papers are produced in mills which are FSC and (apart from Stanger mill) PEFC (incl. SFI) Chain of Custody (CoC) certified; the scope of the certification comprises the entire value chain from the purchase, handling, and processing of the forest-based raw materials to the production, sale, and delivery of the products. Each mills' compliance to the standards are third-party audited annually. Sappi's main method to ascertain deforestation- and conversion-free supply chains is knowing the origin of the woodfibre and to maintain 100% coverage of certified CoC systems across its manufacturing sites that purchase and process woodfibre and sell forest-based products. We require that all forest-based raw materials must meet the requirements of the FSC Controlled Wood standard to prohibit illegally harvested wood, wood harvested in violation of traditional and human rights, wood from forests with threatened high conservation values, wood from forests with genetically modified trees and wood from forests converted to plantations or non-forest uses. The requirements entail the FSC Principles and Criteria, which states that plantations that were established on areas converted from natural forest after the cutoff year 1994 shall not qualify for certification. Our mills are FSC CoC certified since at least 2008. Sappi, and its suppliers, implement rigorous due diligence systems to avoid or mitigate risk of controversial sources. The Group Woodfibre Procurement Policy is provided to all procurement staff and suppliers and outlines minimum requirements, including the strict adherence to forest certification standards regarding the avoidance of forest conversion. As outlined in the PEFC CoC 2020 standard, Sappi and our suppliers ensure that any sources originate from activities that comply with applicable laws, avoid negative impacts on ecologically important areas or significant cultural values, and support long-term conservation, economic or social benefits. We publish on sappi.com Wood Origin Reports that disclose the species used, countries of harvest and statements around legal compliance and avoidance of controversial sources. In the USA and Canada, where risk of conversion sources is identified, Sappi procurement staff require suppliers to sign self-declarations affirming their commitment to avoid controversial sources.

Forest risk commodity

Timber products

Data type

Production data

Commodity production/ consumption volume

43,890

Metric for commodity production/ consumption volume

Other, please specify
Metric tons – Sawn timber

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

Sawn timber is produced at the Lomati Sawmill in South Africa, which is FSC Chain of Custody (CoC) certified and uses only FSC-certified round wood supplied from Sappi owned or external suppliers' FSC-certified tree plantations. The scope of the FSC CoC certification comprises the entire value chain from the purchase, handling, and processing of the forest-based raw materials to the production, sale, and delivery of the products; compliance to the standard is third-party audited annually. Sappi's main method to ascertain deforestation- and conversion-free supply chains is knowing the origin of the woodfibre and to maintain 100% coverage of certified CoC systems across its manufacturing sites that purchase and process woodfibre and sell forest-based products. We require that all forest-based raw materials must meet the requirements of the FSC Controlled Wood standard to prohibit illegally harvested wood, wood harvested in violation of traditional and human rights, wood from forests with threatened high conservation values, wood from forests with genetically modified trees and wood from forests converted to plantations or non-forest uses. The requirements entail the FSC Principles and Criteria, which states that plantations that were established on areas converted from natural forest after the cutoff year 1994 shall not qualify for certification. Our mills are FSC CoC certified since at least 2008. Sappi, and its suppliers, implement rigorous due diligence systems as required by the standards to avoid or mitigate risk of controversial sources. The Group Woodfibre Procurement Policy is provided to all Sappi procurement staff and suppliers and outlines minimum requirements, including the strict adherence to forest certification standards regarding the avoidance of forest conversion. We publish on sappi.com Wood Origin Reports that disclose the species used, countries of harvest and statements around legal compliance and avoidance of controversial sources.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

5,687,804

Metric for commodity production/ consumption volume

Other, please specify

Metric tons – Round wood

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

All round wood is procured, handled, and processed by mills which are both FSC and (apart from Lomati Sawmill) PEFC (incl. SFI) Chain of Custody (CoC) certified; the scope of the certification comprises the entire value chain from the purchase, handling, and processing of the forest-based raw materials to the production, sale, and delivery of the products. Each mills' compliance to the standards are third-party audited annually. Sappi's main method to ascertain deforestation- and conversion-free supply chains is knowing the origin of the woodfibre and to maintain 100% coverage of certified CoC systems across its manufacturing sites that purchase and process woodfibre and sell forest-based products. We require that all forest-based raw materials must meet the requirements of the FSC Controlled Wood standard to prohibit illegally harvested wood, wood harvested in violation of traditional and human rights, wood from forests with threatened high conservation values, wood from forests with genetically modified trees and wood from forests converted to plantations or non-forest uses. The requirements entail the FSC Principles and Criteria, which states that plantations that were established on areas converted from natural forest after the cutoff year 1994 shall not qualify for certification. Our mills are FSC CoC certified since at least 2008. Sappi, and its suppliers, implement rigorous due diligence systems as required by the standards to avoid or mitigate risk of controversial sources. The Group Woodfibre Procurement Policy is provided to procurement staff and suppliers and outlines minimum requirements, including the strict adherence to forest certification standards regarding the avoidance of forest conversion. As outlined in the PEFC CoC 2020 standard, Sappi and our suppliers ensure that any sources originate from activities that comply with applicable laws, avoid negative impacts on ecologically important areas or significant cultural values, and support long-term conservation, economic or social benefits. We publish Wood Origin Reports that disclose the species used, countries of harvest and statements around legal compliance and avoidance of controversial sources. In the USA and Canada, where risk of conversion sources is identified, Sappi procurement staff require suppliers to sign self-declarations affirming their commitment to avoid controversial sources.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

1,159,965

Metric for commodity production/ consumption volume

Other, please specify

Metric tons – Wood chips

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

All wood chips are procured, handled, and processed by mills which are both FSC and PEFC (incl. SFI) Chain of Custody (CoC) certified; the scope of the certification comprises the entire value chain from the purchase, handling, and processing of the forest-based raw materials to the production, sale, and delivery of the products. Each mills' compliance to the standards are third-party audited annually. Sappi's main method to ascertain deforestation- and conversion-free supply chains is knowing the origin of the woodfibre and to maintain 100% coverage of certified CoC systems across its manufacturing sites that purchase and process woodfibre and sell forest-based products. We require that all forest-based raw materials must meet the requirements of the FSC Controlled Wood standard to prohibit illegally harvested wood, wood harvested in violation of traditional and human rights, wood from forests with threatened high conservation values, wood from forests with genetically modified trees and wood from forests converted to plantations or non-forest uses. The requirements entail the FSC Principles and Criteria, which states that plantations that were established on areas converted from natural forest after the cutoff year 1994 shall not qualify for certification. Our mills are FSC CoC certified since at least 2008. Sappi, and its suppliers, implement rigorous due diligence systems as required by the standards to avoid or mitigate risk of controversial sources. The Group Woodfibre Procurement Policy is provided to all Sappi procurement staff and suppliers and outlines minimum requirements, including the strict adherence to forest certification standards regarding the avoidance of forest conversion. As outlined in the PEFC CoC 2020 standard, Sappi and our suppliers ensure that any sources originate from activities that comply with applicable laws, avoid negative impacts on ecologically important areas or significant cultural values, and support long-term conservation, economic or social benefits. We publish on sappi.com Wood Origin Reports that disclose the species used, countries of harvest and statements around legal compliance and avoidance of controversial sources. In the USA and Canada,

where risk of conversion sources is identified, Sappi procurement staff require suppliers to sign self-declarations affirming their commitment to avoid controversial sources.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

1,047,516

Metric for commodity production/ consumption volume

Other, please specify

Metric tons – Pulp

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

All pulp is procured, handled, and processed by mills which are both FSC and (apart from Stanger) PEFC (incl. SFI) Chain of Custody (CoC) certified; the scope of the certification comprises the entire value chain from the purchase, handling, and processing of the raw materials, to the production, sale, and delivery of the products. Each mills' compliance to the standards are third-party audited annually. Sappi's main method to ascertain deforestation- and conversion-free supply chains is knowing the origin of the woodfibre and to maintain 100% coverage of certified CoC systems across its manufacturing sites that purchase and process woodfibre and sell forest-based products. We require that all forest-based raw materials must meet the requirements of the FSC Controlled Wood standard to prohibit illegally harvested wood, wood harvested in violation of traditional and human rights, wood from forests with threatened high conservation values, wood from forests with genetically modified trees and wood from forests converted to plantations or non-forest uses. The requirements entail the FSC Principles and Criteria, which states that plantations that were established on areas converted from natural forest after the cutoff year 1994 shall not qualify for certification. Our mills are FSC CoC certified since at least 2008. Sappi, and its suppliers, implement rigorous due diligence systems as required by the standards to avoid or mitigate risk of controversial sources. The Group Woodfibre Procurement Policy is provided to procurement staff and suppliers and outlines minimum requirements, including the adherence to forest certification standards regarding the avoidance of forest conversion. As outlined in the PEFC CoC 2020 standard, Sappi and our suppliers ensure that any

sources originate from activities that comply with applicable laws, avoid negative impacts on ecologically important areas or significant cultural values, and support long-term conservation, economic or social benefits. We publish on Wood Origin Reports that disclose the species used, countries of harvest and statements around legal compliance and avoidance of controversial sources. In the USA and Canada, where risk of conversion sources is identified, our procurement staff require suppliers to sign self-declarations affirming their commitment to avoid controversial sources.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

78,228

Metric for commodity production/ consumption volume

Other, please specify

Metric tons – Recovered paper

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

All Recovered paper is procured, handled, and processed by mills which are both FSC and PEFC Chain of Custody (CoC) certified; the scope of the certification comprises the entire value chain from the purchase, handling, and processing of the forest-based raw materials to the production, sale, and delivery of the products. Each mills' compliance to the standards are third-party audited annually. Sappi's main method to ascertain deforestation- and conversion-free supply chains is knowing the origin of the woodfibre and to maintain 100% coverage of certified CoC systems across its manufacturing sites that purchase and process woodfibre and sell forest-based products. We require that all forest-based raw materials must meet the requirements of the FSC Controlled Wood standard to prohibit illegally harvested wood, wood harvested in violation of traditional and human rights, wood from forests with threatened high conservation values, wood from forests with genetically modified trees and wood from forests converted to plantations or non-forest uses. The requirements entail the FSC Principles and Criteria, which states that plantations that were established on areas converted from natural forest after the cutoff year 1994 shall not qualify for certification. Our mills are FSC CoC certified since at least 2008. Sappi, and its suppliers, implement rigorous due diligence

systems as required by the standards to avoid or mitigate risk of controversial sources. The Group Woodfibre Procurement Policy is provided to all Sappi procurement staff and suppliers and outlines minimum requirements, including the strict adherence to forest certification standards regarding the avoidance of forest conversion. As outlined in the PEFC CoC 2020 standard, Sappi and our suppliers ensure that any sources originate from activities that comply with applicable laws, avoid negative impacts on ecologically important areas or significant cultural values, and support long-term conservation, economic or social benefits. We publish on sappi.com Wood Origin Reports that disclose the species used, countries of harvest and statements around legal compliance and avoidance of controversial sources.

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Argentina

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Entre Rios

% of total production/consumption volume

0.01

Please explain

Sappi neither owns nor manages land in Argentina and does not have production there either. In 2021 Sappi purchased chemical pulp from an Uruguayan, FSC and PEFC Chain of Custody certified pulp supplier, who reported using wood originating from Argentina in addition to Uruguay. The amount totalled 0.01% of the total purchased woodfibre volume (calculated as pulp equivalent tons). Suppliers are required to provide Lacey Act / EU Timber Regulation compliance declarations, the wood origin information (country of harvest and where applicable sub-national region and/or concession of harvest) and a list of tree species at least annually and/or upon request in line with Sappi's Supplier Code of Conduct and Group Woodfibre Procurement Policy's requirements.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Amapá; Bahia; Mato Grosso do Sul; Minas Gerais; Paraná; Rio Grande do Sul;
Santa Catarina; São Paulo

% of total production/consumption volume

1.4

Please explain

Sappi neither owns nor manages land in Brazil and does not have production there either. In 2021 Sappi purchased chemical pulp from Brazil from three FSC and PEFC Chain of Custody certified pulp suppliers. The total amount of woodfibre originating from Brazil totalled 1.4% of the total purchased woodfibre volume (calculated as pulp equivalent tons). Suppliers are required to provide Lacey Act / EU Timber Regulation compliance declarations, the wood origin information (country of harvest and where applicable sub-national region and/or concession of harvest) and a list of tree species at least annually and/or upon request in line with Sappi's Supplier Code of Conduct and Group Woodfibre Procurement Policy's requirements.

Forest risk commodity

Timber products

Country/Area of origin

Mozambique

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Manica

% of total production/consumption volume

0

Please explain

Sappi neither owns nor manages land in Mozambique and does not have production there either. In 2021 Sappi purchased chemical pulp from a Portuguese, FSC and PEFC Chain of Custody certified pulp supplier, who reported using wood originating from Mozambique. The amount totalled 0.00003% of the total purchased woodfibre volume (calculated as pulp equivalent tons). Suppliers are required to provide Lacey Act / EUTR Compliance Declarations, the wood origin information (country of harvest and where applicable sub-national region and/or concession of harvest) and a list of tree species at least annually and/or upon request in line with Sappi's Supplier Code of Conduct and Group Woodfibre Procurement Policy's requirements.

Forest risk commodity

Timber products

Country/Area of origin

Zimbabwe

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Harare

% of total production/consumption volume

0.02

Please explain

In 2021, Sappi purchased pre-consumer brown recovered paper back from a paper customer, a converter, in Zimbabwe, who purchases FSC certified paper from Sappi. The share of this totalled 0.02% of the total wood-based raw material of Sappi (calculated as pulp equivalent tons).

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

98.6

Please explain

The breakdown of the countries of origin in 2021 is based on the annual wood origin data collected from all the wood and pulp suppliers, and the total purchased woodfibre volume calculated in pulp equivalent tons. The country shares are calculated based on actual deliveries and converted to a unified unit of measure (pulp equivalent tons). In FY2021, 98.6% of the woodfibre-base raw material originated from non-risk countries (ref. CDP's list of risk countries). The full breakdown of the countries of origin in 2021 of Sappi's woodfibre supplies was as follows: Argentina (0.01%); Austria (3.4%); Belgium (0.3%); Bosnia & Herzegovina (less than 0.01%), Brazil (1.4%); Canada (12.8%); Chile (2.9%); Croatia (less than 0.01%); Czech Republic (0.9%); Denmark (0.02%); Estonia (0.7%); Eswatini (0.05); Finland (7.1%); France (0.8%); Germany (10.4%); Hungary (0.4); Latvia (1.2%); Lithuania (0.02%); Luxembourg (0.3%); Mozambique (less than 0.01%); Namibia (0.1%); Netherlands (0.2%); Norway (0.02%); Paraguay (less than 0.01%); Poland (0.07%); Portugal (0.1%); Russian Federation (0.07%); Slovakia (0.8%); Slovenia (0.08%); South Africa (28.0%); Spain (2.1%); Sweden (1.9%); Switzerland (0.1%); Ukraine (less than 0.01%); United Kingdom (less than 0.01%); United States of America (20.3%); Uruguay (3.4%); Zimbabwe (0.02%).

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Timber products

Impact driver type

Physical

Primary impact driver

Other physical driver, please specify
Frost damage and forest fires

Primary impact

Reduction or disruption in production capacity

Description of impact

In South Africa, Sappi suffered financial loss in FY2021 due to 368 ha fire and 845 ha frost damage. Fire damage resulted in reduction and disruption of timber production capacity as 49,666 tons of wood were lost. This will also have negative impacts on the long-term wood supply. In addition, product costs increased as fire damage required salvage harvesting which is more expensive (smaller sized trees and additional wear-and-tear on equipment due to carbon contamination); as well as the direct fire-fighting costs and disaster clearing costs in case of non-utilizable trees in young compartments. Frost damage affects mostly newly planted compartments. Thus, there is increased production cost as areas must be re-planted. Furthermore, timber production capacity is reduced as tree growth of at least 6 months is lost in these damaged areas – time between initial planting and re-establishment after damage – as it is not possible to plant throughout the year due to seasonal rainfall patterns.

Primary response

Other, please specify
Extensive fire management strategy; developed a GIS-based frost-risk map.

Total financial impact

2,530,000

Description of response

Sappi's fire risk management system incorporates risk assessments, monthly compliance checks, management procedures, standards and general back-up information. Around 22% of the annual plantation management cost is related to fire

prevention activity. Before each fire season, simulated fire training are conducted at each plantation. Fuel load maps are prepared for all districts to assist in the management of fuel loads and identification of major risks. As regular weeding helps reduce fuel loads, all plantations conduct integrated weed management planning. The assessment of fuel load status, the age and genus of the crop provide the forester and Incident Commander with a tool to calculate the damage potential at a compartment level. Each plantation/district has a weather monitoring station to keep track of the fire danger index (FDI). The FDI data is reported automatically to a central database and alerts sent. When the FDI reaches a certain level, all aerial and ground firefighting resources are placed in strategic positions, all airstrips are manned and detection centres are instructed to activate aircraft should a fire be detected within or near our plantations. Site-genotype matching ensures genotypes are deployed in the most suitable areas. Timeous salvage operations help to minimize utilizable timber loss. To minimize frost loss a GIS-based frost risk model has been developed. Exceptional cold years do occur (as in 2021), resulting in additional frost losses.

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Timber products

Have you monitored or estimated your deforestation/conversion footprint?

Yes, we monitor deforestation/conversion footprint in our supply chain

Coverage

Full consumption volume

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Since a specified cutoff date, please specify year

2008

Known or estimated deforestation/ conversion footprint (hectares)

0

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

Since 2008, all the Sappi mills which use forest-based raw materials have been at least FSC Chain of Custody (CoC) certified, and thus follow all the FSC certification requirements and therefor report and assess deforestation / conversion footprint.

Depending on the region/mill, compliance began before 2008. The requirements include the FSC Principles and Criteria, which specifically states that plantations established on areas converted from natural forest after 1994 shall not qualify for certification.

