SAPPI SOUTHERN AFRICA LIMITED

(Incorporated in the Republic of South Africa with limited liability under registration number 1951/003180/06)

INFORMATION STATEMENT
in respect of the
ZAR5,000,000,000
DOMESTIC MEDIUM TERM NOTE PROGRAMME

Sappi Southern Africa Limited (**Sappi**, or the **Issuer**) intends from time to time to issue notes (the **Notes**) under the ZAR5,000,000,000 Domestic Medium Term Note Programme (the **Programme**) pursuant to a programme memorandum dated 22 June 2011 which was subsequently amended and restated by various programme memoranda dated 13 September 2013, 23 November 2018 and 12 August 2021, as amended and restated from time to time (collectively, the **Programme Memorandum**).

The Notes may be issued on a continuing basis and be placed by one or more of the Dealer(s) specified in the section headed "*Summary of Programme*" under the Programme Memorandum and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.

The specific aggregate nominal amount (the **Nominal Amount**), the status, maturity, interest rate, or interest rate formula and dates of payment of interest, purchase price to be paid to the Issuer, any terms for redemption or other special terms, currency or currencies, form and denomination of Notes, information as to financial exchange listings and the names of the dealers or agents in connection with the sale of Notes being offered at a particular time will be set forth or referred to in the terms and conditions contained in the Programme Memorandum (the **Terms and Conditions**), read together with the pricing supplement applicable to any Notes (the **Applicable Pricing Supplement**).

Availability of Information

This information statement (this **Information Statement**) **is also available on the Issuer's website at https://www.sappi.com/bond-and-insurance-captive-reporting-requirements# .**

Other than as set out in the Programme Memorandum and this Information Statement, any other information on the Issuer's website is not intended to be incorporated by reference into this Information Statement. Only those documents which are incorporated by reference in the section headed "*Documents Incorporated by Reference*" in the Programme Memorandum should be relied upon for information in respect of the Programme and/or the subscription for the Notes.

Recipients of this Information Statement should retain it for future reference. It is intended that the Programme Memorandum, read together with the Applicable Pricing Supplement(s) in connection with the issuance of Notes, will refer to this Information Statement for a description of the Issuer, its directors, company secretary, corporate governance, financial conditions and results of operations (if any) and risk factors related to the Issuer, until a new information statement is issued. This Information Statement is not intended, and should not be construed as, the Programme Memorandum and/or the Applicable Pricing Supplement(s). It is not a standalone document and cannot be read without reference to the Programme Memorandum and/or the Applicable Pricing Supplement(s).

Information Statement dated 22 March 2023 (the **Information Statement Date**).

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GENERAL

Capitalised terms used in this section headed "General" shall bear the same meanings as defined in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer certifies that to the best of their knowledge and belief there are no facts that have been omitted from this Information Statement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, and that this Information Statement contains all information required by law and the Debt Listings Requirements of the JSE Limited (the **JSE**). The Issuer accept full responsibility for the accuracy of the information contained in this Information Statement.

The JSE takes no responsibility for the contents of this Information Statement, Programme Memorandum, the published audited annual financial statements, the annual reports, the constitutional documents of the Issuer, the Applicable Pricing Supplement(s) and any amendments or supplements to the aforementioned documents. The JSE makes no representation as to the accuracy or completeness of this Information Statement, the Programme Memorandum, the published audited annual financial statements, the annual reports and the Applicable Pricing Supplement(s) and any amendments or supplements to the aforementioned documents and the JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the registration of this Information Statement, the Programme Memorandum and listing of the Notes is not to be taken in any way as an indication of the merits of the Issuer or of the Notes and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

In addition, the Issuer, having made all reasonable inquiries, confirm that this Information Statement contains or incorporates all information which is material in relation to the issuing and the offering of the Notes, that all information contained or incorporated in this Information Statement is true and accurate in all material respects and that the opinions and the intentions expressed in this Information Statement are honestly held and that there are no other facts, the omission of which, would make this Information Statement or any of such information or expression of any such opinions or intentions misleading in any material respect.

The Arranger, the Dealers, the JSE Debt Sponsor or any of their respective subsidiaries or holding companies or a subsidiary of their holding companies (**Affiliates**) and the professional advisors have not separately verified the information contained in this Information Statement. Accordingly, no representation, warranty or undertaking, expressed or implied is made and no responsibility is accepted by the Arranger(s), Dealers, the JSE Debt Sponsor, their Affiliates or any of the professional advisors as to the accuracy or completeness of the information contained in this Information Statement or any other information provided by the Issuer. None of the Arranger(s), Dealers, the JSE Debt Sponsor, their Affiliates nor any of the professional advisors accepts any liability in relation to the information contained in this Information Statement or any other information provided by the Issuer connection with the Notes. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Statement or any other information supplied in connection with the issue and sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors. Neither the delivery of this Information Statement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the Information Statement Date, or that any other financial statement or other information supplied in connection with the Information Statement is correct at any time subsequent to the date indicated in the document containing the same.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes the rendering of financial or investment advice by or on behalf of the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or any professional advisor.

This Information Statement and any other information supplied in connection with the Notes is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or any professional advisor, that any recipient of this Information Statement should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each potential investor should consult its own advisors to make its investment decision and to determine whether it is legally permitted to purchase the Notes under Applicable Laws and regulations.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors to any person to subscribe for or to purchase any Notes.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuer, the Arranger(s), Dealers, the JSE Debt Sponsor, their Affiliates nor any professional advisor, represents that this Information Statement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available there under, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Statement nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. The Arranger(s) or the Dealers has represented that all offers and sales by them will be made on the same terms and in compliance with this prohibition.

The distribution of this Information Statement and the offer for the subscription or sale of Notes may be restricted by law in certain jurisdictions. Currently, the Notes are only available for subscription by South African residents. Persons into whose possession this Information Statement or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Information Statement and the offer for the subscription or sale of Notes in the United States of America, the European Economic Area, the United Kingdom and South Africa.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold in the United States of America or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act (**Regulation S**)). The Notes will be offered and sold only in offshore transactions outside the United States of America in accordance with Regulation S and, subject to certain exceptions, may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, US Persons.

Information and opinions presented in the Information Statement were obtained or derived from public sources that the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors believe are reliable but make no representations as to the accuracy or completeness thereof. Any opinions, forecasts or estimates (if any) herein constitute a judgment as at the Information Statement Date. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, express or implied is made regarding future performance. The price, value of and income from any of the securities or financial instruments mentioned in this Information Statement (if any) can fall as well as rise. Any opinions expressed in this Information Statement are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors as a result of using different assumptions and criteria. Furthermore, the Arranger(s) or the Dealers (and their respective directors, employees, representatives and agents), the JSE Debt Sponsor, their Affiliates or any professional advisors accept no liability for any direct or indirect loss or damage incurred arising from the use of the material presented in this Information Statement, except as provided for by law.

All trademarks, service marks and logos used in this Information Statement are trademarks or service marks or registered trademarks or service marks of the Issuer. This Information Statement may not be reproduced without the prior written consent of the Issuer, the Arranger(s) or Dealers. It may not be considered as advice, a recommendation or an offer to enter into or conclude any transactions.

Copies of this Information Statement are available by request from the registered offices of the Issuer.

INVESTOR CONSIDERATIONS/RISK FACTORS

Capitalised terms used in this section headed "Investor Considerations/Risk Factors" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information available to it at the Information Statement Date, or which it may not be able to anticipate at the Information Statement Date. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in the Programme Memorandum to reach their own views prior to making any investment decision.

References below to the "Terms and Conditions", in relation to Notes, shall mean the "Terms and Conditions of the Notes" set out under the section of the Programme Memorandum headed "Terms and Conditions of the Notes".

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

Material Risks relating to the Issuer's Business

In addition to other information in our annual report, investors should carefully consider the following factors before deciding to invest. The following summary is dated 6 December 2022 and describes many of the risks that could affect the Sappi Southern Africa Group. However, the risks and uncertainties our company faces are not limited to those described below. There may be additional risks that we do not know of or deem immaterial based on information available to us at the Information Statement Date that may also adversely affect our business. Our business, financial condition and results of operations could be materially adversely affected by any of these risks.

Risks related to our business.

Our indebtedness may impair our financial and operating flexibility.

Our level of indebtedness and the terms of our indebtedness could negatively affect our business and liquidity. As of September 2022, our net interest-bearing debt is US$1,163 million. While reduction of our indebtedness is one of our priorities, opportunities to grow our businesses will continue to be evaluated, and the financing of any future acquisition or capital investment may include the incurrence of additional indebtedness.

We recognise that global macroeconomic volatility and uncertainty remain significant risks to our business and have therefore set a new long-term strategic objective to target net debt of approximately US$1 billion. This lower debt level will provide more flexibility to withstand market downturns and, combined with strong anticipated future cash generation, should provide sufficient opportunity to fund growth in our targeted market segments.

The level of our debt may have significant consequences for our business, including:

- Making it more difficult for us to satisfy our obligations;
- Limiting our ability to obtain additional financing, which could restrict, among other things, our ability to exploit growth opportunities;

- Diverting a substantial portion of our cash flow from operations to meet debt service obligations;
- Exposing us to increases in interest rates because a portion of our debt bears interest at variable rates;
- Placing us at a competitive disadvantage to certain of our competitors with lower levels of indebtedness;
- Increasing our vulnerability to economic downturns and adverse changes in our business;
- Limiting our ability to withstand competitive pressure, and
- Restricting the activities of certain group companies under the covenants and conditions contained in certain of our financing arrangements.

Our ability to refinance our debt or incur additional debt, the terms of our existing and additional debt and our liquidity could be affected by several adverse developments, including because of turmoil in debt and other financial markets, which could result in tight credit restrictions and credit being available at higher cost.

Since 2006, the Sappi Group's credit ratings have been downgraded to sub-investment grade by Standard & Poor's (S&P) and Moody's Investor Service. Moody's Investor Service affirmed our credit rating in December 2020 as 'Ba2' but subsequently changed its outlook to 'negative'. Adverse developments in our credit ratings or in financial markets, including the negative impacts of the ongoing Covid-19 pandemic or renewed turmoil in the European sovereign debt markets, any further downgrades in South African government bonds or deterioration of general economic conditions, may affect our credit ratings or negatively impact our ability to incur additional debt as well as the amount and terms of the debt we are able to issue.

Our liquidity will be adversely affected if we must repay all or a portion of our maturing debt from available cash or through use of our existing liquidity facilities. In addition, our results of operations could be adversely impacted to the extent the terms of the debt we are able to issue are less favourable than the terms of the debt being refinanced. We may also need to agree to stricter covenants that place additional restrictions on our business. In addition, a portion of our debt bears interest at a variable rate. Fluctuations in the applicable rates may increase our overall interest expenses and have a material adverse effect on our ability to service our debt obligations.

We are subject to South African exchange controls, which may restrict the transfer of funds directly or indirectly between our subsidiaries or between the parent company and our subsidiaries and can restrict activities of our subsidiaries. We may also incur tax costs in connection with these transfers of funds. These exchange controls have affected the geographic distribution of our debt. As a result, acquisitions in North America and Europe have typically been financed with indebtedness incurred by our subsidiaries in those regions. Consequently, our ability or the ability of any of our subsidiaries to make scheduled payments on debt will depend on financial and operating performance, which will depend on various factors beyond our control, such as prevailing economic and competitive conditions. If we, or any of our subsidiaries, are unable to achieve operating results or otherwise obtain access to funds sufficient to enable us to meet our debt service obligations, we could face substantial liquidity problems. As a result, we might need to delay investments or dispose of material assets or operations. The timing of and the proceeds to be realised from any such disposition would depend upon the circumstances at the time.

We require a significant amount of financing to fund our business and our ability to generate sufficient cash depends on many factors, some of which are beyond our control.

Our ability to fund our working capital, capital expenditure and research and development requirements, to engage in future acquisitions, to make payments on our debt, to fund post-retirement benefit programmes and to pay dividends depends upon our future operating performance. Our principal sources of liquidity are cash generated from operations and availability under our credit facilities and other debt arrangements. Our ability to generate cash depends, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control.

