

Steve Binnie  
Chief Executive Officer, Sappi Limited  
07 February 2024

sappi

# Q1 FY24 financial results



## Forward-looking statements

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

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

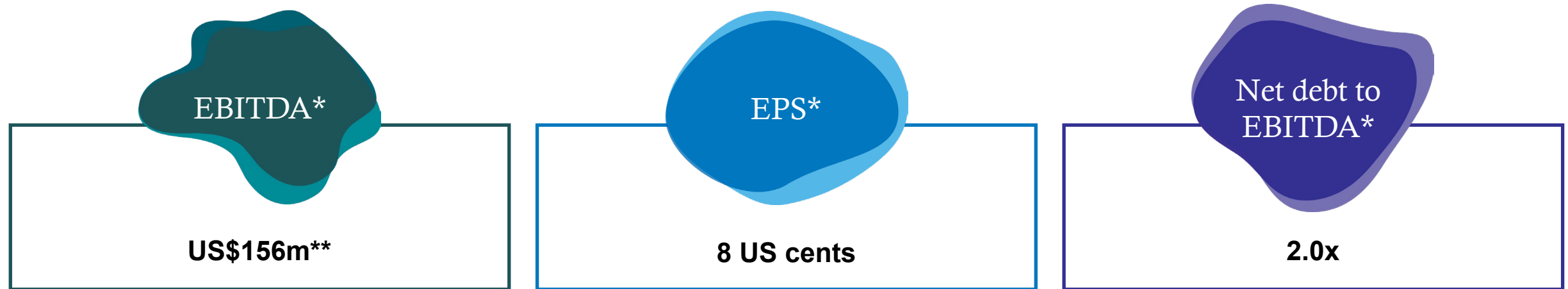
We undertake no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events, circumstances, or otherwise.

## Regulation G disclosure

Certain non-GAAP financial information is contained in this presentation that management believes may be useful in comparing the company’s operating results from period to period.

Reconciliations of certain of the non-GAAP measures to the corresponding GAAP measures can be found in the quarterly results booklet for the relevant period.

These booklets are available on our website: <https://www.sappi.com/quarterly-reports>

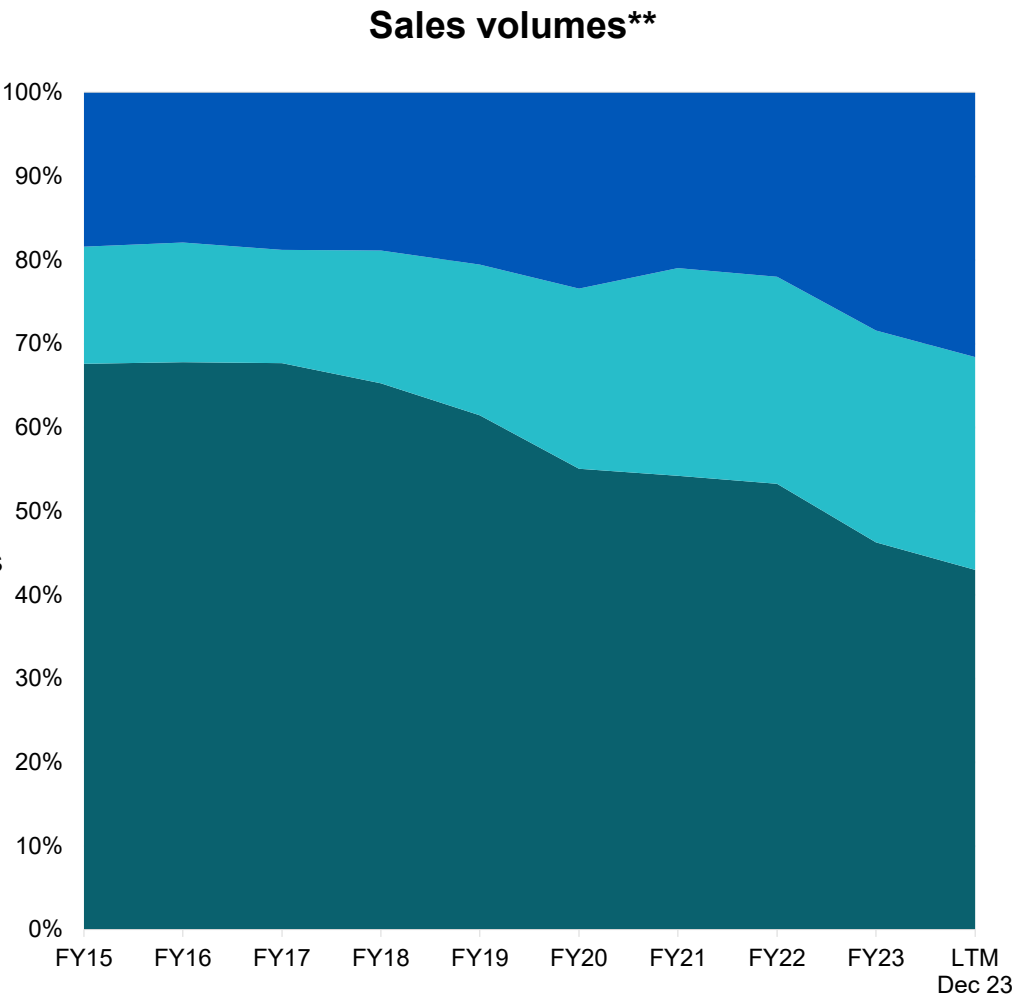
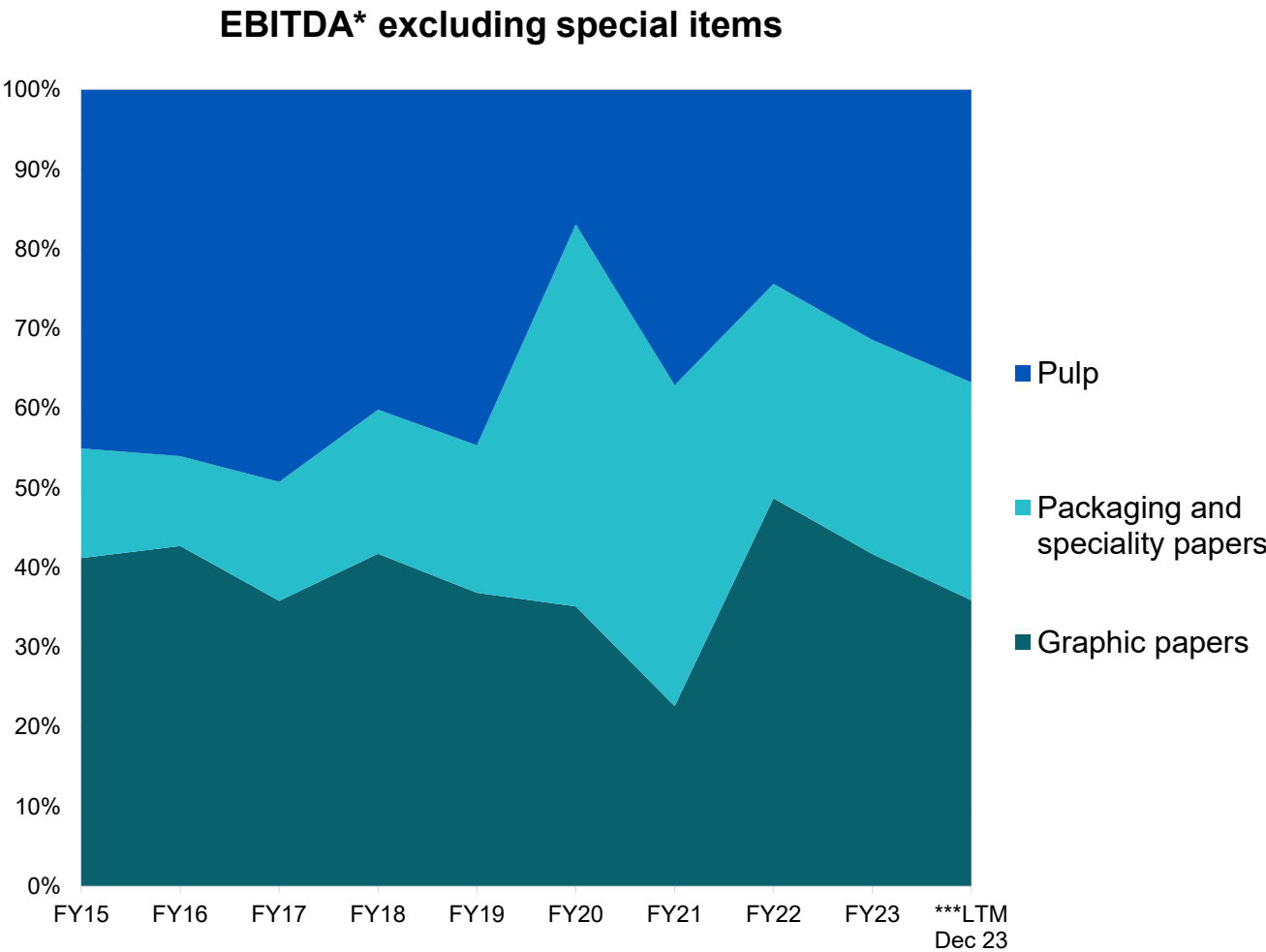


- Challenging global macroeconomic conditions and weak paper markets
- Graphic paper demand showing signs of muted recovery
- Profitability negatively impacted by scheduled maintenance shutdowns at our DP mills ~US\$45 million
- Forestry fair value adjustment will in future, be included in EBITDA
- Permanently ceased production at Stockstadt and Lanaken Mills

\* EBITDA and EPS excluding special items. Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q1 FY24 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

\*\* Q1 FY24 EBITDA excluding special items includes positive plantation price fair value adjustment of US\$26 million.

# Product contribution split



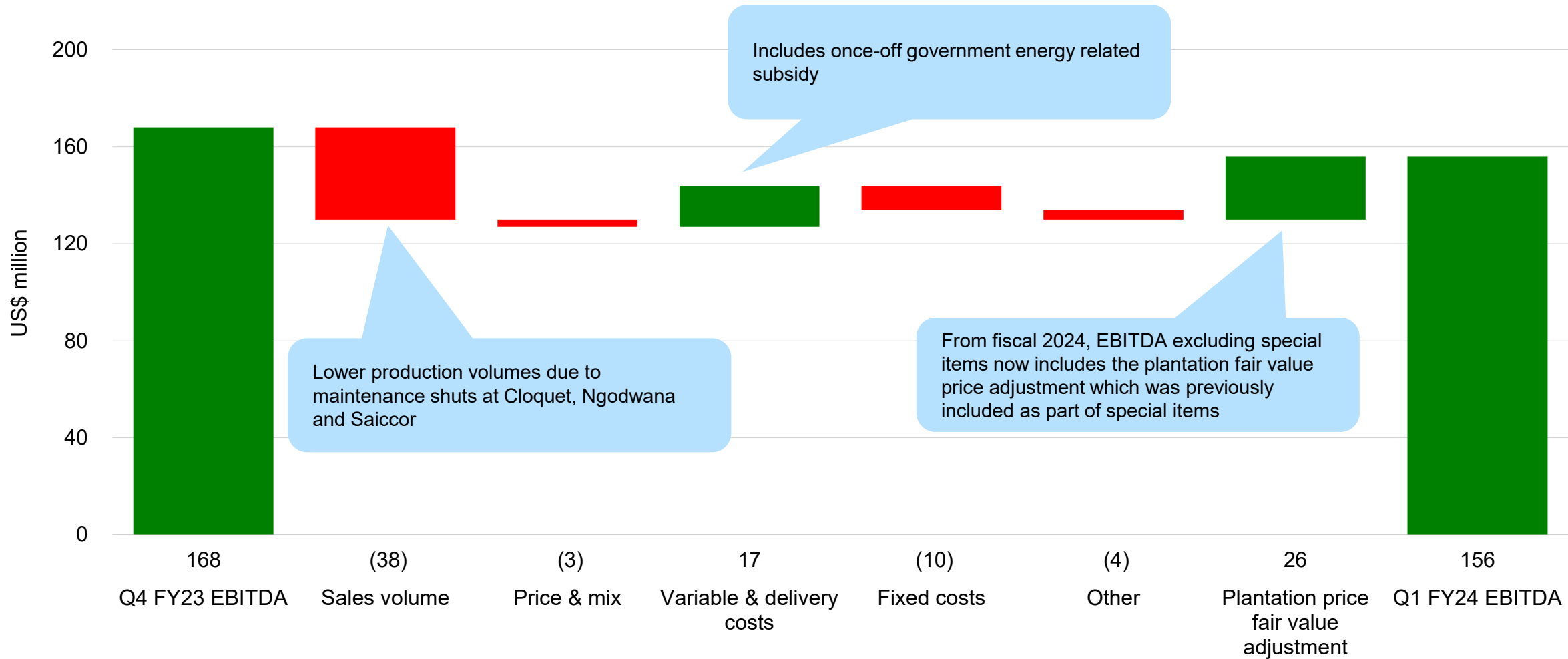
\* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q1 FY24 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items. Data excludes treasury operations and an insurance captive.