Additionally, all Sappi mills, with the exception of Stanger Mill and Lomati Sawmill, are also PEFC (incl. SFI in the USA) CoC certified. As outlined in the PEFC CoC 2020 standard, Sappi and our suppliers ensure that any sources originate from activities that comply with applicable laws, avoid negative impacts on ecologically important areas or significant cultural values, and support long-term conservation, economic or social benefits. Sappi, and our suppliers, implement rigorous due diligence systems as required by the FSC and PEFC standards to avoid or mitigate risk of controversial sources. Sappi's Woodfibre Procurement Policy is provided to all Sappi procurement staff and suppliers and outlines minimum requirements, including the strict adherence to forest certification standards regarding the avoidance of forest conversion. All Sappi's own tree plantations in South Africa are FSC-certified since 2003, and PEFC-certified since 2020/-21, they are established on grass lands, and thus there has been no conversion of forest land. Third-party certification bodies (SGS, Preferred by Nature, BV, Soil Association) carry out audits annually, and Sappi's own annual internal audit programmes cover all the manufacturing sites. The 100% coverage of the certified CoC systems means that all woodfibre is traceable to its origin. Sappi publishes on sappi.com Wood Origin Reports that clearly disclose the species used, countries of harvest and statements around legal compliance and avoidance of controversial sources. Sappi's commitment to zero deforestation also means implementing our Supplier Code of Conduct and Code of Ethics to continually assess supply chain, ethical and legal risks and not sourcing from suppliers associated with deforestation. In 2021 Sappi started collaboration with Eco Vadis to assess the sustainability performance of Sappi's suppliers through proactive ratings and evaluations using EcoVadis' methodology.

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Direct operations

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods

External consultants

National specific tools and databases

Jurisdictional/landscape assessment

Other, please specify

EcoVadis sustainability assessment tool; Sappi Supplier Code of Conduct; PEFC and FSC databases to ascertain the CoC certification status and validity of suppliers; FSC NRAs and CNRAs risk assessments of Controlled Wood.

Issues considered

Availability of forest risk commodities

Quality of forests risk commodities

Impact of activity on the status of ecosystems and habitats

Regulation

Climate change

Impact on water security

Tariffs or price increases

Loss of markets

Leakage markets

Brand damage related to forests risk commodities

Corruption

Social impacts

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Other forest risk commodity users/producers at a local level

Regulators

Suppliers

Please explain

Risks are assessed in terms of financial, customers, operations, reputation and legal.

We utilise the standards embedded in ISO 31000, as this facilitates continual improvement. Forest risks considered include: Biodiversity (genetic diversity, ecological integrity); Ecosystem services (soil retention, carbon storage, water); Community; Deforestation; Workplace (fundamental rights, health and safety, fair wages); Economic (reputation, long-term productivity of timber, profitability and innovation). Risk exposure

is calculated by multiplying the weighting of the likelihood of occurrence of the potential monetary impact, and displayed graphically in a “heat map” risk matrix. Climate change is viewed as a significant risk and this has strong links to both the availability and quality of the woodfibre, hence forest-related risks are considered significant. These risks are monitored by the procurement teams and mitigated by the wood sourcing agreements we have in place. If sourcing from any regions where the FSC Controlled Wood National Risk Assessments (NRA/CNRA) show specified risk, we implement mitigation and monitoring measures. Various other data sources and reports are also referenced to track implementation rates and risks around legal compliance, effectiveness of best management practices on soil and water conservation, biodiversity values, forested acres and harvest rates, etc. This is documented in our Due Diligence System (DDS) procedures and annual assessments to determine risk level. The DDS procedures and supplier qualification processes ensure that suppliers are aware of Sappi’s requirement to avoid or mitigate risks of controversial sources, at both an origin and supply-chain level. All sourcing operations meet the FSC and PEFC (and SFI in U.S.) DDS requirements. Risk assessment is a continuous process with quarterly, half-annual and annual reviews on various levels of organization. Climate related risks are assessed based on short (1-2 years), medium (3-5) and long term (5 to 20) views. Risk management process includes engagement with neighbouring communities and other relevant external stakeholders. Community engagement takes various formats throughout our operations. 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.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

	Value chain mapping
Timber products	Yes, we have mapped the entire value chain

F2.2a

(F2.2a) Provide details of your organization’s value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Timber products

Scope of value chain mapping

- Own operations
- Tier 1 suppliers
- Smallholders
- Customers

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

Sappi's value chain is very well-established. We have had and maintain long-standing relationships with our raw material and service suppliers. Through our SAP business system all our suppliers/vendors are recorded with the key details of their organization and our business transactions. New suppliers are evaluated during the tendering process. In relation to smallholders, in South Africa and North America, we engage directly with the small landowners supplying wood to our mills. We also offer forestry services to support their forest management. In Europe, we have procurement partners who do this on our behalf. Within the communities where we operate in South Africa, we also support small-medium enterprise development, training initiatives, and outgrower schemes to stimulate value chain development in rural areas. With regards to customers, they too are mapped and recorded in SAP with key information documented on their organization and our business transactions. Furthermore we use Salesforce to track day to day interactions with and between customers. We also engage in value chain initiatives such as the 4Evergreen Alliance, PEFC, FSC, Forest Focus and Eurograph where we can work collectively to improve forest practices, traceability and circularity. In Sappi North America we regularly, 2-3 times per year, engage a customer council comprising of end customer, paper converting, paper distribution and advertising components of the value chain. This council helps inform our forest and final product related sustainability initiatives while assisting in Sappi on-going education of the key value chain needs and opportunities. Sappi's value chain mapping identifies the main activities and stakeholders associated with our products and services to give a comprehensive picture of the fundamental inputs and outputs of our business; furthermore, we assess our impacts throughout the value chain, from tree-plantation management (establishment, tending, harvesting), to woodfibre sourcing (round wood, chips, pulp), processing & production, transport, use, and disposal. A strength of Sappi's upstream value chain mapping and management is that supply chains are relatively short and we're close to the source, the forests, either through own or leased forests, or direct relationship with forest owners either through our own procurement teams or through established, Chain of Custody certified partners.

Your own production and primary processing sites: attach a list of facility names and locations (optional) Sappi sites July 2022.pdf**Your suppliers' production and primary processing sites: attach a list of names and locations (optional)**

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

Sappi utilises the risk standards embedded in ISO 31000, as these facilitate continual improvement. Sappi has a board-approved framework for risk appetite and tolerance. Risk appetite is the total quantum that Sappi wishes to be exposed to on the basis of risk/return trade-offs for one or more desired and expected outcomes. This is the quantum of risk that the board believes will provide an adequate margin of safety within the group’s risk capacity while enabling the achievement of strategic objectives. Risk tolerance is the amount of uncertainty Sappi is prepared to accept. This is the maximum level of loss or reduced earnings that can be absorbed without compromising key objectives, e.g. return on investment. The risk-rating matrix takes into account both the likelihood and the magnitude of the impact in the event that the risk event occurs. The Board establishes specific risk tolerance levels for each category of risk. The likelihood of occurrence of all identified key risks is categorised as 1) Remote - Could happen once in 10 to 50 years [1]; 2) Unlikely - Could happen once in 2 to 10 years [2]; 3) Possible - Could happen once in 2 years [3]; 4) Likely - Could happen once in 6 months [4]; 5) Almost certain - Could happen once or more a month [5]. The potential monetary value of all identified key risks is categorised as 1) Minor, 2) Significant, 3) Material, 4) Critical, 5) Catastrophic. Risk exposure is calculated by multiplying the weighting (in square brackets above) of the likelihood of occurrence of the potential monetary impact. The calculated risk exposure is then displayed graphically in a “heat map” risk matrix. Forests-related risks are the responsibility both of the Social, Ethics, Transformation and Sustainability Committee (SETS) and the Audit and Risk Committee. EBITDA (earnings before interest, taxes, depreciation, and amortization) is considered a key indicator of the underlying profit performance of the group, reflecting both revenues and costs and aligning closely with our strategic goals of achieving cost advantages and growth. We define substantive financial impact as 20-25% of EBITDA, which, in FY2021, was between USD98 – 130 million, based on an EBITDA of USD532 million (excluding special items).

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Acute physical

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Wildfires

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Due to increasing temperatures, the risk is that the likelihood of wildfires will increase. This could lead to increased fire management expenses; increased growing stock losses; infrastructure damage; increased soil erosion and flooding; negative impacts on human mental and physical health (e.g. smoke pollution); as well as reputational risk through impacts on neighbouring communities. This is important to Sappi given that, 1) our business is dependent on woodfibre growth in sustainably managed forests and plantations and 2) in South Africa we own and lease 394,000 hectares of plantations.

Timeframe

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

17,200,000

Potential financial impact figure - maximum (currency)

126,400,000

Explanation of financial

The minimum figure (which is also the cost of response) represents insurance (USD805,000) and fire protection costs (USD16.4 million). The maximum figure is based on an estimated loss of 841,000 white wet tons of wood and represents the replacement value of these tons over and above insurance cover.

Primary response to risk

Engagement in multi-stakeholder initiatives

Description of response

Sappi manages risks via an integrated Fire Risk Management System. In addition, significant investment has improved fire detection, while fire crew training and enhanced equipment has significantly improved response times to fires. Sappi staff play key roles in the provincial and local fire protection associations ensuring better optimal integrated fire risk management, sharing technical knowledge, resources and skills with broader neighbouring communities, and reducing risk more holistically. More specific action: Fire protection (prepare fire-breaks); manage fuel loads; manage open areas and non-commercial areas; participation in Fire Protection Agencies and use of camera systems to detect fires as soon as possible. In addition, weather forecasting, weather monitoring and prediction of fire danger index (FDI) is conducted. During fire season, activities are managed according to FDI, e.g. when FDI becomes orange and red, field activities are stopped and resources are moved to fire standby positions.

Cost of response

17,200,000

Explanation of cost of response

Explanation of cost calculation: Insurance costs were USD748,000 and firefighting costs for the year were USD16.4 million in FY2021. It should be noted that if there is an increased demand for timber the external buy-in price of wood is likely to increase substantially, which has not been factored into this calculation.

Forest risk commodity

Timber products

Type of risk

Chronic physical

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Changes in precipitation patterns and types (rain, hail, snow/ice)

Primary potential impact

Supply chain disruption

Company-specific description

Changing climate is impacting the health and resilience of European forests through warming temperatures and increase of extreme events like drought, floods, wind, pest and disease outbreaks and wildfire. The outbreak of the spruce bark beetle (*Ips typographus*) within Sappi's key wood procurement areas in Central Europe was due to extreme droughts of 2018, 2019, and 2020: In favourable conditions bark beetle can produce up to four generations per year, grow exponentially, and as a result not only attack stressed trees but also healthy ones, and cause a death of a tree in less than 4 weeks. It is therefore a major threat to spruce forests and can have adverse social, economic and ecological impacts. Controlling the outbreak of the past few years created a surplus of wood on the market as a result of sanitation felling, and price and quality volatility but also significant economic distress for the forest owners. There is an anticipation that the availability of spruce wood on the market will decline, and costs will increase to reflect longer transport distances. The availability of spruce could be further compromised due to reduced standing volume resulting from increased extraction due to sanitation felling, forest owners replanting with other species. The vulnerability of forests and specific species impacts Sappi's procurement in terms of species availability, price fluctuations and the overarching impact on the viability of private forestry on which we are reliant.

Timeframe

4-6 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

16,000,000

Potential financial impact figure - maximum (currency)

40,000,000

Explanation of financial

There was no major quantifiable direct financial impact of the outbreak on Sappi in 2021, as the bark beetle situation was less severe than in the three preceding years. If we consider the potential cost impacts related to availability or accessibility of the species mix and woodfibre material on which our company's operations rely, we estimate a potential of a 2-5% financial impact on our procurement spend in the region impacted.

Primary response to risk

Engagement with suppliers

Description of response

Sappi does not own or manage any forestlands in Europe, but we work closely with our long-term wood sourcing partners: Sapin in Belgium, proNARO in Germany, Papierholz Austria in Austria, and Metsä Forest in Finland. Given our shared ownership in some of these enterprises, we are very much aligned and engaged with the strategic topics emerging. Sappi along with the forest-based industries is combating climate change and advancing decarbonisation at many fronts, helping the shift away from fossil-fuels and promoting carbon stores and sinks in forests, soils and products. On the ground, our wood sourcing partners work closely with their direct suppliers and forest owners and apply and offer forestry services designed specifically to avoid a proliferation of a bark beetle outbreak by, for example, ensuring swift transportation of the pulp wood logs from the forests after the logging and thus avoiding letting the round wood logs to dry in piles which only would favour the bark beetle outbreak. Sappi also regularly evaluates the possibilities to increase flexibility between assortments and tree species, to identify where opportunities exist to reduce reliance on spruce. As the forestry situation and vegetation zones varies across the region, our broad sourcing structure across multiple countries helps to mitigate the impact unfavourable conditions may have on our procurement.

Cost of response

0

Explanation of cost of response

As the longer term impacts and also responses are multi-faceted, neither the financial impact costs nor the cost of response can be quantified at a single number. Sappi's possible responses to this risk will be strategic by nature involving decisions that impact all levels of business from the supply chain to the product portfolio, and thus the related investment needs and indirect and direct cost incurred cannot be directly disclosed.

Forest risk commodity

Timber products

Type of risk

Chronic physical

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Declining ecosystem services

Primary potential impact

Constraint to growth

Company-specific description

In South Africa, drought and pest infestations have been exacerbated by climate change. Sappi continually monitors and reviews forest best practices in the light of changing environmental factors, thus helping to mitigate any increased threat from water shortages or drought. Our mitigation activities in this area include: maintaining wide genetic variability in planting material – this enables Sappi to breed trees for a wide range of conditions and the rate of change in conditions is probably slow enough for the company to respond in the breeding programme; measuring permanent sample plots measured annually (eucalypts) or bi-annually (pines) to determine the effect of drought on current annual increment as an input to long-term planning; implementing extensive planting of more drought-tolerant eucalypt hybrids; engaging in research and collaboration with industry and tertiary institutions to develop bio-control measures and breed genetically more resistant planting stock.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

4,700,000

Potential financial impact figure - maximum (currency)

47,000,000

Explanation of financial

The minimum amount assumes that despite forest research efforts to adapt and mitigate climate change, annual growth reduces by 1%, the maximum assumes we lose 10% of our growth. The fair value of our plantations at year end was estimated at USD477 million (less the estimated costs of delivery, including harvesting and transport costs). The maximum figure given here represents 10% of the fair value.

Primary response to risk

New product/technology development

Description of response

Our research and development work includes a focus on new technology to improve wood and pulp yield across the group. At Sappi's Shaw Research Centre, tree

improvement is aimed at increasing pulp yield produced per hectare by testing various species and hybrids across Sappi’s diverse landholdings. As well as growth improvements, trees are bred for superior wood properties and resistance to biotic and abiotic threats including frost, drought, pests and diseases. A broad genetic base, acquired over 25 years and a skilled breeding team exploiting new technologies are some of the assets of the programme. One of the ways in which we mitigate physical risks is through continuous assessment of the health of our growing stock. This is measured through continuous evaluation of trees with emphasis on growth rate, age, utilisation efficiency. Annual measurement programmes and an airborne laser scan of all the plantations are conducted every second year together with analysis of growth trends and drivers from, for example, permanent sample plot programmes and actual versus planned yields per compartment are used to continuously adjust the annual cut and detect emerging problems. Together with other parties we continued our project with the Global Change Institute at Witwatersrand University: Generation of downscaled raster climate surfaces for the entire forestry domain of South Africa, at 8 km resolution, with daily time scale from 1980 to 2100.

Cost of response

4,940,000

Explanation of cost of response

Cost of wood and pulp yield research is USD1,7 million; cost of tree improvement programmes: USD3.2 million.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber products	Yes

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber products

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Improved climate change adaptation

Company-specific description & strategy to realize opportunity

Research and development of genetically improved planting stock has been conducted at Sappi's Shaw Research Centre in Howick, South Africa, for over 25 years. Tree improvement is aimed at increasing pulp yield produced per hectare by testing various species and hybrids across Sappi's diverse landholdings. As well as growth improvements, trees are bred for superior wood properties and resistance to biotic and abiotic threats including frost, drought, pests and diseases. Available water is the main driver of tree growth in South African industrial plantations. Thus, through tree breeding, breeders inadvertently are selecting genotypes that produce more wood with less water. The Eucalyptus genotypes that are currently planted such as Eucalyptus (E.) dunnii, E. grandis x E. nitens hybrids and E. grandis x E. urophylla hybrids have much higher water use efficiency (WUE) than pure E. grandis that was planted in the past.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

50,899,994

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Amount given is 10% of standing value of trees in Sappi's tree plantations in South Africa at the end of September 2021 of USD508 999 940. The value of mature timber is calculated using a rolling twelve quarter Standing Value Method. Standing value is the delivered market price less the cost of delivery (including harvesting). Standing value is calculated by Sappi using the following equation: standing value (R/ton) = Market delivered price (R/ton) – harvesting related costs (R/ton) – transport costs (R/ton).

Forest risk commodity

Timber products

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Increased availability of products with reduced environmental impact (other than certified products)

Company-specific description & strategy to realize opportunity

Sappi is expanding its presence in speciality paper and packaging sector and sales volumes of this sector rose by 21% year on year in FY2021. In FY2021 we launched Fusion Nature Plus, an uncoated, fully bleached recyclable virgin fibre liner; Sappi Guard Gloss Nature 4-OHG, a one-side coated glossy paper, with functional high barrier coating and heat sealability; and Parade Label Pro. We also introduced new dye sublimation papers – Transjet Tacky Industrial and Basejet. Consumers, retailers and brand owners all over the world are looking for sustainable paper-based packaging solutions for their products, and eco-conscious consumers and shoppers are pressuring brand owners for more biodegradable, recyclable and compostable packaging, all reflecting a more circular economy. We estimate the increasing need for more sustainable and environmentally friendly packaging solutions will lead to demand growth of 3% to 6% per year, globally, across the spectrum of our packaging and speciality paper products.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

High

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

15,960,000

Potential financial impact figure – maximum (currency)

31,920,000

Explanation of financial impact figure

This range represents 3-6% of EBITDA of USD532 million in 2021 and is in line with our expectation that demand will grow by 3-6% per annum. Our packaging and speciality EBITDA for FY2021 increased by USD35 million year on year and sales volumes grew by 21%.