Our cash flow from operations may be adversely impacted by a downturn in worldwide economic conditions, which could result in a decline in global demand for our products.

Our business may not generate sufficient cash flow from operations and additional debt and equity financing may not be available to us in a sufficient amount to enable us to meet our liquidity needs. If our future cash flows from operations and other capital resources are insufficient to fund our liquidity needs, we may be required to obtain additional debt or equity financing, refinance our indebtedness or reduce or delay our capital expenditures and research and development investments. We may not be able to secure such alternative funding resources on a timely basis or on satisfactory terms. The failure to do so could have a material adverse effect on our business, results of operations and financial condition.

We may not be successful in implementing, or may not realise all the expected benefits from, our strategic initiatives.

As part of our overall business strategy, we are implementing strategic initiatives to improve profitability, including high-cost capacity reductions and other cost-saving projects, as well as measures to increase production capacity and enhance productivity and investment in our dissolving pulp business and higher margin packaging and speciality papers business.

For example, in fiscal 2020 we acquired the Matane Hardwood Pulp Mill from Rayonier Advanced Materials Inc. for US$160 million.

The project to expand the Saiccor Mill capacity was impacted negatively by Covid-19 lockdowns and associated travel restrictions, which delayed the project schedule. Commissioning of the plant began during the fourth quarter of 2021 and additional production commenced during the 2022 financial year. As we increase production capacity and enhance productivity in the dissolving pulp product category, our exposure to the dissolving pulp market may grow.

On 29 September 2022, we signed an agreement with Aurelius Investment Lux One S.à.r.l. to divest the Maastricht Mill in the Netherlands, the Stockstadt Mill in Germany, and the Kirkniemi Mill in Finland. The decision was taken following a detailed and thorough strategic review and will significantly reduce our exposure to graphic papers markets. The sale will be subject to various standard suspensive conditions and is anticipated to close in the second financial quarter of 2023. The enterprise value of the transaction amounts to approximately €272 million. The proceeds will be used to reduce debt further, which will provide a platform for future expansion in our identified growth market segments.

Any future growth, cost savings or productivity enhancements that we realise from such efforts may differ materially from our estimates, or we may not be able to implement successfully part or all of our initiatives. The benefit of cost savings or productivity enhancements that we realize may be offset, in whole or in part, by reductions in pricing or volume, or through increases in other expenses, including raw material, energy or personnel, or the demand for our products may decline.

There can be no assurance that any initiatives will be completed as anticipated or that the benefits we expect from any strategic initiative will be achieved on a timely basis or at all.

In executing our strategy, we carry out several capital expenditure projects, which, if delivered late, over budget or without achieving the projected quality improvements, capacity increases or cost reductions, could materially adversely affect our results of operations, competitiveness and financial position.

During fiscal 2022, capital expenditure amounted to US$368 million. There is a risk that capital expenditure projects may not be completed on time; may not deliver the expected quality improvements, capacity increases or cost reductions or may exceed the allocated capital budget. Such effects may result from factors such as supplier performance and skill levels, ineffective project management and controls or delays in achieving customer acceptance. Any such delays, cost overruns or failures to deliver expected performance could impact our projects' financial return metrics, hamper our normal operations, delay our products' path to market, cause us to lose market share or may adversely affect our results of operations, competitiveness and financial position.

Continued volatility in equity markets and continuing low yields or increased rates of default in the bond markets could adversely affect the funded status and funding needs of our post-employment defined benefit funds.

Several global economic factors currently make the general outlook for the forthcoming fiscal years uncertain. The equity and bond markets (including sovereign debt markets) have been volatile and may remain volatile and move in uncertain and unusual ways in the forthcoming fiscal years leading to significant swings in the value of our assets and liabilities of our funded and unfunded defined benefit schemes.

Generally, but not always, rising corporate bond yields reduce our net balance sheet liabilities, whereas falling bond yields increase our net balance sheet liabilities. Volatility in our net balance sheet liabilities resulting from the relative change in the value of assets and liabilities may be further enhanced by investment strategies, resulting in exposure to various classes of assets.

Existing and potential changes in statutory minimum requirements may also affect the amount and timing of funding to be paid by us. Most funding requirements consider yields on assets such as government bonds or interbank interest rate swap curves, depending on the basis. Although statutory easements in the pace of funding on these bases have provided some contribution relief to us, as long as yields on these asset classes remain low, we expect to have to pay additional contributions to meet onerous minimum funding targets, which could adversely affect our financial position and results of operations.

In addition, our pension and post-retirement funds hold various bonds as part of their fund assets, including sovereign bonds issued by several Eurozone countries, Switzerland, South Africa, the United Kingdom and the United States of America, corporate bonds and sub-investment grade bonds. Any significant decline in value or default of such securities, including in the context of a renewed local or regional sovereign debt crisis or because of the economic impacts of a pandemic and associated governmental responses, could negatively affect the funded status of our post-employment defined benefit arrangements.

Fluctuations in the value of currencies, particularly the Rand and the Euro in relation to the US Dollar, have in the past had, and could in the future have, a significant impact on our results of operations.

Exchange rate fluctuations have in the past, and may, in the future, affect the competitiveness of our products in relation to the products of pulp and paper companies based in other countries.

Fluctuations in the exchange rate between currencies, particularly the Rand and Euro and, to a lesser extent, the Chinese Renminbi, in relation to the US Dollar, have in the past had, and could in the future have, a significant impact on our earnings, the competitiveness of our exports, the prices of imported competitors' products and the costs of our raw materials. Weaker Euro/US Dollar exchange rates, place pressure on our European business and a stronger Rand/US Dollar exchange rate may place margins under pressure on our Southern Africa segment, as this lowers the effective Rand pricing for dissolving pulp (which is priced in US Dollars). A weaker Renminbi compared to the US Dollar has in the past had, and may in the future have, an adverse impact on US Dollar dissolving pulp prices due to the role of the Chinese textile industry as the major global purchaser of dissolving pulp.

There are risks relating to the countries in which we operate that could adversely affect our business, results of operations and financial condition.

We own manufacturing operations in Europe, the United States, Canada and in South Africa and also own plantations in South Africa. We also sell our products to customers in various countries worldwide. As a result, our operations are subject to various economic, fiscal, monetary, regulatory, operational and political conditions. Our presence in these countries exposes us to risks such as material changes in laws and regulations, political, financial and social changes and instabilities, exchange controls, risks related to relationships with local partners and potential inconsistencies between commercial practices, regulations and business models in different countries.

In addition, our business may be impacted by reputational risks relating to our local partners. The occurrence of such events could adversely affect our business, results of operations and financial condition. In South Africa, for example, civil unrest has previously caused disruptions to raw material supplies and forced the temporary closure of some of our mills.

In South Africa, where we own and lease significant amounts of land (399,996 hectare) that supply our Sappi Forests operations, we are subject to claims for restitution of land under certain land reform initiatives, such as the Restitution of Land Rights Act, 1994. There has been a debate in South Africa surrounding proposals for expropriation of land without compensation, such as an amended draft Expropriation Bill. In addition to the Expropriation Bill, the governing party and several minority opposition parties are in favour of a Constitutional amendment relating to land reform, including expropriation without compensation in appropriate circumstances. Any change in such land reform policies or delays in processing land claims and approving settlements by the South African authorities may increase our costs and adversely affect our business, results of operations and financial condition.

Uncertainties relating to international trade policies, new tariffs and other trade measures may adversely affect our business, results of operations and financial condition.

A substantial proportion of the products we manufacture in our European, North American and Southern African operations are destined for export to other countries worldwide, particularly Asia. As a result, our business may be impacted by uncertainties related to international trade policies, such as the tariffs dispute between the United States and China. For example, in 2018, the US government imposed tariffs on a broad range of products imported into the United States from China and the European Union. In response to the tariffs imposed by the United States, the European Union and China announced tariffs on US goods and services. China has increased tariffs on the casting release paper made at our Westbrook Mill in the United States. As a result, our customers in China must pay such tariffs. Similarly, the products our customers make with our casting release paper are subject to tariffs upon entry into the United States. Any escalation of the trade dispute between the United States and China or the European Union and any corresponding tariffs, additional tariffs or other trade restrictions may adversely affect the price competitiveness of either our or our customers' products, increase costs or lead to reduced activity and investment levels in our or our customers' industries in general, which could adversely affect our business, results of operations and financial condition.

On 23 June 2016, a majority of voters in the United Kingdom opted to withdraw from the European Union in a national referendum and on 31 January 2020, the United Kingdom withdrew from the European Union (Brexit). On 24 December 2020, it was announced that a draft trade and cooperation agreement had been agreed between the United Kingdom government and the European Commission. This agreement was ratified on 30 December 2020 by the UK Parliament; had provisional application as of 1 January 2021, and has been approved by the European Parliament. Economic instability caused by Brexit could adversely affect our business, results of operations and financial condition. In addition, while barriers to trade between the United Kingdom and the European Union have increased because of Brexit, the United Kingdom may negotiate trade agreements with other countries, which could result in improved market access for our non-EU competitors and adversely affect our market share in the United Kingdom.

The inability to recover increasing input costs through increased prices of our products has had, and may in future, have an adverse impact on our profitability.

The selling prices of the majority of the products we manufacture and the purchase prices of many of the raw materials and energy we use generally fluctuate in correlation with global commodity cycles. We have in the past experienced, and may in the future experience, increasing costs of a number of raw materials and energy due to global trends beyond our control.

In some countries, electricity generation companies are competing for the same raw materials, namely wood and wood chips, in the same markets as us, driving prices upwards, especially during winter in the Northern hemisphere. Although oil prices have decreased from the historical highs of 2008, they could return to high levels in the future because of, among other things, political instability in the oil-producing regions of the world. This impacts the oil-based commodities required by our business in the areas of energy (including electricity), transport and chemicals.

As has occurred in previous years, a major potential consequence of the increase in the price of input commodities is our inability to counter this effect through increased selling prices, resulting in reduced operating profit and negatively affecting business planning.

While we continue to implement procedures to reduce our cost of commodity inputs, the hedging techniques we apply on our raw materials and products are on a small scale and short-term in nature, other than our maintenance of a high level of economic pulp integration. Moreover, in the event of significant increases in the prices of pulp, our non-integrated and partially integrated operations could be adversely affected if they are unable to raise paper prices by amounts sufficient to maintain margins, or if they are only able to implement such price increases with a certain lag time relative to input cost increases.

If we are unable to obtain energy or raw materials at reasonable prices, or at all, it could adversely affect our operations.

We require substantial amounts of oil-based chemicals, fuels, water and other raw materials for our production activities and transportation of our timber and other products. We rely partly upon third parties for our supply of the energy resources, and, to a certain extent, timber and pulp, which are consumed in our operations. In addition, our operations are dependent on access to electricity generated by local utilities and power plants, which can at times be unpredictable. Eskom, the state-owned electricity company in South Africa, has in recent years struggled to meet demand and, in some cases, has requested that we reduce our demand, leading to temporary shutdowns of certain of our South African production facilities. The prices for and availability of these energy supplies, water and raw materials may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, interruptions in production by suppliers, worldwide price levels, drought or other severe weather and market conditions.

Environmental litigation aimed at protecting forests and species habitats as well as regulatory restrictions on cutting or harvesting may cause significant reductions in the amount of timber available for commercial harvest in the future. In addition, future legal challenges and regulations concerning the promotion of forest health and the response to and prevention of wildfires could affect timber supplies in the jurisdictions in which we operate. For example, in Canada, affected indigenous communities and other stakeholders are required to be consulted, and potentially accommodated, in connection with the grant of timber rights in public forests. The availability of harvested timber may further be limited by factors such as fire, insect infestation, disease, ice and windstorms, droughts, floods and other natural and man-made causes, thereby reducing supply and increasing prices.