\*\* Sales volumes exclude forestry operations.

\*\*\* Q1 FY24 EBITDA excluding special items includes positive plantation price fair value adjustment of US\$26 million.

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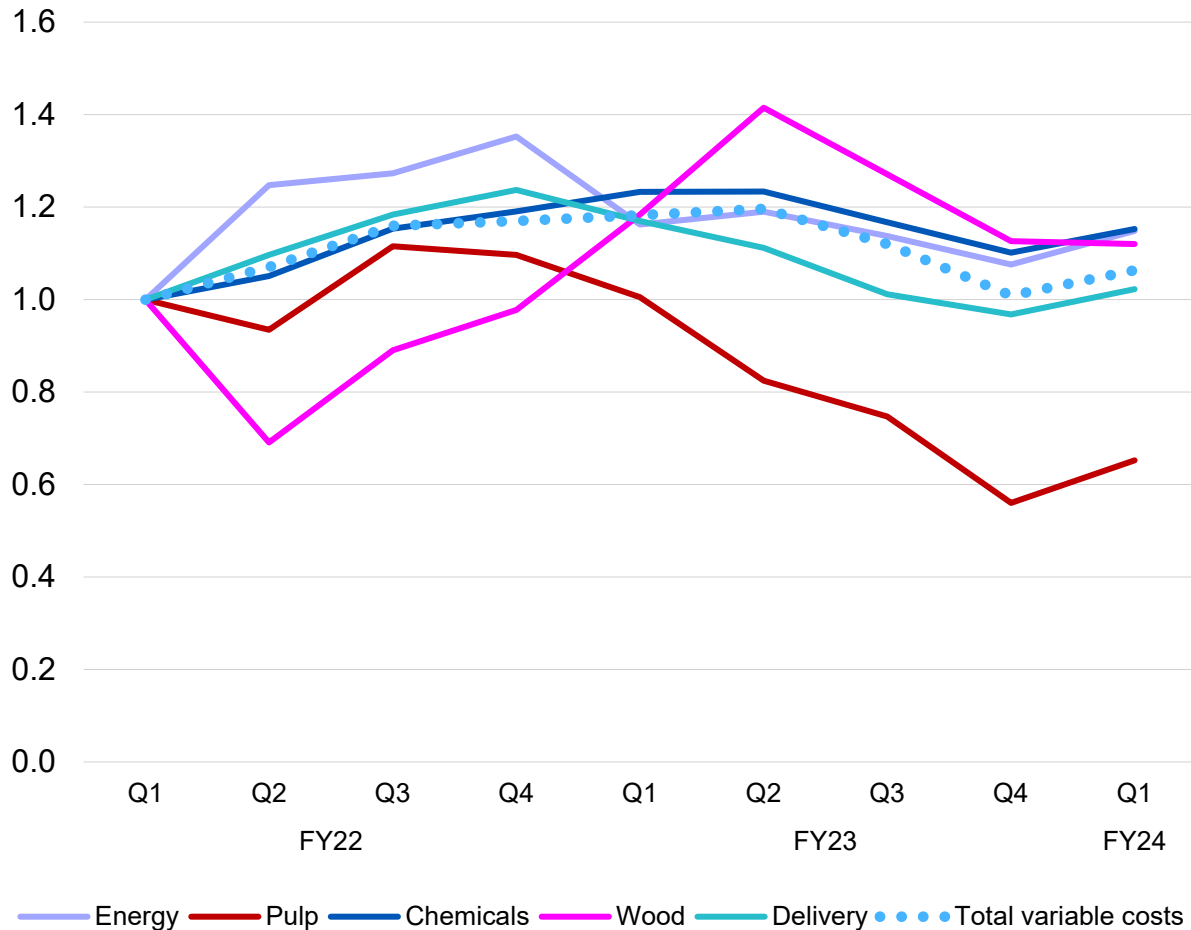
# EBITDA\* reconciliation Q4 FY23 to Q1 FY24



1. The following variances were calculated, excluding Sappi Forestry – Sales volume, Price & mix, Variable & delivery costs and Fixed costs.  
2. Currency conversion reflects translation and transactional effect on consolidation.  
3. \* = Excluding special items.

# Cost inflation developments

Major variable input cost/ton impact on the group since Q1 FY22



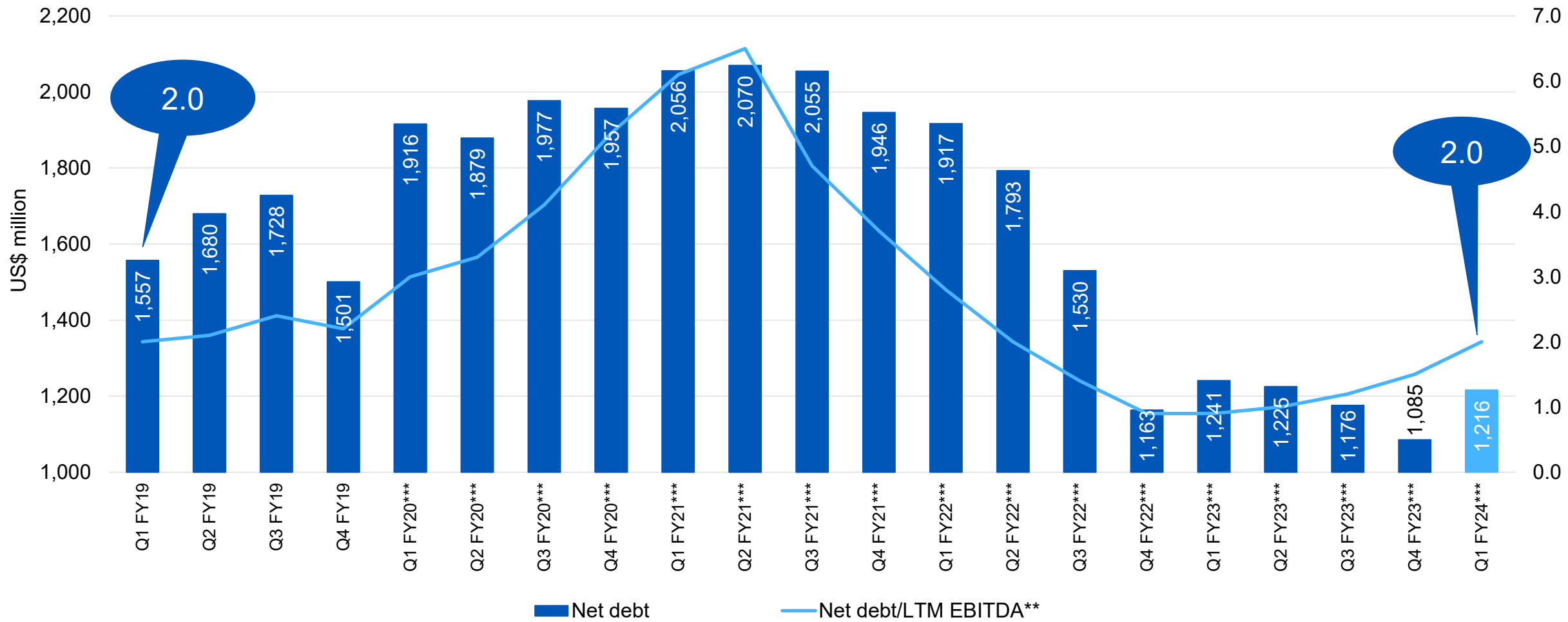
- Shuts and curtailment impacted operational efficiencies
- Q-o-q\* input costs remained flat for wood and chemicals but increased across all other variable cost categories
- Total variable costs +5% q-o-q\*

*Indexed to Q1 FY22.*

\* Q1 FY24 versus Q4 FY23.

Net debt/EBITDA\* development

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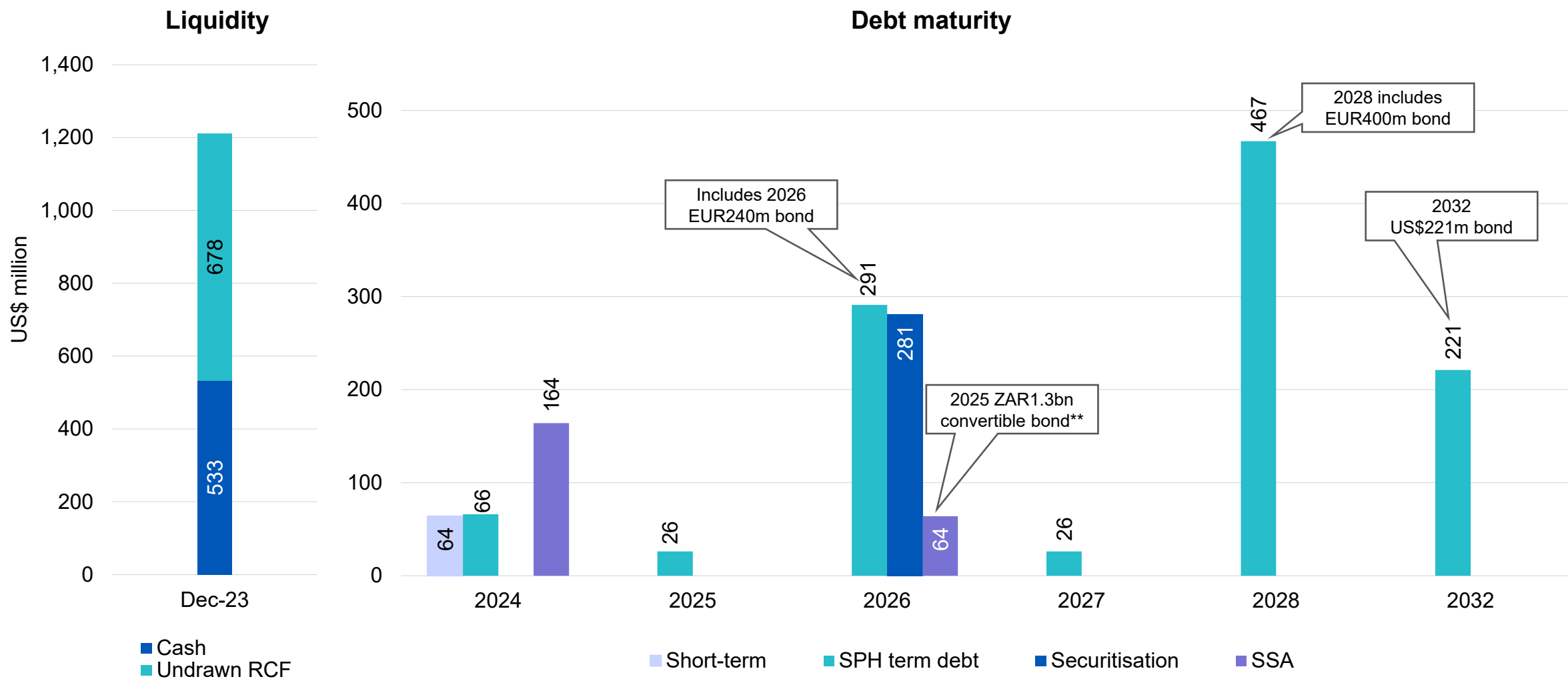


\* EBITDA excluding special items.