Forest risk commodity

Timber products

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Increased demand for certified materials

Company-specific description & strategy to realize opportunity

It is estimated that only 5% of textile brand-owners are able to trace their raw materials to origin. Sappi Dissolving Pulp has partnered with a key customer in India to create a forest to garment traceability tool, using blockchain technology, providing 22 global brands with the transparency that they need to understand their sourcing dependencies and impacts. Under our corporate strategy (Thrive 25), one of Sappi's key drivers is to grow dissolving pulp (DP) capacity and establish the Verve brand as the industry reference point and fibre of choice. This is based on our belief that 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 that are not fossil-fuel based, will drive increasing market share for viscose, which is derived from dissolving pulp. Our growth ambitions are underpinned by our focus on sustainability (including the aspect of traceability) which, we believe, will become increasingly important as a key differentiator and determinate in defining value for our customers and for Sappi. In addition, the Single-Use Plastics Directive (SUPD), which aims to combat environmental problems caused by single-use plastic products, presents an opportunity for Sappi to capture part of the 500 000 tons of petroleum-based fibres that are used globally each year to produce wipes. Our 110,000 tpa environmental enhancement and capacity expansion project at Saiccor Mill highlights our confidence in the DP market.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

26,600,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

This is based on a conservative growth in the Dissolving Pulp market of 5% and represents 5% of EBITDA in FY2021.

Forest risk commodity

Timber products

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Increased availability of products with reduced environmental impact (other than certified products)

Company-specific description & strategy to realize opportunity

Through Sappi Biotech, established in 2016, we are unlocking the chemistry of trees and meeting the challenges of a carbon-constrained world by establishing a strong position in adjacent businesses including nanocellulose, sugars and furfural, lignosulphonates, biocomposites and bio-energy. Extracting more value from each tree is strengthening our core business model. This includes the use of micro-fibrillated cellulose, lignin and other engineered cellulose for bio composites.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

10,000,000

Potential financial impact figure – maximum (currency)

100,000,000

Explanation of financial impact figure

The range given is our estimate of the potential value-add to our business of biotech opportunities over the next 4 – 6 years. It's based on the fact that in FY2021 EBITDA from biotech was just over USD9 million and we see opportunity to grow this to USD100 million over the next 4-6 years based on further expansion of our commercial lignin business and further scale up and commercialisation of micro-fibrillated cellulose, biocomposites and furfural. In FY2021, Sappi Biotech made progress in growing lignin and commercialising Symbio fibre composite and Valida fibrillated cellulose product offerings. Commercialisation of Symbio gained traction with uptake by a major automotive manufacturer in the US, while various other brand owners have the product in their pre-commercial qualification phase. Our Valida pilot plant ran at capacity with repeat orders in diverse application fields such as concrete, cosmetics, personal care, paint and coatings, where it is valued as a dispersant, suspension stabiliser and rheology modifier. Our lignin business continued with its expansion trajectory with growth exceeding 30% and considerable progress made in moving beyond traditional commodity markets to higher value markets. As part of Sappi Biotech's ongoing strategy to enter adjacent markets, the development of our lignin product for the animal feed industry culminated in the launch of Sappi Pelletin product in this market with first sales in 2021 – and growing steadily.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Board-level committee	The Sappi Board of Directors, together with the Audit and Risk Committee and the Social, Ethics, Transformation and Sustainability (SETS) Committee have responsibility for forests-related issues. The Sappi CEO is a member of the Board and of the SETS Committee. The SETS monitors compliance with Sappi's corporate (Thrive25) strategy, applicable legal and regulatory requirements and the Group Sustainability Charter, which includes forest-related issues. The committee also reviews and assesses strategic and operational risks and opportunities and their impact. In addition, 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 with regard to any relevant legislation, other legal requirements and prevailing codes of best practice.
Chief Executive Officer (CEO)	The CEO is a member of the Board and of the Social, Ethics, Transformation and Sustainability (SETS) Committee. The Sappi CEO manages and oversees the company’s day-to-day business operations and the corporate strategy and oversees the work of the three regional CEOs (of Europe, North America, Southern Africa). Having regional CEOs in addition to the group CEO facilitates more detailed oversight of operating issues. The regional CEOs participate and/or chair quarterly sustainability steering committee/council meetings, which follow each Sappi region’s progress and work on the sustainability targets (incl. forest certification), audit results, and other forest related initiatives.

F4.1b

(F4.1b) Provide further details on the board’s oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action	The Social, Ethics, Transformation and Sustainability (SETS) Committee comprises four independent non-executive directors, and the CEO. The committee's mandate is to oversee the group’s sustainability strategies, ethics management, good corporate citizenship, labour and employment practices, contribution to social and economic development and the strategic business priority of transformation in South Africa. They also oversee Sappi Southern Africa's Social Impact Strategy which is streamlining corporate citizenship initiatives into a single strategic framework and is currently being rolled out to other regions. As Sappi’s business is dependent on woodfibre, forests-related issues are scheduled at all meetings. The Committee receives regular updates on progress towards certification goals. In 2021, amongst other things, the SETS Committee reviewed the following: Group Sustainability Charter and Environmental Policy; The material indicators of the group’s environmental performance; Regional sustainability performance against goals for 2021; Regional and global public policy matters affecting the group and its operations; Sappi’s performance relative to the Employment Equity Act, BBBEE (Broad-based Black Economic Empowerment) legislation and the

	Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	SA government’s Forestry charter for transformation of the forestry sector. In 2021, the committee also reviewed and approved the revised Group Woodfibre Procurement Policy.
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F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Yes

Criteria used to assess competence on forests-related issues

Given that Sappi’s business is based on forests, it is important for the board to have: Diverse experience in forest-based industries and sustainable forest management practices; understanding of the forest-based industry’s global and local supply chains; understanding of and experience in diverse stakeholder engagements and dialogue related to forests management; as well as the governance issues and risks and opportunities along the value chain.

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Chief Executive Officer of the Sappi Group (CEO) manages and oversees the company’s day-to-day business operations into which sustainability is embedded and company strategy (Thrive25). The sustainability strategy under this overarching strategy identifies ‘acting as a custodian of land and forests’ as a priority. The Group Head: Technology, who oversees forest-

			<p>related research work reports to the Group CEO, as does the Group Head: Investor Relations and Sustainability. The Group CEO signs off on forest-related policies like the woodfibre procurement policy (once they have been approved by the Social, Ethics, Transformation and Sustainability (SETS) Committee) and chairs the Executive Committee whose members include the three regional CEOs (of Europe, North America, Southern Africa). The regional CEOs oversee all day-to-day forest issues relating to certification, procurement and sustainability-related target setting. The Vice-President Forestry of Sappi Southern Africa, who has oversight of Sappi's forest operations in South Africa, reports to the CEO of Sappi Southern Africa.</p>
Chief Sustainability Officer (CSO)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	<p>The Chief Sustainability Officer (CSO) of Sappi is the Group Head Investor Relations and Sustainability, who reports directly to the Group CEO and oversees all day-to-day forest issues relating to certification, procurement and sustainability-related target setting. While the CEO is responsible for forests-related issues, the CSO is the principal liaison between the Group Sustainable Development Council (GSDC) and the Social, Ethics, Transformation and Sustainability (SETS) committee. Sustainability directors in Europe, North America and South Africa serve on the group sustainability council which the CSO chairs.</p>
Corporate responsibility committee	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	<p>The Sappi Group Sustainable Development Council (GSDC) is chaired by the Group Head Investor Relations and Sustainability. The GSDC oversees and reviews the work of the regional (Europe, North America and South Africa) sustainability councils which deal with day-to-day sustainability issues and help to develop and entrench related initiatives in the business. The GSDC reviews key trends and developments together with strategy and implementation and makes recommendations that are fed</p>

			<p>through to the SETS Committee and ultimately, to the Sappi Limited board. The 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 committee holds quarterly meetings, but much of the work is carried out in task forces and working groups. For example, Sappi's Forest Forum, a cross-functional and cross-regional working group focuses on the wider topic of responsible woodfibre, its procurement, and communicating about it, and reports to the GSDC.</p>
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F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Corporate executive team Chief Executive Officer (CEO)	Achievement of commitments and targets	Sappi's business strategy (Thrive25) strategy emphasises the importance of sustainability, including climate change and forestry-related issues. Sappi's compensation packages are designed to attract, retain and motivate executives and all employees to deliver on performance goals and

	<p>Chief Procurement Officer (CPO) Chief Sustainability Officer (CSO)</p>		<p>strategy. Examples of personal objectives for executives under the 2021 management incentive scheme include the roll out of the Thrive25 strategy, Sappi’s annual sustainability targets and new products taken into commercialisation in alignment with Thrive25. Remuneration comprises fixed and variable components (these components are shown in the 2021 annual integrated report on page 155). The variable components are linked to predetermined and measurable performance and results criteria, and maximum levels have been set for their payment. Sustainability targets, including climate and forestry-related issues, form part of the overall business plan for Sappi Limited and globally. The outcomes of the Management Incentive Scheme in relation to all the sustainability targets are contained in the performance objectives of each mill and the personal objectives of all senior management. The personal objectives of the Group Exco are disclosed in the Annual Remuneration report. The payable amounts of incentives are linked to the executive’s position and achievement of annually set business and individual targets. In addition, there are recognition awards in each region and at global element, which include monetary awards.</p>
<p>Non-monetary reward</p>	<p>Other, please specify All Sappi employees are eligible.</p>	<p>Other, please specify Sappi Group Chief Executive Thrive Awards</p>	<p>Launched in 2013, the Group CEO Award recognised staff who demonstrated exemplary leadership, behaviour and value-add in line with the core Sappi values. A total of 33 Sappi staff have received Group CEO Awards over eight years. Since the original launch much has changed. Our strategic path has been guided first by 2020Vision and now by Thrive25. We revised our Value Statement and made our purpose tangible and published our Purpose Statement: "Sappi exists to build a thriving world by unlocking the power of renewable resources to benefit people, communities, and the planet". To ensure close alignment between staff recognition and this strategic journey, a new Group CEO award scheme was launched in 2021, the Group CEO Thrive Award. At Sappi we are committed to creating an environment with a clarity of purpose, a secure vision, and an ambitious but achievable strategy. We work to enable our staff to strive for and achieve success by clearly committing to our values and</p>

			empowering individuals. To this end, the new Group CEO Thrive Award will recognise those individuals from across the group who have demonstrated a clear commitment to and delivery on any of our central tenets: Building OneSappi; Living our Values; Driving our Purpose. All Sappi employees are eligible. Nominations are made by his/her regional chief executive officer and/or group functional head. While this award is focused on individuals, team nominations will be accepted as warranted. One of the first award winners was the Programme Leader Land Management and Wood Properties, Sappi Southern Africa, who spearheaded the carbon calculation and flows methodology related to forests, as well as the quantification and development of mitigating strategies for climate change as related to forests for Sappi. This individual is a member of the World Resources Institute technical working group on Land which is developing new guidance on how companies account for and report land use, land use change, carbon removals and storage, bioenergy and other biogenic products.
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F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

 Sappi 2021 AIR.pdf

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

 Sappi-Group-Woodfibre-Procurement-Policy.pdf

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate conversion of natural ecosystems	To accentuate Sappi's continuous commitment to zero deforestation and alignment with our sustainability targets and the UN SDGs, our Woodfibre Procurement Policy, previously updated in 2018, was revised in 2021/2022. Its main elements are: core requirements on woodfibre and its origin; clear requirements on traceability and supply

		<p>Commitment to no land clearance by burning or clearcutting</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to remediation, restoration and/or compensation of past harms</p> <p>Commitment to best management practices for soils and peat</p> <p>Commitment to take action beyond own supply chain to tackle environmental issues</p> <p>Commitment to resolving both social and environmental issues in own operations and supply chain</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on</p>	<p>chain integrity; and further action points to ensure zero deforestation, sustainable forestry and sourcing.</p> <p>Published on the website it covers all operations and business segments, both own forests as well as procurement from external woodfibre suppliers.</p> <p>Operations are located in temperate broadleaf and mixed forests, Southern boreal, and South African grassland biomes. Woodfibre is only sourced where operations: comply with all applicable legal and regulatory obligations; uphold customary, traditional and/or civil rights; uphold health and safety legal requirements; conserve, or avoid management activities that threaten, at-risk high conservation values and identified ecologically important forest areas; and strictly adhere to forest certification standards regarding the avoidance of forest conversion. Suppliers must report the origin of wood, and provide evidence that all is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood as well as the PEFC CoC standards. Through our commitments and actions, we seek to conserve soil and water resources, conserve and restore native biodiversity, implement and/or seek to influence land-use decisions and policies to prevent deforestation, grow and manage healthy forests and promote reforestation or afforestation where appropriate, and support and expand the role that well-managed, healthy and resilient forests and forest products play in climate change mitigation through carbon sequestration, carbon storage and product substitution. Sappi is committed to the criteria 'No land clearance' in the context of permanent land use changes, but it should not be confused with clearcutting as a valid regeneration/silvicultural measure. As specified in the company targets, we strive to increase the use of certified woodfibre, and support innovative initiatives for smallholder certification. We invest in forestry research to contribute to forest health and resilience, support rural community development, and communicate transparently on our performance.</p>
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	<p>forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound milestones and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	
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F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

- Sappi-Code-of-Ethics.pdf
- Sappi-Group-Woodfibre-Procurement-Policy.pdf
- Sappi-Group-Sustainability-Charter.pdf
- Sappi-Group-Supplier-Code-of-Conduct.pdf

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to no land clearance by burning or clearcutting</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to remediation, restoration and/or</p>	<p>Sappi's main raw material is woodfibre, and thus at the centre of all key sustainability policies (e.g. Sustainability Charter, Environmental Policy, Code of Ethics, Supplier Code of Conduct let alone Woodfibre Procurement Policy) is a commitment to manage and mitigate environmental, climate and biodiversity footprint, and promote sustainable forestry. Sappi has timebound, UN SDG aligned sustainability targets including forest-related issues, all production sites</p>

		<p>compensation of past harms</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to best management practices for soils and peat</p> <p>Commitment to take action beyond own supply chain to tackle environmental issues</p> <p>Commitment to resolving both social and environmental issues in own operations and supply chain</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests</p>	<p>must maintain Chain of Custody (CoC) certification and we're committed to increasing the use of certified fibre. Policies are evaluated regularly and revised as needed. The Woodfibre Procurement Policy was revised in 2021/2022; it covers all operations and business segments, both own forestry as well as procurement from external wood and pulp suppliers. Woodfibre is only sourced where operations: comply with all applicable legal and regulatory obligations; uphold customary, traditional and/or civil rights; uphold health and safety legal requirements; conserve, or avoid management activities that threaten, at-risk high conservation values and identified ecologically important forest areas; and strictly adhere to forest certification standards regarding the avoidance of forest conversion.</p> <p>Suppliers must report the origin of wood, and provide evidence that woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood, as well as the PEFC CoC standards. Through its commitments and actions, Sappi seeks to conserve soil and water resources, conserve and restore native biodiversity, implement and/or seek to influence land-use decisions and policies to help prevent deforestation, grow and manage healthy forests and promote reforestation or afforestation where appropriate, and support and expand the vital role that well-managed, healthy and resilient forests and forest products play in climate change mitigation through carbon sequestration, carbon storage and product substitution. Sappi is committed to the criteria 'No land</p>
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			<p>and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>clearance' in the context of permanent land use changes, but it should not be confused with clearcutting as a valid regeneration measure. We invest in forestry research to contribute to forest health and resilience, support rural community development, and communicate transparently with stakeholders on our sustainability performance.</p>
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F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

 Sappi-Group-Woodfibre-Procurement-Policy.pdf

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Other, please specify

Group Woodfibre Procurement Policy; FSC and PEFC (incl. SFI) certifications and memberships; Textile Exchange and Fashion Industry Charter; Sustainable Apparel Coalition; Business for Nature's Call to Action; Circular Bioeconomy Alliance

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

- No conversion of natural ecosystems
- Zero gross deforestation/ no deforestation
- Zero net deforestation
- Restoration and compensation to address past deforestation and conversion
- Avoidance of negative impacts on threatened and protected species and habitats
- No trade of CITES listed species
- No land clearance by burning or clearcutting
- No conversion of High Conservation Value areas
- No conversion of High Carbon Stock forests
- Collaborate in landscapes/jurisdictions to progress shared sustainable land use goals
- Implementation of Nature-based Solutions that support landscape restoration and long-term protection of natural ecosystems
- Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
- Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
- Promotion of gender equality and women's empowerment
- Adoption of the UN International Labour Organization principles
- Resolution of complaints and conflicts through an open, transparent and consultative process
- Facilitate the inclusion of smallholders into the supply chain
- Build community capacity and incentivize engagement in multi-stakeholder processes
- No sourcing of illegally produced and/or traded forest risk commodities
- No sourcing of forest risk commodities from unknown/controversial sources
- Restricting the sourcing and/or trade of forest risk commodities to credible certified sources
- Recognition of legal and customary land tenure rights

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2008

Commitment target date

2021-25

Please explain

Sappi's continuous commitment to zero deforestation, sustainable forestry and sourcing, and alignment with the UN Sustainable Development Goals are embedded especially in our public Group Sustainability Charter, Group Woodfibre Procurement Policy, Code of Ethics, and Supplier Code of Conduct. The Group Woodfibre Procurement Policy

(revised in 2021/2022) entails core requirements on woodfibre and its origin; clear requirements on traceability and supply chain integrity; and further action points to ensure zero deforestation, sustainable forestry and sourcing. It is provided to all Sappi procurement staff and suppliers and outlines minimum requirements, including the strict adherence to forest certification standards regarding the avoidance of forest conversion. In the USA and Canada, where risk of conversion sources is identified, Sappi procurement staff require suppliers to sign self-declarations affirming their commitment to avoid controversial sources. Sappi publishes on sappi.com Wood Origin Reports that clearly disclose the species used, countries of harvest and statements around legal compliance and avoidance of controversial sources. Since 2008, all the Sappi mills which use forest-based raw materials are at least FSC Chain of Custody (CoC) certified, and thus follow all the FSC certification policy and standard requirements and therefore monitor and assess any risk of deforestation/conversion. Sappi maintains a 100% coverage of third-party certified and annually audited FSC and PEFC (incl. SFI in the USA) CoC management systems to meet Sappi's minimum eligibility criteria for any woodfibre entering a Sappi mill: It must verifiably meet the FSC Controlled Wood requirements, which prohibit and are designed to avoid: illegally harvested wood, wood harvested in violation of traditional and human rights, wood from forests with threatened high conservation values, wood from forests with genetically modified trees and wood from forests converted to plantations or non-forest uses. Both FSC and PEFC have unambiguous stances on avoiding conversion, and these requirements are embedded in Sappi's own processes and procedures. All Sappi's own tree plantations in South Africa are FSC-certified since 2003, and PEFC-certified since 2020/-21, they are established on grass lands, and thus there has been no conversion of forest land. Sappi is committed to the criteria 'No land clearance by burning or clearcutting' in the context of permanent land use changes, but it should not be confused with prohibiting clearcutting as a valid and necessary regeneration and silvicultural measure given the diversity of forest types across Sappi's and our suppliers' sourcing areas. In 2021 Sappi started to partner with EcoVadis to assess the sustainability performance of suppliers through proactive ratings and evaluations using EcoVadis' methodology. It focuses on 21 sustainability criteria that are grouped into four themes: Environment, Labour & Human Rights, Ethics and Sustainable Procurement. These criteria are aligned with international sustainability standards such as the Ten Principles of the UN Global Compact, the International Labour Organization conventions, the Global Reporting Initiative standards and the ISO 26000 standard. Already during the first year over 75% of Sappi's pulp suppliers have undergone the rating process through EcoVadis, and the aim is to achieve a complete coverage. We work to build transparent supply chains and maintain close relationships with our customers, suppliers, and other stakeholders. In 2021, Sappi, which is a member of both FSC International and PEFC International, initiated specific high level dialogues with both organizations to discuss about the development needs around forest certification.

