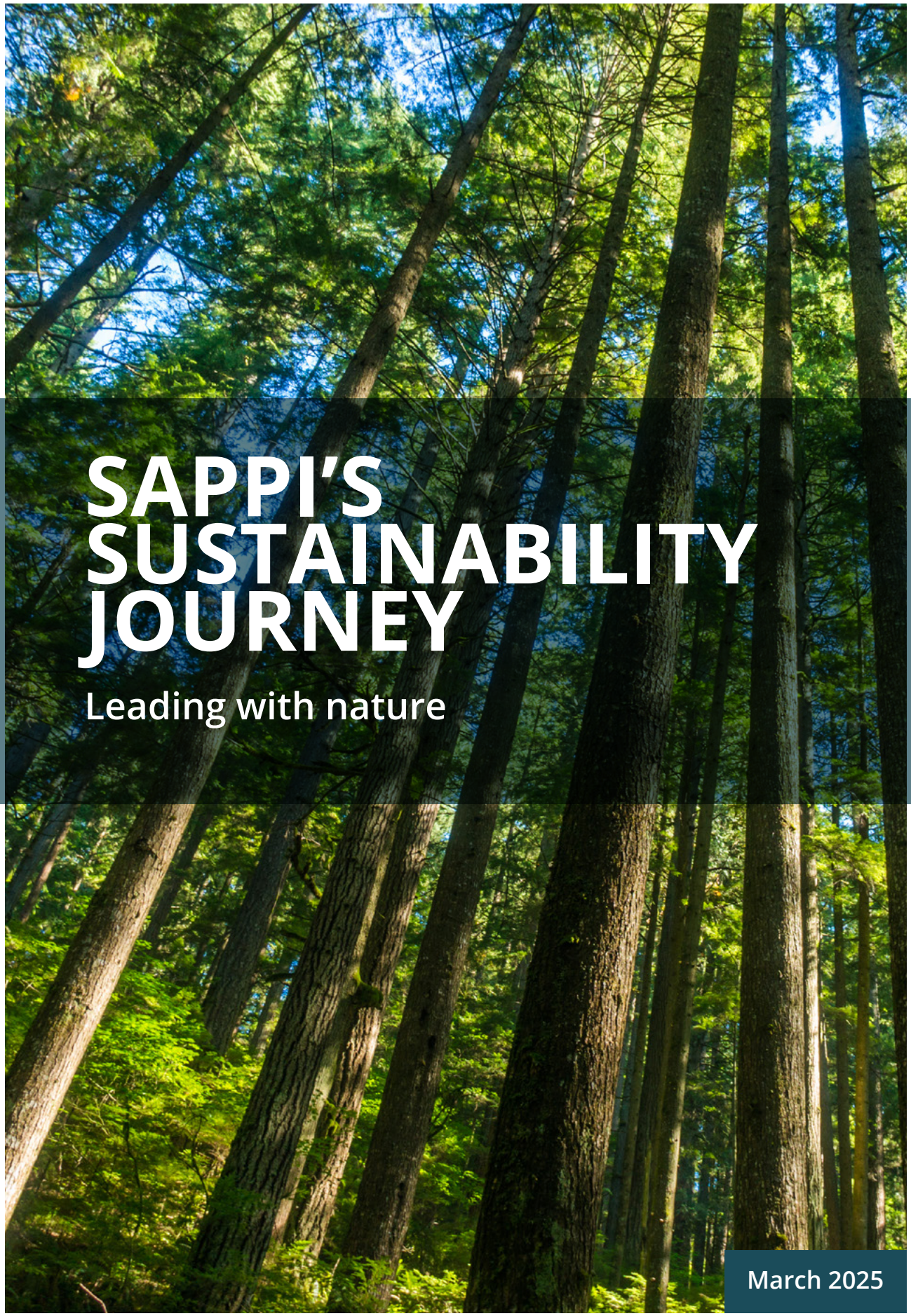


SAPPI'S SUSTAINABILITY JOURNEY

Leading with nature

March 2025

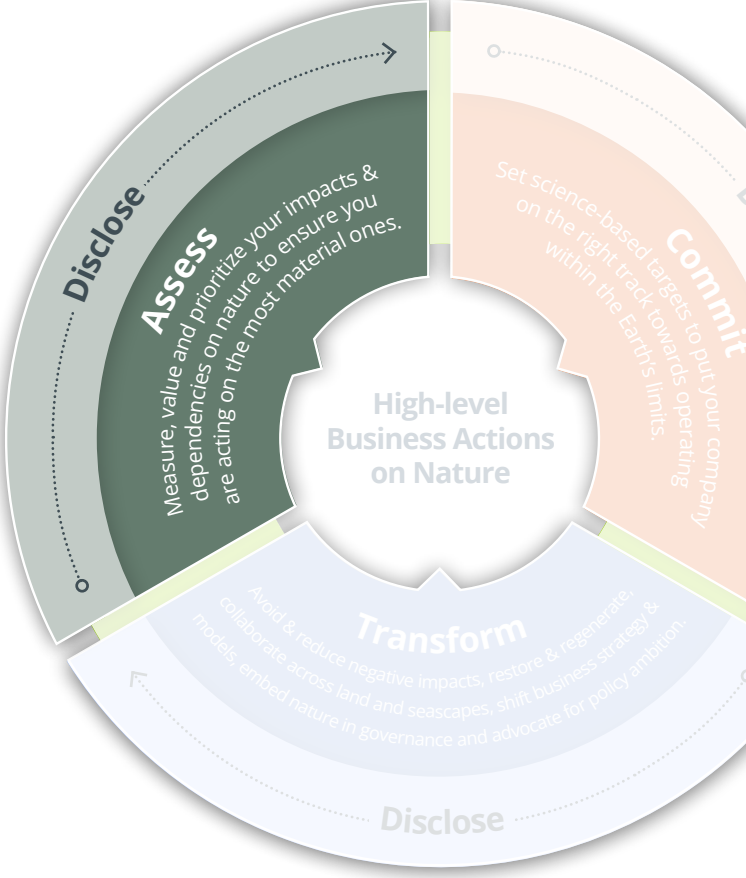
Rooted in sustainability, Sappi is growing a better future through its innovative **woodfibre products** and solutions. With over 11,000 employees across three continents and customers in over 150 countries, the company is a global leader in **sustainable forestry, renewable energy, dissolving pulp, and sustainable packaging**. As a company dependent on natural resources, Sappi is continuously evolving and adapting its business to align with sustainable practices and has embraced the high-level business actions on nature (ACT- D) – Assess, Commit, Transform, Disclose – to minimize risks and harness **nature-related opportunities**. By implementing ACT-D across its value chain, Sappi has achieved significant results for both its business and nature.

Key highlights

- **401,000** hectares owned and leased sustainably managed forests in South Africa
- **139,000** hectares of natural areas remain unplanted to support biodiversity
- Sappi is **committed to zero deforestation** and upholds a strict Group Woodfibre Procurement Policy