\*\* The covenant Net debt/LTM EBITDA calculation has adjustments and therefore differs from that shown above.

\*\*\* Quarters impacted by IFRS 16 leases (Q1 FY24 ~US\$91m) and Matane Mill acquisition (Q1 FY20 US\$158m).

Note: Q1 FY24 EBITDA excluding special items includes positive plantation price fair value adjustment of US\$26 million.



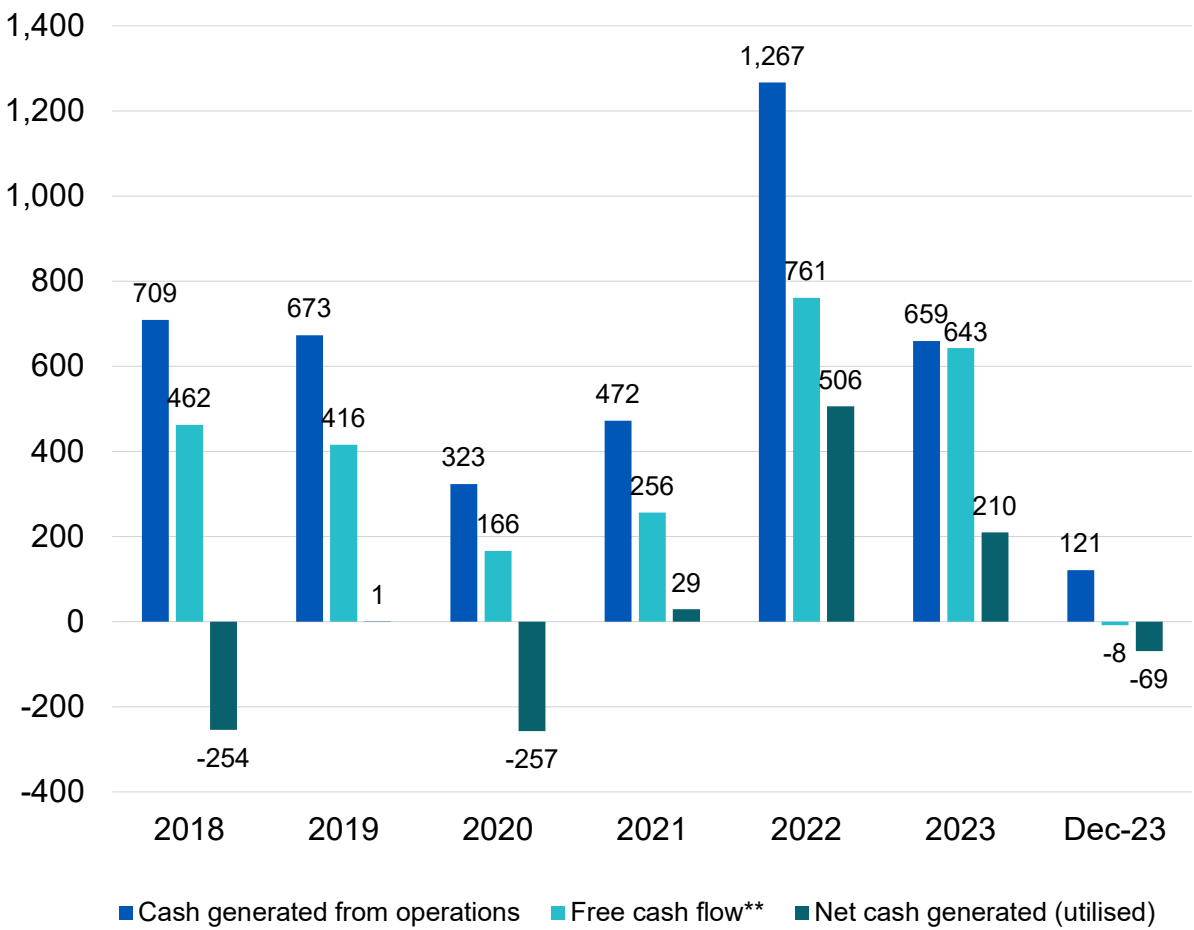
\* Excludes US\$91 million in IFRS 16 leases; average time to maturity of approximately four years.

\*\* SSA issued five-year convertible bonds in 2020 with a principal amount of ZAR1.8 billion. The bonds are convertible into ordinary shares of Sappi Limited. The group has received conversion notices for the convertible bond of just over 35% of the initial offering of ZAR1.8 billion. On 18 January 2024, Sappi issued a notice of early redemption of the remaining ZAR1.165 billion (US\$63.7 million) Sappi Southern Africa's 5.25% senior unsecured convertible registered bonds due 26 November 2025.

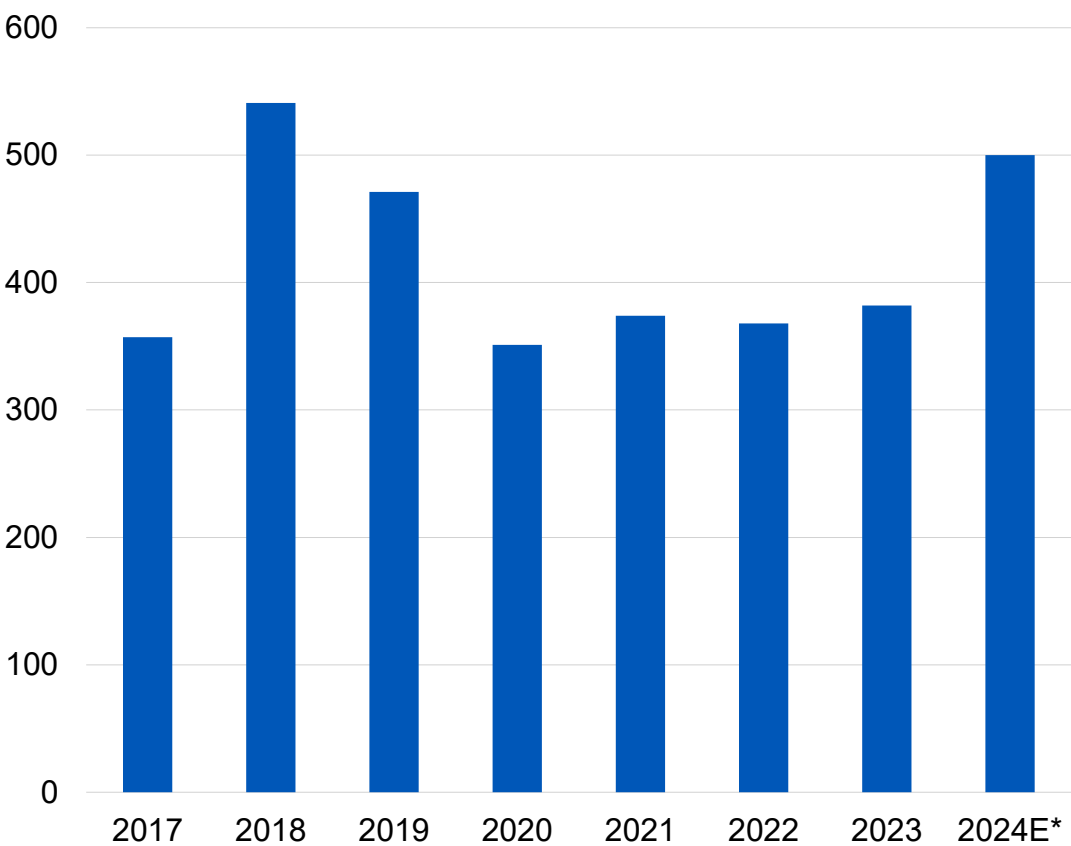
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Cash flow















Capital expenditure



\* FY23 capital expenditure of US\$382 million included US\$100 million for the conversion and expansion of Somerset Mill PM2 to packaging grades. Capital expenditure for FY24 is estimated to be in the region of US\$500 million including approximately US\$154 million for the Somerset Mill PM2 project.

\*\* Free cash flow = Cash generated from operations less working capital, less maintenance and regulatory/environmental capex.

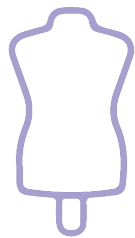
# Disciplined capital allocation

Category		Strategic priority		FY24 Targets
 <b>Regulatory &amp; environmental</b>	External regulatory & environmental requirements	<b>High</b> 	Mandatory license to operate Mandatory to meet ESG goals	 Sustainability projects: Finalise SSA renewable energy contract for 2025, Saiccor Mill turbine, Gratkorn Mill phase 2 boiler biomass conversion
 <b>Sustaining</b>	Balance sheet sustainability		A healthy balance sheet maximises capital allocation flexibility	 Long term net debt target ~ <b>US\$1 billion</b> FY2024 focus on maximising cash generation. Net debt likely to increase in short term due to cash outflow associated with closure of EU capacity
 <b>Profit improvement</b>	Protect against future decline		Reduce exposure to declining graphic papers markets	 <b>Reduce SEU graphic papers capacity by ~30%</b> through closure of Stockstadt and Lanaken mills
	Cost reduction Increase efficiency Mix optimisation		Improve cost position Optimise assets Shift into better-performing product categories	 Gratkorn Mill wet strength label project in progress
 <b>Shareholder returns</b>	Shareholder value		Sustainable dividends return value to shareholders Target ROCE 2% above WACC	 Dividend payment <b>15 US cents</b> in Q2 FY24
 <b>Growth</b>	Expansion of existing products	<b>Low</b>	Invest in growth segments	 Conversion & expansion of Somerset Mill PM2 from graphic papers to paperboard initiated (FY24 estimated capex <b>US\$154 million</b> )

# Segmental overview



# Pulp



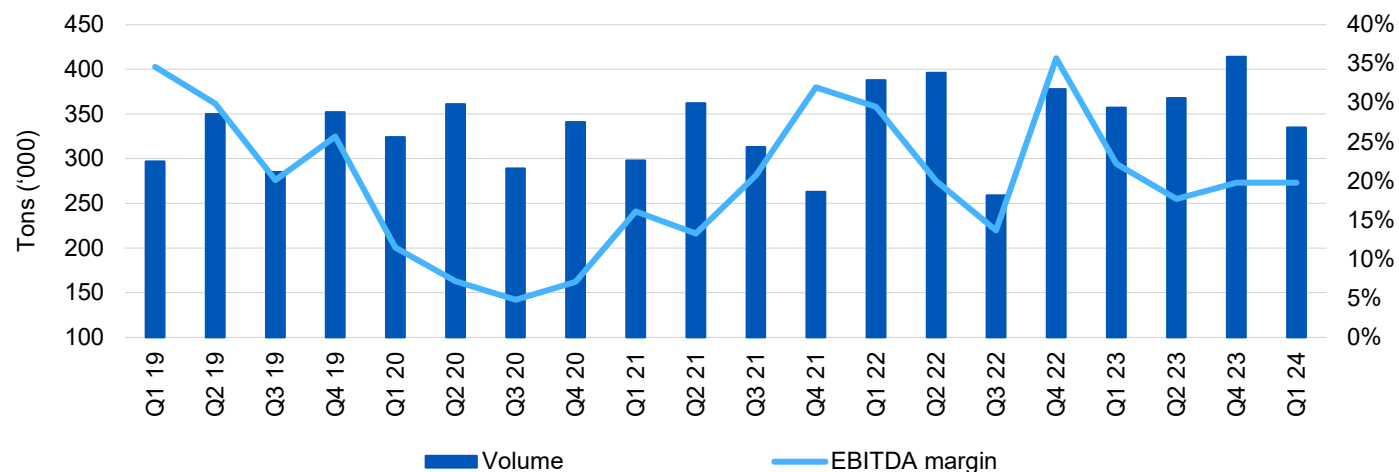
## Summary Q1 FY24

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Sales tons -19%  
q-o-q\*\*

Selling price per ton  
+2% q-o-q\*\*

EBITDA\* margin  
19.8%



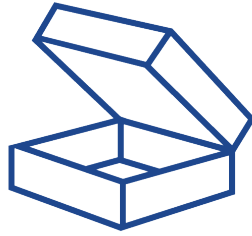
- Demand for dissolving pulp (DP) was robust
- DP market prices subdued ahead of Chinese Lunar New Year
- Scheduled maintenance shuts impacted profitability



\* EBITDA excluding special items. Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q1 FY24 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

\*\* Q1 FY24 vs Q4 FY23.