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	21-30	Through our commitment to implementing sustainable forest management in the land we own and sourcing woodfibre from well-managed forests our business objectives focus on increasing sustainable production & consumption of forest resources. Sappi's long-term strategic business objectives are based on utilising woodfibre originating from responsibly managed forests, which maintain and enhance their economic, social, and environmental value. The percentage of certified fibre supplied to our mills is a both a sustainability and strategic performance indicator and has the same level of importance as our key financial indicators. Sappi's corporate strategy (Thrive25), launched in 2020, is based on four strategic fundamentals or business objectives each element of which has relevance to forests: 1) Drive sales growth. This means Committing to core business segments while investing in innovation, growth opportunities and ongoing customer relationships; Forests Relevancy: Purposeful innovation and collaboration to make the most of every tree harvested and maximise our bio-based range of solutions; 2) Sustain our financial health: This means reducing and managing our debt, growing EBITDA, maximising product value, optimising processes globally and strategically disposing of non-core assets; Forests Relevancy: Optimise our low-cost fibre base in South Africa, establish sourcing partnerships that help to enhance our competitive advantages and target high value growth areas; 3) Drive operational excellence: This means strengthening our safety-first culture and reducing resource use while enhancing efficiency and making smart data investments; Forests Relevancy: Continual focus on increasing levels of certification within our own and supplier operations; promote the use of technology like blockchain to enhance traceability; 4) Enhance trust:

			<p>This means improving our understanding of, and proactively partnering with clients and communities, driving sustainability solutions, and meeting the changing needs of every employee at Sappi; Forests Relevancy: Acting as a transparent, proactive and responsible company with a long-term, solutions-oriented approach to address forest conversion and deforestation and avoid controversial sources. Playing our part to ensure communities derive benefit from forests. This time horizon is based on our Thrive25 strategy.</p>
<p>Strategy for long-term objectives</p>	<p>Yes, forests-related issues are integrated</p>	<p>21-30</p>	<p>Sappi's strategy for achieving the objectives described above is based on regional and global sustainability goals and on SDG12: Responsible Consumption and Production, SDG13: Climate Action and SDG15: Life on Land certification and biodiversity). These targets are monitored and reported on quarterly throughout our governance structure. In addition to monitoring mechanisms, these strategic targets are driven by various supporting structures. Our strategy commits us to Pillar 1): Drive sales growth; Forests Relevancy: Purposeful innovation and collaboration to make the most of every tree harvested and maximise our bio-based range of solutions. Establish a strong position in adjacent businesses including nanocellulose, sugars and furfural, lignosulphonates, biocomposites and bio-energy. Our bioproducts are sustainable alternatives extracted from wood to reduce the need for fossil-based material used in everyday products. Pillar 2): Sustain our financial health; Forests Relevancy: Optimise our fibre base in South Africa, establish sourcing partnerships that help to enhance our competitive advantages and target high value growth areas. Under this pillar, we have targeted packaging and specialities, together with dissolving pulp markets. Achieving this depends on a reliable supply of sustainably source woodfibre. Pillar3): Drive operational excellence; Forests Relevancy: Continual focus on increasing levels of certification within our own and supplier operations; promote the use of technology like blockchain to enhance traceability. Drive the development of certification schemes for small growers as we did with the Sustainable African Forestry Assurance scheme, invest in and leverage the use of blockchain with our DP suppliers. Pillar 4): Enhance trust; Forests Relevancy: Act as a transparent, proactive and responsible company with a long-term, solutions-oriented approach to address forest conversion and deforestation</p>

			and avoid controversial sources. Play our part to ensure communities derive benefit from forests. Collaborate with various stakeholders, particularly suppliers, to address deforestation and creating positive social impact through initiatives like Sappi Khulisa, our enterprise development scheme for small growers. This time horizon is based on our Thrive25 strategy.
Financial planning	Yes, forests-related issues are integrated	21-30	Sappi's financial planning considers a wide range of issues, including available opex and capex, and anticipated opex and capex required to deal with the risks and opportunities inherent in forest-related risks and opportunities. Plantation forestry in South Africa is sensitive to climate change and could make some areas climatically unsuitable for a specific genotype or for forestry. Although other areas might become climatically suitable, it is also important to note that expansion of plantation forests is limited in South Africa due to availability of suitable land and water legislation. Forestry Plantation climate change risk and associated costs were compiled using the TCFD) framework to test the principles of disclosure and quantification. Part of this process included comparing weather risks based on various modelling platforms, specifically using the RCP8.5 predictive scenario. This facilitates planning of R&D and infrastructure (nurseries and productive land acquisition. Woodfibre is at the core of all research and disruptive technology development. Achieving optimum working capital levels in the business requires efficient use of resources (sustainable woodfibre, energy, chemicals) throughout the supply chain and influences our efforts to grow our business and sustain our financial health. Understanding the challenges related to deforestation and certification also helps to allocate financial, including human, resources to various initiatives and programmes in this field. The time horizon is based on our decarbonisation plans, and aligned with available future climate data predictions from Coupled Model Intercomparison Project Phase 5 (CMIP5) model time-periods (a project of the World Climate Research Programme (WCRP) for providing IPCC AR5 (Fifth Assessment Report, IPCC 2013) with time-projected environmental variables). It also aligns with our work with outside consultancy S&P Global and the Global Climate Change Institute at the University of Witwatersrand to help us understand long-term climate change trends and implications to 2050. The time horizons chosen are also

			based on the fact that in South Africa, forestry crops are long-lived, with rotation periods of 10 years for eucalypts and 20 years for pines. Furthermore, it takes more than 20 years to develop a new hybrid tree variety.
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F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Timber products

Type of target

Traceability

Description of target

Sappi's continuous target is that all mills where forest-based raw materials are being processed, shall be at least FSC Chain of Custody (CoC) and also PEFC CoC (incl. SFI in the USA) certified. The 100% coverage of the FSC and PEFC CoC systems is important to ensure that all wood purchased and processed by Sappi is traceable to its origin and that all wood verifiably originates from legal, controlled and non-controversial sources. Third-party certified tracing practices and knowing the origin of wood are key fundamentals behind ensuring deforestation-free supply chains. This target is further cascaded down to the suppliers, who must provide evidence that all woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood Standard, as well as PEFC due diligence systems. We conduct annual supply-chain risk assessments coupled with rigorous supplier qualification processes and implement risk-mitigating activities including supplier audits.

Linked commitment

Zero net/gross deforestation

Traceability point

Forest management unit

Third-party certification scheme**Start year**

2019

Target year

2025

Quantitative metric**Target (number)****Target (%)**

100

% of target achieved

100

Please explain

Keeping the 100% coverage of the third-party certified and audited FSC Chain of Custody (CoC) and also PEFC (incl. SFI) CoC systems is a continuous target, because Sappi wants to ascertain the full accountability and transparency of its woodfibre supply chains. All the Sappi mills are at least FSC CoC certified since 2008. The first Group-level target on certification was set in 2014 and reiterated with the revision of the 2025 global target setting (base year 2019). In 2021, all the Sappi production sites in Europe, USA and Canada were both FSC and PEFC CoC (in the US also SFI), and in South Africa FSC CoC certified. The preparations to acquire the PEFC CoC certification for the mills in South Africa continued in 2021, and a successful audit took place in early 2022. Sappi, and our suppliers, implement rigorous due diligence systems as required by the FSC and PEFC standards to avoid or mitigate risk of controversial sources, and thus the impact of these standards extend way beyond certified forests. In line with our Woodfibre Procurement Policy, the traceability target and the minimum requirement of FSC Controlled Wood (CW) are further cascaded down to the wood and pulp suppliers, who must provide evidence that all woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC CW Standard, as well as PEFC risk-based due diligence systems. FSC CW requirements prohibit and are designed to avoid: illegally harvested wood, wood harvested in violation of traditional and human rights, wood from forests with threatened high conservation values, wood from forests with genetically modified trees and wood from forests converted to plantations or non-forest uses. Annual external audits are conducted by Certification Bodies (SGS, BV, Soil Association, Preferred by Nature). These audits ensure that Sappi's CoC-processes and procedures are in compliance with FSC's and PEFC's requirements. The Group Internal

Audit conducts regular audits on company's CoC management processes and procedures in line with an internal fibre certification control risk register. They also conduct regular audits over e.g. the wood procurement companies with which Sappi partners. Sappi publishes on sappi.com Wood Origin Reports that disclose the species used, countries of harvest and statements around legal compliance and avoidance of controversial sources.

Target reference number

Target 2

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

Sappi's FSC and PEFC certified forests and tree plantations in South Africa contribute strongly to both the overall Group level and region-specific targets on the use of certified woodfibre, and the target is that all the own and leased forests and tree plantations maintain their 100% FSC and PEFC Forest Management certification coverage. In the corporate strategy launched in 2020 (Thrive25') Sappi has set sustainability targets aligned with the UN' Sustainable Development Goals (SDGs) in the seven areas where we believe Sappi can make the biggest positive impact (SDGs 6, 7, 8, 12, 13, 15, 17). The share of certified woodfibre is a key indicator to measure progress under the SDG 15 (Life on Land). Sappi's target is to continuously increase the use of certified (FSC and/or PEFC - incl. SFI) woodfibre.

Linked commitment

Zero net/gross deforestation

Traceability point**Third-party certification scheme**

FSC Forest Management certification

PEFC Sustainable Forest Management certification

Start year

2019

Target year

2025

Quantitative metric**Target (number)**

Target (%)

100

% of target achieved

100

Please explain

All Sappi's own as well as the leased forest and tree plantations are located in South Africa and are FSC Forest Management (FM) certified since 2003, and PEFC-certified since early 2021. About 67% of the woodfibre used in Sappi's South African mills originates from Sappi's own and leased tree plantations. For Sappi and its stakeholders it is thus important to ascertain and demonstrate through third-party verified, and annually audited forest certification systems that the tree plantation management system and its implementation practices meet all the requirements for FSC and PEFC FM certification standards and maintaining the 100% FSC and PEFC FM certification status of the forests is thus critical. Sappi has a comprehensive plantation management system which promotes, among other, legal compliance with all laws; workers' rights, health and safety; the protection of the environment, especially water, soil, biodiversity and the air; the monitoring of impacts, both positive and negative; and the implementation of best practice in plantation management. In 2020/2021 Sappi actively participated in the development of SAFAS (Sustainable African Forestry Assurance Scheme), which is endorsed by PEFC. SAFAS incorporates cutting-edge, and effective approaches to make forest certification more accessible to small landowners. This has great promise for ensuring certification not only delivers social and environmental values, but also supports socio-economic and development priorities.

Target reference number

Target 3

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

In the corporate strategy launched in 2020 (Thrive25') Sappi set sustainability targets aligned with the UN' Sustainable Development Goals (SDGs) in the seven areas where we believe Sappi can make the biggest positive impact (SDGs 6, 7, 8, 12, 13, 15, 17). The share of certified woodfibre is a key indicator to measure progress under the SDG 15 (Life on Land): Sappi's target is to continuously increase the use of certified (FSC and/or PEFC - incl. SFI) woodfibre. The global target (maintain certified woodfibre input continuously over 75%) is broken down to region-specific targets: Operations in Europe must maintain over 78%, North America over 55%, and South Africa over 82% certified fibre share. All the non-certified woodfibre must verifiably meet the requirements of FSC

Controlled Wood standard as a minimum. All the own and leased forests and tree plantations in South Africa must keep their 100% Forest Management certified (FSC and PEFC) status.

Linked commitment

Zero net/gross deforestation

Traceability point

Third-party certification scheme

FSC Forest Management certification
 FSC Chain of Custody
 FSC Controlled Wood
 FSC Recycled
 PEFC Sustainable Forest Management certification
 PEFC Chain of Custody
 SFI Forest Management standard
 SFI Chain of Custody
 SFI Fiber Sourcing certification

Start year

2019

Target year

2025

Quantitative metric

Target (number)

Target (%)

75

% of target achieved

100

Please explain

The first Group-level target for certified wood was set in 2014 and reiterated with the revision of the 2025 global target setting (base year 2019). In FY2021, 77% (73% in 2020) of the total woodfibre supplied to Sappi's mills originated from certified (FSC, PEFC, SFI) forests, a remarkable increase to 2020: In the European mills we succeeded in increasing the share of certified fibre to as high as 87% (80% in 2020), in South Africa 85% (83%), and in North America 57% (55%). All Sappi's timber plantations in South Africa are both FSC- and PEFC-certified. Sappi has set specific targets for each region in which we operate. To be noted is that both the Group-level target, and the Group-level actual certified woodfibre input is a weighted average, and thus the regional targets

vs. realised figures reflect the actual achievements better. Sappi does not have separate targets for FSC and PEFC, because much of the woodfibre we use is dual certified, and, more importantly, we strive to enhance forest certification and thus the FSC and PEFC systems in general, and also to offer a wide product portfolio of certified products. Tracking and recording of the certified inputs and certified sales are conducted on a monthly basis, and the progress is monitored on a quarterly basis. Sappi engages with suppliers to increase the share of certified forests and wood, and as a member of both FSC and PEFC, we actively participate in the development work of the systems. We operate a FSC Group Scheme in South Africa, which offers FSC certification for 42 private members with 41,000 ha of land. We encourage landowners by offering growers in this scheme a premium for certified timber. In 2020/2021 Sappi actively participated in the development of SAFAS (Sustainable African Forestry Assurance Scheme), which is endorsed by PEFC, and offers effective approaches to make forest certification more accessible to small landowners. The 100% coverage of the certified Chain of Custody (CoC) systems and the amount of certified wood are core sustainability targets at Sappi, because we firmly believe that global, robust, and third-party audited certification systems provide effective tools for promoting sustainable consumption and production, and to combat deforestation and illegal logging by providing proof of legality and responsible practices.

Target reference number

Target 4

Forest risk commodity

Timber products

Type of target

Ecosystem restoration

Description of target

In the corporate strategy launched in 2020 (Thrive25') Sappi set corporate sustainability targets aligned with the UN' Sustainable Development Goals (SDGs) in the seven areas where we believe Sappi can make the biggest positive impact (SDGs 6, 7, 8, 12, 13, 15, 17). With regard to the SDG 15 (Life on Land), a Group target related to enhancing biodiversity in conservation areas by 10% was set. This target is specific to Sappi's land- and tree plantation management in South Africa. Sappi has mapped the baseline and is developing and implementing management plans. From a conservation management perspective, Sappi's priority is to identify those vegetation types that are least protected and of greatest conservation importance and prioritize efforts to safeguard those types.

Linked commitment

Other environmental commitments

Traceability point

Third-party certification scheme**Start year**

2019

Target year

2025

Quantitative metric

Percentage

Target (number)**Target (%)**

10

% of target achieved

20

Please explain

Sappi owns and leases around 394,000 hectares of land in South Africa, and the target is to enhance biodiversity in conservation areas by 10% biodiversity improvement by 2025. In FY2020, we made progress in terms our corporate biodiversity target by addressing our first biodiversity objective underpinning this task. This involved understanding what types of vegetation are present on our plantations, as well as their conservation value, thereby enabling the compilation of appropriate management plans for implementation. In FY2021, we completed the assessment of Important Conservation Areas (ICAs) for all our plantations in Mpumalanga. ICAs are areas that are important at the local level and are classified using a systematic conservation planning approach. Criteria used include the presence of both plant and animal red data species, the threat status of the ecosystem, the size, connectedness, condition and aesthetic and recreational value of the area. The ICA assessment is currently in progress for our plantations in KwaZulu-Natal. Approximately 160 sites on Sappi owned land are currently classified as ICAs, adding up to about 39,500 ha of a diverse range of habitats including grasslands, wetlands and riverine areas and natural forest patches. Plantations are now required to identify three projects from the list of ICAs that can be actioned over the next few years to improve scores from the baseline condition assessment. To assist in moving towards achieving the 10% biodiversity improvement target, Sappi has developed an ICA projects template to ensure that the progress of the projects can be measured in a standardised manner. Based on the findings of the initial assessment of each area, suggestions for improvement can range from increased weed control to attain a maintenance status, improvements in sub-standard crossings to improve stream flow and reduce sedimentation, and the prevention of overgrazing and frequent burning of important grasslands.

Target reference number

Target 5

Forest risk commodity

Timber products

Type of target

Engagement with smallholders

Description of target

Sappi's Group Woodfibre Procurement Policy outlines expectations for stringent due diligence, risk-assessments, and supplier qualification processes to assess supply-chain and geographic risk of controversial sources; procedures for tracing and documenting woodfibre origin; risk-mitigation such as supply audits/surveys; increased use of certified woodfibre in our operations and throughout our supply/value chains; support for smallholder certification initiatives; and engagement with suppliers, landowners and stakeholders. The Sappi North America (SNA) Sustainable Forestry Policy commits to community involvement; research and education; protection of soils, water quality, biological diversity, and cultural sites; and implementation of best management practices. SNA's procedures require landowner outreach/engagement/assistance; supply agreements; supervision of 100% stumpage operations and a risk-based sampling of open-market operations; and use of trained loggers.