- Sappi is **developing genotypes for trees that will be suitable for future climatic conditions** that will be resistant to pests and water-efficient



Assess: Nature-related risks and opportunities



Sappi recognizes that understanding its **nature-related risks and opportunities** is pivotal to its long-term success. The company has invested in **sustainable practices** aligning with its purpose and vision of building a thriving world for people, planet and prosperity by unlocking the power of renewable resources. To maximize its impact on sustainable transformation, Sappi identified seven priority UN SDGs at a global level and a further two in South Africa where it can contribute most effectively.

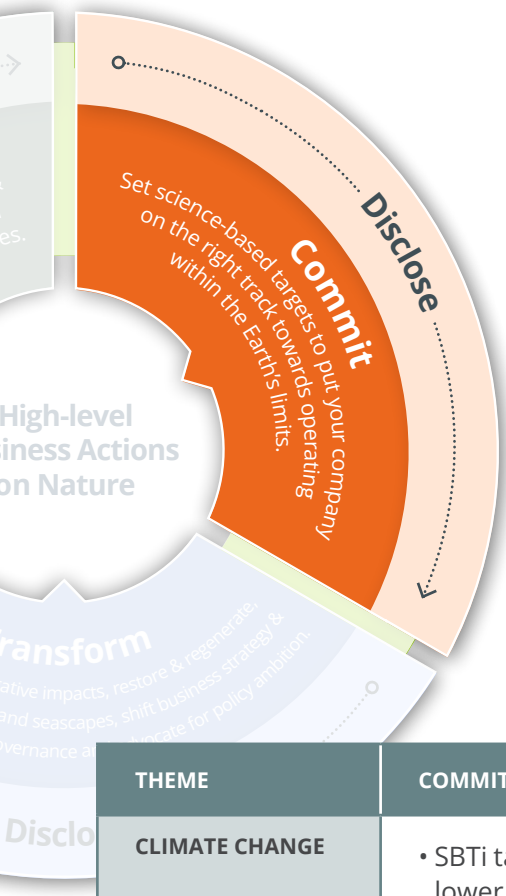
To comprehensively **assess** its intersections with nature, Sappi applies the Taskforce on Nature-Related Financial Disclosures (TNFD) LEAP approach which helps organizations identify, assess, and respond to nature-related risks and opportunities. This process is bolstered by **materiality assessments** and the use of **quantitative models** developed by the Global Change Institute, helping Sappi identify and prioritize critical risks and opportunities across its value chain.