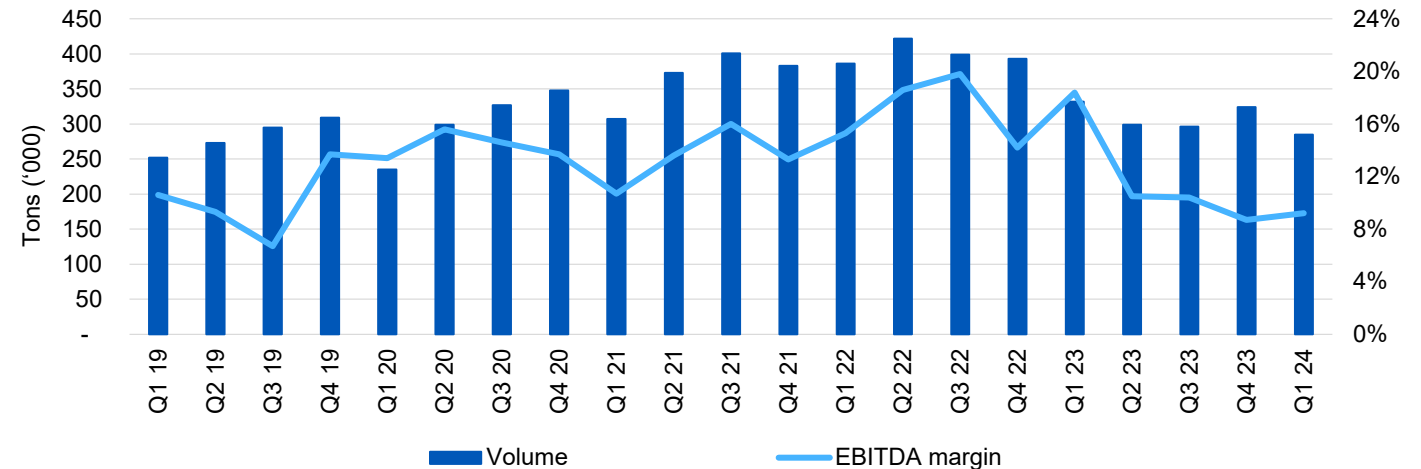
## Packaging and speciality papers



Sales tons -12%  
q-o-q\*\*

Selling price per ton  
-1% q-o-q\*\*

EBITDA\* margin  
9.2%



- Profitability impacted by lower South African containerboard sales due to the scheduled maintenance shut at the Ngodwana Mill
- Underlying European demand remained sluggish
- Demand for paperboard in North America showed signs of recovery



\* EBITDA excluding special items. Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q1 FY24 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

\*\* Q1 FY24 vs Q4 FY23.

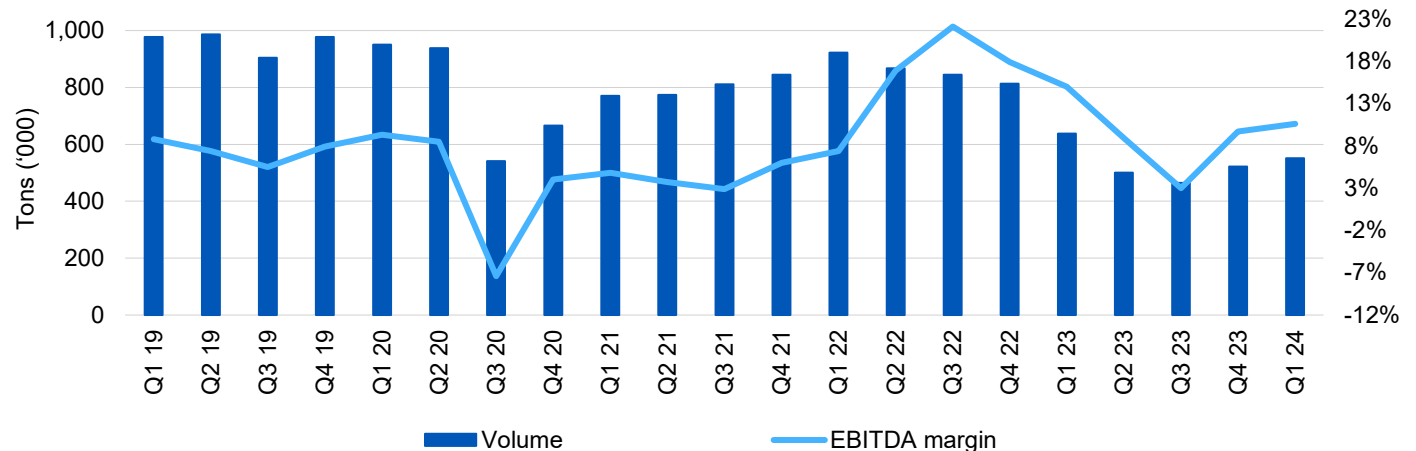
## Graphic papers



Sales tons +6%  
q-o-q\*\*

Selling price per ton  
-4% q-o-q\*\*

EBITDA\* margin  
10.6%



- Signs of a muted recovery
- Concluded closure of the Stockstadt Mill and subsequent carouselling of sales volumes to alternate assets
- Concluded consultation process for the closure of the Lanaken Mill
  - Production ceased December 2023



\* EBITDA excluding special items. Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q1 FY24 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

\*\* Q1 FY24 vs Q4 FY23.



# Regional segments

## Summary Q1 FY24

### Sappi Europe



Sales tons +5%  
q-o-q\*\*

Selling price per ton (EUR)  
-6% q-o-q\*\*

EBITDA\* margin  
4.9%

### Sappi North America



Sales tons -11%  
q-o-q\*\*

Selling price per ton (US\$)  
+4% q-o-q\*\*

EBITDA\* margin  
11.6%

### Sappi Southern Africa



Sales tons\*\*\* -17%  
q-o-q\*\*

Selling price per ton (ZAR)  
+2% q-o-q\*\*

EBITDA\* margin  
25.2%

\* EBITDA excluding special items. Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q1 FY24 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

\*\* Q1 FY24 vs Q4 FY23.

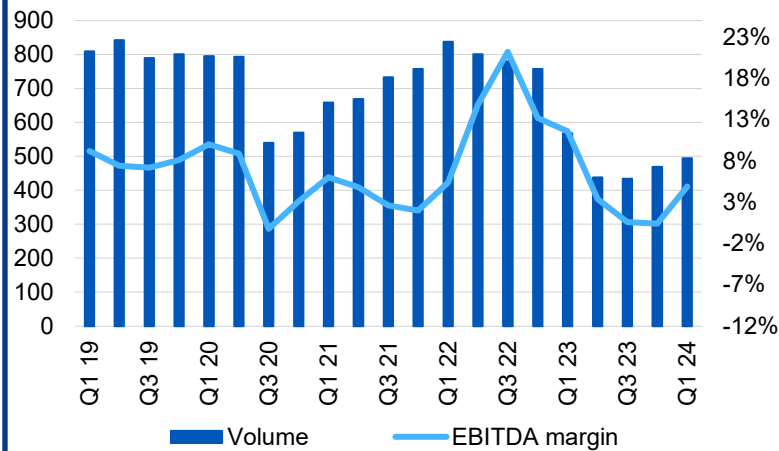
\*\*\* Sales tons and price per ton excludes forestry operations.

Note: Sappi Southern Africa's Q1 FY24 EBITDA excluding special items includes positive plantation price fair value adjustment of ZAR484 million.

# Regional segments continued

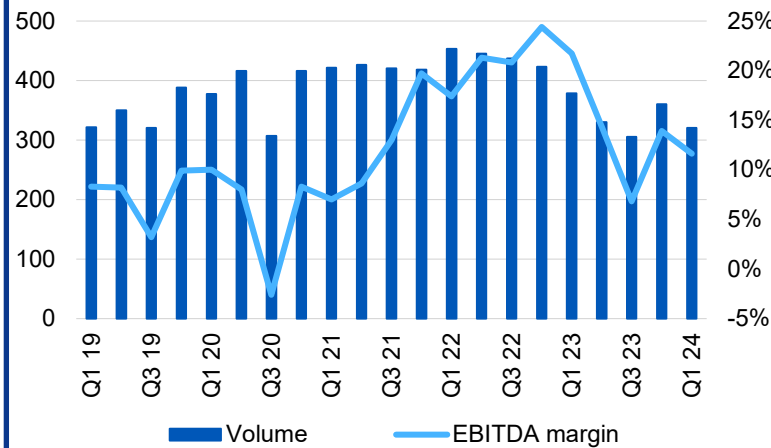
## Summary Q1 FY24

### Sappi Europe



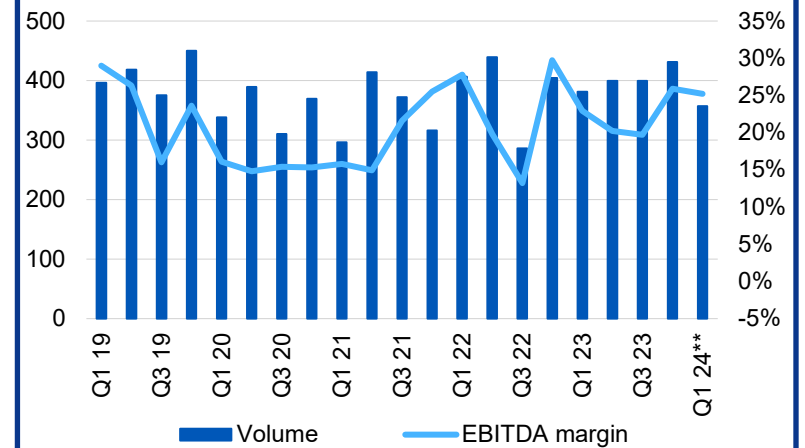
- Q-o-q improvement in underlying performance; includes once-off energy subsidy
- Stockstadt and Lanaken closure

### Sappi North America



- Solid performance
- Demand in paper markets continued to slowly recover

### Sappi Southern Africa



- Good performance despite negative impact of maintenance shuts
- Forestry valuation now included in EBITDA

\* EBITDA excluding special items. Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q4 FY23 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

\*\* Sappi Southern Africa's Q1 FY24 EBITDA excluding special items includes positive plantation price fair value adjustment of ZAR484 million.