Linked commitment

Zero net/gross deforestation

Traceability point

Third-party certification scheme

Start year

2007

Target year

2021

Quantitative metric

Target (number)

100

Target (%)

% of target achieved

100

Please explain

Sappi North America (SNA) conducts spot-checks of compliance with all applicable federal and state laws as well as Best Management Practices (BMPs) on direct-purchased timber sales through SNA’s Private Lands Stumpage Program. SNA procedures require foresters to complete an on-site inspection prior to the start of each timber sale, at least once during operations, and following completion of operations prior to sale close-out. Inspection results are documented in an electronic database, searchable by SNA forester, contractor, supplier, and sale. SNA analyses trends via an aggregated report produced every six months. SNA also refers to and leverages compliance monitoring reports issued by state and/or federal governmental agencies. SNA utilizes audit and monitoring results from key suppliers, coupled with SNA’s formal annual internal and external third-party forest certification audit findings, to continuously improve forest management and sourcing activities. SNA engages with 100% of smallholders from whom we purchase stumpage wood. SNA foresters write harvest plans, contract with loggers, and oversee the harvests. SNA maintain written agreements with landowners and loggers. SNA supports statewide collaboratives and partner organizations focused on landowner outreach, assistance and advocacy; logger and natural resource professional training; and community engagement programs. Examples include SFI Implementation Committees and American Tree Farm System Chapters. SNA foresters attend and assist with local events such as state/county fairs and landowner field days/retreats. SNA uniquely promotes landowner services with mailings, highway billboards, newsletters and event booths. Staff meet with landowners and provide information addressing BMPs, reforestation, visual quality, wildlife and biodiversity. SNA was applauded and recognized by external certification auditors for our proactive, unique and successful private landowner assistance program. Annually, SNA engages with 100% of direct suppliers. All suppliers receive Sappi’s Group Woodfibre Procurement Policy and SNA’s Sustainable Forestry Policy. Canadian wood/chip and all pulp suppliers must complete a Lacey Act / EUTR Declaration, Wood Origin Report and Supply Chain Risk Assessment. Pulp suppliers are also required to provide a FSC Controlled Wood DDS Public Summary and written DDS procedures.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions
Timber products	Yes	Traceability and reliable data are core elements of Sappi’s due diligence systems (DDS). All the mills are FSC and/or PEFC Chain of Custody (CoC) certified, and we trace all raw woodfibre sourced directly from the forest to its source. Information on the origin and tree species of any delivery within a certified CoC is accessible at any point along the supply chain. Suppliers are required to provide evidence that all woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood	Not applicable

	<p>standard, as well as PEFC DDS, and disclose wood origin information (country of harvest and where applicable sub-national region and/or concession of harvest) and tree species at least annually and/or upon request. Sappi prepares mill-specific Wood Origin Declarations which are publicly available on sappi.com. Own procurement teams in North America and South Africa, and the wood procurement partners in Europe (proNARO, Sapin, Papierholz Austria, Metsä) can track down the wood deliveries to the harvesting site. Third-party audits conducted by Certification Bodies ascertain that CoC-processes are in line with FSC’s and PEFC’s requirements, and that certified inputs and outputs are duly tracked and recorded. Sappi North America conducts supplier site inspections on all stumpage sales, and a sampling of such inspections on open-market/gate wood purchases. Use of tracking technology including ForceLink Application to trace load from depot is used in South Africa, with mobile technology allowing foresters to inspect timber stands/plots and verify sources with time and location stamps. A promising tool is Remote Harvest Monitoring system which conducts near real time monitoring of harvested areas using Sentinel-2 satellite imagery, with results being delivered to a tableau dashboard and ArcGIS spatial viewer every time a new satellite image becomes available. The workflow allows automatic harvest detection with no human intervention in the process. The results can be used to monitor plan vs. actual harvesting within specific areas of interest, such as compartments on the annual plan of operations. Sappi partners with Birla Cellulose to provide a forest-to-garment traceability solution. This is made possible with the use of Birla’s ‘Green Track’ blockchain technology, coupled with Sappi’s database on wood origin in South Africa and the USA.</p>	
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F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	Forest management unit	100

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	77

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Forest Management certification

Chain-of-custody model used

% of total production/consumption volume certified

45

Form of commodity

Hardwood logs

Softwood logs

Sawn timber, veneer, chips

Unprocessed wood fiber

Pulp

Paper

Volume of production/ consumption certified

1,841,356

Metric for volume

Other, please specify

Pulp equivalent metric tons

Is this certified by more than one scheme?

No

Please explain

In 2021, 77% (2020: 73%) of all the woodfibre supplied to Sappi's mills originated from FSC or PEFC (incl. SFI) certified forests. Of the total, 45% (2020: 42%) was FSC certified, and 32% (31%) PEFC (incl. SFI) certified. (Note: The 77% includes the truly certified woodfibre input, not wood which is only FSC Controlled Wood). In 2021, as a result of active focus of the procurement teams on forest certification, the purchases of certified woodfibre increased in all the Sappi mills and regions: In Europe, North

America and South Africa, the share of certified woodfibre supplied in 2021 was respectively: 87% (2020: 80%), 57% (55%), and 85% (83%). The remaining 23% (27%) of the woodfibre supplied to the Sappi mills verifiably met the requirements of FSC Controlled Wood standard, which is the minimum requirement for all the woodfibre delivered to any Sappi mill. In South Africa, 67% of the woodfibre/round wood originates from Sappi's own forests, which are both PEFC and FSC certified, but as the mills in South Africa achieved the PEFC CoC certification first in early 2022, all the wood in 2021 was delivered as FSC-certified. In 2021/2022, the Group Woodfibre Procurement Policy was revised, and the importance of forest certification accentuated. In 2020/2021, FSC and PEFC certification were extended to new fibrillated cellulose, and composite materials combining cellulose from wood and thermoplastics. Sappi is a member of FSC International, PEFC International, and SFI, and participates actively in the work of enhancing forest certification. In 2021, Sappi, initiated specific high-level dialogues with both FSC and PEFC to discuss e.g. about the importance of integrity and robustness, but also clarity and feasibility of the systems, and the latest developments on technical traceability tools. Sappi is active in advancing forest certification among especially private landowners in the USA and South Africa. In South Africa, to support and increase the area of certified forests, Sappi has established a FSC group certification scheme, and is also paying small growers a premium for certified timber.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC Sustainable Forest Management certification

Chain-of-custody model used

% of total production/consumption volume certified

32

Form of commodity

Hardwood logs
 Softwood logs
 Sawn timber, veneer, chips
 Unprocessed wood fiber
 Pulp
 Paper

Volume of production/ consumption certified

1,318,367

Metric for volume

Other, please specify
 Pulp equivalent metric tons

Is this certified by more than one scheme?

No

Please explain

In 2021, 77% (2020: 73%) of all the woodfibre supplied to Sappi's mills originated from FSC or PEFC (incl. SFI) certified forests. Of the total, 45% (2020: 42%) was FSC certified, and 32% (31%) PEFC (incl. SFI) certified. (Note: The 77% includes the truly certified woodfibre input, not wood which is only FSC Controlled Wood). In 2021, as a result of active focus of the procurement teams on forest certification, the purchases of certified woodfibre increased in all the Sappi mills and regions: In Europe, North America and South Africa, the share of certified woodfibre supplied in 2021 was respectively: 87% (2020: 80%), 57% (55%), and 85% (83%). The remaining 23% (27%) of the woodfibre verifiably met the requirements of FSC Controlled Wood standard, which is the minimum requirement for all the woodfibre delivered to any Sappi mill. In South Africa, 67% of the woodfibre/round wood originates from Sappi's own forests, which are both PEFC and FSC certified, but as the mills in South Africa achieved the PEFC CoC certification first in early 2022, all the wood in 2021 was delivered as FSC-certified. The Group Woodfibre Procurement Policy was revised in 2021/-22, and the importance of forest certification accentuated. Sappi is a member FSC, PEFC, and SFI, and participates in the work of enhancing forest certification. In 2021, Sappi, initiated specific high-level dialogues with both FSC and PEFC to discuss e.g. about the importance of integrity and robustness, but also clarity and feasibility of the systems, and the latest developments on technical traceability tools. Sappi is active in advancing forest certification among especially private landowners in the USA and South Africa. In South Africa and in Africa altogether, the amount of certified forests is low (less than 2%), and therefore also in 2021 Sappi continued the pioneering work on the PEFC-endorsed SAFAS (South African Forestry Assurance Scheme) to offer access to feasible, attainable and especially affordable forest certification solution and thus market access especially for the country's smallholders. In 2021, Sappi completed two pilot projects where we assessed individual growers and grower groups for suitability for PEFC certification. The assessment showed that there is significant potential for certification and as such, we have initiated the process of establishing a PEFC Group Scheme.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Controlled Wood

Chain-of-custody model used**% of total production/consumption volume certified**

100

Form of commodity

Hardwood logs

Softwood logs
Sawn timber, veneer, chips
Unprocessed wood fiber
Pulp
Paper

Volume of production/ consumption certified

4,120,513

Metric for volume

Other, please specify
Pulp equivalent metric tons

Is this certified by more than one scheme?

Yes

Please explain

All Sappi's manufacturing sites are FSC and/or PEFC and in the United States also SFI Chain of Custody (CoC) certified covering all the purchased woodfibre-based raw material (round wood, chips, pulp, paper, recovered paper). In 2021, 77% (2020: 73%) of all the forest-based raw material supplied to Sappi's mills originated from FSC or PEFC (incl. SFI) certified forests. Of the total, 45% was FSC certified, and 32% PEFC (incl. SFI) certified. The remaining 23% of the woodfibre supplied to the Sappi mills verifiably met the requirements of FSC Controlled Wood (CW) standard, which is the minimum requirement for all the woodfibre delivered to any Sappi mill, and thus, as indicated, 100% of the supplied forest-based raw material meet the requirements of FSC CW. The FSC controlled wood requirements prohibit and are designed to avoid: illegally harvested wood, wood harvested in violation of traditional and human rights, wood from forests with threatened high conservation values, wood from forests with genetically modified trees and wood from forests converted to plantations or non-forest uses. In 2021, the use of certified wood increased at all the mills: In Europe, North America and South Africa, the share of certified woodfibre supplied in 2021 was respectively: 87% (2020: 80%), 57% (2020: 55%), and 85% (2020: 83%). The Group Woodfibre Procurement Policy was revised in 2021/2022, and the importance of forest certification accentuated. The new policy restates Sappi's unambiguous requirement to suppliers to document and disclose the origin and provide evidence that all woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood Standard, as well as the PEFC (and SFI in the United States) comprehensive risk-based due diligence system(s).

Forest risk commodity

Timber products

Third-party certification scheme

FSC Chain of Custody

Chain-of-custody model used

% of total production/consumption volume certified

100

Form of commodity

Hardwood logs
Softwood logs
Sawn timber, veneer, chips
Unprocessed wood fiber
Pulp
Paper

Volume of production/ consumption certified

4,120,513

Metric for volume

Other, please specify
Pulp equivalent metric tons

Is this certified by more than one scheme?

Yes

Please explain

All Sappi's manufacturing sites in Europe, the United States, Canada, and South Africa are FSC Chain of Custody (CoC) certified covering all the purchased woodfibre-based raw material (round wood, chips, pulp, paper, recovered paper). The 100% coverage of the CoC systems is important to ensure that all wood purchased and processed by Sappi is traceable to its origin and verifiably originates from legal, controlled and non-controversial sources. All woodfibre supplied to the Sappi mills must meet the requirements of FSC Controlled Wood standard at the minimum to mitigate the risk of forest products originating from unacceptable sources. FSC controlled wood requirements prohibit and are designed to avoid: illegally harvested wood, wood harvested in violation of traditional and human rights, wood from forests with threatened high conservation values, wood from forests with genetically modified trees and wood from forests converted to plantations or non-forest uses. In Europe and North America (USA and Canada), Sappi manages multi-site CoC systems, which are certified according to the FSC and PEFC CoC standards using credit-system as control method. In South Africa, until 2021 all the mills operated under FSC CoC single certifications applying percentage method as a control method. In 2021, Sappi developed and set up a new multi-site FSC certification management system to cover all the mills in South Africa. In 2021/-22, the Group Woodfibre Procurement Policy was revised, and the importance of forest certification accentuated. In 2020/-21, FSC and PEFC certification were extended to new fibrillated cellulose, and composite materials combining cellulose from wood and thermoplastics. Sappi is a member of FSC International, PEFC International, and SFI, and participates actively in the work of enhancing forest certification among especially private landowners in the United States and South Africa.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC Chain of Custody

Chain-of-custody model used**% of total production/consumption volume certified**

98

Form of commodity

Hardwood logs
 Softwood logs
 Sawn timber, veneer, chips
 Unprocessed wood fiber
 Pulp
 Paper

Volume of production/ consumption certified

4,038,102

Metric for volume

Other, please specify
 Pulp equivalent metric tons

Is this certified by more than one scheme?

Yes

Please explain

Along with the FSC Chain of Custody (CoC) certification, all Sappi's manufacturing sites in Europe, United States, and Canada are PEFC and in the United States also SFI CoC certified covering all the purchased woodfibre-based raw material (round wood, chips, pulp, paper, recovered paper). In 2021, Sappi's South African mills erected a PEFC CoC multi-site management system covering the Saiccor, Ngodwana and Tugela mills along with the existing FSC CoC certified management systems, and the audit took place in early 2022 (note: this is reflected in the reported 98 % of total production /consumption volume certified to PEFC CoC, which includes all South African mills apart from Lomati sawmill and Stanger mill). The new PEFC 2020 CoC standard includes expanded and improved due diligence requirements: Improvements included expanded and clarified definition of controversial sources, enhanced emphasis on biodiversity, clearer decision framework for conversion sources, and focus on risk mitigation where applicable. Moreover, all woodfibre supplied to the Sappi mills must meet the requirements of FSC Controlled Wood standard at the minimum to mitigate the risk of forest products originating from unacceptable sources. In Europe and North America (USA and Canada), Sappi manages multi-site Chain of Custody systems, which are certified according to the FSC and PEFC CoC standards using credit-system as control method. A credit method is also at use for managing PEFC CoC in South Africa. In

2021/-22, the Group Woodfibre Procurement Policy was revised, and the importance of forest certification accentuated. In 2020/-21, FSC and PEFC certification were extended to new fibrillated cellulose, and composite materials combining cellulose from wood and thermoplastics. Sappi is a member of FSC International, PEFC International, and SFI, and participates actively in the work of enhancing forest certification among especially private landowners in the United States and South Africa.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Timber products

Operational coverage

Direct operations
Supply chain

Description of control systems

The 100% coverage of certified FSC and PEFC Chain of Custody is to ascertain that all woodfibre originates from controlled, non-controversial sources in line with the FSC Controlled Wood and PEFC due diligence requirements. Our Woodfibre Procurement Policy explicitly requires adherence to FSC and PEFC regarding the avoidance of conversion and accompanies all supply agreements. Suppliers must report on the country of harvest (incl. sub-region), and tree species. In North America, where risk of conversion sources is identified, we require self-declarations affirming suppliers' commitment to avoid controversial sources. Supplier qualification assessments and internal/external audits and trainings are active risk mitigation tools, as well as clear procedures at the mills to ascertain that any material, where the FSC and PEFC compliance is not ascertained may not enter the woodyard. We partner with EcoVadis to assess the performance of suppliers through proactive evaluations.

Monitoring and verification approach

Geospatial monitoring tool
Ground-based monitoring system
First-party verification

Second-party verification

Third-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Retain & engage

Suspend & engage

Exclude

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance

Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

 Sappi-Group-Woodfibre-Procurement-Policy.pdf

Please explain

As part of central procurement controls and certified Chain of Custody (CoC) systems, Sappi's due diligence Systems (DDS) include measures which ascertain the compliance of the wood material at its source. The DDS (comprising of gathering of information, risk assessment and risk mitigation) assessment is carried out for all suppliers before any wood deliveries are allowed. The validity of FSC CoC certificates is monitored by using an online tool FSC Certificate Status Watch which alerts immediately if, for example, an external supplier's certificate was suspended. The suppliers are obliged to notify Sappi of any changes that may affect a risk designation or the mitigation of risk, such as changes in origin, tree species, or supply chain. In case any wood-based raw material purchased by Sappi would turn out as non-conforming with the requirements of FSC or PEFC standards, Sappi has clear, standard-compliant procedures in place at each mill sites with clear, time-bound steps on how to act, and any non-conforming material would immediately be blocked from the production. The 2021/-22 revised Woodfibre Procurement Policy explicitly requires adherence to FSC and PEFC standards regarding the avoidance of forest conversion, and it accompanies all written wood supply agreements to ensure absolute clarity over the requirements. The actions towards suppliers depend on the severity of the issue and can vary from terminating the contract immediately to temporarily suspending suppliers.

F6.5

(F6.5) For your disclosed commodity(ies), indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code.

	Do you collect data regarding compliance with the Brazilian Forest Code?	Please explain
Timber products	Yes, from suppliers	<p>Sappi neither owns, leases nor manages land in Brazil, nor does the company have manufacturing facilities there. However, in 2021 we purchased chemical pulp from three Brazilian pulp suppliers all of which are both FSC and PEFC Chain of Custody (CoC) certified, and the validity of the certificates is monitored through the PEFC and FSC databases at least bi-annually and additionally the FSC Status Watch is at use. Sappi buys all chemical pulp from Brazil as FSC or PEFC -certified, and in compliance with the FSC Controlled Wood requirements. A Due Diligence assessment is carried out for all pulp suppliers prior any deliveries are allowed. As with all other Sappi's woodfibre suppliers, the pulp suppliers are requested to provide annually or upon request the wood origin information (country of harvest and where applicable sub-national region and/or concession of harvest) and a list of tree species included in the deliveries to Sappi. Sappi's mill-specific wood-origin declarations are available on sappi.com. In addition to the data on the origin of wood and tree species and environmental performance data regarding the pulp production, and the auditor's public reports on FSC's data base, Sappi requires the Brazilian pulp suppliers to provide annual status reports on implementing the Brazilian Forest Code in their operations especially with the view of their compliance with the main components of the Forest Code: 1) Registration on the Rural Environmental Registry (CAR) database, with active status; 2) Legal Reserve (RL) and / or in the Permanent Protection Area (APP) deficit; 3) Signed Terms of Commitment of the Environmental Regularization Program (PRA); and 4) Operating without gross deforestation after July 2008. Additionally, the suppliers are asked to specify any other measures and commitments they have taken. The suppliers are obliged to notify Sappi of any changes that may affect Sappi's risk designation or the mitigation of risk, such as changes in origin, tree species, or supply chain. This information is collected annually and analysed as part of Sappi's fibre risk management measures. Since 2021, Sappi partners with EcoVadis to assess</p>

		the sustainability performance of suppliers through proactive ratings and evaluations using EcoVadis' methodology.
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F6.5b

(F6.5b) For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure the compliance of your suppliers with the Brazilian Forest Code and their performance against these indicator(s).