The prices of various sources of energy supplies and raw materials have significantly increased in the past and may further increase significantly from current levels in the future. An increase in energy and raw material prices could materially adversely affect our results of operations, plantation valuation and financial condition. For example, the Russian-Ukrainian conflict has triggered renewed volatility in global commodity markets and further disrupted already constrained global supply chains, which intensified cost inflation across all regions and all product segments.

A limited number of customers account for a significant amount of our revenues.

As a significant portion of our sales revenue is generated through sales to a limited number of significant customers, any adverse development affecting our significant customers or our relationships with such customers could have an adverse effect on our credit risk profile, our business and results of operations. In addition, we rely globally on credit insurance for our arrangements with certain customers. The withdrawal or unavailability of such credit insurance may impact our ability to engage with such customers.

Adverse changes to economic or market conditions could have a negative impact on our significant customers, which in turn could materially adversely affect our results of operations and financial position.

Adverse changes in economic conditions have had, and may continue to have, a negative impact on our significant customers. Such changes cannot be predicted, and their impacts may be severe, including such customers experiencing financial distress, filing for bankruptcy protection or insolvency, going out of business, or otherwise suffering disruptions in their businesses, which could in turn have a negative impact on our business. A disruption in the ability of our significant customers to access sources of liquidity could also cause serious disruptions or an overall deterioration of their businesses, which could lead to a significant reduction in their future orders of our products and the inability or failure on their part to meet their payment obligations to us, any of which could have a material adverse effect on our results of operations and financial position. Similarly, sustained adverse changes in market conditions for our significant customers' products, such as lower demand, lower prices or increased competition, could also reduce future orders of our products and have a material adverse effect on our results of operations and financial position. Our customers may experience financial distress, file for bankruptcy protection or insolvency, go out of business, or suffer disruptions in their businesses, and we expect an increase in our allowance for credit losses, which in each case could have a negative impact on our business, results of operations and financial condition. If low prices and weak margins prevail in the market for viscose staple fibre, or if prices for competing fibres in the textile industry such as cotton and polyester were to decrease significantly, our dissolving pulp business could be adversely affected.

Such adverse changes could also lead to consolidation in the industries in which our significant customers participate. Such consolidation could increase our dependence on a few key customers, which could lead to less favourable terms and lower sales prices for our products.

Because of the nature of our business and workforce, we may face challenges in the retention of staff and the employment of skilled people that could adversely affect our business.

We are facing an ageing demographic work profile among our staff due to the mature nature of our industry and the rural and often remote location of our mills, together with the generally long tenure of employees at the mills. As a result, we are likely to experience groups of employees leaving the company within a relatively short space of time of one another and may have difficulty attracting qualified replacements. The potential risks we face are a loss of institutional memory, skills, experience and management capabilities. We may be unable to attract and retain sufficient qualified replacements when and where necessary to avoid an adverse impact on our business. In certain regions, low unemployment rates also make it more difficult to find local resources and skills.

A large percentage of our employees are unionised, and wage increases or work stoppages by our unionised employees may have a material adverse effect on our business.

A large percentage of our employees are represented by labour unions under collective bargaining agreements, which need to be renewed from time to time. In addition, we have in the past sought and may in the future seek, or be obligated to seek, agreements with our employees regarding workforce reductions, closures and other restructurings. We may not be able to negotiate acceptable new collective bargaining agreements or future restructuring agreements, which could result in labour disputes. Also, we may become subject to material cost increases or additional work rules imposed by agreements with labour unions. This could increase expenses in absolute terms and/or as a percentage of sales.

Although we believe we have good relations with our employees, work stoppages or other labour disturbances have occurred in the past, and may occur in the future, which could adversely impact our business. Any strike actions or other labour disruptions, or any related negotiations that result in onerous terms for us, may have an adverse effect on our business and profitability.

The prevalence of HIV/AIDS, specifically in Africa, exposes us to certain risks, which may have an adverse effect on our Southern African operations.

The Southern African region has one of the highest infection rates of HIV/AIDS in the world. Although we initiated a comprehensive HIV/AIDS management programme in the early 1990s to address the effects of the disease and its impact on our employees and our business, our operations, particularly our Southern African operations, continue to be exposed to certain risks related to the HIV/AIDS pandemic. We incur and will continue to incur costs related to the prevention, detection and treatment of the disease. However, we cannot guarantee that any current or future management programme will be successful in preventing or reducing the infection rate among our employees and any potential effect thereof on the mortality rate. We may be exposed to lost workers' time associated with the disease and a potential loss of skill, which may adversely affect our operations.

Abnormal or severe events affecting our plantations, such as fires and droughts, may adversely impact our ability to supply our Southern African mills with timber from the region.

The Southern African landscape is prone to, and ecologically adapted to, frequent fires. The risk of uncontrolled fires entering and burning significant areas of plantation is high. Abnormal weather conditions might be more frequent in the future as the result of climate change. In addition, because the transformation of land ownership and management in Southern Africa has been moving ownership and management of plantations to independent growers, we have less ability to directly manage fire risk, as well as risks of other abnormal or severe events, such as pathogen and pest infestations. Consequently, the risk of plantation fires or other abnormal or severe events remains high and may be increasing.

The availability of harvested timber may also be limited by other abnormal weather conditions, such as droughts. Continued or increased losses of our wood sources from drought conditions or fire could jeopardise our ability to supply our mills with timber from the region.

Concerns about the effects of climate change may have an impact on our plantations, operations or our business.

We face transitional (policy and legal actions, technology changes, market responses and reputational considerations) and physical (acute and chronic) risks associated with climate change in all three geographic regions where we operate. In terms of transitional risks, regulatory and other efforts to reduce fossil fuel-related greenhouse gas emissions, as well as legal and financial incentives favouring, and in some jurisdictions, requirements mandating use of alternative fuels, are leading to the increased use of sustainable, non-fossil fuel sources for electricity generation. We may incur additional costs for electricity supplies and/or to purchase emissions allowances or pay carbon taxes applicable to our operations in certain jurisdictions, including Europe and South Africa.

In terms of physical risk, climate change leading to different weather patterns, such as higher rainfall, drought and increased temperatures, could cause the spread of disease and pestilence into our plantations and fibre sources far beyond their traditional geographic spreads, increasing the risk that wood supply necessary to our operations may be negatively impacted.

The effects of climate change may also impact our business to the extent they result in reduced availability of woodfibre or demand for our products. Wildfires in Europe and North America over the past few years have been among the most destructive and expensive on record, and the risks of plantations fires in South Africa could increase. Should our strategy to mitigate the related risks, including raw materials shortages, not be successful, our business may be adversely impacted.

Additionally, our operations are highly dependent on adequate supplies of water. The increased emphasis on water footprint in Southern Africa is causing increased scrutiny on the location of forestry plantations, which could affect regulations related to the quality and quantity of ground water, the use of water by our operational units, the quality of water released back into natural water systems and the control of effluent discharges. The cost, availability and use of our water supply also have a direct impact on our input costs and operating profit.

Our manufacturing and forestry operations are inherently dangerous, and we may be subject to risks related to the health and safety of our employees.

We operate a number of manufacturing facilities and conduct various forestry operations, each of which is inherently dangerous. Although we employ safety procedures in the design and operation of our manufacturing facilities and forestry operations, accidents resulting in injury or death have occurred at our facilities in the past and could occur in the future. Any such accidents or incidents could also result in environmental impacts, equipment damage and/or production delays, which could harm our business and our results of operations. The potential liability resulting from any such incident to the extent not covered by insurance, and any negative publicity associated therewith could harm our business, reputation, financial condition or results of operations. Whether or not a claim against us succeeds, its defence may be costly, and the existence of any claim may adversely impact our reputation, financial condition or results of operations.

Unforeseen shutdowns, disruptions or malfunctions at our production facilities or affecting our information technology systems or supply chain may adversely impact our business.

Our pulp and paper mills and our production facilities are central to our business and are subject to operational risks. These risks include, but are not limited to, fire or explosions, accidents, severe weather and natural disasters, mechanical, operational or structural failures, unplanned production or power disruptions, political turmoil, pandemics and related governmental responses or social unrest (the frequency of which has been increasing recently in South Africa). Shutdowns, outages or deficiencies resulting from such events could have a material adverse effect on our business and financial condition if such shutdowns, outages or deficiencies were to continue for an extended period of time or if we were unable to restart or remedy production in a timely manner.

We also use information technologies to securely manage our operations and various business functions. We rely on various technologies to process, store and report on our business and interact with customers, vendors and employees. Despite our security design and controls, and those of our third-party providers, we or our third-party providers have in the past been, and in the future could become, subject to cyberattacks, which could result in operational disruptions or the misappropriation of sensitive data. There can be no assurance that such disruptions or misappropriations and the resulting repercussions will not adversely impact our reputation, financial condition or results of operations.

We depend on a reliable and efficient supply chain to procure raw materials from suppliers and deliver products to customers, within a timeframe that meets their expectations. A number of factors, many of which are beyond our control, could disrupt the operation of our supply chain, including inclement weather, natural disasters, transportation interruptions or inefficiencies, port or traffic congestion, labour shortages or disruptions, oil price increases, unrest, and pandemics. These factors could impair our ability to supply our customers or maintain an appropriate logistics chain and levels of production and inventory, all of which could adversely affect our reputation, business, results of operations and financial condition. Supply chain disruptions could have a material adverse effect on our business, financial condition or results of operations, particularly if the disruptions continued for an extended period of time.

Risks related to our indebtedness

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash will depend on many factors beyond our control.

Our ability to make payments on our indebtedness, refinance our indebtedness, and fund planned capital expenditures and working capital requirements will partly depend on our ability to generate cash in the future. Our ability to generate cash is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot assure you that we will generate sufficient cash flow from operations, that we will realise operating improvements on schedule or that future borrowings will be available to us in an amount sufficient to enable us to service and repay our indebtedness or to fund our other liquidity needs. If we are unable to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any refinancing or debt restructuring would be possible, that any assets could be sold or that, if sold, the timing of the sales and the amount of proceeds realised from those sales, or that additional financing could be obtained on acceptable terms.

If we default under any of our debt financing arrangements, we may not be able to meet our payment obligations.

Some of our credit facilities contain covenants that restrict some of our corporate activities, including our ability to:

- Make acquisitions or investments
- Make loans or otherwise extend credit to others
- Incur indebtedness or issue guarantees
- Create security
- Sell, lease, transfer or dispose of assets
- Merge or consolidate with other companies
- Make a substantial change to the general nature of our business

In addition, certain of our credit facilities require us to comply with certain affirmative covenants and specified financial covenants and ratios. Our ability to comply with these covenants and restrictions may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the credit facilities and other indebtedness. This would permit the lending banks under our credit facilities or our bondholders to take certain actions, including declaring all amounts that we have borrowed under the credit facilities and other indebtedness to be due and payable, together with accrued and unpaid interest and other fees, if any. The lending banks could also refuse to extend further credit under their facilities. Borrowings under debt instruments that contain cross-acceleration or cross-default provisions may also be accelerated and become due and payable.

Risks related to our industry

We operate in a cyclical industry, which has in the past resulted in substantial fluctuations in our results.

The markets for our pulp and paper products are commodity markets and are affected by changes in industry capacity and output levels as well as by cyclical changes in the world economy. As a result of periodic supply and demand imbalances in the pulp and paper industry, historically these markets have been highly cyclical, with volatile pulp and paper prices.

In recent years, turmoil in the capital and credit markets, coupled with uncertainty created by economic and geopolitical developments such as those resulting from, for example, the Covid-19 pandemic, the Russia-Ukraine conflict, Brexit and changing trade practices in the United States, have had a continued adverse effect on the world economy. These developments have consequently affected, and may continue to adversely affect, the markets for our products insofar as they cause decreases in demand for our products and/or decreases in achievable selling prices. The timing and magnitude of demand and price fluctuations in the pulp and paper market have generally varied by region and by type of pulp and paper. Prolonged or significant imbalances between supply of and demand for our core products may require us to impair operating assets and implement capacity reduction measures.

A significant increase in the prices for pulp or pulpwood could adversely affect our non-integrated and partially integrated operations should they be unable to raise paper prices sufficiently to offset the effects of increased input costs. Increases in other input costs including (but not limited to) those for energy and chemicals may affect our operations if we are unable to raise selling prices sufficiently.