# Our business strategy

## Thrive



### What this means

#### Drive operational excellence

- Strengthen our safety-first culture
- Continuously improve our cost position
- Continue to maximise the benefits of our global footprint
- Best-in-class production efficiencies

#### Enhance trust

- Improving our understanding of and proactively partnering with all stakeholders
- Driving sustainability solutions
- Meeting the changing needs of every Sappi employee

#### Grow our business

- Grow dissolving pulp (DP) capacity, matching market demand
- Continue to expand and grow packaging and speciality papers (P&SP) in all regions
- Further commercialisation of biotech opportunities
- Reduce exposure to declining graphic papers business

#### Sustain our financial health

- Target net debt: EBITDA<sup>(1)</sup> at 1.5x
- Reduce absolute debt level and improve EBITDA
- Optimise capital management
- Optimise debt maturity profile and finance charges

### Strategic objectives

- Achieve zero fatalities and at least a 10% reduction in LTIFR pa
- Maximise production outputs
- Gain cost advantage through a global footprint
- Optimise supply chain and customer service
- Increase forestry footprint in South Africa
- Improve pulp integration

- Progress towards science-based decarbonisation targets
- Implement the TCFD<sup>(2)</sup> recommendations
- Expand Supplier Code of Conduct
- Maintain forestry certification and BBBEE in SA
- Sustain and/or improve employee engagement
- Sustainability capex spend ~US\$70m per annum

- Continue to grow and optimise packaging and speciality papers
  - Label grades at Gratkorn Mill
  - Somerset Mill PM2 conversion & expansion from CWF to SBS
- Maximise DP volumes to capacity
- Reduce graphic papers exposure in Europe
- Continue to grow and advance biotech opportunities
  - Valida (micro fibrillated cellulose) and Furfural

- Focus on managing fixed and variable costs
- Optimise the graphic papers business
- Focus on maximising cash generation through efficient capex and working capital management
- Long-term target net debt of approximately US\$1bn
- SPH RCF renewed to 2027 with sustainability-linked KPIs

\* Earnings before interest, tax, depreciation and amortisation.

<sup>(1)</sup> EBITDA = EBITDA excluding special items.

<sup>(2)</sup> TCFD = Task Force on Climate-related Financial Disclosures.

ESG - Continuously rethinking what we do and how we do it

Our commitment to sustainable growth

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PLATINUM

Top 1%

2023

ecovadis

Sustainability Rating

Awarded **Platinum Level** in sustainability performance by independent rating agency **EcoVadis**

Sappi Forests

100% FSC- and PEFC-certified

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Validated **Science-Based GHG reduction** target

Corporate Responsibility

Prime

rated by

ISS-oekom

Rated **'Prime'** by **Oekom Research**, an improvement from C+ to **B-** (December 2022)

MSCI

ESG RATINGS

CCC B BB BBB A AA AAA

A

MSCI rating improved to **A** (May 2022)

CDP

DRIVING SUSTAINABLE ECONOMIES

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

2023 Annual Integrated Report

2023 TCFD Report

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Group Sustainability Report

2023

the dti

Department: Trade and Industry

REPUBLIC OF SOUTH AFRICA

BBBEE

Sappi Southern Africa is a **Level 1** broad-based black economic empowerment contributor (2024)

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# Outlook



# Outlook

## Demand

- We anticipate demand for many of our products will continue to be impacted by weak consumer sentiment and low economic growth
- Order activity for paper products is slowly improving
- DP demand robust

## Strategy

- We will complete the restructuring and closure of the Lanaken Mill during the second quarter and anticipate that reduced fixed costs and improved capacity utilisation in the remaining European assets will yield significant cost savings through the second half of the year

## Costs

- Cost inflation remains a risk as paper pulp prices are rising
- The Middle East conflict is impacting shipping routes which will likely increase logistics costs for the business

## Capital expenditure

- Capital expenditure for FY24 is estimated to be in the region of US\$500 million including ~US\$154 million for the Somerset Mill PM2 project

## Guidance for Q2 FY24

- Taking into account the protracted macroeconomic uncertainty, we anticipate that EBITDA for the second quarter of FY2024 will be similar to that of the first quarter



Thank you

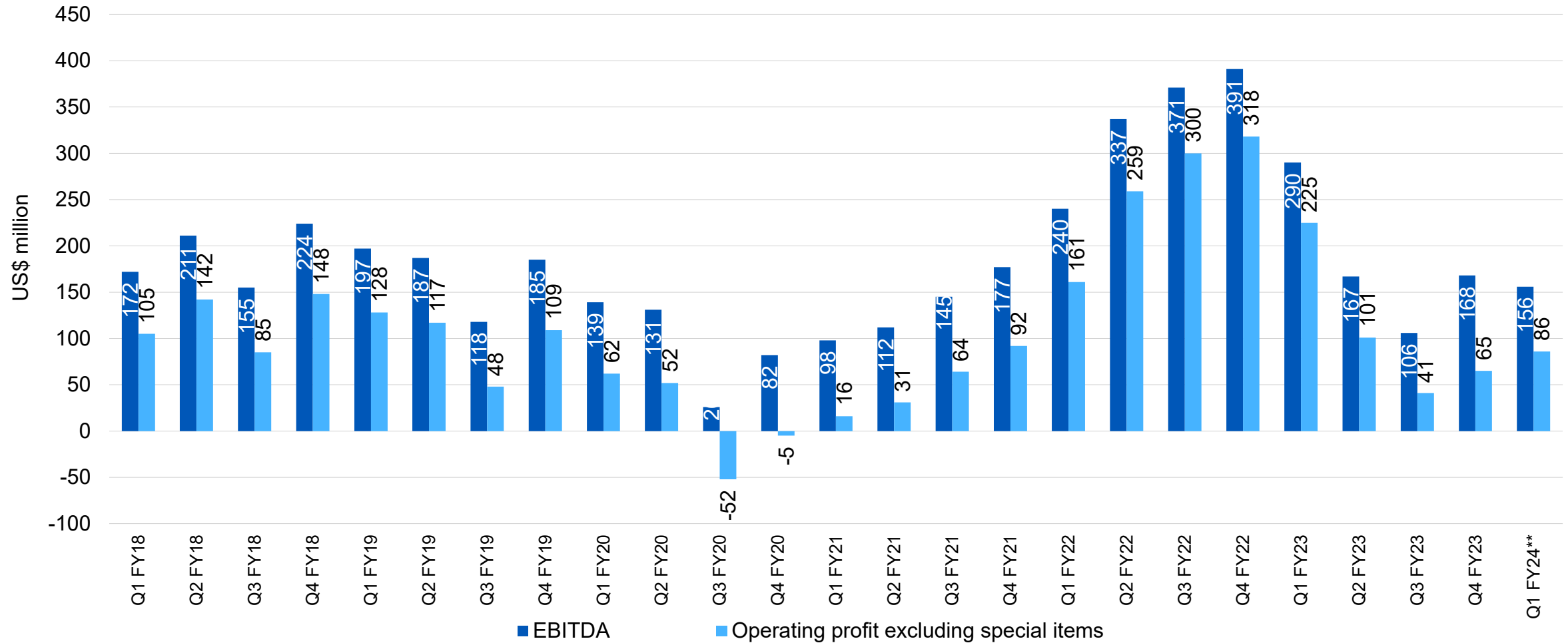




Supplementary  
information

# EBITDA and operating profit

## Excluding special items\*

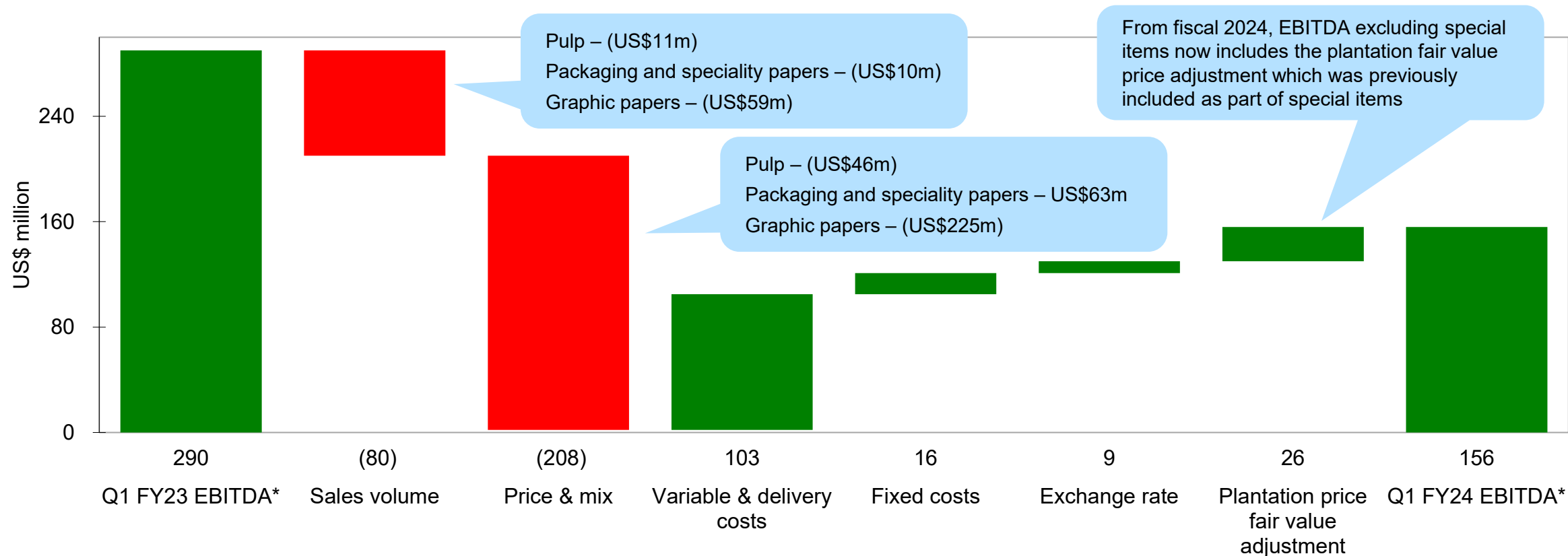


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\*\* EBITDA and operating profit excluding special items Includes positive plantation price fair value adjustment of US\$26 million.



# EBITDA\* reconciliation Q1 FY23 to Q1 FY24



1. The following variances were calculated, excluding Sappi Forestry – Sales volume, Price & mix, Variable & delivery costs and Fixed costs.  
2. Currency conversion reflects translation and transactional effect on consolidation.  
3. \* = Excluding special items.

# Packaging and speciality papers Production facilities

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## **Alfeld Mill** (Germany)

Flexible packaging, label paper, paperboard, silicone base paper, functional paper



## **Ehingen Mill** (Germany)

Containerboard



## **Rockwell Solutions** (Scotland)

Functional papers and flexible packaging, coated barrier film



## **Carmignano Mill** (Italy)

Flexible packaging paper, label paper, dye sublimation paper



## **Gratkorn Mill** (Austria)

Label paper



## **Somerset Mill** (United States)

Label paper, paperboard, flexible packaging



## **Cloquet Mill** (United States)

Label paper



## **Maastricht Mill** (Netherlands)

Paperboard



## **Tugela Mill** (South Africa)

Containerboard



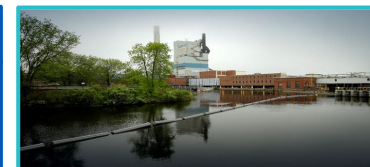
## **Condino Mill** (Italy)

Flexible packaging paper, silicone base paper, dye sublimation paper



## **Ngodwana Mill** (South Africa)

Containerboard



## **Westbrook Mill** (United States)

Casting and release paper





## Packaging papers



- Paperboard
- Flexible packaging
- Containerboard



## Speciality papers



- Label & self-adhesive
- Casting & release
- Dye sublimation
- Tissue



## Graphic papers



- Coated woodfree
- Coated mechanical
- Newsprint
- Office



## Pulp



- Dissolving pulp
- High-yield pulp
- Kraft pulp



## Biomaterials



- Biochemicals
- Fibrillated cellulose
- Lignin

	Q1 FY24	Q4 FY23	Q1 FY23
<b>Tons sold ('000)</b>	<b>494</b>	<b>469</b>	<b>568</b>
- <i>Packaging and speciality papers</i>	102	111	124
- <i>Graphic papers</i>	392	358	444
<b>Sales (EURm)</b>	<b>534</b>	<b>537</b>	<b>783</b>
Price/Ton (EUR)	1,081	1,145	1,379
Cost/Ton* (EUR)	1,077	1,252	1,250
<b>Operating profit excluding special items** (EURm)</b>	<b>2</b>	<b>(50)</b>	<b>73</b>
<b>EBITDA excluding special items** (EURm)</b>	<b>26</b>	<b>2</b>	<b>91</b>