Forest risk commodity

Timber products

KPIs

% of suppliers registered on the Rural Environmental Registry (CAR) database, with active status

Performance against indicators

100%

Please explain

In 2021/2022, all Sappi's Brazilian pulp suppliers are both FSC and PEFC Chain of Custody (CoC) certified, and the validity of the certificates is monitored by Sappi through the PEFC and FSC databases at least bi-annually and additionally the FSC Status Watch is at use. In addition to the data on the origin of wood and tree species and environmental performance data regarding the pulp production, and the auditor's public reports on FSC's data base, Sappi requires the Brazilian pulp suppliers to provide annual status reports on implementing the Brazilian Forest Code in their operations especially with the view of their compliance with the main components of the Forest Code. All suppliers reported that 100% of their properties are registered on CAR (Rural Environmental Registry).

Forest risk commodity

Timber products

KPIs

% of suppliers with Legal Reserve (RL) and/or Permanent Protected Area (APP) deficit

Performance against indicators

<10%

Please explain

In 2021/2022, all Sappi's Brazilian pulp suppliers are both FSC and PEFC Chain of Custody (CoC) certified, and the validity of the certificates is monitored by Sappi through the PEFC and FSC data-bases at least bi-annually and additionally the FSC Status Watch is at use. In addition to the data on the origin of wood and tree species and environmental performance data regarding the pulp production, and the auditor's public

reports on FSC's data base, Sappi requires the Brazilian pulp suppliers to provide annual status reports on implementing the Brazilian Forest Code in their operations especially with the view of their compliance with the main components of the Forest Code. None of the Brazilian pulp suppliers reported a deficit on Legal Reserve (RL) or in the Permanent Protection Area (PPA). All deficit in RL must be solved on the CAR.

Forest risk commodity

Timber products

KPIs

% of suppliers with signed Terms of Commitment of the Environmental Regularization Program (PRA)

Performance against indicators

81-90%

Please explain

In 2021/2022, all Brazilian pulp suppliers are both FSC and PEFC Chain of Custody (CoC) certified, and the validity of the certificates is monitored by Sappi through the PEFC and FSC data-bases at least bi-annually and additionally the FSC Status Watch is at use. In addition to the data on the origin of wood and tree species and environmental performance data regarding the pulp production, and the auditor's public reports on FSC's data base, Sappi requires the Brazilian pulp suppliers to provide annual status reports on implementing the Brazilian Forest Code in their operations especially with the view of their compliance with the main components of the Forest Code. The Brazilian pulp suppliers report that with regards to the PRA, the local environmental agencies' procedures and issuance of the PRA guidelines differ, but all but one supplier ascertained that they have signed the PRAs for 100% of their operating area, and for the yet-to-be signed area internal tools to monitor compliance with environmental adequacy plans is prepared.

Forest risk commodity

Timber products

KPIs

% of suppliers with no gross deforestation after July 2008

Performance against indicators

100%

Please explain

In 2021/2022, all Brazilian pulp suppliers are both FSC and PEFC Chain of Custody (CoC) certified, and the validity of the certificates is monitored by Sappi through the PEFC and FSC data-bases at least bi-annually and additionally the FSC Status Watch is at use. In addition to the data on the origin of wood and tree species and environmental performance data regarding the pulp production, and the auditor's public

reports on FSC’s data base, Sappi requires the Brazilian pulp suppliers to provide annual status reports on implementing the Brazilian Forest Code in their operations especially with the view of their compliance with the main components of the Forest Code. All Sappi’s Brazilian pulp suppliers fulfil FSC’s 1994-rule, which goes beyond the national legal requirement. Suppliers report to apply e.g. satellite image evaluation to verify that no conversion after 1994.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations
Timber products	Yes, from suppliers

F6.6a

(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

Sappi neither owns nor manages land in any of the tropical/subtropical countries identified as forest risk countries by the CDP Forests 2022 based on current and/or future deforestation risk. Sappi exclusively procures forest-based raw material which meets at least the requirements of FSC Controlled Wood as well as PEFC and SFI (where applicable) due diligence System requirements. All the Sappi mills are FSC and/or PEFC CoC certified, and these third-party verified CoC systems go beyond legal requirements, and as a baseline categorically exclude illegally harvested wood. They also exclude activities not complying with applicable local, national or international legislation on forest management, including but not limited to forest management practices; nature and environmental protection; protected and endangered species; property, tenure and land-use rights for indigenous peoples, local communities or other affected stakeholders; health, labour and safety issues; anticorruption and the payment of applicable royalties and taxes. All wood and pulp suppliers are required unequivocally by contracts to adhere to the commitments and ambitions stated in the Group Woodfibre Procurement Policy (revised in 2021/2022). In annual supplier questionnaires, all our wood and pulp suppliers are requested to provide data on the country of harvest and where applicable sub-national region and/or concession of harvest, and a list of tree species. Tree species identified as endangered by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are neither utilised nor imported. Sappi’s due diligence systems comply with the requirements of the EU Timber Regulation, the US Lacey Act, and UK Timber and Timber Products Placing on the Market Regulation. In 2021, Sappi purchased chemical pulp from Brazil, and in total, 1.4 % (calculated as pulp equivalent tons) of the purchased woodfibre originated from Brazil. Through one pulp supplier in Uruguay, 0.01% of the purchased woodfibre

originated from Argentina, and through one Portuguese pulp supplier, 0.00003% from Mozambique. As for Zimbabwe, Sappi purchased pre-consumer brown recovered paper back from a paper customer, a converter, who purchases FSC certified paper from Sappi. The share of this totalled 0.02% of the total wood-based raw material.

Country/Area of origin

- Argentina
- Brazil
- Mozambique
- Zimbabwe

Law and/or mandatory standard(s)

- General assessment of legal compliance
- Australia Illegal Logging Prohibition Act
- EU Timber Regulation
- USA Lacey Act
- CITES
- Other, please specify
 - UK Timber and Timber Products Placing on the Market Regulations (UKTR)

Comment

Not applicable

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Yes, working with smallholders	Supply chain mapping Capacity building Financial and commercial incentives	Supplier audits Offering on-site technical assistance and extension services Providing agricultural inputs Disseminating technical materials Organizing capacity building events	4,200	Sappi strives to incorporate smallholders into the forestry supply chain and encourages the uptake of certification. In Europe, our partners (Sapin, proNARO, Papierholz Austria and Metsä) buy wood from non-industrial private forest owners incl. smallholders, whereas in South Africa and North America our interaction with private landowners is more

			<p>Financial incentives for certified products</p> <p>Long term contracts linked to forest related commitments</p>	<p>direct involving around 3,800 and 400 owners, respectively. South Africa's rural areas are characterised by high levels of poverty which we work to redress by promoting participation in forestry. Our tree grower enterprise development initiative, Sappi Khulisa, focuses on the whole value chain including growers and the contractors who service them. The total area currently managed under this programme, which encompasses individual and community tree farming, is 34,755 hectares. In 2021, under this programme, 225,509 tons of timber was delivered to our operations. Since 1995, a total volume of 4,731,488 tons to the value of US\$195 million has been purchased from small growers under this programme. Growers make their land available for planting eucalyptus trees. Sappi provides growers with: sponsored seedlings; technical advice, and a guaranteed future market. In 2021, the Ulwazi Training centre trained 814 people covering a range of about 35 different skills-based modules ranging</p>
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				<p>from technical to sustainability and business management topics. In addition, we have established a group FSC certification. There are currently of 42 members representing a total of 41,000 planted hectares. We pay growers in this scheme a premium for certified timber. In North America (SNA), the Sappi Maine Forestry Program and the Sappi Lake States Private Forestry Program, staffed by SNA foresters, offer a wide range of services to landowners including contracting with experienced loggers and providing plans to enhance wildlife habitat and forest health. The SNA Stumpage program assists landowners with developing harvest plans and timber stand improvement project plans with appropriate silvicultural techniques that ensure prompt regeneration after harvest. SNA stumpage foresters conduct inspections on all jobs to ensure compliance with laws, policies and best management practices to conserve soil and water quantity/quality along with other values such as biodiversity conservation, aesthetics</p>
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					management, cultural resource protection, etc.
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F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Supplier audits Offering on-site training and technical assistance Disseminating technical materials Organizing capacity building events Investing in pilot projects Encourage suppliers to work collaboratively on sector, landscape, or jurisdictional initiatives	100%	Sappi’s own forests are in South Africa, and thus in all other regions our wood procurement is dependent on trusted relationships and engagement with wood suppliers and forest owners. In Europe, our four wood sourcing partners (Sapin, proNARO, Papierholz Austria and Metsä) buy pulp wood mainly from private landowners, municipalities and state-owned forests. Joint capacity building sessions especially in matters forest certification and Sappi’s Woodfibre Procurement Policy (revised in 2021/2022) are frequent. In the USA and Canada, Sappi engages with some 1100 wood suppliers and private landowners. Landowners are provided with an informational packet and quarterly newsletter on resources and tips for managing their lands. We also support local/state organizations that assist with this and send an annual

			<p>Financial incentives for certified products</p> <p>Long-term contracts linked to forest related commitments</p>	<p>mailing to all suppliers including the Woodfibre Procurement Policy. Sappi encourage the loggers to meet the SFI training requirements. In South Africa, Sappi engages with some 3800 small growers. Sappi has established Khulisa Ulwazi (Growing knowledge) training centres which offer training to all value chain participants, including land reform beneficiaries and covers all aspects of forestry, including core operational skills as well as safety, legal compliance and business management. Sappi Khulisa assists growers by providing an effective extension and development service. Sappi has developed a Grower Mobile App, which gives growers direct access to their plantation information, contracts, financial information and training material. Sappi pays small growers in its FSC group certification scheme a premium for certified timber. Khulisa is assisting 67 land reform projects with the management of the timber on their properties. This is to support the South African land reform programme to ensure that land reform beneficiaries realizes the full potential of their newly acquired land. From all the suppliers, Sappi gathers detailed information on the origin of wood, and from pulp</p>
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				suppliers additionally extensive environmental performance data. Since 2021 Sappi partners with EcoVadis to assess the performance of its direct suppliers through proactive ratings and evaluations using EcoVadis' methodology. It focuses on 21 sustainability criteria that are grouped into four themes: Environment, Labour & Human Rights, Ethics and Sustainable Procurement.
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F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Yes, working beyond first tier	Supply chain mapping Capacity building	On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance Disseminating technical materials Participating in workshops Investing in pilot projects	Sappi requires rigorous tracing practices and documentation of the origin of all woodfibre from all its wood and pulp suppliers, and within a certified Chain of Custody (CoC) supply chain this means that Sappi's requirements have an impact way beyond its direct, first-tier suppliers, which is necessary to drive change and support sustainable and transparent supply chains. Sappi sees that creating value in standing forests is one of the best ways to combat deforestation in the long-term, and thus engagement with participants along the supply chain from the forests to the customers is active. Forest certification's positive impact on the world's forests is a result of the improved forest management practices in certified forests coupled with the stringent sourcing and due diligence requirements

				<p>for non-certified woodfibre inputs. Certificate holders, like Sappi, must ensure that all non-certified woodfibre inputs mixed with certified material originate from controlled, non-controversial sources. This means that the impact of forest certification extends far beyond the certified forests. Sappi conducts annual supply-chain risk assessments coupled with rigorous supplier qualification processes. All suppliers of forest-based raw materials must provide evidence that all woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood Standard, as well as the PEFC CoC Standard's due diligence requirements. Sappi's Woodfibre Procurement Policy (revised in 2021/2022) is part of all woodfibre contracts to ensure that Sappi's requirements are known and understood and that these requirements are cascaded up along the supply chain. Sappi's European wood suppliers (Sapin, proNARO, Metsä, Papierholz Austria) conduct regular risk-based supplier audits on-site to document and assess the wood origin and exclude the risk of mixing. In North America, Sappi is an active participant in SFI Implementation Committees which have broader-scale impact than simply the confines of our wood baskets. We support logger training programmes, landowner outreach programmes, and various policy and science-based organisations and initiatives.</p>
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F6.10

(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

Do you engage in landscape/jurisdictional approaches?	
Row 1	Yes, we engage in landscape/ jurisdictional approaches

F6.10a

(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.

	Criteria for prioritizing landscapes/jurisdictions for engagement	Please explain
Row 1	<p>Company has operational presence in area</p> <p>High commodity sourcing footprint from area</p> <p>High levels of production by independent smallholders</p> <p>Opportunity for smallholder inclusion</p> <p>Opportunity for increased human well-being in area</p> <p>Opportunity to implement Nature-based Solutions</p> <p>Opportunity to protect natural ecosystems</p> <p>Opportunity to restore natural ecosystems</p> <p>Response to regulation</p> <p>Response to voluntary sectoral agreement</p> <p>Risk of deforestation/conversion</p> <p>Risk of fires</p> <p>Risk of forest/land degradation</p> <p>Risk of land conflict</p> <p>Risk of supplier non-compliance in area</p> <p>Stakeholder/investor request</p> <p>Supply of commodities strategically important</p>	<p>When identifying priority landscapes, Sappi focuses on those that are close to our areas of operation (mills and tree plantations) and where our involvement could directly benefit Sappi, enhance natural ecosystems and promote community wellbeing. Smallholder inclusion is always a consideration, as is sustained economic upliftment and empowerment. Our first prize is always a combination of ecosystem restoration and protection together with nature-based solutions on the one hand and increased human wellbeing on the other – an approach which drives shared value and aligns with our priority UN SDGs, including SDGs 1,13, 15 and 17. In selecting priority landscapes, we favour those where we can leverage collaborative partnerships with governments, NGOs and communities and where we can have lasting, measurable impact. To cite two examples: 1) PEFC certification in South Africa, which Sappi was the first forestry company in South Africa to achieve, incorporates a Value Based Platform (VBP) approach. The VBP is designed to look at integrated risks across landscapes and these were utilised in Sappi’s PEFC certification. The SAFAS standard incorporates criteria directed at the maintenance of ecosystem services and sets out clear pragmatic criteria for biodiversity management. In addition, the VBP assists in identifying which are the most important services and the management activities that impact or enhance them; 2) Sappi’s Water Stewardship agreement with the WWF South Africa is aimed at improving water security in the uMkhomazi catchment area. This catchment area forms part of the Southern Drakensberg Strategic Water Source Area in KwaZulu-Natal. Our Saiccor Mill and 42,000 ha of our forestry land are situated in this area. The catchment also serves commercial farmers, subsistence farmers and domestic users in dispersed settlements across the area. To meet the future needs of all, sufficient water at an acceptable level of assurance and quality must be secured. We believe that this can only be achieved through multi-stakeholder collaboration across the landscape. We have launched a two-year project with WWF-SA to engage local communities,</p>

		<p>civil organisations, leadership and regulatory authorities in dialogue and cooperation focused on water stewardship. This collaborative approach is an extension of an innovative structure, known as the Integrated Community Forum, which we pioneered and through which we engage with communities close to our areas of operation.</p>
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F6.10b

(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.

Country/Area

South Africa

Name of jurisdiction or landscape area

Kwa-Zulu Natal, Eastern Cape

Is the landscape defined by administrative boundaries of sub-national governments and does the approach have active government involvement?

The landscape is defined by administrative boundaries, but the approach does not have active government involvement

Brief description of landscape/ jurisdictional approach

Warburgia salutaris, (pepper-bark tree or 'isibhaha' in isiZulu), has long been one of the most highly prized tree species in the Southern African traditional healthcare sector. However, with commercial gatherers increasingly crossing into protected areas such as the Kruger National Park, the trees have become increasingly scarce, and are now considered critically endangered and are now legally protected. In 2014, Sappi joined an initiative to propagate the trees and distribute them to communities living around the Kruger National Park (KNP) in an attempt to take the pressure off the few remaining wild trees. We also began using our tree breeding and production expertise to propagate pepper-bark trees from cuttings for distribution to rural communities.

Forest risk commodities relevant to this landscape/jurisdictional approach

Timber products

Type of engagement

Convener: High level of engagement in set-up, design, management and implementation

Partner: Shared responsibility in the implementation of multiple goals

Supporter: Implement activities to support at least one goal

Funder: Provides full or partial financial support

Description of engagement

With Sappi's involvement the project has expanded from the KNP to KwaZulu-Natal and the Eastern Cape with pepper-bark saplings distributed free of charge to rural

communities, including Sappi Khulisa small-scale tree farmers. Workshops with traditional healers and community members, 5 700 plants distributed in FY2021.

Goals supported by engagement

Other, please specify

Conservation and promotion of endangered tree species

Company actions supporting approach

Help establish an entity responsible for managing the initiative and its activities with clear and transparent governance roles, responsibilities and decision-making for different stakeholders in that initiative

Build community capacity and incentivize engagement in multi-stakeholder processes

Implementation partner(s)

South African National Parks (SANParks); The Agricultural Research Council (ARC); The South African National Biodiversity Institute (SANBI).

Engagement start year

2014

Engagement end year

Not defined

Total investment over the project period (currency)

71,000

Details of your investment

The costs given here are from 2017 to date and are for community workshops, plants and related materials. They cover: surveys of existing wild populations, community workshops for traditional healers and senior community members, training of field rangers, support of flora anti-poaching squad in Kruger National Park including uniforms and bicycles, setting up of support nurseries and supplying nursery materials and consumables, partnerships and distribution of saplings to communities, traditional healers, schools, community centres and rehabilitation projects, support of Warburgia projects in eSwatini and Zimbabwe with training, saplings and nursery, supplies, identification of additional species, three presently in the growing phase, project management and advice on community interaction with protected area management agencies.