Most of our dissolving pulp sales' contracts are multi-year contracts. The price terms under most of those contracts are reset on a quarterly basis. Because of the short-term duration of paper and dissolving pulp pricing arrangements, we are subject to cyclical decreases in market prices for these products. We have received in the past, and may in the future receive, customer requests to reduce contracted dissolving pulp volumes. These requests have previously adversely affected our profitability and could do so in the future.

A downturn in paper or dissolving pulp prices or a prolonged period of depressed market prices for these products, including any repeated deterioration of market prices for dissolving pulp, could have a material adverse effect on our business, results of operations and financial condition.

We face risks related to pandemics, for example, the Covid-19 pandemic, which may have material adverse effects on our business, financial position, results of operations and cash flows.

Beginning in December 2019, a new strain of the coronavirus (Covid-19) spread rapidly throughout the world. This pandemic and associated governmental responses adversely affected workforces, consumer sentiment, economies and financial markets, and, together with decreased consumer spending, led to an economic downturn in many of our markets.

Pandemics, like the Covid-19 pandemic, and subsequent actions taken by governments across the world to reduce the spread of the virus created significant uncertainty in the markets in which we operate. The pandemic and such actions have had, and could in future, have negative impacts on our business. These include causing significant declines in demand for our products, changes in consumer behaviour and preferences, disruptions in our manufacturing and supply chain operations, lower capacity utilisation and/or unscheduled downtime or shutdowns at some or all of our facilities, disruptions to our capital expenditure initiatives, limitations on our employees' ability to work and travel, significant changes in the economic or political conditions in markets in which we operate and related currency and commodity volatility, restrictions on our access to sources of liquidity, reductions or withdrawals of credit insurance coverage, and unfavourable working capital movements. The closure of many clothing retailers, print media and printing businesses and corporate and business offices due to lockdowns and social distancing directives implemented in various forms across the world, as well as reductions in marketing and advertising spending and print media circulation, had a substantial impact on demand for textiles and print media, and consequently on dissolving pulp and graphic paper.

Declines in demand for our dissolving pulp and graphic paper products have had, and may in future, have an adverse impact on our business, results of operations and financial condition.

As shutdowns spread across different countries and industries, supply of key raw materials may be negatively impacted. In addition, our customers, service providers or suppliers may experience financial distress, file for bankruptcy protection or insolvency, go out of business, or suffer disruptions in their businesses due to the outbreak of a pandemic. In each case, these developments could have a negative impact on our business, results of operations and financial condition. Elevated inventory levels throughout our supply chain through to end markets because of a pandemic may also adversely affect our business and the businesses of our customers. These include delaying the impact of any recovery in economic conditions following any easing of lockdown and social distancing measures by governments in the markets in which we operate as existing inventories are sold off. Many of our customers had previously also been unable to take delivery of ordered products during the pandemic and had requested us to retain such products, which had placed additional demands on our warehousing capacity. An outbreak of a pandemic within our workforce could result in disruptions in our operations and unscheduled downtime or shutdowns at some or all our facilities. Due to the pandemic, certain of our capital expenditure projects had been disrupted. Although the duration of such possible future disruptions is uncertain, such disruptions are likely to result in delays to the realisation of expected benefits from such projects and may result in increased costs to complete such projects.

The extent to which a pandemic will impact our future results depends on the scale, duration, severity and geographic reach of future developments, all of which are highly uncertain and cannot be predicted, including notably the possibility of a recurrence or ‘multiple waves’ of an outbreak or the emergence of new strains of a virus. The ultimate impact of a pandemic will also depend on any new information which may emerge concerning the severity of a pandemic; its impact on customers, end-users and suppliers; how quickly normal economic conditions, operations and demand for our products can resume; the efficacy and availability of vaccinations; the severity of the current recession; any permanent behavioural changes that the pandemic may cause and any additional actions to contain the spread or mitigate the impact of the outbreak, whether government mandated or elected by us. The future impact of a pandemic would be greater if the regions and markets that are most profitable for us were particularly affected. These disruptions could have a material adverse effect on our business, financial condition and results of operations.

The markets for pulp and paper products are highly competitive and some of our competitors have advantages that may adversely affect our ability to compete with them.

We compete against many pulp and paper producers located around the world. A trend towards consolidation in the pulp and paper industry has created larger, more focused pulp and paper companies. Some of these companies benefit from greater financial resources or operate mills that produce pulp and paper products at a lower cost than our mills, or benefit from government subsidies. Some of our competitors also have advantages over us, including lower raw material, energy and labour costs and fewer environmental and other governmental regulations with which to comply. As a result, we cannot assure you that each of our mills will remain competitive. Furthermore, we cannot assure you that we will be able to take advantage of consolidation opportunities which may arise, or that any failure to exploit opportunities for growth would not make us less competitive. Increased competition, including as a result of a decrease in import duties in accordance with the terms of free trade agreements or any potential revocation or non-renewal of the imposition of anti-dumping duties on Chinese and Indonesian coated paper imports into the United States by the US International Trade Commission, could cause us to lose market share, increase expenditures or reduce pricing, any of which could have a material adverse effect on the results of our operations. In addition, competition may result from our inability to increase the selling prices of our products sufficiently or in time to offset the effects of increased costs, which could lead to a loss in market share. In addition, aggressive pricing by competitors may force us to decrease prices in an attempt to maintain market share.

Developments in digitalisation, including media alternatives to newsprint and paper advertising, the declining use of graphic papers and related changes in consumer preferences may affect the demand for our products.

Consumer preferences may change as a result of the availability of alternative products or services, including less expensive product grades, or as a result of pressure from consumers for more environmentally friendly solutions. In addition, trends in advertising, electronic data transmission and storage, mobile devices and the internet could have adverse effects on traditional print media and other paper applications, including our products and those of our customers. Over the last 10 to 15 years, the pulp and paper industry has encountered a growing transformation in consumer preferences. During this time, readership and circulation of newspapers and magazines have been declining; meanwhile, accessibility to, and use of, the internet has increased, and mobile devices have become commonplace. As a result, digital alternatives to many traditional paper applications are now readily available and have begun to adversely affect demand for certain paper products. While the extent of these trends cannot be predicted with certainty, competition from electronic media, for example, has led and may continue to lead to weaker demand for certain of our products, including coated woodfree and mechanical paper historically used in print publishing and advertising. The trend of digitalisation may further accelerate in response to a pandemic, with significant proportions of the populations in our markets working remotely and consuming less print media for the duration of governmental lockdown and social distancing measures implemented in response to the pandemic, and any such trend may persist following a pandemic. In the face of such structurally declining demand for graphic papers, any failure to grow our packaging and speciality papers and dissolving pulp businesses could have a material adverse effect on our results of operations, prospects and financial condition.

Global economic conditions could adversely affect our business, results of operations and financial condition.

In the past, demand for our paper products declined and pulp prices and demand decreased during times of global economic recession. Economic recession, sovereign debt crises and other macro-economic events have in the past led, and may in future lead, to slower economic activity, inflation and deflation concerns, reduced corporate profits, reduced or cancelled capital spending, adverse business conditions and liquidity concerns resulting in significant recessionary pressures, increased unemployment and lower business and consumer confidence.

The outlook for the world economy is currently subject to significant uncertainty, which may lead to prolonged periods of economic uncertainty, downturn, recession or depression in many of the countries in which we and our customers operate. A significant risk remains that measures taken by governments and central banks may not prevent the global economy from further decline. Any such downturn, recession or depression could have a material adverse effect on our business, results of operations and financial condition. We cannot predict the timing, duration or effect of any other downturn in the economy that may occur in the future. These economic risks and others that we may not anticipate could adversely affect the group's business, results of operations, financial condition or prospects.

New technologies may affect our ability to compete successfully.

We believe that new technologies or novel processes may emerge and that existing technologies may be further developed in the fields in which we operate. These technologies or processes could have an impact on production methods or on product quality in these fields. Unexpected rapid changes in employed technologies or the development of novel processes that affect our operations and product range could render the technologies we utilise or the products we produce obsolete or less competitive in the future. Difficulties in assessing new technologies may impede us from implementing them and competitive pressures may force us to implement these new technologies at a substantial cost. Any such development could materially and adversely affect the results of our operations.

Innovation and the development of new products to meet customer expectations play an important role in our industry, particularly in growing segments such as packaging and speciality papers. Failure to invest in research and development or to proactively develop new products or processes may negatively affect our ability to compete successfully. In particular, the packaging and speciality papers business is characterised by a high level of customisation and specialisation to meet specific customer requirements. Further, our competitors may have greater financial or other resources that allow them to develop or otherwise access new products or processes before we do. In order to compete successfully, we must continually develop and introduce new products and services in a timely manner to keep pace with technological and regulatory developments and achieve customer acceptance. We may not be able to respond to these competitive pressures or acquire or develop new technologies in a timely basis or at an acceptable cost. In addition, the services and products that we provide to customers may not meet the needs or preferences of our customers. If we do not assess and respond to changing customer expectations, preferences and needs, in a timely manner, our financial condition, results of operations or cash flows could be adversely affected.

In addition, we are exposed to risks that are inherent to innovation and new technologies, such as those related to customer acceptance of new products. Therefore, we may incur certain costs relating to developing and marketing new products and we cannot guarantee that the profitability of or demand for such products will meet our expectations.

The cost of complying with or addressing liabilities under environmental, health and safety laws may be significant.

Our operations are subject to a wide range of requirements, including conditions contained in our permits, arising from environmental, health and safety laws and regulations in the various jurisdictions in which we operate. Such laws and regulations govern, among other things, water supply and consumption, the use of renewable and other fuels, the control and reduction of air emissions (including greenhouse gases) and water discharges, the management, reduction and disposal of hazardous and solid wastes, the clean-up of contamination, the protection of fisheries and other natural resources (including biodiversity), the purchase and use of safety equipment, workplace safety training and the monitoring of workplace hazards.

Although we strive to ensure that our facilities comply with all applicable environmental requirements, including any permits required for our operations, we have in the past been, and may in the future be, subject to governmental enforcement actions or other claims or sanctions for failure to comply with environmental requirements. In addition, impacts from historical or current operations, such as the land disposal of waste materials, including materials alleged to contain chemicals known as PFAS or PFOA, or unpermitted releases of hazardous materials, may require costly environmental investigation and clean-up. We could also become subject to liability claims alleging personal injury, property damage or natural resources damages, and could be required to incur material costs should we be determined to be responsible for such injuries or damages. Expenditures to comply with future environmental, health and safety requirements and the costs related to addressing any alleged or actual environmental, health and safety liabilities, sanctions and claims could have a material adverse effect on our business and financial condition.

We expect to continue to incur significant expenditures to maintain compliance with applicable environmental laws, to install or upgrade pollution control equipment at our mills and to meet any new regulatory requirements, including those related to mandatory waste reduction targets, potential stricter air emissions standards (including greenhouse gas reduction requirements) or carbon taxes or emissions allowances in Canada, Europe, Southern Africa and the United States. We may also face constraints or restrictions on our production, or our ability to expand production, as a result of these requirements.

In addition, we may not have identified or addressed all sources of environmental, health and safety risks, and there can be no assurances that we will not incur losses related to any such environmental, health and safety risks, that the capital and operating costs of compliance with existing and future environmental, health and safety laws and regulations will not continue to increase or that any such losses or costs incurred will not have a material adverse impact on our results of operations, financial condition or prospects.

The availability and cost of insurance cover can vary considerably from year to year as a result of events beyond our control, and this can result in us paying higher premiums and periodically being unable to maintain appropriate levels or types of insurance.

The insurance market remains cyclical and catastrophic events can change the state of this market, leading to sudden and unexpected increases in premiums and deductibles and inadequacy or unavailability of coverage due to reasons unconnected with our business. In addition, volatility in the global financial markets can adversely affect the insurance market and could result in some of our insurers failing and being unable to pay their share of claims.