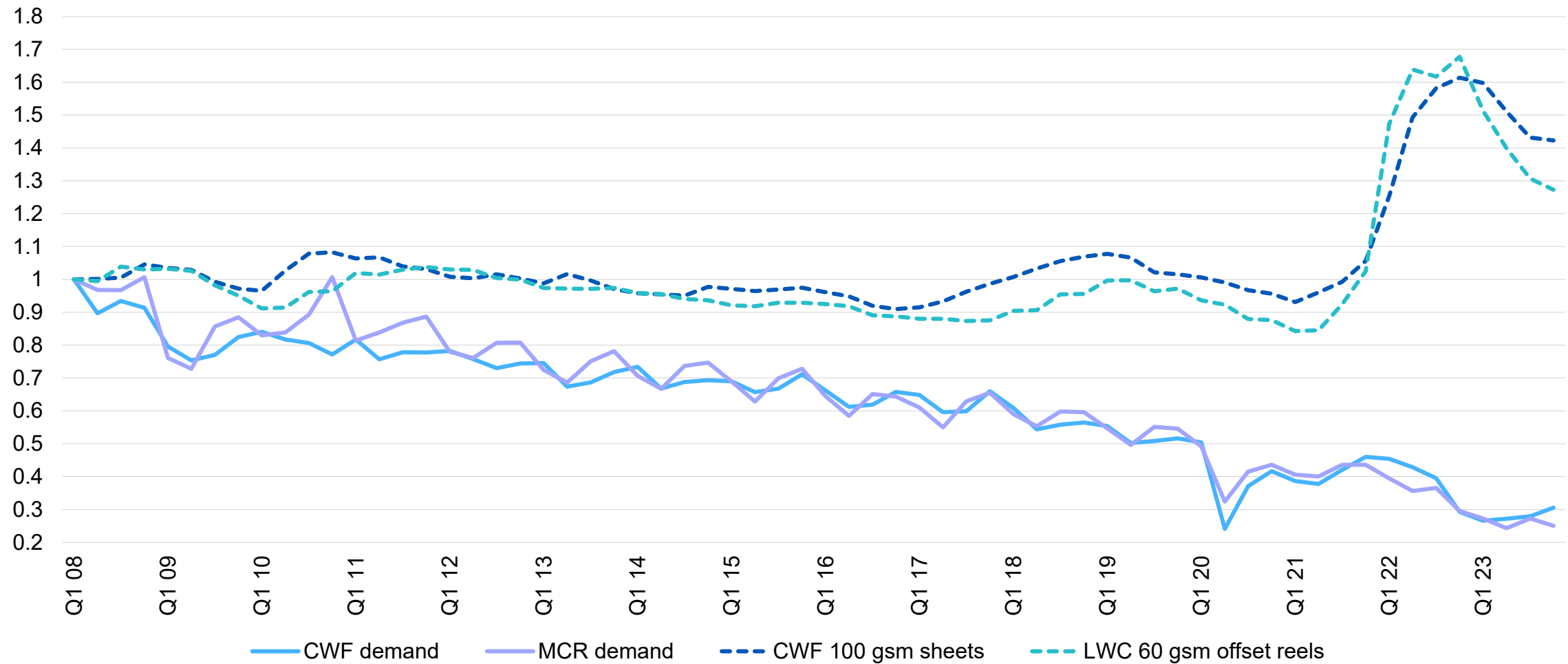
\* Sales less operating profit excluding special items divided by tons sold.

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Coated paper Deliveries and prices

Western Europe\*

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\* Western Europe shipments, including export.

Source: Cepifine, Cepiprint and RISI indexed to Q1 08.

	Q1 FY24	Q4 FY23	Q1 FY23
<b>Tons sold ('000)</b>	<b>320</b>	<b>360</b>	<b>378</b>
- Pulp*	104	142	114
- Packaging and speciality papers	95	90	111
- Graphic papers	121	128	153
<b>Sales (US\$m)</b>	<b>398</b>	<b>431</b>	<b>526</b>
Price/Ton (US\$)	1,244	1,197	1,392
Cost/Ton** (US\$)	1,172	1,094	1,151
<b>Operating profit excluding special items*** (US\$m)</b>	<b>23</b>	<b>37</b>	<b>91</b>
<b>EBITDA excluding special items*** (US\$m)</b>	<b>46</b>	<b>60</b>	<b>114</b>

\* Included in pulp volumes are BCTMP and kraft market pulp volumes of Q1 FY24 – 54 Kt, Q4 FY23 – 66 Kt and Q1 FY23 – 41 Kt.

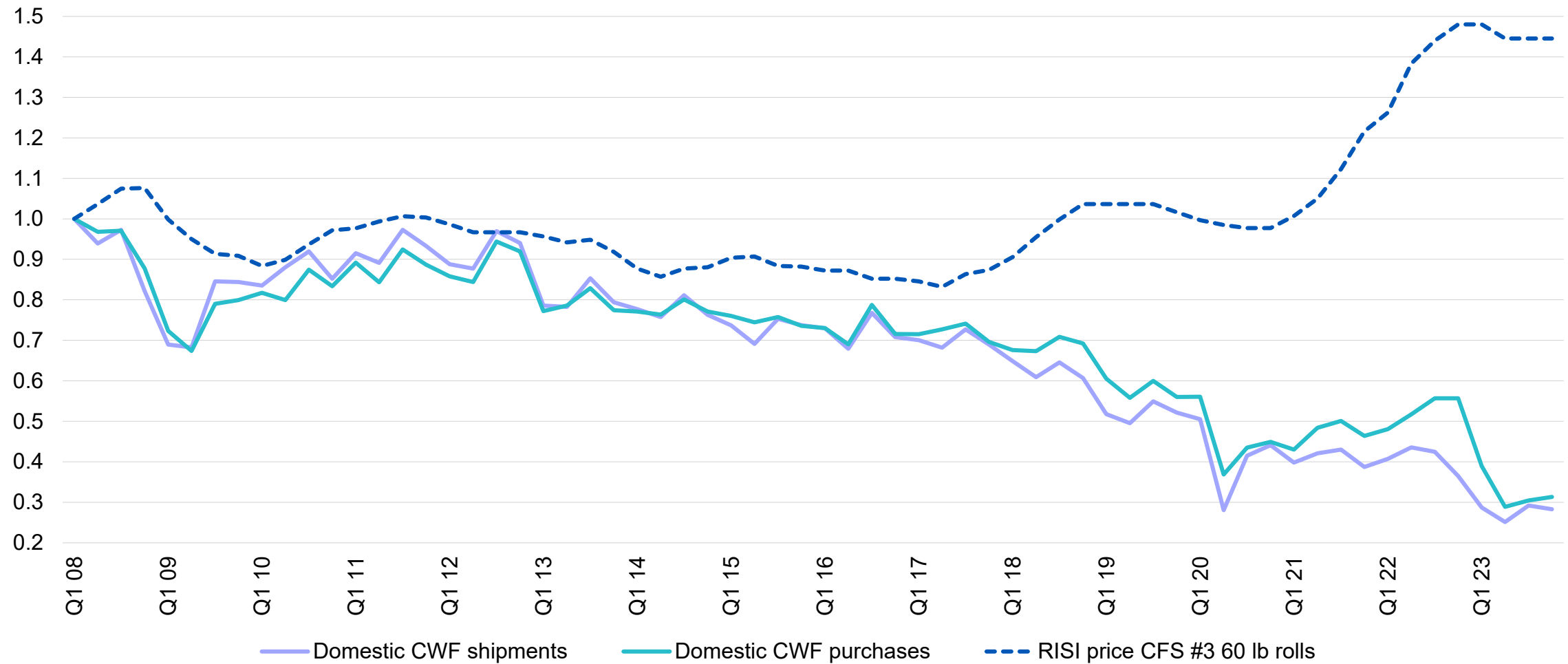
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# Coated paper Deliveries and prices

## United States\*



\* US industry purchases are defined as industry shipments plus imports, less exports.

Source: AF&PA and RISI indexed to Q1 08.

	Q1 FY24****	Q4 FY23	Q1 FY23
<b>Tons sold* ('000)</b>	<b>357</b>	<b>431</b>	<b>381</b>
- Pulp	231	272	243
- Packaging and speciality papers	88	123	97
- Graphic papers	38	36	41
<b>Sales* (ZARm)</b>	<b>5,749</b>	<b>6,817</b>	<b>6,250</b>
Price/Ton* (ZAR)	16,104	15,817	16,404
Cost/Ton** (ZAR)	12,955	12,508	13,493
<b>Operating profit excluding special items*** (ZARm)</b>	<b>1,124</b>	<b>1,426</b>	<b>1,109</b>
<b>EBITDA excluding special items*** (ZARm)</b>	<b>1,517</b>	<b>1,854</b>	<b>1,514</b>

\* Tons sold, sales and price per ton exclude forestry operations.