Key priority themes identified by Sappi include:

- Climate change
- Biodiversity and sustainable woodfibre sourcing
- Minimal waste
- Water stewardship



> **"Sappi is committed to a long-term just transition towards a net zero, nature-positive economy. We recognize that this involves making significant investments, being honest about the trade-offs involved, and collaborating extensively across industries and value chains."**
>
> Tracy Wessels, Group Head of Investor Relations and Sustainability, Sappi.



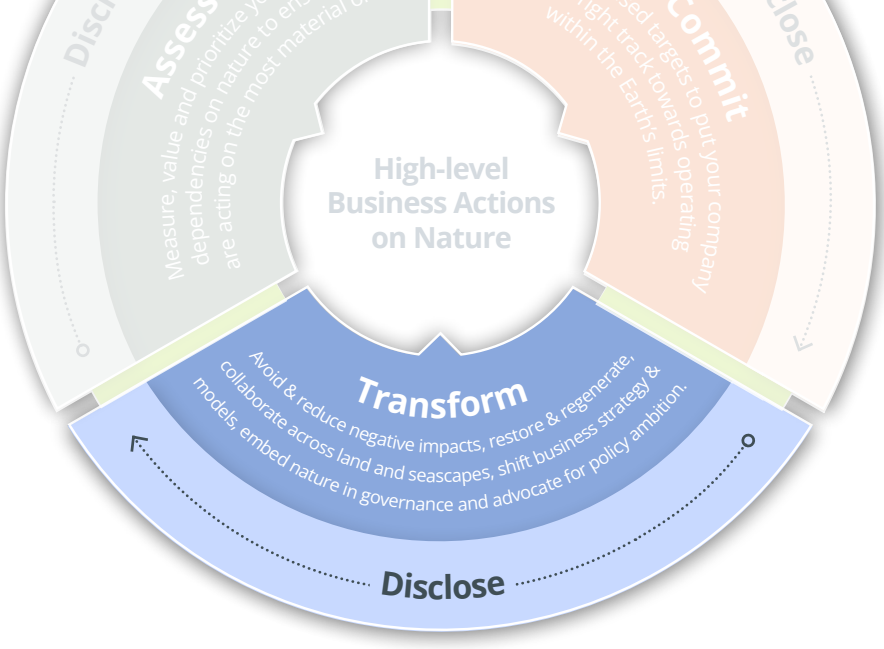
Commit: Clear metrics and goals for sustainable impact

Sappi's **ambitions for sustainable impact** include commitments on **climate change, biodiversity loss, waste and water**. By setting measurable goals and using various methodologies and tools, including third-party assessments (e.g., EcoVadis) and in-house AI and monitoring tools, Sappi demonstrates its commitment to the second step of the ACT-D framework, ensuring accountability and driving positive change.

These commitments include specific **targets to reduce emissions, protect biodiversity, and enhance operational efficiency**. To achieve strong internal and external alignment, Sappi engaged with a wide range of stakeholders such as WBCSD, Cepi, 4evergreen, FSC, PEFC, Business for Nature and the UN Global Compact. For a more complete list of **stakeholders Sappi has engaged**, please refer to Sappi's 2024 Group Sustainability Report.

THEME	COMMITMENTS	INTENDED IMPACTS
CLIMATE CHANGE	• SBTi target: 41.5% lower emissions per ton of product by 2030 compared to 2019 baseline • SBTi target: 44% of its suppliers by spend will have science-based targets by 2026	• Increased regulatory alignment, helping avoid carbon taxes and penalties • Improved protection from volatile energy prices by developing alternative energy sources • Enhanced air quality and healthier environments for local communities
BIODIVERSITY AND SUSTAINABLE WOODFIBRE SOURCING	• Zero deforestation in woodfiber supply chains • 10% increase in biodiversity in conservation areas on Sappi's landholdings by 2025	• Expanded revenue streams through green certifications and partnerships • Healthier plantation ecosystems leading to increased yields • Greater carbon sequestration, contributing to Sappi's net-zero efforts
MINIMAL WASTE	• 15% reduction in landfilled solid waste by 2025	• Limited contribution to methane emissions from solid waste, helping mitigate climate change
WATER STEWARDSHIP	• 23% reduction in process water use by 2025	• Decreased production costs due to lower material consumption (e.g., pulp, water) • Reduced risk of disruption from water or material shortages

Source: Sappi 2024 Sustainability Report



Transform: Restoring environments and evolving business practices

Sappi's commitment to **transform** both its environmental footprint and business operations is evident in its **sustainable management practices**. The company's forest management strategy supports local ecosystems, prioritizing the conservation of natural areas while ensuring a sustainable woodfibre supply.