We have renewed our calendar 2022 asset and business interruption insurance cover. The maximum self-insured retention for any one property damage incident is US$20.1 million (€20.5 million), with an annual aggregate of US$32.3 million (€33.0 million). We are unable to predict whether past or future events will result in favourable terms for 2023. For property damage and business interruption insurance, cost effective cover is not generally available to full replacement value. As at September 2022, the annual limit for claims under our property damage and business interruption insurance policy was US$735.1 million (€750.0 million). If we were to experience property damage or business interruption losses in excess of any such policy limits, this could have a material adverse effect on our group's business, results of operations, financial condition or prospects. Since fiscal 2011, our property damage insurance policy has been Euro-denominated as most of our assets are based in Euro-denominated jurisdictions.

We place the insurance for our plantations on a standalone basis into international insurance markets. Fires had a significant adverse impact on our plantations in fiscal 2007 through 2010, and similarly significant adverse effects may occur in the future, which may not be covered by our insurance.

Furthermore, we may incur liabilities that are not covered by insurance. Given the diversity of our operations, we may not always be able to predict all risks to which we are exposed and as a result, we may not be covered by insurance in specific instances. We are unable to assure you that actual losses will not exceed our insurance coverage or that such excess will not be material.

Risks Relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Statement, the Programme Memorandum or any Applicable Pricing Supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

There may not be an active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes may be redeemed prior to maturity

Unless the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

In addition, if the Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In both such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because uncertificated Notes are held in the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange and/or held in the CSD may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be held in the CSD in uncertificated form. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in Notes and/or issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes will be made to the CSD or the Participants and the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the CSD or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD or the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes (being the CSD or the Participant). The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the CSD to appoint appropriate proxies.

Recourse to the JSE Debt Guarantee Fund Trust

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE Debt Guarantee Fund Trust. Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the JSE Debt Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

Credit Rating

Tranches of Notes issued under the Programme, the Issuer, and/or the Programme, as the case may be, may be rated or unrated. A Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

Any amendment in the Rating of the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be, after the Programme Date, will be announced on SENS.

Risks related to the structure of the particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index-Linked and Dual Currency Notes

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**) or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the Nominal Amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes where denominations involve integral multiples: Individual Certificates

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding and would need to purchase a Nominal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Modification and waivers and substitution

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The Notes are governed by, and will be construed in accordance with, South African law in effect as at the Information Statement Date. No assurance can be given as to the impact of any possible judicial decision, change to South African law or administrative practice in South Africa after the Information Statement Date.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DESCRIPTION OF SAPPI SOUTHERN AFRICA LIMITED

Capitalised terms used in this section headed "Description of Sappi Southern Africa Limited" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

1. GROUP OVERVIEW

Sappi Southern Africa Limited (**Sappi Southern Africa**, **SSA** or the **Issuer**), registration number 1951/003180/06 is a wholly owned subsidiary of Sappi Limited (**Sappi**, **we**, **our**, **us** or the **Company**) which is a public company founded and incorporated in 1936 in accordance with the company laws of the Republic of South Africa together with each of its subsidiaries (the **Sappi Group**). Sappi's principal executive offices are located at 108 Oxford Road, Houghton Estate, Johannesburg, 2198, South Africa, our telephone number is +27-11-407-8111 and our web address is www.sappi.com. We currently have our primary equity listing on the Main Board of the JSE Limited (**JSE**).

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

Our raw material offerings (such as dissolving pulp, wood pulp and biomaterials) 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. Many of our operations are energy self-sufficient. Together with our partners, Sappi works to build a thriving world by acting boldly to support the planet, people and prosperity.

2. BACKGROUND AND HISTORY

Until 1990, we primarily expanded our operations within southern Africa. Since 1990, we have grown through acquisitions outside of southern Africa. In the mid 1990's we acquired S.D. Warren Company, in the United States a coated wood free paper and speciality paper products producer. It now conducts business as Sappi North America. In the late 1990's we acquired KNP Leykam, a leading European producer of coated wood free paper. KNP Leykam now conducts business as Sappi Europe. In 2002 we acquired Potlatch Corporation's coated wood free paper business and have integrated it in Sappi North America. In 2008 we acquired the coated graphic paper business of M-real Corporation (now known as Metsä Board) and have integrated it in Sappi Europe.

During 2010, we closed our production facilities at the Usutu Mill in Swaziland due to market conditions and forest fire damage. We also permanently ceased operations at the Kangas Mill in Finland.

During fiscal 2011, we ceased operations at our Adamas Mill in South Africa and Biberist Mill in Switzerland, while in fiscal 2012 we sold our 34% shareholding in Jiangxi Chenming Paper Company Limited, situated in the People's Republic of China, to the majority shareholder and co-founding joint venture partner.

In 2013, we completed conversion projects at our Ngodwana Mill in South Africa and our Cloquet Mill in the United States. Both mills were converted to produce 210,000 tons and 330,000 tons respectively of dissolving pulp.

In line with our strategy to rationalise declining businesses, during 2014 we sold our Njimegen Mill in The Netherlands and our Usutu Mill in Swaziland. In 2015 we disposed of our Enstra and Cape Kraft Mills in South Africa.

In conjunction with the Edinburgh Napier University, in 2016 we commissioned a Nano cellulose pilot plant in the Netherlands, while in 2017 we acquired Rockwell Solutions, a firm specialising in innovative barrier packaging solutions. Rockwell Solutions is based in the United Kingdom and has been integrated into Sappi Europe.

In February 2018, Sappi finalised the acquisition of the speciality paper business of Cham Paper Group. The transaction includes the Carmignano and Condino speciality paper mills in Italy, as well as the digital imaging business and facility situated in Cham, Switzerland.

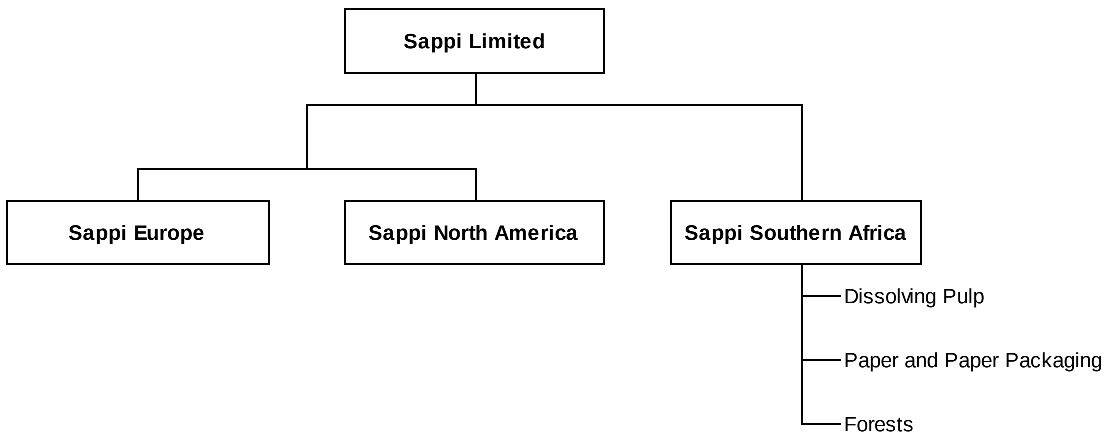
During fiscal 2018, we converted paper machine 1 at Somerset Mill in North America from purely graphics paper grades to both graphics and paperboard grades. In Europe we converted the Maastricht Mill, in The Netherlands, so that its production capacity will be focused predominantly on paperboard, in order to support our existing packaging and specialty papers business. We also converted paper machine 8 at our Lanaken Mill, in Belgium, in order to give it the flexibility to produce coated woodfree paper in addition to lightweight coated paper, enhancing our ability to meet market demand. While in South Africa, we completed projects to optimize production processes at our Saiccor and Ngodwana Mills, adding a total of 60,000 tons of dissolving pulp capacity. During 2018, we also announced and began construction on a project that was expected to increase production at the Saiccor Mill by 110,000 tons. Commissioning of the plant began in the fourth quarter of fiscal year 2021 and was completed in the first quarter of the 2022 financial year.

On 3 November 2019, Sappi purchased the Matane Mill in Quebec, Canada from Rayonier Advanced Materials Inc. The mill has a capacity of 270 000 tons per annum of high yield hardwood pulp.

The outbreak of Covid-19 led to a significant decline in the graphic paper usage across the globe in line with the slowdown in economic activity. The poor demand accelerated our decision to close a paper machine at each of the Stockstadt and Westbrook mills during fiscal year 2020.

The Sappi Group's three reportable segments comprise the geographic regions of Europe, North America and Southern Africa. As of February 2023, we operate 18 pulp and paper mills on 3 continents, with an aggregate production capacity of approximately 5.5 million tons of paper, 2.6 million tons of paper pulp and 1.5 million tons of dissolving pulp. We also operate a trading network, called Sappi Trading for the sale and distribution of our products outside our core operating regions of North America, Europe and South Africa. Sappi Trading also coordinates our shipping and logistical functions for exports from these regions. The financial results and position associated with Sappi Trading are allocated to our reportable segments.

3. OWNERSHIP AND CONTROL



4. PRODUCT REVIEW

Overview

We primarily service three product markets in the pulp and paper industry: pulp, packaging and specialty papers and graphic papers. In addition, we produce paper pulp for sale and for use in our own paper production.

Pulp

Our pulp segment predominantly comprises two product categories, namely, dissolving pulp (**DP**) and high-yield pulp (**HYP**). Occasionally, excess kraft pulp produced at Cloquet Mill, Somerset Mill and Ngodwana Mill is sold externally and included in the Pulp segment.

Our Verve brand, is a significant player in the DP market. With capacity of 1.5 million tons per annum and 17% share of the DP market, Verve is a truly sustainable brand. From textiles to pharmaceuticals and food applications, Sappi has the expertise, technology and the track record to meet almost any challenge from these DP market segments.

Sappi's DP is a highly purified form of cellulose extracted from sustainably grown and responsibly managed trees using unique cellulose chemistry technology. The majority of DP is consumed to make apparel, home textiles and non-woven products. DP is converted to viscose and lyocell staple fibres. From there, the fibre is spun into yarns and ultimately woven into textiles, providing naturally soft and breathable fabrics which are smooth to the touch, hold colour and drape well. The fibres produced from DP also act as good blend partners in fabric with cotton and polyester. DP, however, far exceeds cotton and polyester when it comes to sustainability. What consumers want are goods that are renewable, biodegradable and have superior resource efficiency. This is where DP fibres differentiate themselves versus the alternatives.

Viscose staple fibre (**VSF**) is the most prominent fibres, and accounts for approximately 73% of global DP demand. VSF is most commonly used in fashion, home and decorating textiles as well as nonwoven applications such as the fibre component in face masks, health and hygiene clothing and sanitation. Verve DP provides both the quality and the sustainability assurance into this major market segment.

Lyocell represents the next generation of DP fibres. With its sustainable DP raw material, reduced chemical processing and closed loop systems, Lyocell continues to be the most sustainable woodbased cellulosic fibre. Our commitment to and investment in sustainability shows in that approximately 60% of the world's Lyocell fibre is manufactured from DP produced at Sappi's DP manufacturing sites.

DP can also be processed into products that are used in food and beverages, health and hygiene, wrapping and packaging, pharmaceuticals and many more applications that touch our daily lives.

Demand for DP used in textiles, particularly viscose and lyocell fibres, is expected to continue to grow post the Covid-19 pandemic. Based on the growth rate in the overall textile market, driven by factors such as population growth, rising urbanisation, wealth and the shift towards more comfortable, environmentally friendly natural fibres, we expect long-term growth in demand to be between 4% to 6% per annum for DP.

Market prices for DP are influenced by VSF and other textile market dynamics, paper pulp market pricing which influences swing mills, as well as general macro-economic uncertainties pertaining to the ongoing US/China trade dispute and US$/RMB exchange rates fluctuations.