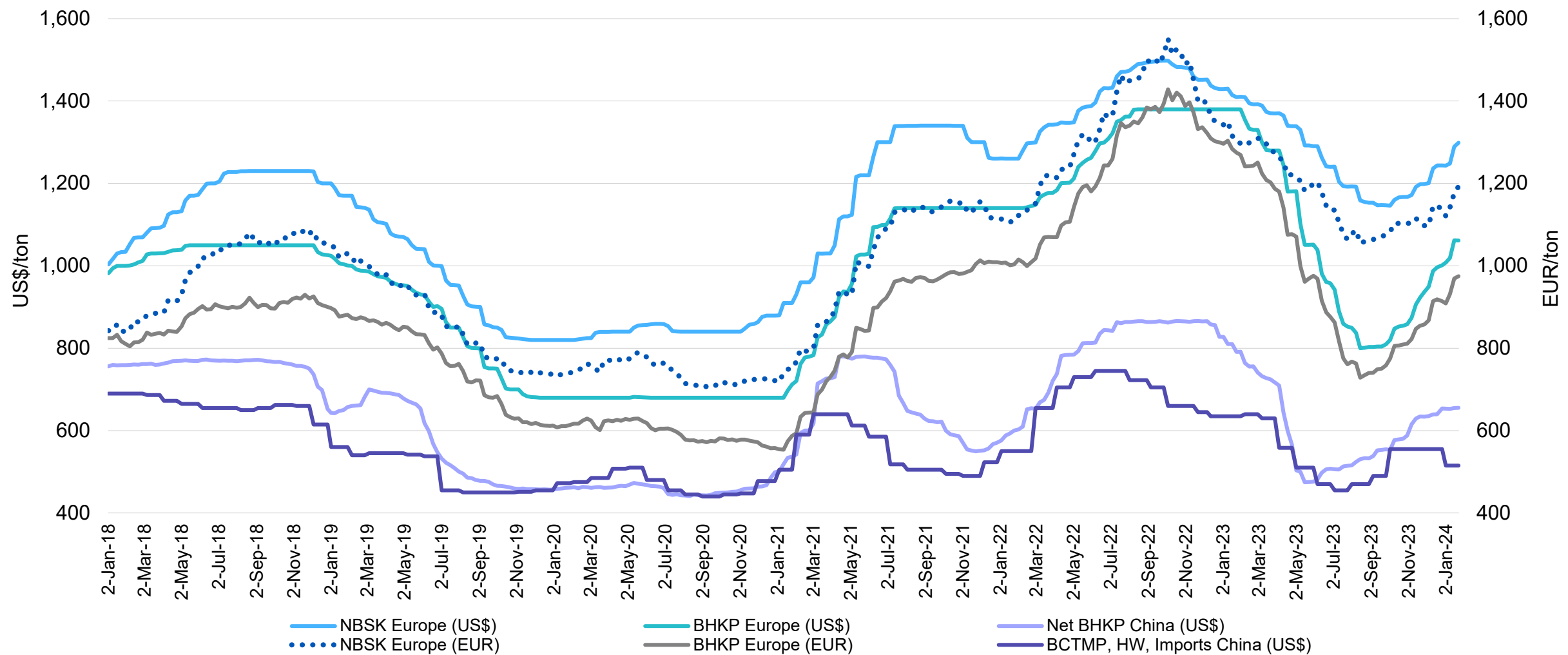
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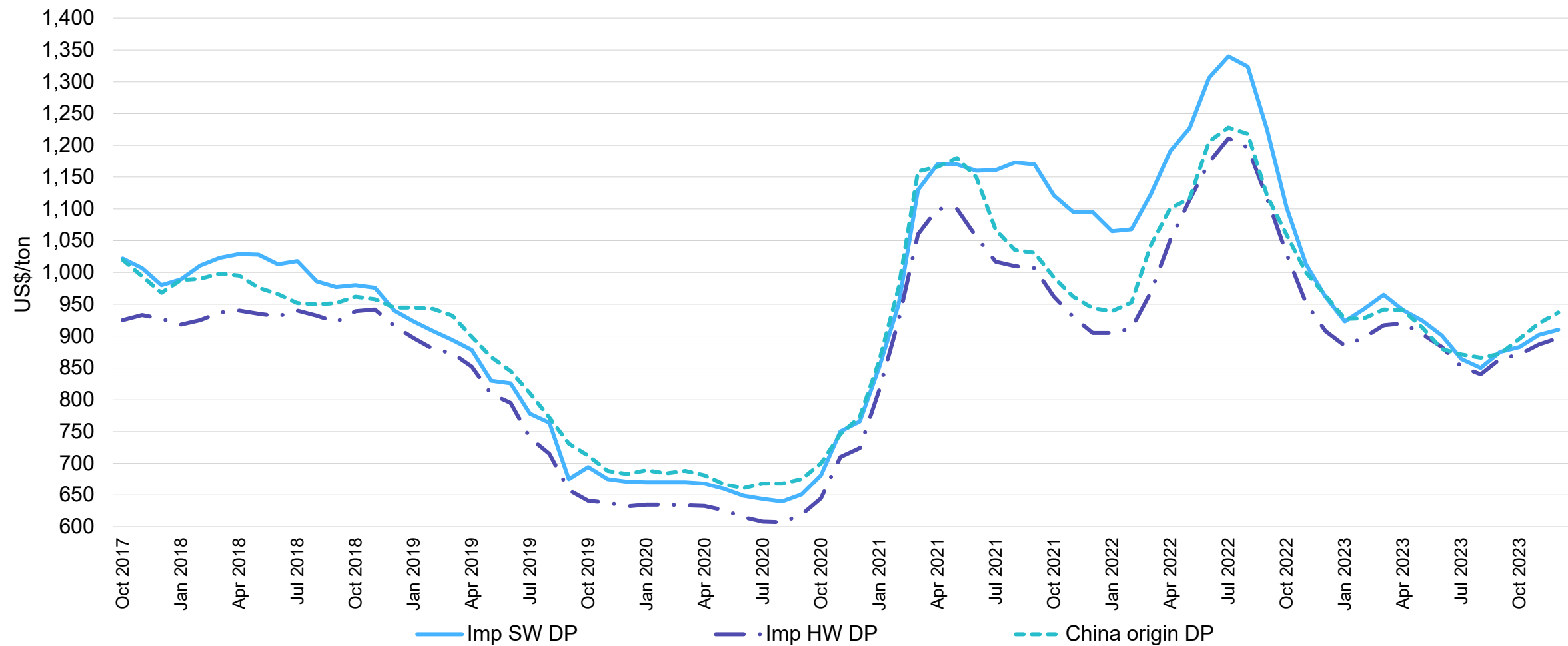


# Paper pulp Prices

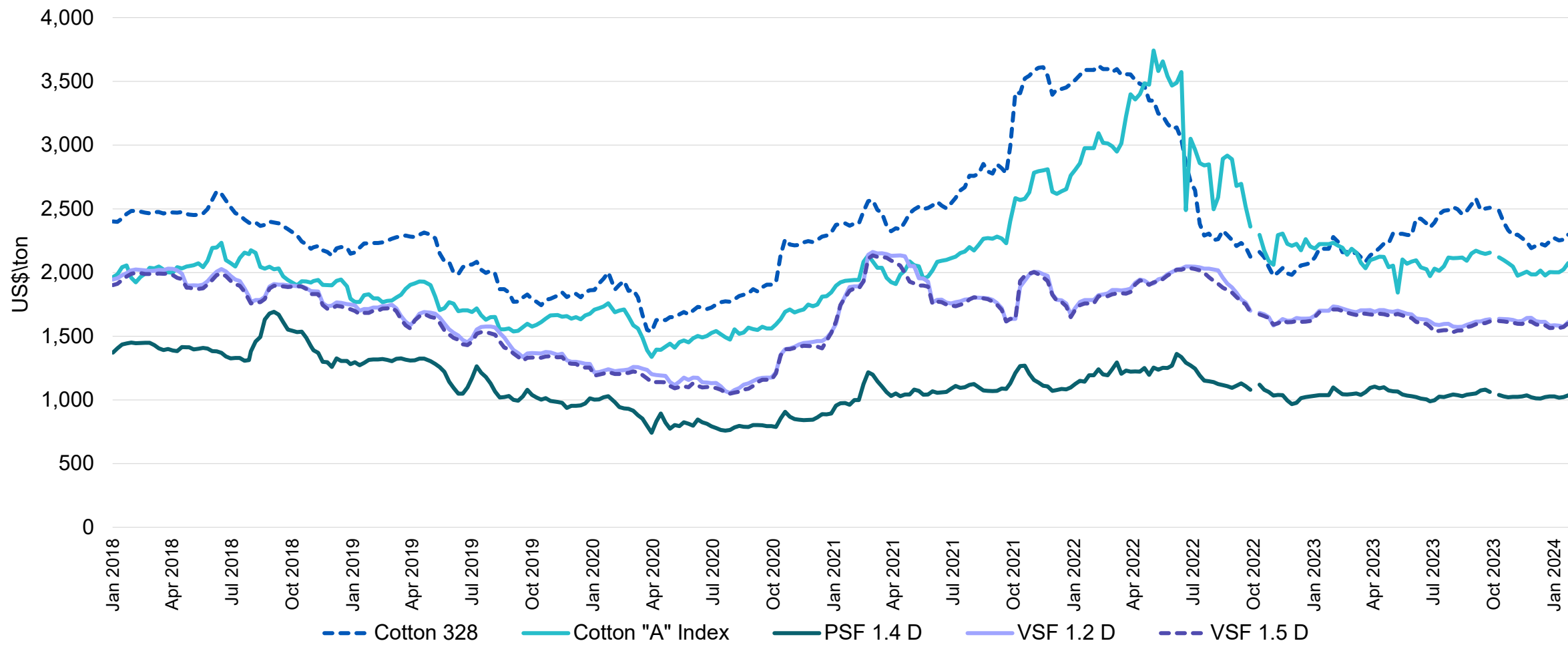


Source: FOEX, CCF group, RISI.

# Dissolving pulp Prices



Source: CCF Group.



US\$m	Q1 FY24	Q4 FY23	Q1 FY23
<b>Cash generated from operations</b>	<b>121</b>	<b>126</b>	<b>294</b>
Movement in working capital	(43)	164	(174)
Closure and restructuring costs paid	(43)	-	-
Finance costs paid	(13)	(23)	(39)
Finance income received	9	8	7
Taxation (paid) refund	(10)	(28)	(3)
<b>Cash generated from operating activities</b>	<b>21</b>	<b>247</b>	<b>85</b>
<b>Cash utilised in investing activities</b>	<b>(90)</b>	<b>(171)</b>	<b>(62)</b>
Capital expenditure	(75)	(179)	(58)
Proceeds on disposal of assets	1	5	-
Proceeds on held-for-sale assets	-	-	10
Other non-current asset movements	(16)	3	(14)
<b>Net cash generated (utilised)</b>	<b>(69)</b>	<b>76</b>	<b>23</b>

# EBITDA and operating profit

## Excluding special items\* reconciliation to reported operating profit

US\$m	Q1 FY24**	Q4 FY23	Q1 FY23
<b>EBITDA excluding special items*</b>	<b>156</b>	<b>168</b>	<b>290</b>
Depreciation and amortisation	(70)	(103)	(65)
<b>Operating profit excluding special items*</b>	<b>86</b>	<b>65</b>	<b>225</b>
<b>Special items* – gains (losses)</b>	<b>(179)</b>	<b>(80)</b>	<b>6</b>
Plantation price fair value adjustment	-	85	6
Net restructuring provisions	(136)	(77)	-
Profit (loss) on disposal and written off assets	1	3	-
Asset impairments	(2)	(233)	-
Reversal of loss of held-for-sale assets	-	181	-
Profit (loss) on disposal of held-for-sale assets	-	-	(1)
Insurance recoveries	4	(2)	3
Fire, flood, storm and other events	(46)	(37)	(2)
<b>Operating profit</b>	<b>(93)</b>	<b>(15)</b>	<b>231</b>

\* EBITDA excluding special items. Refer to page 22 in our Q1 FY24 results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

\*\* Q1 FY24 EBITDA and operating profit excluding special items includes positive plantation price fair value adjustment of US\$26 million.

# Conversion and expansion of Somerset Mill PM2



thrive



- Conversion and expansion of Somerset Mill PM2 from 235,000 tons per annum CWF to 470,000 tons SBS
- Approved by the board on 09 November 2022



- Progressing well
- Start-up H2 FY25



- Aligned with Thrive strategy to reduce exposure to declining graphic papers markets and grow packaging and speciality papers
- North American demand for food service board and flexible packaging exceeds the current supply
- Significant growth opportunity as consumer demand for packaging shifts from plastic to paper
- Somerset Mill PM1 hybrid capability to produce both CWF and SBS provides maximum flexibility for optimising product mix during ramp up



- Project cost ~ US\$418 million
- Spend will be phased over three years
- FY24 – US\$154 million









# Who we are

## Sustainability is at the core of our business and work culture.

Every solution we create supports our goal to make everyday products more sustainable.

We know that the long-term sustainability of our business will only be ensured by delivering sustained value for our stakeholders.

We will be a sustainable business with an exciting future in woodfibre that provides relevant solutions, delivers enhanced value and is a trusted partner to all our stakeholders.