Type of assessment framework

Other, please specify

Internally developed framework

Is progress monitored and publicly reported on?

Yes, progress is monitored and publicly reported on

State the achievements of your engagement so far, and how progress is monitored

A major breakthrough for the project has been the discovery that the medicinal properties so highly prized in the bark, are also abundant in the twigs and leaves. Thus, the twigs and leaves of trees planted out in the field can be harvested within four years – much earlier than would be the case for bark harvesting which can only be done on an adult tree. This ensures that the trees can be harvested sustainably, providing health benefits and economic opportunities for traditional healers and muti (medicine) traders. Since inception of the project, together with our working group partners, we have propagated and provided over 40,000 seedlings to traditional healers, urban and rural communities and created seed orchards in safe and protected estates.

Country/Area

South Africa

Name of jurisdiction or landscape area

Provinces: Eastern Cape, Mpumalanga, KwaZulu-Natal

Is the landscape defined by administrative boundaries of sub-national governments and does the approach have active government involvement?

The landscape is defined by administrative boundaries, but the approach does not have active government involvement

Brief description of landscape/ jurisdictional approach

Rural areas characterised by high levels of poverty where land is suitable for afforestation.

Forest risk commodities relevant to this landscape/jurisdictional approach

Timber products

Type of engagement

Convener: High level of engagement in set-up, design, management and implementation

Partner: Shared responsibility in the implementation of multiple goals

Supporter: Implement activities to support at least one goal

Funder: Provides full or partial financial support

Description of engagement

Timber farming is an attractive avenue of growth to many farmers. However, the entry costs into this form of agriculture are high (long growing cycle, costs of seedlings). Started in 1983, Sappi Khulisa is a tree-farming scheme. The project (initially known as Project Grow) focused on supporting subsistence farmers who had access to 1-20 hectares of land on which to grow trees. In the years leading up to celebrating its 30th anniversary in 2013, Sappi Khulisa expanded to include community forestry projects and forestry projects handed to land-reform beneficiaries. Whereas Project Grow focused solely on the growers, Sappi Khulisa focuses on small, individual growers whole value chain, including individual growers, community projects and contractors. The programme is structured as follows: Growers make their land available for planting eucalyptus trees. We provide growers with: Sponsored seedlings; Technical advice and

training; Guaranteed access to market; Loans. In terms of the latter, loans are sufficient to cover all farming input costs, including annual maintenance of the plantations until they are harvested. Advances are paid to growers for work carried out throughout the generally 8-10 year growing cycle. At harvesting time, we buy the timber from the growers and pay them a market-related price, less the advance payments they have received in preceding years. All seedlings supplied are grown by our own nurseries to ensure that the growers plant only the best available quality genetic material. We employ qualified extension officers, training facilitators and managers who assist the growers in selecting the most appropriate areas for planting trees. The extension officers also offer advice and assist in preparing, fertilising and planting. They visit the growers frequently, after the trees have been established, to provide assistance with weed control and the preparation of fire breaks. Our extension officers work with growers to ensure that their plantings do not impact negatively on environmentally sensitive areas and that planted areas are economically sustainable. We have established Khulisa Ulwazi (meaning “Growing Knowledge”) training centres and developed training material in conjunction with the Institute of Natural Resources, to upskill growers.

Goals supported by engagement

- Greater smallholder inclusion
- High producer engagement within landscape/jurisdiction
- Improved business models that enable inclusion
- Improved capacity for community engagement in multi-stakeholder processes
- Credit available to family farms
- Increased adoption of sustainable production practices
- Increased uptake of certification

Company actions supporting approach

Help establish an entity responsible for managing the initiative and its activities with clear and transparent governance roles, responsibilities and decision-making for different stakeholders in that initiative

Implementation partner(s)

No implementation partner.

Engagement start year

1,983

Engagement end year

Not defined

Total investment over the project period (currency)

12,000,000

Details of your investment

The amount given here reflects the income generated for Khulisa growers for the FY2021 from direct timber procurement by Sappi (226 0000 tons). Sappi increased its interest free loan allocation to growers by 23%. As interest-free loans are given to growers, we carry the risk.

Type of assessment framework

Other, please specify
Internal assessment

Is progress monitored and publicly reported on?

Yes, progress is monitored and publicly reported on

State the achievements of your engagement so far, and how progress is monitored

Sappi Khulisa delivers the following benefits: Participation in an industry from which growers would otherwise be excluded because of high cost-of-entry barriers; Guaranteed market at prevailing market prices; Multiplier employment opportunities as growers employ people within their communities to assist in managing their plantation; Empowerment of rural women and youth; Skills transfer and developing entrepreneurial thinking; Provides an integrated development service to rural communities, with emphasis on appropriate systems and training; empowering individuals and community-based institutions to manage their own development initiatives and maximise their potential; Sustainable supply of high-quality timber to Sappi. The programme is about creating shared value. Small growers can build sustainable businesses and a decent income, and we can secure a quality fibre supply going forward. Sappi Khulisa hopes to secure and increase this supply, but equally importantly, to help turn these small-scale growers and their contractors into self-reliant, sustainable timber businesses in the process. The total area managed under this scheme is currently 34,755 hectares; Since 1995, a total volume of 4,731,488 tons of woodfibre to the value of USD195 000; In 2021, under this programme, 225,509 tons of woodfibre (2020: 284, 038 tons) worth some USD13.9 million) (2020: USD15.6 million) was delivered to our operations.

Country/Area

South Africa

Name of jurisdiction or landscape area

Provinces of KwaZulu-Natal and Mpumalanga.

Is the landscape defined by administrative boundaries of sub-national governments and does the approach have active government involvement?

The landscape is defined by administrative boundaries, but the approach does not have active government involvement

Brief description of landscape/ jurisdictional approach

The communities close to our areas of operations are characterised – as in many rural areas of Southern Africa – by high levels of poverty and unemployment. To make a meaningful difference, we first had to understand what challenges the various communities were dealing with and identify any potential opportunities. Accordingly, we commissioned a third party to conduct research in neighbouring Sappi communities. Following this, in 2015 a programme which identified social mobilisers, known as the Abashintshi (‘the changers’ in isiZulu) was conceived. This involved training formerly unemployed youth volunteers in the following: The Asset-Based Community

Development (ABCD) model which aims to empower community members to use what they have, instead of focusing on what they need or don't have; Youth life skills training; Ifa Lethu ('our heritage') which documents the legacy of the elderly in the community in order to continue with successful practices and learn from mistakes; Holiday programmes with children.

Forest risk commodities relevant to this landscape/jurisdictional approach

Timber products

Type of engagement

Convener: High level of engagement in set-up, design, management and implementation

Partner: Shared responsibility in the implementation of multiple goals

Supporter: Implement activities to support at least one goal

Funder: Provides full or partial financial support

Description of engagement

Identification of Abashintshi, workshops, ongoing monitoring, payment of stipends.

Goals supported by engagement

Other, please specify

Sustainable livelihoods, more self-sufficient communities.

Company actions supporting approach

Build community capacity and incentivize engagement in multi-stakeholder processes

Financially support multi-stakeholder entity leading the initiative

Share information on supplier non-compliance, supply chain mapping and traceability with other stakeholders in the landscape/jurisdiction

Implementation partner(s)

Communities close to our areas of operation.

Engagement start year

2,015

Engagement end year

Not defined

Total investment over the project period (currency)

65,200

Details of your investment

Allocated to stipends, transport and events.

Type of assessment framework

Other, please specify

Internal assessment

Is progress monitored and publicly reported on?

Yes, progress is monitored and publicly reported on

State the achievements of your engagement so far, and how progress is monitored

The programme has achieved exponential growth over the past six years – from 18 Abashintshi in nine (9) communities in 2015 to 108 Abashintshi in 58 communities in FY2021. The Abashintshi programme has now been fully adopted by Sappi in-house and we are helping to guide participants on an individual basis to ensure that their unique skills and interests are identified – whether they be entrepreneurial, social or organisational. Through this ongoing engagement we hope to achieve sustained access and to work closely with our communities; conduct asset mapping audits to identify gaps and determine potential investment areas. We also want to ensure that Social Impact Programmes are targeted, tailored and relevant to creating shared value, positive social impact and promoting inclusivity and sustainability.

Country/Area

United States of America

Name of jurisdiction or landscape area

National federal lands and states of Minnesota, Wisconsin, Michigan, Maine and New Hampshire.

Is the landscape defined by administrative boundaries of sub-national governments and does the approach have active government involvement?

Yes, the landscape is defined by administrative boundaries and the approach has active government involvement

Brief description of landscape/ jurisdictional approach

Sappi North America (SNA) procures woodfibre from public lands owned and managed by the federal government (specifically the U.S. Department of Agriculture Forest Service (USFS) and the U.S. Fish and Wildlife Service (USFWS), state government agencies and county land departments. SNA also procures woodfibre from small family forest landowners (aka smallholders) and for-profit companies such as Timber Investment Management Organizations (TIMOs). SNA purchases open-market (gateway) from suppliers (aka loggers) and also directly from landowners. In SNA's sourcing areas, a majority of the forestland is owned and managed by private landowners, often owning less than ten hectares. Forestland is fragmented by ownership making consistent long-term management difficult, complex and costly. This presents challenges for forest health, biodiversity conservation, soil and watershed restoration, control and prevention of invasive species, wildland fire management, and many other natural resource goals. SNA works in regions with a well-developed legal framework and strongly ingrained conservation mindset governing ethical natural resource management. Landowners, foresters, biologists, loggers, wood-procuring mills, local communities and society at large are equally committed to sustainability and responsible forestry. Numerous national, state and local associations and organizations collaboratives facilitate landscape and state-level cross-boundary management coordination.

Forest risk commodities relevant to this landscape/jurisdictional approach

Timber products

Type of engagement

Partner: Shared responsibility in the implementation of multiple goals

Supporter: Implement activities to support at least one goal

Funder: Provides full or partial financial support

Description of engagement

Sappi North America (SNA) engages in a variety of roles in diverse collaboratives as a participant, funder, partner and leader. SNA staff serve in roles ranging from interested stakeholder for consultative purposes, committee members, leads/chairman, and board of directors. A few examples include: 1) Minnesota Forest Industries (MFI): SNA is a member of MFI which meets quarterly with public agencies to discuss forest-related challenges, industry needs, workforce challenges, and trends/concerns/opportunities; 2) SFI: SNA's Forestry Certification Manager chaired the SFI Fiber Sourcing National Standards Revision Task Group during efforts to update the standards in 2020-2021. SFI, a nonprofit organization that advances sustainability through forest focused collaboration, manages one of the largest forest-certification standards in the world. Nearly 2,300 individuals and organizations participated in the development of the SFI 2022 standards. SNA provided prominent leadership and direct engagement; 3) Minnesota Forest Resources Council (MFRC): MFRC develops policy recommendations to the Governor and federal, state, and local governments and to encourage the adoption of sustainable forest management policies and practices while protecting the balance of long-term economic, ecological, and social forest values in accordance with the Minnesota Sustainable Forest Resources Act. This unique model of cooperation among diverse interests gives all Minnesotans an opportunity to care for their forests ensuring economic, ecological, and social sustainability. SNA staff serve on various committees, namely the MFRC Landscape Advisory Committee. This includes action toward the Council purposes: 1) Foster no net loss of forest land in Minnesota; 2) Encourage appropriate mixes of forest cover types and age classes within landscapes to promote biological diversity and viable forest-dependent fish and wildlife habitats; and 3) Encourage collaboration and coordination with multiple constituencies in planning and managing the forest resources within the state; 4) American Tree Farm System (ATFS): ATFS is a non-profit organization aimed at private landowner assistance and advocacy. ATFS works to give people the tools they need to be effective stewards of America's forests. SNA funds the ATFS program at national and state levels. SNA staff serve as members and chairs of state ATFS chapters.

Goals supported by engagement

Avoided deforestation/conversion of other natural ecosystems
 Local government policy development aligned with landscape goals
 Reliable landscape monitoring/data collection system
 Dispute resolution and grievance mechanisms in place
 Habitat connectivity restored/improved
 Landscape conservation
 Landscape restoration
 Greater smallholder inclusion

- Improved capacity for community engagement in multi-stakeholder processes
- Increased adoption of sustainable production practices
- Increased uptake of certification
- Improved productivity
- Improved soil health
- Improved water management practices
- Uptake of regenerative agriculture practices
- Increased adoption of sustainable production practices

Company actions supporting approach

- Help establish an entity responsible for managing the initiative and its activities with clear and transparent governance roles, responsibilities and decision-making for different stakeholders in that initiative
- Help establish effective mechanisms for undertaking human rights due diligence, risk management, monitoring, verification, and grievance resolution
- Identify opportunities for public private collaboration
- Support land use planning in the landscape/jurisdiction
- Build community capacity and incentivize engagement in multi-stakeholder processes
- Financially support multi-stakeholder entity leading the initiative
- Share information on supplier non-compliance, supply chain mapping and traceability with other stakeholders in the landscape/jurisdiction
- Provide information and training on best agricultural management practices
- Support landscape restoration and long-term protection
- Support uptake of certification
- Support producers, producer groups, and primary processors to Improve agricultural practices and technologies

Implementation partner(s)

Organizations that support and fund sustainable land use collaboratives within SNA's sourcing area including: Federal Forest Resources Coalition (FFRC), a national non-profit trade association representing a diverse coalition of federal timber purchasers, conservation groups, and county governments with over 650 members in 28 States; University of Maine's Cooperative Forest Research Unit (CFRU), one of the oldest industry/university forest research cooperative in USA, comprised of 35 member organizations; Logger training organizations (example: Minnesota Logger Education Program); Local universities (examples: University of Minnesota, Natural Resources Research Institute, University of Maine, etc.); SFI Implementation Committees (SICs) in Minnesota, Wisconsin, Michigan, Maine, New Hampshire and Vermont. SICs are comprised of SFI-certified organizations (landowners and mills) and outside program supporters including universities, industry associations and NGOs. For example: Minnesota = 21 partners; Maine = 36 partners; Michigan = 24 partners; Minnesota Forest Resources Council (MFRC), a 17-member board created to develop policy recommendations to the Governor and federal, state, and local governments and to encourage the adoption of sustainable forest management policies and practices. Members represent a wide range of forest resource interests and hold monthly public meetings. MFRC is supported by 46 partner organizations and tax dollars.

Engagement start year

2,007

Engagement end year

Not defined

Total investment over the project period (currency)

426,000

Details of your investment

Annual dues/fees and research contributions for collaborative initiatives, projects and associations.

Type of assessment framework

No assessment framework in place

Is progress monitored and publicly reported on?

Yes, progress is monitored and publicly reported on

State the achievements of your engagement so far, and how progress is monitored

University of Maine's Cooperative Forest Research Unit (CFRU): CFRU 2021 Annual Report details the results of eleven projects addressing member's needs in the areas of silviculture & productivity, forest inventory, remote sensing and wildlife habitat are presented. Highlights include a new model for estimating potential harvesting costs for small-diameter trees, possible habitat preferences for Rusty Blackbird, and preliminary high-resolution digital soil maps of three key attributes for 1.5 million acres in central Maine; Minnesota Forest Resources Council (MFRC): MFRC plays an integral role in depoliticizing complex forest issues and helping Minnesota's citizens, lawmakers, and forest professionals make sound decisions regarding the stewardship of public and private forest lands. The council acts as a catalyst for new landscape-level cooperative models and championing long-term ecosystem integrity; Minnesota SFI Implementation Committee (MN SIC): MN SIC wins SFI award for engaging youth on indigenous cultural awareness and conservation of species at risk. MN SIC connected the efforts of teachers and youth to Indigenous cultures and built bat-boxes using wood from SFI-certified forests to help battle white-nose syndrome affecting hibernating bats; SNA's auditors recognized SNA's Lake States Forestry team for an impressive and outstanding outreach program. SNA collaborated with the Minnesota Department of Natural Resources (DNR) to save operating and administrative costs while benefiting wildlife by employing summer harvest techniques. SNA's comprehensive landowner outreach package emphasizes SNA's reputation for landowner assistance as well as innovative use of roadside billboards to promote sustainable forestry; SNA's Northeast Forestry Team was selected by the U.S. Fish and Wildlife Service (USFWS) to lead timber harvests in the Umbagog National Wildlife Refuge. The refuge's primary purpose is protecting wetlands and wetland-associated wildlife as well as migratory birds and serves as important breeding grounds for migrating landbirds, provides wildlife habitat for a variety of wildlife, and promotes plant, lichen, amphibian, and other late-successional biota that contribute to biological diversity. Harvest revenue contributes to the local economy, supports logging and trucking companies, and provides an important source of income for local and state governments.