Sappi's Matane Mill, located in Quebec, Canada, has the capacity to produce 285,000 tons of HYP. Approximately 45% of Matane's pulp production is consumed internally within our packaging business, thereby increasing the pulp integration. The higher levels of pulp integration lowers our cost of pulp, reduces its volatility on earnings through the pulp cycle and provides certainty of supply. External HYP sales to third parties are included in the Pulp segment.

The pulp produced at Matane Mill is a high-quality, high-yield pulp made from either Aspen or Maple hardwood. Sappi Matane Aspen pulp is a high-yield fibre with good bulk, excellent brightness and exceptional drainage. It is ideal for the manufacturing of printing paper grades. Sappi Matane Maple is a high-yield pulp with superior bulk and drainage properties, as well as excellent opacity and formation. It is an excellent fibre for the manufacturing of paperboard and linerboard products as well as speciality papers.

In FY2022, the DP segment made up 17% of Sappi's sales revenue. Sales volumes of 1,421,000 tons included 175,000 tons of HYP from Matane Mill and 12,000 tons of kraft pulp produced at Somerset Mill.

Packaging and Specialty Papers

Legislative changes and growing consumer pressure are forcing brands to re-think their packaging choices. Governments, retailers, brand owners and their consumers are demanding paper-based packaging solutions that are biodegradable, recyclable, compostable and provide the necessary functionality of their applications. We estimate that the increasing demand for more sustainable and environmentally friendly packaging solutions will lead to demand growth of 3-6% per year globally, across the spectrum of our products.

Sappi's evolution within this segment is supported by the suitability of our technically advanced and efficient paper machines for conversion to packaging grades that require a variety of surface treatments or coatings for functionality. Ahead of commissioning conversion projects, we carefully analysed our assets, specifically their production capabilities and cost of production, the cost to serve customers, demand growth and competitive threats. We chose only those projects where we believed we hold a significant advantage.

We have made progress in growing our business with a compelling value proposition, a propensity for innovation, and a superlative service record. We aim to create solutions that solve our customers' most critical challenges, helping them grow their sales, lower costs, improve their sustainability metrics and minimise their risk.

We work in partnerships based on trust and respect. For that reason, we place great value on reliability. Our well-maintained assets, financial stability, global availability and consistent premium quality are vital to our customers.

In FY2022, 29% of Sappi's sales revenue was packaging and speciality papers, fairly flat compared to last year.

Sappi offers products and solutions in many different product categories including:

Flexible packaging: innovative paper-based solutions with integrated functionalities such as barrier technology from water, oxygen and grease as well as sealing properties are suitable for various applications, notably in packaging for food as well as non-food markets.

Label papers and self-adhesives: label papers are used for both wet glue and wet strength labels processes in the beverage, food and packaging applications. Our clay coated kraft and glassine release liners provide solutions not only for labels but also applications such as self-adhesive tapes and medical and industrial applications.

Containerboard: includes liners and fluting, for corrugated boxes. Sappi's products are found in applications like consumer packaging, shelf-ready packaging and transport packaging for agricultural and industrial uses.

Paperboard: high-quality coated boards for use in luxury packaging applications that require functionality and superior graphics across a range of market segments, including health and beauty, confectionery, premium beverages and food packaging.

Casting and release papers: used by suppliers to the fashion, textile, automobile and laminate industries. Our papers serve as moulds to impart textures on other surfaces, ranging from decorative laminates and synthetic leather to engineered films and rubber.

Dye sublimation papers: for digital transfer printing with water-based dye sublimation inks. Designed for the transfer of an image onto various materials, such as apparel, outdoor advertising and home textiles.

Digital imaging papers: for large format inkjet printing. Posters, for indoor/outdoor applications and technical printing in the construction industry (CAD/Engineering).

Tissue paper: used for bathroom tissue, kitchen towels, serviettes and medical and industrial wipes.

We manufacture at sites throughout Europe, North America and South Africa, ensuring scale-based efficiencies and security of supply. Globally, we are well positioned to support and benefit from the paper for plastic packaging movement. For example, in 2019, the European Union introduced new rules to reduce marine litter by banning certain single-use plastic items, alongside a measure which holds those plastic producers responsible for the cost of cleaning these items from European beaches. Similarly, in 2022 legislation in several US states banning the use of polystyrene foam packaging was passed. The industry will also be given incentives to develop less-polluting alternatives for these products. With our comprehensive product range on three continents, R&D centres in each region, sharing best practices and collaborating with customers to develop new solutions, our customers can expect reliability of supply from a broad geographic footprint, and a leader in innovation within the sector.

Graphic Papers

At Sappi, we understand this difference and use our expertise to develop a variety of graphic papers designed to meet specific needs, whether a premium product for delivering a premium brand message, a comprehensive solution that caters to numerous requirements or a paper that is more budget friendly. We at Sappi deliver, so that brands can have a more memorable impact.

Coated woodfree paper

Printers and publishers use coated woodfree paper for a variety of marketing promotions including brochures, catalogues, calendars, corporate reports, direct mail, books and magazines. Coated woodfree paper provides a smooth and uniform surface for optimal print fidelity. We manufacture coated woodfree paper in our North American and European businesses but sell to customers all over the world. Coated woodfree paper products are sold through large paper merchants, as well as directly to commercial printers.

Demand trends: Global advertising expenditure is forecast to grow, but the share of that spend relative to print is expected to decline. However, we believe there will always be a place for paper within the marketing mix. Globally, demand for coated woodfree paper is forecast to decline from approximately 21 million tons in 2019 to approximately 16 million tons by 2024.

Sales: Sappi’s sales volumes for coated woodfree paper increased 5% from last year and sales revenue was 44% higher, due to a surge in demand as economic activity normalised post-Covid-19 and a very tight market balance due to a combination of chronic global logistical challenges and reduced supply. Globally, demand for coated woodfree paper decreased by approximately 2%, however, Sappi gained market share.

Coated mechanical paper

Coated mechanical paper is primarily used in magazines, catalogues, newspaper inserts and other advertising materials. Sappi’s coated mechanical paper sales all come from our European business. Customers for this paper are typically large web printers, publishers, retailers and cataloguers.

Demand trends: Demand for coated mechanical paper is more closely linked to that of demand for magazines. Readership, subscriptions, circulation, pagination and advertising revenue continue to decrease in larger markets as consumers opt for digital formats.

Sales: Sappi’s sales revenue from coated mechanical paper was 74% higher than last year, due to reduced supply as economic activity resumed post-Covid-19. Volumes were approximately 26% higher than the prior period. This year, the global market contracted by approximately 8% relative to the prior year.

Uncoated woodfree paper

Uncoated woodfree paper is used for letterheads, business stationery, photocopy paper, books, brochures, envelopes, pamphlets and magazines. Sappi manufactures and sells uncoated woodfree paper in our European and South African businesses. Our main customers in this sector are paper merchants, commercial printers and retailers.

Demand trends: Demand for uncoated woodfree paper is expected to marginally decline over the next several years.

Sales: Our sales revenue from uncoated woodfree paper was 26% higher than last year, largely as a result of the resumption of global economic activity as Covid-19 lockdowns eased. Globally, demand decreased by approximately 1% in the current financial year.

Newsprint paper

Newsprint is manufactured from mechanical and bleached chemical pulp, with uses including the printing of newspapers and advertising inserts. We manufacture and sell newsprint from our South African business.

Demand trends: Demand for newsprint is principally derived from newspaper circulation and overall retail advertising. Newspaper readership is declining around the world. This industry segment was hard hit by the Covid-19 pandemic with an estimated drop in demand of approximately 5% during the current year and an estimated decline of 5% to 6% annually through to 2025. Publishers are consolidating, while some titles have closed. Pockets of growth exist in advertising-financed daily newspapers typically found in large metropolitan cities.

Sales: Newsprint volumes continue to be impacted by the negative impacts of Covid-19 on the economy, however, no production curtailment was necessary in the current financial year. Relative to the prior year, our volumes were 4% down and sales revenue was 3% higher. Globally, newsprint demand declined 5% versus 2021.

Paper Pulp

In addition to dissolving pulp, we also produce a wide range of paper pulp grades for our own use and for external sales, including mechanical pulp used in newsprint, bleached kraft pulp and bleached sulphite pulp.

The paper pulp industry is highly competitive and is sensitive to changes in industry capacity, producer inventories, demand for paper, exchange rates and cyclical changes in the world economy. The market price of NBSK pulp per ton, a pulp principally used to manufacture woodfree paper, is a benchmark widely used in the industry for comparative purposes.

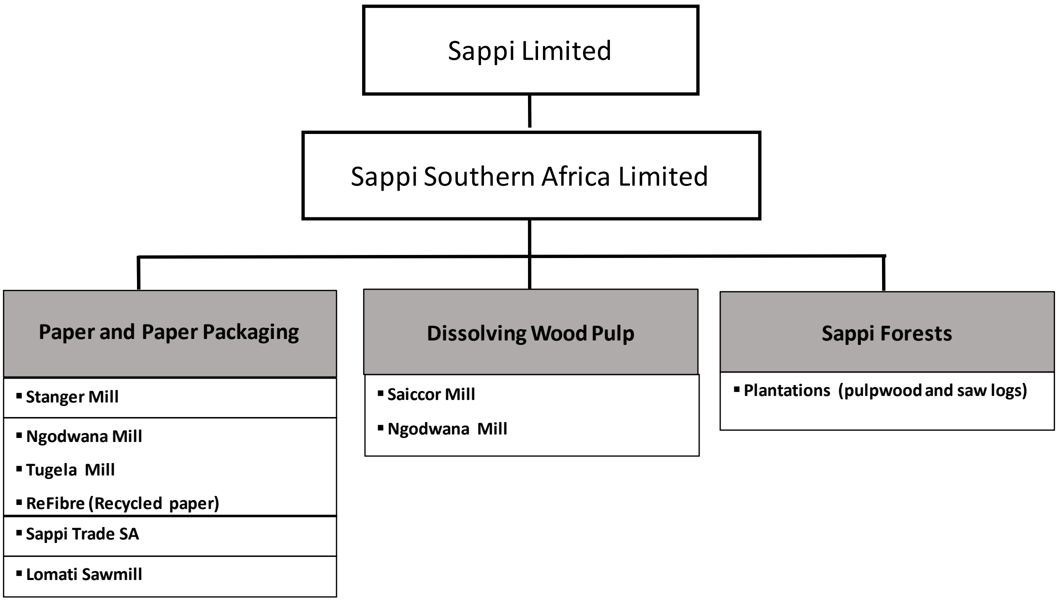
Timber Products

Our timber products operations are concentrated in South Africa and consist of sawn timber for the building industry and components for the furniture and packaging industry.

For more information on our products please refer to the company website under the following link: https://www.sappi.com/products-and-services.

Sappi Southern Africa

The group and company was formed in 1951 and is incorporated and domiciled in the Republic of South Africa and produces dissolving pulp (DP), packaging and speciality papers, graphic papers, biomaterials and biochemicals sourced from sustainably managed forests and plantations for our direct and indirect customer base in the Southern Africa and export markets.



The Sappi Group is one of the world's largest manufacturer of DP and exports almost all of the 1,145,000 tons produced by Sappi Southern Africa at the Saiccor and Ngodwana Mills. DP is a highly purified form of cellulose extracted from sustainably grown and responsibly managed trees using unique cellulose chemistry technology. Our DP brand, Verve, is a significant player in this market. Verve is a truly sustainable brand. From textiles to pharmaceuticals and food applications, Sappi has the expertise, technology and the track record to meet almost any challenge from these DP market segments.

The South African paper business produces 690,000 tons of kraft linerboard, corrugating medium, newsprint, office paper and tissue paper which are largely sold regionally, where we have strong market positions in most of these products. This broad range of paper-based sustainable solutions is offered as an alternative to fossil fuel-based, non-renewable packaging. We supply the agricultural sector with carton board to protect fresh produce as it is shipped from farms to tables locally and around the world. We also produce 550,000 tons of paper pulp and collect 83,000 tons of recycled waste paper. On a net basis we are approximately self-sufficient for our pulp requirements.