# Our approved science-based targets

sappi

## Our commitment

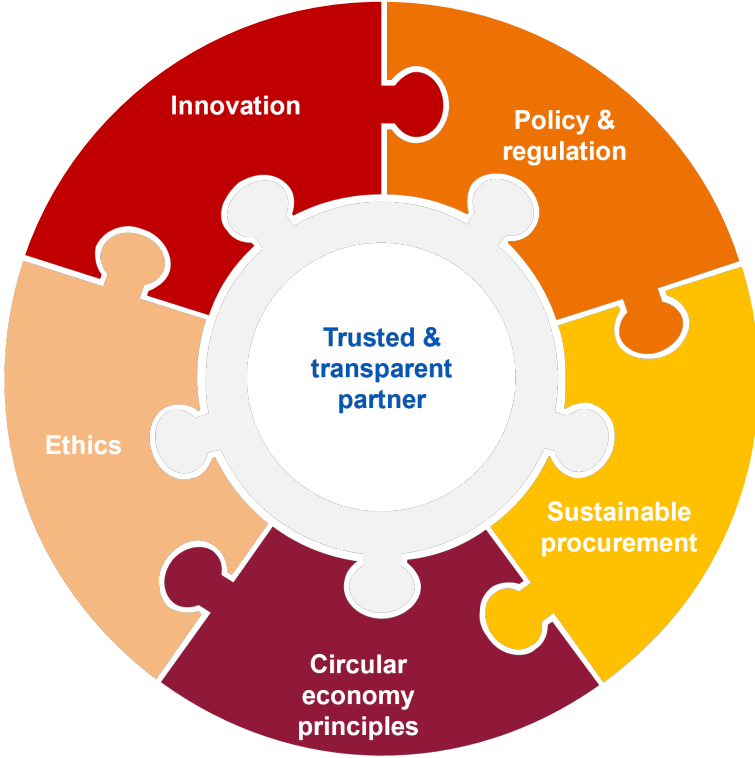
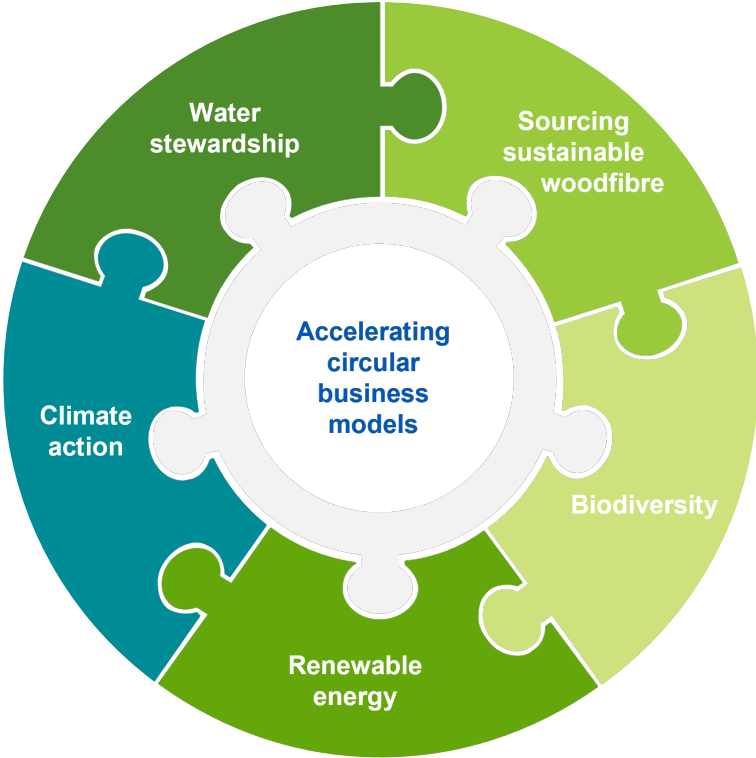
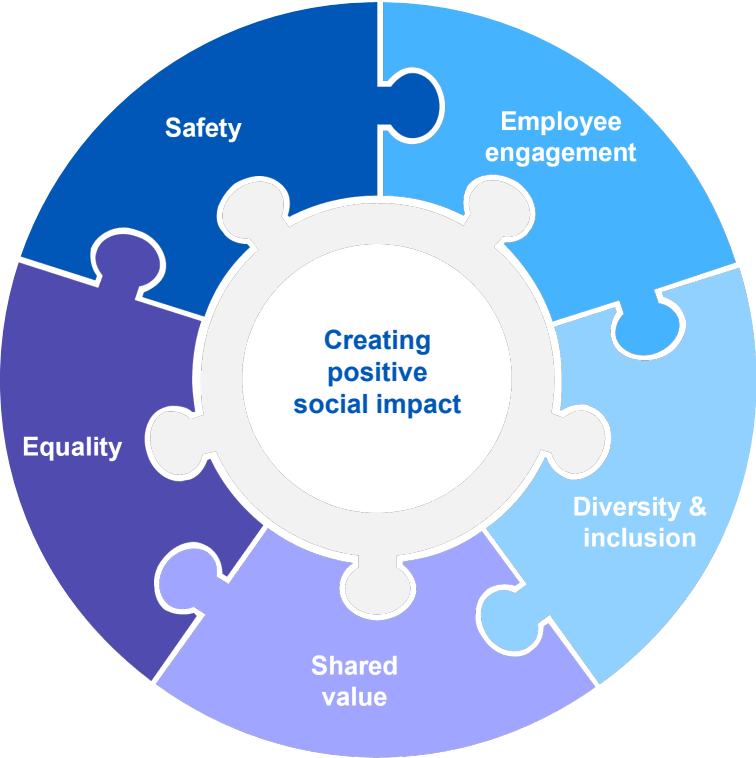
- Reduce Scope 1 and Scope 2 GHG emissions by 41.5% per ton of product by 2030 from a 2019 base year.\*
- 44% of our suppliers by spend will have science-based targets by 2026.

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

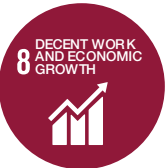




# Our Thrive sustainability commitments









SUSTAINABLE  
DEVELOPMENT  
GOALS



# 2025 Sustainability targets are aligned with United Nation's Sustainable Development Goals (SDGs)







What we need to achieve in Sappi Europe between 2021–2025\*:

7 AFFORDABLE AND CLEAN ENERGY 	<b>11%</b>	Pts increase share of renewable and clean energy	<b>5%</b>	Improvement in specific total energy (GJ/adt)	
8 DECENT WORK AND ECONOMIC GROWTH 	<b>10%</b>	year-on-year improvement Safety: Achieve zero harm in the workplace (LTIFR)	<b>80%</b>	Declared compliance with Sappi Supplier Code of Conduct	<b>5.8%</b> Pts increase in the proportion of women in management roles
8 DECENT WORK AND ECONOMIC GROWTH 	<b>WACC+2%</b>	Return on net operating assets (RONOA)	<b>&gt;85%</b>	Participation in employee engagement survey	<b>&gt;75%</b> Employees engaged with the business
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	<b>15</b>	Products launched with defined sustainability benefits	<b>5%</b>	Reduction in solid waste to landfill (ton/adt)	
13 CLIMATE ACTION 	<b>25%</b>	Reduction in GHG emissions (ton CO <sub>2</sub> eq/adt) (Scope 1+2 combined)			
15 LIFE ON LAND 	<b>&gt;78%</b>	Certified fibre input			

\* Our baseline year is FY19.

# 2025 Sustainability targets are aligned with United Nation's Sustainable Development Goals (SDGs)









What we need to achieve in Sappi North America between 2021–2025\*:

7 AFFORDABLE AND CLEAN ENERGY 	<b>Within 5% of baseline or higher</b>	Share of renewable and clean energy Baseline = 79.1%	<b>5%</b>	Improvement in specific total energy (GJ/adt)	
8 DECENT WORK AND ECONOMIC GROWTH 	<b>10%</b>	year-on-year improvement Safety: Achieve zero harm in the workplace (LTIFR)	<b>80%</b>	Declared compliance with Sappi Supplier Code of Conduct	<b>4%</b> Pts increase in the proportion of women in management roles
8 DECENT WORK AND ECONOMIC GROWTH 	<b>WACC+2%</b>	Return on net operating assets (RONOA)	<b>&gt;85%</b>	Participation in employee engagement survey	<b>&gt;75%</b> Employees engaged with the business
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	<b>5</b>	Products launched with defined sustainability benefits	<b>10%</b>	Reduction in solid waste to landfill (ton/adt)	
13 CLIMATE ACTION 	<b>5%</b>	Reduction in GHG emissions (ton CO <sub>2</sub> eq/adt) (Scope 1+2 combined)			
15 LIFE ON LAND 	<b>&gt;55%</b>	Certified fibre input			

\* Our baseline year is FY19.

# 2025 Sustainability targets are aligned with United Nation's Sustainable Development Goals (SDGs)

What we need to achieve in Sappi Southern Africa between 2021–2025\*:

	<b>7%</b>	Pts increase share of renewable and clean energy	<b>9%</b>	Improvement in specific total energy (GJ/adt)	
	<b>10%</b>	year-on-year improvement Safety: Achieve zero harm in the workplace (LTIFR)	<b>80%</b>	Declared compliance with Sappi Supplier Code of Conduct	<b>3.1%</b> Pts increase in the proportion of women in management roles
	<b>WACC+2%</b>	Return on net operating assets (RONOA)	<b>&gt;85%</b>	Participation in employee engagement survey	<b>&gt;75%</b> Employees engaged with the business
	<b>5</b>	Products launched with defined sustainability benefits	<b>24%</b>	Reduction in solid waste to landfill (ton/adt)	
	<b>20%</b>	Reduction in GHG emissions (ton CO <sub>2</sub> eq/adt) (Scope 1+2 combined)	<b>21%</b>	Reduction in specific purchased fossil energy	
	<b>&gt;82%</b>	Certified fibre input	<b>10%</b>	Biodiversity improvement on our own forestry landholdings	<b>&gt;4 Mt</b> Sustainable annual growth in our plantations
	<b>23%</b>	Reduction in specific water use		<b>Level 1</b> BBBEE contributor status	

\* Our baseline year is FY19.

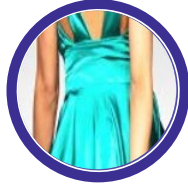
# Innovative R&D focus

## Unlocking the full potential of each tree

**Graphic papers**  
**Packaging and speciality papers**  
Commercial print and publishing  
Product packaging  
Technical papers



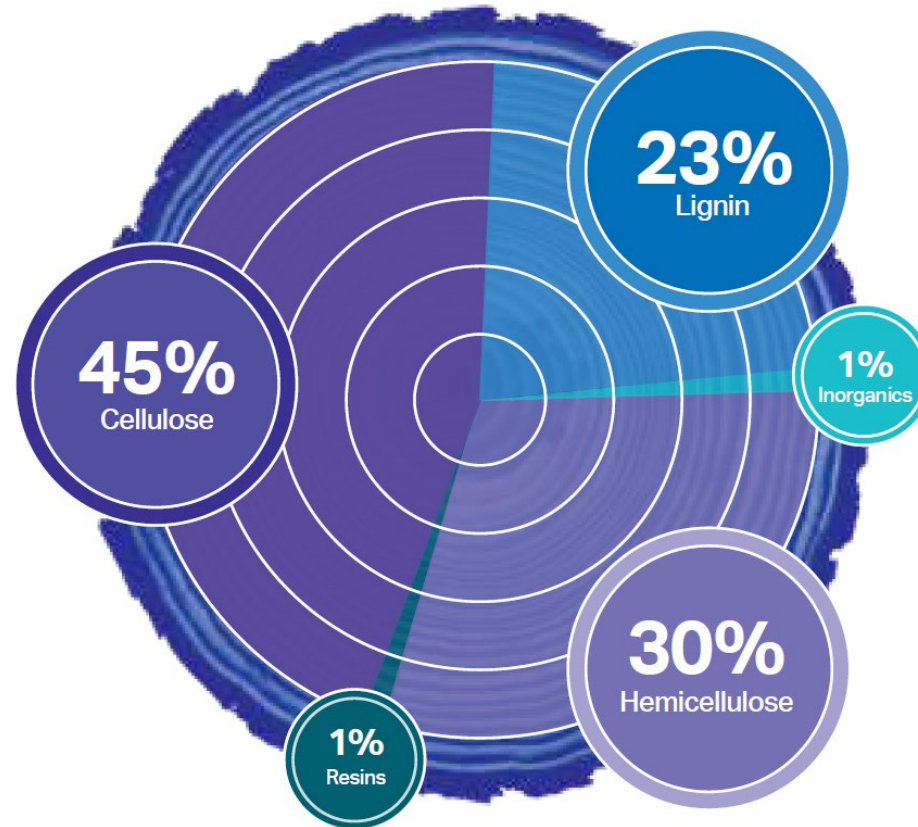
**Dissolving pulp**  
Textiles  
Pharmaceuticals  
Foodstuffs



**Nanocellulose**  
Reinforcing agent  
Control release agent  
Viscosity modifier



**Casting and release papers**  
Textures for materials  
Functional films  
Automotive wraps



**Chemicals from lignin**  
Binding agent  
Dispersion agent  
Emulsion stabiliser



**Extraction and beneficiation of C5 sugars**  
Xylose  
Xylitol  
Furfural

Thank you