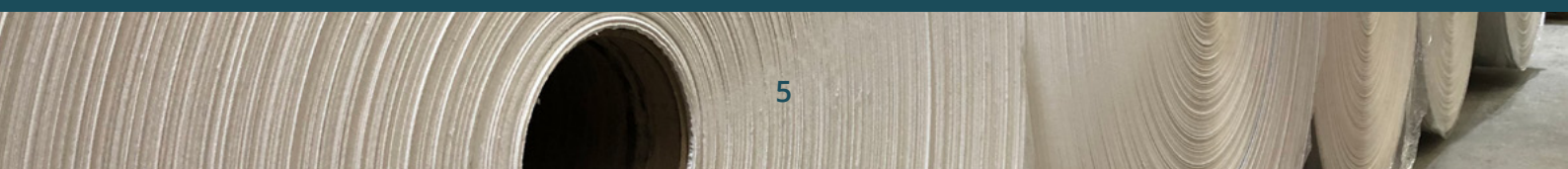
- Approximately 139,000 hectares of natural areas remain unplanted to support biodiversity.
- 40 million tons of CO_2 have been sequestered through sustainable forest management.
- At least 75% of the woodfibre supplied to Sappi's mills is certified as sustainable.
- Sappi launched the Rare, Threatened, and Endangered Species Programme, starting with the endangered Pepper-bark tree (Warburgia salutaris), and through cultivation, plant distribution, and community education, has helped reclassify the species from endangered to vulnerable.

Additionally, Sappi has significantly reduced its **waste footprint** by 20% since 2019. Although this metric rose in 2023 due to production curtailments, Sappi remains committed to its goal of reducing solid waste by 2025.

Sappi has also been taking action to reduce water use by: improving water efficiency, conducting extensive scenario analyses of plantations, working with external consultants to plan for different climate change scenarios for mills and conducting tree improvement research.

These transformative actions not only protect ecosystems but also enhance Sappi's business by creating **resilient and productive landscapes**.

> **"To ensure water security, all our mills and regions are very targeted in their actions. We integrated responsible water use practices into operational and land management, helping to enhance the resilience of ecosystems, maintain water quality, safeguard against pollution and over-extraction, and foster collaboration across governments, businesses and communities."**
>
> Tracy Wessels, Group Head of Investor Relations and Sustainability, Sappi.



Disclose: Transparent reporting and accountability

Sappi consistently **discloses its progress** on sustainability and nature-related initiatives through independent audits and transparent reporting frameworks. The company follows **ISO 14001** and **90001** standards and reports against the **TNFD recommendations** to ensure compliance with international best practices.

In its 2024 integrated report and sustainability report, Sappi provides detailed data on environmental performance, including:

- Carbon emissions
- Number of trees planted
- Waste rates
- Water withdrawals

Sappi's commitment to transparency allows stakeholders to assess the company's progress toward its environmental goals.





Insights from Sappi on embracing nature and sustainability

Sappi understands that it is not possible for a single company to deliver net-positive sustainable change in isolation, and realizes investments or innovation can take time. Here are some insights for other companies beginning their nature and sustainability journey.

1. **Being proactive and looking ahead at future risks is crucial:** Sappi's proactive approach to adaptation, particularly through tree breeding and precision forestry, demonstrates the importance of anticipating and addressing future challenges caused by increased drought and changing precipitation patterns because of climate change and nature loss. By developing drought and pest-resistant tree genotypes – which can produce more wood with less water - Sappi is safeguarding its future timber supply and ensuring the long-term sustainability of its operations.
2. **Digital innovation:** Sappi's use of digital tools, such as plantation monitoring systems, drone technology and satellite imagery, enhances its ability to manage forests efficiently and sustainably. Through early identification of stressed trees and optimizing fire prevention and suppression strategies, Sappi is enhancing decision-making while minimizing its environmental impact.
3. **Collaboration is key:** Fostering collective action is essential to driving significant positive change. By developing partnerships and collaborating with a wide range of stakeholders to share knowledge and research, companies can accelerate progress towards sustainable practices to address nature loss.