Sappi Southern Africa owns or leases 394,000 hectares (ha) with approximately 28 million tons of standing timber and 136,000 ha being used for other purposes such as conservation. We are committed to sourcing woodfibre from forests and timber plantations in a manner that promotes their health and supports community wellbeing. Contracted supply covers almost 136,519 ha. Of the 261,605 ha planted at the end of FY2022, 63% was hardwood and 35% softwood, and of contracted supply, 96% is hardwood. These plantations provide approximately 59% of the wood requirements for the Southern Africa mills. Our aim is to produce low-cost wood with the required pulping characteristics and increase yield per hectare. We actively pursue this aim, particularly through genetic improvement of planting stock.

The Sappi Southern Africa Group operates three divisions namely, Dissolving Pulp, Paper and Paper Packaging, and Forests as depicted in the following diagram. The Sappi group employs approximately 4 631 employees across its 2 paper mills, 1 dissolving pulp mill, 1 paper and dissolving pulp mill, one saw mill and its forestry operations as detailed below:

Plantations*	Products produced	Capacity (1) ('000 tons)	
		Hectares	Standing Tons
KwaZulu-Natal	Plantations (pulpwood and sawlogs) (tons)**	165	10,666
Mpumalanga	Plantations (pulpwood and sawlogs) (tons)**	235	17,260
Total Sappi Forests (owned and leased supply)	Of which 140,000 ha is contracted supply	**400**	**27,926**

Mills	Products produced	Capacity		
		m³	('000 tons)	
		Timber	Paper	Pulp
Lomati	Sawn timber (m^3)	99		
Ngodwana Mill	Unbleached chemical pulp for own consumption			210
	Mechanical pulp for own consumption			110
	Kraft linerboard		240	
	Newsprint		140	
Stanger Mill	Bleached bagasse pulp for own consumption			60
	Office paper and tissue paper		110	
Tugela Mill	Neutral Sulphite Semi Chemical pulp for own consumption			170
	Corrugating medium		200	
Sappi ReFibre**	Waste paper collection and recycling for own consumption			83
Total Sappi Paper and Paper Packaging			**690**	**633**
Ngodwana Mill	Dissolving pulp			255
Saiccor Mill	Dissolving pulp			890
Total Dissolving pulp				**1,145**
Total Sappi Southern Africa		**99**	**690**	**1,778**

(1) Capacity at maximum continuous run rate per annum.

* Plantations include owned and leased areas.

** Sappi ReFibre collects waste paper in the South African market which is used to produce packaging paper.

Sappi Dissolving Pulp

Saiccor.

Saiccor was established in 1951 and was acquired by Sappi in 1988. It is one of the world's largest mill dedicated to the production of dissolving pulp. In 1995, we completed an approximately US$221 million expansion project to increase capacity by one third to 600,000 tons per annum. Capital expenditures during the period from October 2005 to the end of September 2010 were approximately US$615 million. Included in this period were a modernization project to optimize production processes at Saiccor at a cost of US$40 million and an amount of US$551 million spent on an expansion project to increase Saiccor's dissolving pulp capacity to 800,000 tons per annum. Construction on the expansion project commenced in August 2006 with the increased capacity coming on line in September 2008 and full operational efficiency achieved in April 2009. During 2018, we announced and began construction on a project that is expected to increase production at the Saiccor Mill to 890,000 tons. Commissioning of the plant began in the fourth quarter of fiscal year 2021 and was completed in the first quarter of the 2022 financial year.

Ngodwana.
In May 2011, we announced an approximately US$340 million expansion of the Ngodwana Mill to change its product portfolio to include expected annual production of 210,000 tons of dissolving pulp. This expansion project was completed in fiscal 2013, and the mill began full production of dissolving pulp in fiscal 2014. During 2018, we completed a project to optimize production processes and thereby increase capacity by 45,000 tons to 255,000 tons of dissolving pulp.

The timber consumption of both the Saiccor and Ngodwana Mills in the production of dissolving pulp comprises primarily Forest Stewardship Council (**FSC**) and **PEFC** (Programme for the Endorsement of Forest Certification) certified eucalyptus hardwoods. These relatively fast-growing trees are grown in relatively close proximity to the mills, contributing to the mills' comparatively low production costs for dissolving pulp.

Sappi Paper and Paper Packaging

Ngodwana
The Ngodwana Mill was expanded between 1981 and 1985 from an unbleached kraft mill with a capacity of 100,000 tons per annum to a modern integrated mill with a capacity of approximately 240,000 tons of linerboard and white top liner as well as 140,000 tons of newsprint per annum. Following the partial conversion of the mill to dissolving pulp production in 2013, the mill has a production capacity of nearly 210,000 tons of unbleached pulp and 110,000 tons of mechanical pulp per annum. The mill markets paper, paper packaging and pulp products locally and internationally. The mill is a large consumer of waste paper, which is used in the production of packaging paper. In 1995, the mill commissioned the world's first ozone bleaching plant, thus eliminating the use of elemental chlorine and significantly reducing mill effluent. In August 2019, we commissioned the pre-hydrolysis liquor (**PHL**) evaporator at Ngodwana Mill, moving into the second phase of our sugar extraction project as part of our strategy to develop activities in the adjacent biomaterials business.

Stanger
The Stanger Mill commenced operations in 1976 producing coated woodfree paper, but now produces office paper and tissue paper. It is unique in South Africa as it uses bagasse (the fibrous residue of sugar cane) as its basic raw material to produce uncoated paper and tissue. A US$26 million upgrade of the mill's paper machine was completed in August 2001, increasing the paper capacity to 80,000 tons per annum. The mill also has a production capacity of 30,000 tons of tissue and 60,000 tons of bleached bagasse pulp per annum, in each case for our own consumption only. We also completed an elemental chlorine-free bleach plant upgrade during 2006 at a cost of US$11 million. During September 2014, it was announced that Stanger Mill would close the finishing house and coater machine and would only produce uncoated woodfree paper and tissue paper going forward. As a result, production of coated woodfree paper ceased at the Stanger Mill in February 2015.

Tugela
The Tugela Mill is an integrated unbleached kraft mill, with a capacity of 200,000 tons of packaging paper per annum. The mill produces corrugating medium for market and neutral sulphite semi-chemical pulp for its own consumption. The mill currently has a production capacity of 170,000 tons per annum of neutral sulphite semi-chemical pulp. At Tugela, we also produce Lignex, an effective wetting and binding agent to suppress dust and bind unpaved roads, which is used particularly in the agricultural industry. As part of our strategy to develop activities in the adjacent biochemicals business, we recently began testing fuel rods in one of the boilers at Tugela Mill. During March 2012, we closed the kraft pulp mill and a 10,000 ton kraft paper machine at Tugela. In October, 2012 we announced the decision to mothball the 80,000 ton per annum sackkraft machine at Tugela.

Sappi ReFibre
Sappi ReFibre (formerly Sappi Waste Paper) collected approximately 83,000 tons and 89,000 tons of waste paper during fiscal 2022 and 2021, respectively. Most of the waste paper is supplied to our mills to meet the fiber requirement of our packaging grades. A portion of Sappi ReFibre's assets were sold in connection with the sale of the Cape Kraft Mill in November 2015.

Sappi Forests

Sappi Forests supplies or procures all of our Southern African operations' fiber requirements. This fiber comes from owned or contracted sources situated in Mpumalanga and KwaZulu Natal provinces. In addition to Sappi's own plantation area, we continue to identify ways to ensure access to pulpwood in the wood baskets close to our key operations, by means of land or timber delivery swaps.

Securing raw material for the future is a vital element in the long-term planning of our Southern African business. Sappi Forests has an extensive research operation that concentrates on programs to improve the yield per hectare of forestland used. Significant progress has been made in developing faster-growing trees with enhanced fiber yields. Sophisticated nurseries have been developed to accommodate the seedling requirements of our Southern African operations.

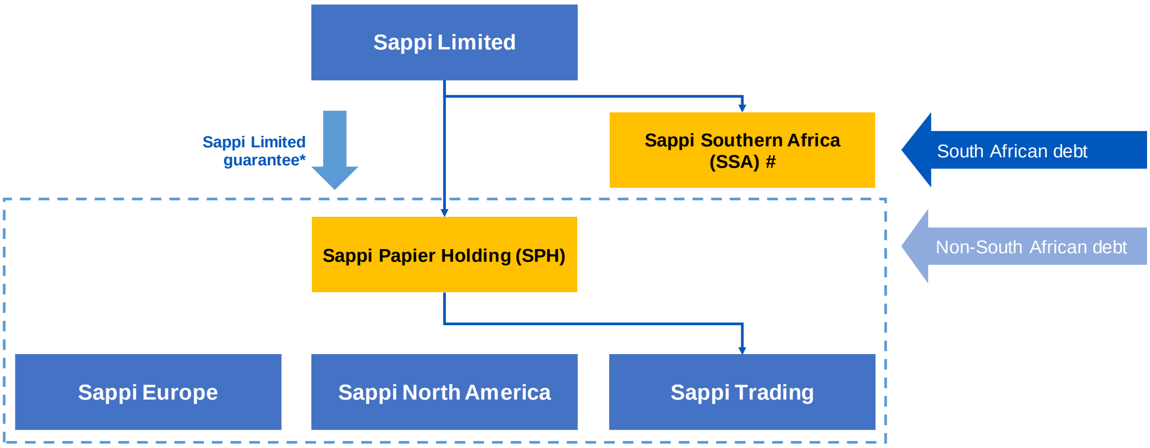
The plantation industry in South Africa faces an increasing threat from pests and diseases. Climate change has also impacted some of our plantations and has the potential to significantly impact our woodfiber base. Sappi Forests is a leader in research and development, continuing to mitigate these risks through improved site species matching, the deployment of improved genetic planting stock and the introduction of specific hybrids from our conventional breeding programs. The construction of the Clan nursery, was completed in September 2014, and the upgrade of Ngodwana nursery was completed in 2017. These two nurseries, together with our other nurseries in the Escarpment and Richmond, provide Sappi Forests with the required facilities to deploy rapidly the improved genetic planting stock to mitigate against these threats. We also take a number of measures aimed at mitigating the risks caused by climate change. Such actions include the initiation of investigations to determine which plantations are most at risk, the replacement of pure tree species with more robust hybrid varieties, adjustments to our tree breeding strategy based on our use of modelled future climate data, as well as other actions aimed at ensuring the sustainable production of timber. We are also beginning to engage in long-term soil monitoring. During 2018, Sappi, in collaboration with the Institute for Commercial Forestry Research, launched a collaborative research project to monitor soil organic matter.

The sawmill division operates one mill, the Lomati sawmill, with a total production capacity of 99,000 cubic meters per annum of structural timber for the building industry and components for the furniture and packaging industry.

During fiscal 2014, we completed the sale of our Usutu Forests business, which controlled approximately 67,000 hectares of softwood plantations in Swaziland. The sale was first announced in July 2013 in light of reduced softwood requirements of our Southern African operations following the dissolving pulp conversion project at our Ngodwana Mill.

5. GROUP FUNDING

The Sappi Group generally borrows in the currency of the country in which it invests. Thus, funding for Sappi's international business is raised on the consolidated balance sheet of Sappi Papier Holding GmbH (Austria) and the Sappi Group treasury operations, Sappi International SA (Belgium). Sappi Southern Africa, however, raises its funding independently of the international business in South African Rand based on its own balance sheet.



SSA maintains a separate cash pool from the Sappi Group, cash is not commingled.
* Sappi Limited has provided guarantees since 2002 for long-term non-South African debt, for technical reasons in order to refer to the Sappi Group financial statements.

GCR Ratings upgraded Sappi Southern Africa's rating to AA+(ZA) with a positive outlook as of 1 June 2022, the rating is reviewed annually. As at September 2022, Sappi Southern Africa had ZAR 27,442 million in shareholder's equity and net debt of ZAR 2,985 million. Sappi Southern Africa's debt to equity ratio of 10.85% is therefore considered to be conservative when compared to its financial covenants with the banks allowing a maximum leverage of 65%.