F6.11

(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

UN Global Compact

Forest Stewardship Council (FSC)

Programme for the Endorsement of Forest Certification (PEFC)

Sustainable Forestry Initiative (SFI)

WBCSD Forests Solutions Group

Other, please specify

Textile Exchange; The Forests Dialogue

Please explain

Sappi works with a wide range of partners and stakeholders to advance sustainable forest management practices and transparent, responsible supply chains. We're a signatory company of the United Nations Global Compact (UNGC) since 2008 and work to implement the UNGC's ten principles, all of which align with the UN SDGs. In 2021, Sappi became a project member of the WBCSD Forest Solutions Group's Forest sector net zero roadmap project (July 2021-July2022). Sappi is an active International Stakeholder member of PEFC International, FSC International's economic chambers North and South, and SFI, and engages with them through a variety of working groups and committee activities. Sappi's involvement and knowledge on forest management was crucial in the development work that led to SAFAS (Sustainable African Forestry Assurance Scheme), which was endorsed by PEFC International in 2019. In South Africa, Sappi is a member of the local WWF organisation. Through our involvement in The Forests Dialogue (TFD) steering committee we actively collaborate with multiple stakeholder groups, and work to build agreement on forest and land use challenges. Sappi's Sustainability Director presented at COP26, and VP of Forestry presented at the World Forestry Congress; Presentation Title "Managing forestry for SDGs-Aligning Forest production, ecosystem restoration and socio-economic transformation - A South

African view". Sappi has advised the Textile Exchange to develop a biodiversity module and associated Index to prepare the fashion industry for action. Use of this module and its future iterations will help companies prepare for stakeholder (including investor) questions around nature-related risk. Sappi is involved in the development of the GHG Protocol Land Sector and Removals Guidance and will pilot test Scope 1 emissions reporting from own land holdings in South Africa using a cradle to mill-gate system boundary. Sappi is an active participant in the 4Evergreen Alliance. In South Africa, Sappi participates in a number of industry initiatives aimed at combatting pests and disease including Forestry South Africa and the Forestry and Biotechnology Agricultural Institute, to mention a few.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Please explain

Close engagement is maintained through the industry organizations CEPI (Confederation of European Paper Industries) and AF&PA. Sappi participates in the work of CEPI's Forest Committee and Forest Certification Network and belongs to the Forest Resources Association (FRA), the American Forest Foundation (AFF) and the Society of American Foresters (SAF). In 2021/-22 along with the European pulp and paper industry we have been actively contributing to and keenly monitoring the development of the new EU Forest Strategy and the proposal for a Regulation concerning certain commodities and products associated with deforestation and forest degradation. We emphasize and provide practical insights to support drafting of effective policies which can halt deforestation and tackle its root causes. In 2021, the AF&PA Paper and Packaging Board initiative, sanctioned by the US Department of Agriculture, focused on education of stakeholders and consumers on the renewable nature of paper-based packaging, our industries track record on recycling principles and utilization of renewable energy. Sappi is a founding partner of both the 4Evergreen (an alliance of fibre-based packaging leaders) and the Recycling Partnership and a board-level participant in the Paper and Packaging Board. Since 2019 Sappi participates in the work of Sustainable Apparel Coalition (SAC) and using its sustainability measurement suite of

tools, the Higg Index, developed by the apparel industry to evaluate materials, products, facilities, and processes based on environmental performance, social labour practices, and product design choices. Sappi is a member of the Cooperative Forest Research Unit based at the University of Maine, where scientists conduct applied research that provides Maine's forest landowners, forestry community, and policymakers with the information needed to ensure both sustainable forestry practices and science-based forest policy. In South Africa, Sappi is involved in an initiative to make available to small growers and farmers DNA fingerprinting technology (developed through collaboration with the Forest Molecular Genetics (FMG) Programme that will allow growers to determine clonal identity of their material obtained from Sappi nurseries. In 2020, we signed up to Business for Nature's Call to Action.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Funding research organizations

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Please explain

Sappi is a member of Forestry South Africa under whose auspices we participated in the development of the Masterplan for the Commercial Forestry Sector in South Africa 2020 – 2025 and the Public Private Growth Initiative. We belong to the South African Institute for Commercial Forestry Research (ICFR), and are also a founding member of the Tree Protection Co-operative Programme (TPCP) based in the Forestry and Bio-technical Institute (FABI) at the University of Pretoria. Through the TPCP we also belong to the internationally collaborative programme BiCEP (Biological Control of Eucalyptus Pests). BiCEP funding is done through FSA. In addition, we belong to the Forest Molecular Genetic (FMG) Programme the based at the University of Pretoria; to Camcore, an international, non-profit organisation dedicated to the conservation and utilisation of subtropical and tropical tree species; the Eucalypt Pest and Pathogen Working Group (EPPWG) and the South African Institute of Forestry (SAIF). We also provide support to the Climate Change Institute at the University of Witwatersrand. In North America, Sappi provides financial support for forest-related research to the University of Maine's Cooperative Forest Research Unit. Sappi North America has also provided financial support to several non-profit conservation organisations to support regional biologist

positions, landowner and community outreach activities, advocacy efforts, etc. In North America, Sappi also participates in Emerald Ash Borer surveys and other pest/pathogen/invasive species quarantines and studies.

F6.12

(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.12a

(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Other ecosystem restoration

Primary motivation

Voluntary

Description of project

Sappi has seven declared nature reserves on our landholdings in Mpumalanga and KwaZulu-Natal provinces in South Africa. These proclaimed nature reserves are part of South Africa's Biodiversity Stewardship Programme managed by the South African National Biodiversity Institute (SANBI) and are based on partnerships between landowners, provincial conservation authorities and NGOs, in order to secure biodiversity. The sites are declared where important biodiversity or ecosystem services have been identified. The sites are: Clairmont Nature Reserve (1010 ha); Ngodwana River Valley Nature Reserve (965 ha); Mount Morgan Nature Reserve (1 013 ha); Oosterbeek Nature Reserve (1900 ha); Angle Ridge Nature Reserves (1095 ha); Karkloof Nature Reserve (part owned by Sappi) (223 ha); Roelton Nature Reserve (114 ha).

Start year

2012

Target year

Indefinitely

Project area to date (Hectares)

6,320

Project area in the target year (Hectares)

6,320

Country/Area

South Africa

Latitude

29.77133

Longitude

29.73222

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity
Carbon sequestration
Soil
Water
Climate regulation

Please explain

All proclaimed nature reserves have five-year management plans, required by law. These plans set out actions to be taken by managers over the five-year period. An annual plan of operations is developed each year and internal monitoring of its implementation is undertaken as part of ensuring that the nature reserve's ecological integrity is protected and maintained. We do have the latitude and longitude for each nature reserve and indicate here the coordinates for the largest of the region, the Clairmont Nature Reserve.

Project reference

Project 2

Project type

Other ecosystem restoration

Primary motivation

Voluntary

Description of project

Sappi identifies, monitors and manages Important Conservation Areas (ICAs) on our landholdings in South Africa. ICAs are areas that are important at the local level and are classified using a systematic conservation planning approach. Criteria that are used include the presence of both plant and animal red data species, the threat status of the ecosystem, the size, connectedness, condition and aesthetic and recreational value of the area. 156 sites on Sappi owned land are currently classified as ICAs, adding up to about 38,320 ha of a diverse range of habitats including grasslands, wetlands and riverine areas and natural forest patches.

Start year

2007

Target year

Indefinitely

Project area to date (Hectares)

38,320

Project area in the target year (Hectares)

38,320

Country/Area

South Africa

Latitude

29.454506

Longitude

30.150217

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity
Carbon sequestration
Soil
Water
Climate regulation

Please explain

The Important Conservation Areas (ICA) are located within Sappi-owned land holdings. It is not possible to give all the coordinates as there are many sites, but here the coordinates of Lions River Wetland. Habitat condition assessments have been completed on all the ICAs. The assessment concluded that 18 sites are in a natural condition (habitat unmodified); 78 sites are in a good condition (habitat largely natural with few modifications); 55 sites are in a moderate condition (habitat largely modified) and 5 sites are in a poor condition (habitat modifications have reached a critical level). Actions plans have been developed and projects are being undertaken to either improve the condition of areas that fell short of a natural condition or to maintain natural areas in their present state.

Project reference

Project 3

Project type

Other ecosystem restoration

Primary motivation

Voluntary

Description of project

South Africa is considered a water-scarce country. Climate change, pollution of our freshwater bodies and inadequate management of water supplies continues to influence the availability of clean and safe water for our communities. On the other hand, the demand for water for domestic use, agriculture and industry continues to rise due to urbanisation and the growth in population and production. Sappi has a significant manufacturing and forestry footprint on the uMkhomazi catchment and for this reason Sappi SA has partnered with WWF South Africa to proactively manage water resources in the Mkhomazi. A key component of the partnership is multi stakeholder engagement in the catchment. Coordinated and facilitated engagement of key stakeholders (land-owners, organs of state, local government and corporates) will provide a platform for open dialogue regarding water resources in the catchment. To meet future needs of all users, sufficient water at an acceptable level of assurance and quality is needed which can only be achieved through multi-stakeholder collaboration. The project has four focus areas, namely: 1) Improved water governance through multi-stakeholder engagement; 2) Enhanced estuary management & downstream water-use efficiency; 3) Alien invasive clearing and wetland rehabilitation; 4) Capacity development of local communities in natural resource management.

Start year

2021

Target year

2023

Project area to date (Hectares)

42,000

Project area in the target year (Hectares)

42,000

Country/Area

South Africa

Latitude

29.442355

Longitude

29.543331

Monitoring frequency

Annually

Measured outcomes to date

Carbon sequestration

Soil

Water

Other, please specify

Green jobs

Please explain

This project covers the whole uMkhomazi catchment with multiple sites. The uMkhomazi River is the third largest river in the KwaZulu-Natal Province. The catchment generates approximately 1078 million cubic metres of water each year, 67 % of which is generated in the upper region of the catchment. As reported in the Hydrological Assessment of the uMkhomazi, an estimate of only 159 million cubic metres (15%) of the total mean natural runoff (MAR) from the catchment is currently being used. However, due to the high seasonality of the flow, the amount of water available for users all year round is low, and the water demand exceeds the reliable supply. We have implemented the Nzinga alien clearing project in collaboration with partner organisations, employing a team of ten people.

Project reference

Project 4

Project type

Other ecosystem restoration

Primary motivation

Voluntary

Description of project

The uMhlathuze Catchment in northern KwaZulu-Natal has been a priority, stressed catchment for many years due to the high demands for water, and the limited reliable yield from the catchment. Maintenance and rehabilitation of ecosystems is recognized as a key component for securing reliable water supply for industry, agriculture and communities in the catchment. A landscape approach, working beyond the boundaries of rivers and streams and landowners to manage ecosystems was required. The upper uMhlathuze catchment areas are very rural and undeveloped, characterized largely by subsistence farming and forestry plantations. Rural communities utilize the unplanted grasslands, wetlands and riparian zones within the forestry areas for cattle grazing. In partnership with WWF-SA and Meat Naturally, Sappi is working with communal livestock farmers in the landscape to address ecosystem degradation by implementing improved grazing practices that enhance grassland health.

Start year

2021

Target year

2023

Project area to date (Hectares)

10,956

Project area in the target year (Hectares)

10,956

Country/Area

South Africa

Latitude

28.523028

Longitude

31.269443

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity

Soil

Water

Please explain

This project covers the upper Mhlathuze catchment with multiple sites. The focus of the project is to reduce indiscriminate fires in grasslands and promote the implementation of controlled rotational grazing in line with best practices for grassland management. A grazing association has been established and the grazing agreement has been signed with the Chief Induna of the community which underscores the support for the project by the tribal authority. As part of the project, six Eco Rangers from the community have been selected to be trained for employment within the project. Their role is to implement rotational grazing, resting of grassland areas and monitoring rangeland improvements.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

F6. Implementation

Data points verified

F6.3a: Share of certified woodfibre in Europe, North America, and South Africa.

Verification standard

FSC and PEFC (incl. SFI) Chain of Custody and Forest Management standards.

Please explain

In each of the Sappi region (Europe, South Africa, North America), Sappi's woodfibre procurement value chain as well as the sales of certified products are covered by PEFC (incl. SFI) and FSC certified Chain of Custody systems, and thus external PEFC (incl. SFI) and FSC -accredited auditors validate annually the certified purchased woodfibre volumes as well as sold certified volumes per certification type.

Disclosure module

F0. Introduction

Data points verified

Financial figures

Verification standard

International Standards on Auditing

Please explain

A third-party auditor (KPMG) assures the financial figures. In the next financial year we have contracted the same auditor to perform limited assurance on our certified fibre KPI.

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Limited availability of certified materials

Comment

The availability of certified wood is a challenge we face in some of the areas where we operate. Globally only about 13% of the forests are certified. According to FAO's Forest Products Annual Market Review 2020-2021, the area of certified forests worldwide increased by 0.8% (3.5 million ha) between mid-2019 and mid-2020, to 435.5 million ha (the area of double-certification, i.e. forest areas certified by both PEFC and FSC has been taken into account), showing thus only a fairly modest increase to the previous

reporting period (434.5 million ha). In the countries where Sappi operates in Europe, and in North America, the share of certified forests is much higher (around 52%, and 35%, respectively), and in South Africa all Sappi's own forests are both PEFC and FSC certified. Yet the availability of certified wood is an issue, and it is thus important to find positive incentives to promote sustainable forestry practices and certification especially among non-industrial private forest owners and motivate them to have their forests certified. In many of the countries where Sappi operates the private non-industrial forest owners form the majority of landowners. Our target is to continuously increase the use of certified woodfibre and offer more of our products as certified, thereby supporting a strong demand for certified forest-based raw materials. As a member of both FSC International and PEFC International, we collaborate to promote forest certification, and encourage the systems continuously to develop themselves to sustain their integrity, credibility, and robustness, but in doing so also to address the challenges related to the complexities of the standards and procedures, and the growing administrative burden of both the Forest Management and Chain of Custody standards to the certificate holders, which can adversely impact the possibilities to maintain let alone to extend forest certification into new areas.

Forest risk commodity

Timber products

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Limited public awareness and/or market demand

Comment

Deforestation is a persistent, global challenge, occurring mainly because of the conversion of forests to agricultural land. This poses also a reputational risk to Sappi and is directly against the interests of forest-based industries for which healthy thriving forests are essential. Public awareness of the root causes of severe deforestation has improved recently, but there's still a lot of work that needs to be done to dispel the public perception that wood-based products (paper, packaging and wood-based textiles) cause deforestation and are derived from ancient and endangered forests. The value of existing, global, third-party verified certification systems, like PEFC and FSC, in promoting sustainable consumption and production, and combating deforestation and illegal logging by providing proof of legality and responsible practices should be duly recognised and not undermined. Credible, robust certification systems can effectively drive change by spreading sustainable practices worldwide, and providing verification, but also exposing potential malpractice.

Forest risk commodity

Timber products

Coverage

Direct operations
Supply chain

Primary barrier/challenge type

Complexity of certification requirements

Comment

Forest certification's positive impact on the world's forests is a result of the improved forest management practices in certified forests coupled with the stringent sourcing and due diligence requirements for non-certified woodfibre inputs. This means that the impact of forest certification extends far beyond the certified forests. However, the challenge is that the increasing complexities of the forest certification systems and the following administrative burden on certificate holders may act as a potential barrier in some contexts where the uptake of certification is low, and the cost of certifying timber is an issue for especially non-industrial, small forest owners. In South Africa, Sappi has over the years continually worked to spread forest certification and improved its accessibility so that complex systems do not pose a market barrier especially for small landowners. Sappi actively contributed to the development of SAFAS (Sustainable African Forestry Assurance Scheme), and the PEFC-endorsed SAFAS now offers access to feasible, attainable and especially affordable forest certification solutions and thus market access especially for the country's smallholders. In South Africa and in Africa altogether, the amount of certified forests is still very low (less than 2%), so this type of work is ground-breaking, and can really make a difference in enhancing sustainable forest management and improve both the level of forestry but also the level of livelihoods. This is important because it ensures that the advantages of certification are accessible to all forest owners, with a particular emphasis on smallholders. Similar types of challenges are relevant elsewhere, too, which at worst may have detrimental impacts on the ability of certified land managers to remain certified, as well as pose clear barriers to entry into certification for new landowners.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Direct operations
Supply chain

Main measure

Increased knowledge on commodity driven deforestation and forest degradation

Comment

Halting deforestation is critical not only to combating climate change, but because it contributes massively to the ongoing loss of biodiversity. Deforestation is chiefly caused by the conversion of forest land to agriculture and livestock areas. It is important to note that agricultural expansion for the production of commodities like soy, beef, palm oil, coffee, cocoa, drive almost 90% of all deforestation specifically in tropical countries, while mining, urbanisation and infrastructure are responsible for less than 10% each. Food and Agriculture Organization of the United Nations (FAO) is thus calling for a transformational change in the way we manage our forests and their biodiversity, produce and consume our food, and altogether interact with nature. Policy measures should support and encourage sustainable forest management as part of the solution to combat deforestation and forest degradation. Sappi has been active in supporting the recent initiatives of EU Commission to propose measures to minimise risks of products causing deforestation to enter the EU market. As regards measures to combat deforestation, Sappi promotes a nuanced approach comprising national legislation, progressive policies of the consumer countries, and improved governance, diplomacy, and innovative investment strategies for sustainability and employment, as critical factors to establishing long-term solutions. The role of voluntary certification systems should be better recognised and taken into account in public procurement policies. The EU Timber Regulation (EUTR) and the US Lacey Act type of regulations are important, and Sappi would recommend extending their provisions to cover downstream products generally as well as to apply to other commodities aside from timber. Sappi's view is that one proven approach is through sustainable forest management where we can create value in standing forests and also stimulate the development of circular bio-based economies and utilisation of renewable materials. Market demand for responsible woodfibre creates incentives for forest owners to sustainably manage forests. In addition, there are numerous benefits of the wood industry both for the environment and the economy, which should be integrated into future measures.

Forest risk commodity

Timber products

Coverage

Direct operations

Supply chain

Main measure

Investment in monitoring tools and traceability systems

Comment

Traceable and transparent supply chains are key to providing brand owners and consumers with the assurance and confidence that the woodfibre used for the wood-based products they buy originates verifiably from responsibly managed forests, is delivered through supply chains which do not cause deforestation, and where biodiversity is enhanced and customary, traditional and civil rights of people upheld. Against this backdrop, Sappi is working in various forums to share our experience and knowledge on sustainable, transparent supply chains in the hopes that this will support

other commodities which are driving deforestation. A promising tool experimented by Sappi in South Africa is Remote Harvest Monitoring system which conducts near real time monitoring of harvested areas using Sentinel-2 satellite imagery, with results being delivered to a tableau dashboard and ArcGIS spatial viewer every time a new satellite image becomes available. The workflow allows automatic harvest detection with no human intervention in the process. The results can be used to monitor plan vs. actual harvesting within specific areas of interest, such as compartments on the annual plan of operations. Another example is Sappi Dissolving Pulp’s partnership with Birla on ‘Green Track’ blockchain technology which provides a forest-to-garment traceability solution for brand owners. Through this collaborative partnership, our branded dissolving pulp, Sappi Verve, continues to strengthen its sustainability credentials within the textile industry. Providing a brand-owner traceability solution has been made possible with the use of Birla’s pioneering ‘Green Track’ blockchain technology, coupled with Sappi’s comprehensive database on wood origin for its dissolving pulp operations in South Africa and the USA.

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	Group Head Investor Relations and Sustainability	Chief Sustainability Officer (CSO)