6. BOARD OF DIRECTORS AND DEBT OFFICER

See below a list of the directors of the Issuer as at the Information Statement Date:

6.1 Directors

6.1.1 Full Name: Stephen Robert Binnie

Nationality: British

Age: 55

Position: Executive Director

Business Address: 108 Oxford Road; Houghton Estate; 2198; South Africa

Date Appointed: 1 September 2012

Qualification: Bcom, B Acc, CA(SA), MBA

Mr Binnie was appointed Chief Executive Officer of Sappi Limited in July 2014. He joined Sappi in July 2012 as Chief Financial Officer designate and was appointed Chief Financial Officer and executive director from 01 September 2012. Before joining Sappi, he held various senior finance roles and was previously Chief Financial Officer of Edcon Proprietary Limited for 10 years after having been in a senior finance role at Investec Bank Limited for four years.

Directorships: Sappi Southern Africa Ltd; Sappi Ltd; Sappi Europe N.V.; Sappi North America Inc.; and SDW Holdings Corporation.

6.1.2 **Full Name:** Glen Thomas Pearce

Nationality: South African

Age: 59

Position: Executive Director

Business Address: 108 Oxford Road; Houghton Estate; 2198; South Africa

Date Appointed: 1 July 2014

Qualification: BCom, BCom (Hons), CA(SA)

Mr Pearce joined Sappi Limited in June 1997 as Financial Manager and subsequently held various senior finance roles in South Africa and in Belgium before being promoted to Chief Financial Officer and executive director of Sappi Limited in July 2014. Prior to joining Sappi, he worked at Murray & Roberts Limited from 1992 to 1996.

Directorships: Ngodwana Energy (RF) (Pty) Ltd; Sappi Southern Africa Ltd; Sappi Ltd; Sappi International Holdings (Pty) Ltd; Sappi Holding GmbH; Sappi North America Inc.; SDW Holdings Corporation; Sappisure Försäkrings AB; and Sappi International SA.

6.1.3 **Full Name:** Alexander van Coller Thiel

Nationality: South African

Age: 62

Position: Executive Director (Chief Executive Officer)

Business Address: 108 Oxford Road; Houghton Estate; 2198; South Africa

Date Appointed: 1 December 2010

Qualification: BSc (Mechanical Engineering), MBA (Financial Management and Information Technology)

Mr Thiel joined Sappi in December 1989 as the Executive Assistant to the Executive Chairman in Johannesburg. In April 1993 he relocated to Brussels as the Administration Manager reporting to the Managing Director of Sappi Europe. With the creation of Sappi Europe, he was appointed in February 1998 as Manager Marketing Intelligence. In January 2003, he became the Director Logistics where after he was appointed as Group Head Procurement of Sappi Limited in January 2008. In September 2008 Mr Thiel was appointed as Integration Executive and from 1 December 2010 Mr Thiel was appointed as the Chief Executive Officer of Sappi Southern Africa.

Directorships: Ngodwana Energy (RF) (Pty) Ltd; Sappi Southern Africa Ltd; Sappi Pulp Asia Ltd.

6.1.4 **Full Name:** Pramy Govindarajulu Moodley

Nationality: South African

Age: 46

Position: Executive Director (Chief Financial Officer)

Business Address: 108 Oxford Road; Houghton Estate; 2198; South Africa

Date Appointed: 1 January 2017

Qualification: B Acc, B Com (Hons) CA(SA)

Ms Moodley joined Sappi Southern Africa Limited in June 2002 and subsequently held various financial roles before being promoted to Chief Financial Officer and executive director of Sappi Southern Africa Limited in January 2017.

Directorships: Tugela Energy (RF) (Pty) Ltd; Sappi International Holdings (Pty) Ltd; Waterton Timber Company (Pty) Ltd; Sappi Southern Africa Ltd; Umkomaas Energy (RF)

(Pty) Ltd; Sappi Forests (Pty) Ltd; Ngodwana Cogen Energy (RF) (Pty) Ltd; Canonbrae Development Company (Pty) Ltd; Bagasse Moulded Fibre (Pty) Ltd; Sappi Property Company (Pty) Ltd; Sarprasel Estates; G R Farms and Mkomazi Alien Fuels (Pty) Ltd.

Debt Officer

Name:	Serena McGinn
Appointed:	15 October 2020
Address:	108 Oxford Road
	Houghton Estate
	2198
	South Africa
Telephone:	+27 11 407 8164
e-Mail:	serena.mcginn@sappi.com

Company Secretary

Name:	Ami Mahendranath
Address:	108 Oxford Road
	Houghton Estate
	2198
	South Africa
Telephone:	+27 11 407 8111
Telefax:	+27 11 339 1881
e-Mail:	Ami.Mahendranath@sappi.com

Registered Office

108 Oxford Road

Houghton Estate

2198

South Africa

Telephone: +27 11 407 8111

The directors and debt officer of the Issuer confirm that they have no adverse findings, infringements or declarations to make in terms of paragraph 4.10 (b)(ii) – (xii) of the JSE Debt Listings Requirements.

In particular, in relation to each of the above directors, the Issuer confirms that none of them have:

a) ever been convicted of an offence resulting from dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;

b) ever been adjudged bankrupt, insolvent or sequestrated in any jurisdiction;

c) at any time been a party to a scheme or arrangement or made any other form of compromise with their creditors;

d) ever been involved, as a director with an executive function, in any business rescue plans and/or by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company at the time of, or within the 12 months preceding, any such event(s);

e) ever been found guilty in disciplinary proceedings by an employer or regulatory body due to dishonest activities;

f) ever been involved in any receiverships, compulsory liquidations, administrations or partnership voluntary arrangements of any partnership where they were partners at the time of, or within 12 months preceding, any such event(s);

g) ever received public criticisms from statutory or regulatory authorities, including professional bodies, and none has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

h) ever been barred from entry into a profession or occupation;

i) ever been convicted in any jurisdiction of any criminal offence or an offence under legislation relating to the Companies Act, and no company of which he or she was a director, alternate director or officer at the time of the offence has been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act;

j) ever been removed from an office of trust on the grounds of misconduct and involving dishonesty; or

k) ever been declared delinquent or placed under probation in terms of section 162 of the Companies Act or disqualified from taking part in the management of a corporation in terms of section 47 of the Close Corporations Act, or disqualified to act as a director in terms of section 219 of the 1973 Companies Act or section 69 of the Companies Act.

7. GOVERNANCE

Sappi is committed to high standards of corporate governance which form the foundation for long-term sustainability of our company and the creation of value for our stakeholders. Good governance at Sappi contributes to living our values through enhanced accountability, a transparent and ethical culture, strong risk management, a focus on performance, legitimacy and effective control of the business. Sappi endorses the corporate outcomes of ethical cultures, good performance, effective control and legitimacy promoted by the King IV Report on Corporate Governance for South Africa (released November 2019).

Sappi Southern Africa Limited is a wholly owned subsidiary of Sappi Limited who has its equity shares listed on the main board of the JSE. Sappi Southern Africa adopts Sappi Limited's application of the King Code. The full details of how Sappi applies the King IV principles can be found on the Sappi website under https://www.sappi.com/corporate-governance-and-risk and in the Sappi Limited 2022 Annual Integrated Report on pages 150 to 195.

Details of the Sappi Limited's and the issuer's current policy dealing with the process for the nomination and appointment of directors can be found on the Sappi website under https://www.sappi.com/corporate-governance-and-risk and in the Sappi Limited 2022 Annual Integrated Report on pages 150 to 195. Furthermore we confirm that the board of directors has executed its responsibilities in terms of Debt Listing Requirement 7.3(f) and the board charter is available on the link above. The company has appointed the Treasurer of Sappi Southern Africa Limited as the debt officer. The board of the company confirms that it has considered and is satisfied with the competence, qualifications and experience of the debt officer.

Details on Sappi's Limited's and the issuer's current policy dealing with the conflicts of interest of the directors and the executive management can be found on the Sappi website under https://www.sappi.com/corporate-governance-and-risk and in the Sappi Limited 2022 Annual Integrated Report on page 163. The issuer's conflict of interest register can be found under the link above.

Regulatory Framework

For more detail on Sappi's regulatory framework, please refer to Sappi Ltd Sustainability Report under the following link: https://www.sappi.com/sustainability-and-impact.

8. BOARD COMMITTEES

Board committees

The board has established committees to assist it to discharge its duties. The committees operate within written terms of reference set by the board. For further details of the committees please refer to the Sappi Ltd Annual integrated report under https://www.sappi-ir-reports.co.za/online-reports/air-2022/index.php.

Audit and risk committee

The Sappi Southern Africa group of companies is a major subsidiary of Sappi Limited (Sappi), a company that maintains its listing on the JSE Limited. Sappi complies in all material respects with the JSE Listings Requirements, regulations and codes. The Sappi Southern Africa Limited Audit Committee operates as a function of the Sappi Limited Audit Committee. The committee, in terms of the Companies Act of South Africa and King Code, has the responsibility for reviewing the effectiveness of the Sappi Southern Africa group's system of internal controls and risk management system. An internal audit function is responsible for advising the board of directors on the effectiveness of the Sappi Southern Africa group's risk management system. For further information on Sappi's application of the King Code please refer to the Sappi Limited 2022 Integrated Annual Report.

The committee oversees the relationship with the external auditors, is responsible for their appointment and remuneration; reviews the effectiveness of the external audit process; and ensures that the objectivity and independence of the external auditors is maintained. The committee has concluded that it is satisfied that the auditors' independence and objectivity has been maintained. The comprehensive report of the committee is included in the Sappi Limited Integrated Annual Report.

9. RISK MANAGEMENT

We have an established culture of managing key risks to our business. We believe effective risk management will safeguard the continuity of our operations and contribute to the achievement of our strategic objectives. Therefore, we ensure that our risk management processes are aligned and compatible with our strategy. Over the years, we have implemented several processes, resources and structures to ensure our risks are managed adequately and efficiently. Among these, we have entrenched safety programmes, internal audit reviews, insurance, information technology (IT) security, compliance and governance processes throughout the Sappi Group, along with quality management and a range of line management interventions. We are also working to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For more information please refer to page 46 – 52 of the Sappi Ltd Annual integrated report and https://www.sappi.com/corporate-governance-and-risk as well as https://cdn-s3.sappi.com/s3fs-public/2022-Sappi-Risk-Report_Final.pdf

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SIGNED at Johannesburg on this the 22 day of March 2023.

For and on behalf of

SAPPI SOUTHERN AFRICA LIMITED

DocuSigned by:
12D2BC69499A414...

Name: Pramy Moodley
Capacity: Director
Who warrants his/her authority hereto

DocuSigned by:
Glen Pearce
3D8984EBFD60475...

Name: Glen Pearce
Capacity: Director
Who warrants his/her authority hereto

ISSUER

SAPPI SOUTHERN AFRICA LIMITED
(registration number 1951/003180/06)
108 Oxford Road
Houghton Estate
Johannesburg, 2198
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Contact: S McGinn
(011) 407-8164

ARRANGER

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acting through its Corporate and Investment Banking division
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135 Rivonia Road
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South Africa
Contact: Head – Debt Capital Markets
0860 555 111

DEALERS

Nedbank Limited,
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Contact: Head – Debt Capital Markets
0860 555 111

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a division of FirstRand Bank Limited
(registration number 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton, 2196
South Africa
Contact: Head – Debt Finance Group
(011) 282 8000

Investec Bank Limited,
acting through its Corporate and Institutional Banking division
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South Africa
Contact: Head – Debt Capital Markets
(011) 286-7000

JSE DEBT SPONSOR, TRANSFER AGENT, CALCULATION AGENT AND ISSUER AGENT

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South Africa
Contact: Mr Head – Debt Capital Markets
0860 555 111

PAYING AGENT

Nedbank Investor Services,
a division of Nedbank Limited
(registration number 1951/000009/06)
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(011) 534 6553

LEGAL ADVISERS TO THE ISSUER, ARRANGER AND DEALERS

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AUDITORS TO THE ISSUER

KPMG Incorporated
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85 Empire Road
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Contact: Audit Partner - Sappi
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